

PD ABA 560
34987

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET		1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete Amendment Number	DOCUMENT CODE 3
2. COUNTRY/ENTITY LAC Regional		3. PROJECT NUMBER 596-0177	
4. BUREAU/OFFICE ROCAP		5. PROJECT TITLE (maximum 40 characters) Support for Partnership for Democracy & Development	
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 0 6 3 0 9 5		7. ESTIMATED DATE OF OBLIGATION (Under 'B', below, enter 1, 2, 3, or 4) A. Initial FY 9 2 B. Quarter 4 C. Final FY 9 2	

B. COSTS (\$000 OR EQUIVALENT \$1 = 000)

A. FUNDING SOURCE	FIRST FY 92			LIFE OF PROJECT		
	B. FX	C. L/C	D. TOTAL	E. FX	F. L/C	G. TOTAL
AID Appropriated Total						
(Grant)	(\$ 745)	()	(\$ 745)	(\$ 745)	()	(\$ 745)
(Loan)	()	()	()	()	()	()
Other U.S. 1.						
Other U.S. 2.						
Host Country						
Other Donor(s)						
TOTALS	\$ 745		\$ 745	\$ 745		\$ 745

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATION TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1 Grant	2 Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF						745		745	
(2)									
(3)									
(4)									
TOTALS						745		745	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To stimulate a multilateral effort to assist regional Central American trade and investment and democracy strengthening initiatives.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
 0 4 9 5

15. SOURCE/ORIGIN OF GOODS AND SERVICES

900 941 Local Other (specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a ___ page PP Amendment.)

17. APPROVED BY

Signature: *James H. Miller*

Title: Assistant Administrator
 Bureau for Latin America and the Caribbean

Date Signed: MM DD YY
 0 6 2 4 9 2

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY



JUN 23 1992

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, LAC

FROM: LAC/DR, Peter Bloom
LAC/CEN, Stacy Rhodes *WR*

SUBJECT: Authorization of Funding for the Support for
Partnership for Democracy and Development Project (PDD)
596-0177

PROBLEM: Your approval is requested to authorize: 1) funding not to exceed \$745,000 to support the Partnership for Democracy and Development (PDD) in the areas of Trade and Investment, Democratic Initiatives, and general support for a Plenary Session of the PDD. You are further requested to: 2) delegate to the Regional Office of Central American Programs (ROCAP) authority to approve and authorize the Trade and Investment Activities, as described below, not to exceed \$450,000 in support of the Partnership for Democracy and Development Project, and to: 3) delegate similar authority to USAID/Costa Rica/RAJO to approve and authorize the Administration of Justice Activities, not to exceed \$295,000.

BACKGROUND: Following a decade of conflict, Central America's now all-democratically elected governments are committed to consolidating peace, liberty, democracy and development in the region. In light of this positive evolution and constraints on official U.S. assistance, it becomes increasingly urgent to engage other donor involvement in this region. The Partnership for Democracy and Development in Central America (PDD) is a major U.S. foreign policy initiative, bringing together 22 OECD countries, Mexico, Venezuela and Colombia, various international organizations, and the Central American republics for the purpose of increasing multi-donor collaboration and assistance to Central America in two critical development sectors -- trade and investment, and democratic strengthening. A Trade and Investment Working Group co-chaired by Japan and Honduras, and a Democratic Working Group co-chaired by Canada and El Salvador have been established. The PDD will keep a focus on Central America and aims to assure most effective use of external resources to strengthen democratic institutions and economic development in the region.

Project Goal: To strengthen democracy and promote economic development in Central America.

Project Purpose: To stimulate a multilateral effort to assist regional Central American trade and investment and democracy initiatives.

Project Description: Within the themes of trade and investment and democratic strengthening, each working group has identified five or six priority areas of activity. Two countries, one from the OECD group, and one from Central America, have been designated to take the lead for each priority area. The lead countries will develop an assessment of current donor activities, a prioritized list of major needs, and pre-feasibility studies of the highest priority activities. The aim of each working group will then be to stimulate coordinated multi-donor support in these high priority areas.

