



Sustainable Tourism Partnership

Urban Agenda for the EU



Financial tools for Sustainable Tourism SMEs

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Objectives of the Sustainable Tourism Partnership

The Sustainable Tourism Partnership seeks to advocate for sustainable tourism by raising awareness and educating stakeholders, citizens, and policymakers about its benefits and challenges. The overarching goal is **to leverage the economic, social, and environmental opportunities of sustainable tourism to foster a balanced and resilient recovery, promote inclusiveness, and drive innovation**. A key focus is addressing the unique challenges of urban tourism, recognizing its critical role in fostering sustainable socioeconomic development within urban environments.

To achieve these objectives, the partnership promotes collaboration among Member States, cities, the European Commission, and other stakeholders. This collaborative framework aims to develop effective policies to address the specific needs of urban areas, as highlighted in the Pact of Amsterdam (2016). The partnership emphasizes a co-creation and co-implementation process, as outlined in the Transition Pathway for Tourism, with a commitment to fully implement strategies that are co-developed.

Recognizing tourism's pivotal role in urban policy, the partnership advocates for tailored strategies for sustainable urban tourism that consider local characteristics and needs. Due to the complexity of urban tourism, the partnership calls for a multi-level governance approach involving stakeholders at different scales. On a broader level, the partnership seeks to strengthen the joint vision of the EU's multilevel, multi-stakeholder cooperation framework on sustainable tourism, as outlined in the Transition Pathway for Tourism and the European Tourism Agenda 2030.

In line with the European Commission's principles of Better Regulation and the Pact of Amsterdam, the partnership has developed an Action Plan aimed at helping cities implement existing EU initiatives. **The Action Plan focuses on streamlining access to EU funding (Better Funding), promoting combined financing from EU funds, enhancing the knowledge base on urban tourism issues, and facilitating the exchange of best practices (Better Knowledge)**. Through these efforts, the partnership aims to support cities in adopting sustainable tourism practices and driving positive change at both local and EU levels.



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List of acronyms and abbreviations

CEF – Connecting Europe Facility

COSME – Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises

CSRД – Corporate Sustainability Reporting Directive

DEP – Digital Europe Programme

DMO – Destination Management Organization

DNSH – Do No Significant Harm

EAFRD – European Agricultural Fund for Rural Development

EC – European Commission

ECCP – European Cluster Collaboration Platform

ECTN – The European Cultural Tourism Network Awards

EDF – European Defence Fund

EEN – Enterprise Europe Network

EIB – European Investment Bank

EIC – European Innovation Council

EISMEA – European Innovation and SME Executive Agency

EMAS – Eco-Management and Audit Scheme

EMFAF – European Maritime, Fisheries and Aquaculture Fund

ERDF – European Regional Development Fund

ESF+ – European Social Fund Plus

ESG – Environmental, Social and Governance

EU – European Union

EUA – Urban Agenda for the EU

EUI – European Urban Initiative

GDP – Gross Domestic Product

GSTC – Global Sustainable Tourism Council

H2020 – Horizon 2020 (EU Research & Innovation Programme)

HEU – Horizon Europe (EU Research & Innovation Framework Programme)



JTF – Just Transition Fund

IF – Innovation Fund

ISO – International Organization for Standardization

InvestEU – EU Investment Programme

JTF – Just Transition Fund

LIFE – EU Programme for Environment and Climate Action

MEDIA – Creative Europe MEDIA Programme

MFF – Multiannual Financial Framework

NGO – Non-Governmental Organization

OP – Operational Programme

OTA – Online Travel Agencies

PPP – Public-Private Partnership

ROI – Return on Investment

RRF – Recovery and Resilience Facility

R&D – Research and Development

SME – Small and Medium-sized Enterprise

SMP – Single Market Programme

STEP – Strategic Technologies for Europe Platform

SUSRUR – Sustainable Rural Development Initiative

T4T – Tourism for Tomorrow (WTTC Award / thematic label)

UCPD – Unfair Commercial Practices Directive

UNWTO – United Nations World Tourism Organization

WTTC – World Travel & Tourism Council



1. Smart financial instruments for the twin transition: green and digital innovation

The **European Green Deal** sets the ambition for Europe to reduce net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels, while ensuring economic competitiveness and resilience. At the same time, the EU's **Digital Strategy** seeks to accelerate innovation, data-driven solutions, and digital infrastructure across all sectors. Together, these two forces define the **twin transition** — a simultaneous green and digital transformation reshaping European industry, governance, and society.

