

The Impact of International Grants and EU Programs on the Development of the Tourism Industry in Ukraine

Lidiia Karpenko ¹, Rudolf Kucharcík ², Katarína Brocková ³, Peter Jančovič ⁴,
Dmytro Korchovi ⁵, Tetiana Korchova ⁶

¹ Department of Local Self-Government and Territorial Development, Educational and Scientific Institute of Public Service and Administration, Odesa Polytechnic National University, Odesa, Ukraine.

² Faculty of International Relations, University of Economics in Bratislava, Bratislava, Slovakia.

³ Faculty of International Relations, University of Economics in Bratislava, Bratislava, Slovakia.

⁴ Faculty of International Relations, University of Economics in Bratislava, Bratislava, Slovakia.

⁵ Department of Local Self-Government and Territorial Development, Educational and Scientific Institute of Public Service and Administration, Odesa Polytechnic National University, Ukraine, Odesa, Ukraine.

⁶ Department of Local Self-Government and Territorial Development, Educational and Scientific Institute of Public Service and Administration, Odesa Polytechnic National University, Odesa, Ukraine.

¹ Corresponding author: Lidiako888@gmail.com

© Author(s)

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Abstract: Recently, tourism has developed significantly and has become a mass socio-economic phenomenon of international scale. Its rapid development is facilitated by the expansion of political, economic, scientific, and cultural ties between states and peoples of the world. In Ukraine, the pace of development of the tourism services industry is not as dynamic as in the world in average. Against the background of the raging development of world tourism, the question of the role of Ukraine in the world market of tourism services naturally arises. Objectively, the country has all the prerequisites for the intensive development of domestic and foreign tourism: features of the geographical position and relief, favourable climate, wealth of natural, historical, cultural and tourist and recreational potential. In the article, based on the method of content analysis, elements of the case study method and systematization, the current situation, opportunities and barriers to tourism development in Ukraine are revealed against the background of the influence and potential of international grants and EU programs. It is shown that the best results in the field of tourism development, based on the synergy effect, can be achieved through the integration and simultaneous implementation of tourism and cultural projects.

Keywords: tourism industry, Ukraine, EU, international grants, tourism development, sustainability

Introduction

One of the most significant yet little-known phenomena in the world today is tourism. It is something that many people in industrialized nations want and is thought to be crucial for the growth of both emerging and established economies. One of the biggest industries in the world is tourism. But it also contributes significantly to environmental change and acts as a cultural change agent [1].

Global tourism trends are shifting toward more sustainable travel, with a focus on environmentally friendly activities and cultural preservation. Technology, such as augmented reality and smartphone applications, improves travel experiences by providing tailored itineraries and contactless services. The concept of “Customer Experience 2.0” emerges, manifesting particularly in transformative travel, or transformational travel, which is one of the key tourism trends gaining hold at the moment and defines journeys designed to inspire development and produce long-term change in a person. This type of tourism emphasizes learning, obtaining new ideas, and creating long-term lifestyle adjustments [2]. This type of travel is frequently linked to concepts such as religious tourism, ecotourism, and sustainable tourism, but with a greater emphasis on self-improvement.

Table 1 provides a systematization of the most likely changes that await the tourism industry in the coming years, according to global online platforms and news agencies.

Table 1. The most likely changes that await the tourism industry in the coming years, according to global online platforms and news agencies

Booking.com	Amadeus	Skift
travel as a method of self-care, restoring balance, separating work and leisure	new sources of inspiration for travel	increasing value and importance of travel
more enjoyment in travel	the desire to “enjoy the moment”	long-distance trips will become longer
desire to support local communities	active ecotourism	short-distance trips, rural and nature tourism, local cultural attractions
expanding the circle of travelers	the return of business travel	business trips; vacations with friends
improvisation is an important part of travel; flexibility is an important condition of the tourism industry	interest in high-tech travel options	divisions between different business areas will become increasingly arbitrary; travel subscriptions; cruise companies will develop their islands; market changes will create new opportunities

Source: developed by the author based on [1]

The need to enable flexibility and scalability of plans and methods necessitates that tourist organizations have adequate financial resources, a solid background in the face of relative unpredictability, demand instability, and intense competition. At the same time, industry associations and communities play important roles in the tourist industry, and their actions and collaboration generate the essential environment for tourism sector development in response to new trends.

