

AID/ARGENTINA

PROGRAM OBJECTIVES DOCUMENT

FY 1992-1996

ACTION PLAN

FY 1993-1994

April 1992

AID/ARGENTINA

Program Objectives Document

Action Plan

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AID/ARGENTINA

LIST OF ACRONYMS

- AOJ Administration of Justice
- CNV Comisión Nacional de Valores
- EAI Enterprise for the Americas
- FCS Foreign Commercial Service
- GOA Government of Argentina
- IDB International Development Bank
- IFI International Financial Institutions
- LACBDC LAC Business Development Center
- LAC/TI Latin American & the Caribbean/Trade & Investment
- LRJ Legal, Regulatory & Judicial
- MDC More Developed Countries
- MERCOSUR Mercado Común del Cono Sur
- NAFTA North-American Free Trade Area
- OE Operating Expenses
- OYB Operational Year Budget
- OPIC Overseas Private Investment Corporation
- PD&S Program Development and Support
- PRE Bureau for Private Enterprise
- R&D/EI Research & Development/Energy & Infrastructure
- SEC Securities and Exchange Commission
- TA Technical Assistance
- TDP Trade & Development Program
- TIS Trade and Investment Services

ARGENTINA ACTION PLAN

I. STRATEGIC OBJECTIVES FOR THE A.I.D. PROGRAM

A. Overview

1. Argentina's Current Situation

Argentina is undergoing radical change in both its economy and political life. The country is at a turning point in its history -- and in its relationship with the United States. The Peronist corporate state is being dismantled. Argentina's history of boom-and-bust business cycles shows promise of being permanently altered as a result of the Menem Government's current structural adjustment program. A country with a long history of authoritarian rule and sporadically serious human rights abuses is enjoying its ninth year of elected government, a span unequaled since 1933. The military's six-year "dirty war" against presumed enemies of the state, which cost at least 9,000 lives, and the disastrous Falklands War have given way to a more democratic environment, with Congress again operating, provincial governments more active, a revived justice system, and a free (although not always responsible) press.

President Menem took office five months before schedule, in July 1989, due to the public's lack of confidence in President Alfonsin's ability to control inflation, which had reached 197% per month. The Menem Administration, especially during the last 14 months under the leadership of its Finance and Economy Minister, Domingo Cavallo, has succeeded in stabilizing the economy and beginning the process of structural reform.

A public sector surplus (excluding privatization receipts) of 3% of GDP is projected for 1992, and the same figure has been set as a target for 1993 and 1994. With significantly tighter monetary policy since last year, inflation was cut to a monthly rate of 2% by March 1992. During the transition period since April 1991, the exchange rate has been held at parity with the dollar, but is expected to be adjusted upward now as necessary.

A very ambitious program to reduce the size of the federal government (over 120,000 employees have been released) and to privatize state firms was launched in 1991. Tariffs have also been reduced substantially, from an average of 28.9% to 11.8%*, and internal commerce has been significantly deregulated. Primarily lured by interest in the

* Simple non-trade weighted averages. Argentina also eliminated specific duties and import licensing requirements, which had been imposed on 117 products and 1056 products respectively.

large Brazilian market, Argentina also signed the MERCOSUR treaty a year ago. The GOA just completed negotiations with the IMF for a \$3.4 billion Extended Fund Facility, and with its commercial creditors for an approximate 35% reduction of debt under the Brady Plan. The prospects for future economic growth look better than they have in decades.

Despite the fact that the economic reform process is well underway, Argentina's aspiration to the status of a "first world" nation, which shares commonly accepted democratic values and governmental structures, as well as an open market economy, is far from assured. Although somewhat modified in practice, the country's authoritarian tradition of governance continues, with power still heavily concentrated in the Presidency and little sense of empowerment, or citizenship, among most Argentines. Congress is now more of a power with which to reckon, but political interference in the justice system is still common. The potential for violence by powerful extremist elements still exists, and corruption is ingrained in Argentine society. Finally, if sustained economic growth is to be assured, corporate executives, entrepreneurs, those engaged in trade and commerce, and labor leaders need to adapt to the new economic framework provided by the Menem Administration and respond to a more competitive business environment.

2. USG Objectives in Argentina

In line with his appreciation of what is in Argentina's own best interests, President Menem has decided to reverse his country's long-standing tradition of lukewarm to somewhat hostile relations with the U.S. Cooperation between the USG and the GOA, and the Argentine public's attitude toward a closer relationship with the United States, are at an all time high. Against this backdrop, some the key U.S.G. objectives which the U.S. Mission in Argentina has identified are:

- * to encourage continued progress by the Menem Administration, its supporters, and other Argentines to consolidate the open market economic reforms currently being implemented and to allow Argentina's democratic institutions to strengthen themselves;

- * to strengthen our new alliance with Argentina with a view toward developing Argentina's leadership role in the Southern Hemisphere; and

- * to increase private sector trade and investment between our countries and other forms of cooperation among our citizens.

In the context of the U.S.G.'s overall efforts to collaborate with Argentina while it undergoes its current process of change, the A.I.D. program can increase the prospects for success in achieving shared U.S.-Argentine objectives. The judicious use of modest A.I.D. resources for the support of the activities outlined in this Action Plan can have a significant impact in Argentina for several reasons. Limited financial and political support from the USG to talented Argentine leaders and NGOs working to consolidate democracy during this period of historic transition in Argentina can be critical to their success in producing positive long-term results. The EAI and the MERCOSUR provide a framework for encouraging Argentine trade and investment policies compatible with those of the U.S., and a better regulatory environment for business in Argentina. Also, improved macroeconomic conditions in Argentina and the new spirit of cooperation with the U.S. which now exists augur well for efforts to promote increased levels of U.S.-Argentine trade and investment.

B. AID/Argentina Strategic Objectives

In selecting strategic objectives for the A.I.D. program in Argentina, priority consideration has been given to identifying areas in which A.I.D. interventions can have significant impact on the attainment of Argentine and USG goals. As noted earlier, the economic reform process is well underway. Assistance from the International Financial Institutions (IFIs) in macroeconomic and structural reform is significant and comprehensive. The strong USG encouragement to the IFIs to assist Argentina is one reason this is so. In addition to the \$ 3.4 billion IMF Extended Fund Facility, World Bank and IDB commitments for structural adjustment programs were \$1.0 billion and \$1.2 billion in 1991, and are projected to be \$1.25 billion and \$1.1 billion, respectively, in 1992. Modest resources from A.I.D., therefore, could add little of significance to donor support for the macroeconomic reforms currently underway. On the other hand, the USG has perhaps a unique capability, both from a technical and a political point of view, to help improve Argentina's democratic institutions. In addition, without gradual improvement in Argentina's democracy, long-term economic growth and development will also be thwarted. A.I.D.'s first focus in Argentina will therefore be on supporting consolidation of democracy.

Another area in which USG assistance to Argentina could be useful in reaching mutual long-term objectives is in improving the legal, regulatory, and judicial climate for business. As macroeconomic and structural reforms take hold in Argentina, and its economy operates more openly, the legal, regulatory and judicial framework in which business is carried

out will need to be much better defined and developed for sustained trade and investment to occur.

Thirdly, as a result of the economic reforms currently being implemented at an accelerated pace, significant opportunities exist for strengthening trade and investment between the United States and Argentina, a country which has tended traditionally to look more towards Europe in its commercial transactions.

In accord with the above considerations, two strategic objectives have been set for the A.I.D. Program in Argentina. First priority within the limits of available funding will be given to activities to improve Argentine democratic institutions and increase civic participation. Support will be provided for programs in administration of justice, government accountability, and civic education and participation. To the extent funding is available, A.I.D. will also undertake activities designed to reach a second strategic objective: to increase US/Argentine trade and investment. This will include efforts to achieve the goals of the Enterprise for the Americas Initiative, assistance in improving the legal, regulatory and judicial climate for business, and promotion of trade and investment among medium-sized U.S. and Argentine firms.

1. Strategic Considerations

In choosing activities to support under both of its strategic objectives, AID/Argentina will consider several important criteria.

- * Leveraging and complementing the resources of the IFIs.
- * Concentration of program resources on activities in a limited number of areas which can have a systemic impact.
- * Working with selected institutions capable of sustaining program initiatives.
- * Placing priority on issues most closely aligned with USG interests.

2. Strategic Objective No. 1: More Responsible and Independent Government Institutions and a More Engaged Citizenry

Argentina has no long-term, uninterrupted democratic tradition. An all-powerful executive branch has

been the norm, whether in elected or de facto governments. The federal court system and the national Legislature have traditionally paled in importance to the Presidency, and do not operate with the degree of independence characteristic of western democracies. Serious human rights abuses have periodically occurred. Argentina has very little experience with civic participation, and relatively few NGOs and voluntary groups are active. Appreciation of the need for a stronger defense of individual rights and for a more pluralistic society is still somewhat lacking among most citizens. Lastly, and significantly, high levels of corruption are still accepted as standard operating practice.

