



Be.CULTOUR:

“Beyond CULTural TOURism: human-centred innovations for sustainable and circular cultural tourism”



HORIZON 2020

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Deliverable 2.3

Maximisation of ESIFs implementation in sustainable cultural tourism sector – Guidance for policies-makers and implementing bodies (v2)

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Abstract

The Be.CULTOUR project, funded by the European Union's Horizon 2020 program, aims to advance human-centered innovations in sustainable and circular cultural tourism. The project seeks to empower European regions to develop and implement innovative solutions for heritage regeneration and regional development that transcend traditional cultural tourism models. The initiative focuses on six pilot ecosystems across Italy, Spain, Cyprus, Sweden, Serbia, and the cross-border region of North-East Romania-Moldova, each engaging local stakeholders through Heritage Innovation Networks and a Community of Practice. Additionally, a Community of Interest has been developed to facilitate peer learning and the replication of Be.CULTOUR methodologies across mirror ecosystems.

Central to the project's objectives is the co-creation of Local Action Plans and the development of innovative solutions for circular cultural tourism. These efforts aim to foster inclusive economic growth, enhance community well-being, and promote nature regeneration in targeted regions. Be.CULTOUR emphasizes the importance of sustainable investment by leveraging European Structural Investment Funds (ESIFs) and exploring synergies with other EU and national funds to support these initiatives. The project's ultimate goal is to establish a replicable and sustainable investment model that balances economic, social, and environmental impacts.

A significant milestone of Be.CULTOUR is the establishment of the "Pledge Fund" Be.CULTOUR, now known as Investire Sostenibile – the registered trademark for post-project exploitation. This investment vehicle aims to bridge the gap between sustainable finance supply from professional investors and the demand for support from innovative and socially engaged start-ups and SMEs. The investment model combines elements typical of a pledge fund with those of a club deal, promoting collaborative investments that drive positive community impacts while ensuring economic returns.

The project has involved extensive communication and outreach activities to raise awareness and foster engagement among stakeholders. Key events include the presentation of the Pledge Fund at Jazz'Inn 2023 and a dedicated webinar on innovative finance for circular cultural tourism. These activities highlight the project's commitment to transparency, stakeholder involvement, and the dissemination of best practices.

Be.CULTOUR's innovative approach demonstrates how cultural tourism can be a catalyst for sustainable regional development, enhancing local heritage, and fostering community resilience. The project's outcomes are expected to contribute significantly to the broader goals of sustainable



development and Europeanization, setting a precedent for future initiatives in the cultural tourism sector.

This document, the second version of Deliverable 2.2, provides an in-depth analysis of traditional and innovative financing mechanisms to support sustainable cultural tourism. It outlines the potential of these mechanisms to create impactful investments that contribute to territorial regeneration and community well-being. The deliverable concludes with recommendations for public and private stakeholders to further enhance the effectiveness of sustainable investments in the cultural tourism sector.



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1. Description of the Project

Be.CULTOUR stands for “Beyond CULTural TOURism: heritage innovation networks as drivers of Europeanisation towards a human-centred and circular tourism economy”. It expresses the goal to move beyond tourism through a longer-term *human-centred* development perspective, enhancing cultural heritage and landscape values.

Cultural tourism entails opportunities but also risks. Tourism as a whole can be a highly volatile economic sector. If not managed properly, cultural tourism can also easily turn into a “value extractive” industry, generating negative environmental, social and cultural impacts on local communities and ecosystems. This project will **develop specific strategies to promote an understanding** of cultural tourism, which moves away from a “stop-and-go” consumer-oriented approach towards one that puts humans and circular economy models at its centre, paying attention to nature, communities and cultural diversity. “Place”, intended as the *genius loci*, the ancient spirit of the site expressing its “intrinsic value” and “people” as **co-creators** of its uniqueness, culture, art, tradition, folklore, productivity, spirituality, as well as its “time space routine”, are the focus of Be.CULTOUR, which aims at realizing a longer-term development project for the pilot areas involved.

The overarching goal of Be.CULTOUR is to **co-create and test sustainable human-centred innovations for circular cultural tourism through collaborative innovation networks/methodologies and improved investments strategies**. Targeting deprived remote, peripheral or deindustrialized areas and cultural landscapes as well as over-exploited areas, local **Heritage innovation networks** will co-develop a long-term heritage-led development project in the areas involved enhancing **inclusive economic growth, communities’ wellbeing and resilience, nature regeneration** as well as **effective cooperation** at cross-border, regional and local level.

Wide and diversified partnerships of stakeholders from **18 EU and non-EU regions** of Northern-Central and Southern Europe, the Balkans, the Eastern neighbourhood and the Mediterranean will be the driving force of the project. A **community of 300 innovators** (which includes regional authorities and municipalities, clusters and associations, museums and tourist boards, entrepreneurs, chambers of commerce, citizens, researchers, practitioners as well as project partners) in **6 pilot regions** will **co-create innovative place-based solutions for human-centred development through sustainable and circular cultural tourism**.

Collaborative “Heritage innovation networks” will be established in **6 European deprived remote, peripheral and deindustrialised areas and cultural landscapes** identified as “pilot innovation ecosystems”: committed to the project’s objectives, they have defined clear cultural tourism-related

challenges requiring innovation that will serve as the basis for the collaboration with the **16 additional “mirror innovation ecosystems”**. Mutual learning and up-scaling of business solutions will be the objectives of the collaboration between pilot and mirror ecosystems, building the sustainability of the project's results beyond its lifetime.

By adopting a human-centred quadruple/quintuple helix approach to co-design, **Be.CULTOUR will result in 6 community-led Action Plans, 18 innovative human-centred solutions and 6 close-to-market prototypes** of new cultural tourism integrated services and products: these will directly contribute to **inclusive economic growth, communities’ wellbeing and resilience, and nature re-generation** in pilot and mirror regions, **stimulating effective cooperation** at a cross-border, regional and local level. The core partners of the Consortium will progressively build Be.CULTOUR sustainability by broadening the interregional collaboration while anchoring it to relevant EU initiatives in the academic, business and institutional realms.

1.1 Be.CULTOUR specific objectives

The scopes of the Be.CULTOUR project will be achieved through a set of specific, measurable, achievable, realistic and time-constrained (SMART) specific objectives:

Objective 1 – To assess the impacts and market potential of sustainable and circular cultural tourism at national, regional and local level through multidimensional quantitative and qualitative indicators, innovative statistical methods and advanced smart data management systems;

Objective 2 – To build a Community of Practice of 6 pilot regional ecosystems and a Community of Interest with 16 “mirror ecosystems” in EU and non-EU countries actively engaged in knowledge-sharing and exploitation of Be.CULTOUR’s approach, methodology, tools, and innovative solutions for sustainable and circular cultural tourism;

Objective 3 – To co-develop 6 Action Plans for sustainable and circular cultural tourism by establishing collaborative “Heritage innovation networks” in 6 pilot regions in Northern-Central and Southern Europe, the Balkans, the Eastern neighbourhood and the Mediterranean;

Objective 4 – To co-develop, prototype and test human-centred and place-specific product, process and service innovations for sustainable and circular cultural tourism in pilot heritage sites;

Objective 5 – To provide policy recommendations for more effective use of European Structural Investment Funds (ESIFs) and other EU funds to support cultural tourism innovation ecosystems in pilot and mirror regions, and develop a proposal of evolution of ESIFs through synergies with other public funds;

Objective 6 – To contribute to deepen cultural Europeanisation through information and educational activities focused on the European history, identity and culture expressed in tangible and intangible cultural heritage and cultural landscapes, developing European Cultural Routes and European Heritage Labels in pilot heritage sites.

All partners have wide experience in developing and testing the Be.CULTOUR proposed approach, methodology and tools, ensuring the effective and time-constrained achievement of all the above-mentioned specific goals.



2. Introduction

The Be.CULTOUR project aims to empower European regions to develop innovative solutions for heritage regeneration and regional development that go beyond traditional cultural tourism models.

The project's core objective is to implement co-creation activities, develop Local Action Plans, and devise innovative solutions for circular cultural tourism in six pilot ecosystems across Italy, Spain, Cyprus, Sweden, Serbia, and the cross-border region of North-East Romania-Moldova. Each pilot ecosystem has identified a specific Pilot Heritage Site where the Be.CULTOUR methodology will be applied, tested, and validated. Local stakeholders engaged in local Heritage Innovation Networks will work together within these ecosystems and actively participate in the Be.CULTOUR Community of Practice. Additionally, a Community of Interest is being developed to engage further organizations (mirror ecosystems) committed to a peer-learning program, replicating the Be.CULTOUR methodology in their territories using their resources.

This deliverable, part of Work Package 2 (WP2), focuses on the analysis of the evolution of European Structural and Investment Funds (ESIFs) in the sustainable cultural tourism sector and proposes innovative ESIFs-based financing mechanisms dedicated to this sector to leverage private investments. The foundation of this document builds upon the work already provided by other Be.CULTOUR partners under Work Packages 1, 3, and 4, as well as results obtained from the Horizon 2020 CLIC project.

The final version of this deliverable explores the implementation potential of the proposed financing mechanisms, analyzes synergies between ESIFs and other EU and national funds, and evaluates the potential to create synergies with IPA and ENP funds within the cultural tourism sector. It concludes with recommendations for public and private stakeholders active in this sector, aiming to enhance the effectiveness of sustainable investments in cultural tourism

2.1 Document structure

This deliverable aims at the design and implementation of financing mechanisms by exploiting ESIFs and supporting circular cultural tourism initiatives. The final version of this document is structured as following:

- Section 1: General description of the project;
- Section 2: Introduction issues and the structure of the document;

- Section 3: Outline of regulation, evolution, implementation and contribution of ESIFs to EU tourism sector;
- Section 4: Overview of tourism in Smart Specialisation Strategies;
- Section 5: Introduction of Be.CULTOUR project approach towards sustainable financing of cultural tourism initiatives and the proposal of two financing mechanisms;
- Section 6-7: Description of the evolutionary process of the innovative investment model Investire Sostenibile;
- Section 8: Recommendations for public and private stakeholders to further enhance the effectiveness of sustainable investments in the cultural tourism sector;
- Section 9: Concluding section with references, acronyms list, and attachments.



3. European Structural and Investment Funds: regulation, evolution, implementation and their contribution to EU tourism sector

Given rising investment needs and declining public investment spending, European Union (EU) funding mechanisms represent an important tool to ensure investment spending among EU Member States. Through its complex financing network relying on EU budgetary funds, on traditional financing instruments and innovative ad-hoc ones, EU is able to pursue and implement a range of strategic priorities, upholding and promoting its values and interests worldwide. A key objective of EU is to strengthen regional cohesion by addressing development disparities, particularly by targeting less-favoured regions¹. The key common principles of solidarity and equality have inspired the **European Cohesion Policy** aimed at strengthening economic, social and territorial cohesion in the European Union and correcting imbalances between countries and regions by promoting the increasing allocation of funds in disadvantaged areas and sectors. Furthermore, Cohesion Policy constitutes an effective tool to foster the achievement of an inclusive, smart, green and sustainable development in EU countries.

To finance its interventions, Cohesion Policy is implemented mainly through the use of **European Structural and Investment Funds (ESIFs)**, constituting therefore the political framework behind hundreds of thousands of projects across Europe that receive funding through the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (that targets EU Member States with a GDP below 90% of the EU27 average, not including Croatia)².

According to the definition given by European Commission, ESIFs represent the EU's main source of investment for helping Member States to re-establish and increase growth and to guarantee a recovery that generates employment, while also ensuring sustainable development, in line with the aims and application of the Europe 2020 Strategy (European Commission, 2010).

These Funds constitute financial instruments defined by and embedded into a specific regulatory framework which implementation processes are the outcome of negotiations between the European Commission and each Member State, resulting in partnership agreements between the two parties which also involves stakeholders at local and/or regional level.

¹ Art. 174 of the Treaty on the Functioning of the European Union: <https://eur-lex.europa.eu/legalcontent/EN/TXT/?uri=CELEX%3A12008E174>.

² https://ec.europa.eu/regional_policy/it/faq/#1

The programming of EU funds is set within the context of an agreed **multiannual financial framework (MFF)** covering a specified ‘programming period’ that allow for long-term financial planning, setting the overall limits to the amounts of money that may be spent from the EU budget into a range of agreed policy areas. ESIFs take the lion’s share of EU funding activities; the two main funds – ERDF and CF –, in fact, manage almost one third of the total EU budget.

The investment financing provided through ESIFs is significant for a number of reasons. First, while it aims to reduce inequalities between EU countries, it can also help reduce disparities within countries through targeted, and ideally place-based, investment. Second, encouraging productivity growth is critical to ensuring greater well-being as it can have a positive impact on income and jobs, health, and access to services. One ingredient for promoting such growth is investment in both “hard” (e.g. transport, energy, Information and Communication Technology, etc.) and “soft” infrastructure (e.g. research and development, human capital and skills, social and community services, etc.), a focus of this current programming period. Finally, since the global financial crisis, the public investment to GDP ratio has dropped in many EU countries and therefore ESIF, especially Cohesion Policy funding, offers an effective way for EU Member States to ensure a reliable source of public investment finance, especially today when investment needs are rising.

Given the breadth and importance of ESIFs, this section provides an overview of how ESIFs funds have contributed and supported tourism sector in Europe in these years – specifically during 2007-2013 programming periods – and gives a detailed analysis of their structure and composition in the framework of the 2021-2027 programming period, underlying their potential to support and enhance tourism-related projects and activities in the forthcoming years.

3.1 State of art of ESIFs use for tourism: review of 2007-2013 and 2014-2020 programming periods ESIFs implementation and results

In the last decade, a combination of opportunities and challenges in tourism sector led to tens of thousands of tourism-related projects funded through ESIFs both in the 2007-2013 and in 2014-2020 programming periods.

In the 2014-2020 programming period, EUR 461 billion was allocated to ESIFs, with an increase of 4,4% over the previous programming period in which the planned amount for ESIFs was EUR 441 billion, in order to support over 500 programmes (European Commission, 2019). EU funds make it possible to advance national and subnational-level investment in competitiveness, growth and jobs in EU Member States: in fact, it has been estimated that by 2015 ESIFs

investment associated with the 2007-2013 programming period supported a 3% increase in GDP among EU 12 countries³, and a similar increase is expected by 2023 associated with the current programming period⁴.

Referring exclusively to the tourism sector, in the 2014-2020 period, close to EUR 10 billion have been earmarked from ESIFs, mainly from the European Regional Development Fund ERDF, the European Social Fund ESF, and Cohesion Fund CF, for activities and projects aimed at promoting and enhancing tourism in Europe. Due to the structural transversal nature of this sector, the majority of projects combine tourism activities with activities from other areas related to travel experiences. Protection, development, and promotion of public cultural and heritage assets is by far the largest category founded, with a EUR 4.3 billion planned EU-funding component. The share of tourism-related funding (including financing for culture and nature assets) within the overall ESIFs funding usually ranges between 2-5% across Member States.

For the 2007-2013 programme period, an interesting overview can be derived from the ex-post evaluation of the seven-years programme period made by DG REGIO, 2016, focusing on the European Regional Development Fund (ERDF) and the Cohesion Fund (CF). According to the analysis, only considering ERDF, the total amount of funds allocated to culture and tourism related projects is close to EUR 14.4 billion. Among the EU countries that have successfully made use of European resources from ERDF and CF funds there are Poland, Italy and Hungary, for which the resources allocated to selected heritage or tourism projects amount to EUR 1,948.6, EUR 1,195.6 and EUR 1,110.7 million respectively⁵. However, it is plausible that there is an underestimation of the total ERDF amount allocated to projects related to culture and tourism, because SMEs operating in these sectors may also have been indirectly supported by other ERDF categories.

In the 2007-2013 programme period 15 countries (Bulgaria, Cyprus, Czech Republic, Germany, Finland, France, Hungary, Italy, Lithuania, Latvia, Malta, Poland, Portugal, Sweden, Slovenia) with readily available ESIF project databases count more than 30 thousands tourism-related projects, whereas for the 2014-2020 period more than 10 thousand tourism related projects co-financed by all ESIFs have been identified in just 12 countries (Austria, Belgium, Czech Republic, Germany, Denmark, Spain, Finland, Croatia, Lithuania, Malta, Poland, Portugal).

³ EU 12 countries are Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia. For the 2014-2020 period, Croatia is also included in the estimate.

⁴ European Commission (2018), *Seventh report on economic, social and territorial cohesion*, https://ec.europa.eu/regional_policy/sources/docoffic/official/reports/cohesion7/7cr.pdf.

⁵ Source: DG REGIO (2016), *Ex post evaluation of Cohesion Policy programmes 2007- 2013, focusing on the European Regional Development Fund (ERDF) and the Cohesion Fund (CF) Work Package 9: Culture and Tourism Final Report*, Contract: 2014CE16BAT034 https://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp9_final_report.pdf

Funding support for tourism projects is implemented through a range of channels, each with different objectives and criteria. In Regulation (EU) No 1303/2013 of the European Parliament and of the Council, tourism is not directly mentioned, as it constitutes a sector and means of attaining economic development, it is not an objective. The same applies for the previous funding period (2007 – 2013) with Regulation (EC) No 1083/2006. Tourism, however, is considered eligible for funds if it contributes to the thematic objectives and the investment priorities in a targeted way and if it is fully embedded in a wider development and growth strategy.

For the 2014-2020 period, the ESIF viewer database (ERDF, ESF, CF) provides relevant information of the expected tourism-related interventions implemented by means of funding through the ESIFs. Tab 1 shows some of the most significant of them, divided into categories according to their targeted effect on the economy, the environment and society respectively.

Type of effect	Expected Tourism-Related Interventions
Economic effect	<ul style="list-style-type: none"> - Local and regional economic development (GDP) - Direct/indirect employment - Development of a broader skill set and supporting labor mobility - Enhanced competitiveness of local SMEs - Innovation uptake and digitalization - Increased visibility of regions, brands and investment possibilities - Diversification of the economic sectors of local communities, e.g., providing a link between the fisheries industry and tourism
Environmental effect	<ul style="list-style-type: none"> - Sustainable transport - Increased energy efficiency - Increased awareness about nature and environmental protection - Reduced pressure on natural resources due to diversification of sectors (shift from traditional extractive sectors to tourism)
Social effects	<ul style="list-style-type: none"> - Urban revitalization and community building - Increased social engagement and inclusion - Improved governance and administrative capacity - Positive health effects

Table 1 - Tourism-related categories of intervention funded through ESIFs 2014-2020 in the ESIFs database

The review of the databases for both periods 2007-2013 and 2014-2020 also shows a wide range of tourism-related activities supported by ESIFs.

Investments range from infrastructure development, cultural heritage to education / awareness-raising activities as well as marketing and research activities. Examples of activities include:

- Investment in cultural heritage sites
- Investment in eco and health tourism
- Tourism promotion activities
- Vocational training in the tourism sector
- Hotel renovations, including in rural regions
- Exchange of tourism practices
- Investment in tourism activities related to fishing
- Investment in hard infrastructure, e.g., roads, waste management
- Investment in tourism-related ICT
- Support for FLAGs investing in tourism.

Table 2 collects all the categories of beneficiaries who made use of each of the funds designated in the previous programming period, while Table 3 outlines the main key impacts of several financed EU tourism-related projects on the economy, the environment and society.