It is also necessary to mention that pandemic, as well as political, military, and social upheavals much more aggravate the challenges for tourism development. In particular, management of the development of the tourism business in Ukraine under martial law requires special strategic guidelines and approaches taking into account the complex circumstances [3]. Martial law conditions may limit access to some regions. The development strategy should include the development of alternative tourist routes and regions that guarantee the safe stay of tourists. The development of alternative routes and the selection of regions for tourism in Ukraine under martial law aims to ensure the stability of the tourism industry and support the development of the tourism business, despite the restrictions and risks associated with the war. The main essence of this approach involves expanding the geographical coverage of the tourism business and introducing new opportunities for tourists. For example, it can include: drawing attention to less popular or less affected by the war regions; developing new tourism products and services; promoting alternative safe and interesting routes and the selection of regions through marketing campaigns and information resources; creation and improvement of infrastructure, including hotels, restaurants, transport facilities, as well as other tourist services in alternative regions. An important aspect in the development of alternative routes and regions is cooperation with local communities [4]. Financial support and investments are critically important for the development of the tourism business in Ukraine, especially in conditions of martial law. The essence of this direction is to provide financial resources and investments to create, expand, and improve infrastructure, enhance the level of services, attract tourists, and stimulate the development of the industry.

With the beginning of the large-scale invasion of the Russian Federation into Ukraine, the tourism industry has undergone significant changes. Despite the fact that the war significantly affected the industry, today one can say that tourism has adapted to the new war realities and reoriented to new directions. Tourism in Ukraine is developing adaptively to the current conditions, the needs of Ukrainian society, and the requests of foreign tourists [5]. Also, the development of tourism in Ukraine should be considered taking into account not only the war, but also the conditions of European integration processes. The issue of developing national tourism in the perspective of the post-war reconstruction of Ukraine is relevant. Thus, Ukraine faces a difficult task of developing and protecting national tourism in the context of war, taking into account the prospects of reconstruction and the European integration course of the state. Meanwhile, for example, despite the obvious stabilization of the front line in Ukraine and the high degree of security in the western regions of the country, during January-June 2024, 8 million 637

thousand 900 UAH of tourist fees were paid to local budgets, in particular the Zakarpattia region, which is 4.6% less than the same period in 2023, which indicates the absence of truly effective systemic strategies for tourism development. Also, if to look at the percentage distribution of these revenues by territorial communities of the region (Figure 1), one can conclude that the potential of green and rural tourism in this most favourable region of Ukraine for this purpose is clearly underutilized - the largest share of tourist fees came from the regional centre and large district cities.

