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BUILDING A SUSTAINABLE AND RESILIENT TOURISM ECONOMY: THE ROLE OF REGIONAL POLICY

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EXECUTIVE SUMMARY

Tourism has been one of the largest and fastest growth sectors in recent decades, making a significant contribution to GDP and employment across European countries and globally. Tourism has a marked territorial dimension through its uneven spatial distribution and diverse impact on the dynamics of regional development and convergence.

In this context, regional policy has an important potential role to play in correcting territorial imbalances caused by the spatial concentration of tourism activities, spreading their benefits across territories, and capitalising on tourism as an engine for regional growth. This role is facilitated by the cross-overs which exist between tourism and regional policy in several areas including governance mechanisms, strategic frameworks, and policy measures.

COVID-19 has had a severe impact on tourism across European regions, producing asymmetrical and highly localised effects, with important implications for regional development and policy. The pandemic disproportionately affected some of the more vulnerable and structurally weak tourism regions and increased the risk of exacerbated territorial disparities. Changing territorial patterns of tourism flows have created new regional development opportunities but also raised

capacity issues for regions affected by increased tourism demand. Further, the pandemic has highlighted some of the long-term, structural challenges facing tourism, and pointed to the unsustainable nature of tourism growth in some areas. This has stressed the urgency of re-considering the policy approach to tourism.

Regional policy has an important role in driving sustainable tourism recovery post-COVID, as well as supporting a more sustainable and resilient tourism economy more generally.

There are many ways in which regional policy has and can support sustainable tourism transitions across Europe. These include: mainstreaming sustainability as part of regional development strategies; supporting the long-term development of the most vulnerable territories and driving sustainable tourism as a means of place-based territorial development; building resilience and spreading the benefits of tourism across territories through diversifying destinations and value chains; supporting long-term improvements in tourism infrastructure and connectivity; promoting a green and climate-resilient tourism economy; facilitating digital transitions; promoting the quality and sustainability of jobs; and strengthening horizontal and vertical policy coordination at the interface of tourism and regional policy.



1 INTRODUCTION

“The crisis is an opportunity to rethink how tourism interacts with our societies, other economic sectors and our natural and cultural resources and ecosystems, to measure and manage it better, ensuring a fair distribution of its benefits, to advance the transition towards a carbon-neutral, more resilient and inclusive tourism economy”
(UNWTO Tbilisi Declaration 2020)¹

Across many European regions, regional policy has long supported tourism as a sector with strong potential to drive territorial development and growth. The COVID-19 crisis has severely affected tourism, and has also accentuated some of its long-term weaknesses. It has pointed to the unsustainable nature of tourism development in many regions, highlighting the negative pressures that unbalanced tourism growth can exert on regional economies, communities and ecosystems. While concern for a more sustainable and resilient model of tourism development has been high on the agenda for many years, the pandemic has added to the urgency of policy action.

Given the relevance of regional policy in supporting tourism and wider sustainability transitions, this policy area has a potentially important role to play in driving a shift to more sustainable patterns of tourism across Europe. This is particularly true given the cross-cutting nature of regional policy and its potential to mobilise stakeholders at different territorial levels.

This paper discusses the relevance of tourism for regional development and explores the relationship between tourism and regional policy (Section 2), examines the territorial patterns of the impact of COVID on tourism across European regions (Section 3), and analyses the role of regional policy in supporting sustainable tourism recovery post-COVID and its wider role in building more resilient and sustainable tourism economies in the longer-term (Section 4).

2 TOURISM IN REGIONAL DEVELOPMENT AND POLICY

Over the last six decades, tourism has been one of the largest, fastest, and most consistent growth sectors in the world economy, making a significant contribution to domestic value added, job creation and export revenue. Europe is a major contributor to the global travel and tourism industry, with tourism in European countries (pre-COVID) accounting for 48 percent of total outbound travel and tourism activities globally.²

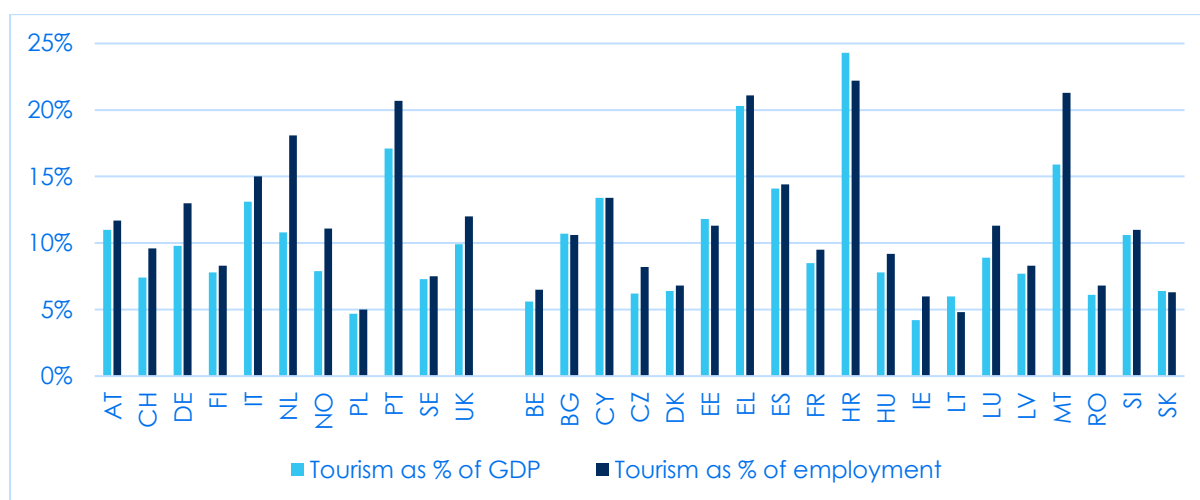
Across Europe, tourism is an important contributor to GDP and employment. Before COVID, the contribution of travel and tourism to Europe's economy was 9.2 percent,³ bringing significant spill-over benefits to the economy as a whole. In the EU, tourism accounted for ten percent of GDP and 11.6 percent of total EU employment in 2019.⁴ Estimates suggest that €1 of value added generated by tourism results in an additional €0.56 of value added for other industries,⁵ and thanks to its multiplier effect, it has a strong capacity to generate employment in the overall economy.





The relevance of tourism for national and regional economies is universally recognised although the relative weight of the sector in individual economies of European countries in terms of GDP and employment share differs considerably. Prior to the pandemic (2019) in some EoRPA Member countries, the total contribution of tourism – including direct economic impact as well as indirect and induced impacts – exceeded a ten percent share of GDP (PT, IT, AT, NL) and total employment (PT, NL, IT, DE, UK, AT, NO) (Figure 1).⁶

Figure 1: Contribution of tourism to GDP and employment in Europe (direct, indirect and induced economic impacts), 2019



Source: WTTC: <https://wttc.org/Research/Economic-Impact>

2.1 Why is tourism relevant for regional development and policy?

Tourism is an important economic sector overall but is also significant in the context of regional development and regional policies, not least because:

- tourism activity is deeply embedded in a territorial framework and has a **marked territorial expression**, with uneven distribution across territories, and delivering impacts concentrated in particular (types of) locations; and
- tourism exerts a range of **impacts on the dynamics of regional development and territorial convergence** processes.

This gives tourism policy measures a relevant territorial dimension, but also affords regional policy itself an important role to play, e.g. in correcting territorial imbalances caused by spatial concentration of tourism activity, spreading the benefits of tourism across territories, and capitalising on tourism as an engine for regional development.

2.1.1 Marked geographical structure, and spatially concentrated activities and impacts

Tourism has an important territorial dimension as it is location-specific and often draws on place-based resources and assets (e.g. natural, cultural, historical), which makes it spatially



concentrated. In addition, tourism **seasonality** has an explicit spatial structure, varying significantly across territories depending on specific geographical and climate features.⁷

The presence of specific types of endowments results in the concentration of tourism in **particular types of locations**. Tourism activities, including across EoRPA Member countries, are often concentrated in the following types of territories:



Large cities, capital regions, metropolitan areas (e.g. AT, CH, FI, NL, PL, PT, SE, UK). The high concentration of tourism attractions and landmarks, width of touristic offer (including cultural, historical, entertainment, business, shopping related), and accessibility advantages, make large cities stand out among the most popular destinations and determine the development of various forms of tourism. For instance, tourism spend in **England** is concentrated in London (33 percent in 2019), which is the most popular destination in the UK and attracts eight times more inbound travellers than the second most visited city, Edinburgh – the most popular visitor attraction in **Scotland**.⁸ In **Sweden**, the largest tourism volumes are in the metropolitan region; similarly in the **Netherlands**,⁹ Amsterdam is the most attractive destination, with 7.6 million foreign hotel guests in 2019. In **Switzerland**, tourism is also strongly concentrated in the big cities (Zurich, Geneva), with city tourism having seen above-average development in the past 15 years.



Coastal areas (e.g. Eng, FI, IT, NL, PL, PT, SE), where specific natural conditions often define specialisation e.g. in recreational or beach tourism. For instance in **Portugal**, over 90 percent of overnight stays in the mainland were concentrated on the coast (2014) – a trend that has increased over the past ten years. In **Italy**, almost every region (except Piedmont, Lombardy, Trentino and Umbria) has popular seaside resorts on the Mediterranean coastline. In **Poland**, territories located on the Baltic Sea coast have a high concentration of tourist traffic while in **England**, coastal towns have historically been associated with tourism (though recently affected by the downturn in tourism).



Islands, with a unique offer related to scenic value, natural heritage and distance from the major tourism hubs, e.g. the Western Isles in **Scotland**, the **Finnish** archipelago, Madeira and Açores in **Portugal**.



Mountain regions (e.g. AT, CH, IT, PL), often specialising in winter sports (skiing) and adventure tourism. For example in **Switzerland**, mountain resorts are among the main tourism hotspots, and large alpine destinations with an international focus (Zermatt, Davos, Interlaken etc.) have seen fast development in recent years. In **Austria**, the Alpine west, especially the *Länder* Tyrol and Salzburg, is the most popular destination.



Other types of territories with specific tourism assets, e.g. **high North / Arctic areas** (NO, FI, SE), where the 'Cold climate' tourism offers an area of growth for the sector in more remote territories; **border regions** (e.g. in **Sweden**, several regions have marked themselves as border destinations attracting visitors from Norway); or areas around specific natural landmarks such as lakes, hills, and forests (e.g. Järvi-Suomi in **Finland**; Pomeranian, Masurian and Greater Poland Lakelands in **Poland**).

2.1.2 Impacts on regional development and convergence

The geography, patterns and impacts of tourism activity are very relevant for wider regional development processes presenting significant opportunities but also posing challenges.





On the one hand, **tourism has the potential to make a considerable contribution to urban, rural and regional development** by supporting economic, social and environmental objectives in a variety of ways including:

- stimulating regional **economic** growth and competitiveness, e.g. via tourism revenue, direct foreign investment, production, job creation, skills development and labour mobility, infrastructure development, opportunities for innovative business operations, participation in local supply chains and economic utilisation of endogenous resources;
- promoting **social** engagement and inclusion, driving urban revitalisation and community building, supporting regional cultural authenticity, improving governance and administrative capacity; and
- demonstrating the economic value of **environmental** heritage and increasing environmental awareness, promoting more sustainable practices e.g. sustainable mobility, energy efficiency, protection of place-based natural assets.

Acknowledging the potential of tourism to drive regional development in these various dimensions, EoRPA Members specifically highlight the role of tourism in:



Enhancing the attractiveness of places – as locations to visit but also to live, work, study and invest. In **Sweden**, where tourism is strongly connected to regional and place-based development, it is seen to help develop places and make cities, towns and sparsely-populated and rural areas more attractive. The **German** Tourism Strategy stresses the role of tourism in contributing to locational attractiveness, improving general living conditions (through development of gastronomy sector, medical provision, trade, and public transport provision) and quality of life, and supporting regional identity, particularly in rural areas.



Generating spill-over effects for other economic activities and sectors. Due to the diversity of its activities and effects, tourism may foster a range of additional results across its complex value chains and serve as a booster for other related sectors and activities (e.g. infrastructure/mobility, ICT, creative industries etc.).¹⁰ By generating additional funding for the development of other activities, tourism may further contribute to the attractiveness of places. In **Germany**, tourism is seen as the starting point for far reaching impulses for other economic sectors and an important driver for the expansion of regional infrastructure. In **Finland**, it is seen to create a more diverse and higher quality supply of services to the local population, as well as basic infrastructure, which can facilitate other business activities. A 'tourism multiplier effect', whereby tourism acts as the engine for local socio-economic development, is emphasised in the **Portuguese** tourism strategy.



Serving as a (re)development tool for peripheral areas or regions facing economic difficulties, and increasing territorial convergence. Tourism can serve as a tool to drive positive change in areas where there are limited opportunities for the development of other economic sectors, or to rejuvenate regions facing economic decline or specific development challenges, e.g. by creating new employment opportunities in rural and peripheral areas.¹¹ In its turn, this can contribute to reducing spatial economic inequalities and driving territorial cohesion. For instance the **German** Tourism Strategy recognises the role of tourism for rural, often structurally weak areas, as well as structurally weak old industrial areas, e.g. by supporting employment and income generation and improving living conditions. In **Norway**, the growth of Arctic tourism has offered a particular area of growth for the sector in remote, sparsely populated



areas, bringing important benefits in terms of economic and business development but also in related issues such as demographic change and youth out migration.

On the other hand, **tourism activity and its spatial patterns can generate or contribute to a range of negative impacts on various aspects of regional development.**



High regional dependence on the tourism industry, along with high levels of seasonality, can contribute to **weak economic resilience and particular vulnerability to unexpected events or wider shocks** (including the COVID-19 pandemic – see Section 3), negatively affecting regional socio-economic performance.

- ❖ The impact of the rise of cheap international holidays in the late 20th century caused a large historic economic shock similar to deindustrialisation to the parts of the **UK** which had relied on domestic tourism, and caused a permanent shock to many coastal towns.¹² Coastal communities previously associated with tourism were identified as being among the places with the poorest socio-economic outcomes.



