

USAID/CHILE

A C T I O N P L A N

FY 1994-95

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USAID/CHILE

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I. STATUS OF STRATEGIC OBJECTIVES

A. Strategic Objective One

1. Refinements or Changes in Strategic Objective and/or Program Outputs.

Strategic Objective One, as expressed in last year's Action Plan was "Responsiveness of Key Institutions to Citizen's Needs Increased." This objective remains valid, as the U.S. Embassy and AID/Chile retain as a high priority the support for the country's continuing transition to fully functioning democracy and for its renascent and renewed democratic institutions. As discussed further below, AID/Chile has a set of well developed activities which are making notable strides toward the attainment of Strategic Objective One. The principal uncertainty concerns the ability to adequately measure progress toward its attainment (see I.A.3., below).

Last year's Action Plan set out four program output areas in pursuit of this Strategic Objective. In the review process, the Bureau gave full acceptance to the substantive content and direction of the plan, complementing AID/Chile for its contribution to Chile's "success story." The only change was to postpone a proposed new FY93 municipal development/decentralization activity until FY94. AID/Chile was directed to the proposed LAC/DI-RHUDO/SA Regional Local Governance and Municipal Development Project for FY93 start-up funding. Two pilot activities have been designed with two current AID/Chile D.I. grantees - CEAL and PARTICIPA - for financing under the recently approved LAC/DI-RHUDO/SA Regional Project: one in municipal finance, and the second in models for citizen participation in development of municipal council priorities.

Chile's municipal elections were held successfully in June 1992, and the first freely elected mayors and municipal councils in twenty years took office last September. Since the Action Plan review last May, AID/Chile has significantly increased contacts and research on the increasingly fast-evolving regional/municipal decentralization situation. Recently, in late November, at the request of ROCAP/RHUDO/CA, AID/Chile arranged for two of its principal democratic initiatives grantees, CEAL and CPU, to plan and host an intensive one week program on the Chilean decentralization process for 28 Central American government officials and advisors. The visitors were very pleased with the highly professional content mix of legal and policy discussion combined with field visits to municipalities and regional governments. Because they showed what could be done here with local resources on very short notice, the results were particularly satisfying to AID/Chile and underscore the value of the A.I.D. presence in Chile to the Bureau.

Based on the approval of the expansion and two year extension of the SUNY/CEAL Project, also in last year's Action Plan review, CEAL soon will begin training municipal and regional officials. After the municipal elections in mid-1992, CEAL received a grant from the Ministry of Planning (MIDEPLAN) to organize orientation and training sessions in October for all newly elected municipal council members in Chile's Fifth Region. The region, whose capital is Valparaiso, is the most populous outside of Santiago, and 75 percent of the "Concejales" attended, with most indicating they wanted more help from CEAL in particular subjects. CEAL showed it has the training skills and access to the right range of professionals to do an excellent job in the field. Under the MIDEPLAN grant, CEAL also developed a municipal management manual, which provides information on municipal responsibilities, how to present funding proposals to regional governments, taxation and other policy guidance. In sum, AID/Chile's fourth program output under Strategic Objective One is well off the drawing board and has passed its field trials. With the prompt allocation of Chile-specific funding from the LAC/DI-RHUDO/SA Regional Local Governance and Municipal Development Project, the momentum will continue.

2. Performance-Strategic Objective One

a. Judicial Function and Access to Justice Improved

The Chile Justice System Improvement Project (CJSIP) completed its first full year on September 30, 1992, with a growing record of accomplishment, a clear leadership role in Chile's incipient justice reform movement, and no major implementation problems. CPU, the well regarded NGO project grantee, has put together a first class project management group, with a good combination of lawyers, former judges, public and business administrators, and an active project board including four appellate judges, that met every two weeks for the first year to track progress.

The climate for congressional passage of further major justice reforms appears to have improved somewhat with the assumption of a new Supreme Court President. A recent A.I.D.-State cable (Santiago 9701 of December 3, 1992), reports extensively on current status and GOC strategy. The Minister of Justice, who had once credited AID/Chile's first pilot AOJ program with "socializing the idea of training" within Chile's judiciary, recently further acknowledged in the name of President Aylwin, the contribution of the current project with CPU, together with other eminent legal community figures. (Also see Santiago 9762, of December 9, 1992). Two major project funded events, one on judicial training needs, and the other on Latin American legal process reforms, emphasizing the urgency of installing oral and public trial process in Chile, attracted large audiences and significant media attention. The CPU project conducted a national survey of the deficit in legal

services to the poor, with action recommendations forthcoming. A national inventory of groups providing legal services to women was also completed with a view toward the strengthening of such entities. Training seminars for judges from various parts of the country were conducted, with more requests than could be accommodated.

b. Congressional Analytic Capacity and Access to Consultative Services Improved

The Center for Legislative Studies and Assistance (CEAL) at the Catholic University of Valparaiso has hit its stride, overcoming both institutional problems as well as achieving a high level of Congressional demand for its services, particularly in the production of legislative reports on pending legislation for committees and individual members. As a further sign of CEAL's acceptance, the Chamber of Deputies has asked CEAL to organize a conference of the Southern Cone Parliaments on subregional economic integration to be hosted by the Chileans in mid-1993. The Congress also is likely to purchase the CEAL software package developed for comparison of prior year budget expenditures with current executive branch requests. The software for constituent contact files is also completed. CEAL is proceeding to market it in Chile and beyond, as most of the visitors from elsewhere in Latin America have sought sample copies and expressed interest in purchase. In addition, through an agreement with AID/Paraguay, arranged by the RDIO, CEAL has undertaken a series of consultancies with the Paraguayan Congress, producing a diagnostic study on the functions and staff, including staff training recommendations. CEAL is a sub-grantee under a newly signed USAID/Bolivia legislative strengthening project. As noted above, CEAL is actively involved in regional and municipal government strengthening, and will be one of AID/Chile's primary channels for assistance in this Program Output.

c. Participation in Electoral and Political Processes Improved

PARTICIPA, a non-government, non-partisan civic education organization, is the centerpiece of this program output and has continued to display impressive nation-wide coverage and impact. The best example was the variety, intensity, and the sheer number of activities carried out around Chile's first municipal elections in a generation. Activities began two months prior to the June 1992 vote. PARTICIPA staff appeared on several radio and TV programs, and nearly 200,000 voter information pamphlets were distributed in all major population centers via PARTICIPA's local volunteer network, who, one month and again ten days before the election, spent two days passing out the flyers in public places and street intersections.

The PARTICIPA volunteers also conducted 221 voter education talks in neighborhood centers, schools, church halls, and union halls to inform citizens about the new municipal government structure and the upcoming vote. More than 12,000 persons were directly reached in these talks, 78 percent of which took place during June. In addition, constant house-to-house canvassing was done in all municipalities where PARTICIPA has volunteers, with 15,830 persons contacted this way in May and June. Simulated voting exercises were also held in several communities, using sample ballots. At the center of the program was a series of 27 "meet the candidates" debate-forums with the major municipal council candidates in the principal municipalities in Chile's six most populous regions. Finally, during the three days before the election, PARTICIPA staff manned an electoral "hot line", handling nearly 3,000 phone inquiries. Despite prior worry over perceived voter confusion and lack of interest, turnout was high.

d. Effectiveness of Targeted Regional and Municipal Governments Improved

Activities under this Program Output have moved forward during 1992. AID/Chile has defined two initial pilot projects, one in municipal finance, and the second in citizen participation in municipal government priority setting and decision making. These activities will help to further refine the AID/Chile approach in this Output over the coming year.

3. Monitoring and Evaluation Plans

To help develop a monitoring and evaluation plan for the Chile Democratic Initiatives Program, AID/Chile sought technical assistance through the PRISM Project being conducted for CDIE by Management Systems International. Because of its relevance to other programs of the LAC Bureau and Missions, relevant parts of the text of the MSI Draft Final Report are included as Attachment A.

Strategic Objective One was chosen because the purpose of AID/Chile's D.I. portfolio is not only to contribute to the improvement of Chilean democratic institutions, but that the citizenry eventually understand that positive changes have occurred. The difficulty is that virtually the only way to measure citizen perceptions about the responsiveness of their institutions to their needs is via public opinion survey techniques. The specific problem is how far to go towards incorporating measurement tools into the individual activities. AID/Chile committed to surveys as our main measurement tool under this Strategic Objective in last year's Action Plan.

The AID/Chile experience to date, validated by the observations of the PRISM consultant, is that Chilean survey methodology is state-of-the-art. A wide range of excellent social science and marketing research groups exists, which compare favorably with U.S. private sector and university based entities. Several of these have already done fine work in these projects. However, a number of factors must be weighed in deciding the extent to which surveys should be incorporated further into AID/Chile's Democratic Initiatives portfolio. These are:

(i) Frequency - At present, only the PARTICIPA project specifically incorporates an annual survey. This is a survey on attitudes and perceptions about the performance of Chilean democracy, and has now been carried out twice, with a subsequent public conference to reveal results. Two more surveys, in November, 1993 and 1994, will complete the cycle. Baseline data are now available and the annual updates will essentially provide a four year slice of the ups and downs of the views of a statistically reliable national sample of Chileans on how their democracy is serving them.

(ii) Cost - Because of the non-partisan nature of PARTICIPA, it was decided at the outset to form a team of researchers from three survey organizations, politically balanced with one representative each from the center, the left, and the right, to insure actual and perceived objectivity and neutrality of the survey design and the content and mix of questions. This has enhanced the credibility of both PARTICIPA and the exercise, but it also led to a more costly survey. The costs over the LOP will approach \$400,000, or over 17 percent of authorized LOP funding. While less costly surveys can certainly be had, any decent national sample survey in Chile is likely to run between \$40,000 and \$75,000 for a one time effort. To pursue the logic of a full annual survey within each of our four D.I. focus areas (judicial, congress, municipal, civic-electoral), the costs would run between \$120,000 and \$300,000 annually. \$1,000,000 could easily be spent in surveys in three years. With the severity of funding constraints apparently destined to persist for at least the next two fiscal years, AID/Chile prefers to maximize spending of program funds on substantive project activities, rather than to expand our evaluation efforts.

(iii) Manageability - The annual mounting of a multiple survey process, requiring the development of terms of reference, selection of survey firms, monitoring and reviewing of survey reports, and determination of consequent program and project adjustments for all four of AID/Chile's D.I. program areas, given limited staff resources, is not realistic. Although in Chile, some of the management responsibility can be assumed by the grant recipients, most of whom have the capacity to manage the bidding and contracting process, AID/Chile would still have to closely

monitor and review to assure project relevance and programmatic coherence.

(iv) Utility - The reliable periodic measurement of citizen perceptions of democracy is certainly an important and fundamental basis to gauge the successes and the problems of the reimplanted democratic system in Chile. Indeed, to assure that such a survey program would be undertaken as soon as possible after Chile's return to democracy, AID/Chile incorporated it into the PARTICIPA cooperative agreement in 1991. Its utility as a barometer of public attitude and as a basis for programming decisions is obvious. However, the usefulness of that same survey to draw conclusions on the relationship of the outputs of successful A.I.D. funded D.I. projects to eventual changes in citizen perception is probably rather limited. This might be different if the current annual PARTICIPA democracy perception survey were to be loaded with sufficient additional questions to cover all four D.I. focus areas at a level somewhere above individual project output level, but yet at a level of institutional specificity adequate to tie known project achievements to citizen awareness. An example might be, "Do you believe that the National Public Defender Service provides adequate services?", with appropriate follow up questions.

At this juncture, AID/Chile does not believe the Strategic Objective should be modified to make it "more easily measured." To do so would be to draw AID/Chile's Democratic Initiatives efforts downward, toward "more pedestrian aspirations, uncommitted to a larger development goal," in the words of the draft report of the PRISM consultant. AID/Chile does intend to follow the report's recommendation to add more questions to the PARTICIPA survey of next November to help to evaluate the performance of that NGO as perceived by the public. But to do the same for the justice, congressional, and municipal-regional program areas would both distort the fundamental purpose of the national democratic attitudes survey and overburden it with too many additional questions. The feasibility of some of the other suggestions of the draft report (see Attachment A) will also be explored. This measurement concern for D.I. projects in general is further discussed in the issues section.

TABLE 1-(1): STRATEGIC OBJECTIVE PERFORMANCE

| Chile | | | | | |
|---|------|---------|--------|--|--|
| STRATEGIC OBJECTIVE NO. 1 Responsiveness of key institutions to citizens' needs increased | | | | | |
| Indicator: Citizens satisfaction with democracy - male | | | | | |
| Unit: Percent of national survey respondents | Year | Planned | Actual | | |
| Source: PARTICIPA annual survey | 1991 | ----- | 60% | | |
| Comments: Percentages of satisfied/unsatisfied responses are not projectable. | 1992 | N/A | | | |
| | 1993 | N/A | | | |
| | 1994 | N/A | | | |
| | 1995 | N/A | | | |
| | 1996 | N/A | | | |
| Target | 1997 | N/A | | | |
| Indicator: Citizens satisfaction with democracy - female | | | | | |
| Unit: Percent of national survey respondents | Year | Planned | Actual | | |
| Source: PARTICIPA annual survey | 1991 | ----- | 59.6% | | |
| Comments: Percentages of satisfied/unsatisfied responses are not projectable. | 1992 | N/A | | | |
| | 1993 | N/A | | | |
| | 1994 | N/A | | | |
| | 1995 | N/A | | | |
| | 1996 | N/A | | | |
| Target | 1997 | N/A | | | |

| Indicator: Citizens perceptions of responsiveness of judicial process- male | | | | | | |
|--|----------|---------|--------|--|--|--|
| Unit: Percent of national survey respondents | Year | Planned | Actual | | | |
| Source: PARTICIPA annual survey Comments: Percentages responding who agreed that current functioning of judiciary is strengthening democracy. | Baseline | ----- | 55.9% | | | |
| | 1991 | | | | | |
| | 1992 | | | | | |
| | 1993 | | | | | |
| | 1994 | | | | | |
| | 1995 | | | | | |
| | 1996 | | | | | |
| Target | 1997 | | | | | |
| Indicator: Citizens perceptions of responsiveness of judicial system-female | | | | | | |
| Unit: Percent of national survey respondents | Year | Planned | Actual | | | |
| Source: PARTICIPA annual survey Comments: Percentage responding who agreed that current functioning of judiciary is strengthening democracy. | Baseline | ----- | 51.9% | | | |
| | 1991 | | | | | |
| | 1992 | | | | | |
| | 1993 | | | | | |
| | 1994 | | | | | |
| | 1995 | | | | | |
| | 1996 | | | | | |
| Target | 1997 | | | | | |

| Indicator: Citizens perceptions of responsiveness of legislature-female | | | | | |
|--|----------|---------|--------|--|--|
| Unit: Percent of national survey respondents | Year | Planned | Actual | | |
| Source: PARTICIPA annual survey Comments: Percentage responding who agreed that current functioning of the Congress is strengthening democracy. | Baseline | ----- | 75.7% | | |
| | 1991 | | | | |
| | 1992 | | | | |
| | 1993 | | | | |
| | 1994 | | | | |
| | 1995 | | | | |
| | 1996 | | | | |
| Target | 1997 | | | | |
| Indicator: Citizens perceptions of responsiveness of legislature - male | | | | | |
| Unit: Percent of national survey respondents | Year | Planned | Actual | | |
| Source: PARTICIPA annual survey Comments: Percentage responding who agreed that current functioning of the Congress is strengthening democracy. | Baseline | ----- | 75.9% | | |
| | 1991 | | | | |
| | 1992 | | | | |
| | 1993 | | | | |
| | 1994 | | | | |
| | 1995 | | | | |
| | 1996 | | | | |
| Target | 1997 | | | | |

| Indicator: Citizens perceptions of responsiveness of selected municipal governments - female | | | | | |
|--|----------|---------|--------|--|--|
| Unit: Percent of national survey respondents | Year | Planned | Actual | | |
| Source: PARTICIPA annual survey | Baseline | ----- | | | |
| Comments: Indicators to be developed for FY94 start ups. | 1992 | N/A | | | |
| | 1993 | N/A | | | |
| | 1994 | ... | | | |
| | 1995 | | | | |
| | 1996 | | | | |
| | Target | | | | |
| Indicator: Citizens perceptions of responsiveness of selected municipal governments-male | | | | | |
| Unit: Percent of national survey respondents | Year | Planned | Actual | | |
| Source: PARTICIPA annual survey | Baseline | ----- | | | |
| Comments: Indicators to be developed for FY94 start ups. | 1992 | N/A | | | |
| | 1993 | N/A | | | |
| | 1994 | ... | | | |
| | 1995 | | | | |
| | 1996 | | | | |
| | Target | | | | |

b

| STRATEGIC OBJECTIVE NO. 1 Responsiveness of key institutions to citizens' needs increased | | | | | |
|--|------|----------------|----------------|--|--|
| PROGRAM OUTPUT NO. 1.1 Judicial function and access to justice improved | | | | | |
| Indicator: National automated case tracking system operational status | Year | Planned | Actual | | |
| Unit: Percent of courts incorporated | | ----- | | | |
| Source: CAPJ periodic reports | | | | | |
| Comments: National system exists principally in Santiago. Progress of national coverage will be reported. * CAPJ is the administrative office of court system | 1992 | | | | |
| | 1993 | | | | |
| | 1994 | | | | |
| | 1995 | | | | |
| | 1996 | | | | |
| Target | 1997 | | | | |
| Indicator: Judges and judicial employees trained-female | | | | | |
| Unit: Number trained | Year | Planned | Actual | | |
| Source: CPU reports | | ----- | | | |
| Comments: a) judges, b) employees | 1992 | | a) 66 b) 93 | | |
| | 1993 | a) 75 b) 75 | | | |
| | 1994 | a) 75 b) 75 | | | |
| | 1995 | a) 75 b) 75 | | | |
| | 1996 | N/A | | | |
| Target | 1997 | N/A | | | |

| Indicator: Judges and judicial employees trained - male | | | | | |
|--|----------|------|------------------|-----------------|--|
| Unit: Number trained | Baseline | Year | Planned | Actual | |
| Source: CPU reports | | 1992 | --- | a) 166 b) 73 | |
| Comments: a) judges, b) employees | | 1993 | a) 150 b) 100 | | |
| | | 1994 | a) 150 b) 100 | | |
| | | 1995 | a) 150 b) 100 | | |
| | | 1996 | N/A | | |
| | | 1997 | N/A | | |
| | Target | | | | |
| Indicator: Legal assistance backup center functioning | | | | | |
| Unit: N/A | Baseline | Year | Planned | Actual | |
| Source: CPU Report Comments: This center will be established as a single entity - probably located in Santiago. | | 1992 | | | |
| | | 1993 | | | |
| | | 1994 | --- | | |
| | | 1995 | | | |
| | | 1996 | | | |
| | | 1997 | | | |
| | Target | | | | |

