



**G20**  
SOUTH AFRICA 2025



Sherpa Track  
**ISSUE NOTE**

# Tourism Working Group

December 2024



# Tourism

## Working Group (TWG)

### Table of Contents

1.	Introduction	2
2.	Background	3
3.	Priorities and Deliverables	4
3.1	Priority 1: People-centred Artificial Intelligence (AI) and innovation to enhance Travel and Tourism Start-ups and Micro-Small-Medium-Enterprises (MSMEs)	5
3.2	Deliverable: Action plan to enhance Travel and Tourism Start-ups and MSMEs through AI and innovation	5
3.3	Priority 2: Tourism financing and investment to enhance equality and promote sustainable development	6
3.4	Deliverable: Seminar for enhancing partnerships for tourism financing and investment for sustainable development	7
3.5	Priority 3: Air connectivity for seamless travel	9
3.6	Deliverable: G20 Tourism report on air connectivity for seamless travel	10
3.7	Priority 4: Enhanced resilience for inclusive, sustainable tourism development	10
3.8	Deliverable: Action plan for enhanced resilience for sustainable development	11

## 1. INTRODUCTION

The G20 economies represent around 85% of the global gross domestic product (GDP), over 75% of the global trade, and about two-thirds of the world population. In 2022, the G20 welcomed 74% of all international tourists and accounted for 73% of tourism exports worldwide. In 2019, before the COVID-19 pandemic, Tourism Direct GDP reached 3.7% of the G20 economies (<https://www.unwto.org/tourism-g20-economies>).

Tourism is recognised for its immense potential and its significant contribution to the economy. It plays a critical role in the global economy. Tourism is one of the vital economic sectors contributing significantly to socio-economic development, but it remains vulnerable to natural and manmade hazards. For many countries, the tourism economy is growing faster than most other economic sectors. With its extensive value chain and labour absorption capacity, it is acknowledged as a tool for inclusive economic development, playing a significant role in responding to socioeconomic challenges.

The COVID-19 pandemic plunged the world economy into its most serious challenge. Global output, employment, trade, and investment were impacted negatively. Efforts to revive the tourism sector present a unique opportunity not only to return the sector to levels it reached before the outbreak of COVID-19 but also to position it for long-term sustainable growth and unlock its full potential. It is essential to also consider the sustainability of the tourism sector, the diversification of the tourism offering, promoting structural transformation, and ensuring greater use of technology, as well as more inclusive participation of communities, all of which are essential elements towards a more sustainable, inclusive, and resilient tourism sector.

The latest United Nations (Tourism) data highlights the economic impact of recovery in that:

- International tourism receipts reached US\$1.4 trillion in 2023, according to preliminary estimates, about 93% of the US\$1.5 trillion earned by destinations in 2019.
- The total export revenues from tourism (including passenger transport) are estimated at US\$1.6 trillion in 2023, almost 95% of the US\$1.7 trillion recorded in 2019.

- Preliminary estimates on the economic contribution of tourism, measured in tourism direct gross domestic product (TDGDP) point to US\$3.3 trillion in 2023, or 3% of global GDP. This indicates a recovery of pre-pandemic TDGDP driven by strong domestic and international tourism.

(<https://www.unwto.org/news/international-tourism-to-reach-pre-pandemic-levels-in-2024>)

The World Travel and Tourism Council's (WTTC) latest annual research shows that in 2023, the travel and tourism sector contributed 9.1% to the global GDP, an increase of 23.2% from 2022 and only 4.1% below the 2019 level. In 2023, there were 27 million new jobs, representing a 9.1% increase compared to 2022, and only 1.4% below the 2019 level. Domestic visitor spending rose by 18.1% in 2023, surpassing 2019. International visitor spending registered a 33.1% jump in 2023 but remained 14.4% below 2019. (<https://wttc.org/research/economic-impact>)

The sustained recovery is also reflected in the performance of industry indicators. The United Nations (UN) Tourism Recovery Tracker highlights that international air capacity and passenger demand recovered about 90% of pre-pandemic levels through October 2023 (International Air Transport Association [IATA]).

