Sustainable Investment & Finance in Tourism (SIFT) Network: Business Plan

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Executive Summary

The SIFT Network Concept and Objectives
Tourism development depends on the availability of investment and finance. All sectors and types of tourism can be developed following the principles of sustainability, which ensure the long-term viability of tourism development. Alternatively, they can be developed with a short-term view, damaging the natural, cultural, and social resources that make the destination attractive, and affecting the long-term financial sustainability of the investment. The goal of the Sustainable Investment and Financing in Tourism (SIFT) Network is to establish mechanisms to channel tourism investment and financing into sustainable projects and away from unsustainable ones. This core objective features three main areas of focus: 1) to develop principles and criteria for financing sustainable tourism projects and stimulate best practices in tourism investment, 2) to match the demand for sustainable tourism products in developing country destinations with available financial resources, and 3) to provide Network members with practical research, capacity building, and action-oriented publications.

Today, investments in the tourism sector represent almost 10% of total investment value worldwide, according to UNEP. In developing countries where tourism is the leading industry, this figure can be considerably higher; for example in the Caribbean, tourism investment is expected to be 22% of total investment for the region in 2009. Indeed, in many developing countries, tourism is a leading generator of foreign direct investment. A central objective of the SIFT Network is to harness existing tools, knowledge, and institutions that can direct this large flow of investment to sustainable tourism projects and development.

Stakeholders and Their Needs
The SIFT Network targets stakeholders who play a direct role in the financing, development, and operation of tourism projects. Primary private sector stakeholders include investment banks, funds, individual investors, developers, and tourism companies. Public sector stakeholders include the multilateral and bilateral assistance and development organizations, development NGOs, governments, and UN agencies. These play an important role in the allocation and distribution of financial capital for tourism projects. Together they play a direct role in how tourism projects are financed, built, operated, and regulated. Many of the other challenges of private-sector investment are directly related to or shared by the public sector and include a propensity to invest in what has worked in the past or is most familiar, investment in companies with an established track record, a confusing proliferation of ‘green’ certification programs, and a lack of adequate data or transparency. For both the public and private sectors, the primary barriers to investments in sustainable tourism are, on the one hand, the lack of a cohesive framework to facilitate investing and, on the other, a lack of universally accepted data and criteria that will allow for informed and rational investment decisions.

The triple bottom line value of sustainable tourism products has not been effectively promoted to both mainstream investors and those who are seeking opportunities to invest in sustainability and social responsibility. At the same time, there are developers and operators who want to incorporate sustainable practices and strategies, but lack access to required capital. The SIFT Network has the opportunity to clearly define sustainability as it relates to tourism investment and financing, build on the GSTC (Global Sustainable Tourism Criteria) sustainability criteria, organize the criteria in a meaningful way for the financial sector, and serve as a bridge
connecting finance and investment with tourism developers and operators who require capital for any type of tourism projects that adhere to criteria and conditions to make them sustainable. At the destination level, the SIFT Network can also help to strengthen and enhance efforts by developing country governments (both national and local), industry associations, and land-use planners to promote sustainable tourism development.

**Products and Services**

The SIFT Network will engage in a range of activities that promote the adoption of sustainability as a primary consideration for investments and financing in mainstream tourism development. The activities and products of the SIFT Network will target the primary stakeholders in the investment and finance of sustainable tourism, including private investors and banks, public institutions, developers and operators, and government agencies and organizations associated with specific destinations.

The SIFT Network will leverage existing organizations, resources and tools for promoting and implementing sustainability (both within the tourism industry and in other industries) and create its own tools and services designed to build capacity related to the finance of sustainable tourism within financial institutions, destination level organizations and tourism developers and operators. The Network will engage its members and external institutions and organizations to match financing with sustainable tourism projects, doing so with a variety of mechanisms. These include but are not limited to: outreach and networking; establishing an Internet-based platform to access data and resources; actively engaging the investment and finance community through presentations and workshops; establishing programs that will spur finance of sustainable tourism such as a pilot sustainable tourism investment fund; and producing materials such as practical research and educational publications for

**Operational Plan**

Over the course of the initial two and a half years, the SIFT Network’s operations will fall within three stages: Launch (anticipated by mid to late 2010 and preceded by fundraising, expansion of Coordinating Committee, and hiring of staff); Phase 1 (18 months to 2 years of operations), during which time the Network will be housed within UNEP, with small staff and funding provided by UNEP and other sources; and Phase 2 (a 6-month spin-off period) during which time the SIFT Network becomes an independently operating organization.