Small and medium-sized enterprises (SMEs) play a pivotal role in this process. As the backbone of Europe's economy, representing 99% of all businesses and employing around 100 million people, SMEs are critical drivers of local development, innovation and competitiveness. In the tourism sector, where SMEs dominate the value chain, their ability to adapt and lead the twin transition depends heavily on access to adequate financing tools. Yet, their capacity to adapt and lead the twin transition depends heavily on access to adequate financing tools. Yet traditional instruments are often ill-suited to address the combined challenges of sustainable and digital innovation, particularly when both are intertwined in a single business model. Strengthening SMEs' knowledge of available funding opportunities and simplifying application processes are therefore essential to unlock their transformative potential.

In the **tourism sector**, this financing gap is particularly acute. Tourism SMEs are under increasing pressure to reduce emissions, improve resource efficiency, and adopt circular economy practices, while simultaneously digitising their operations to remain competitive. Examples include using AI-driven tools for energy efficiency in hotels, digital platforms that enable low-carbon mobility, or smart data solutions that optimise visitor flows and reduce environmental impacts. These integrated green-digital solutions can deliver long-term competitiveness and sustainability for destinations, but they require tailored financing instruments that reflect their hybrid and cross-sectoral nature.

Moreover, **market expectations and regulatory frameworks** are accelerating this transformation. Travelers and corporate clients are increasingly prioritising certified sustainable services, while online travel agencies (OTAs) and global booking platforms are embedding sustainability criteria into their ranking systems. At the same time, the **Directive (EU) 2024/825**, amending the Unfair Commercial Practices Directive and the Consumer Rights Directive to empower consumers for the green transition, together with the **Corporate Sustainability Reporting Directive (CSRD)** and the **EU Taxonomy**, is setting higher standards for transparency, comparability, and credibility of environmental performance claims. For tourism SMEs, obtaining **credible sustainability certifications** and independent third-party verifications is no longer optional but a prerequisite to maintain market access, secure financing, and gain consumer trust. Financial instruments therefore need to not only fund green and digital upgrades but also support SMEs in meeting these evolving compliance requirements, ensuring their long-term resilience in a fast-changing regulatory and market landscape.



2. Mapping financial tools for SMEs

SMEs in tourism may access a diverse mix of financing instruments at EU, national, regional, and private levels. These mechanisms vary in scope, maturity, and eligibility, but collectively they represent a growing toolbox to support the twin transition. **Mapping these tools is essential to understand where gaps exist and how to better align financing with sustainability, and digitalisation objectives.**

Crucially, the financing landscape is no longer driven solely by traditional grants and loans. Impact investment and green finance instruments are gaining prominence, directing capital toward businesses that generate measurable environmental and social outcomes. This aligns with evolving EU legislation on ESG disclosure, sustainable finance, and consumer protection — including the **CSRD**, the **EU Taxonomy**, and the **Directive (EU) 2024/825**, amending UCPD and the Consumer Rights Directive to empower consumers for the green transition. **These frameworks are setting stricter requirements for credibility and comparability of sustainability claims, creating new incentives for SMEs to pursue certifications and verified labels.** Access to adequate financing is therefore increasingly intertwined with the ability to demonstrate compliance, competitiveness and long-term resilience.

2.1 EU-level funding & financial instruments

The European Union provides direct and indirect financial support to SMEs through programmes such as *InvestEU*, *Horizon Europe*, *LIFE*, *COSME* (now part of the Single Market Programme), the *European Regional Development Fund (ERDF)*, and the *European Maritime, Fisheries and Aquaculture Fund (EMFAF)*. These instruments typically blend grants, loans, guarantees, and equity investments. Dedicated initiatives like the **Sustainable Tourism Call under COSME** or the *EIC Accelerator* target innovation and competitiveness in SMEs, with an increasing emphasis on green and digital priorities. *(This section will be expanded further in Section 3.).*

2.2 International and private mechanisms

- **Green bonds:** Debt instruments designed to finance projects with positive environmental impacts. While traditionally issued by large corporations or governments, innovative approaches are making them accessible for SME clusters and tourism destinations (e.g., municipalities issuing green bonds to fund energy-efficient hospitality infrastructure).
- **Public–Private Partnerships (PPPs):** Joint financing mechanisms where public authorities and private companies co-invest in projects. In tourism, PPPs can finance sustainable infrastructure or events, ensuring long-term returns while delivering environmental and social benefits.
- **Blended finance:** Combines concessional public finance (e.g., development banks, EU funds) with private investment to reduce risk and crowd-in additional capital. Particularly relevant for SMEs piloting high-risk, high-impact solutions such



as smart circular economy platforms or renewable-powered mobility for tourism destinations.

