



Sustainable Tourism
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Financing sustainable development in tourism SMEs

Webinar n° 09: 18th of October 2017, 15:00-16:00 CEST

Ms Virginia Robano, Economist, External consultant to the OECD

Mr Salvador Leal, Chief of Staff, Ministry of Tourism, Mexico

Mr Vasilis Karakousis, Environment & Sustainability Manager, TEMES S.A.

Moderator:

Cecilia Lopez Y Royo, Coordinator of the 10YFP Secretariat,
UN Environment





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Introduction by moderator

Cecilia Lopez Y Royo
Coordinator of the 10YFP Secretariat
UN Environment



A COLLABORATIVE PLATFORM INVOLVING OVER 120 ORGANIZATIONS WITH ONE COMMON GOAL:
DECOUPLING TOURISM GROWTH FROM THE INCREASED USE OF NATURAL RESOURCES



LED BY:



JOIN US!





Tips for a smooth session

- All attendees are on listen-only mode.
- Attendees can ask questions to the panelists anytime throughout the webinar by posting them in the in the questions box of the control panel.
- When typing the question, please indicate to which panelist it is addressed.
- At the end of the webinar, during the Q&A session, the organizers will be reading out the questions and the panelists will share their replies.
- The session is being recorded and a link will be shared tomorrow with all attendees.

Objectives of the webinar

- *Present solutions that public actors, in collaboration with banks may develop to support SME access to finance*
- *Share information on public & private investment and finance initiatives supporting the tourism transition towards sustainable tourism development*



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“Financing solutions to support tourism SMEs striving to invest in sustainability”

