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ACTION MEMO FOR THE MISSION DIRECTOR

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THROUGH: Deputy Director, Stephen Wingert DATE: 09/11/90
FROM: C/OHRD, Richard Martin
SUBJECT: Limited Scope Grant Project Agreement (LSGPA) Amendment
for the Election System Support Project (520-0378)

Problem: Your approval is needed to amend the LSGPA with the Government of Guatemala's (GOG's) Supreme Electoral Tribunal (SET) in order to finance essential activities for the 1990 General Elections.

Background: On August 31, 1987, USAID/Guatemala entered into a LSGPA with the SET for \$600,000 with a PACD of September 30, 1988. The purpose of the agreement is to strengthen the capacity of the SET to prepare for and administer elections effectively. Specifically, the Grant was designed to assist SET with country-wide municipal elections in April 1988; and municipal, congressional and presidential elections in 1990 by financing commodities, training and consultant services.

This LSGPA has financed an IBM mainframe computer, software for storing and retrieving voter information, microfilm equipment, training and technical assistance. While this assistance successfully permitted SET to administer the April, 1988, municipal elections, it did not allow sufficient time to procure microfilming equipment required to preserve the original voter registration forms. Therefore, the Mission authorized an initial PACD extension until March 31, 1989. On February 9, 1989 the Mission again extended the PACD until September 30, 1989, to overcome additional delays in receiving the specifications for the microfilm equipment procurement.

On November 23, 1988, the Mission received a letter from SET requesting that USAID/Guatemala provide additional assistance for the 1990 General Elections. To comply with the SET's request, the

Mission programmed \$800,000 in FY 1989 funds in order to meet additional requirements, including the provision of security ballot paper; additional computer equipment for the central computer facility to accommodate hardware upgrade requirements; mini personal computers capable of communicating with the central computer facility to automate SET's municipal and departmental Boards of Elections; and, additional microfilm equipment and software to facilitate a microfilm recording and storage procedure to be interfaced with a computer image retrieval procedure. An amendment to the LSGPA was signed on June 26, 1989, bringing life of project funding to \$1,400,000 with subsequent PACD extension until December 30, 1990.

The security ballot paper and all equipment requested to date by the SET has been procured and, for the most part, all has arrived in country. Of the \$1,400,000 obligated, approximately \$926,000 has been committed, leaving an uncommitted balance of approximately \$474,000. This balance is due in part to a substantial savings realized in the recent procurement of security ballot paper.

Discussion:

Based on an oral report of 8/28/90 by a SET magistrate, SET requested a budget of Q22 million for 1990 -- Q8 million for normal operations and Q14 million for the elections. The Ministry of Finance agreed to Q19 million -- Q8 million for the regular budget and Q11 million for the elections. So far, SET has received a total of Q11 million. In addition, the recent rapid decline in the value of the quetzal has substantially increased the cost of election activities which must be funded with dollar resources. Due to those factors, the SET has requested a reprogramming of budget support from USAID/Guatemala in order to carry out the following activities: a training program for election officials; the procurement of additional commodities; a voter registration viewing room; vehicle rental for the international observer program; and, temporary observer program staff. In order to comply with the SET's request, the following changes in the LSGPA will be required:

1. Modify counterpart funding and fund related activity: Per Amendment No. 2 of the LSGPA, the GOG counterpart contribution was increased by \$550,000, to a total of \$750,000. The increase was to fund the training of Election Officials/Members of Departmental and Municipal Election Boards in voting procedures/managing election booths and to fund the paper-based data conversion of three million voter registration forms to microfilm media. Due to the vital

nature of the training of Election Officials, the USAID will fund this activity through a grant to the Center for Electoral Promotion and Assistance (CAPEL) using available funds under the LSGPA. The microfilm data conversion of historical data on to the new equipment is an activity which the SET will continue to fund with its own resources after the 1990 elections; however, this activity would not now be tied into the budget of the present LSGPA. Although the specific counterpart contribution for the above described training and microfilm activities would not be attributed as part of the counterpart contribution to the present LSGPA, the SET is providing Q11 million in its separate budget for elections, which reasonably should be considered counterpart for the activities now being funded under this LSGPA.

