

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

Note by the Secretary-General

The purpose of this document is to inform the General Assembly about the actions undertaken in the field of Sustainable Tourism for Poverty Alleviation.

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

1. At the Johannesburg World Summit on Sustainable Development in 2002, WTO took a global lead in the field of poverty reduction through tourism, launching the concept of "Sustainable Tourism as an effective tool for Eliminating Poverty" (ST-EP), and began the process of putting in place a specific programme to achieve this objective.

2. This programme aims at linking the well-established WTO work in the field of Sustainable Tourism with the United Nations leadership on poverty alleviation. To this purpose, three parallel lines of action have been put into practice by the Organization to work on poverty alleviation through sustainable tourism:

- (a) The WTO programme of work on poverty alleviation through sustainable tourism development
- (b) The ST-EP Initiative and the creation of a ST-EP Foundation
- (c) A Trust Fund on Sustainable Tourism for Eliminating Poverty

I. The WTO programme of work on poverty alleviation through sustainable tourism development

3. WTO has been acting as the United Nations Development Programme executing agency for tourism master plan projects and other technical assistance projects in many developing countries during the past three decades. Since the mid-1990's, the work of WTO has focused more in the promotion of a sustainable development of tourism, covering all segments of tourism and all types of destination. Over the last couple of years, WTO's research, field missions and technical cooperation activities in this field are devoting particular attention to specific tourism plans or projects which can enhance the contribution of tourism to poverty alleviation.

4. The Organization is committed to improving the capacity of national tourism administrations in developing countries to devise and implement poverty reduction policies, plans and management techniques. Along these lines, WTO has **published three reports on poverty alleviation** since 2002; these are:

- "Tourism and Poverty Alleviation", 2002
- "Tourism and Poverty Alleviation: Recommendations for Action", 2004
- "Tourism, Microfinance and Poverty Alleviation", 2005

5. A fourth publication one is forthcoming soon, which includes a collection of exemplary tourism projects throughout the world that have contributed to poverty alleviation, underscoring their best practices.

The Special Programme for SubSaharan Africa has also focused on activities that enhance the contribution of tourism to reducing poverty levels in this region.

6. WTO has established two **partnerships** in connection with poverty reduction through tourism: with SNV (Netherlands) (see below); and with PlanetFinance, to promote and enhance the conditions of microcredits for the creation and operation of small and micro tourism enterprises in developing countries. It has collaborated in a specific Microfinance for Tourism Workshop in Nepal, and both organizations are considering other joint activities in the near future.

7. During 2005 the WTO Secretariat has worked closely with the Committee on Cooperation and Development of the European Parliament on the formulation of a Proposal for a Resolution on Tourism and Development. The Parliamentary Resolution proposes that the European Union should provide financial support to the ST-EP initiative and suggest other important measures to promote the role of tourism in alleviating poverty.

8. Cooperation has been established with FAO for the identification and execution of projects linking tourism development with agriculture, with the main objective of addressing poverty issues. Two pilot countries have been selected for this cooperation, Cabo Verde and Dominican Republic, where joint FAO-WTO missions are planned during the last quarter of 2005.

9. WTO has engaged with the international, regional and national development financing agencies to establish a coordination framework for development projects –including ST-EP projects– to avoid duplication/overlap and to leverage operational and financial synergies. A very successful Conference with development assistance agencies was held in Washington DC in October 2004, while a coordination meeting for this purpose was held in Madrid with a dozen UN specialised agencies in November 2004.

10. WTO has organized seven **regional training seminars** on tourism and poverty reduction during 2004 and 2005, in order to build capacities among public officials in developing countries, with a total participation of some 350 officials so far, and other seminars are planned for the second half of 2005.

11. Seminars on Tourism and Poverty alleviation in:

- Benin (May 2004) for West and Central Africa
- Tanzania (September 2004) for Eastern Africa
- Cambodia (June 2004), for South East Asia
- Pakistan (April 2005) for the South Asia Region
- Mali (May 2005) for Africa
- Ecuador (June 2005) for the Andean Community countries.
- Nicaragua (August 2005) for Central American countries.

