UNWTO
World Tourism Organization

WORLD TOURISM DAY 2023 | TOURISM & GREEN INVESTMENTS

Global Investments Overview

Contents

Introduction

Tourism's restart and recovery from the biggest crisis in its history provides an opportunity to redefine and recalibrate the direction and focus of investments into the sector. UNWTO has made this a core priority for the years ahead, recognizing the vital need for both traditional and non-traditional investments in order to build greater sustainability and secure long-term resilience.

During 2023, culminating in World Tourism Day (27 September), UNWTO placed the focus on Tourism and Green Investments, reflecting the growing consensus among tourism stakeholders as to how the future of the sector will depend on its ability to balance the needs of People, Planet and Prosperity. The global tourism sector urgently needs to need to diversify away from the traditional investments framework to a new one where people (education), planet (sustainability) and prosperity (innovation) at the center.

Firstly, for people: Tourism has long been recognized as a global economic powerhouse, generating substantial employment opportunities, and driving economic growth. In 2019, tourism accounted for a staggering 1 in 10 jobs worldwide. However, the significance of investing in people, particularly in education, has never been more crucial than it is today. As many as 25% of all tourism workers possess only low-level qualifications and the International labor Organization (ILO) estimates that around approximately 900,000 tourism jobs will require vocational training by 2030. Investing in tourism education is not just a financial commitment, then, but a strategic imperative. As the sector continues to evolve and expand, ensuring there is a well-trained, empowered, and diverse workforce will be key to its long-term success, economic impact, and sustainability.

And then for planet: The green transformation of tourism essential, not just for the planet, but also for the sector itself, for boosting competitiveness and increasing resilience. Green investments and innovation must play a leading role to support this transformation. Indeed, investment and financing have the potential to play a pivotal role in supporting the transition to low-carbon, resource-efficient and socially inclusive tourism development. Tourism is a cross-cutting industry with wide impacts on sectors including transport, buildings, agriculture and trade. Greening tourism swill allow for the sector's growth, environmental conservation, and social well-being to be mutually reinforcing – with green tourism creating new, green jobs, supporting the local economy and reducing poverty.

Finally, an investment in tourism is an investment in prosperity. Investments in innovation and digitalization have a multiplier potential to not only strengthen strategic large global and regional projects, but also stimulate the tourism recovery and safeguard jobs. Smaller enterprises (MSMEs) account for around 80% of all tourism businesses. They are the dynamic engines that drive tourism's growth and sustainability, and they need support in the shape of investments, primarily directly from venture funds. Alongside this, governments also need to recognize the growing importance of digital nomads in today's global workforce, and also the huge potential of women entrepreneurs to transform tourism and drive the sector's inclusive growth.

This report presents a comprehensive overview of the state of tourism investments, reflecting both the challenges and the opportunities. Launched on World Tourism Day, it provides the data needed to guide the decisions that can power tourism's recovery and shift to greater sustainability while at the same time building resilience against any future shocks.

1. Global overview Foreign Direct Investments (FDI)[1]

- In 2022, Global foreign direct investment (FDI) recorded a decline of 12%, settling at $1.3 trillion. This reduction was predominantly driven by diminished activity within developed economies, where FDI flows fell by 37% to $378 billion particularly in terms of financial flows and transactions. Despite this overarching decline, FDI flows to developing economies rose by 4% to $916 billion – the highest level ever recorded. While global Gross Domestic Product (GDP) keeps a steady growth at 2.8% for 2023.

- The global landscape for international business and cross-border investment in 2023 retains its complexity and presents a challenging outlook. While some of the economic headwinds that sculpted investment trends in 2022 have moderated, they have not yet dissipated entirely. Persistent geopolitical tensions continue to exert significant influence, and recent turbulence within the financial sector has injected a further layer of uncertainty into the minds of investors. The United Nations Conference on Trade and Development (UNCTAD) anticipates that the downward pressure on global foreign direct investment (FDI) will persist throughout 2023. Early indicators for the first quarter of 2023 paint a sobering picture, characterized by lackluster performance in international project finance and merger and acquisition (M&A) activities.

1. UN Conference on Trade and Development World (2022), UNCTAD in the World Investment Report 2023.

Table 1: Growth rates of global GDP, GFCF, trade and FDI, 2020–2023 (Per cent) (Billions of dollars) (Graphic Map)	Indicator	2020	2021	2022	2023
	GDP (%)	-2.8	6.3	3.4	2.8
	GFCF (%)	-2.5	8.0	-2.4	2.4
	FDI (%)	-43.7	53.7	-12.4	N/A
	FDI value (trillions of US$)	1.0	1.5	1.3	N/A

Source: UNCTAD, 2023 FDI/MNE database for FDI; IMF (2023) for GDP and GFCF
Note: GFCF = gross fixed capital formation, NA= No available
a Forecast.

- 2022 witnessed a significant decline in foreign direct investment (FDI) within developed economies, reflecting the prevailing uncertainty in financial markets and the gradual winding down of stimulus packages. In Europe, the total FDI figures were subject to fluctuations in major conduit economies and marked by a substantial capital withdrawal by a telecommunications multinational enterprise (MNE), where inflows dropped by -107$ billions and North America closed with $338 billion.

- Contrastingly, FDI flows into developing economies as a collective group exhibited growth. Developing Asia maintained stable inflows, amounting to $662 billion, while Latin America and the Caribbean experienced a remarkable 51% surge, reaching a record high of $208 billion. In Africa, a 44% decline in inflows followed the extraordinary peak in 2021, which was spurred by a substantial corporate reconfiguration in South Africa.

- Finally, structurally weak, vulnerable and small economies, those encompassing (LDCs LLDCs SIDS) declined by 4% to $41 billion. Inflows to the least developed countries (LDCs), landlocked developing countries (LLDCs) and small island developing states (SIDS) combined accounted for 3.2% of the world total in 2022, up from 2.9% in 2021. FDI in LDCs declined by 16% to $22 billion. Flows remained concentrated, with the top five recipients (Ethiopia, Cambodia, Bangladesh, Senegal and Mozambique, in that order) accounting for about 70 per cent of the total.

Table 2: FDI inflows, by region, 2020–2023

(Billions of dollars) (Graphic Map)

Region	2020	2021	2022
Europe	133	51	-107
North America	123	453	338
Africa	39	80	45
Asia	516	662	662
Latin America and the Caribbean	90	138	208
Structurally weak, vulnerable and small economies (LDCs LLDCs SIDS)	38	43	41

Source: UNCTAD, 2023

2. Global greenfield investments landscape[2]

- In 2022, we observed a significant upswing in the value of announced greenfield investment projects, registering a remarkable 64% increase to reach $1.2 trillion. This figure stands as the second-highest level recorded since 2008, signifying a robust investment landscape. Noteworthy trends emerged within greenfield investments. The greenfield investment landscape in developing economies witnessed an extraordinary transformation, with values more than doubling to $573 billion. This substantial increase was accompanied by a 37% rise in the number of greenfield projects. In developed countries, greenfield investments also displayed resilience, with a 37% rise in values. Additionally, the number of greenfield projects increased by 4%, indicating continued investment activity and diversification.

