

**DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
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REGIONAL

PLAN OF OPERATIONS

**SUPPORT FOR THE ADMINISTRATIVE SECRETARIAT OF THE FREE TRADE
AREA OF THE AMERICAS**

(TC-98-08-25-7-RG)

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Annex II: Terms of Reference: Translation and Interpretation Coordinator of the Administrative Secretariat

Annex III: Terms of Reference: Conference Officer of the Administrative Secretariat

Annex IV: Terms of Reference: Documents and Archives Coordinator of the Administrative Secretariat

Annex V: Terms of Reference: Administrative Assistant

Annex VI: Detailed Budget

ABBREVIATIONS

AS	Administrative Secretariat
CARICOM	Caribbean Community
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
FTTA	Free Trade Area of the Americas
OAS	Organization of American States
TNC	Trade Negotiations Committee
TPC	Tripartite Committee
WTO	World Trade Organization

**SUPPORT FOR THE ADMINISTRATIVE SECRETARIAT OF THE FREE TRADE AREA OF THE
AMERICAS**

(TC-98-08-25-7-RG)

EXECUTIVE SUMMARY

REQUESTER: The 34 governments in the Hemisphere

EXECUTING AGENCY: The Bank

AMOUNT AND SOURCE: IDB: (FSO, US\$3,000,000
convertible currency)
Others donors: US\$ 913,267
Total : US\$3,913,267

TERMS : Execution period: 30 months
Disbursement period: 33 months

OBJECTIVES: To facilitate temporary administrative and logistical support for the negotiation process of the Free Trade Area of the Americas (FTAA).

DESCRIPTION: The project will provide support for the creation of a temporary FTAA Administrative Secretariat (AS). Specifically, consultants and other services will be hired to ensure that the AS will be in a position to comply with its official mandate to: (i) provide logistical and administrative support for the negotiations; (ii) provide translation services for documents and interpretation during the deliberations; (iii) keep the official documents of the negotiating process; and (iv) publish and distribute documents.

**ENVIRONMENTAL/AND
SOCIAL REVIEW** No social or environmental issues were raised during the review.

BENEFITS : In general terms, the creation of a small, but efficient temporary administrative unit to prepare, organize, and logistically support the complex FTAA meetings will allow the countries to render the negotiating process more efficient. In this sense, the AS will be a crucial element for the success of the FTAA process.

In more specific terms, the AS is expected to: (i) assist smaller economies to participate in the process to a degree that would not have been possible without the administrative and logistical support of

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the AS; (ii) contribute to internal transparency for the process by allowing all chairs of negotiation groups/committees and their participating delegations to enjoy homogeneous conference support and access to documentation, and (iii) in addition to the IDB's membership and active participation in the Tripartite Committee (TPC), strengthen the Bank's role as an facilitator in the process of regional economic integration.

RISKS :

The success of the Secretariat will hinge to a considerable extent on the professional and diplomatic skills of the Director to facilitate FTAA negotiations on an administrative level.

**RELATIONSHIP OF
PROJECT TO BANK'S
CODNTRY/REGION AND
SECTOR STRATEGY:**

In its support of the FTAA, the project complies with one of the central mandates of the Eighth Replenishment, i.e., the support of regional economic integration as a way to: (i) strengthen the region's strategy of opening up vis-a-vis the rest of the world, (ii) bolster domestic market expansion and economic growth, (iii) help consolidating structural reforms in the region, and (iv) foster the construction of stable democracies.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Retroactive financing: To allow for the reimbursement of a bridge financing of US\$400,000, arranged through INTAL, it is requested that expenses which the Bank incurred after May 29, 1998, are declared eligible for financing under this project. On the aforementioned date, the Government of Canada, in its function as President of the TNC, submitted to the Bank the official request to support the creation of the AS. Retroactive financing under the same terms would also apply to contributions made by the Organization of American States (OAS) and the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), IDB partners in the TPC (see paragraph 3.14).

**EXCEPTIONS TO
BANK POLICY:**

N/A.