12. WTO senior officials have actively participated at the following events dealing with and/or related to poverty alleviation, to further promote the concept of Sustainable Tourism for Poverty Alleviation:

- Regional Microcredit Summit for Africa and the Middle East (Amman, October 2004)
- Regional Microcredit Summit for Latin America and the Caribbean (Santiago de Chile, April 2005)
- International Microfinance Conference (Paris, June 2005)
- Micro Invest Nepal Workshop on Targeting new Opportunities for Business (Kathmandu, July 2005).
- Presentations in the PATA Conference (Macao, April 2005) by the Secretary-General.
- The Secretary General and his Deputy have actively participated in all UN senior executive meetings held in the early part of 2005 in preparation for the UN General Assembly Special Session (14 – 16 September 2005) that will evaluate progress on the achievement of the UN Millennium Development Goals. A specific Round Table on Tourism is being organised by WTO within the framework of this Special Session, in order to underscore the relevance of tourism in achieving the MDGs, specially the one referring to the reduction of poverty.

II. The ST-EP Initiative

13. The ST-EP initiative is an innovative WTO approach to tourism development and management, in which the main focus of any tourism development project is to ensure that it makes an effective contribution to reduce poverty.

14. A ST-EP Foundation is being created, as an international not-for-profit foundation established under the initiative of the World Tourism Organization to contribute to the UN Millennium Development Goals. Its aim will be to promote poverty elimination through sustainable tourism development that can be carried out together with the preservation of culture and the natural environment.

15. The ST-EP Foundation will be located in Seoul, Korea, whose government has provided the first 5 million US dollars, plus the office and administrative facilities. WTO, as Founder, will be full part of it, and it will ensure that is run with the necessary transparent governance and budgetary rigour to meet accepted UN standards.

16. The ST-EP Foundation will work in cooperation with international organizations, development agencies, governments, foundations, corporations, associations and individuals willing to contribute to poverty alleviation through sustainable tourism. It will provide support to countries and organizations for conducting research and development projects that aim at eliminating poverty through sustainable tourism development programs and projects. ST-EP will target the world's poorest countries as well as poor regions in developing countries.

17. The Secretary General has made good progress in securing funds and put in place the organizational structure of such a Foundation in order to deliver a complete system for approval by the General Assembly in November 2005, as mandated at the XV session of the General Assembly in 2003.

18. The seventy-fourth session of the Executive Council established a Working Group of six countries (Brazil, Indonesia, Italy, Jordan, Nigeria and the Republic of Korea) to oversee the creation of the Foundation. The Working Group elected the Nigerian Minister of Tourism Mr. Frank Nchita Ogbuewu as Chairman, and it Group has met three times for examining the draft Constitution of the Foundation. The Working Group requested its members to conduct consultations, within the continents they represent, on the ST-EP draft Constitution, which is now being submitted to the General Assembly for examination and approval (Annex 1).

19. As informed at the seventy-fifth session of the Executive Council held in Bulgaria:

- The Agreement with the Republic of Korea to host the UNWTO ST-EP Foundation was signed on 24 September 2004. The first instalment of the committed USD5 million has been deposited in a WTO ST-EP Foundation account in Seoul (USD2 million) in 2004, and a second instalment of USD 1 million was deposited in early 2005. A draft constitution was formulated for the Foundation in accordance with Korean law and relevant UN procedures.
- An Agreement has been signed with SNV (Netherlands Development Agency) to collaborate on ST-EP projects, through which a contribution of € 2 million was made, plus contributions in kind (Annex 2).
- Macau has contributed to the ST-EP Foundation with an initial amount of \$200,000 in November 2004.
- As decided by the Council, WTO's contribution of \$500,000 has been charged to the technical cooperation budget for financing projects under the ST-EP initiative.
- A Foundation Preparatory Committee under the joint chairmanship of the Secretary General and Ambassador Dho from Korea has been established and met in several occasions to frame the draft constitution, budget, and governance. A Headquarters agreement for the ST-EP Foundation was signed with the Government of the Republic of Korea.
- WTO has developed draft operating procedures for the ST-EP initiative, the interface with the Foundation, pilot projects and linkage with evolving poverty, sustainability and technical assistance programs.

20. The 3rd ST-EP Forum was successfully held during ITB in Berlin, with an attendance of over 100 people including several Ministers. On this opportunity, WTO presented the results of its recently published study on Tourism and Microcredits.

