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MULTILATERALISM IN THE AMERICAS: LET'S START BY FIXING THE OAS

A REPORT

TO THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

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LETTER OF TRANSMITTAL

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC, January 26, 2010.

DEAR COLLEAGUE: United States interests are served in strengthening multilateral institutions on behalf of effective democratic governance in the Western Hemisphere. As the primary institution of the inter-American system, the Organization of American States (OAS) is crucial to such an effort. Yet the organization faces serious financial and political challenges that demand the attention and leadership of its member-states.

I directed my senior Senate Foreign Relations Committee (SFRC) staff member for Latin America, Carl Meacham, to examine these challenges in light of recent events. The OAS faces two primary challenges. First, in 2009, the OAS's abortive attempt to resolve the political crisis in Honduras exemplified its difficulty in addressing threats to democracy in their early stages, as previously observed in countries such as Venezuela and Nicaragua, where elected presidents have undermined democratic institutions. Second, following years of chronic budget difficulties, the OAS approved a 2010 budget that effectively depletes the organization's reserve funds, leading to an unsustainable financing shortfall. At the same time, the OAS is expected to address hundreds of new mandates generated at the Summits of the Americas and by the General Assembly.

This report, by Mr. Meacham with significant contributions from Kezia McKeague, is particularly timely given the upcoming election of the OAS Secretary General. It provides recommendations for the United States Government, which remains the organization's top donor. Yet I hope it will help stimulate a broader debate on the critical situation confronting the OAS, for multilateral institutions are only as strong as the commitment of their member-states. The OAS requires a renewed effort to make it effective and financially solvent in the coming decade.

I also wish to commend the OAS and the OAS-affiliated non-profit organization, the Pan American Development Foundation (PADF), for their important work in providing emergency humanitarian relief to the people of Haiti in the wake of the January 12 earthquake.

I hope you find this report helpful as the U.S. Congress considers how to advance U.S. interests in hemispheric affairs. I look forward to continuing to work with you on these issues, and I welcome any comments you may have.

Sincerely,

RICHARD G. LUGAR,
Ranking Member.

MULTILATERALISM IN THE AMERICAS: LET'S START BY FIXING THE OAS

INTRODUCTION

What is at stake with Honduras is nothing less than the credibility of the OAS and its members in living up to the call for the collective defense of democracy enshrined in the Charter.—ARTURO VALENZUELA, Assistant Secretary of State for Western Hemisphere Affairs[1]

The ongoing political challenges in Honduras continue to raise questions about the appropriate role of the Organization of American States (OAS) in U.S. foreign policy and in hemispheric affairs. As Assistant Secretary Valenzuela made clear in remarks to the Permanent Council of the OAS, the organization's credibility largely depends on how it responds to threats to democratic governance in the region. Despite the advances made since the end of the Cold War, including the Inter-American Democratic Charter, the Honduras case highlights the limitations of the OAS's capacity for preventing and responding to both coups d'état and the gradual erosion of democratic institutions by elected leaders.

Meanwhile, the OAS is facing a crisis much less understood by the media or the public: a financial shortfall coupled with a proliferation of mandates, which now total over 1,700.[2] With an operating budget that has stagnated for more than a decade, the organization is overstretched. Yet its member-states have failed to prioritize among competing programs, choosing instead to exhaust the organization's reserve funds.

Many of these limitations are inherent to a multilateral institution of 35 sovereign states. "The OAS is neither a self-contained nor self-executing entity," noted a former U.S. diplomat interviewed for this study. Instead, its various collective decision-making organs operate based on consensus in a diplomatic environment increasingly marked by ideological division. Moreover, the increased importance of sub regional bodies, such as the Rio Group and the newly established UNASUR, has sidelined the organization in the policy formulations of many of the region's most influential governments.[3]

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[1] Remarks at Closed Meeting of the Permanent Council of the Organization of American States by Arturo Valenzuela, Assistant Secretary, Bureau of Western Hemisphere Affairs, Washington, DC, November 23, 2009.

[2] A compendium of mandates from the last 3 years is available at http://lugar.senate.gov.

[3] The Rio Group is an organization of Latin American and some Caribbean states that was created in 1986. It does not have a secretariat or permanent body, and instead consists of annual summits of heads of state. Spearheaded by Brazil, the Union of South American States

Continued

Nevertheless, the OAS continues to play an essential role more than 60 years after its creation. It is the only regional institution that encompasses all the democracies in the Western Hemisphere, and it provides a multilateral forum for the United States to engage with Latin America and the Caribbean on issues of mutual concern. The organization's commonly acknowledged strengths include election monitoring, cooperation on counter-narcotics and counter-terrorism, and the protection of human rights through its two autonomous bodies, the Inter-American Commission and Court on Human Rights.

At the direction of Senator Lugar, this study examines the converging financial and political challenges now facing the OAS. Although it is beyond the scope of this report to consider the OAS's work in other core issue areas, the focus on financial stability and defense of democracy reflects the most pressing concerns for both the future of the organization and U.S. interests. In Washington, DC, staff met with the Secretary General of the OAS, José Miguel Insulza, and other senior OAS officials, the U.S. Mission to the OAS, current and former permanent representatives to the OAS, diplomats, and regional analysts (see Appendix I for complete list of meetings).

The first section of this report provides background on the structure and activities of the organization, while the observations section analyzes the OAS's dire financial situation and the challenges that face the OAS in defending democracy in the region. The final section develops policy recommendations for the United States Government (USG).

BACKGROUND

The OAS evolved from a series of Inter-American conferences that began in the 1820s and led to the creation of its predecessor, the Pan American Union, in 1910. In 1948, the United States and 20 Latin American nations signed the Charter of the Organization of American States in Bogotá, Colombia. The OAS has since expanded to include Canada and the Caribbean countries. According to the Charter, the essential purposes of the OAS are to strengthen the peace and security of the continent; promote and consolidate representative democracy; ensure the pacific settlement of disputes; and promote economic, social, and cultural development.