- The sectoral distribution of greenfield megaprojects unveiled key trends shaping cross-border investment. Among the ten largest announced projects, three were in the semiconductor industry, driven by global shortages and the restructuring of supply chains. Additionally, five projects focused on renewables, reflecting the heightened emphasis on sustainable and clean energy sources. Within the manufacturing sector, the value of greenfield projects soared by 37% to $437 billion, marking a quarter above the 10-year average. However, the number of projects remained relatively stable at 5,970.

- The energy crisis had a notable impact on global investment trends, most evidently seen in an eightfold increase in the value of greenfield projects in extractive industries. This surge was paralleled by a 15% rise in the number of projects. One of the most significant shifts was observed in the services sector, where the number of greenfield project announcements surged. Services now constitute two-thirds of all projects, marking the highest share on record. Additionally, the value of greenfield projects in the services sector reached unprecedented highs, highlighting the sector's growing importance in the global investment landscape.

2. UN Conference on Trade and Development World (2022), UNCTAD in the World Investment Report 2023.

Table 3: Announced greenfield projects, by sector and top sectors, 2021–2022

(Billions of dollars, and per cent growth)

Sector	2021	2022	Growth Rate (%)
Primary	13	97	618
Manufacturing	320	437	37
Service	406	679	68

Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

3. Tourism greenfield investments landscape[3]

- The tourism sector was one of the sectors in which FDI was most affected by the coronavirus pandemic. Tourism has taken a long time to recover from the initial shock of 2020 — when the sector experienced a 59% year-on- year decrease in the number of projects, dropping to 312. Capital investment in the sector also experienced a 70% decrease, with estimated capital investment dropping from $60.9bn to $18.2bn.

- The sector entered 2020 off the back of a very strong FDI performance in 2019, with 753 greenfield projects announced — a 5.8% increase from 2018 and the peak year for tourism projects since fDi Markets began recording data in 2003. Foreign investors announced a total of 2,415 foreign direct investment (FDI) projects in the tourism cluster between 2018 and 2022 according to fDi Markets, the greenfield investment monitor of the Financial Times. These projects involved a total capital investment of $175.5bn and created an estimated 388,000 jobs.

3. fDi Intelligence Financial Times and World Tourism Organization (2023), Tourism Investment 2023, Global greenfield investment trends in tourism, Financial Times.

ToP 10 Countries for Tourism fDi Projects 2018-2022

Destination	Total
US	198
UK	160
Spain	133
Germany	133
UAE	114
Mexico	105
France	96
China	79
Portugal	58
Japan	57

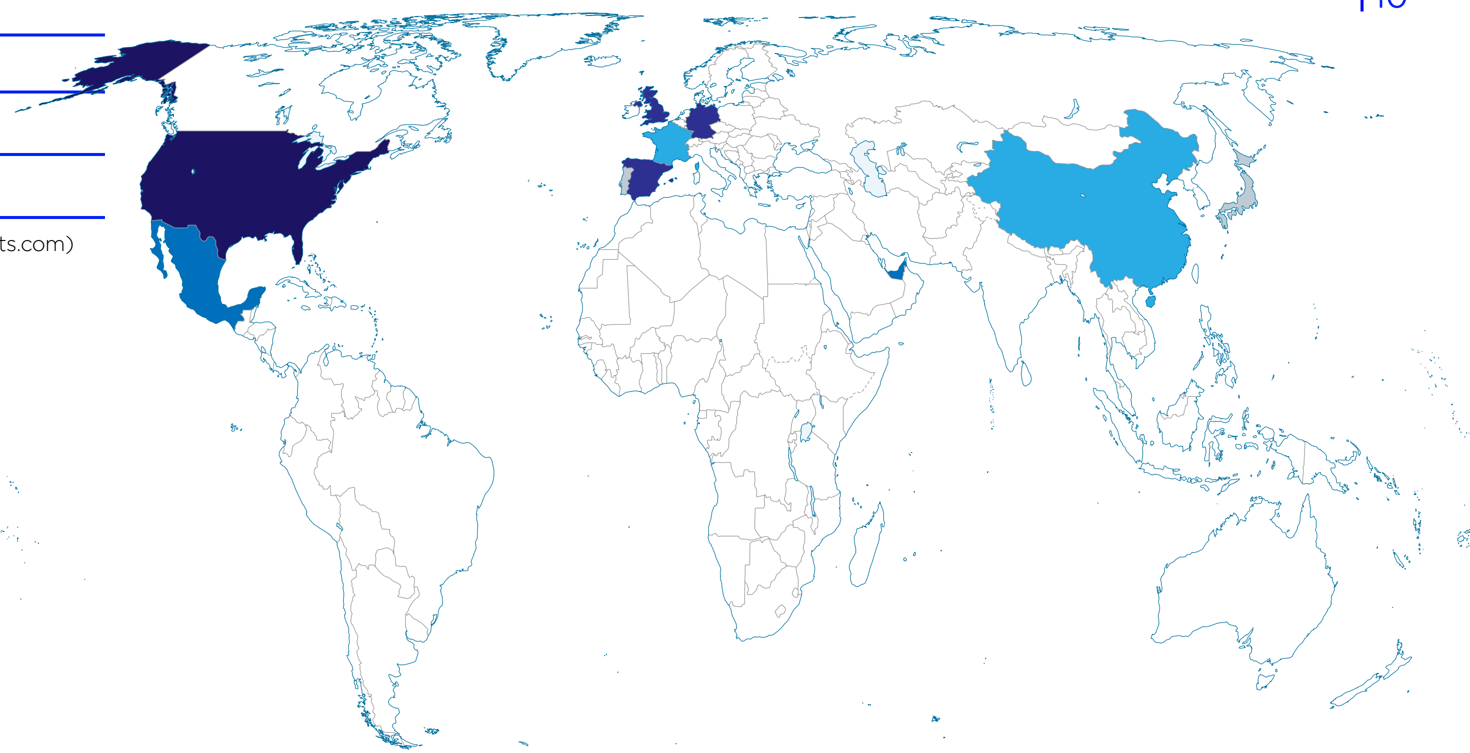
Source: fDi Markets (www.fDimarkets.com)

Tourism fDi Globally 2018-2022

Year	Capital Inv. ($bn)*
2018	74.5
2019	60.9
2020	18.2
2021	11.6
2022	10.2

Source: fDi Markets (www.fDimarkets.com)
*Estimates included

Top 10 Countries for Tourism fDi Projects 2018-2022



- FDI project numbers and job creation in the tourism cluster grew by 23% from 286 investments in 2021 to 352 in 2022. Job creation in tourism FDI over the period also increased by 23% to an estimated 36,400 in 2022. The leading destination region for tourism FDI projects in 2022 was Western Europe with 143 announced investments at a combined estimated value of $2.2bn.

