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U S A I D C H I L E

FY 95-96 ACTION PLAN**USAID/CHILE****ACTION PLAN FY95-96**

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A. OVERVIEW**CHILE OVERVIEW: Growth and Sustainability**

Chile's growing market-oriented economy and political transition toward democracy is the Latin American success story. As this region's 'model' of economic growth, equity, participation and de-centralization the U.S. has development and strategic interests to ensure that Chile's economic reforms and political progress are made sustainable. Chile, America's 35th largest trading partner, is poised to enter into a Free Trade Agreement (FTA) and the Americas Fund Board, part of the Enterprise for the Americas Initiative (EAI), has begun meeting. USAID/Chile's more developed country (MDC) portfolio is an integral part of the Mission Program Plan and reflects Chile's political modernization, and trade and investment maturation.

In March 1994 Eduardo Frei will be sworn in as the new President of Chile for a six year term. The peaceful, open and transparent December 1993 general election, which gave him over 58% of the popular vote was the second Presidential election since Chile's 1989 return to democracy. He has pledged that his government will maintain the economic model while deepening the social sector investment begun during the Patricio Aylwin government.

Upon entering office in 1990 the Aylwin government maintained Chile's free market export oriented economic policy while focusing increased efforts on social sector improvement. To finance these reforms, personal, VAT and corporate taxes were increased. During this period the number of Chileans in poverty fell from five to four million, the income of the poorest 20% of the population grew 26.1%, real wages grew 9.1%, minimum salaries grew 10.4% while inflation fell from 27.3% to 12.2%. In 1993 the economy grew by 6%, while savings and investment were expected to reach 21 and 27% of GDP.

USAID/CHILE STRATEGIC OBJECTIVES: Democracy and Environment

USAID/Chile's MDC program, begun in 1988, supports the Agency's sustainable development framework and parallels the government of Chile's efforts to expand and make sustainable economic growth, and consolidate democracy. Historically, USAID/Chile has had micro-enterprise and shelter programs to promote broad based economic growth with equity; population and health programs to enhance rural service outreach; democracy programs to consolidate citizen empowerment; and environmental programs to increase institutional and human resource capacity.

As USAID/Chile's program has matured it has focused more recent activities on two strategic objectives: democracy and environment. However, it also carries on management responsibilities for earlier projects such as a shelter, urban environmental and financial sector innovation presence through RHUDO. USAID/Chile's MDC economic development currency is not denominated in the hard assets we bring to Chile. Rather, the currency is denominated in the next generation of public policy dialogue we identify, the international donor leadership we provide, the NGO and private sector relationships we develop, the constant stream of U.S. and foreign visitors we host, and the strong support from the Ambassador and country team we receive.

STRATEGIC OBJECTIVE ONE: Responsiveness of Key Institutions to Citizens' Needs Increased (Democracy).

USAID/Chile's democracy projects focus on civic education and strengthening two Chilean institutions, the Congress and the justice system, essential to a functioning and responsive democracy. The consolidation of democracy in Chile after 17 years of authoritarian rule, is visibly demonstrated in the four successful, and continually more regularized, elections since the 1989 plebiscite. Less visible, yet just as important to the consolidation process is our institutional work with the Congress and justice system. Our projects are implemented by Chilean NGOs which are highly regarded domestically and in the international democracy community. Beyond FY96 Chile's democratic institutions, will continue to play important roles in Chile's political modernization. A final USAID decision on whether to obligate funds for the decentralization and local government strengthening project, authorized in FY93, will be made later in FY94, based on availability of ITT funds.

The Centro de Estudios y Asistencia Legislativa (CEAL), a not-for-profit foundation at the Catholic University of Valparaiso, and supported by the State University of New York/Office of International Programs (SUNY/IOP), provides the Chilean Congress with staff training, non-partisan consulting, soft-ware programs, legislative internships and in-depth reports on pending legislation. These services are provided to a Chilean Congress just finishing its first four years as an institution after 17 years of military rule. This year CEAL initiated a number of studies on the role of women in politics, two are of special interest: The Participation of Chilean Women in Local Government and Women in Latin American Parliaments. Through FY95 CEAL will be actively involved with the newly elected members of the House and Senate. CEAL also provided technical assistance to the Paraguayan Legislature and a report to the World Bank on the Peruvian Legislature.

PARTICIPA has organized voter registration drives and education campaigns in every Chilean election since the 1988 plebiscite which effectively ended military rule. A civic education NGO, PARTICIPA is especially effective in involving women and youth in the democratic process. PARTICIPA made direct contact with over 520,000 of Chile's 7.5 million voters prior to the December 1993 election. With our assistance, PARTICIPA has sought to become self-sufficient and has become actively involved in seeking outside funding. During the election campaign it ran a training course for civic groups from South Africa and Latin America. USAIDs in Honduras and El Salvador contracted PARTICIPA staff for local projects.

The Corporación de Promoción Universitaria (CPU), a local NGO, is working to improve the preparation and effectiveness of judges, the management of the judicial system and the responsiveness of the system to the poor. Recently, the Supreme Court Chief Justice, as a result of project activity, openly declared himself in favor of oral arguments and the prosecutorial system. Importantly CPU has been asked to draft legislation for the new Frei government to reform criminal procedures, one of the gravest problems facing poor and indigent Chileans. CPU has just initiated a pilot project using alternative dispute resolution in a poorer section of Valparaíso. CPU published Chile's first national survey of the legal needs of the poor and women. This study is the basis for a proposed national legal assistance service. Two studies on woman's legal issues were published: a list of legal assistance organizations and a compilation of all domestic violence legislation. More than 40% of all professionals trained by CPU are women. CPU will provide training to 1000 jurists and provide the teaching methodology for a national judicial school. CPU, Chile's Supreme Court, the Corporación Administrativa Poder Judicial and USAID/Chile are beginning to meet regularly, through a new board, to facilitate judicial reform.

Yale Law School, with the law schools of the Universidad de Chile and Diego Portales, funded by the R&D Bureau University Linkages Program, initiated operations in FY93. This activity will further strengthen USAID/Chile judicial efforts. Through FY96 Yale will work with Chilean law schools to reform curriculum and build student service networks for the poor and women's rights.

STRATEGIC OBJECTIVE TWO: Increased public and private sector capacity to address Chile's environmental problems in support of the Enterprise of the Americas Initiative (EAI).

USAID/Chile environmental projects focus on public policy, specific marketplace issues and NGO capacity building of the Enterprise for the Americas Initiative (EAI) and possible Free Trade Agreement (FTA). They support Chile's efforts to build an environmentally responsible, sustainable economic model. USAID/Chile has no program that focuses on the global issue of ozone layer reduction.

Chile's spectacular, decade long economic growth was accomplished without any major public legislation governing the environment. As a result, development has meant heavy air pollution, water contamination, ecosystem degradation and uncontrolled solid waste dumping. Indeed, prior to USAID/Chile's entrance into the environmental dialogue, discussion of this topic was viewed by many as an impediment to growth and investment. Santiago is covered with brown noxious smog, now year round, which some experts place in the Mexico City league. While all of Chile's socioeconomic levels are effected by environmental degradation, the poor are especially impacted. (See attachment on environmental issues in Chile). A final USAID decision on whether to obligate funds for the Energy Efficiency Project (EEP), authorized in FY93, will be made later in FY94, based on availability of ITT funds.

