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# IMPLEMENTATION OF THE SANTIAGO SUMMIT PLAN OF ACTION IN THE FIELD: A LOOK AT USAID'S PROGRAMS IN EDUCATION, DEMOCRACY, TRADE INTEGRATION, ECONOMIC GROWTH AND POVERTY REDUCTION IN GUATEMALA

STEVEN E. HENDRIX

## I. INTRODUCTION

On April 19, 1998, the heads of participating state governments signed a "Plan of Action" at the second Summit of the Americas in Santiago, Chile. The Santiago Summit Plan of Action pledges action in a number of areas, including education, democracy and human rights, economic integration and free trade, and eradication of poverty and discrimination. The Summit of the Americas provided an opportunity to help chart a course toward greater sustainable development within a more solid democratic framework. This article summarizes USAID's efforts in support of these objectives, using Guatemala as an example of USAID actions.

From 1998 to 2000, the U.S. Agency for International Development (USAID) will provide approximately \$1 billion in grants to fund the implementation of the Santiago Summit Plan of Action. About \$120 million will be targeted for microenterprise development. Over half of the grant funding, about \$600 million, will go toward poverty reduction and eradication of discrimination. About \$350 million will go toward USAID support for strengthening democracy and human rights. Education initiatives will total about \$80 million. Support for economic integration and free trade will amount to roughly \$100 million.

A good illustration of how these announced programs will actually operate at the field level is USAID's activities in Guatemala. Like other countries in the

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region, Guatemala is emerging from radical social and political change. Efforts in 1997 to transform written peace accords into reality marked Guatemala's first year of formal peace after 36 years of civil war. The signing of the final Peace Accord on December 29, 1996 began a new, more democratic phase. With support from the U.S. and other donors, President Alvaro Arzú's administration aggressively moved to comply with the immediate, short-term objectives of the Peace Accords in January 1997, through demobilization, training, and reinsertion of 3,000 ex-combatants into productive society. Complying with the peace accord's short-term objectives was critical to advancing national reconciliation. By March 1998, the last of the demobilized ex-guerrillas left temporary quarters and resettled permanently, many on titled lands of their own. It is in this context that USAID has advanced a new development strategy to assist in the transition to peace, to advance sustainable development, and to work toward the negotiated objectives of the Summit of the Americas.

## II. EDUCATION

Education in the hemisphere is clearly inadequate. For example, across Latin America and the Caribbean, half of first graders repeat the grade. It takes, on average, seven years for a child to complete four grades of learning. Teachers have the least amount of training in schools serving the poor, whether rural or urban. The World Bank estimates that, on average, only half the children in Latin America have the textbooks they need.

In Santiago, there was a clear consensus that education is a major, cross-cutting goal, and an essential ingredient for economic growth, social advancement, and improved democratization. The Summit's Plan of Action reaffirmed the first Summit's goal of ensuring universal access to quality primary education for 100% of children, and access to quality secondary education for 75% of the children by the year 2010. In support of this effort under the Santiago Summit, USAID will provide funds to strengthen the teaching profession, assure adequate investments in basic education, provide local communities with more control over schools, and establish and monitor standards for educational performance.

In Guatemala, this support from USAID translates into a number of concrete actions. Guatemala has historically underinvested in human resource development, and this problem is particularly pronounced in regions where normal government programs were unable to succeed due



to civil conflict. Many refugees that have returned to Guatemala, thus far, actually have attained higher educational levels than the general population. Social indicators reveal that the population most affected by the war in Guatemala are the indigenous people in the North and Northwestern regions. These people are among the world's most poorly educated groups. An intense, integrated approach will be required to overcome decades of scarce services to this population.

USAID's support focuses on human resource training in order to assist the ex-combatants and refugees in reintegrating themselves as quickly as possible into productive society. USAID's support also provides opportunities for others who have suffered from limited social services within previously conflict-ridden zones. Human resource training activities range from basic literacy and numeric skills, to more sophisticated vocational and leadership training. In addition, USAID has activities related to intercultural bilingual education.