## 2. BACKGROUND

Actions to support and consolidate recovery while investigating the sector's transformation process are essential. This was highlighted by the 2022 G20 Bali Guidelines for Strengthening Communities and Micro-Small-Medium-Enterprises (MSMEs) as Tourism Transformation Agents: A People-Centred Recovery, which constituted a set of recommendations and possible actions approved by the G20 Tourism Ministers.

The 2023 Goa Roadmap for Tourism as a Vehicle for Achieving the Sustainable Development Goals (SDGs) highlights the opportunities for governments and stakeholders to work jointly, as per their national circumstances, needs and priorities, to accelerate the achievement of the SDGs. The document also presents recommendations to guide the sector and enable its potential to achieve the 2030 Agenda.

The outcomes of the 2024 G20 Report on implemented actions by G20 members from 2010 to 2023 present a comprehensive analysis of the actions and initiatives



undertaken by the G20 countries in the tourism sector on sustainability and tourism, information sharing and management, international cooperation, as well as tourism as an economic enhancer. The document emphasises the commitment of countries to promote sustainable development and inclusive growth, recognising the importance of multilateral cooperation and robust institutions to deal with the complexity of global tourism. It recommends that holistic and collaborative approaches among governments, the private sector, local communities, and international organisations are essential for promoting sustainable, responsible, and resilient tourism aligned with SDG principles. These approaches aim to secure lasting benefits for all stakeholders in the tourism sector.

Tourism is an important economic sector in Africa. In 2022, travel and tourism's contribution to Africa's GDP reached US\$168 billion, representing 5.9% of the regional economy. It remained 9.7% below its pre-pandemic level in 2019. In the same year, the sector supported nearly 22 million jobs across the continent and was short of its 2019 level by 12.7%. According to this trajectory, in the next decade up until 2033, travel and tourism's contribution to the African economy is set to rise at an annual rate of 5.1%. The sector is forecast to create 12.7 million new jobs in the same period.

The challenges facing the African travel and tourism sector include connectivity, financing tourism development, marketing, social and environmental sustainability, and safety and security, among others. South Africa's priorities for the 2025 G20 Presidency are aligned with the continental priorities.

### 3. PRIORITIES AND DELIVERABLES

The 2025 G20 Tourism Agenda will build on the work previously done by the Tourism Working Group under previous G20 presidencies, in line with South Africa's 2025 G20 Presidency theme: *Solidarity, Equality, Sustainability*.

The 2025 G20 Tourism Agenda will focus on the following priorities:

### 3.1 PRIORITY 1: PEOPLE-CENTRED ARTIFICIAL INTELLIGENCE (AI) AND INNOVATION TO ENHANCE TRAVEL AND TOURISM START-UPS AND MSMEs

The travel tech sector has experienced continuous growth throughout the last decade. Around US\$ 455 billion has been invested in travel and mobility tech start-ups from 2010 to 2019. Surprisingly, despite the 2020 drop in global investment, the amount of funding towards the travel tech sector remains stable and experiences a marginal increase compared to 2019. (<https://www.unwto.org/travel-and-tourism-tech-startup-ecosystem-and-investment-landscape>)

Digital transformation is essential not only for increasing the competitiveness of MSMEs and communities but also to advance seamless travel. Tourism start-ups have the power and agility to transform the sector in line with the Sustainable Development Goals.

The G20 Bali Guidelines for Strengthening Communities and MSMEs as Tourism Transformation Agents—A People-Centred Recovery highlights that digital transformation is essential not only for increasing the competitiveness of MSMEs and communities but also for advancing seamless travel and that innovation in tourism is essential to achieve sustainable, inclusive and resilient tourism, as well as safe, seamless and sustainable tourist journeys. However, one key challenge currently in the spotlight is to innovate and provide “experience tourism”, which is the current preference. Innovation should spur value-added products, strengthen tourism linkages with other sectors, reduce costs, and support the implementation of planning and management solutions that contribute to the sector's economic, sociocultural, and environmental sustainability.

Ensuring a people-centred approach to AI and innovation in line with the 2025 theme of *Solidarity, Equality, Sustainability* will ensure that we are able to bridge the digital divide and allow travel and tourism start-ups and MSMEs to enhance their market access.

