



C H I L E

A C T I O N P L A N

FY 1992 - 93

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**CHILE
ACTION PLAN
FY 1992-93**

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SECTION I. Chile Program Overview and Relationship to Bureau Objectives.

A. Program Description.

Almost a decade after the phase out of the U.S. bilateral presence, in late FY 88 the ADC program re-established A.I.D. in Chile to support an orderly transition to a fully functioning democracy. Less than three years later, the ADC portfolio consists of an integrated mix of democratic initiatives and private sector activities that directly address LAC Bureau objectives and U.S. foreign policy goals in Chile at relatively low cost to A.I.D.

By 1991, a voter registration/voter education campaign initially funded by A.I.D. through the Inter American Institute for Human Rights has evolved into a four year civic education program to be carried out by a well-organized, non-partisan NGO, PARTICIPA. A successful pilot effort, begun in FY 89 to promote consensus building on the importance of an independent judiciary, is leading to a four year AOJ program managed by another Chilean NGO, CPU. An AID/W issued cooperative agreement with the State University of New York (SUNY) has resulted in the creation of a center for legislative assistance and studies, CEAL, attached to Catholic University of Valparaíso. A FY 91 buy-in to RHUDO/SA's cooperative agreement with the International Union for Local Associations (IULA) is helping AID/Chile develop a local government strengthening activity. An active AIFLD program is continuing to work with Chile's labor unions.

Because of the political and economic polarization in Chile in 1988, the ADC program includes activities designed to promote increased involvement of the business community in social interest concerns. Micro-enterprise support activities with the local affiliates of Accion International and Women's World Banking, for example, are mobilizing participation and support from key leaders in the Chilean business community. In conjunction with the United Nations Center on Transnational Corporations (UNCTC), the ADC program is assisting the widely respected Fundación Chile develop a capacity to identify, train, and motivate people with the entrepreneurial traits necessary for successful start-up or expansion of their small or medium scale business. The Fundación is organizing a network of established business executives to provide follow-up assistance for the most promising graduates of the program. The Chile-Washington State Partners of the Americas received a small grant to promote interest within Chile's business community in starting a Junior Achievement program.

A technical-vocational educational (TVE) activity initiated in late FY 90 is bringing about a more collaborative relationship between the business community, educational professionals, and public officials while promoting modernization of TVE curricula and teaching methods. This activity is being carried out

by the Center for Investigation and Development of Education (CIDE), an NGO think tank with prior experience in managing a LAC regional research grant (REDUC). CIDE coordinates closely with the ADC training program which provides short-term training for TVE educators, administrators and planners. A small grant to the U.S.-Chilean Binational Center (BNC) is increasing its capacity to support short-term participant training in the U.S. for officials, administrators, and teachers of vocational and skills training institutions.

Also in the education sector, AID/Chile is collaborating with the Business and Economics School of Catholic University to assist Chile's business sector to respond to the increased labor demands fostered by the return to democracy. Through outreach training and research, the School is working with key local industries to promote modernization of human relations practices through adopting sound "people oriented" management approaches. This same School is a key implementing entity for the LAC Regional Economic Policy Analysis grant to the U.S. Foundation Francisco Marroquin.

There was a conspicuous absence of environmental policies and programs in the otherwise sound macro-economic policies inherited from the military government. In FY 89, through a buy-in to S&T's Environmental Planning and Management (EPM) project, AID/Chile began assisting local NGO's and universities to promote policy analysis and public awareness of Chile's serious environmental problems. Separately, a small grant is enabling AIFLD to train agricultural workers in safe pesticide handling.

Even before the re-establishment of the ADC office in Chile, AID/W authorized a \$5.0 million HG for private sector cooperatives and non-profit organizations that build social interest housing. Their success led to approval of a second HG for the same amount. AID/Chile also financed a study of impediments to the flow of private capital for financing social interest housing. The results of the study were fed into a broader study by the incoming administration which, in turn, led to an application for a FY 91 HG of \$40 million that will modify Chile's housing finance system to permit access to the country's rapidly growing private capital market. AID/Chile complements its HG program with ITT financed technical assistance.

A Congressional earmark in the FY 90 supplemental appropriations resulted in a \$10 million non-project sector grant for primary health care improvement, which was subsequently increased by \$800,000 to assist with a child feeding program carried out by a local NGO (Fundación INTEGRA). AID/Chile program responsibilities also include oversight of centrally funded activities in family planning, AIFLD'S labor union development program, and PSTC research grants.

B. Progress in Meeting LAC Objectives.

The ADC program in Chile responds principally to LAC Bureau Objective II - support the evolution of stable, democratic societies. During FY 91-92, \$3.6 million of LAC/DI funding will be obligated for activities in civic education, administration of justice, and legislative process. The \$7.8 million LOP funding of these D.I. activities represent the bulk of the total ADC D.A. resources (excluding the health earmark). In addition, with FY 91 ITT funding, AID/Chile is initiating a collaborative diagnostic process that may lead to a FY 92-95 activity of local government strengthening.

These four activities support sub-objectives A and B under Objective II. PARTICIPA's civic education program is renewing public understanding of democratic principals and civic responsibilities, including support for pluralism and peaceful approaches towards problem solving. The AOJ activity with CPU is improving the effectiveness of the judicial system. Chile's legislative process is being strengthened through the training and information services provided to the Chilean Congress by CEAL. The proposed activity with IULA will strengthen local government process in Chile.

The ADC program in Chile also clearly responds to LAC Bureau Objective I - support the achievement of broadly-based sustainable economic growth - through two sets of activities. The first set cuts across LAC sub-objectives I A-C in a way that does not permit easy classification by specific sub-objectives. In Chile, the challenge is not on encouraging the adoption of new economic policies, but on maintaining the macro-economic framework already in place. Policy maintenance can be best assured in Chile if the macro-economic policies are proven to bring about a vigorous response from the private sector that generates accelerated opportunities for the historically disadvantaged poor. Thus, AID/Chile has developed a set of activities intended to increase the involvement of the private sector in selected programs of social interest. This set includes:

- PROPESA's and the FINAM's micro-enterprise programs;
- the Fundación Chile's entrepreneurship training program (EMPRETEC);
- CIDE's technical and vocational education and the related ADC training program;
- Catholic University's human resources management training program, and;
- the Housing Guarantees (and related t.a. support).

The above activities contribute to AID/Chile's cross cutting objective in several ways. First, all have mobilized through Boards' of Directors, steering commissions, or other means the involvement of key business leaders who, in varying degrees, have demonstrated enthusiastic interest in becoming involved in the issues being addressed. There is and will continue to be a spread effect among the business community. Second, through conferences, workshops and seminars, the activities have achieved a reasonable degree of national visibility within their areas of speciality. The theme of greater private sector involvement is being more widely discussed in important fora. Third, real impacts are beginning at the grass roots level (e.g., micro-enterprise credit extended, low-income houses built, participants trained, etc.).

The second set of activities under Objective I falls clearly within LAC sub-objective D - encourage preservation and sustainable use of the natural resource base. This set consists of:

- the buy-in to S&T's Environmental Planning and Management (EPM) Project;
- the grant to AIFLD for training agricultural workers in pesticide management; and
- the FY 91 initiated RSSA with EPA to assist Chile's National Commission on the Environment (CONAMA).

The buy-in to the EPM project and the new RSSA with EPA are designed to strengthen CONAMA's environmental policy development and implementation capacity. The AIFLD grant is raising worker awareness about the dangers of agro-chemical handling and provides needed on-the-job training.

SECTION II. Performance.

The LAC democratic initiative Objective (I A & B) was furthered through the active involvement of PARTICIPA (civic education), CPU (administration of justice) and CEAL (legislative process) as described in the APR. Key Chilean authorities were fully aware of direct USG support in these areas, thus underlining the international commitment to assisting Chile through its transition. The role of the PARTICIPA predecessor organization (Cruzada Cívica) with A.I.D. assistance through IIDH in the plebiscite and the subsequent election process has been fully recognized in the U.S. and Europe.

With IAC/DI financial technical assistance, designs were completed for four year programs in civic education and AOJ. Based on the design work, PARTICIPA also completed organizational changes, strengthened its membership structure, and began implementing a strategy for fund raising. For the coming Action Plan period, all three entities are now ready to build on their 1989-90 experience. Expected future accomplishments will be to achieve the specific workplan objectives for each activity including the following highlights:

- PARTICIPA - complete the dissemination and use of a high school civic education text; promote an informed and peaceful municipal election process (scheduled for the first semester of CY 1992) with high voter turn-out.
- CEAL - complete organizational improvement and administrative procedures, including training trainers, new business development, and legislative publications; launch a legislative internship program; complete analysis of Congressional election data.
- CPU - complete assessments for judicial training, and legal needs of the poor; complete analysis for institutional needs of court administration entity; complete design of improved judicial statistical system.

Progress against Objective I regarding broad based sustainable growth is most readily demonstrated with respect to the environmental concerns expressed in sub-objective D. One of the earliest activities supported through the buy-in to the S&T EPM project was a national conference on environmental issues in 1989 at which the two Presidential candidates, meeting for the first time, debated their platforms on environmental issues. The event was widely covered by the media and since has been considered as a landmark in public awareness of environmental issues. The publication of an Environmental Atlas depicting the priority environmental problems in each of Chile's thirteen Regions and the subsequent training and dissemination programs has also made an important impact on public awareness. The new administration quickly formed a National Commission on the Environment (CONAMA) which, with EPM and World Bank assistance, is undertaking a major policy analysis and institutional development program. Accordingly, the role for A.I.D. is now advancing from awareness generation/policy development towards addressing legislative and regulatory problems. One example is the FY 91 initiation of a RSSA with EPA to provide CONAMA and other Chilean entities with short-term technical assistance.

With respect to the sub-objectives A-C of Objective I, the emphasis on policy maintenance and the cross cutting approach of USAID's strategy was explained above. Chile's immediate

response to President Bush's Enterprise for the Americas Initiative, announced in June, 1990, and the apparent ability of the business and labor sectors to reach accords and avoid serious strikes are strong indicators that favorable macro-economic policies will be maintained through the Aylwin administration.

Obviously, the relatively small scale private sector activities financed under the ITT component of the ADC program do not have the critical mass necessary for a direct or measurable impact on the sub-objectives of fostering continuation of sound macro-economic policies (I-A), encouraging private sector response (I-B), or eliminating extreme poverty (I-C). But as explained in Section I above, these activities clearly contribute towards these ends and the reduction of polarization in the society. Even the \$10 million earmark for primary health care, which was instigated outside and independent of the ADC strategy, is supportive of these sub-objectives as a result of decisions made during the design of the non-project sector approach for implementing this grant. The relative rapidity of grant processing (neither the IBRD nor the IDB health sector loans have yet materialized) is helping the MOH to be responsive to the pent-up demand for improved health services faced by the Aylwin administration. Also, through the incorporation of (a) private sector NGO's as service providers and (b) an operations research component that will permit more cost-effective decision making, the quality of health care services should improve without concomitant budget demands to support an expanded central government role.

The most important expected achievements during the Action Plan period for AID/Chile's private sector activities are:

- Micro-enterprise - completion of a plan by PROPESA, approved by its Board of Directors, to extend PROPESA activities systematically to cities outside of Santiago; completion of institutional development plans for FINAM and negotiations of an IDB assistance package.
- Entrepreneurship Training - transfer of the training functions to national experts and full operation of the Fundación Chile support network composed of established business persons.
- Technical Education - consolidation of private sector participation on CIDE's steering committee and the initiation of six model projects involving the private sector in TVE education at the community level.
- Human Resources Management Training - successful implementation of Catholic University's new strategy for increasing the participation of and support for key private firms (Grupos de Avanzados) through workshops and consulting exercises (see APR discussion).