The Indigenous and Socioeconomic Accords lay the foundation for social integration through clear recognition of Guatemala as a pluri-cultural, multilingual, and multiethnic country. These Accords mandate that indigenous communities assume a proactive role in decisions that affect their lives. USAID has developed a scholarship program through which indigenous men and women will be trained in university degree programs. There are 575 Mayan students, 45% of whom are women, who enrolled in January 1998 to begin a variety of pre-professional and professional programs at Rafael Landivar University. Furthermore, the University and USAID are actively investigating endowment mechanisms for maintaining long-term scholarship programs for Mayans and other indigenous groups.

USAID is also strengthening or establishing at least 100 community schools in

formerly conflicted or remote rural areas. The schools curriculum will reflect the intent of the Indigenous and Socioeconomic Accords. The schools will be participatory, both multilingual and intercultural, with an emphasis on gender equity and the use of active learning methodologies.

In addition, education promoters are working in areas inhabited by refugees and internally displaced families, as well as in areas of extreme isolation. These areas have little access to government services to provide for schools at the community level. A total of 200 community education promoters will be certified as bilingual teachers. As part of the process of offering primary teacher credentials to the promoters, USAID is funding non-governmental organizations (NGOs) to develop materials and provide training in classroom methodologies that encourage girls' and parental participation within a framework of active, bilingual or multilingual education.

The Guatemalan Peace Accords focus on literacy as being critical to expanded social and economic inclusion. By 2002, it is expected that there will be 250,000 newly literate individuals trained in integrated literacy programs. The program places particular emphasis on women and youths. The U.S. private voluntary organizations (USPVOs) selected to implement this program will coordinate closely with the National Adult Literacy Committee (CONALFA) and will strengthen local NGO programs that integrate literacy within a broader community development context.

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### III. DEMOCRACY AND HUMAN RIGHTS

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The Santiago Summit also committed the Guatemalan region to a second generation of political reforms to guarantee full indigent political participation. USAID's programs in support of this goal emphasize the establishment of independent judiciaries;

extension of democracy to local governments, with an emphasis on improved capacity to assume these new governmental functions; and freedom of the press.

At the regional level, USAID will lead an effort to upgrade the skills of the hemisphere's first generation of democratically elected mayors. At the meeting of the Inter-American Commission on Human Rights, USAID agreed to provide funding for a new position called "special rapporteur" to focus on freedom of the press. Working with the Departments of State and Justice, USAID is helping to establish a new justice studies center for the hemisphere that will help ensure the establishment of independent and fair judiciary systems throughout the region.

The USAID/Guatemala focus is on the interaction between citizen participation and government response. Participation rates by Guatemalan citizens have traditionally been low because of conscious exclusion. Active political participation, beyond voting, was quite dangerous for most of the years between 1954 and 1996. But President Arzú's government appears strongly committed to establishing civilian control over the military, to reining in human rights violators, and to implementing the Peace Accords. Therefore, conscious political exclusion, via implicit or explicit threats, should diminish. Still, the challenge of making the government more responsive to the citizens of Guatemala is a far more complex task.

Guatemalan citizens will become more politically active when they see changes in the political process. For example, public sentiment will change when citizens see that crimes are being reported, and investigations conducted do lead to prosecutions and convictions in accord with due process of law. Guatemalans will be more likely to participate in politics when they see that their Congress legislates thoughtfully on the citizenry's behalf; that elected represen-



tatives respond to constituency concerns; and that Congress seeks to hold the executive branch of government accountable for its actions. Citizens of Guatemala will be more likely to participate in local politics once they understand the level of financial resources municipal governments have and are consulted about how those resources should be spent.

One example of USAID's emphasis on improving the political process and its short term impact is the support to the Special Commission on Incorporation. This group is responsible for ensuring that 3,000 ex-combatants are demobilized and incorporated into Guatemalan society. In addition to participating with the operations of the Commission, USAID, as a representative of the community, achieved one of the major peace-related accomplishments in 1997: the successful demobilization of ex-combatants and their on-going reintegration into civilian society. USAID provided both technical personnel and financial resources, without which the demobilization process could not have succeeded. The demobilized ex-combatants and others have also benefited significantly from USAID's major contribution to the creation and operation of the Land Fund in 1997, which to date has enabled 431 families, including ex-guerrillas, to gain access and title to productive land. USAID support to the Land Fund, both technical assistance and lending capital, has been crucial to enable it to finance market-based land transactions, thereby addressing one aspect of a key cause of conflict in Guatemala.