| Indicator: Dispute resolution/legal aid centers functioning | | | | | | |
|---|----------|----------|--------|--|--|--|
| Unit: Number | Year | Planned | Actual | | | |
| Source: CPU reports | Baseline | ----- | | | | |
| Comments: | 1992 | | | | | |
| | 1993 | | | | | |
| | 1994 | | | | | |
| | 1995 | | | | | |
| | 1996 | | | | | |
| | Target | 1997 | | | | |
| Indicator: Regional court administrators | | | | | | |
| Unit: Number of individuals named | Year | Planned | Actual | | | |
| Source: CAPJ (Administrative Office of Courts) | Baseline | ----- | 3 | | | |
| Comments: | 1992 | | | | | |
| | 1993 | | 5 | | | |
| | 1994 | 10(PACD) | 10 | | | |
| | 1995 | | | | | |
| | 1996 | | | | | |
| Target | 1997 | | | | | |

| STRATEGIC OBJECTIVE NO. 1 Responsiveness of key institutions to citizens' needs increased | | | | | |
|--|----------|------|---------|--------|--|
| PROGRAM OUTPUT NO. 1.2 Congressional analytic capacity and access to consultative services improved | | | | | |
| Indicator: Congressional members and staff trained | | | | | |
| Unit: Number of trainees per year | Baseline | Year | Planned | Actual | |
| Source: CEAL | | | ----- | N/A | |
| Comments: CEAL will plan a major effort to train new members and staff who assume positions in March, 1994. Projections by gender are not feasible. Reporting of actual trainees will be by gender. | | 1992 | | 70 | |
| | | 1993 | | | |
| | | 1994 | | 50 | |
| | | 1995 | | 100 | |
| | | 1996 | | N/A | |
| | | 1997 | | N/A | |
| Target | | | | | |
| Indicator: Consultative reports and expert testimony received by congress | | | | | |
| Unit: Number of reports delivered | Baseline | Year | Planned | Actual | |
| Source: CEAL reports | | | ----- | N/A | |
| Comments: Projections of demand are not practical. Planned outputs based on CEAL 1992 session experience and capacity. | | 1992 | | 30 | |
| | | 1993 | | 40 | |
| | | 1994 | | 40 | |
| | | 1995 | | 40 | |
| | | 1996 | | N/A | |
| | | 1997 | | N/A | |
| Target | | | | | |

| STRATEGIC OBJECTIVE NO. 1 Responsiveness of key institutions to citizens' needs increased | | | | | | |
|---|----------|---------|--------|--|--|--|
| PROGRAM OUTPUT NO. 1.3 Participation in electoral and political process improved | | | | | | |
| Indicator: 18 to 21 year olds who are registered to vote | | | | | | |
| Unit: Number of newly eligible voters registered | Year | Planned | Actual | | | |
| Source: PARTICIPA and national election service | Baseline | ----- | * | | | |
| Comments: PARTICIPA will mount young voter registration campaigns in 1993 and in 1996. * Awaiting national election service March, 1992 report | 1992 | 50,000 | | | | |
| | 1993 | 50,000 | | | | |
| | 1994 | 0 | | | | |
| | 1995 | 0 | | | | |
| | 1996 | 100,000 | | | | |
| | Target | 1997 | | | | |
| Indicator: Public political issue meetings held | | | | | | |
| Unit: Number of meetings organized by PARTICIPA | Year | Planned | Actual | | | |
| Source: PARTICIPA reports | Baseline | ----- | | | | |
| Comments: 1993 - Presidential and Congressional elections 1994 - No elections 1996 - Municipal and possibly regional governors | 1992 | | 300 | | | |
| | 1993 | 500 | | | | |
| | 1994 | 100 | | | | |
| | 1995 | 100 | | | | |
| | 1996 | 500 | | | | |
| | Target | 1997 | | | | |

| Indicator: Women holding political party office | | | | | |
|---|----------|--------|---------|--------|--|
| Unit: Number of women office holders | Baseline | Year | Planned | Actual | |
| Source: Parties through PARTICIPA Comments: AID/Chile promotes this outcome generally via PARTICIPA but can not set specific targets | | 1992 | --- | | |
| | | 1993 | | | |
| | | 1994 | | | |
| | | 1995 | | | |
| | | 1996 | | | |
| | | 1997 | | | |
| | | Target | | | |

| STRATEGIC OBJECTIVE NO. 1 Responsiveness of key institutions to citizens' needs increased | | | | | |
|--|----------|---------|--------|--|--|
| PROGRAM OUTPUT No. 1.4 Effectiveness of targeted regional and municipal governments improved | | | | | |
| Indicator: Ten pilot projects in citizen municipal participation completed | | | | | |
| Unit: Projects implemented | Year | Planned | Actual | | |
| Source: PARTICIPA | Baseline | ----- | | | |
| Comments: 1996 is a municipal government election year | 1992 | | | | |
| | 1993 | 3 | | | |
| | 1994 | 7 | | | |
| | 1995 | 0 | | | |
| | 1996 | 0 | | | |
| | 1997 | 0 | | | |
| | Target | 0 | | | |
| Indicator: Five municipal finance innovation demonstration projects completed | | | | | |
| Unit: Demonstration projects completed | Year | Planned | Actual | | |
| Source: Centro de Estudios Publicos (CEP) & CEAL | Baseline | ----- | | | |
| Comments: | 1992 | | | | |
| | 1993 | 3 | | | |
| | 1994 | 2 | | | |
| | 1995 | | | | |
| | 1996 | | | | |
| | 1997 | | | | |
| | Target | | | | |

TABLE 2-(1): STRATEGIC OBJECTIVE PROGRAM "TREE"

| |
|--|
| Chile |
| Bureau Objective: Support the evolution of stable, participatory democratic societies |
| Bureau Sub-objective: Encourage the strengthening of competent, civilian government institutions that will merit public confidence, diminish the concentration of political power, and foster public participation |
| STRATEGIC OBJECTIVE NO. 1 Responsiveness of key institutions to citizens' needs increased |

| | | |
|--|--|---|
| PROGRAM OUTCOME NO. 1.1 Judicial function and access to justice improved | PROGRAM OUTCOME NO. 1.2 Congressional analytic capacity and access to consultative services improved | PROGRAM OUTCOME NO. 1.3 Participation in electoral and political process improved |
|--|--|---|

| Projects (Number\Title) | Projects (Number\Title) | Projects (Number\Title) |
|-------------------------|-------------------------|-------------------------|
| 513-0642 CPU | 598-0777 CEAL | 513-0796 PARTICIPA |
| | | |
| | | |

| |
|---|
| PROGRAM OUTCOME NO. 1.4 Effectiveness of targeted regional and municipal governments improved |
|---|

| |
|-------------------------|
| Projects (Number\Title) |
| 598-0777 CEAL |
| 513-0796 PARTICIPA |

B. Strategic Objective Two**1. Refinements or Changes in Strategic Objective and/or Program Outputs.**

Strategic Objective Two was defined in last year's Action Plan as "Support Selected Investment and Environmental Objectives of the Enterprise of the Americas Initiative (EAI)". AID/Chile's conceptual framing of this objective was based on: a) the mitigation of environmental problems from increased investment and growth; and b) the spread of benefits through greater focus on worker productivity and the increased involvement of the private sector in areas of social interest (e.g., micro-enterprise, vocational education and low-income housing). A role of influencing the use of the Multilateral Investment Fund (MIF) portion of EAI was also envisioned.

During the review of the Action Plan, this approach towards supporting the EAI was considered too broad, particularly in view of the Agency's focus and concentration exercise. Based in part on the LAC Bureau's experience with the need to support the FTA/Mexico negotiation process, it was decided that AID/Chile's EAI support activities should be focused on eliminating any perceived obstacles to the EAI and, accordingly, should be driven by the agenda and decisions emanating from the Trade and Investment Council (TIC) meetings (see reporting cable State 234320 of July 22, 1992). The proposed activities in environment were considered directly relevant to EAI implementation concerns, but the other activities were to be moved out of this strategic objective and the decision tree modified appropriately. But because of delays in beginning negotiation of the Free Trade Agreement with Chile (the next TIC was postponed until June, 1993), a new decision tree reflecting an array of program outputs that address the elimination of EAI obstacles could not be prepared.

As an interim measure for this Action Plan exercise, AID/Chile proposes concentrating on a Strategic Sub-objective that reflects exclusively the anticipated environmental concerns of EAI. This Sub-objective is: "Support and nurture the emerging public and private sector capacities to address Chile's environmental problems". Three program outputs have been identified to achieve this sub-objective:

1. Help establish the GOC's National Environmental Commission (CONAMA) as the leading public sector authority on environmental policy with credibility among national and local government entities, private industry, and the NGO and university community.

2. Activate widespread interest and involvement of Chilean industry in environmental pollution prevention activities at the plant level.

3. Encourage and foster community-based environmental protection programs and actions by NGO's and other non-profit organizations.

Although the "obstacles" (e.g., USTR and Congressional concerns) to the FTA other than the environmental issue cannot be fully determined at this time, one likely concern will be Chile's intellectual property rights legislation. Another anticipated obstacle may be the position of organized labor regarding the FTA. For FY93, AID/Chile has projected \$100,000 for EAI support. It is tentatively planned to use this amount to: a) carry out analytical work on Chile's intellectual property rights legislation and practices; and b) promote local dialogue on labor concerns of the FTA. These will be short-term, low-cost efforts that should begin and end in FY93. They may or may not lead to follow-on activities.

Given the importance of this key foreign policy objective, the level and nature of A.I.D. support for EAI should be re-examined in late FY93 as the TIC process resumes and as the FTA negotiations are expected to begin in earnest. Funding for such support activities is included in the budget projections for FY94/95, subject of course to the identification of specific needs.

2. Strategic Sub-Objective Performance.

When A.I.D. reopened its office in Chile in mid-1988, except for the pervasive smog of Santiago, public debate on environmental policy was non-existent and public awareness of environmental problems was sparse. For years, the highest priority had been given to economic growth through expansion of natural resource-based exports to pay off Chile's burdensome external debt. Environmental concerns were seen as an impediment to investment and growth. The strategic sub-objective definition currently arrived at reflects the efforts made over the past three years to support the development of public policy and institutional initiatives on the environment, to foster research and analysis of environmental and natural resources management issues, and to support activities in environmental education, training, and public awareness. The principal vehicle for these efforts was AID/Chile's annual buy-ins to the R&D Bureau's Environmental Planning and Management (EPM) Project to access the technical and administrative assistance of the World Resources Institute (WRI).

Under this arrangement, a number of major accomplishments were achieved. The single most important focus has been on the development and strengthening of CONAMA, the GOC's National Commission on the Environment. The decision to create CONAMA as an inter-ministerial body to coordinate the development and implementation of national environmental policy, as well as to seek IBRD funding for institutional strengthening, was fostered through

AID/WRI funding of an environmental transition team between the election of December, 1989, and the assumption of office by the Aylwin administration in March, 1990. Most of the activities carried out to date have addressed the needs of CONAMA, starting essentially from a zero base, to gain a firm grasp of the critical trends and issues affecting the environment and the use of natural resources in order to become eventually a credible and reliable source of policy advice, data, and technical support.

For example, beginning with support for the publication of the Atlas of Chilean Environmental Problems, AID/WRI funded a series of environmental seminars throughout Chile which led to the publication in May, 1992 of Regional Environmental Profiles for each of Chile's thirteen administrative regions. These profiles established a computerized data base of the country's environmental problems and also served as the foundation for the preparation of the country's first formal State of the Environment Report scheduled to be released in April, 1993, with program support. CONAMA also undertook two other separate but related sets of activities under this program: one involved preparing a national plan for biodiversity conservation, and the other established CONAMA's lead role in formulating and implementing Environmental Impact Assessment (EIA) requirements for the country. In addition to the AID/WRI program, technical support to define institutional requirements and EIA methodology and enforcement has been provided to CONAMA by the U.S. EPA under a PASA.

Taken as a whole, these activities and the resulting databases, reports, and inter-governmental relationships have gone a long way towards consolidating CONAMA's role as the main governmental authority on environmental matters. In December, 1992, the GOC forwarded to Congress a new environmental framework law that upgrades CONAMA's status and assures its permanency (attaching it to the Office of the Presidency) and establishing the legal framework for EIA application throughout the country (see State 9758 of December, 1992). Also, the World Bank's \$11.5 million Environmental Institutions Development Project loan was approved in late CY 1992. (The project emphasizes the forestry, fisheries, and mining sectors along with industrial anti-pollution policy design).

Yet, much remains to be done towards establishing CONAMA's credibility and leadership role. Too much time had to be spent on fighting institutional and financial survival battles during CONAMA's start-up. CONAMA now needs to think through the substantive elements of its future mission, examine policy options for moving the country toward more sustainable development practices, and concentrate more on its external role, defining and nurturing its relationship to the public agencies with which it must deal and, most importantly, establishing outreach programs to the general public, NGO's, universities, local governments, and the business community. The World Bank resources will significantly

enhance CONAMA's institutional viability and will assure that the human resources are in place for CONAMA's next stage of institutional development. A continued AID/WRI involvement directed at the policy and methodology level will be able to leverage the use of these resources effectively and assist CONAMA with becoming an effective interlocutor at the national and local levels.

The AID/WRI program also has focused on strengthening research and public education on environment and natural resources management issues. Through a sub-project with the Institute of Urban Studies of the Catholic University, the program is supporting the design of indicators of environmental quality which can be used by the GOC to establish a system for monitoring environmental trends nationwide. Another sub-project, with the economic policy think-tank, CIEPLAN, funded environmental economics research on the effects of the depletion of the country's fish stocks on national income accounts. WRI and CIEPLAN also sponsored a conference on environmental economics that was the first of its kind in Chile. An important Chilean environmental NGO has been assisted to strengthen its capacity to inform and educate the public as well as the business and scientific community through its environmental information network as well as through two national conferences on science and the environment. CONAMA's work on the biodiversification study directly led to research awards to Chilean investigators under the A.I.D. Biodiversity Support Program. Finally, AID/Chile has promoted greater public awareness about the toxic effects of agro-chemicals through a training program administered by AIFLD that reached over 10,000 rural workers.

There is no question that there has been a sea change with respect to the interest and awareness of the scientific and NGO community and the general public on Chile's environmental problems. Universities are establishing new curricula and are seeking ways to support environmental centers. The mass media are dedicating more time and space to discussing environmental issues. Recently, a prestigious television program aired a three part series on the problems of water quality. Chile's largest and most conservative newspaper now has a regular column on environmental issues. Nevertheless, environmental concerns are largely new to the Chilean public and much work remains to change mentality and obtain widespread community based participation in solutions. NGO's outside of Santiago remain poorly informed and are generally weak. The newly elected local governments are still ill prepared to respond to increased citizen demands for environmental actions, even though they may be more willing to address these concerns than the predecessor regime.

| TABLE 1-(2): STRATEGIC OBJECTIVE PERFORMANCE | | | | | |
|---|----------|------|---------|-----------|--|
| Chile | | | | | |
| STRATEGIC OBJECTIVE NO. 2 Support selected investment and environmental objectives of the Enterprise for the Americas Initiative (FAI) | | | | | |
| Sub-Objective: Support and nurture the emerging public and private sector capacities to address Chile's environmental problems. | | | | | |
| Program Output No. 2.1: Help establish the National Environmental Commission (CONAMA) as the leading public sector authority on environmental policy. | | | | | |
| Indicator: CONAMA's strategic planning and program implementation has increased its credibility among national and local government entities, private industry, NGO and university community. | | | | | |
| Unit: Percent of credibility | | Year | Planned | Actual | |
| Source: Opinions of experts, including EPA | Baseline | | --- | under 50% | |
| Comments: Currently CONAMA's credibility is estimated as rather low due to a lack of policy/regulations. | | 1992 | | | |
| | | 1993 | 50% | | |
| | | 1994 | 80% | | |
| | | 1995 | | | |
| | | 1996 | | | |
| | Target | 1997 | 90% | | |

| Indicator: Public policy/regulations and institutional initiatives have been adopted for improving environmental quality and the management of natural resources. | | | | | |
|--|----------|---------|--------|--|--|
| Unit: Number | Year | Planned | Actual | | |
| Source: GOC's official publications Comments: Environmental law is to be submitted to the Congress during 1993. It is expected to be approved by 1994. | | ----- | 0 | | |
| | 1992 | | | | |
| | 1993 | | | | |
| | 1994 | 1 | | | |
| | 1995 | | | | |
| | 1996 | | | | |
| | Target | | | | |
| Indicator: A national environmental information system using World Bank resources has been created. | | | | | |
| Unit: Number | Year | Planned | Actual | | |
| Source: CONAMA/WRI progress reports Comments: CONAMA will use World Bank loans to build an EIS. U.S. EPA is collaborating in the design and implementation of such EIS. | Baseline | ----- | 0 | | |
| | 1992 | | | | |
| | 1993 | | | | |
| | 1994 | 1 | | | |
| | 1995 | | | | |
| | 1996 | | | | |
| | Target | | | | |

| Program Output No. 2.2 Widespread interest and involvement of Chilean industry in environmental pollution prevention activities at the plant level has been activated. | | | | | |
|---|----------|-------------|----------------|---------------|--|
| Indicator: Improved access by plant managers to information, process specifications, equipment, financing and employee training related to pollution prevention. | | | | | |
| Unit: Number of pilot projects | | Year | Planned | Actual | |
| Source: EP3 progress reports | Baseline | | ----- | 0 | |
| Comments: Dissemination is a major component of each pilot project allowing access to plant managers to related information. | | 1992 | | | |
| | | 1993 | 2 | | |
| | | 1994 | 3 | | |
| | | 1995 | | | |
| | | 1996 | | | |
| | Target | 1997 | | | |
| Indicator: Dialogue between public and private sector leads to policy/regulations that promote pollution prevention significantly. | | | | | |
| Unit: Number | | Year | Planned | Actual | |
| Source: GOC's official publication | Baseline | | --- | 0 | |
| Comments: Environmental law will contain specific regulations that promote pollution prevention. | | 1992 | | | |
| | | 1993 | | | |
| | | 1994 | 1 | | |
| | | 1995 | | | |
| | | 1996 | | | |
| | Target | 1997 | | | |

| Program Output No. 2.3: Encourage and foster community based environmental protection programs and actions by NGO's and other non profit organizations. | | | | |
|---|---------------|----------------|---------------|--|
| Indicator: The Environmental Fund Board has been appointed and operation procedures have been developed/disseminated and an appropriate number of proposals have been awarded. | | | | |
| Unit: Number of proposals awarded | Year | Planned | Actual | |
| Source: Environmental fund reports | Baseline | ---- | 0 | |
| Comments: Approved targets to be established annually based on funds availability. | 1992 | | | |
| | 1993 | 20 | | |
| | 1994 | TBD | | |
| | 1995 | TBD | | |
| | 1996 | | | |
| | Target | | | |
| Indicator: CONAMA/WRI have established institutional framework and guidelines on regional/local participatory planning for formulating and implementing regional and local environmental policies and plans. | | | | |
| Unit: Number of guidelines | Year | Planned | Actual | |
| Source: CONAMA/WRI progress reports | Baseline | ---- | 0 | |
| Comments: | 1992 | | | |
| | 1993 | | | |
| | 1994 | 13 | | |
| | 1995 | | | |
| | 1996 | | | |
| | Target | | | |