The A.I.D. program was reinitiated in Argentina two years ago with an Administration of Justice Project which is still A.I.D.'s largest activity. A three-component Government Accountability (anti-corruption) Project was initiated last year. A.I.D. will continue working in these two important areas. Work in a third area is also being started this year: assistance to promote increased civic participation. Increased civic participation and awareness are vital to success of democratic improvements in Argentina.

The three sub-objectives to be pursued under Strategic Objective No. 1 are:

- . A more efficient, independent, and accessible justice system.
- . Reduced opportunities for corruption.
- . Increased civic participation.

These sub-objectives correspond to the three areas of intervention to be pursued by A.I.D. These objectives can only be achieved in the long run, but significant opportunities exist to support progressive Argentine leaders and NGOs in all three areas. A.I.D. will try to remain flexible in choosing activities to assist, in order to take advantage of opportunities to support new initiatives when they arise.

a. Administration of Justice

In the justice area, the principal constraints which exist are: a less than desirable degree of independence from the executive branch; insufficient public awareness of the proper role of the justice system and demand for judicial sector improvements; and little experience in planning and coordination among the various institutions active in the sector. A.I.D. will continue to work with the National Supreme Court and the Ministry of Justice. Increased emphasis

will be put on supporting cooperation among provincial courts. Efforts will also be made to bring more private organizations into the reform process to increase forward momentum. AOJ program activities have been, or will be, developed to train judicial sector personnel, to promote adoption of measures to improve court administration, to implement pilot programs in alternative dispute resolution, and to undertake research and public education programs.

b. Accountability

Although corruption by government officials is currently the most popular topic in the Argentine press, the lack of action taken to remedy major cases of corruption is remarkable, and very little is being done to decrease opportunities for its occurrence. The principal constraints to a reduction of corruption in Argentina are the public's attitude that it is inevitable, and a lack of action by either private organizations or governmental institutions to combat actual cases of corruption, or to eliminate bureaucratic procedures, and concentration of power, which encourage corruption.

A.I.D.'s program to help reduce opportunities for corruption will continue to focus in three areas. The first and most important area is exposing various civic and professional organizations to the economic costs they incur because of corruption, and suggesting actions they can take to combat it. This will continue to be carried out primarily through support to Poder Ciudadano, but as relationships are developed with other civic organizations, A.I.D. will support their anti-corruption activities also. The anti-corruption message conveyed by Poder Ciudadano and other NGOs A.I.D. decides to support will always focus on the economic costs incurred by specific interest groups as a result of corruption, and not on moralizing themes.

The second area of activity is to assist the Tribunal de Cuentas to improve its capabilities in public sector financial control. A.I.D. finances a long-term advisor to the Tribunal de Cuentas who will soon be assisting in the process of turning it into a modern contraloría. Based on his initial work, support for specific activities by the Contraloría related to detection of corruption and better financial control will be considered.

Lastly, A.I.D. is supporting an effort by the Ministry of Justice and the Civil Service Secretariat to identify bureaucratic procedures which should be eliminated, because they provide opportunities for corruption. This activity should be completed by 1993, and the Ministry of Justice and Civil Service Secretariat will be expected to implement required changes on their own.

c. Civic Participation

Increased civic participation by private Argentine citizens, both in interacting with government officials and in undertaking their own initiatives, will be an important basis for future democratic development in Argentina. The major constraint which exists to increased civic participation is a general lack of appreciation among Argentines for civic rights and responsibilities. Only a small number of organizations are currently involved in civic participation activities. A.I.D. will begin assistance in this area this year by supporting specific programs of Conciencia for pilot efforts to encourage civic involvement in municipal government, for parental and civic involvement in primary and secondary education (the responsibility for which has just been decentralized to the provinces), and for non-partisan training of female political candidates.

While A.I.D. continues its support for Conciencia's activities, it will identify other civic organizations which might also be able to develop their own programs with A.I.D. support. A.I.D. will take advantage of opportunities for promoting linkages among Argentine private organizations and those in other LAC countries and the U.S. Lastly, AID/Argentina would also like to investigate the possibility of developing civic education curricula and textbooks, possibly working with the Ministry of Education and the RTAC Program.

3. Strategic Objective No. 2: Increased U.S-Argentine Trade and Investment

Activities sponsored to help achieve this strategic objective will: a) take advantage of opportunities offered by the Enterprise for the Americas Initiative and the MERCOSUR negotiating framework to encourage adoption of trade and investment policies conducive to eventual admission to the NAFTA; b) respond to opportunities to expose Argentines to U.S. regulatory policies and practices in order to contribute further to an improved environment for business development and to facilitate U.S. trade and investment with Argentina; and c) help inform U.S. and Argentine businesses of opportunities for trade and investment which are becoming available as a result of Argentina's economic reforms, and the more positive Argentine attitude toward cooperation with the United States.

Three sub-objectives will be pursued:

- . Progress made implementing EAI in Argentina.
- . An improved legal, regulatory and judicial environment for business in Argentina.
- . US/Argentine business opportunities identified.

a. EAI Activities

In order to promote achievement of EAI objectives in Argentina, this Action Plan includes a proposal for a Regional MERCOSUR-NAFTA Compatibility Project. Its purpose is to promote the adoption of trade and investment policies by the MERCOSUR countries which are in conformance with requirements for accession to the NAFTA. In addition to this project, A.I.D. will be cooperating closely with the IDB in the development of the IDB's Investment Sector Loan to ensure that it addresses the principal remaining objectives to investment in Argentina, especially legal, regulatory, and judicial impediments which A.I.D. can also help address in its own programs. Lastly, although the amount of Argentine debt potentially subject to partial forgiveness under the EAI is only \$50 million, A.I.D. will stand ready to assist as necessary in setting up the mechanisms for debt forgiveness and an EAI Environment Fund.

b. LRJ Activities

It is expected that activities which can be supported under the AOJ Program to address legal and judicial impediments to commerce will be identified in conjunction with the development of the IDB Investment Sector Loan. A.I.D. also intends to encourage Argentine business leaders to contribute to the identification and resolution of LRJ impediments and to work with their organizations, as possible, to address some of them.

During the last several months, with the accelerated pace of privatization and new business activity in Argentina, GOA authorities responsible for regulatory activities in a wide variety of sectors have approached the Embassy asking for assistance from U.S. regulatory agencies in establishing Argentine norms and practices. The U.S. and Argentina have a mutual interest in providing Argentina with information and assistance on U.S. regulatory norms and practices. The breadth of such assistance which could potentially be provided to Argentina over the next few years is large, and could have significant impact both on Argentina's future free market development and on prospects for trade and investment in several sectors of Argentina's economy by U.S. firms. A.I.D.'s ability, however, to provide significant assistance to Argentina in regulatory matters is limited. This is so not only because of the scarcity of funds available for Argentina, but also because the Agency currently lacks the direct-hire and contracted technical expertise and administrative capability to focus available U.S. public and private sector expertise on developing country regulatory problems. (See issue B.1 in Section V.)

In preparation for the time when the Agency will be able to offer more comprehensive assistance in regulatory matters to developing countries, AID/Argentina plans to begin working in the regulatory field by: a) financing two 24-month PASAs with the Patents and Copyrights Office and the SEC for the provision of focused T.A. to GOA counterpart agencies; b) working with LAC/TI and R&D/EI to try to ensure that the World Bank, IDB and GOA authorities involved in regulatory matters for which IFI money is available have information on sources of U.S. public and private regulatory expertise; and c) asking LAC/TI to coordinate a survey of potential Argentine regulatory requirements in order to identify two or three areas where U.S. expertise would be most useful and could be made available, and to develop a strategy for future A.I.D. assistance to Argentina in the regulatory field.

The assistance provided to the GOA Office of Patents and Copyrights will be focused on two priority problem areas: drafting the regulations to implement the new Argentine patent law, and developing a strategy for future development of the Office. SEC assistance to the Comisión Nacional de Valores will be carried out pursuant to a mutual cooperation agreement signed between SEC and CNV in December 1991, and in conformance with a strategy for development of the CNV financed by the Fundación para la Reforma del Estado.

c. Trade and Investment Promotion Activities

In order to increase the information available to medium-sized U.S. and Argentine firms on new trade and investment opportunities, AID/Argentina plans to open an office in the Department of Commerce's Office of U.S. Trade and Tourism (USOTT) at the Lincoln Center in central Buenos Aires. The USOTT's basic operating costs are financed by monthly quotas charged to 125 Argentine corporations, and donations from several state chambers of commerce in the U.S. Currently, FCS staff in the Center are fully occupied providing support for promotional events and information services geared towards increasing U.S. exports, and tourism in the U.S. The FCS staff barely has sufficient time for those activities, and virtually no time to devote to activities to promote U.S. investment and joint ventures in Argentina.

By opening an A.I.D. office in the Center, FCS and A.I.D. staff will be able to work together to provide a fuller range of services to U.S. and Argentine businesses interested in trade and investment. FCS will continue its focus on promotion of U.S. exports and tourism. A.I.D. will cooperate in these efforts through its own programs, and support activities to promote investment and product sourcing in Argentina by U.S. firms.