USAID/Chile has worked with Chile's EPA, the Comisión Nacional del Medio Ambiente (CONAMA) since its inception five years ago, to build its preeminence as the Chilean public policy institution with a capacity to protect the environment, effectively manage resources and respond to Chile's environmental problems. As a result of our joint efforts, major new environmental legislation was drafted and is expected to be signed by the time this Action Plan is review in Washington. Through FY95 we will continue to work with CONAMA, via a U.S. NGO, the World Resources Institute (WRI), and a United States Environmental Protection Agency (USEPA) PASA, to implement the new legislation at the policy and decentralized institutional levels. CONAMA's decentralized approach makes the task of becoming an effective interlocutor at the national and local levels essential. CONAMA must develop relationships with other governmental agencies, develop outreach programs to the public, university and private sector communities and develop special activities in areas such as waste-water treatment.

USAID/Chile bought into an R&D Bureau project, Environmental Pollution Prevention (EP3) to demonstrate that Chilean industry can take immediate, low-cost steps to reduce pollution and environmental degradation. With the CONAMA legislation about to

be put in place, this program focuses on the ability of Chile's 'environmental marketplace', the human resource base, technology and funding to respond to new demands.

In November 1993 Chile became the first USAID country to initiate the EP3 project when five industrial plants (two textile, two tanneries and a slaughter house) were audited. The results were beyond everyone's expectations. Not only was pollution reduced at the source in every plant but tremendous savings (in one case over \$100,000) were identified for plant owners. Thus, with the first audits, EP3's premise, that pollution prevention and reduction was not only low cost - but also saved money, was demonstrated. This three year program, implemented with the Chilean American Chamber of Commerce (AMCHAM/Chile) will audit up to 50 Chilean industrial plants reducing pollution. However, more importantly, it will give on-the-job pollution prevention training to Chilean engineers who will become the base of a new service industry in Chile. Since the U.S. is a leader in pollution technology we expect an added dividend of U.S. technology to be purchased using local Chilean financing. USAID/Chile will continue to fund this program through FY95.

To support activities which remove barriers to a possible Free Trade Agreement (FTA), USAID/Chile established a competitive, small funding facility which encourages and promotes public policy dialogue on the sustainable development aspects of a potential FTA. In FY93 three activities, two in environment and one in labor, obtained non-partisan, technical information from Chilean and U.S. NGOs and Universidad de Chile. USAID/Chile proposes to continue to fund these short-term awards through FY95. We have already been contacted by a number of groups wishing to participate in FY94. (See attachment for award guidelines). Management of this activity may be problematical since USAID/Chile's request to hire a local USPSC to manage this activity was rejected and the hiring of an additional FSN will be pursued.

The USAID Representative is the USG delegate on the Chilean/US Board of the Environmental Fund created by the debt-forgiveness provisions of the Enterprise for the Americas. Over \$18 million will be used through 2002 to encourage and support NGO efforts in child survival and the environment. The Board began meeting in December 1993. No USAID/Chile funds are involved. However, the Board will be an important policy and program platform in the environmental area to assist Chile to preserve, analyze and use its unique and valuable forest and marine resources.

Water sources and waste-water treatment are development issues in Chile. Chile has one pilot waste-water treatment facility, and it is in Santiago. Local citizen groups are prevented from accessing facility funding because of policy and statute distortions. USAID/Chile is working, through our Housing

Guarantee activity, with the citizens of three medium size towns to demonstrate that citizen groups can build, own and operate waste-water facilities. One town, Panguipulli, in the southern region, will soon begin construction of a facility. USAID/Chile will continue to provide limited funding through FY96 to RHUDO for technical assistance, special reports and seminars.

The University of Arizona with the University of Chile received an R&D Bureau University Linkage grant for sustainable agriculture development in Chile's northern arid zones in FY93. This and three newly awarded R&D Biodiversity Support Project grants to Chilean researchers in native forest regeneration, biodiversity protection through parks management and benthic ecosystem changes due to aquaculture activities will continue to enhance USAID/Chile's strategic environmental objective.

USAID/CHILE: Gender, Poverty, the NGOs and Other Donors

Women and the poor are, and will be, reached through our civic education and voter registration programs. Our judicial reform program's recently published study on the poor is providing the basis for a proposed national legal assistance service as well as information on domestic violence. The Housing Guarantee's urban revitalization and small community waste-water treatment components will directly affect local citizens groups and support decentralization efforts. The poor are more likely to be exposed to pollution. Our efforts to promote environmental legislation, and actually reducing pollution through 'audits', will benefit the poor.

USAID/Chile's portfolio is almost exclusively implemented by NGOs and non-profit foundations: the Centro de Estudios y Asistencia Legislativa (CEAL); the Centro de Investigación y Desarrollo de la Educación (CIDE); the Corporación de Investigaciones Económicas para América Latina (CIEPLAN); the Centro de Investigación para el Medio Ambiente (CIPMA); the Corporación de Investigación, Estudio y Desarrollo de la Seguridad Social (CIEDESS); the Corporación de Promoción Universitaria (CPU); the Fundación Chile; and PARTICIPA in Chile and the World Resources Institute (WRI) from the United States. A housing foundation, Corporación para la Promoción del Financiamiento para la Vivienda (PROFIV) was created to manage the \$40 million HG-010. USAID/Chile also has programs with the Universidad Católica.

As a result of initial USAID/Chile programs the World Bank is in the process of developing projects with CONAMA and the Chilean Congress while the InterAmerican Development Bank has followed our efforts in micro-enterprise lending. CPU is working with the Interamerican Development Bank to develop a project in judicial modernization. The World Bank has contracted CPU to provide

assistance in the design of two new judicial training systems, one for Bolivia and the other for the Southern Cone. Funding from the Japanese (now the largest bilateral donor), the EC, GTZ, the British Council and Canada is coordinated by Chile's Agencia de Cooperación Internacional (AGCI).

USAID/Chile's financial leveraging efforts are not limited to the multilateral donors. Chile's local capital market resources are important development opportunities to expand and make available to lower and middle income groups the social benefits of adequate shelter. As a result of HG-010 efforts a securitization law is expected to be passed in early 1994 which will permit the creation of a secondary mortgage market. These additional private sector domestic funds, generated as a result of the sale of existing and new mortgages, will be used to support construction of some of the estimated 800,000 housing unit shortfall. They will also facilitate the gradual withdrawal of the remaining non-direct State subsidies on housing finance and the eventual elimination of the State's direct subsidy.

As its close-out activity USAID/Chile proposes a one year (FY95 start) Chile: A Development Resource, activity. This innovative project will be designed to be a 'useful and sustainable unit of assistance' (State 380556) providing Chilean and joint U.S. - Chilean technical assistance to regional and worldwide USAIDs as well as multilateral donors.

B. PROGRESS IN ACHIEVING AGENCY GOALS

1. Program Performance

Strategic Objective One: Responsiveness of Key Institutions to Citizens' Needs Increased (Democracy).

USAID/Chile's SO One links directly with the Agency's democracy goal promoting citizen participation and democratic institution building. The Chilean transition to democracy has been the most successful experience in the Latin American region, if not the world. There are four program outcomes (POs) for this SO: judicial function and access to justice improved; congressional capacity and access to consultative services improved; participation in electoral and political process improved; and effectiveness of targeted regional and municipal governments improved. (Note USAID/Chile has not initiated PO 4 do to ITT funding issues).