The annual General Assembly is the supreme policy-making organ of the OAS. It is composed of the delegations of each member-state, with each state having the right to one vote. It adopts its own rules of procedure, determines the structures and functions of the other OAS bodies, deliberates on current issues, sets the member-state contribution quota, approves the program-budget, and sets the standards that govern the General Secretariat. While the General Assembly tends to operate by consensus, it is empowered to adopt most decisions with the affirmative vote of an absolute majority of member-states. A two-thirds vote is necessary for

(UNASUR) is a more recent initiative, whose founding treaty was signed in 2008 by all twelve South American nations. Both the Rio Group and UNASUR exclude the United States.

certain decisions, such as the adoption of the agenda and the approval of budgetary matters.[4]

The Permanent Council meets regularly throughout the year at OAS headquarters in Washington, DC to conduct the day-to-day business of the organization. Like the General Assembly, the Permanent Council is composed of one representative of each member-state, with each state having one vote. A two-thirds vote is necessary for most Permanent Council decisions, though the Council tends to operate by consensus.[5]

While the General Assembly and Permanent Council set the policies of the OAS, the General Secretariat is the permanent body charged with implementing them. The General Secretariat is directed by the Secretary General and Assistant Secretary General, who are elected to five-year terms—with the possibility of one re-election-by the General Assembly. Under Chapter XVI of the OAS Charter, the Secretary General's formal powers include serving as legal representative of the organization, participating in all OAS meetings with a voice but without a vote, and establishing the offices and hiring the personnel necessary to implement the mandates given to the General Secretariat. Additionally, a 1988 amendment to the OAS Charter empowered the Secretary General to bring any matter that may threaten the peace and security of the hemisphere to the attention of the General Assembly or the Permanent Council.[6] The current Secretary General, José Miguel Insulza of Chile, was elected in 2005.

While the OAS dealt primarily with border disputes and collective security issues in its first years, it has steadily expanded its activities into a variety of other areas. The organization has identified four "pillars": democracy, human rights, security, and development.[7] On democracy promotion, in particular, the OAS has taken a much more active role since the end of the Cold War and the return to democratic governance in much of the hemisphere. In 1990, the organization created the Unit for the Promotion of Democracy, a specialized department for fostering democratic practices in the Americas.[8] In 1991, the General Assembly adopted Resolution 1080, which instructed the Secretary General to convoke the Permanent Council or the General Assembly in the event of an interruption of democratic governance among one of the OAS member-states. The following year, the Washington Protocol allowed the suspension of a member-state for the forceful overthrow of a democratically constituted government. The fourth and most important instrument, the Inter-American Democratic Charter, was adopted on September 11, 2001. Affirming the universal right to democratic governance, it provided a set of definitional criteria for representa-

[4] Meyer, Peter. Congressional Research Service Memo on Background on the Organization of American States. Requested by minority staff of the Senate Foreign Relations Committee. 31 August 2009.

[5] *Ibid.*

[6] Article 110, Chapter XVI.

[7] Organization of American States website: "What We Do." http://www.oas.org/en/about/what—we—do.asp

[8] The Unit for the Promotion of Democracy has since been merged into the Secretariat for Political Affairs, which is composed of three departments: State Modernization and Governance; Electoral Cooperation and Observation; and Democratic Sustainability and Special Missions.

tive democracy to be used as benchmarks in the collective defense of democracy in the Americas.

The OAS budget consists of three separate funds. The Regular Fund supports the General Secretariat and is primarily financed through member-state quotas, which are calculated based on gross national income, with adjustments for debt burden and low per capita income. The Regular Fund is divided into two Subfunds: the Operations Subfund and the Reserve Subfund. Another large portion of the OAS budget comes from specific funds, voluntary contributions that are directed to specific projects or programs. The OAS has collected specific funds since 1997 in order to supplement shortages in the Regular Fund. The final portion of the OAS budget is the Special Multilateral Fund of the Inter-American Council for Integral Development (FEMCIDI or Voluntary Fund), through which countries can contribute to the financing of national and multilateral development programs. The 2010 program-budget appropriated $178 million, of which $90.1 million come from the Regular Fund and $88 million from voluntary funds and contributions to specific projects. As the top source of funding, the USG is responsible for 59.47 percent of the member-state quota, totaling $47 million in FY2009. The USG also contributes an average of $20 million annually to specific and voluntary funds.[9]

OBSERVATIONS

Unfunded Mandates and Finances in Dire Condition

The OAS continues to face persistent budget difficulties. Until a modest increase in 2006, the regular fund had been straight-lined for over 10 years with no adjustment for inflation. Increases in non-discretionary costs have made it more difficult to carry out programs and made the OAS more reliant on voluntary contributions. Yet the organization's financial situation is even more dire today, according to information provided by OAS officials. For the past two years, the General Secretariat has increased expenditures by relying on the organization's Reserve Subfund without the expectation of member-states increasing their quotas. With the Reserve Subfund now depleted, the projected financing shortfall for 2011 is $9.6 million, leading to what one OAS official called "a cliffhanger."

At the same time, the OAS has been given an increasing number of mandates as the organization approved new documents like the Inter-American Democratic Charter and the Summits of the Americas Declarations and Plans of Action. For instance, the first four Summits alone produced almost 650 mandates addressing nearly every issue facing the nations of the hemisphere, while other mandates have originated from General Assembly resolutions. The U.S.-chaired Board of External Auditors, which is charged with examining the accounts of the General Secretariat, has identified approximately 1,700 existing mandates. Although some mandates do not require funding, many others have not been properly funded or fulfilled. Some analysts have suggested that the OAS's financial situation is partially a consequence of this broadened agenda, which led to a proliferation of committees, directorates, and con-

[9] According to OAS officials, the U.S. contribution to the overall OAS budget, including all specific funds, amounts to approximately 37.64 percent.

sultants that are largely unaccountable and only tangentially related to the organization's core mission.

As a result of financial difficulties in the region and a reluctance to adjust the country quotas, the OAS is unlikely to receive adequate financial support to either resolve its budget shortfall or to implement ever increasing mandates. According to some analysts, the organization's recurring budgetary crisis is "a demoralizing institutional weakness . . . [that] constrains the OAS's ability to establish priorities and plan ahead, to recruit and retain top level staff, conduct high quality programs, and initiate urgently needed activities."[10] Moreover, the OAS has deferred maintenance on its property and other tangible assets to the point that engineers have identified serious deficiencies in need of urgent repairs. These deficiencies endanger the health and safety of employees as well as the preservation of properties of historical significance.

In 2009, the Board of External Auditors advocated "the need for member-states to seriously challenge and reduce the number of mandates to a mutually agreed core of important work commensurate with the organization's founding principles and purposes." The task of prioritization, however, is complicated by the political nature of the OAS and the divergent interests of its member-states. Security challenges, for example, mean "crime in the street for Mexico and climate change for the Caribbean," as one permanent representative put it. Moreover, for some member-states the OAS is primarily a political organization that should focus on democracy and human rights, while others, including the Caribbean countries, many of which are not members of the Inter-American Development Bank (IDB), insist that development must remain an integral part of the OAS agenda. As a follow-up to their meeting with staff regarding this study, the Caribbean diplomatic delegations to the OAS sent a letter to Senator Lugar emphasizing the significance of OAS development programs to their interest in the OAS (letter attached in Appendix II).