### 3.2 Deliverable 1: Action plan to enhance travel and tourism start-ups and MSMEs through AI and innovation

AI and emerging technologies emerge as catalysts for change, offering unprecedented opportunities to reimagine the tourism landscape. The integration of AI represents a paradigm shift in how we understand and manage tourism

destinations. From optimising visitor flows and mitigating environmental impacts to preserving cultural heritage and fostering community engagement, AI is key to unlocking new frontiers of sustainable tourism.

(<https://www.unwto.org/events/wtm-ministers-summit-ai-for-good-in-tourism>)

Small, Medium-sized Enterprises (SMEs) make up to 80% of all tourism businesses. In May 2022, UN Tourism launched a Digital Futures Programme designed to accelerate the adoption of new technology among tourism enterprises. The UN World Tourism Organisation (WTO) Digital Futures Programme for SMEs seeks to accelerate the economic recovery of the tourism sector by supporting SMEs in unleashing digital technologies to create jobs and enhance future resilience in the linkages of the tourism value chain post-COVID-19. The UNWTO Digital Futures Programme for SMEs has the ambition to reach out to at least one million SMEs and to increase their competitiveness across six key digital dimensions: connectivity, business growth, e-commerce, big data and analytics, and payments and security, by providing online training that uptakes the use of digital technologies and tools. (<https://www.unwto.org/events/launching-event-of-the-unwto-digital-futures-programme>).

By gathering case studies and examples of innovative AI and digital transformation enhancing people-centred and sustainable tourism, the Working Group will develop an action plan for G20 member states to support travel and tourism start-ups and MSMEs through promoting people-centred AI and innovation.

### 3.3 **PRIORITY 2: TOURISM FINANCING AND INVESTMENT TO ENHANCE EQUALITY AND PROMOTE SUSTAINABLE DEVELOPMENT**

According to UN Tourism, the COVID-19 pandemic made it clear that sustainable tourism requires sustainable investments, and not just traditional investments like accommodation infrastructure that promote and underpin economic growth and productivity. It also requires non-traditional investments in digital solutions and support services that enhance innovation by creating and diffusing new solutions to the sector. To harness the advantages of investments, governments must promote policies and new investment vehicles to recover, retain, and attract foreign direct investments.

The G20 Rome Guidelines for the Future of Tourism on Investment and Infrastructure (focusing resources on a sustainable future for tourism) highlight

that successful tourism destinations have had to establish and maintain programmes to attract internal and external direct investment in tourism products and operations and maintain a public sector budget to support tourism-related services and destination management.

Almost half of all tourism investments globally (46.51%) are made in developed countries; developing countries continue to fall behind. Despite this, UN Tourism foresees a positive future for tourism in developing countries, specifically Africa, with an estimated growth in tourist arrivals to 134 million by 2030. Therefore, a significant level of investment will be required to support increasing traveller volumes and changing consumer behaviours and needs.

Investment and financing for sustainable tourism development do not necessarily require the creation of new instruments but rather better connecting tourism projects with available green and other financing instruments. Traditional and innovative finance mechanisms exist that integrate tourism-intrinsic characteristics (i.e., seasonal flows, intangibles production), from standard debt finance, which is the main external finance source for small tourism firms, to equity and hybrid instruments favoured by high-growth and innovative firms. Finance mechanisms can also be extrapolated from other industries that rely on (renewable) natural assets and other policy objectives, such as group lending by microfinance institutions. (OECD 2018 © *Towards investment and financing for sustainable tourism*)

Brazil's G20 Presidency Report on Funding Lines and Priority Areas for Investment in Tourism underscores the critical role of financial support in driving tourism development, with the potential to create positive social, environmental, and economic impacts across multiple sectors. The report further recommends that multilateral and international organisations, as well as financial institutions, provide funding lines in four priority areas directly related to tourism: climate resilience and nature-positive tourism, social development, the development of new tourism products in local communities, and the development of shared tourism infrastructure. The report indicates that increasing financial support in these areas is important to ensure tourism's full potential, fostering sustainable growth and shared prosperity.