With a \$1 million U.S. contribution in July 1997, and with subsequent additional donations to the Historical Clarification Commission (HCC), USAID leveraged other donors to support the vital work of this Commission. The HCC has generated nearly 16,000 testimonials related to 8,000 cases of human rights abuses since its inception in August 1997. USAID worked with

the Guatemalan Government to design a program to assist some 10,000 survivors and victims of human rights abuses, in response to anticipated recommendations from the HCC. The particular focus of this program will be on the most vulnerable among victims, primarily women and children in indigenous communities. This program serves as a model for an expanded program of national reconciliation.

Guatemala has exhibited increased institutional will and improved technical competence in the justice sector over the past year due to USAID and other U.S. programs. For example:

- *Improved techniques in investigation and prosecution have advanced dozens of high profile criminal cases begun in 1997, many of which targeted current or former military and high-ranking government officials.*
- *New justice centers are providing increased access to justice in previously conflicted zones.*
- *In response the needs of the indigenous, legal interpreters are guaranteeing procedural due process for criminal suspects, victims, and witnesses.*
- *Clerk of Court offices are being introduced in the eight criminal courts in Guatemala City; a rare and radical restructuring in the Latin American context, designed to provide improved transparency, efficiency, and quality of judicial administration.*
- *Civil society, judges, and public ministry officials have combined efforts to mediate disputes at the community level in Quetzaltenango and Zacapa, as a pilot effort in alternative dispute resolution to be replicated in additional justice centers.*
- *Curriculum reform in criminal procedure and trial advocacy is breathing new life into the public law school, while the Bar Association has an institutionalized academic unit for continuing legal education for the first time.*
- *A graduate program in indigenous, customary law is available for the first time in Guatemala's history, and represents the first such graduate-level course in Latin America.*
- *A human rights curriculum for primary school was developed by the Office of the Human Rights Ombudsman (OHRO) and is being introduced nationwide through the Ministry of Education.*
- *A human rights case follow up unit in the OHRO was established and, for the first time in the institution's history, now has the capac-*

*ity to track and enforce compliance with the resolutions of the Ombudsman.*

"Proyecto Incidencia" (The Advocacy Project), which began in October 1997, seeks to strengthen citizen participation in the democratic process. Proyecto Incidencia also seeks to increase opportunities for civil society organizations (CSOs) to influence the formulation, implementation, and oversight of public policy, especially with respect to the Peace Accords. The first months of Proyecto Incidencia were spent completing an extensive stakeholder analysis; organizing an Advisory Committee comprised of leaders in civil society, government, media, and academia; developing an action plan for 1998; and completing a monitoring and evaluation plan.

In addition to new efforts in promoting citizen advocacy, USAID continues support for "Acción Ciudadana," which plays a critical role in bridging public interest groups with the Legislature. In 1997, Acción Ciudadana released the first "legislative report card," publishing the voting records of individual members of Congress, which assessed the legislative performance of the 22 Congressional Committees. The legislative report card provided comparative analysis on the work of each political party represented in Congress. In a country that has never had this form of honest, independent reporting, the publication was a best seller.

The Peace Accords will require the research, drafting, debate, and passage of some 200 laws and constitutional reforms. This is an onerous task for any Congress, and an even more daunting one in Guatemala, where almost two-thirds of the 80 Representatives are first time legislators. The situation is further complicated by Committee Presidents limited to no more than one consecutive term, thus discouraging the development of experienced Congressional leadership. Legislators traditionally have not had access to technical



expertise, staff, or resources necessary to develop legislation or to exercise legislative oversight of the executive branch. As a result, Congress struggles with a tradition of subordination to the country's executive branch, further exacerbated by the fact that the Administration and the majority in Congress are of the same party.