Two of the most important examples of how the AID/Chile program conforms to the 1988 guidance for ADC programs since its start-up are accomplishments in policy change and institutional strengthening. By having resources in place before the 1989 election, AID/Chile was able to support important policy reforms in the environment and housing finance sectors through key observational trips, low cost studies, and technical assistance.

In addition to bringing the issue of environment to the public attention through a presidential debate, crucial support was provided in the formulation of the environmental strategy of the incoming administration. The A.I.D. grantee, World Resources Institute, put together a small team of Chilean environmental specialists to work on the design of a comprehensive program during the three months before the new government assumed office in March of 1990. A key element of the new strategy was the creation of CONAMA, the National Commission on the Environment, to coordinate and promote environmental programs. One of the WRI consultants has since become the Executive Secretary of CONAMA.

The small grant for a housing finance study made to the group of cooperatives and NGO's implementing the \$5.0 million HG also proved to be timely. The results of the study were utilized by a consultative group created by the incoming Minister of Housing to identify reforms to the shelter finance sector. With the resources from an expected \$40 million HG in FY 91, the Ministry is now committed to refining the financial mechanisms to improve access to the private capital market for low income home mortgages.

The ADC program was instrumental in the institution strengthening of the local affiliates of both Accion International and Women's World Banking. Although these local affiliates already had been organized by the business community, the A.I.D. grants to PROPESA and FINAM represented their first external support. Subsequently, these institutions have become leaders in and proponents for micro-enterprise programs in Chile. Institutional strengthening was also an important achievement of two of the democratic initiatives of the ADC portfolio. PARTICIPA is Chile's foremost non-partisan civic education NGO. CEAL, established as an independent center under the Catholic University of Valparaiso, is now fully operative and is uniquely situated to provide unbiased support services to Chile's new Congress.

An important underlying justification of the ADC program in Chile is its potential for assisting A.I.D. with achieving its objectives in lesser developed countries. PARTICIPA, for

example, is at the point where it can be an authoritative supplier of technical assistance in civic education and election process throughout Latin America. There are similar expectations about the future role of CEAL for legislative process and CPU for administration of justice.

In addition, but outside of any specific activity in the portfolio, the ADC presence in Chile has facilitated exposure of other LAC countries to some of the more positive of the free-market, export oriented economic policies implemented in the 1980's. The A.I.D. Office in Chile assisted with a number of USAID sponsored visits from Central America to look at Chile's privatization in the power and social security fields and other private sector development efforts. Because of lack of staff time, AID/Chile has not been able to expand Chile's potential to serve as a Third Country Training site beyond the handful of USAID sponsored participants currently in country. However, TCT will be expanded as time permits.

The PSTC research grants to Chile are judged in part on their relation to the needs of lesser developed countries. One of the current grants has specific linkages built in with Peru and Bolivia. Another has linkages with Guatemala. The PSTC program also contributes to technology transfer. At least three U.S. universities are cooperating with Chilean universities under on-going PSTC activities involving bioresearch. A fourth U.S. university is drawing on Chilean research capacity to study AIDS.

But potentially the most significant example of technology transfer to date is the growing Chilean interest in adopting U.S. methodologies for technical training programs. This interest was generated as a result of a ten week program at Ohio State University for ten Chilean participants and follow-up work carried out by CIDE on the U.S. competency-based technical vocational education system (CBTV). The GOC's Ministry of Education has reviewed the technical training methodology and is encouraging CIDE to continue its lead.

While mobilization of non-A.I.D. resources has not been a major focus of the Chile ADC program, there have been some notable successes. PROPESA has exceeded the amount of original A.I.D. grant with contributors from the local business community and other international donors, including a \$500,000 soft loan from IDB. A.I.D.'s assistance through WRI with the formulation of the environmental strategy for the incoming administration was instrumental in designing and obtaining early consideration of a \$20 million IBRD loan for an environmental institution building project.

SECTION III. New Program Initiatives.

During FY 92 AID/Chile plans to add a fourth activity to its democratic initiatives portfolio that will be directed at strengthening local government, principally at the municipal level. The timing of a new activity in this area is consistent with the political accord expected to be reached in the coming months calling for municipal elections in the first half of CY 1992. The ruling bodies of the vast majority of Chile's some 335 municipalities were selected during the previous government. Because the approach of this new activity will be centered on mobilizing local private sector support in selected municipalities, it is currently planned to use the ITT project for funding rather than LAC/DI.

With FY 91 funds, IULA is working with CORCHILE, an NGO confederation of regional, non-profit development corporations, on building an agenda for local level private-public sector collaboration in Chile. CORCHILE has been actively promoting greater decentralization in Chile since the early 1980's. It represents the business, professional and university communities in the country's twelve regions outside the greater metropolitan region of Santiago. CORCHILE is committed to the objectives of municipal strengthening since it recognizes that further decentralization will occur only when local governments can demonstrate ability to better manage their resources. As part of its international program, IULA is seeking to promote private-public sector linkage at the local level and offers access to a network of expertise and experiences in municipal development. The evolving IULA-CORCHILE relationship is a promising platform on which to build a FY 92-95 activity in local government strengthening.

A \$25 million guaranty program is tentatively planned for FY 93 with the expectation that A.I.D. will have legislative authority by then to extend local currency guarantees. The purpose of the guaranty would be to improve access of selected, well-managed municipalities to Chile's rapidly growing private capital market for financing self-liquidating capital projects of needed urban infrastructure.

The opportunity to move quickly ahead with the Enterprise Americas Initiation (EAI) in Chile will require A.I.D. to expand its private sector activities. Prompt and full implementation of EAI is one of the most important contributions that can be made to the Aylwin administration's efforts for a successful democratic transition. A healthy, expanding Chilean economy buoyed by the EAI and the respect for pluralism and democratic values can be a powerful statement for other countries still struggling with difficult political and economic reforms.

Accordingly, during FY 92 AID/Chile will work closely with the task force established in the GOC and the business community to define appropriate ways A.I.D. can help EAI implementation. Some of the potential needs for A.I.D. support tentatively developed to date include:

- Patent Office - The GOC has obtained new patent legislation that will encourage U.S. investment. However, its administrative capacity for operating a patent office remains weak and outdated.
- Resolution of Business Disputes - Outdated or conflicting laws on property rights and the absence of a capacity within the court system to reach quick and fair settlement of increasingly complicated and sophisticated business suits and countersuits impedes private investment.
- Small and Medium Business - As publicly stated by the Minister of Finance, ways must be found to assure that the benefits of EAI are shared more directly by the small and medium scale businesses of Chile; similarly the successful micro-enterprise programs based in Santiago need to develop outreach to Chile's smaller cities.
- Environment - EAI undoubtedly will create added pressure to improve Chile's environmental protection standards. Also, resources may be needed to assure sound start-up of the local board to administer the interest payments from the unforgiven portion of official debt that is to be channelled to NGO's working in the environmental sector.

A.I.D. Chile will need to undertake a strategic assessment in FY 91 of needs for EAI support and the identification of appropriate opportunities for response by the ADC program.

SECTION IV. Resource Requirements.

Cuts in the FY 91 LAC/DI funding have to be made up in FY 92, requiring a minimum of DI funding for FY 92 mortgages of \$2.3 million. On-going private sector activities will require incremental ITT funding of \$1.25 million, consisting of \$500,000 in EHR and \$750,000 of PSEE. New project start-ups in FY 92 for local government and EAI support are tentatively estimated to require \$650,000 for initial year ITT funding, all in the PSEE account. The total ITT request for FY 92 is \$2.0 million. Additionally, \$200,000 of EHR funds are requested for the ADC training program. The ITT projections for FY 93 are similar to FY 92 requirements.

Although AID/Chile has had nominal claim on Bureau PD&S funds to date, the LAC/DI requirements project was drawn on heavily to assist with project design. For FY 92 and FY 93 \$150,000 of PD&S are being requested principally for the development of the local government strengthening and the EAI support activities and for studies, technical assistance and observational travel for the development of a local currency guaranty program for municipal development in FY 93.

For 92, the currently authorized AID/Chile staffing plan is as follows:

<u>POSITION</u>	<u>No.</u>	<u>CATEGORY</u>
A.I.D. Representative	1	USDH
Regional AOJ Officer	1	USDH
Financial Specialist	1	FSN-DH
Program Specialist	2	FSN-PSC
Executive Assistant	1	FSN-PSC
Bilingual Secretary	2	FSN-PSC
Driver/Messenger	<u>1</u>	FSN-PSC
Total Office Staff	9	

In addition, with ITT project funds about 70 percent of the costs of a regional housing finance advisor stationed in Chile are being covered. Also, the primary health care improvement grant funds a technical program coordinator and a financial administrator who work directly with Ministry of Health. AID/Chile was unable to obtain the requested FY 91 program funding for hiring a one year advisor to work directly with grantees to install a budget based grant monitoring system. This work will be assumed by existing staff as time permits. In part to accommodate for this additional workload, AID/Chile plans to add an administrative clerk (PSC) to its o/e FSN-PSC staff in early FY 92. The position would also help divide functions within the office in order to respond to vulnerability concerns identified in the risk assessment.

The o/e funding estimates for FY 92 are \$67,000 higher than the FY 91 control level. The savings from the termination of the o/e funded US PSC in FY 92 are offset entirely by the allowances (housing, education, R&R) and travel of the new Regional AOJ officer. FSN salary and other local cost increases resulting from adjustments from a wage survey, the full year on-board presence of the two FSN positions filled in FY 91, and depreciation of the dollar against the peso of more than 10 percent in the last two years account for half of the required increase. The balance of the increase is required for a small amount of NXP procurement, increased in-country travel as a result of additional program activities outside of Santiago, greater communications costs needed to support the RAOJ, and normal increases in FAAS as a result of additional staff.

Cuts in o/e funding would eliminate all NXP and international travel including RAOJ TDY's, staff training, and TDY support from AID/W (e.g., health specialists to help oversee the \$10 million primary health care earmark), Peru (administrative and financial oversight), Bolivia (RLA), and Ecuador (RCO). In-country travel for program supervision would also be curtailed and FSN staff reductions would have to be considered, eliminating the possibility of developing new activities for EAI support.

SECTION V. A.I.D. Representative and AID/W Initiated Issues.

The lack of adequate ITT (including ADC training) and DI funding levels and the constraints imposed by the functional accounts have been the most serious operating difficulties for the ADC program in Chile, particularly in FY 91. Without the increased levels being proposed for FY 92, the ADC program will not be able to respond to the opportunities and needs of the EAI. Moreover, early first quarter allotment for the FY 92 increment for PARTICIPA civic education and the SUNY-CEAL legislative process activities is essential in order to avoid a hiatus given the shortfall of FY 91 LAC/DI levels.

If the functional account constraints cannot be alleviated for FY 92, program decisions will run the risk of being driven by funding account availabilities. To reduce the pressure on the limited PSEE resources, AID/Chile recommends that the balance of the PARTICIPA civic education activity be fully funded by EHR.

