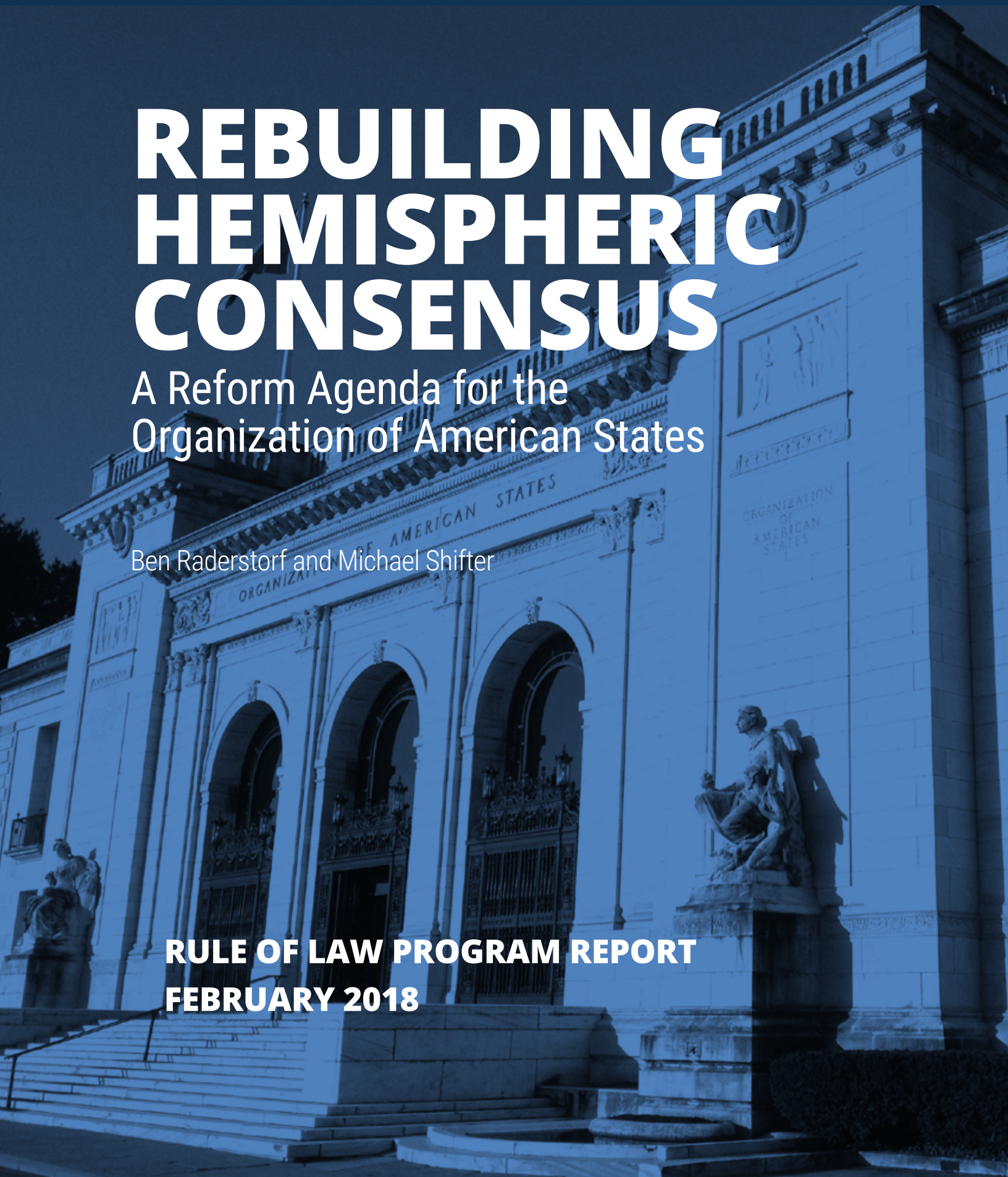
THE DIALOGUE
Leadership for the Americas

REBUILDING HEMISPHERIC CONSENSUS

A Reform Agenda for the Organization of American States

Ben Raderstorf and Michael Shifter



RULE OF LAW PROGRAM REPORT
FEBRUARY 2018

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Preface

The Organization of American States (OAS) has long faced central tensions in its mission, role, and profile.

On one hand, it is the world's oldest regional body and the only one dedicated to bringing together the countries of the Americas to discuss common challenges on democracy and human rights. The bedrock of the Inter-American System, the OAS is the principal forum through which the United States, Canada, Latin America, and the Caribbean meet to debate and reconcile differences—an umbrella for multilateral diplomacy and north-south interlocution in the Americas. Its scale, level of institutionalization, technical expertise on various issues, number of staff, and breadth of mission are unmatched by any similar Western Hemisphere body. Citizens across the region—from opposition political parties to human rights complainants—look to the OAS as a supranational guarantor of basic freedoms and political rights.

At the same time, the OAS has—almost since its inception—been criticized as inefficient, ineffective, and unimportant. The secretariat (the staff of the organization) is perpetually underfunded, even as its mission has grown broader. Adjusted for inflation, the effective budget has shrunk 23% since 2007. Its stately facilities currently face $36.8 million in deferred maintenance costs. North-south political divides, which paused briefly after the end of the Cold War in the 1990s, have returned with force, resulting in polarization, fragmentation, and strain on the organization's management and finances.

In the past decade the OAS has been caught in the middle of an ideological proxy fight, facing dueling criticisms of either capture by the United States or unwillingness to respond to democratic concerns in Venezuela and other countries. Its operational governing body, the Permanent Council of member states, is often deadlocked and polarized. Many countries place little value in their permanent missions to the organization and generally fail to take the OAS seriously. The United States, for example, has not had a confirmed Ambassador to the OAS since 2014. These challenges—a vicious circle of disinterest, dysfunction, and lack of funding—are structural and growing worse.

This report, which is the product of two meetings sponsored by the Dialogue in Buenos Aires and Washington, DC, attempts to lay a roadmap for continued efforts to reform the organization. Many of the following arguments are not novel. In fact, Inter-American Dialogue task force reports in 2006[1] and 1997[2] reached similar conclusions. Still, the need for action is greater than ever before.