The United States has agreed to play the lead role in two Trade and Investment Working Group activity areas: trade and investment statistics and information; and facilitating a regional trade and investment conference to be hosted by Honduras. Likewise, the U.S. has agreed to leadership roles in two Democratic Working Group activity areas: strengthening the administration of justice and encouraging the removal of land mines in the region. In addition to developing the assessments and studies for these areas of activity, the U.S. plans to contribute funds for implementation of these and other PDD activities. The U.S. will also assist the Government of El Salvador in hosting the Third Plenary Conference of the entire PDD membership to be held in San Salvador in October, 1992.

Funds contributed by the U.S. to the PDD are intended primarily to enhance the foreign policy dialogue and the coordination of donor programs in Central America, and to encourage the efforts of all partners to increase their commitment to the development of the region. \$1.0 million of FY 1992 ESF funds have been budgeted for the project. Since funds authorized for this project will be used by both ROCAP and USAID/Costa Rica to prepare final design and obligation documents, project development at this stage does not fully correspond to A.I.D.'s Handbook guidance for projects totalling over \$500,000. Nevertheless, funds will be obligated by ROCAP and USAID/Costa Rica based on detailed descriptions of activities both for design of project activities and for implementation of specific project elements. Overall responsibility for monitoring and managing this project will rest with the Director of LAC/CEN as the officially designated coordinator for A.I.D. support for the PDD. Project detailed design and contracting and obligation responsibility will rest with ROCAP and/or USAID/Costa Rica as delegated in this Action Memorandum.

Trade and Investment Activities:

Of these funds, approximately \$450,000 will be obligated by ROCAP to support Trade and Investment activities. These activities will be implemented by ROCAP, and fall into two general areas:

1. Trade and Investment Statistics and Information: ROCAP will lead a regional working group to explore mechanisms for improving collection and relevance and availability of regional trade and investment statistics and information for use by the private sector. Approximately \$245,000 will be used by ROCAP to cover expenses incurred in developing a regional Action Plan to be presented at the PDD Plenary Session in October, 1992 and to fund eventual A.I.D. participation in some of the proposed activities.

This Action Plan, which will be developed by ROCAP in the coming months, will identify weaknesses of existing regional agencies in data collection and information systems and will suggest training and technical assistance needed to improve these data bases. The Action Plan will be presented to the PDD membership at the October, 1992 Plenary Session for multi-donor participation. Activities funded by AID will be implemented through an amendment to an existing agreement ROCAP has with SIECA (the Permanent Secretariat for Central American Trade and Investment).

2. Regional Trade and Investment Conference: Working with co-chair, the Government of Honduras (GOH), ROCAP will also develop a scope of work and contract with a U.S. consultant to organize a regional trade and investment conference to be held in Honduras in March, 1993. The objective of this conference will be to improve the investment climate in Central America, stimulate foreign private investment from PDD countries in key infrastructure and productive sectors, and increase two-way trade between the region and PDD partners. Funds required for this purpose are estimated at \$165,000 for technical assistance and logistical support. Additional funding and support for this activity will be provided by the GOH.

Subject to your approval and authorization of overall funding, ROCAP will develop a detailed project description for the trade and investment statistics and information activity and approve it in the field.

3. Third Plenary Session of the PDD: ROCAP will play a lead role in organizing the Plenary Meeting of the PDD to be held in San Salvador in October, 1992. The United States is contributing approximately \$40,000 to support this meeting. ROCAP will develop a budget for this activity and will be responsible for all contracting and other implementation of these activities under its existing agreement with SIECA.

Democratic Initiatives Activities:

Two activities are envisioned under this heading: only the development of activities in the administration of justice are considered in this authorization. Support for regional demining

will be considered separately at such time as these activities are further developed.