- The top 10 countries for tourism FDI attraction accounted for nearly half (47%) of all announced tourism projects globally between 2018 and 2022. The US was the largest recipient of tourism FDI during this period with 198 projects, followed by the UK (160), Spain (133) and Germany (133). Capital investment in the sector totaled $175.5bn between 2018 and 2022 with Spain being the leading recipient ($19.4bn), followed by China ($11.5bn) and the Philippines ($11.1bn). However, Mexico was highest in job creation between 2018 and 2022 with an estimated 31,000 jobs created in the sector, followed by China (22,130) and Spain (20,590).

- In total, 517 FDI projects were recorded in the Asia-Pacific region between 2018 and 2022, representing $65.1bn of capital investment and creating more than 105,600 jobs. Following a decline in 2020 and 2021, the number of announced projects into the region increased marginally by 2.4% to 42 projects in 2022. China attracted the highest number of tourism FDI projects between 2018 and 2022, receiving 79 announced projects; 15% of the total market share in the region. China peaked for tourism FDI in 2019, with 30 announced projects, yet inbound project numbers have steadily declined since then.

- India attracted three times more tourism FDI projects in 2022 than it did in 2021, and ranked as the top destination country in the region for that year. Between 2018 and 2022, India received a total of 51 announced tourism FDI projects, representing a market share of 9.9% in Asia-Pacific and more than $2.2bn in capital investment. India was the source of 15 tourism investments in 2022, making it the sector's largest source country in the Asia-Pacific region last year. Between 2018 and 2022, India was the source of 16% of the region's outbound tourism FDI projects.

- Europe attracted 1,004 tourism FDI projects between 2018 and 2022. During this period, $51.1bn was invested and more than 102,000 jobs were created. The volume of tourism FDI projects in Europe increased by 16% from 2021 to 2022, attracting 167 projects that year. However, FDI projects in the region's tourism industry remained below 55% its 2019 figures. The UK was the top destination for tourism FDI in Europe between 2018 and 2022, attracting 160 projects; 16% of total tourism FDI in the region. The UK was also the top source market, with 311 outbound tourism projects tracked at a value of $18.3bn.

- The top destination market for capital investment in the region between 2018 and 2022 was Spain. Projects into the country generated $19.4bn worth of capital investment which equated to a market share of 38%. Spain and Germany ranked second and third respectively in the region by inbound project numbers in the tourism cluster between 2018 and 2022. When combined, the two countries accounted for more than one-quarter of inbound tourism projects in Europe.

- Latin America and the Caribbean attracted 340 FDI projects between 2018 and 2022. This resulted in $27.9bn-worth of capital investment and more than 112,300 new jobs created. Tourism FDI by capital expenditure in Latin America and the Caribbean more than doubled last year, from $1.1bn in 2021 to $2.5bn in 2022. Job creation in the region also rose by 95% from 5,700 in 2021 to more than 11,000 in 2022.

- The primary investment destination for tourism FDI in Latin America and the Caribbean between 2018 and 2022 was Mexico, representing 31% of all tourism FDI projects into the region. Mexico was also the top country for capital investment holding 31% ($8.6bn) of market share and job creation (more than 31,100) in the region. Colombia and Brazil ranked second and third for FDI tourism projects, attracting 45 and 31 projects between 2018 and 2022, representing 13% and 9.1% of regional market share, respectively.

- The Dominican Republic came second for capital investment between 2018 and 2022, attracting $6.2bn, representing 22% of the market share. Moreover, it was the top destination country for capital investment and jobs created in 2022, with $1.5bn invested and more than 7,000 jobs created. Panama was the top source market for tourism FDI between 2018 and 2022 with a market share of 37%. The country's strong outbound performance can be traced back to the outbound projects announced by Selina, a hospitality brand that targets millennial and Gen Z travelers, which was headquartered in Panama before relocating to the UK in early 2019.

- Peru faced a significant decline in capital investment in tourism FDI from 2021 to 2022, falling from $117.2m to $1.2m. Job creation over the period also decreased by 98%. This decline has been ongoing since the outbreak of the coronavirus pandemic.

- Finally, a total of 322 tourism foreign direct investment (FDI) projects were recorded in the Middle East and Africa (MEA) region between 2018 and 2022, representing $20.9bn of capital investment and creating more than 47,900 jobs. Tourism FDI projects in the MEA region increased by 43% from 47 in 2021 to 67 in 2022. Tourism FDI into the region in 2022 created more than 6700 jobs and generated more than $2.5bn of capital investment. The UAE attracted the highest number of tourism FDI projects between 2018 and 2022, receiving 114 announced projects, representing more than a third (35%) of the total market share in the MEA region. Following a 65% increase on 2021, it attracted the highest number of tourism related investments in 2022, with 33 announced projects at a combined value of more than $752m. Between 2018 and 2022, Saudi Arabia attracted 31 tourism related FDI projects. It attracted a total of nine tourism FDI projects in 2022, which was on par with its performance in 2019 and up 80% from 2021.

- The number of tourism FDI projects into South Africa declined by one-third from 2021 to 2022. In 2022, South Africa welcomed 1.7% less capital investment than in 2021. However, tourism FDI into the country in 2022 resulted in the creation of approximately 360 new jobs which equates to 44% of all tourism jobs created in

South Africa between 2018 and 2022. In 2022, tourism FDI into Mozambique created more than 400 jobs and represented more than $200m of capital investment. This accounts for approximately two-thirds of the total amount of tourism related investment into Mozambique between 2018 and 2022.

4. Tourism greenfield investments sector overview[4]

- The hotel and tourism sector accounted for almost two-thirds of all projects in the tourism cluster between 2018 and 2022. Foreign direct investment (FDI) project numbers increased by 25% from 2021 to 2022. However, capital investment in the hotel and tourism sector declined from $48.9bn in 2018 to $7.8bn in 2022. Meanwhile, job creation in the sector has remained at less than a third of its 2019 high of 94,300 since 2020.

- Between 2018 and 2022, accommodation remained the largest sub-sector of tourism FDI globally, accounting for more than half (51%) of all FDI projects. More than 70% of capital investment ($126.8bn) and job creation (270,000) in the tourism cluster was generated by the accommodation sub-sector during the same period.