Funds	Categories of beneficiaries
ERDF/CF	Companies (e.g., SMEs, hotels, health spas), chambers of commerce, research/training institutes, restaurants, public (information) centres, schools, teaching centres, education centres, universities, associations, municipal administrations, cities, towns, municipalities, infrastructure companies, development agencies, associations of municipalities, natural parks
ESF	Hotels, regional development associations, tourism parks, municipalities, provinces, learning centres, companies, associations of municipalities, museums, religious sites, heritage institutes, ministries of culture, schools, city councils, competency centres, sociocultural education centres
EAFRD	Small guesthouses, groups of local producers
EMFF	Companies, local fishery groups, universities, municipalities, school

Table 2 – Beneficiaries

Impacts on economy	
Local and regional economic development	The contribution to local and regional economic development is achieved not only through the overall increase in tourism revenues and new employment opportunities, but also through the specific involvement of businesses in the local accommodation, food, and leisure sectors, thus creating additional work and income opportunities. For example, in the case of the project 'Ancient theatre of Aptera in Crete' ,

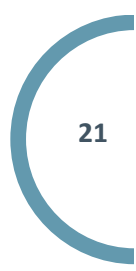
	<p>the high and still growing number of visitors to the site (from 15,212 in 2015 to 38,666 in 2017) brought various economic benefits to the region directly (though new job opportunities, skills training, demand for supplementary services such as food & beverages, etc.), and thereby to the Greek economy as a whole.</p>
<p>Direct/indirect employment</p>	<p>The most evident expected effect of tourism is on direct employment related to touristic activities. For example, since the inauguration of MonsCongress Centre in 2015, 4.5 direct full-time jobs have been created. The reconstruction of the Dubrovnik airport will result in an increase in employment of workers from 447 to 676 by 2020. The indirect impact on employment is much higher (e.g., employment in related activities such as maintenance (roads and city infrastructure including gardens, fountains, etc.), food providers, transport, medical services, etc). The creation of the Mons Congress Centre had impacts on small businesses and downtown restaurants as reported by local merchants who claim that the number of conventioners/businesspersons attending downtown restaurants is increasing. Besides the direct full-time jobs, the creation of the centre generated 30 indirect jobs through the construction of the Congress Hotel nearby.</p>
<p>Development of a broader skill set and supporting labour mobility</p>	<p>By investing in education, training and vocational training for skills of employees/staff in the tourism sector (e.g., language skills), tourism related projects contributed to development of a broader skill set and supporting labour mobility (communication skills, cross-cultural collaboration). The example of 'Dual learning industrial kitchen and catering' shows how this can be achieved through synergies between the educational and hospitality sectors. Further examples include the project 'Developing leaders for change and innovation in tourism', which aimed to increase the number of qualified professionals working in the tourism industry in Malta, by upgrading their management knowledge and skills.</p>
<p>Enhanced competitiveness of local SMEs</p>	<p>Tourism initiatives providing direct support to local businesses enable enhancing competitiveness of local SMEs. The case of 'Experience-based coastal tourism – an interregional application' supported the development of clusters and businesses as a driving force for innovation and growth in the tourism industry. SMEs competitiveness was enhanced by establishing five demonstration projects and a nationwide network, which resulted in established partnerships and networks.</p>
<p>Increased visibility of regions, brands, and investment possibilities</p>	<p>Local economic development can be positively affected by supporting the development of strategies and policies aimed at promoting the visibility of regions, brands and investment possibilities. This can be of particular importance for rural regions, as demonstrated by the example of 'Aldeias Históricas de Portugal (AHP) – Revitalising villages through education and business development' which helped define a</p>



	concerted strategy in order to promote the cultural heritage of villages in Central Portugal and supported the development of an incentive policy for potential investors in the region.
Diversification of the economic services of local communities, e.g., providing a link between the fisheries industry and tourism	Tourism projects contribute to the diversification of the economy of local communities, e.g., projects providing a link between the fisheries industry and tourism. Making use of fishing harbours and local fisheries' potential for tourism can be achieved through cooperation between local action groups. This was the case in Poland , where a group of nine local action groups proposed undertaking promotional events regarding fish products, to situate local areas as tourist destinations. Promoting social wellbeing and cultural heritage in fisheries and aquaculture areas, including fisheries, aquaculture and maritime cultural heritage can lead to the diversification of sources of income for local communities as well.
Impacts on environment	
Sustainable transport	Sustainable transport can be developed through tourism related projects which aim to establish healthier and more beneficial alternatives to conventional transport. Often, this will be grouped with sport initiatives. For instance, the project ' Creating a cycle route in the Atlantic Pyrenees region ' developed cycle infrastructure to provide local inhabitants and visitors with an environmentally sustainable new mode of transport, while promoting stronger cross-border connections. Sustainable modes of mobility might not necessarily be one of the primary objectives of tourism initiatives, but they can occur as side effects. For instance, the creation of the Mons Congress Centre in a strategic location encouraged the use of public transport, thus contributing to the reduction of the carbon footprint.
Increased energy efficiency	A different aspect of promoting environmental sustainability comes from infrastructure construction or adjustments that increases the energy efficiency of businesses and facilities, promoting resource efficiency and a shift towards a low carbon economy. The Mons congress centre was designed to optimise energy consumption. Particular attention was paid to the thermal envelope, internal ventilation and the use of natural lighting.



<p>Increased awareness about nature and environmental protection</p>	<p>Tourism initiatives can aim to raise awareness about nature and environmental protection. Beyond promotional and marketing activities, this can be achieved by providing learning platforms to engage tourists as well as the local community. The project 'Extension of the treetop walkway at Hainich National Park' included the creation of two 'experience platforms' that would facilitate the engagement of visitors. One 'research platform' and two 'adventure features' were integrated into the existing walk for tourists and the science community. The project 'Lake Constance Gardens' aimed <i>inter alia</i> to promote the cultural heritage (horticultural history) of the region. With horticulture at its core, it was strongly focussed on the environment and promoting appreciation of nature.</p>
<p>Impact on society</p>	
<p>Urban revitalisation and community building</p>	<p>Many tourism initiatives can foster urban revitalisation and community building by providing opportunities for business and skills development, as well as cultural engagement. The inflow of workers from other cities, regions, and countries can restore areas lacking in workforce and boosting local economies. In the case of the Stranraer Oyster Festival, the festival attracts people from other places to visit for the duration of the festival and it is one of the most significant elements of the wider regeneration plan for reinventing the image of Stranraer.</p>
<p>Increased social engagement and inclusion</p>	<p>Promoting social engagement and inclusion through tourism related projects can help bind communities as well as engage socially excluded groups. The 'Livonian Culinary route' project contributed to social inclusion by targeting the involvement of people from rural areas through organised training, seminars, workshops and consultations, creating an impact on how they work together and building capacity. The project 'Cultural Route of Epirus' engaged professionals, local businesses, and public or third sector bodies through a signed 'local development pact'.</p>
<p>Improved governance and administrative capacity</p>	<p>Tourism initiatives can contribute to improving governance and administrative capacity in local regions by enhancing the institutional capacity of tourism agencies, public authorities and other relevant stakeholders. Technological solutions can be used in tourism as part of the solution to challenges faced by old urban centres which rely on tourism revenue but must manage tourists efficiently. For example, the project Smart Heritage City (SHCity) provided an open-source data platform and associated knowledge-building activities designed to better manage cultural heritage sites.</p>
<p>Positive health effects</p>	<p>Tourism can trigger positive health impacts through the promotion of sports activities. Such effects are illustrated by the "Mid</p>



	<p>Ireland Adventure project". It focuses on leisure in the shape of outdoor activities, such as mountain bike tours, guided walks, summer camps, stand up paddle board & kayak safaris, archery and adventure races, which lead to recreational and health benefits for tourists.</p>
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Table 3 - Key impacts (economic, environmental, and social effects) of several financed EU tourism-related projects

3.2 ESIFs 2021-2027 potential contribution to the development of the tourism sector in Europe

3.2.1 ESIFs 2021-2027

The ESIFs designed for the **programming period 2021-2027** lay down common provisions for seven shared-management funds at EU level:

- **Cohesion Fund (CF)**, mainly focused on environmental and transport infrastructures.
- **European Maritime and Fisheries and Aquaculture Fund (EMFAF)**, successor to the European Maritime, Fisheries Fund (EMFF) 2014-2020; supports actions and investments that can contribute to the aquatic biodiversity and to sustainable and low-impact fishing and aquaculture activities. It also promotes the supply of quality and healthy seafood products to European consumers, supports the development of a sustainable blue economy in coastal communities, and contributes to maritime surveillance and international cooperation on ocean governance.
- **European Regional Development Fund (ERDF)** mainly focused on smart growth and the green economy, but that will also support other activities such as connectivity, social issues and local development.
- **European Social Fund Plus (ESF+)**, aimed at strengthening the social dimension of Europe.
- **Asylum and Migration Fund (AMIF), Internal Security Fund (ISF), Border Management and Visa Instrument (BVI)**, three funds aimed at strengthening and develop a Common European Asylum System, promote legal migration to EU States and improve solidarity among EU Member States.

ESIFs design and development in 2021-2027 have been defined on the basis of **five main objectives (also designed as Policy Objectives (PO))**, such as:

1. A **smarter** Europe, through innovation, digitisation, economic transformation and support to small and medium-sized businesses (PO 1).

2. A **greener**, carbon free Europe, implementing the Paris Agreement and investing in energy transition, renewables and the fight against climate change (PO 2).

3. A **more connected** Europe, with strategic transport and digital networks (PO 3).

4. A **more social** Europe, delivering on the European Pillar of Social Rights and supporting quality employment, education, skills, social inclusion and equal access to healthcare (PO 4).

5. A **Europe closer to citizens**, by promoting the sustainable and integrated development of urban areas, rural and coastal areas and local initiatives and supporting locally led development strategies and sustainable urban development across the EU (PO 5).

For the financial period 2021-2027, the overall resources approved and adopted by the Council for the cohesion package amount at **€330 billion** at constant 2018 prices (€373 billion at current prices), distributed among the main cohesion policy funds.

Given the promotion of economic, social and territorial cohesion as one of the EU's key objectives, also by reducing the gap between the levels of development existing among the EU countries, the method of allocating EU funds provides three different calculation systems for less developed, in transition and more developed regions (so-called "Berlin Formula"). Although the allocation method is still largely based on each country GDP per capita, new criteria are added to the traditional indicator, such as youth unemployment, low education level, climate change, and the reception and integration of migrants, to better reflect the reality on the ground. Outermost regions will continue to benefit from special EU support⁶.

Furthermore, particular attention is paid to **rural areas, areas in industrial transition and regions with serious and permanent natural or demographic disadvantages**, such as the northern most regions with very low population densities and island, cross-border and mountain regions.

The implementation of regional policy depends mainly on three funds: the **European Regional Development Fund (ERDF)**, which is intended to contribute to the correction of the main regional imbalances existing in the Union, participating in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions; the **Cohesion Fund (CF)**, which is set up to provide financial assistance for environmental and trans-European transport infrastructure projects in Member States with a gross national income (GNI) per capita of less than 90% of the Union average (in the current programming Bulgaria, Cyprus, Croatia, Estonia, Greece, Latvia, Lithuania, Malta, Poland, Portugal, the Czech Republic, Romania, Slovakia, Slovenia and Hungary and therefore not Italy); the **European Social Fund (ESF)**, which aims to promote employment opportunities and the geographical and

⁶ https://ec.europa.eu/regional_policy/en/2021_2027

occupational mobility of workers within the Union and to facilitate adaptation to industrial change and changes in production systems, in particular through vocational training and retraining. There are many citizens who can apply for help from European funds, but they do not always know they have this right. The beneficiaries of cohesion policy can be companies (especially small and medium-sized ones), public bodies, associations, or private individuals, provided they submit a project that complies with the selection criteria set by the managing authority of the program. Foreign companies established in Europe are also eligible for assistance from the Structural Funds⁷.

3.2.2 ESIFs implementation process

There are several differences in the way ESI funds are able to support culture; these differences arise in the way Member States have shaped the Partnership Agreements and the formulation of Operational Programmes both at national and regional levels. **Although no ESIFs specific objective may explicitly address culture, in fact, cultural action could potentially be perceived as a suitable means to reach key ESIFs objectives.**

For a better understanding on how ESIFs have contributed to funding culture in last programme periods, two concepts have to be introduced: ex-ante conditionality and thematic concentration, both working as pre-requirements for ESIFs assignment.

An ex-ante conditionality is a condition which is regarded as needed for the effective and efficient use of ESI funds; Member States have to show that they do have policies in place that can give rise to the intended processes needed as contributing to the achievement of a specific objective. The choice of the sectors in which address resources has to be based on perceived competitive advantages of the countries and regions concerned, following what it is known as “**Smart Specialization Strategy**” (S3). Smart Specialization Strategy defines a place-based approach in which Member State identify strategic areas for intervention based both on the strengths and potential of the economy and on an Entrepreneurial Discovery Process with wide stakeholder involvement. It is an outward-looking approach that builds on the assets and resources available to regions and Member States and address specific socio-economic challenges in order to identify unique opportunities for development and growth. On this basis, Member States make choices for investment and support a limited number of well-identified priorities for knowledge-based investments and/or clusters.

⁷ https://ec.europa.eu/regional_policy/it/faq/#5

Thematic concentration means that the majority of resources must be concentrated on few thematic objectives, chosen by Member States, in which the largest part of the Funds will be allocated in order to reach a “critical mass” of real impact.

The implementation process of EU Structural and Investment Funds can be described as follow:

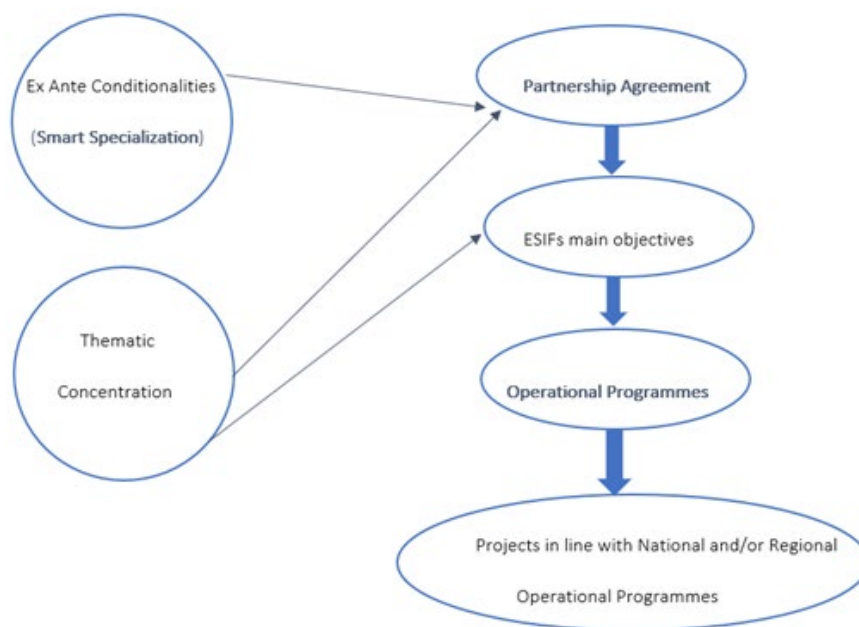


Figure 1 - Implementation process of EU Structural and Investment Funds

On the basis of the two or more specific objectives chosen by Member States (thematic concentration) and of the national or local smart specialisation strategies (S3), each Member State has to draw up a strategic plan indicating its objectives investment priorities for the use of these Funds. Once the European Commission's observations adequately taken into account, this plan becomes a "**Partnership Agreement**". Member States also have to draw up "**Operational Programmes**" breaking down priorities listed in the Partnership Agreements into concrete actions. "Operational Programmes" (OP) are implemented by Managing Authorities set up by the Member States (at national, regional or another level). These can take the form of national or regional Operational Programmes (OPs) in the larger Member States or just national OPs in smaller Member States: with OPs starts the implementation of ESIFs on the ground of specific Countries or Regions. ESIFs beneficiaries could range from small and medium enterprises (SMEs) to large ones, and from public bodies to private organizations: this aspect of ESIFs orientation and development is crucial for the process of accessing funds, because it shows that what could potentially influence the direction of funds is more the ability of sectoral organizations to design, propose and get funding for projects falling with national or regional Operational Programmes that meet ESIFs objectives, rather than eligibility of individual enterprises in accessing these funds.

3.2.3 ESIFs 2021-2027 funding opportunities for tourism sector

The **European Regional Development Fund (ERDF)** aims to strengthen economic and social cohesion in the European Union by correcting the imbalances between regions. It may therefore provide essential support to improve the competitiveness and quality of tourism at regional and local levels, notably in areas in (industrial / rural) decline or those undergoing urban regeneration. Investment in tourism sector is possible through all the 5 policy objectives supported by ERDF, provided that they comply with relevant objectives, enabling conditions or minimum requirements established for that policy objective:

1. PO1: A more competitive and smarter Europe, by promoting innovative and smart economic transformation and regional ICT connectivity → In the light of that objective, innovation and the uptake of enabling new technologies in culture and tourism can be supported, since they can enable the growth and competitiveness of SMEs operating in these sectors, by providing, piloting and developing new digital services, solutions (e.g. the digitalization of cultural heritage) promoting the development of tourism-related ICT products or new skills(apps, data mining etc.).
2. PO2: A greener, low-carbon transition towards a net-zero carbon economy and resilient Europe, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility → Tourism industry there can benefit from investments coherent with this objective, that could, for instance, contribute directly to the rehabilitation of industrial sites or contaminated land on indirectly, for instance, through investments aimed at protecting natural heritage and biodiversity, that may have indirect benefits in the field of culture and tourism.
3. PO3: A more connected Europe by enhancing mobility → Investments in transport infrastructures are crucial in enhancing sustainable practices in tourism industry, since they could create favourable situation for sustainable tourism through fostering cooperation between sectors (e.g., integration of services for public transport and cycling).
4. PO4: A more social and inclusive Europe by implementing the European Pillar of Social Rights → the scope of PO4 provides fertile grounds for tourism and culture investments: this objective, in fact, supports actions and investments that can contribute to the social development of areas relying heavily on a tourism ecosystem by creating new opportunities for developing a new sustainable way of conceiving tourism, and thus, new job opportunities. Investments should also provide more diversified services in tourism industry, e.g., services that may have a positive impact on local communities and help in the



concrete integration of deprived communities and/or the employment of people from vulnerable backgrounds.

5. PO5: A Europe closer to citizens by fostering the sustainable and integrated development of all types of territories and local initiatives → investments under this policy objective have the potential to foster local development and social/territorial cohesion through the involvement of local stakeholders and the participation of local communities in the funded projects.

The **Cohesion Fund (CF)** → according to the investment and infrastructure needs specific to each Member State, the CF may support:

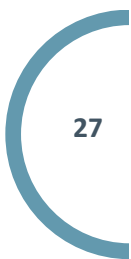
1. Investment in the environment, including areas related to sustainable development and energy which present environmental benefits;
2. Trans-European transport networks (TEN-T) in the area of transport infrastructure.

The tourism actions eligible for funding depend on the needs of each eligible Member State, as defined in their respective Operational Programs.

For example, the 2014-2020 "Operational Program under the Investment for Growth and Jobs" objective for Malta - co-financed by the European Regional Development Fund and the Cohesion Fund - has conservation as one of its priorities and the promotion of Malta's natural and cultural heritage as a key tourism resource; the development of ICT products and services to increase e-tourism services and the creation of cultural hubs that contribute to developing the cultural tourism niche sector in Malta.

The **European Social Fund Plus (ESF +)** → it is a key financial instrument that could provide needed resources to EU countries in order to recovery societies and economies after the coronavirus pandemic crisis. With a budget of almost EUR99.3 billion for the 2021-2027 period, the ESF+ will support policy implementation and national structural reforms in the field of employment, education and skills, promoting horizontal principles of gender equality, equal opportunities and non-discrimination in all its investments. Regarding investments in tourism, ESF+ can potentially fully support youth employment in tourism ecosystem, or support innovation and the digital transformation in the field, by driving investment in jobs, skilling and re-skilling activities.

The European Maritime and Fisheries and Aquaculture Fund (EMFAF). One of the fund's priorities focuses on enabling a sustainable blue economy in coastal, island and inland areas, and fostering the development of fishing and aquaculture communities. This priority is the most relevant for the tourism ecosystem, as it supports community-led local development and could cover tourism-related projects such as eco-tourism, fishing-tourism, local gastronomy (fish and seafood



restaurants), accommodation, tourist trails, diving, as well as supporting local partnerships in coastal tourism.



4. Smart Specialization Strategies: the significant role of tourism in S3 design and implementation

4.1 Assessing tourism key strategic role in EU economy

Tourism is assumed to be an activity deeply embedded into the specific features and characteristics of territories; the supply of tourism products and services in a destination is highly dependent and constrained by the existing resources, natural landscape, climate and by material and immaterial cultural heritage. The increasing utilization of Information and communication technologies (ICT) tools in the provision and consumption of tourism services reinforces these localized interactions, making tourism more than a place-based activity, also a **knowledge-based activity**, rooted into the territory in which related services are offered and at the same time potentially able to contribute to the promotion and development of local and regional innovation networks. Tourism sector supply can be seen as a decentralized value-chain, where most of the tourism products and services are provided by SMEs operating at local level. Although tourism providers potentially collect a large amount of useful information about preferences, needs and behaviours of tourists, this information obtained by SMEs, however, tend to be tacit and localized, mainly because they do need processes of codification and adaptation in order to contribute to the generation of innovative solutions and they are rooted into the specific destination in which are gathered. Thus, these tourism destinations become a repository of unique and inimitable knowledge without implying the development of new products and services, mainly because SMEs tend to be less engaged in innovation networks, not taking then full advantage of their potential to increase productivity (Tödtling, F.; Kaufmann, A, 2001).

For this reason, effective interactions between stakeholders are crucial to boost the regional innovation potential, transforming this unique and localized knowledge into a tangible reorganization of tourism supply and contributing to sector's innovation and competitiveness. The variety of services comprising the destination value chain determines a high potential for the tourism sector to assume a central role within smart specialization strategies. In addition to the competitive advantage that many European regions and countries identify in the sector and the need to prioritise this sector in the investment strategy - an issue that will be discussed in the next subsection - tourism is seen as a key strategic sector since it can potentially help to develop strong intra-industry connection, as perceived by exploring the knowledge proximity between accommodation services, food provision, entertainment, tour guides and the most traditional hospitality services. The same could be said regarding the potential connectivity that could emerge between



tourism and unrelated sectors, since the specific needs of the tourism market may contribute at the creation of interactions with transport and mobility facilities and services, health services, water or waste management, energy consumption and so on (Öztürk, H.E., 2016).

Furthermore, tourism can play an important role in driving the transition to a green economy, contributing to a more sustainable and inclusive growth. Tourism industry, and particularly cultural tourism sub-sector, is in fact well-placed to contribute to higher employment rates, to enhance social cohesion, improve productivity and foster economic growth across many portfolios, given its strong local dimension. Moreover, given the cross-cutting nature of tourism, alongside its close connections to numerous sectors at destination and international levels, even small improvements towards greater sustainable actions and behaviours in production and consumption patterns within tourism industry will have significant impacts on overall economy and society.

