

Ambassador Luigi E. Einaudi
Assistant Secretary General of the OAS
Presentation of the Annual Report on the Fund for Peace
to the Permanent Council
March 17, 2004

2003 was the most active year to date for the Fund for Peace, both in terms of the scope of the activities carried out by the General Secretariat and in terms of the amount of resources collected and expended by the Fund.

The Secretariat has been actively engaged...

- in the search for a peaceful solution to the territorial differendum between Belize and Guatemala;
- with the Governments of El Salvador and Honduras to demarcate their common boundary; and
- in the much-improved relations between Honduras and Nicaragua.

The Secretariat is also developing a website that will contain general information on activities under the Fund and on contributions received. We expect to launch the website in the coming weeks, and await only to complete all consultations with interested parties before doing so.

In the meantime, please allow me, Mr. Chairman, to summarize our recent work:

- Belize - Guatemala

In February 2003, the Governments of Belize and Guatemala agreed to a new framework to manage their longstanding differendum. Called "The Transition Process", it provides a mechanism under which the Parties agree to work constructively and in good faith until they reach a final just, equitable, honorable and permanent solution. The framework outlines the responsibilities of the Parties and also assigns responsibilities to the General Secretariat of the Organization of American States, and to the international community through the establishment of a "Group of Friends" to support the peaceful resolution of the Belize-Guatemala territorial differendum. The Group of Friends held its first meeting on October 6, 2003 here at OAS Headquarters.

Central to the framework is the implementation of confidence-building measures designed to reduce tensions, among them the establishment of an Office of the General Secretariat in the Adjacency Zone. The Secretariat constructed a four room office-building in a strategic location between the customs houses of both countries in the Melchor de Mencos - Benque Viejo area to allow citizens unimpeded access to the OAS representatives. The office opened for business on July 1, 2003. The Office's principal functions are to monitor compliance by the Parties of the confidence-building measures, and to encourage respect of human rights of settlers in the area.

- El Salvador - Honduras

At the request of the Governments of El Salvador and Honduras, a geospatial and cartographic expert from the Pan-American Institute of History and Geography has been resolving a series of technical problems which have prevented the full demarcation of the international border between the two countries.

Starting from the text of a 1992 judgment of the International Court of Justice and Article 25 of the General Peace Treaty of 1980, the IPGH expert is providing definitive solutions to the technical problems based on a series of on-site visits to remote areas of the border, on sophisticated satellite imagery, and on other technical tools. The decisions are being respected by both countries, and their technical teams are erecting concrete monuments to identify the border as the problems are resolved. This OAS-supported final demarcation began in July 2003, and is expected to be completed this summer.

The member states should give credit to the governments of El Salvador and Honduras for deciding to resolve their difficulties in such a peaceful and constructive manner. I am proud that the General Secretariat has been able to respond effectively, and wish to publicly thank both the technical expert, Mr. John Gates, and my Advisor, Christopher Hernandez-Roy for their skill and professionalism.

- Honduras - Nicaragua

With respect to the Secretariat's work with Honduras and Nicaragua, I am pleased to inform that since the report before you was prepared, the Vice-Presidents of Honduras and Nicaragua have agreed to develop a bi-national development project for the communities along their western border. The project will be conceived within the framework of an agreement signed by the Ministers of Foreign Affairs of the two countries at OAS Headquarters in December of 2001. It will be executed within the framework of the Central American Vice-Presidents' Forum, a body with a mandate from Central America's Presidents to undertake integral development projects along the region's frontiers.

Contributions

- I wish to recognize and thank those member and observer states that made a total of over \$600,000 in contributions to the Fund for Peace during the 2003 calendar year. Their contributions alone are what permit the Secretariat to undertake the sensitive and important work I just mentioned.

- Brazil	\$ 25,000
- Canada:	\$ 26,000
- The Holy See:	\$ 5,000
- Honduras:	\$ 6,000

- Korea	\$ 20,000
- Mexico	\$ 10,000
- Nicaragua	\$ 5,000
- Spain	\$ 155,828
- Sweden	\$ 114,500
- The United Kingdom	\$ 236,000

- In addition, resolution CP/RES. 831, entitled “Use of Excess Resources of the Reserve Subfund for Capital Investments and to Meet OAS Mandates” allocated \$1 million to the Fund out of the arrears paid by the United States in late 2002.
- I would also like to announce the first contribution received in 2004 – The United Kingdom has contributed \$135,000 to support the OAS Office in the Adjacency Zone. This is in addition to the \$236,000 contributed in 2003.

To conclude Mr. Chairman, I want to recall the Declaration on Security adopted in Mexico City last October, as well as the draft recommendations of the Committee on Hemispheric Security’s Working Group on Defense and Security Issues, both of which refer to the Fund for Peace. I would suggest that the principle upon which the Fund for Peace is based, namely that joint requests from sovereign member states for resolving problems affecting their peace or security deserve effective support from this organization, has proved so effective that Member States might wish to consider broadening the potential application of the Fund to other disputes. Finally, I would like to appeal to the member and observer states to consider making additional contributions in 2004 and beyond to ensure that the Organization’s capacity to respond to requests for assistance for the peaceful resolution of disputes remains strong.

Thank you.