The Chilean transition to democracy demonstrated that democratic institutions can be restarted after long years of authoritarian rule. Nonetheless, democracy thrives only if political

institutions are perceived by common citizens as efficient, transparent, and oriented to respond to real needs.

Democracy was not an easy issue for Chilean society. The re-education of Chilean youth in democratic values and re-start of Chilean democratic institutions were important challenges. The strengthening of key democratic institutions such as the judicial system has been also another trial. Citizen perception of the judicial system demonstrates that deep reform is needed, especially in defense of the poor. In March 1990 the Chilean Congress began operations after 17 years of suspension. This meant that Congressmen were now players in the political arena and implied a deal of orientation and technical assistance.

SO One has three principle Chilean NGO vehicles: the Corporación de Promoción Universitaria (CPU); the Centro de Estudios y Asistencia Legislativa (CEAL), with SUNY/IOP; and PARTICIPA. Under these arrangements, substantial SO/PO progress is being made.

There has been progress reaching judicial reform, however this is an area that requires a great deal of continued investment (PO 1). A bill that creates a judicial school was prepared by the CPU. However, it has not passed. More than five hundred judges and employees of the judicial system have been trained. The first empirical study of poor people perceptions' of justice was done. Not surprisingly poor people did not perceive any responsiveness from the judicial system. CPU initiated a pilot program in Alternative Dispute Resolution (ADR). CPU with other reformist elements is preparing a draft criminal process law for the new Frei government. The new four person administrative board with CPU, the Supreme Court, the Court Administrative System and USAID, is just starting to meet, and is a positive step towards improving internal decision making and judgement on reform issues.

The project with CEAL and SUNY (PO 2) has performed very well, demonstrating that high quality assistance service can be provided to the Chilean Congress on a non-partisan basis. Over 1,500 people have been trained in computing systems, legislative processes, bill drafting, and congressional press relations. CEAL has prepared 98 technical and legal reports on proposed legislation. CEAL has a high quality staff, including six U.S. trained MAs in legislative administration and development. CEAL has developed legislative software: budget analysis (SIPNA) and constituent analysis (SIPEX), to improve congressional performance. CEAL has also been requested to provide technical assistance to the executive, regional and municipal governments.

The quality of citizen participation (PO 3) in electoral and political process has dramatically improved since the 1988 plebiscite. In the presidential and congressional elections of

1993 and municipal elections of 1992, PARTICIPA managed national campaigns to promote: voter registration, voter participation, and an informed vote. During these campaigns they informed or trained more than one million of 7.5 million voters. Both electoral processes were extremely peaceful, with 95% participation of registered voters. (All Chileans are required to vote). PARTICIPA continually offers training workshops for youth and women to increased the level and quality of their participation in grass-roots organizations. PARTICIPA has developed initial materials to inform and educate citizens to participate in new local Economic-Social Councils.

All USAID/Chile democracy programs POs impact the poor, either directly or indirectly. The Administration of Justice program with CPU has commissioned important studies to describe the relationship between the poor and the justice system. These studies are being used to draft a reform bill for a legal assistance system. CPUs pioneer pilot programs in alternative dispute resolution are specifically focused in poor areas. The poor can least afford lengthy court cases for local issues. The program has also developed simple educational materials to inform poor people of their rights. Finally, CPU is deeply involved in the promotion of criminal law procedure reforms which will have a profound impact on legal rights of the poor.

The PARTICIPA program materials and courses are specifically focused to include poor people in the political system. CEAL's legislative reporting improved the Congressional capacity to understand the impact of poverty and strengthen sectoral reform.

Table 1: Strategic Objective Program "Tree"

(Country)	CHILE
Agency Goal: DEMOCRACY	
- Promotion of civil society through participation and to access to democratic processes.	
- Institutionalizing democratic elections.	
- Administration of Justice Reforms.	
STRATEGIC OBJECTIVE NO. 1	
Responsiveness of key institutions to citizen' 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	PROGRAM OUTCOME NO. 1.4. EFFECTIVENESS OF TARGETED REGIONAL AND MUNICIPAL GOVERNMENTS IMPROVED	PROGRAM OUTCOME NO.
Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)
598-0642-A-00-001064-00	598-0777-3-9655940	513-0796-A-00-1025-00	To be defined.	
Chile Justice System Improvement	Center for Legislative and Assistance (CEAL)	PARTICIPA - Civic Education	To be defined.	

Table 2: 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.	Baseline	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.	Baseline	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.	Baseline	1991	-----	55.9%	
Comments: Percentages responding who agreed that current functioning of judiciary is strengthening democracy.		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.	Baseline	1991	-----	51.9%	
Comments: Percentage responding who agreed that current functioning of judiciary is strengthening democracy.		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.	Baseline	-----	75.5%		
Comments: Percentage responding who agreed that current functioning of the Congress is strengthening democracy.	1991				
	1992				
	1993				
	1994				
	1995				
	1996				
	Target				
Indicator: Citizens perceptions of responsiveness of legislature - male.					
Unit: Percent of national survey respondents.	Year	Planned	Actual		
Source: PARTICIPA annual survey.	Baseline	-----	75.9%		
Comments: Percentage responding who agreed that current functioning of the Congress is strengthening democracy.	1991				
	1992				
	1993				
	1994				
	1995				
	1996				
	Target				

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				

STRATEGIC OBJECTIVE NO. 1 Responsiveness of key institutions to citizen's need increased.				
PROGRAM OUTPUT NO. 1.1 Judicial function and access to justice improved.				
Indicator: National automated case tracking system operational status.				
Unit: Percent of courts incorporated.	Baseline	Year	Planned	Actual
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.	Baseline	Year	Planned	Actual
Source: CPU reports.			-----	
Comments: a) judges, b) employees		1992		a) 66 b) 93
		1993	a) 75 b) 75	a) 76 b) 29
		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	a) 78 b) 13	
		1994	a) 150 b) 100		
		1995	a) 150 b) 100		
		1996	N/A		
	Target	1997	N/A		
Indicator: Legal assistance backup center functioning.					
Unit: N/A	Baseline	Year	Planned	Actual	
Source: CPU Report		1992	-----		
Comments: This center will be established as a single entity - probably located in Santiago in FY94.		1993			
		1994	-----		
		1995			
		1996			
	Target	1997			

Indicator: Dispute resolution/legal aid centers functioning.					
Unit: Number.	Year	Planned	Actual		
Source: CPU reports.	Baseline	-----			
Comments:	1992				
	1993		1		
	1994				
	1995				
	1996				
	Target				
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					

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.	Year	Planned	Actual	
Source: CEAL	Baseline	-----	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	70	305	
	1994	50		
	1995	100		
	1996	N/A		
Target	1997	N/A		
Indicator: Consultative reports and expert testimony received by Congress.				
Unit: Number of reports delivered.	Year	Planned	Actual	
Source: CEAL reports.	Baseline	-----	N/A	
Comments: Projections of demand are not practical. Planned outputs based on CEAL 1992 session experience and capacity.	1992		30	
	1993	40	68	
	1994	40		
	1995	40		
	1996	N/A		
Target	1997	N/A		