Ms Virginia Robano
Economist, External consultant to the OECD





Financing Sustainable Tourism Development for SMEs

OECD/CFE/TOU
18 October 2017

Virginia Robano
OECD External advisor

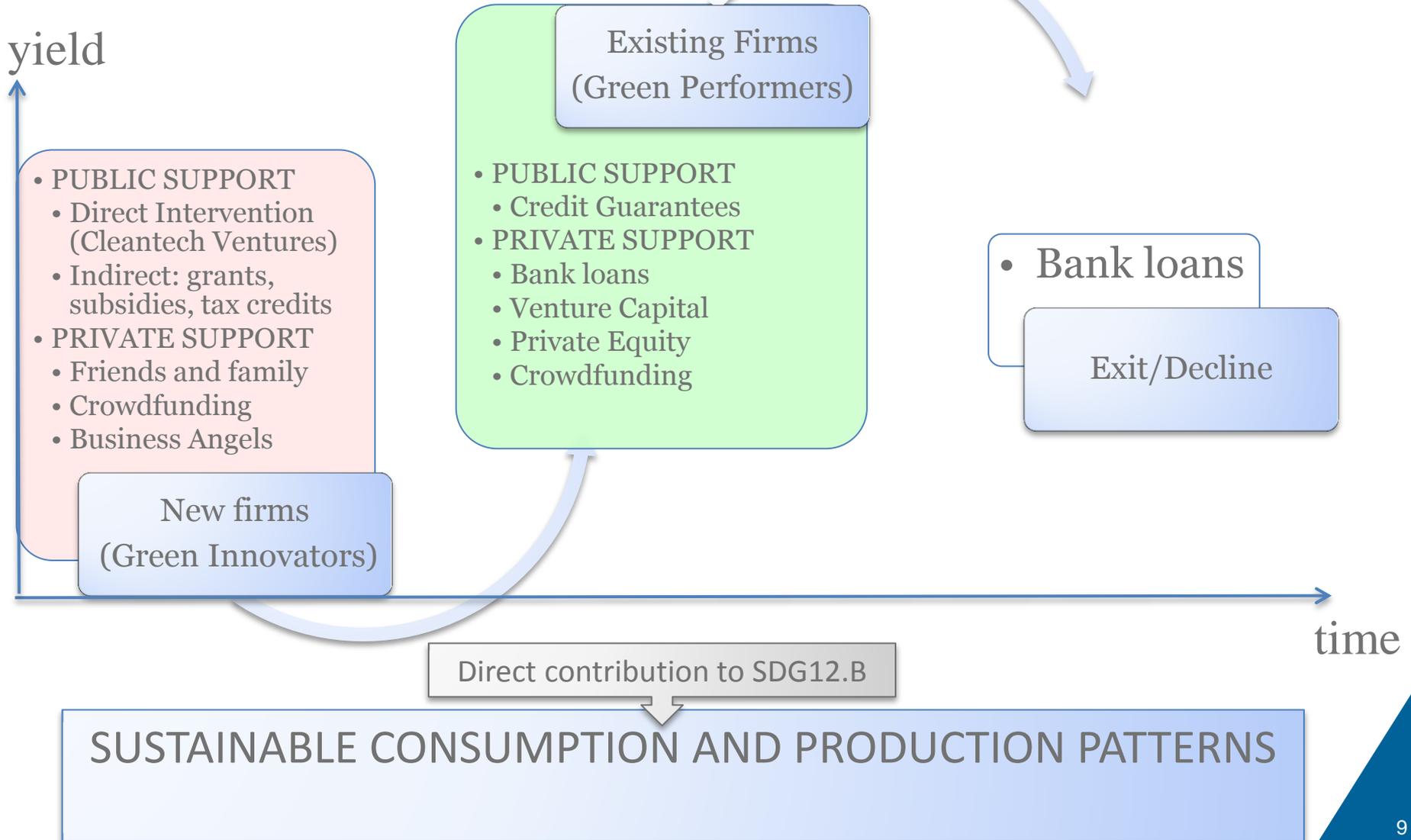


Main messages

1. Instruments and institutions to finance sustainable tourism development vary alongside the life cycle of the firm
2. Existing general SME finance instruments can benefit tourism SMEs
3. The tourism sector has characteristics that justify targeted support
4. Financing sustainability is a policy option per se and might justify policy interventions
5. Technical assistance and capacity building are essential complements of finance instruments
6. Need to increase data collection and define standards and systematisation on sustainable finance



1. Instruments and institutions to finance sustainable tourism development vary alongside the life cycle of the firm





2. Existing finance instruments can benefit tourism-related SMEs

- Beyond own funds, standard loans, equity stakes, there is a whole range of finance instruments available for SMEs:

Low Risk/Return		Medium Risk/Return	High Risk/Return
Asset-Based Finance	Alternative Debt	"Hybrid" Instruments	Equity Instruments
Asset-based lending	Corporate Bonds	Subordinated Loans/Bonds	Private Equity
Factoring	Securitised Debt	Silent Participations	Venture Capital
Purchase Order Finance	Covered Bonds	Participating Loans	Business Angels
Warehouse Receipts	Private Placements	Profit Participation Rights	Specialised Platforms for Public Listing of SMEs
Leasing	Crowdfunding (debt)	Convertible Bonds	Crowdfunding (equity)
		Bonds with Warrants	
		Mezzanine Finance	

Instruments can be adapted to cater for

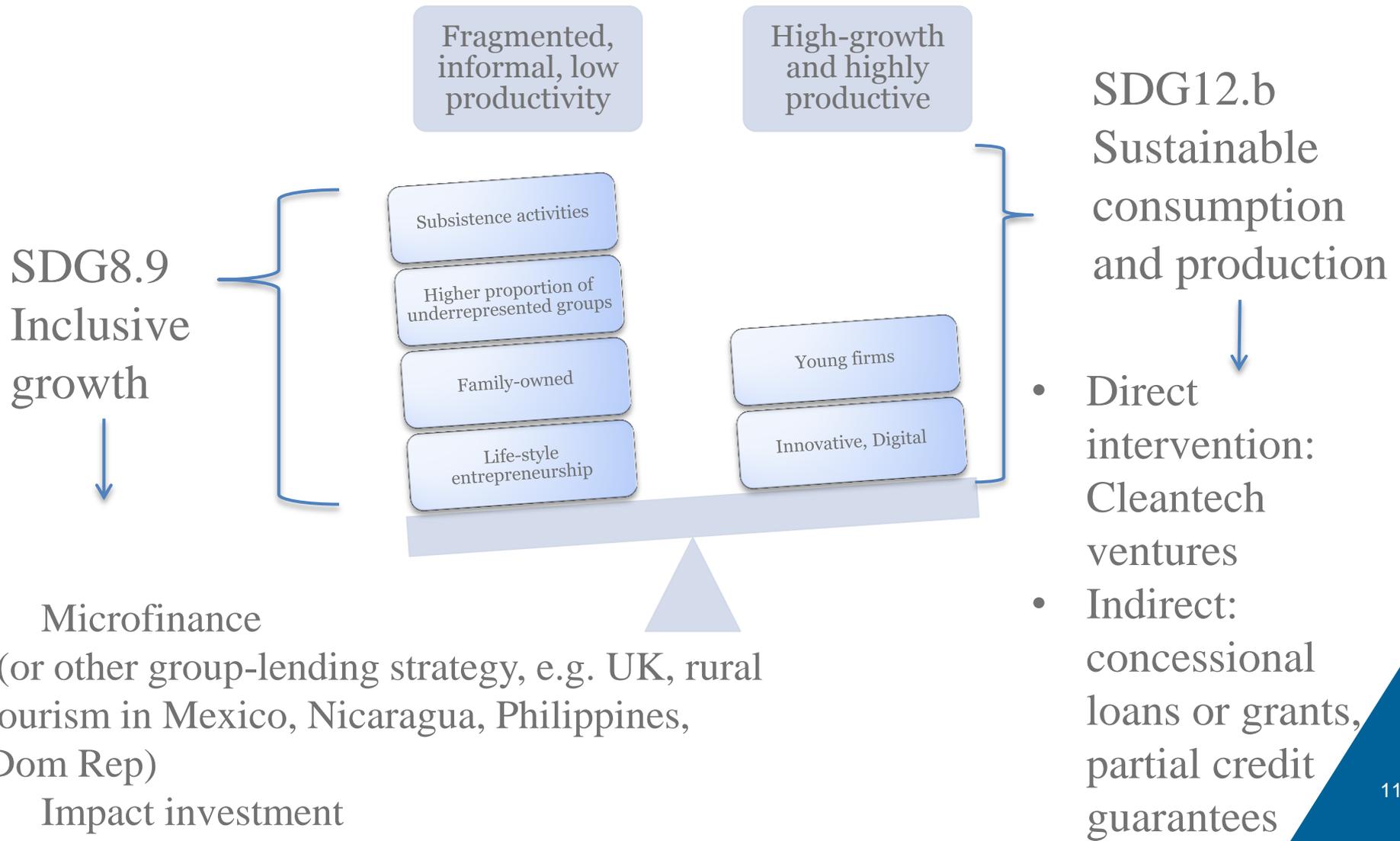
- seasonality (Greek example),
- renewable natural assets (fisheries sector)