If the OAS is to maintain the support of all member-states, it should examine its agenda "topic by topic, program by program, mandate by mandate" to determine which contribute to the viability of the organization as a whole, a permanent representative told staff. As Secretary General Insulza acknowledged in his inaugural speech, the OAS requires a "targeted agenda" and a greater linkage between mandates and the budget in order to become more effective. A positive step in this direction is the creation of a working group to determine member-states' priorities for the 2011 budget.[11] Moreover, according to OAS senior officials, the General Secretariat plans to move towards a results-based budget over the next two years that will emphasize outputs and outcomes. In December 2009, the Permanent Council adopted a resolution establishing a formal linkage between the annual formulation and adoption of

[10] Inter-American Dialogue, *Responding to the Hemisphere's Political Challenges: Report of the Inter-American Dialogue Task Force on the Organization of American States,* June 2006.

[11] The chair of the working group, Canadian Deputy Chief of Mission Pierre Giroux, has developed a mechanism for assigning points to the 35 different groupings that he has made of the voluminous number of OAS mandates. Delegations submitted their rankings in January 2010. The working group will deliberate over the member-states' submissions during the month of February and will present its report to the Permanent Council's Committee on Administrative and Budgetary Affairs (CAAP) during the first week of March. The report will serve as an input to draft the budget.

resolutions by the General Assembly and the budget and funding process of the OAS. The result should be a clear definition of the expected outcomes for each resolution adopted at the annual session of the General Assembly, an assessment of the cost of implementing the resolution, its formal incorporation into the budget process, and an identification of the funding source.

Despite these positive steps, the OAS will face a battle over budget cuts in 2010. With the Reserve Subfund exhausted, one permanent representative predicted "a train wreck," while another interviewee described "bloodletting" from an already lean budget. Clearly, the OAS can no longer postpone difficult decisions on the unsustainable gap between funding and mandates.

Selective Intervention in Defense of Democracy

As related in the background section, the OAS has strengthened its legal norms and procedures for the defense of democracy in the post-Cold War era. In practice, however, the OAS has not demonstrated consistency in its treatment of threats to democracy in the region. The OAS tends to act decisively in response to the illegal seizure of power through unconstitutional means, such as the clear-cut situation of a military coup. A distinct threat arises when democracy is eroded gradually through the abuse of constitutional powers by those who hold them; in these instances, the OAS has proven reluctant to act.

On paper, the Inter-American Democratic Charter differentiates between unconstitutional interruption and alteration.[12] Although these situations are not clearly defined, they are usually interpreted to denote traditional military coups (interruption) and the undermining of democratic institutions by elected officials (alteration). In the case of the latter threat, any member-state may request a meeting of the Permanent Council to assess the situation collectively and, if necessary, send a diplomatic mission "to foster the restoration of democracy" (Article 20 of the Democratic Charter). In the case of an unconstitutional interruption and the failure of diplomatic initiatives, a special session of the General Assembly may suspend the member-state from the OAS (Article 21 of the Democratic Charter). The impetus for these provisions stemmed from the OAS's experience in Peru, where President Alberto Fujimori's erosion of democratic institutions, culminating in electoral manipulation in his run for a third term in 2000, provided grounds for developing a capacity to address not only coup but also non-coup scenarios.[13]

The Democratic Charter also strengthened the preventive capacities of the organization by allowing the government of a member-state to request assistance of the Secretary General or Permanent Council when it "considers that its democratic institutional process or its legitimate exercise of power is at risk" (Article 17 of the Democratic Charter). In addition, "the Secretary General or the Permanent Council may, with the consent of the government con-

[12] Perina, Rubén. "The Role of the Organization of American States." *Protecting Democracy: International Responses.* Eds. Morton H. Halperin and Mirna Galic. Lanham, MD: Lexington Books, 2005. 127–171.

[13] Piccone, Theodore J. "International Mechanisms for Protecting Democracy." *Protecting Democracy: International Responses.* Eds. Morton H. Halperin and Mirna Galic. Lanham, MD: Lexington Books, 2005. 101–6.

cerned, arrange for visits or other actions to analyze the situation," and "adopt decisions for the preservation and strengthening of the democratic system" (Article 18 of the Democratic Charter). Up to and including the Peruvian political crisis in 2000, the OAS had been criticized for a "firefighter approach," focusing on extinguishing full-blown crises when they ignited rather than preventing them before they flared up.[14]

Since the implementation of the Democratic Charter in 2001, a special session of the General Assembly has convened only twice, in response to military overthrows in Venezuela in 2002 and Honduras in 2009. These crises revealed the shortcomings of the OAS's defense of democracy. In both cases, the OAS reacted forcefully to the democratic interruption, yet it had demonstrably failed to respond to the erosion of democratic institutions by elected presidents that preceded the coups.

In Venezuela, multiple signs of democratic weakening and political tension preceded the ouster of President Hugo Chávez on April 11, 2002. Yet the OAS did not take any preventive measures that might have encouraged the Venezuelan Government to foment dialogue rather than confrontation with its many powerful internal critics. Instead, domestic political turmoil continued to build, and following the violent breakup of a massive march on the presidential palace the military sided with a diverse coalition of political, civil society, and business leaders to seek the removal of President Chávez from power. The formula chosen to replace President Chávez clearly violated the Venezuelan constitution. Invoking the Democratic Charter, the Permanent Council condemned the coup, dispatched Secretary General César Gaviria to Caracas to investigate the situation and begin diplomatic efforts, and convoked a special session of the General Assembly.[15] By the time the General Assembly met, President Hugo Chávez had already been restored to power. In the wake of the crisis, the OAS was unable to obtain consent from the Venezuelan Government to maintain its presence on the ground until the political situation once again deteriorated in the last quarter of 2002.

As Secretary General Insulza wrote in a report to the Permanent Council in 2007, the Democratic Charter proved "ineffective in Venezuela in April 2002, when the OAS was unable to prevent the coup against the constitutional President, or to produce any resolution on the rupture of democracy before the country returned to normal."[16] The Venezuelan case illustrated the difficulties in sustaining preventive or follow-up diplomacy because of the Democratic Charter's requirement of "by invitation only." It also underscored the OAS's reliance on executive sovereignty; no branch of government other than the executive has invoked the Democratic Charter to prevent a breakdown of democracy. In many cases, however, the executive branch itself threatens democratic institutions.

In Honduras, a coup ousted President Manuel Zelaya on June 28, 2009, following months of escalating tension between the executive

[14] Cooper, Andrew F. and Thomas Legler. *Intervention Without Intervening: The OAS Defense and Promotion of Democracy in the Americas?* New York: Palgrave Macmillan, 2006.

[15] Former Colombian President César Gaviria served as Secretary General of the OAS from 1994 to 2004.

