Schweizerische Stiftung für Solidarität im Tourismus

Swiss Foundation for Solidarity in Tourism

Annual Report and Financial Statement
2006
Report on the Board’s Activities

In 2006, the Board held four regular and two special meetings. The agenda was dominated mainly by the evaluation of the quarterly financial reports and by decisions on funding proposals. According to the rules of procedure, the preparatory work has been delegated to the foundation’s offices, standing committees and individual Board members.

With effect from 23rd March, 2006, Theodor Schmid discontinued his Board membership. Differences of opinion with regard to the foundation's management and investment of assets had led to his resignation and had prompted him to file a complaint with the Swiss Federal Supervisory Authority (Eidgenössische Stiftungsaufsicht). The proceedings were not completed within the year under review; the Supervisory Authority’s decision is pending.

The Board decided to enlarge the Board and held detailed interviews with a number of interested candidates. At the Board Meeting on 15th December, 2006, Barbara Suzanna Affolter Gómez and Elena Obreschkow were elected as members of the Board with effect from 2007.

Funding Committee

In the year documented, the funding committee reviewed a total of 19 proposals to determine whether they are in line with the foundation's objectives and guidelines for grant applicants, and presented them to the Board for their decision. Nine project proposals were supported by the foundation, 10 funding applications were either rejected or the respective decisions were postponed until further information is available regarding the planned implementation of the projects. Furthermore, the Working Group on Tourism & Development (akte) in Basle received a substantial amount on the basis of a project approval made earlier, covering projects of several years’ duration. From the returns in 2006, the foundation made grants amounting to a total of CHF 149,725.-. Since it was founded in 2001, the foundation has provided grants and awards totalling more than CHF 550,000.-. Further information on the projects supported by the foundation can be found in the section on grants and awards, and in the annex to this report.

TO DO! Contest on Socially Responsible Tourism

On the occasion of the International Tourism Exchange (ITB) 2006, the three winners of the TO DO! contest 2005 received a prize money of CHF 5,000.- each. The SST Foundation was represented at the award ceremony by Hansjörg Ruf and Hans Ulrich Schudel. For ten years, the Institute for Tourism and Development (Studienkreis für Tourismus und Entwicklung e.V.), Ammerland/Starnberger See has been giving socially responsible tourism awards to project which take into account different interests and needs of the local population, and which are being implemented with the participation of local people. The award winners receive a prize money of CHF 5,000.- from the SST Foundation. In the year documented, the contest has been announced again. The two winners of the TO DO! 2006 will receive their awards at the 41st ITB in 2007.

Hans Ulrich Schudel represented the foundation as a delegate in the contest jury’s selection process for the winners of the TO DO! 2006. Furthermore, the Board decided, with effect from 2007, to join the group of organisations supporting the TO DO! contest, and to contribute CHF 5,000.- per year to the contest.
Grants and Awards

In 2006, the year under review, grants and awards amounting to a total of CHF 149,725.- were disbursed.

Overview: Projects and Organisations Supported in 2006

1. Working Group on Tourism & Development, Basle CHF 25,000.-
2. Strengthening public participation in the tourism development of the Lake Tisza region (Hungary) CHF 7,500.-
3. Fair Trade in Tourism South Africa (FTTSA) Eastern Cape Satellite Office CHF 10,000.-
4. Workcamp Switzerland CHF 10,000.-
5. Centro Cultural Ayopayamanta (Bolivia) CHF 5,000.-
6. Fair trade on holiday in Kerala/South India CHF 5,000.-
7. Participatory Rural Development in the Tourism Sector on the Island ‘Ile aux Nattes’ (Madagascar) CHF 10,000.-
8. Tourism for Help / Hotel construction in Strung Teng (Cambodia) CHF 10,000.-
10. Mkuru Camel Group (Northern Tanzania) USD 10,000.-
11. Fundaziun Vnà / Renovation of guesthouse/cultural centre Piz Tschütta (Switzerland) CHF 10,000.-
12. Association de l’Arche de St. Jean (Switzerland) CHF 20,000.-
13. Awards for TO DO! 2006 contest winners, 2 x CHF 5,000.- CHF 10,000.-

Finance and Investment Committee

Apart from continuously subjecting the transactions made by the asset management to scrutiny, the finance and investment committee had, in November 2006, a detailed consultation with the portfolio manager in charge at Basellandschaftliche Kantonalbank. It was concluded that the principles of the investment strategy formulated in the investment guidelines had been observed. According to the foundation’s statutory regulations, the investment of assets has to be in line with ethical, ecological and social criteria. To fulfil these conditions, the investments are subject to exclusion criteria as specified in the Swissca Green Invest criteria. In addition, with effect from 2007, investments have to be predominantly in the shares of companies and corporations that have undergone detailed sustainability research and have been included in the “ZBK Sustainable Investments” of Zürcher Kantonalbank. The portfolio management contract with Basellandschaftliche Kantonalbank has been amended in line with these new investment guidelines, which have become stricter in terms of sustainability aspects.
Outlook

The foundation continues, within its possibilities and in accordance with its mission, to promote sustainable tourism development. Tourism is one of the most important sectors of the global economy. In 2006, international tourism grew fast, due to the economic boom and increased consumer spending of private households related to it, and due to the opening of new markets. The development community has for a long time been warning of the undesirable impacts of tourism for many sections of the population in tourist destinations, and of its negative environmental impacts. Even Geoffrey Kent, Chairman of the World Travel & Tourism Council, recently noted that "the travel and tourism industry must manage growth responsibly and invest now for a sustainable future". NGOs and local groups in tourist destinations are increasingly involved in projects that work along the principles of sustainable tourism development. However, they often lack the financial means to implement their projects. By providing grants the foundation can directly contribute to the implementation of such initiatives in Switzerland and abroad, and can create awareness of tourism and development issues among the general public.

As a good yield on investments is expected in 2007, the Board earmarked a total of CHF 150,000.- in the foundation’s budget in order to support projects and organisations.

Annotations to the Financial Statement

As at 31/12/2006, the foundation’s assets amounted to CHF 7,002,780.-. While the revenues amounted to CHF 491,888.90 (including unrealised capital gains on securities) the expenses (including grants and unrealised capital losses on securities) were CHF 381,996.70. The books thus show a profit of CHF 109,892.20 in 2006. The net return on investment was 4.85 %. As at 31/12/2006, fixed-interest investments dominated, with a percentage of 71.7 % of total assets. The percentage of shares was 23.7 % while 4.6 % were liquid assets. The foundation’s investment policy is long-term and cautious, yet income-oriented. This is to ensure the long-term protection of assets, while grants are made from the return on investment, which also covers running operational and administrative costs.

The operational and administrative costs have increased to CHF 67,999.- in 2006 (from CHF 64,403.- in 2005). Had it not been for the extraordinary expenses caused by the complaint filed with the Supervisory Authority, the operational and administrative costs in 2006 would have been less than in 2005.

The capital gains realised from the sale of securities and the revenues from securities amount to CHF 251,659.30, which is within the budget.
Board of Directors
Hansjörg Ruf, President
Hans Ulrich Schudel, Vice President
Michael Andres, Treasurer
Esther Ineichen
Theodor Schmid (till 23/03/2006)

Auditors
Ernst & Young, auditors, Basle

Board Committees
Finance and Investment:
  Michael Andres
  Hansjörg Ruf
  Hans Ulrich Schudel

Funding:
  Esther Ineichen
  Hansjörg Ruf
  Theodor Schmid (till 23/03/2006)

Approved at the 29th Board meeting on 29th March, 2007