Despite these challenges, the Congressional Modernization Plan developed in 1996 with USAID assistance entered into the first phase of implementation in 1997. Some important milestones from that year include:

- *Establishment of a technical legislative assistance unit, which allows for a professional and transparent process for legislative research and bill drafting.*
- *Establishment of an independent budget analysis unit that will lay the groundwork for Congressional oversight of the executive branch.*
- *Creation of a specialized team to analyze all bills for gender and ethnic considerations.*
- *Preparation of sixty-eight high quality, technically sound legislative studies which led to bills on issues of national importance, and, eliminated some unnecessary legislation.*
- *Administrative restructuring, which has streamlined procedures and increased staff efficiency.*
- *Drafting new "Rules of Order," which will greatly empower the committee system by delegating the passage of certain types of legislation to committees and streamline the legislative calendar of the plenary; all critical to the timely passage of peace-related legislation.*
- *Increased citizen outreach and engagement through public hearings, creation of a Legislative Information Center, student tour programs (averaging 250 students per month), and a public seminar series that allowed greater citizen involvement in legislative debate.*

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#### IV. ECONOMIC INTEGRATION AND FREE TRADE

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USAID's primary role in supporting the creation of the Free Trade Area of the Americas (FTAA) is to assist smaller-economy countries in making progress toward resolving key market issues impeding environmentally sound and equitable free trade.

Eliminating impediments to market access for goods and services among countries will enable smaller-economy countries to fully participate in the FTAA and foster economic integration in the hemisphere. Free trade and economic integration are key factors for supporting economic growth, raising living standards, improving working conditions, and protecting the environment. Through USAID support of such trade issues, the U.S. will continue to maintain its role in the future of hemispheric free trade.

At the regional level, "Second Generation" economic reforms now required include completion of the macroeconomic foundation and further steps toward economic integration. The Santiago Summit underscored the need to remove barriers that deny economic opportunity to the indigent. These measures include increased access to credit and other financial services and access to secure title to land and other property.

Across Latin America, USAID is working with other donors and governments to introduce new mapping technologies and improved systems for ensuring both the rural and urban poor secure title to their property and participation in the benefits of economic integration. USAID is helping in Central America to eliminate child labor in selected sites where work conditions are the most hazardous. As for microenterprise, the combined efforts of USAID, other donors, and governments should reach another one million microenterprise clients over the next few years.

Also on a regional basis, USAID has been programming technical assistance to expand hemispheric trade and export-led growth for many years, through the Hemispheric Free Trade Expansion (HFTE) project. That effort, coordinated with the Office of the U.S. Trade Representative (USTR) and Latin American partners, identifies key market issues impeding free trade. It also involves close monitoring via the fol-

lowing groups: the USTR-led Inter-Agency Trade Policy Staff Committee (TPSC), the Subcommittee on the FTAA, the USTR representatives to the Hemispheric Working Groups (HWGs), the CARICOM-US Trade and Investment Council (TIC), the CACM-US Trade and Investment Council (TIC), and USG Inter-Agency Joint Committee on Trade, Development, Finance and Environmental Issues under the Bridgetown Summit. Activities are focused on four key areas: trade liberalization, labor/management relations, market participation, and the environment. Within the Central American sub-region, the "Program Supporting Central American Participation in the Free Trade Area of the Americas" (PROALCA) seeks to increase Central America's preparedness to enter into free trade agreements and thereby accelerate the region's integration into hemispheric markets. To effectively combat poverty and promote sustainable development in Central America, substantially higher economic growth rates are required on a sustained basis. Real growth of 5-6% per year is needed to provide increased demand for the productive use of labor and thereby increase incomes for working families.

While fully supportive of Summit objectives, Central America's ability to participate in the FTAA is severely limited by its lack of technical expertise in areas related to implementing existing trade agreements and commitments, dismantling trade barriers, and enhancing the region's competitiveness. Reflecting this, the Summit of the Americas Plan of Action pledged that "technical assistance will be provided to facilitate the integration of the smaller economies and increase their level of development." USAID's program continues to support this commitment primarily through PROALCA.