[16] The Inter-American Democratic Charter. Report of the Secretary General pursuant to resolutions AG/RES. 2154 and AG/RES. 2251. Presented to the Permanent Council. 4 April 2007.

branch and the rest of the Honduran Government. In March 2009, President Zelaya announced that he would conduct a referendum in June regarding the convocation of a constitutional assembly, provoking fears that he aimed to remove limits on presidential election and perpetuate himself in power. Nearly all Honduran political institutions reacted negatively to the proposed referendum, and the Honduran judiciary declared the proposal to be unconstitutional in late May 2009. Nonetheless, President Zelaya proceeded with the referendum, even after losing an appeal on June 16, 2009. As the political situation deteriorated, the OAS's response was limited. Secretary General Insulza sent a special envoy to Honduras on June 17, Raúl Alconada, and the Permanent Council issued a resolution on June 26 calling on all actors to "avoid a disruption of the constitutional order" and directing a Special Commission to visit Honduras. Public statements made by the Secretary General's envoy aggravated the situation as he appeared to endorse the ballot. The Commission, which was formed on June 27 and was scheduled to arrive on June 29, was canceled after the June 28 ouster.

Following President Zelaya's removal from office and the country, the Permanent Council adopted a resolution that condemned the "coup d'état"; demanded the immediate, safe, and unconditional return of President Zelaya to the presidency; declared that no government arising from the coup will be recognized; condemned all acts of violence; and called a special session of the OAS General Assembly. On July 1, the OAS General Assembly adopted a resolution that threatened to suspend Honduras from the organization if the de facto authorities of the country failed to allow President Zelaya to return to power within three days. On July 4, Secretary General Insulza briefed the OAS General Assembly on his consultations in Honduras, and the General Assembly unanimously voted to suspend Honduras in accordance with its previous resolution and Article 21 of the Democratic Charter. After the suspension, and in light of the OAS's inability to engage both sides, Costa Rican President Oscar Arias, with the support of the U.S. State Department, took the lead in negotiating an agreement between President Zelaya and de facto President Roberto Micheletti. Due to the breakdown of the subsequent accord, the OAS did not monitor the Honduran presidential election on November 29, though it continued to call for adherence to the accord.[17]

The swift and principled response to the coup highlighted unity among OAS member-states on the defense of democracy. As Assistant Secretary of State Valenzuela responded in his Questions for the Record submitted by Senator Lugar, "the unanimous condemnation of the disruption of the constitutional order in Honduras reaffirms the collective defense of democracy as a core principle and responsibility for all the nations of the Western Hemisphere."

[17] The so-called Tegucigalpa-San José Accord called for the formation of a national unity and reconciliation government, a congressional vote on President Zelaya's restitution to the presidency, and the creation of a verification commission to ensure the accord's implementation, among other provisions. Although a verification commission was created according to schedule, the government of national unity could not be formed due to President Zelaya's insistence that he should head it and then his refusal to present candidates to complement the list presented by de facto President Micheletti. The Honduran Congress, moreover, delayed for several weeks before finally announcing that it would consider Zelaya's reinstatement on December 2, three days after the presidential election on November 28. As a result, Zelaya declared the pact dead and urged his supporters to boycott the election.

Yet some analysts criticized the organization's punitive stance towards the de facto government for hardening positions on all sides and failing to foster dialogue between the relevant parties. "Speed trumped deliberation," one senior OAS official told staff. Furthermore, the association of the Secretary General with President Zelaya's abortive attempt to return to Honduras on July 5 damaged the image of the OAS as an honest broker. Regarding the 72-hour ultimatum for the restoration of President Zelaya, one permanent representative to the OAS argued to staff that "it was absurd to set those kinds of conditions 24 hours after the coup" and "the lesson is that the OAS should not rush to judgment." While other permanent representatives maintained that the OAS did everything it could with the tools provided by the Democratic Charter, they lamented that the OAS was left to only a supporting, rather than leading, role in attempting to resolve the crisis.

As in Venezuela, the Honduran crisis also highlighted the limitations of the OAS's capacity to prevent institutional ruptures. While political polarization and fragile institutions were among the long-term conditions that contributed to the crisis, even its immediate causes were evident well before the OAS became involved. Admittedly, as one OAS permanent representative described to staff, the OAS does not always receive proper credit for its "underground work, for preventative diplomacy is silent and very hard to sell." Nevertheless, the OAS has demonstrated decisive responses to traditional coups but relative passivity towards the gradual erosion of democracy, despite the relationship between these two threats, as illustrated by recent crises. In both Venezuela and Honduras, executive defiance of other government institutions provoked the breakdown of democratic rule.

A number of comparable situations exist in the region, including the persecution of the media in Venezuela and recent electoral fraud in Nicaragua. Because military coups have been relatively rare since the democratic wave of the 1980s and 90s, the greatest danger to democracy lies with elected officials who abuse their constitutional powers. Although the Democratic Charter provided a variety of tools for the OAS to address this threat, including authority for the Secretary General to engage a government directly, in practice, neither the Secretary General nor member-state governments have been willing to take any serious steps toward developing an effective early warning mechanism that does not depend on the invitation of a member-state.

RECOMMENDATIONS

Staff developed the following recommendations for the USG to ensure that the United States plays a constructive role in addressing the issues reviewed. If hemispheric democracy remains a long-term strategic benefit, then the USG should continue to advance its interest in improving the democracy promotion capacities and financial stability of the organization.

U.S. ideas and support are critical to this endeavor. The State Department's Bureau of Western Hemisphere Affairs should consult closely with the U.S. Mission to the OAS on policy formulation towards the hemisphere. The USG should also consider high-level consultations with regional governments to obtain their views on

improving OAS performance, establishing priorities for the organization, and expanding application of the Inter-American Democratic Charter. Without a conscious effort to formulate a systematic policy, the OAS could remain an afterthought for policymakers. Quiet diplomacy, however, should allow the USG to build coalitions on individual issues with like-minded governments.

Staff also cautions against two commonly-proposed reforms. First, the USG should not recommend abandoning the practice of consensus, despite its limitations, for the United States would wield less influence if the Permanent Council and General Assembly conducted a vote on every issue. Second, the Democratic Charter should not be reopened for negotiation. While subject to improvement, it provides important mechanisms to assess and directly respond to threats to democracy. Furthermore, the hemispheric unity on democracy that produced the document would be more difficult to attain today. Reforms to the Democratic Charter should be explored in the area of implementation only.

IMPROVING THE OAS'S FINANCIAL SUSTAINABILITY

Resolve the Financial Shortfall

Member-states confront the following options to address the $9.6 million shortfall in the 2011 budget: increase the assessed contributions by 12 percent, increase the contributions by a smaller percentage and cut lower priority activities and personnel, or, if assessed contributions are not increased, cut expenditures by a larger amount. The majority of member-states have stated that they will be unable to increase their assessed contributions by the 12 percent that would be required to meet the shortfall. Budget cuts therefore appear inevitable, at least in the short-term. Based on conversations with a wide group, staff concluded that several areas should be evaluated for possible cost-cutting measures.

Most importantly, the OAS needs to streamline services and merge programs wherever possible in order to achieve savings. For example, the Inter-American Children's Institute, located in Montevideo, Uruguay, creates the need for an administrative infrastructure and office space that could be accommodated at headquarters at a much lower cost. The Institute's current budget of approximately $1.2 million could therefore be reduced substantially.