A.I.D. activities will be more responsive to specific requests and opportunities brought to its attention by U.S. and Argentine firms than pro-active. AID/Argentina believes this more modest approach to trade and investment promotion will be successful given the positive macroeconomic climate in Argentina and the business acumen of Argentine firms. A.I.D. and FCS will cooperate closely with Argentine business and trade associations at the provincial and national level. The A.I.D. Office will give priority attention to cooperating with the LAC/Business Development Center in the Commerce Department, and with OPIC and TDP (with which FCS/Argentina is already working closely). The A.I.D. Office will also take advantage of opportunities to use resources available from central bureaus to carry out promotional events and programs. These include PRE's Trade and Investment Services Program, the Office of Energy's power-related conferences, and the possibility of introducing PRE's Franchise Guarantee Program in Argentina. AID/Argentina will open its office in late FY 1992. It will be staffed with one senior FSN, who will manage all A.I.D. trade and investment activities in Argentina, and an administrative assistant. The Office will have a modest budget to complement funding available from FCS, the LACBDC and central bureaus for promotional activities.

To initiate this program, AID/Argentina plans to finance a strategy planning exercise which, inter alia, will identify priority investment sectors and the most promising local chambers with which to develop working relationships. A.I.D. will also take advantage of an opportunity to provide the GOA Ministry of Economy with technical assistance to develop a new Argentine strategy for investment promotion, in full cooperation with the private sector.

Lastly, should Congress approve the Capital Projects Initiative in FY 1993, AID/Argentina plans to ask PRE to develop and implement a capital project in Argentina.

4. Other Activities

Five activities outside of AID/Argentina's two strategic objective focus areas are underway. Only one -- support to the Peace Corps -- is projected to require funding beyond the end of FY 1992.

The Hemorrhagic Fever Vaccine Testing Program, which is supported by an A.I.D. grant of \$330,000 made to PAHO began late in FY 1991. The LAC Regional Cholera Control Project will soon be assisting the GOA to combat cholera in northern Argentina. The R&D Bureau announced a small bio-diversity research grant in March 1992. OFDA carried out disaster preparedness training for Argentine civil defense authorities following the bombing of the Israeli Embassy. Lastly, assistance to the Peace Corps, whose first volunteers are scheduled to arrive by December 1992, will be funded at a modest level every year.

II. PROGRAM PERFORMANCE

A. Progress of Current Activities

1. Administration of Justice Project

The purpose of this Project is to initiate sustainable activities within the Argentine judicial system to improve court administration, train judicial sector officials, help widen access to justice, and increase public understanding of the justice system. Initial AOJ efforts began in 1989, building on earlier USIS activities. Based upon the successes achieved during the first two-year trial period of the Project, it was decided in January 1992 to design a three-year \$2 million follow-on project with components for court administration, judicial training, improving access to justice, and judicial sector improvement activities intended to increase public awareness of judicial sector problems and sponsor AOJ information exchanges and research. The Project supports activities implemented by five entities: the National Supreme Court, the Ministry of Justice, the Supreme Court of the Province of Buenos Aires, and two NGO's -- FORES and Fundación La Ley, the grant administrator. From the very start of the Project, USIS and A.I.D. have collaborated closely in its implementation, taking full advantage of justice experts made available by USIS and relying heavily on USIS assistance in project administration and monitoring.

In addition to a series of accomplishments under the pilot activities, the Project has had a beneficial impact on the judicial sector itself. It has been successful in exposing Argentine judicial officials to a variety of different measures which have been taken elsewhere to improve court administration, which they now believe they can implement in their own country. Arbitration and mediation are now discussed more than previously, and law schools and the Colegio de Escribanos are now giving courses in the methods. Justice administration is much more of an issue now within judicial and legal circles, whereas it was rarely discussed previously. Genuine interest has also been sparked at the provincial level to undertake judicial administration improvements. Two years ago, judicial sector leaders at both the federal and provincial level had no clear ideas on how to pursue judicial reforms. Lastly, USG endorsement of reforms, and assistance in identifying and promoting discussion of modalities among various institutions, has been very useful to judicial sector leaders in overcoming their colleagues' skepticism and reluctance to change.

A number of specific accomplishments have been achieved during the first two years of the Project. An Office of Statistics was created at the National Supreme Court,

and a diagnostic study of administrative problems at the federal level of the justice system was completed. An International Symposium of Judicial Schools took place last October in Buenos Aires with the participation of eleven judicial schools (the U.S., Canada, France, Spain, Japan, and six Latin American countries), at which different models for training judicial personnel were examined. The first Conference of supreme courts of the MERCOSUR countries was also organized and took place in Buenos Aires to begin examining methods of dealing with cross-boarder trade and investment disputes.

At the Supreme Court of the Province of Buenos Aires, several pilot programs for administrative reforms are being implemented, which can be used by other provincial courts. At FORES, a Commission of Public Defenders was created to restructure the public defense system, and an educational program was developed and implemented for the training of public defenders and other officials within the Ministry of Justice and provincial public defenders' offices. At the Ministry of Justice, four pilot centers for legal aid and mediation were created in different neighborhoods of Buenos Aires. An intensive program for training and promoting alternative methods of dispute resolution also was implemented, and two laws were drafted to promote mediation and arbitration in the Argentine justice system.

Problems inside the Supreme Court have caused a delay in its making decisions needed regarding the official establishment of a judicial training and research institution and the selection of administrative reforms to implement. We expect decisions to be made in conjunction with planning to be completed in June for a three-year project extension. Some of the areas which must be addressed in the project extension are strengthening the coordination role of Fundación La Ley, obtaining agreement for adequate counterpart contributions, devising ways to open dialogue on justice issues to include representatives from outside the justice sector, and starting a component for provincial court exchanges on AOJ issues.

2. Accountability Project

The private initiative component of the Project has been very successful. Leading civic groups were identified and addressed; conferences were given at universities and other educational organizations; and a group of journalists is actively discussing ways to have the media help combat corruption. New activities are being designed. In October, 1991, a visit to Buenos Aires by Robert Klitgaard provided the opportunity for an informal program review by this recognized expert in combating corruption. He expressed his satisfaction with the program and confirmed the appropriateness of its activities.

Initial delays, now resolved, affected the public sector components of the Project. In March, 1992, the Ministry of Justice and the Civil Service Secretariat appointed experts and staff to work on the program to identify procedures which can lead to corruption among government officials. An international advisor for Tribunal de Cuentas is expected to arrive in July 1992 to begin providing assistance in improving GOA financial accountability.

3. Hemorrhagic Fever Vaccine Program

Hemorrhagic fever, a disease found only in Argentina and Korea, has a mortality rate of about 3 percent if treated within the first week after infection. It affects mostly the rural areas of the provinces of Buenos Aires, Santa Fe, Córdoba and La Pampa. From January to December 1991, 22 deaths were reported among 731 confirmed cases.

The Candid I vaccine against hemorrhagic fever was developed over a twelve-year period in the U.S. by an Argentine, Dr. Julio Barrera Oro. It was tested on human volunteers in both the U.S. and Argentina and was found to be 97 percent effective. As part of a special U.S.-Argentine cooperative effort under a grant to PAHO made in August 1991, the U.S. provided Argentina with the first 50,000 doses of an eventual 200,000 of the vaccine. In November 1991, another 38,694 doses were sent. According to the Ministry of Health and Social Action, by the beginning of February, 69,135 people had been vaccinated in the rural areas of Buenos Aires, Córdoba and Santa Fe provinces. Argentina hopes to produce its own vaccine independently within the next five years.

This program requires minimal monitoring by U.S. Embassy personnel.

B. Evaluation Plan

Before the end of 1992, AID/Argentina plans to obtain LAC Bureau assistance in refining the program indicators shown in this Action Plan. This will include assistance from the Regional Environmental Advisor.

AID/Argentina intends to undertake annual program evaluations to assist the Office in measuring progress toward achievement of strategic objectives. Although most of the activities AID/Argentina supports are too small to merit individual evaluations, the overall program could benefit from an external evaluation focusing on its systemic impact and on the relevance of program activities to the attainment of strategic objectives. For example, next year's evaluation will examine the efficacy of A.I.D.'s three component anti-corruption program to determine whether adjustments should be made to increase its impact. Annual program evaluations

will also provide AID/Argentina staff with an opportunity to analyze and discuss the program with outside experts, and contribute to the training of FSN personnel in project management, monitoring, and evaluation.

III. PORTFOLIO ANALYSIS

As of the end of FY 1991, the A.I.D. Representative's Office was managing two projects in Argentina and monitoring one regionally funded activity. The number of activities managed is projected to be six by the end of FY 1992 and nine by the end of FY 1993. During FY 1991, A.I.D. personnel directly involved in managing the Argentine portfolio were 1/3 USDH and one FSN, 3/4 time. By the end of FY 1992, A.I.D. personnel directly devoted to managing the Argentine portfolio are projected to be 1/2 USDH, and 2 3/4 FSNs. In addition, a Project Coordinator will be hired under the AOJ Project to assist in the management of that Project. Increased TDY assistance to the A.I.D. Representative's Office is also projected.

