



MODULE 7
FUNDING OF TOURISM
PRODUCTS, SERVICES AND
PROJECTS



CULTURAL TOURISM TRAINING COURSE MODULE 7 - FUNDING OF TOURISM PRODUCTS, SERVICES AND PROJECTS

This Training Module is part of the Cultural Tourism Training Course which has been developed within the Erasmus+ Strategic Partnership EUROPETOUR, a European initiative aimed at unlocking the economic potential of Europe's outstanding cultural treasures and empowering rural areas to harvest the potential of cultural tourism.

You can find more information at the homepage: <http://www.europetour.tips>

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Table of contents

Contents of the Module	4
Objectives	4
Overview on financing instruments	7
Internal funding.....	10
What are internal sources of finance?	10
Advantages of internal funding	11
External financing schemes	14
Financing the development of existing cultural tourism companies	15
Financing through European funds	20
European Fund for Strategic Investments.....	21
European Regional Development Fund.....	22
Cohesion Fund	24
European Agriculture Fund For Rural Development.....	25
Participation in European Programmes	27
LIFE	28
COSME	30
Creative Europe Programme	32
Erasmus+	34
Employment and Social Innovation (EaSI).....	36
Best Practice	38

39



Contents of the Module

This chapter will inform you about the various financing systems that are needed to secure the financial viability of your cultural touristic enterprise.

- Unit 1 Overview on financing instruments
- Unit 2 Internal funding
- Unit 3 External financing schemes
- Unit 4 Financing through European Funds
- Unit 5 Participation in European Programmes
- Unit 6 National funding programmes for cultural tourism

Objectives

So far you have learned that your cultural touristic activities always have an entrepreneurial dimension with several business aspects. One of the most important questions regarding the establishment of a business venture is the financing of the preparation and implementation phases. Results need to be developed for the tourism market, the entrepreneurial concept has to be defined, resources have to be structured, and the first steps towards business operations have to be taken. Several different advancement models and financing sources for such steps exist for the so-called Pre-Seed, Seed and the Start-up phases of entrepreneurial cultural tourism concepts. This module will introduce some of the relevant financing schemes and the unique features of the financing possibilities being available.

Before planning, implementing and operating your cultural tourism concept, alternatives for the successful financing of business operations have to be considered. Each individual financing option has to be discussed and consequently the various alternative actions an entrepreneur may take have to be addressed. Therefore, cultural tourism entrepreneurs need an overview on the different forms of financing, but also obtain on their own more detailed insights into the motivations and perspectives of potential capital providers. Consequently, this module has several objectives:

Firstly, we want to give an overview on the various financing schemes which are available. You will see that there are much more possibilities than conventional loans.

Secondly, we have compiled an overview of most important financing mechanisms in the countries of the partnership. You will find them in the various language versions.

Thirdly, we want to raise the awareness of the reader to the existence of European funding. We will summarize in an easily understandable and accessible form the various sources of funding that are



CULTURAL TOURISM TRAINING COURSE
MODULE 7 - FUNDING OF TOURISM PRODUCTS, SERVICES
AND PROJECTS

available in the European Union: and we will show that there are not only financing schemes available, but also various programmes in which tourism businesses can participate and receive funding. After exploring the “funding jungle”, we have selected the eight most important European Funds and Programmes that seem to be “exploitable” for cultural tourism in the rural area.

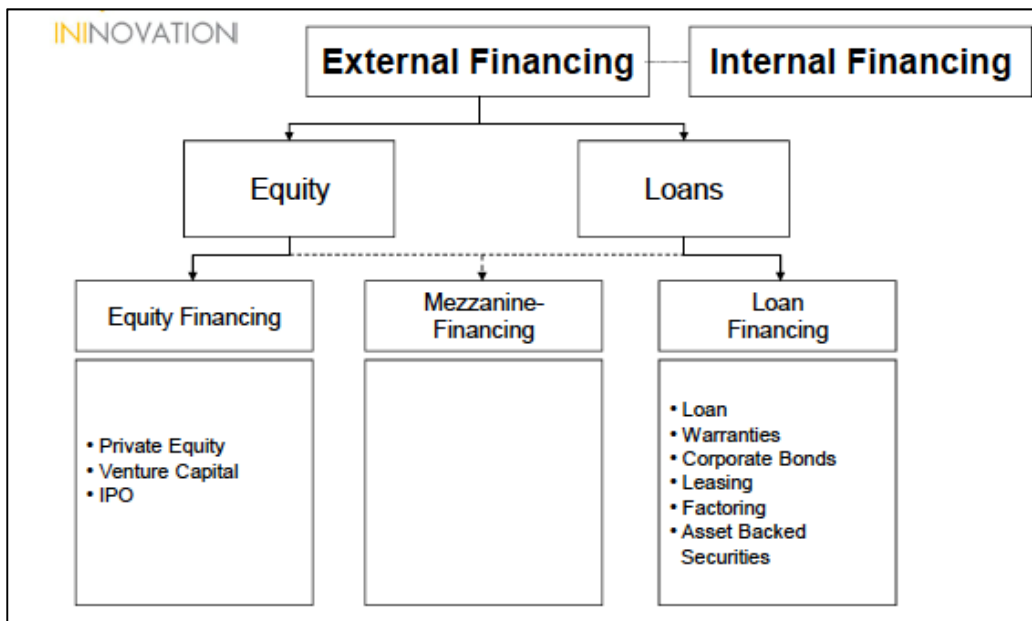


Unit 1

Overview on financing instruments

Overview on financing instruments

Ramping up a cultural tourism business needs funding, which can thus be from its own resources or it can be sourced from somewhere else. When a company sources the funding from its own sources i.e. from its own assets, from its own profits, we would call it an internal source of financing. When a company needs huge money and only internal sources are not enough, they go out and take loans from banks or other financial institutions. The following chart provides an overview on the different funding schemes in general:



If we do a quick comparison, we will realise that there are key differences between internal financing and external financing:

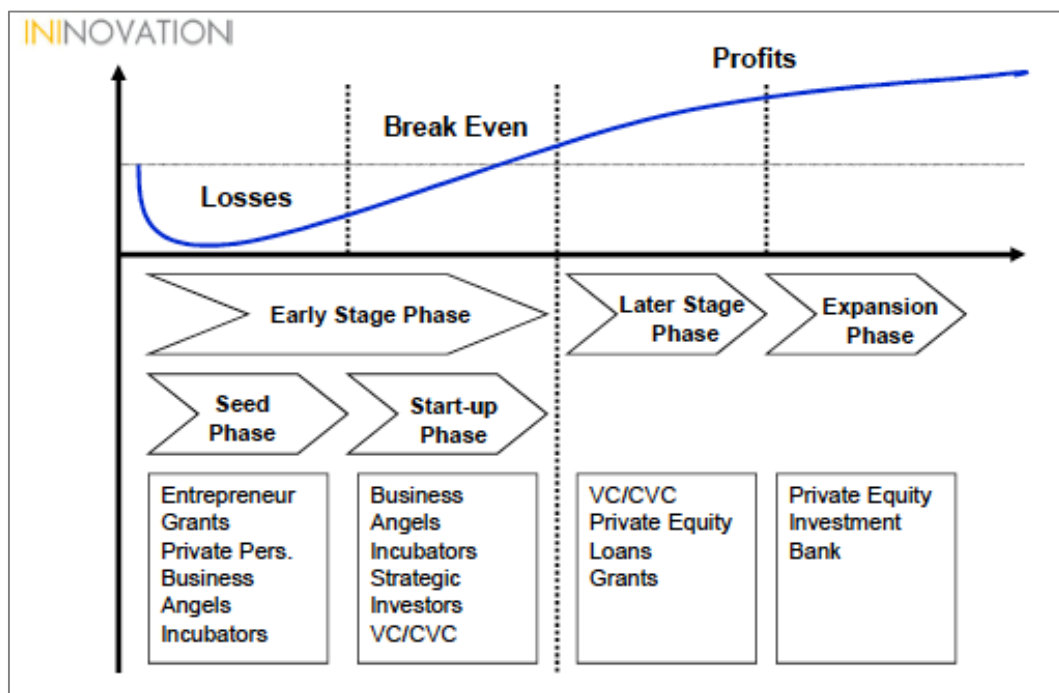
- Internal sources of finance are sources inside the business. External sources of finance, on the other hand, are sources outside the business.
- Companies look for funding internally when the fund requirement is quite low. In the case, external sources of financing the fund requirement are usually quite huge.
- When a company sources the funding internally, the cost of capital is pretty low. In the case of external sources of financing, the cost of capital is medium to high.
- Internal sources of funding don't require any collateral. But external sources of funding require collateral (or transfer of ownership).

Popular examples of internal and external sources of financing are illustrated below.

Internal and external sources of financing are both important, but the entrepreneur should know where to use what. And the entrepreneur should know, when to use what; or to be more specific: the

entrepreneur should be aware of the fact that not at every time of the life-cycle of the entrepreneurial concept all financing sources and funding schemes are properly available.

The „j-curve of entrepreneurial financing“ (which is in literature often also referred to as „hockey-stick curve“ describes the different phases of financing a business from starting it up to wards growing and sustainable operation. Each of these phases require a primary focus and the different financing sources and poses specific challenges accordingly.



As the chart above shows, the J-curve is used to illustrate the tendency of entrepreneurial financing to deliver negative returns in early years and investment gains in the outlying years. The chart also shows that in each and every of this growth path there are only specific funding instruments available as the business grows. In the early years, a number of factors contribute to negative returns including bootstrapping costs, marketing costs, salaries, management effort, basic equipment costs etc. Over time the operations will begin to experience unrealized gains followed eventually by events in which gains are realized and an expansion of the business can be accomplished by so-called „organic growth“, which means mainly out of own revenues and other internal funding schemes as laid out in the next chapter.



Unit 2

Internal funding



Preliminary Note

In the previous modules you have learned how to professionalise yourself in cultural tourism in order to generate income. You have familiarized yourself with the most important instruments and methods you need to do this. This is the sustainable way to make your cultural tourism enterprise fit for the future.

In this module you will learn a lot about financing instruments which are not easy to get and which are not necessarily sustainable. These instruments are at best a supplement to your entrepreneurial commitment for boosting developments. They will never be at the centre of your business if you want to organise your company sustainably. At first glance some of the instruments presented below might seem very far from your working reality as a cultural tourism enterprise. Believe us: It is not! If you want to position yourself professionally in the cultural tourism market, sooner or later you will have to deal with it, because this will become or is already part of your entrepreneurial strategy.

But don't be fooled by the wealth of possible financing instruments: These are tools for the development of your enterprise, not an end in itself. Your first objective as a cultural tourism entrepreneur will therefore always be to generate direct income from your business activities.

Internal funding

In order to grow your cultural touristic business, it is important to invest in it. This means that you need access to finance. Unfortunately, external sources of finance — sponsors, donators, lenders or investors — are often sceptical, especially in the case of smaller businesses. This can leave you to rely on internal sources of finance for investing in your business.

What are internal sources of finance?

Retained earnings

Retained earnings are an easy source of internal financing to use because they are liquid assets. Retained earnings are the portion of net income that you have retained in your business and not paid out. In a small business, retained earnings are usually paid out to the owners, who often do not draw a budgeted salary. Instead of paying out retained earnings, you can reinvest them into your cultural tourism project.

