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ISN 73907

ACTION MEMORANDUM FOR THE MISSION DIRECTOR

Date: July 10, 1991

THROUGH: Donald W. Boyd, Acting Deputy Director  
FROM: Bambi Arellano, Chief/ODDT  
SUBJECT: Democratic Institutions Project (520-0398)

PROBLEM: Your approval is requested for: (1) the final draft of the Democratic Institutions (DI) Project Paper; (2) an increase in the authorized level of funding for the DI Project of \$3,310,000; (3) extension of the Project Assistance Completion Date (PACD) by one year; and (4) a Buy America Initiative Waiver in the amount of \$471,388, as detailed in a separate Action Memorandum attached for your concurrence.

BACKGROUND: The original draft of the Project Paper for the Democratic Institutions Project was prepared in the last quarter of FY 1990, shortly before Guatemala's national elections. Simultaneously, several potential implementing agencies forwarded unsolicited proposals to the USAID Mission requesting assistance for specific activities which would contribute to the democratic development of Guatemala, including: support for the general elections; an orientation course for the newly-elected Congress; and basic institutional strengthening for the Office of the Human Rights Ombudsman. Since these activities formed an integral part of the Democratic Institutions Project Strategy, but were to be implemented prior to the expected availability of FY 1991 funds, you proceeded to authorize Project 520-0398 at a funding level of \$600,000, on September 28, 1990. Once the new Government of Guatemala (GOG) took office in January 1991, negotiations for the remainder of the Project were resumed, and the draft Project Paper was up-dated to reflect the new political environment which had emerged after the national elections.

The Mission Executive Review Committee met and reviewed the up-dated version of the Project Paper on May 7 and 9. The Committee approved the Democratic Institutions Project Paper, subject to several decisions which were detailed in a Memorandum to you, dated May 29, 1991 (attached for your reference). Subsequently, following further negotiations with

the Guatemalan Congress, the Project design team met with you on June 21, 1991 to finalize the approach to be taken in implementing the Congressional component. As a result of each of these meetings, the following clarifications and changes were made to the Project Paper:

1. Project Design Strategy

Using the PP as a Detailed Strategy Document - The attached Project Paper takes into account and describes the dynamic environment in which democratic institutions operate. Where appropriate, a phased approach to planning and implementing activities has been designed, enabling the USAID to work collaboratively with counterpart institutions throughout the life of the Project (LOP), as well as to respond to special opportunities and circumstances as they emerge. As noted in the PP, the project description, financial plan and implementation strategy described therein should be viewed as setting the direction and parameters of USAID assistance under the Project, with more specific arrangements and items to be financed being detailed in future work plans and Action Memoranda.

2. Component One: The National Congress

a. Request for Assistance - A letter requesting A.I.D. assistance has been received from the Congress and included as an annex to the PP.

b. Negotiations - Further discussions with the Congress concluded that they are not yet ready to enter into a written agreement with USAID. Rather, it has been decided to implement initially a limited set of activities under this component. Approximately \$152,000 will be obligated through a Cooperative Agreement with the LAC Regional Project Consortium for a few critical activities, while the Congressional leadership initiates the necessary procedures to acquire additional budgetary allocations for their counterpart contribution to this component. This change alters the obligation schedule for the Project. Whereas it originally was planned to obligate \$2,000,000 before the end of the fiscal year, total obligations for FY'91 are now estimated at \$1,500,000.

c. Counterpart Contribution - At the request of the Mission Director, A.I.D. assistance and counterpart contribution levels will be re-evaluated as part of the negotiations for an expanded component. A 1:1 ratio of GOG contributions to A.I.D. funding will be sought.

d. **Memorandum of Understanding** - Once negotiations are completed on the full program with the National Congress, including their counterpart contribution, USAID will enter into a Memorandum of Understanding (MOU) with the President of the Congress. This document will be sent to the Legislature's plenary session for approval to ensure continuity and Congressional support over the life of the Project. USAID will act as the procurement agent for this component and obligate funds through direct contract(s).

e. **Legal Opinion** - The original concern with what type of legal opinion would be needed to attest to the validity of a Project Agreement with Congress is no longer relevant, given point c above.

f. **Implementation Arrangements** - The PP has been adjusted to reflect the preferred implementation mechanism(s) to be used for this component. USAID will either buy into the LAC Regional Project or procure the services competitively, pending the results of the initial work done with the Consortium. In either case, the U.S. Contractor will be expected to sub-contract with a local organization for in-country activities and expenses.