New instruments can be developed

- Green bonds

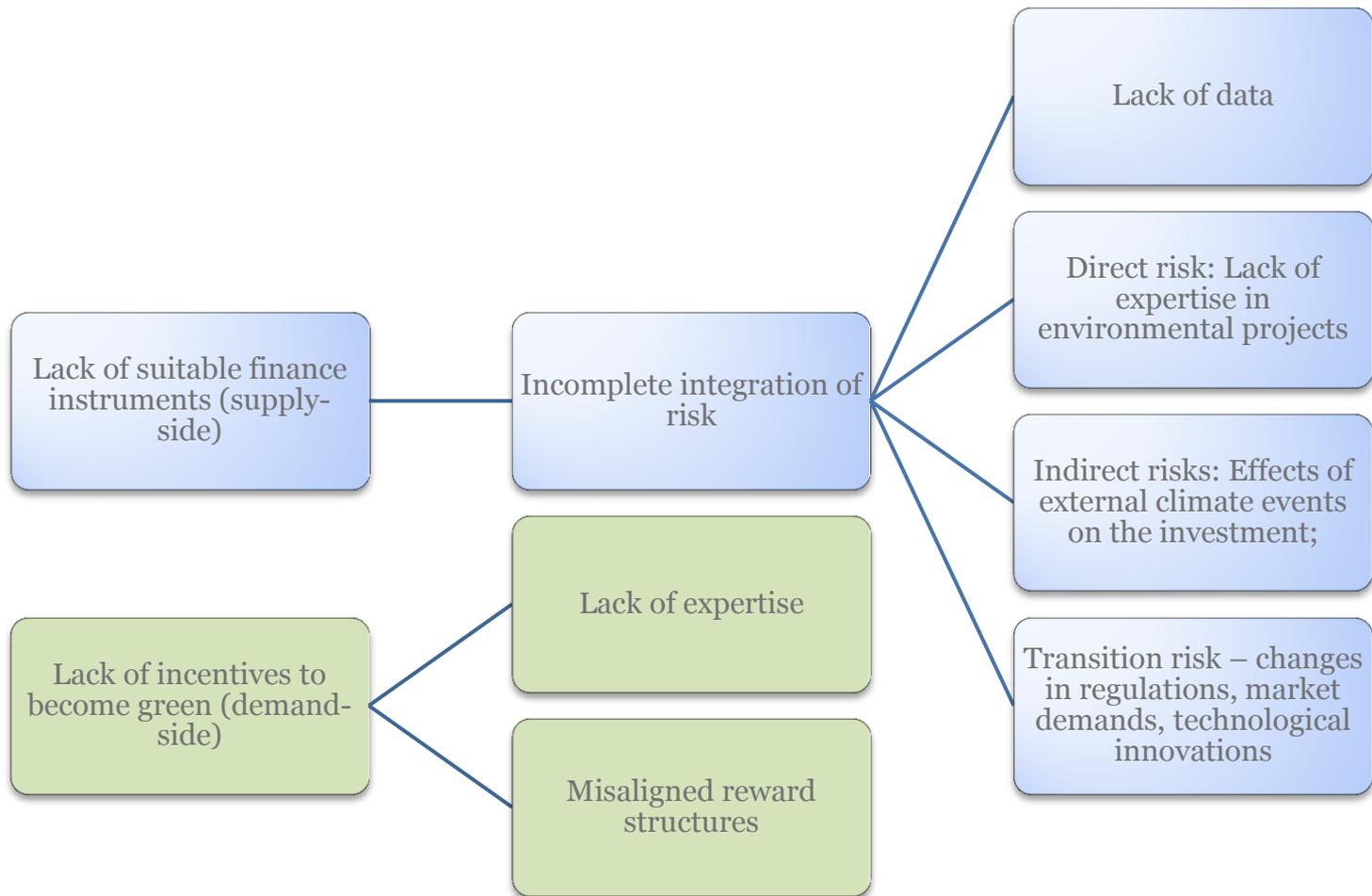


3. The tourism sector has characteristics that justify targeted support





4. Financing sustainability is a policy option per se and might justify policy interventions





5. Technical assistance and capacity building are essential complements of finance instruments

Business Support Tools (Fáilte Ireland)

