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THE CONTRIBUTION OF INTERNATIONAL BANKS TO SUSTAINABLE TOURISM DEVELOPMENT: BANKING PRACTICES FOR GLOBAL SUSTAINABILITY

ВНЕСОК МІЖНАРОДНИХ БАНКІВ У РОЗВИТОК СТАЛОГО ТУРИЗМУ: БАНКІВСЬКІ ПРАКТИКИ ДЛЯ ГЛОБАЛЬНОЇ СТАЛОСТІ

Osyova Svitlana

National Technical University "Kharkiv Polytechnic Institute"

ORCID: <https://orcid.org/0000-0002-9054-9499>

Kryvokon Maryna

Independent Researcher

ORCID: <https://orcid.org/0000-0002-0228-6538>

Осипова Світлана Костянтинівна

кандидат економічних наук,

Національний технічний університет

«Харківський політехнічний інститут»

Кривоконь Марина Олександрівна

кандидат економічних наук,

Незалежний дослідник

The article examines the contribution of international banks to sustainable tourism development, emphasizing financing projects that reduce environmental impacts and boost economic growth. Financial mechanisms like green bonds, grants, and public-private partnerships, essential for achieving sustainable development goals, are analyzed. Particular attention is paid to the European Investment Bank and the World Bank, focusing on their role in funding infrastructure projects to promote eco-friendly tourism and support local communities through inclusive programs. The study's practical value lies in its relevance for implementing international experience in Ukraine. It provides recommendations for creating an institutional framework to support eco-tourism through international investments. The findings show that involving financial institutions like the World Bank and the European Investment Bank in sustainable tourism development can foster economic growth. These projects generate jobs, aid the recovery of regions with high tourism potential, and balance environmental, social, and economic goals.

Keywords: sustainable tourism, international banks, financial mechanisms, green economy, regional development.

У статті розглянуто внесок міжнародних банків у розвиток сталого туризму, зосереджуючи увагу на фінансуванні проєктів, які сприяють зменшенню екологічного впливу та стимулюють економічне зростання. Проаналізовано фінансові механізми, такі як зелені облігації, гранти та державно-приватні партнерства, які є ключовими для досягнення цілей сталого розвитку. Особливу увагу приділено діяльності Європейського інвестиційного банку та Світового банку, зокрема їхній участі у фінансуванні інфраструктурних проєктів, спрямованих на розвиток екологічно чистого туризму, а також на підтримку місцевих громад через реалізацію інклюзивних програм. Методологія дослідження базується на використанні якісного аналізу, який дозволяє оцінити вплив банківських інструментів на забезпечення стійкості туристичних проєктів, і кількісного аналізу, спрямованого на оцінку економічних вигод від їх впровадження. Аналіз включає розгляд міжнародних практик фінансування сталого туризму, а також конкретні кейси успішних проєктів, що реалізовані за підтримки міжнародних банків. Результати дослідження свідчать про те, що застосування інноваційних фінансових інструментів, таких як зелені облігації, значно сприяє розвитку екологічно чистих туристичних об'єктів та стимулює місцеву економіку. Практична цінність роботи полягає у можливості використання отриманих результатів для впровадження міжнародного досвіду в Україні. У статті представлено рекомендації щодо створення інституційної бази для підтримки екологічно чистого туризму через залучення міжнародних інвестицій.

Результати дослідження демонструють, що залучення міжнародних фінансових установ, таких як Світовий банк та Європейський інвестиційний банк, до розвитку сталого туризму може стати основою для сталого економічного зростання. Такі проекти створюють нові робочі місця, сприяють відновленню регіонів з високим туристичним потенціалом та забезпечують баланс між екологічними, соціальними й економічними цілями. Впровадження міжнародного досвіду та залучення сучасних фінансових інструментів у галузь туризму дозволить Україні стати конкурентоспроможною на світовому туристичному ринку.

Ключові слова: сталий туризм, міжнародні банки, фінансові механізми, зелена економіка, регіональний розвиток.

Problem Statement. Sustainable tourism has become an essential component of global development strategies, addressing environmental preservation, social equity, and economic growth. With the increasing demand for eco-friendly travel and responsible tourism practices, financial support plays a critical role in enabling projects that align with these principles. International financial institutions, particularly the Investment Banks and the World Bank, are pivotal in fostering such initiatives, emphasizing both environmental sustainability and community development.