Phase 1 of SIFT Network operations will focus on the core activities that will most efficiently and effectively achieve the strategic objectives and position the Network as a primary resource and catalyst for channeling tourism investment and finance into sustainable projects. Phase 2 of the SIFT Network will continue to develop and expand on those products and services while also establishing the groundwork for the transition to organizational autonomy. This Phase will additionally identify new directions, activities, and products that will most effectively promote sustainable tourism investment and finance.

It is anticipated that the appropriate staffing and activities of the SIFT Network will result in a Year 1 budget of $350,000 to $410,000. Subsequent annual budgets will be determined based on experience gained from the launch and Phase 1 of operations.
1. Organizational Information: The SIFT Network

Strategic Objectives
The objective of SIFT is to establish mechanisms to channel tourism investment and financing into sustainable projects and away from unsustainable ones. Within that core objective are three interrelated focuses that will guide the work program of the SIFT Network and lead to practical applications and initiatives. The three focuses are:

- **Develop principles and criteria** for financing sustainable tourism projects and stimulate *best practices in tourism investment* by sharing guidelines, benchmarking, and voluntary initiatives to mainstream sustainability in tourism investments and financing.

- **Match 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**, in order to spur investment in sustainable tourism projects.

Key Functions
There are a number of approaches the SIFT Network will take in achieving strategic objectives and addressing the needs of the target markets with respect to making sustainability a major consideration for investments and financing in mainstream tourism development.

- **Capacity building & promoting sustainability standards (best practices in tourism investment):** The SIFT Network is intended to accelerate the adoption of sustainability within the mainstream tourism industry by working with key actors in finance, government, and industry to improve their capacities for mobilizing investment in sustainable tourism initiatives. This can be done through a combination of capacity building activities that include, but are not limited to: policy support, training, financier engagement, and potentially financing support through risk and cost-sharing incentives in conjunction with financing institutions and donors. In particular, capacity building efforts will target the developing world where tourism plays a large and increasing role and can have some of the greatest impact in terms of sustainability. Target areas include Africa, South and Central America, the Caribbean, and parts of Asia.

- **Promoting and maintaining connections between financial institutions, governments, developers and tourism operators (matching supply and demand):** The SIFT Network will foster the necessary connections within the finance and tourism industries, as well as government and other stakeholders in order to facilitate finance and investment in tourism initiatives that incorporate sustainability. Project developers and tourism operators together with representatives from the various sectors such as banks, investment firms, fund managers, government, international and bilateral development agencies, and global NGOs will be brought together under the SIFT Network to share experiences, create alliances, promote new financing initiatives, and build credibility in the finance sector and within financial institutions. Mechanisms for matching supply and
demand might include creation of relevant internet platforms and organizing workshops and events (such as business opportunity forums, or joint-venture workshops) that bring together investors, financiers, and others from around the globe.

- **Research & Tools Development (providing network members with relevant support):** The SIFT Network will build a portfolio of tools, guidelines, reports, and best practices that help financiers understand the opportunities for sustainable tourism investment and to determine the potential value, assess and manage the risks, improve deal origination, and lower the transaction costs of investments in the sector.iii


The activities and products of the SIFT Network will be targeted towards anyone directly involved in the capitalization and financing of tourism development and operations, with particular emphasis on tourism initiatives in developing nations. Additionally, project developers and tourism operators will benefit from the operation of the SIFT Network and its various offerings by helping them find a source of suitable investments. Overall, the approach of the SIFT Network is to fulfill a need for a one-stop shop designed to secure finance and investment for sustainable tourism development.

Specifically, the SIFT Network will help the mainstream financial industry engage with the tourism sector around development of sustainable accommodations and other projects. The Network will also assist with implementation of sustainability initiatives by informing and connecting investors, creating a universally understood and stable environment to catalyze investment flows. The Network will provide the tools and resources needed for informed and rational decision making and promoting approaches for reducing risk and uncertainty. The core strategic approach of the SIFT Network will be to work with financial institutions to move tourism finance markets towards sustainability.

**The Sector**

The stakeholders to be strategically targeted by the SIFT Network together comprise the target market and will most benefit from its activities, products and services. They can be divided into three main groups:

- **International organizations, national and regional development agencies, and other donors:** Because tourism is cross-sectorial, multilateral and bilateral development organizations use a variety of windows to finance tourism projects, with different sets of criteria depending on the window. While bilateral and multilateral donors have gone far in developing sustainable policies and guidelines that address UN Millennium Development Goals (MDGs), a challenge remains to harmonize a diverse set of policy tools that currently exist at a high level and span across sectors. The SIFT Network responds to these challenges and fills a mandate of the public sector for sustainable development and poverty alleviation, as put forth, for example in the Millenium
Development Goals (MDGs) and the Equator Principles, as well as in specific institutional criteria.