I. BACKGROUND

A. The FTAA Process

- 1.1 At the Miami Summit of December 1994, the leaders of the 34 democratic countries of the Americas decided to launch a hemispheric process of elimination of trade barriers for goods and services and of impediments to foreign direct investment. Acknowledging that economic progress depends on sound economic policies, sustainable development and dynamic private sectors, the Heads of State resolved to immediately begin the creation of a "Free Trade Area of the Americas" (FTAA), the negotiations for which would conclude no later than 2005.
- 1.2 During the preparatory phase that took place between 1995 and 1998, twelve working groups were formed to analyze and conceive likely ways and means to proceed in the formation of the FTAA. The Tripartite Committee (TPC), composed of the IDB, the Organization of American States (OAS) and the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) provided critical technical and logistical support during this phase.
- 1.3 During their meeting on March 19, 1998, in San José (Costa Rica), the Ministers responsible for trade (the Vice-Ministers") recommended that formal negotiations be launched at the upcoming hemispheric summit. The Heads of State followed this recommendation and announced the launch of formal negotiations at the Summit of the Americas, which was held on April 18 and 19, 1998, in Santiago, Chile.
- 1.4 The FTAA is more than a simple free trade area. Its broad negotiation agenda includes not only traditional market access, but also new issues such as services, investment, intellectual property rights, and competition policy, with parallel for providing orientation on, and discussion of related issues such as electronic commerce, opinions of civil society regarding the FTAA and issues concerning smaller economies. FTAA countries are also committed to achieving concrete business facilitation measures before the year 2000.
- 1.5 The FTAA initiative has the characteristic of a particular type of new regionalism which is increasingly prevalent in the world today; i.e., a comprehensively structured trade agreement linking large relatively more developed economies with less developed economies in a defined geographic setting. The process is moreover building itself on an existing hemispheric network of subregional integration with the eventual FTAA agreement coexisting with those integration arrangements that strive for deeper objectives (e.g., common markets).
- 1.6 The Ministers agreed that FTAA's obligations would be

comprehensive, fully compatible with the World Trade Organization (WTO) disciplines, and would constitute a "single undertaking". Hence, the phase-in of FTAA obligations beginning in 2005 should bolster investment and trade with Latin America and the Caribbean. Furthermore, it would contribute to place central emphasis on WTO consistency, with the Uruguay Round obligations serving as the baseline for negotiations.

- 1.7 During the preparatory stage, the FTAA entities developed a large body of inventories and compendia on national and subregional trade disciplines. These databases were heretofore unavailable or difficult to obtain. Their availability on a public FTAA home page has been a major contribution to transparency for trade and investment. In the same preparatory stage the organization of workshops and seminars for delegations has raised awareness of WTO disciplines and compliance issues, while FTAA fora have facilitated interchange among the region's trade delegations concerning the WTO and its in-built negotiating agenda. This, coupled with the principle of WTO consistency of the FTAA, and the possibility that it will be a laboratory for improving on WTO disciplines themselves, should serve to further strengthen the multilateral system.
- 1.8 The on-going FTAA process is an outgrowth of the open regionalism in the 1990s which is an integral part of the policy reform process. Trade is central to the reform efforts as the region seeks to open up national economies, in preparation for economic globalization. For this purpose, regional integration complements unilateral and multilateral liberalization efforts in the Western Hemisphere.
- 1.9 Moreover, trade liberalization is expected to perform as an engine of growth. Conditions of competitiveness are more likely to spur across the local productive chain. Economic agents can function in a more stable and predictable policy framework. Consumer gains are considerable as the best international price rules domestic price levels. Exports are boosted mainly because of the restrictions-free import regime. Foreign direct investment is also more likely to establish in free-trade environments. This set of positive impacts has a bearing in bringing development, eradication of poverty and inequality, better levels of employment and healthier macro-economic indicators.
- 1.10 The rules-based trade agreement should also serve as an aid to lock-in policy reform in countries with a record of policy dispersion. Several other positive externalities may be observed in the future. Liberalizing regional trade without raising barriers on third parties will increase competition, benefit consumers, and contribute to growth and new market opportunities. This in turn should also have a positive effect on trade with the rest of the world. In addition, by increasing ownership with respect to trade disciplines, the FTAA process should induce participating countries to become even more active actors in multilateral efforts towards trade liberalization in the World Trade Organization. More importantly, a key political feature of the FTAA will be its role

1.11 as a vehicle for sustainable democracy in the Western Hemisphere.

B. Structure for the FTAA Negotiations and the Administrative Secretariat.

1.12 The Ministers in San José agreed to an initial structure for the negotiations which is flexible and can be adjusted as required to assist the negotiations. According to this structure, the Ministers will oversee and manage the negotiations, and will therefore meet periodically to provide political guidance to the FTAA process. A Trade Negotiations Committee (TNC) was established at viceministerial level. Canada and Argentina were selected as Chairman and Vice-chairman of the TNC respectively for the first 18 months of the negotiations. The committee has the responsibility for guiding the work of the negotiating groups and of deciding on the overall architecture of the free trade agreement and institutional issues. The TNC is also responsible of ensuring the full participation of all the countries in the FTAA process. It will meet as required and no less than twice a year.

