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**WTO'S INITIATIVES IN THE FIELD OF SUSTAINABLE TOURISM
AND POVERTY ALLEVIATION, INCLUDING ST-EP**

Annex 1

Constitution of the UNWTO ST-EP Foundation

Note by the Secretary-General

The Secretary-General transmits to the Assembly a new version of the Constitution of the UNWTO ST-EP Foundation as proposed by the members of the Working Group of the Executive Council at their meeting held in London on 15 November 2005.

The Members can therefore take the present document into consideration alongside the one already transmitted to them as an annex to the main document, of which the Council already took note at its session in Salvador de Bahia (December 2004), when it decided to submit it to the Assembly for consideration.

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Annex 1

UNWTO(*) ST-EP FOUNDATION

(*) The denomination UNWTO is still subject to approval by the higher organs of the World Tourism Organization

Constitution of the UNWTO ST-EP FOUNDATION

PREAMBLE

The UNWTO Sustainable Tourism –Eliminating Poverty Foundation (hereinafter referred to as “ST-EP Foundation”) is an international not-for-profit foundation established under the initiative of the World Tourism Organization, specialised agency of the United Nations (hereinafter referred to as “UNWTO”). Its main aim is to promote poverty elimination through sustainable tourism development programmes and projects that can be carried out while preserving culture and the natural environment, thus contributing to the Millennium Development Goals.

The ST-EP Foundation shall contribute to the safeguarding of natural and cultural heritage and to socio-economic development by cooperating with international organizations, governments and related authorities, foundations, private corporations, associations and individuals who are willing to contribute to the same goals of reducing poverty levels through sustainable tourism projects and initiatives.

**ARTICLE I
TITLE**

The title of the Foundation is the UNWTO ST-EP Foundation as agreed in the Memorandum of Understanding between the Ministry of Culture and Tourism of the Republic of Korea and the UNWTO.

ARTICLE II STATUS AND CAPACITY

1. The ST-EP Foundation shall operate under Korean and international laws, as an autonomous organization which is international in status and non-political in management, staffing and operations and shall have full juridical personality and legal capacity for the exercise of its functions and the fulfilment of its aims.
2. The ST-EP Foundation shall have the capacity to:
 - (i) receive, acquire or otherwise lawfully obtain from any governmental authority or from any corporation, company, association, person, firm, foundation or other entity, whether international, regional or national, by donation, grant, exchange, bequest, purchase or lease, either absolutely or in trust, contributions consisting of properties, real, personal, or mixed including funds and valuable effects or items, as may be useful or necessary to pursue its aims and activities and to hold, operate, administer, or use of the said assets;
 - (ii) enter into agreements and contracts;
 - (iii) employ persons according to its own regulations;
 - (iv) institute, and defend in, legal proceedings; and
 - (v) perform all acts and functions as may be found necessary, expedient, suitable or proper for the furtherance, accomplishment or attainment of any or all of the purposes and activities herein stated.

ARTICLE III HEADQUARTERS AND SUBSIDIARY BODIES

The main office of the ST-EP Foundation shall be located within the Republic of Korea (hereinafter referred to as "Host Government") and if necessary, subsidiary offices may be established in locations within and outside of the Republic of Korea.

ARTICLE IV GUIDING PRINCIPLES

The ST-EP Foundation shall provide support to UNWTO Member States and organizations for the conduct of research and development projects that aim at eliminating poverty through sustainable tourism development programmes and projects.

The ST-EP Foundation is a vital complementary institution, which enhances the value of the UNWTO Sustainable Tourism Development programme for poverty elimination.

The ST-EP Foundation shall fully cooperate with the UNWTO in determining the technical aspects and other areas of its programmes and projects that relate to the mandate of the UNWTO.

ARTICLE V ACTIVITIES AND PROJECTS

The ST-EP Foundation shall focus on work to encourage tourism that is socially, economically and ecologically sustainable, and that contributes to eliminating poverty through the implementation of projects in close cooperation with WTO..