Current assets

Current assets consist of cash or anything that can easily be converted into cash. For example, if your business has stock holdings in other companies, you can sell them and use the income as a source of financing. You should be careful, however, not to decrease your current assets to levels less than your current liabilities, as this may prevent you from paying off your debts.



Fixed assets

Fixed assets are those that are not easily converted to cash. Typically, these assets include equipment, property and factories. Because these assets take time to convert to cash, they cannot be relied on for short-term access to finance. If you have the time, however, you could, e.g., sell off some equipment or even property to invest in your business.

Personal savings

Personal savings are the backbone of many small tourism businesses. If your business doesn't have the assets to finance your project, you may still have personal finances that you can contribute to the business. This provides an alternative to seeking external donors or loans and allows you to retain control over your business.

Free resources

Have you ever thought about the free resources which are available for you? They can be taken as internal financing as well although they might not look as financing at first sight. Voluntary contributions by supporters, networks and free information on any relevant matter might be that kind of resources. E.g. the chambers of commerce offer numerous free support measures which are resources you have free access to – just grab it!

Advantages of internal funding

Internal funding vs. bank financing

When you use company funds, you do not have to pay interest to the bank. You also do not have to go through the application process, which can be costly if you have to pay someone to prepare profit and loss statements, balance sheets and other documentation required by the bank.

Internal funding vs. selling stock

One way to raise money for your business projects is to sell stock to investors. This gives them part ownership of your business. Using internal funding offers the advantage of keeping control in the hands of the company's founders.

Internal funding vs. government grants

Especially in the tourism sector, your business may qualify for government grants under certain circumstances. However, the application process can be lengthy and expensive. The expense comes from preparing the documentation for these grants. You have to win the approval of the agency giving the grant, and this can involve many individuals and committees. With internal funding, you can start on your project immediately, with no approval required other than that of your management.



Internal funding vs. selling assets

Some businesses try to fund new expenditures by selling assets. This decreases the value of the company and can trigger transaction costs, as well as taxes. Internal funding keeps all assets in the company and incurs no additional expenses beyond the cost of the project itself.



Unit 3

External financing schemes



External financing schemes

Facing the need for a financing situation?

Your access to finance depends on how attractive your cultural tourism business looks to donors and financial institutions. Your capacity to plan and manage your financing needs and to develop a robust business proposal is a crucial issue; and this includes also knowledge of available financing options. Strategic business planning is essential to put in place the structures in order to respond to the financing needs of your business and to assure the viability of your business in an increasingly complex tourism environment.

All businesses need access to sufficient financing to grow. Even where you may not wish to invest, expand and grow your business, your cultural tourism enterprise will still need financing to support your day-to-day operation and to maintain your market position.

We must also take into consideration that many small cultural tourism enterprises, especially in rural areas, are managed by people who do not have an academic degree in business administration. The business of these “lifestyle entrepreneurs”, often young people, or people with a migrant background, or people working on a co-operative model, faces bigger challenges in accessing external financing. Their business proposals may not be well-founded or commercially robust. Banks are increasingly more reluctant to finance these entrepreneurs and other newcomers, but also their understanding of the tourism business may be limited and their financial management knowledge and skills may need support.

Collateral requirements of the banks for providing a loan have also an impact on the ability of cultural tourism businesses. This may become a major obstacle especially if you are a service provider with no or only few fixed or tangible assets. Banks generally look at real-estate based collateral when they assess your financing application, rather than your cash flow and your profit generating capability. Your service-based tourism business will usually face difficulties in assessing the market-value of your intangibles which will not be accepted as collateral. This means that your business will be significantly under-evaluated. The banks’ focus on real-estate based collateral is also a challenge if your property is already pledged to secure a loan.



Financing innovation and new cultural tourism enterprises

At the early stages of an idea or a product development process, your business is not yet economically viable or profitable. You are in a loss zone. Apart from your own capital, this phase is usually financed with funds from friends and family who decide, based on private information, whether or not to invest in your idea or project.

Public support will usually consist of different implementation subsidies, including interest rate subsidies, grants, or tax incentives. Please refer to Unit 2 which will list some of the national or regional subsidies that you might use. In Unit 3 and 4, you will find an overview on European Funds and European Programmes with Funding.

Finance instruments available for cultural tourism start ups

Private support

Private money (friends and family)
Business angels
Crowdfunding

Public support

Interest rate subsidies
Grants
Tax incentives

Financing the development of existing cultural tourism organisations

During the development stages of your cultural tourism business, it will gradually become economically viable. You will be able to access a larger variety of financing resources:

- credit loans
- crowdfunding opportunities
- venture capital firms
- private equity

which will help you to finance your day-to-day needs, or renovation and expansion activities.

If you are in a small business, then you will probably rely largely on internal and informal sources of financing, such as personal loans, overdraft facilities, credit card use, savings and working capital, when you have to fund your day-to-day operations.

Retained earnings are difficult to build up for small tourism enterprises as most earnings are immediately reinvested.



Finance instruments available for established cultural tourism companies and entrepreneurs

Private support

Standard bank loans
Asset-based finance
Private equity and venture capital
Crowdfunding
Mezzanine finance

Public support

Loan guarantees

Short-term bank loans are well suited for financing your marketing activities, new software and technologies, or for refreshing your products. Medium- and long-term bank loans are more appropriate for larger investment projects, including renovating or developing new facilities. Overdraft facilities are an important but expensive tool used by seasonal businesses to manage cash flow, particularly at the start of the season.