TABLE 2-(2): STRATEGIC OBJECTIVE PROGRAM "TREE"

| |
|--|
| Chile |
| Bureau Objective: Support the achievement of broadly-based, sustainable economic growth. |
| Bureau Sub-objective: Encourage preservation and natural resource base. |
| <p>STRATEGIC OBJECTIVE NO. 2 Support selected investment and environmental objectives of the Enterprise of the Americas Initiative (EAI).</p> <p>SUB-OBJECTIVE: Support and nurture the emerging public and private sector capacities to address Chile's environmental problems.</p> |

| | | |
|--|--|--|
| <p>PROGRAM OUTCOME NO. 2.1 Help establish the National Environmental Commission (CONAMA) as the leading public sector authority on environmental policy.</p> | <p>PROGRAM OUTCOME NO. 2.2 Activate widespread interest and involvement of Chilean industry in environmental pollution prevention activities at the plant level.</p> | <p>PROGRAM OUTCOME NO. 2.3 Encourage and foster community based environmental protection programs and actions by NGO's and other non profit organizations.</p> |
|--|--|--|

| Projects (Number\Title) | Projects (Number\Title) | Projects (Number\Title) |
|--|--|--|
| Environmental Awareness & Planning (EPM/WRI Buy-In). | Environmental Pollution Project (EP-3 Buy-In). | EAI Environmental Fund |
| Transfer of Env. Technology (EPA/PASA) | | Environment Awareness & Planning (EPM/WRI Buy-In). |
| Energy efficiency project (EEP Buy-in) | | |

3. Monitoring and Evaluation Plans

The new strategic sub-objective on the environment was only recently formulated and a detailed evaluation plan has not yet been devised. Given the nature of the sub-objective (i.e., institutional development, increased anti-pollution action by industry, and encouragement of community based programs) and the limited size of the A.I.D. resources envisaged, the mounting of a comprehensive data collection and analysis effort must be questioned from a cost-effectiveness aspect. AID/Chile plans to use the continuing EPA PASA to help make on-going subjective appraisals of the progress of Chile's environmental institution sector, both public and private, including non-profit. By drawing on the opinions of EPA experts during their regular TDY's, AID/Chile will have a sort of reality check of its own in-house assessment of progress towards this sub-objective.

The A.I.D. funding provided under this sub-objective will largely be disbursed through buy-ins to AID/W projects. These projects will be evaluated separately and the information generated can further assist with the assessment of progress against the sub-objective if the evaluation scope of work is prepared accordingly.

Also, AID/Chile plans to continue its current practice of annual joint reviews of specific programs in this sector. Although such reviews tend to focus on program outputs, they may be able to help focus attention on progress towards meeting the sub-objective. AID/Chile would welcome Bureau guidance and assistance with furthering its plans in this regard.

II. Portfolio Analysis

A. New Initiatives

New Project Descriptions (NPD's) follow below for:

1. Chile Civic Education (increase).
2. Decentralization and Local Government Strengthening.
3. Environmental Pollution Prevention.

B. Portfolio Timeline Table

1. Chile Civic Education (Increase)

LAC BUREAU OBJECTIVE AND SUB-OBJECTIVE: II-A & B
 AID/CHILE STRATEGIC OBJECTIVE: One
 ACTIVITY TITLE: Chile Civic Education - Amendment
 FISCAL YEARS: 1993, 1994, 1995
 LOP FUNDING: The Amendment - \$800,000;
 (TOTAL \$3,100,000.)
 TYPE OF FUNDING: EHR
 IMPLEMENTING AGENCY: Corporación PARTICIPA - Chilean Non-
 Government Organization. Amend Existing
 Cooperative Agreement

A. Consistency With AID/Chile Strategic Objectives

1. Activity Goal - Improve participation of Chileans in electoral and political processes, especially at the level of youth, women, and lower income sectors. Verifiable indicators remain unchanged.

2. Activity Purpose - The purpose of the project remains to establish PARTICIPA as a lasting civic education entity. This amendment, which will allow PARTICIPA to complete important organizational corrections that are crucial to its long term viability, will continue our support through PARTICIPA for the evolution of stable, democratic societies through the next stages of the continuing consolidation of democracy in Chile. The project supports LAC Bureau Objective II, sub-objectives A and B. The strategic objective addressed is: "Responsiveness of Key Institutions to Citizens' Needs Increased"; and the principal sub-objective addressed is "1.3 Participation in electoral and political process improved". In addition, PARTICIPA is increasing its efforts to promote and assist citizen and neighborhood group involvement in Chile's new municipal governments, thus focusing on another AID/Chile sub-objective: "1.4 Effectiveness of targeted regional and municipal governments improved".

B. Relationship to A.I.D. and Other Donor Activities

There are no other programs similar to PARTICIPA's supported by outside donors. Because of its uniqueness as a non-profit, non-partisan entity, PARTICIPA has achieved notable success in attracting a series of small grants from other U.S. public and private sector donors (Ford Foundation, Tinker Foundation, NED, National Democratic Institute for International Affairs, International Republican Institute) and from Germany's Naumann Foundation's office in Chile. In addition, the Kettering Foundation of Dayton, Ohio, which has long been active in grass roots democracy building in the U.S., has established a special relation with PARTICIPA, which will result in a series of joint

activities in Latin America and the U.S. Nevertheless, PARTICIPA's fundamental funding source remains A.I.D. as mid-point in the project approaches. As usual, other donors are providing only discrete project funding, with no administrative costs support. While PARTICIPA is now geared up to pursue institutional sustainability in a serious way, it is evident that long-term viability is not yet fully assured.

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

The support of broader participation in society by the widest possible spectrum of Chileans is the central focus of the AID/Chile program. These design and implementation adjustments to the PARTICIPA project will improve prospects for more effective pursuit of that overall goal. PARTICIPA's staff and board of directors have devoted considerable time to the development of an appropriate institutional development strategy and plan. On implementation, PARTICIPA's substantive performance continues to excel, as they again mounted a major voter education effort - this for Chile's first municipal elections in twenty years, which took place in June, 1992. Its credibility and national recognition as the only non-partisan civic education organization is at a high. PARTICIPA is in increasing demand in other countries for its electoral and civic education experience, and has conducted workshops in several Latin American countries as well as in Africa and Eastern Europe. At this point, PARTICIPA's competence and authority in their fields of focus seem secure.

What has needed re-examination and restructuring is the organizational structure, with particular emphasis on operational decentralization, fund raising both within and outside of Chile, and positioning the organization to sell its services at realistic market rates. If A.I.D. can assure PARTICIPA's long-term viability, a lasting impact on the consolidation of democratic life and custom in Chile and beyond will have been made.

Remaining major elements in Chile's period of democratic consolidation are the 1993 presidential and congressional elections in December, the seating of a new president for a full eight year term and a new congress for four years, and finally, the next municipal elections in 1995. Extension of the PACD by seven months to September 30, 1995 will allow A.I.D. to contribute to the success of the next municipal elections through preparation for a last round of non-partisan voter education. A possible new element that would require further voter familiarization at that point is the likely addition of direct election of "intendentes" or regional governors.

D. Activity Description

The amended program will: a) continue to consolidate and focus PARTICIPA's central programming strengths in civic and electoral education, formal and informal, with particular emphasis on participation at all levels of youth, women, and lower income groups; b) further develop PARTICIPA's capacity to promote effective involvement of citizens at the municipal government level, principally through the development of models for the function of the new municipal Economic and Social Councils; c) support changes in the organizational and operational structure made necessary by the recent reorganization, central staff reductions, and decentralization, as well as by Chilean labor law, including salary increases, establishment of a severance fund, installation of an adequate computer system, and the eventual opening of six small regional offices; d) continue to support the institutional development of PARTICIPA, aiming at substantial financial self-sufficiency by the PACD of the current A.I.D. Cooperative Agreement.

E. Planned Implementation Arrangements

The program will continue to be directly implemented by PARTICIPA itself, with appropriate help from short-term consultants, principally Chilean. Significant management assistance is being provided by the administrative and financial director of the AID/Chile justice improvement project.

F. Sustainability of Proposed Activities

With the involvement and support of AID/Chile, PARTICIPA has confronted a series of crucial and difficult internal organization issues during the latter half of 1992, and has taken several major steps toward more effective function, as noted above. A fundamental restructuring of the corporation has been accomplished, leaving two operating units: an Institutional Development Unit and a Program Development and Implementation Unit. During this period, PARTICIPA's Executive Director has devoted progressively more time to institutional development, delegating most program operational functions to other key staff.

In a significant decision in late 1992, the board of directors approved the proposal to decentralize operations, creating up to six small regional offices based on the principal nuclei of established PARTICIPA volunteers around the nation. The approval of this step was not without some anxiety and misgivings, but it was seen as essential to long-term consolidation of PARTICIPA's accomplishments and presence throughout Chile. As well, it comports with the general decentralization trend in Chile, as the regions and municipalities assume an increasingly prominent role.

PARTICIPA has also taken steps to project itself formally as international consultants in democratic development, with 40 professionals available in its fields of competence. It has developed a corporate capability documentation package with Spanish and English versions and begun to disseminate it to its range of contacts in Latin America, Europe (both West and East), the U.S. and Canada, and Africa. By selling its services and its unique experience, hopefully at market rates, PARTICIPA is further improving its prospects for survivability.

G. Mission Management Role

The RDIO stationed in AID/Chile has established a close and frequent communication with PARTICIPA's Executive Director and principal staff and typically has three to five working meetings per month with PARTICIPA counterparts. The reorganization process was thoroughly vetted with A.I.D. As a major element in AID/Chile's portfolio, PARTICIPA will continue to receive substantial advice, monitoring and review. A mid-term evaluation is scheduled for the third quarter of FY 93.

H. Potential Issues

AID/Chile's principal concern is the degree of institutionalization and financial sustainability that PARTICIPA can achieve within the LOP. In light of the disruption likely to result from implementation of the new structure, and because PARTICIPA and A.I.D. did not give sufficient attention to the specifics of positioning for survival until the past several months, the present PACD will be extended by seven months, to September 30, 1995. The reorganization and institutional development measures put in place should begin to show results before the end of CY 1993. The substantive side of the program presents no problems, and indeed, should be a substantial plus in promoting new service and financial relationships.

2. Decentralization and Local Government Strengthening

LAC BUREAU OBJECTIVE AND SUB-OBJECTIVE: II-A & B

AID/CHILE STRATEGIC OBJECTIVE: ONE

ACTIVITY TITLE: Local Government Modernization and Citizen Participation

FISCAL YEARS: 1994, 1995, 1996, 1997

LOP FUNDING: \$ 2,000,000

TYPE OF FUNDING: ITT: PSEE

IMPLEMENTING AGENCIES: PARTICIPA;
CEP (Centro de Estudios Públicos);
CEAL (Centro de Estudios y Asistencia Legislativa); and others to be determined.

A. Consistency With AID/Chile Strategic Objectives

1. Activity Goal - Promote and facilitate citizen involvement in the municipal and regional government process, particularly through activation of newly legislated local and regional participatory entities; Assist in development of new municipal management mechanisms and techniques, with particular focus on local government finance. Verifiable indicators will be developed based on pilot efforts to be initiated in FY 93 by the three grantees mentioned above.

2. Activity Purpose - The purpose of the program's activities is to develop and institutionalize models of participatory local government function, centered on the municipal and regional Economic and Social Councils recently established in each of Chile's 300-plus municipalities and thirteen regions, as well as to assist the newly installed municipal mayors and councils to develop new ways to respond to the needs expressed. AID/Chile is thus responding to its Strategic Objective One: "Responsiveness of Key Institutions to Citizens' Needs Increased." The main sub-objective addressed is: "1.4 - Effectiveness of Targeted Regional and Municipal Governments Improved." Nevertheless, the activities are also linked to and focus on a second sub-objective: "1.3 - Participation in electoral and political process improved."

B. Relationship to A.I.D. and Other Donor Activities

As noted in last year's Action Plan, while awaiting the evolution of opportunities now more plainly presented by the maturation of the decentralization and regionalization process, AID/Chile has addressed Program Output 1.4 in a fragmented way, through elements of existing programs. The \$10 million primary health care grant is bettering the effectiveness of municipally-administered rural health clinics; the \$40 million Housing Guaranty is channelling urban sanitation and neighborhood revitalization components through several municipal governments; the WRI FY 93 environmental buy-in will work with CONAMA and

selected regional authorities on questions of sustainable development; and the micro-enterprise programs work closely with municipalities. In addition the Peace Corps Program, supported by the A.I.D. SPA, is beginning a municipal development program in 1993.

CEAL and PARTICIPA both address issues of local governance, and CEAL in particular, through a GOC Ministry of Planning short-term grant, has expanded its experience to the training of more than 200 newly elected municipal council members. In addition, CEAL staff and legal consultants were active in advising Congressional members and staff during the legislature's consideration of the new municipal and regional government legislation, and are receiving to a growing number of requests for advice on the same laws from the newly constituted municipal governments.

CPU, AID/Chile's principal grantee for the Chile Justice System Improvement Program, has received a large grant from Germany's Konrad Adenauer Foundation to develop a systematic program to train regional and municipal government employees in project design, planning, and management in order to improve local governments' abilities to design and submit projects that qualify for funding under the GOC's municipal and regional special project funds. Both CPU and CEAL recently produced an excellent one week program on the government decentralization process for a group of 28 Central Americans accompanied by ROCAP and A.I.D. Mission staff members.

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

The fundamental purpose of the presence of A.I.D. in Chile is to help to consolidate Chile's recently restored democracy, which at this writing is not yet three years old. The GOC has demonstrated a firm commitment to advancing government decentralization and the strengthening of local and regional government autonomy and competence. While the municipal governments were elected in late June of 1992, they took office only in late September. The next municipal elections will be in 1996. The activation of a reformed local government structure brings the reinvention and vitalization of Chilean democracy down one level closer to the community. Now the task is to make it work for and with that community.

AID/Chile, after much study, some false starts, and review of the experiences under the several activities mentioned above, has determined to narrow its focus to two areas of high potential impact - new modes of citizen involvement in municipal government and new modes of financing municipal government. In both areas, it is expected that the proposed activities will develop viable models and alternatives working in the selected pilot

municipalities, which then will be progressively disseminated to local governments throughout the country.

D. Activity Description

AID/Chile will implement activities proposed in the two areas of focus during the rest of CY 1993 using funding of the LAC/DI-RHUDO/SA regional municipal development project. The major portion of the funding will support a joint program proposed by CEP (Centro de Estudios Publicos), a prominent public policy think tank, and CEAL (Centro de Estudios y Asistencia Legislativa), which will develop ways to improve municipal management with primary emphasis on more effective use of financial resources. The CEP-CEAL Program will:

a) Seek Immediate Municipal Efficiencies - CEP-CEAL will try to optimize municipal function through the better marshalling of currently available human and financial resources. CEP has studied this subject and has discovered a number of measures that municipalities can use immediately to produce more revenue from existing sources. Only a small number of municipalities are aware of how to take advantage of these measures and resources. Using the CEAL training capacity and specific experience in developing a training manual for local government, the CEP-CEAL program will develop materials on these resources and experiences, disseminate the information in workshops and seminars, and seek to assure that as many as possible of the nation's local governments learn and use the information.

b) Develop New Alternatives in Municipal Finance - This effort will seek ways to improve local tax collection; explore new forms of financing, such as bond issues and other forms of borrowing, private sector participation in local development financing, and other innovations.

c) Definition and Differentiation of Municipal, Regional, and National Government Responsibilities. This component will examine municipal competencies as compared to responsibilities, areas of actual and potential overlap and conflict, relations with the regional and the central governments, and municipal competence in environmental protection, among others. PARTICIPA will carry out the second element of the AID/Chile pilot program which aims at the development of practical models for the new Economic and Social Councils established as part of the new municipal governments. These entities are composed of representatives of neighborhood associations, chambers of commerce and industry, church groups, sports clubs, and a wide range of other similar local entities. They are meant to provide a regular channel of contact and communication between organized groups and the municipal council. PARTICIPA has already designed a series of workshops which will teach communication techniques and progressively monitor the functioning of a selected group of the

Social and Economic Counsels, with the goal of producing a functional manual or other appropriate tools for the effective conduct of the meetings of these highly diverse groups. These activities will help define a four year program of municipal development that will begin in FY94.

E. Planned Implementation Arrangements

The implementation arrangements will be developed based on the results of the pilot activities described above. As indicated, there are capable Chilean NGO's that can be used as direct grantees as appropriate. The final design of the new program will also consider how best to assure linkages with U.S. sources of technical assistance, such as the International City Manager's Association, municipal finance centers of expertise, community based action groups, etc. Similarly, the progress of the new Peace Corps program to assist municipalities will be followed closely and opportunities for coordination taken into account.

F. Sustainability of the Proposed Activities

Sustainability issues cannot be fully addressed until design work advances further. However, there exists in Chile a general consensus on the need to increase the administrative capacity of local governments to meet the needs of their communities. For example, the idea of creating the position of (non partisan) city managers is supported by several political parties. Clearly, more resources and authority are being given to regional and local governments. It should not be difficult to design a municipal government strengthening activity that will take advantage of this trend, thereby enhancing its sustainability.