4. Strengthening of Administration of Justice: USAID/Costa Rica and the Regional Administration of Justice Office (RAJO) will play lead roles in identifying administration of justice activities to be considered for funding by the PDD community. On approval of this authorization memo, LAC will make up to \$295,000 available to RAJO to identify priority activities, develop a description and budget for these activities for multi-donor support, and implement selected activities. USAID/Costa Rica/RAJO will determine whether obligation will be through a buy-in to a LAC/DI project, or to an existing USAID/RAJO project, for implementation of the activities. RAJO will be delegated responsibility for monitoring project activities.

5. Removal of Land Mines in the Region: Specific activities to be funded by the United States to support regional demining have yet to be identified, and therefore funding is not included for authorization at this time. The OAS General Assembly in Nassau directed the Secretary General of the OAS to establish a special fund to accept contributions and pledges from countries wishing to cooperate in mine-clearing operations in Central America. ARA/CEN and US/OAS will be working with the OAS and the Inter-American Defense Board (IADB) to develop a proposal in this area. Subject to future approval by AA/LAC, funds will be transferred from A.I.D. to the State Department and possibly on to the Organization of American States (OAS) for approved demining activities. If such a transfer is made, the Secretary General will be required to track use of U.S.G. funds and to submit reports to A.I.D. on the use of these funds. General oversight of these activities will be the responsibility of an appropriately designated office of the Department of State, in cooperation with A.I.D.. Up to \$255,000 is contemplated for these activities.

Other Activities:

PDD members have identified a total of eleven priority areas of interest to the donor community. These include (in Democratic Development) Administration of Justice, Legislative Processes, Human Rights, Electoral Institutions, Reintegration of Persons Affected by Civil Strife, and Demining. In the field of Economic Development, priority areas are Trade and Investment Statistics and Information, Trade and Investment Promotion, Development of Open Markets, Open Investment Environment, and a Regional Trade and Investment Conference.

In the spirit of the PDD, it is possible that the United States will support some of these other priority areas from the available funds authorized in this memo. Should this arise, a description of the activity to be supported and a detailed budget

will be prepared (1) by ROCAP, should the activity be under Economic Development; (2) by RAJO or ROCAP, if the activity is in the Democracy sector (depending on the nature of the activity); (3) by LAC/CEN if the activity falls under neither of the above sectors. The descriptive document will identify the appropriate implementing office, amount of funding, and funding mechanism. LAC/DR will organize a project committee to review the activity and recommend approval or disapproval to the AA/LAC.

Environmental Determination: The LAC Environmental Officer has approved a recommendation for a categorical exclusion of the activities described herein under A.I.D. environmental requirements.

Waivers: No waivers are anticipated at this time.

Discussion: In order to obligate funds for this project three actions are required by AID/Washington: (1) A Congressional Notification was submitted to Congress May 21 and expired without objection on June 4; (2) Your approval is required to delegate authority to ROCAP to develop and approve the Trade and Investment Activities and to USAID/Costa Rica/RAJO to develop and approve AOJ activities; (3) upon expiration of the CN, and on receipt of a detailed budget from ROCAP for the SIECA amendment, the LAC Bureau is requested to provide ROCAP with budget allowances from FY 92 funds currently identified for these activities, and to provide USAID/Costa Rica and RAJO with a budget allowance for design and implementation of administration of justice activities.

Subsequent to receipt of your delegation of authority, should you so approve, ROCAP and USAID/Costa Rica/RAJO will take the necessary action to obligate the funds allocated to them for PDD activities.

Authority: Delegation of Authority No. 400 (dated 8/16/91) provides the Associate Administrator for Operations (AA/OPS) with the authority to authorize project or non-project assistance, provided that the activity does not present significant policy issues or require waivers that may only be signed by the Administrator. Interim Reorganization Delegation of Authority No. 9 (dated 10/1/91) provides Assistant Administrators, for their respective areas of responsibility, all of the authorities delegated to the AA/OPS by the Administrator.

