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REPORT OF THE FUND FOR PEACE PEACEFUL SETTLEMENT OF TERRITORIAL
DISPUTES PURSUANT TO RESOLUTION CP/RES. 781 (1257/00)

(January 1, 2005 to December 31, 2008)

This document is being distributed to the permanent missions and
will be presented to the Permanent Council of the Organization.

REPORT OF THE FUND FOR PEACE TO THE PERMANENT COUNCIL
PURSUANT TO RESOLUTION CP/RES. 781/00

January 1, 2005 to December 31, 2008

1. Introduction

The General Assembly, in its resolution AG/RES. 1756 (XXX-O/00)], Fund for Peace: Peaceful Settlement of Territorial Disputes” created a mechanism to provide financial resources to member states of the Organization that so request, in order to assist them with defraying the costs of proceedings previously agreed to by the parties for the peaceful resolution of territorial disputes among member states.

Permanent Council resolution CP/RES. 781 of December 1, 2000, established a set of guidelines for operating the Fund for Peace. This report was prepared pursuant to those guidelines, which among other things, instruct the General Secretariat to provide annual reports to the Permanent Council on the activities and financial status of the Fund for Peace.

As a result of the organizational changes effected in the General Secretariat as of 2005, since then no annual reports have been presented on the Fund for Peace. Nevertheless, the Fund continued to operate and a series of activities were carried out under the Belize and Guatemala Subfund, mainly in respect of the work of the Office of the OAS General Secretariat in the Adjacency Zone between Belize and Guatemala. In the period covered by this report, there was also a bilateral border development project in the Fund for Peace framework between Honduras and Nicaragua, designed to solve problems arising from the diversion of the Río Negro River caused by Hurricane Mitch in 1998.

This report outlines the activities of the General Secretariat in support of the peaceful resolution of the aforementioned differendums. It also includes a summary of the contributions made by member and observer states to the Fund for Peace between January 1, 2005 and December 31, 2008.

Activities carried out and contributions to the Fund for Peace made prior to January 1, 2005 are listed in previous Fund for Peace reports.

2. Summary of Activities of the General Secretariat under the Fund for Peace in the period between January 1, 2005 and December 31, 2008:

HONDURAS-NICARAGUA

In January 2005, the Governments of Nicaragua and Honduras jointly requested technical and financial support from the OAS General Secretariat, through the Honduras-Nicaragua Subfund, for the bilateral border project to solve problems stemming from the diversion of the Río Negro caused by Hurricane Mitch toward the end of 1998.

The assistance the OAS was asked to provide helped foster and enhance relations between the two countries sharing the Río Negro River. In addition, this project, entitled “Diagnostic

Assessment for a Plan to Protect and Develop the Río Negro Basin between Honduras and Nicaragua,” directly benefited the populations on the border, improved their standard of living, and helped reduce vulnerability and restore environmental stability through Integrated Water Resource Management. The Bi-national Diagnostic Study was coordinated by the Secretariat of the Environment of Honduras and the Ministry of the Environment of Nicaragua.

Although the project has reached completion, the remaining funds in the Honduras-Nicaragua Subfund have already been obligated to cover the costs of preparing final maps, publishing the final report, and conducting the Project’s closing ceremony, scheduled to take place on the border in the second quarter of 2009, in the presence of dignitaries of both countries.

BELIZE-GUATEMALA

The Governments of Belize and Guatemala resumed dialogue regarding their longstanding territorial differendum in March 2000, under the auspices of the OAS General Secretariat. On that occasion, the Parties established a process designed to achieve a fair, equitable, and definitive solution to the territorial differendum.

After a reconciliation process, on February 7, 2003, the Foreign Ministers of Belize and Guatemala, along with the Secretary General and Assistant Secretary General of the OAS, signed an agreement to establish a Transition Process and a series of confidence-building measures between Belize and Guatemala.

The Agreement of February 7, 2003 established a new framework, called "The Transition Process", in which the Parties agreed to continue to work constructively and in good faith to manage their relationship until they reached a permanent resolution of their territorial differendum. Central to the Agreement was the creation of an Office of the General Secretariat in the Adjacency Zone, which was established on July 1, 2003.