3. Component Two: Human Rights

a. **Obligating Document** - The Limited Scope Agreement USAID presently has with the OHRO will be folded into a Project Agreement. The target date for obligation is late August 1991.

b. **Financial Certification** - The original plan to finance the design and implementation of an accounting and administration system at the OHRO has been changed at the request of the Ombudsman. The OHRO will not handle A.I.D. funds.

4. Component Three: Public Awareness and Education

a. **Redesign** - This component has been adjusted to reflect a phased approach to implementing educational activities. Support will begin with testing and expanding OHRO's education programs, while research is conducted under component five on the ways and means of implementing civic education activities. If a feasible approach is developed, the Mission would consider additional funding as an amendment to this Project. Training for opinion leaders will begin immediately through the eight-month ESTNA

course; other plans to "develop linkages between local, sectoral and national leaders" have been put on hold until the completion of the updated CDSS in December 1991. The redesign of this component has shifted \$80,000 to component five to cover the civic education feasibility study. The remaining \$250,000 have been added to the human rights education sub-component.

b. **Procurement** - Because of the recent OHRO decision not to handle A.I.D. funds, USAID will competitively procure in one contract the services required to implement both the formal and non-formal human rights education programs. This procurement is included under the Buy America Initiative Waiver attached for your approval.

c. **ESTNA's Counterpart Contribution** - ESTNA'S recent demonstration of sufficient counterpart resources for its 1991 course has been included in the Project Paper. All necessary documentation to authorize and obligate the A.I.D. grant contribution of \$250,000 has been prepared and executed.

5. Components 4 & 5: Monitoring and Related Studies/Activities

**Implementation Arrangements** - Implementation of these two components will be combined into one U.S.-based institutional or IQC-like contract; a FY'92 obligation of funds is planned. It is expected that the U.S. contractor will sub-contract with a local group(s) for aspects of the monitoring component. This change is reflected in the Project Description, Implementation Arrangements, and Obligation Schedule for the Project. The new total for this contract is approximately \$726,000, including the \$80,000 shifted from component three.

6. Project Management/Implementation

**Management Work Plan** - Due to the evolving nature of project planning and implementation, a semi-annual implementation plan for the Project will be produced for review in conjunction with the SARs. The preparation of this plan has been incorporated into the scope of work for the U.S. PSC, and is reflected in the Implementation Arrangements section of the PP.

DISCUSSION: The PP attached for your approval does not change the basic goal of the Democratic Institutions Project, which is to strengthen the commitment by the GOG and the general population to democratic government. The purpose of the Project has been revised as follows: to institutionalize specific democratic processes in Guatemala. This will be accomplished by strengthening key democratic institutions and supporting programs oriented to improving public knowledge and attitudes about human rights and democratic practices. Whereas past A.I.D. efforts in this sector financed many of the physical elements of the system (i.e. computers, vehicles, reproduction equipment, etc.), the proposed Project focusses on helping key organizations move into an action mode so that they may more fully implement their institutional mandates. The five components of the Project, as well as administrative and evaluation support required for implementation, are summarized below.

#### Component One: The National Congress

The objective of the Congressional component is to strengthen the legislative capacity of the Guatemalan Congress. Four activity areas are proposed for attention, over the next several years: (a) strengthening the role and functions of the Deputies; (b) increasing the level of trained staff working permanently at the legislature; (c) augmenting the legislature's access to technical information; and (d) analyzing significant organizational issues. Central to each of these efforts is the reinforcement of the Congressional committee structure as the basic operational unit for the legislative process.

Future documentation will detail A.I.D. and counterpart inputs to this component. The small authorization level requested at this time will be used to support a few critical activities at the Congress during the next six months, such as training Deputies for the 1992 national budget review process.