- **Public and private banks, investors, and financing corporations:** The private and public sectors are confronted with a number of similar challenges and barriers to investment in sustainable tourism projects and companies. The primary barriers they face are the need for a cohesive framework to facilitate investing, and universally accepted data and criteria that will allow for informed and rational investment decisions. Proliferation of certification programs, a tendency to invest in what has worked in the past or is most familiar, investment in companies with an established track record, and a lack of transparency present additional challenges. Within these market segments there are investors and financiers who are currently focused on tourism, for which the approach of the SIFT Network must be to promote the strategic value of sustainability within the tourism industry. At the same time, there is a significant segment of investors and financiers who are not currently focused on tourism but are committed to using their resources to promote sustainability in other manners and industries. The SIFT Network will target both of these groups with the same message and tools, promoting the opportunity for profitable investment based on mainstreaming sustainability in the tourism industry.

- **Enterprises and destinations in developing countries seeking investments for sustainable tourism development:** Governments are seeking ways to incorporate sustainability and “green growth” in their public sector tourism policies and projects. They need tools and support that can be provided by the SIFT Network in order to effectively implement policies and incentives that will encourage sustainable tourism development. The SIFT network can address lack of awareness and capacity of local governments with respect to the overall drivers, key players, and effective pressure points for sustainable trade and investment. At the same time it can highlight the short- and long-term benefits to the destination and region that can result from the integration of sustainability into their respective tourism industries.

**The Market**

The organizations and individuals that make up the target market of investors and financiers must be presented with clear and compelling reasons to justify why they should focus on investment in and finance of sustainability within the tourism sector. They must also be made aware of the companies and projects that are implementing sustainable initiatives within the tourism sector so that they can direct their funding to those projects. Furthermore, an appreciation for the power that funders and public authorities wield in terms of mandating sustainability within the projects they capitalize, finance, and approve should be fostered. These actions will be leveraged through the requirement or recommendation that sustainability standards are met and desirable strategies implemented within development projects. At the same time, developers and operators must be convinced that sustainability offers increased or more attractive funding opportunities. In reaching out and engaging with the target market, the SIFT Network will provide the data and analyses that effectively present the benefits of integrating sustainability into mainstream tourism from a variety of perspectives.
There are a series of specific challenges and needs to be met within the market, the most critical of which can be addressed by the SIFT Network. These are best understood when evaluated by the most general market segments - the private and public sectors:

<table>
<thead>
<tr>
<th>Private Sector Needs &amp; Challenges</th>
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<tr>
<td>• Integration of sustainability as a relevant factor for tourism investors</td>
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<td>• Delivering projects and investments on smaller scales</td>
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<td>• Demonstration of positive influence of sustainability on tourism sector return on investment</td>
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<td>• Lack of transparency in claimed sustainable development</td>
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<td>• Lack of knowledge and acceptance of standard criteria or guidelines</td>
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<td>• Lack of developer incentives for adopting sustainable criteria</td>
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<td>• Need to respond to consumer demand</td>
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<td>• Investment focus on established companies, developers and providers</td>
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<table>
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<tr>
<th>Public Sector Needs &amp; Challenges</th>
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</thead>
<tbody>
<tr>
<td>• Lack of awareness and capacity</td>
</tr>
<tr>
<td>• Lack of inter-donor coordination</td>
</tr>
<tr>
<td>• Effective integration of environmental, social, and governance issues</td>
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<tr>
<td>• Fragmentation of the tourism industry</td>
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<tr>
<td>• Capacity to drive innovation</td>
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<tr>
<td>• Lack of policies and guidelines</td>
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<td>• Lack of information</td>
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**The Competition**

No direct competition exists for the SIFT Network. The challenge for the SIFT Network is to effectively coordinate with other organizations and programs that are engaged in related activities that may overlap in part with the objectives or activities of the Network. These groups are not viewed as competition, but rather as resources that can be leveraged to make the SIFT Network more effective and to jointly achieve broader goals shared across organizations. In a more general sense, competition for the SIFT Network can be viewed as the status quo, specifically the manner in which tourism development projects are funded today. The SIFT Network must foster and promote methodologies that relate to sustainability within the tourism sector and that will ultimately replace existing methodologies and strategies for tourism investment and financing that are inherently unsustainable.