- Travel arrangements and reservation services ranked as the second-largest sub-sector for tourism FDI by number of projects recorded between 2018 and 2022. FDI project numbers in the sub-sector grew almost 2.5 times from 29 in 2021 to 72 in 2022 — almost equal the subsector's 2019 total, signaling a strong rebound in the industry as international tourism started to recover following the impact of Covid–19.

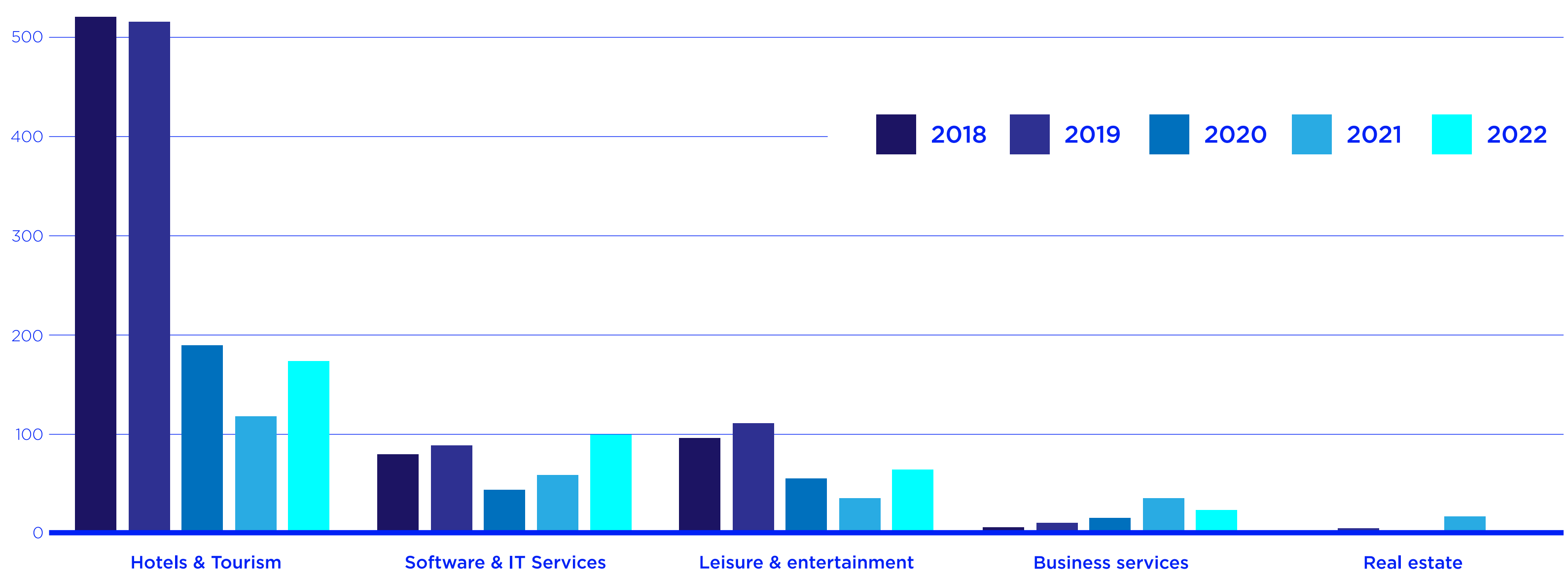
- Software and IT services was the second-largest sector for tourism FDI projects between 2018 and 2022. Its share of global FDI tourism projects grew from 10% in 2018 to 16% in 2020, 22% in 2021 and 28% in 2022, indicating the sector's resilience and its ongoing shift towards digitization. The software publishing (excluding

4. fDi Intelligence Financial Times and World Tourism Organization (2023), Tourism Investment 2023, Global greenfield investment trends in tourism, Financial Times.

video games) sub-sector was the third-largest recipient of FDI projects, growing by 32% between 2018 and 2022.

- The Travel and Mobility Tech sector has arguably been hit harder by the pandemic than any other industry vertical. But despite this backdrop, innovative solutions continued raising funds. In 2021, an estimated of US$37 billion were invested in startups across Travel and Mobility Tech demonstrating that the appetite to invest in travel remains indicating that the startup ecosystem resilience and returning to its long-term growth trajectory according to UNWTO Investments analysis[5].

Figure 2: Top 5 sectors for tourism FDI, 2018-2022 (Based on number of projects)



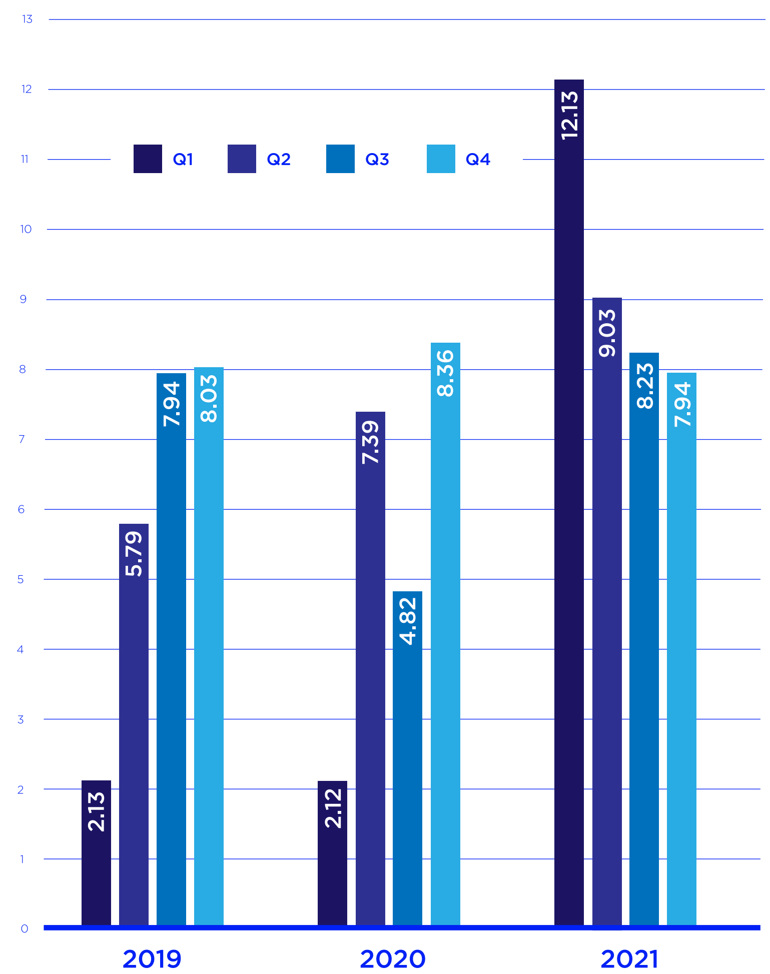
Source: fDi Markets (www.fDimarkets.com)

5. UNWTO 2022, Investments; based on Crunchbase, 2022 *Estimated data based on registered public announcements susceptible to final statements considering investments above US$1m.