G. Mission Management Role

AID/Chile will draw on the active involvement and assistance of the Regional Democratic Initiatives Officer for the management of the pilot and the follow-on activities. Further, AID/Chile plans to bring on board in 1993 a program funded FSN PSC who will support the implementation of the DI portfolio.

H. Potential Issues

No significant issues are foreseen at the present.

3. Environmental Pollution Prevention (EP3)

LAC BUREAU OBJECTIVE AND SUB-OBJECTIVE: I-D

AID/CHILE STRATEGIC OBJECTIVE: Two

ACTIVITY TITLE: Environmental Pollution Prevention Program

FISCAL YEARS: 1993, 1994, 1995

LOP FUNDING: \$1,000,000

TYPE OF FUNDING: ITT

IMPLEMENTING AGENCY: (1) Buy-in through OYB Transfer to R&D EP3 Program
(2) Local Contract of PSC Coordinator

A. Consistency With Mission Strategy

1. Activity Goal - Activate widespread interest and involvement of Chilean industry in environmental pollution prevention activities at the plant level. The verifiable indicators will be developed as part of the workplan once the EP3 prime contractors are on-board. They will include identification of target industries and processes.

2. Activity Purpose - Provide decision makers in the business community with pollution prevention and cleaner production techniques, technologies, and know-how along with assistance in accessing sources of financing for process changes and cleaner production equipment. Verifiable indicators will include identification of specific firms for pilot interventions and the dissemination techniques to be used.

B. Relationships to A.I.D. and Other Donor Activities

This activity is a direct response to anticipated environmental concerns of the FTA negotiation process and responds to one of Chile's most serious environmental problems - the increased pollution caused by rapid industrial growth. The recently approved World Bank Environmental Institutions Development project includes the definition of an industrial anti-pollution strategy as a priority intervention and allocates \$2.0 million for this purpose. The GOC is also seeking MIF resources to help subsidize conversions to cleaner production technologies by small and medium size industries. The EP3 program complements both of these programs by: (1) generating concrete examples of how hands-on technical assistance can bring about pollution abatement with positive bottom line results on the P&L statement; and (2) assisting with the preparation of proposals for funding of any investment costs associated with conversions.

C. Relationship of Activity to Overall A.I.D. Policy Objectives

An underlying objective of AID/Chile's efforts to assist with the consolidation of the democratic transition in Chile is to reverse the severe polarization that occurred during the military regime. Through workshops and dissemination of the successful pilot interventions, the EP3 activity will specifically be promoting a positive dialogue between the private sector and government authorities on the strategy, policy, procedures and regulations for industrial anti-pollution measures in Chile. The concrete examples and practical hands-on technical assistance for industrial pollution prevention that take place under this activity will help build consensus between the public and the private sector on appropriate solutions, thereby reducing the probability of an unfruitful, antagonistic dialogue between these two sectors on this sensitive issue.

D. Activity Description

The activity will bring to Chile a new approach to solve industrial pollution problems through cost-effective interventions based on the lessons learned by U.S. industry during the last decade. EP3 refers to the use of waste minimization, waste reduction, clean technologies, and low and non-waste technologies in lieu of traditional production approaches. The activity will focus on selected key industries and leading firms within those industries to identify and promote pollution preventing interventions in the production and marketing process. The results will be disseminated through demonstration projects, as well as other information on new approaches for industrial environmental management appropriate to the needs of firms in Chile in order to encourage replication on an industry-wide scale. The results will also be shared with government authorities and the scientific community in ways that will encourage productive dialogue on public policy and implementing regulations governing future industrial anti-pollution measures in Chile.

E. Planned Implementation Arrangements

The bulk of the A.I.D. funds will be obligated through an OYB transfer to the R&D Bureau's EP3 Cooperative Agreement. The U.S. cooperator will enter into a sub-agreement or a memorandum of understanding with the Chilean-American Chamber of Commerce (AMCHAM), which will serve as local coordinator for EP3 activities in Chile. AID/Chile will contract a local project coordinator to work out of the offices of AMCHAM and to assure adequate liaison with AID/Chile's overall environmental program. AMCHAM will be responsible for establishing working linkages with appropriate Chilean industries, business associations and service organization,

and other local authorities. AMCHAM members will assist in obtaining program support (e.g., pro-bono technical assistance from their home offices) and in disseminating the results of the program within Chile.

F. Sustainability of Proposed Activities

The activity does not set out to build a permanent institution or lasting mechanism in AMCHAM for the subsidized transfer of technical know-how on a permanent basis. Rather, the underlying precept of this activity is that once the feasibility of cost-effective solutions is demonstrated (at the same time the GOC is beginning to design and implement anti-pollution controls), Chilean industry will increase its own efforts to find and implement solutions. At that time, the transfer of technology from the U.S. will continue on a commercial basis.

G. Mission Management Role

Technical oversight will be provided by the U.S. cooperative agreement recipient and the R&D project manager. By contracting with program funds a local PSC coordinator to work within AMCHAM, AID/Chile will be able to maintain adequate oversight to assure appropriate coordination with its environmental program. AMCHAM will provide a steering committee to help promote the program as well as to furnish useful insights on the peculiarities of working with the Chilean business community.

H. Potential Issues

The success of this activity depends in large part on the ability of the AMCHAM to work collaboratively with Chilean industry and industrial associations. AMCHAM membership tends to be composed principally of non-manufacturing enterprises. Therefore, it is crucial that AMCHAM develop effective working relationships with the Chilean industrial community so that the EP3 program resources will be seen as useful and productive by local firms. Initial conversations with local business leaders indicate an understanding and acceptance of AID/Chile's selection of AMCHAM as the coordination mechanism as well as a disposition to work with AMCHAM on this program.

CORRECTED COPY

Table 3: A19/Chile Portfolio -- PROJECT TIMELINE

| PROJECT NUMBER/TITLE | FY92 | | | | FY93 | | | | FY94 | | | | FY95 | | | | FY96 | | | | FY97 | | | |
|--|------|---|---|---|------|---|---|---|------|---|---|---|------|---|---|---|------|---|---|---|------|---|---|---|
| | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| Civic Education PARTICIPA | | | | | | | | | | | | | | | | | | | | | | | | |
| Justice Sector Improvement CPU | | | | | | | | | | | | | | | | | | | | | | | | |
| Center for Legislative Studies CELA | | | | | | | | | | | | | | | | | | | | | | | | |
| Local Government Strengthening | | | | | | | | | X | | | | | | | | | | | | | | | |
| Env. Awareness & Planning (Buy-In) | | | | | | | | | | | | | | | | | | | | | | | | |
| Transfer of Env. Technology (PASA) | | | | | | | | | | | | | | | | | | | | | | | | |
| Energy Efficiency Project (Buy-In) | | | | | | | | | | | X | | | | | | | | | | | | | |
| Pesticide Management | | | | | | | | | | | | | | | | | | | | | | | | |
| Environmental Pollution Prev. (Buy-In) | | | | | | | | | | | | | | | | | | | | | | | | |
| Ed Support | | | | | | | | | | | | | | | | | | | | | | | | |
| Technical Voc. Education - CIDE | | | | | | | | | | | | | | | | | | | | | | | | |
| MHC Training Support | | | | | | | | | | | | | | | | | | | | | | | | |
| Participant Training | | | | | | | | | | | | | | | | | | | | | | | | |
| Human Resources Mgt. Improvement | | | | | | | | | | | | | | | | | | | | | | | | |
| Entrepreneurial Skills Training | | | | | | | | | | | | | | | | | | | | | | | | |
| Micro Enterprise/ROPESA | | | | | | | | | | | | | | | | | | | | | | | | |
| Micro Enterprise/INAM | | | | | | | | | | | | | | | | | | | | | | | | |
| Primary Health Care Improvement | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL PROJECTS | 14 | | | | 13 | | | | 9 | | | | 9 | | | | 4 | | | | 1 | | | |

C. Central and Regional Projects

1. Energy Efficiency Project (EEP) - Although Chile has a relatively well developed and essentially privatized power sector, it has not begun to address energy conservation issues. The U.S. based International Institute for Energy Conservation, IIEC, recently established its Latin American office in Santiago and has initiated an energy conservation policy dialogue with government authorities, private utilities, environmental groups and other appropriate entities. The potential favorable environmental impact from improved energy conservation policies are significant and include reduced use of polluting fuels and postponement of large impact infrastructure (i.e., massive hydro-electric dams). The new R&D/EI EEP cooperative agreement can assist Chile's National Energy Commission (CNE) with the policy analyses and technical assistance needed to move ahead with designing and implementing an energy conservation policy and program and would complement directly the A.I.D. and World Bank efforts to strengthen CONAMA's environmental policy and natural resource management leadership role. Involvement of a U.S. entity at this stage of policy development should also enhance the commercial potential for U.S. business, particularly as the Free Trade Agreement generates more interest in Chile. Accordingly, a small buy-in to EEP is proposed in order to assist with the policy dialogue initiated by the IIEC.

2. American Institute for Free Labor Development (AIFLD) - The LAC Regionally financed AIFLD program in Chile has been small, but flexible and fairly effective. With the upcoming Free Trade Agreement for Chile, the level of effort of the AIFLD program in Chile should be reassessed. Specifically, AIFLD has proven its capacity to address workplace issues of environmental safety and workers rights under the AID/Chile-financed pesticide management activity. AIFLD could not only continue this agro-industry based activity, but could be an effective instrument for increasing worker awareness of environmental contamination and pollution problems over a wide range of Chilean industries as well as for bringing about worker-management collaboration in resolving these problems and worker health and rights in general. Such an expanded role for AIFLD in Chile would directly support Strategic Objective Two. Given the need to demonstrate a concentration in the number of on-going activities, it would be inappropriate for AID/Chile to use ITT funds allotted to the field to establish a separately managed activity with AIFLD for this purpose. Consequently, AID/Chile requests that LAC consider increasing the level of effort under its regionally managed grant with AIFLD to finance technical assistance and training on workplace issues of environmental safety and workers rights. Based on the experience of the pesticide management activity, the initial estimate of the level of effort for this purpose would be about \$150,000 - \$200,000 a year over about three years in addition to the amounts projected in the Table in Part IV below for AIFLD's regular program in Chile. If necessary, the amounts shown in the illustrative FY 94/95 budgets

for EAI support could be reduced accordingly to provide a source of financing.

3. Trade and Investment Service (TIS) - PRE's centrally financed TIS program with the IESC can play an important role in furthering the ability of small and medium U.S. businesses to develop mutually beneficial relationships with their Chilean counterparts, taking advantage of the increased interest to be generated by the Free Trade Agreement between the two countries. AID/Chile has received an inquiry from ASEXMA, Chile's private sector Association of Exporters of Manufactured Products, to assist in establishing a linkage with TIS. Until now, ASEXMA has been largely a promoter of non-traditional exports of small and medium manufacturers. ASEXMA believes it has reached the stage of its own institutional growth where it must also become involved in two-way trade as well as in investment services for its member enterprises if it is to grow. Peace Corps has already assigned an experienced volunteer to ASEXMA. All other local cost support for a linkage with TIS (e.g., communications, promotional information, etc.) would be furnished by ASEXMA and its members. No specific financing from AID/Chile is envisaged at this time. However, A.I.D. support for TIS's U.S. costs would have to be authorized by PRE under its central project. AID/Chile recommends that Chile be included under the core of this centrally-financed project in order to help develop a private sector source for facilitating linkages between U.S. and Chilean small and medium business.

4. Contraceptive Support from R&D/POP - Contraceptive support has been provided to Chile for its public health service even before the A.I.D. office reopened in 1988. The value of the commodities have varied from year to year, but usually have involved several hundred thousand dollars annually. Given the stage of Chile's development and its strong fiscal situation, AID/Chile has reached agreement with R&D/POP on a phase-out of such support by 1995. Part of this plan involves the provision of technical assistance for training employees of the Ministry of Health in logistics management of contraceptive procurement and delivery. This plan is proceeding on schedule and no issue remains. However, since the plans for terminating this centrally-funded assistance were completed subsequent to last year's Action Plan, it is appropriate to note herein this planned reduction in program activities.

5. Housing Guarantee Program - As a result of last year's Action Plan review, the Housing Guarantee Program managed by RHUDO/SA is no longer included as an integral part of AID/Chile's strategic objectives portfolio. Nevertheless, it should be noted that the \$40 million HG-010 directly supports Strategic Objectives One and Two. Specifically, \$15 million of these resources is being used to help two of Chile's largest municipalities develop urban revitalization programs with strong private sector elements. Another \$5 million is being used to implement three demonstration

projects of sewage treatment in small local communities, again with municipal and private sector participation. Thus, both the municipal strengthening and the environmental pollution concerns of other elements of AID/Chile's portfolio are being reinforced by this HG.

III. Environment (FAA Sections 118 and 119)

The major environmental challenge in Chile is to put into place a functioning policy, institutional, and regulatory framework for addressing natural resource management and air and water pollution abatement problems without seriously impinging upon the country's high investment and growth rates. As described above, the transitional democratic government that took office in March of 1990 has taken important steps towards meeting this challenge with the definition of an institutional structure, the establishment of technical assistance linkages with international public and private sector institutions, the drafting of an environmental framework law, and the negotiation of an environmental institutions development project with the IBRD. The forestry and biodiversification concerns of FAA Sections 118 and 119 are also being addressed.

A major component of the new World Bank project for strengthening environment institutions will focus on the forestry sector. (Although Chile does not have humid tropical forests, it does have a unique "cold jungle" in its far South.) The World Bank project also has a small projects fund that will provide grants to community organizations to carry out a number of environmental initiatives, including the protection of green areas, native forests, wildlife and endangered species.

In early 1992, as part of the EAI the GOC signed an environmental framework agreement to establish an environmental fund for NGO activities based on the forgiveness of PL 480 debt. In December of 1992, the U.S. Treasury executed a debt forgiveness agreement covering A.I.D. debt. The GOC opted for the alternative that forgave the smallest portion of debt and provided for accelerated payments, thereby maximizing the interest flows into the environmental (and child survival) fund. Approximately \$19 million from the PL 480 and A.I.D. debt interest will accumulate into this fund over 10 years. The environmental fund established under the EAI will become operative in 1993 and similarly will be a resource for community-based initiatives as well as for the scientific community. Moreover, since 1991 the Biodiversity Support Program has funded Chilean research proposals.

During 1992, the Peace Corps program in environment became active. Skilled volunteers were placed in public and private sector environmental institutions and a SPA support program instigated. The forestry sector in particular has been emphasized.

Early results have been positive and additional volunteers are being recruited for environmental positions.

Through these accomplishments, important resources for addressing Chile's priority environmental problems, including resource conservation, are being put into place. The follow-up task for the Action Plan period is largely to move ahead with the programs and processes recently set into motion. Accordingly, it is not proposed that AID/Chile attempt to address with ITT program funds A.I.D.'s special interests in tropical forestry and biodiversification.

IV. RESOURCE REQUIREMENTS

AID/Chile
SUMMARY PROGRAM FUNDING TABLE
(1,000's)

| <u>Funding Category</u> | <u>FY 93</u> | <u>FY 94</u> | <u>FY 95</u> | <u>SO#</u> |
|---|------------------|------------------|------------------|------------|
| <u>LAC Bureau</u> | | | | |
| <u>ITT/ADC Training</u> | <u>1,900</u> | <u>1,900</u> | <u>1,900</u> | |
| Environ. Awareness & Planning (EPM/WRI buy-in) | 350 | 350 | - | Two |
| Transfer of Environ. Technology (EPA PASA) | 100 | 150 | 350 | Two |
| Environ. Pollution Prevention Program (EP3 OYBT+PSC) | 250 | 340 | 410 | Two |
| Energy Efficiency Project (EEP buy-in) | - | 50 | 100 | Two |
| Other EAI Support | 100 | 400 | 400 | Two |
| Decentralization and Local Government Strengthening | - | 250 | 500 | One |
| Peace Corps SPA (OYBT) | 40 | 40 | 60 | NA |
| Program Implementation PSC's | 140 | 70 | 80 | Two |
| Tech/Voc Education (CIDE) | 220 | - | - | NA |
| ADC Training Support (BNC) | 50 | - | - | NA |
| Participant Training | 150 | - | - | NA |
| Housing Fin. (OYBT-RHUDO) | 500 | 250 | - | NA |
| <u>AOJ/DI</u> | <u>2,110</u> | <u>2,370</u> | <u>1,830</u> | |
| Civic Education (PARTICIPA) | 750 | 700 | 250 | One |
| Justice Sector Improv. (CPU) | 500 | 1,000 | 1,000 | One |
| Center for Legis. Studies & Assist. (CEAL-SUNY/OIP) | 800 | 600 | 500 | One |
| Program Implementation PSC | 60 | 70 | 80 | One |
| <u>OTHER LAC:</u> | <u>385</u> | <u>348</u> | <u>221</u> | |
| Local Govt. & Regional Munic. Dev. (RHUDO/SA) | 250 | 220 | 100 | One |
| AIFLD | 135 | 128 | 121 | One |
| <u>Total LAC Bureau</u> | <u>4,395</u> | <u>4,618</u> | <u>3,951</u> | |

AID/Chile does not have the information necessary to make a useful projection of the financial value of other Bureau activities in Chile. The Post's principal concern in this regard is the nature of the involvement and the services being provided. Most of the support of other Bureaus does not involve separately managed activities, but is in the form of services provided under the core portion of cooperative agreements that AID/Chile "buys into" (e.g., EPM/WRI, EP3, EEP). Thus, the Post does not receive financial information on the value of such services. R&D carries out contraceptive supply activities to be phased out in 1995 (see II C above) as well as research and training in natural family planning and in breast feeding. Again, the Post is not involved in the financial administration of these activities and does not have accurate projections. Similarly, the final decisions about the level of support from other centrally financed programs of interest to AID/Chile, such as the University Linkages Program, PSTC's and the PRE/TIS program, is made in AID/W and is outside the Post's ability to project with any useful degree of accuracy.

With respect to operating expense (O/E) funding, AID/Chile has been facing a persistent problem of continued loss of value of the dollar against the Chilean peso, (20 percent over the last three years), resulting in inflated dollar equivalents of local currency costs such as FSN salaries, local travel, rent, communications, etc. In part to help offset this trend, AID/Chile has reorganized the workload assignments among its FSN staff to permit the contracting of one PSC program coordinator for each of its two strategic objectives to assist its grantees to implement their projects. In 1993 an O/E funded program coordinator position will be abolished.