Projected LOP A.I.D. Grant financing: \$1,512,000  
Amount previously authorized: -0-  
Recommended authorization level at this time: \$152,000

#### Component Two: Human Rights

The objective of the human rights component is to enhance the ability of the Human Rights Ombudsman Office (OHRO) to track and publicize cases of human rights violations, and to pressure other branches of government to deal appropriately with these

cases. Two basic activity areas will be supported: improved oversight of human rights investigations, and development of core organizational elements at the OHRO, including the installation of its remaining field offices. The A.I.D. contribution will cover the costs of short-term technical assistance, in-country training and workshops, modest computer enhancements, furniture and equipment for field offices. The GOG contribution will finance operational costs related to the implementation of component activities.

Projected LOP A.I.D. Grant financing: \$675,000

Amount previously authorized: \$341,000

Additional authorization recommended at this time: \$334,000

### Component Three: Public Awareness and Education

Public understanding and participation are critical variables in successfully strengthening democratic institutions. The objective of the third component is to assist in improving public knowledge and attitudes regarding human rights and democratic practices. This effort contains three major sub-components: (a) support to the OHRO's activities in human rights education; (b) development and implementation of formal and non-formal civic education programs; and (c) involvement of public and private sector opinion leaders in seminars and dialogue on democracy and development in Guatemala (Centro ESTNA).

A.I.D. grant financing will cover appropriate costs for technical assistance, materials development and reproduction, course design work and on-site training. The OHRO will provide all relevant operational costs to its education activities; ESTNA will provide a proportionately larger counterpart contribution each year to its annual course. Whereas \$250,000 was authorized and obligated for ESTNA's 1991 course, future obligations with ESTNA will be based on the submission of annual course plans and proof of sufficient counterpart contribution. The first stage of the civic education sub-component will be an analysis of the feasibility of implementing formal and non-formal programs in Guatemala. Due to the nature of this activity, it will be financed under Related Studies, Component Five of the Project.

#### Projected LOP A.I.D. Grant Financing:

OHRO	\$471,000
Civic	Pending results of feasibility study
ESTNA	\$870,000

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Amounts previously authorized:

OHRO	-0-	
Civic	-0-	
ESTNA	\$117,000	(New Deputies Orientation)
	\$250,000	(Authorization Amendment #1)

Additional authorization recommended at this time:

OHRO	\$471,000	
Civic	included under component five	
ESTNA	\$503,000	

Component Four: Monitoring Indicators of Democratic Development

The objective of this component is to generate useful information for assessing Guatemala's progress in consolidating democracy, and for determining the impact of A.I.D. assistance to this sector. Project funds will support the development and implementation of a democratic practices monitoring system for use by USAID during the life of the Project. The activities of this component will be competed in conjunction with those described under component five.

Projected LOP A.I.D. Grant financing: \$394,000

Amounts previously authorized: -0-

Recommended authorization level at this time: \$394,000

Component Five: Related Studies and Activities

The objective of the last component is to provide a modest amount of funds for assessments, exploratory studies, and small activities which represent a "target of opportunity" for democratic development in Guatemala (e.g. the support provided under the original Authorization of this Project for Guatemala's General Elections). Activities approved for funding under this component will fall under one of several categories: promotion of democracy under an existing A.I.D. project; exploration for future funding in democratic strengthening; and unexpected GOG initiatives which clearly further the cause of democracy in Guatemala. The periodic technical resources required by this component will be acquired through the same contractual mechanism developed for Component Four, above.

Projected LOP A.I.D. Grant financing: \$474,000

Amounts previously authorized:

Election Activities	\$142,000
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Recommended authorization level at this time: \$332,000

Project Administrative Support

The "management intensive" approach employed in this Project requires the following allocation of resources for USAID program management over a four year period - one U.S. PSC and a FSN staff composed of 1 project specialist, 1 program assistant, and 1 bilingual secretary.

Projected LOP A.I.D. Grant financing: \$770,000  
Amount previously authorized: -0-  
Recommended authorization level at this time: \$770,000

Evaluations and Audits

Projected LOP A.I.D. Grant financing: \$354,000  
Amount previously authorized: -0-  
Recommended authorization level at this time: \$354,000

Contingencies

Projected LOP A.I.D. Grant financing: \$480,000  
Amount previously authorized: -0-  
Recommended authorization level at this time: -0-

TOTAL AUTHORIZATION LEVEL RECOMMENDED: A total of \$6.0 million is budgetted for the A.I.D. Grant contribution to the Democratic Institutions Project. In addition to the \$600,000 authorized September 1990, you authorized \$250,000 on June 24, 1991 for Centro ESTNA's 1991 Course for Opinion Leaders. It is now recommended that you authorize an additional \$3,310,000 for the purposes of the Project, bringing the total amount authorized for Democratic Institutions to \$4,160,000. The remaining \$1,840,000 is pending the results of further negotiations with the Guatemalan National Congress and the feasibility studies financed under Component Five.