Tourism activity, particularly overcrowding and congestion, can create significant **pressure on local and regional ecosystems and environmental resources**, leading to the degradation of natural sites and landscapes, deterioration of local flora and fauna, increased green house gas emissions, and water and air pollution. These impacts can be particularly damaging for smaller, peripheral areas and communities.

- ❖ The tension of tourism income versus the impact on fragile ecosystems of peripheral rural economies has been receiving a lot of press in **Scotland**, including concerns about sustainability and high emissions of 'drive' tourism and lack of infrastructure for sustainable mobility (e.g. EVs), particularly in remote rural areas.
- ❖ In **Norway**, cruise tourism, which pre-COVID was one of the fastest growth areas, produced high levels of emissions and placed pressure on often smaller more remote communities. Overtourism is also a concern in some remote Arctic areas, where it is creating disproportionate pressure on very vulnerable environments.



Tourism can create **pressure on local infrastructure and impact the provision of local services**, e.g. leading to the deterioration of or unmet demand for transport infrastructure, raised prices or interruptions to service provision in tourist areas.

- ❖ In the **UK**, the proliferation of holiday accommodation in tourist towns impacts the provision of local services (schools, GPs, dentists etc.), which close if there is insufficient local resident population.



Unbalanced tourism can lead to **negative socio-cultural impacts**, including degradation of historical sites, public spaces and community facilities, increased noise pollution. This can lead to low acceptance of tourism, dissatisfaction and alienation of local communities, or negatively affect the authenticity and cultural identity of places.

- ❖ A 2019 report from Innovation **Norway** indicates growing dissatisfaction among Norwegians living in smaller areas with the rising tourism volumes, especially in small but popular destinations around the west coast fjords, the Lofoten islands and Svalbard areas, particularly during summer.¹³



Tourism can create **tension between the provision of accommodation for tourists and the income that it generates, and the availability of housing for local people**, due to housing shortages, and **disrupt the local real-estate market.**





- ❖ The 'curse of Airbnb' is a **UK**-wide issue of concern but is particularly relevant in remote communities with housing shortages.
- ❖ In **Austria**, the topic of second homes is a new but increasingly relevant issue in the field of tourism and its territorial implications, while in **Switzerland**, it has been an issue of debate since 2012 when the 'Second homes initiative' restricted the percentage of holiday homes in a particular municipality to 20 percent, raising concerns for future investment and jobs.¹⁴ The 2016 law means that in communities exceeding this limit, no new second homes may be approved. This has major implications for the municipalities strongly relying on second homes and the associated economic effects, and there are regular demands for revisions to the law, namely from stakeholders representing mountainous areas.¹⁵

Overall, **unplanned and unbalanced tourism growth can lead to unsustainable patterns and practices**, creating negative pressures on the environment, economy, and society. These pressures often **disproportionately affect** territories that are already in some ways disadvantaged in terms of development opportunities, such as **remote, peripheral and rural areas**, including due to more limited capacity to cope with the negative effects. This, along with the uneven spatial distribution of tourism activity and benefits, has an impact on economic and regional convergence, potentially increasing territorial disparities.

- The findings of a study on the effects of tourism on regional asymmetries in **Portugal**,¹⁶ for example, suggest that while tourism generates positive effects on the country's economic performance overall, it has contributed to the concentration of economic activity in the largest region of the country.
- Similarly, a study on tourism as a vehicle for regional development in peripheral areas in **Sweden**¹⁷ concludes that the impact of tourism is spatially concentrated in the main metropolitan areas of Sweden, and, with a few exceptions, it does not seem to contribute to the reduction in disparities between regions.

2.2 Tourism and regional policy cross-overs: key dimensions

In policy terms, the relevance of tourism and its regional development impacts are reflected in a number of areas including: governance mechanisms; strategic frameworks; policy measures.

2.2.1 Governance mechanisms

Institutional structures and governance mechanisms are one dimension where the cross-overs between tourism and regional policy can be seen. Across EoRPA Member countries, the intensity of these cross-overs varies greatly depending on the set-up of institutional responsibilities at national and sub-national levels, as well as vertical and horizontal coordination mechanisms.

At national level, horizontal links are pursued in different ways. In some countries, both regional policy and tourism policy are addressed in parallel, under the responsibility of the same national body, to try and ensure coherence.



In **Switzerland**, the 'Promotion Activities Directorate' under the State Secretariat for Economic Affairs (SECO) is responsible for both the development and implementation of tourism policy, and regional and spatial planning policy.



In **Sweden**, the Swedish Agency for Economic and Regional Growth (*Tillväxtverket*) is responsible for both tourism and regional development at the national level.



In **Austria**, between 2018 and July 2022, both regional policy and tourism were under the same Ministry and in the same sector (although are currently separated).

In other countries, the tourism portfolio is separate from the regional development one. However, the **cross-cutting nature of the tourism sector means that it is often connected**, within the ministerial structure, **to other policy areas with relevance for territorial development**, e.g. economy (most countries), the sea / fisheries (**NO**, **PT**), labour / employment (**AT**, **FI**), climate (**DE**, **NL**). Links to other policy areas are also ensured through dialogue with other relevant ministries and national bodies to coordinate policies of importance to tourism and territorial development. For instance in **Norway**, the Ministry of Trade, Industry and Fisheries, responsible for tourism, cooperates with other ministries e.g. on culture and climate issues; in **Switzerland**, SECO works closely with other federal offices and agencies responsible e.g. for agriculture, environment, energy, transport, and spatial development. In some cases, the cross-overs are ensured through embedding tourism policy in other sectoral policies concerned with regional development issues such as spatial planning, environmental protection, nature conservation, water management, rural development, and coastal defence in the **Netherlands**.

Regional and local governments also play an important role in the development and management of tourism. In some cases, this role is particularly influential, reflecting for instance the existing institutional frameworks and allocation of responsibilities between administrative levels, the variation of relative importance and challenges of the sector across regions and the need to ensure a differentiated approach to its development.



In **Germany**, the *Länder* are constitutionally responsible within the federal system for the targeting and implementation of tourism policy within their territories, and most of the activity for the support of tourism is carried out at this level.



In **Norway**, regional and local authorities establish the conditions of key importance to tourism and are thus a major influence on its development, e.g. through decisions on planning, infrastructure, national parks, local natural and cultural heritage attractions.



In the **Netherlands**, provinces and municipalities are perceived to be more influential governmental policy actors in the realm of tourism than the national government, as the importance of the industry strongly differs across regions.

A wide range of other, both governmental and non-governmental, actors at different spatial levels are also involved in the design and delivery of tourism policies, including tourism and destination management organisations, tourism boards and commissions, as well as various fora involving the private sector, the civil society and other stakeholders. Such a multitude of actors, combined with the cross-cutting nature of the sector, requires both horizontal coordination mechanisms to ensure links with other policy areas such as regional policy, and vertical mechanisms across various levels of government (see Section 4).





2.2.2 Strategic frameworks

In strategic terms, the cross-overs between tourism and regional policy are ensured through the (i) territorialisation of tourism policy strategies and priorities; and (ii) embeddedness of tourism priorities into regional development strategies.

Firstly, **tourism strategies often have a clear territorial dimension**, seen both as part of national tourism strategies and through the development of tourism strategies at regional level.



In some **national tourism strategies**, tourism is recognised as an important contributing sector in regional development, or a territorial development approach to tourism is emphasised. For instance the **Polish** Tourism Strategy highlights the goal of stimulating regional and local development among the core objectives of tourism. Place-based development approach is underlined in the sustainable tourism strategy in **Sweden**, while the **Finnish** tourism strategy stresses the need to develop tourism in the country as a whole while also taking into consideration all the regions.



Dedicated **tourism strategies** have been developed **at regional level** in some countries, e.g. in **Finland**, **Norway**, **Sweden**, **Poland** (e.g. Pomorskie, Podkarpackie), and **Germany** (the regional tourism strategies of *Länder* within the federal system).

Secondly, **tourism priorities often constitute an important part of wider local and regional strategies**, including domestic regional development strategies, Cohesion Policy OPs, integrated territorial development strategies (ITI, SUD, CLLD), and rural development programmes. Many regions have a dedicated tourism component as part of their strategies and tourism projects funded by EU instruments must contribute to regional/local strategies in order to be selected. Due to the transversal nature of tourism, tourism projects can be linked to various elements of regional development strategies (social and economic development, environmental protection, connectivity, etc.). For instance in **Sweden**, tourism is an important part of action plans for sustainable regional development for many regions while in **Poland**, most Regional Development Strategies and EU-funded regional OPs integrate tourism priorities.



Figure 2: Smart specialisation strategies containing a reference to tourism (2014-20)



Source: EYE@RIS3



Tourism, seen as a tool to leverage opportunities stemming from local assets and promote smart regional growth, also forms an **important part of Smart Specialisation Strategies** (RIS3) developed at national or regional levels (see Figure 2). For example in **Finland**, tourism is included in the RIS3 of Lapland, where the region is described as an 'experience destination'; in **Portugal**, tourism is an essential element of both the national and regional RIS3 strategies in both 2014-20 and 2021-27.

■ EU Regions with Encoded S3 Priorities
■ Non-EU Regions with Encoded R&I Priorities

2.2.3 Operational dimension: policy measures

Similarly, in operational terms, the tourism / regional policy cross-overs are evident in policy measures and funding in two main ways: ensuring that tourism policy measures have a relevant regional dimension; and including tourism as a priority in regional policy measures, instruments and funding mechanisms.

Tourism support measures, including under regional policy, can incorporate a clear territorial dimension through **explicit geographical targeting** or focus on specific types of (disadvantaged) regions, often remote and peripheral areas.



In **Portugal**, regional policy measures for the interior, low-density areas include a specific sub-programme focused on tourism development.



In **Sweden**, where tourism is strongly linked to regional development, the use of tourism to develop sparsely-populated and rural areas is an important priority of policy measures in order to increase their potential to attract population and tax revenues.



In **England**, declining coastal areas associated with tourism have been a focus of regional policy in recent years. In **Scotland**, the regional development aspect of tourism support mainly relates to the challenges faced by remote and rural areas.





In addition, tourism support can be an **important element in the main regional policy instruments or funding mechanisms.**



In **Germany**, tourism is supported under the main federal regional policy measure, the GRW (Joint Task), where support can be given to tourism firms under the business aid component and also for tourism infrastructure under the business-related infrastructure component. Tourism support presents a significant share in overall GRW support: for instance between 2017 and 2021, 20 percent of all approved GRW resources were directed at tourism sector. While tourism support under the GRW is variously used across the *Länder*, on average 34.4 percent of overall GRW support for business-related infrastructure was used for tourism infrastructure.



In **Switzerland**, tourism, along with industry, is the key area of focus for the current NRP (the Swiss regional policy) programme phase. In addition, the NRP is highlighted as a crucial element of the federal government's overall tourism policy and as one of the main funding instruments to implement the tourism strategy. Tourism is the most important theme of NRP projects: e.g. in 2016-19, 51 percent of all projects were tourism projects, and tourism support constituted 28 percent in grants and 74 percent in loans of the overall funding share of NRP projects.¹⁸



In the **UK**, support is available for tourism-related projects under several regional policy initiatives, such as the City Region and Growth Deals, the Levelling Up Fund and the UK Shared Prosperity Fund (See Box 1).

Box 1: Tourism support under UK regional policy instruments

The **City Region and Growth Deals** frequently invest in tourism infrastructure projects, e.g. the Mid South West and the Causeway Coast and Glens Growth Deals in Northern Ireland will facilitate economic growth by investing in tourism.

Similarly, the **Levelling Up Fund** invests in infrastructure projects such as regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets. Examples of tourism-related projects include: Maximising the potential of the post-COVID-19 visitor economy in Wrexham; Infrastructure Upgrades to Coastal Attractions in Southend-on-Sea; Transforming the visitor economy in Portsmouth.¹⁹

The **UK Shared Prosperity Fund** was launched in 2022, with the aims of “building pride in place, supporting high quality skills training, supporting pay, employment and productivity growth and increasing life chances”. Tourism-related projects are included among the possible interventions, specifically “Funding for the development and promotion of the visitor economy, such as local attractions, trails, tours and tourism products more generally”.²⁰

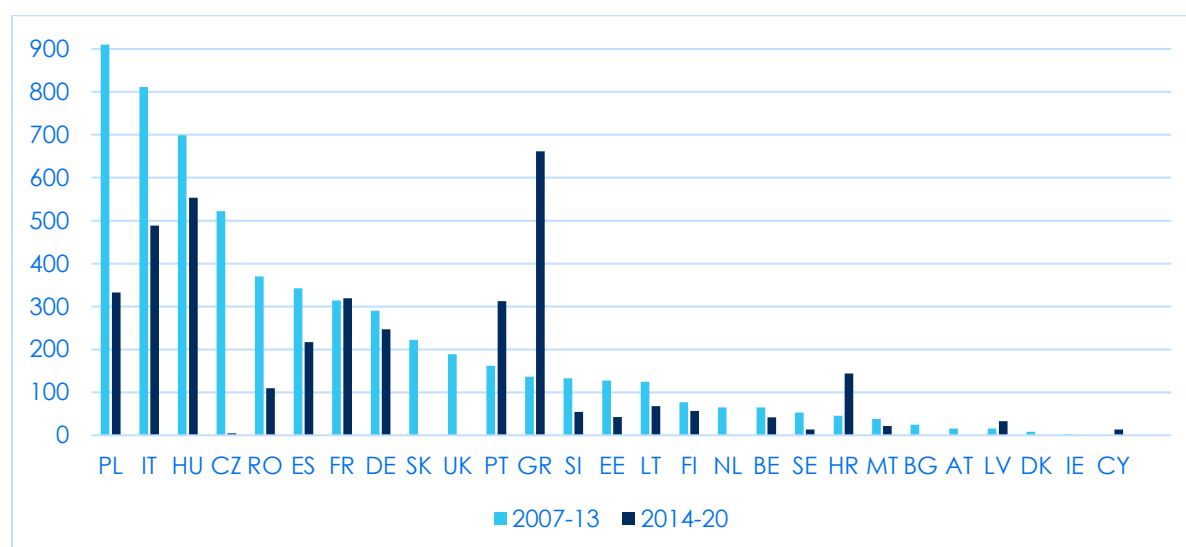
Source: EoRPA fieldwork 2022

Tourism projects are also actively supported under EU Cohesion Policy. In 2014-20, c. €10 billion were earmarked for activities linked to tourism, with c. €5 billion of ERDF allocated directly to tourism related investments.²¹ Across EoRPA Member countries, a particularly high share of ESIF support was devoted to tourism-related activities in **Italy**, **Poland**, **Portugal** and **Germany**.