To accomplish this it may:

- 1) strengthen international cooperation and forge new relations to achieve poverty alleviation objectives through sustainable tourism development in developing countries;
- 2) conduct promotions, events for fund-raising purposes and other self-financed operations to reinforce ST-EP's own image and brand;
- ;
- 3) coordinate the implementation of ST-EP projects by different executing agencies in consultation with the UNWTO;
- 4) support research and tourism projects that are in line with the UN Millennium Development Goals and meet UN standards;
- 5) cooperate and carry out projects with countries, international organizations and associations, and corporations focusing on sports, culture, education, human resource development as they relate to poverty elimination;
- 6) provide training, operational support, technical assistance, human resources development and tourism development programmes for alleviating poverty, including the identification of tourism investment opportunities and the preparation of investment plans, for developing countries;
- 7) conduct research and forums linked with the public, private and international community and publish reports with their results;
- 8) implement other activities in line with the aims of the ST-EP

Foundation.

ARTICLE VI STRUCTURE

The structure of the ST-EP Foundation shall consist of:

1. The ST-EP Council
2. The Board of Governors
3. The President
4. The Director General and Staff

ARTICLE VII COMPOSITION

1. The ST-EP Council shall be constituted by:
 - The UN Secretary General or his/her representative
 - The UNWTO Secretary General or his/her representative
 - One representative from the host Government
 - Seven representatives of the UNWTO Member States (one from each Regional Commission plus an additional member from Africa) designated by the Executive Council of the UNWTO.
 - The President of the ST-EP Foundation (non-voting member)
 - In addition, donors who contribute to the ST-EP Foundation with US\$ 500,000.- or more per year, in cash or in kind, will be eligible to designate one representative in the Council, provided the number of donors' representatives does not exceed the number of other, non-donor members of the Council. If the latter is the case, donors will have to elect from amongst them their representatives to the Council up to a number similar to the non-donor members, endeavouring to keep a balance between the different types of donors.
2. The Board of Governors shall be composed of:
 - The Chairperson of the UNWTO Executive Council
 - One representative from the host Government
 - The Secretary-General of UNWTO or his/her representative
 - The President of the ST-EP Foundation (non-voting member)
 - The Director-General of the ST-EP Foundation (non-voting member)
 - Seven personalities representing the six UNWTO regions (plus an additional one from Africa) designated by the UNWTO Executive Council, upon proposal by the UNWTO Regional Commissions.
 - One representative from the World Committee on Tourism Ethics established by the UNWTO.

ARTICLE VIII FUNCTION AND POWERS

1. ST-EP COUNCIL

The ST-EP Council shall:

- 1) Establish the overall policy of the ST-EP Foundation.
- 2) Define the priorities of actions to be undertaken at different periods.
- 3) Evaluate in an overall manner and monitor whether the ST-EP Foundation is operating in line with its objectives and implementation plans.
- 4) Provide recommendations to the Board of Governors regarding the activities of the Foundation
- 5) Promote fund-raising and resource-mobilization activities
- 6) Establish such other subsidiary committees as it deems necessary for the performance of its functions
- 7) Approve capital investment of the ST-EP Foundation
- 8) Perform all other acts that may be considered necessary, suitable and proper for the attainment of the aims of the ST-EP Foundation.
- 9) Meet once a year

2. BOARD OF GOVERNORS

The functions of the Board of Governors in relation to the operations of the ST-EP Foundation shall be as follows:

- 1) Define ways and means to achieve the objectives of the ST-EP Foundation
- 2) Approve plans and programmes for the implementation of its activities and projects
- 3) Review the ST-EP Foundation's cost-effectiveness, financial integrity and transparency
- 4) Approve ST-EP budget and accounts upon proposal by its President
- 5) Appoint an external auditor and a legal advisor
- 6) Appoint the President of the ST-EP Foundation
- 7) Ratify the Director-General of the ST-EP Foundation, proposed for this function by the Government of the Republic of Korea
- 8) Approve the organizational framework of the ST-EP Foundation
- 9) Approve personnel policies and basic salaries of the ST-EP Foundation staff
- 10) Approve the establishment of subsidiary offices of the ST-EP Foundation
- 11) Perform all other acts that may be considered necessary, suitable and proper for the attainment of the aims of the ST-EP Foundation

ARTICLE IX PROCEDURES

1. ST-EP COUNCIL

1) The ST-EP Council shall elect at each session one of its members as Chairperson, who will continue in that position until the following session of the ST-EP Council. The Chairperson will inform about the decisions taken by the Council at the following session of the Board of Governors.