In any case, if you plan your cultural tourism business and have the business plan ready for external review, then it is highly recommended to discuss a financing opportunity with bank representatives. The purpose is not necessarily to receive a bank loan; moreover the banks offer a diverse set of start-up support, which may range from management support and consulting, to information flow to assess your concept without charges, to accessing local, regional networks up towards organisation of and participation in fairs.

If you have to rely on certain assets for your business operations (e.g. bicycles for excursion tours, or kitchen furniture if you are in the food services), you can borrow using the modality of asset-based finance. The rationale is similar: the asset is used as collateral for the loan. However, asset-based finance is not suitable for tourism producing only service-based intangibles.

Mezzanine financing is a hybrid of debt and equity financing that gives the lender the rights to convert to an ownership or equity interest in your business in case of default, after venture capital companies and other senior lenders are paid. Mezzanine financing is usually completed with a less strict evaluation process on the part of the lender and little or no collateral on the part of the borrower, is treated like equity on a company's balance sheet.



New financing approaches with greater participation of the private sector

While bank financing will continue to be crucial for most of the (cultural) tourism sector, in the last years a more diversified set of financing options has emerged which can help you to strengthen your capital structures and decrease your dependency on borrowing.

This chapter will focus your attention on the development of non-bank financing instruments such as asset-based finance and alternative debt systems.

Asset-based finance

Asset-based finance comprise leasing, asset-based lending, factoring, and purchase order finance.

Asset-based lending is any kind of lending secured by an asset. This means, if the loan is not repaid, the asset is taken. In this sense, a mortgage is an example of an asset-based loan. More commonly however, the phrase is used to describe lending to business and large corporations using assets not normally used in other loans. Typically, these loans are tied to inventory, accounts receivable, machinery and equipment.

Factoring is a financial transaction in which a business sells its accounts receivable (i.e. invoices) to a third party (called a factor) at a discount.

Purchase order financing is a funding option if your business needs cash to fill customer orders. Especially in tourism, periodical cash flow problems exist. There will be times where there is simply not enough money available to cover the costs of doing your business. As a result, there may be an order from a client that you are not able to fulfil due to a lack of cash. Having to turn the order down would not only mean loss of revenue, but also a loss of your reputation. If word gets around that you are turning away business because you can't afford to complete your job, customer trust will be diminished.

Alternative financing

Alternative debt mechanisms (e.g. crowdfunding, securitised debts, corporate or covered bonds) hold potential for your cultural tourism business. However, very often these innovative and alternative financing methods remain underdeveloped due in part to bureaucratic and regulatory constraints, but also because of a lack of knowledge and understanding.

The two most interesting mechanisms are peer-to-peer lending and equity crowd-funding. They are innovative financing approaches that can provide your business a simple, low-cost way to raise capital from public investors. These internet-based models provide an alternative source of financing for you, especially if you do not readily have access to financing through traditional means.



CULTURAL TOURISM TRAINING COURSE MODULE 7 - FUNDING OF TOURISM PRODUCTS, SERVICES AND PROJECTS

Peer-to-peer lending (also known as crowd-lending) is a form of debt crowdfunding. It matches people who want loans with people who are potentially willing to fund those loans. The matching is completed via an intermediary – a peer-to-peer lending service, typically provided online. Borrowers list the details of their request (the amount sought and the intended use) on a peer-to-peer lending website. Lenders browse the website to decide which loans to invest in.

Equity crowdfunding provides a means for investors from the "crowd" (or investing public) to invest in a project or firm in exchange for shares. You can offer "perks" or rewards (such as free holiday nights or discounts) in exchange for investment. You stipulate the amount you wish to raise from investors. Once this funding is utilised, any surplus (minus fees) becomes available to your firm for its use.

Crowdfunding is usually facilitated via an online equity crowdfunding intermediary and is most commonly used by newer firms at the earlier stages of their development. Legislative changes are opening up opportunities for projects to raise funds from many investors, each contributing small amounts of financing, while diminishing transaction costs as these investments are made online and through bank transfers. Another advantage of these finance techniques is that they enable the borrower to gather funds in a shorter time span than bank loans.

Although not yet much used in tourism, these models offer considerable potential as a source of capital for your cultural tourism business. This innovative finance technique creates a network of investors and spreads the financial risk. At the same time, these approaches are also serving the double purpose of providing finance and supporting local development: people invest in projects they care about and help local firms to create jobs.



Unit 4

Financing through European funds



Financing through European funds

Overview

The objective of this and the following unit is to summarize in an easily understandable and accessible form the various sources of funding that are available in the European Union. After exploring the “funding jungle”, we have identified eight European Funds and Programmes that seem so be “exploitable” for cultural tourism in the rural area: They are described in the Units 4 and 5 as follows:

Unit 4 lists European Funds that offer financing schemes. They are approached usually through national contact points and/or through national banks

- European Fund for Strategic Investments
- European Regional Development Fund
- Cohesion Fund
- European Agriculture Fund For Rural Development

Unit 5 lists some European Programmes that offer funding for organisations through participation in their project activities. Here, you must decide whether the priority of the programme coincides with your funding requirements

- LIFE
- COSME
- Creative Europe Programme
- Employment And Social Innovation

The various funds and programmes reflect the diversity of the tourism sector’s needs; and the range of EU thematic programmes that can consequently support it. The tourism sector gets support from various programmes, but gathering and digesting information about many programmes remains a challenge for hard-pressed private and public entities. We hope that this Module will make the overview easier. It focuses on the most important EU programmes for the tourism sector, around practical questions: type of tourism-related actions eligible for funding; who can apply; type and level of funding; and how to apply & when.

The period of funds and programmes covers the years 2014 to 2020. Consequently, the information contained in this Module will also be accurate only for this period. More precisely, the compilation took place in 2016/17 and we suggest readers to refer to the respective websites to obtain the most recent information.