- When looking at Venture Capital activity measured by the number of deals that have taken place during the pandemic. Throughout 2020, the number of VC deals saw a drop of almost 50% on 2019. In 2021, deal activity was around 35% lower compared to June 2019. Even though the deals are smaller, investment is bigger in terms of capital representing maturity in the space.

- It is important to note that the Travel and Mobility Tech's unicorn club—meaning the exclusive group of privately-held startups valued at more than $1 billion—stood at 36 players in 2021 before falling by almost 30% in that same year, driven by the pandemic and the hype of special purpose acquisition companies (SPACs)[6].

Figure 3: Venture Capital travel tech startups
(US$ billions 2019 – 2021*)



6. https://tnmt.com/lists/unicorns/

5. Top Investors tourism greenfield FDI overview[7]

- The North America and Asia-Pacific regions each contribute three companies to the top 10 investors list for tourism foreign direct investment (FDI) between 2018 and 2022. The rest of the top 10 comprises companies from Europe, with Spain-based Melia, UK-based Intercontinental Hotels Group, France-based Accor and UK-based Selina all featuring.

- Selina, a hospitality brand that targets millennial and Gen Z travellers, was the top company for tourism FDI between 2018 and 2022. The company, which was founded in 2012, announced 90 projects during the 2018–2022 period, which is 11 more than second-placed Accor. Selina was also significantly ahead of other investors for new jobs, with an estimated 23,700 roles created. The main regional destination market was Latin America. The company also established a research and development centre in Tel Aviv, Israel in February 2018, which created 40 jobs for developers and software engineers, reinforced by an announcement in April 2019 that the centre would be further expanded.

- Despite being in expansion mode across hotels and technology, Selina has faced hurdles this year. In the first quarter of 2023, the company published revenues of $54.2m, which represents a 32% increase on the same quarter in 2022, while occupancy rates also experienced growth. Yet the company still incurred a loss of $30.3m and is laying off 350 full-time employees by October 2023, with property closures also on the agenda.

- US-based Marriott International, the lead tourism investor between 2017 and 2021, announced 75 projects in the 2018–2022 period. Its top market was Asia-Pacific, with 48 inbound projects recorded. Marriott placed second for jobs created and capital invested, with an estimated 17,400 jobs and $11.3bn of capital investment generated.

- The company looks in healthy shape moving forward, despite losing its hold over the tourism FDI market, with net income during the fourth quarter of 2022 representing an increase of $205m on the same quarter in 2021. Marriott also intends to make significant

7. fDi Intelligence Financial Times and World Tourism Organization (2023), Tourism Investment 2023, Global greenfield investment trends in tourism, Financial Times.

investments in its customer-facing technologies, a positive considering the multiple data breaches recently experienced by the company.

- The top company for tourism software FDI for the 2018–2022 period was China-based Shiji Group, which announced 12 projects. Key investments included the establishment of a new corporate headquarters in Hollywood, Florida, which created 70 jobs, and a European headquarters opening in Amsterdam for its StayNTouch subsidiary, a company focused on mobile technology and property management systems. Germany-based Holidu, the developer of a software solution for the tourism market, also announced more than 10 projects, with several offices opened across Europe for its Bookiply subsidiary.

Figure 3: Top 5 tourism investors by region FDI, 2018–2022
(Based on number of projects)

6. Green and Sustainable Development Goals (SDGs) investments landscape

- The global financing needed to implement the Sustainable Development Goals (SDGs) is estimated to be between $5 trillion and $7 trillion per year, with a $2.5 trillion annual financing need in developing countries for key infrastructure sectors and related areas[8]. The Organisation for Economic Co-operation and Development (OECD), Boston Consulting Group, and the World Bank Group estimate the annual global infrastructure investment need to be about $3.7 trillion—of which only about $2.7 trillion is currently being met[9].

- International investment in sectors relevant to the Sustainable Development Goals (SDGs) in developing countries increased in 2022. Infrastructure, energy, water and sanitation, agrifood systems, health and education all saw higher project numbers. Yet the increase since 2015, when the SDGs were adopted, is relatively modest, due to weak growth in the early years and the sharp decline in investment during the pandemic. Investment activity in agrifood systems is even below the 2015 level. A review of investment needs at the midpoint of the 2030 Agenda for Sustainable Development shows that the investment gap across all SDG sectors has increased from $2.5 trillion, on the eve of the adoption of the SDGs – to more than $4 trillion per year today. The largest gaps are in energy, water and transport infrastructure[10].

- Climate action is included in the 2030 Agenda for Sustainable Development as a stand-alone Goal, (SDG 13), which provides a roadmap to reduce emissions and build climate resilience. Hence, the international community's commitment to the Paris Agreement of 2015, which seeks to limit global temperature increases in this century to below 2°C when compared with preindustrial levels, and given the serious risks, to strive for 1.5 °C. This recognizes the urgent need to decouple economic growth from resource use and emissions to counteract the impacts of climate change[11].

8. Asian Development Bank (2017), Catalyzing Green Finance: A Concept for Leveraging Blended Finance for Green Development
9. http://blogs.worldbank.org/category/tags/infrastructure-financing-gap.
10. UN Conference on Trade and Development World (2022), UNCTAD in the World Investment Report 2023.
11. United Nations (2015), Transforming our World: the 2030 Agenda for Sustainable Development, Resolution A/RES/70/1 adopted by the General Assembly on 25 September 2015 (online), available at: https://undocs.org/A/res/70/1.

- In this context, UNWTO supports the implementation of the commitments launched in November 2021 through the Glasgow Declaration on Climate Action in Tourism[12], for which measurement is the first pathway that signatories are requested to adopt. The aim is to provide support for tourism practitioners at the beginning of their climate action journey by facilitating them in choosing suitable ways to measure and further engage. In addition, it is hoped that policymakers and solution providers will benefit from the perspectives contained within the overview as they consider what gaps remain to be addressed[13].

- UNWTO believes that investments could accelerate green transitions in the tourism sector. The pandemic opened up opportunities for green buildings and retrofitting. The need to reduce emissions presents a $24.7 trillion investment opportunity in the green buildings sector of emerging market cities between now and 2030. This represents a $1.5 trillion opportunity in hotels and restaurant buildings alone[14]. This is a formidable driver to create investment opportunities as it promotes sustainability through cost efficiency, brand equity and better guest satisfaction, and respond to the increasing demand and new consumer behavior favourable to sustainability.

- Green infrastructure comprises a relatively small share of global construction. Global investments in green buildings accounted for $423 billion of the $5 trillion spent on building construction and renovation in 2017 and represent an even smaller share of the estimated $217 trillion in global real estate value. However, by some estimates, the global green buildings market is expected to grow at an average of over 10% annually between 2017 and 2023[15].