USAID has provided technical assistance, training, and research in support of



Central America's efforts to reform its regional trade regime. This assistance has contributed to the adoption, by Central America, of a more outward-oriented regional integration model, characterized by lower external tariffs, accelerated implementation of World Trade Organization (WTO) commitments, and reductions in both intra- and extra-regional nontariff trade barriers. Central American countries have increased their participation in the FTAA process by chairing the Costa Rica Investment and Nicaragua Services hemispheric negotiating groups, and by vice chairing the El Salvador Agriculture group and the Honduras Government Procurement group. Central America's trade performance continued to improve during the last five years. Central America's imports from the United States increased to \$8.7 billion in 1997, which supported 174,000 U.S. jobs.

USAID also promoted private sector participation in the electricity and telecommunications sectors. Recent successes in these areas include passage, in Guatemala in October 1996, of very modern laws regulating electricity and telecommunications; the privatization of four Salvadorean electric supply companies in 1997/1998; the privatization of the Panama telecommunications company in May 1997; and the recent reform to the law 201 in Nicaragua that allows the privatization of the public water, mail, and telecommunications companies. Important advances took place in the privatization process of electric and telecommunications companies from 1998 and into 1999.

USAID is directly supporting Central American readiness for participation in hemispheric free trade agreements in five major areas.

#### A. INTELLECTUAL PROPERTY RIGHTS (IPR)

USAID supports Central American efforts to strengthen IPR policies and enhance

enforcement capabilities by: (1) developing model Central American conventions on trademark, patent, and copyright; (2) increasing the public's awareness of the importance of adequate IPR protection for investment, technology transfer, and sustainable development; (3) supporting Central American efforts to build regional and national consensus on required IPR policy changes; and (4) technical training for patent, trademark, and copyright registry officials. Through USAID support and encouragement, the Central American Regional Economic Integration Secretariat (SIECA) negotiated a Memorandum of

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Understanding with the U.S. Patent and Trademark Office on a program of cooperation and support aimed at strengthening IPR protection in the region. The first of its kind, and representing a more mature relationship between the U.S. and the region, a USAID grant to SIECA will fund needed training and technical assistance. These undertakings will assist in the implementation of the bilateral IPR agreements between the U.S. and Central America.

#### B. FURTHER TRADE LIBERALIZATION

USAID is supporting Central American measures to further liberalize both intra- and extra-regional trade. The focus of the activities is on critical non-tariff barriers and the implementation of regional legisla-

tion consistent with international standards. Technical experts also assist and enhance Central American participation in the Summit of the Americas FTAA negotiating groups.

#### C. ENHANCED PROTECTION OF REGIONAL AND FOREIGN INVESTMENT

USAID support will improve dispute resolution procedures, eliminate foreign investment policy constraints, afford national or most-favored-nation treatment to all investors, and establish international standards for expropriation of property. The current standard of compensation in cases of expropriation is prompt, adequate, and effective compensation. USAID's support will facilitate implementation of commitments made by Central American countries in bilateral investment treaties with the U.S.

In 1998, Nicaragua's Legislative Assembly approved a Bilateral Intellectual Property Rights Agreement (BIPRA) with the U.S.. The Honduran and Nicaraguan Congresses approved a Bilateral Investment Treaty (BIT) with the U.S.. In March 1998, the CACM and Dominican Republic Governments signed an Agreement with the U.S. government to establish a Council on Trade and Investment among these nations.

#### D. LABOR MARKETS, BETTER PROTECTION OF WORKER RIGHTS, AND IMPROVED LABOR RELATIONS

USAID will establish the foundation for improved labor market operation and the modernization of existing regulations and institutions in charge of policy formulation and implementation. PROALCA serves a variety of purposes by: (1) helping civil society agents reach agreements with authorities on reform of the regulatory institutions involved in the labor market and economic integration; (2) improving practices for proper implementation of harmonized labor regulations; and (3) generat-



ing experiences through pilot projects that could contribute to improved operation of the market and enrich the social dialogue.

