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# **USAID ARGENTINA AND URUGUAY**

## **Close-Out Report**

**February 1995**

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## **I. INTRODUCTION**

The USAID Offices in Montevideo and Buenos Aires will close on September 30, 1995. USAID's bilateral programs in Uruguay, and all but one in Argentina, will terminate by June 30, 1995.

This Report summarizes the results achieved during the past year in pursuit of the growth and democracy-related Strategic Objectives for each country. In summary, even though both Programs are being terminated sooner than was anticipated when they were conceived, we believe the results achieved by the (mostly private non-profit) grantees with which USAID has been cooperating have been: a) impressive in the relatively modest administration of justice and civil society programs in both countries; b) encouraging in our short-lived efforts in Uruguay to stimulate greater private sector involvement in the process of economic reform; and c) relatively disappointing with respect to efforts in Argentina to make Argentine and U.S. firms more aware of opportunities for trade and investment.

Administrative actions to close the USAID Offices are proceeding on schedule, with excellent support being provided by USAID/Bolivia.

Actions still required of USAID/Washington involve: a) designation of acting USAID Representatives for the July 1 - September 30, 1995 period; b) decisions regarding the continuance of a few regional/global projects; and c) a reply to the U.S. Ambassador to Uruguay's cable requesting clear guidance on the possibility of Uruguay's participation in future regional projects.

## II. PROGRAM ACCOMPLISHMENTS

### A. ARGENTINA

1. **Strategic Objective #1: (Building Democracy) "More responsible governmental institutions and a more engaged citizenry."**

With the exception of the public sector component of the anti-corruption program, all components of USAID's democracy-strengthening program in Argentina continued to be successful; and, in fact, exceeded planned impact targets.

Under the Administration of Justice Program, the following achievements were realized in 1994:

a) Judicial education seminars and technical assistance to provincial court officials was provided in several provinces. As a result, new judicial training institutions have been approved for establishment in the Provinces of Santa Fe, Rio Negro, Entre Rios, and Santa Cruz; and an additional three schools in Mendoza, Formosa and La Pampa are expected to be created this year.

b) Within the country's largest court system in the Province of Buenos Aires, the training methodology of the already existing schools was updated, and new techniques of curricula design were introduced. In addition, that Court's administrative reform program continued to set the pace for the rest of the country. Its Director was invited to several provinces, and to Bolivia, to brief officials on lessons learned. A pilot program to decentralize administrative functions was extended from one to three court districts, and it has now been decided to implement it throughout the Province. Annual planning conferences for the presidents of the Province's appellate courts have been instituted. (Justice Rudman, of the Maine Supreme Court attended the last conference.) Mediation and legal aid programs were expanded from the Federal Capital area to the Province.

c) The number of Neighborhood Mediation Centers was expanded from four to seven, and they are now fully funded by the Ministry of Justice.

d) The Mediation Program's impressive initial success was recognized in the United States by the CPR Institute for Dispute Resolution which awarded Fundacion Libra with its first-ever award to a foreign organization.<sup>1</sup> The Judicial Mediation Center was opened in Buenos Aires to serve 10 courts and will soon begin

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<sup>1</sup> The Institute is a coalition of 500 corporations, law firms, judges and professors dedicated to reducing the cost of litigation through ADR.

to serve 10 more. Mediation programs have been initiated in three provinces and are being considered by four more. Libra also began cooperating with two national bar associations to spread the use of mediation, and a mediation law on which Libra has worked tirelessly is before the Legislature.

e) The Association of Provincial Courts, CEJURA, took initial steps to establish itself by forming a provisional Steering Committee of provincial justices to work with Fundacion La Ley. The Committee negotiated a *modus vivendi* with another, more politically inclined, provincial court association being created by the Federal Ministry of Justice. It also approved plans for activities carried out -- including a visit by 7 justices to the U.S. It is expected that CEJURA will receive support from the IDB if it succeeds this year in establishing itself institutionally.

f) Public awareness and education efforts continued to be carried out by Argentine NGOs, and will continue after the USAID Program ends. The two main events assisted under the Program this year were: 1) a major comparative study carried out by a prestigious local research institution (FIEL) and presented at a major annual conference of the Argentine Bank Association (ADEBA) as part of its campaign for a more transparent and effective legal/judicial environment for business.<sup>2</sup>; and 2) major public fora held by three NGOs participating in the Program to discuss issues connected with constitutional reform initiatives regarding the judicial sector which were being negotiated by the major political parties. Similar fora are to continue this year to involve citizens in the reforms as they are implemented.

g) Yale Law School and the University of Palermo developed a joint Masters of Law Program to be initiated in March 1995.

USAID continues to work closely with the IDB and World Bank as they design follow-on AOJ programs which will build on the USAID/FLL Program's accomplishments.

Under the Accountability Program, Poder Ciudadano has succeeded in establishing linkages with 113 NGOs and schools which are carrying out their own anti-corruption programs. Remaining technical assistance under the public sector component of the Program, which met virtually no success at the Auditoria General and Ministry of Justice, was refocussed to the internal control agency of the Executive Branch (SIGEN). SIGEN is doing a very credible job weeding out isolated cases of corruption and increasing public involvement in accountability efforts.