To be sure, reenergizing the OAS will be complex, and may prove nearly impossible to achieve. So far even incremental changes have proved to be controversial, divisive, and chaotic. As such, the goals of this report may seem aspirational. Our hope is that, if nothing else, this exercise can help clarify and stimulate thinking about long-term goals—a point on the horizon towards which the OAS and its supporters and friends can orient their efforts.

The Dialogue is immensely grateful to its friends and partners in various areas of the OAS who helped make this effort possible, especially Secretary General Luis Almagro and his staff—above all Luis Porto and José Luis Ramírez. That said, beyond comments and feedback, this report does not necessarily reflect the opinions or conclusions of any members of the OAS staff, including the Secretary General, or any of the other partners involved in this effort. We are also indebted to Andrés Malamud, a senior research fellow at the Institute of Social Sciences (ICS) of the University of Lisbon, whose excellent working paper (to be published separately) provided critical input for this report. Many thanks are due to Ben Raderstorf, program associate with the Dialogue's rule of law program, for skillfully coordinating this project and preparing this report. We also wish to thank CAF—Development Bank of Latin America, for financial support of this endeavor, and all of the participants in the planning meetings—who are listed at the end of the report—for their ideas, input, and genuine commitment to improving inter-American relations.

Michael Shifter
President
Inter-American Dialogue

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Introduction

In decades past, the Organization of American States was protected by a sense that its mandate was essential; if it disappeared overnight, it would have to be replaced by something similar. Cooperation among all the countries of the Americas was understood by all as an important, relevant task.

In 2018, this may no longer be true. While it remains the only body capable of bringing together the Caribbean, Latin America, Canada, and United States, few countries seem committed to maintaining a common diplomatic space regardless of circumstances—and some have actively worked against it. For the first time in memory, many leaders in Latin America may simply be willing to let multilateral US-Latin American ties wither, prepared to try their luck bilaterally with the US and other partners. Meanwhile, a new US administration has raised serious concerns about US policies towards Latin America, and many Latin American governments are consumed by domestic challenges. As important as OAS programs are to democracy, human rights, and diplomacy in the Americas, many of these core functions—human rights monitoring, electoral observation, ministerial cooperation, and multilateral defense of democracy—command less support and are at risk of further weakening. At the same time, some member states, especially in Latin America, have come to favor alternative regional mechanisms that do not include the United States or Canada for diplomacy and dispute resolution.

Yet despite some worrying political trends and changing attitudes, the need for inter-American cooperation is perhaps greater than ever. From drug trafficking and corruption to climate change and human rights, the challenges facing the Americas are rarely contained within the borders of any one country. Participation by the United States and Canada is vital for meaningful regional diplomacy; both countries have significant roles to play in any geopolitical, security, development, democracy, human rights, anti-corruption, or environmental agenda. As a result, the OAS risks falling victim to a tragedy of the commons—a neglected public good that benefits the hemisphere, but whose maintenance is not in the clear interest of any one member state.

Certainly the OAS does not face any immediate existential threats. Instead, it confronts a potentially more daunting future: an ongoing irrelevancy trap in which longstanding perceptions of ineffectiveness become self-fulfilling prophecies, but without a clear or present danger that could help spur action.

The current Secretary General Luis Almagro, a former Uruguayan diplomat, has followed an ambitious strategy to raise the profile and visibility of the organization, especially by advocating on behalf of democracy in Venezuela. In this, he has been largely successful. His office has also undertaken an important strategic plan for management modernization that attempts to systematically analyze and improve the various administrative components of the organization's mandate. These efforts have not been simple or easy—his approach has generated considerable pushback from various interests inside and outside the organization. And despite these laudable efforts, the underlying problems still require a more fundamental overhaul.

No single individual or group of individuals is fully responsible for the challenges currently facing the OAS. Nor is it possible to attribute diplomatic gridlock to any one country. Even Venezuela—which built a coalition under Presidents Hugo Chávez and Nicolás Maduro to undermine what it saw as US domination of the organization—largely exploited preexisting weaknesses and divisions. Similarly, current and past Secretaries General have all, to differing degrees, recognized these failings and tried to correct them. Almagro has been particularly forceful in trying to shake the organization from its stupor, in part by using the bully pulpit to rally action towards Venezuela. But impassioned, vocal, and committed leadership alone cannot revitalize the OAS. If anything, Almagro's forceful leadership has exposed the myth that a strong Secretary General is all the OAS needs in order to recover its lost stature.

In truth, the structural challenges facing the OAS are the shared responsibility of all the 34 member states, very few of which have ever fully dedicated their attention and resources to helping build multilateralism in the Americas. If the OAS is to be saved from irrelevancy, it will require a conscious and sustained commitment on the part of countries across the hemisphere—large and small states alike.

Over the past two decades, the need for action has grown far greater as the structural pressures and sense of deterioration at the OAS have mounted. The risk is that as the cracks in the inter-American system grow, serious reform becomes more difficult and elusive by the year. Eventually, modernization may become nearly impossible.

The member states must act quickly if they hope to avoid that fate. Leaders around the hemisphere should support serious reform efforts at the OAS—and put forward the necessary political and financial capital.

1 Changing Hemispheric Architecture

In part, the OAS' challenges stem from a rapidly changing Western Hemisphere. Since the 1990s, arguably the peak of the organization's prominence and effectiveness, the Americas have grown more fractured on ideological, strategic, and economic lines.

In particular, five driving trends have had significant impacts on the Inter-American System:

1. The rise of a bloc of governments, exemplified by Hugo Chávez in Venezuela, created a sustained ideological rift across the region generally on left-right lines. Chávez and others viewed the OAS as a tool of US hegemony and resented its criticism of anti-democratic policies, and therefore worked to undermine their influence, dilute their efficacy, and create competing organizations that exclude the United States and have weaker democracy and human rights standards. While this ideological trend has lost steam in recent years, hemispheric relations remain fractured and disjointed.

2. Governance challenges and democratic threats have grown more complex and subtle in the past decade. Military dictatorships—once common in Latin America and the Caribbean—are now unthinkable in most countries. Instead the threats of corruption, competitive authoritarianism, government links to organized crime, and inadequate human rights protections are widespread. By and large this paradigm shift represents enormous progress, but the erosion of checks and balances by incumbents is a new threat to democracy that has emerged over the past 20 years. And even in states where democracy is not threatened by centralization of power, corruption may permanently undermine trust in public institutions.