Recommendation:

(1) That you authorize the Support for the Partnership for Democracy and Development Project by signing the attached Authorization and Project Data Sheet.

(2) That you sign below, thereby delegating to ROCAP overall responsibility for the design, approval and implementation for the Trade and Investment Activities and USAID/Costa Rica/RAJO overall responsibility for the design and implementation of the AOJ activities described above. LAC/CEN will retain overall project management responsibilities consistent with its role as coordinator of PDD activities within A.I.D..

APPROVED: _____



DISAPPROVED: _____

DATE: JUN 24 1992

Attachments: Project Authorization
Project Data Sheet
Project Description: Trade and Investment
Project Description: Democracy Strengthening

PROJECT AUTHORIZATION

Name of Country: LAC Regional

Name of Project: Support for Partnership
for Democracy and
Development

Number of Project: 596-0177

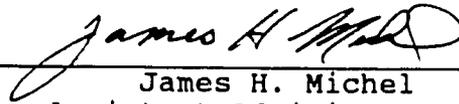
1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Support for Partnership for Democracy and Development Project for the Latin American and the Caribbean Region involving planned obligations of not to exceed \$745,000 in grant funds over a five-year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is five years from the date of initial obligation.

2. The purpose of the project is to stimulate a multilateral effort to assist regional Central American trade and investment and democracy initiatives. The project's major components are: trade and investment statistics and information; facilitation of a regional trade and investment conference; support for a Plenary Meeting of the PDD in El Salvador; and strengthening administration of justice throughout the region.

3. The Project Agreement(s) which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms and covenants and major conditions as A.I.D. may deem appropriate.

4. Source and Origin of Commodities, Nationality of
Services: Commodities financed by A.I.D. under the project shall have as their source and origin the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the United States as their place of nationality, except as A.I.D. may otherwise agree in writing. Local procurement, in accordance with the Agency's Buy American policies, is permitted.

Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.



James H. Michel
Assistant Administrator
Bureau for Latin America and the Caribbean

JUN 24 1992

LAC/CEN:KBaier:kw:06/10/92:AUTHMEMO

Clearances:

LAC/DR:JHradsky ~~_____~~
LAC/DPP:RMeehan ~~_____~~
LAC/DPP:EZallman ~~_____~~
GC/LAC:GWinter ~~_____~~
LAC/DI:WSchoux ~~_____~~
LAC/TI:MKeenan-Wood ~~_____~~
D/PDD:FCooper (draft) ~~_____~~
LAC/CEN:KBaier (draft)
ARA/CEN:GMcCulloch (draft)
USOAS:RNoriega (draft)

ANNEX A

PROJECT DESCRIPTION

TRADE AND INVESTMENT ACTIVITIES

SUPPORT FOR PARTNERSHIP FOR DEMOCRACY AND DEVELOPMENT (PDD)

1. INTRODUCTION

The idea of a broad-based multilateral partnership to support democracy and development in Central America was first proposed by Secretary of State Baker to the Central American Presidents in Antigua, Guatemala following their June, 1990 Summit meeting. After preliminary consultations and an exploratory meeting in Washington in November 1990, the Partnership for Democracy and Development (PDD) in Central America was formally launched on April 9-10, 1991, at an inaugural conference hosted by the Government of Costa Rica in San Jose. This forum brings together the OECD countries, the seven Central American countries (including Panama and Belize), the Latin American Group of Three (Mexico, Colombia and Venezuela) and various international organizations in a partnership to support the process of democratization and development in Central America.

The non-Central American participants in the PDD recognize that the Central American Presidents are committed to work jointly for the establishment of a firm and lasting peace, to strengthen democratic processes and institutions in the region, to obtain full respect for human rights, and to ultimately achieve the reconciliation of divided Central American societies. It is also recognized that Central American Presidents are strongly committed to overcome poverty in the region, to promote the achievement of sustainable economic development, and to move rapidly toward economic integration in the region.