Conceived as an entry point to specialised websites, this Module contains many internet links. Some of these links are fairly long and cryptic. Most of them have therefore been inserted as hyperlinks.

For brevity sake, the Module only covers what is indispensable to know for getting support. Therefore, it does not cover the following elements: references to the various acts underpinning a programme, starting with its financial regulation; its general governance; its actions targeting other sectors; its overall budget; changes in the budgetary allocation between programmes; etc. This generic information can be found through the hyperlinks.



European Fund for Strategic Investments

The European Fund for Strategic Investments (EFSI) is an initiative to help overcome the current investment gap in the EU by mobilising private financing for strategic investments. EFSI may support, among other things:

1. Strategic infrastructure including digital, transport and energy
2. Education, research, development and innovation
3. Expansion of renewable energy and resource efficiency
4. Support for smaller businesses

Type of tourism-related actions eligible for funding

Any type of useful transaction or investment for the development of legitimate (SMEs) activities. Everywhere in the EU, including cross-border projects (no geographic quotas). Such activities may for instance focus on:

- Travel infrastructures (regional airports, ports, ...)
- Energy efficiency of hotels and tourism resorts
- Revitalisation of former industrial areas for recreational purposes

Who can apply within the tourism sector?

All legal persons (any public body, company and in particular SMEs, research organisations, universities, non-governmental organisations, tourism clusters ...) via financial intermediaries.

How to apply and when

For loans or bank guarantees, apply to the financial intermediaries (e.g. commercial banks) supported by EFSI. Access to finance: <http://europa.eu/youreurope/business/funding-grants/access-to-finance/>



European Regional Development Fund

The European Regional Development Fund (ERDF) is one of the five "European Structural and Investment Funds". The ERDF aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. It may provide essential support to improve the competitiveness and quality of tourism at regional and local levels, notably in areas in (industrial / rural) decline or those undergoing urban regeneration.

ERDF support has 11 "thematic objectives and investment priorities" in line with the Europe 2020 policy priorities. The most relevant for the tourism sector probably are:

- Research and innovation
- Information and Communication Technologies
- Competitiveness of Small and Medium-Sized Enterprises
- Environmental protection and resource efficiency
- Education, skills and lifelong learning

Type of tourism-related actions eligible for funding

These programmes may for instance support:

- the development of tourism-related ICT products (apps, data mining, ...)
- the development of innovative tourism services, in particular in less favoured and peripheral regions with underdeveloped industrial structures and strongly dependent on tourism (new business models, exploitation of new ideas, ...)
- the development of high value added products and services in niche markets (health tourism, tourism for seniors, cultural and ecotourism, gastronomy tourism, sports tourism, etc.) by mobilising specific local resources and therefore contributing to smart regional specialisation
- clustering activities among different tourism industries as well as with creative industries, to diversify regional tourism products and extend the tourism season
- the protection, promotion and development of natural and cultural tourism assets and related services
- small-scale cultural and sustainable tourism infrastructure
- measures in favour of entrepreneurship, self-employment and business creation as well as the internationalisation of tourism SMEs and clusters
- vocational training, skills upgrading



Who can apply within the tourism sector?

All legal persons (any public body, company and in particular SMEs, research organisations, universities, non-governmental organisations, tourism clusters ...)

How to apply and when

Start by checking the ERDF Programmes available in your region and verify that your project meets the selection criteria and investment priorities. Follow the application procedures of the relevant managing authority. For loans or bank guarantees, apply to the financial intermediaries.

More information: http://ec.europa.eu/regional_policy/en/funding/erdf/



Cohesion Fund

The Cohesion Fund (CF) is one of the five "European Structural and Investment Funds". In order to reduce economic and social disparities and to promote sustainable development, the Cohesion Fund is aimed at Member States whose Gross National Income (GNI) per inhabitant is less than 90 % of the EU average.

Type of tourism-related actions eligible for funding

Depends on the needs of each Member State, as defined in their Operational Programmes.

Who can apply within the tourism sector?

All legal persons (any public body, company and in particular SMEs, research organisations, universities, non-governmental organisations, tourism clusters ...)

More information: http://ec.europa.eu/regional_policy/en/funding/cohesion-fund/

Type and level of funding

Grants. Level of funding defined in the calls prepared by Managing Authorities. Maximum co-financing rate of 85 %.



European Agriculture Fund For Rural Development

The "European Agriculture Fund for Rural Development" (EAFRD) aims, among other things, at promoting economic development in rural areas. Depending on the needs and choices of each Member State, support may be granted to:

- the development of non-agricultural SMEs in rural areas and engaged in sustainable & responsible tourism
- the restoration / upgrading of the cultural and natural heritage of villages and rural landscapes.

Type of tourism-related actions eligible for funding

Eligible actions are listed in the national and regional "Rural Development Programmes". They may fund:

- vocational training and skills acquisition actions (courses, workshops, coaching ... for instance on how to develop rural tourism), demonstration activities and information actions
- business start-up aid as well as investments for non-agricultural activities in rural areas (rural accommodation, shops, restaurants, guided tours, ...)
- drawing up and updating of plans for the development of municipalities and villages in rural areas
- investments for public use in recreational infrastructure, tourist information and small scale tourism infrastructure
- studies and investments associated with the maintenance, restoration and upgrading of the cultural and natural heritage of villages
- co-operation involving at least two entities (creation of clusters and networks; co-operation among small operators for the development and/or marketing of tourism services relating to rural tourism; ...)

Who can apply within the tourism sector?

Any natural or legal person active in rural areas (farmer, forestry company, SMEs operating in rural areas ...). The managing authorities for this Fund are listed on the websites of the Ministry for Agriculture in your country.