3. The rise of Chinese influence in Latin America and the Caribbean—in some cases displacing the United States as the top trade partner and source of investment—has enabled a regional de-alignment process as countries pursue more varied trade and diplomatic strategies.

4. The 'boom' and subsequent 'bust' of the so-called commodities super-cycle between 2003 and 2013 had a twofold impact: first, the glut of new prosperity led many countries in the region to pursue more confident, assertive strategies on the world stage; then, when the resources ran out many were consumed by internal tensions and scandals. In both cases, there was little relative appeal to putting effort and resources into a multilateral body perceived as dominated by the United States.

5. Inconsistency on the part of the United States in dealing with the Western Hemisphere has exacerbated longstanding fractures in the region and called into question past attempts to bolster the democracy and human rights components of the OAS. This is especially true after the political upheaval surrounding President Donald Trump—who so far is breaking sharply with past US positions on multilateralism, democracy, and human rights—but the trend predates his election. The trend towards withdrawal and retreat spans back over a decade, and there has been little effort to engage

and help shape the agenda in a positive way. The US Congress tends to speak of the OAS from a distance, as if the US were not a central member with clear responsibilities.

Directly or indirectly because of these dynamics, the OAS now faces five interlocking challenges stemming from the hemisphere's current geopolitical context: (1) an **asymmetry of ownership and perceptions of function**; (2) flagging **regional commitment to many of its central principles**, especially the defense of democracy; (3) **overdependence on the personal commitment of the Secretary General**; (4) a relatively **low level of interlocution** in a hemisphere dominated by presidential systems; and (5) **insufficient capital**, financial and political, to accomplish any of its goals in full.

Ownership asymmetries

There is a growing disconnect among various member states about what OAS is and what it should be. As the OAS mission has grown more expansive—ranging from electoral monitoring and the defense of human rights to legal cooperation, development assistance, and multidimensional security—consensus has declined over which of these roles are most important.

In part because there are so many different parts of its mission, member states tend to see the OAS' functions through a narrow lens of national interest. For example, some Caribbean states have taken a transactional approach, looking to leverage their votes in the Permanent Council and the General Assembly to secure development assistance, whether directly through the organization or from a donor state looking to influence votes. This was the functional impact of Petrocaribe, Venezuela's ambitious energy assistance program, which helped Chávez bolster his coalition of allies.[3]

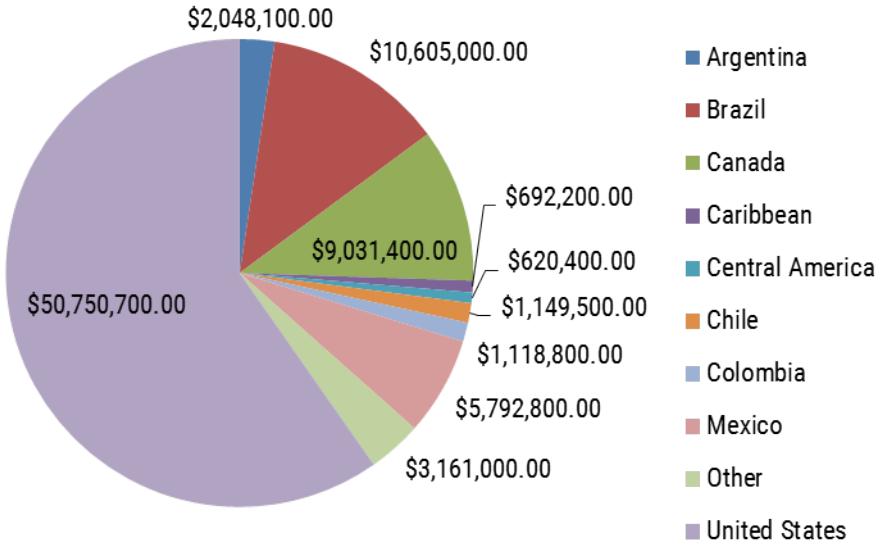
Inevitably, this horse trading has diluted the diplomatic functions that are at the core of the OAS' mission. To be sure, all member states engage in political maneuvers to advance their national interests, but the perceived exchange of resources has still undercut the organization's standing. According to some analysts involved in the preparation of this report, larger countries perceive the OAS as a forum where small countries go to negotiate material concessions from the US, Canada, and Venezuela.

Conversely, a number of countries have at times paid close attention to the Inter-American System, but only to ensure that their own governments are not singled out for democratic or human rights violations. Venezuela is the prime example, but a number of other countries fit this pattern. Ecuador, for instance, worked to weaken the Inter-American Human Rights System in response to certain complaints about freedom of expression. The United States under the Trump administration put national interest before multilateral engagement when it initially boycotted hearings of the Inter-American Commission on Human Rights (IACHR) on its immigration and national security policies.[4]

More broadly speaking, the sense of ownership over the organization is varied and declining among the member states. This may in part be because of huge differences in quotas—the United States contribution alone is responsible for nearly 60 percent of the nominal budget (and 67 percent

FIGURE 1. QUOTA ASSESSMENTS OF OAS MEMBER STATES

Source: OAS



of the actual expenditures); the United States and Canada together pay 70 percent of nominal budget (and 78 percent of actual).

Latin American countries have explored alternate venues for regional diplomacy, all of which exclude the US and Canada. The clearest potential competitor has been the Union of South American Nations (UNASUR), which has often been called on to fill traditional roles of the OAS. To lesser degree, the Community of Latin American and Caribbean States (CELAC), the Central American Integration System (SICA), the Bolivarian Alliance for Our Americas (ALBA), the Caribbean Community (CARICOM), and others have also claimed various degrees of competing legitimacy.[5] This apparent fragmentation of inter-American relations has undermined perceptions of the OAS' distinctive value and role.

While left wing governments have been particularly sensitive to international criticism that could threaten their domestic agenda or hold on power, other countries—Mexico, Honduras, Guatemala, the United States, and Colombia—have also sought to preemptively deflect criticism at the OAS.

However, these organizations have been largely unsuccessful. Their degree of institutionalization is very low, and as a result they are akin to talking heads without a body. This leaves the OAS as the best hope for advancing a sustained hemispheric agenda. On most multilateral issues, the OAS remains the only viable forum, above all because of its history, scale, advanced institutions, and well-developed normative framework. Even with the structural challenges it faces, the OAS clearly outmatches CELAC, UNASUR, and others.