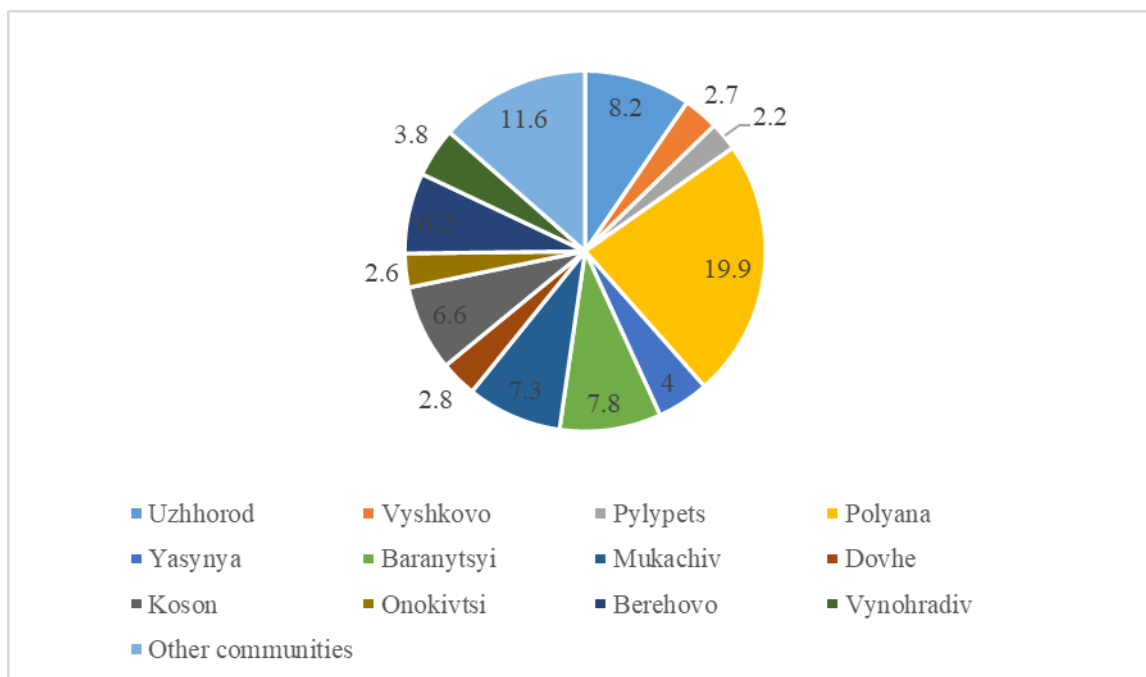


Figure 1. Tourist tax paid by communities of Zakarpattia during January-June 2024, in %

Source: [6]

In this vein, grants and programs can become effective tool for tourism industry empowering and maintaining competitiveness. For instance, Planeterra's Global Community Tourism Fund initiative aims to encourage innovation and entrepreneurship among community tourism enterprises (CTEs) in the Global Community Tourism Network, giving them the capacity to expand and enhance current tourism experiences with significant growth and impact potential [7]. The Global Community Tourism Fund specifically offers mentorship and modest funding in the following fields:

- Developing new experiences for current businesses in response to consumer need
- Enhancements to current experiences in response to consumer desire
- Investing in the facilities required to raise the standard or security of travel experiences
- Demand-driven marketing campaigns
- Required staff training or professional development
- The development of experiences and/or solutions that benefit nature (e.g., a nature-based walking tour, restoration program, etc.).

For Ukrainian tourism industry, significant role is played by both international grants and EU regional programs, and outlining the impact of these grants and programs on tourism industry, including on the long-term plane, is the aim of this article.

Literature review

Bazhenova et al. [8] note that in accordance with the Strategy for the Development of Tourism and Resorts for the period until 2026 in Ukraine, the key vector of the tourism and hospitality industry is aimed at the rapid

development of resorts and tourism, the formation of an effective and integrated tourism sector in the world market through: creating a competitive tourism product; implementing European legislation in the field of tourism; ensuring comprehensive infrastructure development; creating attractive conditions for investment; forming the prestige of the state as attractive for tourism. Bazhenova et al. [8] also emphasize the need to develop sustainable tourism systems in the country, the criteria of which include:

- Constant economic growth, expressed in the growth of gross added value generated by the tourism system;
- Maintaining the tourism and recreational capacity of the tourism system, optimizing the load on the environment, ensuring the restoration of natural resources within the tourism system;
- Increasing the socio-economic well-being of the local population and improving the social climate within the territory covered by the tourism system.

Researchers also argue that to achieve post-war recovery and sustainable development, the domestic tourism industry needs partnerships at all levels, reliable and effective government involvement, ensuring consistent vertical coordination between national and local authorities, improving coordination between sectors supporting tourism, ensuring environmental protection and public-private partnerships in the tourism industry [9].

At the same time, Ukrainian researcher Taranenko [10] rightly argues that it was traditionally believed that tourism, although being quite vulnerable to various crises and shocks (social and natural), has a high degree of adaptability and speed of recovery. However, the current crisis has shown that one should expect deep and long-term changes that can transform the structure and trends of world tourism. In this regard, today the problems of forming both a completely new tourism development paradigm and a “research program” adjusted to the pandemic and military conflicts, which considers economic, political, behavioural, and other aspects of the functioning of tourism [11], are being actively discussed. Such research necessarily includes the development of mechanisms and models for forecasting and early response to crises, methods for reliably assessing their scale, and effective anti-crisis policies of governments and companies.