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<sup>2</sup> The guest of honor was President Bush.

Funding under USAID's Civic Participation Program has been focussed on Conciencia due to the decision to close, but support for NGO-implemented activities has really been an integral part of all of our democracy-related interventions in Argentina. In addition to the highlights of these NGOs' accomplishments noted above, Conciencia succeeded in collaborating with 97 other NGOs which carried out activities under its municipal development and public education programs, and trained 335 female political candidates running for office from all major political parties (and 77 men (!) who saw how valuable the program was and asked to participate).

USAID's efforts at supporting the growth of civic participation in Argentina have been much more modest, in terms of the number of organizations reached, than anticipated at the time strategic objectives were set. The extent to which this support nevertheless contributed to the development of civil society in Argentina will be a primary focus of our final evaluation.

**2. Strategic Objective #2: (Growth) "Improved Prospects for Business Expansion in Argentina."**

The program objectives under this S.O. are: a) selected improvements in the legal, regulatory, judicial environment for business; and b) making Argentine and U.S. firms more aware of trade and investment opportunities.

Due to the decision to close the program, and USAID's very limited institutional connections with regulatory entities in the U.S. (along with the policy decision by the current Administration not to develop them), USAID/Argentina has only supported two activities to improve the business environment. With USAID support, the Securities and Exchange Commission and the Comision Nacional de Valores have established a cooperative relationship which is beneficial to both countries. Jointly, the two Commissions established and chair the Inter-American Association of Security Market Regulators. The second activity involved promotion of limited linkages by Argentine energy regulatory authorities with regulatory authorities in the U.S. This has been done with the assistance of USAID's Office of Energy and Infrastructure.

That same Office made modest efforts to expose interested private Argentine utility operators to opportunities for renewable energy development which would involve U.S. industry. Some success was achieved in establishing linkages with American energy industry associations, and these may bear fruit for both countries in the future.

The largest investment made by USAID/Argentina in promoting increased awareness of business opportunities has been in the IESC Business Development Services Program. This Program has not

met with the degree of success originally expected in Argentina's booming economy. Since the Program began over two years ago, more than 500 Argentine companies have been contacted, and 200 projects have been analyzed. Of these, 44 were submitted to IESC in the U.S. to locate a joint venture partner. IESC is currently marketing over 20 of these in the U.S., and 5 deals are under discussion by U.S. and Argentine companies. Only one transaction (for U.S. exports to Argentina) has been completed. The reasons for the less-than-expected degree of success achieved by IESC will be examined in an evaluation to begin in March, after which a decision will be made whether to allow IESC to continue developing the Program in Argentina with an additional subsidy from Global. (The Program is operating in other "graduate" countries.)

## ARGENTINA

ARGENTINA				
STRATEGIC OBJECTIVE NO. 1 More responsible government institutions and a more engaged citizenry				
<i>Indicator: Percentage of public who believe that there are significant degrees of corruption by a) politicians, b) government employees, and c) judges</i>				
Unit: Percentage		Year	Planned	Actual
Source: Survey by NGO Poder Ciudadano	Baseline	1992	---	a. 91 b. 88 c. 66
Comments: The survey used to measure this indicator will be done in May/1995. Given the numerous allegations of corruption in the justice sector, it is likely that public confidence in judges has declined.		1995	a. b. c.	***

<i>Indicator: Percentage of victims of corruption surveyed who reported it to authorities</i>				
Unit: Percentage		Year	Planned	Actual
Source: Baseline: Poder Ciudadano survey. Ongoing reporting: Poder Ciudadano	Baseline	1992	---	28
Comment: The survey used to measure this indicator will be done in May/95.		1995		***
<i>Indicator: Percentage of the public reporting a favorable perception of the fairness of the justice system</i>				
Unit: Percent		Year	Planned	Actual
Source: Baseline: Argentine media. Ongoing reporting: media and Poder Ciudadano surveys	Baseline	1991	---	22
Comment: <u>Noticias</u> magazine (12/5/93) is the source for the 1993 percentage reported. Gallup Poll of January/94 shows a 9%; while the <u>Centro De Estudios para la Nueva Mayoría</u> survey (June/94) is 17%. The percentage has declined due to the numerous allegations of corruption in the justice sector, which itself is good. Problem has been that justice sector has not adequately responded to increased public concern.		1993		16
		1994		17
		1995		***