Despite the growing interest in sustainable tourism, analytical reviews on the role of financial institutions in its support remain scarce. Existing literature often focuses on project descriptions or localized impacts, overlooking the broader financial mechanisms and strategic approaches employed by these institutions. This gap underscores the need for a comprehensive review to illuminate the intersection of sustainable tourism and international financing.

Analysis of Recent Research and Publications. Both foreign and domestic researchers have delved into various aspects of sustainable tourism financing. Scholars such as Diaz J. F. and Dang K. T., Carrillo-Hidalgo and Pulido-Fernández, have explored the relationship between investment, environmental sustainability, and community well-being in financing sustainable tourism; Rakgamanyane B. highlights the critical role of finance in sustainable tourism. Moskaliyov A. A. emphasizes tourism's role in economic development and cultural preservation but does not address the financial strategies in the context of broader global sustainability goals. However, all research works lack a deeper exploration of financial instruments tailored specifically to tourism in developing regions.

The aim of this article is to analyze the approaches employed by the International Bank groups in financing sustainable tourism initiatives. It explores their respective roles, financial tools, and the impacts of their investments on global tourism development, providing insights into

effective practices and their potential application in Ukraine.

Core Research Findings. Sustainable tourism has emerged as a pivotal factor in ensuring the long-term economic and ecological balance of the tourism sector. It focuses on the need to minimize negative environmental impacts while promoting economic development and social inclusion. Financial mechanisms play a significant role in supporting these goals, with international financial institutions, such as the European Investment Bank and the World Bank, at the forefront of promoting sustainable projects. Through various funding models, these institutions aim to empower local communities, reduce carbon footprints, and support the long-term viability of tourism destinations.

While the literature on sustainable tourism is extensive, there is a noticeable gap in studies that systematically analyze the role of financial institutions in shaping and funding sustainable tourism projects. Most studies tend to focus on local or national initiatives, with less attention given to the overarching strategies employed by major global players. The following sections of this paper will delve deeper into the financial mechanisms used by organizations such as the World Bank and the European Investment Bank, as well as the outcomes of their investments in the tourism sector.

Reserchers Diaz J. F. and Dang K. T. explores the complexities of financing sustainable tourism, focusing on the interplay between investments, environmental sustainability, and community well-being [3]. It discusses various funding mechanisms, including public-private partnerships, government incentives, and international financial institution support. The study emphasizes the importance of aligning investments with sustainability principles to maximize economic and social benefits while minimizing ecological harm. Key recommendations include adopting innovative financial tools and fostering collaboration between stakeholders to ensure long-term resilience and growth in tourism.

The article by Moskaliov A. A. explores the role of sustainable tourism in economic development, emphasizing its contribution to income generation, employment growth, and the preservation of cultural and historical resources [6]. The study highlights the integration of social, cultural, and economic interests through comprehensive development programs. It discusses Ukraine's tourism strategy up to 2026, focusing on sustainable approaches to enhance the sector's economic impact while fostering social and environmental balance. The findings underline the importance of balanced and integrated tourism policies.

Rakgamanyane B. emphasizes the vital relationship between the tourism and finance sectors, stressing that financial investment is crucial for fostering sustainable tourism development [7]. The financial sector, particularly through innovative investment models, can support sustainable practices by promoting eco-friendly projects and strengthening local economies. The article also highlights the necessity of cooperation between public and private stakeholders to ensure long-term sustainability, focusing on creating resilient and economically viable tourism industries that align with environmental and social goals.

The article by Carrillo-Hidalgo, I., Pulido-Fernández, J. I. explores the relationship between sustainable tourism and the implementation of sustainable development goals (SDGs) [2]. It examines how tourism-related financing can address environmental and social issues, promoting resilience and long-term growth in the tourism sector. The author discusses the various financial instruments and strategies needed to ensure that tourism aligns with sustainability objectives. Moreover, it highlights the importance of a multi-stakeholder approach to financing that includes both public and private investments to create a lasting positive impact on local communities and ecosystems.