- Given rapidly growing consumer interest in sustainability, there is a market opportunity to grow investment into green technologies to reduce energy and water consumption and promote biodiversity conservation. Likewise, targeting the efficient use of natural resources particularly on water, energy and climate change is linked to SDG 6 (Clean water and sanitation), SDG 7 (Affordable and clean energy) and SDG 13 (Climate action)[16]. Forest protection and restoration projects could help generate revenue from the sale of carbon credits in carbon markets, including voluntary carbon markets. The Taskforce on Scaling Voluntary Carbon Markets has estimated that the market for carbon credits could be worth upward of $50 billion a year by 2030[17].

12. World Tourism Organization (n.d.), 'The Glasgow Declaration on Climate Action in Tourism', online available at: www.unwto.org [03-10-2022].
13. World Tourism Organization (2023), Climate Action in Tourism – An overview of methodologies and tools to measure greenhouse gas emissions, UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284423927
14. International Finance Corporation (2019), Green Buildings – A Finance and Policy Blueprint for Emerging Markets, World Bank Group, Washington, D.C. (online), available at: www.ifc.org (25-01-2021).
15. Principles for Responsible Investment/UNEP FI/UN Global Compact (2018)
16. World Tourism Organization (2019a), Baseline Report on Integration of Sustainable Consumption and Production Patterns into Tourism Policies, UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284420605, p. 48
17. Taskforce on Scaling Voluntary Carbon Markets, McKinsey Global Institute, January 2021

- For example, sustainable finance market (bonds, funds and voluntary carbon markets) reached $5.8 trillion in 2022, despite the turbulent economic environment, including high inflation, rising interest rates, poor market returns and the looming risk of a recession, all of which affected financial markets. Despite a decline in the market value of the global sustainable fund market from its high of $2.7 trillion in 2021 to $2.5 trillion in 2022, net inflows to the market were positive, in contrast to traditional funds, which experienced net outflows[18].

- Travel and tourism, with its vast network of stakeholders which includes transportation, hospitality and tour operators, among others, has been estimated to represent around 8% of global greenhouse emissions. In 2019, tourism emissions were forecasted to increase by at least 25% by 2030 under a business as usual scenario. As such, an immediate and determined effort at transforming the sector will contribute to meaningful climate benefits and addressing the climate crisis[19]. Only a quarter of accommodations (26.3%) of accommodations have climate action plans[20]. McKinsey research has identified an opportunity to create or safeguard 30 million jobs in ecotourism if nature conservation on land and in international waters doubled by 2030[21].

- According to UNCTAD, Sustainable funds outperform their conventional peers on environmental, social and governance (ESG) criteria, but greenwashing persists. The average ESG rating of more than 2,800 sustainable funds, this is significantly better than that of the benchmark MSCI global equity index. Nevertheless, at least a quarter of funds fail to live up to their sustainability credentials. Investors are also paying attention to sustainability. Currently, 36 % of all managed assets are sustainable, but the ESG debt market could swell to $11 trillion by 2025 . More than 700 global investors are pushing for carbon neutrality by 2050 as part of Climate Action 100+ . Meanwhile, almost half of US investors want to divest from companies without ESG goals[22].

- The sustainable bond market continues to grow, although the issuance of new bonds declined by 11% in 2022. The outstanding, cumulative value of the sustainable bond market increased from $2.5 trillion in 2021 to $3.3 trillion in 2022. Annual issuance of sustainability-themed bonds has grown five-fold in the past five years. Green bond issuance, meanwhile, remained relatively resilient in 2022, decreasing by just 3%[23].

18. UNCTAD, 2023.
19. World Tourism Organization and International Transport Forum (2019), Transport-related CO2 Emissions of the Tourism Sector – Modelling Results, UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284416660.
20. World Tourism Organization (2022), Baseline Report on Climate Action in Tourism, UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284423965
21. “Valuing nature conservation,” McKinsey & Company, September 2020
22. “Companies failing to act on ESG issues risk losing investors, finds new PwC survey,” PwC, 2021.
23. UN Conference on Trade and Development World (2022), UNCTAD in the World Investment Report 2023.

- Capital spending on physical assets for energy and land-use systems in the net-zero transition between 2021 and 2050 would amount to about $275 trillion, or $9.2 trillion per year on average, an annual increase of as much as $3.5 trillion from today[24]. In this context, UNWTO has been also promoting private initiatives with private equity firms like Destination Capital to promote a Green Hotel Bond as green finance mechanism to provide liquidity, but also to provide access to attractive green financing opportunities in Asia Pacific which promote best practices with regards to sustainability, environmental protection and social responsibility[25].

- The green buildings sector represents a $24.7 trillion investment opportunity by 2030 across all emerging market cities with a population of more than half a million people[26]. Capital expenditures in new electricity generation infrastructure and retrofitting buildings alone could result in more than 57 million gross job gains by 2030[27].

- Likewise, UNWTO has been collaborating with the multilateral sector not only to finance green investments, but also to attract and promote investments in the tourism sector. For example, UNWTO has partnered with the International Finance Corporation (IFC) to promote green finance mechanisms to create new markets for green retrofits by providing an integrated offering of advisory, technical support, and capital; with the purpose to facilitate retrofit greening by providing hotels with access to financing through local financial institutions. This programme involves countercyclical financing for hotels to stimulate medium-term post-COVID-19 recovery of the hotel sector, leveraging low occupancy to retrofit and acquire new assets, with the ultimate purpose to preserve jobs in emerging markets, targeting small and medium hotels. Hotels account for 1% of global emissions, a percentage that is expected to increase as the industry continues to grow. Integrating sustainability measures into operations is critical for hotels, with such efforts having an effect on most of the drivers of the industry's growth: cost efficiency, city policies (both regulations and incentives), internal sustainability goals, corporate/brand image, and better guest satisfaction[28].

- Recently, UNWTO has signed a collaboration agreement with the Development bank of Latin America and the Caribbean (CAF) to promote green finance mechanisms to create new markets for green investments by providing an integrated offering of advisory, technical

24. Mckinsey & Company (2022), Report The net-zero transition What it would cost, what it could bring
25. World Tourism Organization (2021), UNWTO Investment Guidelines – Strategies to Safeguard Tourism Investments during COVID-19, UNWTO, Madrid, DOI: https://doi.org/10.18111/9789284422913.
26. IFC (2018), Climate Investment Opportunities in Cities
27. The future of work after COVID-19, McKinsey Global Institute, February 2021
28. Urban Land Institute (2019), Sustainability in Hotel.

support, and capital; with the purpose to facilitate access to financing through green instruments to stimulate medium-term post-COVID-19 recovery; but also fostering the diffusion of technologies to enable digitalization and climate resilience of the tourism sector. The collaboration started 2022 with the creation of tourism investment guidelines for five countries: Barbados, Ecuador, El Salvador, Panama and Uruguay, with several others in the pipeline. These guidelines not only focus on frameworks to improve the business climate, but also provide best practices and guidelines for green investments, considering that traditional fiscal instruments such as tax and spend approaches are unlikely to meet the financing needs for city-level climate action and subnational borrowing constraints and lack of creditworthiness often restrict direct access to debt instruments[29].