1.13 Nine Negotiating Groups were created: market access, investment, services, government procurement, dispute settlement, agriculture, intellectual property rights, subsidies, antidumping and countervailing duties, and competition policy. The Chairmen and Vice-Chairmen of each group were selected taking into account the need to maintain geographic balance among countries. They will serve for a period of 18 months or until the subsequent ministerial meeting. The countries that will have the Chair and Vice-Chair of the negotiating groups for the first 18 months of the negotiations will be the following:

<u>Negotiating Group</u>	<u>Chair</u>	<u>Vice-Chair</u>
Market Access	Colombia	Bolivia
Investment	Costa Rica	Dominican Republic
Services	Nicaragua	Barbados
Government Procurement	United States	Honduras
Dispute Settlement	Chile	Uruguay-Paraguay
Agriculture	Argentina	El Salvador
Intellectual Property Rights	Venezuela	Ecuador
Subsidies	Brazil	Chile
Antidumping and Countervailing Duties		
Competition Policies	Peru	Trinidad y Tobago

1.14 A Committee of government representatives on civil society was also established in order to receive and analyze the views from the business and other sectors of production, labor, the environment and academia, and present them for the Ministers considerations. A joint government-private sector committee of experts lead by the

Caribbean Community (CARICOM) was also created in order to increase and broaden the benefits to be derived from electronic commerce. Finally, Trade Ministers agreed to establish a Consultative Group on Smaller Economies, chaired by Jamaica for the first 18 months period, which will follow and review the FTAA process with special emphasis on the concerns and interests of the smaller economies.

- 1.15 As part of the negotiating structure and to ensure logistical support for the negotiations, the Ministers agreed to create a temporary Administrative Secretariat (AS) to provide logistical and administrative support to the negotiations, specifically to: (i) provide translation services for documents and interpretation services during the deliberations; (ii) catalogue and maintain the official documents of the negotiating process; (iii) publish and distribute documents; (iv) organize conference facilities and hotel space, and (v) coordinate the support of other donors for the AS.
- 1.16 Both the AS and the meetings of the negotiating groups will be located first in Miami (until February 2001), then in Panama City (March 2001 to February 2003) and finally in Mexico City (through 2005).
- 1.17 The Ministers requested that the AS be funded through resources provided by the host cities and the TPC. Consequently, the Heads of State declared in their Santiago Plan of Action that "... we instructed our Representatives in the institutions of the Tripartite Committee, in particular, the Inter-American Development Bank (IDB), to allocate appropriate existing resources within those institutions to support the Administrative Secretariat for the FTAA negotiations".
- 1.18 Acting on this decision, the 34 governments in the Hemisphere, through the Chair of the TNC, submitted a formal request to the Bank, asking it to complement local resources which would support the creation and functioning of the AS while located in Miami.

II. OBJECTIVE

- 2.1 The objective of the project is to facilitate temporary administrative and logistical support for the negotiation process of the Free Trade Area of the Americas (FTAA).

III. DESCRIPTION

A. Activities

- 3.1 The project will provide support for the creation of the FTAA Administrative Secretariat (AS) to ensure that it will be in a position to comply with its official mandate to: (i) provide logistical and administrative support to the negotiations; (ii)

provide translations services for documents and interpretation during the deliberations; (iii) keep the official documents of the negotiating process; and (iv) publish and distribute documents.

- 3.2 In compliance with this mandate, the AS will be responsible of ensuring that the meetings of the nine negotiating groups, the consultative committee on smaller economies and two ad-hoc committees (electronic commerce and civil society) will be provided administrative and logistical support in an efficient and timely fashion. It is expected that the AS will lend support to **[information deleted]** negotiating meetings between September 1998 and February 2001.
- 3.3 To accomplish this task, consultants will be hired, operating expenses will be covered, and the negotiating meetings will receive support for overall logistics, translation and interpretation, reproduction of documents, and equipment. The operation will be administered with the assistance of a part-time administrative assistant who will be based at IDB Headquarters. Specifically, the assistant will serve as a link between the AS and the Bank and be responsible for monitoring project finances, including the preparation of disbursement documents.
- 3.4 Due to both its temporary nature and recognition of limitation of resources, Trade Ministers have explicitly sought to establish a small, austere secretariat with a minimum of staff and infrastructure. **[information deleted]**.
- 3.5 As the head of the AS, the Director will be responsible for coordinating the FTAA negotiating process at a logistical level, responding to the changing needs of the negotiating groups and special committees at any given time. The position was filled in October 1998 following a transparent procedure.
- 3.6 In view of the fact that the Director will deal with 34 country delegations, various international organizations and local Florida authorities, applicants were expected to have outstanding professional credentials and a political profile which would allow them to establish and maintain open communication channels with all the actors involved. More than 150 candidates from all over the Hemisphere applied for the position. The Bank prepared a short list and sent it to the selection committee composed of the TNC Chair and Vice-Chair, TNC delegates and a representative of the Bank on behalf of the TPC.
- 3.7 At the recommendation of the Director, the Bank will hire core consultants. Additional consultants will be hired as needed to allow the Secretariat to support in a flexible way the specific logistical Demands of the ongoing FTAA negotiations. At present, it is anticipated that consultants may be needed to design and install software, maintain FTAA-related databases, and to organize especially complex meetings.