The real threat to the OAS is the appearance of competition, which makes it easier for member states to ignore the organization's vital role and shop for other fora. Part of the reason a modernization push is so necessary is to leave behind the era of perceived competition. To counter this threat, the OAS may instead be able to pursue complementarity and subsidiarity with the other bodies that add value—specifically UNASUR and CARICOM. At the same time, OAS leaders should seek to draw clear lines on the issues—human rights and democracy first among others—that can be dealt with most effectively on a hemispheric level.

Flagging regional commitment to democratic principles

When the Inter-American Democratic Charter was signed on September 11th, 2001, the Americas were united—at least in principle—by a commitment to free and fair elections, institutional checks and balances, freedom of expression and assembly, and other values of liberal democracy.[6] In the decade and a half since, this normative consensus has noticeably frayed.

In part this is an ideological phenomenon—Chávez and other leftist leaders often characterized democratic norms as tools of an international neoliberal order, protecting a status quo they sought to disrupt.

At the same time, a variety of leaders around the hemisphere are sensitive to international criticism that could threaten their domestic agenda or hold on power. This is especially true as concerns about corruption and citizen security have gained greater prominence and governments have sought to head off potential criticism and embarrassment. While left wing governments have been particularly prone to such a posture, other countries—Mexico, Honduras, Guatemala, the United States, and Colombia—have also sought to preemptively deflect criticism at the OAS.

This trend could well become worse in the current period. To date, Trump has not spoken specifically about the OAS, though his Vice President was dismissive of the organization following the 2017 General Assembly. Many experts have argued that Trump's "Americas First" unilateralism, strong-arming political instincts, and statements and positions on human rights and democracy around the world and in the United States—including closeness with many authoritarian leaders—has undercut the US "power of example." There is the possibility that diminished US leadership will encourage other OAS member states to step into the void (as has perhaps begun to happen regarding Venezuela), but this scenario remains uncertain.

Facing these challenges, the member states must now decide if the OAS is best suited to defending democracy or merely promoting it. The latter—which includes the technical aspects of the Electoral Observation Missions (EOMs)—is currently one of its most successful and least controversial functions. Conversely, defending democracy seems to have far less support than in the past, for example, the recent election crisis in Honduras. If the OAS is to continue its role as a democratic watchdog—especially barring changes to its consensus model of organizational governance—renewed support for this mission must be built, starting from the member states.

Overdependence and lack of clarity in the Secretary General's role

In the past two years, Secretary General Luis Almagro has emerged as a powerful and highly visible advocate for democracy and human rights, especially in Venezuela. He has also raised the profile of the OAS, which has rarely had much of a public image in any sense. At the same time, his campaign to change the narrative on Venezuela has unnerved many (if not most) of the member states, some of whom have grown wary of international oversight or interference in any context and have prickled at Almagro's leadership style.[7] The Venezuelan government seized on personal confrontations with Almagro, dismissing him, without cause or evidence, as a fanatic and a puppet of the United States. Venezuela's allies have accused Almagro of politicizing the Secretary General's office and attempting to undermine the authority of the Permanent Council.

Still, much of this controversy could be avoided if not for the inherent ambiguity in the Secretary General position. The Dialogue's 2006 task force report on the OAS focused on the importance of the role, calling for "consistent, vigorous, and sometimes risk-taking leadership of the Secretary General."[1] The tenure of Luis Almagro has answered this call, but also shown that leadership alone is not enough. By taking on a more assertive posture towards Venezuela, he has demonstrated the organization's overdependence on the personal capacity and initiative of a single leader, and the need for an independent, professional, and institutionalized guarantor of OAS democracy norms within the institution. Short of such an institutional mechanisms, the degree to which the OAS lives up to its foundational premises will depend far too much on future Secretaries General matching the stances taken by Almagro.

To some degree, the Secretary General is trapped between (1) the obligations of the OAS Charter, the Inter-American Democratic Charter, and other governing documents and (2) the will of the OAS General Assembly and Permanent

Council, the overall and day-to-day governing bodies of the institution. In past years, the latter has arguably failed to live up to the obligations of the former, which creates a difficult and tense situation. As a result, Secretaries General who defer to the wishes of member states—above all on issues of democracy—risk being perceived as negligent and abdicate their ability to inject energy and relevance into the organization. On the other hand, those who take vocal positions invite criticism from the member states for overstepping their authority and risk undermining the long-term legitimacy of the role as an independent arbiter. What is missing is an institutionalized path to help the Secretary General mobilize support among the member states, and ensure the OAS (including the Secretary General) remains sufficiently attentive to its mission of strengthening and defending democracy, irrespective of political circumstances and leadership changes at the OAS.

In a sense, a Secretary General is currently asked to perform two roles that are occasionally contradictory: the honest broker with and between the member states and the guardian of the core principles of the OAS Charter, including democracy and human rights. When conflicts have arisen within the organization, Secretary General Almagro has been forced to be the prosecutor and the judge, which has inevitably created some strain with the de facto jury of the OAS—the Permanent Council.

This situation of overdependence will be exposed in time. The role of the OAS in defending democracy against dictatorship cannot be built on the personal commitment and political will of any one individual. Now is the time to introduce institutional mechanisms that will support activist Secretaries General in defending OAS principles and bind more passive ones to those same principles.

Relatively low level of interlocution

Unlike the UN and other multilateral organizations—including CELAC and UNASUR—the central governance of the OAS takes place at the level of foreign ministers (through the OAS General Assembly), and not through high-level presidential summits. Moreover, most of the practical governance happens through the regular meetings of the Permanent Council.[6] This has limited the organization's visibility and authority. As the majority of countries in the Americas have presidential systems of governance, inter-presidential dialogue has often been critical in hemispheric diplomacy, and is missing from the current OAS structure.

To be sure, the OAS plays a central role in the Summits of the Americas—historically acting as the technical secretariat and presiding over the Joint Summit Working Group, which includes 11 other organizations—but the relationship is only partially integrated. While the Summits, which take place every three years, have a clear role in defining the OAS agenda (and vice-versa) they remain distinct institutional mechanisms. Most importantly, the Summits process has only limited bearing on the governance of the OAS.