- **Crowdfunding platforms:** Offer SMEs direct access to small-scale investors. In tourism, this model has supported eco-lodges, cultural initiatives, and green travel startups, giving communities a role in financing sustainable innovation.
- **Other innovative mechanisms:**
 - **Impact investment funds** that explicitly target environmental and social returns.
 - **Revenue-based financing models** allowing SMEs to repay based on performance, often used in digital service startups.
 - **Carbon credit schemes** linking SMEs to voluntary carbon markets, rewarding emission reductions achieved through sustainable tourism practices.

2.3 National and regional support instruments

Member States and regions also deploy targeted schemes to accelerate SME sustainability:

- **Green SME Grants under Recovery and Resilience Plans (RRF):** Many national plans earmark funds for energy efficiency retrofits, circular economy pilots, and digitalisation of small businesses.
- **Voucher schemes for sustainability certifications:** SMEs can access financial support to obtain recognised certifications (e.g., EU Ecolabel, EMAS, ISO standards, or other GSTC-aligned schemes), enhancing credibility in green tourism markets. The Transition Pathway for Tourism explicitly calls for strengthening the green and digital transition of SMEs. Among its expected outputs are:
 - an increased number of **EMAS**-registered tourism organisations;
 - an increased number of **EU Ecolabel-certified** tourism services or accommodations awarded with EN ISO 14024 type I ecolabels or equivalent voluntary, independent, and third-party verified labels, and;
 - stronger **SME involvement in ecological certification schemes**.

These actions are also linked to the development of improved statistics and indicators for tourism, as well as more collaborative governance in tourism destinations.

- **Tax incentives:** Deductions or credits for investments in renewable energy, sustainable design, or waste reduction, lowering the cost of sustainable upgrades.
- **Public procurement incentives:** Preferential scoring for SMEs holding sustainability certifications when bidding for public contracts, including event organisation, catering, or accommodation services.
- **Innovation and sustainable design grants:** Regional agencies often support early-stage R&D for sustainable products, including digital solutions for low-impact tourism.



3. EU funding programmes and investment frameworks for SMEs

The European Union has mobilised unprecedented financial resources to support SMEs and accelerate the green and digital transitions. Overall support for SMEs is expected to amount to **more than €200 billion by 2027** under existing EU programmes. Looking forward, the **proposed 2028–2034 EU budget** foresees a **€409 billion European Competitiveness Fund**, with a strong focus on digitalisation, strategic technologies, and simplified access to funding for SMEs.

These resources are embedded in the **European Green Deal Investment Plan (EGDIP)** — also known as the **Sustainable Europe Investment Plan (SEIP)** — which provides a framework to mobilise public and private investment. The **Just Transition Mechanism** ensures a fair and inclusive transition, while the Cohesion Policy complements these instruments by financing regional development, social inclusion, and competitiveness.

For tourism, several strategic frameworks guide the mobilisation of these resources: the **EU Agenda for a Sustainable and Competitive European Tourism (Agenda 21 for Tourism)**, the **Transition Pathway for Tourism**, and the **European Tourism Indicators System (ETIS)**, which link sustainability performance to financing and governance mechanisms. Other policy initiatives, such as the **EU Strategy for Sustainable Tourism**, the **EU Blue Economy Strategy for the Western Mediterranean**, and **EDEN (European Destinations of Excellence)**, reinforce the alignment between funding and sustainable tourism development. A useful reference is the **EU Guide on Funding for Tourism** available via the **EU Tourism Platform**.