Two other program funded FSN coordinators will also be contracted in 1993 to meet implementation requirements. One will be for a one year only position to assist with implementing the start-up of the environmental fund being established under the debt forgiveness component of the EAI. This PSC will work closely with the NGO community to help assure their understanding of how the fund will work and to facilitate their inputs and involvement in the entire process. The A.I.D. Representative has been named as the U.S. Government representative to the local board of this fund. The other PSC will be for an estimated three year position to serve as the local coordinator for the EP3 program. He/she will be officed in the Chilean-U.S. Chamber of Commerce (AMCHAM), which will serve as the local counterparts for the U.S. cooperative agreement recipient under this buy-in. Local contracting will save overhead charges as well as increase AID/Chile's oversight capacity.

AID/Chile also intends to upgrade the operation of its word processing and computer support system. This will probably require the hiring of an additional O/E funded receptionist/clerk in order to free up the time of more senior support staff to be trained as

a systems operator. An O/E funded technical support contract is also being considered in lieu of the ADP backstop currently being provided by the Embassy under the FAAS. Assistance of the Executive Office in Lima is being used to develop the final plan.

V. MISSION AND AID/W INITIATED ISSUES

A. Towards Regional Consistency in Measuring Achievement of Democratization Objectives

Why bother the DAEC with this issue in the Action Plan review? Because AID/Chile believes and understands from contacts with other Missions that its struggle with Democratic Initiatives strategic objectives and indicators and their measurement and evaluation is typical of most Missions with consolidating and maturing D.I. portfolios. Once again, LAC/DI and the field are grappling with the practical differences between democratic development and A.I.D.'s other more traditional forms of development programming. Thus, AID/Chile suggests that before the RDIO (or other Missions in similar D.I. measurement dilemma), can make definitive decisions on what and how to measure, the LAC Bureau needs to reexamine its position on the subject (possibly in a workshop with heavy field participation), make an updated policy pronouncement, and emit updated guidance. Organized appropriately, this process should not be very lengthy or difficult. It will allow the Bureau to again examine the seriousness of our institutional commitment to democratic development, review how far our ambitions should extend, and to jointly determine the level of accountability for results that missions should be willing to accept in this often arcane area.

Given the now Agency-wide generalized penetration of D.I. activity, a program focus pioneered in this Bureau, LAC leadership is again called for. This seems especially so now, when a new administration naturally is reexamining its inherited foreign assistance commitments. No other entity, public or private, has the nearly ten years of hands-on democratic development field experience resident in A.I.D.'s LAC Bureau. This is a considerable asset that should be focussed on this issue, thus reinforcing LAC ability to speak with authority on Democratic Initiatives, within A.I.D., the rest of the Executive Branch, to the Congress, and to the other international donors.

B. Coordination and Funding Source for Decentralization and Local Government Strengthening Activity

AID/Chile plans to draw on an LAC/DI regionally financed municipal development project being implemented through RHUDO/SA to initiate activities in local government strengthening in FY93. These activities will help formulate and shape an AID/Chile

initiative in Decentralization and Local Government Strengthening to begin in late FY94. The bridge financing provided by the LAC/DI regional project with RHUDO/SA will then be scaled back in FY95/6 as municipal development activities in other countries come on stream. Continuing involvement of Chile in the regional project beyond FY95 could include, for example, the use of Chilean institutions and expertise for training and technical assistance in other southern cone countries. Also, AID/Chile would like to continue to draw on the regional program for on-going assistance with technical support for its proposed Chile-specific activity.

The Regional ITT Project was designed specifically to provide the MDC Missions with a flexible vehicle for financing its activities without having to face the full documentation requirements of a fully staffed Mission. Accordingly, AID/Chile proposes to fund its FY94 Decentralization and Local Government Strengthening activity through the ITT Project, even though some of the activities will be initiated under the LAC/DI funded regional project with RHUDO/SA. AID/Chile would welcome continued LAC/DI backstopping of this activity, which, in fact would be facilitated by the type of continued relationship with RHUDO/SA envisaged above.

C. Regional Resource Role of Chile

The Chile experience continues to be of great interest to policy makers and development institutions within Latin America. During 1991/92 AID/Chile helped to host or otherwise coordinate the visits of over ten delegations financed by other A.I.D. Missions to learn about different aspects of Chile's development model. Several of these delegations included Ministerial level officials. At least two other A.I.D. Missions are developing their own projects that tap into the Chilean institutions being assisted under AID/Chile's Democratic Initiatives portfolio. At the same time, the GOC, through its Agency for International Cooperation, is becoming more active in facilitating access to Chilean expertise by other developing countries. Technical cooperation agreements have been signed with the Central American countries, for example, and Chile plans to offer scholarships for Central Americans who want to study at Chilean universities. As Chile proceeds with successful negotiation and implementation of the Free Trade Agreement, Latin American interest in Chile can only be expected to expand.

The issue, then, is whether AID/Chile should be more proactive and systematic in assisting and focusing the access of the other A.I.D. Missions to the Chilean model in general as well as to recommended sources of expertise. Specifically, AID/Chile requests LAC support and approval to develop a proposal for its own regional project to be funded outside of its current OYB levels. The emphasis of such a program would be to provide short-term practical training and technical assistance on such things as: design and

implementation of market-oriented economic policy and financial sector reforms; the restructuring of social service delivery in the housing, health, and education sectors; user charges and private concessions of public infrastructure; and the promotion of technologies and other know-how required to support export led growth; and collaboration efforts between labor/management/government/universities towards promotion of workers rights outreach. Such a project would implement the regional concerns capacities being developed under AID/Chile's Democratic Initiatives Portfolio. AID/Chile proposes on drawing on the LAC Trade and Investment Project and any other appropriate source for technical assistance in evaluating the possibilities and nature of such a project that could be ready for FY94 financing.

EXCERPTS FROM DRAFT FINAL REPORT
MONITORING AND EVALUATION PLAN
FOR DEMOCRATIC INITIATIVES PROGRAM
USAID/CHILE

1. Background and Introduction

This report summarizes the activities undertaken by the consultant during the period November 2-13, 1992, to assist USAID/Chile to develop a monitoring and evaluation plan for its strategic objective in the area of democratic initiatives (DI). This activity, which grows out of a strategic planning exercise carried out by mission management in March, 1992, was designed to provide a thorough review of the indicators and data collection activities required for documenting program outputs and measuring progress toward achieving the strategic objective.

Additionally, at the request of mission management, the consultant reviewed the human and institutional resources in Chile which could be available to provide technical assistance to DI programs in other countries in the region.

The consultant worked directly with the Regional Democratic Initiatives Coordinator in this endeavor, and reviewed ongoing and planned program activities and data collection efforts with staff of the three principal NGO counterparts: PARTICIPA, CORPORACION DE PROMOCION UNIVERSITARIA (CPU) AND CENTRO DE ESTUDIOS Y ASISTENCIA LEGISLATIVA (CEAL).

2. Review of DI Program Activities

The LAC Bureau has classified Chile as a More Developed Country (MDC). As such, the Mission operates with a limited budget and staff, and program development must take advantage of centrally-funded projects, coordination with other donors, and project level support of local human and organizational resources. In spite of its limited budget and small staff, the USAID/Chile DI program, reflecting carefully developed projects, thoughtful program development, creative networking and productive working relationships with outstanding NGO's, is an admirably well integrated and clearly focused effort.

a) Review of Strategic Objective and Indicators

The strategic objective of the DI program is: **"Responsiveness of key institutions to citizens' needs increased"**. Program activities designed to accomplish the strategic objective are focused on four substantive areas, and are undertaken principally by three national counterpart organizations. The objective tree for this strategic objective is presented below:

Strategic Objective

1. Responsiveness of key institutions to citizens' needs increased.

Program Outputs

- 1.a) Access to justice and judicial function improved.
- 1.b) Congressional analytic capacity and access to consultative services improved.
- 1.c) Participation in electoral and political process improved.
- 1.d) Effectiveness of targeted regional and municipal governments improved.

Measurement of progress toward achieving the strategic objective.

A decision was made at the time of the strategic planning review, pending determination of the availability of appropriate data, to measure citizens' perception(s) of the responsiveness of four targeted government institutions (the legislature, the judiciary, the electoral process, and municipal government) as the indicator(s) of attainment of the strategic objective. Citizens' perceptions of the responsiveness of these institutions would be measured in periodic, representative sample surveys conducted by national counterpart organizations. Based on discussions with the staff of the collaborating NGO's and review of the survey interview schedules, sampling frames and data collection plans, it was concluded that a decision to use public opinion as indicator(s) of progress toward achieving the DI strategic objective in Chile warrants careful review.

There are several considerations. First, we should note that there are four components in the strategic objective, thus, requiring that we employ no less than four indicators.

Second, the SO is stated at a fairly abstract level (e.g., "**responsiveness** of key institutions to citizens **needs...**"). In order to develop valid and reliable measures, the key words in the SO statement must be effectively operationalized. We may find, for example, that the definition of "**responsiveness**" or "**needs**" varies by gender or by class.

The third consideration deals with the availability of survey interview data. The principal program funded public opinion survey effort currently underway and relevant to the topic, and the only one with a national sampling frame, is that conducted by PARTICIPA, in collaboration with Centro de Estudios de la Realidad Contemporánea (CERC), Facultad Latinoamericana de Ciencias Sociales (FLACSO), and Centro de Estudios Públicos (CEP)/Adimark Investigaciones de Mercado y Opinión Pública. Four annual surveys are planned. The first survey was conducted in November-December, 1991 and interviewing for the second will begin in early November, 1992. This survey was designed with several goals in mind: To provide data for PARTICIPA which will be useful for program planning and evaluation; to learn more regarding public opinion about the status, efficiency, importance, symbols and values related to democracy in Chile; to characterize the current status and perceived constraints to the development of Chilean democracy; and to track the evolution of these perceptions and opinions across the period 1991-1994.

A second public opinion survey, conducted by CPU in collaboration with Departamento de Sociología de la Universidad Católica (ESUC) focuses on low income families in three urban centers. It deals exclusively with the justice sector and is designed principally to provide information for program planning. Data collection is currently underway and survey results will be available in January, 1993. At present there are no plans to repeat this survey in subsequent years.

CEAL, the third collaborating NGO, is conducting some small diagnostic studies in support of program development efforts and has no plans to conduct survey research relevant to the DI program strategic objective.

It is important to note that while these surveys will provide valuable information, much of which will be useful to the DI program, they cannot, as presently designed, provide sufficient data for unambiguous measures of progress toward achievement of the DI strategic objective. The purpose for which the PARTICIPA survey was designed was to provide information for program planning and for evaluating program impact. As a result there are too few questions directly relevant to the DI strategic objective. What will be required to obtain valid and reliable measures of public opinion(s) of the "**responsiveness of key institutions to citizen's**

needs..." is a set of survey interview questions, carefully pretested, and designed specifically to focus on those aspects of program-targeted government institutions which formative research has identified as functionally relevant. If a decision is made to develop such a set of questions, it could be accomplished in time for inclusion in the third annual PARTICIPA survey, in November, 1993. The cost of developing the additional questions would be relatively modest, and would not require more than about 10 minutes of additional interview time. It is important to note, however, that if the decision is taken to develop these questions for inclusion in the third annual PARTICIPA survey (or in some other survey vehicle), this becomes the **baseline data**. Accordingly, for these data to be useful as **baseline measures**, additional surveys will be necessary in subsequent years.

There are alternative approaches for modifying/strengthening the indicators for the strategic objective which warrant review. The first, and least radical, is to redefine, or expand the definition of "**responsiveness**", for example, in terms of effectiveness (which would include efficiency). Thus, by way of an example in the justice sector, an indicator of "**responsiveness**" could be the institutional capacity, demonstrated operationally, to respond efficiently and fairly using indicators such as adequate pretrial investigation, access to council, case load, case management and tracking, a modern system of judicial statistics and records, etc. This approach would argue that indicators of institutional "behavior" are valid and reliable measures of "**responsiveness**", and that improvement in these measures reflects improvement in institutional responsiveness to citizens' "**needs**". This would require identification of indicators of the strategic objective in each of the four program areas that are logically and operationally above the program outputs in the objective tree. Ideally, measures of institutional responsiveness would be combined with the collection of public opinion data to develop a set of indicators -- based on both demonstration of increased institutional effectiveness as well as public perception of increased responsiveness of these institutions -- to provide a combined set of indicators for the objectives of the DI program. (A preliminary set of suggested indicators appears in the Program Information Matrix Table on Page 5.) An added advantage to this approach is that it addresses the potential problem of having a successful DI program and not being able to demonstrate changes in public opinion within a 5 to 7 year time frame. (Public opinion in Chile seems to be especially labile at present. A scandal or other high profile event, such as the current telephone espionage case involving nationally prominent political figures, could produce serious short-term distortions in measures of public opinion.)

A third option should be mentioned. This is to modify the strategic objective by moving down the causal (objective) tree, and identifying a strategic objective at a somewhat lower level. If this approach is selected, it requires that (effectively) the current program outputs become strategic objectives. Although logically defensible this is less attractive. The result would be a program with pedestrian aspirations, uncommitted to a larger development goal. A decision to expand the indicators for the strategic objective, to include measures of institutional responsiveness, would result in a program information matrix such as that below. Each of the four program areas would have at least one additional indicator of program impact.

**CHILE
MDC ANNUAL PORTFOLIO REPORT
CY 1992**

STRATEGIC OBJECTIVE ONE

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CHILE JUSTICE SYSTEM IMPROVEMENT**A. Activity Data:**

No. : 598-0642-A-00-1064-00
 Source: LAC/DI - ESF
 Amount: \$ 3,500,000
 Date obligated: September 29, 1991
 Estimated Completion: September 30, 1995
 Implementing Agency: Corporación de Promoción Universitaria (CPU), (Chilean NGO), and direct AID/Chile grants (Chilean Commission on Human Rights; Chilean Political Science Association).

B. Purpose: The four year Chile Justice System Improvement Project (CJSIP) focuses on three priority areas of justice system reform: a) training of judges and court personnel; b) modernization of court administration and management; and c) legal assistance for the disadvantaged.

C. Status: In CY 1992, its first full year, the CPU program gained a central support role in the GOC's continuing struggle to gain Congressional enactment of a series of fundamental reforms. Project experts were requested by the Minister of Justice to redraft the pending legislation on establishment of a judicial school, and had a strong input into other GOC legislative drafts. The project continued to provide the lion's share of in-service training for judges and court personnel through its tie with the national judges association. The \$3.0 million CPU project is also promoting reform of the archaic criminal procedure system, through the introduction of oral and public proceedings, plea bargaining, and alternative dispute resolution. AID/Chile gave two small additional grants in FY92, one to study decentralization of prison administration, and the second to review legal, regulatory, and judicial impediments to a U.S.-Chile Free Trade Agreement.

Pending the establishment of the National Judicial School, the CPU project continues to provide the only substantial organized training for judges and court personnel in cooperation with the Asociación Nacional de Magistrados. A recent CPU sponsored seminar on judicial training needs and other research under the project are expected to form the basis of the school, which it is still hoped can begin to function in 1993. In 1992, the project trained 232 judges and 165 court employees.

In the legal assistance component, CPU has completed the field work on the first national survey of legal aid needs and resources. A separate study and inventory of groups providing legal assistance to women was also done, and a two day seminar on the results produced recommendations for the project's anticipated training and networking effort to strengthen these entities. Legal information

and education pamphlets geared to the needs of the poor, covering rights, duties, competent agencies, and sources of help are being produced under project contracts by a variety of legal assistance groups.

The court administration component is supporting a management study of the Court of Appeals of Santiago, Chile's largest court, with 57 judges. As the entry of any outsiders to the judiciary is still seen with suspicion by many judges, the agreement to allow this functional study by an external management consulting firm was a major project breakthrough. The strong support of the court president, a board member of the CPU project, was the key.

The CPU project operation was improved by the selection of a permanent project director, and the court administration component was strengthened with the designation of a public administrator and an ex-judge as co-directors. The project board, made up of eminent law professors, appeals judges and the project component directors with the A.I.D. Regional Democratic Initiatives Officer as a non-voting member, met every two weeks during CY 1992 to review progress.

Finally, the assumption of a new president has brought a renewal of interest in outside assistance by the Supreme Court, allowing CPU to begin to advance again in some areas that had been on hold. However, this positive development was confused at year's end with the tragic death of the director of the judiciary's state of the art computerized information system. The loss of the person who had designed, promoted and presided over implementation for twelve years, dealt at least a temporary blow to prospects for orderly progress in the progressive extension of the system nationally. Nevertheless, after one year of full operation this project is having a recognized impact on current and prospective legal reform efforts, for which the GOC has expressed its appreciation.

CENTER FOR LEGISLATIVE STUDIES AND ASSISTANCE (CENTRO DE ESTUDIOS Y ASISTENCIA LEGISLATIVA)

A. Activity Data:

No. : 598-0777-3-9655940
 Source: LAC/DI - PSEE
 Amount: \$3,800,000
 Date Obligated: June 5, 1989 (initial)
 Estimated Completion: September 30, 1995 (pending amendment)
 Implementing Agency: State University of New York, Office of International Programs (SUNY/OIP), and Catholic University of Valparaíso (UCV) through its Centro de Estudios y Asistencia Legislativa (CEAL)

B. Purpose: The CEAL project continues to seek to contribute to democratic consolidation through the development of a strong, efficient legislative branch. The SUNY/CEAL program has been working to establish and consolidate a non-partisan, university-based center providing training, research, and consulting services to Chile's Congress, restored and headquartered in Valparaíso since March, 1990.

C. Status: The past year, CEAL's third year of full operation, produced real consolidation on several levels. The Center has ready access in the Congress, its consultative services are in constant demand by members and committees, and it has progressively become known beyond Chile as a center of specialized focus on the legislative function. The latter phenomenon has led to CEAL consultancies to the Paraguayan Congress and a grant from AID/Paraguay to continue diagnostic and training services there, and a consultant and technical assistance role in the new USAID/Bolivia-SUNY/OIP legislative assistance project. Most recently, USAID/Peru has sought CEAL help for the new Peruvian Constituent Congress.

Within the UCV, CEAL has achieved a place as an integral part of the UCV university community, with an active and supportive board, headed by the UCV Rector. The board is engaged on the issue of CEAL's institutional permanence.

CEAL also made progress on its regional and municipal government focus area, one of AID/Chile's main support areas in the project's 1993-1995 extension.