**3. Products, Activities and Services**

The SIFT Network will engage in a range of activities that promote the adoption of sustainability as a primary consideration for investments and financing in mainstream tourism development.
These activities will respond directly to the needs of stakeholders and result in an effective framework for the investment community, governments, development agencies, international organizations, tourism project developers and owners to operate within. And, more fundamentally, the SIFT Network will enhance sustainability in financing and investing in tourism development. The activities and products of the SIFT Network will target stakeholders both broadly and in response to their specific needs:

- **Private investors and banks**: Investors and bankers need to see the value in sustainable tourism, both from the perspective of return on investment and of positive environmental, social, and economic impacts. Although there is demonstrated demand within the investment community for sustainable products, the case has not been made to those investors that sustainable tourism can have positive impacts and the opportunity for returns in the same way as other sectors such as Clean Energy. To date, the value of sustainable tourism has not been effectively promoted to investors who are seeking opportunities to invest in sustainability and social responsibility. The SIFT Network’s activities will be responsible for that promotion.

- **Public Institutions**: The SIFT Network will help public institutions address sustainability issues in an organized way, harmonizing criteria by providing a framework for tourism across sectors; provide a forum for lessons learned, capacity building, technical assistance, education, and advocacy; and set standards and harmonize sustainability criteria for tourism to help multilateral/bilateral organizations to the extent possible.

- **Developers and Operators**: Activities targeting tourism developers and operators will provide them with an understanding of where tourism financing is available and what the criteria are. At the moment, tourism is financed through many channels and it is difficult for the private sector to navigate the many sustainability requirements of both public and private financial institutions that come under different headings (corporate social responsibility, climate change, poverty reduction, fair trade, etc.). Through the efforts, including the creation of online resources, workshops/forums and capacity building services of the SIFT Network, developers and operators that are seeking to adhere to sustainability criteria will be able to access the data and resources they need to understand the various criteria and strategies associated with sustainability. They will also be able to receive support through best practices and potentially training opportunities provided by the SIFT Network or related organizations in how to apply criteria and strategies in a way that is consistent with attracting the investment and financing they require. Activities will focus on large and moderately-scaled tourism initiatives, however smaller-scale developers and operators, and those that have innovative development models, will also benefit as they will be connected to a financial community that recognizes the need for such development and is willing to finance it through conventional and unconventional methods.

- **Destinations**: Governments, regional organizations, and trade associations are seeking ways to incorporate sustainability and “green growth” in their public sector tourism policies and projects. They need tools and support in order to effectively implement policies and incentives that will encourage sustainable tourism development. The SIFT Network will provide that support and the necessary tools.
Phase 1

Activities & Services

Following the launch will be a series of activities focused on establishing the Network, demonstrating its utility and ensuring it is an effective organization relative to its stated objectives:

- Determine optimal organizational structure for the SIFT Network as it becomes a stand-alone organization in Phase 2.
- Determine an immediate fundraising strategy and initiate a plan for future fundraising.
  - Consider fee for service consultancies, products and services that can be sold, membership dues, contributions from UNEP and other core institutional backers.
- Engage with the SIFT Network Coordinating Committee as well as representatives of other stakeholder organizations, including a survey of multilaterals/bilaterals, developing countries and private institutions, to determine initial areas of focus and activities of the Network within the model decided on by the Coordinating Committee.
- Establish an internet-based platform for communication within the SIFT Network

Upon establishment of the Network, operations will transition from internally focused to externally focused activities:

- **Coordinate and collaborate with TSC** to most effectively leverage complementary activities and establish mutually beneficial product and service strategies.
- **Build capacity within financial institutions (private and public sector), destination level organizations in developing nations (governments, regional agencies, trade associations) and tourism project developers and owners.**
  - Improve capacity of developing countries to obtain/monitor financing for sustainable tourism
  - Help businesses identify the appropriate certification programs & other services for sustainable tourism
  - Engage with financial institutions by assisting them in incorporating new types of finance into their product lines; assisting them in developing specific products for different tourism industry segments; building awareness and capacity; promoting innovative finance delivery channels; providing technical assistance to manage investment funds focused on sustainable tourism.
  - Help agencies, governments and businesses identify certification and other services that guide and validate sustainable tourism initiatives.
- **Establish criteria for lending/investment in sustainable tourism projects.** This could be based initially on the GSTC and the IDB’s Scorecard and refined & adjusted over time.
  - Note: the Network will not be directly involved with broader certification initiatives, as that is a primary role of complementary organizations and initiatives such as the TSC and IDB Scorecard.
• **Match sustainable tourism projects with financing**
  o Create a network of multilateral organizations, bilateral, developing country governments, private sector investment banks, developers and tourism businesses.
  o Enable financiers and investors to network and locate resources.
  o Match tourism projects that incorporate sustainability as a core objective with financing from the appropriate sources.
  o Foster B-to-B solutions to facilitate access for sustainable tourism products

• **Establish an internet-based platform for external communication and interaction**, focusing on: the creation of an accessible website that is used by Members and non-Members to find information and resources, make relevant connections and communicate effectively with other stakeholder.
  o Website development: initial focus in addition to establishing the framework for effective communications will be to gather case studies, reports, lessons learned, tools and other relevant documents to post to the site for immediate benefit to members.
  o Build an online directory of membership (financial institutions, multilateral and bilateral banks, governments, tour operators, etc), links to resources, complementary services, technologies, products, websites, organizations, companies, suppliers, etc. in order to connect demand with supply.