- Practical guides
- Templates to support business planning
- Finance requests preparation
- Dissemination of available funding opportunities



6. Need to increase data collection and define standards and systematisation on sustainable finance

Standardise definitions

- What is green finance
- Tag finance to sustainable development outcomes

Increase data collection

- To help assess risk
- Increase awareness



Further reading:

- OECD (2017), “*Financing approaches for tourism SMEs and entrepreneurs*”, OECD Tourism Papers, 2017/03, OECD Publishing, Paris.
<http://dx.doi.org/10.1787/8d06572a-en>
- OECD (2017), “*Tourism Policy Review of Mexico*”, OECD Studies on Tourism, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264266575-en>
- OECD (2018), “*Investment and Financing for Sustainable Tourism Development*”, OECD Publishing, Paris, *forthcoming*



THANK YOU!

Please send comments and
suggestions to robano@gwu.edu



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“Destination’s development and empowerment through support to SMEs”

Mr Vasilis Karakousis

Environment & Sustainability Manager, TEMES S.A.c



COSTA
NAVARINO

Creating business opportunities and economic development through sustainable tourism

Vasilis Karakousis
Environment & Sustainability Manager
TEMES S.A.



COSTA NAVARINO IN MESSINIA, GREECE



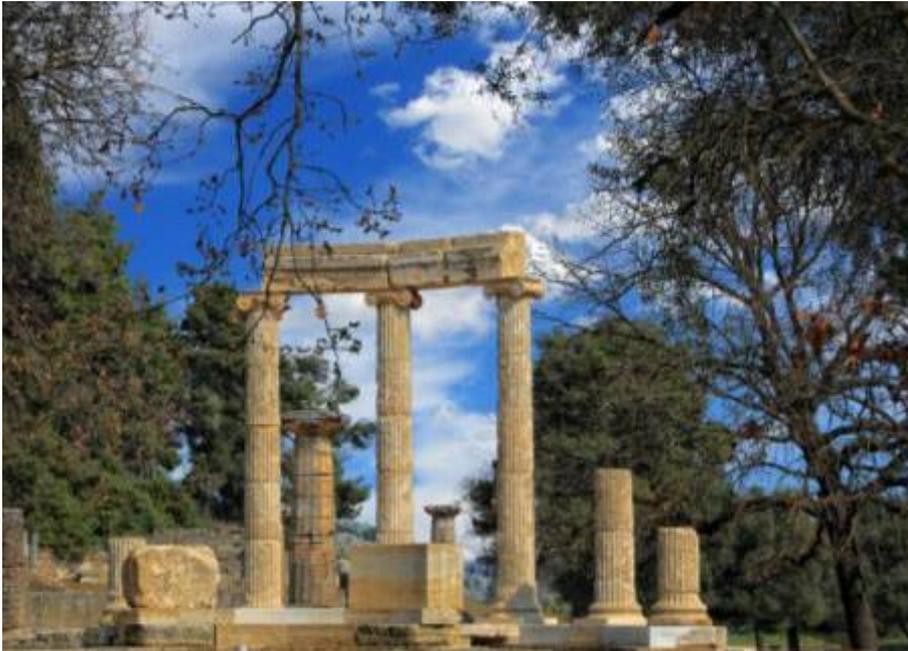
BIODIVERSITY & NATURAL WEALTH



HISTORY & CULTURE

The story begun 4.500 years ago.

Messinia is home to Mycenaean palaces, 33 castles, three UNESCO World Heritage sites in close driving distance and many more historically significant monuments.



OUR VISION

The creation of Costa Navarino began with the vision of its founder Capt. Vassilis C. Konstantakopoulos, to place his homeland, Messinia, on the world tourism map and directly link the company's inclusive and sustainable economic growth with the sustainable development of the overall destination of Messinia.



INVESTING ON SUSTAINABLE TOURISM

At this time of worldwide political and economic uncertainty, there is urgency for the private sector to play a critical role as a driver of innovation through investments that can create new jobs and economic development based on the principles of sustainability.



INVESTING ON SUSTAINABLE TOURISM

- Our business model uses sustainable tourism as a propulsive industry to create the necessary momentum for the inclusive and sustainable economic development of a whole destination.
- It creates linkages with agriculture and service providing sectors and stimulates the development of basic infrastructure (construction of roads, airport facilities) and the provision of financial services from which the local economy as a whole can benefit.