Fundamental to the formation of the PDD is the fact that all Central American countries now enjoy democratically-elected governments. This fact creates an opportunity to bring an end to the existing conflicts, achieve national reconciliation and build a better economic future for the people of Central America. The Central American Presidents, through the Esquipulas process, have committed their nations to consolidate Central America as a region of peace, democracy and development. The PDD is a forum to widen and deepen external support for their efforts, and provides a mechanism to focus attention on the importance and the needs of this region at a time when an increasing number of countries seek international attention.

Since its launching in Costa Rica in April, 1991, the PDD Coordinating Committee established two working groups, one for democratic development and a second for economic development. In June, 1991 these working groups met; Costa Rica and Canada were

named initial co-chairs for democracy and El Salvador and Japan on economic development. The latter group decided to narrow its focus to regional issues of trade and investment. The co-chairmen produced valuable working papers containing policy ideas and suggestions for PDD support, and the Coordinating Committee met in New York in September, 1991, to prepare for the second Plenary meeting.

In a second Plenary Conference in Ottawa in January, 1992, priority areas within the two working group agendas were identified and endorsed for further PDD study and support. In March 1992 the trade and investment working group met in Tokyo, identified more specifically each trade and investment priority area, and set general guidelines for lead country responsibilities. The United States agreed to take the lead, under the trade and investment working group, for coordinating efforts to improve trade and investment information systems, and for facilitating a regional trade and investment conference. The United States has set aside \$450,000 of 1992 ESF funds to support efforts in these two areas, and to finance its participation in other activities under the trade and investment working group. These funds are intended primarily to realize our leadership role in the Partnership and to work with other Partners to encourage policy reforms by the Central Americans and increase trade and investment in the region.

2. PROJECT GOAL AND PURPOSE

The goal of the project is to strengthen democracy and to promote economic development in Central America.

The purpose of the Trade and Investment Activity is to stimulate a multilateral effort to assist Central American trade and investment.

3. PROJECT DESCRIPTION

3.1 SUMMARY DESCRIPTION

The Partnership for Democracy and Development (PDD) will promote multilateral interest and assistance to Central America in the area of trade and investment. The United States has agreed to play a lead donor role in two Trade and Investment Working Group activity areas: the development of systems for trade and investment statistics and information; and facilitating a regional trade and investment conference, to be hosted by Honduras. In addition to taking a lead role in these areas of activity, the United States may also contribute efforts and a very limited amount of funds to support other activities of the Trade and Investment Working Group. U.S. funds will work as "seed money", necessary to inspire increased interest and commitments by other partners and to give momentum to programs for which the U.S. has leadership responsibility.

The U.S. will also assist the Government of El Salvador in organizing and hosting the Third Plenary Conference of the entire PDD membership to be held in San Salvador in October, 1992, and support some of the costs of this meeting.

Trade and Investment activities will rely heavily on the support and leadership of A.I.D.'s Regional Office for Central American Programs (ROCAP) in advancing the PDD process in the region. Specifically, ROCAP will provide leadership in developing a trade and investment statistics/market information system for the region, as well as organizing the Trade and Investment Conference to be held in Honduras in early 1993. ROCAP, working through its regional agreement with SIECA (the Permanent Secretariat for Central American Economic Integration), will collaborate closely with Central American lead countries in these areas, Nicaragua for trade and investment information systems and Honduras for the trade and investment conference. ROCAP will coordinate with the Government of Honduras (Ministry of Economy) to set up the Trade and Investment Conference. Similarly, ROCAP will work with the Government of El Salvador in organizing the PDD Plenary Session in October, 1992.

Trade and Investment Statistics/Information Collection:

Activities to be funded under this component will include an inventory of existing statistics and market information systems, and an assessment of need and potential users. It will also include: working meetings with regional agencies involved in collection and documentation of trade and investment statistics and market information, identification of needs for technical assistance and training, provision of soft and hardware for data collection and analysis, visits to U.S. and regional institutions with model data bases, provision of short-term training and technical assistance.