UNWTO (2015) emphasized the role of tourism within the 17 goals and 169 targets defined in the “2030 Agenda for Sustainable Development” ; in particular, it is proposed that tourism should play an important role in terms of goals 8 (inclusive and sustainable economic growth), 12 (sustainable consumption and production) and 14 (sustainable use of oceans and marine resources), clearly emphasizing the potential impacts of tourism on the development of destination territories and host communities, along with the importance of the protection and preservation of resources. This approach seems to be in accordance with the definition of tourism competitiveness proposed by Ritchie & Crouch (2003), integrating the concepts of growth, benefits for the host communities and preservation of resources in determining the competitiveness of the sector. The assertion of the significant contribution the sector can make to sustainable development is neither trivial nor obvious, and analysis related to the impacts of tourism on the sustainable use of territorial resources, both in natural areas (related to the preservation of ecosystems, congestion or transformations in the land use) and urban sites (related to the preservation of material and immaterial heritage, congestion, inflation or gentrification) have received broad attention over the last 30 years.

This happened mainly because economic impacts have been already broadly analysed during the last decades (e.g., Pablo-Romero & Molina, 2013), and from an optimistic point of view, related to the “tourism-led growth hypothesis” (Shubert & Brida, 2011). With more recent researches showing how the economic impacts of tourism on economic growth are extremely volatile, mainly depending on seasonality and varying according to the evolution of the destinations. (Antonakakis et al. ,2015), and the rising concerns on climate change and its impact on touristic areas, are reinforcing the need to integrate environmental aspects within tourism-related studies and



policies, also increasing the interest of European regions and countries in including this sector in their smart specialization strategies.

4.2 Tourism in Smart Specialization Strategies

In the European context, the smart specialization approach has become a key concept within the EU Cohesion Policy (Foray, 2014; McCann and Ortega-Argilés, 2015), as a place-based and bottom-up approach aimed at changing governance behaviour, in which a wider range of stakeholders are involved and that is focused on the prioritization of public resources by addressing investments on particular activities, in order to strengthen comparative advantage in already existing or new area. In the EU “Guide to Research and Innovation Strategies for Smart Specializations”, 2012, RIS3 has been defined as an integrated and place-based economic transformation agenda, that has to focus on key national/regional priorities, emphasize each regions/country strengths and competitive advantages, involve a wide range of stakeholders and at the same time has to be aimed at boosting technological and practice-based innovation in order to attract private investors. Furthermore, in order to be effective, it has to include a monitoring and evaluation system. Smart Specialization has been defined as the capacity of an economic system to generate new specialities through the identification of new domains of opportunities based on regional competitive advantages and its concentration of competences and strengths, in order to promote a structural change (Foray, 2015).

For the potentiality of this strategy to foster local development accordingly to their regional or local potentialities, strengths and comparative advantage, a growing number of EU countries choose the tourism sector as a S3 key strategic priority.

Reasonably, in fact, a large number of EU regions may have interest to invest on tourism, and specifically on cultural tourism: regions having natural and cultural resources, those having a significant historical and cultural heritage, and both regions already characterized by a high level of tourist flows and those that would transform themselves in an alternative tourism destination.

Tourism is therefore a strategic choice made by EU regions/countries that have not homogeneous characteristics, both by already developed tourism destinations and by regions with no tourism specialization. This shows an interesting aspect that exists in the dynamics of specialisation and prioritisation of the sector by European governments: on one side, regions with high specialization in tourism have issues connected to low human capital workforce, low innovation and low value-added generated by the sector, whereas on the other side regions potentially more able to generate higher innovation and value added in the sector do not have a relevant know-how on



which build their specialisation in that specific area. The value-added measures the difference between the revenues obtained by tourism activities and the cost of the related inputs, and this variable is usually used as an indicator of tourism competitiveness. **Comparative advantages** between regions depend mainly on physical and human resources, capital resources, historical and cultural resources, infrastructure and on the general size of the economy. The latter relate to aspects of territorial capital and identify regional elements that could be framed by a “smart specialization” approach (Foray et al., 2012), with a specific tourism focus. Several authors emphasized the importance of the linkage between the uniqueness of territorial resources and the differentiation of tourism supply, in order to generate high quality tourism products and services, while ensuring the preservation of resources (e.g., Kozak, 1999; Buhalis, 1999; Hassan, 2000; Page & Dowling; 2002).

Smart specialization approach emphasizes the importance of endogenous resources and the development of inter-sectorial relations between related sectors, in order to generate positive and long-lasting spillover effects of innovation processes, while promoting the importance of “key-enabling technologies” as strategic tools that can boost the development of priority sector of each region. In this sense, **the concept of smart specialization seems to be coherent with the definition of smart cities** (or regions) for which: “A city [region] is smart when investments in human and social capital and traditional (transport) and modern (ICT) communication infrastructure fuel sustainable economic growth and a high quality of life, with a wise management of natural resources, through participatory governance” (Caragliu et al., 2011), linking the enabling role of digital technologies and innovation in general with sustainability-linked objectives.

In this sense, technological and industrial developments oriented to the energy or transport sector, promoting savings on energy consumption and production of energy from renewable sources is main feature that characterizes a “smart city”. Additionally, low emissions, energy savings, and eco-friendly mobility systems can clearly contribute to make territories sustainable tourism destinations. Furthermore, as it is proposed by the “smart tourism” or the “smart specialization” approaches, the development of information and communication services can have relevant impacts in regions where tourism plays a prominent role, as tourists permanently need information related to mobility, facilities, services or local resources.

Reasonably, in fact, a large number of EU regions may have interest to invest on tourism, and specifically on cultural tourism: regions having natural and cultural resources, those having a significant historical and cultural heritage, and both regions already characterized by a high level of tourist flows and those that would transform themselves in an alternative tourism destination.

Biagi, Brandano, Ortega-Argiles (2021) have identified a taxonomy of tourism regions in Europe, clustering 89 regions that chose tourism as a priority according to some geographical, economic, institutional and tourism explanatory variables (such as: islands, regional capital, GDP per capita, lagging regions, quality of government, tourism GDP contribution, night of stay per capita), also adding regional innovation scoreboard⁸. They identified 4 clusters, within which the regions are distributed as follows:

Cluster n.	Description of the cluster
Cluster 1	Lagging regions with a low level of tourism flows. This cluster includes regions located in Poland, Romania and Greece that record a low level of GDP per capita as well as a low level of institutional quality and innovation capacity.
Cluster 2	Tourism regions. This cluster contains a low number of regions, where the level of tourism flows is very high. These regions are located, on average, in countries where the tourism GDP contribution is the higher (Greece, Italy, Spain).
Cluster 3	Lagging regions with a developed tourism sector. Regions belonging to this cluster are characterised by a medium-low level of GDP per capita, but with a developed tourism sector and a high tourism GDP contribution at the national level.
Cluster 4	Capital and regions with high GDP per capita. In this cluster are grouped all regions that host the capital of the country. The cluster includes also regions with high GDP per capita, high innovation score and good quality of government. They are located in countries where, on average, the GDP contribution due to tourism is very low.

Table 4 - Classification of European Regions Based on Economic and Tourism Metrics

This categorization of regions shows how tourism is considered a priority by a large number of EU regions, and by regions that do not have homogeneous characteristics: both by regions that are already specialized tourist destinations and by regions without a developed tourism sector. The determinants/characteristics of regions choosing tourism as a priority are:

- to be islands and capital of regions
- to have a lower GDP per capita and to be catching-up
- to have a low quality of government and to be lagging regions
- to be a tourism destination (Nights of stays)
- to belong to a tourism country (Tourism GDP contribution).

⁸ Due to some missing values, the cluster analysis takes into consideration in a total of 80 regions.

This underlines a potential issue that may exist in the dynamics of specialisation and prioritisation of the sector by European governments: on one side, regions with high specialization in tourism have issues connected to low human capital workforce, low innovation and low value- added generated by the sector, whereas on the other side regions potentially more able to generate higher innovation and value added in the sector do not have a relevant know-how on which build their specialisation in that specific area⁹.

The cluster analysis gives some first hints on the direction of a diversification (or complementarity) in this prioritization choices: for instance, Cluster 2 that includes the specialized tourism regions in the sample, only includes 10 out of 80 regions (Algarve, Canary Islands, Balearic Islands, Ionian Islands, Crete, Southern Aegean, Bolzano, Trento, Salzburg, Tirol), mainly concentrated in the Mediterranean area (Greece, Spain, Italy, Portugal and two of them in Austria). This can be considered as an indirect indicator of using tourism sector as a way to diversify the economies for the remaining not specialized regions, showing that for the majority of them tourism is prioritised as a complementary activity to other economic sectors.

An issue that needs to be taken into account when taking tourism sector as a S3 key strategic priority is the **fact that the concentration of the regional specialization process on a small number of tourism-related sector exposes the region to demand-fluctuations in those specific activities.** Tourism sector is, in fact, a sector that it is traditionally extremely conditioned to seasonality, relatively volatile in demand, highly elastic regarding fluctuation in prices and revenues and very sensitive to external elements (such as conflicts, security, safety or weather /climate-related events), so that a strategic development process that take into consideration different types of related sectors, not only concentrated around the tourism cluster, seems to be highly recommended.

⁹ The value-added measures the difference between the revenues obtained by tourism activities and the cost of the related inputs, and this variable is usually used as an indicator of tourism competitiveness (João Romão, 2020).

5. Implementation of innovative ESIFs based financing mechanisms dedicated to sustainable cultural tourism sector

5.1 Be.CULTOUR project approach towards sustainable financing of cultural tourism initiatives

Be.CULTOUR project represents the fertile soil for the further development and implementation of several financial mechanisms proposed and designed under H2020 CLIC project and linking with the Climate-KIC's Decision Metrics and Finance initiative.

More specifically, Be.CULTOUR partner, Iniziativa Cube (INI), has developed under the Horizon2020 CLIC project a proposal of circular financing mechanisms for the adaptive reuse of cultural heritage, leveraging on sustainable finance and impact invest. The proposed financing mechanisms were designed based on the main concepts of circular, sustainable, green, social, impact and ESG finance and EU Taxonomy. The definitions for circular, sustainable, green, social, impact and ESG investment are characterised by rather vague boundaries depending on different factors. The interaction between these definitions is quite high and it can be assumed that wider definitions incorporate narrower ones. For example, Sustainable Finance can be considered as a wider definition incorporating impact investing, ESG investing, green finance and social finance etc. (Boffo and Patalano, 2020).

Alongside with the different definitions of finance, the adoption of blended finance as an innovative approach to financing sustainable development is also important for cultural tourism industry.

In the "Blended Finance Principles Guidance", the OECD defines blended finance as the strategic use of development finance for the mobilisation of additional finance towards sustainable development (OECD, 2020).

The European Court of Auditors (ECA) report provides the definition for a "blended project" as a PPP project that combines EU funds with private financing resources (European Court of Auditors, 2018).

The five core principles for blended finance developed by OECD at a glance are the following:

- Anchor blended finance use to a development rationale
- Design blended finance to increase the mobilisation of commercial finance
- Tailor blended finance to local context
- Focus on effective partnering for blended finance

- Monitor blended finance for transparency and results (OECD, 2020).

These principles and the described definitions can be used as guidance when implementing circular blended finance mechanisms under Be.CULTOUR project.

Furthermore, the “leverage” terminology, behind the Be.CULTOUR financing mechanisms, is based on the definition provided by the World Bank, as “the ability of a public financial commitment to mobilise some larger multiple of private capital for investment in a specific project or undertaking” (WorldBank, 2011; Griffiths, 2012). In relation to financial instruments funded by EU or/and national public funds, leverage is expressed in terms of how many euro of public and private funding have been invested for each euro of public support underpinning the instrument. Based on the financing knowledge from CLIC project, the Be.CULTOUR overarching approach towards circular financing of sustainable cultural tourism initiatives shall be focused on a flexible vision in the use of (blended) financing instruments, based on different expected risk-and impact-adjusted returns, in function of the investment stages and the capacity of the adopted circular business models to generate cash flow and impacts. This approach can further support the private leverage investments in sustainable cultural tourism initiatives.

5.2 An Investment Readiness Facility for sustainable cultural tourism initiatives

Many barriers prevent investment in cultural tourism sector in the perspective of circular economy: lack of knowledge, decision-making, lack of incentives, limited community engagement, balancing cultural significance and economic viability, commercial risk and uncertainty, technical difficulties etc. (Ikiz Kaya *et al.*, 2019). To achieve the desired sustainable investment targets in cultural tourism, it is fundamental to build an enabling environment for investments at EU and national/regional levels.

Investors require good information on costs, benefits and impacts for investment proofing and decision-making. Both the availability and quality of data on cultural tourism initiatives costs and benefits should be improved in order to attract the whole spectrum of potential investors: private, public, non-profit organisations, individuals and others. Indeed, many projects are not being undertaken not because of lack of financial resources but rather the lack of good practices. According to UNECE, actions are urgently needed to develop pipelines of priority projects (Economic Commission for Europe, 2019).

The Council of Europe encourages the European Commission and Member States to “improve access to funding, make full use of available programmes for the public and private sector and EU Structural Funds” (Council of Europe, 2014).

In this perspective, public funds can be used to support for example the implementation of feasibility studies, to evaluate the economic viability and expected impacts of cultural tourism investments. The employment of public funds will contribute to enhance the investment maturity/readiness of cultural tourism initiatives and mobilise private investments. This form of technical assistance, already used by the European Commission for energy efficiency sector or, on a smaller scale, in cultural heritage sector by several revolving funds (Pickard, 2009), developed in this report under the form of a financial supporting mechanism called **Investment Readiness Facility (IRF)** for sustainable cultural sector (comprising also cultural heritage), will allow to address the barriers and challenges mentioned above and improve the financial landscape for cultural tourism initiatives.

The IRF has been designed based on the recent EC facilities to support public and private bodies in developing bankable sustainable energy projects and preparing and mobilise private investments in the sector. The so called “Project Development Assistance (PDA)” facilities have been funded in the past through the Intelligent Energy Europe (IEE) programme and recently through Horizon2020. Under IEE, the PDA facilities were managed directly, under the name of ELENA, through public banks as EIB, KfW, CEB, EBRD and/or, indirectly through local financial intermediaries (local banks). The MLEI-PDA facility was managed directly by EASME on behalf of the EC¹⁰. In Be.CULTOUR project, the Investment Readiness Facility for cultural tourism feasibility and implementation will be focused at national and regional level. Indeed, the IRF can be managed by the respective public authorities and funded through dedicated European Structural Investment Funds (ESIFs).

The facility may envisage two levels of financing: higher amount binding grants for big projects (physical interventions and business models) and lower amount grants for the feasibility studies demonstrating circular business models viability in cultural tourism sector.

The instrument aims at supporting the following goals:

- Design circular business models and organisational innovation
- Build technical, economic, financial, impact measurement and legal expertise
- Ensure high degree of replicability of similar initiatives
- Remove existing barriers (administrative, financial, market failures etc.)

¹⁰ <https://ec.europa.eu/easme/en/project-development-assistance-pda>

- Mobilize private investments
- Bundle projects and mix interventions to reach critical size and “warm up” the initiative, exploit also financially and economically unsustainable projects and achieve the expected returns and impacts.

The **beneficiaries** of the IRF may be both public authorities (regions, municipalities, other local authorities and public entities) as well as private for-profit (large enterprises, SMEs) and non-profit organisation (social enterprises, B-corporations etc.).

The **targeted sector** will be represented by the circular cultural tourism initiatives. All other complementary sectors that contribute to enhance the cultural tourism initiative may be considered eligible, e.g., energy efficiency, sustainable mobility etc. The complementary sectors may be assessed case by case and, the list of these sectors may be integrated in the future. The overall eligibility of the initiative will be assessed if it responds fully to the circular economy framework, in particular, in relation to the adopted business model.

The IRF instrument will support circular cultural tourism initiatives that generate impacts according to a set of criteria and indicators developed within Be.CULTOUR Impact Measurement Framework.

The IRF can be managed as an instrument on two levels: for small project (\leq € 5 million) and large projects ($>$ € 5 million). Moreover, similar to the other technical assistance facilities, it is recommended to have the instrument bind to the successful implementation of the supported investments. For this reason, the IRF can be enhanced by the application of a **leverage factor** – for example, of at least 15 for small projects and of at least 20 for large projects. This means that for each euro invested in the technical assistance for cultural tourism initiatives, there should be mobilized respectively at least 15 and 20 euros in terms of investments. As evidence, it can be necessary to require the beneficiaries to demonstrate by the end of the technical assistance support that the framework contracts with the investors and other stakeholders have been signed.

The **process** for the submission of the project proposals can be open on a “first come, first served” basis, subject to the availability of funds and the synergies with the already existing cultural tourism initiatives portfolios, at the discretion of the management team.

The IRF management team will also have to define the application format for the proposals, the general conditions for awarding the facility support (evaluation and selection criteria) and the awarding process.

After awarding the IRF support to the beneficiary and signing the contract with the managing authority, each IRF beneficiary has to complete the agreed activities, including the identification and selection of investors, within a predefined timeframe.



5.3 Revolving Circular Impact Fund

Non-profit organization, entrepreneurs and SMEs are essential for economic growth, job creation, boosting innovation and promoting social cohesion in particular when addressing cultural tourism initiatives. In the context of the European New Green Deal and of the post-pandemic COVID-19 recovery, the role of entrepreneurship and of the European SMEs in contributing to the sustainable economic development, in improving the quality of life and producing social and cultural impacts, in particular in the cultural sector, is fundamental. Hence, the importance of financial support under the form of (social) impact investments for the new initiatives, also through the exploitation of culture and cultural heritage, for their development and scale-up, has become more and more necessary, especially at regional levels.

Different new impact investment funds have appeared across Europe under the form of incubators, accelerators and programmes to support start-ups, social entrepreneurship, seed investors and many investment vehicles have emerged. None of these instruments focuses specifically on the sustainable cultural tourism and circular cultural heritage initiatives and the adopted circular business models.

The proposal of a **Revolving Circular Impact Fund** (also “the Fund”) aims at fostering the valorization of cultural tourism and cultural heritage through sustainable business models, by financing valuable initiatives for people and environment that generate cultural and social impacts.

In accordance with Be.CULTOUR project objectives, the main impact areas of the investments shall be: cultural and natural heritage protection and safeguard, social inclusion and integration, culture and education, health and well-being, resilient and sustainable cities and human settlements, sustainable use of terrestrial ecosystems, directly linked to the SDGs: No Poverty (SDG 1), Quality Education (SDG 4), Decent Work and Economic Growth (SDG 8), Sustainable Cities and Communities (SDG 11), Life on Land (SDG 15) etc.

The Revolving Circular Impact Fund has been designed on the following main features:

- Public ownership (financed through ESIFs) with private co-investment requirement
- Revolving approach
- Blended finance
- “Use-of-proceeds” for the circular economy
- Impact and/or ESG invest
- Results-based financing
- Project bundling

In the Be.CULTOUR project framework, the Fund will be addressed at **regional level** with market application in different European geographical areas.

The Fund governance can be built on a **public ownership** (by a regional or local authority) with **private co-investment requirement**. In the Italian context, for example, in the last twenty years many public funds have been launched with the private co-investment approach for the financing of innovative start-ups: funds such as Innova Venture of Lazio Region, Start-up, Start-hope of Abruzzo Region, Venture Capital Fund of Basilicata Region with the newest experience at national level of Fondo Nazionale Innovazione of CDP Venture Capital Sgr. The final goal of these funds was to increase the offer of risk capital for innovative start-ups and SMEs leveraging private investments and enhancing regional impacts. Many of these funds have been partially funded through ESIFs. Under this perspective, the co-investment approach can represent an effective way to involve private investors in the financing of circular cultural tourism initiatives and businesses.

The Fund may also adopt a **revolving approach** with the meaning of a pool of “**patient**” capital to be dedicated, under different forms of financial instruments, to specific circular cultural tourism initiatives, with the restriction that the monies are returned to the Fund to be reused for similar activities. The most common source of up-front capital for the revolving funds is represented by grant aid from regional or local authorities but, also from local foundations and corporations. It is important to evidence one more time here the relevance of the ESIFs use to start-up the Fund.

The Fund can include different circular financial instruments that can be also used under the **blended finance** formula. For example, the Fund can be set up with the following instruments:

- Equity and quasi equity
- Low-rates loans
- Sustainable bonds

All the financial instruments under the Fund management will be based on circular and sustainable finance principles and the EU Taxonomy. The use of different financial instruments on a case-by-case base and their blending, when necessary, can contribute towards further mobilization of private investments and long-term value creation.

Based on the recent best practices at global and European level in issuing green, social and sustainable bonds, a “**use-of-proceeds**” approach has been chosen for the design of the financial instruments under the Fund umbrella (EU Technical Expert Group on Sustainable Finance, 2020). Usually, bond market used to raise capital for general corporate purposes, based on the risk profile of the issuer, which is explicated then in its credit rating and the interest paid. A “use-of-proceeds” approach provides transparency for investors, facilitate impact reporting, and allows



the financing of any organization/company regardless their main business activity – thus, fostering the transition towards sustainable business models etc.

Adopting this approach, the **financial instruments can be used to finance circular organizations or companies or projects/area-based projects supporting circular cultural tourism initiatives**.

A crucial step in the circular financing is the **impact assessment of the investments**. The process shall regard the qualitative and quantitative assessment of all the generated impacts by the organization or by the project. Beyond the environmental impact assessment, an overarching importance has the evaluation of working conditions, human rights, gender equality, health and other determinants of wellbeing in the supported initiatives. All these impacts issues can be addressed through adjusted ESG¹¹ methodologies.

A common framework of indicators for the assessment of multidimensional impacts of cultural tourism initiatives adopting the circular economy principles developed under Be.CULTOUR project will be used to assess cultural, economic, social and environmental impacts.

