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Summit - Democracy

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Special Envoy for the Americas-McLarty, Thomas (Mack)

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- ① Nelson
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Tie to Mark's
earlier memo

- ④ Resc / 7/1/01

Discuss w Jeff and
Mark



DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS

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FAX COVER SHEET

DATE: January 6, 1998

TO: Mr. Thomas E. McLarry
Counselor to the President and Special Envoy for the Americas

FAX: 202-456-2215 PHONE: _____

FROM: Assistant Secretary Jeffrey Davidow

PHONE: 202-647-9227

REMARKS:

Please see attached.

NUMBER OF PAGES INCLUDING COVER: 4



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

January 5, 1998

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MEMORANDUM

TO: White House - Mr. Thomas F. McLarty
Counselor to the President and
Special Envoy for the Americas

FROM: ARA - Amb. Jeffrey Davidson
AA/LAC - Mark L. Schneider *[Signature]*

SUBJECT: Summit of the Americas

In order to make Santiago a success, regardless of fast track, we continue to assume the launching of negotiations for the FTAA. However, that announcement, while essential for a positive Summit public perception, will not suffice. Particularly, if fast track is not on hand, the other baskets of the Summit will have to produce clear, visible, easily understood "historic" leaps forward on the road to 21st century democratic development.

With that in mind, we had breakfast recently with Enrique Iglesias and think he is ready to guarantee several (five) exciting parallel funds/programs to be announced at Santiago. Each one will finance a specific Plan of Action commitment in a headline-making magnitude.

With respect to the IDB:

--The education basket would continue to hit educational quality and achieving universal primary school completion BUT the bank would be announcing a \$500 million fund to train a specific number of teachers and produce the textbooks to do the job. Funds also would go for cross-border job training of workers and a broad hemisphere integrating scholarship program to train thousands of students in different countries. The money would come from \$1.4 billion in local currency in the hemisphere representing either repayments of previous FSO soft loans in those countries or their "never paid" local currency contributions to the FSO. (We note that Treasury is thinking about using the FSO in different ways and we will have to consult with them on this matter.) Enrique will be negotiating this with the big countries (Brazil, Mexico, Argentina, etc.) at a February meeting with Finance Ministers, prior to the more formal Cartagena annual bank meeting.

--Underpinning the second generation of democratic institution-building are justice reform and strengthening local government. Enrique will have the IDB announce its willingness to finance the Regional Center for Judicial Studies to improve judicial training throughout the hemisphere. The association of judicial schools in Montevideo will be given the funding to mount a curriculum strengthening program around the hemisphere and then finance specialized courses for in-service training of existing judges.

--Local government is the other new democratic reform area. The IDB is already starting to make loans down to the municipal level, with national government guarantees. It also will be willing to finance another Regional Center for Local Government Public Administration that will develop a new curriculum to train the cadre of local government officials who have to be created over the next decade. AID is putting aside funds to contribute to both local government and judicial centers.

--Education, justice and local government all help address poverty, but the more direct impact will be through a new program of support for microenterprise expansion and property registration. Enrique hopes to be able to announce a private commercial bank consortium led by the Chilean Development Bank to provide capital to back a major expansion in micro-lending. At the same time, we hope to piggy-back new IDB grant money for loan capital on what we are doing (\$30 million/year) with the same NGO micro-lenders. On property, the IDB and World Bank can package what they already are doing for modern titling which mounts into the hundreds of millions of dollars with a tighter focus on titling for the poor.

--Citizen security translated as halting crime in the streets is another priority action item where the bank is breaking new ground and where the first loans down to the municipalities of Cali, Bogota, Medellin and Montevideo can be announced. Though not in the Summit Action Plan, these programs, which heavily involve police training for the first time, can be linked to our own ICITAP activities.

--Civil society is an area where we have an enormous amount of pressure from our own NGOs to show some progress. While they are involved in each of the other areas, the bank also is looking at ways to generate new funding for strengthening the environment for civil society. Both Enrique and the countries at the last SIRG also emphasized some legitimizing system for NGOs--even if it is done by the NGOs themselves--to ensure that NGOs represent someone other than themselves.

Enrique understands the need to translate all of this into 30-second sound bites, but we think he needs our help to do it. Once our technical people come up with the 2-3 pager in each of these areas, we will try and get public relations types to produce the 30-second sound bite for the bank--and for us.

Drafted:AA/LAC:MLSchneider
Ext. 24800 12/30/97
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