Instead, Kovalska and Marynevych [3] believe that the most acceptable for Ukraine is the European model of tourism development, which is used by European-integrated neighbouring states: Poland and the Baltic countries. Each of the models is based on state subsidies. It should be noted that state subsidies for tourism entities in EU countries manifest themselves in different forms. Among the main types of state investments, one can distinguish: a reduction in the price of investments in tourism projects, which includes loans at favourable interest rates (the government compensates the difference between the fixed interest rate and the market rate), sale, lease of land or infrastructure facilities at a price below the market rate, tax breaks, protection from double taxation through agreements with other countries, customs duty reductions, direct subsidies or investment guarantees in order to attract foreign investors. The government guarantees the provision of loans or the repatriation of capital and profits, ensures that the above-mentioned types of incentives are used for their intended purpose and that the projects meet the goals for which the money was allocated.

Along with state subsidies, EU member states receive the lion's share of investments from special funds. In particular, the European Union invests in tourism through the European Regional Development Fund (ERDF) and provides financial assistance to underdeveloped regions of the EU. When awarding grants, the EFRD gives priority to projects that promote the development of rural (green) tourism and actively promote the historical and cultural heritage of the region. Among other organizations that finance the development of tourism in Europe, the European Investment Bank (EIB) can be distinguished, which subsidizes the difference in interest rates at the expense of resources obtained on international credit markets at preferential rates, thus performing intermediary services [12]. The creation of a favourable investment climate in the process of European integration in the Baltic countries led to the development of the service sector, in particular, the banking sector and the tourism industry. The European Union's support for tourism development was seen through the creation of attractive infrastructure, new products in active recreation, cultural, business (conference), medical and health tourism, improving the quality of services, etc. For example, over 290 projects were implemented by the Baltic countries in the period 2007–2013 within the framework of the EU's structural support for tourism. To stimulate rural tourism in 2007–2013, the European Agricultural Fund allocated 161 million litas for the development of rural depressed areas. Lithuania's targeted use of the EU's structural support led to the development of infrastructure: parks, alleys, bicycle paths, beaches were created, and other changes were made that are used not only by tourists from abroad, but also by the local population.

Experts stress that the EU supports and coordinates the Member States' efforts in tourist policy, playing a complementary role [13, 14]. However, throughout the 2014–2020 year, the EU did not allocate any specific funds for tourism. The financial support to tourism might be supplied through numerous EU initiatives. This remains the case for the years 2021–2027. The Multiannual Financial Framework (MFF) does not include a specific budget for tourism. Investments in tourism may be financed by a number of EU projects and programs. Twelve programs, both under direct and shared supervision, are available to fund tourism-related initiatives between 2014 and 2020. This number increases to 14 such programs during the 2021–2027 timeframe, including those designed to lessen the effects of the COVID pandemic. The 2021–2027 European Regional Development (ERDF) legislative framework includes a specific policy aim relating to sustainable tourism [15]. In addition to this particular goal, any other policy goal can promote sustainable tourism, provided that the investments help achieve the associated goal and meet any applicable enabling criteria or requirements. The ERDF budget allotments for tourism (2014–2020) are shown in Table 2.

Table 2. ERDF budget allocations to tourism (2014–2020)

Code of Intervention	Description	Amount declared (in millions of euros)
74	Development and marketing of SMEs' tourist assets	561
75	Creation and advertising of tourist services for or within SMEs	1140
91	Natural areas development and promotion	1180
92	Preservation, development, and marketing of tourist resources	830
93	Creation and advertising of services for public tourism	546
	TOTAL	4257

Source: [16]

Projects are chosen for funding through operational programs (OPs) by the public authorities in the Member States, who also oversee their execution. The Commission oversees the Ops' implementation within its regulatory purview to make sure the funds are used wisely.

Nevertheless, studies investigating namely the effect of grants and specialized programs on the development of tourism industry are rather scattered, predominantly focusing on narrow issues such as benefits for a concrete community or province.

Methods

In the process of research, the content analysis method was used to identify trends in the development of the tourism industry of Ukraine at the current stage, as well as to study existing EU programs and international grants available to players in the tourism industry and their potential. Using the case study method, completed and current tourism and recreation development projects in Ukraine were analysed, the implementation of which became possible thanks to the financial support of relevant programs and grants. Based on the systematization, recommendations are presented for the synergistic development of tourism projects together with the development of cultural and creative industries with the assistance of international and European programs and grants. Given the mixed nature of the collected data (both quantitative and qualitative), as well as the insufficient study of the topic of the work within the scholar community, the general philosophical paradigm of the research is constructivism and the interpretative approach.