ROCAP will prepare a detailed project description, including a work plan, and an estimated budget for project expenses. Final review and approval will take place at ROCAP. SIECA will have primary responsibility as a counterpart for project implementation, and project activities will be under the management of the ROCAP Senior Economist.

The major outputs of this activity will be: (1) preparation of a document identifying needs and proposing activities in existing regional systems for trade, investment and market information and statistics; (2) increased donor support for training, technical assistance and commodities to improve data collection and information management; and (3) the establishment of an improved statistics and information network which will be readily accessible by Central American users, especially business people (traders and investors). A longer-term output of this activity will be an improved regional capacity to collect and analyze trade and investment data, and to provide needed market information on a timely basis.

Trade and Investment Conference: ROCAP will also take the lead in preparations for the Trade and Investment Conference to be held in Honduras. Working with the Ministry of Economy of Honduras, LAC/TI, other appropriate U.S. agencies (e.g. OPIC, Dept. of Commerce) and contractors, ROCAP will identify companies from the U.S. and other PDD member countries interested in investing in or trading with Central America, focus on areas of mutual interest, develop an agenda, and promote this meeting, now scheduled for March, 1993. ROCAP will prepare a scope of work and solicit proposals from consultants to assist in preparation for the conference. Major outputs of the conference will be increased private sector investment in Central America, and increased Central American trade with PDD countries.

Third Plenary Session of the PDD: U.S. funds will also support some of the costs of organizing a Plenary Meeting of the PDD to be held in San Salvador in October, 1992. These actions will be the responsibility of ROCAP. Approximately \$40,000 will be reserved for the Conference, to be provided through SIECA, as the coordinating secretariat for Central American participation in the PDD Trade and Investment Conference.

3.2 REPORTS

SIECA will submit to ROCAP a semi-annual progress report for activities related to Trade and Investment Statistics and Information collection. ROCAP will communicate formally with SIECA regarding this project through Project Implementation Letters.

ROCAP will prepare a scope of work for organization of the Regional Trade and Investment Conference and solicit bids from contractors. The Contractor chosen to organize the Regional Trade and Investment Conference will submit a report to ROCAP within thirty days of contract signature detailing its work plan and budget.

3.3 BENEFICIARIES

The primary beneficiaries of the Project will be the Central American governments and citizens through their participation in a policy level dialogue on regional issues with OECD and other donor countries. Specific activities that result from the PDD will benefit international traders, consumers, and those employed by newly established firms, etc.

3.4 SUSTAINABILITY

The PDD fosters a multi-faceted network of relationships among Central American countries and a large group of partners, which should ultimately lead to less dependency on U.S. resources. By strengthening and developing such ties, the PDD hopes to provide a mechanism for attracting new, long term sources of funding and technical assistance to the region on a sustainable basis.

4.0 AUDITS AND EVALUATIONS

Pursuant to A.I.D. regulations and guidelines, the Project will be audited, as appropriate. ROCAP will conduct an in-house review/evaluation of the results of the project, as appropriate.

5.0 COST ESTIMATES

Illustrative project cost estimates are shown in Table 5-1. Project costs for Trade and Investment activities are estimated at U.S. \$450,000, and will be used to fund: (1) technical assistance (\$135,000 for Statistics and \$100,000 for Conference Preparation); (2) training (\$60,000 for Trade and Investment Statistics); (3) data services, subscriptions, software and hardware for information management (\$50,000); (4) logistical support for the Conference (\$65,000) and for the Plenary Session (\$40,000). Costs of audits and evaluations are included in the technical assistance; contingencies have been factored into the overall costs.