STRATEGIC OBJECTIVE NO. 1 Responsiveness of key institutions to citizen's 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.	Baseline	Year	Planned	Actual	
Source: PARTICIPA and national election service.	-----			*	
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	-		
		1995	-		
		1996	100,000		
		Target			
Indicator: Public political issue meetings held.					
Unit: Number of meetings organized by PARTICIPA.	Baseline	Year	Planned	Actual	
Source: PARTICIPA reports.	-----				
Comments: 1993 - Presidential and Congressional elections. 1994 - No elections. 1996 - Municipal and possibly regional governors.		1992		300	
		1993	500	600	
		1994	100		
		1995	100		
		1996	500		
	Target				

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

STRATEGIC OBJECTIVE NO. 1 Responsiveness of key institutions to citizen's needs increased.					
PROGRAM OUTPUT NO. 1.4 Effectiveness of targeted regional and municipal governments improved.					
Indicator: Ten pilot project in citizen municipal participation completed.					
Unit: Projects implemented.	Baseline	Year	Planned	Actual	
Source: PARTICIPA			-----		
Comments: The project will start during FY94.		1992			
		1993	3		
		1994	7		
		1995	0		
		1996	0		
		Target	1997	0	
Indicator: Five municipal finance innovation demonstration projects completed.					
Unit: Demonstration projects completed.	Baseline	Year	Planned	Actual	
Source: Centro de Estudios Públicos (CEP) and CEAL.			-----		
Comments:		1992			
		1993	3		5
		1994	2		
		1995			
		1996			
	Target	1997			

Strategic Objective Two: Increased public and private sector capacity to address Chile's environmental problems in support of the Enterprise of the Americas Initiative (EAI).

USAID/Chile's SO Two links directly with the Agency's environmental goal of promoting an environmentally sustainable economic growth model, and supports U.S. strategic interests with Chile as a possible Free Trade Agreement (FTA) partner. There are three program outcomes (POs) for this SO: increased capacity in the National Environmental Commission (CONAMA) for environmental policy formulation and coordination; increased involvement by Chilean industry in pollution prevention activities at the plant level; and increased support for NGO environmental activities.

Public debate in 1988 on environmental policy was non-existent and public awareness of environmental problems was sparse. For years, Chile's highest priority had been given to economic growth through expansion of natural resource-based exports to pay off a burdensome external debt. SO Two has three principal vehicles: R&D's Environmental Planning and Management (EPM) Project with the World Resources Institute (WRI); R&D's Environmental Pollution Prevention Project (EP3); and a PASA with the United States Environmental Protection Agency (USEPA). Under these arrangements, substantial SO/PO progress is being made.

Most important progress has been made on the development and strengthening of CONAMA, the National Commission on the Environment (PO 1). Legislation establishing it as an inter-ministerial body to coordinate the development and implementation of national environmental policy is expected to be signed before March 1994. The legislation was fostered through USAID/WRI funding of a 1989 environmental transition team.

Through CONAMA we have funded: publication of the Atlas of Chilean Environmental Problems; publication of Regional Environmental Profiles for Chile's 13 administrative regions which established a computerized data base for Chile's environmental problems and served as the foundation for the preparation of the country's first formal State of the Environment Report to be released in early 1994; CONAMA's efforts to strengthen Chile's 13 regional environmental commissions, COREMAS, especially in the development of practical EIA guidelines; and a Biological Diversity Action Plan (Chile's response to the 1992 Convention on Biodiversity). USEPA has also provided CONAMA and the CONEMA's with institutional requirements, EIA methodology and enforcement capacity.

At Universidad Católica we support the design of environmental quality indicators to establish a system for monitoring national environmental trends to be integrated into CONAMA's World Bank funded system. We also support the economic policy think-tank, CIEPLAN, environmental economics research on the effects of the depletion of the country's fish stocks as well as the first Chilean conference on environmental economics.

CIPMA, a Chilean environmental NGO, has been assisted to: strengthen its capacity to inform and educate the public and business and scientific community through its environmental information network; publish ECOMUNA, the first environmental newsletter aimed at municipal officials and local NGOs; and will support its Fifth National Conference on the Environment (PO 3).

In March 1994 the new Frei Administration will take office. USAID/WRI will assist CONAMA as it vigorously assumes its mandate under the new environmental legislation and directly works with COREMAs to build their capacity for regional planning and environmentally sustainable development.

In November 1993 the first five (two tanneries, two textile plants and a slaughter house) industrial 'audits' under USAID/Chile's buy-in to EP3 took place (PO 2). Six low-cost, no-cost U.S. pollution reduction experts spent two weeks, along with Chilean engineers, walking through Chile's factories. Working through AMCHAM/Chile, pre-visit contracts were signed in which plant owners or managers agreed 'in principle' to put in place team recommendations. Positive results were almost immediate on the plant floors. The U.S. experts demonstrated cost savings in production systems and improving worker efficiency. The tanning plant recommendations were so successful that the Association of Tanneries wants to do a follow-up joint venture to lower chrome, sulfite and organic waste to fully comply with Chilean emission levels.

The project, which will 'audit' up to 50 plants, also intends to create a cadre of on-the-job trained Chilean engineers for small and medium size companies. The project is negotiating with CIPMA to establish a national pollution information clearing-house.

In late 1993 the first meeting of the Environmental Fund Board created as a result of debt forgiveness occurred (PO 3). The Board is composed of eleven members: four named by the GOC; six Chilean NGO representatives, named by the GOC (for no more than two, three year terms); and a U.S. member, the USAID/Rep. The Board will have slightly more than \$18 million to award to small communities and NGOs for environmental and child survival projects. The Board is now working on policy, internal procedures, personnel and business advisor issues. It is hoped that the first awards will be made in mid 1994.

While there have been significant strides towards POs a number of issues remain: the depth of environmental FTA issues, the capacity of CONAMA/COREMA to respond to domestic and FTA issues and the capacity of NGOs, especially outside Santiago.

Table 1: Strategic Objective Program "Tree"

CHILE		
AGENCY GOAL: Protecting the Environment		
<p style="text-align: center;">STRATEGIC OBJECTIVE NO. 2</p> <p>Increased public and private sector capacity to address Chile's environmental problems in support of the Enterprise for the Americas Initiative (EAI).</p>		
<p>PROGRAM OUTCOME NO. 2.1 Increased capacity in the National Environmental Commission (CONAMA) for environmental policy formulation and coordination.</p>	<p>PROGRAM OUTCOME NO. 2.2 Increased involvement by Chilean industry in pollution prevention activities at the plant level.</p>	<p>PROGRAM OUTCOME NO. 2.3 Increased support for NGO environmental activities</p>
Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)
Environmental Awareness and Planning (EPM/WRI Buy-In)	Environmental Pollution Project (EP-3 Buy-In)	EAI Environmental Fund
Transfer of Environmental Technology (EPA/PASA)		
Energy Efficiency Project (EEP Buy-in)		

Table 2: Strategic Objective Performance

CHILE					
STRATEGIC OBJECTIVE NO. 2. Increased public and private sector capacity to address Chile's environmental problems in support of the Enterprise of the Americas Initiative (EAI).					
Program Output No. 2.1: Increased capacity in the National Environmental Commission (CONAMA) for environmental policy formulation and coordination.					
Indicator: GOC position and policy papers in which CONAMA plays a key role.					
Unit: Number of GOC positions and policy papers.		Year	Planned	Actual	
Source: GOC and CONAMA officials, and official GOC publications.	Baseline	(Year)			
Comments: Currently CONAMA's credibility is estimated as rather low due to a lack of production of policies/regulations. A framework environmental law consolidating CONAMA's position was submitted to Congress in Sept. 1992. The law is expected to be approved in 1994.		1992		1	
		1993	4	2	
		1994	2	2	
		1995	2		
		1996			
	Target	1997			