A mid-term evaluation of the project was conducted in May, 1992 by a team led by the director of the U.S. Congressional Sun Belt Caucus, the former deputy director of the Fulbright Commission in Argentina, and a Spanish speaking budget and fiscal specialist provided by the National Conference of State Legislatures. The

evaluation found that the project had overcome earlier functional problems, was providing services of recognized importance to the Congress, and that A.I.D. should have no hesitation in funding the proposed extension. The evaluators also made recommendations on further improvement in CEAL management which are being studied by CEAL, SUNY/OIP, and AID/Chile.

The evaluation concluded: "A.I.D.'s significant investment in this project has obtained excellent results and has built the basis for a strong and viable alternative to the partisan efforts also underway", referring to several political party affiliated research entities. In a recent press interview, the President of the Chamber of Deputies said that the Congress valued the CEAL legislative reports precisely for their technical and non-political analyses. They also asserted that: "The SUNY/CEAL project can be a model for new and developing legislatures all over the world. Its expertise should be marketed both in Chile and abroad."

CEAL's expansion of consultative services beyond Chile is being pursued on a case-by-case basis, so as not to detract from its principal mission with the Chilean Congress. Nevertheless, in consultation with LAC/DI, AID/Chile and the Regional Democratic Initiatives Officer have determined to continue to seek opportunities for CEAL elsewhere in the region as part of our effort to help Chilean NGO's and universities realize their considerable potential as international resource centers for the development of democratic institutions.

CIVIC EDUCATION**A. Activity Data:**

No. : 513-0796-A-00-1025-00
 Source: LAC/DI - PSEE/EHR
 Amount: \$2,300,000 (current)
 \$3,100,000 (under proposed amendment)
 Date Obligated: April 11, 1991 (initial)
 Estimated Completion: August 11, 1995 (current)
 March 31, 1996 (proposed)
 Implementing Agency: Corporación PARTICIPA - an NGO

B. Purpose: To support efforts to a long-term expansion and consolidation of citizen participation in the political and electoral processes, through a non-partisan organization capable of directly mobilizing and managing human and financial resources.

C. Status: PARTICIPA will complete its second full year of operation under the A.I.D. cooperative agreement in April, 1993, with an outstanding record of accomplishments. Its constant round of civic and electoral activity has produced a high public recognition and significant television, radio and print media coverage.

PARTICIPA recently conducted its second annual survey on attitudes and perceptions about the performance of Chilean democracy. This remains the only such national sample survey carried out under non-partisan auspices. The annual updates will essentially provide a four year cross-section of the fluctuations of the views of a statistically reliable national sample of Chileans on how their democracy is responding to their needs. Because of the non-partisan nature of PARTICIPA, a politically balanced team of researchers from three survey organizations, with one representative each from the center, the left, and the right, has been established to insure actual and perceived objectivity and neutrality of the survey design and the content and mix of questions. This has enhanced the credibility of both PARTICIPA and the exercise.

A strong focus on women's participation in politics and community organizations was advanced through several workshops on leadership for women, through a publication, "Feminine Identity in Situations of Power and Conflict". In addition PARTICIPA strives for balanced participation by gender in all of its activities and maintains gender desegregated data on attendance.

Another principal effort is aimed at youth. In the voter registration effort for the municipal elections, the principal target group was the 140,000 newly eligible youth who had attained voting age since the 1989 elections. The goal of registration of 70% of these was met.

PARTICIPA turned a larger part of its time in its work with community and neighborhood groups to the issue of citizen participation in the decisions of the new municipal governments. Their efforts will now center on the development of the functions of the municipal Economic and Social Councils established under the new legislation. AID/Chile expects to support this thrust under a separate grant via the LAC/DI-RHUDO/SA project.

1992 was also a difficult year of organizational reorientation, as PARTICIPA confronted a series of decisions on institutional development, that led to a major reorganization, decentralization and central staff reduction.

AID/Chile is committed to the long term survival of PARTICIPA, whose staff and board of directors have produced and begun to implement an appropriate institutional development strategy and plan. If A.I.D. can assure PARTICIPA's long-term viability, a lasting impact on the consolidation of democratic life and custom in Chile and beyond will have been made.

ENVIRONMENT AWARENESS AND PLANNING**A. Activity Data**

No. : 598-0616-513-03-02
 Source : ITT:PSEE/ARDN
 Amount : \$1,650,000
 Date Obligated: August 21, 1989
 Estimated Completion: June 30, 1995
 Implementing Agency: World Resources Institute

B. Purpose: Support and strengthen mainly the capacity of the GOC National Commission for the Environment (CONAMA) and Chilean organizations through the following objectives: (1) support the development of public policy and institutional initiatives for improving environmental quality and the management of natural resources; (2) foster research and analysis of environmental and natural resource management issues; and (3) support activities in environmental education, training and public awareness.

C. Status: Since its start up in 1989, the ENR program has been implemented through five buy-ins to the EPM project. The first three buy-ins, for a total of \$300,000 support an outstanding triennial conference on environment and the implementation of the ENR strategy, respectively. A fourth buy-in for \$300,000 was developed for FY91, which furthered the objectives of the strategy. The FY92 buy-in for \$350,000 was only processed by AID/W on September 29, 1992 through an amendment to the Cooperative Agreement with CIDE/WRI under the Environmental Planning and Management (EPM). This delay has originated problems to provide financial support timely for the CONAMA projects implementation. Two additional buy-ins are planned in FY93 and 94 to continue the WRI presence in Chile. A summary of progress since the inception of the program through CY92 follows below. The objectives in FY93/94 will be modified as appropriate to reflect the new program objectives regarding the strengthening of CONAMA's outreach capacity.

ENR OBJECTIVE 1 - Support the development of public policy and institutional initiatives for improving environmental quality and the natural resource management.

1. Preparation of Funding Proposals to the World Bank by the Transition Team Environmental Committee (Completed).

The proposals prepared by the committee produced a commitment from the World Bank for a multimillion dollar program to help CONAMA strengthen ENR policy and institutional development in the country. This program was recently signed by the GOC on December 15 for a total of \$33 million. The World Bank will provide \$11.5 million and the GOC \$21.5 million. The first disbursement is expected before mid-1993.

2. Public Sector Workshops on the Environmental/Regional Seminars (Completed)

The regional seminars carried out drew local public agency officials and NGOs together to identify and analyze critical environmental problems and established linkages among regional actions. CONAMA reached out to its regional counterparts, increased their awareness, built consensus about regional environmental priorities, clarified its role, and laid the foundation for gathering regional information. An estimated 420 professionals were involved in these exercises.

3. Publication and Dissemination of Regional Environmental Problems Report.

The publication of this report synthesizes and up dates the information gathered in the past two years into an environmental vision. Publication and broad dissemination of the report will contribute significantly to increase public awareness of environmental issues and trends. The report is to be edited and published by February, 1993.

4. Seminar on Training for Environmental Quality Control (Completed)

The workshop offered participants a sound starting point for understanding past efforts and future options. It initiated a relationship between A.I.D. and EPA to provide technical assistance to the GOC on environmental quality control, planning and pollution management issues.

5. State of the Environment Report

This report describes environmental conditions and trends, and policy directions that will contribute to support the national environmental system designed by CONAMA. The report, prepared by experts from the public sector and from the University of Chile, is aimed at the development of future ENR policies. It includes information such as: a) description of the environmental problems caused by the use of natural resources in Chile; b) legislative and institutional structure and issues; c) identification of air, water and pollution issues, etc. This document, which is the first of its kind, and is expected to become a regular CONAMA publication is currently being edited. Its publication is scheduled for April, 1993.

ENR OBJECTIVE 2 - Foster research and analysis of environmental and natural resources management issues.

1. Preparation and Publication of Environmental Atlas (Completed)

This well-designed Atlas provides information, through descriptive analyses and maps, about the major types of environmental problems occurring in the thirteen regions of the country and ranks them according to their intensity. Approximately 1500 copies were distributed. Coordinated and directed by a team of specialists from the Catholic University, the report is based on research and a cycle of regional debates with regional experts, employing a Delphic method to analyze and develop consensus about the nature and importance of the problems identified in the Atlas. This publication was the starting point for a series of regional training seminars CONAMA conducted throughout 1990 and 1991. The Atlas was the first step towards launching the current study to produce the first Chilean National State of the Environment Report.

2. CIEPLAN Natural Resources Economics Research and Conference. (Completed)

This activity introduced the new methodologies of environmental economics into Chilean economic research and policy analysis. A conference brought prestigious Chilean economists and foreign experts together to deal with these important themes for the first time in Chile. The results were published in a book entitled "Desarrollo y Medio Ambiente" as part of CIEPLAN's regular series. This initiative helped leverage funds from the Ford Foundation and from other donors to support CIEPLAN, a prestigious Chilean think-tank.

3. Design of Environmental Quality Indicators in Chile

The first stage of this project, Design of Environmental Quality Indicators in Chile, was completed in June, 1991. This work, coordinated between the Institute of Urban Studies of the Catholic University and CONAMA, will contribute to the identification of institutional capabilities in information management, data sources, and those important environmental problems for which no data information exists. The general objective of this stage (Phase II) was to apply and validate the design and the results of the first phase in different and relevant economic activities in three geographical areas of the country. The economic activities selected were: a) fishing sector in Region I; b) mining sector in Region II; c) urban sector in Region V; and d) silviculture sector in the X Region. The final report will be published by April, 1993.

4. The Case for Biological Diversity in Chile Study

An advisory group composed by experts from the public sector and from the private and academic communities participated in this project lead by a CONAMA advisor. CONAMA prepared this framework in order to identify criteria for justifying the preparation of biodiversity studies and identification of specific biodiversity conservation projects. One of the basic criteria for launching this study was the need for articulating the case for biological diversity in a non-tropical country such as Chile. The completed study included the preparation of a publication, which for the first time states the Chilean case and underscores the importance of Chile's biological resources to the world community. The study will be edited and published by January, 1993.

5. Soil Degradation Study

The first part of this study was slow as a result of the compilation and analysis of the existent information on land degradation into a computer data base. This project involved the preparation of a preliminary inventory related to the different phenomena affecting soil degradation in Chile such as erosion, desertification, salination, sand dune, etc. The execution of the study led by an expert from the University of Chile and other professionals, strengthens links between CONAMA, natural resource agencies, and the Ministry of Agriculture. This study will be published in April, 1993.

6. Environmental Impact Assessment Methodologies Manual

The basic objective of this project was the preparation of a manual on guidelines for applying impact assessment methodologies to investment projects. The manual includes examples of direct and indirect environmental impacts, methodologies, analytical techniques, norms, standards and regulations currently applied in the U.S. and other countries. This information is basically addressed to sectors such as: a) fishing industry; b) hydroelectric power generation; c) mining activities and smelting; d) urban development, etc. The project execution was linked to a broad training and institutional development component of the multimillion dollar World Bank loan to the Chilean government to be implemented by CONAMA. The manual will be broadly disseminated and will contribute to guide and incorporate environmental criteria into the development of the project's decision making process and will be available to the government agencies and to the general public. The manual is currently in the final revision stage and will be published by March, 1993.

7. MINVU/EIA System Design.

This project has been designed to create the necessary conditions within the Ministry of Housing (MINVU), to incorporate the environmental dimensions into the management of development projects and policies and to introduce operative criteria and procedures for coordinating the related activities with environmental impact assessments. WRI has been providing technical assistance directed at the design and development of an EIA system at the Ministry, in collaboration with the MINVU's recently created environmental unit. The creation of this unit is directly related with the national initiatives of implementing a national system of EIA for investment projects and public management.

ENR OBJECTIVE 3 - Support Activities in Environmental Education, Training and Public Awareness

1. CIPMA's Third Conference on Science, Technology and Environment (Completed)

The Conference drew together high-level Chilean environmentalists, scientists, representatives of the private sector, NGO's, and government officials to discuss environmental science, technology, and public policy. The Conference contributed to increase public awareness of environmental issues. The two leading presidential candidates chose it as the place where they met face to face for the first time to publicly discuss their views on the importance of the environment for the development of the country. The success of the Conference also strengthened CIPMA's role as a leading environmental NGO.

2. CIPMA's Fourth National Conference on Environmental Management and Development (Completed)

This Conference turned out to be a key input to shaping environmental policy in Chile. The Conference drew together high-level Chilean public and private sector decision-makers, including the participation of the President of the Chilean Senate. Also present were environmentalists, scientists, university community, and NGOs. The central theme of the Conference was "Environmental Management in Chile" and it was premised on the recognition that the key actors and interests concerned with environment, have identified most of the critical problems facing the country and that there exists a general consensus about the mechanisms to solve those problems. Other important issues discussed were the Enterprise for the Americas Initiative and Free Trade and the Environment. The final report was the product of discussions among 500 conference participants. The report makes recommendations in ten thematic areas: soil conservation; native

forests; river basins; coastal zones; lakes and marshes; regions; localities; enterprises; information; and national policies.

3. CIPMA's Regional Environmental Information Network, (REDMA)
(Completed)

The first institution building phase of this project covered a three year period 1990-1992, of which A.I.D. provided funds for the first two years. CIPMA has created an environmental information database and clearinghouse linked through a computer network to regional universities, government institutions, and major NGOs. Through the establishment of an institutional modem at the Chilean Library of Congress, this GOC entity publishes, in conjunction with CIPMA, the monthly newsletter "Alerta Ambiental", for the members of Congress. Based on the pilot experience, computer linkages among selected regional universities by mid-1993.

4. Preparation and Dissemination of Public Outreach Materials

A multidisciplinary team composed of graphic designers, journalists, and experts in public media have been working in the preparation, publication, and dissemination of environmental education and outreach materials focused on raising public awareness and participation. As a result, the public will be better informed with respect to the environmental problems and CONAMA's role and activities through a governmental entity. The materials are being revised and expected to be published by February, 1993.

5. Media Representative/Journalists Workshops

Through this project a series of workshops will be carried out for media representatives (journalists, editors, owners) in order to review past media performance towards environmental issues, raise awareness and re-focus the role of the media in public opinion, education and participation with respect to environmental issues. The incorporation of environmental themes in government agenda has resulted in increased attention to these subjects by the news media and within the Chilean political process. The first workshop is scheduled for March, 1993.

6. EIA Training for Government Officials

Government officials will participate in a series of training workshops in EIA techniques, methods and procedures. CONAMA considers this training as an essential tool to incorporate the environmental criteria into the investment project decision making process. These workshops seek to attain two principal objectives: a) contribute to the start-up of a National Environmental System

and improve the institutional coordinating mechanisms for establishing an environmental assessment process in Chile; and b) contribute to sensitize the nation about the significance, scope/range, procedures, and advantages/profits of establishing an environmental assessment process in the country. This project will be coordinated and linked with the World Bank, IDB, EPA, and USAID's HG-10 project activities in the urban sector. These workshops will start by March, 1993.

TRANSFER OF ENVIRONMENTAL TECHNOLOGY**A. Activity Data:**

No. : 598-0616-513-03-02
 Amount: \$49,980 FY 91
 Source: ITT-PSEE
 Date Obligated: August 12, 1991
 Estimated Completion: June 30, 1992
 Implementing Agency: U.S. Environmental Protection Agency, EPA

B. Purpose: Provide short-technical assistance to the GOC's National Commission on Environment (CONAMA), for the design and implementation of national environmental policies regulations, and technical management of environmental problems. This assistance is based upon the experience of the U.S. Environmental Protection Agency (EPA), other U.S. Government agencies, and similar activities in other countries, to be adapted to, or serve as models for application in Chile. AID/Chile funds cover only the travel and per diem costs of U.S. advisors coming to Chile and local experts to the U.S. The involvement of EPA advisors in the priority concerns of CONAMA serves to increase CONAMA's support and credibility within the GOC.

C. Status: The Participating Agency Service Agreement (PASA) was signed by EPA in August, 1991, although the PIO/T was forwarded in February, 1991. The first technical support services begun only in April, 1992 with the visit of three U.S. staff members, headed by EPA's Latin American Program Manager. The EPA Manager discussed and defined with CONAMA executives the EPA's role under this PASA and the research and training activities to be performed in 1992.

A total of six U.S. advisors, including the EPA Program Manager, provided technical assistance to CONAMA and related Chilean agencies in the following areas: 1) analysis of the studies and experiences of environmental impact in the U.S. and other countries, and development of criteria for EIA in investment projects; 2) presentations to GOC officials, universities and regional authorities on the National Environmental Protection Act (NEPA); 3) review of the terms of reference of the solid waste program in Chile, the type of technical assistance required and management of domestic and industrial solid waste and sanitary landfills; 4) environmental impact of the Chilean paper and cellulose industries and discharges of industrial waste, system of monitoring, development of policies and regulations for the treatment of industrial discharges and waste water; 5) design and development of an information system to collect and maintain data on environmental monitoring; and 6) environmental impact assessment procedures in the U.S. The performances of the EPA advisors were professional and they demonstrated experience in key technical aspects such as EIA. Accordingly, the purpose of increasing the

CONAMA's recognition among Chilean entities as a capable authority on environmental issues was directly supported.

The purpose of the EPA technical assistance to GOC CONAMA was only partially met since the PASA inadvertently was allowed to expire and almost \$30,000 of unused funds were deobligated. This lack of resources prevented the visit of four U.S. advisors to Chile and two Chileans to the U.S. that had been planned in late CY 1992. EPA is pursuing with AID/W the reobligation of the funds. A second PASA is being developed for FY93/94/95.

PESTICIDE MANAGEMENT**A. Activity Data**

No. : 598-0616-513-03-04
 Source: ITT:ARDN
 Amount: \$120,000
 Date Obligated: December 14, 1990
 Estimated Completion: April 30, 1993
 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 grant is implemented in coordination with the Confederación Nacional Campesina (CNC). The purpose is to reduce the incidence of health problems associated with pesticide application among the farmers in the fresh fruit industry. The target is to provide training to a minimum of 5,000 workers of the 17,000 affiliated with the National Campesino Confederation (CNC).

C. Status: The agreement was signed in September, 1990. The program started in 1991 with the selection of ten field educators who will work for the length of the project. These educators were initially trained by the Chilean Safety Association (ACHS), a non-profit industrial safety and worker rehabilitation organization funded by the private sector.

Up to October this year, 45 percent of the participants were non-CNC, of which 40 percent were from local agricultural and rural schools students and 5 percent from local social organizations. This 45 percent, compared with 1991 represents an increase of 50 percent, mainly due to the local agreements the CNC entered into to provide basic education on pesticides to the Ministry of Education schools, centers of the Institute of Rural Education, and rural cooperatives and other social entities. The remaining, 55 percent have been CNC members.