EXTENSION OF PACD: The proposed Project Paper does extend the Life of Project by one year to compensate for the time lost during the transfer of leadership in the Guatemalan Government. The new Project Assistance Completion Date (PACD) is September 30, 1995.

WAIVERS: A Buy America Initiative Waiver in the amount of \$471,388 is recommended, as detailed in a separate Action Memorandum attached for your concurrence.

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CONGRESSIONAL JUSTIFICATION AND FY 1991 BUDGET ALLOWANCES: A CN for the Democratic Institutions Project expired on December 28, 1990. A \$500,000 EHR apportionment for this Project was advised per State 173639, dated May 23, 1991. An additional \$1,500,000 ESF allotment was requested on June 10, 1991.

INITIAL ENVIRONMENTAL EXAMINATION: An initial environmental examination (IEE) for the Democratic Institutions Project was prepared and approved by the Mission Director on April 18, 1990. The IEE recommended a categorical exclusion requiring no further environmental review. This determination was approved by the LAC Deputy Environmental Officer on June 19, 1990, per LAC-IEE-90-31.

DELEGATION OF AUTHORITIES: Delegation of Authority (DOA) No. 752, dated December 16, 1988, permits the Mission Director to amend project authorizations which do not result in a total life of project funding of more than \$30 million, provided it does not represent significant policy issues, and does not require issuance of waivers by the A/AID or AA/LAC. Further, DOA No. 752 also authorizes the Mission Director to approve PACD extensions of up to two years for projects.

RECOMMENDATION: That you: (a) approve the Democratic Institutions Project Paper by signing this memorandum and the attached Project Data Sheet; (b) increase the LOP grant funding by \$3,310,000 and extend the PACD by one year to September 30, 1995, by signing the attached Project Authorization Amendment No. 2; and (c) approve a Buy America Initiative Waiver in the amount of \$471,388 for this Project by signing the attached Action Memorandum governing this action.

Approved: 

Disapproved: \_\_\_\_\_

Date: August 20, 1991

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Attachments:

Project Paper and Facesheet (for signature)  
Project Authorization Amendment 2 (for signature)  
Buy America Initiative Waiver (for signature)

Project Authorization and Action Memo (info)  
Memorandum of PP Review Decisions, dated May 29, 1991 (info)

Drafter: CABalsis, PDSO

CABalsis

7/10/91

Clearances:

JLombardo, DC/PDSO

JLombardo

7-19-91

RWitherell, ODDT

RWitherell

7/18/91

SDosh, AC/PRM

for CdeM

7/19/91

JMcAvoy, RCO

JMcAvoy

7/22/91

GByllesby, CONT

GByllesby

7/22/91

MWilliams, RLA

BY FAX (ATTACHED)

7/23/91

*S. J. Ry*

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# AGENCY FOR INTERNATIONAL DEVELOPMENT USAID/HONDURAS



Telephone 011-504-32-3120  
Telefax (504) 31-2776  
Telex 1593 USAID HO



TELEFAX CONTROL NUMBER \_\_\_\_\_

TO: Catherine Balsis  
OFFICE: PDSO - AID  
COUNTRY: Guatemala

FAX No. 502-7-311151  
DATE: July 23, 1991  
No. OF PAGES 1  
(Include cover sheet)

FROM: Michael J. Williams

OFFICE: RLA

TEXT:

This confirms that RLA has reviewed and cleared the following documents:

1. Authorization Amendment No. 2 for Democratic Institutions Project, No. 520-0398.
2. Action Memorandum accompanying Authorization Amendment No. 2 for the DI Project.
3. Action Memorandum proposing waiver under Buy America Initiative to authorize local cost financing and procurement for the DI Project.
4. Action Memorandum proposing one year PACD extension for PEBI Project, No. 520-0364.

Copies of the foregoing documents were contained in your FAX of July 19, 1991.

Michael J. Williams  
Regional Legal Advisor