In addition, while the centrality of the permanent representatives is not necessarily a problem—especially insofar as they provide a channel for open debate outside of the foreign ministries—the governance and credibility of the organization overall still suffers from the perception that the OAS is dominated by the ambassadors. In many cases, the permanent representatives have little influence in their own government, and therefore either act independently without backing or are constrained to defending the pre-defined positions of their foreign ministries. In either case, true deliberation between nations is made more difficult.

In the long term, the member states should aim to formally merge the OAS General Assembly with the Summits of the Americas—along the model of the UN General Assembly—as well as any other measures to elevate the level of interlocution. This would, however, require resolution of the question of Cuba, which was suspended from the OAS in 1962.[8] In 2009, the suspension was lifted subject to certain conditions, but Cuba has since refused to rejoin OAS.[8] Since 2015, Cuba has been a participant at the Summit of the Americas.

Raising the level of interlocution would not necessarily solve the OAS' many challenges, but it would serve as a sort of backstop for institutional legitimacy and efficacy. On one hand, a regular gathering of heads of state under the formal auspices of the OAS would guarantee a degree of visibility and relevancy. On the other, it would encourage the member states to come better prepared to pursue their diplomatic agendas through the organization.

Lack of financial resources

Finally, all of these changing circumstances and interlocking challenges contribute to a persistent underlying financial shortfall. For years, the OAS has lacked the financial resources to fully accomplish all of its goals.

To be sure, compared with two years ago the OAS is not in a "financial crisis"—for which Almagro and his team deserve credit. The creation of an "operational budget" that takes into account Venezuela's consistent non-payment was a necessary step to avoid fully depleting the organization's coffers, and at present the financial situation is stable.

The absence of crisis, however, does not signify financial health. Over recent years, the budget has effectively shrunk, even as the organization's mandate has stayed the same, or even grown. As a result, the OAS has deferred maintenance and put off critical investments in physical and administrative infrastructure, and has suffered deep erosions in human resources.

Zero nominal growth budgets (lacking even adjustments for inflation) have hollowed out the OAS from the inside. At present, the organization faces an almost $37 million liability for deferred maintenance. A recent effort to partially address this shortfall by selling the Casa del Soldado—the stately home to the Inter-American Defense Board on 16th Street in Washington, DC, known as the "Pink Palace"—failed to find consensus. The austere budget has also deterred investment in financial and information systems, including an ill-fated effort to update the accounting system.

The staff has also shrunk dramatically. Between 2006 and 2016, the total number of employees and contractors fell from 672 to 513. At the same time, the mandates and programs have proliferated. Each General Assembly and Summit of the Americas brings in new follow-up mechanisms and processes that continue for years. As a result, the OAS staff is stretched progressively thinner—fewer people attempting to shoulder a larger workload with declining efficacy.

In addition, the OAS faces a potential impending financial cliff after 2018 if the United States goes into arrears. A law was passed by the US Congress in 2013 calling for the State Department to pressure the OAS to adjust its fee structure within five years ensuring that no member state is responsible for more than 50 percent of the assessed dues.[9] At present US support is 59.5 percent of the nominal budget. This means that the OAS stands to lose over $8 million in funding next year if the US Congress were to follow through on this implied threat. To be sure, the only way for the US to do so would be to violate its legally binding quota obligations, which may seem an unlikely prospect. However, the long-term risk of the US unilaterally going into arrears in response to a perceived lack of progress should not be dismissed as impossible, particularly in the current political context. The Trump administration could also plausibly target the OAS for even steeper cuts as it seeks to scale back international commitments in general, as was reflected in its 2018 budget proposal.[10]

This problem has become self-reinforcing, as growing inefficiency makes quota increases harder to justify on part the member states. As funding has been stretched thin, perceptions of bureaucratic inefficacy and lack of impact (even if possibly unfair) are difficult to shake. Unless the OAS demonstrates the importance of its mission, leaders around the hemisphere will not be likely to see it as worth investing in further. For the OAS to succeed, this cycle must be broken—most likely through a combination of structural reforms, restructuring, cutbacks, and a negotiated quota increase that draws on contributions from all of the member states. Most importantly, member states need to see value in the OAS and take it seriously.

The "Value-Added" Functions of the OAS

Looking forward, the OAS must and should make difficult decisions about how to reform, where to place its resources, what to emphasize, and what to cut. In doing so, the organization should prioritize the areas of its mission in which it is most effective and necessary:

- Broadly speaking, the role of an **umbrella forum for hemispheric affairs and north-south interlocution** is essential. On certain issues—above all cybersecurity, transnational crime, drug policy, immigration, democracy, trade, and human rights—all countries of the hemisphere must be at the table. The OAS is the only organization with this capacity. So too should the OAS seek to maintain its role as a **mediator and diplomatic facilitator**, especially on issues of electoral democracy and human rights. Prominent examples of this function include the OAS Special Mission to Haiti during the contentious 2016 elections and Secretary General Almagro's visit to the Colombia-Venezuela border in 2015.

- The OAS is also effective as a **clearinghouse of ideas and best practices**, especially on issues of domestic policy, including electoral systems and

security. This includes special missions and hybrid mechanisms, including the Mission to Support the Peace Process in Colombia (MAPP) and the Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH). Both have, to date, been successful examples of how the OAS can add value on a case-by-case basis. In addition to improving the quality of governance in member states, serving as a source of regional institutionalization can also help build consensus about the value of the organization in less controversial ways. This has long been true. The Dialogue report from 1997 argued something similar—but the OAS can still do more to centralize this clearinghouse role, especially since no other organization is equipped to perform this function as effectively.

- **Democracy and human rights must remain at the forefront**, above other priorities. The OAS is the only organization that is tasked with defending these values in the Americas. Conveniently, these are also the true pockets of excellence within the organization. The OAS must continue to play the role of democratic guarantor envisioned in the Inter-American Democratic Charter. Regardless of whether or not the member states allow the OAS to fulfill this role effectively, however, the organization also has a powerful role in **promoting democracy through disseminating best practices and monitoring elections**. The OAS Electoral Observation Missions in particular remain an indispensable tool across the hemisphere.

- Similarly, the organization's most impactful and cost effective organ arguably is the Inter-American Commission on Human Rights. **Promoting and protecting human rights must remain a central pillar of the organization,** and all efforts must be made to protect and augment funding for this critical mission.