Additionally, in coherence with the impact assessment framework, the Fund could increasingly adopt **results-based financing (RBF) structures**¹² in the financial instruments in a core evolutionary step to foster impact-driven investments and contribute to the sustainable development. RBF solutions may include *performance-based contractual agreements* and *pay by results schemes*. These formulae can be included in the agreements underpinning the Fund umbrella of financing instruments mentioned at the beginning of this section. This type of approach of RBF schemes can generate cost-savings for investors by ensuring that funds are spent only if the results are achieved. Amongst other benefits, such vehicles can help promote stronger performance management, enabling constant improvement of investment programs, especially when funded partially by public resources.

Process for circular tourism initiatives evaluation and selection, management of investments and reporting

The process for initiatives evaluation and selection will be detailed in the Fund regulation where each financial instrument goal will be described with respect to the Fund overall strategy and rationale. All expected socio-cultural and environmental objectives and economic-financial performance of the investments will be detailed. Furthermore, the Fund regulation will outline the

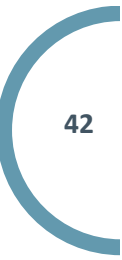
¹¹ Environmental, Social and Governance

¹² RBF programs are an evolution from traditional government programs and interventions focusing on the achievement of measurable outcomes (such as job placements, retention, and increased wages/income).

eligibility and exclusion criteria, or any other process applied to identify and manage material risks.

The investments or proceeds from the Fund should be transparently tracked in the accounts of the receiver of these funds, in order to verify that investments keep contributing to circular cultural tourism initiatives and to the shift towards a circular economy during the lending/investment period.

The reporting process can be set up at project/portfolio level and at the Fund level. The funds receivers should report on the allocation of funds and the impact of the financed activities. The Fund managers should report on their investments and monitor the impact generated at project/portfolio levels. The reporting shall include reference to the alignment with the EU Taxonomy and, if necessary, with other similar guidelines (e.g., EU Green Bonds Standards). The reporting shall be done at least annually.



6. From the “Pledge Fund” Be.CULTOUR to Investire Sostenibile

Following an extensive period of research and work, the investment vehicle "Investire Sostenibile" has been created. This innovative model combines elements typical of a pledge fund with those of a club deal. The development of this pilot project was not immediate; it underwent an evolutionary process involving the study of various investment models and the search for the most suitable characteristics to create a vehicle capable of combining the best aspects of existing ones. This chapter aims to describe the evolutionary process that led to the creation of Investire Sostenibile, highlighting all the fundamental steps in its creation and attempting to outline the future roadmap with the activities that will follow; these include the continuous improvement of the investment model, expansion of the investor base, ongoing stakeholder engagement, and the development of new sustainable investment opportunities. The goal is to ensure that Investire Sostenibile not only meets current market demands but also adapts to future trends and contributes positively to the broader goal of sustainable, responsible and impactful development.

6.1 “Pledge Fund” Be.CULTOUR

On June 7, 2023, with the announcement on Be.CULTOUR project website, through two dedicated articles on its website (both in [Italian](#) and [English](#) languages) and a [post on LinkedIn](#), the company’s main social media channel, Iniziativa launched the pilot initiative of the "Pledge Fund" Be.CULTOUR investment model.

The "Pledge Fund" Be.CULTOUR was established with the main objective of facilitating the meeting between:

- The supply of sustainable finance from professional investors, companies, and communities interested in corporate social responsibility (CSR) and certifying its impact.
- The demand for support from innovative and socially engaged start-ups and SMEs.

From the outset, its approach promoted collaboration between financial and entrepreneurial actors to generate positive impacts on the community.

The focus is on sectors related to tourism, culture, creativity, and cultural heritage, aiming to enhance local territories and benefit the community.

It was also created considering the Sustainable Development Goals of the 2030 Agenda, emphasizing rural area valorisation, urban regeneration, and sustainable cultural tourism to renew the tourism ecosystem and cultural heritage.

This multiple participation investment model was born not as a pledge fund in the strictest sense, but it is inspired by some of its characteristic elements (such as the centrality of the management team and the decision-making autonomy of the investors).



Figure 2 - Graphics used for the launch of the "Pledge Fund" Be.CULTOUR

These elements were simplified since it was a pilot project launched within the Be.CULTOUR Project, avoiding fixed fees for investors and the establishment of a depository company.

The configuration of this investment model is similar to that of a club deal¹³, with the primary difference being that in true club deals, the potential investors themselves select and examine investment opportunities. In contrast, in pledge funds, these activities are entrusted to a team of specialists, known as the management team, who identify investment opportunities according to specific parameters and present them to pre-selected investors. These investors then review the opportunities and decide whether to invest.

Unlike a private equity fund, in a pledge fund, the managers cannot rely on an irrevocable commitment from subscribers to invest nor on the ability of the management team to allocate fund resources substantially autonomously. The investor in a pledge fund is free to decide whether or not to participate in a particular investment operation.

The launch of this pilot project considered the fact that the Be.CULTOUR Project, initiated in February 2021 and set to conclude in 2024, aims to implement innovative approaches to promote balanced and sustainable cultural tourism development in urban areas and European regions, fostering local, regional, and cross-border cooperation.

In carrying out the activities pertinent to Iniziativa for the Be.CULTOUR Project, considering both the experimental and pilot nature of the project and the opportunity to simplify the entire procedure and quickly activate an investment model to benefit worthy projects, as well as the need to attract a significant number of investors by eliminating any deterrents, reference is made to some aspects of the organizational structure of the pledge fund (presence of a management team and the decision-making responsibility of the investments resting with the investors). However, it does not involve the payment of an annual fee nor the establishment of a fund with a custodian

¹³ For more details on the club deal, refer to [section 6.1.2](#) of this document.

company, as investors interested in each closing will either establish ad hoc companies as vehicles to invest in the selected initiatives or invest directly.

The characteristics of the Be.CULTOUR Project are also relevant to the goals of the pledge fund, which are not only of an economic and financial nature for investors but also of a social, cultural, and environmental nature for the areas impacted by the investments.

6.1.1 About the Pledge Fund

The **pledge fund** is an investment structure that is gaining traction in the financial landscape, particularly within the realms of private equity and venture capital. This type of fund stands out from traditional investment funds due to a set of unique characteristics that make it appealing to both investors and fund managers.

Structure and functioning of a Pledge Fund

Unlike traditional investment funds, where investors (limited partners) commit a sum of capital to be managed by the fund managers (general partners), in a pledge fund, investors pledge to evaluate and decide whether to participate in each investment opportunity proposed by the manager. This model offers greater flexibility and control to investors, who can choose to allocate their capital only to opportunities they find promising.

Key characteristics

1. **Flexible commitment:** investors are not required to commit a fixed amount of capital upfront. They can decide on a case-by-case basis whether and how much to invest in each presented opportunity.
2. **Investment selection:** investors have the ability to specifically select investments, rather than having to rely entirely on the fund managers' decisions.
3. **Investment timing:** pledge funds do not have a predefined duration like traditional private equity funds. Investments can be made and exited based on market opportunities and investor preferences.
4. **Management fees:** management fees in a pledge fund can be structured differently, often based on a combination of fixed management fees and success fees tied to the actual returns realized.

Advantages of a pledge fund

1. **Greater control for investors:** investors maintain control over their capital, deciding independently on each investment opportunity.
2. **Risk mitigation:** investors can diversify their risk by selecting only the investments they deem less risky or more aligned with their strategy.

3. **Transparency:** the pledge fund structure requires managers to provide complete details on each investment opportunity, increasing transparency and investor trust.

Challenges of a Pledge Fund

Running a pledge fund can be more complex for managers than a traditional fund, as they need to continually present and justify each investment opportunity to investors. The need to obtain investor approval for each investment can slow down the decision-making process, potentially causing the loss of market opportunities. Additionally, maintaining a close and continuous relationship with investors is crucial, requiring greater effort in terms of communication and transparency.

Examples and applications

The pledge fund model is particularly prevalent in private equity and venture capital sectors, where investment opportunities are often unique and require thorough case-by-case evaluation. Some fund managers use the pledge fund model to attract institutional and private investors who desire greater control and flexibility in their investments.

Conclusion

The pledge fund represents an innovative solution in the field of alternative investments, offering a balance between flexibility, control, and transparency for investors. However, it requires careful management and effective communication to overcome associated challenges. With the increasing sophistication of investors and the growing demand for customized investment structures, pledge funds are likely to continue gaining popularity in the coming years.

6.1.2 About the Club Deal

A club deal is an investment structure where a group of investors come together to jointly finance a large investment, typically one that would be too substantial or risky for a single investor to undertake alone. This model is frequently used in private equity and real estate transactions, allowing investors to pool their resources and expertise to access opportunities that require significant capital and offer potentially high returns.

Structure and functioning of a club deal

In a club deal, a limited number of investors, often high-net-worth individuals or institutional investors, form a consortium to invest in a particular project or company. Each investor contributes a portion of the required capital, and the collective pool is then used to finance the investment. The structure is often less formal than a traditional fund, with investors having a more direct role in the decision-making process.

Key characteristics

1. **Shared risk and reward:** by pooling resources, investors share the financial risk and the potential returns of the investment. This collaborative approach mitigates the exposure for any single investor.
2. **Direct participation:** investors in a club deal typically have more direct involvement in the management and strategic decisions of the investment compared to a traditional fund where decisions are primarily made by fund managers.
3. **Flexibility:** club deals offer a high degree of flexibility in terms of investment structure, governance, and exit strategies. Investors can tailor the terms of the deal to suit their specific needs and preferences.
4. **Capital efficiency:** by joining forces, investors can access larger and potentially more lucrative opportunities without having to commit excessive amounts of capital individually.

Advantages of a club deal

1. **Diversification:** club deals allow investors to diversify their portfolios by participating in large-scale investments that would be unattainable individually, spreading both the financial risk and the potential rewards across multiple participants.
2. **Enhanced expertise and networks:** the collaborative nature of club deals can bring together diverse expertise and networks, enhancing the potential for successful outcomes.
3. **Active involvement:** investors benefit from a more active role in the investment, gaining greater control and insight into the project's progress and strategic decisions.
4. **Customized agreements:** **the flexible structure of club deals enables customized agreements that can better align with the specific goals and risk tolerances of the participants.**

Challenges of a club deal

Club deals also present several challenges. Coordinating among a group of investors can be complex, requiring clear communication, alignment of interests, and effective governance structures to manage the collective decision-making process. Differences in investment objectives or risk tolerance among the participants can lead to conflicts, potentially complicating the management of the investment. Furthermore, the active involvement required from each investor may demand significant time and effort, which might be a constraint for those with other substantial commitments. Lastly, the relatively informal structure of club deals compared to traditional funds can sometimes result in less standardized processes and documentation, potentially increasing the administrative burden and legal risks.

Examples and applications

Club deals are commonly seen in private equity buyouts, real estate investments, and large-scale infrastructure projects. For instance, a group of private equity firms might come together to acquire a large company, sharing both the investment cost and the management responsibilities. Similarly, in real estate, a consortium of investors might jointly purchase a significant commercial property, leveraging their combined capital and expertise to manage and develop the asset. These collaborative ventures enable participants to access high-value opportunities and leverage shared resources to achieve their investment objectives.

Conclusion

The club deal represents a powerful tool for investors seeking to engage in substantial and potentially lucrative investments while sharing the associated risks and rewards. While it offers numerous advantages, including shared risk, direct involvement, and flexible structures, it also demands careful coordination, clear communication, and effective management to navigate the complexities of collaborative investing. As the investment landscape continues to evolve, club deals are likely to remain a popular and valuable strategy for those looking to capitalize on large-scale opportunities.

6.1.3 Main aspects of the "Pledge Fund" Be.CULTOUR

The "Pledge Fund" Be.CULTOUR also released two documents, each addressing a different audience essential to its investment model: investors and innovative, socially engaged initiatives:

- "Pledge Fund" Be.CULTOUR: this document is tailored for investors, whether they are individuals or legal entities. It outlines the framework and guidelines for participation in the fund.
- Notice for the Participation of Innovative Start-ups and Socially Oriented Start-ups: a document aimed at start-ups and SMEs interested in applying, this notice provides details on how these entities can submit their proposals for consideration.

These documents serve to clarify the roles, responsibilities, and opportunities available within the "Pledge Fund" Be.CULTOUR, facilitating informed participation from both investors and entrepreneurial entities seeking support.

They have been both published both English and Italian, aligning with its bilingual publication strategy. This bilingual publication strategy is intentional and significant: the initiative "Pledge Fund" Be.CULTOUR originates as a national endeavour, highlighting the importance of having comprehensive documentation in Italian to cater to local investors and start-ups. This ensures

that all legal, procedural, and strategic details are clearly understood by participants within Italy, promoting inclusivity and clarity.

However, the vision for the "Pledge Fund" Be.CULTOUR extends beyond national boundaries. The project aspires to grow and attract international investors and innovative, socially engaged initiatives from around the globe. Providing documentation in English is crucial for this ambition, as it breaks down language barriers and facilitates broader participation.

This documentation, in its original English form, is available as an attachment to this document. Detailed analysis of the contents of these documents is deferred to paragraph [7.3 About Investire Sostenibile](#), which presents the final result of this process, Investire Sostenibile. Currently, both the Regulation and the Notice are under revision to align their content with the developments that have affected Investire Sostenibile, formerly "Pledge Fund" Be.CULTOUR.

For completeness, and for those who wish to consult both documents in both languages, links are provided below for consultation:

- Italian documentation:
 - [Regolamento "Pledge Fund" Be.CULTOUR](#)
 - [Avviso per la partecipazione delle start-up innovative e delle start-up a vocazione sociale](#)
- English documentation:
 - ["Pledge Fund" Be.CULTOUR Regulation](#)
 - [Notice for the Participation of Innovative Start-ups and Socially Oriented Start-ups](#)

6.1.4 About the application processes

To streamline the application process and ensure transparency, the fund had established specific guidelines for start-ups and SMEs interested in participating. In particular, to apply for the Be.CULTOUR Pledge Fund, start-ups and SMEs were required to follow a structured process designed to ensure clarity and adherence to fund guidelines. This involved submitting a Pitch and a short video to participate in the Pledge Fund. The Pitch was to consist of a maximum of 15 slides, comprehensively covering the initiative's concept, objectives, implementation plan, expected impact, and alignment with the fund's focus on innovation and social engagement in cultural tourism. The accompanying video was not to exceed 3 minutes in duration, serving as an opportunity for applicants to provide a concise overview of their initiative, emphasizing its uniqueness, potential, and societal benefits. All applications had to be sent via email to support@iniziativa.cc with the subject line "Application for Be.CULTOUR Pledge Fund" by the deadline of October 15, 2023,

at 23:59 CET (this deadline was later extended). Submitted applications underwent a thorough evaluation process conducted by experts and stakeholders associated with the Be.CULTOUR Pledge Fund. Criteria such as innovation, feasibility, sustainability, and potential impact were used to assess each proposal. Successful applicants were notified of their selection and invited to proceed to the next stage of engagement with the fund, which included further discussions, due diligence, and finalization of funding arrangements.

Regarding investors, participation in the Pledge Fund required them to complete a Questionnaire. This questionnaire was differentiated between individuals and legal entities and aimed to verify that each investor met the minimum requirements in terms of financial capacity. The evaluation of the content of the questionnaires, completed by each party interested in participating in the Pledge Fund, was at the sole discretion of the Management Team, as stipulated by the Regulations. The platform used to conduct the questionnaires was EUSurvey, and the templates for both questionnaires are available at the end of the regulations in the attachments section of this document.

6.1.5 Communication and Outreach for "Pledge Fund" Be.CULTOUR

Immediately following the launch of the "Pledge Fund" Be.CULTOUR, a series of communication activities were initiated. The primary goal of these activities was to publicize the launch of this innovative financing tool. Effective communication is vital, especially for new initiatives, as it ensures that potential stakeholders are aware of the opportunities available and understand how they can benefit. Moreover, it helps in building a transparent relationship between the project and its audience, crucial for fostering trust and engagement.

In the context of European projects, communication activities are particularly important. They not only disseminate information across diverse geographical and cultural boundaries but also enhance collaboration among various stakeholders. Effective communication ensures that all parties involved are aligned with the project's objectives and can actively contribute to its success. This is essential for meeting the stringent requirements and expectations that often accompany European funding and projects.

Below is a detailed description of the various communication activities undertaken during this phase.

Presentation of the "Pledge Fund" Be.CULTOUR Investment Model at the 2023 Edition of Jazz'Inn

The investment model "Pledge Fund" Be.CULTOUR was presented during the 2023 edition of Jazz'Inn, on Thursday, June 29th, in Scanno, the charming Italian village nestled in the mountains of Abruzzo, characterized by medieval streets, stone houses, and an enchanting lake.

Jazz'Inn is a series of events promoted by the Ampioraggio Foundation, which since 2017 brings together businesses, start-ups, and investors in Italian villages to share innovative industrial ideas and projects. The event involves companies, public administrations, investors, start-ups, innovative SMEs, research centers, professionals, and tech buyers, engaging in slow matchmaking in the villages. During the event, there will be workshops and convivial meetings to facilitate the sharing of innovative ideas and promote investments in the sector.

During the presentation, the unique characteristics of the "Pledge Fund" Be.CULTOUR were highlighted, describing the key aspects such as that the fund aimed to support innovative start-ups with a social vocation located in Italy, offering them the chance to benefit from circular investment programs.

The event was publicized with two specific news on the social channels of Iniziativa, with a [news on the website](#) and a [news on the LinkedIn channel](#).



Figure 3 - Poster of the event

Be.CULTOUR webinar: Innovative finance for circular cultural tourism

On November 30, 2023, from 14:00 to 15:30 CET, the Be.CULTOUR webinar titled "Innovative Finance for Circular Cultural Tourism" took place, serving as another occasion to present the Pledge Fund Be.CULTOUR. This eighth instalment in the series focused on showcasing and discussing cutting-edge investment models aimed at fostering circular cultural tourism. These models are tools for creating shared value within local ecosystems, supporting social and community-led entrepreneurship through sustainable, impact-based finance.

The presentation of the "Pledge Fund" Be.CULTOUR has been a key highlight of the webinar. This innovative model was discussed in depth with representatives from financial and public

institutions, who provided valuable feedback and insights. The webinar also featured examples of "circular" investment programs that support tourism, culture, creativity, and cultural heritage, playing a crucial role in the regeneration of heritage sites and generating positive impacts for local communities.

The "Pledge Fund" Be.CULTOUR was presented by Aliona Lupu from Iniziativa Cube S.r.l. during the webinar, which also featured the following speakers:

- Ilaria D'Auria from Philea (Philanthropy Europe Association) discussed the role of philanthropic foundations in driving green, social, and digital transformations in society, with a strong foundation in arts and culture.
- Bonnie Burnham (CHiFA Cultural Heritage Finance Alliance) described how to develop tourism that centers around local communities to promote sustainable development, providing examples from the UK, Puerto Rico, Cambodia, and other locations.
- Gianluca Gaggiotti (EVPA European Venture Philanthropy Association) shared insights on the Spectrum of Capital, detailing the advantages and obstacles of impact investments in the cultural sector, such as the Arts Culture Impact Fund, and outlined five practical steps to attract these investments.

The webinar was also promoted with the following posts:

- [LinkedIn post 1](#)
- [LinkedIn post 2](#)
- [LinkedIn post 3](#)
- [LinkedIn post 4](#)
- [LinkedIn post 5](#)

In addition to this, the event was recorded and can be viewed at the following link:

https://www.youtube.com/watch?v=MU_EFoViNbg



Figure 4 - Poster of the webinar

Round Table | Creating Social Value for the Innovation Ecosystem and Local Community: Innovative Investment Models between Public, Private, and Civil Sectors

On September 1, 2023, with an [initial post](#) on LinkedIn, Iniziativa announced the event "Round Table | Creating Social Value for the Innovation Ecosystem and Local Community: Innovative Investment Models between Public, Private, and Civil Sectors¹⁴" scheduled for Thursday, September 14, 2023, from 3:00 PM to 6:00 PM at Palazzo Ischitella, Via Riviera di Chiaia 270 – Naples.

The event was organized to present and illustrate the characteristics of the "Pledge Fund" Be.CULTOUR, an initiative designed to support innovative start-ups and projects with a focus on social impact, sustainability, and cultural enhancement.

During the event, it was emphasized that this new pilot operation aims not only to facilitate matching between investors and entrepreneurs but also to evolve the entire innovation ecosystem. The goal is to create a virtuous circuit for entrepreneurs, encouraging them to take advantage of this opportunity at a crucial time when new financial instruments are being launched at national, regional, and European levels to support innovation.

The event featured contributions from distinguished figures from various fields, including government officials, industry leaders, academics, and representatives from non-profit organizations. It provided a platform to explore how innovative investment models can ensure continuity and support for local initiatives that focus on preserving community identity and generating beauty and culture.

One of the key points highlighted was the need to invest sustainably in initiatives that generate real cultural value and have a lasting, sustainable impact on the community. The importance of aligning environmental sustainability with social sustainability was underscored, confirming the need for financial tools that create synergies and provide continuity to initiatives that balance measurable social impacts with economic feasibility. It was also noted that the European Commission is supporting the experimentation of innovative models for financial support of enterprises in sustainable tourism, cultural heritage valorization, and cultural and creative industries.



Figure 5 - Poster of the event Round Table

¹⁴ The title of the event in Italian is "Tavola Rotonda | Creare valore sociale per l'ecosistema di innovazione e la comunità locale: modelli di investimento innovativi tra pubblico, privato e civile"

The event was a moment of reflection and deep discussion for experts and enthusiasts on ideas and visions for a future where collaboration between public, private, and social sectors can shape a richer and more sustainable environment for all.