#### E. GREATER PRIVATE SECTOR INVESTMENT IN ENERGY AND TELECOMMUNICATIONS

USAID is assisting Central American governments in the design and development of more open and competitive telecommunication and energy regimes to encourage private sector participation. In 1997 and 1998, through the privatization of electricity and telecommunications assets, investments reached nearly \$2 billion, involving mostly U.S. investors.

In July 1998, USAID and the Inter-American Development Bank (IDB) initiated activities to strengthen Central American regional trade institutions and support improved trade policies, with \$4 million from Multilateral Investment Fund (MIF) resources. As a result of this combined effort, USAID is concentrating on areas such as IPR and investment protection.

USAID is working with the IDB on its program to improve labor markets, strengthen the protection of workers rights and improve labor-management relations. USAID maintains close contact with the UN's Economic Commission for Latin America (ECLAC)-Central American Office, which provides research and technical analysis on Central American economic integration issues. USAID also works with the Organization of American States' (OAS) Foreign Trade Information System. At the same time, USAID maintains collaborative relations with academic think tanks, civil society, and government and regional institutions and groups.

USAID is also working closely with the U.S. Trade Representative (USTR), the U.S. Patent and Trademark Office of the Department of Commerce, the U.S. Department of Labor, the U.S. Customs Service, and the Economic/Commercial

Sections of U.S. Embassies in the region.

USAID is assisting its Guatemalan partners to advance economic integration and free trade. The Peace Accords, in conjunction with the Arzú Administration, emphasizes working with rural populations to protect the natural resource base of the country and to alleviate poverty by establishing sustainable sources of income. Guatemalan peace programs and USAID programs include the development of sustainable production projects in formerly conflicted zones, natural-resource management for resettlement sites, development and implementation of locally managed forest concessions, support for resolving land conflicts, and improving tenure security.

USAID's environmental approach is fully supportive of these country goals and has developed in close consultation with various Guatemalan institutions, including the Comisión Nacional del Medio Ambiente (CONAMA) and the Consejo Nacional de Areas Protegidas (CONAP). This strategy promotes the conservation of habitat in priority ecosystems of Guatemala by strengthening the management and protection of key reserves, and by addressing issues of resettlement and poverty. To the degree resources permit, USAID will also contribute to the socio-economic reinsertion of populations displaced by the violence. This will be accomplished through the adoption of more sustainable income alternatives around priority biodiverse areas within the peace-zone departments.

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#### V. ERADICATION OF POVERTY AND DISCRIMINATION

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Trade integration is a non-starter if a large portion of the population is excluded from the benefits of increased economic growth through improved trade. The socio-political goals of inclusion and local empowerment must be accompanied by the economic goal of poverty reduction in a frame-

work of sustainable development if trade integration and peace itself is to last. Life in Guatemala has long been characterized by poverty, as well as by social, economic, and political inequality. According to a World Bank analysis of 44 low to middle-income countries in the world, Guatemala ranks eighth in incidence of poverty, and has the highest poverty rate among countries with a similar level of per capita gross national product.

According to the World Bank's 1994 World Development Report, Guatemala has the world's second most unequal distribution of income among 150 countries. As recently as 1989, approximately 75% of Guatemalans had insufficient income to purchase the basic basket of goods and services required to sustain a minimal standard of living. Also, 58% of the extremely poor lacked income adequate to purchase sufficient food to meet minimal nutritional requirements.

Less than half of rural Guatemalans have access to running water and only a quarter have access to electricity. Approximately 37% of Guatemalan males and 53% of females are illiterate. These rates are much higher in rural areas, particularly among the indigenous population. For example, at least 80% of Mayan women are illiterate, one of the highest rates for a population group in the Western Hemisphere. Despite a significant reduction over the past 20 years, Guatemala's infant mortality rate of 57/1000 is the highest rate in Central America, and one of the highest in Latin America. The percentage of children who are malnourished in Guatemala is the highest in Latin America. Approximately 70% of the deaths of children aged one to four years are due to preventable causes, such as acute respiratory infections, diarrhea, and malnutrition. Guatemalan women average 5.1 births in their lifetime, leading to one of the highest population growth rates in the hemisphere of 2.9%. Less than 10% of



Mayan woman use any method of family planning, compared to 43% of non-Mayans.

