

INTRODUCTION

In compliance with Articles 91 and 112 of the Charter of the Organization of American States (OAS), I am pleased to submit the 2001-2002 Annual Report to the General Assembly and to the Permanent Council. In keeping with the guidelines established in resolution AG/RES. 331 of 1978, this report describes the Organization's activities and its financial standing, and spans the period from March 1, 2001 to February 28, 2002.

This past year has been a combination of daunting challenge and gratifying success for the Organization. The Summit of the Americas in Quebec City, the regular session of the General Assembly in San Jose, Costa Rica, and the special session of the General Assembly in Lima were all held this past year. At all three meetings, the OAS was entrusted with new mandates and responsibilities that will strengthen our institution and open up new prospects and opportunities for the inter-American system. The following are but a few of this past year's many noteworthy achievements: the mandate from the Quebec Summit that commissions the OAS to serve as technical secretariat and institutional memory of the summit process; the adoption of the Inter-American Democratic Charter in Lima on September 11; the mission entrusted to the Organization by the Ministers of Foreign Affairs of the Hemisphere to prepare a draft inter-American convention against terrorism.

The results of the Quebec Summit are a vital achievement for the Organization. One can safely say that the Summits of the Americas are, without a doubt, the most effective vehicle of hemispheric integration. The decisions emanating from the Summits steer our work in the Organization. In all, this Summit gave the Organization more than 30 mandates, covering a wide array of subjects. In Quebec, the Heads of State and of Government declared their resolve to strengthen cooperation among international organizations so as to make better use of resources, optimize effectiveness in program delivery, avoid needless overlap and duplication of mandates, increase funding opportunities and ensure consistency in the implementation of the Summit initiatives.

To achieve these ends, our Organization signed a letter of understanding with the Inter-American Development Bank (IDB), the Pan American Health Organization (PAHO), and the Economic Commission for Latin America and the Caribbean (ECLAC) for greater coordination in furthering the summits' mandates. The Office of Summit Follow-up was charged with serving as secretariat of that coordination undertaking, which represents a very small part of the institutional strengthening that is underway to comply with the new mandates and instructions forthcoming from the Quebec Summit.

Undoubtedly the most significant development in the OAS was the adoption of the Inter-American Democratic Charter in Lima. That Charter is the most unambiguous affirmation of the democratic commitment that all the countries of the Hemisphere share and their determination to take on the new challenges together. In keeping with the mandate received from their presidents, after the Quebec Summit the OAS member states prepared to present a draft of the Charter to the ministers of foreign affairs when they convened in San Jose, Costa Rica, for the thirty-first regular session of the OAS General Assembly. Built upon a broad and solid array of international norms, including the OAS' own Charter, resolution AG/RES. 1080, a number of OAS declarations –the Managua Declaration, the Nassau Declaration, and the Santiago Commitment among them- and references to the United Nations Human Rights Committee and our American Convention on Human Rights (the Pact of San Jose), the Inter-American Democratic Charter was so much enhanced that I can only touch upon the very fundamental, overarching theme. The Charter sets out the inextricable link between democracy and poverty, democracy and development, democracy and the environment, and democracy and the rights of women and children.

On September 11, the day that democracy itself was the target of a cowardly attack, the 34 member states of the OAS reaffirmed their commitment to democracy by adopting the Inter-American Democratic Charter at the special session that the General Assembly held in Lima. The OAS was the first international organization to react to that day's events. The foreign ministers and the Secretary General personally conveyed their support and solidarity to Secretary of State Colin Powell.

The fight against terrorism has figured prominently on the Organization's agenda as part of its systematic effort to preserve and protect hemispheric security evidenced by the creation of the Inter-American Committee against Terrorism (CICTE). In the wake of September 11, the OAS stepped up its efforts in this field and has been invited to share its experience and knowledge in various international forums, as in the case of the invitation received from the Counterterrorism Committee of the United Nations Security Council.

The dastardly terrorist attacks of September 11 underscored the need to be ever ready for future challenges. They also brought home the importance of reacting to new global situations. Terrorist acts are the greatest threat to our civilization, our values, the human rights and public freedoms we cherish, and the principles of tolerance and pluralism. The OAS proved its own response capability with application of the Inter-American Treaty of Reciprocal Assistance (TIAR), the Meeting of Consultation of Ministers of Foreign Affairs, and the special meeting of the Permanent Council to examine the social and economic impact of the September 11 terrorist acts on our own hemisphere, particularly on the countries of the Caribbean and Central America.

The Rio Treaty was applied by its States party at the Twenty-fourth Meeting of Consultation of Ministers of Foreign Affairs. There, they adopted the resolution titled "Terrorist Threat to the Americas." In that resolution the States party to the Treaty asserted that the terrorist attacks against the United States were attacks against all American countries. Accordingly, they pledged to apply all relevant provisions of the Rio Treaty and the principle of continental solidarity, to provide effective reciprocal assistance to address such attacks, and to maintain the peace and security of the continent.

The Meeting of Consultation of Ministers of Foreign Affairs also entrusted the Permanent Council with preparation of a draft Inter-American Convention against Terrorism, to be presented to the General Assembly of the Organization at its next regular session, which will be held in Barbados. At the close of the Twenty-third Meeting of Consultation, the ministers approved a resolution calling upon the States to strengthen cooperation at the regional and international levels, to pursue, capture, prosecute, and punish and, as appropriate, expedite the extradition of the perpetrators, organizers, and sponsors of these terrorist acts.