- It is important to note the relevance of innovation and technology and its role in the decarbonization and sustainability[30], especially considering the new consumer behaviors and innovation drivers post COVID-19 and their relationship with the potential of digitalization and the introduction of new technologies have been attracting investors. Venture capital (VC) investments in the travel tech and mobility sector have been growing over the last decade, Around $455 billion have been invested in travel and mobility tech startups from 2010 to 2019. This represents a significant opportunity for public private partnerships and articulation to promote sustainable investments and accelerate decarbonization initiatives though innovation[31].

- In 2021, UNWTO signed a Declaration on the Future of Mobility and Sustainable Transportation at its regional commission for Africa to enable practical measures to promote investment frameworks to support transportation initiatives related to tourism by engaging multi-stakeholders to foster digital and green technologies and strengthen the competitiveness and sustainability of the mobility and transportation within the tourism sector. These include, for example, the promotion of electromobility projects, multimodal transportation schemes, urban mobility, travel tech startups, among others to reduce CO2 emissions, as well responding to the post COVID-19 consumer behaviors regarding climate change[32].

- As another example, UNWTO and IFC have worked on a programme called TechEmerge focussing on "Cooling Solutions" to serve the hospitality sector in India. This seeks to accelerate the adoption of energy-efficient, affordable, climate-smart cooling technologies and

29. Floater, G., Dowling, D., Chan, D., Ulterino, M., Braunstein, J., McMinn, T., Ahmad, E. (2017), Global Review of Finance for Sustainable Urban Infrastructure
30. United Nations Conference on Trade and Development (2020), Global Investment Trends Monitor, issue 36, October 2020, UNCTAD, New York/ Geneva (online), available at: www.unctad.org (25-01-2021).
31. World Tourism Organization (2021), UNWTO Travel Tech Startup Ecosystem and Investment Landscape, UNWTO, Madrid.
32. Cf. Declaration on the Future of Mobility and Sustainable Transportation, Sal Cabo Verde, September 2021

business models in the hospitality sector by connecting innovators from across the globe with private sector businesses and other clients to pilot cutting-edge solutions and build commercial relationships where they are needed most[33].

- This means that there is a huge investment opportunity in sustainable tourism, involving property development of hotels and restaurants as well as transportation and urban mobility. The construction of buildings or retrofitting of existing building used for tourism purposes and tourism transportation development are to be considered into the overall investment opportunity of USD 28.7 trillion (including green buildings and public transportation[34].

33. https://www.techemerge.org/country/sustainable-cooling-indian-hospitality-sector
34. IFC (2018), Climate Investment Opportunities in Cities

Investing in People: The Imperative for Tourism Education

Tourism has long been recognized as a global economic powerhouse, generating substantial employment opportunities, and driving economic growth. In 2019, tourism accounted for a staggering 1 in 10 jobs worldwide[35]. However, the significance of investing in people, particularly in education, has never been more crucial than it is today. Investing in people through tourism education is not just a financial endeavour but a strategic imperative. As the tourism sector continues to evolve and expand, ensuring a well-trained, empowered, and diverse workforce will be key to its long-term success, economic impact, and sustainability. The time to invest in people is now, and the returns are not just financial but encompass societal progress and global development.

- Tourism is not just a sector; it's a mainstay of employment for millions across the globe. The tourism sector plays a pivotal role in global employment, offering diverse opportunities across various skill levels and demographics. The tourism industry stands out for its potential to empower women and youth. Women are especially prominent in the tourism workforce, constituting 54% of its employees[36]. This sector is instrumental in advancing gender equality and empowering women economically.

- The demographic composition of the world is rapidly changing, with a substantial youth population. With 1.2 billion young people aged 15 to 24 globally, accounting for 16% of the total population, investing in their education and skill development is paramount. By 2030, this number is projected to grow by 7%, approaching 1.3 billion[37]. These young minds represent not just the future but the present of the tourism sector.

- The tourism industry's growth is undeniable, but it's accompanied by a critical challenge—skills gaps, even in mature destinations. Up to 25% of tourism workers

35. UNWTO (2020). See: https://www.unwto.org/news/2020-worst-year-in-tourism-history-with-1-billion-fewer-international-arrivals
36. UNWTO (2019), Global Report on Women in Tourism – Second Edition, UNWTO, Madrid. DOI: https://doi.org/10.18111/9789284420384
37. United Nations, https://www.un.org/en/global-issues/youth#:~:text=Today%2C%20there%20are%201.2%20billion,cent%2C%20to%20nearly%20 1.3%20billion.
38. European Commission (July 2022). EU guide on data for tourism destinations. Prepared by PWC, Intellera Consulting, Carsa and Universitas Malacitana for the European Commission.

possess low-level qualifications, making education and training essential for enhancing workforce skills and performance[38].

- Global vocational training programmes, as estimated by the International Labour Organization (ILO) in 2022, will be essential. Approximately 882,000 jobs in the global tourism industry will require vocational training by 2030[39]. These programmes serve as instrumental to bridge the skills gap and prepare the workforce for the evolving demands of the sector.

- Private investment in education is another crucial component. Education is an investment with substantial returns. Studies have shown that every year of learning can yield a 10% increase in earnings[40]. Private individuals and organizations can contribute to financing education, recognizing its long-term value in enhancing the capabilities and employability of individuals in the tourism sector.

- Quality education equips individuals with the necessary skills and knowledge to excel in various roles within the tourism industry, from customer service to management positions. Education in tourism can inspire a sense of responsibility and awareness, critical for promoting sustainable tourism practices. Well-educated professionals are more likely to contribute effectively to the sector's growth, resulting in increased revenues and job creation. Tourism education can empower local communities by providing them with the tools to participate actively in the industry, fostering economic development.

PEOPLE

16% of the global population are young people. But, more than 1 in 5 of them were not in education, employment or training in 2020.

UP TO **25%** of **tourism workers** in the European Union **have low-level qualifications.**

882,000

global tourism jobs per year will require vocational training until 2030.