• **Seek strategic venues at which to make presentations and hold workshops** to provide a forum for lessons learned, capacity building, technical assistance, education, and advocacy and build interest and support for the SIFT Network and its mission/activities. May also consider organization or co-sponsor of conferences with other events to achieve maximum exposure, generate interest, attract Network members and maintain momentum.

• **Implement marketing plan**: Continue networking and partnership building, by widening the network, it should be possible to attract corporate sponsorship, intergovernmental funding, national funding, and even regional contributions.

• **Facilitate a pilot sustainable tourism investment fund program** by working with financial institutions, banks, and donor organizations to identify and finance 1-3 demonstration projects. This will engage the investment and financial communities and provide real world examples of the projects and initiatives the SIFT Network is encouraging and for which it is attempting to establish consistent mechanisms for funding, as well as lessons learned from the process.

• **Produce practical research & how-to, educational publications**
  o Review existing tools that support sustainable investments and finance in the tourism sector, through research, networking, meetings and conferences
  o Develop relevant publications

• **Promote sustainable tourism businesses to industry and consumers**

• **Present the role of multilateral and bilateral organizations in a manner that is more transparent to the private sector.**

 Products

• **An internet-based platform** for sustainable finance and investment in the tourism sector, including; a virtual market place and online resource center linking to
complimentary services, technologies, products, websites, organizations, etc., online discussion forum or similar communication platform, and networking capabilities

- **Criteria for lending/investment in sustainable tourism projects**
- **Information tools and documents/publications** based on primary and secondary research. These may include case studies, feasibility studies, how-to and educational publications, industry analyses sustainability techniques and strategies, and lessons learned.
- Sustainable tourism **workshops and events**, (specific events and schedule to be determined during Launch Phase and Phase 1 of SIFT Network)
- **Pilot sustainable tourism investment fund program**

### Phase 2

**Activities & Services**

- **Harmonize existing sustainability criteria and establish specific criteria for lending and investment related to sustainable tourism.**
  - Build on existing sustainable criteria (TSC, MDGs, IDB’s Sustainability Scorecard, Equator Principles) and support the further definition and organization of those criteria and standards.
  - Develop and share voluntary guidelines, based on GSTC, ISEAL and other relevant criteria.
- **Develop the capacity of the SIFT Network to offer potential client services** such as training, capacity building, and technical assistance. Begin with evaluation of existing criteria and standards while considering the adoption of methodology used by TSC to incorporate a wide stakeholder approach.

**Products**

- **Voluntary guidelines**, based on GSTC and ISEAL
- Additional products will be developed based on stakeholder feedback and a greater understanding of the challenges and available solutions stemming from ongoing engagement and activities.

### 4. Management, Organization, and Ownership

**Organizational Overview**

The following are key structural components that span across, with some modifications, the various phases from: pre-launch to launch; initial 18 months; and two-year spin off:

**Staff**

The SIFT Network will have a small but professional staff, carefully chosen to fit the core needs of the Network during its first two years (details below). It is envisioned that the staff will grow over time as SIFT takes on more functions and raises more resources. During the first two years, the full time staff of three will be assisted by interns and, if linked to a university, graduate and post-doctoral students.
This small staff will be responsible for initiating and executing the activities of the SIFT Network. It is not expected that this dedicated staff will perform all activities and be fully responsible for the creation and delivery of all Network products and services, rather staff members will promote SIFT and engage with Network members to establish constructive partnerships for collaboration on the various projects and initiatives undertaken by the Network. The staff will oversee all SIFT-related projects and ensure that they remain focused on core objectives and adhere to pre-defined project scopes, schedules, and budgets.

**Relationship with UNEP**

The United Nations Environment Program (UNEP) has been the lead institution in creating the SIFT Network, and it will continue to play a key role over the next two years. The SIFT Network will reside initially within UNEP for an initial incubation period of 18 months. UNEP will provide; institutional support and direction, access to its networks and resources, and input on issues of strategy and implementation. The incubation period within UNEP should be used to demonstrate the utility of the SIFT Network and achieve wider awareness and buy-in.