IV. RESOURCE REQUIREMENTS

A. Program Funds

The AID/Argentina program budget request is as follows:

	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>
AID/Argentina	\$ 1,100	\$ 1,750	\$ 1,770
Central Bureaus	<u>265</u>	<u>185</u>	<u>165</u>
Sub-total	1,365	1,935	1,935
Regional MERCOSUR Project	<u>100</u>	<u>700</u>	<u>700</u>
 TOTAL	 \$ 1,465	 \$ 2,635	 \$ 2,635

This compares with \$ 1.13 million obligated in FY 1991. It does not include the possibility of a capital project in FY 1993.

The increased program funding is for activities related to US/Argentine trade and investment promotion and the Regional MERCOSUR-NAFTA Compatibility Project. If less funding than requested is available for Argentina, first priority will be given to activities designed to help achieve Strategic Objective No. 1 (Democracy), and only any LAC and central bureau funds still available will be used for activities related to Strategic Objective No. 2 (trade and investment).

PORTFOLIO ANALYSIS TABLE

<u>TITLE</u>	<u>PURPOSE</u>	<u>LOP (9000) AND FUNDING SOURCE</u>	<u>YEAR START</u>	<u>OBLIG THROUGH FY 1991 (\$000)</u>	<u>IMPLEMENTOR/ MECHANISM</u>	<u>COMMENT</u>
I. Strategic Objective No. 1: <u>More Responsible and Independent Government Institutions and a More Engaged Citizenry</u>						
A. <u>EXISTING ACTIVITIES</u>						
1. Administration of Justice Project	Judicial admin. training and ADR	AOJ \$2,159	FY89	\$461	Fundación La Ley/ Grant	-
2. Accountability Project	Anti-corruption & financial control	MRI/ITT \$1,200	FY91	\$500	UNDP/Poder Ciudadano Grants	-
B. <u>NEW INITIATIVES</u>						
1. Conciencia	Civic Participation and Education	MRI \$ 450	FY92	-	Conciencia/ Grant	-
2. Other NGO Activities	Civic Participation and Education	MRI \$ 400	FY93	-	-	-
II. Strategic Objective No. 2: <u>Increased US-Argentine Trade and Investment</u>						
<u>NEW ACTIVITIES</u>						
1. MERCOSUR-NAFTA Compatibility	EAI Implementation	PSEE \$2,000	FY93	-	GOU MERCOSUR Secretariat/ProAg	MAD attached Annex 2
2. EAI Debt Relief and Environmental Fund	EAI Implementation	ITT \$ 20	FY93	-	A.I.D. contract	-
3. Regulatory Activities	Improve regulatory climate	ITT \$ 580	FY92	-	SEC, USDOC, PASA; A.I.D. contracts	3-year budget

14A

4. Trade and Investment Promotion Program	Market information to medium-sized firms	ITT \$ 600 Con.Bur 485	FY92	-	A.I.D. contracts, Cent.Bureau projects	3-year budget
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III. OTHER ACTIVITIES

1. Peace Corps Support		ITT \$ 50	FY92	-	P.C./ A.I.D./P.C. agreem.	3-year budget
2. Hemorrhagic Fever Vaccine	Test vaccine	N \$ 330	FY91	\$330	PAND/ Grant	-
3. Regional Cholera Control Project		N \$ 70(e)	FY92	-	LAC Project	-
4. OFDA Disaster Preparedness Trng.		\$ 50(e)	FY92	-	OFDA	-
5. Biodiversity Grant	Research	\$ 10(e)	FY92	-	R&D Bureau	-

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**AID/ARGENTINA
PROGRAM BUDGET
BY SUBOBJECTIVE AND GRANTEE/PROJECT
(\$000)**

<u>A. Strategic Objective No. 1</u>	<u>Source</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>
1. <u>AOJ Program</u>	AOJ	350 (AOJ) 150 (ITT)	500	500
2. <u>Anti-Corruption Program</u>				
- Poder Ciudadano	HRI	100	150	150
- UNDP: Tribunal/MOJ	ITT	-	350	150
3. <u>Civic Participation</u>				
- Conciencia	HRI	150	150	150
- Other NGOs (2)	HRI	-	200	200
 <u>B. Strategic Objective No. 2</u>				
1. <u>Regulatory Activities</u>	ITT	120	100	360
2. <u>Trade and Investment Promotion</u>				
- AID/Argentina	ITT	200	200	200
- Central Bureau Programs*	-	135	185**	165
 <u>C. Other Activities and PD&S</u>				
- Regional Cholera Control	-	70	-	-
- OFDA Disaster Prepared- ness	-	50	-	-
- R&D Bio-diversity Grant	-	10	-	-
- Peace Corps Support	ITT	10	20	20
- PD&S	ITT	20	80	40
 <u>TOTAL</u>		<u>\$1,365</u>	<u>\$1,935</u>	<u>\$1,935</u>
 <u>D. Regional MERCOSUR-NAFTA Compatibility Project</u>	PSEE	100	700	700
 <u>GRAND TOTAL</u>		<u>\$1,465</u>	<u>\$2,635</u>	<u>\$2,635</u>

* PRE TIS	50	50	50
LACBDC	25	75	75
R&D/EI	40	40	40
PRE Franchise Guarantees	-	-	-
FVA Farmer to Farmer	20	20	-
	<u>135</u>	<u>185</u>	<u>165</u>

** PRE Capital Project not included.

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OPERATING EXPENSES BUDGET
URUGUAY/ARGENTINA*
(\$000)

<u>COST</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
Staff (U300)	142	163	177
Office Operations (U500)	123	128	126
Procurement (U600)	34	31	35
Other (U100, U400)	79	60	61
TOTAL	\$378	\$382	\$399

* Does not include centrally funded FAAS charges of \$20,000 in FY 1992, and \$30,000 in FY 1993 and FY 1994

B. Operating Expense Funds

The OE funding table shows the OE funds required to manage A.I.D. activities in both Uruguay and Argentina. As a result of the efforts described below to cut administrative overhead costs in general -- and especially costs charged to OE funds -- the OE budgets requested by the A.I.D. Representative for FY 1993 and FY 1994 do not differ appreciably from that approved for FY 1992. This is so even with the opening of an office in Buenos Aires in the fourth quarter of FY 1992. The primary special factor affecting the A.I.D. Representative's Office is that it manages two country programs. This arrangement is an efficient use of A.I.D. OE resources because it results in less expenditures for personnel than would otherwise be the case.

The OE and program budgets presented in this Action Plan assume an increase in staff from nine to thirteen, as follows:

	<u>FY 1992</u>	<u>FY 1993</u>
A.I.D. Representative	1	1
FSN Project Officers	3	5
FSN Accountants	2	2
FSN Admin. Assistants	2	3
FSN Driver/Office Assistant	1	1
U.S. Contractor	<u>0</u>	<u>1</u>
TOTAL	9	13

All personnel except the A.I.D. Representative are contracted. All new personnel to be hired will work directly on projects, and their salaries and related costs will be financed with program funds. From a projected total of 13 staff members, 5 will be program-funded.

Other measures taken to decrease OE-funded costs include:

* Reducing the costs of opening and operating an office in Buenos Aires by taking advantage of an opportunity to use space available at the Lincoln Center, and by limiting FAAS support requested to an absolute minimum (est. savings \$35,000 per year).

* Delaying replacement of household furniture purchased in 1972 by at least two years (deferred costs of \$20,000).

* Payment of actual expenses rather than authorized per diem for one-day staff trips to Buenos Aires (est. savings \$2,000 per year).

Together, these measures reduce OE-funded costs in FY 1993 by about \$57,000 over what they would be otherwise. The OE budgets presented are tight. Therefore, any significant cuts below the level requested would make it impossible to implement all the programs proposed in the Action Plans for Uruguay and Argentina.

With regard to the request in the MOP Action Plan instructions to comment on potential accountability vulnerabilities, two points need to be made. The IG will do a "systems audit" May 14-28. Any problems identified will be addressed. The A.I.D. Representative believes the most immediate need is to begin the recipient audit program.

V. ISSUES RAISED BY A.I.D. REPRESENTATIVE

A. Both Programs

1. Need for More Funds: The A.I.D. Representative in Montevideo is responsible for two MDC programs. Although this is an efficient arrangement in terms of resource management, the levels of funding for the two programs are the lowest in the LAC Region. The programs presented in the Action Plans for the two countries to address Country Team and LAC Bureau objectives require modest increases in program funds. At last year's review, it was pointed out that the marginal value in terms of policy impact of more expenditures in MDC programs can be higher than in larger bilateral programs, and it was decided that additional resources would be approved when MDC programs justified increases. Will it be possible to provide the additional program funding needed to undertake the Regional MERCOSUR-NAFTA Compatibility Project (which will benefit four countries), and new activities related to trade and investment in Argentina and Uruguay?

