

## **REPLIES OF THE EUROPEAN COMMISSION TO THE EUROPEAN COURT OF AUDITORS SPECIAL REPORT:**

### **“EU SUPPORT TO TOURISM: NEED FOR A FRESH STRATEGIC ORIENTATION AND A BETTER FUNDING APPROACH”**

#### **EXECUTIVE SUMMARY**

V. (1<sup>st</sup> indent) On 10 March 2020, the Commission adopted a new Industrial Strategy<sup>1</sup> to help Europe's industry lead the green and digital transformations and to drive Europe's global competitiveness and strategic autonomy. Following the experience of the COVID-19 pandemic, the update of the EU Industrial Strategy of 5 May 2021 highlights the need to further accelerate the green and digital transitions and increase resilience of EU industrial ecosystems. To do so, the Commission proposes the co-creation of transition pathways with stakeholders, as an essential collaborative tool for the transformation of industrial ecosystems. Priority is given to the ecosystems that face the most important challenges and have been most heavily affected by the crisis, starting with tourism. The pathways will allow to identify the scale of actions and the challenges, including for instance investment or technology needs, to accompany the industry's transitions towards 2030 and beyond.

In June 2021, the Commission published the ‘Scenarios towards co-creation of a transition pathway for tourism for a more resilient, innovative and sustainable ecosystem’<sup>2</sup>, thus launching a co-creation process for the tourism transition pathway, which will allow to work towards a European Agenda 2030.

For the implementation, EU funding will help the tourism industry work towards the objectives of sustainability, resilience and digitalisation of the ecosystem. The ecosystems, including the tourism one, will be monitored under the Annual Single Market Report as part of the follow-up to the EU Industrial Strategy.

Member States can finance investments and reforms, including in the tourism sector, under the Recovery and Resilience Facility (RRF), as part of their national recovery and resilience plans (NRRPs). Out of the 26 NRRPs officially submitted to the Commission to date, five Plans include dedicated components for tourism and further eleven include tourism-related measures.

(2<sup>nd</sup> indent)

The ERDF operational programmes select and use common and specific output indicators which are relevant to the types of actions that they plan. The categorisation data show that tourism-related interventions amount to less than EUR 5 billion (2020). This amount includes several types of actions, not all necessarily contributing to the increase of the number of visitors (captured by the common output indicator CO09).

Moreover, the Member States can make use of programme specific indicators which may capture other types of outputs related to tourism interventions. Therefore, depending on the nature of the actions in the programmes, other, more relevant output indicators can be used.

The use of the common output indicator for tourism is determined by its relevance with respect to the types of activities implemented by programmes and the amounts allocated to the activities. The

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<sup>2</sup> Commission Staff Working Document SWD(2021)164 final of 21.6.2021.

rather limited amounts invested in tourism activities could not result in a widespread use of tourism indicators.

For the programming period 2014-2020 the legislation did not provide for common result (impact) indicators and therefore no aggregation of results was possible. For the 2021-2027 programming period an important change relates to the introduction of common result (outcome) indicators.

VI. The Commission accepts both recommendations.

## **OBSERVATIONS**

34. In the face of increasing challenges, the Commission allocates resources as efficiently as possible to ensure the proper implementation of policy.

During the period referred to, and specifically between 2013 and 2017, the Commission, along with all institutions, was obliged to reduce its establishment plan staffing by 5% to respect the Interinstitutional Agreement of 2 December 2013<sup>3</sup>. This necessitated the reorganisation of work in many Commission departments.

Furthermore, in addition to the “Tourism and Textiles” unit, to which the ECA refers, the Commission highlights that more entities, services and bodies of the Commission contribute to the work on the tourism ecosystem. This includes in particular the teams in charge of the SMEs policy; Green and circular economy; Digital transformation; Proximity, social economy and creative industries; Skills, services and professions as well as Member States relations; but also services responsible for connectivity, regional policy, transport, recovery, culture and sports as well as many other.