Similarly, a considerable portion of the budget is allocated to field offices. A review should be made of the costs that could be reduced if the offices were abolished in those large countries that have not expressed an interest in keeping them. This would be a potential reduction of over $2.1 million of the overall $7.6 million allocated to the offices, even while maintaining the 21 offices in the Caribbean and Central American countries that have specifically requested preserving these offices for the provision of much-needed services.

Regarding the subsidies for non-profit organizations affiliated with the OAS, similar dependencies should receive equal treatment. For example, the Pan American Development Foundation (PADF) receives a subsidy of $131,000 but pays rent ($457,456) for the space it uses at the OAS building located on F Street in Washington, DC. The Trust for the Americas, however, receives $199,800

but does not pay rent. Both organizations should pay rent and receive the same subsidy currently provided to the PADF.

Regarding operations at headquarters, the Department of Special Legal Programs is located in the already bloated Secretariat for Legal Affairs and is tasked with responsibility for consumer protection and follow-up to the Inter-American Convention on the Elimination of All Forms of Discrimination against Persons with Disabilities. According to several missions to the OAS, the Department has not produced significant accomplishments in either area and could be eliminated in order to save $511,500. Moreover, the Secretariat for Multidimensional Security has three distinct departments responsible for programming as well as an office of the Executive Secretary, which does not conduct any programs and could be reduced to the Executive Secretary's salary, allowing for savings of $517,100.

Finally, a review of the OAS personnel roster reveals that there are 53 non-career positions of trust financed by the Regular Fund. Any reduction of personnel due to the financial shortfall should focus on this category, particularly from the ranks of advisers, rather than line authority positions, such as Department directors.

Support a Comprehensive Review of Mandates

The recommendations detailed above represent examples of viable reductions to address the deficit forecast for 2011. An informed decision on budget cuts, however, must rely on a comprehensive evaluation of all the mandates given to the organization. This assessment is currently being undertaken by member-state delegations, and the results should guide the General Secretariat in its drafting of the 2011 budget to be approved at the 2010 General Assembly.

Staff recommends that the USG strongly support this priority-setting process, assessing which mandates should continue to receive funding as well as establishing its own criteria to allocate the specific funds it provides to the OAS. As the Chair of the Working Group on the Review of OAS Programs wrote to the Permanent Council, OAS member-states must prioritize among "competing goals, competing objectives, competing outputs" in the face of limited resources.[18] This process will not eliminate the need for a political negotiation on allocations, but it should assist the organization in making informed choices. The ultimate objective should be to focus the OAS on its core mandates and strengths.

In addition, the review of mandates should contribute to decisions on the OAS's long-term financial stability. Member-states will need to choose between reducing the number of mandates or increasing funding in order to place the organization on sound financial footing as well as enhance its credibility, which has been damaged by the large number of mandates that remain unfulfilled. The USG should not propose any funding increases until the OAS successfully defines priorities and makes better use of results-based budgeting to link strategic objectives with expected results and indicators. In the medium-term, the USG could also assess the viabil-

[18] Priority Setting Process. Presented by the Chair of the Working Group on the Review of OAS Programs. Permanent Council of the Organization of American States. CAAP/GT/RVPP–3/09 rev. 1 add. 1. 16 October 2009.

ity of capping its quota contribution at 49 percent of the Regular Fund in order to encourage other countries to take a greater financial responsibility and thus become more vested in the future of the organization.

Promote Responsible Use and Replenishment of Reserve Subfund

Regarding future budget decisions, the USG should advocate adherence to Article 72(b) of the General Standards to Govern the Operations of the General Secretariat, which regulates the use of the Reserve Subfund (see Appendix III). According to these standards, "the amount of this Subfund shall be 30 percent of the total of the annual quotas of the Member States" and it "may be used only on a *temporary basis*" to cover liquidity shortages, "pending full receipt of the anticipated income," or financing shortages (italics added). In the latter case, Article 72(b) requires the restoration of funds by way of an equivalent appropriation in the following year's program-budget. In recent years, however, the General Secretariat and the member-states have failed to abide by this payback provision, instead continually relying on the Reserve Subfund to resolve financing shortages while postponing difficult prioritizing decisions.

Without a Reserve Subfund, the OAS will be unprepared for any period of illiquidity in the Regular Fund, which it has faced in the past when quota payments have not been received as scheduled. The USG should press for replenishment of the Reserve Subfund as well as for its responsible future use.

Promote a Fundraising Strategy for Maintenance of OAS Buildings

According to reports commissioned by the General Secretariat in the past two years, six specific and urgent problems in the Main Building and the General Secretariat Building represent an imminent threat to health and safety and require immediate repair. The latest report concludes that immediate repairs will cost approximately $6 million, while the overall cost of renovating the 100-year-old headquarters building and other properties is an estimated $40 million. As a result, the OAS Committee on Administrative and Budgetary Reform authorized $1,034,000 from existing resources in September 2009 to undertake urgent structural repairs in OAS buildings. The 2010 program-budget also instructed "the General Secretariat to prepare a fundraising strategy for facility of building issues including urgent repairs and preservation of historic buildings." The USG should assist the General Secretariat in implementing a fundraising campaign for this purpose.[19]

MAKING THE OAS AN EFFECTIVE DEFENDER OF REGIONAL DEMOCRACY

Encourage the Secretary General to Make Full Use of the Powers of the Office

As described in the observations section, the Democratic Charter has given the Secretary General new and broader diplomatic responsibilities, allowing him to act with greater autonomy in the de-

[19] Program-Budget of the Regular Fund of the Organization for 2010, Quota Assessments and Contributions to FEMCIDI for 2010. AG/RES. 1 (XXXVIII–E/09). 30 September 2009.

fense and promotion of democracy. Although he remains accountable to member-states, the Secretary General may convoke OAS meetings on critical topics, use his "bully pulpit" and access to the region's leaders, and offer his good offices to resolve crises. According to Assistant Secretary of State Valenzuela, "as the elected leader and spokesman for the OAS, he [the Secretary General] does have certain autonomy and ability to shape the agenda."[20]

The USG should continue to encourage the Secretary General to make full use of both his formal and informal powers to exercise consistent leadership in protecting democracy in the region. "If an able diplomat, the Secretary General can play an effective 'soft power' role even without the permission of the country in question," one think tank analyst commented to staff. One permanent representative interviewed for this study called for greater communication and shared leadership between the General Secretariat and the Permanent Council, although he recognized that the Secretary General should not be absolutely bound by the commands of the Permanent Council representatives. Indeed, the General Assembly elects the Secretary General with the clear expectation of leadership based on experience and access to member-state governments. Full use of the Secretary-General's powers could ameliorate crisis situations as well as call attention to cases of democratic erosion in the region.