Results and Discussion

Menchenko and Javed [17] highlight that travel preferences have faced significant obstacles in their comprehensive analysis of tourism needs and future research agenda. Immersion and experiential travel are becoming more popular as travelers look for real cultural encounters, partake in adventurous activities, and use their travels to further their own personal development. As tourists grow increasingly aware of their influence on the environment and want to promote responsible travel, sustainable tourism practices and eco-friendly places have gained popularity. Additionally, new lodging choices like homestays and holiday rentals have emerged as a result of technological improvements and the sharing economy. These satisfy the tastes of tourists who want distinctive and regional experiences while on vacation.

In 2022, several trends emerged in the tourism industry that are likely to remain relevant in the coming years – the widespread development of domestic tourism, sustainable tourism (including eco-tourism and indigenous tourism), the aforementioned transformational tourism, etc., as well as military tourism. This kind of tourism is often called “dark tourism” [18]. The experience of Syria is representative in this vein. “Dark tourism” describes travel to hazardous or demolished archeological sites connected to death and conflict by individuals or organizations. For YouTubers and other video producers, the Syrian government has made this easier. It seeks to provide a new picture of the nation’s security, standard of life, and main message of “victory over terrorism” to the outside world [19]. In addition to the new economic, security, and political issues molded by the Syrian war, the loss of key elements of Syrian tourism has led Syrian official media to strongly advocate its comeback. This is despite the fact that the Institute for Economics and Peace has placed Syria as the world’s third least peaceful country. According to Syria’s Ministry of Tourism, more than 2.17 million Arab and foreign visitors visited Syria in 2023, contributing 125 billion Syrian pounds to the regime’s purse. This represented a 120 percent rise from 2022 [20].

In Ukraine, this type of tourism is developing very actively during the war. Foreigners, despite the constant threat of shelling by Russian occupiers, visit Ukraine to see with their own eyes the air strikes or destroyed Russian equipment. This allows them to better understand the scale of the destruction of Ukrainian settlements as a result of the Russian invasion. Among the places that interest for them, there are Borodyanka, Bucha, and other cities near Kiev that survived the Russian occupation, as well as Kharkiv, which lives under shelling. This type of tourism raises debates on the topic of ethics, but demand for it continues to grow.

In addition, a new term has appeared in global tourism practice – philantourism. This is a natural evolution of volunteer tourism. Travelers choose a place for their next vacation with the aim of supporting local communities, spending money not just on vacation, but to help the local needs of the region.

Also, as noted, one of the main trends of recent years remains ecotourism. The State Agency for Tourism Development (DART), together with other authorities, is developing a program for the development of infrastructure for these locations. The pilot ones will be the national natural parks “Skole Beskydy”, “Svyati Gory”, “Podilski Tovtry”, Golosevsky NNP, Carpathian Biosphere Reserve. The list will be expanded further.

In Volyn - in the Pripyat-Stokhid National Park - thanks to the EU project “Inclusion of climate change issues in the management of vulnerable ecosystems” rural ornithological tourism is developing today. According to the project coordinators, there is a desire to open “Pripyat-Stokhid” to foreign tourists, primarily “green”, because those who will come here should understand the value of the local landscapes and fauna (the park has many birds listed in the Red Book of Ukraine, about 40 rare species). In 2024, the Ivano-Frankivsk community won three grants totalling 253 thousand euros (about 11 million hryvnias) within the framework of the Interreg Europe program. This money will be used to develop tourism, business, and innovation. The Investment Policy Department of the Ivano-Frankivsk City Council achieved 100% success: out of three projects submitted to the Interreg Europe program, all three received funding. One of these projects is SMART-TOUR – smart tourism and digital tourist destinations. The goal of the project is to develop policies in the field of sustainable tourism, digitalization of cultural heritage and creativity. The expected result is the formation of accessible and technologically advanced tourist destinations, focused on the needs of both tourists and local residents.

