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NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Draft Council conclusions on Special Report No 27/2021 entitled "EU Support to tourism: Need for a fresh strategic orientation and a better funding approach"

Delegations will find attached the Draft Council Conclusions on the European Court of Auditors' Special Report No 27/2021, as prepared and agreed by the Structural Measures and Outermost Regions Working Party on 8 February 2022.

DRAFT

**Council conclusions on Special Report No 27/2021 by the European Court of Auditors:
EU Support to tourism: Need for a fresh strategic orientation and a better funding approach**

THE COUNCIL OF THE EUROPEAN UNION:

- (1) WELCOMES the Special Report No 27/2021 by the European Court of Auditors (hereafter referred to as "the Court") and the replies of the Commission to the Report;
- (2) NOTES that the Court's audit assessed whether the Commission made an effective contribution in supporting the EU's tourism industry and complementing Member States' actions in this sector during the 2014-2020 period. In that endeavor, the Court reviewed whether:
 - the Commission's tourism strategy addressed the needs of the tourism sector effectively and was regularly updated to reflect the changing priorities;
 - the European Regional Development Fund (ERDF) financial support to public tourism investments has been consistent with existing strategies, sustainable and focused on investments that add value beyond the project itself;
 - the Commission initiated actions to mitigate the impact of the COVID-19 pandemic on the tourism sector;
- (3) ACKNOWLEDGES that tourism is a key economic sector in the EU, which has been dramatically impacted by the COVID-19 pandemic, and faces long-term challenges;
- (4) UNDERLINES that the economic and social development of certain regions largely depends on the tourism-related activities and that tourism can be a strategic sector for green and digital growth and for inclusive, innovative and integrated sustainable regional development;

- (5) TAKES NOTE of the findings of the Report, in particular that:
- Following the impact of the COVID-19 pandemic on the EU's tourism sector, the Commission has put forward measures and proposals to mitigate its impact and to define a transition pathway that could provide the basis for a tourism agenda for 2030;
 - Financial support to tourism investments through ERDF in the 2014-2020 period has addressed EU and national tourism objectives but some shortcomings in project selection limited its effectiveness; also, the fact of only having one common indicator does not allow to measure all types of project results;
 - The Commission's thematic guidance did not sufficiently address the risk of compatibility between tourism strategies of neighboring regions, overlap in EU-funded projects in the same area and proper maintenance frameworks in the years after completion of a project;
- (6) TAKES NOTE of the recommendation given by the Court to the Commission to set out a consolidated new strategy for the EU tourism ecosystem, which explicitly aims at supporting investments that contribute to a more sustainable form of tourism;
- (7) SUPPORTS the recommendation given by the Court to the Commission to encourage Member States' managing authorities to adopt project selection procedures that help steering, where relevant, the ERDF financial support towards projects consistent with the new strategic orientations and which are effective, coordinated with projects in neighboring areas, also for example within integrated territorial strategies, have an impact beyond the project itself and stimulate the overall tourism activity, are sustainable and inclusive;

- (8) SHARES the replies of the Commission to the findings and recommendations included in the Court's Report, in particular that:
- Several strategies with relevance to tourism were adopted by the Commission in the last years in order to face specific challenges of the tourism sector, such as the update of the Industrial Strategy of 5 May 2021;
 - Tourism investment projects can be financed, inter alia, through ERDF or under the Recovery and Resilience Facility (RRF);
 - For 2021-2027, new common result indicators should better capture the variety of investments in tourism;
- (9) RECOGNISES the importance of the principles of subsidiarity and partnership in shared management programmes, which should be borne in mind when defining investment priorities in the tourism sector;
- (10) CONSIDERS the Report a worthwhile assessment of ERDF support to tourism projects which can be a useful contribution for the 2021-2027 programming period and for defining the European Agenda for Tourism¹ on which discussions in the Council are still ongoing;
- (11) UNDERLINES that, for the 2021-2027 period, investment projects in support of sustainable and resilient tourism can be financed under all Policy Objectives of cohesion policy as long as the investments contribute to achieving the corresponding Policy Objective and comply with applicable enabling conditions or requirements;

¹ ST 8881/21.

(12) INVITES the Commission to:

- Conduct studies to assess the role of ERDF investments, including from REACT-EU resources, in the recovery, resilience, green and digital transformation of the sector after the COVID-19 pandemic and its influence on climate change and protection of the environment;
 - Share best practices on tourism projects, including on how to select or assess them, in the Expert Group on the Common Provisions Regulation Funds (CPR Expert Group) and, where appropriate, in the Tourism Advisory Committee.
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