Support A Strengthened Role for the Inter-American Commission on Human Rights

The Inter-American Commission on Human Rights (IACHR) is an autonomous organ of the OAS and one of the two bodies charged with the promotion and protection of human rights in the hemisphere. Composed of seven members who are elected by the OAS General Assembly, the IACHR receives, analyzes, and investigates alleged human rights abuses. It also publishes reports on the human rights situations in individual countries and submits cases to the Inter-American Court on Human Rights. According to the Rules of Procedure of the IACHR, the Commission may create rapporteurships to assist in the promotion and protection of human rights in relation to certain thematic issues. The rapporteurships may be assigned to members of the Commission, or to outside individuals, in which case they are designated special rapporteurs. The rapporteurs report their findings to the Commission on at least an annual basis.[21]

The USG should assess the viability of individually presenting the reports prepared by the rapporteurs to the OAS Permanent Council and General Assembly. The IACHR already provides annual reports to both bodies, noting which countries' human rights situations deserve special attention, follow-up, and monitoring. By permitting the timely submission of individual reports to the polit-

[20] Questions for the Record Submitted to Assistant Secretary—Designate Arturo Valenzuela by Senator Richard Lugar (#19), Senate Foreign Relations Committee, July 8, 2009

[21] There are currently six thematic rapporteurships and one special rapporteurship: the Rapporteurship on the Rights of Women; the Rapporteurship on the Rights of Migrant Workers and Their Families; the Rapporteurship on the Rights of the Child; the Unit for Human Rights Defenders; the Rapporteurship on the Rights of Indigenous Peoples; the Rapporteurship on the Rights of Persons Deprived of Liberty; the Rapporteurship on the Rights of Afro-Descendants and Against Racial Discrimination; and the Special Rapporteurship for Freedom of Expression.

ical bodies, the OAS would strengthen the role of the rapporteurs in protecting essential elements of representative democracy. All too often the findings of the IACHR and the agenda of the Permanent Council diverge to the detriment of both democracy and the respect of human rights in the hemisphere.

The USG should also encourage the IACHR to develop cross-country comparisons that could be used to create a comprehensive index on democratic indicators in each country of the hemisphere. Similar to the UN Human Development Index, such an index could serve as a warning mechanism with respect to democratic erosion by elected leaders. Although several member-states have indicated the need for periodic evaluation of the quality of democracy in the region, many other member-states would likely oppose a monitoring mechanism conducted by the General Secretariat as counter to the principle of nonintervention. An expansion of existing monitoring mechanisms by the well-respected IACHR would be a more effective alternative.

Maintain and Strengthen the Role of the OAS as the Principal Agency of Electoral Observation in the Americas

The OAS is widely regarded as the leading election observation organization in the hemisphere. Since 1962 and particularly following the creation of the Unit for Democracy Promotion in 1990 (followed by the Secretariat for Political Affairs in 2006), the OAS has successfully observed presidential, legislative, and special elections throughout the region. As representatives of a multilateral institution, OAS observers are often able to establish closer relationships with and gain greater access to political and electoral institutions than other observer groups. In addition, the OAS has the institutional capacity to organize larger electoral missions and maintain observers on the ground longer than other organizations.[22] Nevertheless, this cornerstone of the organization's democracy-promoting operations is funded precariously by voluntary contributions instead of a permanent fund.

The USG should explore the viability of supporting electoral observations with a standing fund adequate to finance the full range of activities required for electoral monitoring. Such a fund would permit the advance planning required for election observers to start their work in early phases of the electoral process, such as registration and campaigning, which often prove vital for deterring or exposing fraud.[23] In addition, the USG should encourage the OAS's Department for State Modernization and Good Governance to formulate a results-based and comprehensive work-plan to strengthen the role of the OAS on decentralization, transparency, and institution-building, among other governance issues. This effort could provide a means to help strengthen the capacity of the OAS to be proactive, rather than reactive, in defense of democracy.

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[22] United States Permanent Mission to the Organization of American States, http://www.usoas.usmission.gov/democracy.html

[23] Inter-American Dialogue, *Responding to the Hemisphere's Political Challenges: Report of the Inter-American Dialogue Task Force on the Organization of American States,* June 2006.

Promote Consultation With All Branches of Government and With Civil Society

The Democratic Charter allows "the government concerned" to invoke the Democratic Charter to prevent a breakdown of democracy. In practice, however, no branch of government other than the executive has turned to the OAS to denounce the disruption or erosion of democracy. If the executive branch itself is threatening democratic institutions, then the Permanent Council only takes action after the rupture has occurred. As Secretary General Insulza wrote in a report to the Permanent Council, the effectiveness of the Democratic Charter is "seriously limited when only the executive can use it to defend a democracy."[24]

The USG should encourage other branches of government to request action by the Permanent Council. It will be up to the Permanent Council to determine whether the complaint is valid, but the term "government" should not be restricted to the executive branch. The OAS would be further strengthened if the Democratic Charter is invoked before an institutional breakdown, in cases in which there is a clear erosion of the democratic process. Until now, Resolution 1080 and the Democratic Charter have been invoked only after an institutional breakdown, reducing their preventive value. In part, their invocation has been hindered by the traditional reliance on consensus, which allows the affected country or its allies to block a decision. Although staff recommends maintaining the practice of consensus decision making, the OAS could explore the possibility of creating an exceptional mechanism for voting on application of the Democratic Charter.

In addition, the USG should continue to support and strengthen the participation of civil society organizations in OAS activities. Civil society participation has already increased in the past ten years; attendance at the General Assembly and the Summits of the Americas is significant, and many human rights groups work with the Inter-American Commission on Human Rights. Nevertheless, according to an NGO representative, "the vast majority of groups in the region remain disengaged from OAS initiatives," in part due to the obstacles posed by the complexities of the OAS system for small or emerging organizations, as well as to the effective "veto" power wielded by certain OAS member-states over applications submitted by civil society organizations to the Committee on Inter-American Summits Management and Civil Society Participation in OAS Activities (CISC). The USG should encourage programs that promote better understanding between the OAS and civil society. It should also assess the viability of creating a permanent and institutionalized mechanism for civil society consultations that could guarantee the right to a voice for non-governmental actors.

CONCLUSION

The OAS has a significant role to play in the Americas, especially regarding the strengthening of democracy, respect for human rights, and promotion of human development. In the final analysis, the OAS will be judged by its ability to act effectively in line with

[24] The Inter-American Democratic Charter. Report of the Secretary General pursuant to resolutions AG/RES. 2154 and AG/RES. 2251. Presented to the Permanent Council. 4 April 2007.

its doctrinal commitment to the defense of democracy. As a former U.S. Permanent Representative to the OAS stated, "Let's face it, when people think of the OAS, they don't think of all of the services it provides around the region, they assess its value based on whether the organization promotes democracy effectively, nothing more, nothing less." Unfortunately, the OAS is faltering in this endeavor. If more governments in the hemisphere become less democratic, the OAS will be even less capable of collectively enforcing the procedures for defending democracy.