A total of 10,919 people have attended pesticide management training courses given by the CNC. The field educators have averaged 3.4 sessions per month with an average participant rate of 20 students per session. In addition to the training manuals published by ACHS on pesticide management, new materials were developed by the CNC. These include rotafolios and slide shows developed by the project coordinators for use by the 10 educators. During this second year, educational videos were put into use in the field sessions. Obtaining feedback information from the field educators regarding the performance of the training courses is still a problem despite AIFLD's efforts in developing an appropriate evaluation tool. Another aspect in which there was not

adequate progress in the first months of 1992, was weak information gathered by the CNC on health effects of chemical agents commonly used in Chile. Late in the year, a new questionnaire was developed and distributed to one hundred farm workers and its results are currently being tabulated.

Dr. Marion Moses, head of the Pesticide Education Center of California, visited the program in September, 1992 to carry out a technical evaluation and to upgrade the training of the monitors. Dr. Moses held sessions with the monitors and CNC leadership in which she focused their attention on the problem of using toxic pesticides and what farm workers can do to ameliorate some of the potential risks and dangers. She made field visits and held meetings with health and education officials, farm workers and agriculture students, who expressed great interest on the subject. She provided two excellent videos on pesticide dangers along with detailed training manuals.

The key conclusions from her trip can be summarized as follows: 1) an effective pesticide safety and health program for farm workers must be based on thorough and specific information and must avoid common misinformation which is as prevalent in Chile as elsewhere; 2) priority attention must be paid to those most at risk - the mixers, loaders and appliers of pesticides; 3) one of the best ways to protect workers is to cut down the use of the most toxic pesticides; 4) the CNC needs more information and technical assistance from health experts with specific knowledge about pesticides; 5) the Chilean laws on pesticide safety and health are much too general and vague; and 6) the new questionnaire survey initially distributed to 100 farm workers is a useful tool to get more specific information on health effects of chemical agents.

Dr. Moses' in-site review confirmed that the Chilean agricultural sector still faces serious deficiencies in the handling of toxic agricultural chemicals with respect to worker safety and that substantial improvements can be made through training. AID/Chile is recommending that the regional AIFLD grant be expanded to incorporate a worker environmental safety program.

MICRO ENTERPRISE PROMOTION**A. Activity Data:**

No. : 598-0616-513-07-01
 Source: ITT-PSEE
 Amount: \$370,000 LOP
 Date Obligated: September 28, 1988
 Completion Date: September 30, 1992
 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 was targeted to benefit 3,400 micro-enterprises in four years. The A.I.D. grant was to help cover start up operational, training, evaluation and audit costs until earnings from loan portfolio are sufficient to cover this costs. No grant funds were allowed for credit.

C. Status: As of September 30, 1992, after about four years of lending operations, PROPESA has some 4,842 beneficiaries. The total number of loans accumulated in three years is almost 14,000 worth over \$5 million; thus, the average size loan is about \$357 at current exchange rates. PROPESA initiated its operations committed to working exclusively with individual borrowers. In an effort to reach a greater number of smaller size clients more effectively during 1990-1992, PROPESA applied a "solidarity" group lending approach encouraging that potential borrowers 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, 77 percent of loans are in solidarity group category. Approximately half of the solidarity group member are women, compared to 25 percent of the individual loan portfolio.

The delinquency rate is also more favorable with the solidarity group approach, with greater than 30 days delinquency running at about 1.1 percent for the group loans compared to 11.3 percent of delinquency of the individual loans. As of September 30, 1992 over 72 loans are in a legal recovery process. The overall level of delinquency, however, is not alarming compared to Accion International's experience in Latin America and is very manageable.

In February 1991 a branch of PROPESA was opened in Melipilla, a farming town outside of the greater Metropolitan area of Santiago. This branch is supported very actively by a group of local businessmen. As of September 30, 1992 they have donated over

\$60,000 for operations and a rotating fund for loans. Of 345 clients, 140 are women (41 percent). The local Chamber of Commerce participates in the credit committee.

In March 1992 the IDB loan negotiated in 1991 became effective. This is a \$500,000 soft loan and a \$130,000 technical assistance grant. From this amount, \$484,000 have been used as loans and \$70,000 for equipment and technical assistance. This is a significant addition to other institutional grants previously received.

The IDB loan and contributions from the Chilean Business community and other donors, total \$2.3 million in cash and in-kind contributions. This amount is almost 50 percent higher than the budgeted counterpart contribution. In addition, ACCION has used \$500,000 of its AID/PRE guaranty to obtain loans to PROPESA from local banks.

To date, PROPESA has assisted 4,842 microenterprises exceeding the 3,400 target for the first three years of the program, with about 3,000 jobs created and 13,000 jobs improved. In September, 1992 PROPESA had a fully trained staff administering over \$835,000 in active loans to eligible small and micro-businesses. The targeted amount was of \$1 million.

A.I.D.'s share of local operating costs was concentrated principally in the first two years of the program, as scheduled. With this support, PROPESA could seek and obtain local and international donations and loans for its rotating fund for credit. Interest income from lending is now sufficient to cover all of PROPESA's local operating costs, including its interest expense and reserves for bad loans. Thus, the basic purpose of the grant has been achieved.

An impact evaluation of PROPESA's activities was conducted by an external consultant and a Project Evaluation Summary has been prepared and forwarded to CDIE. The main finding from the evaluation is that value added for PROPESA's clients increased substantially during their participation in the program (from \$621 to \$903 on average). For employment, the effects of PROPESA's program were also positive as all the key indicators had increased significantly by the end of the third year of participation: the number of workers employed increased from 1.5 to 1.9 on average.

Another indicator of the impact of PROPESA's program is that participating microentrepreneurs increased the proportion of their incomes that they invested in their microenterprises (39 percent in 1988 to 41 percent in 1991) and decreased the proportion that they took out as dividends for consumption or investment in other activities (39 percent in 1988 to 27 percent in 1991).

PRCPESA has confronted serious loan delinquency problems and, through the design and implementation of effective loan recovery techniques, has overcome these problems and emerged as a stronger institution. Nevertheless, PROPEA has not yet been able to demonstrate that it can cover its operating expenses with operating revenues and thus continues to depend on donor funding, thereby implying the viability of PROPEA and the sustainability of its programs has not been insured. As a result of this study, PROPEA is planning to expand its operations in Santiago as well as in cities outside of the metropolitan region. A substantial increase in loans through PROPEA's expansion to other regions, is expected to give the necessary sustainability to the institution. A Pre-Award Survey requested by A.I.D., was conducted before the end of the project, in order to establish PROPEA's capabilities and necessity to expand its operations through a new A.I.D. grant. However, A.I.D. funds requested for the expansion project were not approved in Action Plan 93-94.

The comparison of PROPEA's benefits - the value of the positive impact of its programs on its clients - with PROPEA's costs - the operating losses that it has sustained since the initiation of its operations - yields an extremely favorable result with a rate of return of more than 200 percent.

MICRO-ENTERPRISE - WOMEN'S WORLD BANK**A. Activity Data:**

No. : The Futures Group Subcontract No. W-90-00-4
 Source: ITT-PSEE
 Amount: \$100,000 AID/Chile
 \$200,000 GENESYS
 Date Obligated: August 27, 1990
 Completion Date: October 30, 1992
 Implementing Agency: Women's World Banking Affiliate, FINAM
 (Finanzas Internacionales y Nacionales
 para la Mujer).

B. Purpose: To enhance FINAM's capacity to design and carry out credit activities that address the specific income generation needs of low income women and to mobilize local and external resources to support such activities. The assistance takes the form of technical assistance and training. There are two basic components that are treated simultaneously. One is the assistance to and development of FINAM infrastructure. The other is direct assistance to the women's income generation program via a rotating credit fund.

C. Status: The activity was completed in October 30, 1992. By December 1991, all funds provided by A.I.D. for the revolving credit program (\$44,000) have been lent to women microentrepreneurs. FINAM has used operational and infrastructure support funds (\$56,000) to improve office equipment (telephones, computers, furniture, etc.) and support staff operations. A closeout procedure was conducted by A.I.D./Chile.

Four audits on internal procedures and systems were carried out by Price Waterhouse, centrally financed through the GENESYS subcontract. FINAM could implement most of the recommendations made by the auditors to improve its accounting system, both for general operations and credit disbursement. Also, a financial management assessment was conducted by AID/Chile in late 1991 and early 1992 and both FINAM and A.I.D. agreed that a general management information system is needed.

As of October 30, 1992, after about two years of lending operations, FINAM's current portfolio contains 500 loans, valued at almost \$150,000. A total of 900 loans have been extended. The loan average is \$400. The delinquency rate of more than 30 days is less than 2%. FINAM also used funds for credit from a \$500,000 soft loan from IDB complemented by a \$115,000 technical assistance and operational costs grant. Also, FINAM received a grant from the Canadian government of \$15,000 for credit.

As part of the subcontract between The Futures Group and the International Center for Research on Women, a permanent credit consultant was hired, providing advice to FINAM's managerial and credit program staff to substantially expand the credit program with IDB funds. The consultant also advised FINAM on integrating the lessons learned from the constraints analysis into that credit program and assisted FINAM's management in the development of a personnel policy manual and defining the Board's role.

Although FINAM faced serious difficulties during 1991, it succeeded in overcoming them and managed to put in place basic structures, staff, policies and procedures needed to meet program objectives. FINAM has indeed progressed in its organizational growth and development. It has completely redesigned its microenterprise credit program, contracted and trained a new and very capable team of workers and management purchased and implementing accounting and credit software; devised and implemented realistic budgets and strategic plans; and made significant progress in raising the funds needed to cover anticipated operating deficits in its microenterprise credit program.

Since February 1992, FINAM has also succeeded in expanding its credit program substantially in order to lend out the \$500,000 made available through the Interamerican Development Bank. In addition, FINAM received a grant of \$40,000 from FOSIS, a GOC's social funding institution, to cover part of the operating deficit for this year.

However, fundamental problems remain: lack of sustainability due to dependance on external donors and lack of definition of roles of the Board and management. An important element in the institutional success of FINAM in the future will depend on how this problem is solved.

HUMAN RESOURCES MANAGEMENT IMPROVEMENT**A. Activity Data:**

No.: 598-0616-513-01-01
 Source: ITT-EHR
 Amount: \$700,000 LOP
 Date Obligated: August 31, 1989
 Estimated Completion: December 31, 1993
 Implementing Agency : The Studies Foundation of the Faculty of
 Administrative and Economic Sciences of
 Catholic University of Chile.

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 human relations practices in Chilean companies. By promoting sound "people oriented" management approaches, the activity will contribute towards greater worker satisfaction and productivity, increased innovation, and 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: During 1992 a third diploma program was organized in Santiago, with 85 applicants. Forty-six were selected and the program ended with 42 graduates. Compared with the 15 candidates and 13 graduates in 1990, this year the program took into account previous experience in entry criteria and now enjoys an excellent image among the business sector in Chile. Increasing demands to participate in the course, stimulated the decision to organize a program in Antofagasta in the Second Region, in collaboration with the local industrial association. The program started with 26 participants and 24 graduated. Participants in both courses came from a variety of business sectors and most of them are managers of human resources departments in personnel divisions of leading Chilean firms. A special seminar was organized for supervisors of Chilean fruit export companies on personnel management and labor relations. Research projects are being developed without constraints and as scheduled. Two additional research projects were approved during the year. Faculty exchanges took place, all of which achieved their expected results.

During the year, one amendment was approved for a no-cost extension from September 1, 1992 to December 31, 1993. Total estimated funding for the program has been obligated. The extension was possible in part due to the revenue generated from the diploma program. A voucher examination was conducted by Price Waterhouse without any significant findings.

As part of the faculty strengthening activities, one academic visit from Florida International University took place in January 1992, and two faculty professors attended a facilitator training course in the U.S.

The impact assessment is in its final step. It was sent to 500 general managers of the main companies of the country. This will provide useful information about the degree of achievement of the program purpose of assisting Chile's business sector to meet pent-up and increased labor demands upon the return to full democracy through the modernization of human relation practices in Chilean companies. However, after three years of activities in Santiago as well as in other regions, with more than 800 key business leaders participating in the program through seminars and the diploma programs, with a remarkable and unexpected social stability in the country due to harmonious agreements between entrepreneurs and unions, the program has undoubtedly contributed to the social stability, productivity increase and practice of "people oriented" management styles in the Chilean business community.

ENTREPRENEURIAL TRAINING**A. Activity Data:**

No.: 598-0616-513-02
 Source: ITT-PSEE
 Amount: \$50,000 LOP
 Date Obligated: September 14, 1990
 Estimated Completion: June 30, 1993
 Implementing Agency : Fundación Chile

B. Purpose: The purpose of the program financed by this A.I.D. grant is to enhance the opportunity for a successful extension of the EMPRETEC program in Chile sponsored by Fundación Chile, a privately organized, autonomous, and non-profit development foundation, by providing specific training to entrepreneurs who completed the EMPRETEC basic seminar and by assuring access to specialized, short term technical assistance to support the specific needs of EMPRETEC graduates.

Training in Strategic Planning, Budgeting & Finance, Human Resources Management and other topics is helping the new small and medium entrepreneurs to gain productivity and support their initiatives. Also, availability of advisors assisting new entrepreneurs, assures a greater success rate of venture starts up. The demonstration effect of successful results, in turn helps mobilize increased collaboration and voluntary support from the Chilean business community for the EMPRETEC model in Chile.

C. Status: The EMPRETEC program in Chile was officially inaugurated as part of the EMPRETEC network in May 17, 1990. 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. A second A.I.D. input with a direct grant of \$50,000 was provided to serve the purpose mentioned above. The original objective of the grant - install local capacity - has been achieved.

Fundación Chile is continuing the training and promotion activity (EMPRETEC seminars) for Chilean entrepreneurs involved in technology innovation. The activity has been supported by the United Nations Center on Transnational Corporations (UNCTC) and by the U.S. consulting firm Management Systems International (MSI). Both institutions are collaborating in similar training and promotion activities being carried out in Argentina, Uruguay and Brazil. Four international workshops have been organized by the EMPRETEC graduates and many joint ventures have been initiated.

As of December 31, 1992, eight seminars have been organized in Chile, with more than 2,500 applicants and 200 participants. Two seminars have been presented in Santiago and the rest have been presented in regions, with the active support of local chambers of commerce. The seminar is entirely conducted by local instructors trained by MSI.

In October 1992, the EMPRETEC's Graduates Association organized the IVth regional conference in Santiago. One hundred participants from Argentina, Chile and Uruguay attended the three-day meeting. Commercial transactions generated were valued at \$1 million.

During 1992 manuals on Strategic Planning, Budgeting & Finance and Human Resources Management were being prepared. These manuals are expected to be completed in April, 1993 and used in specific seminars for EMPRETEC graduates between April and June, 1993.

The strong support of the local business community for this program, and the great number of applicants is a good indicator of its prestige within the Chilean Community. Almost 40 percent of the participants initiated new businesses after their participation in the program and more than one hundred new jobs were created.

AID/Chile strongly recommends that LAC consider a regional program to create, maintain and develop permanent linkages between EMPRETEC graduates from Argentina, Brazil, Chile and Uruguay.

TECHNICAL-VOCATIONAL EDUCATION (CIDE)**A. Activity Data:**

No.: 598-0616-513-08-01
 Source: ITT-EHR
 Amount: \$900,000 LOP
 Date Obligated: September 21, 1990
 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: This Cooperative Agreement was signed in September 1990. However, even prior to signature, two purchase orders of \$5,000 and \$20,000 during 1990, provided for a design of Chile's first National Workshop ("Encuentro") on Education for Work. In September 21, 1990, \$80,000 were obligated for initial program expenditures including a three day workshop with the participation of the Minister of Education, Minister of Labor and the business community. Funding increments were added in April 1991 (\$300,000) and March 1992 (\$300,000).

As a result of formal contacts with a large number of Technical-Vocational Schools and with several local governments (municipalidades), business organizations, the Minister of Education and the teachers union in order to promote changes and improvements in TVE, three Pilot Projects were initiated during 1992, in addition to those initiated during 1991. The fourth one is a municipal school, located in La Serena (V Region) that started with a new program on construction, supported by the local chamber of construction. The fifth is a Professional Institute located in Valparaiso (VI Region) with a food instructional program, supported by the hotels and restaurants association and the sixth is an Industrial School located in Talcahuano, (VIII Region) with a program on ship mechanics, supported by the fishing industry association. Pilot projects are distinguished by an active support

of the business community through a technical advisory board and by the implementation of a competency based curriculum. Teacher training is a priority in order to assure program implementation.

With the support of the Confederation of Production and Commerce (CPC), a separate pilot project started in Santiago with the purpose of creating a model school of mechanics according to the manufacturing industry needs. One result of this activity is that the business sector now understands that it has to play a key role formulating educational policies and helping in curriculum design to create a more productive workforce that will increase general industry productivity. A practical example is its participation in pilot projects and the edition of a manual on how businesses should be involved in technical education, prepared under an A.I.D. subagreement between CIDE and the CPC.

CIDE organized and presented during 1992, three seminars for Chilean universities in order to define profiles of new teachers needed for a Technical Vocational Education with competency based orientation. In addition, CIDE presented nine workshops for teachers involved in the six pilot projects to develop specific curricula and eight workshops on orientation for pilot project's coordinators. CIDE organized three two-day seminars on Education for Work and invited local government authorities and local chambers of production and commerce, to participate in this initiative. The seminars were organized in the VII, VIII and IX regions and the attendance was higher than expected. As scheduled, two studies were published: "Tax Incentives for Training in Chile" and "The role of Supervisors in Technical Vocational Education". A third study was completed on the advisor's role in TVE.

CIDE, in collaboration with the University of Santiago and the Chamber of Construction's Educational Corporation, organized the second "Skill Olympics" held in November, 1992. Almost all the technical high schools participated in this event. This time, the organizing institutions, in collaboration with leading companies, took on the organization of the Skill Olympics as a permanent activity. CIDE assumed an advisory role.

CIDE continued issuing a quarterly technical bulletin that is distributed to all technical schools, the Ministry of Education, the business sector and local governments. This is the only significant publication in Chile related to Technical Vocational Education.