In 2018, Izmail (located in Odesa region) received two grants from the EU for the development of tourism in the Black Sea basin. The first project, which was financed in Izmail, is “Green Tourism and Historical Heritage - a Step for the Development of the Black Sea Basin”. It provided for the restoration of the Izmail Historical and Local History Museum “Pridunavye”. The second project is “Development of Sustainable Cultural Tourism in the Black Sea Basin”. It provides for the restoration and improvement of the City Garden opposite the Holy Protection Cathedral. Thus, lighting and new benches were installed in the park, paving slabs were replaced and a wrought iron fence was restored, new decorative trees were planted and a Wi-Fi zone was equipped.

Back in 2013, a group of caring people developed a multi-purpose project for the development of tourism in the Vinnytsia region. The Grokholsky-Mozhaysky Palace was included in the list of locations that need to be restored. Subsequently, within the framework of the EU project, which was joined by the Vinnytsia District Council “Tourism - the key to dynamic socio-economic development of rural communities”, 300 thousand euros were allocated for the restoration of the estate. Grant funds were provided by the European Union. Control, and expert support were carried out by the EU Delegation to Ukraine.

Within the framework of the European Neighborhood Policy, Ukraine participates in four cross-border cooperation programs: the Black Sea Basin Program, Ukraine-Romania, Ukraine-Poland, Ukraine-Hungary-Slovakia-Romania.

Joint development of entrepreneurship in the tourism sector is the main priority of the Black Sea cross-border cooperation program. The peculiarity of the Black Sea cross-border cooperation program is that representatives from three participating countries must participate in the project. Only regions directly adjacent to the Black Sea can participate in the program, including Greece, Moldova, Armenia and Azerbaijan and excluding Russia. The Ukraine-Romania cross-border cooperation program emphasizes the preservation and development of cultural and historical heritage. Tourism can also be developed within this priority. Odessa, Chernivtsi, Zakarpattia, and Ivano-Frankivsk regions can participate. Another real opportunity to receive assistance from the European Union is the Program for Supporting Regional Development Policy of Ukraine. Thus, in 2014, Odessa Oblast received more than 380 thousand euros for the creation of two campsites and an information centre in Belyaevsky and Razdelnyansky districts. Within the framework of this project, a series of eight seminars were also held for those who provide tourism services and those who work in structures supporting tourism. Methodological manuals were developed for drawing up business plans for tourism enterprises and explaining the specifics of legislation in the field of tourism. When drawing up the application, the priority of creating additional opportunities for the economic development of rural and remote areas, declared in the program, was used.

Ukraine became a member of Interreg Europe, an interregional cooperation program, in 2024. The program's goal is to enhance regional development strategy by finding and sharing best practices across EU regions. Six areas are the focus of the Interreg Europe initiative, where partners from 36 countries develop projects and share best practices: "Smarter Europe" – research and innovation, digitalization, startups; "More connected Europe" – development of the European transport network and sustainable mobility; "More social Europe" – education, health care, social inclusion, development of culture and sustainable tourism; "Europe closer to citizens" – integrated urban and non-urban development; "Greener Europe" – energy efficiency, waste and water management; "Better policy governance" – improving the work of local governments and the level of services they provide to citizens. In fact, appropriate programs of tourism sector development can be integrated within all of these areas.

For Ukrainian tourism businesses, receiving support from the European Union is an extremely important step towards development and integration into the European market. The EU offers various programs and support instruments that can help Ukrainian tourism companies increase their competitiveness, introduce innovative technologies, and expand their presence in the European market. However, in order to effectively use these opportunities, it is necessary to understand the specifics of the support process and meet certain criteria. These criteria may vary depending on a specific program, but generally include: size and type of business; financial stability; innovative potential; compliance with environmental standards; potential for job creation [21].

