

**Cabelka, Meredith L (OGC/OGC-ADM)**

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**Subject:** FW: Asuncion Weekly June 21**From:** Eschleman, Michael [<mailto:meschleman@usaid.gov>]**Sent:** Friday, June 22, 2012 9:02 PM**To:** Kraham, Sherri G (DPE/MD)**Cc:** Ney, Luke (EGAT/EG); Aquilina, Bethany A (DPE/POL-CPI); Karbeling, Mike (LAC/SA) [USAID]; Kelly, Thomas J (DPE/POL-DP/MD); Mandaville, Alicia P (DPE/POL-DP)**Subject:** RE: Asuncion Weekly June 21

Yes, lots of questioning, internally and in the region. Internally, Lugo's defense attorneys hammered away at the fact that they had less than one day to prepare an impeachment defense, and that they were given a mere 2 hours to present their case. His attorneys even presented a claim to the PY Supreme Court claiming the unconstitutionality of the impeachment motion. Defense attorneys requested, and were denied by the President of the Senate - the "Judge" for the impeachment trial - a period of 18 days to prepare their defense, commensurate with PY civil law.

Here's the rub, and the factors that the "prosecutors" very skillfully used:

The PY constitution provides for the exact steps that need to be taken for impeachment, there are about 7. However, how long each step must take, or a minimum amount of time that needs to be allotted to each step, is not specified in the constitution. In fact, the clause states that each impeachment will be developed as an individual case. Additionally, when the Senate met in special session, they spent time discussing how the Inter American Court of Human Rights would look at all this. Finally, they emphasized that impeachment proceedings are not bound by civil law, and, by definition, are "political", as defined by the constitution. They were even astute enough to point out that one of the President's defense attorneys, and former Presidential Counsel, had written a book on the constitution that stated that impeachment was *different* than a civil proceeding, that it was a *political* proceeding.

Internationally, Correa of Ecuador, Evo in Bolivia, Chavez in Venezuela have spoken out against the impeachment. Several Ambassadors of the South American Union have been here since last night and have publicly proclaimed that the process was too fast. This Union, UNASUR, says they may expel PY from the Union.

Franco giving his first press conference now where Interior and Police Chief are officially being named.

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**From:** Kraham, Sherri G (DPE/MD) [<mailto:krahams@bcc.gov>]**Sent:** Friday, June 22, 2012 8:31 PM**To:** Eschleman, Michael**Cc:** Ney, Luke (EGAT/EG); Aquilina, Bethany A (DPE/POL-CPI); Karbeling, Mike (LAC/SA); Kelly, Thomas J (DPE/POL-DP/MD) [MCC]; Mandaville, Alicia P (DPE/POL-DP) [MCC]**Subject:** Re: Asuncion Weekly June 21

Michael, this happened so swiftly. Are people looking at or questioning the constitutionality/legitimacy of the process?

I'm copying a few more colleagues who will monitor events.

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Sent from my BlackBerry Wireless Device

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**From:** Eschleman, Michael [<mailto:meschleman@usaid.gov>]**Sent:** Friday, June 22, 2012 07:30 PM**To:** Kraham, Sherri G (DPE/MD)

**Cc:** Ney, Luke (EGAT/EG) <[lney@usaid.gov](mailto:lney@usaid.gov)>; Aquilina, Bethany A (DPE/POL-CPI); Karbeling, Mike (LAC/SA) [USAID]  
**Subject:** RE: Asuncion Weekly June 21

New President Franco is moving quickly. Just swore in, gave a speech, and went to Palace.

Signed 3 decree, naming new ministers and positions: Interior; State and Chief of Police.

Good news: Both Interior and Chief of Police worked closely with us in Threshold program, and are people we would call allies!

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**From:** Kraham, Sherri G (DPE/MD) [<mailto:krahams@dcc.gov>]  
**Sent:** Friday, June 22, 2012 5:28 PM  
**To:** Eschleman, Michael  
**Cc:** Ney, Luke (EGAT/EG); Aquilina, Bethany A (DPE/POL-CPI); Karbeling, Mike (LAC/SA)  
**Subject:** Re: Asuncion Weekly June 21

Wow, wow, wow! Just after some major steps forward. Thanks for the updates. Let's plan to talk Tuesday after dust settles and you and colleagues have had time to consult. Thanks much.