Building on these strategic priorities, the European Union mobilises a wide range of funding programmes and financial frameworks that provide SMEs with the resources and guidance needed to accelerate their green and digital transformation:

3.1 Research, innovation, and competitiveness

- **Horizon Europe**: The EU's flagship programme for research and innovation, funding projects in health, resilience, and green and digital transitions. It includes a dedicated budget for “Digital, Industry and Space”, as well as the *European Innovation Council (EIC Accelerator)*, which supports high-risk, high-impact SME innovations. Tourism-related projects can access funding under calls for circular economy, sustainable mobility, and digital innovation.
- **Innovation Fund**: Finances large and small-scale projects in low-carbon technologies, renewable energy, and energy efficiency. SMEs in tourism can indirectly benefit when piloting climate-neutral infrastructure or adopting new energy systems.



- **European Defence Fund (EDF):** Primarily focused on defence, but its technological spillovers (AI, cybersecurity, drones) may support broader digital innovation relevant to tourism security and data management.

3.2 Digital transition and connectivity

- **Digital Europe Programme (DEP):** Brings advanced digital technologies to market, including AI, cybersecurity, and advanced computing. SMEs benefit through testbeds, digital innovation hubs, and skills training. Tourism SMEs can leverage DEP for data platforms, digital marketing, and smart destination management.
- **Connecting Europe Facility (CEF):** Supports trans-European networks in transport, telecommunications, and energy. For tourism, this translates into better cross-border connectivity, smart mobility infrastructure, and digital backbone services.

3.3 Health, culture, and creative sectors

- **EU4Health:** Supports resilience in healthcare systems and could indirectly fund projects that enhance health and safety standards in tourism infrastructure.
- **Creative Europe (including MEDIA):** Strengthens cultural and creative industries, including audiovisual sectors. Relevant for tourism SMEs involved in cultural heritage promotion, cultural routes, and festivals.

3.4 Cohesion and territorial development

- **European Regional Development Fund (ERDF):** Finances competitiveness, innovation, and connectivity projects at regional level. Tourism SMEs can apply for projects on sustainable destinations, sustainable tourism infrastructure, and digitalisation of local tourism services.
- **European Social Fund Plus (ESF+):** Focused on skills, training, and social inclusion. Directly relevant for tourism by supporting workforce re-skilling in sustainable hospitality, digital marketing, and eco-tourism.
- **Just Transition Fund (JTF):** Targets regions most affected by the transition to a climate-neutral economy. Sustainable tourism initiatives can help diversify regional economies away from fossil-fuel dependence.
- **Cohesion Fund:** Supports large-scale environment and transport projects in Member States with lower GDP. Tourism destinations in these countries can access funding for green mobility or water/waste management systems.
- **European Agricultural Fund for Rural Development (EAFRD):** Aiming to support rural economies and communities, including tourism-related SMEs operating in rural areas. It provides funding for investments that enhance competitiveness, foster sustainable practices, and encourage local development initiatives. The EAFRD complements other EU programmes (such as ERDF and COSME) and helps SMEs access targeted financial support in alignment with regional development strategies.



3.5 Recovery and resilience mechanisms

- **Recovery and Resilience Facility (RRF)**: Central to the EU's post-pandemic recovery, linking national reforms and investments with the green and digital transitions. Many Member States have included tourism-specific measures in their national RRF plans, such as digitalisation of SMEs, energy retrofits for hotels, and certification schemes.
- **NextGenerationEU**: A temporary €800 billion recovery instrument complementing the MFF, with digital and green components that SMEs can access via InvestEU or national programmes.

3.6 Investment and financing instruments

- **InvestEU**: Pools EU budget guarantees to mobilise private investment in sustainable infrastructure, innovation, and SME support. At least 10% of its resources are dedicated to digital objectives, while a significant share supports the Green Deal. Tourism SMEs can benefit through sustainable infrastructure upgrades, renewable energy adoption, or innovative service models.
- **COSME / Single Market Programme**: A flagship for SME competitiveness, with a strong legacy in tourism. COSME funded the **Sustainable Tourism and European Green Belt initiative**, transforming the former Iron Curtain into a trans-European cycle network, linking sustainable mobility, local enterprise creation, and eco-tourism. Other COSME projects such as **ETGG2030**, **SUSTOUR**, and **ETSM2030** helped SMEs obtain sustainability certifications, build capacity, and promote networking among sustainable tourism enterprises.
- **EMFAF**: Supports coastal and maritime tourism, with synergies for SMEs in blue economy regions. It offers opportunities for SMEs to diversify activities, promote eco-tourism, and integrate circular practices in coastal regions.
- **SUSRUR – Sustainable Rural Development Initiative**: Promotes innovation and diversification in rural economies by supporting eco-tourism, circular value chains, and local entrepreneurship. It enhances the link between rural tourism and territorial cohesion, encouraging the uptake of sustainability certifications and nature-based business models.
- **EISMEA – European Innovation Council and SMEs Executive Agency**: Implements EU programmes that boost SME innovation, sustainability, and competitiveness. Through initiatives such as the EIC Accelerator and the Single Market Programme, EISMEA supports high-impact, scalable projects integrating green, digital, and circular economy dimensions — offering tourism SMEs access to funding, technical assistance, and internationalisation opportunities.