The development status of the indigenous population in Guatemala is particularly precarious. The most recent official census in Guatemala counted the indigenous population at about 3.5 million or 43% of Guatemala's population, although other non-official sources put the indigenous population as high as 60%. Over 90% of indigenous people live on an income that falls below the poverty line, and more than 80% are extremely poor. The indigenous are primarily Mayans, and live principally in the Western and Northern Highlands regions, speaking 21 distinct languages. Although the Peace Accords call for recognition of Guatemala's status as a multi-cultural nation, traditionally, indigenous people have had limited access to education and health services, as well as to land, credit and productive technology. One in six Guatemalan households is headed by a female, and 72% of rural female heads of household live in extreme poverty. Rural women are far more likely to be illiterate and monolingual in a Mayan language, and they frequently do not share ownership rights to family assets.

USAID's geographic focus is on the ex-conflicted areas in the northern transversal of the country, such as Quiché, Huehuetenango, Alta Verapaz, and Petén, where communities have been severely affected by physical, social, and economic isolation. In these areas, USAID has concentrated on providing credit to small producers. Micro-finance activities provide access to credit for those who successfully participate in business development, basic finance, and management training. Nearly 1,107 loans have been provided to these participants in Barillas, Huehuetenango. Many of the small producers are coffee farmers who receive technical assistance for the development of a local cooperative.

With a favorable world market, coffee prices paid to producers increased 20% in 1997, allowing 3,000 participants to increase their incomes.

The strengthening of a local lending organization in Ixcán, Quiché has facilitated community access to financial services. This local institution, which is now self-supporting, has also initiated the first village banking models in the area. To date, six women's groups reaching 150 women have begun operation and 92 women have received loans. The banks provide women with the opportunity to fill roles of responsibility, increase their self-esteem, and participate actively in the struggle to improve their lives.

In Petén, productive activities focus on the specific needs of returning and displaced communities settling in the midst of the Maya Biosphere Reserve, and in the buffer areas of the reserve. USAID resources dedicated to these activities were based on the proven successes of the local NGOs in increasing incomes through environmentally sustainable productive enterprises. In 1997, six enterprises were established involving 279 people.

Income generation and nutritional activities are being implemented in departments such as, Huehuetenango, Quiché, Petén, Alta Verapaz, and Izabal, which have over 50% indigenous populations and which have been historically excluded from government services. A bilingual intercultural education program will be carried out at high intensity in the department of Quiché, with some support from the General Directorate for Intercultural Bilingual Education (DIGEBI) at the central Ministry level. Other international donors also support bilingual education, using the USAID-developed models.

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## VI. CONCLUSION

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For centuries, poverty has been synony-

mous with ethnic exclusion and rural isolation in Guatemala. Too little has been invested in Guatemala's people and their productivity, and continued neglect will be economically, socially, environmentally, and politically unsustainable.

The end of thirty-six years of civil war has stimulated a national commitment to address poverty and a social obligation to reduce barriers to expanded economic opportunities for rural indigenous families and women. The medium and long-term nature of the challenge requires an 8 to 10 year time frame for USAID poverty reduction activities, which will integrate income generation, household food security, and basic education under one strategic objective. This approach concentrates on: (1) increasing access of the poor to economic capital, such as land, credit, markets, and infrastructure; and (2) investment in human capital, such as basic education, technical training, nutrition, and primary health care.

USAID's poverty activities will have both a gender and a Mayan focus, given the critical situation among indigenous women stricken by extreme poverty. Further, USAID is targeting its limited resources on selected geographic areas in the ex-conflicted zone called "Zonapaz". USAID is also working with other donors and partners to assure maximum coordination and innovation in developing mechanisms to attack poverty.

USAID/Guatemala developed the new poverty reduction activities to capitalize on the social contract contained in the Peace Accords, which commits the parties to attack the structural nature of poverty and social exclusion in Guatemala. The Accords also provide a national commitment to reduce the barriers to expand economic and social opportunities for indigenous people.



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