Exacerbating these challenges is the dire financial condition of the organization. In part, this is the result of years of financial mismanagement and a proliferation of unfunded mandates, dating back to the organization's inception, which has undermined the OAS's ability to realize its core mission and strengthen its organizational integrity. This issue can no longer be ignored.

Finally, the organization must address the crucial issue of leadership. Upon taking office in May 2005, Secretary General Insulza pledged to "make the OAS a more effective institution with a targeted agenda." He also aimed to strengthen the organization's political relevance and its capacity for action. After initial high hopes, these challenges have not been met.

Instead, Insulza has been repeatedly accused of demonstrating more interest in his political fortunes in his native Chile. Further complicating the political environment for Insulza were statements made by President-elect of Chile, Sebastián Piñera, who, during the later stages of his campaign in January 2010, said he was unsure whether he would support Insulza as continuing head of the OAS when the diplomat faces reelection later this year. Insulza returned to Chile several times during the presidential campaign to speak publicly in favor of Piñera's opponent, Eduardo Frei, and participate in political rallies in his support.

Most recently, Secretary General Insulza has called for a special session of the General Assembly to conduct his reelection in March 2010, thus allowing for a transition period before his term expires in May. Although no set date exists for elections, this is an appropriate time to regularize the process, so that, except in extraordinary circumstances, elections take place at the annual General Assembly. A special session would incur significant costs for the organization and prevent the return to a normal election cycle.

Furthermore, any reelection should involve a deliberative evaluation of the incumbent's first term in office. As suggested by a General Assembly resolution proposed by Argentina and passed in June 2005, an opportunity should be provided for candidates to give a public presentation to the Permanent Council on their proposals and initiatives prior to the election (see Appendix IV).

For the sake of the organization, it is essential for member governments to appreciate the importance of this leadership position and the qualities an aspirant must possess. Given the challenges described in this report, no reelection should be rushed or rubber stamped.

APPENDIXES

Appendix I

MEETINGS WITH INDIVIDUALS IN WASHINGTON, DC

Organization of American States

JOSÉ MIGUEL INSULZA, Secretary General
ALBERT RAMDIN, Assistant Secretary General
FRANK AMALGUER, Secretary for Administration and Finance
ADAM BLACKWELL, Secretary for External Relations
LINDA EDDLEMAN, Senior Advisor to the Secretary General
DALE CROWELL, Specialist, Secretariat for External Relations
ALFONSO QUIÑONEZ, Executive Secretary for Integral Development

United States Mission to the Organization of American States

CARMEN LOMELLIN, U.S. Permanent Representative
W. LEWIS AMSELEM, former Acting U.S. Permanent Representative
JOHN MAISTO, former U.S. Permanent Representative
HECTOR MORALES, former U.S. Permanent Representative

Other Permanent Representatives to the Organization of American States

GUSTAVO ALBIN, Mexico
CARICOM CAUCUS
GRAEME CLARK, Canada
GUILLERMO COCHEZ, Panama
MÁRCA MARO DA SILVA, Minister-Counselor, Brazil
PEDRO OYARCE, Chile
FRANCISCO PROAÑO, Ecuador
JORGE SKINNER-KLEE, Guatemala

Think Tanks and NGOs

JAIME DAREMBLUM, Hudson Institute
VIVIANA GIACAMAN, Freedom House
PETER HAKIM, Inter-American Dialogue
TED PICCONE, Brookings Institution
MARK SCHNEIDER, International Crisis Group

Correspondence via e-mail

FERNANDO CEPEDA, former Colombian Permanent Representative to the OAS

LUIGI EINAUDI, former Acting Secretary General and Assistant Secretary General of the OAS

JOHN GRAHAM, Canadian Foundation for the Americas

VIRON VAKY, former U.S. diplomat

Appendix II

EMBASSY OF THE REPUBLIC OF GUYANA

December 22, 2009.

Hon. Richard Lugar,
U.S. Senate Committee on Foreign Relations,
Washington, DC.

DEAR SENATOR LUGAR: In keeping with the process which you had initiated through the Secretary-General of the OAS, Mr. José Miguel Insulza, to study the current challenges being faced by the Organization including its budget, its core mandates and its record in responding to threats to democratic governance, CARICOM Permanent Missions to the OAS were pleased to have shared our views with the Senate Foreign Relations Committee. We trust that when we held discussions with the Committee's appointee, Mr. Carl Meacham, on November 12th, our perspectives on the issues were informative and productive.

Our countries subscribe to the fact that the Organization of American States is the primary instrument for political dialogue and consultation within the hemisphere—the most vital edifice in the hemispheric architecture of the establishment and maintenance of peace and democracy in our region. All member states recognize that the process of multilateralism has a bearing on the potency of the Organization's decisions, but none would dispute the validity of the OAS and its accomplishments in the maintenance of security and stability and in the promotion of democracy and human rights in the Americas. That the purpose of the OAS is to serve the interests of all its members equally, be they large or small, developed or underdeveloped, is a matter of fundamental interest to CARICOM. Our countries have furthered their commitment to integration, democracy, security and stability in the hemisphere individually and collectively over the years through the OAS. CARICOM is convinced that a strong and effective OAS is in the collective interest of all its members.

As the Foreign Relations Committee is aware, the OAS has been assigned by our Heads of Government to implement the mandates of the Summit of the Americas. The Organization is also vested with responsibilities to foster Integral Development among its member states. The instruments of the Organization address the barriers which poverty, underdevelopment and insecurity pose in the attainment of democracy, stability, human rights and good governance in the region. Consequently, the development agenda of the OAS is a matter of great importance in the countries of

CARICOM who are Small Island Development States in the thralls of Multidimensional Threats ot Security.

Vulnerable states in the region run the risk of their democratic foundations being undermined through social and economic underdevelopment. Addressing this situation ought to be a matter of priority for the region so that serious problems including crime, insecurity and instability being faced by most of our countries can be tackled effectively. Given the prevailing limitations with funding for development we believe that at this time the OAS requires the solidarity and support of all of its members. We are certain that other member states and sub-regions of the Organization recognize that it is within our collective interests and responsibilities not to diminish the effectiveness of the OAS as an agency for development.

We appreciate the exercise upon which the Foreign Relations Committee has embarked and we appreciate being able to bring these matters to the Committee's attention. We take the opportunity to acknowledge and express our appreciation for the enormous contributions which the United States has made to the Organization over the years and which have contributed in no small measure to the pursuit of our common ideals and aspirations. We trust that the Committee would continue to value the role and performance of the Organization and would continue to lend its support wherever necessary.