Following the event, a descriptive [LinkedIn post](#) was made, detailing the key highlights and outcomes. Additionally, a [compilation of articles](#) about the “Pledge Fund” Be.CULTOUR was created and shared to provide further insights and resources for those interested in this innovative investment model.

International Conference | World Cities Day UN-Habitat

On Tuesday, October 31, 2023, the International Conference titled "Regeneration of Historic Villages in the Circular Economy Perspective" took place at the Faculty of Architecture of the University Federico II in Naples as part of the World Cities Day UN-Habitat. This event brought together experts, scholars, and practitioners to discuss innovative approaches to revitalizing historic villages through the lens of the circular economy.

During the conference, Iniziativa presented the "Pledge Fund" Be.CULTOUR, highlighting its role in supporting the regeneration of historic villages by fostering sustainable cultural tourism and community-led entrepreneurship. The presentation underscored how the “Pledge Fund” Be.CULTOUR is designed to support start-ups and SMEs interested in circular investment programs that not only enhance the local territory but also create positive social and cultural impacts. The International Conference on World Cities Day UN-Habitat provided valuable insights into the potential of innovative investment models like the “Pledge Fund” Be.CULTOUR to drive the sustainable regeneration of historic villages, ensuring their cultural heritage is preserved and celebrated for future generations.

A [post about the event](#) was made on LinkedIn.



7. Investire Sostenibile: a Social Impact Pledge

Throughout various communication and promotional activities, Iniziativa continued to work on and evolve the investment model. In the same month of October 2023, the management team of the pledge fund (PF) decided on a new identity for the fund: transitioning from “Pledge Fund” Be.CULTOUR to the creation of a new and future company named Investire Sostenibile S.p.A.¹⁵ The company’s claim is “Social Impact Pledge”.

This evolution was inspired by the principle “Get by Giving”, which best expresses the necessity to initiate a process of change that is becoming increasingly essential in light of recent events.



Figure 6 - Logo of Investire Sostenibile: a registered trademark

The era of excessive exploitation of natural, social, and human resources has reached a critical point, rendering many of our current approaches unsustainable. It is clear that a simple adjustment is not enough; therefore, a radical transformation in strategies and behaviours is required, both at the individual and collective levels. This is precisely one of the main aspects that inspire Investire Sostenibile.

Investire Sostenibile considers that today a comprehensive 360-degree review of our actions is necessary, considering all possible impacts and not only environmental ones. It is necessary to holistically evaluate the cultural and community consequences of society's decisions, both in the public and private sectors, to build a more sustainable and inclusive future for everyone.

Additionally, it has been considered that the principle of “get by giving” perfectly aligns with the current push towards sustainability and social responsibility, embodied by the reforms initiated by the European Commission. These reforms, such as the European Green Deal and the European Banking Authority's (EBA) roadmap for Sustainable Finance, offer an unprecedented opportunity for businesses to stand out as leaders in their sectors by embracing a vision of success that integrates environmental, social, and governance sustainability. In this context, the Corporate Sustainability Reporting Directive (CSRD) represents a significant step forward, making sustainability reporting mandatory for thousands of companies starting in 2024. This is another inspiring aspect

¹⁵ As of the update of the present deliverable, preparations for the establishment of the company are currently underway.

for Investire Sostenibile, considering that anticipating these ongoing changes represents an opportunity to generate differentiation and tangible competitive advantages for businesses.

Investire Sostenibile believes that this is the ideal time for companies to embrace this new era of sustainability and thrive through giving. Beyond the regulatory requirement, embracing Corporate Social Responsibility not only enhances a company's image and reputation but also opens doors to new business opportunities. Companies that demonstrate a genuine commitment to sustainability are perceived as reliable and innovative by customers and employees, increasing their loyalty and sales. Moreover, transparent communication about corporate impacts not only strengthens relationships with stakeholders but also creates new growth and investment opportunities.

Being a “Social Impact Pledge” initiative, Investire Sostenibile aims to represent a step forward towards an effective, profitable, and certified CSR strategy.

7.1 About the Social Impact Pledge

The Social Impact Pledge is an initiative designed to encourage organizations, businesses, and individuals to commit to activities and practices that generate positive social outcomes. This pledge typically involves making specific, measurable commitments to address social challenges, improve community well-being, and create a more equitable society.

The pledge involves a commitment to positive change, where organizations or individuals engage in actions that lead to beneficial social outcomes. This can include efforts to reduce poverty, improve education, enhance health and well-being, or protect the environment. Measurable goals are set to ensure accountability and track progress over time, helping to demonstrate the impact of the pledged activities.

Transparency and reporting are crucial components of the pledge, as pledgers are expected to report on their progress toward meeting their goals. This transparency builds trust and encourages continuous improvement. Community engagement is also a significant aspect, involving collaboration with local organizations, community groups, and other stakeholders to understand and address community needs. The actions taken are designed to be sustainable, ensuring long-term positive impacts rather than short-term fixes.

Examples of social impact pledge initiatives include Corporate Social Responsibility programs, where companies commit to sustainable practices, ethical labour standards, and community development projects. Non-profit organizations may take social impact pledges to enhance their service delivery, improve community outcomes, and attract funding. Educational institutions



might pledge to improve educational outcomes for underserved populations, promote diversity and inclusion, and support community-based research.

Taking a social impact pledge offers numerous benefits. Organizations that commit to social impact initiatives often see an improvement in their public image and brand reputation. Employees tend to be more engaged and motivated when they work for organizations that prioritize social good. By actively contributing to community well-being, organizations build stronger relationships and trust with the communities they serve. Additionally, committing to social impact can lead to sustainable growth as organizations align their operations with broader societal goals.

However, there are challenges associated with the social impact pledge. Implementing social impact initiatives requires significant resources, including time, money, and personnel. Quantifying social impact can be challenging, as it often involves qualitative outcomes that are harder to measure. Maintaining momentum and ensuring long-term commitment to social impact goals can be difficult, especially in changing economic conditions.

The Social Impact Pledge is a powerful tool for driving positive change in society. By committing to specific, measurable, and transparent goals, organizations and individuals can contribute to a more equitable and sustainable world. Despite the challenges, the benefits of taking such a pledge far outweigh the obstacles, fostering a culture of responsibility and community engagement.

7.2 About the principle of “get by giving”

The principle of "get by giving" emphasizes the idea that by offering support, resources, and value to others, one can achieve greater personal and financial success. This concept is rooted in the belief that generosity and altruism lead to mutually beneficial outcomes. In the context of investments, this principle encourages investors and fund managers to create value not just for themselves but also for the communities, companies, and ecosystems in which they invest. This approach translates into investment practices that aim not only for financial returns but also for positive and sustainable impacts.

The "get by giving" principle can profoundly influence investment strategies, steering them towards creating a balanced approach that values both financial returns and societal benefits. By integrating this principle into their strategies, investors can contribute to the development of sustainable businesses and communities while also securing robust financial outcomes. Below are several ways in which this principle is applied within the realm of investment strategies.

Social impact investing is a prime example of the "get by giving" principle. In this context, investors seek financial returns while promoting positive social or environmental change. For instance, they might invest in companies providing access to healthcare, education, clean energy, or affordable housing. By doing so, investors achieve financial gains while improving the quality of life in the communities served by these businesses.

Within **Corporate Social Responsibility**, companies integrate sustainable and responsible practices into their operations. This includes investing in eco-friendly practices, fair labour treatment, and contributions to local communities. Such practices can enhance the company's reputation, attract loyal customers and employees, and create a stable, sustainable environment for long-term growth. Thus, companies benefit tangibly by enhancing their image and fostering customer and employee loyalty, proving that community value creation can lead to financial returns.

In the context of **venture capitals and start-ups**, venture capitalists who embrace the "get by giving" principle often provide more than just capital. They offer mentoring, strategic support, and networking connections to the start-ups they invest in. This approach not only helps new businesses grow and thrive but also strengthens the relationship between investors and entrepreneurs, increasing the likelihood of success for both parties. Investors, in turn, not only achieve financial returns from the success of the start-ups but also build a support ecosystem that can generate further investment opportunities.

Community development funds invest in projects that improve the economic and social conditions of local areas. These investments might include infrastructure development, expanding access to financial services, or supporting local small businesses. Investors can earn financial returns through these projects, but the value created for communities can be equally significant, contributing to economic growth and stability in the invested areas

7.3 About Investire Sostenibile

Investire Sostenibile is a key initiative born within the framework of the Be.CULTOUR project, funded by the European Commission, designed to address current challenges. The main objective is to facilitate the meeting between the supply of sustainable finance from professional investors, companies, and communities interested in CSR and certifying its impact, and the demand for support from innovative and socially engaged start-ups/SMEs. This approach promotes collaboration between financial and entrepreneurial actors to generate positive impacts on the community.

Investire Sostenibile is committed to achieving far-reaching and ambitious goals. Central to its mission is the alignment with the Sustainable Development Goals (SDGs) of the 2030 Agenda. The

initiative promotes endeavours that support the development of sustainable cultural tourism, the enhancement and preservation of cultural heritage, urban regeneration, and the circular economy. Additionally, there is a strong emphasis on investing in digital and intangible services, which are increasingly crucial in the contemporary economic landscape.

The primary focus of Investire Sostenibile’s investments is on innovative start-ups and SMEs operating within Italy, especially those that exhibit a strong social orientation. The initiative proposes circular investment programs designed to produce positive effects on local territories and communities. These programs aim to create a sustainable economic environment where both social and financial goals are met.



Figure 7 - The focus of Investire Sostenibile

Investire Sostenibile provides an extensive range of benefits to innovative and socially oriented start-ups and SMEs, ensuring they receive the support needed to flourish:

- **Equity Contributions:** Investire Sostenibile S.p.A. and potentially individual investors participate by providing equity contributions. This financial backing is crucial for the growth and development of start-ups and SMEs, enabling them to scale their operations and increase their impact.
- **Project Development Assistance:** the management team offers invaluable project development assistance. This includes services such as business planning, commercial and organizational support, and networking opportunities with similar initiatives. These resources collectively elevate the value and potential success of each project.
- **In-kind contributions:** contributions may also come in the form of in-kind support, including services, access to movable and immovable property, and expertise. These in-kind contributions are assessed and valued during the pre-closing and post-closing phases, ensuring they are utilized effectively.
- **Additional financing opportunities:** the management team is dedicated to identifying and securing further financing opportunities. This includes assisting start-ups and SMEs in accessing national and European funding calls, providing additional financial resources to meet their evolving needs.

By fostering collaboration and providing comprehensive support, Investire Sostenibile is positioned as a catalyst for social impact and sustainable finance. This initiative is set to make significant strides in promoting sustainable development, enhancing cultural heritage, and driving positive change within communities.

Investment structure of Investire Sostenibile

Investire Sostenibile represents an innovative investment model that uniquely combines the flexibility of a pledge fund with the exclusivity of a club deal. This hybrid approach offers investors decision-making autonomy and a streamlined structure, allowing them to participate directly in selected investment opportunities. This model is designed to cater to the needs of modern investors who seek not only financial returns but also meaningful social and environmental impact.

Characterized by a qualified management team and the absence of annual fees for the first 24 months (a strategic investment choice by Iniziativa, Investire Sostenibile stands out as an attractive option for sustainable investing. The key figures in this initiative include the management team, participating investors, and target initiatives, each playing a crucial role in driving the success of the fund.

This investment model adopts an active approach to sustainable investment. Investors, predominantly from the entrepreneurial world, will subscribe to shares of Investire Sostenibile S.p.A. This subscription model will allow investors to retain the flexibility to invest additional resources only when they find the presented initiatives appealing. In addition to financial capital, investors will contribute their know-how and services to the target companies, fostering commercial and productive synergies that enhance the overall impact of each project.

Investors will be able to subscribe to shares of Investire Sostenibile S.p.A. with a minimum initial investment of €20,000. This initial commitment will provide a stake in the overarching fund, while additional contributions will be made on an *ad hoc* basis to each funded initiative with a minimum ticket of €5,000. This flexible investment structure will ensure that investors can tailor their contributions based on their interests and the specific needs of each project.



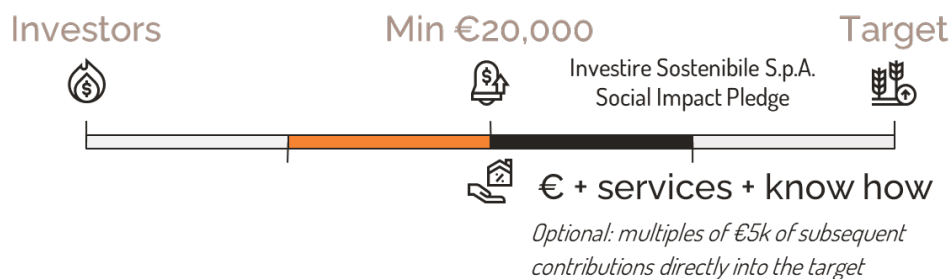


Figure 8 - Investment structure of Investire Sostenibile

The management rules establish a division of the share capital of Investire Sostenibile S.p.A. into two categories of shares, each with specific rights and responsibilities. The goal is to balance representation in the company's governance and capital remuneration policies, ensuring adequate management and fair representation of investors who certify the impact of their investments in Corporate Social Responsibility (CSR). This structure aims to provide both effective oversight and equitable financial returns, aligning the interests of all stakeholders involved.

The share structure of Investire Sostenibile

Category A shares are designated for the managers of the Management Company, which is exclusively contracted to Investire Sostenibile S.p.A. This contract includes a management fee of 2.5% per year of the capital raised, starting from the 24th month after establishment. These shares guarantee representation rights and a portion of additional profits (a carried interest of 20% of the extra return above a hurdle rate of 6%).

Category B shares are for other investors interested in developing certifiable CSR policies and capital remuneration. The expected return on invested capital is 100% of Investire Sostenibile's performance up to the 6% hurdle rate, with further allocation of additional returns net of the carried interest received by Category A shares.

Investire Sostenibile offers a range of benefits for both businesses and investors. It supports the implementation of ESG strategies, contributing to certified compliance with the EU's CSRD and the EBA's Sustainability Finance roadmap, with the associated advantages, turning a regulatory obligation into an opportunity.

This also generates further tangible competitive advantages, such as an improved corporate image, increased customer loyalty, strengthened financial results, enhanced stakeholder relationships, and a revitalized ability to attract and retain talent.

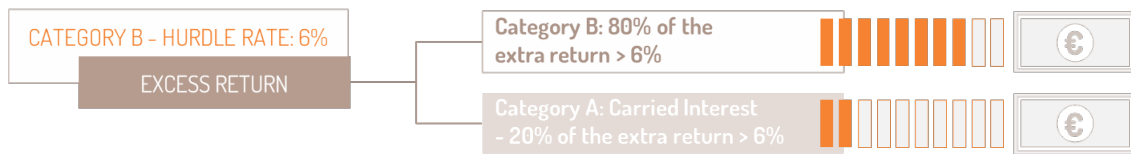


Figure 9 - Share structure

Tax advantages

Investire Sostenibile has devised a comprehensive investment scheme that not only fosters innovation and social responsibility but also provides substantial tax benefits for its investors. This scheme is designed for Italy to incentivize investments in start-ups and SMEs that prioritize social impact, offering significant financial advantages to both individual and corporate investors. Below is an outline of the key tax incentives available under this innovative scheme, highlighting the potential for tax deductions and exemptions on capital gains.

- For individuals, there are notable advantages:
 - A 30% tax deduction on the investment made (up to €1,000,000) or, alternatively, a 50% deduction under the "de minimis" regime (up to €100,000).
 - Tax exemption on capital gains resulting from the sale of shares in innovative start-ups.
- Legal entities also stand to benefit significantly:
 - Deduction from taxable income of an amount equal to 30% of the invested sum, with a maximum limit of €1,800,000, potentially achieving a maximum annual tax saving of up to €129,000.

Investire Sostenibile represents a compelling blend of financial promise and social responsibility. By offering distinct investment categories with unique benefits, it caters to a diverse range of investors while promoting sustainable and responsible business practices. The comprehensive support for ESG strategies ensures compliance with key regulatory standards and provides substantial competitive advantages. Moreover, the significant tax benefits further enhance the attractiveness of these investments, making it a smart choice for both individuals and legal entities. In essence, Investire Sostenibile not only opens doors to profitable returns but also empowers investors to make a meaningful impact on society and the environment, fostering a future where financial success and sustainability go hand in hand.

7.4 Recent developments

Investire Sostenibile has recently made significant strides to enhance its visibility, accessibility, and operational efficiency. These developments are aimed at better serving our investors, partners, and the community at large.

In April 2024, the [official LinkedIn page for Investire Sostenibile](#) has been launched. This platform will serve as a central hub for updates, news, and insights related to our activities and the broader field of sustainable investment. The communication has already begun, with targeted posts highlighting the unique features of our investment model, alongside content related to CSR, impact investing, and other related themes. By following our LinkedIn page, stakeholders can stay informed about our latest projects, upcoming events, and important announcements. This social media presence is crucial for building a community of like-minded individuals and organizations committed to driving positive social and environmental change.

The Investire Sostenibile trademark¹⁶ has been successfully registered. This important step ensures that our brand is legally protected and recognized. Concurrently, the domain for the new website¹⁷ has been acquired, which will be an essential resource for investors and partners. The website will feature detailed information about the investment philosophy, target sectors, and the impact of the initiatives. It will also include sections dedicated to news and updates, success stories, and resources for potential investors and partners. The new site is designed to offer a seamless experience, ensuring that visitors can easily find the information they need and stay connected with the ongoing efforts.

Finally, to further streamline communications and ensure prompt responses to inquiries, a dedicated email address has been established (info@investiresostenibile.eu). This channel will handle all questions, feedback, and requests for information from current and potential investors, partners, and other stakeholders. By providing a specific point of contact, we aim to enhance our responsiveness and improve the overall communication experience.

7.4.1 Be.CULTOUR Final Conference

On Thursday, June 6, 2024, in the stunning setting of the Monumental Complex of Santa Chiara in Naples, the final conference of the European project Be.CULTOUR saw the presentation of the Investire Sostenibile project. During the final conference, Investire Sostenibile was introduced. The session, moderated by Aliona Lupu of Iniziativa Cube, showcased some supported initiatives

¹⁶ The one showed in Figure 6

¹⁷ <http://www.investiresostenibile.eu>

and discussed key topics related to sustainable and innovative financing, including the importance of evaluation impact tools in the impact investment sector. Gianluca Gaggiotti of Impact Europe also participated in the discussions.

7.4.2 Prospective collaborators and planned bilateral meetings for strengthening the network

Currently, Investire Sostenibile is interested in initiating a partnership include the following:

- A non-profit organization established to promote the regeneration of cultural heritage sites through innovative and collaborative financing solutions.
- A European association representing foundations and philanthropic organizations that seeks to foster a collaborative and sustainable philanthropic ecosystem across Europe, supporting various social, environmental, and cultural initiatives.
- A network that connects capital providers and social innovators to drive measurable positive impacts for people and the planet. Formerly known as the European Venture Philanthropy Association (EVPA), Impact Europe focuses on mobilizing resources and deploying impact capital with maximum effectiveness.
- A Knowledge and Innovation Community funded by the European Institute of Innovation and Technology (EIT KIC) that aims to unite cultural and creative organizations from various sectors, including business, higher education, and research, to foster innovation and resilience within the cultural and creative industries across Europe.
- One of Sweden's oldest and most prestigious universities, renowned for its high-quality research and education across a wide range of academic disciplines.
- An agency that promotes investment opportunities in Moldova, providing support and information to both local and foreign investors to drive the country's economic development.
- A leading Italian bank that offers a wide range of financial services to individuals, businesses, and institutions and has a strong international presence and is committed to innovation and sustainability.
- A leading pan-European federation dedicated to cultural and natural heritage, that represents citizens' organizations committed to safeguarding Europe's cultural heritage and works closely with institutions such as the European Union, the Council of Europe, and UNESCO to advocate for heritage at all levels of governance.



- An Italian bank known for its ethical and sustainable approach to banking that provides financial products and services that align with social and environmental values.
- The institutions of a region in southern Italy, always interested in promoting its culture, traditions and innovative initiatives.
- Another southern Italian region known for its efforts in promoting sustainable development and tourism.
- An Italian company that offers innovative solutions in technology, energy, and sustainability and focuses on developing and implementing advanced technologies for various industries.
- A Spanish e-commerce platform specializing in outdoor sports equipment and known for its high-quality products and emphasis on innovation and customer service.

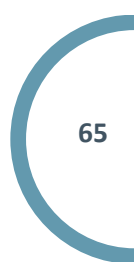
These organizations span various sectors, from finance and education to cultural heritage and technology, each contributing to sustainable and impactful development and community enrichment in their respective fields.

Investire Sostenibile is also engaging in meetings and discussions with parties interested in developing similar models in Sweden. These interactions aim to explore the potential for adapting and implementing the successful framework of Investire Sostenibile in the Swedish context. By sharing best practices and insights, Investire Sostenibile seeks to foster international collaboration and support the growth of innovative, sustainable start-ups across borders.

Through these dialogues, both Italian and Swedish stakeholders will benefit from a mutual exchange of knowledge and experience, enhancing their ability to address the challenges associated with sustainable investment and start-up development.

