1. **Mandates:**

In resolution AG/RES. 1756 (XXX-O/00), “Fund for Peace: Peaceful Settlement of Territorial Disputes,” the General Assembly established a mechanism for providing member states of the Organization, that so request, with financial resources to assist with defraying the costs of proceedings previously agreed to by the parties for the peaceful settlement of territorial disputes among member states. The Peace Fund, as it is most commonly known, is also a mechanism through which the Parties in dispute can avail themselves of a range of conflict resolution mechanisms contemplated under the OAS Charter and the Pact of Bogota, such as mediation, facilitation, direct negotiation, good offices, arbitration, investigation and judicial settlement, among others.

In resolution CP/RES. 781 (1257/00), of December 1, 2000, the Permanent Council established a series of guidelines for managing the Peace Fund. The present report was drawn up in accordance with those guidelines, which, among other things, instruct the General Secretariat to report to the Permanent Council on the activities of the Peace Fund and on its financial situation.

On June 4, 2009, at the fourth plenary session of the General Assembly meeting in San Pedro Sula, Honduras, the Ministers of Foreign Affairs adopted resolution AG/RES. 2525 (XXXIX-O/09), “Fund for Peace: Peaceful Settlement of Territorial Disputes,” in which the member states reaffirmed their support for the Peace Fund.

On June 5, 2014, at the fourth plenary session of the General Assembly meeting in Asunción, Paraguay, the Ministers of Foreign Affairs adopted resolution AG/RES.2858 (XLIV-O/14) “Fund for Peace: Peaceful Settlement of Territorial Disputes,” which urges the member states “to use the Peace Fund as an effective financial tool for peacefully resolving conflicts through mechanisms envisaged in the Charter of the Organization of American States (OAS).

On June 14, 2016, at the second plenary meeting of the General Assembly gathered in Santo Domingo, Dominican Republic, the OAS member States adopted the “Declaration in Support of Belize and Guatemala” and recognized “the role of the Office of the Secretary General and of the OAS Office in the Adjacency Zone as an independent interlocutor to assist in preventing and resolving conflict, verifying incidents, fostering community-to-community contacts and promoting confidence and better relations between Belize and Guatemala.”
This report describes the General Secretariat’s activities under the Belize-Guatemala Subfund of the Peace Fund during the above-referenced period.

2. **Summary of the General Secretariat’s activities from March 1, 2011 to September 30, 2017, in the framework of the Fund for Peace:**

**BELIZE-GUATEMALA**

**Political-diplomatic Process**

In March 2000, the governments of Belize and Guatemala restarted talks on their longstanding territorial differendum, under the auspices of the Organization of American States. On November 8, 2000, Belize and Guatemala signed the first Agreement on Confidence Building Measures, through which the two parties agreed to respect an “Adjacency Line” between each country and an "Adjacency Zone" extending one kilometer east and west from this line. On February 7, 2003, the Foreign Ministers of Belize and Guatemala signed a second Agreement to Establish a Transition Process and Confidence-Building Measures, which was later amended in September 2005 through the "Agreement on a Framework for Negotiations and Confidence-Building Measures between Belize and Guatemala”. Central to the second agreement was the establishment of the OAS Office in the Adjacency Zone, which operates under the Peace Fund as a civilian peace-keeping mission, for the purpose of fostering community-to-community contacts across the Adjacency Line and verifying any transgression of the established confidence-building measures and any incidents which may occur in that Zone. The Agreement also called for the establishment of a Group of Friends of the Belize-Guatemala Transition Process (the “Group of Friends”), consisting of OAS Member and Observer States, and others interested in supporting a peaceful resolution to the territorial differendum.

Following signature of the 2005 Agreement, two ministerial meetings took place. At the second such meeting, in February 2006, the OAS proposed that the negotiation process concerning the territorial differendum begin with the maritime zone. For this aspect of the differendum, the Government of Honduras was invited to participate. A Negotiating Group was formed, which met on several occasions at both the ministerial and technical level. Unfortunately, after almost two years of negotiations, during which a certain degree of rapprochement was achieved, the Parties failed to reach an agreement.

