

SUSTAINABLE INVESTMENT AND FINANCE IN TOURISM THE SIFT NETWORK

WHAT IS THE SIFT NETWORK ABOUT?

The **SUSTAINABLE INVESTMENT AND FINANCE IN TOURISM (SIFT) NETWORK** is a platform for investors, financiers, and destinations to share knowledge and encourage investments in tourism development that is financially, environmentally and socially sustainable.

The objective of SIFT is to establish mechanisms to channel tourism investment and financing into sustainable projects and away from unsustainable ones. This will be done by:

- Stimulating *best practices in tourism investment* by developing and sharing guidelines, benchmarking, and voluntary initiatives to mainstream sustainability in tourism investments and financing.
- *Matching the demand for sustainable tourism products in developing country destinations with available financial resources.* The network is not intended to create a new fund but to facilitate information exchange and coordination between existing funds, donors, investors, and developing country destinations.
- *Provide network members with practical research, capacity building, and action-oriented publications, as well as organizing workshops and events* (such as business opportunity forums, or joint venture workshops) that bring together investors, financiers, and others from around the globe.

WHY DO WE NEED THE SIFT NETWORK?

Investments in tourism represent almost 10% of the total investment value worldwide. In developing countries, such as in the Caribbean region, this figure could be as high as 50%. Moreover, there is a growing focus on tourism as a generator of foreign direct investment in developing countries. A recent United Nations Conference on Trade and Development (UNCTAD) study indicates that tourism is the number one priority and focus of the investment promotion agencies in most developing countries.

When done correctly, tourism investment can be an effective tool for generating sustainable economic returns, conserving environmental biodiversity, and creating employment opportunities for local communities. But many investors and developers, particularly those with a long-term perspective, are unclear about how to integrate sustainability in tourism investment decision-making.

Investors in all fields around the world are becoming more conscientious about the environmental and social sustainability of their investment choices – which affects long-term financial sustainability. In tourism, this is fueled, in part, by the recognition of the significant impact that issues such as climate change, biodiversity conservation, and social development can have on investment value. As a result, addressing environmental and social issues is now considered critical to the proper management of projects, portfolio management, and reputation risks, as the world moves towards a green economy.

The Sustainable Investment in Financing for Tourism (SIFT) Network will help private investors, financial institutions, and multilateral and bilateral donors to identify strategies to address the sustainability of the tourism development activities that they support: What substantive, voluntary criteria should investors apply to address sustainability? How should they implement them? And how do they assure compliance?

WHAT ARE THE EXPECTATIONS FROM SIFT?

By bringing together the expectations of private investors, the leveraged strength of the financing and donor community, and the needs of developing destinations, SIFT Network will hopefully lead to better

and more sustainable tourism development. Specific results from the establishment and operation of the SIFT Network include:

- Establishing common, voluntary criteria – based on the Global Sustainable Tourism Criteria (GSTC) – to encourage greater sustainability in private, public, and multilateral tourism investments;
- Intensifying the financing of tourism projects that are sustainable;
- Improving the capacity of developing destinations to obtain and monitor financing for sustainable tourism development;
- Sharing and disseminating knowledge about sustainable investment practices and monitoring.

HOW WILL THE NETWORK OPERATE?

The network will include three main groups of stakeholders:

- International organizations (IGOs), national and regional development agencies, and other donors
- Public and private banks, investors, and financing corporations
- Destinations from developing countries (represented by public authorities or official industry associations)

Currently, numerous organizations are working together as the coordinating group to facilitate the establishment of the SIFT Network in a participatory approach. These include, among others, the United Nations Environment Programme (UNEP), UN Foundation, World Bank Group, Global Environment Facility (GEF), World Tourism Organization (UNWTO), the Global Sustainable Tourism Alliance, and the French Ministry of Ecology, Energy, Sustainable Development and the Sea (as the chair of the International Task Force on Sustainable Tourism Development).

WHAT ARE THE NEXT STEPS FOR THE SIFT NETWORK ESTABLISHMENT?

The following activities are planned:

- A working paper has been developed to:
 - Review current challenges on financing sustainable tourism development;
 - Present case studies from the private sector, financial institutions, development agencies and countries;
 - Propose an organizational and functional structure of the network.
- A program of work and business plan for the SIFT Network is being developed with input gained from the final version of the working paper and in consultation with the network members.
- Outreach is being made to key sector investors and financial institutions to assess interest in SIFT.
- The SIFT Network will be launched in 2010
- SIFT will begin to operate to develop the tools and comply with its objectives.

HOW CAN I GET INVOLVED?

SIFT is seeking to determine interest among investors and financial institutions in participating in the SIFT Network and providing informal feedback on the SIFT concept, business plan, and proposed operations. They will then be invited to join as founding members of the SIFT Network.

If you are interested in participating in the establishment phase of the SIFT Network please send an email to Charles.Arden-Clarke@unep.org.