Indicator: Number of guidelines produced for planning of regional and local environmental policies with CONAMA's coordination.				
Unit: Number of guidelines.	Baseline	Year (Year)	Planned	Actual
Source: Official GOC publications.		1992		0
Comments: CONAMA is beginning to develop guidelines for each of Chile's thirteen regions.		1993	14	14
		1994	1	14
		1995	2	
		1996		
	Target	1997		

Indicator: Creation of a national environmental information system within CONAMA using World Bank Resources.				
Unit: Operating database system.	Baseline	Year (Year)	Planned	Actual
Source: CONAMA/WRI progress reports.		1992		0
Comments: CONAMA will use World Bank loans to build an environmental information system. Experts from EPA will continue to assist CONAMA in the design and operation of the system.		1993	1	1
		1994	1	1
		1995	1	
		1996		
	Target	1997		

Section 118 and 119 Tropical Forestry/Biodiversity.

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. The Aylwin government 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 environmental 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 USAID 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 \$18 million from the PL 480 and USAID debt interest will accumulate into this fund over 10 years. The environmental fund established under the EAI became operational in 1993. It 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. (See S&T attachment for details).

In 1992, the Peace Corps became active in environmental issues. Skilled volunteers were placed in public and private sector environmental institutions and a SPA support program begun. 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. Accordingly, it is not proposed that USAID/Chile attempt to address with ITT program funds USAID's special interests in tropical forestry and biodiversification.

Strategic Objective Modification

USAID/Chile has reviewed its approved FY94-95 Action Plan and believes it can meet existing strategic objectives (SOs), based on the timely availability of funding. Meeting SOs is also dependent on project managers. While the release of FSN personnel, OE and program funded, is described in other sections it may be necessary for Washington or La Paz TDYs if FSNs find other employment prior to their projected release.

Central and Regional Projects.

As an MDC USAID/Chile takes full advantage of centrally funded projects to leverage funds and technical skills. We have four project relationships.

Within Strategic Objectives.

1. Environmental Pollution Prevention Project (EP3). As noted in the environmental section this project provides technical services to Chilean firms to reduce their pollution through low cost-no cost technology. USAID/Chile will do an OYBT in FYs 94 and 95.

2. Energy Efficiency Project (EEP). In the FY93 Action Plan USAID/Chile received authorization to have a small EEP buy-in to assist with energy conservation policy dialogue issues with Chile's National Energy Commission. The U.S. based International Institute for Energy Conservation (IIEC) which has an office in Santiago was to initiate that dialogue. A final USAID decision on whether to obligate funds for EEP will be made later in FY94, based on availability of ITT funds.

Non-Strategic Objectives.

1. Housing Guarantee Program. The Housing Guarantee Program managed by RHUDO is no longer included within USAID/Chile's strategic objectives. Nevertheless, it should be noted that the \$40 million HG-010 directly supports Strategic Objectives One and Two. Specifically, \$15 million of these resources are being used to help two of Chile's largest municipalities (Santiago and Valparíso) develop urban revitalization programs with strong private sector elements. Another \$5 million is being used to implement three sewage treatment demonstration projects 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 USAID/Chile's portfolio are being reinforced by this HG, the long term Santiago based advisor and short term advisors. USAID/Chile will do an OYBT in FYs94, 95 and 96.

2. Contraceptive Support from R&D/POP. USAID/Chile has no strategic health objective. Nonetheless, contraceptive support has been provided to Chile for its public health service even before this office reopened in 1988. The value of the commodities has varied from year to year, but usually is several hundred thousand dollars annually. Given the stage of Chile's development and its fiscal situation, USAID/Chile 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.

2. New Activity Descriptions (NADs).

USAID/Chile has one NAD: a new FY95 start 'Chile: A Development Resource'.

NEW ACTIVITY DESCRIPTION (NAD)1. Basic Data

- a. Chile: A Development Resource
- b. TBD
- c. ITT
- d. FY 95 and 96
- e. \$225,000

2. Strategic Fit

Chile and the United States are poised to embark on a unique relationship as President Clinton has indicated Chile is next in line for a Free Trade Agreement. The obvious benefits to Chile emanating from a long-term trading relationship with the United States is not lost on its neighbors. Increasingly, Chilean technicians, government and private sector, NGO and political, are being called upon to 'localize' the Chilean experience. Indeed, our Agency's goals of achieving broad based economic growth, protecting the environment, stabilizing population growth and protecting human health and building democracy are to a great extent Chile's achievements.

USAIDs, multilaterals and governments are being provided Chilean assistance for: market-oriented economic policy and financial sector reforms; decentralization, 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 collaborative efforts between labor/management/government/universities towards promotion of workers rights.

As USAID phases out of Chile in FY96, a jointly funded Chilean U.S. development project, or 'sustainable and useful units of assistance' (State 380556), would provide USAIDs with direct access to these individuals and institutions who have achieved our Agency's goals. Indeed, many of Chile's senior officials were trained and institutions formed as a result of the more than \$1.3 billion in assistance from USAID and its predecessor agencies awarded over more than forty years.

3. Consistency with Mission Strategy

- a. Activity Goal: To promote and facilitate a mature U.S. development partnership with Chile based on Chile's economic and political successes.
- b. Activity Purpose: To create a financially sustainable system which provides developing countries easy access to professional Chilean development expertise, human and institutional.
- c. While a great deal has been written about Chile's ten years of macroeconomic reform there has been largely unreported and dramatic social sector progress. In the last three years Chile's social sector efforts in health, education, social security, and housing have received increased emphasis. Likewise in the

democracy arena the last four years of peaceful and transparent elections for President, legislature and mayors, activity to reform the judicial system and the decentralization of government are strong indicators that democracy is being consolidated. Chileans who have made the model work are unique and valuable advocates for reform.

d. and e. The NAD dialogue agenda is USAID's development agenda. This activity will respond to individual USAID, multilateral and government development agendas.

4. Policy and Design Issues

a. There is an increasing demand for Chilean developmental expertise. Over the last three years USAID/Chile helped to host or otherwise coordinate the visits of more than ten delegations financed by other USAIDs to learn about different aspects of Chile's development model. Several of these delegations, as did the latest from Russia, included Ministerial level officials. At least two other USAIDs have projects that tap directly into Chilean institutions being assisted under USAID/Chile's Democratic Initiatives portfolio. As USAID/Chile closes its doors in FY96 this project will permit continued contact with Chileans through an established network.

b. This NAD is for an FY95 start. There are a number of design issues due to the NAD's innovative nature and short funding period. A design team will look at: organizational issues required to establish a low cost system to match demand (USAIDs, multilaterals and governments) with supply (Chilean expertise); financial sustainability issues related to differing (and sometimes conflicting) government procurement systems; and operational issues which define the role of the Chilean government, NGO community, universities and the public and private sectors.

c. USAID/Chile proposes to finance the NAD design with ITT funds for two contractor TDY's. CDIE will be asked to do a review of similar projects. Since the activity is designed to be self-standing project management will take place with existing FSN staff. No additional OE is required.

d. and e. If the NAD is authorized under MDC guidelines USAID/Chile proposes to use approximately \$60,000 in FY94 to finalize design issues and have the initial obligations in FY95.