Figure 3: ERDF allocations to tourism by member state (2007-13 and 2014-20), in € million



Note: Tourism-related expenditure on cross-border OPs is not included

Source: <https://data.europa.eu/data/datasets/special-report-27-2021-eu-support-to-tourism?locale=en>

In 2014-20, the ESIF support to tourism-related priorities included funding for: developing tourism infrastructures and products; protecting and promoting natural and cultural sites as tourism resources; stimulating the competitiveness of tourism undertakings; and fostering the development of local economies and jobs creation.²² In 2021-27, ESIF will emphasise the support of sustainable tourism e.g. via projects enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation (PO4), or fostering sustainable tourism as part of integrated development strategies in urban and rural areas.

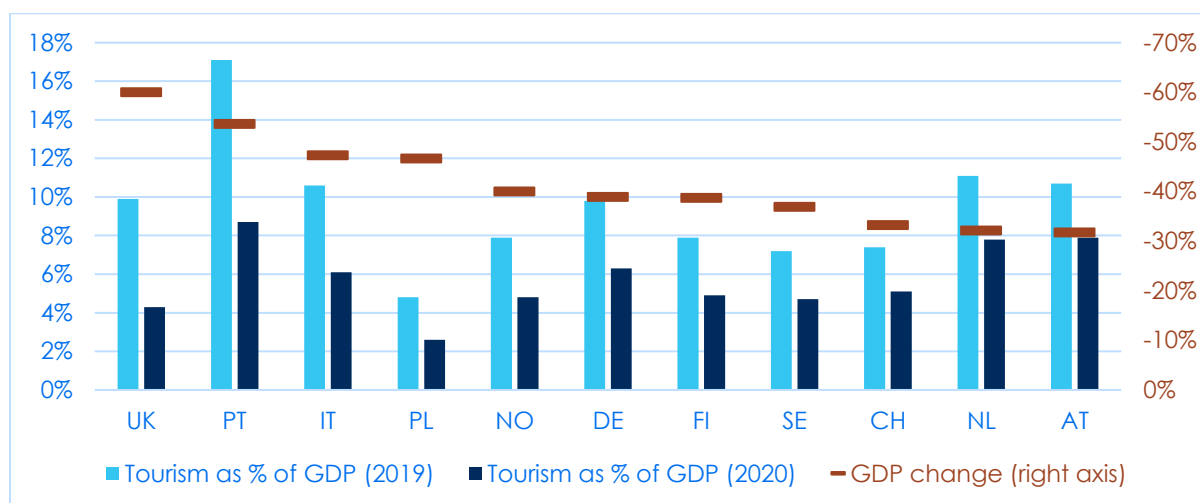
3 COVID-19: CHALLENGES FOR TOURISM REGIONS

COVID-19 has been a major shock for the tourism sector, with strong repercussions for regional development patterns across Europe and important policy implications. The response to this is requiring territorially sensitive and differentiated responses and highlighting the relevance of tourism / regional policy cross-overs.

Across Europe and worldwide, tourism has been one of the sectors most severely affected by COVID-19. The pandemic triggered an unprecedented crisis in the tourism economy, leading to sharp drops in turnover and revenues, business shut-downs, and loss of employment. In 2020, the number of tourists decreased by 74 percent worldwide, this fall reaching 70 percent in Europe as a whole and ranging between 46 to 84 percent across individual countries.²³ The share of travel and tourism's contribution to the European economy dropped to 5.2 percent in 2020 from 9.2 percent in 2019, following a 47.1 percent decline in revenues.²⁴ Across Europe, **the contribution of travel and tourism to GDP in each country reduced significantly in 2020 compared to 2019 levels** (see Figure 4 for EoRPA Member countries).²⁵



Figure 4: Reduction of tourism contribution to GDP in EoRPA Member countries (2019 to 2020)



Source: Own elaboration, based on WTC Economic Impact Reports 2021

Note: Tourism contribution figures include direct, indirect and induced economic impacts

Overall, the global economic impact on the tourism industry is expected to be over five times larger than the impact of the 2008 global financial crisis,²⁶ with consequences stretching far beyond the tourism economy due to the knock-on impact on a wide range of related economic sectors. In addition, the sector is expected to have a relatively slower recovery compared to other sectors,²⁷ and face longer-term challenges.

The strong impact of the pandemic on the tourism sector is partly explained by its relatively **high degree of vulnerability to external shocks**, owing, among others, to the following factors:



Strong embeddedness in global value chains (international supply / demand), and reliance on face-to-face interaction and movement. This means high vulnerability to travel restrictions, border closures and other containment measures, and difficulties in maintaining activity during lockdowns.



High share of SMEs. Most firms in the sector are small in scale: in the EU tourism sector, over 99 percent of businesses are SMEs,²⁸ typically with less resilience and flexibility to cope with the costs entailed by wider shocks and a shorter survival period.²⁹



Labour intensity and structure. The sector is highly labour-intensive and, in addition, it is characterised by a relatively high share of low skilled, seasonal, part-time and temporary jobs, i.e. more 'at risk' types of employment, vulnerable to shocks. High reliance on face-to-face interaction also contributes to vulnerability.



Fragmentation. The sector is highly diverse, covering a wide range of industries, and faces particular challenges due to its cross-cutting, multi-level and fragmented nature.³⁰ The economic activities included in this sector have a strong multiplier effect in the economy, both downstream and upstream along the value chain, and are often interdependent, and a crisis in one sub-sector can have strong knock-on effects.



Seasonality. Disruptions to seasonal predictability of tourist recurrence, including due to crises, make it difficult for businesses and investors to anticipate impacts and adapt.





In territorial terms, the effects of the COVID outbreak on tourism have been asymmetrical and highly localised within countries, with some regions and types of areas more exposed than others. Regional variation in the magnitude of the COVID impact on regional economies is explained by a range of **vulnerability factors that account for the susceptibility of a region to the impact of shocks or disruptions in the tourism sector**, including the following:



Specialisation profile / relative importance of tourism in the economy. High dependence of economies on the tourism sector, particularly in terms of its contribution to the GDP and employment, makes them particularly vulnerable to sector-specific shocks. Regions with more diversified economic bases and less dependent on tourism as a high-risk sector are generally better suited to cope. Other factors can also define the relative importance of tourism for a region, e.g. the ratio between tourism demand and residential population (tourism intensity).³¹ Overall, countries and regions with higher specialisation in tourism and higher tourism intensity have been particularly affected by COVID. For instance at regional level (EU), some regions in Greece (South Aegean, Ionian Islands, Crete), Croatia (Adriatic), Italy (Bolzano, Valle d'Aosta), Austria (Tyrol, Salzburg), Spain (Canary and Balearic Islands), France (Corsica) and Portugal (Algarve) have been among the most vulnerable due to the high employment share in tourism (over 30 percent of total). The Alpine region, Spanish and Greek islands, Algarve, Corsica, central Italy, Croatian and Bulgarian coast, and parts of the UK have also been particularly vulnerable due to the highest levels of tourism intensity.³²



Seasonality of tourism activities. Regions with a higher degree of fluctuation or variation of tourist inflows during the year are more vulnerable to the lockdown of the regional economy due to risk of lost seasons. For instance, areas in Europe with the highest concentration of tourism in one season are around the Mediterranean, the Baltic Sea, the Alps and some regions in Czechia, Romania and Bulgaria.



Reliance on non-domestic tourists. Tourism regions with a high share of international tourists as opposed to domestic visitors are likely to be more affected, particularly long-term. Across Europe, many regions e.g. in Greece, Italy, Spain, Portugal, Ireland, Croatia, Estonia and Latvia had (pre-COVID) particularly high shares of non-domestic tourists,³³ which made them more vulnerable.



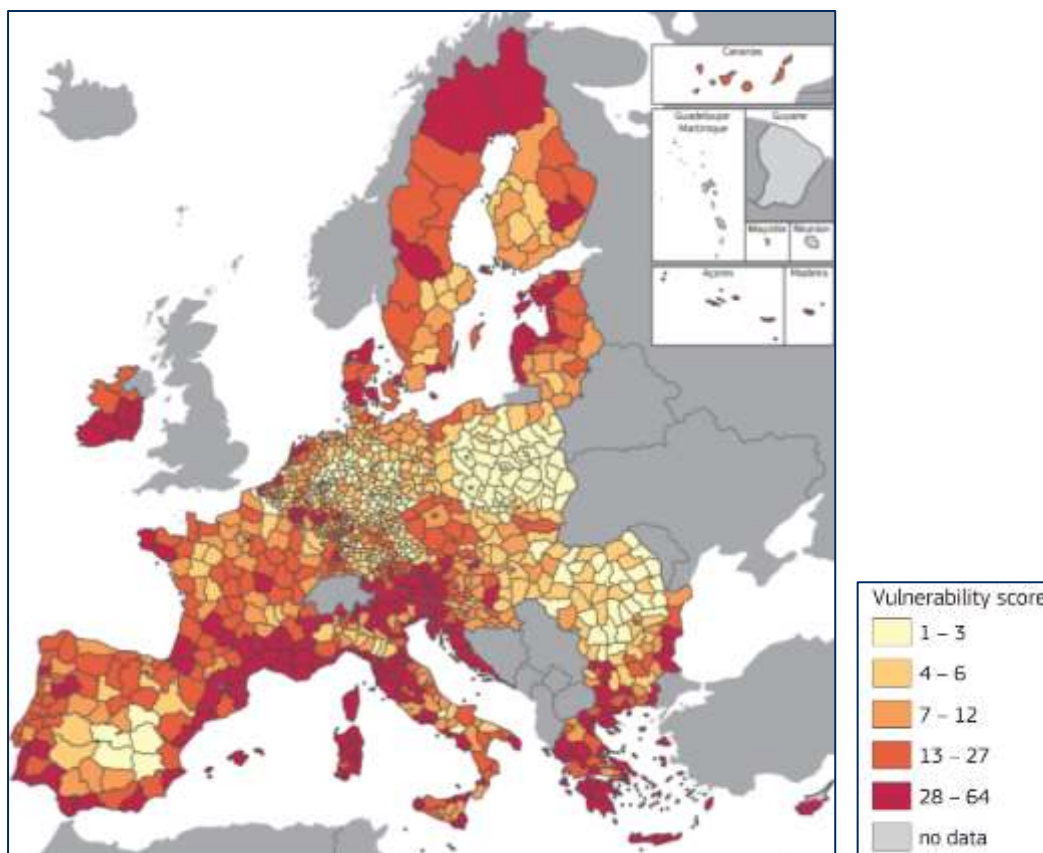
Other vulnerability factors have also been analysed in literature, e.g. territorial exposure to wider COVID response measures which also affect the tourism sector, which varies e.g. with the severity and length of lockdowns and travel restrictions.³⁴

Based on combinations of these variables, compound indexes of regional vulnerability to disruptions in the tourism sector have been produced (see an example in Figure 5).³⁵ Overall, Mediterranean coastal and island regions, regions in Southern Europe regions – particularly on the Iberian peninsula and in Italy, the Alps, as well as Central Macedonia in Greece and Cyprus have been consistently identified among the most vulnerable regions.





Figure 5: Tourism vulnerability per NUTS 3 regions, 2018



Source: European Commission (2021) *op. cit.*³⁶

In addition, due to the high degree of spatial concentration of tourism activities in particular types of locations (see Section 2), there have been marked geographical patterns in the impacts of the pandemic. Across EoRPA Member countries, **the geography of vulnerabilities and impacts** largely coincides with the broader patterns of tourism concentration in particular types of locations – with the following areas being particularly affected:

- **Capital regions and cities, metropolitan and large urban areas.** As major tourism destinations, strongly dependent on international markets, and with a high concentration of businesses in tourism and hospitality as well as activities and services directly affected by the restrictions, these areas have been among the most affected (e.g. [AT](#), [CH](#), [DE](#), [FI](#), [NO](#), [PT](#), [UK](#)).
- **Islands.** Examples include Madeira ([PT](#)), Sicily and Sardinia ([IT](#)), islands in Scotland ([UK](#)).
- **Coastal areas**, especially the Mediterranean and Atlantic coasts. Examples include Algarve and Alentejo coast ([PT](#)), coastal areas in England ([UK](#)), international coastal destinations in [Italy](#) and [Sweden](#).
- **Mountainous areas**, including mountain winter sports resorts / regions in [Austria](#) (particularly Tyrol and Salzburg), [Italy](#), [Switzerland](#) and [Poland](#).
- **Rural areas** with a larger share of economies focused on tourism, hospitality and allied sectors, for instance in [England](#) and [Scotland](#).
- **Border areas**, disproportionately affected by the restrictions on international travel and cross-border activities, e.g. municipalities in [Sweden](#) bordering other countries.



Such territorially differentiated impacts of the pandemic on European tourism regions have important implications for regional development, and give regional policy a relevant role in addressing the shorter and longer term challenges faced by the affected territories.

4 REGIONAL POLICY IMPLICATIONS AND RESPONSES

4.1 Implications for regional development and policy

The COVID crisis has produced highly localised and regionally differentiated impacts on tourism. From the regional development perspective, this may have the following implications.



Existing territorial disparities are likely to be significantly exacerbated following the pandemic, and new patterns of territorial disparity may emerge.