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 Sent from my BlackBerry Wireless Device

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**From:** Eschleman, Michael [<mailto:meschleman@usaid.gov>]  
**Sent:** Friday, June 22, 2012 05:20 PM  
**To:** Kraham, Sherri G (DPE/MD)  
**Cc:** Ney, Luke (EGAT/EG) <[lney@usaid.gov](mailto:lney@usaid.gov)>; Aquilina, Bethany A (DPE/POL-CPI); Karbeling, Mike (LAC/SA) [USAID]  
**Subject:** RE: Asuncion Weekly June 21

Senate about to vote on Lugo impeachment.

Likely landslide in favor, guilty.

By about 6PM,VP Federico Franco of Liberal Party should be president.

Have begun internal meetings to assess and strategize of how to best maintain momentum of both Democracy and Threshold programs with new Franco gov't. Will likely take a few days to see which ministers are changed, and how we can best approach new leadership to ensure not only stability in programming, but ability to march forward.

Good news on Threshold side: Franco and his team know Threshold program pretty well, based on few meetings we've had with him and his team over the last couple of years.

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**From:** Kraham, Sherri G (DPE/MD) [<mailto:krahams@dcc.gov>]  
**Sent:** Friday, June 22, 2012 2:49 PM  
**To:** Eschleman, Michael  
**Cc:** Ney, Luke (EGAT/EG); Aquilina, Bethany A (DPE/POL-CPI)  
**Subject:** FW: Asuncion Weekly June 21

Michael,

Luke shared this report with us about the MECIP committee meeting chaired by President Lugo. Congratulations! This is very exciting progress and you should be very proud. I'm glad that we granted the extension to provide the time for things to solidify there.

Can I ask you to write a few paragraphs for us on this positive development for MCC's blog? I will be the "author" and we may combine with another recent success in Timor Leste.

Thanks,  
sherri

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**From:** Ney, Luke (EGAT/EG) [<mailto:lney@usaid.gov>]  
**Sent:** Tuesday, June 19, 2012 1:26 PM  
**To:** Aquilina, Bethany A (DPE/POL-CPI); Kraham, Sherri G (DPE/MD)  
**Subject:** FW: Asuncion Weekly June 21

Note the launching of the new Internal Control Committee, which is what we have all been waiting for.

Best regards,  
Luke

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Luke A. Ney | Liaison for MCC Threshold Programs | **E3/TRR** | **USAID** | 1300 Pennsylvania Ave. NW, Washington DC 20523 | **\*NEW\*** 202.712.4875 (Voice) | 202.216.3579 (Fax) | [lney@usaid.gov](mailto:lney@usaid.gov)

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**From:** Kaiser, Michael (PARAGUAY/GDO)  
**Sent:** Tuesday, June 19, 2012 12:42 PM  
**To:** Ayalde, Liliana (LAC/AA); Bentley, Linda (LAC/SPO); Brinkley-Hadden, Robin (LAC/SA); Feierstein, Mark (LAC/AA); Goughnour, Richard (PERU/D); Herscowitz, Andrew (ECUADOR/DIR); Karbeling, Mike (LAC/SA); Lee, Nadereh (BOGOTA/FO); Lopes, Mark (LAC/AA); Nilsestuen, Wayne (BOLIVIA/DIR); Rubey, Lawrence (LAC/RSD)  
**Subject:** Asuncion Weekly June 21

Michael Kaiser  
Economic Development Office Director  
USAID/Paraguay  
Tel: (595-21)220-715/20 Ext. 105  
E mail: [mkaiser@usaid.gov](mailto:mkaiser@usaid.gov)

**Cabelka, Meredith L (OGC/OGC-ADM)**

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**Subject:** FW: Paraguay, final steps

**From:** Eschleman, Michael [<mailto:meschleman@usaid.gov>]  
**Sent:** Monday, July 09, 2012 5:05 PM  
**To:** Kraham, Sherri G (DPE/MD)  
**Cc:** Kelly, Thomas J (DPE/POL-DP/MD); Aquilina, Bethany A (DPE/POL-CPI)  
**Subject:** RE: Paraguay, final steps

Hey Sherri,  
 I was just thinking this morning that I'd probably write you an update e-mail!

First, I want to wish you the best of luck in whatever your next step may be, and thank you for your support during your time with MCC.