The European Union offers a number of programs aimed at supporting the tourism sector, which are also available to Ukrainian companies. These programs cover various aspects of the tourism business:

- Development of sustainable tourism
- Digitalization of tourism services
- Improving staff skills
- Promotion of cultural tourism and ecotourism
- Support for small and medium-sized businesses in the tourism sector

The financial side of receiving support from the EU requires careful planning and understanding. It is important to consider: project co-financing requirements, rules for using EU funds, reporting and auditing features, as well as tax aspects of receiving support. Many EU programs require or encourage partnerships with European organizations. This provides an opportunity to: exchange experiences and best practices; expand the network of contacts; increase the chances of receiving support; create long-term business relationships. The EU also pays great attention to sustainable development and ecology in the tourism sector. Therefore, the projects that meet the following principles have the greatest chances of receiving support: reducing the negative impact on the environment; supporting local communities and culture; efficient use of resources; introducing innovative "green" technologies. In addition, the EU actively supports the introduction of digital technologies and innovations in the tourism sector, which gives good chances to the Ukrainian tourism industry to develop such areas as the creation of digital platforms for booking and management, the use of virtual and augmented reality technologies, the introduction of data analysis systems for personalization of services, and the development of mobile applications for tourists.

Quite a few international organizations hold competitions that can be used to develop tourism, but not regularly. Certain initiatives are financed in particular by UNESCO - mainly related to the preservation of historical and cultural heritage, such as crafts. There are organizations such as the Visegrad Fund of the Visegrad Four countries. They have competitions where tourism development is a separate priority. Their initiatives aimed at developing rural areas or preserving cultural and historical heritage can be used. Within the framework of these initiatives, rural tourism development projects can be created or festivals can be organized at historical heritage sites, such as fortresses or castles.

An international initiative called “Shifting towards Ecotourism in Protected Areas through Heritage Interpretation” is being launched this year by the National Ecological Centre of Ukraine in collaboration with organizations from Ukraine, the Czech Republic, Slovakia, Poland, and Hungary. With funding from the Visegrad Fund, this initiative seeks to improve protected natural area management, promote environmentally conscious travel, and encourage sustainable tourism. One of the main goals is to introduce European methods of heritage interpretation, which are an effective teaching and tourist tool. An educational trip of the Ukrainian Carpathians’ protected areas is the first phase in this endeavor, and it is planned for March 20–26, 2025. The following elements are part of the tour:

- Visiting the Carpathian, Vyzhnytskyi, Verkhovynskyi, and Hutsulshchyna National Parks to discover Ukraine’s natural beauties.
- Gaining knowledge from the best: leading Ukrainian and foreign professionals share their perspectives on innovative conservation and ecotourism techniques.
- Inspiring workshops and conversations: interactive seminars on environmental stewardship, sustainable tourism, and heritage interpretation.
- Real-world application: evaluating protected areas’ tourist potential and looking into doable strategies to encourage environmentally friendly travel.
- Networking and job opportunities: face-to-face communication with ecotourism experts, national park representatives, and possible employers in the industry.
- A springboard for next projects: direction and motivation for creating individual ecotourism endeavors.

Also, every year the International “Renaissance” Foundation announces competitions in accordance with the Foundation’s priorities. Interesting, innovative, socially significant projects may apply for support outside the announced competitions. In 2024, the Union for the Promotion of Rural Green Tourism in Ukraine received a grant to implement the opportunities for sustainable development of green tourism. This year, a project for community development through agro-recreational tourism is being presented in the Dnipropetrovsk region. The goal of the Project is to increase the level of networking and interaction of small communities in the Dnipropetrovsk region, as well as to develop a joint tourist route between selected communities and green tourism locations. The project is implemented by the NGO “Rehabilitation Centre “Green Hay””. In 2024, the team of the NGO “Rehabilitation Centre “Green Hay”” brought the village of Green Hay to the TOP-5 Tourist Villages of the World according to the UN.

The Ocean Foundation launched the Regenerative Tourism Catalyst Grant Program in 2024. The mission of The Ocean Foundation, the only ocean protecting community, is to support, strengthen, and facilitate organizations that are committed to reversing the trend of ocean degradation worldwide. Grants are designed to support primarily island and coastal communities in implementing regenerative tourism projects/approaches. Regenerative tourism seeks to leave a destination better than it was, while improving the quality of life of the local community. It views communities as living systems that are diverse, constantly interacting, evolving, and essential for creating balance and building resilience to improve well-being. Essentially, the focus is on the needs and aspirations of the host communities. For many people, the main reason to travel the world as a tourist is curiosity and interest in different cultures, visiting landmarks, or seeing famous museums. Joint efforts are needed to develop cultural and creative industries to attract tourist flows to the region from Ukraine and abroad, as well as to promote the development of regional tourism to the level of recognition at the global tourism level. In recent decades, significant changes have been observed in terms of how culture affects tourism. These changes may not seem obvious, as they are closely related to the leap in the development of digital technologies and creativity, and also affect other areas of our lives. However, the transition from cultural tourism to creative tourism is closely related to the development of cultural and creative industries (CCIs) and its cross-sectoral nature. Creative tourism is characterized by: technological

development, new digital tools, the transition from simply consumers of various goods to their active co-creators, and, finally, high demand for products associated with unique experiences [22, 23].