The OAS therefore recommended – in view of the fact that all other conflict resolution mechanisms had been exhausted -- that the most appropriate venue for resolving the differendum would be the International Court of Justice. Both countries assented and on December 8, 2008, the Foreign Ministers of Belize and Guatemala signed, at OAS headquarters, the “Special Agreement between Belize and Guatemala to submit the territorial, insular and maritime claim of Guatemala to the International Court of Justice (ICJ),” which
was ratified by the Guatemalan Congress on September 9, 2010. The decision to submit the dispute to the ICJ must be made through national referenda in both countries.

On April 27, 2012, the Ministers of Foreign Affairs of Belize and Guatemala, meeting at OAS Headquarters in Washington, D.C., issued a joint statement, through which the Parties agreed to hold the simultaneous referenda on October 6, 2013. Following this statement, both countries began working on launching their respective sensitization campaigns.

In March, 2013 during a Ministerial Meeting at OAS Headquarters, Guatemala expressed its concern about the high threshold required by Belize’s referendum law, which called for 60% of registered voters to participate in the referendum in order for the result to be valid. As a result, Guatemala decided to postpone the referendum and Belize followed suit, as the Special Agreement stipulated that the referenda had to be held simultaneously.

In January 2014, following the failed attempt to hold the referenda, the governments of Belize and Guatemala decided to disengage the issue of the territorial dispute from the urgent need to consolidate the bilateral relationship for the sake of regional integration and cooperation. The result was the adoption of a Road Map Agreement and Plan of Action on January 24, 2014, encouraging the promotion of programs and activities aimed at enhancing cooperation in key action areas so that a climate of confidence could be created conducive to the fixing of a new date for holding the referenda. The Belize-Guatemala Joint Commission was tasked with the implementation of these programs.

Under the coordination of the OAS, after a year of intense negotiations and frequent high-level exchanges between Belizian and Guatemalan authorities and counterparts, which included the participation of influential parliamentarians and political actors representing both government and opposition parties, on December 17th 2014, the Prime Minister of Belize and the President of Guatemala signed thirteen bilateral agreements, which constituted not only an unprecedented step in the process but also a historic accomplishment. The importance of this landmark moment was augmented by the fact that both the signing and decoration took place within the framework of the SICA Summit and was witnessed by all the participating Central American Presidents and Heads of State. The thirteen agreements signed included the following: “Harmonization of Operating Hours at Legal Terrestrial Entry Points”; “Protection, Conservation, Recovery and Return of Items of Cultural and Natural Patrimony which Have Been Stolen, Pilfered, Looted, Exported, Imported or Trafficked Unlawfully”; “Mutual Recognition of Driver’s Licenses”; “Equivalency of Studies and the Recognition of Educational Documents”; “Electric Power Trade, Transmission Interconnection and Grid Connectivity”; “Protection of the Environment and the Sustainable Use of Resources”; “Expedited Deportation”; “Movement of Students Through Terrestrial Points of Entry”; “Serving of Penal Sentences”; “Program for Seasonal Workers”; “Recovery and Return of Vehicles Stolen, Confiscated or Impounded Illegally or Inappropriately”; “Facilitate the Issuance of Student Visas”; “Sustainable Tourism.”
On May 25, 2015, the Parties amended the Special Agreement by adopting a Protocol in the presence of the OAS Secretary General, which enables the countries to hold their referendum either simultaneously (as originally stipulated in the Special Agreement) or separately. The Protocol was ratified by the Guatemalan Congress on October 27, 2016 and by the Belizean Senate on December 15, 2016.

In August, 2015, the governments of Belize and Guatemala asked the OAS to verify and play an observation/peace-keeping role during an expedition to the mouth of the Sarstoon River that was being organized by the Belizian NGO Belize Territorial Volunteers (BTV). In view of the specific request received by both governments and, despite the fact that the OAS does not have a specific mandate in the maritime and insular areas between Belize and Guatemala, on August 16, 2015 OAS Peace Fund officials were deployed to the Sarstoon River. The task performed by the OAS representatives was confined to an observation role in order to ensure that peace was kept between the civilians taking part in the Belizean expedition to the Sarstoon River and the officers of the Guatemalan Navy positioned in the area. The results of the Mission were delivered to both Foreign Ministries together with a series of recommendations to avoid similar situations in the future. Namely, the OAS determined that it was necessary to establish additional confidence building measures in these areas as soon as possible and to discourage further expeditions until those measures are in force.