Type and level of funding

The EAFRD is providing grants, with a minimum contribution rate of 20 %. For co-operation actions, support is limited to maximum 7 years.



Unit 5

Participation in European Programmes



Participation in European Programmes

Overview

The objective of this unit is to list some European Programmes that offer funding for organisations through participation in their project activities. Usually, these Programmes do not offer funding for investments, but rather for staff training or the elaboration of products such as training concepts etc. E.g., the development of this marketing course has been funded by the Erasmus+ Programme, and the organisations who participated in this project benefitted through substantial funding of their staff costs. However, in these programmes you must decide whether the priority of the programme coincides with your funding requirements.

In this unit, we present an overview about the following programmes:

- LIFE
- COSME
- Creative Europe Programme
- Employment And Social Innovation

The period of these programmes covers the years 2014 to 2020. Consequently, the information of contained in this Module will also be accurate only for this period. However, since most of these programmes issue yearly priorities, we suggest to consult the latest calls to obtain the most recent information.



LIFE

LIFE is the financial instrument supporting environmental and nature conservation projects throughout the EU. The priority areas of its sub-programme for environment are:

- Environment and Resource Efficiency
- Nature and Biodiversity
- Environmental Governance and Information

Type of tourism-related actions eligible for funding

The most relevant actions are probably those envisaged under the so-called "Traditional Projects", which may take different forms:

- pilot projects assess the effectiveness of a method/approach that is new or has been used in a different (geographical, ecological, socio-economic) context; they compare its results with those produced by best practices, in order to determine if the method should be tested on a larger scale (i.e. in a demonstration project) and inform stakeholders;
- demonstration projects test and evaluate a method/approach that is new or has been used in a different context; they inform other stakeholders of the results and, where appropriate, encourage them to apply these methods / approaches;
- best practice projects apply appropriate, cost-effective and state-of-the-art techniques, methods and approaches taking into account the specific context of the project
- information, awareness and dissemination projects related to one of the priority areas.

If LIFE does not finance big infrastructure projects, it may support investment in "Green Infrastructure" through grants and loans/bank guarantees.

Who can apply within the tourism sector?

All legal entities (SMEs, NGOs, public authorities, ...)

Type and level of funding

Grants for "traditional projects". € 500.000 to 1,5 million, with a maximum co-funding rate of 60 %, except for projects targeting priority habitats & species (75 %).



CULTURAL TOURISM TRAINING COURSE MODULE 7 - FUNDING OF TOURISM PRODUCTS, SERVICES AND PROJECTS

How to apply and when

For Grants, go to the funding page of the LIFE programme. Except for "traditional" projects, applicants must use the application form provided in LIFE application packages (available on the same page) and submit them to the "Executive Agency for Small and Medium-sized Enterprises" (EASME). Proposals for "traditional" projects must be created and submitted via the eProposal tool. When preparing the proposal, applicants may consult the relevant LIFE National Contact Point in the Member States.

For loans or bank guarantees, apply to the financial intermediaries.

More information: <http://ec.europa.eu/environment/life/funding/life2014/index.htm>



COSME

COSME is the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (SMEs). It supports SMEs in four areas:

- facilitate access to finance for SMEs through the "Loan Guarantee Facility" and the "Equity Facility for Growth"
- improving access to markets (notably thanks to the services provided by the Enterprise Europe Network)
- improving framework conditions for the competitiveness and sustainability of Union enterprises, notably thanks to the Tourism Action Plan
- promoting entrepreneurship and entrepreneurial culture, notably thanks to the "Erasmus for young entrepreneurs" exchange scheme

COSME offers an own tourism targeted funding scheme which is most interesting in the context of cultural tourism in rural areas.

Type of tourism-related actions eligible for funding

TOURISM ACTION PLAN

Some of the Tourism Action Plan's objectives are pursued through calls for proposals and calls for tenders open to the tourism sector. These may concern, among other things:

- the development and/or promotion of sustainable transnational thematic tourism products (linked, for instance, European routes dedicated to specific aspects of our cultural and industrial heritage, cycling trails, eco-tourism, maritime and sub-aquatic areas, etc.).
- the development and/or promotion of niche products exploiting synergies between tourism and creative industries at European level (e.g. European Route around high-end products)
- transnational public and private partnerships developing tourism products targeting specific age groups (e.g. seniors and youth) to increase tourism flows between European countries during the low and medium seasons
- capacity building schemes for "accessible tourism" (i.e. to all, regardless of their physical limitations, disabilities or age) whereby destination managers, entrepreneurs, ..., can learn from experienced and successful 'accessible' operators, create synergies with other operators along the supply chain, explore new market opportunities and way to make business.

ERASMUS FOR YOUNG ENTREPRENEURS

This exchange scheme allows young entrepreneurs to spend 1 to 6 months with an experienced entrepreneur based in another European country and ready to act as a mentor. Young entrepreneurs and their hosts get to discover new European markets or business partners, different ways of doing business, and possibly decide to continue their collaboration on the longer-term (e.g. joint ventures, sub-contracting activities, contractor-supplier relationships). For young entrepreneurs, this action also eases the successful start of their business or strengthens their new enterprise. As for host entre-



CULTURAL TOURISM TRAINING COURSE MODULE 7 - FUNDING OF TOURISM PRODUCTS, SERVICES AND PROJECTS

preneurs, they benefit from fresh ideas from a motivated new entrepreneur who may have specialised skills or knowledge which complement yours.

This funding scheme can be most interesting for cultural tourism start-ups and entrepreneurs for validating innovative business ideas with experienced colleagues.

Who can apply within the tourism sector?

Access to finance: SMEs

Tourism action plan all legal persons (SMEs, NGOs, public authorities, ...)