With the start-up of a Peace Corps program in Chile in FY 91, arrangements must be made in FY 92 to provide for SPA financing. Initially, the Peace Corps programs in Chile will focus on the natural resource and the micro-enterprise sectors, fully consistent with AID/Chile program interests. The Peace Corps Country Director has requested a FY 92 SPA funding level of \$50,000. AID/Chile endorses this request and recommends that the funding transfer be arranged directly between AID/W and Peace Corps/Washington.

Another potential problem in program operation is the continuing ability of USAID/Peru to provide accounting station support, given its increasing constraints on personnel ceiling. Although much has been accomplished to improve financial management procedures, further improvements seem to be limited by resource constraints and internal priorities. AID/Chile recommends that LAC management study options for providing improved accounting status backstopping for the ADC posts, including the possibility of establishing an adequately staffed regional controller's office in Paraguay.

New Activity Description

Activity: Local Government Strengthening
Funding : \$300,000 FY 92; \$2.0 million LOP FY 92-95
Functional Acct: PSEE

- A. Relationship to A.I.D. Country Strategy and LAC Bureau Objectives: Chile will be electing local government authorities for the first time since the 1973 military coup. It is crucial to the transition to a full democracy that local elected officials are able to demonstrate an ability to improve the workings of a municipal government. The activity directly responds to LAC Bureau objective II A.
- B. Conformance with Bureau ADC Guidelines: The activity will strengthen CORCHILE, a Chilean NGO that supports the decentralization process through its member organizations, consisting principally of non-profit development corporations in the twelve Region outside of the greater Santiago metropolitan area. It will also transfer U.S. know how about professionalizing municipal administration (e.g., the city manager concept).
- C. Project Description: It is tentatively planned to obligate funding through a cooperative agreement with the International Union of Local Associations (IULA) which already is working closely with RHUDO/SA. IULA would sign a sub-agreement with CORCHILE as the principal implementing entity in Chile and with other local or U.S. entities as may be necessary to furnish technical assistance. Likely components include:
- institutional support to CORCHILE and a small IULA office in Chile;
 - training in accountability and fiscal management for municipalities;
 - studies/workshops/orientation visits on selected urbanization issues;
 - field interventions in 10-15 local sites to develop strategic plans for public-private sector collaboration and to carry out selected site specific activities.
- D. Potential Issues: 1991 will be an election year at the local level in Chile. AID/Chile will need to continue its coordination with the GOC Ministry of Planning and the Ministry of the Interior to maintain a politically rental image for this activity, including the selection of specific municipalities.

New Activity Description

Activity: Capital Projects through Municipal Bond Issues
Funding : \$25 million FY 93
Functional Acct: Housing Guaranty

- A. Relationship to A.I.D. Country Strategy and LAC Bureau Objectives: Chile will be electing municipal and regional authorities for the first time since the 1973 military coup. It is crucial to the transition to a full democracy that local elected authorities are able to effectively respond to the infrastructure needs of their constituents. The activity directly responds to LAC Bureau objective II A.
- B. Conformance with Bureau ADC Guidelines: The activity will stimulate GOC policy reform to permit local elected authorities (and other regional development bodies) raise needed long-term funds in the domestic capital markets for the financing of self-liquidating capital projects. It will also respond to the new Partnership for Business and Development initiative by generating local investments in areas where U.S. industry and technology are competitive (e.g., waste management and water treatment technologies).
- C. Project Description: An U.S. Government guarantee preferably under a proposed expanded A.I.D. authority to further its shelter, urban development and private sector programs in developing countries) will be used to underpin the placing of long-term local currency bonds by municipal and development corporations in the domestic capital markets to finance their constituent capital projects requirements. Expected outputs include:
- the strengthening of democratically elected local authorities and of regional development bodies;
 - the expansion of domestic long-term capital markets;
 - the opportune and cost effective provision of urban infrastructure and other capital projects requirements that offer self-financing possibilities.
- D. Potential Issues: The degree to which domestic capital markets can be tapped will depend on the result of A.I.D.'s congressional request for expanded guarantee authority. Under present law, local currency guarantees are available to U.S. lenders exclusively (e.g., U.S. banks established in Chile). The expanded authority being sought would permit that such guarantees be given to local lenders as well.

TABLE I

SUMMARY FUNDING TABLE FOR NEW AND ONGOING ACTIVITIES
(in \$1,000's)

<u>Activity</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>
LAC Bureau:				
<u>ITT</u>	<u>875</u>	<u>1,170</u>	<u>2,100</u>	<u>2,300</u>
1. Human Resources Improv.	100	100	150	-
2. Entrepreneurship Train.	50	-	-	-
3. Environ. Awareness & Prom	320	350	450	600
4. Micro Enterprise	100	70	200	200
5. Technical Voc. Education	100	300	300	200
6. ADC Training Support	50	-	50	50
7. Housing Sector T.A.	155	300	300	350
8. Local Gov. Strengthening	-	50	300	400
9. EAI Support:	-	-	350	500
<u>ADC Training</u>	<u>130</u>	<u>100</u>	<u>200</u>	<u>200</u>
<u>AOJ (CPU)</u>	<u>-</u>	<u>500</u>	<u>1,000</u>	<u>1,000</u>
<u>DI</u>	<u>300</u>	<u>800</u>	<u>1,300</u>	<u>1,300</u>
1. Civic Education-PARTICIPA	-	400	800	600
2. Leg. Process-CEAL	300	400	500	300
3. Other (e.g., civil- military, etc.)	-	-	-	400
<u>Other</u>	<u>185</u>	<u>10,600</u>	<u>770</u>	<u>370</u>
1. Primary Health Improv.	-	10,400	400	-
2. AIFLD	185	190	220	220
3. PD&S	-	10	150	150
LAC Bureau Total	1,490	13,170	5,370	5,170
<u>Other A.I.D. Funding</u>	<u>1,205</u>	<u>1,270</u>	<u>1,150</u>	<u>1,150</u>
1. Housing Guaranty (non-add)	(5,000)	(40,000)		(25,000)
2. S&T POP activities	920	770	400	300
3. S&T AIDS Research	85	200	200	300
4. Science Advisor - PSTC	-	300	300	150
5. PPC-WID	200	-	100	100
6. PPC Israel CDP	-	-	100	200
7. Peace Corps - SPA	-	-	50	100
Total of all A.I.D. resources (including LAC Bureau)	<u>2,695</u>	<u>14,440</u>	<u>6,520</u>	<u>6,320</u>

TABLE II

SUMMARY ACCOUNT FUNDING TABLE FOR LAC BUREAU
(in \$1,000's)

<u>Account/Project</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>
<u>HE</u>				
Primary Health Bilateral	-	10,400	400	-
<u>EHR</u>				
ITT	350	400	500	250
ADC Training	-	100	200	200
AIFLD	185	190	220	220
<u>PSEE</u>				
ITT	525	770	1,600	2,050
ADC Training	130	-	-	-
PD&S	-	10	150	150
<u>ESF</u>				
AOJ/DI	300	1,300	2,300	2,300
Total LAC Bureau	1,490	13,170	5,370	5,170
1. ITT	875	1,170	2,100	2,300
2. Training	130	100	200	200
3. Primary Health Bilateral	-	10,400	400	-
4. AOJ/DI	300	1,300	2,300	2,300
5. AIFLD	185	190	220	220
6. PD&S	-	10	150	150

TABLE III - Mission Objectives Workplan

LAC Objectives Shared by Mission	Missions Strategic Objectives	Indicators of Achievement	Activities to effect Achievement Indicators
1. Support of the achievement of broadly-based sustainable economic growth	Quality and efficiency of health services improved.	Improvement in delivery and quality of primary health services.	49 health posts open longer hours (4/91 MOH) Successful NGO programs supported (5/91 MOH) Additional medical personnel contracted (5/91 MOH)
	Encourage a vigorous response by the private sector to a favorable policy environment.	Vocational training/education strengthened.	Representatives from the private and public TVE sector as well as representatives of business sector to US to observe business-educators partnership in TVE. (May 91 CIDE).
			Regional planning seminars in Chile of business and TVE representatives (91/92 CIDE).
			Competency based curriculums developed (91/92 CIDE).
			TVE school administrators and teachers sent for participant training to US (91/92/93 BNC).
	Participation by historically disadvantaged in economy increased.	Increased participation in micro-enterprise lending program.	Branch regional offices opened (91/92 PROPESA).
		Increased loans to low-income women entrepreneurs.	Technical assistance to FINAN for institutional development (91/92 ICRW).
		ECONAMA's environmental policy development and implementation capacity strengthened.	Six seminars focusing on regional conditions and policy issues conducted (6/91 WRI).
			Preparation and publication of report describing environmental conditions and trends (91/92 WRI).
			Appropriate EIA methodologies developed for hydroelectric dams and irrigation; forest product processing plants; mining and smelting activities; industrial projects; transport and urban development (91/92 WRI)
	Meet pent-up labor demands and improve labor force productivity through encouraging modernization of human resources management techniques in the private sector.	Increased participation by key local industries in Catholic University's "people oriented" management courses.	Outreach training seminars and courses tailored for and promoted to private sector industries. (91/92 CU). Inclusion of modern management techniques in undergraduate and masters level curriculum (90/91 CU).
	Encourage accelerated opportunities for increased participation in the economy by the historically disadvantaged.	Access to adequate shelter improved by encouraging the private sector to participate in low-income housing construction.	Work with Ministry of Housing to modify legislation regulating finance system to permit access to country's private capital market (91 RHO). Work with MOH to modify point system for obtaining low-income housing which is discriminatory against women (91 RHO). Provide IIG to private sector cooperatives and non-profit organizations to encourage their building low-income housing.

TABLE III - Mission Objectives Workplan

LAC Objectives Shared by Mission	Missions Strategic Objectives	Indicators of Achievement	Activities to effect Achievement Indicators
II. Support the evolution of stable, democratic societies			<u>Formal Civic Ed. Activities</u>
Sub-Objective A. Encourage the strengthening of competent civilian government institutions.	Ability to administer free, fair and open elections strengthened.	Open, peaceful elections at municipal level held, 1992.	New civics text published and approved by Ministry of Education at regional and national levels. (May/June 91, PARTICIPA)
		Free and peaceful elections at national level held, 1993	Teachers trained in use of text through seminars and workshops; evaluation of text and of its diffusion. (May/June 91, PARTICIPA)
			<u>Informal Civic Ed. Activities</u>
			Attract volunteers and train them (continuous for LOP PARTICIPA).
			Conduct baseline survey of KAP regarding democracy, pluralism, rights of others, etc. (May 1991, PARTICIPA).
			Conduct regional and national seminars (Continuous LOP PARTICIPA).
			Design and disseminate civic education materials (Continuous LOP PARTICIPA)
	Effectiveness and strength of legislative branch improved.	Measurable indicators difficult to define. A more active legislature is currently hampered by Chile's Constitution. Our goal is to provide opportunities to observe and study an alternative system. The Chileans will, in time, select the type of legislative power they need.	Training and seminars for Congressional staff in subjects such as bill drafting, congressional ethics, the Parliamentary alternative, etc. (Continuous LOP CEAL).
			Legislators and/or staff observation travel to New York State legislature, U.S. Congress, Congressional Research Service, etc. (April 91 CEAL).
			MA and Certificate programs in legislative administration (through 92 SUNY).
			Short-term internships in U.S. Congress for staff (Feb-July 91 CEAL).
			Begin program of legislative studies at UCV and place the Chilean students as Interns in Chilean Congress (91 CEAL).
			Provide key reference works to legislature, e.g., two volumes on Constitution (90 CEAL); Congressional Manual (91 CEAL); Legislative Summaries (91 CEAL); statistical analysis of election data (91 CEAL).
	Effectiveness of judicial systems improved.	New legal services for poor implemented.	Needs study completed and legal services mechanism(s) designed (91 CPU).
		Six models of modern court administration functioning.	Analysis of current court management completed (91 CPU).
			Model court management system designed and implemented in six different types of courts.
		Improved performance of court system through in-service training for justices and judicial staff.	Training needs assessment completed (91 CPU). Ten judges and ten judicial staff given observation/orientation travel to view court training alternatives in the USA (91/92 CPU).
		Improved availability of legal information.	Assistance to court library system designed (91/92 CPU).
			Automated jurisprudence databank designed (92 CPU).
			Trial start-up of databank (93 CPU).
Sub-Objective B. Encourage pluralism, tolerance of opposing views...	Civilian participation in democratic decision-making increased.	Active participation of more elements of the society, including a measurable increase in the number of women and young people participating in electoral activities.	Conduct workshops and seminars targeted specifically for young people and women. (Continuous for LOP PARTICIPA).
	Free Media Strengthened	More detailed and precise reporting of the legislative, the executive and judicial branches. Fuller reporting of legislative and judicial rulings.	Training classes conducted for journalists (2 or 3 per year CEAL). Award for excellence in civil education reporting given (once a year PARTICIPA).