On October 31, the Permanent Council held a special meeting to analyze the social and economic impact that the September 11 attacks had upon the hemisphere, particularly in the case of the smaller States that rely on tourism for a significant portion of their revenues. To reverse the destabilizing effects that the attacks were having on these economies, the Inter-American Agency for Cooperation and Development opened special lines of assistance and the Tourism Unit and other offices of the Organization refocused their projects with these difficulties in mind.

Over the course of the past year, the OAS has worked hard to support democracy. It did this through its electoral observation missions, which were always conducted at the invitation of the interested country. We sent missions to observe the elections in Guyana, Saint Vincent and the Grenadines, Peru, Nicaragua and Honduras. In Peru, the OAS saw for itself the profound institutional and political crisis unleashed by

the irregularities observed in the 2000 presidential elections. The first round of voting, held on April 8, 2001, proceeded smoothly and enjoyed the Peruvian people's full support. In the second round, on June 3, Mr. Alejandro Toledo was elected to the presidency. The OAS' efforts in Peru bear out the validity and importance of collective action and stand as a warning to all enemies of democracy who would dare challenge the will of the people.

Political and economic events in Haiti since the General Assembly's regular session in Costa Rica continue to be a source of concern to the Organization. The commitment and profile of the General Secretariat in Haiti have been considerably heightened this past year. The OAS continues to strive to effect a resolution of the political crisis engendered by the election irregularities in May 2000. In October 2001, a group of friends on Haiti was established, composed of Germany, the Bahamas, Belize, Canada, Chile, the Dominican Republic, France, Germany, Guatemala, Mexico, Norway, Spain, the United States and Venezuela, to help resolve that crisis.

With the outbreaks of violence last December, the negotiations between the parties came to an impasse. Reacting to these events, the Secretary General called for a renewal of the mandate in order to deal with the new developments. The Permanent Council responded with adoption of resolution CP/RES. 806, establishing a special OAS mission in Haiti.

We also continue our efforts to help settle territorial differenda and peacefully settle differences. Working in compliance with mandates from the OAS Permanent Council and in accordance with the provisions of the Charter, the Organization assisted Belize and Guatemala, and Nicaragua and Honduras, by mediating to achieve the kind of dialogue that would ease tensions.

As the Quebec Summit emphatically reaffirmed, respect for human rights continues to be a centerpiece of our hemispheric agenda. The Inter-American Democratic Charter establishes the inextricable link between respect for human rights and the full and effective exercise of democracy in our region. We have worked hard this year to comply with and carry out the Summit mandates.

Pursuing our efforts to combat the scourge of drug trafficking and drug abuse, in January the Inter-American Drug Abuse Control Commission (CICAD) published its first report on the progress made in fulfillment of recommendations under the Multilateral Evaluation Mechanisms (MEM). According to the report, the countries of the Americas have endeavored to take the measures recommended during the first round of the evaluation process. In some cases, however, those efforts have labored under technical and financial constraints. Over time, this evaluation and analysis process will strengthen our domestic and collective anti-drug efforts.

Through its Trade Unit, the OAS continues to be closely involved in issues of trade policy and economic integration in the hemisphere. The Organization has been instrumental in developing technical cooperation activities for the countries of the region and in supplying technical and analytical support for the negotiations for the Free Trade Area of the Americas (FTAA). In the last year, we assisted the member countries at the meetings of the FTAA negotiating groups, which continued to concentrate on preparing a draft of their respective chapters of the FTAA agreement. The work done by the Trade Unit to assist the groups centered on this mandate and included compilation of studies, analyses and technical assistance that the groups required. This activity was coordinated with the other two institutions on the Tripartite Committee, namely the IDB and ECLAC.

Last year we reported on the critical state of the Organization's finances. The situation was so serious that the Organization's ability to pay the costs of the missions it was assigned was in doubt. The member states acted swiftly to correct the problem. Thanks to their pledge to pay their arrears to the Organization, in fiscal year 2001 the Organization had the liquidity it needed; for the first time in recent years, it was able to cover the budgeted expenses and contributed more than the required minimum to the reserve subfund.

However, the problems affecting the Organization's finances are not just a matter of liquidity. Other issues still pose a threat to our ability to maintain an adequate financial structure. The budget has not kept pace with inflation, and new mandates have been entrusted to the Organization without identifying a source of funding. These issues have to be addressed. The infusion of liquidity was just the first step. Now we have to take a serious look at the budgetary constraints, so that the OAS never again has to endure the financial crises of the past. The General Secretariat is prepared to carry out the new mandates, but the member states will have to take the decisions needed to give the Organization the financial resources it needs to fulfill its obligations. At the very least, the budget will have to be restructured to correct for inflation, so that the Organization can discharge the new mandates.

This past year has been a lesson in how very unpredictable the future is. The scale of the terrorist attacks in the United States was beyond anything imagined. That day the world learned that where there are enemies of liberty and pluralism, democracy will be in peril. The strange twist of fate that the attacks should happen on the very day that the ministers of foreign affairs were convened to sign the Inter-American Democratic Charter underscores this point. The OAS will continue to face up to these and other threats, focusing on its principal areas of activity, such as democracy, anti-terrorism, human rights, regional integration, and the fight against drugs. By its dedication, vision, and work, the OAS proves its commitment to fight for the ideals of democracy and freedom.

César Gaviria
Secretary General