That is why it is worth paying attention to the recommendations for the development of cultural and creative industries:

- The mutually beneficial relationship between tourism and CCIs should be recognized and supported by the state, mainly through the creation of special development strategies;
- CCI products are export goods, which, at the same time, can contribute to the growth of tourism;
- Digital CCI products, such as mobile applications or social media tools, can play a decisive role in shaping tourism growth;
- As a rule, cultural and creative tourism involves high spending by tourists, who are often highly educated people and stimulate cultural activities in the place they visit;
- Recognition and support for the creative role of CCIs in tourism can easily increase the number of incoming tourists.

Accordingly, cooperation between the Ukrainian tourism sector with international grant organizations and European development programs should take place in the context of synergy between tourism and creative industries in the design of tourism products. For example, in 2022, the European Union launched a new project in Ungheni, Moldova, which will promote economic growth and tourism development in this region of Moldova. The project will create an online platform where one can learn about boarding houses, restaurants and attractions in the Ungheni district. Also, a Tourist Information Centre and a permanent exhibition of products from regional producers and local artisans will appear in Ungheni. The project “Sustainable Activities for Economic Growth through Tourism” will be implemented by the Ungheni City Hall in partnership with the public association “Regional Center for Sustainable Development”. The total budget of the initiative is 762 thousand euros. 90% of this amount is a grant from the European Union. The implementation of such initiatives in Ukraine seems very appropriate and promising.

In 2021, three Ukrainian cities (Vinnytsia, Poltava, and Rivne) received EU grants to develop strategies for cultural development of cities. A total of 70 cities from five Eastern Partnership countries took part in the competition. Vinnytsia, Poltava, and Rivne will receive grants of 30 thousand euros to develop their cultural development strategies. At the final stage of the competition, one of the three cities will receive a grant of up to 300 thousand euros to implement this strategy. EU4Culture is a four-year EU project to support culture and the creative sector, focusing on non-capital cities in the Eastern Partnership countries. The project helps to make culture a driving force for economic growth and social development. It is advisable to coordinate the implementation of such projects with the implementation of tourism industry development projects in order to achieve a synergy effect. In particular, EU4Culture provide a grant scheme for local and regional festivals cultural projects and cross-innovation projects, which, naturally, acts as a catalyser for increasing tourists flows. Thus, simultaneous development of cultural and tourism projects provide the brightest opportunities.

Conclusion

To encourage entrepreneurship and growth and shape a creative, competitive, and sustainable tourist industry, access to financing is essential. At every step of the company lifecycle, EU programs and international grants are very effective ways to increase access to financing for companies in the tourist sector. In countries that claim to be tourist Meccas, there are many specialized programs to help their tourism business. For example, in the USA or Australia, tourism grants are allocated at two levels: federal and in each individual state. In other developed countries, there are also similar programs - national and regional. Unfortunately, in Ukraine, full-scale and systematic support for the development of the tourism industry has not yet been observed. The only state program that is similar in some respects to a donor fund that supports grant initiatives is the State Fund for Regional Development, but its capabilities are very limited. At the same time, the European Union regularly finances various projects aimed at economic development, which includes tourism. In addition, Europeans consider the development of tourism in Ukraine to be one of their priorities, especially given the European integration processes in Ukraine. There are also a number of specialized international organizations that provide grants and launch programs in the field of tourism development, especially sustainable tourism, and the Ukrainian tourism industry can receive significant benefits from participating in these programs. The greatest effect can be achieved if tourism development initiatives are combined with cultural development, in particular ethno-festivals and creative work of local (“aboriginal”)

communities, that has the potential to create synergy, the study of which phenomenon and outlining the best mechanisms/patterns of its implementation should become the subject of further research.

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