Financial mechanisms play a pivotal role in fostering sustainable tourism by ensuring economic development aligns with environmental protection and social inclusion. Banks and financial institutions deploy diverse strategies to support eco-friendly tourism projects, enabling long-term growth while preserving natural resources. These mechanisms help bridge the financial gap for businesses and communities transitioning to sustainable practices.

One prominent tool is green bonds, which fund environmentally conscious projects such as renewable energy installations in hotels and

eco-friendly transportation systems [8]. These instruments allow investors to target sustainability goals while generating financial returns. Similarly, public-private partnerships (PPPs) bring together government and private sector resources to invest in critical infrastructure, including low-carbon transport and energy-efficient facilities essential for sustainable tourism.

Grants and subsidies also lower barriers for small and medium enterprises to adopt sustainable innovations like waste management systems and energy efficiency upgrades. Meanwhile, impact investing channels capital toward projects that deliver measurable environmental and social benefits, including community-based tourism and biodiversity conservation initiatives.

A conceptual framework for organizing these financial mechanisms could focus on three pillars: economic support, which involves loans, subsidies, and tax incentives for businesses transitioning to sustainability; environmental integration, funding initiatives like renewable energy and circular economy models; and social inclusion, ensuring financial benefits are distributed equitably to local communities while preserving cultural heritage.

By combining these mechanisms, banks and international institutions can create a robust system that supports sustainable tourism development while addressing global environmental and social challenges.

The European Investment Bank (EIB) supports the tourism sector by providing loans, guarantees, equity investments, and advisory services, with a focus on regional development in the EU and neighboring countries. The EIB has financed various tourism infrastructure projects, addressing market failures, particularly in emerging destinations and regions with underdeveloped mobility infrastructure [5]. The bank promotes projects that align with sustainability goals, such as energy efficiency, water conservation, and circular economy practices.

Additionally, the EIB supports small and medium-sized enterprises through its Multi-beneficiary Intermediated Loan (MBIL) program, fostering local supply chains, urban regeneration, and tourism-related infrastructure like hotels and cultural heritage sites. The EIB also contributes to employment, particularly focusing on youth and women's involvement in the sector. It offers flexibility in funding and aims to extend loan repayment periods, helping raise additional funds from national banks.

For example, EIB is financing a global loan for Turkey, aimed at supporting energy efficiency improvements and sustainable tourism. The loan is designed to help private businesses and local authorities enhance their tourism infrastructure by integrating energy-saving technologies and renewable energy sources. This initiative focuses on ensuring that tourism projects are both environmentally sustainable and economically viable. The funding is part of EIB's broader efforts to support sustainable development and competitiveness in Turkey's tourism sector [4].

The project titled "Sustainable, Inclusive, and Climate-Resilient Tourism Development at Tehri Lake Area" in India, funded by the Asian Development Bank (ADB), focuses on the development of tourism infrastructure in the Tehri Lake region [1]. Its goal is to enhance the local economy through sustainable tourism while ensuring that the area's natural resources and ecosystems are protected. The project aims to promote tourism by improving the region's resilience to climate change impacts, fostering economic inclusion, and ensuring that the growth of tourism does not come at the expense of environmental sustainability.

The project emphasizes improving the region's infrastructure, including transportation, waste management, and the development of eco-friendly tourism facilities. It plans to support capacity building for local communities to engage in sustainable tourism activities and create job opportunities, particularly in eco-tourism, which will benefit the region's economic development in the long term. In addition, there is a focus on enhancing local governance to effectively manage and regulate the tourism sector, ensuring that it is aligned with sustainable development goals.

Through this initiative, the ADB seeks to establish a model for sustainable tourism that can be replicated in other parts of India and South Asia. It underscores the importance of balancing economic development with environmental protection, with a special focus on addressing climate change. By fostering inclusive growth, this project aims to contribute to the overall sustainable development of the region.

The project also incorporates climate resilience strategies to ensure the sustainability of tourism infrastructure in the face of potential climate hazards, such as flooding and extreme weather conditions. The ADB's support in this project is part of its broader commitment to

advancing sustainable and climate-resilient tourism across the Asia-Pacific region, thereby supporting the development of tourism sectors that are both economically and environmentally viable in the long term.