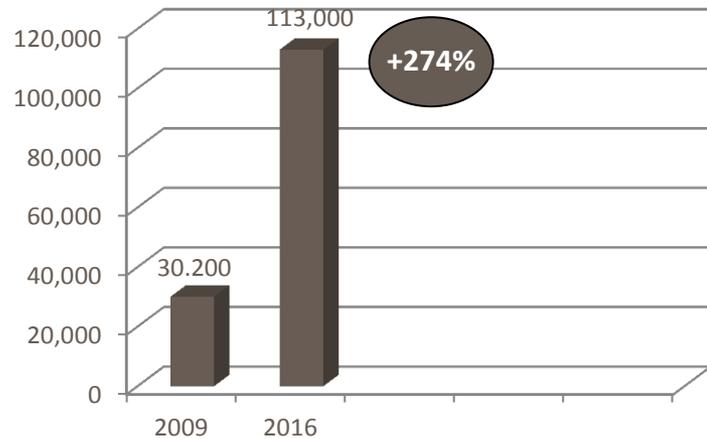


COSTA NAVARINO DEVELOPMENT MODEL



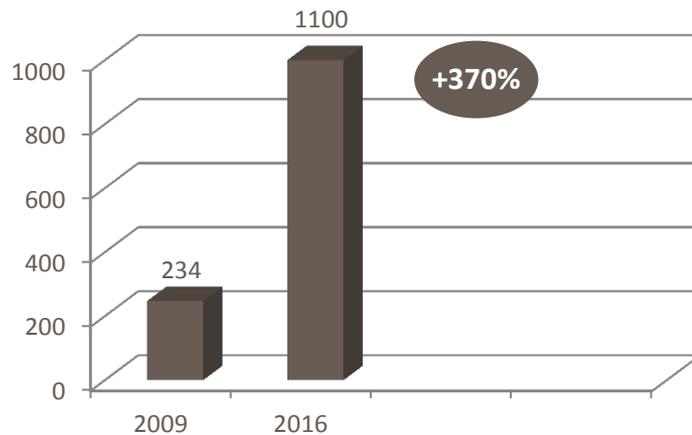
CREATING BUSINESS OPPORTUNITIES BY INCREASING ARRIVALS & IMPROVING ACCESS

Passenger Arrivals



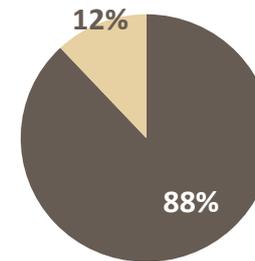
- Kalamata International Airport was the third fastest growing airport in Europe for 2015 and the fastest growing in Greece during 2015. (annaero.com, January 2015)
- For 2017 an additional increase of 13,6% in passenger arrivals and 16% in aircraft arrivals versus 2016 is estimated.
- Since 2010 TEMES has invested more than € 4 million in attracting new airlines.

International A/C Arrivals



Passengers Accommodation

■ Local hotels ■ Costa Navrino



ENHANCING ATTRACTIVENESS & AWARENESS OF MESSINIA

- More than 600 journalists from top international media visited Messinia between 2010 and 2016
- 50% of their coverage has focused on the region: visits to archaeological sites, meals at local restaurants, excursions
- Over 27.000 articles promoting Messinia and the region's development model from 2010 until today



EXTENDING THE TOURISM SEASON

- The International Airport of Kalamata “Captain Vassilis Konstantakopoulos” opens and closes the Greek touristic season with flights operating from February until the end of November.
- Costa Navarino introduces forms of tourism that enhance the overall tourism product of the destination and give added value to the region (golf, sports, rural tourism, etc.)
- Creating and attracting major international events in sports and business that promote the region as a whole.



CONTRIBUTION TO THE LOCAL ECONOMY

- The economic impact of the Costa Navarino investment in Messinia, from the beginning of construction in 2008 up to now, is estimated at over € 1 billion.
- The indirect economic impact in Messinia in 2014 from the operation of Costa Navarino was € 117,4 millions.
- For every € 1 spent in Costa Navarino, € 1.65 is spent in the region of Messinia.
- Local food businesses earn annual income of around € 2,25 million from the 75.000 meals ordered by Costa Navarino guests throughout Messinia.
- More than €15 million has been spent by TEMES on infrastructure of benefit to the entire region (water management studies, road network studies, etc.)



SUPPORTING LOCAL BUSINESS & AGRICULTURAL PRODUCTION

- In 2016 we cooperated with 2.288 vendors with the majority of them being SMEs. 83% of our vendors are located in Greece, with 20% of them being suppliers and businesses operating in Messinia.
- In 2016 our Payments to suppliers totaled 32.9 million euros, while in 2015 reached 24.8 million euros. In 2016, the percentage of our procurement budget spent on Messinian suppliers reached 19% from 12% in 2015.
- In partnership with local producers we have developed high quality food products and art objects from the Peloponnese branded "Navarino Icons" and fine wine and spirits under "Navarino Vineyards" label.