TABLE 5-1

PDD Trade and Investment Cost Estimates
(US\$)

<u>Training</u>	
Trade and Investment Statistics only	60,000
<u>Technical Assistance</u>	
Trade and Investment Statistics, Conference, other	235,000
<u>Commodities and Equipment</u>	
Subscriptions to data services, downloading fees, etc, as well as software and hardware for Statistics	50,000
<u>Logistical Support</u>	
Trade/Investment Conference	65,000
PDD Plenary	40,000
GRAND TOTAL	450,000

ANNEX B

PROJECT DESCRIPTION

DEMOCRACY STRENGTHENING ACTIVITIES

SUPPORT FOR PARTNERSHIP FOR DEMOCRACY AND DEVELOPMENT (PDD)

1. INTRODUCTION

The idea of a broad-based multilateral partnership to support democracy and development in Central America was first proposed by Secretary of State Baker to the Central American Presidents in Antigua, Guatemala following their June 1990 Summit meeting. After preliminary consultations and an exploratory meeting in Washington in November 1990, the Partnership for Democracy and Development (PDD) in Central America was formally launched on April 9-10, 1991, at an inaugural conference hosted by the Government of Costa Rica in San Jose. This forum brings together the OECD countries, the seven Central American countries (including Panama and Belize), the Latin American Group of Three (Mexico, Colombia and Venezuela) and various international organizations in a partnership to support the process of democratization and development in Central America.

The non-Central American participants in the PDD recognize that the Central American Presidents are committed to work jointly for the establishment of a firm and lasting peace, to strengthen democratic processes and institutions in the region, to obtain full respect for human rights, and to ultimately achieve the reconciliation of divided Central American societies. It is also recognized that Central American Presidents are strongly committed to overcome poverty in the region, to promote the achievement of sustainable economic development, and to move rapidly toward economic integration in the region.

Fundamental to the formation of the PDD is the fact that all Central American countries now enjoy democratically-elected governments. This fact creates an opportunity to bring an end to the existing conflicts, achieve national reconciliation and build a better economic future for the people of Central America. The Central American Presidents, through the Esquipulas process, have committed their nations to consolidate Central America as a region of peace, democracy and development. The PDD is a forum to widen and deepen external support for their efforts, and provides a mechanism to focus attention on the importance and the needs of this region at a time when an increasing number of countries seek international attention.

Since its launching in Costa Rica in April, 1991, the PDD Coordinating Committee established two working groups, one for democratic development and a second for economic development. In June, 1991 these working groups met; Costa Rica and Canada were

named initial co-chairs for democracy and El Salvador and Japan on economic development. The latter group decided to narrow its focus to regional issues of trade and investment. The co-chairmen produced valuable working papers containing policy ideas and suggestions for PDD support, and the Coordinating Committee met in New York in September, 1991, to prepare for the second Plenary meeting.

In a second Plenary Conference in Ottawa, in January, 1992, priority areas within the two working group agendas were identified and endorsed for further PDD study and support. Six priority areas were developed under democratic development: administration of justice, human rights, electoral organisms, legislative institutions, reintegration of those affected by internal conflicts, and removal and destruction of mines and other armaments. Of these areas, the United States will play a leadership role in strengthening administration of justice programs and in promoting a regional demining program. Canada, Japan, the European Community and the Nordics are taking the lead in the other democratic priority areas.

2. PROJECT GOAL AND PURPOSE

The goal of the project is to strengthen democracy and to promote economic development in Central America.

The purpose of the Democracy Strengthening Activities is to stimulate a multilateral effort to assist the PDD in designing and carrying out priority Administration of Justice projects and to support other priority democracy activities.

3. PROJECT DESCRIPTION

3.1. SUMMARY DESCRIPTION

The major focus of the PDD is to promote multilateral interest and assistance in the areas of democracy and development. This description focuses on priority areas within the scope of the Democratic Working Group, with an emphasis on activities to strengthen the Administration of Justice, in which the United States will take a lead role. Activities in other priority democracy areas (e.g. human rights, elections, demining) may also be supported with project funds.