C. CLOSE-OUT PLANS

1. Status of Portfolio

See table 3 in attachment 5.

2. Planned Activities During the Final Year Program

USAID/Chile will close-out in FY96 with final obligations to meet project objectives made in FY95. All projects have, or will have, 1stQ FY96 PACDs. However, the regional RHUDO supported activities, the HG programs as well as local government strengthening, may require an USAID and/or Embassy/Santiago determination. (See section E, Issues).

All ITT FY96 obligations are for project evaluations. AOJ projects already have evaluation funding.

3. Evaluation of Program Accomplishments

This is USAID/Chile's second close-out. In 1980 as part of its first close-out a report detailing all USAID and its predecessor agency work from 1942 (Good Neighbor Policy) was commissioned. Another edition, detailing the 1988-1996 USAID/Chile program will be commissioned, using OE funds. Assistance will be requested from CDIE.

In FY96 USAID intends to use ITT, limited OE and AOJ funding for project and program evaluations. Assistance will be requested from CDIE and others.

USAID/Chile plans to use the USEPA 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, USAID/Chile will have a 'reality check' of its own in-house assessment of progress towards this objective.

4. Operational Plan

The USAID/Representative in Chile is the only USDH at post. He arrived in July 1993 and will complete a first tour in July 1995. He is tentatively scheduled to depart post July/August 1996 (4thQ FY96). Entering FY96 USAID will have nine FSNs, six OE and three program funded. (One FSN participated in USAID/Chile's first close-out in the 1980s). Based on PACD's in FY95 and 1stQ FY96 all FSNs will be released in FY96, one in the 1stQ and the remainder in the 3rd or 4thQ, depending on individual project close-out issues. (See Table 3). Based on current assumptions and projections this release plan will allow orderly program close-out with a minimum of vulnerability. If FSN work is required after Rep departure, because of vulnerability issues, a funding and reporting mechanism will be determined with USAID and

La Paz. USAID/Rep will have further discussions with Embassy/Santiago to designate an FSO for any follow-up with La Paz and USAID after USAID/Rep departure.

The USAID/Rep has held release discussions with individual FSN staff members as well as discussions with our EXO and CONT backstop in USAID/La Paz. At this time no USAID or La Paz project follow-up is contemplated for existing activities, save in case of premature FSN departures for other employment. If this occurs USAID/La Paz and/or USAID TDY assistance may be required.

At this time the USAID/Rep is aware of two central or regional activities in Chile that may extend beyond FY96, both are RHUDO activities, one in housing and the other in decentralization. (See E. below, Issues). Additionally, at least one cable has been received showing interest in a new start. The USAID/Rep in a return cable indicated that any new central bureau activity in Chile must be concurred in with senior LAC management as well as Embassy/Santiago.

Our regional EXO at USAID/La Paz has made an initial determination, concurred in by USAID/Rep, subject to a final determination in FY95, that the condition of the limited NXP warrants a sale as per HB 23 Chap. 131. USAID/Chile NXP will be disposed of through usual Embassy/Santiago sales, and funds will be sent to USAID. USAID has no trust fund, contractor or project-titled property. USAID is located in U.S. government owned property, the Consulate, property of the State Department. Records will be closed-out under a plan to be sent to the Agency's Records Management Officer.

USAID/Chile expects our regional backstops in La Paz, EXO, CON and CONT, to continue providing us with assistance, as needed, through USAID/La Paz financed TDYs, to fully carry out the spirit and intent of the close-out plan.

D. RESOURCE REQUIREMENTS

1. Program Resource Requirements

See Table 4a.

2. Program management Requirements - Workforce and OE.

See Table 5.

TABLE 4a
USAID/ (COUNTRY)
SUMMARY PROGRAM FUNDING TABLE
Dollar Program
(\$000)

Funding Category	FY94	FY95	FY96	SO#
LAC Bureau				
ITT/ADC Training	1,840	1,900	340	
Environmental Awareness & Planning (EPM-WRI buy-in)	350	-	-	Two
Transfer of Environmental Technology (EPA-PASA)	150	275	30	Two
Environmental Pollution Prevention (EP3 OYBT+PSC)	340	410	25	Two
Energy Efficiency Project	50	150	25	Two
Other EAI-FTA Support	600	500	40	Two
Decentralization and Local Government Strengthening	100	125	25	One
Peace Corps SPA (OYBT)	21	60	60	NA
Program Implementation PSC's	70	80	60	Two
Housing Finance (OYBT-RHUDO)	159	100	50	NA
Chile: A Development Resource	-	200	25	NA
AOJ/DI	2,320	1,180	60	
Civic Education (Participa)	750	100	-	One
Justice Sector Improvement (CPU)	900	600	-	One
Center for Legislative Studies and Assistance (CEAL-SUNY-OIP)	600	400	-	One
Program Implementation PSC	70	80	60	One
Drug Awareness	-	-	-	-
GCC	-	-	-	-
PD&S	60	-	-	-
Others	-	-	-	-
Total LAC Bureau	4,220	3,080	400	
Other Bureau-funded	220	100	250	
Local Government and Regional Municipal Development (RHUDO-SA)	220	100	250	One
PROGRAM TOTAL	4,440	3,180	650	

TABLE 5
USAID/Chile
OE Funding Requirements
(\$000)

ASSUMES USAID REPRESENTATIVE DEPARTS POST 7/96

OE/TRUST FUNDED LEVELS By Major Function Code:	FY 94	FY 95	FY 9
U100 U.S. Direct Hire	19.6	27.1	39.
U200 F.N. Direct Hire	79.1	88.6	96.
U300 Contract Personnel	165.1	187.3	186.
U400 Housing	44.9	45.2	10.
U500 Office Operations	98.7	72.0	53.
U600 NXP Procurement	-.-	-.-	-
Sub-Total-Core Costs	407.4	420.2	385.
Downsizing Cost: U100	-.-	-.-	-
U200	-.-	-.-	248.
U300	-.-	-.-	82.
Sub-Total Downsizing Costs	-.-	-.-	330.
Total OE/TF Costs	407.4	420.2	715.

	Mission Staffing Requirements								6
	FY 94				FY 95				
	USDH	USPSC	FSN	Other*	USDH	USPSC	FSN	Other*	6
Total FTEs or Workyear	1		1		1		1	8.0	1
of which Program funded									

* Other = PASAs and TCNs

E. USAID/CHILE AND AID/W INITIATED ISSUES

There are seven USAID/Chile issues:

1. Initiation of Free Trade Agreement (FTA) Negotiations with Chile (Strategic Objective Two). There are two FTA items, projects and ITT funding. With NAFTA approved the initiation of negotiations with Chile are poised to begin. USAID/Chile's SO Two is premised on the assumption that environmental issues are of FTA importance, therefore for this AP funding levels (within what we believe to be our DA controls) for FY94 and 95 FTA were increased, and funding for the USEPA PASA continued.