- 3.8 The University of Miami will donate the use of office for the AS and the meeting venue, both of which will be located at its James L. Knight Center of Continuing Education.

B. Execution and Monitoring

- 3.9 The project will be executed by the Integration, Trade and Hemispheric Issues Division (INT/ITD), in cooperation with the Regional Technical Cooperation Division (INT/RTC) which will be responsible for project administration, including disbursements.
- 3.10 Project supervision will be the responsibility of a Coordination Committee, composed of the Chiefs, respectively, of ITD, the Trade Unit of the OAS and the ECLAC's Washington Office. Specifically, the Coordination Committee will supervise the overall functioning of the AS, including decisions on major personnel and financial issues.
- 3.11 Every six months, the Director, in cooperation with the administrative assistant, will prepare a progress and financial report, to be approved by the Coordination Committee.

C. Cost and Financing

- 3.12 Total project cost are estimated to amount to US\$3,913,267

[Information deleted]

- 3.13 The contribution of the Bank is estimated at US\$3 million. It will be non-reimbursable and drawn on the net income of the Fund for Special Operations (FSO) in convertible currency. The contribution will cover: (i) the honoraria of the AS core and other consultants, (ii) the Secretariat's operating expenses (including communications), (iii) support for the negotiation rounds, including translation/interpretation, reproduction of documents, and office equipment for the period between August and December, 1998 (see also paragraph 3.181, and (iv) the cost of the evaluation.
- 3.14 Since the first negotiation round has already taken place and a second will be held before the estimated approval of the project, a bridge financing of US\$400,000 has been arranged through INTAL. TO allow for reimbursement of this amount, it is requested that expenses which the Bank and the other TPC members OAS and ECLAC incurred after May 29, 1998, are declared eligible for financing under the project. Items financed included consultant services, translation an interpretation, and some operational expenses. On the aforementioned date, the Government of Canada, in its function as President of the TNC, submitted to the Bank the official request to support the creation of the AS.

- 3.15 Counterpart resources for interpretation and translation services for an estimated amount of US\$913,267 will come from the ECLAC, the Miami Dade County and the State of Florida. The latter has also agreed to cover the maintenance cost of the AS'S offices and meeting venues which will be provided by the University of Miami at an estimated value of USS3.7 million.
- 3.16 The contribution of the OAS is expected to total US\$277,767, equivalent to US\$128,200 per year until February 2001. It will cofinance consultants and operating expenses of the AS, and support for the negotiation meetings.
- 3.17 Agreements with the Miami Dade County, the State of Florida and the University of Miami regarding their respective cash and in kind contributions are in an advanced stage of preparation and are expected to be signed in the course of this year. It should be noted that the contributions of both the Miami Dade County and the State of Florida for 1999/2000 and 2000/2001 are subject to approval by the respective legislatures. In the case of the OAS, the 1999 contribution of US\$128,200 has been approved; the balance is subject to the approval in the annual budgetary exercise of the OAS member states.
- 3.18 Other in-kind contributions for an estimated amount of US\$110,500 are expected to come from private donors. It is anticipated that these donations be made available in January 1999 and consist of Xerox machines, computers, printers and other office equipment for the meetings. A non-profit corporation with headquarters in Miami will be established to allow the Bank to receive these and future donations.
- 3.19 Finally, it should be emphasized that individual countries in the Hemisphere incur considerable expenses with respect to the FTAA negotiations. Countries will finance the preparations of their delegations, and travel and per diem for continuous rounds of negotiations in Miami. Meanwhile, ministerial and TNC viceministerial meetings are financed entirely by the host countries. **[Information deleted.]** In sum, the financial burden of the FTAA process is clearly quite high for the countries of the region.