2. LAC/TI Backstopping: MDC programs rely heavily on backstopping from LAC/DI and LAC/TI. Both Offices have been very responsive and supportive. The programs outlined in the Action Plans for Uruguay and Argentina will require even more backstopping from LAC/TI on a variety of issues involved with the EAI, regulatory assistance, and trade and investment promotion. LAC/TI backstopping to date has been excellent. One reason is that one officer has been given primary responsibility for MDC backstopping. She is a very able Presidential Management Intern, whose internship with A.I.D. will unfortunately expire. How much direct-hire and contracted backstopping can the A.I.D. Representative count on receiving from LAC/TI in the future?

3. MDC Program Planning: This year's Action Plans for FY 1993 and FY 1994 were prepared with no firm program funding levels for FY 1992. This situation is not unique to MDCs, but it is aggravated by the fact that funds for MDCs are included in regional projects which are not the Agency's highest funding priorities. What is the likelihood that Agency management will respond to LAC Bureau requests to rationalize MDC program funding by setting country-specific funding levels?

B. Argentina Program

1. Regulatory Assistance

The Action Plan for Argentina outlines some of the issues the Agency will need to face if it is to be able to offer more assistance in the broad array of regulatory matters affecting the business climate overseas. Will the Agency further develop its capabilities in these areas? How far should AID/Argentina go in pursuing opportunities for regulatory assistance in Argentina?

VI. TROPICAL FOREST AND BIODIVERSITY ANALYSIS

Since Argentina is practically entirely south of the Tropic of Capricorn, it has no tropical forests.

The status of present loss of the diversity of species and ecosystems in Argentina, and the technical and human resources of Argentina for addressing these issues, will be examined during 1992-1993 by the Regional Environmental Advisor for South America, with other personnel from LAC/DR/E. They will work with the A.I.D. Representative's Office and other Embassy personnel to identify limited-scope activities, including technical assistance to, or cooperation with, the Peace Corps and/or other donor agencies, which can increase national awareness of the needs for conservation of renewable natural resources, and for the implementation of national environmental policies.

TABLE 1.A
AID/ARGENTINA
MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES

LAC BUREAU OBJECTIVE:

Support the evolution of stable, participatory democratic societies.

LAC BUREAU SUB-OBJECTIVE:

- (A) Strengthen civilian government institutions.
- (B) Strengthen public participation in the democratic process.

AID/ARGENTINA OBJECTIVE #1:

More responsible and independent government institutions and a more engaged citizenry.

AID/ARGENTINA SUB OBJECTIVES:

- 1. More efficient, independent and accessible justice system.
- 2. Reduced opportunities for corruption.
- 3. Increased civic participation.

ANNEX 1

Strategic Objective Performance Indicators	Unit	Base-Line Value	Target Value/1996	Current Value/1992	Data Source
1. Improvement in the public perception of the fairness of Justice system	% public with positive image	-	above 50%	28%	published by media
2. Freedom House rating on civil liberties	Civil liberties #5: Rule of Law #13: Degree of corruption	Dec/90 1 0	2 1	N/A N/A	Freedom House

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TABLE 1.B (Page 1 of 4)
AID/ARGENTINA
MONITORING THE ACHIEVEMENT OF PROGRAM OUTPUTS

AID/ARGENTINA OBJECTIVE #1:

More responsible and independent government institutions and a more engaged citizenry.

AID/ARGENTINA SUB-OBJECTIVES:

1. More efficient, independent and accessible justice system.
2. Reduced opportunities for corruption.
3. Increased civic participation.

Program Outputs and Indicators	Unit	Base-Line Value	Target Value/1996	Current Value/1992	Data Source
1.A. Specific measures taken to improve court administration at national and provincial levels.					
• Number of administrative reforms implemented	#	-	TBD	3 reforms started	SCN and SCPBA
• Number of judicial personnel trained in administrative reform	#	None	300 per year with GOA funds	80 with A.I.D. funds	SCN and SCPBA
1.B. Judicial system personnel being trained					
• Judicial school established	-	No	Yes	No	SCN
• Number of judges and other officials trained	#	None	400 per year trained by SCN	100 per year trained by A.I.D.	SCN
• Number of public defenders and other legal aid professionals trained	#	None	40 trained by GOA per year	320 trained by A.I.D.	FORES-SCN MOJ

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Table 1.B (Page 2 of 4)
AID/ARGENTINA
MONITORING THE ACHIEVEMENT OF PROGRAM OUTPUTS

Program Outputs and Indicators	Unit	Base-Line Value	Target Value/1996	Current Value/1992	Data Source
1.C. Improvements in access to justice and specific new methods of dispute resolution introduced.					
◦ Mediation and arbitration laws operational	N/A	No mediation/ arbitration laws	2 laws operational	Laws drafted	MOJ
◦ Public Defenders' Office reform implemented	-	No reform	Law passed and implemented	Decree/law drafted	MOJ/FORES
◦ Number of mediation centers functioning	#	None	TBD	4	MOJ
◦ Number of cases attended	#	None	TBD (with non-A.I.D. funding)	1400 per year with A.I.D. funding	MOJ
1.D. Various research activities and information exchange events completed.					
◦ Research studies completed	#	None	TBD	None	FLL
◦ Number of events to increase public awareness related to justice sponsored by project	# events per year	None	6	None	FLL
◦ Interchanges among provincial court personnel (CEJURA)	# of Provinces participating	-	12 (of 23) provinces	-	FLL
	# of conferences	-	TBD	-	FLL

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Table 1.B (Page 3 of 4)
AID/ARGENTINA
MONITORING THE ACHIEVEMENT OF PROGRAM OUTPUTS

Program Outputs and Indicators	Unit	Base-Line Value	Target Value/1996	Current Value/1992	Data Source
2.A. Citizens exposed to the economic costs of corruption and ways to combat it.					
° No. of civic groups addressed	#	None	20	6	Poder Ciudadano
° No. of schools including the subject of corruption in curricula	#	None	TBD	None	Poder Ciudadano
° No. of cases of corruption reported	#	None	TBD	None	Poder Ciudadano
2.B. Procedures leading to corruption identified, and modified or removed.					
° No. of GOA offices deregulated	#	-	At least 3 (1994)	-	MOJ and Civil Service Secretariat
2.C. Anti-corruption programs developed by the Contraloría.					
° No. of new anticorruption programs developed	#	None	At least 6	None	Tribunal de Cuentas

TABLE 1.B (Page 4 of 4)
AID/ARGENTINA
MONITORING THE ACHIEVEMENT OF PROGRAM OUTPUTS successfully implemented.

Program Outputs and Indicators	Unit	Base-Line Value	Target Value/1996	Current Value/1992	Data Source
3.A. CONCIENCIA programs successfully implemented.					
° No. of Municipal Governments with civic participation	#	None	TBD	None	Conciencia
° No. of school districts with civic participation	#	None	TBD	None	Conciencia
° No. of non-partisan female political candidates trained	#	None	TBD	None	Conciencia
3.B. Civic participation activities of other NGOs successfully implemented.					
° No. of NGOs implementing civic participation activities	#	-	TBD	2	Conciencia, Poder Ciudadano and others
3.C. Civic education model curricula developed.					
° Curricula developed	-	None	TBD	None	Conciencia/Min.Educ.

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**TABLE 1.C (Page 1 of 2)
AID/ARGENTINA
STRATEGIC OBJECTIVE PROGRAM OVERVIEW**

AID/ARGENTINA OBJECTIVE #1:

More responsible and independent government institutions and a more engaged citizenry.

Program Outputs	Activities	Source of Support
1.A. Specific measures taken to improve court administration at national and provincial levels.	<ul style="list-style-type: none"> -Specific reforms to be decided by the Supreme Court of the Nation (SCN) -Pilot programs on administrative decentralization at SCPBA 	AOJ Project
1.B. Judicial system personnel being trained.	<ul style="list-style-type: none"> -Promote establishment of a permanent Judicial School -Design courses on implementation of oral process law, basic administration, family law economics for judges, and public defense 	AOJ Project
1.C. Improvements in access to justice and specific new methods of dispute resolution introduced.	<ul style="list-style-type: none"> -Train public defenders -Reorganize Public Defenders' Office -Pilot program for Mediation Centers -Other pilot ADR programs -TA for law on arbitration and mediation 	AOJ Project
1.D. Various research activities and information exchange events completed.	<ul style="list-style-type: none"> -Initiate CEJURA program for interchanges among provincial courts. -Research study on judicial standards and discipline. -Research and conferences on LRJ impediments -Public awareness events on role of justice system, ADR methods and awareness of judicial reform requirements. -International events attended by Argentines. 	AOJ Project

TABLE 1.C (Page 2 of 2)
AID/ARGENTINA
STRATEGIC OBJECTIVE PROGRAM OVERVIEW

Program Outputs	Activities	Source of Support
2.A. Citizens exposed to the economic costs of corruption and ways to combat it.	<ul style="list-style-type: none"> -Prepare and release information about costs of corruption -Create mechanisms for the public to report acts of corruption -Review complaints received, report them and follow up -Involve civic groups in deregulation efforts -Promote the inclusion of the subject in university/school curricula 	Grant Private Initiative for Corruption Control
2.B. Procedures leading to corruption identified, and modified or removed.	<ul style="list-style-type: none"> -Study procedures in five selected offices -Draft reorganization plans for eliminating controls in three offices -Propose accountability measures to involve civic participation 	UNDP Grant Public Administration Accountability
2.C. Anti-corruption programs developed by the <u>Contraloría</u>	<ul style="list-style-type: none"> -TA to <u>Tribunal de Cuentas</u> -Design of new anti-corruption programs 	
3.A. CONCIENCIA programs successfully implemented.	<ul style="list-style-type: none"> -TA and program support 	New A.I.D. Grant
3.B. Civic participation activities of other NGOs successfully implemented.	<ul style="list-style-type: none"> -TA and program support 	New Grants
3.C. Civic education model curricula developed.	<ul style="list-style-type: none"> -TA and program support 	TBD

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**TABLE 2.A
AID/ARGENTINA
MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES**

LAC BUREAU OBJECTIVE:

Support the achievement of broadly based, sustainable economic growth.