Tom, it's a pleasure to meet you, if only via e-mail at this point. I look forward to working with you!

Now, the latest on Paraguay:

The dust has in fact settled somewhat here, yet a tremendous amount of work remains to be done in the short amount of time that will be the Federico Franco government as elections are next April, and the new government will assume power next August.

**Political Situation:**

**OAS Visit:** The OAS delegation led by General Secretary José Miguel Insulza, completed its monitoring mission to Paraguay and departed on July 3. The delegation's report and recommendations for action are scheduled to be presented to the Permanent Council July 10.

**MERCOSUR:** The Paraguayan government is expected to present a formal complaint regarding its suspension from MERCOSUR, and the admission of Venezuela as a member. The complaint, to be presented to the Permanent Tribunal of MERCOSUR, will seek to revoke Paraguay's suspension from the trading block and disallow Venezuela's admission.

**Engaging the New Government**

The consequences of President Lugo's June 22 impeachment continue to play out. As a result of the impeachment process, changing of administrations and international attention to local events, USAID has maintained a "low profile" related to program activities. The Embassy is awaiting the OAS delegation's report and recommendations to the Permanent Council. Until then, USAID staff are not participating in meetings or public events with government officials. USAID partner organizations continue activities, to the degree that they can, at the technical and operational level.

So, two major events must occur before we can re-engage the GOP in critical areas, such as MECIP implementation that would involve minister-level participation. These include:

1. The OAS's report, recommendations, and subsequent actions, if any;
2. The U.S. Ambassador's formal meeting with the Paraguayan Foreign Minister and/or President Franco.

Unfortunately, we were at the point in MECIP implementation, particularly with the Inter Agency Internal Committee of the Executive Branch, that minister, and even Presidential participation, was critical. As

mentioned, those efforts have been on stand-by until we are cleared to meet with representatives of the new government.

One key positive note is that President Franco, and both the new Minister of Finance and Chief of Cabinet – all critical positions for Threshold program support - know and respect USAID, and have worked with us in the past. In fact, the head of our day-to-day counterpart entity in program implementation, the GOP’s “Executive Directorate”, is serving as an informal advisor at the Finance Ministry.

*In synthesis:*

1. The impeachment has significantly impacted our ability to conduct critical end-of-program activities, particularly related to the Executive Branch’s Internal Control Committee;
2. Fortunately, my extension through October 31, 2012, will allow these activities to be undertaken once the OAS renders its decisions and takes whatever action it wishes, and the U.S. Ambassador formally meets with the GOP;
3. We believe there could be a sufficient foundation to develop a strong working relationship with the new government that could serve to sustain advances under Threshold programs I and II, into the future.

It’s not an ideal situation, but as we know, ideal situations are a rarity in this line of work!

That’s all for now.

Look forward to staying in touch as the days and weeks advance.

Best regards,

Michael

Michael Eschleman  
Office Director for Democracy and Threshold Programs  
USAID/Paraguay  
Juan de Salazar 364 c/ Artigas, Asuncion  
595-21-220-715, ext. 130  
[meschleman@usaid.gov](mailto:meschleman@usaid.gov)

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**From:** Kraham, Sherri G (DPE/MD) [<mailto:krahams@dcc.gov>]  
**Sent:** Thursday, July 05, 2012 5:27 PM  
**To:** Eschleman, Michael  
**Cc:** Kelly, Thomas J (DPE/POL-DP/MD) [MCC]; Aquilina, Bethany A (DPE/POL-CPI)  
**Subject:** Paraguay, final steps

Hi Michael,

I hope you are well there. Has the dust settled a bit? We’ve talked about Paraguay some here and don’t think there are actions to take with respect to eligibility concerns.

I wanted to just touch base with you on next steps for winding down the program and what your ideas were for engaging your new government counterparts, if any, on the reforms recently adopted. I just wanted to close the loop with you and let you know that we don’t have any concerns with you moving ahead on this.

I also wanted to let you know that I’ll be moving on from MCC at the end of July and introduce you to my replacement, long-time colleague, Tom Kelly. He has been the MD managing the selection process here at MCC and has been involved in the Threshold Program in some way, shape, or form for years.

Best regards,  
Sherri

**Sherri G. Kraham**  
Managing Director,  
Development Cooperation  
& Policy Improvement  
Millennium Challenge Corporation  
tel: (202) 521-3663