III. The multi-donor Trust Fund on Sustainable Tourism-Eliminating Poverty (The ST-EP Trust Fund)

21. WTO launched in December 2004, in collaboration with the Netherlands Development Agency (SNV), a multi-donor Trust Fund with the objective of supporting ST-EP projects through the provision of technical assistance. SNV provided an initial contribution of 2 million euros. The Italian government has already provided a financial contribution for technical cooperation activities in the field of poverty alleviation through sustainable tourism.

22. The ST-EP Trust Fund initiated field operations in East and West Africa, opening its first field offices in Cameroon and Ethiopia in early April 2005. ST-EP regional coordinators are in charge of the ST-EP offices in the field, which are based within the UNDP offices. A third regional coordinator took office in August 2005 in Ecuador, to be in charge of operations in Latin America.

23. WTO started ST-EP operations through identification missions to Ethiopia, Cameroon, Zambia, Dominican Republic, Haiti, Mali, Vietnam and Tanzania. These missions have identified a set of pilot ST-EP projects in each country. The Secretary-General visited personally two of the areas where a ST-EP project is likely to be implemented in Ethiopia and in the Dominican Republic.

24. WTO has initiated ST-EP project implementation in Cameroon and in Ethiopia, one project in each country.

A N N E X 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”), , to contribute to the UN Millennium Development Goals. 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.

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 such 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 countries 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 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.

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, fund-raising activities and other self-financed operations to reinforce ST-EP's own image and brand;
- 3) implement ST-EP projects through close co-operation with the UNWTO;
- 4) coordinate the implementation of ST-EP projects by different executing agencies in consultation with the UNWTO;
- 5) support research and tourism projects that are in line with the UN Millennium Development Goals and meet UN standards;
- 6) 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;
- 7) 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;
- 8) conduct research and forums linked with the public, private and international community and publish reports with their results;
- 9) 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)
 - 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 Government of the Republic of Korea
 - 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 General Assembly, 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 over-all 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.

The ST-EP Council will meet at least 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
- 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 ballot, 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 appointed by the Board of Governors in consultation with 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 states, international organizations, corporations, individuals and other public or private institutions 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 ST-EP 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

1) 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

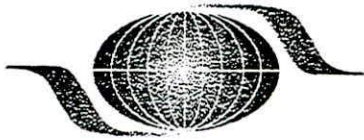
In order to achieve its objectives in the most efficient way, the ST-EP Foundation may enter into agreements for cooperation with relevant countries, regions, international organizations, public and private foundations and associations.

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.



ORGANISATION MONDIALE DU TOURISME
 WORLD TOURISM ORGANIZATION
 ORGANIZACION MUNDIAL DEL TURISMO
 ВСЕМИРНАЯ ТУРИСТСКАЯ ОРГАНИЗАЦИЯ
 منظمة السياحة العالمية

The Secretary-General

SDT/2004

Madrid, 25 November 2004

Mr. Johan van de Gronden
 Member, Board of Directors
 The Netherlands Development Organization, SNV
 Bezuidenhoutseweg, 161
 2594 AG The Hague – The Netherlands

**Letter of Agreement between the Netherlands Development Organization and the
 World Tourism Organization concerning Funding for
 Technical Assistance and Advisory Services on
 Sustainable Tourism for Poverty Reduction**

Dear Mr. van de Gronden,

Further to discussions between the World Tourism Organization (“WTO”) and representatives of the Netherlands Development Organization (“SNV”), we are pleased to acknowledge, on behalf of WTO, the intention of SNV to make available to WTO a Grant for the sum of Euro 2 million establishing a Fund in Trust (Regulation 10(3) of WTO’s Financial Regulations) for the financing of advisory services and technical assistance in the field of sustainable tourism development carried out by WTO. The Fund in Trust (“the Fund”) will be named *“Technical Assistance Fund for Sustainable Tourism – Eliminating Poverty”*.

The Fund shall be utilized by WTO to finance activities or projects in favour of the 49 Least Developed Countries and in favour of poor regions of non LDC countries. Priority for SNV Grant shall however be attributed to SNV priority countries, in accordance with SNV regulations (Annex 1. Priority countries), situated in the following regions where SNV carries out operational activities: East Africa, Southern Africa, West Africa, Latin America, Asia and the Balkans. This may also include neighbouring developing countries or regions where SNV operates. SNV Grant shall not be used to cover fixed costs such as facility or staff costs.