- With the theme of the VIII Summit of the Americas announced as "**Democratic Governance against Corruption**," the OAS faces an important opportunity to lead on the defining issue for the hemisphere today. The Inter-American Convention against Corruption and its follow up mechanism (MESICIC) remain weak and underutilized—but nonetheless have enormous potential.

Along with emphasizing its most effective functions, the OAS must also recognize the areas of its mission that do not meet the needs of a changing hemisphere; it must make difficult choices and carefully weigh the trade-offs. Prioritizing the above goals requires the reduction or elimination of lower-priority functions. For example, the integral development functions of the OAS would be more effective under a different, development-focused institution. In some respects, these parts of the OAS have strayed from the core mission.

Looking forward, the OAS must and should make difficult decisions about how to reform, where to place its resources, what to emphasize, and what to cut. In doing so, the organization should prioritize the areas of its mission in which it is most effective and necessary.

2 A Roadmap to Reform

Reforming the OAS is a complex, daunting task. Political, diplomatic, bureaucratic, and financial obstacles all stand in the way of any efforts to restructure or streamline the almost 70 year-old organization.

Still, with a concerted effort that builds consensus among the member states, the permanent missions, and the secretariat, a reform package is possible. This effort must be driven simultaneously by the Secretary General and the governments of key member states, and supported by all. And this agenda must be clear and ambitious. While incremental changes are valuable, they are unlikely to bring about the renewed relevance and institutional strength that the OAS needs.

Improving the Inter-American Democratic and Human Rights Architecture

Above all, in order to consolidate its standing as the preeminent forum addressing democracy and human rights in the Americas, the organization must work to strengthen its capabilities on both accounts.

Democracy

On democracy, the OAS should work to operationalize the Inter-American Democratic Charter. This framework already largely exists in the work done at the 2010-2011 Dialogue on the Effectiveness of the Implementation of the Inter-American Democratic Charter—which celebrated the 10th anniversary of the landmark treaty and was approved by the Permanent Council on December 14, 2011. This document must be brought back to the fore and its recommendations acted upon.

As an OAS press release summarizes:

> "The report… contains proposals to boost the Organization of American States' preventive capacity, mechanisms, and actions, such as creating a system to periodically elaborate reports on the state of democracy in the region, which could provide a basis for early warning systems; giving greater impetus to the role, mechanisms, and instruments of the OAS in accompanying countries in their efforts to strengthen democratic institutions; supporting a more dynamic, proactive, and flexible role of the Secretary General with regard to prevention; creating a special rapporteurship or similar to keep systematic, well informed track of political processes in each country; and specifying more clearly under what circumstances that might affect a country's democratic stability the OAS would be expected to trigger collective actions in defense of democracy."

In other words, the OAS must improve the democratic assessment capabilities beneath the Secretary General. The Secretariat for Strengthening Democracy should be expanded with a combination of special rapporteurs, democratic advocates, and formal assessment mechanisms to measure the quality of democracy outside of elections and special missions. This would have three benefits: (1) institutionalized assessment processes are more insulated from criticisms of excessive zeal or personal animus; (2) the Secretary General could turn to a wealth of expertise in ambiguous and controversial cases; and (3) when a Secretary General did come to a conclusion—for example, to convene an emergency meeting of the Permanent Council— she would be doing so based on an independent, technical analysis, protecting her own objectivity. In short, if a Secretary General wants a report on potential democratic violations in a member state, she should not—as Secretary General Almagro has been—be compelled to draft it herself.

Realistically, a revisiting of the democratic mechanisms may not be possible until after the crisis in Venezuela is resolved. Once that point comes, however, this work should be taken up again with renewed vigor.

Human rights

The Inter-American Human Rights System (IAHRS) is rightly seen as the "crown jewel" of the OAS. The human rights commission (IACHR) and court—the former is

an independent observer and monitor with multiple responsibilities, the latter an autonomous judicial institution—play a critical role across the Americas as a watchdog and guarantor of basic rights and freedoms. Both have been effective and widely lauded to this day.

While Secretary General Almagro has worked to improve the management of the OAS, it is clear that more ambitious structural reforms are needed. Above all, the OAS must sharpen and clarify its mission.

That said, the IACHR in particular does a lot with a little, and is perpetually underfunded and understaffed. The system has become progressively more backlogged as capacity has not kept up with a growing number of petitioners. A 2015 study found a backlog of over 9,500 cases.[11] Its annual operating costs are only $9 million dollars, of which $5 million comes from the OAS regular fund (approximately 6% of the total budget). Voluntary contributions cover the rest—and leave the IACHR vulnerable to shifts in funding, as happened in 2016 when the sudden loss of key donors forced it to suspend hearings and threaten layoffs. While the immediate crisis was overcome, thanks to efforts by member states and other donors, the funding was essentially a one-time injection and the underlying fiscal weakness remains a pressing concern.

As such, the member states should prioritize the IACHR for potential increases in funding—likely the most value per dollar within the OAS. At the 2017 General Assembly, the member states approved a resolution calling for its funding to be doubled over three years. This is a laudable development, and countries must be held to this promise. Part of the solution is also for the member states to nominate the highest-quality commissioners, and work towards a more transparent, competitive election process. In turn, ensuring a well-resourced commission would help with the critical task of attracting qualified and highly-competent staff.

Streamlining of the Mandate and Reassignment of the Integral Development Pillar

While Secretary General Almagro has worked to improve the management of the OAS, it is clear that more ambitious structural reforms are needed. Above all, the OAS must sharpen and clarify its mission. Importantly, this does not mean streamlining of staff and resources within the existing mandate. Quite the contrary: most departments are stretched to or beyond capacity. The effective cuts brought by zero nominal growth budgets have already reduced the OAS to a skeletal minimum, especially in human resources.

Instead, certain programs and secretariats that are not meeting a common standard of efficacy or meeting a high-profile need must be reassigned or eliminated. The problem is that the mandate has become far too large for the budget. The OAS simply cannot afford to continue all of its current programs—nor, for symbolic reasons, should it want to perpetuate programs seen as ineffective.

The Secretary General should be given broad authority to evaluate the efficacy and impact of all the programs in the secretariat and make structural changes and cuts. This process should be based on a clearly elaborated and mutually agreed methodology. By subjecting the various mandates to a review process, the OAS could work to improve the quality and efficiency of all its activities.