**Coordinating Committee**

While within UNEP, the Network will be guided by the previously established Coordinating Committee. This committee will expanded to include private sector and government representatives. Currently, numerous organizations are working together as the coordinating group to facilitate the establishment of the SIFT Network. These include, among others, the United Nations Environment Programme (UNEP), the Tourism Sustainability Council (TSC), 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). This group will be updated to become the Coordinating Committee and expanded to include members of the private sector, such as tourism project developers and operators, and government representatives. The Coordinating Committee, led by UNEP, will decide on the model to be implemented by the SIFT Network and work directly with SIFT Network staff to guide ongoing strategy and activities.

The SIFT Network staff and Coordinating Committee may decide to organize working groups made up of Committee members to address specific topics to be determined, within the scope of SIFT’s strategic objectives and activities. This model has been shown to be effective by the Tourism Sustainability Council (see description of TSC and its relationship to SIFT below) and has greatly expanded its reach. This also ensures active participation and buy-in on SIFT Network activities by the Committee.

Once the SIFT Network moves outside UNEP, the role of the Coordinating Committee may change. For example, if SIFT becomes a stand-alone organization; it may be necessary to constitute a Board of Directors with legal and fiscal responsibility.

**Alignment with GSTC and TSC**

The SIFT Network staff will work closely with the Tourism Sustainability Council (TSC) to facilitate the most effective mechanisms for promoting sustainability in the investment and financing of mainstream tourism and to ensure that there is no unnecessary overlap or action at cross-purposes between the organizations. In promoting the development of the SIFT Network, UNEP
has indicated that this alignment is central to its activities and future success. The TSC and SIFT Network are both being launched in 2010 and share much in terms of their mission, functions and key participants and stakeholders, while differing in their specific objectives and activities (see chart below). Additionally, the Global Sustainable Tourism Criteria (GSTC), the fundamental guidelines of the TSC, will form the backbone of criteria utilized by SIFT to guide and facilitate lending for sustainable tourism initiatives and programs.

The GSTC are intended to be “the minimum standard that any tourism business should aspire to reach in order to protect and sustain the world’s natural and cultural resources while ensuring tourism meets its potential as a tool for poverty alleviation”. The TSC will establish standards based on the GSTC and procedures for the accreditation of sustainable tourism certification programs.

The SIFT Network will work closely with the TSC and establish ongoing communication and collaboration mechanisms to ensure that each organization’s efforts remain complementary, build off of one another, and do not duplicate effort. The SIFT Network plan would ideally have a representative on the TSC board to ensure that the organizations are moving in parallel directions and are effectively sharing resources to achieve core goals and objectives. The organizations may also share some tasks and functions, such as training or market-demand studies. The following comparison illustrates some of the key functions and tasks that should be coordinated between the two groups.

5. Phases of Operations

Operations of the SIFT Network will begin with the hiring of staff and a formal launch of the Network.

Timeline
Over the course of the initial two and a half years of the SIFT Network’s operations, it is envisioned that its growth and development will fall within three stages:

1. Launch – it is anticipated that the SIFT Network will formally launch by mid-2010.
2. Phase 1 – initial 18 months to 2 years of operations; Network housed within UNEP, with small staff and funding provided by UNEP and other sources.
3. Phase 2 – a 6-month spin-off period during which time the SIFT Network becomes an independently operating organization.

Launch
Prior to the official launch and associated launch event, the Coordinating Committee must approve the SIFT Network Business Plan. Additionally, UNEP will be responsible for taking the lead in securing funds; expanding the Coordinating Committee to incorporate relevant government and private-sector business representatives; and initiating the hiring process for SIFT Network staff (consider potential for GTA to assume these responsibilities until funds are obtained).
The formal launch of the Network will be marked by an official event to be held in a major city, enabling the widest range of participants. UNEP will encourage and facilitate the attendance of private sector, international agencies, and developing country government representatives. The event will promote the launch of the SIFT Network, describe its role and value to the finance and tourism industries, facilitate business participation, and begin the process of establishing connections and specific points of engagement between stakeholders that will be critical to the success of the Network. Specific publications required for launch will be determined upon formal establishment of SIFT Network by staff and Coordinating Committee.