### **3.4 Deliverable 2: Seminar for enhanced partnerships for tourism financing and investment for sustainable development**



Government intervention and support are critical to the viability of tourism projects, and the fact that the ability of the tourism sector to stimulate production in other areas of the economy strengthens the case for government-funded/capitalised equity funds. The G20 economies should seek to offset the set-up costs of large infrastructure projects by subsidising critical infrastructure to ease the burden on investors and attract more investments. Equity funding and demand/supply statistics are major challenges hindering the development of the tourism sector. In order to fill the equity funding gap, the government, in collaboration with multilateral financial institutions, should create equity funding projects as instruments to close the gap.

Action 4 on sustainable development and financing for the development of the Pact for the Future/Declaration for 2024 The UN Summit for the Future affirms commitment to closing the financing gap facing developing countries to prevent a lasting sustainable development divide, widening inequality between and among countries and a further erosion of trust in international relations and the multilateral system. (<https://www.un.org/sites/un2.un.org/files/sotf-pact-for-the-future-rev.3.pdf>). The UN Summit for the Future is a high-level event that brings world leaders together to forge a new international consensus on delivering a better present and safeguarding the future. The summit was deemed necessary since the world is not on track to meet the goals already set, nor is the world effectively rising to new challenges or opportunities. (<https://www.un.org/en/summit-of-the-future/>)

A G20 Tourism Financing and Investment seminar will leverage the report by Brazil's 2024 Presidency to the G20 finance track on the need to increase financing of tourism development projects and tourism investment through multilateral development banks, as well as on the importance of strengthening the activities of multilateral organisations with a positive impact on the tourism sector. The seminar will also address the four priority areas identified by the abovementioned report: climate resilience and nature-positive tourism, social development, new tourism products in local communities, and the development of shared tourism infrastructure.

The seminar would bring together experts from G20 member states, multilateral banking organisations, and development finance institutions, as well as other experts from the public and private sectors, to deliberate on implementable strategies and approaches to investment in the tourism sector. It will be held at the G20 Tourism Ministers Meeting in September 2025.

This conversation between ministers, development finance institutions, and private sector bodies will create new partnerships that recognise the importance and potential of sustainable tourism for promoting economic growth, overcoming inequality and addressing poverty, in line with the 2025 G20 theme of *Solidarity, Equality, Sustainability*

### 3.5 PRIORITY 3: AIR CONNECTIVITY FOR SEAMLESS TRAVEL

Aviation directly supports 15 of the 17 UN Sustainable Development Goals (SDGs) under Agenda 2030, but it also indirectly supports them through its important impacts on tourism development. Aviation connectivity among nations has established a critical foundation for tourism markets and value chains, with well over half of the world's 1.5 billion pre-pandemic travel by air, generating some US\$900 billion in global GDP each year. For a sustainable recovery from the COVID-19 crisis, maximising and balancing the benefits of tourism and air transport requires enabling regulatory environments, coherent policies, quality infrastructure, and comprehensive strategies to fully leverage the benefits offered by technological advances. (ICAO, 2021)

According to the International Civil Aviation Organisation's (ICAO) preliminary compilation of annual global statistics, the total number of passengers carried on scheduled services increased to 3.3 billion in 2022, which is 42.8% higher than the previous year, while the number of departures increased to 29.8 million in 2022, a 23.1% increase. Detailed air transport statistics appear on the Presentation of 2022 Air Transport Statistical Results page.

(<https://www.icao.int/sustainability/WorldofAirTransport/Pages/the-world-of-air-transport-in-2022.aspx>)

The 2018 OECD Report on Defining, Measuring and Improving Air Connectivity recommends that air connectivity can play an important role in fostering local economic development and supporting national long-term economic growth objectives. Air connectivity supports a country's integration into the global economy by facilitating the movement of goods and services, people, ideas, knowledge, and investment.