CHILE

ADC ANNUAL PORTFOLIO REPORT

CY 1990

CHILE
ADC ANNUAL PORTFOLIO REPORT
CY 1990

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AID/CHILE ANNUAL PORTFOLIO REPORT REVIEW - CY 1990

I. NARRATIVE OVERVIEW

The Action Plan objectives of supporting Chile's democratic transition and increasing the involvement of the country's business community in social issues were promoted during calendar year 1990 as the program further evolved from a start-up towards a full implementation stage. Under the LAC/DI "bridge" grant channelled through the Interamerican Institute of Human Rights, the design of a four year civic education program was completed during the last quarter of 1990. This activity will also assist with the coming municipal elections as well as the 1993 Presidential and Congressional elections. The legislative strengthening program of the State University of New York (SUNY) and the Center for Legislative Studies and Assistance (CEAL) at Catholic University of Valparaiso gained momentum with institutional strengthening of CEAL, including the appointment of a full-time director, and the completion at year end of a definitive workplan and budget. Our small grant (\$200,000) through a local NGO, CPU, to help build consensus on the need for an independent judiciary achieved all its programmatic objectives. However, design of a major follow-on activity with CPU had to be postponed until the first quarter of CY 1991.

Planning for a new activity in democratic initiatives directed at local government strengthening began during the last half of the year when the A.I.D. Representative participated in a three day RHUDO/SA supported conference on urban development/private sector dialogue in Buenos Aires. Four Chileans - two from the public sector and two from the private sector - also attended. Follow up meetings in Santiago during the last quarter of CY 1990 with representatives of the International Union for Local Associations (IULA) and Chileans led to a decision to use \$50,000 of FY 91 funds to buy-in to a RHUDO/SA Cooperative Agreement with IULA to test the potential for a IULA-Chile relationship that could lead to a FY 92 activity in this area.

Activities under the private enterprise sector component of the portfolio progressed satisfactorily with three exceptions. Our buy-in to the PPC-WID Genesys project to support the local affiliate of Woman's World Banking (FINAM) has taken about five months longer to get underway than originally anticipated, and the sub-contract for T.A. still was not signed in Washington by calendar year end.

The human resources management improvement project with Catholic University's School of Economics and Business Administration got off to a poor start, with a disappointing first year. A joint review was held during November 1990 and a revised plan, including a new project director, was agreed upon for 1991. A small grant to Partners of the Americas for a pre-feasibility study of a Junior Achievement program failed to generate sufficient interest to move into a start-up phase.

The Accion International micro-enterprise program with the local NGO, PROPESA, continued to perform well. The testing of a solidarity group approach to lending proved to be favorable. Also, by year end, PROPESA had reached agreement with a group of business leaders in an outlying community and opened its first branch. The entrepreneurship training program with Fundación Chile got off to an excellent start. Over 1,000 candidates applied for the 25 vacancies in the first workshop in Santiago. The second workshop, held in Talca was similarly successful.

During the last quarter of CY 1990, RHUDO/SA fielded a team to initiate design of a larger HG that will help low-income housing mortgages become attractive to Chile's private capital market. (The FY 1991 Appropriations Bill increased HG authority by \$50 million over the Administration's request and removed the \$25 million country cap for Chile and Poland). A \$5.0 million follow-on Housing Guarantee with the private sector was approved and a Regional Housing Finance Advisor, financed with ITT funds provided to RHUDO/SA, was contracted and arrived at Post in October, 1990.

Program achievements on environmental activities being implemented through our buy-in to S&T's project with World Resources Institute merits special note. WRI has been able to select key (and relatively low-cost) interventions that have been instrumental in helping the new GOC move ahead significantly with its environmental policy and program formulation, including new loans from IBRD and IDB. WRI-led efforts have assisted Chile to raise public awareness of environmental issues to an unprecedented level. AID/Chile environmental strategy must now evolve from one of consciousness raising to one of problem solving.

The ADC training activity was completely integrated into program objectives. One group of ten participants representing public and private sector interests was

trained in competency based technical education at Ohio State University during September through November. They now form the nucleus of an effort to promote policy and program reforms in Chile's technical education system. During the year a grant was made to Chile's Center for Investigation and Development of Education (CIDE) to promote improved private sector/public sector collaboration in improving technical skills training. The group of initial participants has been incorporated into this activity. CIDE is also coordinating closely with the U.S.-Chile Binational Center (BNC) which is implementing an A.I.D. grant to help increase its capacity to administer the A.I.D. participant training program.

The Congressional earmark of \$10.0 million from the FY 90 supplemental for primary health care in Chile demanded substantial staff time during the last half of CY 1990, much of it furnished by TDY assistance. This project will constitute AID/Chile's only bilateral development assistance. The final design calls for a sector assistance approach, which should facilitate project oversight. However, intensive support on the financial management aspects will be required for the start up, particularly the first quarter of CY 1991. Additionally, in December 1990, an appeal to Assistant Secretary Aronson, who accompanied President Bush to Chile, was made for money to purchase food stuffs to help alleviate the effects of the three year drought currently being experienced. It has been decided that \$800,000 will be made available over a two year period to INTEGRA, local NGO involved in child feeding. The primary health care grant will be amended to provide these monies.

II. Summary LAC Financial Table

Functional Account: Private Sector Environment and Energy (PSEE)

Activity Number	Activity Name	FY of Initial Final (Grade) Oblig.	Est. Completion Date	AID/Chile Contributions LOP	Leveraged	Cumulative Oblig.	1990 Report Year	Mortgage	1/1/90 Resuming Year Pipeline	Cum. Accrued Expenditures	Accrued Exp. This Report Year	90		91	
												Ending Pipeline	Planned Oblig. Next Year	Ending Pipeline	Planned Oblig. Next Year
598-0616-513-07-01	Accion-Micro Enterprise Development	A 88	88	12/31/91	300,000	1,020,000	300,000	0	158,903	220,198	79,101	79,802	79,802
598-0616-513-07-02	Women's World Bank	B 90	94	09/30/91	400,000	400,000	123,209	103,209	9,080	23,209	12,289	100,000	100,000	100,000	100,000
598-0616-513-01-01	Human Resources Improv.	B 89	89	92	1,500,000	1/	150,000	1/	150,000	150,000	150,000	150,000	150,000	150,000	95,188
598-0616-513-03-02	World Resources Inst. (WRI)	A 89	92	09/30/92	1,000,000	20,000,000	298,586	198,721	28,353	284,439	192,947	34,147	300,000	300,000	274,147
598-0616-513-02-02	Partners of the America	B 89	89	01/31/91	20,000	62,500	20,000	0	12,670	13,833	6,503	5,107	0	0	1,000

1/ ALL info of this activity in portion obligated under ENR Account

Functional Account: Education, Human Resources Development (EHR)

598-0616-513-01-01	Human Resources Improvement	B 89	91	08/31/92	700,000	525,000	300,000	100,000	200,000	60,949	60,949	239,251	200,000	239,051
598-0616-513-02-01	Entrepreneurship Training	A 89	90	09/30/92	150,000	200,000	150,000	50,000	100,000	50,000	50,000	100,000	0	75,000
598-0616-513-08-01	Technical-Vocational Education (CIDE)	A 90	93	12/31/93	920,000	300,000	100,000	100,000	0	53,597	53,597	46,403	30,000	200,000
598-0616-513-09-01	ADC Training Support - BHC	A 90	90	12/31/91	50,000	15,400	50,000	50,000	0	0	0	50,000	0	50,000
598-0660-513	ADC Training	A 89	89		45,500	45,500	130,000	130,000	130,000	129,926	129,926	74	70,000	70,000

11. Summary LAC Financial Table

Functional Account: Agriculture, Rural Development & Nutrition (ADM)

Activity Number	Activity Name	Category (Grade)	FY of Initial Oblig.	FY of Final Oblig.	Est. Completion Date	AID/Chile LOP	Contributions Leveraged	Cumulative Oblig.	1990 Oblig. Report Year	1/1/90 Beginning Year Pipeline	90		Planned Oblig. Next Year	Planned Exp. Next Year
											Cum. Accrued Expenditures This Year	Accrued Exp. Ending Pipeline		
598-0616-513-03-04	Pesticide Management, - AIFLD	A	90	90	06/30/92	120,000	32,600	120,000	120,000	0	8,150	111,850	--	96,465
Functional Account: Economic Support Fund (ESF)														
598-0642-3-90006	Administration of Justice (CPU)	A	89	91	03/31/91	200,000	67,000	200,000	0	127,733	198,445	61,712	10,555	New Project being designe

Other Democratic Initiatives (Regionally Funded)

598-0591-3-9655304	Voter Registration/Ed (IIDH-Cruzada Civica)	A	89	90	04/31/91	2,155,000	N/A	2,155,000	470,000	184,673	2,135,000	349,346	20,000	New Project designed
598-0777-3-9655940	Legislative Assistance (SUNY-CEAL)	A	89	92	06/30/92	2,000,000	109,667	800,000	300,000	302,500	574,460	376,960	225,540	500,000

III. ITT Activity Narratives

A. Activity Data

Title: Micro-Enterprise - Accion

No. : 598-0616-513-07-01

Estimated Completion: December 31, 1991

Implementing Agency : Accion International through its
local affiliate, PROPESA

B. Purpose: To establish a new system within Chile's private sector for channelling credit and technical assistance to the micro and small scale business sector. The program is targeted to benefit 3,400 micro-enterprises in three years. The A.I.D. grant is to help cover start up operational and training costs until earnings from loan portfolio are sufficient to cover these costs. No grant funds are being used for credit.

C. Status: Category A - As of December, 1990, after about two years of lending operations, PROPESA has some 1,900 beneficiaries. The average size loan is about \$360. It expects to be able to reach the grant target by the planned completion date. PROPESA initiated its operations committed to working exclusively with individual borrowers. In an effort to reach greater numbers of lower income clients more effectively during 1990, PROPESA began a "solidarity" group lending approach encouraging potential borrowers to organize themselves into groups of at least four consignees. Such groups could then seek loans from PROPESA that would be redistributed among group members, with loan servicing managed by the group. Despite initial doubts about the willingness of the Chilean micro-entrepreneur to associate in such a fashion, the results were very successful. At this point about one third of PROPESA's new clients are in the solidarity group category. Approximately half of the solidarity group members are women, compared to some 30 percent of the individual loan portfolio.