<b>STRATEGIC OBJECTIVE NO. 1 More responsible government institutions and a more engaged citizenry</b>				
<b>PROGRAM OUTCOME NO. 1.1 A more independent, efficient and accessible justice system</b>				
<i>Indicator: Number of court administration reforms implemented</i>				
Unit: Number		Year	Planned	Actual
Source: Supreme Court of the Nation, Supreme Court of the Province of Buenos Aires and Fundación La Ley semi-annual reports	Baseline	1992	---	3 reforms started
Comments: Judicial Decentralization, Information Office and Judicial Conferences established at Supreme Court of the Province of Buenos Aires.		1993		3
		1994		3 implemented
	Target	1995	3 implemented	***
<i>Indicator: Judicial Education Centers established or strengthened</i>				
Unit: Number		Year	Planned	Actual
Source: Provincial Courts, Fundación La Ley	Baseline	1992	---	---
Comments: Court decisions for the creation of a Judicial School passed at Santa Fe, Entre Rios, Rio Negro & Santa Cruz Provinces. Judicial Institutions strengthened at the Buenos Aires Province. Other schools soon to be created: Mendoza, Formosa & La Pampa.		1993	---	0
		1994	---	5
	Target	1995	4	***

<i>Indicator: Mediation and arbitration laws/decrees/regulations operational</i>				
Unit: Number of laws/decrees/regulations		Year	Planned	Actual
Source: Ministry of Justice	Baseline	1992	---	3
Comments: Figures are cumulative. Activities include: the establishment of a Mediation Commission; passage of a Mediation Decree; the creation of a school for mediators; a national judicial mediation pilot project (1993). In 1994 the following regulations were issued: rules for the School for Mediators and Official Register of Mediators. The Mediation Law bill is being considered by the Senate.		1993		4
		1994		6
	Target	1995	4	***
<i>Indicator: Number of mediation programs introduced in Argentina</i>				
Unit: Number		Year	Planned	Actual
Source: Ministry of Justice, Fundación Libra	Baseline	1991	---	0
Comments: Figures are cumulative. The following programs have been introduced: neighborhood mediation centers; a mediation school; a corps of mediators; and a National Plan for Mediation. In 1994, two private programs were accomplished: one with the Bar Association of BA to install a Mediation Commission; and the second with FACA ( <u>Federación Argentina de Colegios de Abogados</u> ) to institute mediation in the Provincial Bars. Two Provincial Courts have officially instituted mediation: Jujuy and Santa Fe.		1992	---	1
		1993	---	4
		1994	5	8
	Target	1995	6	***
<i>Indicator: Number of cases resolved through mediation</i>				
Unit: Number		Year	Planned	Actual
Source: Ministry of Justice and Fundación La Ley semi-annual reports	Baseline	1991	---	400
Comments: Data is still not available but the number has been increased. From 4 neighborhood centers operating with USAID funding, now there are 7 centers with only MOJ funding. Additionally, the Center for Mediation annexed to the Courts was initiated and solved 72 cases during 1994.		1992		576
		1993		612
		1994		***
	Target	1995		***

<b>STRATEGIC OBJECTIVE NO. 1 More responsible government institutions and a more engaged citizenry</b>				
<b>PROGRAM OUTCOME NO. 1.2 Reduced opportunities for corruption</b>				
<i>Indicator: Number of GOA offices debureaucratized</i>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Ministry of Justice and Civil Service Secretariat semi-annual reports</b>	<b>Baseline</b>	<b>1992</b>	---	<b>0</b>
<b>Comments: The analysis and recommendations for two offices were completed, but changes were not implemented because of political problems. Project was canceled in 1993. In 1994, SIGEN (Internal Auditor's Office) proposed a plan to apply the recommendations of the first stage of the program to its own activities, using the remaining funds.</b>		<b>1993</b>		<b>0</b>
<i>Indicator: Number of groups participating actively in anti-corruption activities</i>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Poder Ciudadano semi-annual reports</b>	<b>Baseline</b>	<b>1991</b>	---	<b>1</b>
<b>Comments:</b>		<b>1992</b>	---	<b>8</b>
		<b>1993</b>	<b>20</b>	<b>34</b>
		<b>1994</b>	<b>36</b>	<b>113</b>
	<b>Target</b>	<b>1995</b>	<b>44</b>	<b>***</b>

<b>STRATEGIC OBJECTIVE NO. 1 More responsible government institutions and a more engaged citizenry</b>				
<b>PROGRAM OUTCOME NO. 1.3 Increased civic participation</b>				
<i>Indicator: Number of municipal, school and community projects undertaken through civic participation</i>				
Unit: Number		Year	Planned	Actual
Source: Conciencia semi-annual reports	Baseline	1992	—	0
Comments: This indicator includes projects undertaken by NGOs or public institutions receiving technical assistance from Conciencia.		1993		47
		1994	55	102
	Target	1995	60	***
<i>Indicator: Female political candidates trained</i>				
Unit: Number		Year	Planned	Actual
Source: Conciencia semi-annual reports	Baseline	1992	—	0
Comments:		1993		154
		1994	200	335
	Target	1995	250	***
<i>Indicator: Other NGOs related to the program carrying out civic participation activities</i>				
Unit: Number		Year	Planned	Actual
Source: Conciencia semi-annual reports	Baseline	1992	—	0
Comments: The training program includes several other NGOs to which Conciencia provides T.A.: 97 NGOs have participated in the program and at least 27 political parties have received training and material from the program.		1993		43
		1994	55	97
	Target	1995	60	***