All investments must comply with the principle of **Do No Significant Harm (DNSH)** to environmental objectives, as defined by the **EU Taxonomy Regulation**. This ensures that projects financed under EU programmes not only support economic growth but also contribute to the EU's climate neutrality and biodiversity goals.



In addition to funding, the EU promotes **visibility, capacity building, and knowledge exchange through flagship initiatives** that indirectly reinforce financing opportunities:

- **European Capital of Smart Tourism / European Green Pioneer of Smart Tourism:** Recognise cities and smaller destinations for excellence in sustainability, digitalisation, accessibility, and cultural heritage. They act as role models, enhancing attractiveness and investment readiness.
- **ECTN Cultural Tourism Award:** Rewards destinations and organisations integrating cultural heritage into tourism offers, boosting SME opportunities in cultural tourism.
- **DiscoverEU:** Enables youth mobility across Europe through Erasmus+, fostering sustainable travel habits and indirectly strengthening demand for eco-friendly tourism services.
- **URBACT and the European Urban Initiative (via PORTICO):** Offer city-to-city exchanges, urban matchmaking, and capacity-building, helping destinations and SMEs scale sustainable solutions.

4. Challenges and barriers for financing

Despite the wide range of financial instruments available at EU, national, and private levels, many SMEs — especially in the tourism sector — continue to face structural obstacles that limit their access to funding and their ability to implement sustainable business models. These challenges can be grouped into four interrelated categories.

4.1 Financial barriers

- **High upfront costs:** Certification schemes (e.g., EMAS, EU Ecolabel, ISO standards, etc.) and green investments such as energy retrofits or circular solutions often require significant initial capital. For micro and small tourism enterprises, these costs can be excessive.
- **Limited access to green finance:** Banks and investors often perceive SMEs as high-risk, particularly when financing innovative or hybrid green–digital solutions with uncertain returns.
- **Short-term ROI expectations:** Financial institutions and SME owners frequently prioritise projects with quick payback periods, which discourages investment in sustainability measures that deliver medium- to long-term benefits.
- **Fragmentation of funding criteria:** Different EU and national instruments apply divergent eligibility rules, making it difficult for SMEs to combine resources (e.g., blending ERDF with Horizon Europe).
- **Complexity of financial tools:** SMEs often lack the financial literacy or time to navigate the diverse set of EU and national schemes.
- **Uneven regional access:** SMEs in less developed regions often face weaker absorption capacity, limiting inclusive impact and widening territorial disparities.



4.2 Technical and human resource barriers

- **Lack of knowledge and expertise:** Many SMEs are unfamiliar with certification frameworks, sustainability reporting obligation, or the financial tools available to support them. The absence of user-friendly guidance and KPIs adapted to small enterprises further limits adoption.
- **Operational and structural limitations:** Most tourism SMEs are small, often family-run, with limited organizational capacity, heavy daily workloads, and no specialized human resources. These constraints make it difficult to dedicate staff or time to sustainability and innovation projects.
- **Complex compliance requirements:** Certification often involves extensive documentation and auditing, which is burdensome for small enterprises with limited resources. The coexistence of multiple EU, national, and sectoral labels also creates confusion and discourages uptake.

4.3 Institutional barriers

- **Insufficient policy incentives:** Subsidies, tax credits, or procurement advantages linked to certification remain weak or uneven across Member States.
- **Limited integration into regional operational programmes (OPs):** While cohesion funds can support SME sustainability, the connection to tourism-specific actions is often underdeveloped.
- **Public procurement disconnection:** Few municipalities explicitly link procurement criteria to sustainability certifications, reducing market demand for certified SMEs.
- **Complexity of EU instruments:** Large transnational consortia, as often required under Horizon Europe, discourage smaller tourism SMEs from applying.
- **Divergent rules across instruments:** The difficulty of aligning different EU programmes (e.g., Horizon Europe, ERDF, RRF) hampers the development of blended financing models.