Delinquency rate is also more favorable with the solidarity group approach, with greater than 30 day delinquencies running at about 1.5 percent for the group loans compared to 8.5 percent delinquency on the individual loans. The latter amount represents a slight creeping up of the rate compared to last year and has resulted in increased management attention and collection efforts. Over 40 loans have entered into a legal recovery process. The overall level of delinquency, however, is not alarming compared to Accion Internacional's experience in Latin America and still appears to be very manageable.

During the year PROPESA completed negotiations with IDB for a \$500,000 soft loan and \$130,000 technical assistance grant that should become effective in early 1991. This is a significant addition to other institutional grants previously received totalling \$122,000 host country contribution from cash and in-fund donation of the Chilean business community total \$300,000 to date. In 1990 alone, 24 firms including seven first-time donors, contributed over \$105,000. Thus, this \$300,000 A.I.D. grant has already leveraged over \$1,000,000 in other funds. In addition, Accion has used about \$300,000 of its AID/PRE guaranty to obtain loans to PROPESA from local banks. To carry out its increased lending operations planned for 1991, PROPESA is adding four new credit advisors, one financial analyst and two administrative staff, almost doubling its current level.

At the end of 1990, PROPESA's Board of Directors approved arrangements with a group of businessmen to open a branch in Melipilla, a farming town on the outside of the greater Metropolitana area of Santiago. AID/Chile will be closely observing the operating results of this first branch since PROPESA has inquired about the possibility of A.I.D. grant support in FY 92 to open branches in a number of Chilean secondary cities.

The only problem in the performance of the grant to date has been lack of progress in carrying out the program evaluation. At the beginning of the year Accion arranged for outside technical assistance to help design the evaluation strategy and methodology. A local entity was selected to carry out the data collection and arrangements were made. But the key individual involved did not meet the work schedule. Part of the problem was also attributable to the lack of time for the Accion in-country advisor to follow up with the local data collection entity and reschedule the work or find an alternative. Also, the \$30,000 originally budgeted under the grant for evaluation now appears to be too limited to assure a useful exercise. During the first quarter of CY 1991, AID/Chile and PROPESA will review the evaluation plan. A small complementary grant increase is being considered to expand the resources available for evaluation as well as to develop more detailed planning about a possible FY 92 follow on grant to work outside of Santiago.

III. ITT Activity Narratives

A. Activity Data

Title: Micro-Enterprise - Women's World Bank
No. : 598-0616-513-07-02
Estimated Completion: December 31, 1994
Implementing Agency : Women's World Banking Affiliate,
FINAM (Finanzas Internacionales
y Nacionales para la Mujer)

B. Purpose: To provide access to credit for poor (barrio level) women micro-entrepreneurs.

C. Status: Category B - The newly formed Chilean affiliate (FINAM) of Women's World Banking in New York approached A.I.D. for assistance in reaching barrio-level women for a credit guarantee program. Dra. Lucia Pardo of the University of Chile, was retained via a purchase order to perform a community based enterprises study, as a first step, to respond to FINAM's information needs on institutions involved in providing capital financing, educational training in accounting, business administration, marketing and/or sales, and promotion of small enterprises.

Field work data collection was to have started before December. However, as this was also the time of the first congressional and presidential elections in Chile in 17 years, people in the barrios were suspicious of outsiders coming to ask questions. Therefore, data collection was postponed until January 1990. Despite the delay, the study was completed on time by May 31, 1990, and published by the University of Chile, Faculty of Economic and Administrative Sciences in their Research Series. The title (translated) of the published study is, "Institutions which Promote and Support Microenterprises and Small Businesses". (See 1989 APR for more study details). The study was included in an IAF bibliography and generated international interest and requests for copies. There has also been considerable local interest so that a second printing is under consideration. Funding will be from proceeds of sale.

During the course of the study, AID/Chile issued invitational travel orders to Dr. Mayra Buvinic, President of the International Center for Research on Women and well known expert in women and micro enterprise subjects, for a two week consultation to help focus and shape the FINAM program and to assist AID/Chile design a future relationship with FINAM, ICRW and PPC/WID.

In June, 1990, AID/Chile issued PIO/T No. 513-598-616-3-00010 to execute a buy-in to the PPC/WID GENESYS project for a \$100,000 dollar assistance program to FINAM and triggering up to \$200,000 PPC/WID matching funds to provide technical assistance to FINAM for institutional preparation and training in credit delivery mechanisms. The buy-in was obligated August 27, 1990. An award of a sub-contract for TA, however, is as yet unsigned (01/01/91). Clearly, in the six months since AID/Chile and FINAM designed the type of assistance we would provide, the situation at FINAM has changed. FINAM has received some TA from the BID, has developed a draft work plan and hired additional staff; has hosted a regional meeting of Women's World Banking Affiliates from Latin America and the Caribbean; and two of their staff have received a three week credit training course from the Women's World Banking office. A.I.D.-provided TA will have to be adjusted to the current situation of FINAM. We are hoping a sub-contract for TA will soon be agreed upon and approved by both the GENESYS and AID/W contract offices and that this project can get underway.

III. ITT Activity Narratives

A. Activity Data

Title: Human Resource Management Improvement
No. : 598-0616-513-01-01
Estimated Completion: August 31, 1992
Implementing Agency : The Studies Foundation of the
Faculty of Administrative and
Economic Sciences of Catholic
University of Chile (UC).

B. Purpose: To assist Chile's business sector meet pent-up and increased labor demands upon the return to full democracy through the modernization of the human relations practices of Chilean companies. By promoting sound "people oriented" management approaches, the activity will contribute towards greater worker satisfaction and productivity, increased innovation, and a reduced level of conflict between management and labor. The activity has four components: (1) faculty exchanges, training, and educational materials acquisition; (2) expansion of university outreach to the business community; (3) research related to the application of modern human relations practices and to labor economics; and (4) program administration, including evaluation.

C. Status: Category B - The delays encountered during the last quarter of CY 1989 when a qualified outside program director could not be contracted (see last year's APR), were not overcome during 1990. UC decided to manage the project through internal reassignment of existing staff, which proved to be unsatisfactory.

The most serious impact of the start-up difficulties was on the diploma program under the outreach component. The final design of the diploma training program was delayed until January, 1990, which in turn prevented adequate marketing and promotion efforts to be carried out before the April, 1990 initiation of classes. Consequently, only 15 candidates (9 women) enrolled in the nine month training program, far short of the 35 targeted.

Even with the limited participation, the diploma training program was a useful exercise and served to identify modifications needed to improve the course for 1991. This diploma program is directed to managers of human resources departments in personnel divisions of leading Chilean firms.

Other components of this activity experienced more satisfactory progress. The number of workshops and seminars exceeded targets, four research projects were approved, and faculty exchanges took place, all of which achieved their expected results. At the same time, a new opportunity for promoting program objectives became apparent during the year. As a result of some of the publicity efforts, a group of four high level executives from Chilean firms, committed to furthering "people oriented" management style in their firms and throughout the Chilean business community, contacted the UC staff to see how they could collaborate with this program.

The problems with program start-up and this new, unanticipated opportunity led to a decision to hold a joint program review in November, 1990. The two most significant decisions reached at the review were: (1) the appointment of the current director of the school of business administration as the full-time program director beginning in 1991; and (2) the establishment of a formal working relationship with the high level executives mentioned above.

With the program leadership being placed in the hands of the current director of the business school (who will leave this capacity in early 1991), the program gains prestige within the Chilean business community. Also, the divisiveness of the current structure of program direction between the economics institute and the business school will disappear. The current program director will continue to teach in the diploma program and workshops.

The relationship with the business leaders is being formalized through the creation of "advanced groups" (Grupos de Avanzada) which are responsible for organizing networks of general managers of key businesses. To date, two such groups (Alfa and Beta with 16 and 19 general managers, respectively) have been formed. The program will work with these groups more closely through workshops and consulting exercises directed exclusively to these firms. Additional groups will be formed during 1991. Accordingly, the program design will be modified to favor "closed" workshops instead of seminars open to the general public. It is anticipated that these businesses will absorb about 70 percent of the costs of the workshops. In addition, the Grupos de Avanzada will promote the other elements of the program (e.g., diploma training, access to research opportunities and dissemination of results).

Other changes such as improvements in the design of the diploma program and a more ambitious marketing program were agreed to during the program reviews. A detailed evaluation plan was also agreed upon. UC subsequently presented a detailed budget for 1991 which, if fully implemented, would result in a significant increase in program activities and disbursement rate in 1991. If this new linkage to the business community achieves its potential, the program's impact in promoting a less conflictive, people-oriented management style will exceed our original expectations. Another program review will be held during the last quarter of CY 1991 to determine whether extension of A.I.D. support is warranted.

III. ITT Activity Narrative

A. Activity Data

Title: Environment Awareness and Promotion
No. : 598-0616-513-03-02
Estimated Completion: September 30, 1992
Implementing Agency : World Resources Institute
through its Center for
International Development and
Environment (CIDE)

B. Purpose: To improve Chile's capacity to manage the use of natural resources and the environment by supporting public and private efforts to strengthen ENR policy and institutions, increase basic research and analysis on environment and natural resources issues, and foster public awareness and education on these issues.

C. Status: Category A - To date, three buy-ins to the EPM Project have been used to implement ENR program activities. The first, for \$99,865 was completed in CY 1989. The second and third buy-ins, for \$148,721 and \$50,000 respectively, were made in FY 90. The initiatives launched mainly during CY 1990, have had a very positive effect on the course of ENR management in the country, and the ENR program has proven to be a useful vehicle for helping the new democratic government of Chile move ahead on environmental issues. AID/Chile has been able to augment and improve its technical and administrative capacity by drawing upon WRI's expertise, and it has also been able to gain access and establish communications with other NGOs, foundations and donors through WRI contacts.

During the period from the December, 1989 elections until President Aylwin took office in March 1990, the new democratic government created special committees to prepare programs and funding proposals to be presented to the international donor community. The funding that A.I.D. provided to the transition committee on the environment (\$36,000) allowed it to hire Chilean professionals to define its priorities and prepare funding proposals to the World Bank and IDB. The chairman of this committee is now the Executive Secretary of CONAMA, the new National Commission on Environment. His proposals constituted the foundation for CONAMA's new program. These proposals have produced tentative commitments from the World Bank for \$20 million to help the GOC Agency strengthen ENR policy and institutional development in the country and \$60 million from IDB for antipollution activities in Santiago.

With \$40,757 for the Urban Studies Institute of Catholic University, the program initiated the design and application of indicators of environmental quality in Chile. This activity will allow CONAMA to establish an effective system to monitor and measure environmental quality and trends in the use of natural resources. Work will continue in FY 91 with the perfecting of the environment indicators through field testing in five pilot areas. The program also provided \$16,000 to the Institute for Urban Studies to help publish an Atlas on Environmental Problems of Chile, which was completed in August 1990.