<b>Argentina</b>				
<b>STRATEGIC OBJECTIVE NO. 2 Improved prospects for business expansion in Argentina</b>				
<i>Indicator: U.S. exports to Argentina</i>				
<b>Unit: US\$ million</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: U.S. Department of Commerce</b>	<b>Baseline</b>	1991	---	1,897
<b>Comments: Our efforts focus on improving Argentine business prospects by linking Argentine businesses with U.S. firms; hence this proxy indicator.</b>		1992	---	3,000
		1993	---	3,500
		1994	---	4,800
	<b>Target</b>	1995	---	***
<b>PROGRAM OUTPUT NO. 2.1 Selected improvements in legal, regulatory and judicial environment for business in Argentina</b>				
<i>Indicator: Number of regulatory norms and procedures adopted</i>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Reports from USG and other agencies providing assistance to Argentine entities</b>	<b>Baseline</b>	1992	---	0
<b>Comment: New LRJ activities not initiated due to closure</b>		1993	1	1
	<b>Target</b>	1994	2	0

<b>STRATEGIC OBJECTIVE NO. 2 Improved prospects for business expansion in Argentina</b>				
<b>PROGRAM OUTPUT NO. 2.2 U.S./Argentine businesses made aware of trade and investment opportunities</b>				
<i>Indicator: Number of firms engaged in deal-related discussions as a result of USAID-sponsored programs</i>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Buenos Aires BDS Office database</b>	<b>Baseline</b>	<b>1992</b>	---	<b>0</b>
<b>Comments: BDS Argentina at Stamford defines a "match" when the first face-to-face meeting takes place. This is a cumulative figure.</b>		<b>1993</b>	---	<b>2</b>
		<b>1994</b>	<b>12</b>	<b>15</b>
	<b>Target</b>	<b>1995</b>	<b>25</b>	<b>***</b>
<i>Indicator: Number of deals completed</i>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Buenos Aires BDS Office database</b>	<b>Baseline</b>	<b>1992</b>	---	
<b>Comments: Program was not as successful as planned. Five deals currently being negotiated actively.</b>		<b>1993</b>	<b>1</b>	<b>0</b>
		<b>1994</b>	<b>5</b>	<b>1</b>
	<b>Target</b>	<b>1995</b>	<b>10</b>	<b>***</b>

**B. URUGUAY****1. Strategic Objective #1: (Growth) "More Active Participation by the Private Sector in the Process of Economic Reform."**

USAID/Uruguay's goal under this S.O. has been to support selected activities by Uruguay's more dynamic business associations and private educational institutions to increase awareness of measures companies can take to improve their competitiveness, and business executives' familiarity with specific legal, regulatory and judicial (LRJ) impediments to business expansion in Uruguay. USAID conceived this Program as a necessary complement to GOU structural reform efforts being attempted with IDB/World Bank assistance. Under the Program, support has been provided to eight business associations, five educational institutions/NGOs and two mixed public/private organizations.

The Program was intended to last at least five years in order to begin to change the way in which participating organizations serve their customers/members and business executives participate in public policy decisions affecting the business environment. Although it has had to end after only two years, the Program has still had some success in meeting its objectives, according to the firm Equipos Consultores, hired to monitor the Program's impact on an ongoing basis. Some 2000 business executives have participated in activities sponsored by USAID grantees. According to Equipos, 63% of those attending have reported that they now paid more attention to, and learned more about, factors under their control which affect their firms' competitiveness. A total of 49% of the attendees reported that their participation helped them implement changes in the competitive strategies of their firms.

It has proven much more difficult to influence business executives to appreciate the importance of LRJ factors affecting the business environment and to take advantage of the opportunities to become more actively involved in such issues. Among the topics analyzed in USAID-sponsored activities were: labor law flexibility; private property rights of creditors; bankruptcy procedures; intellectual property rights; rural taxes which adversely affect production; and the judicial sector's affects on commerce. Even though Equipos found that most business executives still think that the government's macro-economic policies and the sectoral subsidies/support it provides override the importance of specific LRJ factors on which they themselves might take a more pro-active stance, 20% of the executives participating in events on LRJ issues reported that they were better informed about how governmental decisions regarding such issues affected their companies' competitive positions.

Highlights of this year's activities included:

- \* More public recognition is being given to improving product and service quality. The Comision Nacional de Calidad permanently established the National Quality Award, based on the Malcolm Baldrige Award given by the U.S. Dept. of Commerce, and gave total quality management courses to over 500 executives. USAID helped establish permanent contact between the National Institute of Standards and Technology and the Uruguayan Technical Laboratory.
- \* Agribusiness competitiveness was improved through twelve training events, observational visits to Chile and Argentina, carried out by FUCREA (an association of 700 Uruguayan agribusinesses), and through management consultancies carried out by CAF (the country's principal cooperative association) for 25 of its leading cooperatives. Firms analyzed their competitiveness vis-a-vis regional competitors, reformulated their business strategies, and re-thought specific management practices. (Both organizations are now seeking assistance from the IDB or World Bank to continue these Programs.)
- \* Continued USAID support for business education in Uruguay resulted in the permanent establishment of the Junior Achievement Program by DESEM and the "RTAC" university-level textbook program by the Alianza Uruguay-Estados Unidos. The Catholic University (UCUDAL) initiated its Business Services Center as an outgrowth of its already successfully operating Masters of Business program.
- \* An Action Agenda for private sector-led growth was produced with USAID support by private sector leaders and used for discussions with all major contenders for the presidency during the recent election campaign.