D. Disbursements

- 3.20 The Bank will establish a revolving fund, corresponding to 7% of the Bank's contribution. This fund will enable the Director to cover the expenses of the AS, with the exception of the honoraria of the core consultants which will be paid out of Bank Headquarters. As in the case with external executing agencies, the fund will be replenished depending on the appropriate justification of expenses.

IV. BENEFITS AND RISKS

- 4.1 The FTAA negotiation process, which will encompass a large number and very diverse actors and issues, is expected to be complex and strenuous. The operation will allow the creation of a small, but

efficient temporary administrative unit to prepare, organize, and logistically support the complex negotiations for a hemispheric free trade area.

- 4.2 Specifically, the AS is expected to: (i) benefit especially the smaller economies in the Hemisphere, because these countries are geographically close to the AS and the Secretariat's administrative and logistical services are considered crucial to ensure their full participation in the negotiation process; (ii) contribute to internal transparency for the process by allowing all chairs of negotiation groups/committees and their participating delegations to enjoy homogeneous conference support and access to documentation, and (iii) in addition to the IDB's membership and active participation in the TPC, strengthen the Bank's role as a facilitator in the process of regional economic integration.
- 4.3 The success of the Secretariat will hinge to a considerable extent on the professional and diplomatic skills of the Director to facilitate FTAA negotiations on an administrative level.

V. EVALUATION

- 5.1 An evaluation will be conducted shortly before or after completion of project execution. To this end, the Bank will hire an independent expert who will evaluate the efficiency and efficacy with which the operation was executed, including recommendations to improve the functioning of the AS.

LOGICAL FRAMEWORK

Program	Indicators	Means of Verification	Assumptions
Objective: To support the creation of the Free Trade Area of the Americas (FTAA)	Increased international trade and investment flows among the countries of the Hemisphere and with third countries.	Trade and investment statistics.	A global economic environment which is conducive to trade liberalization.
Purpose: To provide support administrative to the FTAA.	Logistical support [<i>information deleted</i>] FTAA meetings between September 1998 and February 2001.	Activity reports (each semester, together with a final report).	Within the Hemisphere, a political commitment to the negotiation process, including economic policies which are compatible with the future FTAA.
Products: Establishing an Administrative Secretariat (AS) established and functioning in an effective and efficient manner towards the project's purpose.	<ul style="list-style-type: none"> - Effective and efficient organization of translation and interpretation services for the meetings - Effective and efficient coordination of the meetings' logistics, including venues, equipment, stationary, etc. - Timely reproduction of documents and creation of a comprehensive FTAA filing center. 	Activity reports and reactions of the FTAA delegations members.	Availability of top quality external services
Activities: Personnel.	Budget.	Execution of the budget (financial reports)	Non-IDB financial contributions are made in accordance with the projects' co-financing scheme.

PROPOSED RESOLUTION

REGIONAL. NON-REIMBURSABLE TECHNICAL COOPERATION TO SUPPORT
THE ADMINISTRATIVE SECRETARIAT OF THE
FREE TRADE AREA OF THE AMERICAS

The Board of Executive Directors

RESOLVES :

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to take such measures as may be pertinent for the execution of the plan of operations referred to in Document AT- with respect to a non-reimbursable technical cooperation to support the Administrative Secretariat of the Free Trade Area of the Americas.

2. That up to the sum of US\$3,000,000, or its equivalent in other convertible currencies, is authorized for the purposes of this resolution, chargeable to the net income of the Fund for Special Operations.

3. That the above-mentioned sum is to be provided on a non-reimbursable basis.

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BENEFITS : In general terms, the creation of a small, but efficient temporary administrative unit to prepare, organize, and logistically support the complex FTAA meetings will allow the countries to render the negotiating process more efficient. In this sense, the AS will be a crucial element for the success of the FTAA process.

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**EXCEPTIONS TO
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I. BACKGROUND

A. The FTAA Process

- 1.1 At the Miami Summit of December 1994, the leaders of the 34 democratic countries of the Americas decided to launch a hemispheric process of elimination of trade barriers for goods and services and of impediments to foreign direct investment. Acknowledging that economic progress depends on sound economic policies, sustainable development and dynamic private sectors, the Heads of State resolved to immediately begin the creation of a "Free Trade Area of the Americas" (FTAA), the negotiations for which would conclude no later than 2005.
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- 1.3 During their meeting on March 19, 1998, in San José (Costa Rica), the Ministers responsible for trade (the Vice-Ministers") recommended that formal negotiations be launched at the upcoming hemispheric summit. The Heads of State followed this recommendation and announced the launch of formal negotiations at the Summit of the Americas, which was held on April 18 and 19, 1998, in Santiago, Chile.
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B. Structure for the FTAA Negotiations and the Administrative Secretariat.