Moreover, a prominent European heritage organization has expressed keen interest in collaborating with us to launch a new investment vehicle at the European level. This cooperation aims to align with the organization's extensive focus on preserving both tangible and intangible cultural heritage across Europe, including non-EU regions. The proposed investment vehicle will address diverse areas such as climate, tourism, urban redevelopment, conservation, and adaptive reuse. To accommodate this collaboration, we plan to update the current regulations to match the broader geographic and thematic interests. The investment model will also explore various forms of capital, including equity and quasi-equity to attract a wide range of investors.

To facilitate the swift deployment of this vehicle, we are open to cooperating with social finance providers in other European countries. This collaboration aims to attract private sector funds for social goals, blending commercial and non-commercial investments to generate significant community benefits.



7.4.3 About the activities with the investors

Investire Sostenibile is actively engaging in discussions with corporate investors interested in investing in the selected initiatives.

Interested investors always have the opportunity to express their interest in investing by sending an email. However, to expedite the process, Investire Sostenibile is also conducting in-person investor outreach activities. These efforts aim to present the investment model more effectively, understand investors' interests, and identify the types of investments they wish to pursue

The selection of investors interested in being involved in Investire Sostenibile is carried out through direct recruitment via one-on-one meetings, planned by leveraging not only the relational network established during the Be.CULTOUR project but also those of Iniziativa Cube S.r.l. and its partners. Once a sufficient number of commitments has been received, both in terms of investors and capital raised, the Investire Sostenibile management team will begin presenting the projects to the investors, facilitating the execution of initial investment operations.

The services offered to investors include:

- Scouting of investment opportunities by identifying potential projects that align with the investors' interests.
- Prescreening of projects by evaluating and selecting the projects that best match the investors' investment policies (the management team aims to identify the most promising investment opportunities for these investors, enabling them to avoid the dispersion of efforts in analyzing multiple projects while maintaining their full autonomy in making final investment decisions).
- Presentation of projects to investors by facilitating introductions and showcasing selected projects to potential investors.
- Support in preparing documents for signing and closing transactions by assisting with the documentation required for the formalization and completion of investment deals.
- Monitoring the performance of portfolio companies by tracking and evaluating the outcomes of the investments to ensure they meet expected results.

Investire Sostenibile aims to streamline the investment process, providing both start-ups and investors with the support needed to achieve sustainable growth and development. By selecting the most interesting investment opportunities and facilitating efficient decision-making, Investire Sostenibile enhances the effectiveness of sustainable finance initiatives.



7.4.4 About the activities with the initiatives

The upcoming activities of Investire Sostenibile focus on continuing the process of scouting and prescreening to identify start-ups and SMEs with high potential for social and innovative impact. These efforts are accompanied by targeted support for the selected companies to foster their growth and development.

The management team is already providing consultancy support to the selected start-ups and SMEs, helping them achieve more advanced stages of development. This support includes a deeper understanding of their business models, which is crucial for long-term sustainability. Additionally, the team assists in developing a detailed business plan that accurately defines the financial needs required for their development plans.

These activities are crucial at this stage for several reasons. A well-structured business plan helps entrepreneurs clearly define their short, medium, and long-term objectives, providing them with a clear vision of where they want to go and the milestones necessary to get there. Business modelling and planning include detailed financial planning, which determines financial needs, plans cash flow, and forecasts revenues and expenses, all critical for the economic sustainability of the company.

In addition, a detailed business plan is an essential tool to attract investors, as they look for companies with a clear understanding of their business model and a well-defined growth strategy. The process of creating a business plan forces entrepreneurs to consider potential risks and develop strategies to mitigate them, better preparing them for future challenges and managing uncertainty more effectively. Moreover, a well-thought-out business plan includes operational strategies that optimize resource use, improve efficiency, and reduce waste, which is particularly important for start-ups that need to maximize their limited resources.

The business plan also serves as a guide for monitoring progress and adapting strategies based on the results achieved, allowing companies to remain flexible and responsive to market changes. It provides clear metrics and benchmarks to measure success, helping evaluate whether the company is meeting its goals and identifying areas needing improvement.

7.4.5 About the website of Investire Sostenibile

The website of Investire Sostenibile is designed with a dynamic and constantly evolving architecture. The primary goal is to keep users consistently updated on the latest developments and to provide a showcase for initiatives with their main features. Additionally, the site aims to be an informative resource on topics related to the brand and an easy-to-navigate platform for all stakeholders.

The website is specifically designed to cater to the needs of various users. It includes a dedicated section for start-ups and SMEs to submit their applications. This section will allow them to enter their details, upload their pitch deck, and provide a link to a video presentation. This streamlined process ensures that start-ups and SMEs can easily present their innovative ideas and secure the support they need.

For investors, the application procedure has been further simplified. A dedicated section will allow investors to directly communicate their interest to the company. By writing directly to Investire Sostenibile, investors will be able to express their interest and receive follow-up for further discussions. This user-friendly approach will ensure a smooth and efficient engagement process. Both the start-up/SME application section and the investor inquiry section will feature regularly updated key documents, including the Regulation for investors and the Notice for Initiatives thus ensuring that all stakeholders will have access to the most current and relevant information, fostering transparency and trust.

Moreover, the website will serve as a comprehensive resource where users can read and stay informed about various topics related to sustainable investment, CSR, and impact investing. Regular updates and informative content will be provided to keep all visitors engaged and knowledgeable about the latest trends and developments in the field.

7.4.6 Update on the application procedure

As highlighted in the previous section, the application procedures have undergone an update and streamlining:

- Start-ups/SMEs applications: start-ups and SMEs are required to submit a pitch deck (maximum of 15 slides) that clearly outlines the activities of their SME/start-up. Additionally, they should provide a link to an optional video presentation. All submissions must be made through the designated section of the website.
- Investor applications: investors are required to submit an email through the designated section of the website, which will automatically be forwarded to the official email address of the investment model. The section to be completed will also require the entry of the e-mail address of the individual interested in applying.

In addition, there are no longer any deadlines for submitting applications. Applications can now be submitted through the official website in the dedicated section.

7.5 The portfolio of start-ups and SMEs

In order to identify the most promising initiatives, Investire Sostenibile conducted a thorough selection process. This process involved a detailed analysis of the materials received and online calls to better understand the candidates. Through this comprehensive evaluation, several outstanding projects were selected that align with the mission and values of Investire Sostenibile. These initiatives, which span various fields such as heritage restoration, inclusion in the workforce, authentic tourism experiences, interactive media, and the promotion of Italian cultural and culinary traditions, demonstrate a strong potential for sustainable impact and community development. Below are the initiatives that were selected.

7.5.1 *An innovative platform for transforming and restoring historical and cultural heritage*

“Preserve the past, promote the future: with a simple click, support the restoration of a historic site and contribute to its rebirth.”

One of the initiatives selected by Investire Sostenibile is an innovative platform designed to revitalize and restore architectural and cultural heritage. This start-up aims to facilitate participation in the restoration and development of architectural sites through targeted donations, embodying the principles of sustainable investment and social impact.

The platform enables users to contribute to the recovery and development of architectural sites. By making targeted donations, users directly support efforts to preserve and restore historical landmarks. Upon donating, users can immediately redeem a voucher for purchasing products and services from local businesses. This feature not only incentivizes donations but also promotes local economies by driving traffic to area merchants. This solution allows users to discover the beauty and craftsmanship of local areas first-hand. By engaging with this initiative, users can explore the creations and cultural offerings of the region, fostering a deeper connection with the community.

This start-up supports a range of initiatives that are crucial to the mission of Investire Sostenibile:

- Restoration projects: ensuring the preservation and revitalization of historic sites.
- Accessibility improvements: making architectural sites accessible to people with disabilities, ensuring inclusivity.
- Community partnerships: collaborating with local organizations, artists, craftsmen, and retailers. Donors can access these partnerships through the voucher system, which provides exclusive benefits and promotes local talent and businesses.

This comprehensive project underscores the commitment to developing and revitalizing local communities. By preserving the past and promoting the future, the platform leverages technology to support the restoration of historic sites and contribute to their rebirth. With just a simple click, users can support the restoration of a historic site and make a significant impact. The platform exemplifies the mission of Investire Sostenibile by creating a seamless way for individuals to participate in meaningful projects that enhance cultural heritage and promote sustainable development.

In addition to its current offerings, the platform plans to expand by providing consultancy services for the preservation and enhancement of artistic, cultural, and architectural heritage. These consultancy services will offer expert guidance and support to institutions and individuals aiming to safeguard and enhance the value of their cultural assets. The platform aims to become a hub of knowledge and best practices, fostering a community dedicated to the care and celebration of our shared cultural legacy.

Another notable activity of the start-up is the creation of tactile reproductions of famous artworks, which are distributed to schools for visually impaired children. This initiative further emphasizes the platform's dedication to inclusivity and education, ensuring that everyone can experience and appreciate cultural heritage. These tactile reproductions are crafted with precision and care, allowing visually impaired children to explore the details and textures of iconic artworks. By bringing art into the hands of those who cannot see it, the platform enriches the educational experience and fosters a greater appreciation of cultural heritage among all students. This commitment to accessibility and learning highlights the platform's holistic approach to cultural preservation and community engagement, making art and history accessible to everyone, regardless of their abilities.

7.5.2 A start-up dedicated to empowering blind individuals to create beautiful jewellery

“When the art of goldsmithing merges with inclusion and solidarity.”

Another remarkable initiative selected by Investire Sostenibile is a pioneering start-up and the first jewellery brand that enables visually impaired individuals to work in the field of goldsmithing. In Italy, 9 out of 10 people classified as visually impaired struggle to find employment. This start-up aims to change this narrative by offering a unique and inclusive pathway through its program. People who are blind from birth are able to acquire tactile information faster than people without visual impairments. Leveraging this ability, the start-up provides visually impaired individuals with a comprehensive jewellery creation course that equips them with valuable skills and culminates

in job placement. It is the first jewellery brand that allows blind people to work in four distinct phases:

- Jewellery creation course and job placement: this initial phase provides participants with essential training and ensures they are well-prepared for employment in the jewellery industry.
- Creation of the jewel through the modelling of cold porcelain: participants learn to craft jewellery by modelling with synthetic clay, honing their tactile skills and artistic creativity.
- 3D scanning and printing: this phase introduces modern technology, allowing participants to scan and print their designs, bridging traditional craftsmanship with contemporary innovation.
- Melting in ethical metals: the final phase involves casting the jewellery in ethical metals such as bronze, certified Fairmined silver, and gold. This not only teaches the technical aspects of metalworking but also emphasizes sustainability and ethical sourcing.

By combining these innovative techniques and ethical practices, the start-up not only empowers visually impaired individuals but also promotes sustainability and social responsibility within the jewellery sector. This initiative underscores its commitment to creating an inclusive workforce and supporting the talents of those who are often overlooked in the job market.

7.5.3 A start-up to experience and discover places authentically, like a local

“Explore and visit places like those who live and love them daily. It's not just about seeing; it's about how you experience them!”

In a world where territories are losing their authenticity due to mass tourism, this start-up has emerged with a clear mission: to protect and enhance the true essence of places. This initiative aims to uncover the unique characteristics of each location, moving beyond the overcrowded tourist spots and avoiding brands that tend to be copied and reproduced elsewhere.

This start-up travels across Italy, finding the people who make each travel experience truly authentic. The goal is to explore and visit places as those who live and love them daily do. It's not just about seeing the places; it's about experiencing them. They have identified the best individuals to know and connected them to every must-visit location, both well-known and hidden, allowing travellers to genuinely feel the authentic side of each destination.

At the heart of this initiative is an advanced artificial intelligence, which provides personalized travel advice quickly and authentically based on suggestions from locals. Users whose suggestions receive the most views are rewarded with cash, incentivizing the sharing of genuine experiences.

This AI was created to meet the growing desire for unique, authentic experiences and to uncover lesser-known realities and beauties of our territory. It connects the increasing demand for authentic tourism and unexplored destinations, untouched by mass tourism, with experiences deeply rooted in local culture.

The initiative aims to enhance and rediscover unexplored and forgotten destinations that are fully authentic, with an intact and unique identity. It is more than just a travel platform; it is a revolution in the way we live and discover the world, through the eyes of those who truly know these places.

7.5.4 A start-up capable of revolutionizing engagement through personalized interactive videos

“Let's transform passive video viewers into active participants!”

This start-up has developed a technology capable of not only creating highly personalized videos but also increasing user engagement, regardless of the video's subject matter. This revolutionary platform utilizes exclusive technology to create interactive, entertaining, and personalized videos. By simply scanning the QR Code, users can access a collection of exclusive videos, carefully categorized to enhance viewer engagement.

This is a technology that makes the interactive video experience playful, allowing the audience to create their unique version of a video content by navigating through different narrative lines. It enables advertisers to present their brand more effectively and entertainingly. Its interactive ads are highly engaging. By giving users something to do rather than just having them sit and wait for the video to end, they are more likely to interact with an ad and absorb its content. In addition, its interactive videos can be incredibly captivating, making them something users are likely to remember and even share with their friends.

The tracking capabilities make this format particularly attractive for both mobile advertisers and users. With its interactive videos, advertisers can monitor exactly what digital audiences are doing with these ads and use this data to guide their marketing strategies. Where are viewers clicking? Which elements do they find most compelling? The interactive videos are driven by human performance. No two videos will ever be the same.

Through these interactive videos, users can discover more about a place, be attracted and encouraged to learn more about it, and even uncover unknown realities in various fields. This solution stands out for its exceptional ability to narrate, describe, and showcase the beauty of any location. Its innovative tracking capabilities make it strategic not only for brands but also for users, providing detailed insights into digital audience actions without relying on cookies. This feature



enables a more effective definition of marketing strategies. It helps create highly personalized, unique content that captures the attention and curiosity of viewers, leading them to discover the hidden gems and authentic experiences of any destination.

7.5.5 A start-up to rediscover Made in Italy and experience enogastronomic tradition in a unique and immersive way

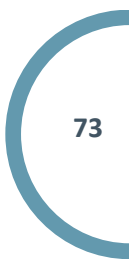
“In this start-up, design meets tradition to create objects that enhance the taste experience.”

This start-up is a remarkable blend of tradition, innovation, and unique skills, dedicated to creating products that capture the distinctive design essence synonymous with Made in Italy. At its core, the start-up is not just about product creation; it offers an unparalleled tasting experience of local culinary specialties, ensuring that every aspect of Italian culture is celebrated and preserved. Conceived as a social enterprise initiative, the project aims to promote and enhance the communities and local skills that are often overlooked. By harnessing the power of design, the start-up advocates for conscious and respectful food consumption, actively encourages waste reduction, and shines a spotlight on ancient crafts and traditions that are at risk of being forgotten.

A standout feature of this start-up is its focus on elevating enogastronomic experiences through the incorporation of unique artisanal pieces. These items, which include intricately designed tableware and elegant serving utensils, are meticulously crafted to embody the true spirit of Made in Italy. Each piece not only adds aesthetic beauty and functional excellence to the dining experience but also serves as a testament to the rich cultural heritage of Italian craftsmanship. This careful attention to detail ensures that every dining occasion is transformed into a memorable celebration of Italian art and tradition.

Furthermore, the start-up fosters a deeper connection to Italian cultural heritage through innovative collaborations. By creating synergies between designers, manufacturing companies, chefs, and food industry operators, the start-up forms a dynamic network that supports the innovation and diversification of Italian products. These collaborations not only preserve but also enrich Italy's artisanal and culinary traditions, ensuring they remain vibrant and relevant in a modern context.

The start-up's dedication to promoting Italian cultural heritage is evident in its holistic approach. It leverages advanced design techniques to make the consumption of food a more conscious and respectful act, emphasizing the importance of reducing waste. Additionally, by highlighting the work of local artisans and craftsmen, the start-up ensures that ancient skills and traditions are passed down through generations, maintaining the cultural fabric of communities.



This start-up is redefining how we experience and appreciate Italian culture. It is a beacon of innovation that respects and revitalizes the past while looking forward to the future. Through its beautifully crafted products and unique culinary experiences, the start-up not only enriches the lives of its customers but also plays a crucial role in preserving the invaluable cultural heritage of Italy.

7.5.6 A start-up with a unique fleet of small aircraft for personalized flights to reach even the most difficult-to-access areas

“Your transportation whenever you want, wherever you want!”

The start-up provides an innovative fleet of small aircraft for personalized flights, offering the option to share trips and costs. The goal is to create a network of flights for personalized travel that caters not only to personal and work-related needs but also to reaching tourist destinations that are difficult to access with traditional means of transportation. This solution saves time, operates efficiently, and aligns perfectly with everyone's needs, desires, and requests.

With the start-up's app, users can effortlessly navigate through the flight booking process and select the best pilot based on the chosen route and destination. The app ensures a seamless experience, making personalized air travel accessible and convenient.

The start-up aims to expand its reach, targeting unique, lesser-known, and poorly connected destinations with limited infrastructure, often featuring only a small landing strip. By integrating electric aircraft into their fleet, the start-up not only embraces sustainable transportation but also opens up new travel possibilities, bridging the gap between urban centers and remote areas.

The start-up has already established some routes. For example, a flight from Milan to Nice takes just 45 minutes with the Cirrus SR22 aircraft, accommodating up to three passengers. This example highlights the efficiency and convenience of the start-up's service, offering a quick and comfortable alternative to traditional travel methods.

Ultimately, the start-up is not just about providing flights; it's about transforming the way we travel. By combining innovative technology with personalized service, the start-up revolutionizes air travel, making it more accessible, efficient, and tailored to individual needs. Whether for business, leisure, or exploring hidden gems, the start-up ensures every journey is a unique and memorable experience.

7.5.7 A start-up that aims to develop talents and art

“It opens the market of non-hotel accommodations with a consolidated historical-artistic identity to the world of art through the practice of Artist Residencies.”

This start-up is a pioneering project that connects the non-hotel hospitality market, with its strong historical and artistic identity, to the world of art through the practice of Artist Residencies.

By starting from Artist Residencies, it creates points where artists can express their talent without the burden of accommodation costs, being financed for materials and compensated for the works produced. The project directly involves entrepreneurs, artists, and tourists to create a multi-economic network and circular relationships between communities, art, and territory. Once completed, the artworks become central figures in free artistic experiences, supported by sponsors and collaborations, to attract and entertain tourists and visitors.

This start-up identifies creativity and culture as new drivers of transformation for Europe's cultural heritage. Developed after years of research, the project is based on the premise that the identity of settlement systems is closely linked to the values and artistic offerings of their territory. It also aims to reinterpret the integration of human and cultural capital to establish artistic flows capable of regenerating both the market conditions and the stakeholders that shape them, creating a vital space for artists, entrepreneurs, and communities.

This start-up operates with a human-centered approach, emphasizing the self-generative capacity of art to stimulate synergies and symbiosis through the circular relationship linking man, art, and the cultural goods market. This process benefits emerging contemporary artists, who are invited to contribute to building a community around European artistic heritage through their artistic production. The project draws inspiration from the cultural identity of local populations and the established material culture of the Residency location.



8. Guidance for policies-makers and implementing bodies

Effective policymaking and implementation are critical to fostering sustainable and circular cultural tourism. As part of the Be.CULTOUR project, this section aims to provide detailed guidance for policy-makers and implementing bodies to enhance their strategies, ensuring alignment with the objectives of sustainable development, cultural preservation, and regional growth.

Leveraging European Structural and Investment Funds (ESIFs)

European Structural and Investment Funds (ESIFs) represent a significant resource for supporting sustainable cultural tourism. These funds are designed to reduce regional disparities and promote economic, social, and territorial cohesion across the EU. Policymakers should focus on the following strategies to maximize the impact of ESIFs:

- **strategic alignment:** ensure that regional and national policies are aligned with the overarching objectives of ESIFs. This includes promoting smart, sustainable, and inclusive growth by integrating cultural tourism into broader regional development plans. Policies should encourage the conservation of cultural heritage while fostering economic activities that generate local employment and income;
- **partnership agreements:** establish clear and comprehensive partnership agreements between the European Commission and Member States. These agreements should outline the priorities and allocation of funds, ensuring that cultural tourism projects are adequately supported. Collaboration with local authorities and stakeholders is essential to tailor these agreements to the specific needs of each region;
- **ex-ante conditionality and thematic concentration:** adhere to ex-ante conditionality and thematic concentration principles. This means developing policies that are prerequisites for effective use of ESIFs and concentrating resources on a few well-defined priorities, such as sustainable tourism, to achieve a critical mass of impact. This approach ensures that investments are focused and generate significant benefits;
- **blended finance:** utilize blended finance models to combine public and private investments. This approach can leverage additional private capital, reduce risks, and enhance the sustainability of cultural tourism projects. Blended finance can be particularly effective in attracting investment for large-scale infrastructure projects and innovative tourism services;
- **synergies with other funds:** identify and exploit synergies between ESIFs and other EU and national funds. This can involve combining resources from various funding programs,



such as Horizon Europe, the Creative Europe program, and national cultural heritage funds, to maximize the impact and efficiency of investments in cultural tourism.