The recovery will be uneven across regions reflecting their sectoral specialisation patterns. Most affected regions specialising in tourism are expected to take longer to recover, including within the labour market, which could exacerbate regional disparities in unemployment, economic inactivity and job quality.³⁷ In addition, tourism-reliant regions already disadvantaged in terms of development opportunities (e.g. islands, less resilient remote, rural and coastal areas) and with lower response capacities to shocks can be disproportionately affected by the negative effects of the pandemic, leading to further growing disparities.

New patterns of territorial disparity may also emerge as many previously well-off and moderately strong but tourism-reliant regions have been particularly vulnerable due to high dependence on mono-sectoral economy and seasonal activity, and could experience protracted and long-lasting effects associated with the leading sector being in distress.

- In the **UK**, some tourist-reliant coastal areas faced the double impact of being 'left-behind' (i.e. the poorest performing places) and being affected by COVID-19. In **Scotland**, the areas most vulnerable to a decline in the sector were mostly rural.
- In **Portugal**, the impact of the COVID crisis on the labour market is closely linked to the regional specialisation profile. Hitting disproportionately more vulnerable groups employed in the tourism sector (e.g. migrants, women, young people, older workers, workers with intermediate levels of qualification and temporary contracts), the pandemic is likely to increase inequalities by accentuating labour market dualism.³⁸



Changing territorial patterns of tourism flows create new regional development opportunities but also capacity issues.

The crisis is deeply affecting travellers' behaviour, preferences and demands, which is impacting the territorial patterns of tourism activity and impacts. Throughout the pandemic, for example, travellers have shown **new preferences for less crowded and less-visited destinations, such as more remote, rural and natural areas**, as opposed to previously popular mass tourism areas, such as big cities / capital regions. This has partly related to the perception of peripheral areas as a safer place during the pandemic / quarantine ('escape tourism').³⁹





“Many visitors in 2021 were looking for an escape, to get away from it all, to connect with nature and to avoid crowds. There was also a desire to go somewhere safe and familiar.”⁴⁰

Some of these behaviour shifts are likely to last,⁴¹ meaning that previously overcrowded locations could see major tourism reductions beyond travel restrictions and lockdowns, whereas for some low density destinations, COVID could be an opportunity to boost their tourism offer and economy – particularly based on more sustainable and eco-friendly models.

In addition, due to restrictions on international and cross-border mobility, the pandemic has led to a significant **shift towards domestic and regional travel**, with the share of domestic travel within total travel in Europe increasing from 55 percent in 2019 to 69 percent in 2020.⁴² Places have been required to adapt, including to cater for the demands of domestic tourists. At the same time, in many regions domestic tourism has been a key driver of tourism recovery.⁴³

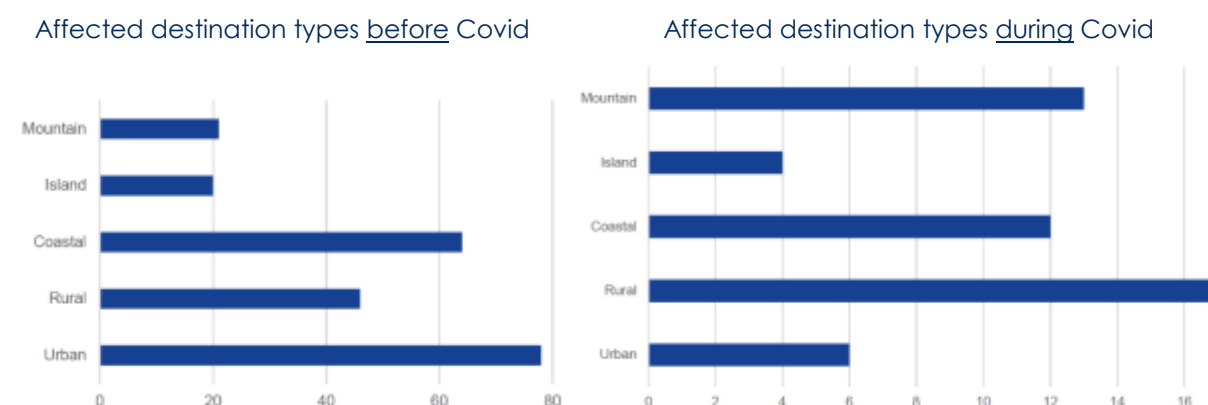
- In both **Portugal** and **Switzerland**, COVID has boosted domestic tourism, which is seen as an opportunity but also a new challenge. **Norway** also saw the growth in domestic tourism, as well as in short travel excursions and use of neighbouring landscapes.⁴⁴
- In **Germany**, the nature of holidays is also changing, e.g. seen in the increase in rural tourism, staycations and the boom in camping and caravanning as way for people still to travel but minimising contact with others. Similarly in the **Netherlands**, people chose destinations closer to home, preferably in a rural environment, and activities in the open air; likewise in **Switzerland**, there was a higher demand for nature-based tourism in the mountains, away from the metropolitan areas and cities.⁴⁵ Natural and cultural tourism have also increased following the pandemic in **Sweden**.
- In **Scotland**, COVID similarly led to more natural (including rural tourism) and cultural visits than before. Rural areas, such as the Highlands, islands and the west coast were very popular after the lockdown was lifted: *“The Highlands and Skye area was by far the most visited area, reflecting the desire expressed by many to get away from it all and connect with nature and the outdoors.”⁴⁶* This was seen in both the type of destination and the activities undertaken: visitors most commonly spent time in rural coastline/island destinations, going on strolls or longer hikes, and visiting beaches.

Such shifts in tourism flows present new development opportunities for regions, but also create new challenges, e.g. related to the **risk of overcrowding** of previously less popular and more vulnerable destinations (see Figure 6), and **insufficient capacity to deal with the new pressures** created by increased or modified tourism demand.





Figure 6: Patterns of overtourism / unsustainable tourism per type of destination



Source: ESPON (2021) *Tourism – Carrying capacity methodology for tourism* ⁴⁷

A substitution effect towards remote and rural areas and growth in domestic tourism have often **increased pressures on regions where the tourism infrastructure is not adequate to deal with increased numbers** or to meet the demand of new tourist groups and local population, and which might struggle to deal with the impacts (e.g. [PT](#), [Sco](#)). For instance in [Scotland](#), increased visitor numbers to rural areas post-COVID (the 'staycation factor') have intensified pressure on infrastructure, and had an increased negative impact on affected communities.



The pandemic has highlighted some of the long-term, structural and persistent challenges facing tourism, including those with implications for regional development.

The COVID crisis has brought to the fore some of the long-standing structural weaknesses of the tourism economy, as well as other medium- and long-term challenges facing the sector – most of them widely discussed in policy discourse and literature and having relevant impacts from the regional development perspective. Among them are the fragmentation of the sector and of the related policy support measures, high seasonality, lack of economic resilience of regional economies over-dependent on tourism, socio-economic and environmental pressures created by overtourism and unsustainable tourism growth, competitiveness and productivity issues, labour shortage and low quality of jobs and skills, new demands posed by climate change and digitalisation.

Some of these challenges have been exacerbated by the pandemic, and in many regions where tourism has a major economic role, **COVID has drawn attention to the unsustainable nature of the current models of tourism development**. In this context, **the crisis presents an opportunity to re-think the approach to supporting the tourism sector and its contribution to regional development and growth, and a chance to build a more sustainable and resilient tourism economy** post-COVID.⁴⁸

The World Tourism Organisation (UNWTO) defines sustainable tourism as tourism that meets the needs of present tourists and host regions while protecting and enhancing opportunities for the future. The objective is to retain the economic and social advantages of tourism development while reducing or mitigating any undesirable impacts on the natural, historic,

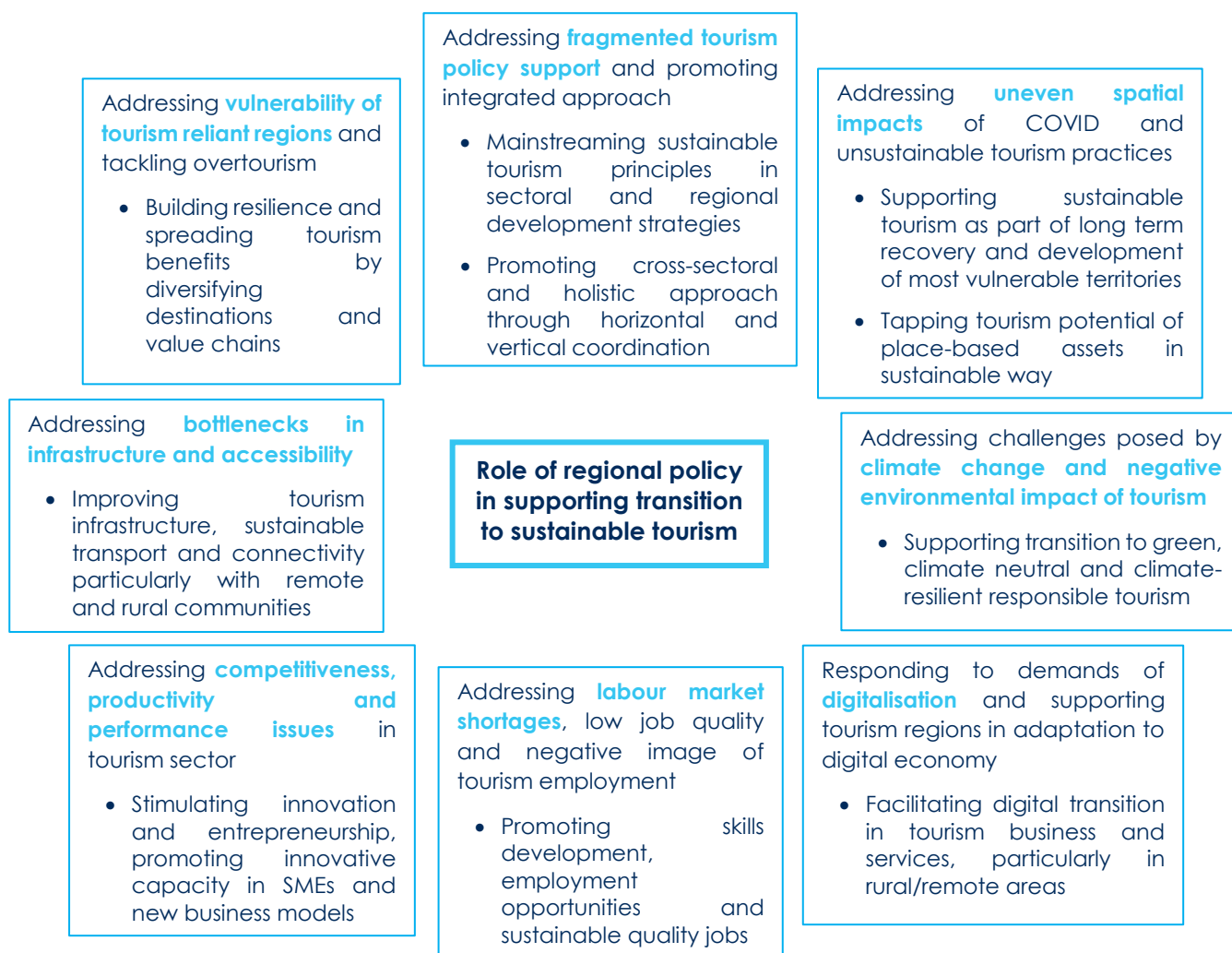




cultural or social environment. There is thus recognition that **sustainable tourism requires a balance between environmental, economic, social and cultural dimensions of sustainability**, and that sustainability, aligned with the UN Agenda 2030 and the SGDs, should be a core guiding principle in the tourism recovery across countries and regions.

While the concern for a more sustainable, inclusive and resilient model of tourism development has been high on the agenda for many years,⁴⁹ the COVID crisis has given it an additional boost and **highlighted the urgency of addressing these long-standing challenges** facing tourism and hindering its greater role in boosting regional development.

Since tourism development has a clear territorial expression, and given the relevant role regional policy can play in supporting tourism and wider sustainability transitions, **regional policy has a (potentially) important role in supporting a shift to more sustainable patterns of tourism across European territories**, as well as correcting imbalances created by unsustainable tourism practices. Some of the key areas where regional policy can play a relevant role in supporting sustainable tourism transitions are illustrated below.





Section 4.2 discusses examples of regional policy support to these dimensions in EoRPA Member countries.

4.2 Policy responses: facilitating recovery, and building a more resilient and sustainable tourism economy in the longer-term

Regional policy has played a role in providing emergency responses to the impact of the COVID-19 pandemic and the subsequent reactivation of the tourism economy in the shorter-term (see Box 2). However, as discussed above, regional policy also has a key role in supporting the transition to a more resilient and sustainable tourism in areas of both traditional and newer tourism potential in the longer term. It has the potential to support wider socio-economic and tourism sector-specific measures aimed at ensuring that the recovery of tourism regions and activities from the crisis is aligned with long-term sustainability objectives as well as helping address some of the persistent, structural challenges facing tourism – some of which have been exacerbated by the impact of the pandemic.

Box 2: COVID-19 emergency responses, and reactivating the tourism economy: role of regional policy

Overall, the main emergency support instruments addressing the impacts of the COVID-19 outbreak on tourism have been economy-wide stimulus and support measures (such as fiscal and monetary measures, including liquidity injections and fiscal relief), with tourism sometimes earmarked as a target sector for support within these general frameworks.⁵⁰ Main emergency packages were thus initiated at national level and driven by the need to tackle difficulties faced by particular sectors, and had no explicit territorial focus – implying a limited role to regional policy.

At the same time, in some cases, there was some evidence of regionally differentiated responses such as:

- the most affected sectors, including tourism, are concentrated in particular (types of) locations, and some regions benefitted more from the national support schemes;
- local and regional governments played an important role in implementing and providing complementary responses to the national plans and measures;
- some elements of national support programmes were implemented through key regional policy instruments; and
- regional policy measures benefitted from additional funding for the tourism sector or from tourism-sector related deferrals and exemptions.