The Fund may be used by WTO to co-finance and finance the cost of technical assistance, capacity building and advisory services and to meet the costs of consultants’ travel, fees and subsistence. When possible, WTO will encourage cost-sharing schemes in using the Fund.

A/16/17
Annex 2

The parties (WTO and SNV) agree that the Fund shall have the character of an "Open Trust Fund" by means of which donors others than SNV may make contributions for the purpose of financing technical assistance for sustainable tourism development with the overall objective of reducing poverty.

In addition to making general contributions to the Fund, defined only within its general terms of reference, donors may also earmark contributions for more specific use within the Fund.

The projects to be funded under the Fund shall aim to advance sustainable development of tourism with a particular focus on reducing poverty levels. In this respect, the projects concerned will complement activities to be undertaken under the ST-EP Programme (Sustainable Tourism – Eliminating Poverty) being developed by the World Tourism Organization.

WTO and SNV will jointly agree an annual action plan for activities to be carried through the SNV contribution to the Fund. The agreed annual action plan, which may be adjusted during the mid-year review, will be approved by WTO's and SNV's management. WTO will inform SNV, via facsimile, prior to allocating money from the SNV contribution to the Fund, about the projects or activities that it intends to perform, giving a brief description of the project or activity, its cost estimates and its financial implications for the Fund. Whenever possible, the proposed activities shall be linked to ongoing SNV-WTO activities in the corresponding regions. In case SNV does not inform WTO within 10 working days, via facsimile, of any objection to the proposed projects or activities, WTO will proceed to implement them.

Promptly following confirmation of this letter by you, SNV will deposit the Grant funds into WTO's Bank account number 2131 0004 6353 (IBAN: ES35 0008 0113 213100046353 BIC: ATLAESMM Bank: Banco Sabadell Atlantico Address: Paseo de la Castellana, 135 – 28046 Madrid). When making such a deposit, the SNV will notify WTO's Administration Division of the amount concerned and the form of the transfer (TF no. VC/SNV-NDO/NLD/STEP/04). In addition, SNV will fax to WTO's Administration Division (Fax no.+34 91 567 8223) a copy of its instruction.

The WTO will provide the SNV, within six months after the end of each Financial Year (Regulation 3 of WTO's Financial Regulations), an attestation from WTO's external auditors (Regulation 15 of WTO's Financial Regulations) concerning the efficiency of the financial procedures and administration and the controls used by the WTO in administering the Grant Funds. The cost of such attestation shall be met by WTO.

The SNV contribution to the Fund will be administered by WTO in accordance with the terms of this Letter of Agreement. The Fund will be kept separate and apart from other funds of WTO and ST-EP.

The recruitment of consultants paid from the Fund and the related enforcement of any provisions of any agreement entered into between the WTO and the consultants/third

parties will be the responsibility solely of WTO and will be carried out in accordance with its normal procurement procedures.

WTO will be responsible for the supervision of activities financed from the Fund and will provide SNV with semi-annual progress reports on activities under SNV contribution. WTO will make available to SNV copies of the studies and reports carried out within the framework of projects or activities financed by the Fund.

WTO will exercise the same care and diligence in discharge of the functions described in this letter as it exercises with respect to the administration and management of its own affairs and shall have no further liability to the SNV in respect thereof.

The arrangement covered by this Letter of Agreement shall terminate on December 31st, 2006, or on such date as the SNV contribution to the Fund shall have been fully utilized, whichever comes earlier, unless the SNV and the WTO otherwise agree. Upon termination of this Letter of Agreement, any moneys of SNV held hereunder by WTO and not assigned to projects or activities shall be returned to SNV and WTO's functions shall be considered as terminated unless both parties agree to extend the period of execution of this Fund beyond the termination date.

The overall activities of the Fund under other donor contributions will cease only when all funds received from all the donors have been disbursed.

This Letter of Agreement shall enter into force on the date of the signed confirmation by WTO and SNV below.

The arrangements set forth in this Letter of Agreement may be modified through an exchange of letters between the WTO and the SNV.