On April 19, 2016, the OAS Secretary General visited the Office in the Belize-Guatemala Adjacency Zone (OAS/AZ). This was the first time a sitting Secretary General had visited the OAS/AZ Office. On this occasion, the Secretary General named his new Special Representative for Belize-Guatemala Affairs, the first woman to hold this position in the history of the Organization.

On April 20, 2016, an incident in the Adjacency Zone between the Belizian security forces and a family of Guatemalan farmers resulted in the death of the 14 year old Guatemalan minor, Julio Rene Alvarado. His father and younger brother were also wounded during the confrontation. The incident increased tensions between both countries; the Guatemalan Ambassador to Belize was recalled and additional Guatemalan troops were deployed to the Adjacency Zone and the Sarstoon River. Both countries called for an independent investigation into the events. The independent investigation was carried out by forensic experts from the governments of Mexico and the United States. The Parties also agreed that the Independent Commission would investigate the murder of the Belizean police constable Danny Conorquie in Caracol, Belize in 2014, as well as the armed attack against Belize Defense Force Sergeant Richard Lambey in March 2016.

On June 14, 2016, following a year of a series of violent incidents on the ground and intense situations in the Sarstoon River, the OAS member States adopted a declaration in support of Belize and Guatemala within the framework of the General Assembly, through which they urged both countries to, among other efforts, “cooperate to avoid incidents on the ground conducive to tension between them.” The member States also took note of the agreement of both countries to work in the design and development of a mechanism for cooperation in the
Sarstoon River with the participation of the OAS and emphasized the need for Belize and Guatemala to sensitize their respective citizenry on the importance of resolving the dispute through the International Court of Justice.

On January 13, 2017 the government of Belize amended its referendum law by removing the mandate for 60% of the electorate to turn out for the process to be deemed valid. The new law requires only a simple majority from participating voters to decide the outcome of the referendum, leveling the playing field with Guatemala.

From March 15-16, 2017 the OAS Secretary General visited Guatemala and Belize in an effort to revamp the process. The Secretary General met with the respective Foreign Ministers and discussed the situation in the Adjacency Zone, the pending cooperation mechanism in the Sarstoon River, as well as next steps to continue to advance towards a permanent solution to the dispute. Additionally, the Secretary General visited some of the communities in the Adjacency Zone and flew over the national parks to get a better understanding of the challenges on the ground.

On August 2, 2017, the Guatemalan Congress supported the decision to hold the referendum and tasked the Supreme Electoral Tribunal to begin preparations for its convocation. Subsequently, on October 23rd, the Supreme Electoral Tribunal, in the presence of the President of Guatemala, issued the call for the referendum, which will now be held on April 15, 2018. The Belizean government for its part has also indicated its willingness to hold the referendum as soon as possible.

The OAS must support the Governments of Belize and Guatemala as they reach out to their respective populaces through extensive nation-wide sensitization and education campaigns to explain the advantages of submitting the dispute to the ICJ and generate maximum awareness about the issues at stake in order to ensure a successful outcome of the electoral process.

The Belize-Guatemala mediation process under OAS auspices has been highly successful when considering that this is a long-standing territorial dispute. During the past 17 years, much progress has been achieved, including: three confidence-building agreements; the Special Agreement to submit the dispute to the ICJ; a Road Map and Plan of Action to strengthen the bilateral relationship; more than a dozen bilateral agreements in key action areas negotiated in a record 12 months; and not one single violent confrontation between the armed and security forces of both countries: a very different reality compared to what it was prior to OAS intervention.

Finally, it should be noted that during the period covered by this report, eight meetings of the Group of Friends were held to keep the countries abreast of developments in the process and renew support to the maintenance of the OAS/AZ Office. Also during this period, the European Union, Uruguay and Costa Rica became members of the Group of Friends.
Office of the OAS General Secretariat in the Belize-Guatemala Adjacency Zone

The key to the positive results at the political level has been a direct consequence of the accomplishments on the ground. During the period covered by this report a series of separate incidents both in the Adjacency Zone and in the Sarstoon River provoked highly tense situations between both governments. As a result of OAS mediation, combined with targeted efforts to address each specific case, the impasses were individually overcome and the appropriate conditions to fix new dates to hold the referenda now seem to be in place.