Tourism has emerged as a pivotal sector in Uttarakhand, contributing approximately \$10 billion annually and accounting for at least 15% of the state's gross domestic product. The industry provides employment opportunities for about 2 million individuals, with women constituting a significant 30% of the workforce in tourism and its supporting sectors. Moreover, the average length of stay for tourists has increased to 45 days, indicating the state's growing appeal as a long-term destination and its capacity to sustain visitor engagement [1].

The project's outcome has been the establishment of sustainable, inclusive, and climate-resilient tourism in the Tehri Lake area. This achievement reflects a commitment to creating a balanced approach that integrates environmental, social, and economic considerations.

Key outputs have underpinned this success. A climate-smart and inclusive institutional framework, along with strengthened destination management capacity, has laid the foundation for effective governance. The development of climate-resilient green infrastructure has ensured the sustainability of tourism-related facilities while fostering environmental stewardship. Furthermore, scaling up community- and private sector-led tourism initiatives has broadened participation and generated new economic opportunities. Environmental protection measures and disaster risk management enhancements have also contributed to safeguarding the region's natural resources and mitigating vulnerabilities, ensuring long-term viability.

The World Bank project titled "Encouraging Sustainable and Inclusive Tourism in Protected Areas to Promote Green Recovery" focuses on promoting eco-friendly tourism practices in protected areas. It emphasizes the importance of balancing conservation and tourism development to boost economic recovery, especially in regions hit hard by the pandemic. The initiative aims to create employment opportunities, improve livelihoods, and ensure that tourism contributes to environmental sustainability [9].

The project supports local communities by fostering inclusive tourism that respects local cultures and ecosystems while benefiting economically from tourism revenues. By focusing

on protected areas, the World Bank emphasizes the need for sustainable practices that avoid over-tourism and preserve biodiversity.

This initiative also aims to strengthen the capacity of governments and local institutions to manage tourism effectively, ensuring that it remains a long-term, sustainable sector. It seeks to create mechanisms for better management of protected areas, integrating local community participation in decision-making processes and fostering public-private partnerships to enhance tourism infrastructure.

The project advocates for integrated approaches that combine tourism development with natural resource management. By leveraging sustainable tourism, the project intends to drive environmental restoration and encourage green recovery, positioning tourism as a vital part of the post-pandemic economy.

Sustainable tourism in protected areas has proven to be a powerful lever for both economic development and biodiversity conservation. Investments in these areas, particularly from multilateral development banks, highlight the role of financial institutions in addressing the dual challenges of economic recovery and environmental sustainability. Protected area tourism generates significant income multipliers, with studies demonstrating returns of up to \$28.2 for every public dollar invested. This evidence underscores the value of protected areas as both ecological and economic assets, necessitating targeted financial support [9].

Banks, in collaboration with governments and private stakeholders, are pivotal in channeling investments into green infrastructure and community-led initiatives. Programs backed by the World Bank have emphasized building institutional capacities, enhancing local governance, and developing frameworks that

align with sustainable tourism goals. These projects ensure long-term viability by integrating disaster risk management and climate resilience into protected area planning.

The financial architecture supporting such initiatives also prioritizes inclusivity. Tourism in protected areas has created substantial employment opportunities, directly and indirectly benefiting communities. In Zambia, for instance, jobs generated in protected areas constitute up to 30% of the working-age population in some regions. Microfinance and community-driven tourism ventures amplify these outcomes, fostering local empowerment and equitable growth [9].

Environmental protection remains at the core of these investments, with banks deploying innovative financial instruments like conservation bonds and carbon credits. These tools not only attract private capital but also incentivize sustainable practices. By linking biodiversity conservation with economic benefits, these initiatives address key challenges such as human-wildlife conflicts and revenue leakage, creating a harmonious balance between conservation and development.

The economic impact of protected area tourism is evident in its ability to support local economies while preserving critical ecosystems. To maximize these benefits, sustained investment from both public and private sectors is crucial. A framework integrating advanced data analytics, community feedback mechanisms, and robust financial models will ensure that tourism in protected areas continues to thrive, offering a pathway to sustainable development. Table 1 provides a concise summary of the project's outcomes, reinforcing the economic and social benefits of investing in sustainable tourism.