As a follow-on of the first National Workshop on Education for Work held in 1990, the Ministry of Education approved a plan to convert 60 high schools into technical vocational high schools, in accordance with private sector labor demand. The National Society of Agriculture started a pilot project of a model agriculture technical school in the XI Region. The Textile Association is administering two technical schools and has adapted educational

curriculum in accordance with industry needs. These initiatives, among many others, indicate a high level of commitment of the private sector and government in order to introduce important reforms to vocational education in Chile. However, a national system is still to be built, including all levels, from basic to post secondary education, and a qualification procedure according to new and revised standards.

An evaluation plan has been agreed upon with LAC/EHR starting in March 1993. An impact evaluation is planned for the second half of 1993. A financial review was conducted by Ernst & Young for the period September, 1990-March, 1992. An audit, according to the new federal audit program is going to be carried out in early 1993.

MDC TRAINING SUPPORT**A. Activity Data:**

No.: 598-0616-513-09-01
 Source: ITT-EHR
 Amount: \$83,500 LOP
 Date Obligated: September 26, 1989
 Estimated Completion: December 31, 1992
 Implementing Agency: Instituto Chileno-Norteamericano de Cultura (Binational Center - BNC)

B. Purpose: To assist the Binational Center (BNC) to expand its current student counseling and educational placement services to include an expertise in technical vocational education at the secondary and post-secondary level in the U.S.; to develop a resource center in Chile for technical vocational training offered in the United States in order to support Chile's skills training needs; to provide "survival" English language instruction to TVE participant trainees before departure to the United States.

C. Status: This Grant was initiated in FY 89 with \$33,500. A first amendment was made to extend the performance period by one year and to expand the scope of work. This amendment obligated \$50,000. Further amendments were approved to extend the completion date to September 30, 1992 and December 31, 1992.

The pre-selection activities, in collaboration with CIDE (The Center for Investigation and Development of Education) and Fundación Andes, consisted in promoting the participation in technical schools. Thus, almost 100 Technical Vocational Education teachers applied to the Thomas Jefferson program. A selection Committee composed by A.I.D., CIDE, BNC and Fundación Andes, selected the final participants based on objective criteria. As of December 1992, four groups of participants have attended short-term training courses in the U.S.. Competency Based Education, Industrial Refrigeration, Hydroponics, and Forestry Machinery Maintenance have been the topics of these courses. In addition, twelve Chilean representatives from vocational technical education schools, the Ministry of Education and the business sector traveled to Washington, D.C. to observe U.S. vocational education systems and productivity related issues, through discussions with government, labor and private sector representatives. The BNC held a pre-departure orientation for this group.

During 1992, a pre-departure orientation program was conducted by the BNC for the Forestry Machinery Maintenance group, receiving intensive English training and specific orientation. Previous travel to West Virginia University by the BNC's educational advisor served to adjust the training program to participant needs. A pre-

selection has been made for two other courses to be organized during 1993, on Computer Based Design and Automatic Controls.

Related with the follow-on activities, periodic meetings were held with returning grantees. This activity was also coordinated with CIDE, focusing the follow-on in which the need for local business advisory committees for technical schools and curriculum modernization was established.

During the year, BNC through its Education and Counseling Department, continued developing a documentation center on technical vocational education in the U.S. These materials include books, videos and training course information. The Educational advisor attended a Tech-Prep conference and meetings in Chicago and brought up valuable material to be disseminated, as part of the documentation center program. BNC now maintains a file on all A.I.D. information on short term training opportunities in the U.S.

A second assessment of the BNC Grant was conducted by Ethel Brooks of AID/OIT. The assessment concluded that BNC's overall performance during 1992 reflects strong commitment and capacity to anticipate needs, plan, organize and administer the USAID/Chile Thomas Jefferson program. Recommendations are focused on improvements in recruitment, need of funds for follow-on activities and to include modules on competency based methodology in the next training activities. A new grant is recommended to be awarded for continued and expanded services in support of the office's overall training objectives.

AID/Chile plans to sign a Memorandum of Understanding to enable the BNC to assume Third Country Training and Reimbursable Programs responsibilities for Chile based training funded by other A.I.D. Missions. Other A.I.D. Missions/Offices would be requested to pay a modest fee to BNC for the services currently carried out by AID/Chile regarding placement, health insurance, orientation, monitoring, and financial administration. Currently AID/Chile receives only several long-term students per year, but the number could be increased with appropriate promotion. AID/Paraguay, for example, is planning to use Chilean universities for economics training. Also, reimbursable programs could be promoted and coordinated by the BNC in collaboration with AID/Washington Reimbursable Programs Office.

PARTICIPANT TRAINING (THOMAS JEFFERSON PROGRAM)

A. Budgeted amount: \$100,000 in FY 92

B. Current Training Activities and Cost: Twelve participants to West Virginia University (WV) for Forestry Machinery Maintenance. Effective date of Training: July 6 to August 15, 1992. Cost to A.I.D. \$91,005.

C. Total Number of Trainees: 12 Technical Vocational Instructors (1 woman, 11 men).

D. Status: In accordance with the AID/Chile training goal to focus on upgrading and/or updating technical vocational education in Chile, in collaboration with the Binational Center (BNC), the Center for Investigation and Development of Education (CIDE) and Fundación Andes, twelve grantees from a total of 29 applicants were recruited, selected and prepared. The priority area chosen was Forestry Machinery Maintenance, due to its economic relevance in Chile's exports and the urgent need for a qualified workforce. The program had to be organized in August 1992, to use instructors' leave times and not affect the normal school activities that end in December. Fundación Andes financed international travel costs for those instructors coming from municipal schools. Other international travel costs were financed by private sector educational corporations.

During June-July a three week pre-departure orientation program was conducted by the BNC for the group. Participants received 60 hours of intensive English from BNC professors and 45 hours of orientation. These sessions included an in-depth explanation of competency based education and discussions on U.S. cultural and value systems.

Follow-on activities were held throughout periodic meetings with 11 returned grantees that attended during 1990 the Ohio State University program in Competency Based Education. Also, follow-on activities were held with 12 returned grantees of the Hydroponic and Industrial Refrigeration training programs. This follow-on activity included field observations as well as reports from the grantees on specific initiatives they took to implement competency based curriculum in technical vocational schools.

In addition, AID/Chile has coordinated centrally funded training programs. During 1992, 37 participants travelled to AIFLD'S George Meany Center for various short-term labor programs; three participants attended a Public Administration course at SUNNY/Albany; two university professors participated in the Energy Study Tour of the U.S. Energy Association; three women leaders attended the U.S.DOL program "Women's Issues in the Workplace"; five participants attended the U.S.DOL program "Labor Role in Improving Productivity"; one person attended a workshop on "Plant

and Animal Genetic Resource Conservation"; one person attended a summer study on energy efficiency organized by the American Council for Energy Efficient Economy; and six women attended a program on "Lactation Management Education" as part of the Wellstart Program.

Among all participants, eight attended complete training programs at the Historically Black Clarke University, Atlanta, and six attended a partial program at another HBU, Central State University at Wilburforce, Ohio.

It is worth mentioning that during 1992, AID/Chile has coordinated 13 Third Country Training activities, for students coming from El Salvador, Uruguay, Peru and Dominican Republic. In addition, the office coordinated the Agency's Free Market Development Advisors Program in Chile, with two advisors located in two private companies in Temuco.

IMMEDIATE IMPROVEMENT OF PRIMARY HEALTH CARE**A. Activity Data:**

No. : 513-0350 (cash transfer)
 513-0350 (project t.a.)
 Source: Health bilateral; Congressional earmark
 Amount: \$10.1 million, cash transfer
 \$ 0.7 million, project t.a.
 Date Obligated: January 11, 1991
 Estimated Completion: January 31, 1993, dollar cash transfer
 December 31, 1993, project t.a.
 December 31, 1993, local currency use
 Implementing Agency: GOC Ministry of Health (MINSAL)

B. Purpose: The U.S. Congress earmarked these funds to "jumpstart" Chile's primary health system by launching a program targeted to the poor. The purposes of the program are to: (a) improve access to primary health care of the Chilean population, especially the poorest sectors, located in dispersed rural areas and marginal urban concentrations; and (b) improve the quality of and opportunity for health care services through an increase in the capacity for health care program resolution at the primary level.

C. Status: The program fell about six months behind schedule in the start-up phase due principally to delay in establishing the internal procedures for the Ministry's management of local currency and to initial difficulties in obtaining the required import documentation on a timely basis. Consequently, the GOC provided an additional budget contribution of over \$1.5 million to MINSAL in 1991 so that operational objectives could be met. The start up problems have been resolved.

The conditions to the disbursement of the final dollar cash transfer of \$3.9 million were fulfilled in December, 1992, one year behind the originally scheduled date. The joint review described in Section 3.4 of the Grant Agreement as a precondition to the final disbursement was held on December, 1991, as planned, with the participation of outside experts. The review recommended revised benchmarks to adjust for the experience gained to date and a strengthening of the Ministry's program management system. These recommendations were subsequently agreed to and it was estimated that the conditions could be met by July, 1992. Slippage once again occurred. Part of the slippage was due to the fact that the Ministry took a very deliberate approach towards resolving its internal management weaknesses. For example, it decided to go through a participatory process in assessing problems and determining the needed improvements. A two-day workshop was held outside of Santiago in late September, 1992 with over 100 key officials from the primary health sector throughout Chile to review procedures, revise plans and iron out any remaining administrative

wrinkles. Also, MINSAL opted to wait for the results of the GOC General Controller's operation audit of the program before finalizing its management reforms. The audit report was delivered in October, 1992. While no misuse of program resources were found, the GOC's audit did make useful recommendations on improvement of administrative procedures and is being acted upon. Financial review of the separate dollar and peso accounts as of June 30, 1992, was contracted out to Price Waterhouse. The final report issued in December with useful recommendations for improving internal controls. MINSAL is implementing the recommendations. The audit also pointed out that the 48 hour period for passing the cash transfer through the Central Bank had been exceeded by several days. A.I.D. was already aware of the inadvertent delays caused by communications difficulties.

The joint review was delayed until December, 1992, in part because of the need to change the system for obtaining the import documentation required to authorize the conversion from the dollar separate account to the local currency separate account. Until a way could be found to assure satisfactory documentation, AID/Chile did not want to expedite the authorization of the final dollar disbursement in order to avoid an excessive build up of the dollar account. Acceptable documentation of public sector imports for all but \$2.4 million of the cash transfer portion of the program has now been received. The balance is expected to be received by March 30, 1993.

Despite the delays, program objectives are being met. The joint review held in December 4, 1992, concluded that the revised benchmarks were satisfied. The last dollar disbursement will be made before the end of January, 1993, and the local currency use has been fully programmed in the GOC budget for 1993. The projectized technical assistance component is proceeding well. Because of savings in the local currency component of the quality assurance technical assistance, reprogramming has been approved to extend the dollar cost technical assistance into the first nine months of 1993. This additional level of effort will help institutionalize the operations research methodology in key units of the Ministry's primary health division.

CHILE PRIVATE SECTOR COOPERATIVE HOUSING I AND II

A. Activity Data:

No. : 513-HG-008 and HG-009
 Source: Housing Guaranty
 Amount: \$5.0 million FY 88; \$5.0 million FY 91
 Date Obligated: July 6, 1988 and July 22, 1991
 Estimated Completion: January 31, 1994
 Implementing Agency: COVIP (Corporación de la Vivienda Popular)

B. Purpose: The two HG loans were made to COVIP, a group of private sector cooperatives and non-profit organizations involved in low and medium cost home construction, to support its continued and growing involvement in the implementation of Chile's low-income housing activities and to support its member institutions to expand their activities into low-cost segments of the housing market. COVIP will use its best efforts to: (1) implement innovative shelter solutions appropriate to lower income groups; (2) sponsor in each housing project the services and organizations adequate to allow Program beneficiaries a continued involvement in managing and improving their communities; and (3) expand its membership to include other cooperatives and NGO's fulfilling the objectives of the Program.

C. Status: The HG resources have enabled the COVIP group to significantly increase their low-income housing construction capabilities from 4,310 units in 1989 to 12,156 units in 1991. The estimates for 1992 are expected to again exceed 12,000 units which represents a slight reduction over annual workplan projections. However, COVIP anticipates that this lag in new home construction is temporary and that the shortfalls will be made up in 1993. During 1992, one of the COVIP member institutions, Habitacoop, began construction of units substantially below the price of its traditional units. Other member institutions are expected to make similar innovations in 1993. Women-headed households are over 20 percent of the COVIP clients.

CHILE PRIVATE SECTOR SHELTER AND URBAN INITIATIVES

A. Activity Data:

No. : 513-HG-010
 Source: Housing Guaranty
 Amount: \$40.0 million
 Date Obligated: Pending (authorized August 9, 1991)
 Estimated Completion: August 31, 1995
 Implementing Agency: Ministry of Housing and Urban Development
 through Intermediate Financial
 Institutions, Municipalities, and NGO's

B. Purpose: This HG Program supports a policy agenda aimed at:
 (a) fostering increased participation by private sector financial institutions in the provision of mortgage credit for low-cost housing; (b) improving urban land use in major cities; and (c) demonstrating the viability of smaller scale environmental improvement projects initiated at the local level. Expected Program outputs are:

- At least three substantial private lenders established and operating in the low-income home mortgage market;
- Mortgage payment insurance underwritten by private insurance companies.
- Appropriately packaged mortgage-backed securities, attractive to private institutional investors, being placed in the country's capital markets.
- Improved land-use planning mechanisms in place, environmental impact analysis methodologies in use, and an active program of inner city revitalization in Metropolitan Santiago and other urban areas underway.
- At least three demonstration projects underway to promote local government initiatives and private sector involvement on environmental projects at the local level.

C. Status: The Implementation Agreement was signed September 10, 1992 authorizing the Ministry to seek a first tranche borrowing of \$10 million. The Ministry is processing GOC approvals and the first borrowing is expected in early 1993. Although reaching the point of first borrowing has taken longer than originally anticipated, much preparatory work was completed in 1992. The A.I.D. grant-financed Regional Housing Finance Advisor assisted the Minister of Housing with the establishment of a private Shelter Promotion Corporation composed of leading businessmen who are already assisting with the policy dialogue objectives involving the private sector.

AID/Chile has also successfully mobilized technical support from other A.I.D. programs. An AID/W grant to the Washington Development Capital Corporation (WDCC) enabled the Post to draw on WDCC for arranging access to financial sector expertise in New York in May, 1992 by key GOC officials accompanied by the regional Housing Finance Advisor. This was followed in August, 1992 by WDCC participation in a conference in Chile sponsored by the Ministry of Finance and the Ministry of Housing describing financial securitization techniques and attended by about 50 representatives of Chile's financial sector. As reported in Santiago 6579 of August 21, 1992, ample support was generated among investors, intermediaries, and regulators about using the securitization techniques pioneered in the U.S. to deepen the functioning of Chile's financial markets. In December, 1992, WDCC efforts led to the visit of the CEO and key executives of a major credit intermediary from the U.S. to examine the potential for a joint venture with Chilean institutions in a low-income mortgage finance company. The U.S. firm expressed interest and is watching the progress in changing the capital markets legislation closely. The Ministry of Finance has announced its intention to send new legislation to Congress in early 1993.

LAC/DR/HPN support to the centrally financed WASH project was also drawn on together with AID/Chile grant resources to carry out a feasibility assessment of three sites for small scale sewerage treatment facilities under the environmental pilot component of this HG Program. The studies have been completed and implementation arrangements are being developed. For one of the sites, the private sector has committed itself to a \$100,000 donation of seed capital for the formation of a joint venture with the local municipality for the collection and treatment of sewage that is currently polluting a lake that is an important tourist attraction.

In sum, once the initial tranche is contracted, much of the preparatory work has been completed and rapid disbursement can be expected.

PROGRAM IN SCIENCE AND TECHNOLOGY COOPERATION (PSTC)

A. Activity Data:

| <u>Grants Active in 1992</u> | <u>University</u> | <u>Amount</u> |
|--|-------------------|---------------|
| 6.537 - Salmonella typhi porins in the control of typhoid fever. | Catholic Univ. | \$150,000 |
| 8.007 - In vitro propagation and improvement of fruit species with economic potential for semi-arid zones. | Catholic Univ. | \$148,000 |
| 9.386 - Evaluation of the genetic stability and potential of a low alkaloid strain of tarwi. | Concepción Univ. | \$106,150 |
| 11.185 - Immunologic control of bacterial kidney disease in salmonids. | Concepción Univ. | \$149,050 |
| 11.196 - Axial-flux generators for micro-generating stations. | Concepción Univ. | \$149,987 |
| 11.373 - Thermoset composite gels as structured foods. | Catholic Univ. | \$149,970 |

B. Purpose: The A.I.D. Program in Science and Technology Cooperation (PSTC) seeks to stimulate new and innovative scientific research on problems of importance to developing countries. The Program is administered by the Office of Research (RD/R). It provides research grants which are subject to highly competitive external scientific peer review. PSTC seeks innovative research ideas that will eventually lead to solutions to serious developing country problems.

C. Status: Since 1988, 11 PSTC grants, totalling \$1,364,287, have been made to Chilean universities. Five of the grants were completed before 1992. AID/Chile has been providing financial administration for the remaining six active PSTC's. One of the six grants completed its research activities December, 1992. Two more will be completed during the first semester of 1993. No proposals were approved for financing in 1992.

AID/Chile supports the PSTC activities because of its cross cutting concern of resumption of Chile's role as an important center of excellence in education and technical assistance for the LAC region. Most of the grants awarded have built-in linkages with LDC based institutions and universities, as well as, with some U.S. universities.

All PSTC awards have been granted to three Chilean traditional universities: Catholic University of Santiago, University of Chile of Santiago and University of Concepcion. In order to extend the participation of other researchers, a series of workshops were carried out in different regions of the country in December, 1991 by AID/Chile with the assistance of BOSTID to promote the PSTC awards in 1992 from Chile's smaller, decentralized universities. The results of these workshops were more important in the sense of stimulating the scientific research and incorporating another source of participation for regional researchers, than in practical terms of project approvals.

Over 45 PSTC pre-proposals were sent to AID/W in January, 1992. Of this total, 14 pre-proposals were approved in the initial stage. According to the Office of Research, only three can be recommended for approval in 1993. In addition, three other proposals from the 1991 cycle, which met the provisos, will be recommended for possible funding in FY93.

Approximately ten pre-proposals have been presented to date for the cycle of competition which closes in early 1993. This includes the first research proposals under the U.S. Israel Cooperative Development Research (CDR) Program.

AID/Chile continues to raise with the Office of Research the question of applying the new requirements for Non Federal Audits to the locally administered grants. No response has been given to the inquiry and no funds have yet been provided for such audits.