CIPMA (Centro de Investigación y Planificación del Medio Ambiente), a leading Chilean environmental NGO, received assistance in 1990 under this project (\$27,000) to help create an environmental information clearinghouse which will be linked through a computer network to regional universities, major NGOs and Government institutions. In April, 1990, CIPMA organized a seminar on a "Regional Information Network on Environment in Chile" attended by 132 specialists from different sectors. As a result of this event, a coordination group of the network was formed under the responsibility of CIPMA and integrated by GOC institutions, academic centers and the private sector. This group worked in the design of activities related to the system, flow of communications and exchange of information and selection of the pilot notes and evaluation. Also important bibliographic information on environment projects was compiled.

In order to introduce the new methodologies of environmental economics into Chilean economic research and policy analysis, WRI established a relationship with a leading think tank CIEPLAN (Corporación de Investigaciones Económicas para América Latina), by financing (\$6,500) a study on the Chilean fishing sector from a sustainable development perspective. WRI provided supplemental funding to help sponsor the first international Conference on "Economics and the Environment" held in Concepción in November. Dr. Robert Repetto, an expert in national income accounts, Douglas Southgate of the Ohio State University assigned to AID/Ecuador; and Jean Pierre Reveret of the University of Quebec, Canada participated in this successful conference.

Finally, with the funds provided by the second buy-in, two workshops requested by the Executive Secretary of CONAMA were held. The first one took place in September and was organized by the Special Commission for the

Decontamination of Santiago, created in April 1990. It was a successful three day workshop for 110 public sector officials responsible for monitoring, measuring and controlling environmental degradation. Two experts, one from the Environment Protection Agency, (EPA) and the other from the Air Management Administration of Maryland participated in this event. The other two day workshop, "Environment and the Public Sector", was held in November under the direct responsibility of CONAMA. It was addressed to 105 GOC professionals and officials from Ministries, Municipalities and Regional Planning Offices dealing with environment. One of the results of this seminar was the production of a reference pamphlet issued by the Commission, containing all the legal regulations in force directed to the control of contamination. This pamphlet has now been widely disseminated to all people who have responsibilities on urban environmental control.

III. ITT Activity Narratives

A. Activity Data

Title: Pesticide Management

No. : 598-0616-513-03-04

Estimated Completion: June 30, 1992

Implementing Agency : American Institute for Free
Labor Development (AIFLD)

B. Purpose: This activity supports an in-country training program of the American Institute for Free Labor Development (AIFLD) to increase the knowledge of rural workers about safe application of agro-chemicals. The purpose is to reduce the incidence of health problems associated with pesticide application among the farm workers in the fresh fruit industry. The target is to provide training to a minimum of 5,000 workers, of the 17,000, who are affiliated with the National Campesino Confederation (CNC).

C. Status: Category A - The Grant Agreement was signed on September, 1990, by the Regional Contracts Officer, USAID/Quito. The condition precedent to disbursement requiring an environmental threshold decision (ETD), has been satisfied, and AIFLD has arranged for its letter of credit. The ETD concluded that there would be no negative environmental impacts from the course activities. Pesticide users will be taught how to safely use and dispose of chemical agents, how to recognize symptoms of poisoning and other safety aspects.

Subagreements with the CNC and the Chilean Safety Association (ACHS) for training of CNC trainers were signed with AIFLD's approval. ACHS is a leading business service organization on worker safety and rehabilitation. The CNC appointed a Project Coordinator to manage and monitor the training activities who will be working together with ACHS and the AIFLD country Director.

The first training course took place in November, with 21 CNC participants. The ten most qualified will continue their training by ACHS technical personnel in January, 1991, to become CNC educators. In turn they will train approximately 5000 people in the areas of Chile where most fruit production is concentrated. ACHS will also be provided educational materials. The A.I.D project officer and the AIFLD Director attended the first workshop as observers. This event was well planned and well received.

III. ITT Activity Narratives

A. Activity Data

Title: Technical-Vocational Education (CIDE)
No. : 598-0616-513-08-01
Estimated Completion: December 31, 1993
Implementing Agency : CIDE - The Center for
Investigation and Development
of Education

B. Purpose: This activity will establish a basis for a more effective Technical-Vocational Education (TVE) system in Chile through: (a) preparing policy studies and recommendations, developed through public/private sector consensus building, for changes in the structure, coverage and financing of TVE; (b) developing and testing modern, innovative technical training programs drawing on updated curricula and materials, and specially trained TVE instructors and administrators; (c) demonstrating, through carefully selected pilots and training activities, that quality improvement in technical education can be made rapidly and efficiently through approaches that integrate public and private sector interests and abilities; and (d) bringing about a more collaborative relationship between the business community, educators, and public officials regarding TVE.

C. Status: Category A - This activity was obligated in September, 1990. However, even prior to signature of the Cooperative Agreement, two purchase orders of \$5,000 and \$20,000 during 1990, provided for a design for organizing Chile's first National Workshop ("Encuentro") on Education for Work and, secondly, the workshop itself conducted by CIDE. The design activity included an organizational meeting held in April in Valparaiso with over 60 participants. The full three day workshop was held in October in Santiago with over 250 participants. The Minister of Education gave the keynote address at the opening and the Minister of Labor spoke at the closure. There was ample representation from the business community.

During the year CIDE was also actively involved in the design of the group training financed under the ADC Regional Training Activity (see IV, below) and the selection of the individual candidates, (which included two CIDE staff). CIDE has been working closely with the returned participants. They will present a report on their training to the Minister of Education recommending that competency based technical-vocational education

methodology be tested in Chile. Under this activity, CIDE will continue working with this group.

By year end, CIDE had completed the administrative and organizational work involved in preparing for full implementation. The CIDE unit responsible for this activity was provided refurbished office space and the key staff assignments/appointments were accomplished. However, CIDE must now complete its first, full year workplan and form a technical commission with private sector participation. This should be accomplished during the first quarter of CY 1991. Also, the FY 91 funding increment must be obligated as soon as possible in order not to interrupt the pace of implementation.

III. ITT Activity Narrative

A. Activity Data

Title: Entrepreneurship Training
No. : 598-0616-513-02-01
Estimated Completion: September 30, 1992
Implementing Agency : Fundación Chile

B. Purpose: This activity will develop a Chilean capacity in the private sector to identify, train, and motivate individuals having the entrepreneurial traits necessary for successful expansion of their small and medium scale business or initiation of new endeavors. The activity was initiated through a \$100,000 buy-in in FY 89 to the PRE PEDS project to secure the services of the U.S. consulting firm, MSI. The buy-in leveraged about \$90,000 in core financing from PRE and about \$60,000 from the United Nations Center on Transnational Corporations (UNCTC).

A second A.I.D. input of a direct grant of \$50,000 to the Fundación Chile was provided in 1990 to help finance local consulting services to assist with the start up of the new businesses generated. The combined program is known as EMPRETEC, which emphasizes a methodology that UNCTC has promoted in Argentina, Uruguay, and Brazil. An important part of the EMPRETEC model is the mobilization of voluntary services from successful businessmen and women to assist and advise the new entrepreneurs.

C. Status: Category A - This activity was officially inaugurated as part of the EMPRETEC network May 17, 1990, in a ceremony with leading business figures, UN officials, government officers, and the A.I.D. Representative. The first two week seminar was held by MSI consultants from August 27 to September 6 at the headquarters of Fundación Chile in Santiago. Almost 1,000 candidates applied for 25 vacancies. Final selection was made using MSI methodologies involving detailed questionnaires followed by selective individual interviews. Inscription cost was approximately \$300. Four candidates for training as instructors were also selected and participated in this first course.

The second seminar was held in Talca, a farming community about 270 kilometers south of Santiago, from November 26 to December 6. Out of 305 applicants, only 15 candidates were selected. In addition, two candidates from Argentina participated. The best two instructors continued their training by participating in the Talca program.

Given the low number of women candidates in the first seminar (one of 25), Fundación Chile specifically indicated in its announcements for the Talca seminar, that business women as well as men would be eligible. This subtle indication, viz., "empresarios(as)", resulted in a much greater participation of women (seven of 15) in the second workshop.

To date, eight participants of the Santiago seminar have presented projects to be considered for support under the EMPRETEC network. During 1991 three more seminars will be carried out, with the next one scheduled for May in Concepción.

While the EMPRETEC activity has high start up costs relative to the initial number of beneficiaries, the recent experience in Argentina demonstrates that a permanent capacity for the courses can be installed which will be based on local trainers so that recurring costs become much more reasonable. At the same time, as more and more new activities are promoted, much greater support from the local business community (financial as well as in-kind services) will be mobilized.

III. ITT Activity Narratives:

A. Activity Data

Title: Chile/Washington State Partners

No. : 598-0616-513-02-02

Estimated Completion: January 31, 1991

Implementing Agency : Chile/Washington State Partners
(CWSP)

B. Purpose This activity supports the CWSP's efforts to enhance its institutional capacity and to conduct a pre-feasibility study of implementing a Junior Achievement Program in Chile. As well, this grant allows CWSP to mobilize participation of the Chilean business community for CWSP programs directed at socio-economic concerns.

C. Status: Category B. The Grant Agreement was signed in September 1989. As some activities were delayed, Partners requested a no-cost extension from September 30, 1990 to January 31, 1991.

There are two main reasons for the slow progress of the activities: one, the private sector in Chile postponed any new initiatives/activities until it saw how the new democratically elected government would treat business in particular and how it would manage the country's economic affairs in general. Second, there was a change of President of Partners/Chile during this period, which triggered a reevaluation of the different CWSP activities already executed and also of future plans. Other problems included an erroneously focused budget, poor account handling, and an inadequate feasibility study concerning implementation of a J.A. program in Chile. More recent efforts by the new President of CWSP to encourage and attract the private sector to participate in a J.A. program have been positive. A.I.D./Chile plans no further financial assistance to CWSP at this time.

III. ITT Activity Narratives

A. Activity Data

Title: ADC Training Support
No. : 598-0616-513-09-01
Estimated Completion: December 31, 1993
Implementing Agency : Instituto Chileno-Norteamericano
de Cultura (Binational Center
- BNC)

B. Purpose: The activity will increase the capacity of the Chilean-North American Cultural Institute (Binational Center - BNC) to assist with screening, placement and follow up of Chilean candidates for technical education in the U.S. In this process, the BNC will improve its capacity to promote the use of U.S. technical education methodologies in Chile. As an ancillary benefit, the BNC will also become better able to provide services to other A.I.D. Missions that want to use Chilean universities and training institutions for third country training.

C. Status: Category A - This cooperative agreement was initiated in FY 89 with \$33,500 of non-ITT funding and has developed steadily and well. The BNC has prepared a preliminary diagnosis of the Chilean Vocational Technical Education system in five of the twelve regions of Chile (Regions III, IV, V, VIII and IX) through personal visits to the areas. The other regions have been contacted for information by mail.

The project director has made two observational trips to the United States to gather information on U.S. placement possibilities. Information gathered has been extremely useful in fine-tuning our participant training program and in establishing an information center in Chile (at the BNC) on U.S. vocational education.

This year we sent our first group of participants under this grant, to Ohio State University for training in Competency-based technical vocational education. The BNC assisted with designing the participant selection criteria; organized and conducted a series of pre-departure seminars and a three-week intensive (survival) English training course. We received a TDY from OIT/PETA's Ethel Brooks who provided TA and instruction to the BNC staff on the PIO/P generator system. Brooks also provided the PTMS for the center's ADP system which arrived this year.