37. There is a close cooperation with Member States in the work towards a European Agenda, to facilitate consistency with national strategies with the shared EU one, in particular via the Tourism Advisory Committee.

59. The Commission emphasises that it was not the purpose of the specific thematic guidance to provide detailed guidance for socio-economic assessment of projects.

61. Common reply to paragraphs 61, 62 and 63:

The operational programmes should select and use the indicators which are relevant for the types of actions. The common output indicator for tourism covers a specific dimension of the tourism related outputs and may not be relevant for all tourism investments.

When the available common indicators are not relevant, the operational programmes can also create and use programme-specific output indicators.

The Commission publishes annually the values reported by programmes for the common output indicators and reports them on the Open Data Platform.

For the programming period 2014-2020 the legislation did not provide for common result (impact) indicators and therefore no aggregation of results was possible. For the 2021-2027 programming period an important change relates to the introduction of common result (outcome) indicators.

64. The common output indicator for tourism was not meant to cover all types of outputs of tourism investments.

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<sup>3</sup> INTERINSTITUTIONAL AGREEMENT of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, 2013(C 373/01).

The ex-post evaluation of the 2014-2020 Cohesion policy will cover investments of approximately EUR 350 billion, of which tourism-related investments represent approximately 1.4%.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Recommendation 1 – Set out a new strategy for the EU tourism ecosystem, which explicitly aims at supporting investments that contribute to a more sustainable form of tourism**

The Commission accepts the recommendation.

It is in line with on-going efforts to develop a European Tourism Agenda 2030, going beyond supporting investments that contribute to a more sustainable form of tourism. In addition to sustainability, resilience and digitalisation are the main objectives. The Commission launched a co-creation process for the tourism transition pathway, which will allow to work towards a European Agenda 2030.

### **Recommendation 2 – Encourage Member States to apply selection procedures for ERDF-funded tourism investments to support this new strategic orientation**

The Commission accepts the recommendation.

According to Article 73 of the Common Provisions Regulation (CPR)<sup>4</sup>, the definition of selection criteria and the selection of projects are under the responsibility of managing authorities. In doing so, the managing authorities should, inter alia, ensure that selected operations comply with the programme, including their consistency with the relevant strategies underlying the programme, as well as provide an effective contribution to the achievement of the specific objectives of the programme.

According to article 40(2) of the CPR, the methodology and criteria used for the selection of operations are to be approved by the monitoring committee. Representatives of the Commission participate in the work of the monitoring committee in a monitoring and an advisory capacity (Article 39 (2) CPR). However, there is no legal obligation that the Commission's recommendations would be considered and implemented.

Moreover, the specific selection criteria depend on the intervention logic of the programme under which the support to tourism projects is provided (see in particular, Articles 22, 28 and 29 of the CPR as well as recitals 30 and 39 to the ERDF Regulation).

The Commission is ready to disseminate the new strategic orientations and the proposed guiding principles under recommendation 2 in the CPR Expert Group, where the Member States are represented. It would be for the Member States to consider these strategic orientations and guiding principles, in view of the local context and the priorities of the programmes, when defining project selection criteria in line with the legal provisions of article 73 of the CPR.

Based on needs identified by the Member States and at their own initiatives, managing authorities can make use of the available Technical Assistance in their programmes to support project preparation, for example in relation to demand analysis or cooperation issues.

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<sup>4</sup> Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy.

(4<sup>th</sup> indent) Finally, according to Article 73(2) (d) of the CPR, the managing authority has to verify that the beneficiaries have necessary financial resources and mechanisms to ensure the financial sustainability of action.

77. The use of the common output indicator for tourism is determined by its relevance with respect to the types of activities implemented by programmes and the amounts allocated to the activities. The rather limited amounts invested in tourism activities could not result in a widespread use of tourism indicators.

For the programming period 2014-2020 the legislation did not provide for common result (impact) indicators and therefore no aggregation of results was possible. For the 2021-2027 programming period an important change relates to the introduction of common result (outcome) indicators.