4.4 Market and demand barriers

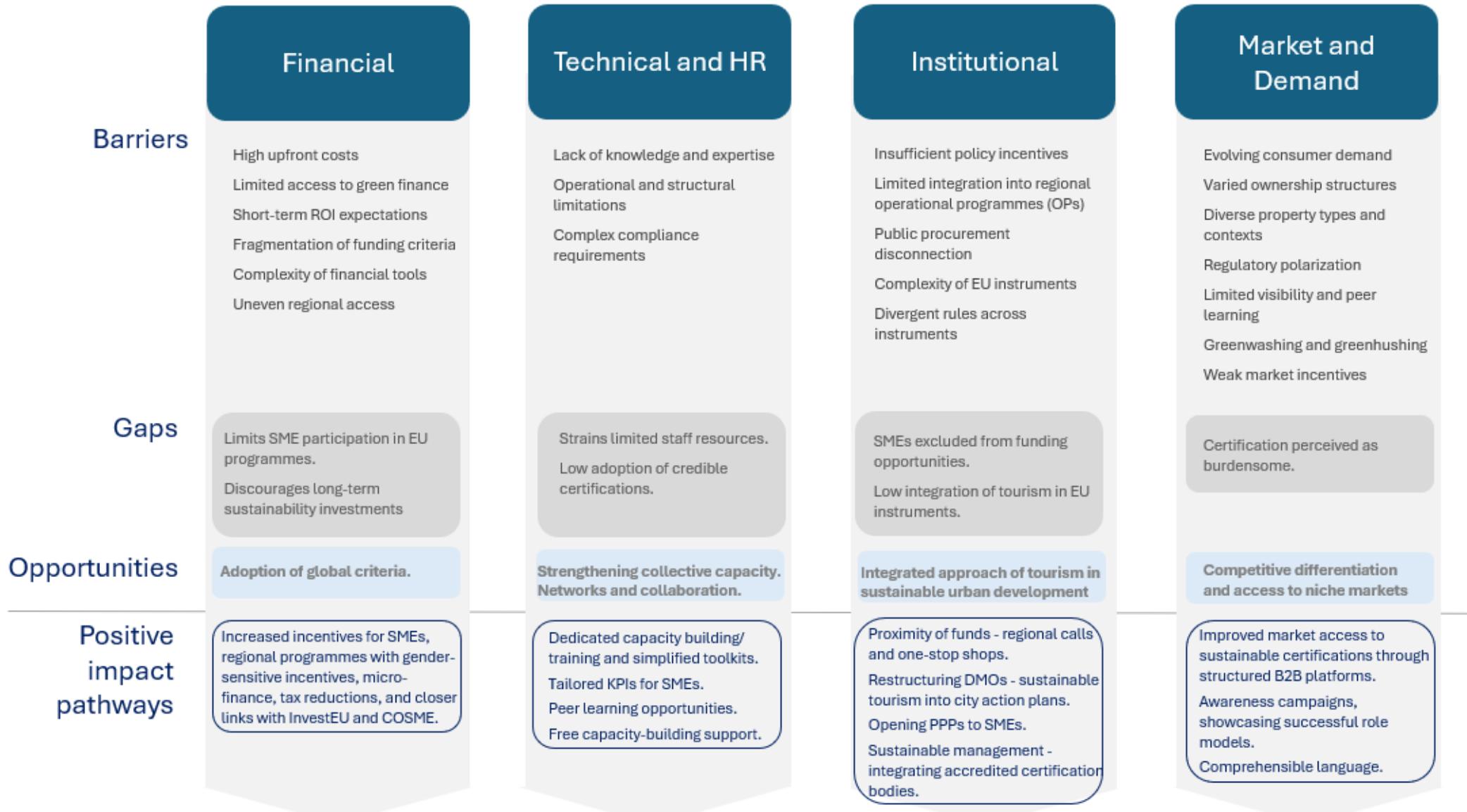
- **Evolving consumer demand:** Recent [studies](#) show that more than half of residents sees tourism's local impact positively and expect investments in transport, waste management, and environmental conservation. However, consumer demand for certified products still varies by segment, leaving some SMEs without clear incentives.
- **Varied ownership structures:** In example, tourism accommodations are often owned, franchised, or operated by different entities, making it difficult to identify decision-makers responsible for certification.
- **Diverse property types and contexts:** The heterogeneity of tourism properties (i.e.: from small B&Bs to large resorts, across different cultural and climate zones) complicates harmonisation of certification standards.