On September 7, 2005, the Ministers of Foreign Affairs of Belize and Guatemala met once again at OAS headquarters in Washington, D.C. to sign a second agreement entitled “Agreement on a Framework for Negotiations and Confidence-Building Measures between Belize and Guatemala,” in which the two countries committed to beginning a new round of negotiations, under the aegis of the OAS Secretary General. As a result of this new agreement, the Office of the OAS General Secretariat in the Adjacency Zone (OAS/AZ) received a broader mandate.

Two ministerial meetings took place following signature of the Framework Agreement. At the second such meeting, in February 2006, the Secretary General proposed that the negotiation process regarding the territorial differendum begin with the maritime zone and that, to that end, the Government of Honduras be invited to participate. A Negotiating Group was formed, which met on several occasions at both the ministerial and the technical level, coordinated and facilitated by the Secretary General’s Special Representative. Unfortunately, after almost two years of negotiations, in which some welcome rapprochements were achieved, the Parties failed to reach a successful conclusion. The Secretary General therefore recommended that the most appropriate venue for resolving the differendum would be the International Court of Justice. Both countries acquiesced and on December 8, 2008, the Foreign Ministers of Belize and Guatemala signed, at OAS headquarters, the *Special Agreement between Guatemala and Belize to submit the territorial, insular and maritime claim of Guatemala to the International Court of Justice.*

It is worth noting that in the period covered by this report, there were also a series of meetings with the countries making up the “Group of Friends of Belize and Guatemala” in order to brief them on progress in the negotiations and on the activities undertaken by the OAS General Secretariat, especially through its Office in the Adjacency Zone, pursuant to the Framework Agreement of September 2005. At the same time, those meetings were useful for raising the funds needed to maintain the Office and to implement its confidence-building measures.

Activity Report of the Office of the OAS General Secretariat in the Belize-Guatemala Adjacency Zone

The Office of the OAS General Secretariat in the Adjacency Zone has been functioning uninterrupted since 2003. Its principal activities include verifications and the preparation of reports on any incident occurring in the Adjacency Zone. That activity is not just the most important ongoing task performed by the Office; it is also the means by which it establishes a constant presence in the communities throughout the Adjacency Zone.

Likewise, interinstitutional coordination with the police forces and with the Belize Defense Force (BDF) and the Guatemalan Army (GA) is ongoing and of vital importance. There are quarterly tripartite meetings to coordinate operations, as well as frequent spontaneous meetings on the premises of the OAS/AZ Office. Likewise, support is given in the form of equipment. For example, GPS (Global Positioning System) devices were acquired and given to both the BDF and the GA so that they might be trained in their correct use in order to avoid errors in locating positions in the demarcation of the AZ, which now separates Belize and Guatemala in the disputed territory.

The OAS/AZ Office also supports inter-institutional coordination by the municipal governments in each country’s Adjacency Zone in order to boost interaction and coordination among them. Furthermore, it identifies areas suitable for possible local development projects and holds cultural and integration meetings for the two countries’ educational communities in the AZ.

Another area of the work of the OAS mission in the AZ is promotion of the values associated with a Culture of Peace and strengthening of activities on behalf of children and adolescents. With that in mind, since 2005, the OAS/AZ Office has been organizing “Cultural Activities Days,” which involve schools and colleges in the Adjacency Zone in the promotion of culture in all its forms.

On July 31, 2006, the Fund for Peace/Belize-Guatemala Subfund financed an “Education and Training Seminar for Combating Trafficking in Persons in the Adjacency Zone” and conducted it with the support of the Department of Public Security of the OAS Secretariat for Multidimensional Security. Thanks to that seminar, training was provided to 75 immigration, police, and customs officers. Information was exchanged on the activities of the Governments of Belize and Guatemala in their efforts to combat trafficking in persons; both the legal and the clandestine routes used to move victims were identified; and ways were devised to strengthen mechanisms for coordination and cooperation among the institutions in both governments and in the civil society organizations operating in the Adjacency Zone (OAS/AZ).

Monitoring and attending to population groups settled irregularly in a part of the Adjacency Zone not corresponding to their nationality was one of the more difficult tasks faced by the Office. Two Guatemalan communities living in the zone administered by Belize were successfully resettled

in Guatemala, with the help of the OAS Office: the Community of Nueva Judá, which moved to Melchor de Mencos, and the Community of Santa Rosa, which resettled in Finca La Esmeralda, located in Poptún, in the Department of El Petén. In April 2008, the Permanent Council received a detailed report on the completion of the last resettlement project carried out in the Adjacency Zone: “The Sana Rosa Community Resettlement Project.”