LAC BUREAU SUB-OBJECTIVE:

Encourage a vigorous private sector response.

AID/ARGENTINA OBJECTIVE #2:

Increased U.S.-Argentine trade and investment.

AID/ARGENTINA SUB-OBJECTIVES:

1. Progress made implementing EAI in Argentina.
2. An improved legal, regulatory and judicial environment for business in Argentina.
3. U.S.-Argentine business opportunities identified.

Strategic Objective Performance Indicators	Unit	Base-Line Value	Target Value/1996	Current Value/1992	Data Source
1. U.S.-Argentine trade: U.S. exports Argentine exports	\$ million	1,897 ('91) 1,368 ('91)	TBD	2000 (e) 1400 (e)	USDOC
2. EAI agreements signed.	-	None	Six agreements	Framework Agreement	-

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TABLE 2.B (Page 1 of 3)
AID/ARGENTINA
MONITORING THE ACHIEVEMENT OF PROGRAM OUTPUTS

AID/ARGENTINA OBJECTIVE #2:

Increased U.S.-Argentine trade and investment.

AID/ARGENTINA SUB-OBJECTIVES:

1. Progress made implementing EAI in Argentina.
2. An improved legal, regulatory and judicial environment for business in Argentina.
3. U.S.-Argentine business opportunities identified.

Program Outputs and Indicators	Unit	Base-Line Value	Target Value/1996	Target Value/1992	Data Source
I.A. Selected MERCOSUR policies adopted in conformance with requirements for accession to NAFTA.					
<ul style="list-style-type: none"> • Number of policies adopted. 	#	None	TBD	None	MERCOSUR Project
<ul style="list-style-type: none"> • Number of sectoral interchanges sponsored. 	#	None	TBD	None	
I.B. EAI debt relief and environmental fund mechanisms set up.	-	None	2 (1993)	None	-

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TABLE 2.B (Page 2 of 3)
AID/ARGENTINA
MONITORING THE ACHIEVEMENT OF PROGRAM OUTPUTS

Program Outputs and Indicators	Unit	Base-Line Value	Target Value/1996	Target Value/1992	Data Source
2.A. Legal and judicial impediments to business identified and addressed.					
° No. of impediments identified.	#	-	TBD	-	IDB/AOJ Program.
° No. of impediments addressed.	#	-	TBD	-	
2.B. Selected regulatory norms and procedures developed with inputs from the U.S.					
° Number of interactions/agreements between USG and GOA regulatory agencies.	#	None	TBD	2	A.I.D. and IFIs
° Needs survey done.	-	None	-	1	-

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TABLE 2.B (Page 3 of 3)
AID/ARGENTINA
MONITORING THE ACHIEVEMENT OF PROGRAM OUTPUTS

Program Outputs and Indicators	Unit	Base-Line Value	Target Value/1996	Current Value/1992	Data Source
<p>3.A. Selected programs implemented to promote increased trade and investment among medium-sized U.S. and Argentine firms:</p> <ul style="list-style-type: none"> ° Number of A.I.D.-T&I programs set up. ° Number of A.I.D.-supported promotional events carried out. ° Number of firms receiving information on business opportunities. 	<p>#</p> <p>#</p> <p>#</p>	<p>None</p> <p>None</p> <p>None</p>	<p>TBD</p> <p>TBD</p> <p>TBD</p>	<p>None</p> <p>None</p> <p>None</p>	<p>A.I.D.</p> <p>A.I.D.</p> <p>A.I.D.</p>
<p>3.B. GOA investment promotion strategy completed:</p> <ul style="list-style-type: none"> ° Investment strategy published. 	<p>-</p>	<p>-0-</p>	<p>1</p>	<p>-0-</p>	<p>A.I.D.</p>

TABLE 2.C (Page 1 of 2)
AID/ARGENTINA
STRATEGIC OBJECTIVE PROGRAM OVERVIEW

AID/ARGENTINA OBJECTIVE #2:

Increased U.S.-Argentine trade and investment.

Program Outputs	Activities	Source of Support
<p>1.A. Selected MERCOSUR policies adopted in conformance with requirements for accession to NAFTA.</p>	<p>-T.A. to MERCOSUR negotiation sub-groups on selected topics of interest to the USG. -Support for series of discussions of integration issues among representatives of various sectors in four countries. -Short-term visits to U.S. agencies by MERCOSUR country negotiators. -Support to Secretariat.</p>	<p>MERCOSUR Project.</p>
<p>1.B. EAI Debt Relief and Environmental Funds set up.</p>	<p>Necessary T.A. and advice.</p>	<p>ITT Project.</p>
<p>2.A. Legal and judicial impediments to business developed and addressed.</p>	<p>-T.A. to Supreme Court, GOA and legislature. -Cooperation with <u>Fundación para la Reforma del Estado</u>.</p>	<p>Argentina AOJ Project. (IDB investment sector loan and MIF Programs).</p>

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TABLE 2.C (Page 2 of 2)
A.I.D. ARGENTINA
STRATEGIC OBJECTIVE PROGRAM OVERVIEW

Program Outputs	Activities	Source of Support
2.B. Selected regulatory norms and procedures developed with inputs from the U.S.	<ul style="list-style-type: none"> -Focussed TA from USDOC Office of Patents and Copyrights and the S.E.C. -Survey of Argentine regulatory needs, and opportunities for U.S. assistance. -Collaboration with World Bank and IDB. 	<ul style="list-style-type: none"> - AID PASAs - LAC/TI Contract - --
3.A. Selected programs implemented to promote increased trade and investment among medium-size U.S. and Argentine firms.	<ul style="list-style-type: none"> -A.I.D. Trade and Investment Office Est. -LACBDC activities with Argentine chambers. -Trade and Investment Services Program. -Energy trade and investment activities. -Capital Project. -Franchise Guarantee Program. -Farmer-to-Farmer Program. -Other activities to be determined. 	<ul style="list-style-type: none"> AID/FCS Program LAC/TI PASA with USDOC PRE R&D/EI PRE PRE FVA grant to Partners of America -
3.B. GOA investment promotion strategy completed.	Study.	A.I.D. Contract (ITT)

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NEW ACTIVITY DESCRIPTION: MERCOSUR-NAFTA COMPATIBILITY

LAC Bureau Objective: Support the achievement of broadly-based sustainable economic growth.

Sub-Objective: Encourage the adoption of, and continued adherence to, economic policies that promote investment, productive employment, and export-led economic diversification.

MDC Program Strategic

Objectives: Increased private sector support for market-driven economic reactivation (Uruguay). Increased US-Argentine trade and investment (Argentina). Promote a public/private sector partnership for increased trade and investment (Paraguay). Encourage economic policy liberalization. (Brazil)

Project Title (New): MERCOSUR-NAFTA Compatibility

Project Purpose: To promote adoption by MERCOSUR countries of trade and investment policies which are compatible with those of the NAFTA and will facilitate MERCOSUR entry into a hemispheric free trade regime.

Implementing Agency: GOU, in its capacity as MERCOSUR Secretariat.

Funding Level (Est.): FY 1993: \$0.7 million
LOP: \$2.0 million

Funding Source: PSEE Funds additional to current MERCOSUR country OYBs.

A. Relationship to LAC Bureau Objectives; USAID/Argentina, Brazil, Paraguay, Uruguay Strategic Objectives; and Host Country Objectives

The LAC Bureau is implementing a strategy to promote trade and investment liberalization and private sector-led growth in support of USG hemispheric trade initiatives,

including the Enterprise for the Americas Initiative (EAI). One aspect of this is to assist countries in the region to qualify for benefits under the EAI, by encouraging them to develop open market policies and provide a positive investment climate. Providing assistance to the MERCOSUR countries in support of trade and investment liberalization in conformance with evolving requirements for adhesion to the NAFTA should be a highly effective way to further USG objectives. We want regional integration movements to be "trade creating" and not "trade diverting."

It is important to be clear about the objectives of the proposed project. The project will use the existing MERCOSUR negotiating framework among Argentina, Brazil, Paraguay and Uruguay to expose those countries to U.S. views on trade and investment issues of priority importance to the creation of a hemispheric free trade area, in order to help ensure MERCOSUR and NAFTA trade and investment policies are compatible. The project will not focus on promoting the economic integration of the four MERCOSUR countries per se; nor on promoting broad-based structural adjustment in each MERCOSUR country. Its objectives will be more modest and more focused.