The office of the WTO responsible for coordination of all matters related to the implementation of this arrangement is:

Mr. Eugenio Yunis
Chief, Sustainable Development of Tourism Department
World Tourism Organization
Capitan Haya, 42
28020 Madrid – Spain

The officer of the Netherlands Development Organization responsible for coordination of all matters related to the implementation of this arrangement is:

Mr. Marcel Leijzer
Senior Tourism Officer,
The Netherlands Development Organization, SNV
Bezuidenhoutseweg, 161
2594 AG The Hague – The Netherlands

A/16/17
Annex 2

We propose that his letter shall, upon confirmation in the manner indicated above, constitute an agreement between the SNV and the WTO.

Sincerely yours,



Francesco Frangialli

Confirmed and Agreed

By: 

Name: Mr. Johan van de Gronden

Title: Member, Board of Directors, SNV

Date: 30 November, 2004

Annex 1**Asia:**

Bhutan, Nepal, Lao-PDR and Vietnam

East and Southern Africa:

Ethiopia, Kenya, Tanzania, Uganda, Rwanda, Mozambique, Zambia and Zimbabwe

West Africa:

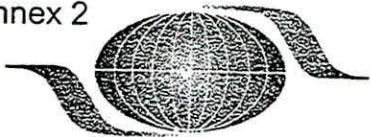
Angola, Cameroon, Benin, Ghana, Guinea Bissau, Burkina Faso, Mali and Niger

Latin America:

Honduras, Nicaragua, Ecuador, Peru and Bolivia

Balkan Region:

Albania



The Secretary-General

February 16, 2005

Mr. Johan van de Gronden
Member, Board of Directors,
The Netherlands Development Organization, SNV
Bezuidenhoutseweg, 1612594 AG The Hague
The Netherlands

**Amendment No. 1 to the Administration Agreement between
The Netherlands Development Organization and the World Tourism Organization
Concerning Funding for Technical Assistance and Advisory Services on
Sustainable Tourism for Poverty Reduction**

Dear Mr. Johan van de Gronden:

The purpose of this letter is to amend the Administration Agreement between The Netherlands Development Organization ("SNV") and the World Tourism Organization ("WTO"), dated November 25, 2004, which provides grant funding for Technical Assistance and Advisory Services on Sustainable Tourism for Poverty Reduction.

Pursuant our recent correspondence and discussions, SNV has agreed to provide additional funding for up to an amount of USD 500,000 in year 2005. These additional funds shall be used during **2005 in support of the "Phuket Action Plan" (Annex 1) to assist tourism sector recovery in the Tsunami affected countries: Sri Lanka, Thailand, Indonesia and Maldives.**

Therefore, SNV allows WTO to draw from current funds up to a maximum of 500,000 US\$ in 2005, for technical assistance activities executing the "Phuket Action Plan". At the end of 2005, SNV will replenish the Fund with an equivalent of the amounts drawn for the post-tsunami assistance.

Specific actions to be undertaken with these supplementary financial resources will be within the following three areas:

- Professional training and capacity building in the tourism sector for local populations
- Technical assistance in support of affected small and medium size enterprises
- Marketing and communication programs in support of local tourism recovery

WTO therefore proposes to amend the Administration Agreement including an additional paragraph 4 as follows:

"During 2005, up to USD 500,000 may be used to support the "Phuket Action Plan – Tsunami Relief for the Tourism Sector" in the form of technical assistance. The eligible areas for technical assistance under this additional funds shall be as follows: (i) professional training and capacity building in the tourism sector for local populations (ii) technical assistance in support of affected small and medium size enterprises (iii) marketing and communication programs in support of local tourism recovery. At the end of 2005 SNV will replenish the Fund for the effective amount spent on post-Tsunami programs in Sri Lanka, Thailand, Indonesia and the Maldives."

All other terms of the Administration Agreement of November 25, 2004, shall remain the same.

We propose that this letter, upon your confirmation in the manner indicated below, constitute Amendment No. 1 to the Administration Agreement between SNV and the WTO.

Sincerely,



Francesco Frangialli
Secretary General
World Tourism Organization

Confirmed and agreed:



Mr. Johan van de Gronden
Member, Board of Directors, SNV
Date 24-02-2005