At the present time, ADC Chile handles TCT on an ad-hoc basis. We are planning to regularize this in the near future with administrative assistance from the BNC. We have worked on a maintenance cost analysis for training in Chile and prepared a catalog of training opportunities that we plan to disseminate in 1991 to other LAC missions.

III. ITT Activity Narratives

A. Activity Data

Title: Administration of Justice

No. : 598-0642-3-90006

Estimated Completion: Sept. 30, 1990 - extended to
March 31, 1991

Implementing Agency : Corporación de Promoción
Universitaria (CPU), Chilean NGO

B. Purpose: The purpose of the grant is to lay out the judicial issues for justices, academics and other legal professionals to build for and arrive at a consensus for reform and change under a democratically elected government. The last 16 years of military rule have taken a toll on the formerly independent judiciary of Chile. Justices' careers have suffered for pursuing human rights violations, and military courts have assumed jurisdiction over some civilian crimes (libeling the President, for example). However, a group of justices, lawyers and academics have fought against erosion of the civilian justice system and pressed the Embassy to help finance the development of programs to strengthen professionalism and to underscore the importance of an independent judiciary.

C. Status: Category A - The quantitative indicators of the grant were achieved while working in an extremely sensitive area and environment. Bearing in mind that the primary goal was to increase the call for judicial reform, the grantee worked effectively through conducting seminars, round-table discussions, and publishing a volume that covered judicial training, legal protection of human rights, military justice, appointment to the supreme court, and timely justice. The grantees also trained over 150 legal staff in Criminal and Civil Law.

The grantee was awarded a no-cost extension until March 31, 1991, to make available a core counterpart group to work with U.S. design team for new program to begin in CY 1991. This was made possible primarily because of saving on airline tickets for justices traveling to the U.S. during the grant. The new program design effort has been postponed from November, 1990 until January, 1991. It will focus on three major areas: legal services to the poor; judicial and judicial staff training; and court administration.

IV. Participant Training

- A. Budgeted Amount - \$130,000
- B. Actual Training Activities and Cost - Ten participants to Ohio State University for Technical Vocational Education. Cost to A.I.D. \$129,926.
- C. Total Number of Trainees -- 10: 1 woman, 9 men; 0 academic, 10 technical.
- D. Status: Category A - In accordance with our training goal to focus on upgrading and/or updating technical vocational education in Chile, we sent ten participants to Ohio State University for ten weeks to study competency based Technical Vocational Education. The group selected represented the many facets of Technical Vocational Education in Chile: the Ministry of Education - both national and regional levels; the Municipal semi-private, schools; private liceos and curriculum specialists. The Instituto Chileno-Norteamericano de Cultura or Binational Center designed and carried out an effective survival English program of four weeks' duration for the participants as well as a thorough orientation program. The Fundación Andes, a private (NGO) provided round-trip international air transportation.

LAC/DR/EHR activity assisted in obtaining training proposals for the program. Because this was a highly professional group and strongly self-motivated, we selected the proposal with the greatest technical expertise in competency based Technical Vocational Education, Ohio State University.

While in training, the group wrote a guide for the improvement of Technical Vocational Education in Chile. This is currently being printed in 1000 copies to serve as a base for national discussion. Individually, members of the group have led follow-up seminars and discussions regarding their experience and what they learned of competency based Technical Vocational Education in the U.S.A. Later, they will be asked to help design the competency based profiles of selected sectors.

V. Other LAC Activities

A. Activity Data

Title: Civic Education - PARTICIPA

No. : 598-0591-3-9655304

Estimated Completion: Bridge Grant - February 28,
1991 New Direct Grant - May 31,
1994

Implementing Agency: Bridge Grant - Interamerican
Human Rights Institute (IIDH)
through their Center for
Electoral Assistance (CAPEL)

B. Purpose: Based on the successful results described below, PARTICIPA and IIDH have identified the need to bring about a more structured program of long-term civic education in Chile with an organization capable of directly mobilizing and managing resources. Consequently, A.I.D. provided IIDH with resources for a \$400,000 "bridge grant" to cover the period May, 1990, to February, 1991, to allow for the design and planning of such a program as well as to carry out its initial efforts.

C. Status: Category A - In FY 1988, a \$1,285 million A.I.D. grant to IIDH financed a major program of nonpartisan voter registration in Chile. This program was in preparation for the October, 1988, plebiscite held to determine if the military government would continue in power. The program trained more than 7,200 volunteers who reached more than 200,000 citizens throughout the country, providing them with information on electoral procedures and urging them to register and to vote. The CRUZADA CIVICA, or Crusade for Citizen Participation, which organized this volunteer network is credited as being influential in the remarkably high participation of Chilean votes in this crucial event. The 1988 plebiscite opened the way for the peaceful Presidential and Congressional elections in December, 1989.

In support of the election, a FY 1989 A.I.D. grant of \$470,000 funded a follow-on voter education program based on the experience and the extensive volunteer network developed by the Cruzada. The new non-partisan volunteer voter education group formed was called PARTICIPA. Under the follow-on grant, channelled through the IIDH, PARTICIPA trained a cadre of volunteers skilled in voter education techniques, poll watchers, and journalists. It reached over 800,000 citizens directly and made over 68

million citizen contacts through radio, press and television programs/announcements. PARTICIPA's efforts contributed to a tranquil election process and the successful inauguration of a civilian government in March, 1990, for a transitional four year period.

Under the bridge grant in 1990 PARTICIPA completed design of a new four year activity with an estimated total A.I.D. input of \$2.3 million. It also reorganized PARTICIPA's management structure to be able to include more regions of the country and to include the formal as well as the informal education levels. A secondary school civic education textbook was written, in conjunction with the Ministry of Education and the major democratic political parties, for formal education use. The text will be introduced for use in the school year beginning March, 1991. PARTICIPA will conduct seminars and training sessions for assisting classroom teachers to use the text effectively.

In addition to the TA provided by IIDH/CAPEL, LAC/DI, through its central contract with Development Associates, provided a three-person team for two weeks to assist PARTICIPA work through and focus its design efforts and to help them prepare to receive a direct A.I.D. grant. The firm of Price-Waterhouse has been retained to establish clear fiscal lines of responsibility within PARTICIPA and also to provide outside audit services.

A review of PARTICIPA's unsolicited project proposal was held in Santiago November 28, 1990. The grant will be authorized by the A.I.D. Representative in Chile and obligated by the RCO/Quito, pending receipt of funds allotment.

V. Other LAC

A. Activity Data

Title: Center for Legislative Studies and Assistance
- Centro de Estudios y Asistencia Legislativa
(CEAL)

No. : 598-0777-3-9655940

Estimated Completion: September 30, 1993

Implementing Agency : State University of New York
(SUNY) at Albany and Catholic
University of Valparaíso (UCV)

B. Purpose: To strengthen and consolidate democracy in Chile through the development of a strong, and efficient legislative branch. This grant proposes to establish a non-partisan, university-based center to provide training, research and consulting services to the Chilean congress inaugurated in March, 1990.

C. Status: Category A - The past year was one of re-focusing for CEAL in addition to providing its first services to the new Congress. This institution was designed and planned when Chile was anticipating its first congressional elections in seventeen years. Because there was no sitting congress to consult for a needs assessment, informal conversations and best guesses designed the project. Therefore, when a congress actually materialized, adjustments had to be made.

We believe CEAL has found its role primarily in legislative training, seminars and publications. Other types of assistance originally anticipated, e.g., informatics and library of congress assistance, are being assumed by other entities (the World Bank, our own CRS, the Government of Italy and others).

In May, 1990, the Cooperative Agreement with SUNY/Albany was extended by 15 months through 9/30/93 and the funding level increased by \$1.0 million for a total of \$2.0 million. The staffing pattern of CEAL was modified and new personnel hired, (new Director, Deputy Director and chiefs of Training and Informatics). More ample and permanent offices were provided by the UCV. SUNY also hired a project director who could devote more time to the project - both in Chile and in New York. A consulting team from the U.S. Congressional Research Service spent two weeks assisting CEAL, and Clay Wellborn, also of the CRS, spent three months in Chile working both with CEAL and directly with the Chilean Congress and their Congressional Library staff. Lastly, a comprehensive Work

Plan for CEAL has been developed. Although there has been significant progress in institutionalizing the organization, the position of director of CEAL has not yet been made official within the University. Internal regulations to effect this are being developed and we hope for a resolution in early 1991.

In direct services to the Chilean Congress, CEAL presented a total of 13 training courses for Congressional staff and for media personnel covering the congress. A total of 352 Congressional staffers and 154 media personnel were trained in 1990. CEAL presented two seminars during the year on the Parliamentary Alternative and on Regionalization. Two excellent volumes were published on the Chilean Constitution. In July, SUNY/CEAL hosted a successful visit of 5 congressmen, representing the five major Chilean political parties, to the United States. Finally, the first Chilean from the program received his masters degree in Legislative Administration from SUNY and will join the CEAL staff in March, 1991.

VI. Non-LAC Activities/Programs

- HOUSING FINANCE - HG 008

A. Grantee: COVIP

B. Amount: \$5 million, Private Sector Cooperative Housing Guarantee Program

C. Initial Obligation Date: January 19, 1988

D. Completion Date: July 5, 1992

E. Activity Description: This \$5 million ten year Housing Guarantee was approved in FY 1987 under a PRE/H \$35 million world-wide private sector HG program. The borrower is COVIP, a coalition of cooperative housing institutions and the Chamber of Construction's social interest housing entity. The program is designed to:

- o demonstrate the capability of Chilean private, non-profit, democratic housing institutions and the private sector financial community in marshalling domestic capital resources to meet the demand for adequate housing affordable to low-income families;
- o enable five participating housing institutions to expand their production of shelter affordable to families with below-median income levels; and
- o develop COVIP as the legal entity established to implement the Program on behalf of its participating institutions.

A \$5 million, four year loan was signed with Citibank New York (subsequently sold to other US investors) and a complementary \$250,000 local currency credit line was established with Citibank Santiago. COVIP participating institutions were to fund an additional \$500,000.

An interim program evaluation was conducted during the first quarter 1990. It found that Program objectives were being achieved ahead of schedule and that targeted housing outputs were being surpassed. At year-end 1990 (2 1/2 years -- or 63% -- into the program), 1,699 houses were built under the program (85% of program goals). All but 50 of these houses benefited families earning under the (UF10) monthly urban median income (with around 10% going to minimal income families earning under UF5). Approximately 40% of the houses built were sold to women headed households.

The participating institutions constructed an estimated 4,300 additional units with non-program resources, resulting in a leverage factor of around 2.5 to 1.

An issue during 1991 will be COVIP's option to prepay its dollar borrowing (foregoing the loan's last year) if the present currency swap arrangement with the Central Bank becomes unavailable or overly onerous. In such case, COVIP would still have access to an alternative and equivalent local currency borrowing facility from Citibank Santiago.

VI. Non LAC Programs

A. Grantee: American Institute Free Labor Development,
AIFLD

B. Amount: \$265,000 (annual)

C. Initial Obligation Date: ongoing

D. Completion Date: ongoing

E. Activity Description: In 1990, AIFLD/Chile worked with two labor unions linked to the International Confederation of Free Trade Unions (ICFTU) - the Central Unica de Trabajadores (CUT), which is the largest union in Chile, and the Central Democrática de Trabajadores (CDT), which will join the CUT in January 1991. The consolidation of the these two unions is being supported by AIFLD. The types of activities developed were primarily two or three day weekend courses or seminars. A major topic since the democratic government took office has been the proposed changes in Chile's labor legislation.