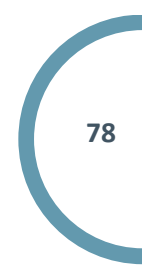
Implementing innovative financing mechanisms

To support the transition towards sustainable cultural tourism, policy-makers should explore and implement innovative financing mechanisms, such as:

- **People Public-Private Partnerships (4-Ps):** foster long-term collaborations between public and private sectors, including the civic dimension. 4-Ps can mobilize additional financial resources and distribute risks, ensuring the successful delivery and funding of cultural tourism projects. These partnerships can be structured to ensure that both public benefits and private returns are balanced, encouraging sustainable development practices;
- **impact investment:** promote impact investment strategies that generate measurable social and environmental benefits alongside financial returns. This can attract investors interested in sustainable development goals and support the growth of cultural tourism initiatives. Impact investments can fund projects that preserve cultural heritage, promote local crafts and traditions, and create inclusive tourism experiences;
- **crowdfunding and community funding:** encourage the use of crowdfunding platforms to engage local communities and stakeholders in financing cultural tourism projects. This can increase local ownership, participation, and support for sustainable tourism development. Crowdfunding can also serve as a tool for raising awareness and generating public interest in cultural heritage conservation;
- **innovative financial instruments:** implement hybrid financial instruments, such as green bonds and social impact bonds, which can attract diverse funding sources and support projects that deliver both financial and societal value. These instruments can be used to finance projects that improve energy efficiency in heritage buildings, promote eco-friendly tourism practices, and enhance the resilience of cultural sites to climate change;
- **tax incentives and subsidies:** develop tax incentives and subsidies to encourage private investments in sustainable cultural tourism. These could include tax credits for heritage conservation projects, subsidies for renewable energy installations in tourism facilities, and grants for community-led tourism initiatives.

Enhancing local governance and stakeholder involvement

Effective governance and active stakeholder involvement are crucial for the successful implementation of sustainable cultural tourism policies:

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- **decentralization and local empowerment:** promote decentralization and empower local authorities and communities to participate in decision-making processes related to cultural tourism. This can enhance the relevance and sustainability of tourism policies and projects by ensuring that they reflect local needs and priorities. Policies should facilitate local governance structures that can effectively manage and sustain cultural tourism initiatives;
 - **collaborative planning:** foster collaboration among government agencies, private sector, non-governmental organizations, and local communities. Joint planning and implementation can ensure that cultural tourism strategies are comprehensive and address the needs and aspirations of all stakeholders. Multi-stakeholder platforms can be established to facilitate dialogue and coordination;
 - **capacity building:** invest in capacity-building programs to enhance the skills and knowledge of local authorities, tourism operators, and community members. This can improve the management and sustainability of cultural tourism initiatives. Training programs should cover areas such as sustainable tourism practices, heritage conservation techniques, and effective marketing strategies;
 - **monitoring and evaluation:** establish robust monitoring and evaluation frameworks to assess the impact of cultural tourism policies and projects. Regular evaluations can provide insights into the effectiveness of strategies and inform necessary adjustments to achieve desired outcomes. Performance indicators should be developed to measure the social, economic, and environmental impacts of tourism initiatives;
 - **public awareness and education:** launch public awareness campaigns and educational programs to promote the importance of sustainable cultural tourism. Engaging the public and educating tourists about responsible travel practices can foster a culture of sustainability and conservation;
 - **integrated cultural and environmental policies:** develop integrated policies that address both cultural heritage and environmental sustainability. This approach ensures that tourism development does not compromise ecological integrity and that cultural sites are protected from environmental degradation.

By leveraging ESIFs, implementing innovative financing mechanisms, and enhancing local governance, policy-makers can create a supportive environment for sustainable and circular cultural tourism. These strategies will not only preserve cultural heritage but also drive economic growth and social cohesion, contributing to the overall sustainability of European regions.

This guidance aims to support policy-makers and implementing bodies in their efforts to promote sustainable cultural tourism, ensuring that the Be.CULTOUR project's objectives are met and its methodologies are replicated across Europe for broader impact. The successful implementation of these strategies requires a collaborative approach, continuous learning, and a commitment to sustainability at all levels of governance.



9. Conclusions

The conclusions of the deliverable emphasize that the strategies for sustainable and circular cultural tourism, supported by European Structural and Investment Funds (ESIFs), should be designed to enhance both economic growth and social cohesion while preserving cultural heritage. Policymakers are encouraged to leverage innovative financing mechanisms and strengthen local governance to create an environment that supports these objectives. The guidance provided aims to assist in promoting sustainable cultural tourism across Europe by implementing collaborative approaches, continuous learning, and a commitment to sustainability at all levels of governance. These efforts are intended to ensure that the objectives of the Be.CULTOUR project are met and that its methodologies are replicated widely for broader impact.



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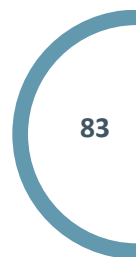


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Acronyms

[CF]	[Cohesion Fund]
[CSR]	[Corporate Social Responsibility]
[CSRD]	[Corporate Sustainability Reporting Directive]
[EC]	[European Commission]
[ECA]	[European Court of Auditors]
[EMFAF]	[European Maritime and Fisheries and Aquaculture Fund]
[EMFF]	[European Maritime and Fisheries Fund]
[ERDF]	[European Regional Development Fund]
[ESF+]	[European Social Fund Plus]
[ESG]	[Environmental, Social and Governance]
[ESIFs]	[European Structural Investment Funds]
[FIs]	[Financial Instruments]
[GDP]	[Gross Domestic Product]
[GNI]	[Gross National Income]
[IRF]	[Investment Readiness Facility]
[MFF]	[Multiannual Financial Framework]
[OECD]	[Organisation for Economic Co-operation and Development]
[OPs]	[Operational Programmes]
[PDA]	[Project Development Assistance]
[PF]	[Pledge Fund]
[POs]	[Policy Objectives]
[RBF]	[Results-Based Financing]
[RIS3]	[Research and Innovation Strategies for Smart Specialisations]
[SDGs]	[Sustainable Development Goals]
[SIBs]	[Social Impact Bonds]
[SMEs]	[Small and Medium Enterprises]
[S3]	[Smart Specialisation Strategy]



Annex 1

This section contains first the original versions of the Regulation for investors and then the Notice for initiatives interested in the "Pledge Fund" Be.CULTOUR. Adjustments and updates to the contents of these documents are currently underway, reflecting the evolution of the "Pledge Fund" Be.CULTOUR, which is now known as Investire Sostenibile.





Be.CULTOUR
Beyond cultural tourism

 **INIZIATIVA**
Finanza e Innovazione

“PLEDGE FUND” Be.CULTOUR Regulation



HORIZON 2020

This project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No 101004627

Call: H2020-SC6-TRANSFORMATIONS-2020 – Type of action: IA (Innovation action)

Disclaimer

The contents of this document are the sole responsibility of one or more Parties of Be.CULTOUR consortium and can under no circumstances be regarded as reflecting the position of the Agency REA and European Commission under the European Union’s Horizon 2020.

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Pilot Initiative within the European Project Be.CULTOUR (GA 101004627)

Regulation of the investment model “Pledge Fund” Be.CULTOUR (hereinafter “PF Be.CULTOUR” or simply “PF”)

PART ONE: Identifying aspects

Article 1: Definitions

The following definitions are specified in this Regulation:

- a) *Closing*: the completion of the investment process by contributing funds to the target company, either at the same time or after signing the Investment Agreement and Shareholders' Agreements.
- b) *Participating Investors*: Investors who confirm their intention to join the PF after being evaluated by the Management team. They can be individuals, companies, or groups of people.
- c) *Management team*: a group of professionals responsible for managing the PF.
- d) *“PF” Be.CULTOUR*: an investment model created to achieve the objectives of the European Project Be.CULTOUR (GA 101004627). It is inspired by some of the characteristic elements of a Pledge Fund.
- e) *Questionnaire*: a list of questions given to potential investors to assess their suitability for participating in the PF.
- f) *Signing*: the act of signing the Investment Agreement and Shareholders' Agreements between the Participating Investors and the target companies.
- g) *Potential parties interested in the PF*: individuals and companies who are considered for participation in the PF and are given the Questionnaire.
- h) *Investor Day*: a meeting where the projects are presented in person to the Participating Investors.

Article 2: Name and type of the PF

Iniziativa Cube establishes a participatory investment model called "Pledge Fund" Be.CULTOUR, which is not a traditional pledge fund but is inspired by some of its characteristic elements (such as the central role of the management team and the decision-making autonomy of investors). However, it simplifies these elements since it is a pilot project launched within the Be.CULTOUR Project and doesn't require investors to pay a fixed fee or establish a separate depository company.

The configuration of this investment model is similar to that of a Club Deal. The difference is that in Club Deals, potential investors themselves choose and evaluate investment opportunities, while in Pledge Funds, a team of specialists, known as the management



team, takes care of this process. Their role is to identify investment opportunities according to specific parameters and present them to pre-selected investors, who then examine and decide whether to invest in them. In a Pledge Fund, unlike a private equity fund, the managers cannot rely on an irrevocable commitment from subscribers to invest, nor can the management team allocate the fund's resources with substantial autonomy. This is because Pledge Fund investors are free to decide whether to participate in a particular investment.

The Be.CULTOUR Project, initiated in February 2021 and scheduled to end in 2024, aims to implement innovative approaches to promote balanced and sustainable cultural tourism development in urban areas and European regions, fostering cooperation at the local, regional, and cross-border levels.

Considering that the Iniziativa Cube activities for the Be.CULTOUR Project are still in the experimental phase and the goal is to simplify the entire process and quickly activate an investment model for deserving projects, there is a need to attract a significant number of investors in the tourism sector by removing any obstacles. Some aspects of the Pledge Fund's organizational structure are mentioned, such as having a management team and giving investors the responsibility to make investment decisions. However, there is no annual fee to be paid, and there is no need to set up a separate fund with a depository company. Instead, interested investors will create specific companies or directly invest in selected projects when the opportunity arises. The objectives of the PF are not only about making economic and financial gains for investors but also have social, cultural, and environmental aspects that benefit the areas where the investments take place.

Article 3: Duration

As this is a pilot project, the duration is set until December 31, 2024, extending beyond the original duration of the Be.CULTOUR Project. This allows for follow-up activities and the achievement of objectives for the PF.

Article 4: The *Management team*

- Composition

The Management team consists of individuals with different levels of seniority and the following qualifications:

- *Senior Investment Manager*
- *Senior Investment Manager*
- *Senior Legal Manager*
- *Senior Sustainable Tourism and Impact Expert*
- *Senior Public Private Partnership Expert*
- *Analyst*
- *Analyst*
- *Junior Analyst*



- Functions

The Management team carries out scouting and preliminary analysis of projects. Periodically, approximately every two months, the Management team identifies and analyses a series of operations, selecting those to be formally and systematically presented to all Participating Investors of the PF.

Once all interested investors have shown their interest, the Management team checks if there is enough money available to complete the proposed operation. If there is, they ask the legal team to prepare the investment contracts and help with other early investment activities. They also support investors in creating a separate company to invest their money or other contributions.

- Activities for project presentations

In order to fulfill their functions and achieve the objectives of the PF, the Management team performs the following activities:

- definition of the PF Regulation
- definition of the rules for project submissions
- organization of communication campaigns to receive project submissions
- organization of communication campaigns to receive applications from potential investors
- launch of the call for project selection
- analysis and selection of received projects
- project Development Assistance (PDA) activities for projects that have passed the preliminary screening phase
- selection of Participating Investors in the PF
- presentation of projects to Participating Investors
- verification and collection of expressions of interest from Participating Investors in one or more of the presented projects
- support to Participating Investors in the preparatory activities for signing and closing the selected deals.

- Project Development Assistance (PDA) activities

Initiatives selected by the Management team, based on their investment readiness, may benefit for free from a package of services aimed at increasing their level of maturity. These activities may include redesign the business model with an innovative and sustainable approach, business planning, pitching, route-to-market, commercial development support, organizational support, etc. On average, the value of services offered through PDA amounts to €12,000.

- Activation of complementary funding

The Management team will scout for financing opportunities, including national and European Union grants (e.g., national and European calls for proposals, cascade funding,



etc.), based on the financial needs for the development and/or scale-up of the involved start-ups.

Article 5: Participating Investors

Participation in the PF is open to the general public, including professional investors as defined by Article 6, paragraphs 2-*quinquies* and 2-*sexies* of the TUF (Italian Financial Act). Participation in the PF implies acceptance of this Regulation.

Article 6: Target Projects

The PF invests in equity stakes in:

- innovative start-ups, as defined by the Decree Law of October 18, 2012, no. 179, converted with amendments into Law no. 221 of December 17, 2012, and subsequent amendments;
- socially-oriented start-ups (SIAVS) in accordance with Article 25, paragraph 4 of the Decree Law of October 18, 2012, no. 179, converted with amendments into Law no. 221 of December 17, 2012, and subsequent amendments.

These start-ups must be registered in the appropriate sections of the Business Register at the time of signing and operate in the tourism sector for territorial enhancement, as well as being connected with the cultural, creative, and cultural heritage sectors.

Article 7: Minimum Investment

The minimum investment amount for each Participating Investor in the PF for each selected initiative is €10,000.00 (ten thousand euros), with increments in multiples of €5,000.00 (five thousand euros).

Article 8: In-kind contributions (non-equity contributions)

Participating Investors in the PF may also contribute to individual initiatives through non-equity contributions in the form of in-kind contributions, such as services, availability of tangible and intangible assets, know-how, etc. These in-kind contributions will contribute to determining the investment share of Participating Investors in the individual initiatives and will be evaluated based on an estimate consistent with market data, risk profile, and other relevant factors, as deemed necessary by the Management team and the interested Participating Investor.

In-kind contributions can take place:

- in the pre-closing phase, through services such as due diligence, business planning, assistance in contract negotiations, etc.
- in the post-closing phase, through commercial services (sales network sharing, product placement in catalogs, marketing support, etc.), logistical services (use of available spaces for production, warehouse, offices, utilization of other logistics services), production services (utilization of available production capacity,



acquisition of raw materials at controlled prices, etc.), financial services (including, for example, guarantees, sureties), etc.

The valuation of in-kind contributions, along with any equity contributions, must comply with the minimum investment requirement specified in Article 7.

PART TWO: INVESTMENT POLICIES

Article 9: Investment Objectives

The overall objective of the PF is to invest in unlisted financial instruments with the intention of increasing the value of the raised capital over time by achieving desired returns and impacts for the investors.

Investments are exclusively made in equity stakes for early-stage financing in innovative start-ups and socially-oriented start-ups organized as capital companies located in Italy. These investments are made in circular investment programs in the fields of tourism, culture, creativity, and cultural heritage. The initiatives should be able to enhance the territory and create an impact in the relevant community. It is not required for the start-ups to be already established as companies at the time of submission to the PF, but they must be legally founded by the signing date. Tourism development initiatives should pay particular attention to rural development, urban regeneration, and sustainable cultural tourism, actively contributing to the renewal of the tourism ecosystem and the enhancement of cultural heritage. The initiatives should pursue the Sustainable Development Goals of the 2030 Agenda and, in particular, contribute to:

- promoting social inclusion of vulnerable groups and increasing employment opportunities for disadvantaged categories;
- identifying sustainable development pathways, facilitating the transition to a green and circular economy;
- activating innovation processes, including social innovation, leveraging advanced technologies;
- creating shared local value through public-private partnerships;
- achieving specific objectives related to environmental enhancement and preservation, urban and/or rural regeneration, sustainable tourism, as well as environmental sustainability of business activities, including decarbonization, reuse and utilization of recycled materials and by-products, reducing waste production, eco-design, reducing plastic usage and substituting it with alternative materials, etc.;
- achieving specific objectives related to the preservation and enhancement of historical-cultural assets or pursuing cultural, creative, or socially beneficial purposes of significant public interest within a community or territory.

The most promising initiatives capable of generating impact (social, environmental, cultural, economic) on the territory will be selected.

Article 10: Main Risk Profiles

Investing in the PF implies the following main risk profiles:

- financial risk: the value of investors' investments in the projects presented by the Management team and in which they have chosen to invest may decrease;
- liquidity risk: investments made may have limited liquidity for investors;
- investment selection risk: uncertainty in selecting an adequate number of qualitatively valid projects;
- fundraising risk: uncertainty in raising sufficient funds to finance the selected projects.

Article 11: Key Performance Indicators (KPI)

Individual initiatives will be monitored using a set of performance indicators developed within the Be.CULTOUR project and integrated with indicators developed by the Global Sustainable Tourism Council (GSTC).

For each initiative, a subset of indicators (maximum of 10 indicators) will be extracted based on the specific characteristics of each project. Additionally, the most representative KPIs for all initiatives will be monitored at the PF level to enable impact accountability towards Participating Investors. The KPIs set will be selected from the following list, which may be integrated during all the project:

N	KPI
"Environmental Capital" Dimension	
1	Reduction of CO ₂ emissions
2	Protection, conservation, and management of biodiversity and local landscapes
3	Achievement of green certifications
4	Eco-sustainable purchases
5	Generation of energy from renewable sources
6	Use of recycled water
7	Adoption of waste separation practices
8	Use/purchase of reusable and recyclable goods and resources
9	Reduction in energy consumption
10	Reduction in land consumption
11	Reduction in water consumption
12	Reduction in waste production
13	Reduction in use of resources
"Economic Capital" Dimension	
14	New employment opportunities



15	Increase in revenue
16	Introduction of service/product/process innovations
17	Application of technological solutions
18	Creation of new goods and services and/or satisfaction/meeting of new needs
"Human and Social Capital" Dimension	
19	New employment opportunities for women (gender)
20	New employment opportunities for individuals under 35
21	Integration of disadvantaged workers into the workforce
22	Social inclusion, including employment, of vulnerable individuals
23	Social inclusion, including employment, of immigrants
24	Strengthening collaborations and networks among local communities, nonprofit organizations, and other local entities
25	Staff training (upskilling/reskilling/digital/sustainability)
26	Perceived level of well-being and health
"Cultural Capital" Dimension	
27	Monetary and/or in-kind contributions for the protection of cultural heritage
28	Representation of local art and craftsmanship in design, furniture, etc.
29	Revitalization/regeneration/enhancement of real estate and/or environmental assets
30	Integration of cultural heritage in cuisine, retail trade, events, and other services offered

Article 12: "Do No Significant Harm" Principle (DNSH)

The PF adheres to the DNSH principle, which means that no initiative supported by the PF should cause harm to environmental objectives, in accordance with Article 17 of Regulation (EU) 2020/852.

PART THREE: OPERATING PROCEDURES

Article 13: Conditions for Investors Participation in the PF

Participation in the PF requires completion of a Questionnaire (Appendix 1) to verify the minimum financial capacity requirements for each investor.

The evaluation of the questionnaire content, completed by each entity interested in participating in the PF, is at the sole discretion of the Management team.

There is no initial fixed fee for Participating Investors to join the PF.



Article 14: Conditions for Participation of start-ups or founders in the PF

Participation of start-ups or teams in the PF involves the submission of a Pitch and a brief video for each project, prepared by the founders. The submission of the pitch and video implies acceptance of this Regulation.

Article 15: Presentation of projects by the Management Team to Participating Investors in the PF

The Management team presents the selected projects to Participating Investors in the PF at intervals not exceeding two months.

The presentation is made via a certified email (PEC) to the PEC email addresses of each Participating Investor in the PF. The receipt of delivery receipts for the sent PEC emails serves as proof of communication sent by the Management team.

Following the PEC email communication, the Management team organizes Investor Days for interested Participating Investors to attend.

Article 16: Timeline for Expression of Investment Interest by Participating Investors in the PF

After the Investor Days, Participating Investors in the PF have a maximum of 30 days to inform the Management team of their intention to invest in one or more projects.

Failure to communicate with the Management team within the specified timeframe will be considered as an indication of the investor's decision not to invest in any project.

Article 17: Recall Procedures and Payment Methods

In parallel with the closing of each deal, the Management team will request the interested Participating Investors to provide their payments for the amounts they have expressed their intention to invest within 30 business days prior to the closing. Investors will be responsible for establishing the investment vehicle company at their own expense before the closing takes place. Investors may also contribute in-kind.

Article 18: Expenses

- Costs borne by Participating Investors in the PF

There are no costs incurred by Participating Investors in the PF, except for the expenses they may incur to attend the presentations conducted by the Management team and to conduct analyses of the selected projects.

- Costs borne by the Management team

The costs related to project scouting, pre-screening and analysis, organization of project presentation sessions to Participating Investors in the PF, and other activities leading up to the closing of each investment operation are borne by the Management team.



Article 19: Limitation of Liability

The clauses typically contained in the Investment Agreement and Shareholders' Agreements, as well as other contracts entered into by Participating Investors and target projects, are the result of negotiations conducted independently by the parties involved and are not within the scope of the Management team's responsibilities. Similarly, the reporting and monitoring activities of any investments made by Participating Investors are not the responsibility of the Management team.

PART FOUR: MISCELLANEOUS

Article 20: Confidentiality and Non-Disclosure

The Management team and the Participating Investors are not allowed to disclose confidential information regarding the examined initiatives to third parties.

However, the Management team and the Participating Investors have the option to seek the assistance of trusted professionals for strictly technical matters, ensuring that these professionals comply with the confidentiality requirements.

The obligations and prohibitions stated in the previous paragraphs of this article do not apply to information:

- that becomes or is already publicly known for reasons other than a violation of the aforementioned paragraphs;
- that is disclosed by sources not subject to confidentiality obligations;
- that must be communicated due to professional or legal obligations, or by authorities to which refusal is not permitted. In such cases, prompt notification will be provided.

Article 21: Data Privacy Protection (REG. UE 2016/679)

By adhering to this Regulation, each Participating Investor gives their explicit and informed consent, in accordance with and for the purposes of EU Regulation 2016/679, for their personal data to be subject to all processing operations specified in the aforementioned EU Regulation, including the transfer of data outside the European Union.

In accordance with Article 32 of the EU Regulation, Iniziativa Cube has implemented technical and organizational measures to protect data, deemed suitable to ensure an appropriate level of security based on the inherent risks of the processing. Iniziativa Cube has appointed a data controller.