However, two other projects, Environmental Pollution Prevention (EP3) and Environmental Planning and Management (EPM), which directly support FTA issues did not receive increased funding due to AP guidance limiting NADs for close-out posts. USAID nonetheless made a decision to request one NAD for 'exceptional circumstances', not three. AP NAD guidance puts USAID/Chile at a disadvantage responding to FTA issues. Additional FTA activity with EP3 and EPM, two successful on-going environmental projects, require NADs to increase authorized funding levels.

As indicated above, our AP is based on what we believe to be our ITT funding levels. With increased activity in the FTA, as well maintaining an FY96 close-out scenario, will additional ITT funds for the FTA be available in FY94 and/or 95.

USAID/Chile seeks guidance on FTA.

2. USAID/CHILE NAD. USAID/Chile submits one NAD because we believe it meets AP guidance requiring 'exceptional circumstances' for authorization.

'Chile: A Development Resource', responds to the maturing development partnership our countries are enjoying. The NAD requests authorization for this new activity which would become the basis of 'sustainable and useful units of assistance' described in State 380556. Through this activity Chilean expertise will become more actively and regularly engaged in regional development problems. This activity was highlighted in last years AP and LAC showed interest, agreeing to a design effort. Personnel changes, funding and the innovative nature of the proposal prevented the design. FY94 PDS is requested for an early FY95 start and FY96 PACD.

USAID/Chile seeks authorization and funding for this NAD.

3. ITT and LAC/DI Funding for Decentralization Activities. In last years Action Plan USAID received authorization to initiate a decentralization activity for \$2 million using ITT funds over four FYs. USAID/Chile believes that decentralization is one of the last most important steps in Chile's consolidation of democracy. RHODE has begun a series of activities with USAID/Chile cooperation, which we wish to expand.

There is FTA pressure on the ITT budget. Therefore, we have decided to reduce our initial budgeted FY94 decentralization level, and based on final FY94 ITT levels may not support any decentralization activity with ITT funds. Nonetheless, we believe that democracy is an FTA issue and would like to discuss with LAC/DI the possibility of picking up one or more decentralization activities, perhaps initially with PARTICIPA, originally identified in last years AP.

PARTICIPA has been an essential building block for Chilean democratic consolidation since the 1988 plebescite. Additional LAC/DI funding (\$400,000 in FY95) for a PARTICIPA decentralization activity will permit this grass-roots organization to enhance the participatory nature of Chile's democracy. It will work with the government to modify legislation to permit a more effective nation-wide system of grass-roots participation through local Economic-Social Councils. PARTICIPA would encourage and promote citizen participation in these Councils to make them more representative and dynamic.

USAID/Chile wishes to have discussions with LAC/DI on funding for Chile decentralization efforts.

4. USAID/La Paz Regional Support. In FY93 all our support services were centralized in La Paz. LAC provided supplemental OE funding to complete the centralization. USAID/Chile's close-out plan is based on support from La Paz. Will LAC continue to provide supplemental funding to La Paz and Chile for the close-out.

USAID/Chile seeks guidance on La Paz service support.

5. Central and Regional Programs in Chile after FY96. USAID/Chile noted in the close-out section that two RHUDO programs were potentially slated to continue beyond FY96.

USAID/Chile seeks LAC guidance on RHUDO and other central and/or regional activities beyond FY96.

6. Final Evaluations. We intend to have all FY96 project activity focus on end of project and end of program evaluations. We would welcome USAID guidance on packaging and publishing.

USAID/Chile seeks guidance on final FY96 evaluations.

7. Embassy/Santiago. We have had initial conversations with the Ambassador, DCM and others regarding the close-out and the continuation of low level contact after FY96, possibly with the designation of a State Department USAID Affairs Officer at post.

USAID/Chile seeks guidance on the level and type of AID contact with Embassy/Santiago expected after close-out.

ATTACHMENT
USAID/CHILE'S PROGRAMS IN SCIENCE AND TECHNOLOGY

USAID/Chile hosts a number of science and technology grants awarded in Washington through world-wide competitive awards processes to foster bi-lateral science and technology cooperation.

Biodiversity

The Biodiversity Support Program (BSP), funds innovative biodiversity conservation research and is administered by the World Wildlife Fund, the Nature Conservancy and the World Resources Institute. There are seven BSP grants in Chile: the Universidad de Austral has four grants, native forest regeneration, benthonic ecosystem responses to change, parks management and floral biodiversity in central Chile; Universidad Católica has one, logging in evergreen temperate rain forests; Universidad Católica del Norte has one, biodiversity conservation in artesanal fisheries; and Universidad de Chile has one, effects of mollusk cultivation on intertidal ecosystems.

The Conservation of Biological Diversity Project, is a joint National Science Foundation-USAID/Washington project, and funds two Chilean Universities: Universidad de Concepción for 'New Flora of Chile' and Universidad Católica for 'Role of Predation and Interactions between Plants and Small Mammals in the Chilean Mediterranean Scrub Zone'.

University Development

The University Development Linkages Program (UDLP) promotes linkages between foreign and U.S. institutions of higher learning and is administered by the National Academy of Science for USAID. Chile has two UDLPs. In 1992, Yale Law School and the law schools of the University of Chile and Diego Portales received funding to foster scholarship and to advance legal concepts in democratic systems. In 1993, the University of Arizona's Office of Arid Lands Studies and the University of Chile's Program on Arid Lands received funding to investigate and promote sustainable agriculture in Chile's northern desert regions.

Program in Science and Technology Cooperation

The Program in Science and Technology Cooperation (PSTC) supports innovative research in areas of development potential. Since 1988, 17 PSTC Grants totalling more than \$1.5 million have been made to Chilean Universities. USAID/Chile provides financial administration to all active PSTCs grantees.

ENVIRONMENTAL ISSUES IN CHILE

The following list characterizes Chilean environmental issues and briefly describes possible causes and/or impacts:

- **Air pollution in Santiago**

Santiago smog is due to vehicle emissions, industrial processes, unpaved streets and residential heating. The visible components of smog (particulates) are of primary concern although not necessarily the most noxious (nitrous oxides and hydrocarbons).

- **Water Contamination**

Lakes, rivers and coastal waters are contaminated by untreated sewage and uncontrolled industrial discharges. The Bays of Talcahuano and San Vicente are the most notorious examples. Ninety-eight percent of Chilean municipal sewage is untreated and discharged into rivers and ocean. Contaminated river water is used for irrigation and linked to cholera and other health problems.

- **Degradation of Biologically Diverse Ecosystems**

The degradation of Chilean ecosystems is due to the spread of monoculture forest plantations, the cutting of "native" forests for wood chips and the overexploitation of marine resources.

- **Clandestine and Uncontrolled Dumping of Industrial Solid Wastes**

The disposal of industrial wastes is un-monitored and there is a shortage of disposal facilities for wastes in the Santiago Region (the largest landfill will close by 1995).

- **Exposure to Pesticides (Farmworkers and Consumers)**

One health study found acute and chronic cases of pesticide poisoning in farmworkers. Fresh produce eaten by Chileans is un-monitored for pesticide residues.

- **Eutrophication of Lakes and Bays**

Lakes and bays are experiencing nutrient blooms and reduced BOD (biological oxygen demand) due to aquaculture activities, the discharge of untreated sewage and fertilizer run-off from farms.

- **Arsenic and Cyanide Exposure in Mining Areas**

Although northern Chile has an unusually high background level of arsenic, the mining and processing of minerals increases public exposure.