This last effort occasioned the establishment of the Consejo Superior Empresarial, an executive commission composed of the presidents of Uruguay's leading business associations. Its members negotiated common recommendations to be taken into consideration by the next government. The Consejo used the action agenda to discuss issues of concern in closed-door, on-the-record meetings with candidates. The Sanguinetti Faction of the Colorado Party, which won the election, formed a bipartisan commission which recently defined "competitiveness" as the principal theme and objective of the new Government's economic policy agenda. Many of the topics selected by the Commission for

priority attention by the next Government were initially identified and "worked" by USAID grantees beginning in 1992.

**B. Strategic Objective #2: (Building Democracy) "Improved Efficiency and Quality in Judicial Decision-making."**

Activities under the five-year AOJ Program have centered on improving court administration, training judicial personnel, and taking steps to modify, or improve implementation of, selected laws affecting commerce. As USAID's support for the AOJ Program comes to a close, it is clear that permanent improvements have been made in the way judicial personnel are prepared for their jobs and trained while in service, which will continue. The protracted process of consensus-building, which is so often necessary to set in motion permanent programs of administrative improvements, has also been completed, and the reform process is institutionalized in the Court System.

The Supreme Court believes that its administrative reforms have reduced the percentage of time it must devote to administrative matters in its sessions to 10%. After trips by key Court personnel to Costa Rica and Puerto Rico to observe judicial planning and budgeting systems, plans to improve several aspects of the Uruguayan Court's planning and budgeting systems are now being developed. Management information systems are being installed.

Innovative programs to initiate the use of mediation in Uruguay and to change completely the way in which both public and private institutions deal with growing juvenile justice problems, began to be implemented with the Court's full cooperation. The former Program will continue as part of the efforts of CEJU (Centro de Estudios Judiciales de Uruguay) to address legal impediments to commerce, with support from the IDB. The latter Program is being carried out with the cooperation of Partners of the Americas volunteers from the State of Minnesota and several Uruguayan organizations. They are expected to stay in contact with each other.

With respect to CEJU, judicial training is now a routine part of the judicial profession in Uruguay. Ninety-five percent of new judges appointed are graduates of CEJU, and a permanent Commission was created during the past year to advise the Court on judicial promotions, taking into account training received at CEJU.

The Uruguayan Court continues to be consulted by other Latin American courts on AOJ issues. During the past year, the President and another Justice visited Bolivia and Ecuador, and delegations from Ecuador and Colombia visited Montevideo.

## URUGUAY

## STRATEGIC OBJECTIVE PERFORMANCE

URUGUAY				
STRATEGIC OBJECTIVE NO. 1 More active participation by the private sector in the process of economic reform				
<i>Indicator: Number of business groups involved in promoting economic reform</i>				
Unit: Number of business groups		Year	Planned	Actual
Source: Annual survey of firms participating in USAID activities	Baseline	1992	--	0
Comment: A total of 10 entities (business, chambers and think-tank groups) have participated in USAID activities aim at getting more participation of the private sector in the process of economic reforms.		1993	--	8
		1994	8	10
	Target	1995	N/A	***
<i>Indicator: Percentage of businesses participating in USAID activities that have implemented changes in selected areas to improve their competitiveness</i>				
Unit: Percentage		Year	Planned	Actual
Source: Annual survey	Baseline	1992	--	--
Comment: USAID/Uruguay has contracted a private survey firm to assist in evaluating the impact of USAID's programs in achieving S.O.#1. A recent report has showed that <u>49% of business executives that have participated in USAID activities responded that the referred activity had helped them to implement changes in their companies to improve business competitiveness.</u>		1993	--	Not Available
		1994	--	49%
	Target	1995	--	***

<i>Indicator: Number of discussions/negotiations aimed at joint ventures generated through BDS program</i>				
Unit: Number		Year	Planned	Actual
Source: Quarterly reports of grantee Uruguayan/American Chamber of Commerce	Baseline	1992	--	0
Comment: "Planned" figures are cumulative. Three industry sectors were promoted in the U.S. by the IESC's BDS Program. None has generated solid negotiations between Uruguayan and U.S. companies.		1993	3	3
		1994	12	0
	Target	1995	N/A	***
<b>STRATEGIC OBJECTIVE NO. 1</b> More active participation by the private sector in the process of economic reform				
<b>PROGRAM OUTCOME NO. 1.1</b> Increased awareness by private business executives of measures to improve their competitiveness				
<i>Indicator: Number of business executives participating in USAID activities relating to competitiveness</i>				
Unit: Number		Year	Planned	Actual
Source: Quarterly project reports of grantees IESC, ACDE, UCRE, FUCREA, CAF, UCUDAL, and Uruguayan/American Chamber of Commerce; semi-annual report of CNC	Baseline	1992	--	0
Comments: "Planned" figures are cumulative, with the majority of individuals participating in USAID activities from one year to the next.		1993	250	1200
		1994	2300	2000
	Target	1995	N/A	***