A political commitment to work to create the MERCOSUR has been made at the highest levels by the four governments. Although a target date of January 1995 has been set for full integration, it is impossible to predict how long the integration process will actually take, especially given the current status of the Brazilian economy. The proposed project does not aim, therefore, to promote integration per se.

It also should be recognized that the extent to which MERCOSUR negotiations impact on the structural adjustment decisions made individually by the four MERCOSUR country governments varies from country to country. In Paraguay and Uruguay, "MERCOSUR" is a metaphor for economic reform in general, and the prospects of more open frontiers with Brazil and Argentina serve as an incentive to those influencing economic policy decisions to adapt to more open markets. Argentines, who are already well advanced implementing successful open-market economic reforms, look at MERCOSUR primarily as an opportunity to sell to the much larger Brazilian market (and conversely with some concern over possible unfair competition at home from Brazilian firms). In Brazil, on the other hand, the prospects for the creation of the MERCOSUR do not figure significantly in domestic considerations for economic policy reform, and private sector commercial interest in MERCOSUR exists primarily in southern Brazil. Thus, the degree of incentive for broad-based

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structural adjustment the MERCOSUR integration process actually provides in each of the four countries varies significantly. Although the incentives provided by MERCOSUR for economic reforms in Uruguay and Paraguay are appreciable, this will not be the primary reason for undertaking the proposed project. The primary reason to do so is to promote the hemispheric goals of the EAI.

The MERCOSUR countries have made a political commitment to pursue integration negotiations and have set up a framework to do so. By signing the "4 plus 1" Framework Agreement, they have also signaled their desire to negotiate as a group to join the hemispheric free trade area. The MERCOSUR governments are keenly interested in the ongoing NAFTA negotiations, and want to ensure that MERCOSUR policies will be compatible with the requirements for entry into the hemispheric trade agreement. Therefore, the framework established to negotiate MERCOSUR does provide an opportunity to expose the MERCOSUR countries to issues the USG considers important to NAFTA, the EAI, and trade and investment with the U.S.; and to promote compatibility between MERCOSUR and NAFTA policies.

B. Relationship to Overall A.I.D. Policy Objectives

The proposed project is in conformance with current A.I.D. policy objectives, especially those concerning economic policy reform and the U.S. business partnership.

C. Relationship to Other Donor Activities

The International Financial Institutions (IFIs) are working individually with the four MERCOSUR countries to help reform their macroeconomic policies affecting trade and investment.

With regard specifically to MERCOSUR integration, the Inter-American Development Bank is planning a \$4.3 million project with INTAL to assist the four countries to harmonize their integration policies. IDB will provide assistance in macroeconomic policy coordination, support for MERCOSUR negotiating authorities in Paraguay and Uruguay, and assistance for exchanges with private sector representatives concerned with integration issues. In Uruguay, the UNDP is assisting the GOU to organize multi-sectoral discussions for the purpose of sensitizing the public to MERCOSUR issues and participating in the process of determining GOU integration policies. In Brazil the UNDP has provided \$300,000 in logistical support for the Foreign Ministry Office responsible for MERCOSUR negotiations. Existing and planned other donor activities are focused on the integration process itself. The proposed project would complement these efforts in support of internal integration by helping MERCOSUR countries focus outward on policy reforms needed to meet the requirements of NAFTA.

D. Activity Description

The goal of this project is to support progress toward the EAI goal to create a hemispheric free trade area. The purpose of this project is to promote adoption by MERCOSUR countries of trade and investment policies which are compatible with those of the NAFTA and will facilitate MERCOSUR entry into a hemispheric free trade regime.

1. Components

The major components of this project are:

a. Technical assistance to MERCOSUR on key NAFTA-related issues. The focus of technical assistance will be on policy issues which are critical to freeing hemispheric trade and entry into NAFTA (e.g., intellectual property rights, trade in services, and treatment of foreign investment). TA will be provided to the four MERCOSUR countries using the framework of the 11 subgroups already established to negotiate MERCOSUR policies. Assistance in approximately three major topics per year will be provided. The topics will be selected in accordance with a) their importance to ongoing NAFTA negotiations, b) their importance to the USG, and c) the interest of the MERCOSUR countries in receiving U.S. technical assistance.

b) Monitoring developments in NAFTA on key issues of concern to the MERCOSUR countries, and tracking events in the often overlapping bilateral, trilateral, and subregional (e.g., ANCOM) trade agreements in the Americas. This will include an analysis of actual changes in tariffs and non-tariff barriers and their impact on trade. The information gathered will be distributed to the MERCOSUR countries by the Secretariat.

c) Support for interchanges to facilitate trade negotiations. Two types are envisioned: (a) exchange among leaders from the four countries (business sector, legislators, researchers) to build support for more open hemispheric trade; and (b) invitational travel for key negotiators from MERCOSUR countries to meet USG, (and perhaps Mexican, Canadian, and other Latin American officials) responsible for key trade and investment policies.

d) Support to the MERCOSUR Secretariat in the areas of research, information-sharing, and logistics, as necessary to carry out the Project.

The main project inputs would be technical assistance and funding for travel, seminars, conferences, publications, and limited commodities. The major project outputs would be harmonized trade and investment policies, seminars/conferences/meetings, and publications.

2. Implementation Arrangements

This project will be implemented through the GOU in its capacity as Secretariat of MERCOSUR. A U.S. contractor will be selected by A.I.D. to provide a long-term advisor/project administrator, monitoring services regarding NAFTA and other hemispheric trade initiatives, and technical assistance on trade and investment issues. The long-term advisor will work with the MERCOSUR Secretariat, but will be responsible to AID/Uruguay/Argentina for certain project management duties. AID/Uruguay/Argentina will, in turn, coordinate activities with AID/Brazil, AID/Paraguay and LAC/TI.

The project will be developed under the terms of Handbook 3 and implemented with a Pro Ag. If this NAD is approved, the A.I.D. Representative requests approval to proceed directly to a P.P. given the detail presented in this NAD, size of project and need to proceed quickly in order to begin activities in the first quarter of FY 1993. The Bureau should decide whether the P.P. should be reviewed in AID/W to facilitate participation in the project by various agencies concerned with the EAI. Redlegation of authority to negotiate and sign the Pro Ag is also requested, it being understood the A.I.D. Representative will exercise this authority in full consultation with the other two A.I.D. Representatives, the Director of LAC/TI and USAID/Bolivia support personnel.

E. Sustainability of the Project

This project is designed to assist MERCOSUR countries over a three-year period to identify and reduce impediments to a hemisphere-wide trade agreement. It is not intended to be self-sustaining.

F. Potential Issues

1. This project is fully supported by the A.I.D. Representatives to Argentina/Uruguay and Paraguay. The A.I.D. Rep. to Brazil does not oppose the project but accords it a lower priority for meeting his economic reform objectives due to the reduced attention given in Brazil to MERCOSUR and because he needs funds to initiate programs directly devoted to supporting structural adjustment in Brazil (viz. James Elliot's recent report). Are adequate funds available to finance both this project, focused on hemispheric EAI objectives, and the bilateral activities envisioned by the A.I.D. Representatives to the MERCOSUR countries, which are focused on promoting structural adjustment in individual countries?

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2. MERCOSUR negotiations are carried out by foreign ministry authorities. Government representatives sent to subgroup meetings are from technical ministries in most cases. To one degree or another, each country has inter-agency coordination arrangements in place to help ensure positions taken are adequately vetted. The A.I.D. Representative to Brazil reports that GOB Foreign Ministry personnel who attend MERCOSUR meetings are not always those responsible for economic policy decisions. What precautions should be taken, if the project is approved, to ensure that T.A. provided through the subgroups reaches appropriate decision-makers?

3. Is there a potential conflict between providing unbiased technical assistance on trade and investment policies to the MERCOSUR countries and imparting USG views on such issues (which we wish to do)? If so, how can this be addressed?

4. Is the MERCOSUR Secretariat capable of administering effectively project funds and technical assistance? Who should administer funds for interchanges, A.I.D. or the Secretariat?

5. What expertise should be included in the PP design team?

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AID/ARGENTINA
ANNUAL PORTFOLIO REVIEW
(April 1992)

I. Summary LAC Financial Table

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1. ADMINISTRATION OF JUSTICE

A. ACTIVITY TITLE/No.: Argentina Administration of Justice/ 598-0642.21

Estimated Completion Date: September, 1995

Grant Administrator: Fundación La Ley

Implementing Agencies: Supreme Court of the Nation, Ministry of Justice, Supreme Court of the Province of Buenos Aires and FORES

B. ACTIVITY PURPOSE: To improve court administration, train judicial sector officials, help widen access to justice, and increase public understanding of the justice system. The project aims to increase the efficiency and independence of the justice system and to widen access to justice in Argentina by individuals and businesses.