2) The ST-EP Council shall hold one regular meeting annually and may hold additional meetings at the request of 1/3 of its members or at the Chairperson's initiative.

3) When a regular or additional meeting of the ST-EP Council is to be held, the date, location and agenda of the meeting shall be communicated to all its members and to the UNWTO at least one month in advance.

4) The decisions of the ST-EP Council shall be made by simple majority vote of the members present. In case of a tie, the vote of the Chairperson will decide.

5) The quorum necessary to hold ST-EP Council meetings will be half plus one of its members.

2. BOARD OF GOVERNORS

1) The Board of Governors shall elect one member among the Governors as Chairperson. The term of the Chairperson shall be three years and the Chairperson is eligible for re-election for subsequent terms.

2) The term for elected Governors (i.e. those representing the UNWTO regions) is four years. Governors may be reappointed for a second term.

3) In the case of a vacancy of one of the elected Governors by reason of their retirement, death, incapacity, or any other cause, he/she will be replaced by another person from the corresponding group.

4) The Board of Governors shall hold two regular meetings annually.

5) In addition, the Board of Governors may hold additional meetings at the request of three governors or at the Chairperson's initiative.

6) When a regular or additional meeting of the Board of Governors is to be held, the date, location and agenda of the meeting shall be communicated to all Governors and the UNWTO at least one month in advance.

7) The quorum required for the meetings of the Board of Directors is seven members. Members may participate by means of video-conference technology.

8) The decisions of the Board of Governors shall be made by simple majority vote of the Governors present. In case of a tie, the vote of the Chairperson will decide.

ARTICLE X PRESIDENT AND DIRECTOR GENERAL

1. PRESIDENT

1) The President of the ST-EP Foundation shall be appointed by the Board of Governors. The President shall be appointed for a term of three years and is eligible for reappointment for subsequent terms.

2) The President shall prepare project plans, budget and annual reports for review and approval by the Board of Governors and the ST-EP Council.

3) The President shall maintain close cooperation by regularly holding meetings with the UNWTO, reporting to the General Assembly every two years, and to the UNWTO Executive Council if requested.

4) The President may sign contracts and agreements that affect the objectives, location, expansion or dissolution of the ST-EP Foundation and regarding major issues concerning the ST-EP Foundation, with prior approval from the Board of Governors.

2. DIRECTOR-GENERAL

1) The Director-General of the ST-EP Foundation (hereinafter referred to as "Director-General") shall be ratified by the Board of Governors upon proposal by the Host Government. The term of the Director-General is three years. The Director-General is eligible for reappointment to subsequent terms.

2) The Director-General shall see to it that the objectives of the ST-EP Foundation are carried out efficiently and shall be responsible for the daily operation and management of the ST-EP Foundation.

3) The Director-General may sign legal documents that are necessary to ensure the normal operation of the ST-EP Foundation and as the occasion demands, major issues shall be subject to approval by the President.

4) The Director-General shall assist the President in the exercise of his/her functions and powers.

ARTICLE XI STAFF

1. The Staff shall be appointed by the President upon the recommendation of the Director General.
2. The paramount consideration in the employment of staff and in the determination of the conditions of work shall be the highest standard of quality, integrity, efficiency, and competence.
3. Salary scales, insurance, pension schemes and other terms of employment shall be laid down in staff regulations, and shall in principle be internationally competitive and comparable with those of the United Nations and affiliated institutions and other relevant international organizations.