NAVARINO
ICONS
COSTA NAVARINO

NAVARINO
VINEYARDS



SUPPORTING LOCAL BUSINESS & AGRICULTURAL PRODUCTION

- Seminars for the dissemination of best practices in agricultural development and the promotion of exports of local products are organized by the Captain Vasilis and Carmen Konstantakopoulos Foundation, with the cooperation of specialized scientists and local authorities.
- In 2016 for another consecutive year, the Captain Vasilis & Carmen Konstantakopoulos Foundation organized free seminars for food service professionals and producers of Messinia, providing valuable knowledge in the field of market outreach and presence to more than 120 businesses.

CAPTAIN
VASSILIS
FOUNDATION

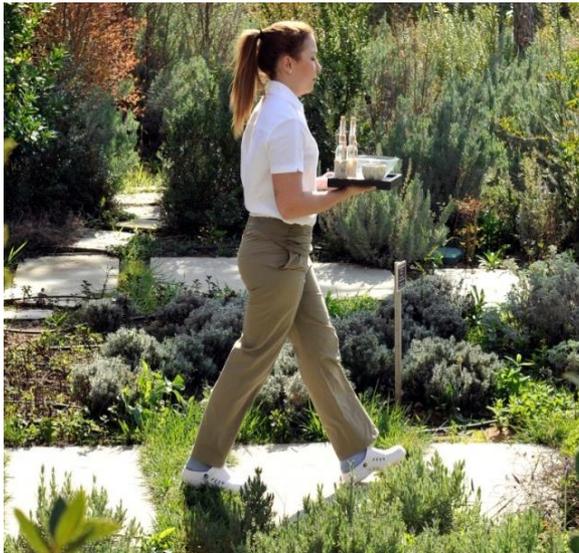


ΙΔΡΥΜΑ
ΚΑΠΕΤΑΝ
ΒΑΣΙΛΗ

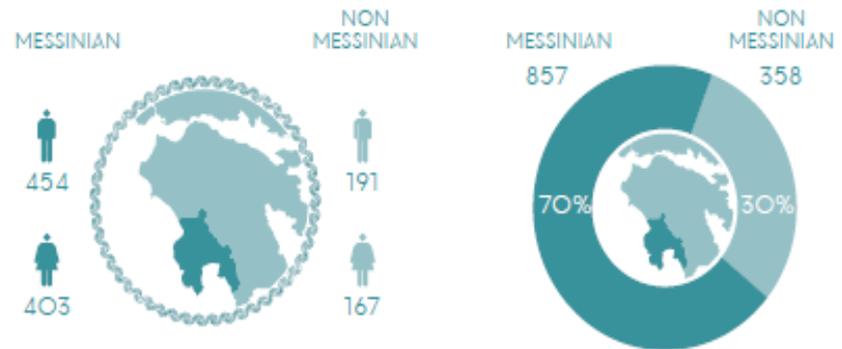


JOB CREATION

- We intend to hire 70% of our associates from the wider region of Messinia.
- 1,200 jobs in high season / 800 jobs in low season.
- 900 new jobs are expected to be created by the new direct investments for the second phase of development of Costa Navarino.
- For every new job created at Costa Navarino, 0,8 jobs are created in the region of Messinia.



TOTAL WORKFORCE BY REGION AND GENDER



BIODIVERSITY, ECOSYSTEMS & HABITAT PROTECTION

- In cooperation with Archelon, the Sea Turtle Protection Society of Greece TEMES has launched an extensive monitoring and protection program for *Caretta Caretta* since 2010, and supports programs for the protection of the African chameleon, managed by the Hellenic Herpetological Society.
- TEMES has initiated the biggest olive trees transplanting program in Europe in order to preserve biodiversity and the characteristic Messinian landscape covered with century old olive groves. At this stage of development, 6,500 olive trees have been moved and replanted, while 800,000 endemic shrubs of different species have already been planted.
- More than 90% of Costa Navarino's total land surface remains unbuilt, used primarily as natural or landscaped green areas.
- Sustainable water management to cover the water needs of Costa Navarino without depriving resources from the local community.
- Sustainable energy and waste management to improve resource efficiency and minimize GHG emissions.



SCIENTIFIC RESEARCH & EDUCATION

NAVARINO ENVIRONMENTAL OBSERVATORY

NEO, a cooperation between Stockholm University, the Academy of Athens and TEMES S.A., is dedicated to the study of climate change and its impacts on the natural environment and human activities in the Mediterranean region.



NAVARINO
NATURA HALL



An interactive environmental exhibition center dedicated to the nature of Messinia, that informs visitors, students and locals about the uniqueness and beauty of the natural habitats of the region.



GLOBAL RECOGNITION

Our approach to sustainability has received world wide recognition through a series of international awards and distinctions.