Examples from EoRPA Member countries include:

- Much of the **UK** response to the pandemic was driven by addressing the difficulties faced by particular sectors, but this involved spatial considerations where targeted sectors were concentrated in particular locations, including coastal towns affected by the downturn in tourism.
- In **Finland**, €263 million was awarded to the tourism sector in 2020, of which c.41 percent allocated to the Uusimaa region, particularly affected by tourism decline.
- In **Portugal**, the Liquidity Incentive System (APOIAR Programme) to support liquidity and continuity of economic activity of MSMEs in sectors particularly affected by COVID, including tourism, accommodation, catering and restoration,





has been implemented through the Cohesion Policy thematic OP (Competitiveness and Internationalisation), under IP 3.3.

- In **Poland**, the REACT-EU package in response to the pandemic (as a top up to the available ESIF funding) included specific support for tourism, with over 3,000 tourism projects supported, amounting to over €6 billion.
- In **Switzerland**, the New Regional Policy provided substantial immediate financial relief to tourism businesses. In spring 2020 the government introduced a simplified procedure to suspend repayments of loans and extend the term of loans under the NRP structural support for mountain, rural and border regions. An additional CHF 10 million were made available for NRP tourism measures in September 2021.
- Similarly in **Germany**, conditions of support, including for tourism, under the main federal regional policy measure (GRW) were eased as part of COVID response. In other countries, tourism businesses also benefitted from wider exemption measures under regional aid instruments, e.g. deferrals or acceleration of payments (PT).

In some cases regional policy also supported efforts to stimulate the reopening and reactivation of the tourism economy following the initial shock. This included e.g. supporting business restart and adaptation (e.g. ESIF co-funded ADAPTAR programme in **Portugal** to support companies in adapting their economic activity to the new context conditions created by COVID-19), or stimulating domestic demand (e.g. through regional policy support to the 'return' of tourists towards the region with holiday vouchers in the Piedmont Region in **Italy**).

However, these national and regional recovery measures were primarily concerned with the provision of immediate support to mitigate short-term income and job losses and ensure liquidity and therefore generally placed only limited emphasis on sustainability concerns.⁵¹

Source: EoRPA fieldwork 2022

Across EoRPA Member countries, policy efforts aimed at supporting more sustainable tourism, including under regional policy or regionalised tourism measures, can be seen in a number of dimensions.

i Strategic dimension: mainstreaming sustainability



One way in which countries support a shift to more sustainable tourism development is through mainstreaming sustainability as part of core strategic frameworks for tourism and regional development. This includes embedding sustainable tourism principles into tourism strategies at national and regional level, as well as wider economic and regional development strategies at different spatial scales.

In many cases, **key strategic frameworks for tourism and regional development already integrated sustainability elements before the pandemic** – with some of them pursuing a genuinely comprehensive approach towards addressing sustainability concerns in tourism. In this sense, a significant degree of continuity is expected with regards to any post-COVID strategic frameworks for tourism development (e.g. **DE, FI**). The Nordic countries, for example, have long supported sustainable tourism growth, in alignment with the SDGs and based on a





comprehensive approach to sustainability, incorporating the social and environmental aspects of tourism in addition to the economic one.⁵²



The aim of **Finland's** 2019-28 tourism strategy is to make the country the most sustainable travel destination in the Nordic region. Sustainable development is one of the key themes in both the national and many of the regional tourism strategies, as well as in many national level strategies related to regional development (e.g. rural policy programme 2021-27, national archipelago and river basins development programme 2020-23). The Sustainable Travel Finland label awarded to companies and destinations under the Sustainable Travel Finland programme, which was developed to facilitate the adoption of more sustainable practices in tourism destinations across the country, is a symbol indicating commitment towards sustainable principles.⁵³ Overall, support is provided to all dimensions of sustainability (economic, ecological, social, cultural).



Similarly in **Sweden**, tourism support incorporates all elements of sustainability, and includes an important focus on environmental considerations and green tourism, digitalisation, innovation, the place-based approach and policy cooperation.

Some other EorPA Member countries similarly developed tourism strategies and policies based on sustainable development principles or included sustainable tourism priorities in regional development strategies prior to the pandemic.



The 2019 **German** Tourism Strategy put a strong emphasis on sustainability elements including sustainable mobility and infrastructure, long-term business competitiveness, high quality tourism in harmony with nature and culture for a high quality of life for all people, and an environmentally- and climate-friendly development of tourism.



Similarly in the **Netherlands**, policy approaches to tourism had already started to shift before COVID, as a response to a growing demand for sustainable forms of tourism and rising concerns over the negative externalities caused by the sector particularly in areas of high tourism concentration. The 2019 national vision on tourism⁵⁴ called for new principles in tourism policy-making, including using tourism as an instrument for achieving not only economic profit but also broader societal goals (e.g. sustainability, identity, liveability, and job opportunities). Investment in regional development is seen an essential 'prerequisite for success' under this vision. Drawing on these principles the vision suggested a series of strategies, e.g. oriented at the spreading of tourism across a wider range of destinations, and at implementing environmental sustainability.



In **Portugal**, the UN SDGs can be considered as 'the DNA' of Tourism Strategy 2027,⁵⁵ launched in 2017. The strategy aims to 'establish tourism as a hub for economic, social and environmental development throughout the territory, making Portugal one of the most competitive and sustainable tourism destinations in the world'. Sustainability (in all dimensions), territorial and social cohesion, connectivity, competitiveness and innovation are among the key elements seen as 'leading the tourism of the future', and serve as the guiding priorities for national and regional policy support for tourism.



Similarly in **Austria**, the 2019 master plan for tourism sets the framework for the sustainable development of Austria as a tourist location and serves as a guideline for political decisions at all levels, including the programming of EU funds for the next period. It views tourism as an enabler of regional value-added creation, and stresses the importance of sustainability in all dimensions determining the tourism policy.





The need to promote long-term strategies that address more sustainable and resilient models of tourism development had also been gaining importance in **Italy** prior to the pandemic. For example the 2017-22 Strategic Tourism Plan pursues four main principles of sustainability, innovation, hospitality and accessibility, and aims to relaunch the tourism sector as part of an integrated sustainable development project.⁵⁶

In many cases, **the focus on sustainability in tourism development has been reinforced following the COVID crisis**. While strategies promoting more sustainable patterns of tourism were already gaining traction, the pandemic has amplified this trend. As a result, the relevance of **sustainability as a horizontal, cross-cutting dimension** has been further emphasised in the already existing strategies, or strategies have been updated to incorporate a (greater) focus on sustainable tourism.

Across many EoRPA Member countries (e.g. **CH, DE, NL, NO, PL, PT, SE**), the pandemic has strengthened the emphasis on sustainable and green tourism, added urgency to the related policy proposals, and encouraged strategic re-adjustments. For example:



In **Sweden**, COVID underlined the need to develop a long-term, sustainable and competitive tourism, which led to the development of the national strategy for sustainable tourism. Drafted following the COVID crisis with the vision that by 2030 Sweden will be world's most sustainable and attractive destination based on innovation, the strategy entails four *horizontal perspectives* of sustainability, digitalisation, place-based development and cooperation.⁵⁷



In **Switzerland**, a new objective – backing sustainable development – has been added to the Tourism Strategy updated after the pandemic, recognising the increasing importance of sustainable development to tourism and the many opportunities it presents. Sustainable development has thus become an increasingly important factor in tourism policy, and now occupies a central position in the new Tourism Strategy.⁵⁸ Placing focus on sustainable consumption and production; climate, energy and biodiversity; and equal opportunities, it uses the UN SDGs as the reference framework and adopts sustainable development (in its economic, environmental and social dimensions) as an over-arching objective and *horizontal issue*, and an integral part of all the other objectives and action items.



In **Germany**, the National Tourism Strategy is currently being further developed around three main drivers of climate action, digitalisation and maintaining labour force. The main principles were agreed by the government in July 2022 under the heading 'Cornerstones of the Further Development of the National Tourism Strategy – Supporting the Competitiveness of Sustainable Tourism'. The Strategy is viewed as a re-start for the tourism sector following the pandemic, with an enhanced emphasis on making the sector climate neutral, sustainable and digitalised for the future.



Similarly in the **Netherlands**, the action agenda for the national vision on tourism was updated in 2022 as a response to the pandemic,⁵⁹ emphasising knowledge and research into the societal costs and benefits of tourism, digital tools for an enhanced touristic experience, and coordination of action across levels of government.



In **Norway**, the new Government programme affirms tourism as an industry of the future that will help ensure value creation and jobs throughout the country. It calls for targeted work to make it more sustainable and prevent the consequences of the COVID crisis being prolonged. Part of the response will involve regional cooperation to



ensure the basis for locally based tourism companies. The new tourism strategy, based on *ten principles of sustainable tourism* for conserving nature, culture and the environment, focuses on sustainability in its social, environmental and economic aspects.

Sustainable recovery of the tourism industry is also an important part of wider economic post-COVID recovery strategies in some countries (e.g. [NL](#), [PL](#), Tyrol region in [AT](#)).

Since any regional policy support to tourism is normally aligned with key strategic frameworks for the tourism sector, the emphasis on sustainability in tourism development has generally increased also in regional policy priorities and objectives.

The mainstreaming of sustainability across strategies also means that **policy measures are respectively adjusted to reflect a greater focus on the different dimensions of sustainability**. New programmes and projects for tourism support, including regional measures, often aim to support sustainable transitions in tourism.



For example in [Finland](#), a call was launched in summer 2020 for the regional tourism organisations and respective regions, with a total funding of €4 million, with the aim of supporting the recovery of the regional tourism sector. Its themes were developed along the tourism strategy including: supporting sustainable development, responding to digital transformation, improving accessibility, ensuring an operating environment that supports competitiveness. Overall, the focus of post-COVID policy support measures has been on encouraging a shift towards more sustainable tourism industry.



Similarly in [Portugal](#), the new action programme 'Transform Tourism', which has an important territorial dimension through its support lines focused on smart territories and place-based regeneration, aims to contribute to an increasingly sustainable tourism, based on the objectives of economic, environmental and social sustainability, and promote territorial development and cohesion.

ii **Focusing on the place: supporting vulnerable territories and promoting place-based approaches and value chains**



Regional policies play an important role in providing **targeted support for specific types of territories associated with tourism but facing particular socio-economic challenges** due to their geographic specificities (remote, peripheral, rural, coastal, mountainous areas, islands) and/or impacts of external shocks and disruptions to tourism (e.g. economic crises, pandemic). More recently, the role of such policy support has increased particularly in addressing the uneven spatial impacts of the COVID crisis and supporting the long-term and sustainable recovery of the most vulnerable or affected territories reliant on tourism.



In [England](#) the *coastal areas* associated with tourism have in recent years been a focus of regional policy, especially relating to recovery from the pandemic, including through the ERDF co-funded Welcome Back Fund and the Kick-starting Tourism Package (and prior to this the UK-wide Coastal Communities Fund – see Box 3). The £56 million **Welcome Back Fund** was launched in March 2021,⁶⁰ with coastal areas specifically allocated a proportion of funding to support local councils, to boost tourism, improve green spaces and provide more outdoor seating areas, markets and food stall pop-ups. Part of the funding was to be allocated specifically to coastal resorts. Funding from the £10 million **Kick-starting Tourism Package** (July 2020) was





notionally allocated to areas based on their ERDF allocation and how much of the local employment base was linked to accommodation businesses. Coastal and rural areas with a larger share of their economies focused on tourism, hospitality and allied sectors were expected to receive a larger share of the funds.

In **Scotland**, regional policy support to tourism mainly seeks to address challenges faced by *remote and rural areas*. Examples include the **Islands Green Recovery Programme**, supporting islands in tackling challenges exacerbated by lockdown and the disruption to tourism, and the **Rural Tourism Infrastructure Fund**, helping rural communities deal with the impact of increased visitor numbers on local infrastructure.

Box 3: Supporting tourism-dependent coastal areas in the UK

The Coastal Communities Fund and Coastal Revival Fund (both now closed to applications) have played an important role in supporting UK coastal communities associated with tourism. Coastal towns were severely impacted by the rise of cheap international holidays in the late 20th century, and again by COVID-19.

The **Coastal Revival Fund** supported projects that aimed to help bring the 'at risk' heritage and community assets of coastal areas back into economic use.⁶¹ The **Coastal Communities Fund** (CCF) aimed to encourage sustainable economic development of coastal communities by funding projects which attracted sustainable jobs or safeguarded existing jobs.⁶² Between 2012-21, £229 million was awarded to 396 projects across the UK from the CCF.

Source: EoRPA fieldwork 2022



In addition, regional policy plays an important role in **driving place-based development focused on the economic utilisation of endogenous resources**, including by tapping the tourism development potential of unique territorial (e.g. natural, cultural, historical) assets. The focus is on respecting, preserving and highlighting such place-based assets, heritage and authenticity, and leveraging them as a way to drive sustainable and innovative economic activities, local value creation, territorial competitiveness and cohesion. COVID has further increased travellers' demand for exploring nature and culture through authentic experiences, and highlighted opportunities offered by more sustainable tourism models, valuing unique territorial resources and respecting local culture and character.



In **Norway**, there is recognition that there are a lot of unused raw materials and local attractions with significant tourism potential, resulting in an increased focus on developing and branding unique tourist experiences and destinations, particularly around nature, culture, and food and drink. Economic sustainability through local value creation, as well as respect for and development of the historical heritage of communities, their authentic culture, traditions and character are among the key principles of sustainable tourism which lie at the core of policy support for tourism.



In **Italy**, regions have recently placed an increased focus on 'experiential tourism' – type of tourism that allows visitors to immerse themselves in the local environment, puts emphasis on traditional regional products, such as food and cuisine, and promotes contact between tourists and the local skills, crafts and community. The regional governments in Lombardy (North) and Apulia (South) are among those who have recently allocated funding to promote such type of tourism.





The 2021-27 regional OP for Malopolskie region in **Poland** will support the development of the tourist economy in the Carpathians by creating favorable conditions for hiking and getting to know the cultural and natural values by tourists. Funding has also been made available to spa resorts, e.g. under the Health Resorts programme, aiming to ensure sustainable tourism development and to counter the effects of the pandemic.