C. PROJECT STATUS

Major Outputs Expected:

- Improvements implemented in court administration at national and provincial levels.
- Training of the judicial personnel and training related outputs: curricula design, faculty development, preparation of handbooks and course plans.
- Reform of the Office of Public Defenders and assistance to other institutions responsible for legal aid.
- Pilot program for mediation/legal aid in neighborhood centers and other pilot efforts on new methods of dispute resolution.
- Exchange of information and experiences in administration of justice topics among Argentina's provincial courts and some research activities.
- Improvement of public awareness and judicial sector knowledge of justice-related issues.

Overall Assessment of Activity

Budgeted:	Committed:	Expended:
\$2,159,000	\$573,800	\$437,464

A very good start has been made in implementing judicial reform over the last two years, with relatively modest project inputs from A.I.D. and USIS. These accomplishments include the following:

National Supreme Court (SCN)

An Office of Statistics was created, and the first Director -- also a graduate of a Court Administration Course financed under the Project -- was appointed.

A diagnostic study has been completed of administrative problems of the justice system at the federal level, providing the National Supreme Court with the basis for evaluating its own needs in administration, financial management, organization, human resources and data processing.

Regarding judicial training, an International Symposium of Judicial Schools was organized and took place in Buenos Aires. The main participants were directors of judicial schools from the U.S., Canada, France, Spain, Japan, and six Latin American countries. All the activities were video-taped for use in future seminars to be held in LAC countries. This represented the first time ever that judicial schools of such importance met to discuss policies, organizational issues, relation with their judicial systems, training methodologies, and the like. In May 1992, an intensive training program in the new Oral Process Code is going to start. Additionally, some pilot courses have been designed that will include a seminar on economics for judges.

In August, 1991, the Argentine National Supreme Court also organized and hosted the First Conference of Supreme Courts of the MERCOSUR Countries. This meeting of chief justices and high officials of six countries (including Chile and Bolivia), was the first step in the creation of a MERCOSUR court to resolve commerce problems among the four MERCOSUR countries. The proposal to create a supra-national court has since been taken up by MERCOSUR negotiators.

Problems internal to the Supreme Court have caused a delay in its making decisions needed regarding the

official establishment of a judicial training and research institution and the selection of administrative reforms to implement. We expect decisions to be made in conjunction with planning to be completed in June for a three-year project extension.

Supreme Court of the Province of Buenos Aires

At the provincial level, court administration accomplishments include: development of a pilot project to automate court receivers' offices; organization of two congresses of presidents of provincial appellate courts to discuss and promote reform; and planning of a multi-activity effort for judicial administration/decentralization within the Province, which the Project will now help implement.

FORES

FORES proposed and obtained the Minister of Justice's approval to create a Commission of Public Defenders to restructure the public defense system. An educational program was developed and delivered for the training of public defenders and other officials within the Ministry's and the Province's public defenders' offices. A guide on institutions that provide legal aid has been created to encourage improved coordination of activities.

Ministry of Justice

Under the legal aid/mediation component, the Ministry of Justice created four pilot centers for legal aid and mediation in different neighborhoods of Buenos Aires. As alternative methods of dispute resolutions are totally new in Argentina, an intensive program of courses for young lawyers working in the centers was delivered. The main modules were legal conflict prevention policies, mediation promotion, alternative arbitration systems, legal aid systems, and community-level legal knowledge. The Ministry also developed and delivered other seminars on alternative methods of dispute resolution, and two laws were drafted to promote mediation and arbitration in the Argentine justice system.

In addition to the specific accomplishments of the pilot activities which have been started, the Project has begun to have an impact on the judicial sector itself. It has been successful in exposing Argentine

judicial officials to a variety of different measures which can be taken to improve court administration that they now believe they can implement in their own country. AOJ is much more of an issue now within the sector, whereas it was not really discussed previously. Genuine interest has also been sparked at the provincial level to undertake AOJ activities. Two years ago, judicial sector leaders at both the federal and provincial level had no clear ideas on how to pursue judicial reforms. USG endorsement of reform and assistance in identifying and promoting discussion of modalities among various institutions has been very useful to judicial sector leaders in overcoming their colleagues' skepticism and reluctance to change.

Current Opportunities for the USG/A.I.D.

Given these initial successes and an atmosphere conducive to reform, it is time to move from an aggregation of pilot activities to a more focussed and coordinated program with medium-term objectives. A three-year plan for the project is being prepared.

Activity Performance

Some problems which must be addressed in the project extension are defining National Supreme Courts plans, strengthening the coordination role of Fundación La Ley, obtaining agreement for adequate counterpart contributions, devising ways to open dialogue on justice issues to include representatives from outside the justice sector, and starting the component for provincial court exchanges on AOJ issues.

2. ACCOUNTABILITY PROJECT

A. ACTIVITY TITLE/No.: Argentina Accountability Project/
598-0616.21

Estimated Completion Date: July, 1994

Grant Administrators: U.N.D.P. and Poder Ciudadano

Implementing Agencies: Ministry of Justice, Civil Service Secretariat, Tribunal de Cuentas and Poder Ciudadano

B. ACTIVITY PURPOSE: The project purpose is to increase public awareness of the economic costs of corruption and what citizens can do about it, and to identify measures the GOA can take to reduce opportunities for corruption.

C. PROJECT STATUS

Major Outputs Expected:

- Civic groups exposed to the economic costs of corruption and ways to combat it;
- Governmental procedures which can facilitate corruption identified and removed, i.e. to outline the main sectors where administrative corruption in the government exists and propose new measures to prevent it;
- Technical assistance provided to the Tribunal de Cuentas for its transformation into a modern and active Contraloría, with a focus on design of programs to detect corruption.

Brief Overall Assessment of Activity

Budgeted:	Committed:	Expended:
\$1,200,000	\$390,000	\$96,220

The private initiative component has been successful. Several leading civic groups were identified and addressed; twelve conferences were given at universities and other educational organizations; the RESPONDAON II Conference was partially transmitted from Argentina (organized by Poder Ciudadano); a group of journalists is actively discussing the ways to have the media help combat corruption; and a system for reporting of cases of corruption is starting.

Initial delays were experienced in the public sector part of the program due to problems the UNDP had in T.A. contracting and FM delays in opening an L/C. These problems have been resolved, and the Ministry of Justice component has started. The international advisor for the Tribunal de Cuentas is expected to arrive in July, 1992.

Activity Performance

The major problems which need to be addressed are to expedite the public sector components of the Project and to begin to focus on case resolution in addition to consciousness-raising.

3. HEMORRHAGIC FEVER VACCINE PROJECT

A. ACTIVITY TITLE: Hemorrhagic Fever Vaccine Project

Estimated Completion Date: September 1994

Implementing Agency: GOA Ministry of Health and Social Welfare

Grant Administrator: PAHO

B. ACTIVITY PURPOSE: To test the efficiency of the Hemorrhagic Fever Vaccine.

C. PROJECT STATUS: Hemorrhagic fever, a disease found only in Argentina and Korea, has a mortality rate of about 3 percent if treated within the first week after infection. It affects mostly the rural areas of the provinces of Buenos Aires, Santa Fe, Córdoba and La Pampa. From January to December 1991, 22 deaths were reported amongst 731 confirmed cases.

The Candid I vaccine against hemorrhagic fever was developed over a 12-year period in the U.S. by the Argentine Dr. Julio Barrera Oro. It was tested on human volunteers in both the U.S. and Argentina and was found to be 97 percent effective. As part of a special U.S./Argentine cooperative effort under a grant to PAHO in August 1991, the U.S. provided Argentina with the first 50,000 doses of an eventual 200,000 of the vaccine. In November 1991, another 38,694 doses were sent. According to the Ministry of Health and Social Welfare, by the beginning of February, 69,135 people had been vaccinated in the rural areas of Buenos Aires, Córdoba and Santa Fe provinces. Argentina hopes to produce its own vaccine independently within the next five years.

SOME REGULATORY ASSISTANCE ISSUES

1. Breadth of sectors:
 - . public utilities
 - . telecommunications
 - . industrial standards and measurements
 - . commerce
 - . financial and commodity markets
 - . consumer protection areas (e.g. FDA, CPSC)
 - . patents, copyrights and trademarks

2. Scope of T.A.: need to ensure T.A. provided not only by official regulatory agencies, but also by industries regulated and, when applicable, consumer groups.

3. A.I.D. Backstopping: A.I.D.'s ability to backstop (both technically and administratively) relationships with official U.S. regulatory authorities, and with private institutions and consultants. (Need to develop a regional or world-wide service delivery capacity.)

4. Comprehensiveness of Assistance: How far to go in each areas; the assistance needs are comprehensive and long-term.

5. Cost: The often high cost of expertise in regulatory areas.

6. IFI Coordination: How to coordinate with IFIs to encourage them to use U.S. expertise in regulatory work they finance.

A. I. D. / ARGENTINA : PROGRAM OBJECTIVES

PD-ABE-031

DOCUMENT, FY 1992 - 1996 : ACTION PLAN,

1 OF 1 (24X)

ARGENTINA

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COUNTRY DEV. STRATEGY STATEMENT (CDSS)