Erasmus For Young Entrepreneurs: entrepreneurs

Type and level of funding

ACCESS TO FINANCE: Interventions (loans, guarantees, ...) supported by the Loan Guarantee Facility: duration of minimum 12 months and maximum 10 years; amount below or equal to € 150.000 for any type of SME, and above under specific conditions.

TOURISM ACTION PLAN: Grants for projects typically lasting 18 months, with an average EU contribution of € 250.000. Contracts for studies and analyses of variable duration and amount.

ERASMUS FOR YOUNG ENTREPRENEURS: Grants covering part of travel and subsistence costs during the visit. Depending on the country of stay, the monthly financial assistance ranges from € 560 to € 1.100

How to apply and when

For grants, information on calls for proposals and application procedures is available on the site of the Executive Agency for Small and Medium-sized Enterprises (EASME) managing COSME.

For loans, credit guarantees, equity or venture capital, use the access to EU finance search engine to find financial intermediaries located in your country.

For "Erasmus for young entrepreneurs" exchange scheme, application can be done online or via a contact point in your country of residence.

More information: <http://ec.europa.eu/growth/smes/cosme>



Creative Europe Programme

The Creative Europe programme helps cultural and creative organisations to operate transnationally, it supports the circulation of works of culture as well as the mobility of cultural players. It is made of three parts:

- the "Culture sub-programme" for cultural & creative sectors
- the "Media sub-programme" for the audio-visual industries
- the Cross-sectoral strand for joint projects between the cultural & creative sectors and the audio-visual industries.

For details on its structure & procedures, see Creative Europe website.

Type of tourism-related actions eligible for funding

TRANSNATIONAL COOPERATION PROJECTS

The "Culture sub-programme" funds transnational activities within and outside of the EU, aimed at developing, creating, producing, disseminating and preserving goods and services which embody cultural, artistic or other creative expressions. This encompasses activities to develop skills, competences and know-how, including how to adapt to digital technologies; to test new business and management models; to organise international cultural activities, such as touring events, exhibitions, exchanges and festivals; as well as to stimulate interest in, and improve access to, European cultural and creative works.

EUROPEAN NETWORKS

The "Culture sub-programme" supports European networks (i.e. structured groups of organisations) that strengthen the capacity of the cultural and creative sectors to operate transnationally and internationally, adapt to change and promote innovation.

CROSS-SECTORAL STRAND

The Cross-sectoral strand will facilitate loans to cultural & creative enterprises and organisations. It will also support transnational activities across the cultural, creative and audio-visual sectors, for instance to exchange experiences and know-how relating to new business and management models.



Who can apply within the tourism sector?

TRANSNATIONAL COOPERATION PROJECTS

All legal persons active in the cultural and creative sectors; they must have had a legal personality for at least 2 years on the date of the deadline for submission of applications.

EUROPEAN NETWORKS

Networks active in the cultural and creative sectors, consisting of at least 15 member organisations (legal persons) established in at least 10 participating countries; these European networks must have had a legal personality for at least 2 years on the date of the deadline for submission of applications.

Type and level of funding

TRANSNATIONAL COOPERATION PROJECTS: For "smaller scale cooperation projects" (max 48 months and implemented by a consortium of at least 3 partners from 3 different participating countries), grants up to € 200.000 representing maximum 60% of the eligible budget. For "larger scale cooperation projects" (max 48 months and implemented by a consortium of at least 6 partners from 6 different participating countries), grants up to € 2 million representing maximum 50% of the eligible budget.

EUROPEAN NETWORKS: Action grants awarded under a 3-year Framework Partnership Agreement, which shall not exceed € 250.000 per year. Maximum co-financing rate of 80% of total eligible costs.

CROSS-SECTORAL STRAND: A financial guarantee facility of up to €750 million has been established in 2016 to allow financial intermediaries lending more to these sectors.

How to apply and when

Information on calls for proposals and application procedures is available on the site of the Education, Audio-visual and Culture Executive Agency and via Creative Europe Desks.

https://ec.europa.eu/programmes/creative-europe/about_en



Erasmus+

"Erasmus+" aims to boost skills and employability, as well as modernising Education and Training.

In order to promote innovation and employability, the programme supports

- mobility projects for vocational education learners and staff
- cooperation between educational institutions, businesses, local and regional authorities and NGOs, mainly through
- Strategic Partnerships (for organisations from different economic sectors to develop and disseminate, among other things, innovative practices leading to high quality training or learning;
- Knowledge Alliances (to develop innovative and multidisciplinary approaches to teaching and learning; to stimulate entrepreneurship and entrepreneurial skills among teaching staff and workers) and
- Sector Skills Alliances (to design and deliver joint vocational training programmes and teaching / training methodologies, with particular focus on work-based learning, providing learners with the skills required by the labour market);

Type and level of funding

MOBILITY PROJECTS FOR VOCATIONAL EDUCATION AND TRAINING LEARNERS. Traineeships in any relevant workplace for apprentices and students in vocational training schools, from 2 weeks to 12 months (excl. travel) in any programme country. EU support for each trainee ranging from 18 to 112 € per day (depending on the hosting country living costs) and travel costs of up to 1.100 €.

STRATEGIC PARTNERSHIPS. Grants of maximum € 300.000 for Partnerships lasting 2 years and € 450.000 for Partnerships lasting 3 years.

KNOWLEDGE ALLIANCES. Grants of € 700.000 for a 2-year Alliance; € 1 million for a 3-year Alliance.

SECTOR SKILLS ALLIANCES. Grants of € 700.000 for a 2-year Alliance; € 1 million for a 3-year Alliance.