<b>Indicator: Change in attitudes and knowledge regarding competitiveness in sample of firms participating in USAID programs</b>				
<b>Unit: Percentage</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Annual survey of firms participating in USAID activities</b>	<b>Baseline</b>	1992	—	—
<b>Comment: A recent report prepared by the Uruguayan survey firm hired by USAID has showed that 63% of business executives that have participated in USAID activities have improved their attitude and knowledge regarding business competitiveness.</b>		1993	—	Not Available
		1994	—	63%
	<b>Target</b>	1995	N/A	***
<b>STRATEGIC OBJECTIVE NO. 1 More active participation by the private sector in the process of economic reform</b>				
<b>PROGRAM OUTCOME NO. 1.2 Private business executives, Congress and the public better informed about legal, regulatory and judicial (LRJ) issues</b>				
<b>Indicator: Number of individuals participating in USAID activities regarding LRJ issues</b>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Quarterly project reports of grantees CERES, ORT, National Chamber of Commerce and American Chamber of Commerce</b>	<b>Baseline</b>	1992	—	—
<b>Comments: "Planned" figures are cumulative and involve the participation of many of the same individuals from year to year.</b>		1993	450	270
		1994	600	1200
	<b>Target</b>	1995	N/A	***

<i>Indicator: Number of LRJ impediments raised for discussion by grantee business groups involved in USAID activities</i>				
Unit: Number		Year	Planned	Actual
Source: Quarterly project reports from grantees CERES, American Chamber of Commerce, National Chamber of Commerce.	Baseline	1992	—	0
Comments: "Planned" figures are cumulative. A total of 5 LRJ impediments were raised for discussion by grantees. LRJ topics discussed among groups were: (1) Private Property Rights; (2) Intellectual Property Rights; (3) Unfair Competitive Practices; (4) Corporate Bankruptcy Law and Financial Statement; (5) Legal and Regulatory Impediments to Businesses.		1993	8	5
		1994	12	5
	Target	1995	12	***
<i>Indicator: Change in attitudes and knowledge regarding LRJ reforms in sample of firms participating in USAID activities</i>				
Unit: Percentage		Year	Planned	Actual
Source: Annual survey	Baseline	1992	---	---
Comments: A recent report prepared by the Uruguayan survey firm hired by USAID states that <u>20% of business executives and firms that have participated in USAID activities have improved their attitude and knowledge regarding importance of LRJ reforms.</u>		1993	---	Not Available
		1994	---	20%
	Target	1995	N/A	***

<b>Uruguay</b>				
<b>STRATEGIC OBJECTIVE NO. 2 Improved efficiency and quality in judicial decision-making</b>				
<i>Indicator: Median number of months required to obtain first-level decisions in civil cases</i>				
<b>Unit: Median number of months</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Baseline: 1990 UNDP study. Ongoing: court management information system</b>	<b>Baseline</b>	1989	—	29-33
<b>Comments: Data does not include family law cases, for which delays in reaching decisions were at a reasonable level in the baseline year. The 1993 and 1994 figures are higher than the 1992 figure because strikes and work stoppages caused delays.</b>		1992		7
		1993		9
		1994	7	9
	<b>Target</b>	1995	7	***
<b>STRATEGIC OBJECTIVE NO. 2 Improved efficiency and quality in judicial decision-making</b>				
<b>PROGRAM OUTCOME NO. 2.1 Court administration and other judicial reforms implemented</b>				
<i>Indicator: Judicial planning and budgetary capability instituted</i>				
<b>Unit: Yes/No</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Supreme Court semi-annual reports</b>	<b>Baseline</b>	1992	—	no
<b>Comment: Judicial Planning Office has been created, and planning sessions with the Court done. Judicial Planning training visit to Puerto Rico Supreme Court done by two Justices and the officials related to budget and planning.</b>		1993	—	no
		1994	—	no
	<b>Target</b>	1995	yes	***