The most politically complicated and ambitious reform would be to shutter the controversial development arm. These programs, all of which are small in development terms, range from scholarships for students to programs supporting competitiveness, innovation, and technology. Over the years, these programs have accumulated at the OAS—in many cases driven by requests from the recipient states.

Putting aside questions of efficacy and how they relate to the OAS mission, development remains a relatively small part of the overall budget. The Executive Secretariat for Integral Development costs $6.2 million dollars, only 8.4% of the total OAS budget. In other words, the development programs are neither the source nor the solution to the organization's fiscal challenges.

At the same time, perceptions of the integral development pillar as inefficient and incongruous contribute to the

legitimacy challenges facing the OAS. While development programs may not actually be a defining aspect of the budget, they are often a chief complaint—an excuse used by the larger member states to avoid greater commitment to the OAS.

To clarify, eliminating the development programs would be a non-starter for a number of member states, especially in the Caribbean. Many of these countries have small economies and even a minor development initiative can have an important impact. Even mentioning the elimination of the integral development pillar is a sure way to alienate a powerful voting bloc.

Instead, the OAS should seek to transfer these programs to other institutions, including the Inter-American Development Bank (which would first require accession to membership for some countries) and the Caribbean Development Bank, or negotiate their replacement. In exchange for supporting this move, Caribbean countries could even negotiate an increase in development aid. This is important less for material reasons than for reputational legitimacy—the OAS must pursue its mandate with focus and clarity.

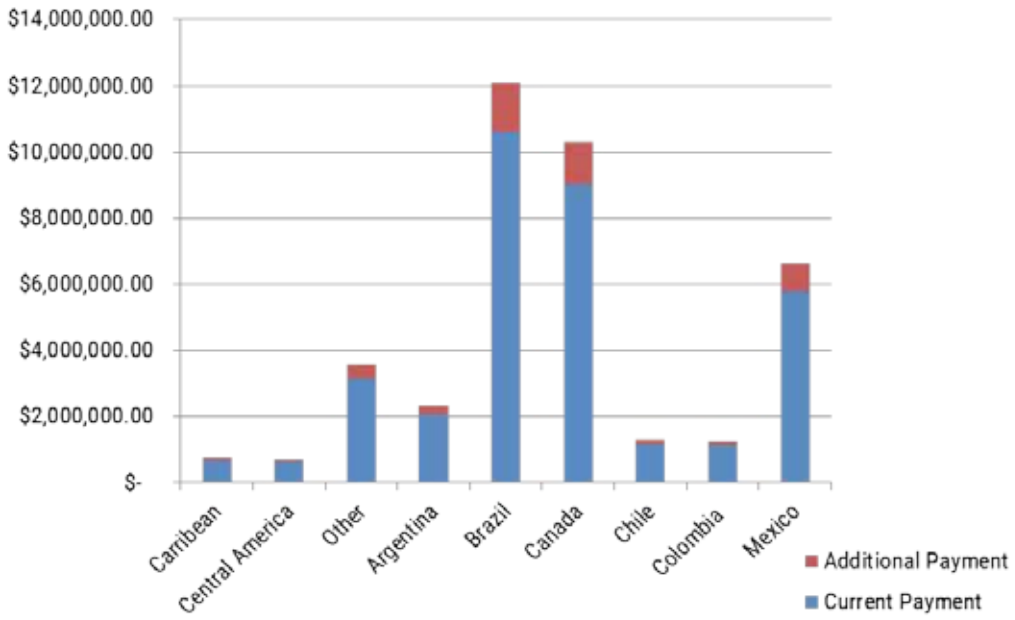
Budget Increases and Quota Reform

While Secretary General Almagro should be commended for his effort to stabilize the organization's balance sheet over the past two years, the underlying deficiencies remain. Until the OAS receives a new injection of resources, it will remain stuck in an underfunding trap—unable to invest in the human and institutional capital necessary to meet its mandate, and therefore unable to demonstrate its true importance and potential. Therefore, the first step must be to continue on the 2016 budget increase and end the pattern of zero nominal growth budgets. Ideally, this would include a one-time special assessment or unanimously agreed-upon voluntary contribution—an injection of additional funding in the range of 50 percent of the annual budget—to help recapitalize the organization, cover much of the outstanding deferred maintenance, and reverse the almost-total depletion of the OAS treasury fund.

In the long term, however, financial stability for the OAS should not come from the United States. With the Trump administration's budgetary priorities and the US Congress having called for the US contribution to be reduced below

FIGURE 2. QUOTA CHANGE IF US CONTRIBUTION REDUCED TO 50 PERCENT

Source: OAS



50% in 2018, the other member states, primarily those in Latin America, must aim to pick up the slack. This has worked in the recent past. For example, when the United States chose not to renew its contribution to the Inter-American Development Bank's Multilateral Investment Fund in 2017, Latin American countries—along with Japan—stepped up to recapitalize the fund.

This rebalancing need not be dramatic or painful. At present, most countries' quotas amount to an almost insignificant portion of their foreign affairs budgets. The largest Latin American donor states—Brazil, Mexico, and Argentina—respectively contribute $10.6, $5.8, and $2.0 million dollars annually. Mexico's OAS quota is 1.4 percent of its foreign spending; Brazil's is just over .5 percent.

To rebalance, the OAS should renegotiate the quota calculations system away from a model based almost exclusively on Gross National Income, potentially as simple as a "hard cap" at 50% of the quota allocations. Even in that scenario, the increases faced by the other member states would be relatively small (as shown in Figure 2).

This rebalancing is critical for symbolic reasons as well. As countries in Latin America continue to grow more assertive and independent, it is essential that the OAS not be perceived as dependent on or dominated by any one member state. For it to truly be a neutral gathering point for the Americas, other member states must be willing to accept greater financial responsibility for the organization.

Additionally, a quota reform package should also include punitive measures for member states in arrears. The lack of penalties for nonpayment creates a constant risk that the financial stability of the organization will be undermined by arrears on the part of one or two member states—as happened with Venezuela and Brazil in 2016.

Focus on the Summit of the Americas

Finally, the key to all reform and revitalization efforts at the OAS lie with the member states—specifically the heads of state. The task of improving the Inter-American System may simply be too politically complicated to be possible at a lower level.