This EUROPE TOUR project is being financed as an Erasmus+ Strategic Partnership. It brought together ten organisations from eight European countries and has brought considerable benefits to all partners while all their activities have been financed through a grant. The most valuable outcome, apart from considerably increased marketing competences, is the network that has been established between the partners, and the potential for future collaboration.



How to apply and when

The Education, Audio-visual and Culture Executive Agency (EACEA) is responsible for the implementation of centralised Actions (Joint Master Degrees, Strategic Partnerships, Knowledge Alliances, Sector Skills Alliances and Sport actions). It publishes calls for proposals on its site. Applications are submitted online.

For actions that are not directly managed by EACEA (e.g. Mobility Projects and Strategic Partnerships), proposals must be submitted to the National Agency of the country in which the application organisation is established.

Who can apply within the tourism sector?

Mobility projects: All legal persons active in the labour market or in the fields of education & training (e.g. SMEs, chambers of commerce, trade unions, foundations, NGOs, ...).

Strategic partnerships / knowledge alliances / sector skills alliances:

All legal persons (e.g. higher education institutions, SMEs, chambers of commerce, trade unions, foundations, NGOs, cultural organisations, libraries, museums, ...)

More information: <http://ec.europa.eu/programmes/erasmus-plus/>



Employment and Social Innovation (EaSI)

The "Employment and Social Innovation" (EaSI) programme promotes a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty, and improving working conditions. It brings together:

- PROGRESS (Programme for Employment and Social Solidarity)
- EURES (European job mobility) and
- EaSI Guarantee Financial Instrument (dedicated to microfinance and social entrepreneurship finance)

For details on its structure & procedures, see <http://ec.europa.eu/social/main.jsp?catId=1081>.

Type of tourism-related actions eligible for funding

PROGRESS supports analytical work useful for policy-making, social innovation and social policy experimentation (i.e. testing innovative policies on a small scale and up-scaling the most successful ones, including with the European Social Fund support).

EURES supports workers' mobility and helps companies recruiting in another European country via targeted mobility schemes (e.g. "Your First EURES Job" for jobseekers between 18-30 years). Besides job matching and job placement support, these schemes may cover part of the SMEs costs of training newly-recruited workers and helping them settle in. They may also help job-seekers to pay for interview trip and/or moving abroad to take up a new job.

EaSI GUARANTEE FINANCIAL INSTRUMENT may be used to help the setting up or development of small businesses / social enterprises, including for investment, leasing, and working capital needs, as well as the acquisition of licenses and other start-up costs. Financing cannot be used to cover credit lines such as overdrafts or short-term revolving facilities.

Who can apply within the tourism sector?

PROGRESS

- Higher education institutions (Universities ...) and research institutes
- Public authorities - Employment services
- Social partners
- Experts in evaluation and in impact assessment



CULTURAL TOURISM TRAINING COURSE MODULE 7 - FUNDING OF TOURISM PRODUCTS, SERVICES AND PROJECTS

EURES

- Public authorities - Employment services
- Jobseekers (EU nationals and those legally living in an EU country)
- Enterprises - SMEs

EaSI Guarantee Financial Instrument

- Enterprises - Micro-entrepreneurs
- Individuals
- Enterprises - Social enterprises

Type and level of funding

PROGRESS: For grants, each call for proposals is setting a maximum level of funding. Budget available under calls for tender also varies.

EURES: For SMEs, a grant to cover part of the cost of training newly-recruited workers and helping them settle in (integration programme). For job-seekers, a flat-rate allowance (or lump-sum) to cover expenses incurred for interview trips and/or to settle in another country after s/he got the job.

EaSI Guarantee Financial Instrument: The microcredit providers supported by the instrument may offer direct or counter-guarantees, different forms of loans (max. 25.000 €) and equity investments. As for social enterprises, financial intermediaries provide loans and other financial instruments (max. €500.000 per social enterprise, on condition it is not listed on the stock market and with an annual turnover not exceeding €30 million.

How to apply and when

Click on the links for information on PROGRESS calls for proposals or calls for tender.

For benefiting from a worker mobility scheme, see “Your first EURES Job's guide”.

For microcredit and microloans, contact one of the microcredit providers in your country. Applications are reviewed on a continuous basis.

Access to Finance Good Practice Report



The [Directorate-General for Education and Culture \(European Commission\)](#) has published a good practice report to facilitate access to finance for the cultural and creative sectors. This report looks at the innovative instruments that can facilitate access to finance for the cultural and creative sectors. It gives an overview about the financial “ecosystem” which includes parts that are internal, e.g. companies’ financial situation, assets, skills, know-how, business plan, and goods or services; and parts that are external, e.g. finance providers and supporters, demand for the company’s goods or services, market dynamics and demand, and the regulatory and policy framework.

This report explains the typology of funding models and provides best practice examples, also for cultural tourism, for the various kinds of funding.



Link: <https://publications.europa.eu/en/publication-detail/-/publication/f433d9df-deaf-11e5-8fea-01aa75ed71a1>

Guide on EU Funding for the Tourism Sector



This Guide has been prepared to meet the demands of the diversity of the tourism sector's needs and the range of EU thematic programmes that can consequently support it. It helps gathering and digesting information about many programmes which is a challenge for hard-pressed private and public entities promoting tourism destinations or developing tourism services.

The Guide explains the various programmes (most of them are presented in units 4 and 5) and shows examples which investments and which projects have been funded.



Link:

http://www.google.at/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwiasb6y__HVAhVGMhoKH_Y_IBswQFggmMAA&url=http%3A%2F%2Fec.europa.eu%2FDocsRoom%2Fdocuments%2F18164%2Fattachme%2F1%2Ftranslations%2Fen%2Frenditions%2Fnative&usg=AFQjCNESc3AMvR7AbbilO6VbylQRCKI2DA