Until the case is submitted to and resolved by the ICJ, it is of paramount importance that the OAS Office in the Adjacency Zone (OAS/AZ), which functions as a civilian peace-keeping mission under the OAS Peace Fund, continues its work. The Office requires financial support to maintain its confidence-building and conflict resolution activities, as well as to deploy additional efforts to foster community-to-community contacts. The establishment of the OAS/AZ Office has contributed to de-escalating numerous situations and improving relations between the two states. The situation on the ground since the OAS Office was opened in the Adjacency Zone has improved significantly. Since then, the coordination and cooperation between the armed forces of both countries have been consolidated, inter-institutional coordination has increased and community-to-community relations have strengthened.

Among its various activities, the Office verifies incidents that occur in the Adjacency Zone at the request of either government. The majority of these incidents are generally driven by the confrontation between security forces and civilians who illegally enter, clear, exploit or settle in protected areas in the Adjacency Zone or carry out other illegal activities as a result of the economic difficulties experienced in their own communities. The verification of incidents is not only the most important regular activity carried out by the Office, but it also provides a means to ensure a constant presence among the communities in the area. Between March 1, 2011 and September 30, 2017 143 incidents were officially reported and the OAS/AZ Office carried out more than 731 verification activities. The findings of the investigations were submitted to both Foreign Ministries. Information campaigns are also a regular activity of the OAS/AZ Office to sensitize the communities about the confidence-building measures in force and the role of the OAS in the process.

Likewise, inter-institutional coordination with the Belize Defense Force and the Guatemalan Army is ongoing and of vital importance. Every three months the OAS/AZ coordinates meetings between the armed and security forces at the operational commanders level and on a monthly basis at the battalion level with the purpose of addressing security challenges in the Adjacency Zone, scheduling link-up patrols, and exchanging intelligence information. The Office also provides support in terms of equipment, by acquiring and delivering Global Positioning System (GPS) devices to both the Belize Defense Forces and the Guatemalan Army, and by facilitating training for their correct use, in order to prevent location errors within the demarcation of the AZ. During the period covered by this report approximately 59
coordination meetings between the Belize Defense Force and the Guatemalan Army were held under OAS auspices. The OAS Peace Fund donated a combined 149 GPS units, 14 radios, 15 computers and 8 solar panels, one (1) external hard drive and one (1) projector to both security forces.

The Office coordinates closely with the Pan-American Institute of Geography and History (PAIGH), evident in the assistance provided by the Institute in terms of cartography and exact location in maps of the Adjacency Zone based on the information gathered in the field through verifications. This kind of assistance is requested when verifications demand a high level of precision in terms of cartography and coordinate reading, particularly in cases where the verification sites are very proximate to the Adjacency Line.

Support to individuals, communities and institutions in the AZ is also provided through fuel for transport, food and transportation tickets, school supplies and toys, and by offering overnight shelter. The beneficiaries are schools, firemen, hospitals and underprivileged families whose situation is directly linked to incidents in the Adjacency Zone and to the strengthening of the confidence-building measures. A total of 142 donations and humanitarian assistance actions were undertaken during the period covered by this report.

Through the culture of peace programs organized by the OAS/AZ Office, Belizean and Guatemalan students participate in music, singing, painting, language and crafts workshops. Moreover, in September 2015, the Peace Fund partnered with two technical institutions: Intecap (Instituto Tecnico de Capacitacion y Productividad) in Guatemala and its counterpart CET (Center for Employment Training) in Belize to expand the type and levels of opportunities offered to the local youth through the culture of peace program by providing specialized skills training in electricity and mechanics. The classes are held in the OAS/AZ Office, as well as in El Arenal, Santa Cruz, Guatemala and Jalacte, Belize and are carried out in coordination with the local mayors. Between 2011 and 2017 approximately 4,520 local children have directly benefited from the culture of peace program, almost half of which were female (2,249).