Iniziativa Cube commits to: (i) notifying any occurrence of data breaches; (ii) deleting or returning the data upon the data subject's choice; (iii) responding to any requests from data subjects regarding access, rectification, erasure, portability, or objection.

Article 22: Amendment of the Pledge Fund Regulation

Any amendments to the Regulation are decided by the Management team.



All amendments to the Regulation are promptly communicated to each Participating Investor in the PF by Iniziativa Cube via registered email (PEC), indicating the effective date, and through the website www.iniziativa.cc.

The effective date is no less than 30 (thirty) days from the date of communication of the amendments to the Regulation.

Participating Investors in the PF who do not agree with the amendments made to the Regulation have the right to communicate their withdrawal by registered email (PEC) before the effective date of the amendments to the Regulation.

Article 23: Applicable Law and Jurisdiction

This Regulation is governed by Italian law.

Any disputes arising from this Regulation or related to it shall be submitted to the Court of Naples, which shall have exclusive jurisdiction.



“Pledge Fund” Be.CULTOUR

ANNEX 1



**Expression of Interest and Questionnaire
for Potential Investors**
(Legal Entities)



To the attention of Iniziativa Cube S.r.l.
Via G. Porzio snc Centro Direzionale Isola G7
80143 - Naples (NA)

Subject: **expression of Interest to participate in the investment model "Pledge Fund" Be.CULTOUR**

The undersigned xx, born on xx, residing in xx, Tax Code xx, legal representative of the company xx, VAT number xx, after receiving and examining the documentation on the Project "Pledge Fund" Be.CULTOUR available on [Iniziativa website](#), declares interest in participating in the aforementioned investment model as a Participating Investor, committing to carry out the following activities:

- a. review and evaluate investment projects in innovative start-ups and socially-oriented start-ups, selected by the Management team of "Pledge Fund" Be.CULTOUR;
- b. take part in Investor Days organized by the Management team, deemed of interest;
- c. communicate, within 30 days from each Investor Day, any interest in investing in one or more projects presented by the Management team;
- d. if one or more of the presented projects are considered valid, based on an autonomous and non-reviewable judgment by the undersigned, invest in each selected initiative an amount of at least Euro 10,000.00 (ten thousand), with possible increments in multiples of Euro 5,000.00 (five thousand), in the form of funds disbursement and/or in-kind contributions represented by services, availability of tangible or/and intangible assets, know-how, etc.

The undersigned has been informed, through the documentation on the Project "Pledge Fund" Be.CULTOUR available on [Iniziativa website](#), in particular that:

- 1) participation in "Pledge Fund" Be.CULTOUR does not require the payment of any fixed initial fee;
- 2) there is no obligation to make a minimum number of investments;
- 3) investment in each selected project will take place through the signing of contracts that the undersigned will negotiate independently.

This expression of interest remains valid if the launch of "Pledge Fund" Be.CULTOUR takes place by September 30, 2023, and in such a case, it will be effective from the launch of "Pledge Fund" Be.CULTOUR until December 31, 2024.

Date and place

Signature

Questionnaire for Legal Entities

1. Please indicate the number and amount of equity (or similar) investments made in the last five years:

Click or tap here to enter text.

2. Please indicate the main sectors of investment:

Click or tap here to enter text.

3. Please indicate the revenue amount of the last approved fiscal year:

Click or tap here to enter text.

4. Please provide a description of the type of activity conducted at the conclusion of the last approved fiscal year:

Click or tap here to enter text.

5. Please indicate the net worth of the last approved fiscal year:

Click or tap here to enter text.

6. Please indicate the amount of financial or/and in-kind resources that is potentially intended to be invested in the PF:

Click or tap here to enter text.

7. Please provide an indication of the time horizon for the investments:

Click or tap here to enter text.

8. Is the Candidate Investor interested in investing in projects that are evaluated not only for their economic-financial returns but also for their socio-cultural-environmental impacts? Please provide a description of this aspect and the expected returns:

Click or tap here to enter text.



**Expression of Interest and Questionnaire
for Potential Investors**
(individuals)



To the attention of Iniziativa Cube S.r.l.
Via G. Porzio snc Centro Direzionale Isola G7
80143 - Naples (NA)

Subject: **expression of Interest to participate in the investment model "Pledge Fund" Be.CULTOUR**

I, the undersigned xx, born on xx, residing in xx, Tax Code xx, after receiving and examining the documentation on the Project "Pledge Fund" Be.CULTOUR available on [Iniziativa website](#), declare my interest in participating in the aforementioned investment model as a Participating Investor, committing to carry out the following activities:

- e. review and evaluate investment projects in innovative start-ups and socially-oriented start-ups, selected by the Management team of "Pledge Fund" Be.CULTOUR;
- f. take part in Investor Days organized by the Management team, deemed of interest;
- g. communicate, within 30 days from each Investor Day, any interest in investing in one or more projects presented by the Management team;
- h. if one or more of the presented projects are considered valid, based on an autonomous and non-reviewable judgment by the undersigned, invest in each selected initiative an amount of at least Euro 10,000.00 (ten thousand), with possible increments in multiples of Euro 5,000.00 (five thousand), in the form of funds disbursement and/or in-kind contributions represented by services, availability of tangible and/or intangible assets, know-how, etc.

The undersigned has been informed, through the documentation on the Project "Pledge Fund" Be.CULTOUR available on [Iniziativa website](#), in particular that:

- 4) participation in "Pledge Fund" Be.CULTOUR does not require the payment of any fixed initial fee;
- 5) there is no obligation to make a minimum number of investment;
- 6) investment in each selected project will take place through the signing of contracts that the undersigned will negotiate independently.

This expression of interest remains valid if the launch of "Pledge Fund" Be.CULTOUR takes place by September 30, 2023, and in such a case, it will be effective from the launch of "Pledge Fund" Be.CULTOUR until December 31, 2024.

Date and place

Signature

Questionnaire for Individuals

1. Please indicate the number and amount of equity (or similar) investments made in the last five years:

Click or tap here to enter text.

2. Please indicate the main sectors of investment:

Click or tap here to enter text.

3. Please provide a description of your current activity:

Click or tap here to enter text.

4. Please indicate the average income class for the last 5 years:

€ 0-100.000

€ 100.000-250.000

over 250.000

5. Please indicate the range of values corresponding to the amount of your net worth as of June 1, 2023:

€ 0-100.000

€ 100.000-250.000

over € 250.000

6. Please indicate the amount of financial and/or in-kind resources that you potentially intend to invest in the PF:

Click or tap here to enter text.

7. Please provide an indication of the time horizon for the investments:

Click or tap here to enter text.

8. Is the Candidate Investor interested in investing in projects evaluated not only for their economic-financial return but also for their socio-cultural-environmental impacts? Please provide a description of this aspect and the expected returns:

Click or tap here to enter text.





Be.CULTOUR
Beyond cultural tourism

 **INIZIATIVA**
Finanza e Innovazione

“Pledge Fund” Be.CULTOUR

Notice for the Participation of Innovative Start-ups and Socially Oriented Start-ups



HORIZON 2020

This project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No 101004627
Call: H2020-SC6-TRANSFORMATIONS-2020 – Type of action: IA (Innovation action)

Disclaimer

The contents of this document are the sole responsibility of one or more Parties of Be.CULTOUR consortium and can under no circumstances be regarded as reflecting the position of the Agency REA and European Commission under the European Union’s Horizon 2020.

Introduction

The "Pledge Fund" Be.CULTOUR is a pilot initiative launched by Iniziativa Cube S.r.l., one of the Italian partners of the European project Be.CULTOUR (GA 101004627), coordinated by the Institute of Cultural Heritage Sciences of the National Research Council (Cnr-Ispc). The launch of this initiative aligns with the main objective of the Be.CULTOUR project, which is to implement innovative approaches to promote balanced and sustainable development of cultural tourism in urban areas and European regions. The project also aims to foster cooperation at the local, regional, and cross-border levels, emphasizing collaboration among relevant stakeholders.

The main goal of the "Pledge Fund" Be.CULTOUR (hereinafter referred to as "PF") is to promote investments in equity stakes for early-stage financing in innovative start-ups and socially oriented start-ups located in Italy. These investments will be made in accordance with circular investment programs in the tourism, culture, creative, and cultural heritage sectors, with the aim of enhancing the territory and creating an impact on the local community. The characteristics of the Be.CULTOUR project are also relevant to the objectives of the PF, which are not only of an economic and financial nature for investors but also of a social, cultural, and environmental nature for the areas affected by the investments.

As a pilot initiative under Be.CULTOUR project, the PF takes inspiration from some of characteristic elements (such as the central role of the management team and the decision-making autonomy of the investors) of a traditional pledge fund in order to test a simplified investment model.

The investors participating in the PF include both professional investors and legal entities, as well as individuals or groups of people. The contributions of participating investors to individual initiatives can be made in the form of equity or as in-kind contributions, such as services, availability of movable and immovable assets, know-how, etc., thus enhancing the local innovation ecosystem.

Finally, the selected initiatives will have the opportunity to benefit from a free package of services aimed at supporting investment maturity. These services may include revisiting the business model, updating the financial plan, supporting business

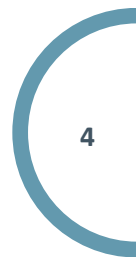


development, etc. The management team will identify additional funding opportunities, such as national and European grants, and other available sources of financing, if necessary, to support the development and expansion of individual start-ups.



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1. Overview and General Information

Specific Objectives of the PF

The objective of the "Pledge Fund" Be.CULTOUR (PF) is to promote early-stage financing investments in innovative start-ups and socially oriented start-ups operating in the tourism, culture, creative, and cultural heritage sectors in Italy. Launched by Iniziativa Cube S.r.l., a partner of the European Be.CULTOUR project, the PF will support local start-up ecosystems, provide project development assistance (PDA), scout additional funding opportunities, and mobilize regional stakeholders. This initiative aligns with the Be.CULTOUR project's goal of promoting sustainable development of cultural tourism and fostering cooperation among local stakeholders at urban, regional, and cross-border levels.

The PF focuses on investments in non-listed financial instruments with the aim of increasing the value of raised capital over time and achieving desired returns and impacts for investors. Investments are made exclusively in equity stakes for early-stage financing in innovative start-ups and socially oriented start-ups dedicated to rural valorization, urban regeneration, and sustainable cultural tourism.

The initiatives supported by the PF must pursue the Sustainable Development Goals of the 2030 Agenda, contributing to: promoting social inclusion of vulnerable groups, increasing employment opportunities for disadvantaged categories, identifying paths for sustainable development, facilitating the transition to a green and circular economy, and activating processes of innovation, including social innovation, leveraging on advanced technologies. The selected initiatives shall be able to create shared local value through public-private partnerships and to achieve specific objectives in relation to the preservation of the environment, urban and/or rural regeneration, sustainable tourism development, and environmental sustainability of business activities.

About Iniziativa Cube S.r.l.

Iniziativa Cube S.r.l. (hereinafter referred to as "Iniziativa") is a company with over 40 years of consolidated experience, distinguished by the integration of corporate finance and subsidized finance services. It supports companies in accessing the capital market,

accelerates their development through mergers and acquisitions, and enables innovative proposals in the public sector through project financing and public-private partnerships (PPP).

The services offered by Iniziativa are organized into five key areas: corporate finance, national and European public financing, business consulting, PPP, and technical assistance to the public sector. Iniziativa has achieved significant milestones in European programs, with approximately 20 projects totalling over 65 million euros in Research and Innovation investments, thanks to direct funding from Brussels.

Iniziativa is also a beneficiary of six projects funded by the European Framework Program for Research and Innovation Horizon Europe (formerly Horizon 2020), focusing on topics such as sustainable finance, Industry 5.0, public-private partnerships (PPP) for cultural heritage, cultural and creative industries, etc. As a partner and responsible for the financial package of the Heritage Smart Lab (HSL) project, Iniziativa is part of the European network of Digital Innovation Hubs. Finally, Iniziativa is a partner of the Giffoni for Kids acceleration program, which supports innovative projects in the cultural, creative, and digital sectors.

About Be.CULTOUR

Be.CULTOUR, a project funded by the European Commission, goes beyond traditional tourism to promote a human-centered and circular approach that enhances cultural and landscape heritage. With a consortium of 15 partners from EU and non-EU countries, the project aims to promote sustainable development and cooperation in the tourism sector. Through collaborative innovation networks and innovative investment strategies, Be.CULTOUR focuses on disadvantaged areas and cultural landscapes, co-creating innovative solutions for economic growth, community well-being, and nature regeneration. The project emphasizes cross-border collaboration, knowledge sharing, and the implementation of successful approaches on a large scale. Aligning with relevant EU initiatives, Be.CULTOUR aims to ensure long-term sustainability and positive impact.



2. Compliance with the Be.CULTOUR "Pledge Fund" Regulations

The Be.CULTOUR "Pledge Fund" Regulations (hereinafter referred to as the "Regulations") constitute the main legal framework governing the activities of the Be.CULTOUR "Pledge Fund" and provide detailed guidelines and obligations for participants. It is mandatory for all potential participants to carefully review and comply with the Regulations in order to be eligible to participate in this Notice. The terms and definitions contained in this Notice have their specified meanings in the Regulations. By submitting their application, participants implicitly acknowledge that they have read and understood the Regulations and agree to comply with its provisions. Failure to comply with the regulatory requirements outlined in the Regulations may result in exclusion from participating in this Notice and the loss of associated benefits.

3. Admission Requirements

The following entities can submit their application by the deadline of this Notice:

- Innovative start-ups in accordance with Legislative Decree of October 18, 2012, No. 179, as converted with amendments by Law No. 221 of December 17, 2012, and subsequent amendments and additions;
- Socially oriented start-ups (SIAVS) as defined in Article 25, paragraph 4 of Legislative Decree of October 18, 2012, No. 179, as converted with amendments by Law No. 221 of December 17, 2012, and subsequent amendments and additions,

registered in the appropriate sections of the Business Register at the time of signing.

Investments are exclusively made in equity stakes for early-stage financing in innovative start-ups and socially oriented start-ups organized as capital companies and located in Italy, in line with circular investment programs in the tourism, culture, creative, and cultural heritage sectors, capable of enhancing the territory and creating an impact on the local community.

Applications can also be submitted by yet-to-be-established corporate entities or teams with projects and entrepreneurial ideas focused on the aforementioned sectors. There is

no requirement to be established as a capital company at the time of application to the PF, but it must be done by the signing date.

The initiatives supported by the PF must comply with the principle of "Do No Significant Harm" (DNSH) to environmental objectives, in accordance with Article 17 of Regulation (EU) 2020/852.

4. Benefits for Start-ups

Selected start-ups will enter the radar of potential interest from Investors participating in the Be.CULTOUR "Pledge Fund." Each interested participating Investor can make equity contributions starting from a minimum amount of €10,000.00 (ten thousand euros), with increments in multiples of €5,000.00 (five thousand euros). The contributions from participating Investors in a specific initiative can also be made in the form of in-kind contributions, such as services, availability of tangible and intangible assets, know-how, etc., based on the needs of the start-up. In-kind contributions will contribute to determining the share of participating Investors in the specific initiative and will be evaluated as defined by the PF Regulations.

The in-kind contribution can be specified:

- either in a preliminary phase before the formalization of the transaction (pre-closing) with services such as due diligence, business planning, contractual assistance, etc.
- or in a phase following the formalization of the transaction (post-closing) with commercial services (sales network sharing, product catalogue inclusion, commercial policy guidance, etc.), logistics services (utilization of available spaces such as production, warehouse, offices, use of other logistics services), production-related services (utilization of available production capacity, acquisition of raw materials at reduced prices, etc.), financial services (including, for example, guarantees, sureties), etc.

The selected initiatives, based on their investment readiness, as determined by the Management team, can benefit from a package of services (PDA) that will contribute to increasing their level of maturity. These activities may include business model

development with an innovative and sustainability-oriented approach, business planning, pitching, route-to-market, commercial development support, organizational support, etc. On average, the value of services offered through the PDA amounts to €12,000.

Finally, the Management team will scout funding opportunities, including grants opportunities (e.g., national and European calls for proposals, cascade funding, etc.), based on the additional financial needs for the development and/or scale-up of each initiative.

5. Submission of Applications

Candidates are required to submit a Pitch and a short video to participate in the PF. By submitting the Pitch and video, participants agree to the PF Regulations and any subsequent modifications.

In presenting their application, start-ups must follow the guidelines provided for the Pitch (maximum of 15 slides) and the video (maximum duration of 3 minutes). Please refer to the attachments of the Notice for further information.

Applications must be sent to the email address support@iniziativa.cc with the **subject "Application for Be.CULTOUR Pledge Fund"** by the deadline of **October 15, 2023, at 23:59 CET**.

6. Candidate selection

Proposals will be evaluated by the Management team and, following the evaluation process, will be presented to the participating Investors.

The screening and evaluation of initiatives will aim to maximize the trade-off between:

- alignment with the intended focus of the Be.CULTOUR "Pledge Fund"
- level of ambition of the initiative in terms of innovation and/or social orientation
- maturity level of the initiative and time-to-market
- potential market impact
- potential to generate socio-cultural and environmental impacts
- quality of the team

An evaluation grid with respective weights and scores will be applied during the proposal evaluation, and a final score will be assigned to each application. Initiatives that exceed the predefined threshold score will be invited for an evaluation interview, and the list of awarded projects will be generated based on the interview scores.

7. Monitoring Process

Each individual initiative will also be subject to monitoring based on a set of outcome indicators developed within the Be.CULTOUR project and integrated with the indicators developed by the Global Sustainable Tourism Council (GSTC) (see the PF Regulations).

8. Timeline and Deadlines

ACTIVITIES AND DEADLINES FOR THE NOTICE	
Notice Publication Date	June 7, 2023
Notice Deadline	October 15, 2023
Analysis and selection of initiatives	July 1 – October 31, 2023
Project Development Assistance activities for projects that have passed the preliminary screening phase	September – October 2023
Presentation of projects to participating Investors in the Pledge Fund	November – December 2023
Potential signing and closing of deals approved by participating Investors in the Pledge Fund	January – March 2024

9. Privacy Protection (EU Regulation 2016/679)

By participating in the PF and adhering to the PF Regulations, each candidate gives their express and informed consent, in accordance with EU Regulation 2016/679, for their personal data to be subject to all processing operations provided for by the aforementioned EU Regulation, including the transfer of data outside the European Union. In accordance with Article 32 of the EU Regulation, Iniziativa Cube has

implemented the technical and organizational measures necessary to protect data and ensure an appropriate level of security commensurate with the inherent risks of the processing. Iniziativa Cube has appointed a data protection officer. Iniziativa Cube undertakes: (i) to report any data breaches that occur; (ii) to delete or return the data at the choice of the data controller; (iii) to comply with any requests from data subjects (access, rectification, erasure, portability, objection).

10. Contact Information

For further questions, additional information, or assistance regarding the project and its details, interested parties are invited to contact our dedicated team at support@iniziativa.cc.

11. Attachments

Attachment 1 - Pitch Guidelines

Attachment 2 - Video Guidelines



Attachment 1 - Pitch Guidelines

Participation in the "Pledge Fund" Be.CULTOUR initiative by start-ups is subject to the submission of a pitch containing a comprehensive presentation of the initiative itself. The pitch, consisting of a maximum of 15 slides, will be evaluated by the Management team to identify and select the initiatives to be presented to the participating Investors. Below is a guide with the content for the pitch. Each initiative has the freedom to adapt these contents as they see fit to provide the most comprehensive and clear presentation of their start-up:

1. Introduction and Context
2. Problem and Solution
3. Target Market and Customers
4. Competition Analysis
5. Business Model
6. Marketing and Growth Strategy
7. Team and Skills
8. Impact and Sustainability
9. Financial Data
10. Investment Required
11. Roadmap and Timeline
12. Conclusion
13. Contact Information



Attachment 2 - Video Presentation Guidelines

A video presentation provides an additional opportunity to better showcase your initiative. Effective communication, emotional engagement, and a strong visual impact are key elements for a good presentation. The video required for this Call must have a maximum duration of 3 minutes and should be presented by members of the team, illustrating, with a simple and linear structure, the idea and the main motivation behind the application.

Consider the following aspects as well:

1. Clarity in the presentation to ensure that the audience understands the characteristics of the idea/proposal and how it works. The language used can be free from commercial and technical jargon.
2. Don't just rely on talking, but take the opportunity to film the production process, the type of activity performed to showcase the essential features of the idea/innovation.
3. Focus on the value: what value will the idea/innovation bring to customers? Illustrate the importance of the idea in the economic, tourism, and cultural context and all aspects related to sustainability.
4. Speak directly to the audience and focus the message directly on what the jury is looking for: teamwork, motivation, and impact. Also, discuss the financial support needed.
5. Why this idea? Why now? Aim to create empathy with the audience and a sense of urgency to solve an existing and large-scale problem affecting our society.

Below is a recommended outline for the video:

- Presentation of the idea/innovation, listing:
 - its characteristics;
 - how it works;
 - the challenge it addresses.
- Presentation of the problem and the solution, describing:
 - the nature and extent – including quantitative data – of the problem being addressed;

- the uniqueness of how the idea/innovation solves it compared to competing solutions.
- Presentation of the ability to secure financing in the market, describing:
 - explain the investment required and how it is crucial for full development;
 - highlight if the start-up has already obtained funding in its growth journey (e.g., programs like Smart&Start, bank financing, seed rounds, or VC investments).