PDD support for strengthening Administration of Justice (AOJ) activities will include gathering information on all existing bilateral and multilateral activities supporting AOJ in the region; identifying donor priorities for regional, multilateral actions; examining activities now proposed or being carried out by Central American countries and designing a proposal(s) for multi-lateral funding in the AOJ area, to be presented to the next PDD Plenary Session.

The AOJ component will rely heavily on the work of USAID/Costa Rica and the Regional Administration of Justice Office (RAJO) for support and leadership. RAJO, working closely with regional organizations such as ILANUD and with other PDD partners, will lead design activities for a multilateral project proposal.

USAID/Costa Rica/RAJO will proceed with the collection of information described above and prepare a project concept paper for multilaterally-supported donor activities in the area of Administration of Justice. USAID/CR/RAJO will also participate in other multilateral meetings focused on identified Central American priorities in democracy strengthening. The project proposal developed by the U.S. as lead donor for AOJ will be prepared for discussion at the next Plenary session of the PDD, and will identify appropriate funding mechanisms for U.S.G. support. A sum not to exceed \$295,000 will be allocated to USAID/Costa Rica to design and participate in such activities, in coordination with other PDD donor countries. Primary responsibility for monitoring project activities will be USAID/CR/RAJO's, in coordination with LAC/CEN, LAC/DI, and State's D/PDD.

The initial outputs of the AOJ activity will be: (1) a comprehensive list of donor and host country activities in Central American countries in the field of Administration of Justice, (2) identification of host country and regional needs and donor interests for further assistance in this area, (3) a proposal for multi-donor assistance in AOJ activities, (4) increased and more efficiently coordinated donor resources supporting democratic strengthening activities in Central America.

3.2 REPORTS

USAID/Costa Rica/RAJO will finalize, vet with other donors and revise the AOJ activity description prior to the San Salvador Plenary meeting. This will include a detailed description of proposed activities, and a budget of estimated costs of various activities. An effort to identify other priority Democracy Working Group activities, which could be supported by A.I.D. under the PDD, will also be made, in coordination with other lead donors responsible for other areas of democracy-strengthening.

3.3 BENEFICIARIES

The primary beneficiaries of the Project will be the Central American governments and citizens through their participation in a policy level dialogue on democracy issues with the U.S. OECD and other donor countries and organizations. Specific activities that result from the PDD will benefit the citizens touched by the justice, electoral and legislative systems of recipient countries.

3.4 SUSTAINABILITY

The PDD will foster a support network among Central American countries and a group of PDD partners, which will lead to less dependency on U.S. resources. By strengthening and diversifying ties between Central American countries and other donor nations, the PDD will create a means to attract long-term sources of funding and technical assistance to the region on a sustainable basis.

4.0 AUDITS AND EVALUATIONS

Pursuant to A.I.D. regulations and guidelines, the A.I.D.-funded activities in the Project proposal will include provision for annual audits and a final evaluation.

5.0 COST ESTIMATES

Project estimates are shown in Table 5-1. Total costs to develop and implement project activities should not exceed \$295,000. Design related costs are estimated at \$50,000 as follows: 1) Technical Assistance including related travel (\$25,000); 2) Equipment and Supplies (\$5,000); 3) Short-Term Training (\$15,000); and 4) Office Space and Secretarial Assistance (\$5,000).

U.S.G. support for all Democratic Working Group Project Activities are estimated at \$245,000 and will include technical assistance (estimated at \$100,000), training (approximately \$100,000), and equipment (\$45,000).

TABLE 5-1PDD DEMOCRACY STRENGTHENING
(US\$)

1. Project Development:

Technical Assistance \$25,000

Salary 10,000

Travel 10,000

Per Diem 5,000

Equipment and Supplies 5,000Office Space, Secretarial Assistance 5,000Short Term Training 15,000

SUB TOTAL 50,000

2. Project Activities:

Technical Assistance: \$100,000Training: 100,000Equipment: 45,000

GRAND TOTAL \$295,000