Meetings and training workshops are also organized regularly for other relevant actors operating within the Adjacency Zone, such as for mayors, municipal authorities, police officers and customs and border management officials, natural disaster response bodies, and institutions responsible for forest reserves, among others. The objective of these meetings and workshops is to promote continuous interaction, cooperation and dialogue between relevant governmental and nongovernmental authorities of Belize and Guatemala. Regular interaction and information-sharing through these initiatives help develop bonds and bilateral team efforts in specific action areas related to border management, which have been consolidating over the years so that they may continue and strengthen beyond the life of the Mission. More than 275 coordination meetings were held at the OAS/AZ Office between 2011 and 2017.
The Agreement on Confidence-Building Measures of 2005 contemplates the support of the OAS in relocating Guatemalan settlers living in the Adjacency Zone administered by Belize prior to the year 2000 who voluntarily wish to be resettled in Guatemala. On January 25, 2013 the final five remaining Guatemalan families covered by the CBMs in force and living in the Adjacency Zone administered by Belize presented a formal request to the OAS/AZ to be resettled in Guatemalan territory. Two months later, on March 30, 2013, the resettlement project, spearheaded by the OAS/AZ Office, of the communities Retiro I and Zapote II concluded successfully. Five families, with a total of 34 people were resettled in Finca La Montería, Sayaxche, Department of Petén, Guatemala with a combined area of living and cultivation of more than 45 hectares. New concrete houses were constructed with running water and a functioning sanitation system, while assistance was provided for the preparation of establishing farming and cultivation plots. Since the OAS/AZ Office opened its doors in 2003, 322 individuals and 54 families have been resettled by the OAS.

As described above, most of the destabilizing and often violent incidents occurring in the AZ are driven by the illegal incursions into protected areas by local farmers who clear or settle in the national parks or carry out other illegal activities such as extracting natural resources as a result of the economic difficulties experienced in their own communities due to a lack of alternative production opportunities. Moreover, the area is under increasing pressure by transnational criminal networks operating in the area who often reach out to these communities in need of a steady income.

In order to address these challenges, and at the request of the Guatemalan government, two technical cooperation projects were executed by the OAS Office in the Adjacency Zone during the period of time corresponding to this report. Both projects were aimed at providing micro agribusiness opportunities for the local farmers, while at the same time reversing the effects of deforestation in the area. Specifically, the projects consisted of supporting the local farmers to harvest beans and maize to satisfy the households’ food needs, as well as to harvest the xate plant and engage in poultry farming to develop a sustainable future business.

The projects yielded positive results and during the time of their execution resulted in a nearly 90% reduction of incidents involving members of the communities where these projects were being implemented. The projects were executed by the Ministry of Agriculture (MAGA) of Guatemala under the supervision of the OAS and benefitted more than 1,320 farmers. The OAS was responsible for all purchases and the distribution of products and materials. It also monitored the execution phases closely to ensure appropriate compliance of the established terms and deadlines. Despite the initial success of this initiative, once these projects were completed and there was no longer a permanent OAS and State (MAGA) presence in situ, incidents began to reoccur. In fact, in 2017, a record number of incidents involving residents from these two communities have occurred. So while the community development project address important needs and have the potential to encourage capacity development and reduce illegal activities and deforestation, these positive results can only be maintained with a permanent State presence and follow-up. It should be noted that recently,
the government of Guatemala has stepped up efforts to participate more actively in the life of these communities.

Finally, the OAS/AZ Office received numerous high level visits during the referenced period, including the visit of HRH Prince Henry of Wales; the Honorable Diane Ablonczy, Minister of State of Foreign Affairs of Canada; D. Jesús García, Secretary of State for International Cooperation of Spain; and more than 300 foreign diplomats, among many other prominent individuals who not only support the work of the Office but also help us raise awareness about important issues that require attention in the Adjacency Zone. It’s also important to reiterate the significance of OAS Secretary General Luis Almagro’s visit to the OAS/AZ Office, the first time a sitting Secretary General visited the Adjacency Zone.

As the process continues to move forward the presence of the OAS Office in the Adjacency Zone, as well as the full involvement of the OAS in the negotiation process is critical to provide an objective and independent arbiter to decrease tensions and overcome complex situations. Furthermore, in light of the sensitivity that has emerged among the public following recent incidents, coupled with the reality that more incidents will continue to occur until a peaceful and permanent solution to the dispute is achieved, it is in the best interest of the governments of Belize and Guatemala to work closely with Opposition parties to reaffirm their support to the process so that the referenda can be held as soon as possible. Any future large-scale incident could not only easily derail the process but also have a devastating impact on local public opinion, which in turn could affect the results of the referenda. Equally important will be the political will of both sides to cooperate in the investigation of incidents.