Improving the architecture of inter-American relations, through the OAS and otherwise, must be treated as a diplomatic challenge and priority at the highest level in the hemisphere. Advocates for reform—both inside and outside the OAS—should focus their efforts on the Summits of the Americas and other formal and informal meetings that bring together leaders at the highest level. This is most likely to succeed if it is led by a coalition of countries other than the United States—with Mexico, Brazil, and Canada likely playing an especially important role. From there, consensus about the agenda to strengthen the OAS should be built among all the foreign ministries and permanent missions. This effort must include the voices and perspectives of the Caribbean member states, whose support is essential for any reform-minded resolutions.

The task of improving the Inter-American System may simply be too politically complicated to be possible at a lower level.

Additionally, these conversations should also include the many partner organizations of the OAS. Fortunately, such a group already exists: the Joint Summit Working Group (JSWG), which coordinates the organization and agenda of the Summits of the Americas. By going through the JSWG, OAS reform efforts can broaden their cooperation with other organizations and institutions. This is critical, especially for consolidating the OAS mission by transferring certain programs to other institutions.

Working through the Summits of the Americas is also the first step to elevating the level of interlocution at the OAS in the long run. The eventual goal should be the formal merger with the OAS General Assembly. This need not be at the exclusion of the other supporting partners, but rather to simply make the Summits a formal governing body of the OAS. Again, for this to happen, the question of Cuba's membership in the OAS must be resolved.

The ambiguities and complexities produced by the gap between the OAS and the Summits are unnecessary and detrimental to the pursuit of a clear and coherent agenda for inter-American relations. In the long term, the overriding goal for the OAS should be to cement its position—in the eyes of governments and citizens—as the paramount political and diplomatic forum for the Western Hemisphere.

ORGANIZATION OF AMERICAN STATES

CONCLUSIONS – HOW TO GET THERE

While the Secretary General is the face of the OAS, the Permanent Council and the General Assembly hold most of the cards and are the ultimate authority. Reform efforts may start with the Secretary General's office, but they must go through the member states. There needs to be coalition of countries willing to put in the hard work—and sacrifice of self-interest—necessary to improve the functioning of the OAS.

Contrary to conventional wisdom, this does not just mean the large countries. To be sure, the United States, Brazil, Mexico, Canada have a central role to play in this process. But the small countries of the Caribbean and Central and South America also have an important opportunity to take a leading role.

This campaign should be built around an ambitious, clear reform plan. Secretary General Almagro's efforts must be continued with further leadership built around a set of tangible and discrete proposals for change. This platform must simultaneously convey the value that the OAS creates in the hemisphere and propose deep structural changes to fulfill that mission—all in a way that can be communicated in tweets or sound bites to the average citizens of the Americas. Cutting through the language of bureaucracy should be a primary goal.

This is because the best hope for the OAS comes from those very citizens. The values and virtues that the organization represents—democratic governance, respect for human rights, free and open societies, engaged and thoughtful diplomacy, and a table where all voices can be heard—are commonplace in every member state. Voters must pressure their leaders to put aside petty concerns, diplomatic squabbling, and territorialism and work towards the common good. The increasingly public role that the IACHR plays in many countries is a clear example of how multilateral mechanisms are important to everyday citizens.

The real threat to the OAS is obscurity and irrelevancy. Therefore, the surest path to revitalizing the world's oldest regional body is to keep talking about it—loudly and often, with constructive spirit.

STRATEGIC RECOMMENDATIONS

- Focus carefully on OAS core functions and the areas in which it adds value. In particular, the Inter-American Human Rights System must be reinforced, as well as electoral observation and other forms of democracy promotion and democratic oversight.

- Use the framework established in the 2010-2011 report on the implementation of the Inter-American Democratic Charter to help rebuild consensus among member states about how the hemisphere will defend democracy and censure democratic shortcomings—a process which is currently far too reliant on the individual capacity and propensities of the Secretary General. Until there is a clearer sense of how the Charter and the OAS should address violations of democratic norms in the hemisphere, the organization will continue to struggle to find relevance.

- Be willing to make difficult choices when it comes to scaling back or reassigning integral development and other areas of lesser effectiveness. This process should be done in cooperation with other multilateral and governmental institutions.

- Elevate the level of interlocution at the OAS, up to and including heads of state, to ensure that it represents the most effective forum of multilateral diplomacy in the Americas. This can include formal measures—such as tighter integration or formal merger with the Summits of the Americas—or informal efforts to raise the profile and convening power of the organization.

- Pursue an effective *modus vivendi* and subsidiarity with other bodies—including UNASUR. In truth, the various attempted alternative organizations do not pose a real competitive challenge to the OAS, just the appearance of such, and cannot be treated as coequal. They can, however, supplement the OAS by helping to resolve smaller regional and bilateral issues that do not require the participation of the whole hemisphere.

RECOMMENDATIONS FOR REFORM

- Strengthen the institutional mechanisms within the Secretariat to assess the quality of democracy outside of elections. Specifically, there should be special rapporteurs or other assessment mechanisms—as recommended by the 2011 report—that can free the Secretary General from having to act as both "prosecutor" and "judge." More generally, the OAS must clarify and operationalize the Inter-American Democratic Charter to adapt to a changed hemisphere.

- Member states must increase their contributions to the regular fund in order for the organization to successfully meet its mandate. In addition, a one-time special allocation should be levied in order to recapitalize the organization and make up for longstanding fiscal shortcomings.

- Quota reform must be undertaken in order to reduce the relative amount of funding for the organization provided by the United States. Ideally, no member state would pay more than 50% of the total quota allocation. The OAS must also institute penalties for non-payment.

- Streamline the mandate of the OAS by giving more resources to the key functions—democracy, human rights, and diplomacy—and scaling back, reassigning, or eliminating non-core functions. In particular, the development pillar must be carefully reexamined, above all for reasons of perception and legitimacy. Ideally, these programs would be transferred to the Inter-American Development Bank, the Caribbean Development Bank, or other development institutions.

- Use the Summits of the Americas and other presidential fora as a path to reform. Pressure for reform must come from the top and then work down. In doing so, the OAS should pursue as a long-term goal the formal merger of the General Assembly with the Summits of the Americas.

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