Table 1

Key Results of Sustainable Tourism Projects in Protected Areas

Metric	Result	Implication for Investment
Annual Return on Investment	\$6.2–\$28.2 per public dollar invested	Demonstrates high economic viability for funding.
Employment Contribution	14%–30% of working-age population	Highlights job creation potential in rural regions.
Revenue from Protected Areas	80% from tourism activities	Indicates dependence on tourism for local economies.
Income Multipliers	>1.5 across all case studies	Shows amplified impact of tourism spending locally.
Economic Loss from Conflicts	\$1.8–\$2.9 million annually	Underlines need for investment in conflict mitigation.

Source: [based on 8; 9]

Ukraine's tourism sector has faced unprecedented challenges due to the ongoing war, which has severely disrupted domestic and international travel, damaged critical infrastructure, and destabilized local economies. The conflict has particularly affected regions with significant tourism potential, such as the Carpathians, the Black Sea coast, and areas with rich cultural heritage like Lviv and Kyiv. Many protected natural areas, vital to Ukraine's biodiversity and eco-tourism, have suffered damage or are at risk of exploitation due to the war. However, even amidst the conflict, there are opportunities to build a foundation for sustainable tourism that not only aids recovery but also aligns with global climate goals and sustainable development priorities.

In the post-war period, Ukraine will have the chance to redefine its tourism sector, emphasizing sustainability, inclusivity, and resilience. This will involve rebuilding and modernizing infrastructure to meet international standards, promoting eco-tourism in protected areas, and fostering community-based tourism initiatives. International financial institutions such as the World Bank and the European Investment Bank can play a transformative role in this process. Their support could focus on financing green infrastructure, supporting local businesses, and providing technical expertise to ensure that tourism development aligns with the principles of sustainability and climate resilience. Such investments will not only restore tourism but also create jobs, support local economies, and help mitigate the environmental impact of rebuilding.

The role of these banks will be critical in scaling up community-led and private sector-driven tourism initiatives. By offering concessional financing, guarantees, and grants, these institutions can reduce investment risks and attract private capital. For instance, the World Bank's expertise in disaster risk management and the EIB's focus on green energy and infrastructure could facilitate the development of low-carbon tourism facilities. Furthermore, capacity-building programs for local authorities and entrepreneurs will be essential to ensure that tourism benefits are equitably distributed among communities, particularly in areas hardest hit by the war.

In the long term, Ukraine's recovery will require a shift towards sustainable tourism

that prioritizes environmental conservation and cultural preservation. This includes restoring war-affected protected areas, promoting digital tools for better tourism management, and integrating local communities into the value chain. International financial institutions have a unique opportunity to lead these efforts, leveraging their resources and global expertise to help Ukraine become a model for sustainable tourism development in post-conflict settings. Through targeted investments and collaboration with local stakeholders, these institutions can help Ukraine harness its vast tourism potential as a driver of economic growth, social cohesion, and environmental sustainability.

Conclusions. The role of international financial institutions, such as the World Bank and the European Investment Bank, in fostering sustainable tourism development is pivotal, particularly in contexts like Ukraine, where recovery from conflict demands an innovative and inclusive approach. These organizations possess the resources, expertise, and global networks needed to support large-scale projects that align with sustainability and resilience goals. By financing green infrastructure, advancing renewable energy solutions in tourism facilities, and promoting community-based initiatives, they create a framework where tourism not only recovers but becomes a driver of long-term economic and environmental benefits. Such efforts ensure that tourism contributes to local livelihoods, preserves cultural heritage, and protects natural ecosystems, laying the foundation for a robust and equitable recovery.

Looking forward, the collaboration between Ukraine and these financial institutions could reshape the global understanding of sustainable tourism in post-conflict settings. Their involvement offers a unique opportunity to create a model of development that other nations can follow, particularly those rebuilding after crises. However, for these efforts to succeed, deeper research is essential to assess the long-term impacts of such investments and to identify best practices for maximizing benefits while minimizing risks. This intersection of finance, sustainability, and tourism warrants ongoing study, as it not only influences Ukraine's recovery but also provides insights into how global financial systems can contribute to a more sustainable and inclusive future.

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