- **Regulatory polarization:** Updates such as the EU Empowering Consumer Directive create both opportunities (harmonisation, stronger consumer trust) and resistance among certification bodies and SMEs.
- **Limited visibility and peer learning:** Few successful role models are showcased, limiting knowledge and replication, including the benefits of certification.
- **Greenwashing and greenhushing:** The proliferation of self-declared labels undermines consumer confidence in credible certification schemes, while smaller SMEs often avoid promoting achievements due to fear of scrutiny.
- **Weak market incentives:** Certified SMEs often struggle to access differentiated markets or premium pricing, reducing their competitive advantage despite growing consumer awareness.

Bridging these barriers requires smarter financial instruments that **lower upfront costs, simplify compliance, and create stronger market pull for certified SMEs**. Without this, the uptake of sustainability certifications will remain low, and the transformative potential of EU funding in tourism will be underutilised.



Image 1. Visual tree of Barriers, Gaps, Opportunities and Positive Impact pathways identified for SME financing and certification in tourism



5. Access to funding and finance opportunities

Access to finance remains one of the most decisive factors for the competitiveness and resilience of SMEs in the tourism sector. While a wide range of EU-level programmes and national schemes exist, navigating the landscape can be complex. The European Commission has therefore created **one-stop platforms** to help SMEs identify suitable instruments and apply effectively.

The **EU Funding & Tenders Portal** is the single-entry point for competitive calls for proposals under EU programmes. It provides clear information on eligibility, deadlines, and guidance documents, enabling SMEs to access grants and co-financing opportunities. Complementing this, the **EU Access to Finance Portal** directs businesses to local banks, venture capital funds, and other intermediaries that channel EU-backed loans, guarantees, and equity finance at the national level.

Another important source of information for the sector is the **EU Tourism Platform**, which includes a dedicated **Funding & Support** space acting as a one-stop-shop for tourism professionals and local authorities.

Several **mapping tools and advisory resources** further support SMEs in identifying and leveraging opportunities:

- **SMP Access2Markets Portal** – helping SMEs expand into international markets with clear guidance on tariffs, rules of origin, and trade agreements.
- **European Cluster Collaboration Platform (ECCP)** – connecting SMEs with clusters, partnerships, and cross-border collaborations.
- **Enterprise Europe Network (EEN)** – offering tailored advisory services, partner search, and support for innovation and internationalisation.
- **EIB Advisory Hub for SMEs** – providing project preparation and investment advisory support to facilitate financing uptake.

Looking ahead, SMEs will also benefit from the new **Strategic Technologies for Europe Platform (STEP)**, designed to scale up investment in critical technologies relevant to the green and digital transitions. STEP pools funding from existing programmes (including Cohesion Policy, InvestEU, Horizon Europe, the European Defence Fund, the Innovation Fund, and the Recovery and Resilience Facility) to support projects in areas such as renewable energy, AI, cybersecurity, and sustainable mobility. A **Sovereignty Seal** will label high-quality STEP projects to enhance their visibility and access to both EU and private investment, while a dedicated **Sovereignty Portal** will act as a one-stop shop for related funding opportunities.

To simplify the complex landscape, the following table provides an overview of **key EU-level financial instruments relevant for SMEs in the tourism sector**:

Table 2. Selected EU financial instruments for SMEs

Instrument	Managing Authority	Support Type	Relevant features for SMEs
Single Market Programme (SMP)	European Commission (DG GROW)	Grants, technical support	Boosts SME competitiveness, sustainability, and skills development.
LIFE Programme	CINEA	Grants, pilot projects	Supports projects in environmental sustainability, circular economy, and climate mitigation.
Horizon Europe (Clusters 4 & 6)	European Commission	R&D grants, co-creation	Funds digital, industrial, and ecological innovation with strong SME participation.
InvestEU (Sustainability & Digital Windows)	EIB Group + national banks	Loans, guarantees, equity	Mobilises private investment in green, social, and digital SMEs.
Digital Europe Programme (DEP)	European Commission (DG CONNECT)	Grants, capacity building	Supports AI, cybersecurity, advanced digital skills, and SME digitalisation.
European Innovation Council (EIC) Accelerator	EISMEA	Blended finance (grants + equity)	Funds breakthrough innovations by SMEs in green and digital fields.
European Regional Development Fund (ERDF) / Cohesion Funds	National/regional authorities	Grants, guarantees	Supports regional SME sustainability, tourism innovation, and connectivity.
COSME (legacy, now integrated in SMP)	EISMEA / EEN	Guarantees, advisory	Facilitates SME access to finance and international markets.



6. Towards smarter and more accessible financial instruments for SMEs

Meeting the demands of the twin transition—digital and green—requires financial instruments that are **flexible, scalable, and strategically blended**. For the tourism sector, where SMEs dominate and where environmental and technological innovation often intersect (e.g.: certifications, digital visitor tools, smart energy systems, etc.), the design of financing mechanisms must capture this cross-cutting complexity.

Future instruments should be:

- **Flexible across sectors:** able to fund projects that combine sustainability with digitalization, such as eco-friendly hotels adopting AI-based energy management systems or circular tourism services supported by blockchain traceability.
- **Scaled appropriately:** offering microfinance and seed funding for early experimentation (e.g., pilot certification processes) while also ensuring larger financing schemes for scaling successful solutions across destinations.
- **Blended strategically:** mobilizing grants, loans, equity, guarantees, and private sponsorships (e.g., public-private partnerships inspired by cultural or sports event sponsorships) to de-risk investments while incentivizing innovation.
- **Oriented toward long-term impact:** rewarding solutions that demonstrate both environmental and technological value, from energy efficiency upgrades to digital tools improving visitor flow and reducing congestion.

The **Tourism Sustainable Partnership within the EU Urban Agenda** underlines the need to build financial tools that are **integrated, agile, and forward-looking**.

Calls for funding should increasingly encourage **multi-sectoral approaches**, align with **twin transition objectives**, and integrate **ESG (Environmental, Social, Governance) criteria** into the financial decision-making process. Beyond ambition, the twin transition demands finance that is as innovative as the future it seeks to create.

Crucially, financing must also integrate the principles of the upcoming **EU Green Claims Directive**, ensuring that sustainability commitments are backed by **independent, third-party certification**. This would help SMEs avoid reputational risks of greenwashing or greenhushing while giving consumers and investors' confidence in credible sustainability labels such as **EMAS, EU Ecolabel, GSTC**, or equivalent schemes.

Discussions during the Heraklion Steering Committee highlighted several **priority actions** that could help overcome these barriers and accelerate SME engagement in sustainable tourism financing and certification:



1. **Listening to SMEs and building trust:** Improved dialogue with SMEs is needed to understand their daily realities, constraints, and priorities, building trust for future commitments and reducing scepticism toward certification.
2. **Closer links with InvestEU and regional programmes:** Ensuring that InvestEU and other EU-level instruments provide simplified, comprehensible guidance and proximity measures tailored to tourism SMEs.
3. **Simplified language and capacity building:** Governments and financial institutions should translate complex financial language into accessible terms, accompanied by info days, training for experts, and one-stop shops to guide SMEs.
4. **Public–private partnerships (PPPs) for SMEs:** Opening PPP schemes — currently more accessible to large companies — to smaller tourism SMEs, fostering collaboration, resource sharing, and blended finance opportunities.
5. **Strengthening Destination Management Organisations (DMOs):** DMOs should be restructured and empowered to act as local coordinators, integrating sustainability tools, certifications, and finance into their support services for SMEs.
6. **Embedding sustainable tourism in local action plans:** Municipalities and regions should integrate sustainable tourism as a strategic axis of broader sustainable development strategies, ensuring cross-sectoral alignment.
7. **Government proximity and support:** National and regional governments should remain close to SMEs, providing free or low-cost capacity-building services, targeted incentives, and recognition of certified businesses.

These measures would enable SMEs in the tourism sector—and beyond—to transition more quickly and confidently, ensuring that financial instruments support not only business competitiveness but also the broader EU objectives of resilience, innovation, and climate neutrality.



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