38. European Commission (July 2022). EU guide on data for tourism destinations. Prepared by PWC, Intellera Consulting, Carsa and Universitas Malacitana for the European Commission.
39. ILO (2022). https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_146761/lang--en/index.htm
40. Harry A. Patrinos in World Bank Blog : 50 years after landmark study, returns to education remain strong. (May 3 2023). https://blogs.worldbank.org/education/50-years-after-landmark-study-returns-education-remain-strong

Investing in Planet: supporting sustainable infrastructure development and accelerating inclusive climate actions and supporting the green transition of the sector

The green transformation of the tourism sector is very much needed, not just for the planet, but also for tourism itself, for boosting competitiveness and increasing resilience, and green investments and innovation in the tourism sector must play a leading role to support this transformation. Investment and financing play a pivotal role in supporting the transition to low-carbon, resource-efficient and socially inclusive tourism development. Tourism is a cross-cutting industry with wide impacts on sectors including transport, buildings, agriculture and trade. Greening the tourism sector allows tourism growth, environmental conservation, and social well-being to be mutually reinforcing – with green tourism creating new, green jobs, supporting the local economy and reducing poverty.

- The pandemic opened up opportunities for green buildings and retrofitting. The need to reduce emissions presents a USD 24.7 trillion investment opportunity in the green buildings sector of emerging market cities between now and 2030. This represents a USD 1.5 trillion opportunity in hotels and restaurant buildings alone[41].

- Green infrastructure comprises a relatively small share of global construction. Global investments in green buildings accounted for USD 423 billion of the USD 5 trillion spent on building construction and renovation in 2017 and represent an even smaller share of the estimated USD 217 trillion in global real estate value. However, by some estimates, the global green buildings market is expected to grow at an average of over 10 % annually between 2017 and 2023[42].

41. International Finance Corporation (2019), Green Buildings – A Finance and Policy Blueprint for Emerging Markets, World Bank Group, Washington, D.C. (online), available at: www.ifc.org (25-01-2021).
42. Principles for Responsible Investment/UNEP FI/UN Global Compact (2018)

- Moreover, in tourism, investors lately are paying increasing attention to social and environmental footprint of the projects they assess. They are willing and keen to prioritize developments that lift communities and preserve environmental ecosystems, as long as financial sustainability is also taken into account[43]. As such climate related requirements of infrastructure quality are an opportunity for the tourism sector to move the climate and sustainable development agendas forward and develop infrastructure systems that deliver better services while also addressing the Sustainable Development Goals[44].

- UNWTO is committed to foster progress towards low carbon tourism. Therefore, accelerating green investments, unlock finance, and invest in innovation for climate actions in tourism is of utmost importance not only for the resilience of the sector but for the implementation of the Agenda 2030 and the SDGs "which face a $4 trillion annual investment gap in developing countries "[45].

PLANET

CO_2 **emissions** from tourism are forecasted to increase by 25% by 2030 from 2016 levels.

26.3% **Only a quarter of accommodations have climate action plans.**

USD **24.7 trillion** is the investment opportunity **the green buildings sector** represents towards 2030.

43. fDi Intelligence Financial Times and World Tourism Organization (2019)
44. Organization for Economic Co-operation and Development; The World Bank; and UN environment (2018)
45. https://unctad.org/news/closing-investment-gap-global-goals-key-building-better-future

Investing in Prosperity: fostering innovation, technology and entrepreneurship

In order to address and overcome the new challenges and trends of the tourism sector brought by the COVID-19 pandemic, investing in innovation, technology and empowering youth through an entrepreneurial mindset need to be part of the public-private cooperation to assure the sustainable growth of the sector.

Investments in innovation and digitalization and its cross-sectorial impact have a multiplier potential to not only strengthen strategic large global and regional projects, but also stimulate the tourism recovery and safeguard jobs by supporting the survival of MSMEs, mitigating the economic systemic impact, sustaining employment, and creating the conditions needed for future growth, post pandemic.

- About 80% of tourism businesses are Micro, Medium and Small- sized enterprises (MSMEs) according to the UNWTO [46]. These smaller enterprises are the dynamic engines that drive tourism's growth and sustainability. Their ability to swiftly adapt to changing market demands, their capacity to create local employment opportunities, their commitment to offering authentic and culturally rich experiences, and their contribution to economic resilience by supporting neighbouring businesses all underscore their significance.

- In order to support the SMEs working in the tourism sector, all resources available to funding mechanisms to assist should be considered and implemented. Primarily these focus on direct investments from Venture Funds, in which Venture capitals directly invest in startups or more mature companies. According to data on Crunchbase, from 2018-2022 there was a total of almost USD $49 billion invested worldwide for Travel and Tourism Companies, including Air transportation. This translates during the period of 2018-2022 to a total USD $2,1 trillion of 2.209% of the VC invested worldwide[47].

46. UNWTO (2023). International Tourism Highlights, 2023 Edition – The Impact of COVID-19 on Tourism (2020–2022)
47. UNWTO (2023) International Tourism Highlights, 2023 Edition. -UNWTO based on Crunchbase data base (as of 14 September 2023) and Crunchbase Report (21 June 2022). Criteria: VC-Backed Travel And Tourism Companies including Air Transportation. -UNWTO (2023).

- Governments should recognize the growing influence of digital nomads in today's workforce, with an estimated 35 million worldwide[48]. These flexible and skilled workers represent an opportunity for countries to attract talent and stimulate economic growth by creating supportive policies and infrastructure that cater to their needs, such as co-working spaces and streamlined visa arrangements. Embracing digital nomadism can foster innovation and adaptability in the ever-evolving world of work while contributing to economic prosperity.

- Women entrepreneurs play a pivotal and increasingly recognized role in the success and sustainability of SMEs within the tourism sector. Their participation not only promotes gender equality but also brings diverse perspectives and innovative ideas to the industry. By fostering and empowering women entrepreneurs, SMEs in tourism can benefit from a broader talent pool, fresh approaches to marketing and customer service, and a deeper understanding of the evolving needs and preferences of travelers. According to the World Bank "only 1 in 3 small, medium, and large businesses are owned by women globally. This rate varies across and within regions, from a low of 18% in South Asia to a high of 50% in Latin America & Caribbean."[49] This is why promoting women entrepreneurship, especially in sectors like tourism, is a vital step towards achieving gender equality and harnessing diverse talents. Empowering women entrepreneurs through inclusive policies and opportunities not only benefits businesses but also contributes to a more equitable and prosperous society.

PROSPERITY

ABOUT **80%** of tourism businesses are **Micro, Small and Medium-sized enterprises** (MSMEs).

2.2% of the global venture capital 2018-2022 has flowed into **Tourism and Tech startups.**

UNWTO INNOVATION **Top 300 innovators** Total funding of **USD 2+ billion.** **22%** of them are female-led.

48. https://www.forbes.com/sites/cherylrobinson/2022/03/03/how-this-digital-nomad-built-a-company-from-her-boat-while-sailing-around-the-world/
49. https://blogs.worldbank.org/opendata/women-entrepreneurs-needed-stat

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