ST-EP INITIATIVE

Note by the Secretary-General

In this document, the Secretary-General informs about the progress towards the implementation of the ST-EP Initiative (Sustainable Tourism – Eliminating Poverty) achieved since the fifteenth session of the General Assembly held in October 2003 in Beijing, China.
ST-EP INITIATIVE

**Action**

- To note the positive development of the ST-EP program in accordance with Resolution 471(XV)
- To approve an Accord between WTO and the Republic of Korea for seed funding of the ST-EP Foundation in the amount of $5 million over 4 years and location of the Foundation in Korea.
- To welcome the interest of certain European Governments to contribute to the Foundation patrimony.
- To approve the Secretary General's proposal to apply $500,000 of the 2003 budget surplus for ST-EP projects.

Since the Beijing Assembly there has been considerable progress towards the implementation of the ST-EP program.

- The Secretary-General of the UN specifically noted the value of ST-EP in his letter welcoming WTO to the UN family.
- A successful second ST-EP Forum was held at ITB-Berlin in March 2004 with positive stakeholder exchange and buy in.
- Wide ranging discussions have been held with aid donors and several European Governments have expressed strong interest in providing funds.
- The Secretary-General has fielded pilot ST-EP missions, funded by WTO, to identify projects in Cameroon, Ethiopia and Jordan.
- Negotiations began with the Republic of Korea in early 2004 to support establishment of the ST-EP Foundation and locate it in Korea. In April, the Secretary-General signed a draft Agreement with the Minister of Tourism in which the Government committed $5 million over a 4 year period commencing in July 2004 and offered to host the Foundation in Seoul. The text of the Agreement is at Attachment 1. Its main conditions are:
  - WTO will locate the ST-EP Foundation in Korea and will integrate its activities with its overall ST-EP initiative, completing the transition to a free standing entity by the 16th WTO General Assembly in Senegal in 2005. WTO as Founder will establish the First Council of Leaders and the necessary governance and budgetary oversight to meet accepted UN norms.
The Republic of Korea will provide $5 million to launch the Foundation - $2 million in July 2004 and $1 million a year in July 2005, 2006 and 2007. It will support the creation of the not-for-profit body, meeting national and international norms; provide Headquarters facilities and offer assistance in advancing the financial and operational goals of the Foundation.

Effective transition will be ensured by a Foundation President appointed by the Executive Council on the nomination of the Republic of Korea and the Special Advisor to the Secretary-General who has been directing the ST-EP program since its inception. The timeline is shown below.

- The Secretary-General has at the same time engaged with certain European Governments – most notably France and Italy, who are exploring ways to complement the Foundation patrimony. These negotiations will be intensified.

- While the seed funds for the Foundation will be forthcoming from donors, much of this will of necessity be required for start up of its activities. Even though annual administrative costs will be maintained below 5% of the Foundation's target 2010 patrimony of $20 million, there will be a limited amount only for pilot projects during the transition phase. With this in mind the Secretary-General proposes, subject to endorsement by the Council, to apply $500,000 from the Reserve Fund Surplus for the express purpose of initiating ST-EP pilot projects during the transition. This will give additional momentum
to the program & underline the deep commitment of WTO.

It is further intended that the ST-EP Foundation will, at least during its first few years, establish a suitable balance between its research and operational frameworks. In other words, the results of its research activities, conducted by universities and research institutions of ST-EP funding member states, ought to serve to define the different approaches for ST-EP operational projects. Thus, different operational approaches will be established for, for example, countries with mainly rural poverty problems, countries where poverty is concentrated and most serious in the periphery of large urban areas, small island states, etc.

It is envisaged that the execution of ST-EP operational projects could be made possible through three alternative or complementary sources:

i) funds from the ST-EP Foundation itself;

ii) the traditional WTO technical cooperation sources, for those projects that fulfill the ST-EP criteria that the Foundation will define; and

iii) other countries, not members of the ST-EP Foundation, willing to contribute in kind to the initiative, provided the projects also fulfill the ST-EP criteria.
MEMORANDUM OF UNDERSTANDING
BETWEEN THE WORLD TOURISM ORGANIZATION
AND THE GOVERNMENT OF THE REPUBLIC OF KOREA
CONCERNING THE ESTABLISHMENT OF THE ST-EP FOUNDATION
AND ITS HEADQUARTERS

The Government of the Republic of Korea (hereafter "Korea") and the World Tourism Organization (hereafter "WTO"),

Desiring to encourage international cooperation in developing sustainable tourism to help eliminate poverty

Recalling the launch of the ST-EP project at the WSSD in Johannesburg in 2002 and the declaration by the Secretary General of the United Nations that ST-EP will promote economically and ecologically sustainable tourism, aimed at alleviating poverty and bringing jobs to people in developing countries, which objectives are consistent with the goals set out in the Millennium Declaration,

Taking into consideration Resolution A/RES/471(XV) adopted by the General Assembly of WTO in Beijing in October 2003, which

“Considered the report on the ST-EP initiative (Sustainable Tourism – Eliminating Poverty) submitted by the Secretary-General under the proposal formulated by his Special Advisor, and the plan proposed for the implementation of the initiative.

Notes with appreciation the efforts devoted and the actions taken to ensure completion of the ST-EP framework in time for its fifteenth session;

Welcomes the partnership established with UNCTAD;

Approves the plan submitted to it for the completion of the initiative and its subsequent implementation from 2004 onwards;

Concurs with the proposal for a ST-EP Forum to exchange views and coordinate activities between participants in the initiative;

Agrees to the continuation of actions aimed at establishing a ST-EP Foundation whose board of directors should be composed of eminent persons who are qualified with regard to its purpose;

Entrusts the Secretary-General with taking the necessary measures to secure the necessary funding and to implement the initiative, and

Requests the Secretary-General to report on the progress of the ST-EP initiative at its sixteenth session.”
Taking note of the support expressed for the ST-EP project by the Secretary-General of the United Nations Mr. Kofi A. Annan in the letter addressed to the Secretary-General of WTO in 2004.