<b>Indicator: Percentage of Supreme Court sessions devoted to administrative matters</b>				
<b>Unit: Percentage</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Baseline from report of consultant William Davis; ongoing monitoring by Supreme Court.</b>	<b>Baseline</b>	<b>1992</b>	<b>---</b>	<b>70-80%</b>
<b>Comment: The percentage is based on the number of sessions per week which the Supreme Court devotes to administrative versus jurisdictional matters, as reported by the Supreme Court Justices. "Planned" figures were revised in 1993, because the original 1995 "target" had already been reached.</b>		<b>1993</b>	<b>60%</b>	<b>20%</b>
		<b>1994</b>	<b>20%</b>	<b>10%</b>
	<b>Target</b>	<b>1995</b>	<b>10%</b>	<b>***</b>
<b>Indicator: Other administrative and judicial reforms implemented</b>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: CEJU, Supreme Court and Partners semi-annual reports</b>	<b>Baseline</b>	<b>1992</b>	<b>---</b>	<b>0</b>
<b>Comment: Other reforms under implementation include:</b> <ul style="list-style-type: none"> <li>- Statistical system</li> <li>- Management information system</li> <li>- Pilot program on ADR</li> <li>- Data base for tracking court decisions</li> <li>- Pilot program on Juvenile Justice System</li> </ul>		<b>1993</b>		<b>3 reforms started</b>
		<b>1994</b>	<b>4</b>	<b>5</b>
	<b>Target</b>	<b>1995</b>	<b>5</b>	

<b>STRATEGIC OBJECTIVE NO. 2 Improved efficiency and quality in judicial decision-making</b>				
<b>PROGRAM OUTCOME NO. 2.2 More professional justice system personnel</b>				
<i>Indicator: In-service judicial training formally linked to judicial career</i>				
Unit: Yes/No		Year	Planned	Actual
Source: CEJU semi-annual reports	Baseline	1992	---	no
Comment: A court resolution has been passed directing that CEJU courses be taken into consideration when granting promotions.		1993	---	yes
		1994	yes	yes
	Target	1995	yes	yes
<i>Indicator: Ethics code established</i>				
Unit: Yes/No		Year	Planned	Actual
Source: Not formally linked to the USAID program	Baseline	1992	---	no
Comment: Since 1993 this component is part of the IDB Program. USAID provided bridge funds that were used to promote discussion and raise consciousness on the subject.		1993	---	no
	Target	1994	yes	no

<b>STRATEGIC OBJECTIVE NO. 2 Improved efficiency and quality in judicial decision-making</b>				
<b>PROGRAM OUTCOME NO. 2.3 Steps taken to modify or improve implementation of selected regulations and laws affecting commerce</b>				
<i>Indicator: Number of regulations and laws addressed/drafted/passed</i>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Not formally linked to the USAID program</b>	<b>Baseline</b>	1992	—	addressed: 0 drafted: 0 passed: 0
<b>Comment: This activity is now under the IDB program. USAID provided the bridge funds until IDB money was available. Bankruptcy laws began to be considered for revision in 1993 and a draft was presented to Congress by an official commission. It is expected that the new Legislature (to take oath on March 1st, 1995) will pass the law.</b>		1993	addressed: 1 drafted: 1 passed: 1	addressed: 1 drafted: 0 passed: 0
	<b>Target</b>	1994	addressed: 1 drafted: 1 passed: 1	addressed: 1 drafted: 1 passed: 0

### III. STATUS OF CLOSE-OUT ACTIONS

**A. Overall Status:** The actions elaborated in the approved close-out plan are being implemented on schedule so that all but one project will terminate by June 30, 1995, and offices in both countries will close on September 30th. The FY 1995 budget situation is not relevant to our closure since all remaining program funds were provided in FY 1994, and we are scheduled to receive the amount of O.E. funds we requested. No USAID/W TDY assistance is scheduled, but final decisions regarding the continuation of global/regional projects still need to be made. After the departure of the USAID Representative o/a July 1st, the USAID/Bolivia Executive Officer and Deputy Controller will alternate as Acting USAID Representative, and one of them will be at post about half of the time during the last three months of operations. The RLO will consult Washington about delegating authority to them, which will be necessary to act as USAID Representative during that period. Responsibility for any residual actions as of September 30 will be transferred to La Paz.

**B. Personnel Issues:** All FSN PSCs have agreed to remain until the contract termination dates requested by USAID. One officer finished work under his contract last December. One secretary in Montevideo will terminate her contract June 30th. The remaining two FSNs in Buenos Aires and six in Montevideo are scheduled to stay until September 30th. Our resident-hire USPSC is scheduled to depart post in July. Any unanticipated earlier departures will have to be covered with the assistance of USAID/La Paz. Severance packages for all FSNs are in place and funded in this year's O.E. budget. Training opportunities have been offered to employees on the basis of longevity and seniority. A contract is about to be signed with an executive search firm in Montevideo to provide out-placement assistance to Uruguayan employees, and the same will be done for Buenos Aires employees, if it proves necessary in that more active labor market. The USAID Representative is assisting each employee as much as possible, on the Agency's behalf, to find suitable onward employment.

**C. Non-expendable USG Property:** The USAID/Bolivia Executive Officer assisted the USAID Rep. to make tentative assignments of all NXP. There are three categories of NXP to be disposed of: 1) O.E.-funded office and residential property; 2) trust-funded office furniture and equipment; and 3) program-funded NXP in both countries. The first category of property will be sent either to Asuncion or La Paz, transferred to the State Department at post, or sold at auction by the GSO. The second category of property will be turned over to the GOU (or the proceeds from its sale will be), as directed by the GOU. Program-financed NXP will be turned over to relevant grantees in accordance with grant agreements. ADP equipment included in

categories 1 and 3 will be allocated in the same manner as other equipment in those categories. The Executive Officer has responsibility for consulting with IRM. The only item of security equipment is the radio from the official vehicle.