**Phase 1: 18 months within UNEP**

Phase 1 begins the active operations of the SIFT Network, wherein the staff works closely with the Coordinating Committee to initiate the primary activities and fully establish the necessary relationships and lines of communication with collaborators such as the TSC and key stakeholders. Additionally, this phase will focus on development of the core platforms for communication and information exchange between stakeholders that will facilitate investment and financing of sustainable projects within the mainstream tourism industry. The main components of this phase include:

- Housed within and funded by UNEP and other sources at UNEP’s Paris office
- Small dedicated staff
- Aligned with GSTC and TSC
- Discrete set of tasks/activities

**Staff**

The SIFT Network staff will initially include one (1) full time staff person and an additional full- or part-time staff person, supported by a part-time administrative assistant. The staff will rely heavily on a virtual network of collaborators from within the Coordinating Committee organizations and active Network members to achieve strategic objectives and produce required deliverables.

The core annual budget would cover the following staff:

- One SIFT Network Director – the Director will work with the Coordinating Committee to determine appropriate development strategies and be responsible for the SIFT carrying out the activities and tasks required to achieve the objectives associated with agreed upon strategies. The primary focus of the Director will be to actively engage the finance and tourism industries as well as governments of developing nations and development agencies, promoting the value of the SIFT Network and working to bring them into the Network as active participants.
- One full or part-time Project Manager – the Project Manager will be responsible for set-up and coordination of the Network’s membership, management of the website and related communication platforms, and coordination and execution (individually or with collaborators from Network members and collaborating organizations) of the Network’s regular activities.
- One part-time Administrative Assistant – the Administrative Assistant will be responsible for supporting the Director and Project Manager and coordinating logistics associated with Network activities.
Additionally, the SIFT Network will require external web development support to build the website and internet platforms required for effective operations of the SIFT Network.

**Phase 2: 18 months to 2 years**

In Phase 2, the SIFT Network becomes an autonomous or semi-autonomous institution. During Phase 1 of operations, the SIFT staff and Coordinating Committee will assess potential organizational models (using the SIFT Network Concept Paper, lessons from the TSC, and other sources) and determine which is most appropriate and feasible for the SIFT Network. Following is a presentation of potential and recommended models for consideration:

1. **Alignment with UNEP** as a Collaborating Center—there is a range of Collaborating Center models (refer to the SIFT Network Concept Paper, UNEP-FI, and SEFI for additional information on potential models) that could be applicable to operation of the SIFT Network. SIFT staff and the Coordinating Committee would work closely to determine which model would be most appropriate, such as a Host Institution that could act as the designated fiscal, contractual, and administrative agent on behalf of the organization. In this capacity it would be responsible for the planning, budgeting, and administrative management to support the operations of the Centre and the systems and services it provides.

   The benefits of this model include continuing support and leadership from UNEP and the prestige of connection with a UN agency. One challenge would be that the organization will still need to find a home and determine a legal structure. For instance, does SIFT Coordinating Committee become an official board of directors with fiscal and legal responsibilities?

2. **Alignment with a university and business school**—in this model, the SIFT Network would move from within UNEP to become formally aligned and housed within a university. One possible candidate at this time is Stanford University’s Graduate School of Business, in conjunction with an associated NGO.

   The benefits of an alignment with Stanford include prestige, free graduate and post-doctoral researchers, a large pool of professors with relevant experience and expertise that could be tapped. The potential challenge of this approach is the need to explore legal and financial arrangements of affiliation with the university selected.

3. **Alignment with TSC**—the SIFT Network could move beyond a less formal collaborative relationship with TSC and establish a model in which SIFT is formally housed within or overseen by TSC.

   The benefits of alignment with TSC begin with the considerable overlap in activities, as well as mission and the ability to share resources. With TSC being a standard setting organization, it can assume those functions and clear overlap can be seen in the areas of education and training and market access.

4. **Stand-alone organization**—the SIFT Network may also consider the possibility of becoming a fully independent organization. In this model, SIFT would formally operate independently.
with a board of directors and responsibility for funding, derived from fees for service, membership fees, and donor contributions. It would however, maintain strong relationships with organizations such as UNEP and TSC to ensure that it operates effectively within the larger parameters of the goals set forth by those organizations, relative to its core mission.

The largest problem associated with this structure is the loss of a formal relationship with UNEP and the support that is offered within that. This model would require a well-developed membership network that includes key stakeholders who are committed to supporting SIFT and its goals and objectives, as well as a strong board of directors that possesses the experience and relationships to effectively guide the organization and maintain its connection to relevant organizations such as UNEP.

For each of these models, the functions and activities, funding sources (including possible membership driven organization), continuing UNEP support, fee for service consulting activities, and size of staff would be largely the same.