During 1990, AIFLD sent nine middle and top level Chilean union leaders to the George Meany Center in Washington, D.C. for advanced labor studies.

VI. Non LAC - Population

1. A. Grantee: IPPF/APROFA (the National Family Planning Association) and matching grant both centrally funded by AID/W
- B. Amount: \$661,000 Contraceptives;
\$257,000 Matching Grant
- C. Initial Obligation Date: Contraceptives
January 1990
Matching Grant
January 1990
- D. Completion Date: Contraceptives December 1990
Matching Grant December 1990

E. Activity Description: During 1990 AID/Chile monitored two different S&T/POP supported activities in Chile:

Through IPPF/WHR grant, APROFA (The National Family Planning Association) an IPPF affiliate, received an estimated \$661,000 in A.I.D. funded contraceptives as well as \$257,000 in cash for the successful project APROFA/Red Cross. This amount represented \$13,000 less than the \$270,000 approved in 1989. The Matching Grant funds were directed to pay only the salaries of the midwives attending the 44 nation wide clinics. The reduction of \$13,000 did not allow APROFA to expand the FP Clinics from 44 to 50 nor to produce the video that was going to be shared with other Latin American FPA's regarding the functioning of the APROFA/Red Cross project. The flow of consultants, evaluators, and advisors especially from IPPF to APROFA continued operating normally.

2. A. Grantee: Georgetown University for Natural Family Planning
- B. Amount: 1) Effects of Breastfeeding Promotion Project \$ 132,000
2) Outcome of Pregnancies in Natural FP Project \$ 52,000
- C. Initial Obligation Date: 1) October 1987
2) January 1987
- D. Completion Date: 1) June 1991
2) June 1991

E. Activity Description: Georgetown University Institute for Natural Family Planning - Effects of Breastfeeding Promotion on the Infertile Postpartum Period. This program, operating under a Cooperative Agreement (DFE-3040-A-00) for a four year period was coordinated with Dr. Alfredo Perez of the Catholic University of Santiago. An international conference on Lactation and Fertility was attended by 350 professionals and a handbook on the conference was prepared. The funding level for Chile is roughly \$132,000. The other activity "Outcome of Pregnancies in Natural Family Planning - Fetal Effects" continued to follow 242 pregnancies produced during the use of NFP methods. Participants in this study are the Catholic University, the University of Chile, University of Tennessee, the Association of NFP providers of Washington, D.C. and the Ambrosiano Center of NFP methods. Funding for Chile under this activity is about \$52,000.

3. Other POP Activities

Although we do not have copies of grant documents, the Center for Disease Control (CDC) completed a reproductive health survey of young adults in Santiago.

VI. Non LAC Programs - AIDS Prevention

- A. Grantee: University of Pennsylvania School of Nursing, Faculty of Medicine of Catholic University of Chile, and Ministry of Health.
- B. Amount: \$600,000 (estimated)
- C. Initial Obligation Date: September 1990
- D. Completion Date: Estimated September 1994
- E. Activity Description: The University of Pennsylvania School of Nursing, the Faculty of Medicine of the Catholic University of Chile and the Ministry of Health (MOH) submitted a joint proposal to carry out a project of basic behavioral research on AIDS prevention in Chile in response to a request for proposals issued jointly by AID/W and the U.S. National Institutes of Health. In September, AID/W approved the grant (\$620,235) for a four year project entitled "A Nursing Intervention to Prevent AIDS". The objective is to conduct a study of high risk behavior of HIV (Human Immunodeficiency Virus) clients in seven clinics in the Central District of Santiago, administered by the MOH and the Hospital of the Penitentiary. During the last quarter of CY 1990, the research team headed by Dra. Nilda Guarda of the University of Pennsylvania, collected data on individuals already infected with HIV and coordinated with the participating Chilean entities involved in the project.

VI. Non LAC Programs - Section 416 Food Aid

- A. Grantees: ADRA/OFASA & CRS/CARITAS
- B. Amount: 10,900 metric tons
- C. Initial Obligation Date: October 1987
- D. Completion Date: December 1988. Remaining commodities will be distributed by April 1991.
- E. Activity Description: In FY 1988, the last official food aid program was approved for Chile, directed to two U.S. PVO's - ADRA (Agencia Adventista de Desarrollo y Recursos Asistenciales) and CATHOLIC RELIEF - for their Chilean counterpart Agencies - OFASA and Caritas Chile respectively.

During CY 1990, leftover food from the 1988 program continued to be distributed through ADRA/OFASA to the Fundación Nacional de Ayuda a la Comunidad (FUNACO) - a non-profit GOC welfare organization - for its pre-school feeding program, and through Caritas Chile for its small program for children. There still exists a very small amount of Section 416 commodities which will last approximately until April, 1991.

Two requests from GOC officials were presented in 1990, encouraged by ADRA/OFASA. The first request was made in February by Mrs. Leonor Aylwin, the President's wife, who later assumed FUNACO's presidency; the second request was made in December by the Executive Vice-President of INTEGRA, formerly FUNACO, Ms. Isabel Aylwin, daughter of President Aylwin. After consideration by, it was concluded that the resumption of a Section 416 program was not feasible for Chile.

During President Bush's December visit, the GOC requested Assistant Secretary of State Aronson to provide a cash transfer to the local NGO INTEGRA which could be managed as an add-on to the \$10 million grant to the Ministry of Health. A.I.D./Chile was advised informally in early January 1991, that \$800,000 would be added from Child Survival funds for this purpose over the next two years.

VI. Non LAC - Program in Science and Technology Cooperation (PSTC)

In 1990 AID/Chile continued its direct grant administration of three of the eight PSTC research activities operating in Chile. This has required establishing financial procedures for direct disbursement to grantees and providing assistance with equipment procurement. During the year we encountered delays in processing payments through Lima (certification) and Buenos Aires (check writing), but the system seems to be improving. The institutional capacity of the three universities which manage these projects has also improved. Despite these achievements, substantial staff time was dedicated to handling the PSTC projects. Regarding the other five PSTC activities for which we only give indirect support, the principal project researchers have raised serious complaints regarding delays in receiving the operating funds from AID/W FM Office.

Awareness of the PSTC program has grown rapidly in the scientific research community in Chile. In January 1990, twenty two PSTC pre-proposals were submitted to AID/SCI for a preliminary internal review according to the terms specified in the PSTC instructions. Six PSTC pre-proposals were accepted subject to the submission of the full proposal for final approval. We have not yet been advised of the results of this last process. A summary listing of PSTC activities in Chile attached.

B. Narratives: In 1990 we continued providing administrative support to the three PSTC research projects operating by the Catholic University, University of Chile and the University of Concepción. Regarding the other five PSTC projects on which we have an indirect support, the principal researchers have raised serious complaints about excessive delay in receiving the operating funds from AID/W FM office.

SCIENCE GRANTS UNDER THE PROGRAM IN SCIENCE AND TECHNOLOGY COOPERATION (PSTC)

<u>PSTC NR</u>	<u>SUBJECT</u>	<u>DATE</u> <u>Agreement</u>	<u>Completion</u>	<u>PROJECT OFFICER</u>	<u>GRANTEE</u>	<u>PRINCIPAL RESEARCHER</u>	<u>AMOUNT (US\$)</u>	<u>DISBURSEMENTS</u>	<u>REMARKS</u>
7.079	Saccharification of Lignocellulosic Materials by Brown-Rot Fungi: Mechanisms and Potential Applications	Aug 30, 88	Aug 31, 91	John Kadyzewski SCI	University of Chile (INTA)	Dr. Eduardo Agosin	150,000	89,460	Project was transferred from Univ. of Chile to Catholic U., under AID/SCI approval
7.334	Bases for the Separation of Light and Dark Tissue from Pelagic Fish	Aug 29, 88	Aug 28, 90	M. Rechcigl SCI	Catholic University	Eng. José M. Aguilera	20,000	12,950	Site visit made by R. Hidalgo AID/Chile July 90
7.068	Gene Expression of Thermotolerance and Injury Resistance in Underuse Trees, Prosopis Chilensis, Araucaria	Aug 30, 88	Aug 31, 91	Mike Bengt S&T/FENR	University of Chile	Dr. Lilliana Cardemil	149,820	125,215	Site visit made by R. Hidalgo AID/Chile July 90
7.404	Role of Hydroxamic Acids in Cereal - Aphid Interactions	Aug 30, 88	Aug 31, 91		University of Chile	Dr. Hermann Wiemeyer	149,000	125,400	No site visits in 1990, only regular telcons
8.051	Utilization of Hydrocarbon Producing Plants Native in Arid Areas	Aug 29, 88	Sep 30, 90	Alberto Sabadell S&T/EY	University of Concepcion	Dra. Sara Grecco	42,310	40,302	Site visit made by R. Hidalgo AID/Chile May 90

6.537	Salmonella Typhi Poring in the Control of Typhoid Fever	July 7, 89	Dec 31, 92	Harvey Hortik SET/AGR	Catholic University	Dr. Federico Leighton	150,000	40,474	Site visit made by R. Hidalgo AID/Chile April 90
8.007	In vitro Propagation and Improvement of Fruit Species with Economic potential for semi-arid zones	June 15, 89	Dec 31, 92	Harvey Hortik SET/AGR	Catholic University	Dr. Miguel Jordan	148,000	59,712	Site visit made by R. Hidalgo AID/Chile June 90
9.386	Evaluation of the Genetic Stability and Potential of a Low Alkaloid Strain of Tarwin	June 30, 89	Dec 31, 92	Robert Schaffert SET/AGR	University of Concepcion	Dr. Dietrich Von Baer	106,150	58,183	Site visit made by R. Hidalgo AID/Chile May, 1990

TOTAL APPROVED

915,280

Remark: The last three PSTC research projects (Nos. 6,537, 8007 and 9,386) receive direct administrative support from AID/Chile.

VII. Audits/Evaluations

A. Primary Health Care Grant - Financial reviews by local affiliates of international accounting firms will be carried out during the first quarter of CY 1991 for the banking institution (BANESTADO), that will be managing the separate accounts, and the Ministry of Health with respect to the local currency budget administration procedures. These reviews are being financed under the grant.

B. Civic Education - During December, Price Waterhouse/Chile initiated the preparation of operating manuals for procedures and lines of financial responsibility for PARTICIPA. All manuals will be completed by the end of March, 1991. The cost is being financed under the bridge grant through IIDH.

The FY 1991 grant to PARTICIPA allocates \$300,000 for evaluation, including surveys at the beginning and at the end of the program. The baseline survey, to be initiated in 1991, may have to be postponed if there is insufficient funding to start the overall program as currently planned.

C. Administration of Justice - We have requested FY 1991 PD&S funds to carry out an audit of CPU which has implemented a \$200,000 AOJ grant. The regional RIG office in Tegucigalpa has provided the USAID/Lima Controller's office with the scope of work for an audit (yellow book) to be contracted locally. The regional financial management advisor will expedite these local procurement arrangements as soon as AID/W allots the requested funding.

D. Micro Enterprise - FINAM - The FY 1990 \$100,000 buy-in to the PPC/WID GENESYS project for FINAM contains funds for a local audit of FINAM. The regional financial management advisor will be requested to assist with the arrangements for this audit.

E. Micro Enterprise - PROPESA - As mentioned in section III, PROPESA has suffered delays in getting its baseline survey underway. AID/Chile will be following this problem closely in early 1991.