ARTICLE XII FINANCING

1. The budget of the ST-EP Foundation shall be funded by international organizations, corporations, individuals and other public or private institutions as well as governments that voluntarily contribute with cash contributions, endowments, dues and allotments.
2. The budget of the ST-EP Foundation shall be appropriated with the legal fruit from the assets and the contributions, endowments and income from the fund appropriation projects and other projects.
3. The financial operations of the ST-EP Foundation shall be governed by financial regulations adopted by the Board of Governors.
4. An annual audit of the operations of the ST-EP Foundation shall be conducted by an independent international accounting firm appointed by the Board of Governors. The audit report reviewed by the Board of Governors shall be reported to the ST-EP Council and the UNWTO.
5. No part of the funds of ST-EP shall be used to the benefit of, or be distributable to, members of the ST-EP Council, Governors of the Board of Governors, President and ST-EP's staff and other private persons, except that the ST-EP Foundation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments in furtherance of its aims. The travel and associated expenses of the Governors to attend Board meetings may also be covered by the Foundation.

ARTICLE XIII ACCOUNTING

1. Asset Categorization

- 1) The assets of the ST-EP Foundation shall be divided into permanent assets and operating assets.
- 2) The following will be considered as permanent assets and the rest will be operating assets:
 - i) Assets contributed as permanent assets when the Foundation was established
 - ii) Assets acquired through contribution or without compensation
 - iii) Assets declared by the Board of Governors as permanent assets

2. Asset Management

The maintenance, preservation and management of permanent property is subject to the decision of the Board of Governors.

3. Asset Evaluation

Evaluation of all the assets of the ST-EP Foundation shall be effected at the market price of the asset when it was acquired, provided that if the asset was re-valuated, then it shall be done as the re-valuated value.

4. Operating Financial Resources

Operating assets, legal fruits of permanent assets, business income and other income shall appropriate the expenses required to maintain and run the ST-EP Foundation.

5. Categorization of Accounting

The Accounting of the ST-EP Foundation shall be divided into General Project Accounting and Goal Project Accounting.

6. Accounting Principles

The Accounting of the ST-EP Foundation shall be in accordance with the International Accounting Standards.

7. Fiscal Year

The Fiscal Year of the ST-EP Foundation shall be the same as that of the Host Government.

ARTICLE XIV PRIVILEGES AND IMMUNITIES

1. The ST-EP Foundation may conclude with the Host Government and other states agreements that suit its goals relating to the facilities, privileges and immunities that are granted to individual members of the Foundation i.e., Governors, the President, the Director General, the staff and the experts performing missions on behalf of the ST-EP Foundation for the purpose of exercising official duties.
2. The privileges and immunities are granted in the interest of achieving the ST-EP Foundation's aims and not for personal benefit.

ARTICLE XV RELATIONSHIPS WITH OTHER ORGANIZATIONS

In order to achieve its objectives in the most efficient way, the ST-EP Foundation may enter into agreements for cooperation with relevant countries, regions, international organizations, public and private foundations and associations.

ARTICLE XVI AMENDMENTS

1. The Constitution may be amended by the Board of Governors by a 2/3 majority of the members present and voting. The proposed amendments of the Constitution together with its full text shall be notified to all the Governors at least two weeks in advance of the Board of Governors meeting.
2. The amended Constitution with the approval of the Board of Governors shall be submitted to the ST-EP Council for approval by a 2/3 majority of the members present and voting.

ARTICLE XVII DISSOLUTION

1. The ST-EP Foundation may be dissolved by a 3/4 majority of all voting members of the ST-EP Council, if it is determined that the purposes of the ST-EP Foundation have been achieved to a satisfactory degree or if it is determined that the ST-EP Foundation will no longer be able to function effectively.
2. In case of dissolution, any land, buildings and movable assets situated on the territory of the host government, shall revert to the host government. Other assets of the Foundation shall be used for similar purposes or distributed to institutions having purposes similar to those of the ST-EP Foundation in accordance with the consultations between the Host Government and UNWTO.