WORKING TOWARDS THE NEXT STEP

Designated Protected areas like Gialova Lagoon, can become the trigger point for business innovation through the establishment of small and medium size enterprises that benefit from the protection of the ecosystems. Sectors like organic farming, food processing, sustainable tourism could provide business opportunities for this kind of enterprises.



WORKING TOWARDS THE NEXT STEP

The creation of local business networks in cooperation with private or public institutions could help new businesses better manage their risks, anticipate consumer demand, build positions in growth markets, secure access to needed resources and strengthen their supply chains.



COSTA
NAVARINO



Thank you

www.costanavarino.com



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“Case study: financial tools supporting hotels’ shift to sustainable operation in Mexico”

Mr Salvador Leal

Chief of Staff, Ministry of Tourism, Mexico



SECTUR
SECRETARÍA DE TURISMO



Financial Tools for Tourism SMEs

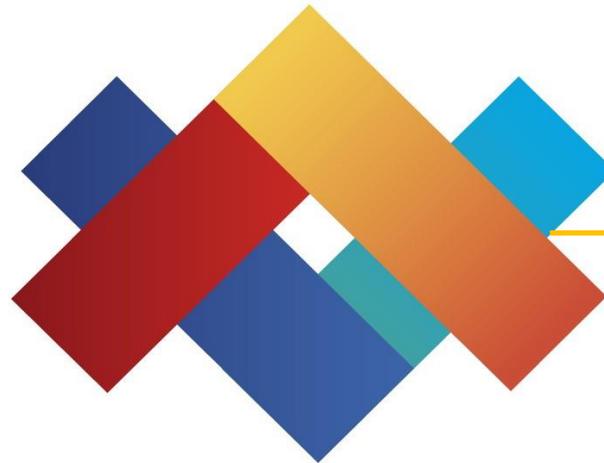
Salvador LEAL GONZÁLEZ
Chief of Staff of the Minister