1.12 The Ministers in San José agreed to an initial structure for the negotiations which is flexible and can be adjusted as required to assist the negotiations. According to this structure, the Ministers will oversee and manage the negotiations, and will therefore meet periodically to provide political guidance to the FTAA process. A Trade Negotiations Committee (TNC) was established at viceministerial level. Canada and Argentina were selected as Chairman and Vice-chairman of the TNC respectively for the first 18 months of the negotiations. The committee has the responsibility for guiding the work of the negotiating groups and of deciding on the overall architecture of the free trade agreement and institutional issues. The TNC is also responsible of ensuring the full participation of all the countries in the FTAA process. It will meet as required and no less than twice a year.

1.13 Nine Negotiating Groups were created: market access, investment, services, government procurement, dispute settlement, agriculture, intellectual property rights, subsidies, antidumping and countervailing duties, and competition policy. The Chairmen and Vice-Chairmen of each group were selected taking into account the need to maintain geographic balance among countries. They will serve for a period of 18 months or until the subsequent ministerial meeting. The countries that will have the Chair and Vice-Chair of the negotiating groups for the first 18 months of the negotiations will be the following:

<u>Negotiating Group</u>	<u>Chair</u>	<u>Vice-Chair</u>
Market Access	Colombia	Bolivia
Investment	Costa Rica	Dominican Republic
Services	Nicaragua	Barbados
Government Procurement	United States	Honduras
Dispute Settlement	Chile	Uruguay-Paraguay
Agriculture	Argentina	El Salvador
Intellectual Property Rights	Venezuela	Ecuador
Subsidies	Brazil	Chile
Antidumping and Countervailing Duties		
Competition Policies	Peru	Trinidad y Tobago

1.14 A Committee of government representatives on civil society was also established in order to receive and analyze the views from the business and other sectors of production, labor, the environment and academia, and present them for the Ministers considerations. A joint government-private sector committee of experts lead by the

Caribbean Community (CARICOM) was also created in order to increase and broaden the benefits to be derived from electronic commerce. Finally, Trade Ministers agreed to establish a Consultative Group on Smaller Economies, chaired by Jamaica for the first 18 months period, which will follow and review the FTAA process with special emphasis on the concerns and interests of the smaller economies.

- 1.15 As part of the negotiating structure and to ensure logistical support for the negotiations, the Ministers agreed to create a temporary Administrative Secretariat (AS) to provide logistical and administrative support to the negotiations, specifically to: (i) provide translation services for documents and interpretation services during the deliberations; (ii) catalogue and maintain the official documents of the negotiating process; (iii) publish and distribute documents; (iv) organize conference facilities and hotel space, and (v) coordinate the support of other donors for the AS.
- 1.16 Both the AS and the meetings of the negotiating groups will be located first in Miami (until February 2001), then in Panama City (March 2001 to February 2003) and finally in Mexico City (through 2005).
- 1.17 The Ministers requested that the AS be funded through resources provided by the host cities and the TPC. Consequently, the Heads of State declared in their Santiago Plan of Action that "... we instructed our Representatives in the institutions of the Tripartite Committee, in particular, the Inter-American Development Bank (IDB), to allocate appropriate existing resources within those institutions to support the Administrative Secretariat for the FTAA negotiations".
- 1.18 Acting on this decision, the 34 governments in the Hemisphere, through the Chair of the TNC, submitted a formal request to the Bank, asking it to complement local resources which would support the creation and functioning of the AS while located in Miami.

II. OBJECTIVE

- 2.1 The objective of the project is to facilitate temporary administrative and logistical support for the negotiation process of the Free Trade Area of the Americas (FTAA).

III. DESCRIPTION

A. Activities

- 3.1 The project will provide support for the creation of the FTAA Administrative Secretariat (AS) to ensure that it will be in a position to comply with its official mandate to: (i) provide logistical and administrative support to the negotiations; (ii)

provide translations services for documents and interpretation during the deliberations; (iii) keep the official documents of the negotiating process; and (iv) publish and distribute documents.