2. Fund additional Project activities: It was brought to the Mission's attention that some political parties were concerned that the voter registration lists, while technically accessible according to public law, in fact are not conveniently accessible due to the high cost of generating the list (approximately Q50,000 per copy). This concern was raised by OHRD at a meeting between the President of the SET and OHRD, after which the SET proposed establishing a voter registration viewing room at an estimated cost of \$40,000, in which political parties and the general public will have access to the voter registration list via computer screen. The Mission believes that this activity, which would involve local construction costs (for remodeling space already available within the SET computer compound) and procurement of additional computer equipment, would be an appropriate use of existing LSGPA resources.

The SET has requested twenty fax machines to be used in selected municipal capitals (16) and the Election Information Center (4) in order to facilitate the flow of information throughout the electoral process. This activity would also be funded using available remaining funds.

Finally, the SET has requested from USAID/Guatemala limited assistance (\$14,000) to provide transportation and temporary staff to attend to the observers during the voting process. As a covenant to Amendment No. 2 of the LSGPA, the SET was "to provide or cause to be provided the resources required for an international observer program, similar to the 1985 program, for the 1990 elections." The SET is providing funds to cover the observers associated with the "Tikal Group." It also is welcoming other international observers and press coverage with the understanding that the SET would coordinate all activities. As in 1985 and 1988, other observer groups,
funded

by A.I.D. and other sources, are expected. Therefore, the USAID believes that the SET is complying substantially with the covenant, and the \$14,000 in requested funding can be covered with available resources under the LSGPA.

3. Extend the PACD: Originally, the primary election was scheduled for October 28, 1990 and, if required, the run-off election was scheduled for December 15, 1990. Subsequent to our most recent PACD extension until December 30, 1990, the election schedule was changed. The first phase is now scheduled for November 11, 1990 and the run-off, if necessary, is scheduled for January 6, 1991. Because the Project already has had a cumulative extension totaling more than two years, the Mission will have to seek AID/Washington approval for an additional three month no-cost extension in order to allow for further collaboration with the SET, especially during the possible run-off phase, and to ensure that SET has developed adequate administrative procedures for use and maintenance of the commodities financed under the Project. A cable requesting the PACD extension is now being prepared. However, it is important to proceed with an amendment to the LSPGA at this time in order to reprogram existing resources, as noted above, and to initiate procurement.

The following is an illustrative breakdown of funding for the above-mentioned additional activities:

ACTIVITY	COST
a) Voter Registration	
Viewing Room	40,000
b) Fax Machines	15,000
c) Training Program	387,000
d) Observer Program	14,000
e) Contingency	18,000
T O T A L	\$474,000

Clarification:

Since this amendment does not involve an increase in the authorized life of project funding and all funds were authorized prior to the new policy on local procurement, STATE 276461 does not apply.

Authority:

As stated in Delegation of Authority No. 752, you may negotiate, execute and implement grant agreements and amendments for assistance to Guatemala.

Recommendation:

That you approve amending the LSGPA with the Government of Guatemala's Supreme Electoral Tribunal to allow the Project to fund essential election activities and to increase the counterpart contribution. Please indicate your approval of these actions by signing below and by signing Amendment No. 3 to the Limited Scope Grant Project Agreement with the Supreme Electoral Tribunal, attached hereto.

APPROVED: [Signature] Date: 9/20/90
Terrence J. Brown
Director, USAID/Guatemala

Attachment: Limited scope Grant Project Agreement, Amendment No. 3

Drafted by:
OHRD:ATuebner [Signature] Date 9/18/90

Cleared by:
OHRD:RWitherell [Signature] Date 9-18-90
C/OHRD:RMartin [Signature] Date 9-18-90
PDSO:JLombardo [Signature] (in draft) Date 09/12/90
PRM:DAdams [Signature] (in draft) Date 09/12/80
CONT:GByllesby [Signature] Date 9/18/90
DDIR:SWingert [Signature] Date 9/18/90