In Phase 2, the SIFT Network staff will expand modestly to three (3) or four (4) full-time people. In addition to the existing Director and Project Manager, the staff might expand to include the following positions:

- **Web and media expert** – this person would strengthen the Network’s ability to effectively utilize the Web and other media forms for communication with Network members and other stakeholders, organize and disseminate information and tools/resources offered by the Network and market the organization.
- **Office Manager or full-time Administrative Assistant** – this person would effectively support the SIFT Network staff and manage logistics associated with the organizations operations.

**Revenue Generating Activities**

Staff and members of the Coordinating Council will work with potential clients to establish revenue generating products and services to be offered by the SIFT Network. Upon determination of those that are most desirable to the market, they will begin to be formally offered. Offerings will be formulated based on a strategic revenue generation and growth plan developed by SIFT Network staff. Products and services offered to clients are intended to remain within the strategic objectives and approach of the Network and facilitate investment in mainstream tourism initiatives incorporating sustainability as a key consideration or driving force.

Stakeholders identified previously will form the target market for clients that will consume SIFT Network products and services, including:

- International organizations
- Development agencies
- Banks, investors, financing corporations
  - Providing advisory services, background and specific data/information, criteria, etc. for the creation and management of sustainable tourism funds/investment portfolios
- Governments
Providing advisory services related to the implementation of programs and policies around sustainable tourism that encourage investment from public and private sources
Capacity building programs
Workshop/event facilitation for host country to promote and facilitate investment in sustainable tourism opportunities within that country

6. Financial Projections

UNEP will be responsible for raising funds to support the SIFT Network while it is incubated and operated within UNEP. Envisioned size and cost are as follows:

**Staff:**
- 1 full time staff person (Director), with benefits - $160,000/year
- 1 full or part time staff person (Project Manager) - $60,000 - $120,000/year
- Part time Administrative Assistant (50% of time) - $50,000/year

**Overhead:**
- Rent and office equipment/supplies - $10,000/year

**Travel:**
- 6 trips minimum anticipated - $25,000/year

**Launch of SIFT:**
- Event to be held in major city - $20,000
- UNEP funds can be used to bring NGOs and developing country government officials, not private sector.

**Web development:**
- Build SIFT Network website - $25,000

*Total estimated Year 1 budget = $350,000 - $410,000*

Subsequent funding for ongoing operations and expansion will be secured based on a funding plan created by SIFT Network staff and UNEP.

Possible ideas for funding include:
- Ongoing but lower level of support from UNEP and perhaps other institutions (UNWTO, UNF)
- Membership -- for public institutions, private sector and governments. Is this feasible?? It largely depends on SIFT proving its value within the first year.
- Fee for service -- consulting, research studies, etc [we need to look back thru all the SIFT docs to pull out activities that could be income generating]

7. Risk Analysis

In order for the SIFT Network to be successful in achieving its core objectives, it must be adequately funded and execute the key activities and tasks that will allow it to gain acceptance within the investment and finance community. The Coordinating Committee and the Network staff once hired must leverage existing relationships and conduct outreach in a manner that will
ensure the participation of critical stakeholders such as large investment banks, lending institutions (public and private) and governmental organizations. If these stakeholders are not engaged and actively participating then the Network will not have the ability to reach and gain traction with the necessary institutions and organizations that possess the resources to finance sustainable tourism and generally shift the tourism industry towards sustainability.

Another risk factor to be considered is the ability of the SIFT Network to effectively coordinate with similar organizations and programs, existing and planned, to ensure that there is not unnecessary overlap of objectives, scope and activities. This would create confusion within the investment and finance community and prove detrimental to the adoption of investment and lending practices focused on sustainability within the tourism industry. Those institutions require clarity and an easy to follow path towards sustainable tourism products relative to the existing mainstream tourism investment opportunities. The SIFT Network is also reliant on the availability of quality information and data that is useful and compelling to investors and financiers relative to sustainable tourism projects. It is critical that the Network continuously monitor the availability and quality of products and resources, such as sustainability criteria, related to the promotion and adoption of sustainable tourism, and to contribute where necessary to the creation and expansion of those resources.

Further, if the SIFT Network successfully engages stakeholders but fails to produce relevant tools, guidance and matchmaking services that connect investors and financiers with appropriate sustainable tourism projects then those stakeholders will disengage and return their focus to conventional mainstream tourism opportunities.

There are significant risk factors associated with the launch and operation of the SIFT Network, however with effective planning, adequate funding, clear objectives and a well-executed scope of work the Network without question has the opportunity to have a profound impact on what tourism projects are capitalized and financed and to shift investment from conventional mainstream tourism to sustainable tourism projects.

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3 Language adapted from United Nations Environment Programme (UNEP) Centre on Sustainable Energy Finance (UC-SEF) Collaboration Centre 2-page document