In 2018, tourism supported a total of 319 million direct and indirect exchange earnings and was often one of the few activities for which it induced jobs globally and made up 10.4% of world GDP, a total of US\$ 8.8 trillion; and the tourism-

related GDP is forecast to rise by 3.7% annually over the next decade, faster than the growth of global GDP. If tourism is well managed with strong support from air transport, it can reduce poverty levels through employment of local people in tourism enterprises, goods and services provided to tourists, or the running of small and community-based enterprises, etc. ([AVIATION-BENEFITS-2019-web.pdf \(ICAO.int\)](#))

Air travel continues to deliver value to consumers. The International Air Transport Association's (IATA) April 2024 public opinion poll revealed that 97% of travellers expressed satisfaction with their travel. Moreover, 91% agreed that connectivity by air is critical for the economy, and 89% said it has a positive impact on societies. IATA released data for June 2024. Global passenger demand shows growth across all regions.

### **3.6 Deliverable 3: G20 Tourism report on air connectivity for seamless travel**

Direct flights are essential for boosting arrivals and positively impacting tourism growth. Therefore, it is important for the G20 members to establish more direct connections and recover those that were lost.

All stakeholders and partners must work together to maximise the benefits of air transport and support the sustainable growth of aviation by connecting more people and places, more often.

The report will form the basis of a concrete action plan for fostering partnerships between the tourism and transport sectors to ensure seamless travel for the advancement of flagship projects for G20 member states, such as the Single African Air Transport Market (SAATM). Seamless travel is the backbone for tourism to promote solidarity among peoples, equality of opportunity, and sustainable development, in line with the 2025 G20 theme.

### **3.7 PRIORITY 4: ENHANCED RESILIENCE FOR INCLUSIVE, SUSTAINABLE TOURISM DEVELOPMENT**

Sustainable development is about meeting the needs of the present without compromising the ability of future generations to meet their own needs. It integrates economic growth, social inclusion, and environmental protection, ensuring the long-term health and stability of all people and our planet. As major global actors, G20 nations are pivotal in driving sustainable development agendas.

As reported by UN Tourism, international tourist arrivals in the first quarter of 2023 have rebounded to 80% of pre-pandemic figures, showing a decrease of 20% compared to the same period in 2019. In comparison, the recovery level for the entire year of 2022 was at 66%.

Enhancing the tourism sector's resilience against disasters and shocks requires that businesses of all sizes and types are better prepared for an increasingly volatile and uncertain environment. Tourism businesses sustained extended periods from the start of the pandemic, where revenues were slashed due to restricted or closed operations and ongoing capacity constraints. Working towards greater resilience will support the tourism sector in adapting and transforming in the face of acute shocks in the future and continuing to adjust to the megatrends of evolving visitor demand, sustainable tourism growth, enabling technologies and digitalisation, and changing traveller mobility. (*OECD 2022 Building resilience in the tourism ecosystem*)

Goal 12 of the UN SDGs advises that the tourism sector needs to adopt sustainable consumption and production (SCP) modes, accelerating the shift towards sustainability. It is imperative to identify key points of intervention within the tourism value chain to optimise the use of natural resources and reduce environmental impacts caused by production and consumption. Sustainability principles refer to the environmental, economic, and socio-cultural aspects of tourism development. This aligns strongly with the 2025 theme of the G20 of promoting solidarity, equality, and sustainability.

### **3.8 Deliverable 4: Action plan for enhanced resilience for inclusive, sustainable tourism development**

The G20 member states should encourage a new growth trajectory for inclusive tourism growth. Sustainable and resilient tourism revival is critical, not only for the jobs and businesses that it supports but for its interconnectedness and ability to be a catalyst for broader economic growth. Thus, it is essential to consider preparedness for future disasters that may affect the tourism sector.

The Tourism Working Group 2024 Summary of Deliverables recognises that while significant progress has been made, particularly since the pandemic, in implementing policies to promote sustainable, inclusive, and resilient tourism, there are still critical issues in the sector in which multilateral cooperation through

the G20 is needed. Holistic and collaborative approaches among governments, the private sector, local communities, and international organisations are essential for promoting sustainable, responsible, and resilient tourism aligned with the Sustainable Development Goals (SDG).

It is proposed that the Working Group develop an action plan on enhanced resilience for inclusive, sustainable tourism development that will focus on the preparedness of the G20 tourism sector to survive future shocks and disasters.