3. Contributions to the Fund for Peace from 2005 to 2008

The Fund for Peace is currently composed of three elements: A general fund; a sub-fund to support Honduras-Nicaragua process; and the Belize-Guatemala sub-fund. In January 2003, \$1 million was allotted to the Fund for Peace through Permanent Council resolution CP/RES. 831(1342/02). The use of this last-mentioned and important contribution is governed by specific provisions established by the Permanent Council through the funding resolution.

The General Fund

The General Fund component of the Fund for Peace may be used to support the peaceful resolution of any territorial dispute in accordance with the provisions in force. The General Fund was conceived in order to provide a pool of immediately available resources to allow the Organization to respond rapidly to an unforeseen crisis resulting from a territorial dispute between two or more member states. The funds are also used by the General Secretariat to build expertise and experience in the field of peace-building and dispute resolution.

Between January 1, 2005 and December 31, 2008, the General Fund received the following contributions:

Contributions to the General Fund

Between January 1, 2005 and December 31, 2008

	2005	2006	2007	2008	Total
China	\$ -	\$ -	\$ -	\$ 14,000	\$ 14,000
France	-	10,000	-	-	10,000
Holy See	-	-	-	5,000	5,000
Total	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 19,000</u>	<u>\$ 29,000</u>

At December 31, 2008, the General Fund had a **balance of US\$43,117**. That balance includes sums remaining from contributions from other donors received prior to January 1, 2005.

The Honduras-Nicaragua Subfund

The sub-fund for Honduras-Nicaragua was initially established as a separate Specific Fund in late 1999, to support the mission of the Secretary General’s Special Representative appointed pursuant to CP/RES. 757 (1257/00), “Support for the Governments of Honduras and Nicaragua”. This Specific Fund was subsequently incorporated into the Fund for Peace, as a separate sub-fund.

In the period covered by this report, the Honduras-Nicaragua Subfund financed the bi-national border development plan “Diagnostic Assessment for a Plan to Protect and Develop the Río Negro Basin between Honduras and Nicaragua.”

Between January 1, 2005 and December 31, 2008, the Honduras-Nicaragua Fund received the following contributions:

Contributions to the Nicaragua-Honduras Subfund
Between January 1, 2005 and December 31, 2008

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Total</u>
Mexico	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Nicaragua	3,000	3,000	-	-	6,000
Total	<u>\$ 13,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,000</u>

At December 31, 2008, the Nicaragua-Honduras Subfund had a zero balance.

The Belize-Guatemala Subfund

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

Between January 1, 2005 and December 31, 2008, the Belize-Guatemala Subfund received the following contributions:

Contributions to the Belize-Guatemala Subfund
Between January 1, 2005 and December 31, 2008

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Total</u>
United Kingdom	\$492,140	\$137,800	\$137,424	\$277,164	\$1,044,527
Mexico	10,000	210,000	200,000	20,000	440,000
Spain	-	-	29,100	261,900	291,000
United States	-	100,000	99,992	89,500	289,492
Turkey	-	-	100,000	30,000	130,000
The Bahamas	-	5,000	-	-	5,000
Total	<u>\$502,140</u>	<u>\$452,800</u>	<u>\$566,516</u>	<u>\$678,564</u>	<u>\$2,200,019</u>

At December 31, 2008, the Belize-Guatemala Subfund Fund had a **balance of US\$86,500**. That balance includes sums remaining from contributions from other donors received prior to January 1, 2005.

Permanent Council resolution 831 CP/RES. 831 (1342/02)

In operative paragraph 1.e of resolution CP/RES. 831 (1342/02), the Permanent Council of the Organization of American States (OAS) resolved to allocated "one million United States dollars (US\$1,000,000) for the Fund for Peace: Peaceful Settlement of Territorial Disputes."

In the period covered by this report, most of the expenditure pursuant to Resolution 831 had to do with the process of negotiation between Belize and Guatemala. Nevertheless, a number of other activities were carried out in connection with peace-building and the peaceful settlement of disputes among member states. A more detailed report on the use of those funds will be provided separately in the Quarterly Report on the Use of Funds Assigned in Accordance with Resolution CP/RES.831.

At December 31, 2008, Resolution 831 had a **balance of US\$257,643**.