- **Reduction in the Ozone Layer over Southern Chile**

Scientific studies indicate an increased incidence of cataracts in animals and humans in southern Chile. Chile produces less than three percent of global CFCs.

CHILEAN ACTIONS TO ADDRESS ENVIRONMENTAL ISSUES

Chilean government, private sector and non-governmental institutions are confronting some of the most serious environmental issues:

- **Air pollution in Santiago**

A 1992 law set a particulate emission limit for industrial sources with further reductions required by 1995. All cars from 1992 onwards must have catalytic converters. Public transportation is being rationalized by taking the oldest buses out-of-service, by installing a trolley system and by constructing a new metro line.

- **Water Contamination**

A national inventory of liquid industrial wastes (RILEs) was done in 1993. A regulation for controlling RILEs is being developed. The first wastewater treatment plant in Santiago (serving less than 10% of the population) opened in 1993. Some coastal cities are constructing ocean discharges for sewage.

- **Degradation of Biologically Diverse Ecosystems**

Debate on the new Forestry Law has raised public interest in protecting "native forests" and concern over the benefits and costs of monoculture forest plantations. The Fisheries Law, promulgated in 1989, is oriented toward a sustainable yield of the national fishery.

- **Clandestine and Uncontrolled Dumping of Industrial Solid Wastes**

A 1993 regulation for Santiago requires industries and transport companies to track solid wastes from their point of generation to their disposal (without classification of the wastes). Most of the mayors in the Santiago Region have joined to solve residential waste disposal.

- **Exposure to Pesticides (Farmworkers and Consumers)**

Chilean NGOs have established a network to monitor pesticide use, to analyze farmworker safety, and to propose changes to national policies.

- **Eutrophication of Lakes and Bays**

Scientists are researching aquaculture impacts on ecosystems. Communities are analyzing options for diverting sewage from lakes.

- **Arsenic and Cyanide Exposure in Mining Areas**

Chilean courts required several mines to mitigate public exposure and ecosystem damage due to air emissions and tailings contamination. Mining companies are investing huge amounts in pollution control.

- **Reduction in the Ozone Layer over Southern Chile**

Chile has signed the Montreal Protocol, Vienna Convention and London Conference. CONAMA is coordinating efforts to reduce CFC production.

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
USAID/CHILE
GUIDELINES FOR FUNDING ACTIVITIES RELATED TO A POSSIBLE
FREE TRADE AGREEMENT (FTA)
BETWEEN THE UNITED STATES AND CHILE**

Chile and the United States share a mutual interest in the economic growth and democratic stability stimulated by removal of trade barriers through a proposed Free Trade Agreement (FTA). USAID/Chile is committed to the development benefits of an FTA and will facilitate an FTA development dialogue. The associated benefits of an FTA are productive employment, greater investment, improved systems of health and education, and an increased interest in environmental health and safety.

USAID/Chile will provide funding assistance for activities which encourage and promote public dialogue and understanding of a Free Trade Agreement and advance Chilean - U.S. development goals of sustainable economic growth. Nonetheless, USAID/Chile has limited funds to support open and public participation in the development benefits of the Free Trade Agreement.

USAID/Chile will use the following eligibility criteria for funding assistance:

- activities which provide increased non-partisan FTA technical information.
- activities which are short term (1 - 6 months), and in some limited cases, medium-term activities (6 - 9 months). Funds will not be used for activities longer than 9 months.
- activities proposed by Chilean and U.S. non-governmental organizations or supported by U.S. interagency agreements. Funds will not be used to directly fund Government of Chile institutions. Where possible, counterpart funding will be sought.
- activities that do not duplicate on-going activities within USAID/Chile's democratic strengthening and environmental assistance strategic objectives.

**LA AGENCIA DE LOS ESTADOS UNIDOS PARA EL DESARROLLO INTERNACIONAL
USAID/CHILE
POLITICA PARA EL FINANCIAMIENTO DE ACTIVIDADES RELACIONADAS CON
EL ACUERDO DE LIBRE COMERCIO (TLC)
ENTRE CHILE Y LOS ESTADOS UNIDOS**

Chile y los Estados Unidos comparten un interés mutuo en temas relacionados con el desarrollo económico y la estabilidad democrática, estimulados por el levantamiento de las barreras comerciales a través de la propuesta para un Tratado de Libre Comercio (TLC). USAID/Chile está comprometida a contribuir al logro de los beneficios para el desarrollo derivados de un TLC y cooperará en el diálogo tendiente a facilitar los acuerdos. Los beneficios que se asocian con el TLC son un mayor empleo productivo, mayores inversiones, mejores sistemas de salud y educación y el incremento del interés en temas como el medio ambiente.

USAID/Chile identificará las actividades que promuevan una mejor comprensión de los temas relacionados con un Tratado de Libre Comercio entre Chile y los Estados Unidos y que a la vez puedan contribuir al logro de las metas de ambos países tendientes a un crecimiento económico sustentable. USAID/Chile posee recursos limitados para fomentar la participación pública en un diálogo abierto sobre los beneficios de un Tratado de Libre Comercio.

Para seleccionar las actividades, USAID/Chile tendrá como referencia las siguientes pautas para dar asistencia financiera:

- actividades que entreguen información técnica no-partidista en relación al TLC.
- actividades de corto plazo (1 - 6 meses), y en algunos casos muy limitados a actividades de mediano plazo (6 - 9 meses). No se utilizarán fondos para actividades de más de 9 meses.
- actividades propuestas por organizaciones no gubernamentales chilenas o estadounidenses o a aquellas que tengan apoyo de parte de acuerdos entre agencias estadounidenses. Estos fondos no se usarán para financiar directamente a instituciones del Gobierno de Chile. En lo posible, se buscará una contribución de contraparte.
- actividades que no dupliquen esfuerzos existentes relacionados con los objetivos estratégicos de USAID/Chile, tales como el fortalecimiento democrático y la asistencia a programas ambientales.

Table 3: USAID/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				
Micro Enterprise/PROPESA (598-0616-513-07-01)				X																								
Micro Enterprise/FINAM (598-0616-513-07-02)				X																								
MDC Training Support (598-0616-513-09-01)				X																								
Pesticide Management (598-0616-513-03-04)				X																								
Participant Training				X																								
Technical Voc. Education - CIDE (598-0616-513-08-01)				X																								
Human Resources Mgt. Improvement (598-616-513-01-01)				X																								
Entrepreneurial Skills Training (598-0616-513-02)				X																								
Primary Health Care Improvement (513-0350/0351)				X																								
Env. Awareness & Planning (Buy-In) (598-0616-513-03-02)				X																								
Civic Education PARTICIPA (513-0796-A-00-1025-00)				X																								
Justice Sector Improvement CPU (598-0642-A-00-1064-00)				X																								
Center for Legislative Studies CEAL (598-0777-3-9655940)				X																								
Transfer of Env. Technology (PASA) (598-0616-513-03-02)				X																								
Environmental Pollution Prev. (Buy-In)				X																								
EAI Support (FTA)				X																								
Local Government Strengthening				X																								
Energy Efficiency Project (Buy-In)				X																								
Chile as a Resource				X																								
RHUDO (HG & Local Govt. Strengthening				X																								
TOTAL PROJECTS	14				13				10				10				1				1				1			

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