Portugal places a strong emphasis on tapping the tourism potential in the low-density, interior territories, by capitalising on their unique place-based assets. The national 'Programme for Enhancement of the Interior' comprises a set of measures aimed specifically at boosting sustainable tourism in these areas. Some of the measures relate e.g. to promoting rural tourism, local gastronomy, cultural routes, and tourism in the historic and vineyard villages in the interior regions. For instance a dedicated line for tourist enhancement in the interior under the 'Valorizar' programme supports place-based tourism projects that contribute to regional development and cohesion. The PROVERE programme also supports place-based tourism development by leveraging the economic potential of endogenous territorial assets (Box 4).

Box 4: Economic Development of Endogenous Resources Programme (PROVERE), Portugal

Valuing, preserving and economically leveraging territorial authenticity and unique place-based assets, including natural and historic-cultural heritage, are viewed as crucial elements of the approach to supporting sustainable tourism in Portugal. One example of this is the Programme for the Economic Development of Endogenous Resources (PROVERE). Co-financed by Cohesion Policy and focused on low-density areas, it promotes competitiveness by developing the economic potential of endogenous territorial assets through integrated development plans and actions managed in partnership. The aim is to combat the effects of 'interiority' or 'depopulation', taking advantage of eminently territorial resources that can trigger sustainable and innovative activities, many of which are related to active, cultural, heritage and nature tourism. Some examples of PROVERE strategies include:

- Tourism for All (Norte): promoting tourism in the region based on nature, cultural heritage, gastronomy, wine, health and well-being tourism.
- iNature (Centro): enhancing the innovation capacity of nature tourism to diversify the regional offer, create jobs and strengthen entrepreneurship.
- Historical Villages of Portugal (Centro): revitalising villages through cultural tourism, urban and heritage regeneration, education, business development and incentives for investors in the tourism sector.
- Douro 2020 (Norte): promoting tourism, innovative economic activities, and traditional products based on the endogenous characteristics of the Douro river "as symbolic and identity capital known worldwide".

All strategies aim to contribute to economic, social and environmental sustainability as well as territorial cohesion and competitiveness – through innovation, efficient use of resources and green transition, and social inclusion.

Source: EoRPA fieldwork 2022

An important part of pursuing such place-based approaches to sustainable tourism development is to ensure that it involves local communities and businesses, considers their interests, and develops place-based value chains, so that the economic benefits stay in the region and local values are respected. In the **Netherlands**, for example, there are calls for a greater recognition of shared interests between tourists, businesses, and residents in areas that





receive a high amount of tourists, and in **Norway**, community-based approaches have become increasingly important, particularly in developing nature-based tourism.

iii Building resilience through diversification

Overtourism, high seasonality, over-reliance of regional economies on tourism or on specific types of tourism offer are among key challenges making regions particularly vulnerable to economic changes and wider shocks and contributing to unsustainable practices. In this context, regional policies play a relevant role in supporting measures aimed at building resilience, reducing pressures of overcrowding and spreading the benefits of tourism across territories through diversifying destinations and value chains. COVID has further amplified the necessity to rethink tourism patterns and diversify both tourism geography and offer.

By **diversifying destinations**, policy measures aim to tackle overtourism in popular locations, reduce seasonality, create development opportunities in new areas and spread the benefits of tourism throughout the country.



In **Norway**, where overtourism in some areas was emerging as a concern, there is greater focus on measures to distribute tourism over all of the country and throughout the entire year, with the aim of reducing pressure on sensitive areas at key times and creating year-round employment within the tourism industry.⁶³ Similarly in the **Netherlands**, new approach to tourism policy prioritises the spreading of destinations across areas and seasons.



The **UK** Tourism Recovery Plan stresses the commitment to spreading the benefits of tourism to all nations and regions of the UK, and highlights the aim for visitor spending to grow beyond the usual tourist 'hotspots' to smaller, lesser-known destinations, including rural areas.



In **Portugal**, Cohesion Policy plays an important role in stimulating utilisation of territorial resources that promotes more diversified tourist flows. For instance the ESIF co-funded Valorizar programme was created to stimulate a more balanced distribution of demand, reduce seasonality and generate value and employment throughout the country. It has done so by promoting tourism offerings in the interior regions and improving accessibility and digital connectivity. Diversifying destinations and spreading them more evenly across territories and seasons is also an important focus of more recent policy priorities aimed at promoting sustainable tourism.

There are also policy efforts to **diversify tourism value chains (markets and products) and target groups** – in order to enhance the attractiveness of destinations, build their economic resilience, generate new development opportunities, as well as respond to changing travellers' needs and preferences – including as a result of COVID.



In **Finland**, projects implemented in 2020 and 2021 to support the recovery of the regional tourism sector focused specifically on developing new tourism products and reaching out to new target groups.



In **Norway**, recent initiatives include the development of fishing tourism, linked to coastal communities and in line with sustainable management of fish stocks. Following





COVID, there is an overall increased focus on developing new products and adapting existing products to new target groups – including local/domestic markets.



In **Switzerland**, there are efforts to pivot the tourism industry towards products and services that are not dependent on snow. One example is the transport operator on the Wirihorn in the canton of Bern, which, with the NRP support, reduced reliance on classic downhill skiing facilities and secured new economic opportunities of tourism businesses in the valley below.⁶⁴



In **Portugal**, ESIF help promote a 'differentiated, less massified' tourism offer, that can tackle seasonality, create new regional growth opportunities, and support development of new tourist products based on the existing territorial heritage. The 'REVIVE' programme, for instance, supports redevelopment of vacant state heritage properties for tourism purposes, in order to open it up to new audiences, enhance the attractiveness of regional destinations, lengthen the season, deconcentrate demand, and develop various regions of the country – thus contributing to regional development and economic and social cohesion.

iv Improving infrastructure and connectivity

Regional policy has long contributed to developing tourism infrastructure and accessibility, viewed essential for facilitating mobility, tackling overcrowding and spreading the socio-economic benefits of tourism more widely, as well as creating development opportunities for more remote/peripheral and rural areas. Tourism infrastructure support is an important part of some of the key regional policy instruments (see Section 2.2.3). Sustainability concerns have been increasingly integrated into regional policy support to infrastructure and mobility.



In **Germany**, the main federal regional policy measure (GRW) provides support to tourism infrastructure, with a focus on long-term and sustainable development: support may only be used for infrastructure that will act as a basis for the future growth of tourism in the region, and tourism infrastructure should support increased performance and economic development of tourism firms.



In the **UK**, transport infrastructure needs, particularly in smaller, lesser-known destinations, including rural areas, are recognised and supported under funding sources such as the Towns Fund, Future High Streets Fund, Levelling Up Fund, and the City Region and Growth Deals.



Regional policy in **Portugal** places an important focus on promoting sustainable tourism mobility particularly in the interior areas, e.g. under the 'Discover Portugal by Train' initiative and other measures.



In **Italy**, regional policy also supported strengthening of the transport networks, including to promote greater tourism flows to the Southern regions e.g. by investing in airports in Sicily, Apulia and Calabria.



In **Norway**, recent initiatives have included support to national hiking trails to improve infrastructure to make the trails more robust and accessible. One example is the Norwegian Scenic Routes programme. It involves collaboration with seven county administrations and 57 municipalities, other public bodies, local organisations, and business communities, and aims to make Norway an even more attractive destination, promote local businesses and strengthen rural communities.





COVID has further highlighted some of the long-standing bottlenecks in local and regional infrastructure, particularly in remote and rural areas, as well as its limited capacity to deal with increased pressures brought about by growing tourism. In some countries, regional policy has sought to address these challenges.



For example in **Poland**, the recent Support Programme for Local Government Units in Mountain Areas aims to support mountain communities that have been strongly affected by COVID-related restrictions, by financing tourist infrastructure and municipal infrastructure related to tourist services.



In **Scotland**, there is an emphasis on supporting tourism in remote and rural economies which depend on it, but where at the same time tourism places significant pressure on infrastructure. The Rural Tourism Infrastructure Fund and Strategic Tourism Infrastructure Development Fund play an important role in supporting areas that are facing infrastructure pressures as a result of increases in visitor numbers (Box 5).

Box 5: Addressing tourism infrastructure pressures in rural and remote areas in Scotland

Specifically related to supporting the tourism sector in rural areas, the **Rural Tourism Infrastructure Fund** was set up in 2018.⁶⁵ It supports collaborative projects focused on improving the visitor experience in rural parts of Scotland that are facing immediate and damaging pressures on their infrastructure or negative impacts on communities due to significant increases in visitor numbers. This need became more pressing in many areas following COVID and the relaxation of the lockdown in summer 2020. The aim is to support infrastructure around visitor or natural attractions, i.e. areas of outstanding scenic beauty that have attracted increased visitor numbers and to stop deterioration of the natural and built environment, as well as benefitting local communities. By November 2021, £9 million had been awarded to 45 projects, e.g.:⁶⁶

- Tourism Outer Hebrides 2020, to develop an Island wide network of facilities and infrastructure to improve the visitor experience;
- Old Man of Storr Footpath Improvement Project, to enhance visitor access while protecting iconic landscapes and habitats on Skye;
- Coast to Country, to create a network of facilities across the Moray region that will contribute to tourism and relieve pressure on local beauty spots.

The Fund also aims to address anticipated future pressures e.g. related to route development, major events and the continued growth in the motorhome sector.

Furthermore, the **Strategic Tourism Infrastructure Development Fund** is a pilot initiative to support more extensive and collaborative projects from visitor hotspots across Scotland (particularly in remote/rural areas) that are facing negative infrastructure pressures due to increased visitor numbers post-COVID. Project examples include:⁶⁷

- Cairngorms Strategic Tourism Infrastructure Development Plan, to provide a new strategic approach to planning and management of visitor infrastructure;
- Comhairle nan Eilean Siar Visitor Infrastructure Plan, to identify, together with communities across the Outer Hebrides, how infrastructure provision can be enhanced in a way that improves outcomes for visitors, local residents and the environment.

Source: EoRPA fieldwork 2022

v Supporting green transition





Tourism faces the challenge of negative environmental impacts in two dimensions – it both contributes to causing them and also ultimately suffers from them. For instance, the **Swiss** tourism industry is affected because snow conditions are becoming increasingly unreliable due to climate change, but CO₂ emissions from tourism are also partly responsible for these effects. Similarly, biodiversity and the landscape are important resources for tourism development but are also negatively influenced by unsustainable tourism practices.⁶⁸ In this context, regional policies play a relevant role in helping tourism regions maximise their positive impacts on the environment, minimise the negative ones, and adapt to climate-related changes.

The impact of COVID has been to further highlight the need to support the transition to a green, climate neutral and climate-resilient tourism economy, including through greater emphasis on nature-based and responsible tourism. Among other things, the pandemic has brought to the fore the vulnerability of fragile ecosystems to growing tourism pressures, particularly in peripheral and rural areas, but also development opportunities stemming from promoting green tourism as a means of job creation, social inclusion and regional development.



In **Sweden**, the pandemic led to greater awareness of climate change and changing travel and consumption behaviour, and increased policy focus on developing environmentally conscious tourism, including through supporting fossil free transport and circular business models.



Similarly in **Norway**, COVID reinforced the emphasis on sustainable and green tourism. Recent initiatives include 'greening cruise tourism', foreseeing stricter emissions regulations on cruise ships and better port infrastructure to allow ships to draw on sustainable/renewable energy while in port. In addition, a separate pilot programme for sustainable tourism is envisaged, supporting local nature and environmental management and emission-free travel to and from destinations. A strong focus is placed on promoting sustainable and climate-friendly transport solutions.



In both Poland and Portugal, Cohesion Policy plays an important role in supporting green transitions in the tourism sector. The 'Green Velo' project under the Eastern **Poland** OP, for instance, aimed to link cycle routes across regions, stimulating sustainable tourism and economic development, and the focus on the green dimension in tourism support is expected to be strengthened in 2021-27. In **Portugal**, a range of regional policy measures support sustainable tourism practices in the interior areas, e.g. through developing products, services and infrastructure related to nature tourism, and improving the energy performance of buildings located in protected areas. The focus of more recent policy priorities has been on promoting investments related to energy efficiency of the tourism sector overall.



In **Scotland**, a £2 million Islands Green Recovery Programme was launched in 2020-21 to address challenges faced by islands, exacerbated by lockdown and the disruption to tourism. The programme aimed to deliver investment in low carbon transport, food sustainability and zero waste projects.⁶⁹ Support to developing and implementing environmentally sensitive and carbon neutral approaches is also provided under the Strategic Tourism Infrastructure Development Fund (e.g. in the Outer Hebrides).

vi Driving digital transformation





Responding to the rising demands and standards of digitalisation, regional policy supports digital transition in tourism businesses and services, especially in peripheral and rural areas, to help them exploit opportunities brought by digital transformation, e.g. in accessing new markets, adopting new business models, and developing new tourism products and services.⁷⁰ COVID has further accelerated the digital trends that were already transforming tourism,⁷¹ placed digitalisation at the core of tourism strategies at both national and regional level (e.g. CH, DE, NL, SE), and put an important policy focus on enhancing digital skills in the sector.



In **Germany**, provision of tourism-related digital infrastructure and broadband is seen to be of particular importance in rural areas. Similarly in **Portugal**, regional policy supports digitalisation in the interior areas, including through Wi-Fi/4G projects in historical centres and villages, to improve the visitor experience and promote innovation.



The **Swiss** tourism strategy puts a core focus on digital transformation and exploiting the opportunities presented by the digital economy. In line with these objectives and cooperating closely with the cantons, the NRP has financed a range of related projects in recent years. One example is Digital table reservations for Graubünden, which helps restaurants take steps towards digital guest management. Several times a year regionsuisse/the NRP hosts a digitalisation and regional development platform to promote knowledge transfer to / between actors, including those in the tourism sector.

vii Supporting innovation and entrepreneurship



Competitiveness, productivity and performance issues, lack of flexibility and innovative capacity to respond to new challenges have been among long-term structural issues hindering the development of the tourism sector, and further accentuated by the pandemic. In this context, stimulating innovation and entrepreneurship, promoting the competitive and innovative capacities of SMEs and new business models in the tourism sector have been among important policy priorities, including under regional policy.