**D. Project Terminations:** Three evaluations are scheduled: one on S.O. #1 (growth) in Uruguay to begin in April; one on the IESC BDS programs in both countries to begin in March; and one on democracy-related programs in both countries to begin in April. These evaluations will identify results achieved and elaborate on any lessons learned which may be applicable in other country programs. The IESC evaluation will also be a key input in the decision whether to continue BDS activities in Argentina.

Work on a retrospective account of the accomplishments of USAID grantees in Uruguay since the Program was reopened in 1986 will begin in March, and distributed in Uruguay and to USAID/W.

The regional/global projects whose possible continuation still needs to be decided by USAID/W are: the Argentine BDS Program (Global); a new regional project being developed by LAC to promote a civil society NGO network in the Hemisphere involving two Argentine NGOs; the Partners Farmer-to Farmer Program (Global); and ENR Agreements with NIH and NSF for the Argentine portion of the International Cooperative Bio-Diversity Groups Program (Global). The USAID Representative will make a recommendation with respect to the BDS Program following its evaluation. A decision on the regional civil society project will be considered by USAID/W as part of the project approval process. It is hereby recommended that the Uruguayan and Argentine portions of the Farmer-to-Farmer Program be continued on the basis of their success to date (see PDC evaluation), the effectiveness of the Partners' organizations in each country, and the fact that this Program does not require USAID presence in-country to be implemented. The USAID Representative has no knowledge of, or recommendation to make respecting, the ENR Agreements.

**E. Local Currency Program in Uruguay:** From a total of \$4.5 million in December 1993, the balance in the GOU's local currency account decreased to \$1.6 million as of December 31, 1994, and it is projected to fall to zero by June 30, 1995. USAID/Uruguay was instructed to do its best to have the local currency program terminate by the end of the current Government's mandate (March 1, 1995). Although this has not been possible, the USAID Representative believes the GOU's performance managing the program over the last three years -- and especially during the past year -- merits our deciding NOW to discontinue monitoring the Program actively as of June 30, 1995.

Despite the fact that the GOU had no contractual responsibility under its agreement with USAID to reprogram funds still available

under the local currency program, when informed of USAID's unilateral decision to terminate the bilateral program, it agreed to do so -- and further, to give serious consideration to our recommendations to use available funds to augment resources available to some of USAID's most successful projects. USAID suggested that funds be reprogrammed for use by private entities and international donor agencies which have already exhibited a successful track record in administering funds and achieving programmatic results. The GOU's reprogramming decisions were fully endorsed by USAID. Following agreement with USAID, the GOU signed project agreements with all implementing agencies which establish clear uses for the funds and a schedule for expenditures. A special clause provides that funds turned over to these entities for management cannot be taken back by the GOU (except in the case of malfeasance). All of the entities involved in these agreements enjoy USAID's full confidence regarding their competence in administering programs. In addition, contrary to initial expectations, the technical staff of the GOU Office (OPP) in charge of the local currency program - with whom we have yet to detect any inadequate administrative practices -- are not scheduled to be replaced by the new Government.

**Local Currency Program  
Current Status**

1. Bank Account Balance as of 12/31/94	\$1,611,000
<u>Commitments</u>	(\$1,393,500)
- IDB Program/DIPRODE	\$102,500 <sup>3</sup>
- UNDP Program	\$970,000 <sup>3</sup>
- ACDE	\$ 66,000
- DESEM	\$160,000
- Audit + Salary Staff	\$ 95,000
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2. Cash less commitments	217,500
3. Contingency for Local Currency Depreciation	217,500
4. Bank Account Balance Projected as of 6/30/95	0

Accordingly, the USAID Representative recommends that Washington decide NOW to allow him to notify the GOU prior to his departure o/a July 1st that USAID has terminated its active monitoring of the local currency program due to the closure of its Office in Montevideo. From now until then, we would continue to monitor

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<sup>3</sup> OPP will transfer to UNDP 50% in March. The other 50% will be transferred in June.

the program as we have been -- by reviewing OPP reports and meeting with OPP staff -- and a final financial review would be carried out. If there continue to be no problems by June, and even if some funds are expected to remain undisbursed on June 30th, USAID would advise the GOU that active monitoring has ended, to continue sending program reports to La Paz, and to ask for USAID/Bolivia's advice or concurrence only if an unexpected situation arises. This recommendation is made in order to allow the Office here to use its personnel to complete more important close-out actions on schedule, and in view of the expense which would be entailed in continuing active monitoring from La Paz for what would be a small sum of money already being well managed by the GOU.

**F. Other Issues:** The U.S. Ambassador to Uruguay is still waiting for an official reply to his inquiry whether USAID will leave the door open to Uruguayan participation in new regional programs, as originally indicated in Washington's cable informing him of the termination of bilateral program activities.