- 3.2 In compliance with this mandate, the AS will be responsible of ensuring that the meetings of the nine negotiating groups, the consultative committee on smaller economies and two ad-hoc committees (electronic commerce and civil society) will be provided administrative and logistical support in an efficient and timely fashion. It is expected that the AS will lend support to **[information deleted]** negotiating meetings between September 1998 and February 2001.
- 3.3 To accomplish this task, consultants will be hired, operating expenses will be covered, and the negotiating meetings will receive support for overall logistics, translation and interpretation, reproduction of documents, and equipment. The operation will be administered with the assistance of a part-time administrative assistant who will be based at IDB Headquarters. Specifically, the assistant will serve as a link between the AS and the Bank and be responsible for monitoring project finances, including the preparation of disbursement documents.
- 3.4 Due to both its temporary nature and recognition of limitation of resources, Trade Ministers have explicitly sought to establish a small, austere secretariat with a minimum of staff and infrastructure. **[information deleted]**.
- 3.5 As the head of the AS, the Director will be responsible for coordinating the FTAA negotiating process at a logistical level, responding to the changing needs of the negotiating groups and special committees at any given time. The position was filled in October 1998 following a transparent procedure.
- 3.6 In view of the fact that the Director will deal with 34 country delegations, various international organizations and local Florida authorities, applicants were expected to have outstanding professional credentials and a political profile which would allow them to establish and maintain open communication channels with all the actors involved. More than 150 candidates from all over the Hemisphere applied for the position. The Bank prepared a short list and sent it to the selection committee composed of the TNC Chair and Vice-Chair, TNC delegates and a representative of the Bank on behalf of the TPC.
- 3.7 At the recommendation of the Director, the Bank will hire core consultants. Additional consultants will be hired as needed to allow the Secretariat to support in a flexible way the specific logistical Demands of the ongoing FTAA negotiations. At present, it is anticipated that consultants may be needed to design and install software, maintain FTAA-related databases, and to organize especially complex meetings.

- 3.8 The University of Miami will donate the use of office for the AS and the meeting venue, both of which will be located at its James L. Knight Center of Continuing Education.

B. Execution and Monitoring

- 3.9 The project will be executed by the Integration, Trade and Hemispheric Issues Division (INT/ITD), in cooperation with the Regional Technical Cooperation Division (INT/RTC) which will be responsible for project administration, including disbursements.
- 3.10 Project supervision will be the responsibility of a Coordination Committee, composed of the Chiefs, respectively, of ITD, the Trade Unit of the OAS and the ECLAC's Washington Office. Specifically, the Coordination Committee will supervise the overall functioning of the AS, including decisions on major personnel and financial issues.
- 3.11 Every six months, the Director, in cooperation with the administrative assistant, will prepare a progress and financial report, to be approved by the Coordination Committee.

C. Cost and Financing

- 3.12 Total project cost are estimated to amount to US\$3,913,267

[Information deleted]

- 3.13 The contribution of the Bank is estimated at US\$3 million. It will be non-reimbursable and drawn on the net income of the Fund for Special Operations (FSO) in convertible currency. The contribution will cover: (i) the honoraria of the AS core and other consultants, (ii) the Secretariat's operating expenses (including communications), (iii) support for the negotiation rounds, including translation/interpretation, reproduction of documents, and office equipment for the period between August and December, 1998 (see also paragraph 3.181, and (iv) the cost of the evaluation.
- 3.14 Since the first negotiation round has already taken place and a second will be held before the estimated approval of the project, a bridge financing of US\$400,000 has been arranged through INTAL. TO allow for reimbursement of this amount, it is requested that expenses which the Bank and the other TPC members OAS and ECLAC incurred after May 29, 1998, are declared eligible for financing under the project. Items financed included consultant services, translation an interpretation, and some operational expenses. On the aforementioned date, the Government of Canada, in its function as President of the TNC, submitted to the Bank the official request to support the creation of the AS.