In **Portugal**, the tourism strategy places great emphasis on innovation as a way to increase efficiency of businesses, amplify the impact of the sector and improve the experience for tourists. The programme Tourism 4.0, part of the ESIF co-funded programme Industry 4.0, aims to promote entrepreneurship, support tourism start-ups, and foster innovation in tourism.



In **Switzerland**, regional policy provides support for actions promoting the competitive and innovative capacities of SMEs, including through start-up support as well as coaching programmes and services in information management, consulting, networking, infrastructure and financing. For instance business coaching within the Regional Innovation Systems, co-financed via the NRP, contributes substantially to promoting entrepreneurship in tourism (see Box 6).

Box 6: Regional policy-funded coaching programme for hotels in Switzerland

In February 2021, SECO and HotellerieSuisse⁷² jointly launched a coaching programme for the accommodation industry. It is designed to help hotels and similar businesses adjust to the change in market conditions caused by the pandemic, and strengthen SMEs against the background of COVID-related challenges for the future.



Via the financial support through the NRP, accommodation providers are given the opportunity to analyse their potential together with an external coach on site. The coaching involves 5 days, with a value of CHF 6,600. This enables companies to identify optimisations and to make strategic decisions about effective adjustments. Social and technological trends such as sustainability and digitalisation play an important role here. The hotels are to be made fit for the future through this coaching programme.

Source: SECO and www.hotelleriesuisse.ch

viii Developing skills and supporting high-quality employment

The tourism labour market has long been constrained by a number of persistent challenges, including labour shortages and low quality of jobs and skills. These issues have been exacerbated by the effects of the pandemic, which has deepened the labour shortage crisis and highlighted the need for greater skills development, including in the area of digital skills. For instance in **Switzerland**, the pandemic is seen to have damaged the image of the tourism sector as an employer, and increased the risk that qualified employees will move into other sectors or tourism companies will find it more difficult to recruit suitable staff.⁷³ The issue of labour force shortage in the tourism economy has similarly been exacerbated by COVID in **Germany**. In this context, regional policy supports measures that promote skills development and create more sustainable and high-quality employment in the tourism sector.



In **Portugal**, regional policy supports skills development in tourism, e.g. through funding for professional tourism schools and other training initiatives (Box 7). ESIF support to training in the sector will stay among key policy priorities for the 2021-27 period as well.



In both **Germany** and **Norway**, the new tourism strategies stress the objectives of enhancing the quality of tourism jobs, including in terms of wage levels, working conditions and qualifications – seen among the core principles of sustainable tourism.

Box 7: Supporting skills development in the tourism sector in Portugal

In Portugal, skills development is an important element of supporting sustainable tourism, and various training projects are implemented with ESIF support. Some measures are aimed at enhancing the development capabilities specifically in the interior areas of the country, for example:

- Qualification of tourism professionals, based on the network of tourism schools throughout the country, as an essential driver of regional tourism development.
- School Hotels Network, to support the development of skills in hospitality, hotels and restaurants in different territorial contexts, by supporting practice-based teaching and research activities. This is based on promoting 'School Hotels' and 'School Restaurants' throughout the territory, in close collaboration with the hotel and catering industry and the Polytechnic Schools of Tourism and Hospitality.

Skills development projects, funded by national and regional OPs, are also supported in other territories. For example the ESF co-funded 'Better Tourism 2020 – Business Relaunch Support Training' project supports the readaptation and qualification of tourism SMEs, through personalised consultancy and certified training for staff.

Source: EoRPA fieldwork ⁷⁴





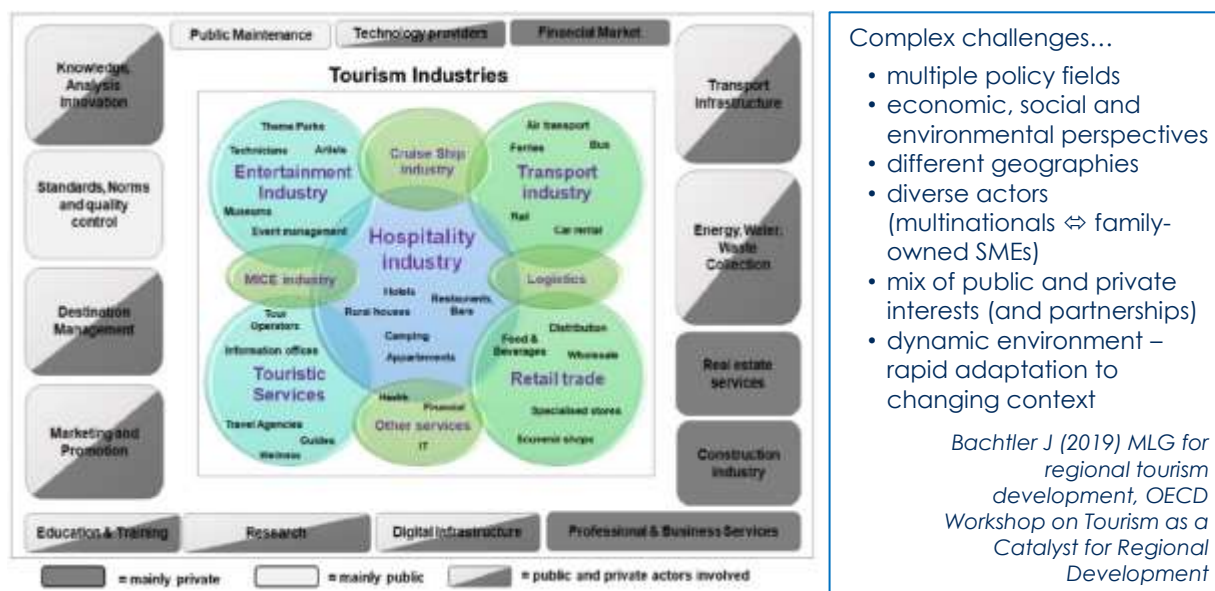
ix Governance: strengthening dialogue and policy coordination

"It is time for tourism policy to finally be understood from a cross-sectoral perspective, with the creation of a coordinated framework of conditions at all levels"⁷⁵

Effective regional policy support to sustainable tourism requires enabling governance framework, that would support coherent, integrated and comprehensive policy responses to address the complex challenges of tourism, regional development and sustainability.

The cross-cutting, multi-level and fragmented nature of the tourism ecosystem, its close links to various policy areas and a wide range of stakeholders involved in its development and implementation require strong horizontal and vertical policy coordination, particularly as the complex challenges of economic, social and environmental sustainability can be most effectively addressed only in an integrated and comprehensive way.

Figure 7: Tourism ecosystem and governance



Source: Böhme et al. (2021) op. cit.

Policy coordination issues, such as e.g. weak coordination between the ministries responsible for tourism and regional policy (PL), or lack of national harmonisation of specific aspects of local tourism policies (NL) have been noted to stand in a way of pursuing more coherent and effective policy responses to tourism-related challenges of territories.

In this context, **there are calls for greater policy coordination both horizontally** – to more effectively link tourism and related policy areas (e.g. regional development and wider economic policy, transport, energy and climate, labour and skills, investment, innovation, SMEs etc.) and pursue more cohesive and integrated policies across relevant ministries, organisations and stakeholders, **and vertically** – to increase policy integration between levels of government. The need for a strong dialogue between government, industry, as well as communities and civil society in developing and implementing regional tourism support measures – including to ensure sustainable post-COVID recovery – is also recognised.



Across EoRPA Member countries, the need for greater policy coordination has been particularly stressed in the context of efforts to promote more sustainable tourism in order to support regional economies and improve their resilience. This includes focus on:

... **strengthened horizontal links** between actors and policy fields:



For instance in **Sweden**, efforts are under way to improve links between relevant ministries; similarly in **Norway**, linked to a wider Government commitment to ensuring the territorial dimension is considered across policies and promoting coordinated policy responses, inter-ministerial cooperation on tourism-related matters has been extended. This includes strengthened coordination with the Ministry of Culture – to showcase the potential for increased value creation between the cultural, creative and tourism sectors, as well as the Ministry of Climate and Environment – given its role in developing policies to promote a more sustainable tourism sector.



In **Switzerland**, the 2017 tourism strategy prioritised “improving the way in which the government’s tourism policy is coordinated to maximise synergies”. This commitment has been taken forward in the new (2021) tourism strategy, which highlights the importance of identifying potential conflicts between policy fields at an early stage and ensuring cross-sectoral policy coordination – seen crucial for strengthening tourism contribution to sustainable development.



In the **UK**, in July 2022 the Government announced plans to restructure what was described as an ‘over-crowded and fragmented’ landscape, with the plans and associated funding intended to streamline the sector and pursue a cross-sectoral approach in order to ensure that all areas benefit from tourism recovery.

... **improved vertical coordination** across administrative levels:



In the **Netherlands**, new policy actions give greater importance to the coordination of action at levels of government. In particular the umbrella organisations of Dutch provinces and municipalities are to become involved in tourism policy-making, e.g. to coordinate the spreading of destinations across areas and seasons.

... **increased cooperation at regional level:**



The **Swedish** Association of Local Authorities and Regions has recently increased its tourism partnership work providing a helpful network to share knowledge and connect various interests.

Specific governance structures and mechanisms have been set up to support efforts for greater policy coordination, for example:



A new national **Visitor Management Steering Group** has been set up to coordinate the work being carried out on tourism management issues by different organisations in **Scotland**, including to coordinate work on future infrastructure priorities.⁷⁶



In **Sweden**, collaboration between national agencies has been strengthened, and two high level meetings between 16 national agencies with interests in tourism were held to agree strategic priorities and joint work opportunities. An **advisory board for tourism** has been meeting regularly since 2020.





The **Taskforce Collaboration Hospitality Sector** was set up in the **Netherlands** as a direct response to the pandemic. It is intended as a long-term collaboration between Gastvrij Nederland, CELTH, the EZK Ministry, umbrella organisations of Dutch provinces and municipalities, and several Destination Marketing Organisations, oriented at supporting sustainable development of the tourism sector by means of research and the sharing of knowledge and expertise.⁷⁷



In **Germany**, the **Federal Government Centre of Excellence for Tourism** has been operating since 2017 on behalf of the Federal Ministry for Economic Affairs and Climate Action as an interface between industry, academia and federal policy-making, with the aim of supporting the implementation of tourism policy through the dissemination of knowledge, sharing of experience and networking within tourism sector.⁷⁸ The work is structured around four cross-cutting themes: Climate change and sustainability; Digitalisation and change; Human factor; Living spaces and tourism acceptance. The latter area focuses on 'Tourism for regions worth living in', dealing specifically with the regional challenges of the tourism industry. In addition, a central instrument in the future implementation of the National Tourism Strategy is the **National Platform 'Future of Tourism'** whose Steering Group was formed in May 2022 comprising thematically relevant departments. The aim is to network all interested organisations, in particular the *Länder* and from the sector, and provide an ongoing evaluation of the strategy.



In **Switzerland**, maintaining dialogue within the federal administration, between the cantons and with tourist actors and associations at both national and regional levels is seen fundamental to the development of the industry. In this context, **Tourism Forum Switzerland** (TFS) was established to provide a cooperation platform (see Box 8).

Box 8: Tourism Forum Switzerland



TFS was established to provide a platform for dialogue, coordination and cooperation across the sector. Broadly diversified, working groups consisting of representatives of the private sector, cantons, communes and the national government meet regularly to discuss current challenges and potential improvements.

In recent years, the broader format of the TFS has encouraged a greater depth of dialogue and better coordination on the national Tourism Strategy. The TFS enables SECO to address relevant issues through working parties, to develop action programmes and solutions, and to communicate the findings of this work. The TFS will continue to expand in the future, including strengthening partnerships with the Swiss Tourism Federation, the Conference of Cantonal Directors of Economic Affairs, and tourism businesses. Dialogue with the sections of the federal government that form an important part of policy on tourism will also be stepped up to strengthen the network.

Source: *Tourism Strategy of the Swiss Confederation (2021)*, *OECD Tourism Trends and Policies 2020*



Some countries are exploring scope for strengthening cooperation between the areas of tourism and regional policy. **Austria** is currently running a pilot project which aims to provide advice to the ministries regarding their positioning and the role of the federal level at the interface of regional and tourism policy (Box 9).



Box 9: Pilot project on the interfaces between tourism and regional policy, Austria

The pilot project on tourism is part of the initiative GoRegion, which runs from April 2022 until February 2023 and explores options for the regional level to engage in regional policy making. The field of tourism has been chosen as a pilot theme and the work is funded by both the regional policy and tourism departments, with some additional support provided by the Austrian research platform dafne.at.

The pilot on tourism is an experimental project about interfaces between regional policy and tourism. It follows up on the findings of another [project](#), implemented by ÖROK (the Austrian Conference for Spatial Planning) for the Department for Coordination, Regional Policy and Spatial Planning in 2019-20, which aimed to identify ways in which regions can be empowered to contribute to a sustainable spatial development.⁷⁹ The timing of the study coincided with: i) the institutional changes that meant that tourism became part of the same ministry as regional policy; and ii) the pandemic, which affected tourism very significantly. This resulted in the department for tourism being interested in cooperation, as all actors recognised the potential synergies between the two policy fields.

The pilot project is a mixed consultancy and research project, pursuing two objectives:

- a) taking the example of tourism to show at the level of the regions where there are potentials for cooperation and synergies between the policy areas that can be supported by the federal level; and
- b) providing practical tools as part of an 'agile project management' approach.⁸⁰

The project includes three 'sprints', i.e. short work packages. The first of these will run on 26-28 September 2022, resulting in a still to be defined product. One possible output could be a regional dashboard, providing regional-level data.⁸¹

Source: EorPA fieldwork 2022

Another governance priority is to ensure the involvement of civil society in developing and implementing tourism support measures in order to take into account the needs of the local communities, minimise the negative (social, economic, cultural, environmental) impacts of tourism for the local population, and guarantee that tourism activity creates opportunities for local businesses and generates socio-economic benefits for the communities.