This is the only civilian peace-keeping mission that has been deployed within the context of a territorial dispute in the Hemisphere and consists of a unique initiative which responds directly to the original mandate of the OAS, as established in its founding Charter: the peaceful settlement of territorial disputes.

The lack of an OAS presence in the area could easily reverse the peaceful and cooperative environment that has taken so many years to achieve and could also have a negative impact on the ongoing political-diplomatic process.

**Next steps**

- The Joint Commission --headed by the bilateral Ambassadors and tasked with identifying programs and activities directed at strengthening the bilateral relationship—needs to be reconvened. The last meeting was held in March 2016.

- The Parties should adopt measures to ensure the full implementation of the bilateral agreements adopted in Placencia, Belize in December 2014. Advances have been slow in this regard.
• A cooperation mechanism for the Sarstoon River must be negotiated to prevent further tensions and incidents from occurring in that area. The Parties have not met to address the matter since July 2016.

• The Independent Commission established in 2016 must resume the investigations of the two cases it has pending: the murder of the Belizean police constable Danny Conorquie in Caracol, Belize in 2014 and the armed attack against Sargeant Richard Lambey of the Belize Defense Force in March 2016.

• The governments of Belize and Guatemala must implement nation-wide sensitization and information campaigns on the history of the differendum, the issues at stake and the potential role of the International Court of Justice in achieving a peaceful and permanent solution to the dispute. To this end, the Parties must ensure the full participation of opposition parties and other key sectors of society in the process.

• The Parties should determine in advance the costs of the information campaigns and the referenda to both secure the necessary funding, as well as to be able to reach out to the international community for additional support.

• The General Secretariat should continue to work closely with the international community to ensure continued support for the maintenance of the OAS/AZ Office in the Belize-Guatemala Adjacency Zone, since it’s almost exclusively funded thanks to voluntary contributions from member and observer States. In this sense, it should be noted that the governments of Belize and Guatemala have expressly indicated their desire for the OAS Office in the Adjacency Zone to remain fully operational until the dispute has been permanently resolved and the borders are completely demarcated, which requires the need to secure longer-term funding for the Belize-Guatemala subfund.

**FINANCIAL STATUS OF THE PEACE FUND**

The Fund for Peace is currently composed of two elements: a general fund and the Belize-Guatemala Subfund.

**The General Fund**

The General Fund of the Peace Fund was designed to provide the Organization with a pool of resources that are immediately available for it to respond swiftly to an unforeseen crisis resulting from a territorial dispute between two or more member states.

Between March 1, 2011 and September 30, 2017, the General Fund received the following
contributions:
Azerbaijan: US$5,000
China: US$20,000
Spain: US$22,792
Turkey: US$25,000

As of September 30, 2017, the General Fund had a balance of US$0.

The Belize-Guatemala Subfund

The Belize-Guatemala Subfund was established pursuant to resolution CP/RES. 780 (1257/00), “Support for the Process of Negotiations between the Governments of Belize and Guatemala.” The resources contained in this subfund are used exclusively for the peaceful resolution of this territorial differendum.

Between March 1, 2011 and September 30, 2017, the Belize-Guatemala Subfund received the following contributions:

Belize: US$220,000
Canada: US$1,609,967
Korea: US$50,000

*European Union: US$4,488,488

Germany: US$50,000
Mexico: US$110,000
Netherlands: US$49,965
Spain: US$463,543
Sweden: US$99,975
Turkey: US$420,000

United Kingdom: US$100,112

United States: US$100,000

As of September 30, 2017, the Belize-Guatemala Subfund had a balance of US$970,762.

To date, the Belize-Guatemala subfund has sufficient funding to cover the expenses of the project for the next 6 months.

*Of the 2012-2013 EU contribution, US$1,500,000 had been earmarked for the information campaigns prior to the scheduled referenda. Following the postponement of the referenda, these monies were returned to the donor.

Resolution 831 of the Permanent Council [CP/RES. 831 (1342/02)]

In January 2003, US$1 million was allocated to the Fund for Peace through Permanent Council resolution CP/RES. 831 (1342/02). Use of that significant contribution is governed by specific provisions established by the Permanent Council through the funding resolution.

As of September 30, 2017, resolution 831 had a balance of US$0.