October 2017

“Conéctate al Turismo” Strategy



BUYERS

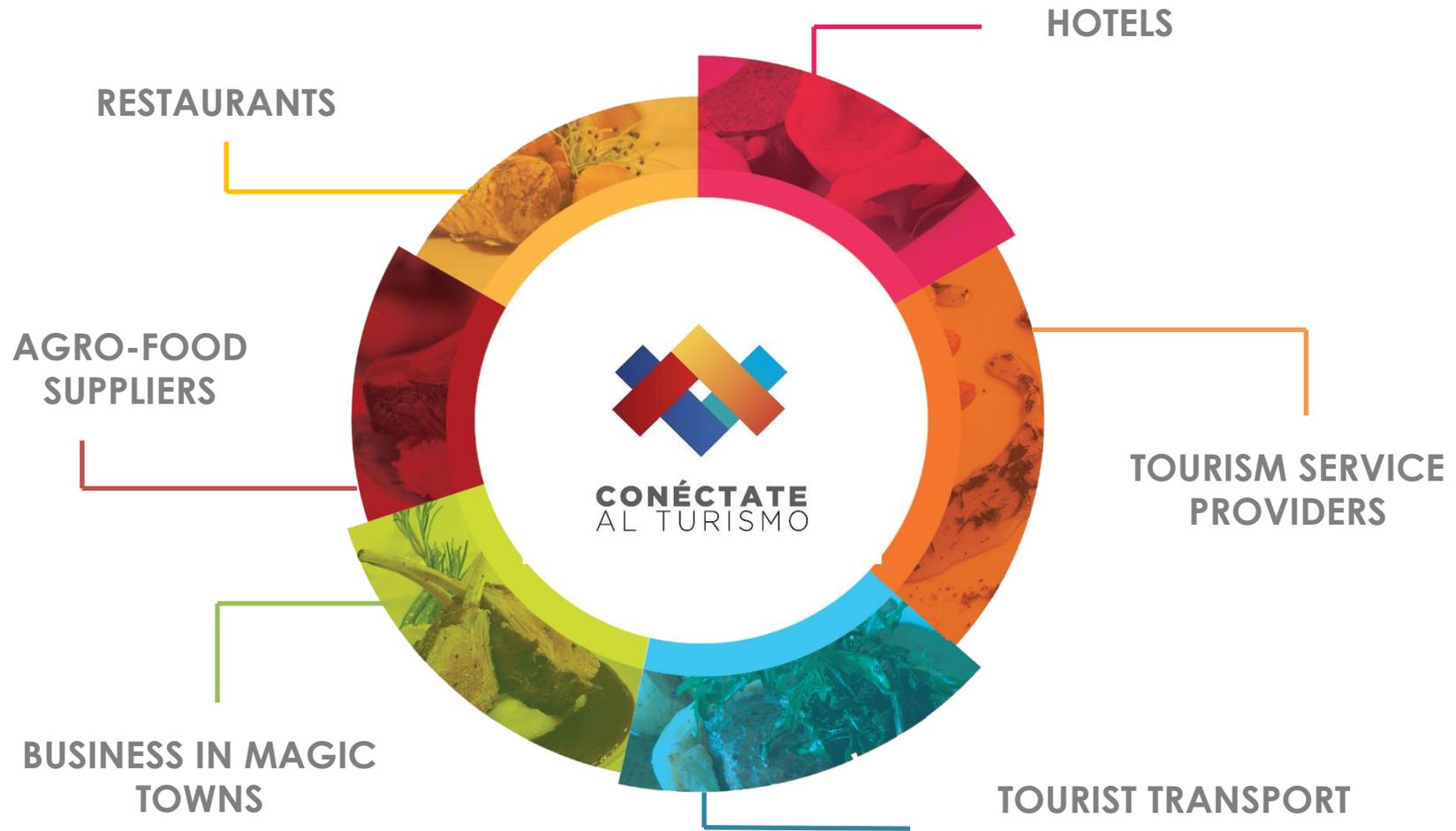


FINANCING

SELLERS



VALUE CHAIN OF THE MEXICAN TOURISM SECTOR



“Conéctate al Turismo” Strategy



COMPRADORES

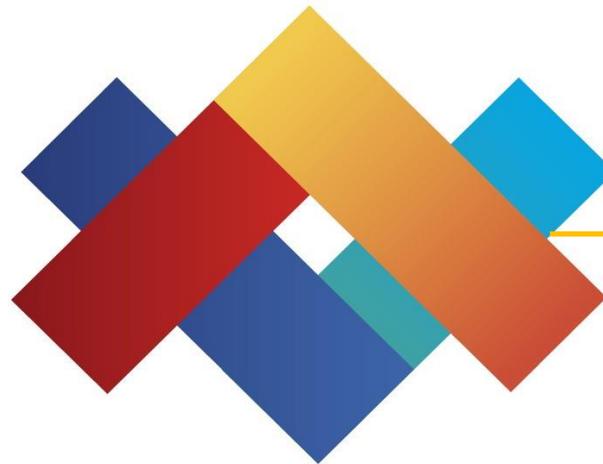


BANCOMEXT

FINANCIAMIENTO



FND
FINANCIERA NACIONAL
DE DESARROLLO AGROPECUARIO,
RURAL, FORESTAL Y PESQUERO



PROVEEDORES



Mexican Development Banks with Tourism business



nacional financiera

Nacional Financiera (NAFIN)'s primary objective has been of generating jobs and regional growth by strengthening and modernizing micro, small and medium enterprises (MSMEs).



BANCOMEXT

The purpose of Banco Nacional de Comercio Exterior (Bancomext) is to contribute to development and job creation in Mexico, by financing the country's foreign trade and to promote foreign currency generating activities such as tourism and energy.



Trust Funds for Rural Development (FIRA) is a second-tier development bank that offers credit and guarantees, training, technical assistance and technology-transfer support to the agriculture, livestock, fishing, forestry and agribusiness sectors in Mexico.



FND

FINANCIERA NACIONAL
DE DESARROLLO AGROPECUARIO,
RURAL, FORESTAL Y PESQUERO

The National Agricultural, Rural, Forestry and Fishing Development Fund (FND) provides credit to low and middle income rural producers, for agriculture as well as rural off-farm activities, for working capital and equipment purchase.

DEVELOPMENT BANKS & “CONÉCTATE AL TURISMO”

BANCOMEXT

- “Mejora tu Hotel” (*Improve Your Hotel*)

Extension, remodeling, equipment, reconversion, sustainability and certifications.

FIRA & FND

- Ecotourism and Adventure Tourism (< 50 mil inhabitants)
- Financing to Agro-food Suppliers (Food Service)

Suppliers of food products and Food Service development to make more efficient the supply chain of hotels and restaurants with dried products, fresh or frozen, primary or value-added.

NAFIN

- “Mejora tu Restaurante” (*Improve your Restaurant*)

For working capital, equipment and expansion or remodeling of facilities

- Financing to Suppliers of the Tourism Sector

Credit for working capital and acquisition of fixed assets

- Modernization of Tourist Transport

For acquisition of new or semi-new units

- Financing to Tourist businessmen in Magic Towns

For working capital or acquisition of fixed assets

- Factoring

To obtain liquidity on your accounts receivable

DIRECT

BANCOMEXT	234,764,087
FND	10,426,601
TOTAL	USD 245,190,688

INDIRECT

BANCOMEXT	95,069,398
NAFIN	18,764,705
FIRA	76,704,096
TOTAL	USD 190,538,199

DIRECT + INDIRECT

USD \$435.7 M

SECTUR
SECRETARÍA DE TURISMO



Thank You

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Q&A session

Please send your questions through the questions box in the control panel



Thank you!

For more information on webinars, please contact:

svitlana.mikhalyeva@un.org

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