Top-down approaches to implementing tourism policies, not taking account of community priorities and specificities, 'dovetailing with the aspirations of local inhabitants' and failing to engage in a meaningful community participatory process, have emerged as an issue on the way of more balanced and inclusive support measures – contradicting the aims of long-term, sustainable tourism planning.⁸² In this context, there are calls for greater community engagement, and debates are promoted on how communities can reclaim voice to help build sustainable models of tourism in a (post-)COVID-19 world.

Across EorPA Member countries, consultation and engagement with civil society is prominent in the development and implementation of tourism strategies and plans in e.g. Nordic countries.





In **Sweden**, a particular focus is given to the need to develop tourism in collaboration with the local population, including minority groups, e.g. Sami in the north, along with all other relevant public and private actors.



In **Norway**, the community focus is coming through as an important element of responses to the COVID crisis and sustainability. Engaging and providing power to the local community and stakeholders with regard to planning, decision-making and the development of local tourism is among the key principles of sustainable tourism, at the core of the new tourism strategy. In practice, community-based planning and management of tourism has become an increasingly important part of developing local visitor management measures, particularly linked to the growth of nature-based tourism.

5 CONCLUSIONS AND FUTURE OUTLOOK

Tourism has long been recognised to have the capacity to bring considerable benefits to regional development through its contribution to economic, social and environmental objectives. At the same time, it has been apparent that unplanned and unbalanced tourism growth can lead to unsustainable patterns and practices, creating negative pressures on the regional economies, society and environment, and often affecting disproportionately more vulnerable (e.g. remote, peripheral, rural) territories. In this context, over time, there have been increasing calls for the re-orientation of tourism activities towards more sustainable and resilient development models that would retain and enhance the economic and social advantages of tourism while mitigating and reducing any undesirable impacts for regions and communities.

The COVID-19 pandemic, apart from creating immediate shocks for tourism regions e.g. by leading to the shut-down of business activities and employment losses, has drawn attention to the unsustainable nature of tourism development across many European regions, and highlighted the urgency of re-thinking the approach to policy support for the sector. In this context, a focus on sustainable transitions is being strengthened in tourism strategic and operational frameworks across countries and regions.

Regional policies have a strong potential and role in supporting sustainable tourism transitions:

- In many countries, regional policy has long played an important role in supporting tourism and different dimensions of sustainability. Tourism activities have a strong territorial dimension, and regional policy is well positioned to provide place-based solutions to the territorially differentiated challenges, including around tourism sustainability, and respond to the regionally-heterogeneous impacts of the pandemic.
- Across Europe, key strategic frameworks for regional policy have been increasingly integrating elements that are seen crucial for sustainability transitions across various sectors – including through a greater focus on supporting green and digital transition, and promoting sustainable regional development in line with the UN SDGs, taking into account economic, social and environmental dimensions of sustainability. This makes regional policy well placed to support more sustainable approaches to tourism development across European regions.



- There are important cross-overs between tourism and regional policy in dimensions such as governance structures, strategic frameworks and operational measures. A strengthened focus on sustainability objectives in either of these policy areas can support and amplify a stronger sustainability commitment in the other, which can help maximise the effect of policies on the ground.
- There are clear indications that tourism behaviour and preferences are changing as a result of the COVID crisis. In this context, there is potential for regional policy to support territories in grasping new opportunities presented by these changes for boosting or re-starting tourism and increasing economic resilience, based on more sustainable and eco-friendly models. Examples include: promoting green and rural tourism based on a surge of interest in nature-related activities; tackling overcrowding and spreading the benefits of tourism more evenly across regions based on increased interest in new types of destinations; or supporting digital transition based on higher traveller demand for service personalisation and seamless/flexible communication.
- The tourism sector is highly diverse and faces particular challenges due to its multi-level and fragmented nature. At the same time, policy coordination and a cross-sectoral approach have been highlighted among the key conditions for success of measures supporting sustainable transitions in tourism regions. A 2022 study that evaluated the Coastal Communities Fund in England stressed strong partnership working, consultation with stakeholders at an early stage, and flexibility to fund 'eclectic' projects among the key features of successful projects with a strong economic impact. In this context, regional policy is well positioned to facilitate coherent and coordinated government responses to the complex challenges facing the sector, due to its cross-cutting nature and the potential to mobilise stakeholders at different territorial levels.

Despite these opportunities, there are also constraints to the capacity of regional policy to drive sustainable transitions in tourism.

- This paper has presented examples of regional policy support to different dimensions of tourism sustainability across European regions. However, such policy does not always have a prominent role and, in some countries and regions, it is limited or largely absent. For instance despite the importance of tourism for the Dutch economy, no funding is provided to this sector via the core regional development policies, notably the Mission-driven Top Sectors and Innovation policy and the National Growth Fund. In Germany, there is a wide variation between *Länder* in the extent to which structural policy is used to support tourism.

Lack of tourism priorities under the key regional policy support instruments and measures limits its potential to contribute to sustainable tourism transitions across territories. Greater recognition of regional policy's potential in supporting sustainable tourism as an engine for regional development, and in counteracting the negative impacts of unbalanced tourism development on regional economies and communities, could strengthen policy efforts around tourism sustainability. Incorporating tourism priorities as part of regional policy strategies, instruments and funding mechanisms can be an important way to support this.

- Despite the potential of regional policy to provide integrated and cross-sectoral responses to tourism challenges, **lack of governance mechanisms to ensure policy coordination remains a challenge**. The separation of the tourism and regional policy portfolios in the institutional structure, and other coordination issues (as seen e.g. in governance, strategies, or measures) are among the key barriers to achieving greater policy impact on the ground.





This calls for stronger horizontal and vertical coordination to ensure that policy responses to the complex and interrelated challenges of tourism, regional development and sustainability are coherent and comprehensive.

- Given the complexity of challenges around tourism sustainability, and the related fundamental shifts required across various dimensions (economic, social, environmental), the **objectives** that regional policy is called on to pursue **may be perceived as too broad or ambitious** (e.g. NL). This stresses the importance of the objectives to be realistic and manageable – and matching the response capacity of the territories concerned.
- The pandemic has driven fundamental changes in the tourism sector and travellers' behaviour across regions. At the same time, some of the trends are starting to slow down or reverse to the original patterns while for others, it remains to be seen whether the new developments will be maintained or reversed long-term (e.g. higher demand for nature-based/green tourism, drop in international travel and growth of domestic tourism, etc.). With tourism levels slowly returning to the pre-pandemic levels,⁸³ **the risks of returning to unsustainable practices remain high.**

In addition, **positive shifts in tourism behaviours and policies are constrained by future uncertainties** facing the development of the sector in the shorter and longer term. Uncertainties relating to potential new COVID waves, the consequences of the Ukrainian conflict, and rising energy prices and inflation are affecting the sector and the longer-term policy planning and readjustments. Among other things, they are putting pressure on national and regional budgets, make the sector cautious in terms of investment and hiring, limit the capacity to innovate and integrate new practices due to a limited predictability of future trends and behaviours, and require more time to meaningfully evaluate impacts and implications.

A 'restart' of the tourism sector is being hindered by these concerns. Moreover, sustainability transitions in tourism are constrained by the fact that shorter-term policy responses to crises often have limited concern for wider sustainability goals.

This highlights the role of regional policy as a long-term, structural policy that can help maintain a sustained focus on the sustainability objectives. At the same time, in order to be effective, it will be important for it to stay alert to any new trends in tourism development as well as wider societal challenges, and be flexible in adapting support accordingly.

The future role of regional policy in supporting sustainable transitions in tourism will thus largely depend on how the potential of cross-overs between tourism and regional policy will be explored, how policy coordination will be pursued, and how the balance will be struck between a long-term focus and commitment to sustainability and the flexibility required to respond to new challenges.

Notes

¹ Ministers and representatives of national tourism administrations of the Members of the Executive Council of the World Tourism Organization (UNWTO), 112th Session of the Executive Council of the



UNWTO, Tbilisi, Georgia, 16 September 2020: <https://www.unwto.org/actions-for-a-sustainable-recovery-of-tourism>

² Abbas J, Mubeen R, Iqbal P T, Raza S, Mamirkulova G (2021) Exploring the impact of COVID-19 on tourism: transformational potential and implications for a sustainable recovery of the travel and leisure industry. *Current Research in Behavioral Sciences*, Volume 2, November 2021, Article 100033

³ WTTC (2022) Travel & tourism economic impact 2022. Global trends, August 2022: <https://wttc.org/Portals/0/Documents/Reports/2022/EIR2022-Global%20Trends.pdf>

⁴ ECA (European Court of Auditors) (2021) Special Report 27/2021: EU Support to tourism. Need for a fresh strategic orientation and a better funding approach: <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=60287>

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¹⁵ <https://www.nau.ch/news/schweiz/berggebiete-fordern-revision-der-zweitwohnungsgesetzgebung-66128676>

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¹⁷ Bohlin et al (2016) op. cit.

¹⁸ Regiosuisse: <https://regiosuisse.ch/sites/default/files/2021-11/L2%20Faktenblatt%20NRP%20D3-1.pdf>





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- ²⁰ <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-interventions-outputs-and-indicators>
- ²¹ Nigohosyan et al. (2020) *op. cit.*; de Mercey L and Mouliou J (2020) Support to the tourism sector through cohesion policy in a short and medium term perspective, DG Regional and Urban Policy Webinar, 28 September 2020: https://www.enicbcmed.eu/sites/default/files/Documents/REGIO_Webinar%20tourism_Sept%202020.pdf; ESIF data on regional policy support to sustainable tourism: <https://cohesiondata.ec.europa.eu/stories/s/Regional-policy-support-to-tourism-actions/xqyn-i57a>
- ²² ECA (2021) *op. cit.*
- ²³ UNWTO: <https://www.unwto.org/tourism-data/unwto-tourism-dashboard> (Europe-wide); ECA (2021) *op. cit.* for EU countries only)
- ²⁴ WTTC (2022) Travel & tourism economic impact 2022. Global trends, August 2022
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- ²⁹ WTO (2020) Helping MSMEs navigate the COVID-19 crisis. 24 September 2020: https://www.wto.org/english/tratop_e/covid19_e/msmes_report_e.pdf
- ³⁰ Examples of sectors directly or indirectly affected by tourism or impacts on the tourism sector include e.g. transport (incl. land, water, air passenger transport); transport rental; accommodation; food and beverage service; culture, sports, recreation and entertainment; tour operators, travel agencies, reservation services, travel technology companies, among others.
- ³¹ Batista e Silva (2018) *op. cit.*
- ³² *Ibid.* Note: CH and NO were excluded from the analysis.
- ³³ Böhme et al. (2021) *op. cit.*
- ³⁴ *Ibid.*
- ³⁵ Other examples include e.g.: a) Batista e Silva (2018) *op. cit.*: Regional vulnerability to tourism index per NUTS 3, EU-28, 2016, based on (i) tourism intensity (the relative importance of tourism for a region; measured e.g. by the ratio between tourism demand and residential population) and (ii) tourism seasonality (fluctuation or variation of tourist inflows during the year in a given territory); b) Marques Santos et al. (2020) *op. cit.*: Regional vulnerability to tourism per NUTS 2 level, EU, 2016, similarly based on seasonality and tourism intensity; c) Böhme et al. (2021) *op. cit.*: Potential negative impacts of COVID19 lockdowns on tourism regions, 2021, based on indicators of: (i) sensitivity of regional tourism sectors (contribution of tourist arrival to total employment and GDP; origin of tourists; seasonality of tourism activities), and (ii) exposure of regional tourism sectors (stringency index; imposed domestic and international travel restrictions; COVID-19 infection rates at regional level).
- ³⁶ European Commission (2021) Cohesion in Europe towards 2050. Eighth report on economic, social and territorial cohesion. Based on Batista e Silva (2018) *op. cit.* and Marques Santos et al. (2020) *op. cit.* This vulnerability index takes into account the following indicators: tourism intensity (**nights spent per resident**); **tourism seasonality**; and **share of foreign tourists**.



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- ⁴⁰ <https://www.visitscotland.org/binaries/content/assets/dot-org/pdf/research-papers/coronavirus-insights/uk-market/visitor-experience-2021-summary.pdf>
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⁷⁹ The project recognised that the challenges facing society are complex and interrelated and that defined areas of administrative competence no longer automatically match the spatial and functional areas in which these interactions take place and need to be managed. It recognised that the 'region' has become an important spatial level in Austria's multi-level system and increased the importance of the cooperative interaction between state, economy and civil society in shaping future development. The results were published in October 2020

(https://www.oerok.gv.at/fileadmin/user_upload/O_ROK_SR_NR_208_2020_Reg_HE_online-Version.pdf) and fed into the programming process of the 2021-27 programme period of Cohesion and rural development policy. The study also laid out options for a possible Austrian platform for cooperation to strengthen the regional action level, working title 'Österreich Plattform'.

⁸⁰ Agile project management comes from software development and focusses much more on intermediate outputs rather than one final one. It develops smaller outputs/products at different points throughout the project that can already be used by the client.

⁸¹ There already similar examples in Austria: e.g. see Dataroom Vorarlberg (<https://dataroom.weavv.io>) and SORA in the regional management region Upper Styria East (<https://www.sora.at/nc/news-presse/archiv/news-einzelansicht/news/neues-image-fuer-die-obersteiermark-840.html>)

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⁸³ The year 2021 signalled the beginning of recovery for Europe's Travel & Tourism as its contribution to the economy rebounded by 28% – the fastest rate of recovery amongst all major regions. This strong growth was supported by a 23.9% rise in international visitor spending and a 34.2% rally in revenues from domestic tourists (WTTC (2022) *op. cit.*)



EoRPA RESEARCH

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Austria	Bundesministerium für Landwirtschaft, Regionen und Tourismus (Federal Ministry for Agriculture, Regions and Tourism), Vienna
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