We congratulate the United States Senate for its interest in strengthening the role of the Organization of American States in hemispheric affairs. We would wish to reiterate the will and the commitment of the countries of the CARICOM to work with all partners to strengthen the Organization in order to realize our common objectives so that, together, our peoples may attain the benefits of greater peace, democracy, security and development.

Yours faithfully,

BAYNEY R. KARRAN, Ambassador of Guyana

DEBORAH MAE-LOWELL, Ambassador of Antigua and Barbuda

RHODA M. JACKSON, Ambassador to the Commonwealth of the Bahamas

JOHN E. BEALE, Ambassador of Barbados

NESTOR MENDEZ, Ambassador of Belize

MS. JUDITH-ANNE ROLLE, Chargé d'Affairs of the Commonwealth of Dominica

DENNIS ANTOINE, Ambassador of Grenada

DULY BRUTUS, Ambassador of Haiti

ANTHONY JOHNSON, Ambassador of Jamaica

IZBEN C. WILLIAMS, Ambassador of Saint Kitts and Nevis

CLENIE GREER-LACASDE, Ambassador of Saint Lucia

LA CELIA A. PRINCE, Ambassador of Saint Vincent and the Grenadines

JACQUES KROSS, Ambassador of Suriname

MARINA VALERE, Ambassador of Trinidad and Tobago

Appendix III

Excerpted from the General Standards to Govern the Operations of the General Secretariat of the Organization of American States:

Article 72. Regular Fund. This is made up mainly of the quotas collected from the Member States and includes the contributions from other funds for technical supervision and administrative support provided by the General Secretariat. Funds received for unspecified purposes shall be treated as miscellaneous income under the Regular Fund. The purpose of this Fund is to finance: the regular secretariat and general support services provided by the Secretariat; technical supervision and administrative support to the programs; and multilateral integral development programs, as established in Article 32 of the Charter and as specified in the approved program-budget. The Career Service may be financed only by the Regular Fund of the Organization.

The Regular Fund includes the following sub funds:

a. Operations Subfund to which shall be credited all income of the Regular Fund, and against which shall be charged all obligations and expenditures in accordance with the Regular Fund program-budget.

At the end of each year, any excess in income over obligations and expenditures shall be transferred from the Operations Subfund to the Reserve Subfund, or any excess in obligations and expenditures over income shall be transferred from the Reserve Subfund to the Operations Subfund. The General Secretariat shall report on these actions to the Permanent Council within thirty days of the date the transfer was made.

b. Reserve Subfund, the purpose of which is to ensure the regular and continuous financial functioning of the General Secretariat.

The amount of this Subfund shall be 30 percent of the total of the annual quotas of the Member States. This amount shall be reached through crediting to this Subfund the annual income in excess of the obligations and expenditures of the Operations Subfund. To the extent that the Subfund exceeds 30 percent of the total of the annual quotas of the Member States, the excess shall be available for any purpose approved by the General Assembly.

The Reserve Subfund may be used only on a temporary basis to cover:

i. Expenditures under the program-budget financed by the Regular Fund, pending full receipt of the anticipated income; and

ii. Special expenditures not provided for in the program-budget. Such expenditures must be authorized by the General Assembly or, when it is not in session, by the Permanent Council, which shall first hear a report on the condition of the Reserve Subfund and the reasons for such expenditures from its Committee on Administrative and Budgetary Affairs (CAAP).

No withdrawals shall be made from the Reserve Subfund for purposes other than to ensure the regular and continuous financial functioning of the General Secretariat until such time as the Reserve Subfund shall have reached 10 percent of the annual quotas of the Member States earmarked for the program-budget of the Regular Fund approved by the General Assembly.

The amounts withdrawn for the purposes set forth in this article shall be reimbursed to the Reserve Subfund in the following manner: in the case covered by subparagraph (i) above, as soon as the corresponding income permits; and, in the case of subparagraph (ii), by means of equivalent appropriations in the program-budget for the next fiscal period or in such a manner as may be determined by the General Assembly.

Appendix IV

AG/RES. 2103 (XXXV-O/05)

PUBLIC PRESENTATION OF CANDIDATES PROPOSED FOR THE POSITIONS OF SECRETARY GENERAL AND ASSISTANT SECRETARY GENERAL OF THE ORGANIZATION OF AMERICAN STATES

(Adopted at the fourth plenary session, held on June 7, 2005)

THE GENERAL ASSEMBLY,

RECALLING the nature, purposes and principles established in the Charter of the Organization of American States (OAS);

BEARING IN MIND that the Inter-American Democratic Charter stipulates that the OAS will continue to carry out programs and activities designed to promote democratic principles and practices and strengthen a democratic culture in the Hemisphere;

CONSIDERING that the Organization fulfills its purposes through the General Secretariat, as well as other organs;

UNDERSCORING the concern of member states that those who serve as Secretary General and Assistant Secretary General of the Organization should commit to fulfilling the purposes proclaimed in the OAS Charter and diligently performing the functions established in said Charter, in other inter-American treaties and agreements, and by the General Assembly;

BEARING IN MIND that resolution CP/RES. 874 (1459/04) recommended that, when sponsoring candidates for the positions of Secretary General and Assistant Secretary General, member states exercise due diligence, to ensure that the candidates meet the highest standards of personal integrity, professional ability, respect for democracy and democratic institutions, as well as for the defense and promotion of human rights;

BEARING IN MIND ALSO that the same resolution also resolved to continue examining this issue in order to develop proposals or criteria for strengthening this selection process;

IT BEING PARTICULARLY IMPORTANT, for the member states and for civil society in general, to be familiar in advance with the plans, projects, and programs proposed by the candidates to the positions of Secretary General and Assistant Secretary General, for the sake of greater transparency;

ACKNOWLEDGING the right of member states to present candidates for the positions of Secretary General and Assistant Secretary General up to the very day elections are held during the General Assembly; and

TAKING INTO ACCOUNT the duty of the Permanent Council under Article 91 of the Charter of the OAS to watch over the observance of the standards governing the operation of the General Secretariat,

RESOLVES:

1. To instruct the Permanent Council to invite the candidates put forward by member states for the positions of Secretary General and Assistant Secretary General to give a public presentation to this Organization prior to the elections, in order to describe in greater detail their proposals and the initiatives they would undertake should they be elected.

2. The presentations will be made to the Permanent Council on a date to be determined by it and, if possible, in the same meeting of the Council, which would be disseminated as widely as possible.

3. An opportunity shall also be provided for a separate dialogue between the candidates and representatives of civil society organizations duly accredited to the Organization; such participation shall be governed by the guidelines for the participation of civil society organizations in the OAS.

4. This resolution shall not impair the authority of member states, established in Articles 73 and 74 of the Rules of Procedure of the General Assembly, to present candidates for the positions of Secretary General and Assistant Secretary General until the day of the corresponding election.

○