- 3.15 Counterpart resources for interpretation and translation services for an estimated amount of US\$913,267 will come from the ECLAC, the Miami Dade County and the State of Florida. The latter has also agreed to cover the maintenance cost of the AS'S offices and meeting venues which will be provided by the University of Miami at an estimated value of USS3.7 million.
- 3.16 The contribution of the OAS is expected to total US\$277,767, equivalent to US\$128,200 per year until February 2001. It will cofinance consultants and operating expenses of the AS, and support for the negotiation meetings.
- 3.17 Agreements with the Miami Dade County, the State of Florida and the University of Miami regarding their respective cash and in kind contributions are in an advanced stage of preparation and are expected to be signed in the course of this year. It should be noted that the contributions of both the Miami Dade County and the State of Florida for 1999/2000 and 2000/2001 are subject to approval by the respective legislatures. In the case of the OAS, the 1999 contribution of US\$128,200 has been approved; the balance is subject to the approval in the annual budgetary exercise of the OAS member states.
- 3.18 Other in-kind contributions for an estimated amount of US\$110,500 are expected to come from private donors. It is anticipated that these donations be made available in January 1999 and consist of Xerox machines, computers, printers and other office equipment for the meetings. A non-profit corporation with headquarters in Miami will be established to allow the Bank to receive these and future donations.
- 3.19 Finally, it should be emphasized that individual countries in the Hemisphere incur considerable expenses with respect to the FTAA negotiations. Countries will finance the preparations of their delegations, and travel and per diem for continuous rounds of negotiations in Miami. Meanwhile, ministerial and TNC viceministerial meetings are financed entirely by the host countries. **[Information deleted.]** In sum, the financial burden of the FTAA process is clearly quite high for the countries of the region.

D. Disbursements

- 3.20 The Bank will establish a revolving fund, corresponding to 7% of the Bank's contribution. This fund will enable the Director to cover the expenses of the AS, with the exception of the honoraria of the core consultants which will be paid out of Bank Headquarters. As in the case with external executing agencies, the fund will be replenished depending on the appropriate justification of expenses.

IV. BENEFITS AND RISKS

- 4.1 The FTAA negotiation process, which will encompass a large number and very diverse actors and issues, is expected to be complex and strenuous. The operation will allow the creation of a small, but

efficient temporary administrative unit to prepare, organize, and logistically support the complex negotiations for a hemispheric free trade area.

- 4.2 Specifically, the AS is expected to: (i) benefit especially the smaller economies in the Hemisphere, because these countries are geographically close to the AS and the Secretariat's administrative and logistical services are considered crucial to ensure their full participation in the negotiation process; (ii) contribute to internal transparency for the process by allowing all chairs of negotiation groups/committees and their participating delegations to enjoy homogeneous conference support and access to documentation, and (iii) in addition to the IDB's membership and active participation in the TPC, strengthen the Bank's role as a facilitator in the process of regional economic integration.
- 4.3 The success of the Secretariat will hinge to a considerable extent on the professional and diplomatic skills of the Director to facilitate FTAA negotiations on an administrative level.

V. EVALUATION

- 5.1 An evaluation will be conducted shortly before or after completion of project execution. To this end, the Bank will hire an independent expert who will evaluate the efficiency and efficacy with which the operation was executed, including recommendations to improve the functioning of the AS.

LOGICAL FRAMEWORK

Program	Indicators	Means of Verification	Assumptions
Objective: To support the creation of the Free Trade Area of the Americas (FTAA)	Increased international trade and investment flows among the countries of the Hemisphere and with third countries.	Trade and investment statistics.	A global economic environment which is conducive to trade liberalization.
Purpose: To provide support administrative to the FTAA.	Logistical support [<i>information deleted</i>] FTAA meetings between September 1998 and February 2001.	Activity reports (each semester, together with a final report).	Within the Hemisphere, a political commitment to the negotiation process, including economic policies which are compatible with the future FTAA.
Products: Establishing an Administrative Secretariat (AS) established and functioning in an effective and efficient manner towards the project's purpose.	<ul style="list-style-type: none"> - Effective and efficient organization of translation and interpretation services for the meetings - Effective and efficient coordination of the meetings' logistics, including venues, equipment, stationary, etc. - Timely reproduction of documents and creation of a comprehensive FTAA filing center. 	Activity reports and reactions of the FTAA delegations members.	Availability of top quality external services
Activities: Personnel.	Budget.	Execution of the budget (financial reports)	Non-IDB financial contributions are made in accordance with the projects' co-financing scheme.

PROPOSED RESOLUTION

REGIONAL. NON-REIMBURSABLE TECHNICAL COOPERATION TO SUPPORT
THE ADMINISTRATIVE SECRETARIAT OF THE
FREE TRADE AREA OF THE AMERICAS

The Board of Executive Directors

RESOLVES :

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to take such measures as may be pertinent for the execution of the plan of operations referred to in Document AT- with respect to a non-reimbursable technical cooperation to support the Administrative Secretariat of the Free Trade Area of the Americas.

2. That up to the sum of US\$3,000,000, or its equivalent in other convertible currencies, is authorized for the purposes of this resolution, chargeable to the net income of the Fund for Special Operations.

3. That the above-mentioned sum is to be provided on a non-reimbursable basis.