Have agreed as follows:

Article 1. The Foundation

WTO will establish the ST-EP Foundation with its Headquarters in the Republic of Korea.

It will be a non-profit charitable Foundation under Korean laws, fully compatible with relevant international laws, and established with the capacity to stand alone, while retaining links with the WTO, its founder.

The Organs of the Foundation shall be the President of the ST-EP Foundation, representing the Government of the Republic of Korea, the Council of Leaders, consisting of representatives of founding contributing member countries and international personalities, and the Chief Executive Officer (CEO) of the ST-EP Foundation.

WTO shall be represented in the ST-EP Foundation by its Secretary-General in the capacity of Commissioner.

WTO and Korea will give the Foundation all possible and appropriate support and will promote its activities and programs in a feasible and appropriate manner.

The President will lead the Foundation in its quest for Patrimony.

The Chairperson of the Council will preside over the Council of Leaders, which will normally be held once a year.

The CEO will direct the activities of the Foundation, with a view to securing the highest standards of efficiency, competence and integrity. The CEO will report regularly to the Secretary-General about the activities of the Foundation so that he may inform the Executive Council & the General Assembly about the progress of the ST-EP Program.

The terms of the officers (namely the President, the Chairperson and the CEO) will run from WTO Assembly to Assembly and will be renewable for a maximum of three consecutive terms.

The CEO will submit projects to the Council of Leaders for consideration following approval by the President and the Commissioner.

Article 2. Korean Support

Korea will facilitate the establishment of the ST-EP Foundation and the location of its Headquarters in Seoul.
Korea will provide seed funding of $US 5 million to the Foundation - $2 million following signature of this agreement and $1 million a year annually thereafter for 3 years. It will support the drive for new funding to establish a Patrimony of $20 million by 2010. It will use its good offices to support the link with sports and cultural tourism initiatives.

Korea shall provide to the Foundation full support for establishment and operations in Seoul, according to international conditions applicable to WTO as a UN Agency.

**Article 3. WTO Support**

WTO will provide technical and expert assistance in support of the Foundation activities – particularly in relation to its Research and Operations Award projects.

WTO, with the approval of its Executive Council, will provide in 2004 $500,000 for ST-EP projects without prejudice to other contributions which may be made in subsequent years.

The Officers of the Foundation will be invited to attend the meetings of the General Assembly, of the Executive Council and of the relevant Regional Commissions meetings as Observers when issues related to the Foundation are on the agenda.

**Article 4. Foundation Actions**

The Foundation will, as rapidly as possible:
- Establish the Council of Leaders,
- Secure and maintain funds for the ST-EP Program,
- Disburse such Funds Annually for ST-EP Research and Operations,
- Advance ST-EP Brand, Research, Principles & Model Programs through an annual high profile media event, with a lecture by a top-level global leader and awards presentation

**Article 5. WTO Coordination**

The Foundation will perform its functions in close coordination with the WTO so as to:
- Support research & tourism projects that meet ethical standards, in line with the UN Millennium Development Goals and the WTO Global Code of Ethics and which link sustainable tourism with poverty elimination.
- Help Inform public opinion on the importance of sustainable tourism projects in developing countries generally and the world’s poorest countries specifically. And promote ST-EP as a Global Brand of ethical & effective projects which sustainably reduce poverty.
Acquire & administer such assets needed to accomplish its mission, while limiting its annual administration expenses to less than 5% of its patrimony goal. In this context, to particularly focus on the links with other sectors such as culture and sports.

Co-operate with other international bodies in the public, private, NGO and Voluntary sectors, working towards similar goals;

**Article 6. Transition**

The Secretary General of WTO, in full consultation with the Korean Ministry of Culture and Tourism will appoint the officers of the Foundation namely, the Founding President, the Chairperson of the Council and the CEO until the WTO 2005 General Assembly. They, together with the Secretary-General, will form the preparatory committee to prepare Council nominations, source further funding, fulfill Foundation legal requirements & administrative arrangements for the Headquarters.

Simultaneously, the 2004 initial seed funding of $2 million will be made available by Korea to WTO. These funds will be disbursed under standard WTO administrative procedures for voluntary contributions based on a 12 month budget agreed with the Secretary-General and reported to the Executive Council.

The Preparatory Committee Office will open in May 2004. The detailed standards of Foundation development, sponsorship approaches, project implementation and research criteria will be developed; and the ST-EP program will go into full operation as envisioned during 2005. Events for fundraising will commence as soon as possible. Beginning in 2006, WTO will facilitate the integration of ST-EP Research and Operations with Seoul, including international & qualified Koreans as officers and staff.

**Article 7. Effectiveness**

The present Agreement shall become effective provisionally upon signature by both sides.

It shall enter into force permanently on the date when both sides shall have officially confirmed they have completed the formalities required by their respective laws and statutory provisions and when formally ratified by the WTO General Assembly.

Either side may terminate this Agreement with a one-year notice, following the initial 4 year funding period. In the event of termination both parties shall continue to use their good offices to support the goals, principles and activities of the ST-EP Foundation.

**Done at Seoul on 25th March 2004.**

For the Government of the Republic of Korea

For the World Tourism Organization

[Signature]

Minister Of Culture and Tourism

[Signature]

Secretary General