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USAID/CHILE

SEMI-ANNUAL PROJECT STATUS REPORT

APRIL 1, 1994 - SEPTEMBER 30, 1994

**USAID/CHILE**  
**Semi-Annual Report**  
**Representative's Narrative**

**A. PORTFOLIO STATUS**

The USAID/Chile portfolio has been significantly reduced. It is focused on two strategic objectives and concentrated in accordance with Agency policy and closeout scheduled for September 30, 1996. The first strategic objective supports the consolidation of Chile's five year old restored democracy, and the second supports certain aspects of the Enterprise of the Americas Initiative (EAI).

USAID/Chile Strategic Objectives are:

1. **Responsiveness of Key Institutions to Citizens' Needs Increased.**
2. **Increased public and private sector capacity to address Chile's environmental problems in support of the Enterprise for the Americas Initiative (EAI).**

USAID/Chile programs aimed at these objectives operate through several direct USAID/Chile grants and cooperative agreements, through two annual buy-ins or OYB transfers to R&D Bureau projects, and through a PASA with the U.S. Environmental Protection Agency - EPA. Several small scale USAID/Chile funded activities which, although successful, did not directly support these two strategic objectives, were terminated in CY 1993, and three more terminated in April 1994.

USAID/Chile also administered an important social sector program which do not fall directly under either of our Strategic Objectives. This was a \$10,800,000 Program for the Immediate Improvement of Primary Health Care which resulted from a Congressional earmark (\$10,100,000 for the Program and \$700,000 for Technical Assistance). PACD was June 30, 1994. A final audit and evaluation were executed. The program was addressed towards immediate improvement of primary health care and benefit lower income levels of the Chilean population, where women and child attention was the priority.

Another program, still in operation that does not fall directly under our Strategic Objectives is the \$40,000,000 RHUDO/SA Housing Guarantee Program, for which technical and support services for urban development policy and programs have been largely designed and partially financed by USAID/Chile through OYB transfers to RHUDO. Also, this program includes a \$5,000,000 guarantee to the private sector. Program has been oriented towards social housing for lower income people, where women represent an important percentage of householders.

At present, the overall USAID/Chile program is consolidated,

operating in priority areas for Chile and generally well managed, both by the grantees (virtually all are Chilean NGO's) and our USAID/Chile Project Managers (three FSN PSC's), and support staff (one FSN DH administration and accounting specialist, one FSN PSC audit and financial specialist, three FSN PSC secretary-administrative assistants and one driver/messenger). One FSN PSC contract terminated in February 1994 and one US RHUDO/SA contractor terminated in September 1994. The remaining FSN's will terminate in accordance with the closeout schedule, most before July 30, 1996.

As of this SAR, USAID/Chile has been allocated \$2,030,000 of the \$3,663,000 requested for FY95.

## **B. ACTIVITY HIGHLIGHTS**

### **1. Strategic Objective One - Responsiveness of Key Institutions to Citizens' Needs Increased.**

The Democratic Initiatives portfolio is intended to respond to the challenges of the consolidation and improvement of key institutions, actors and areas of the Chilean democratic system, as are the Justice System, Congress, Regional and Local Governments and citizen participation.

The Chile Justice System Improvement Project (CJSIP) is implemented through a local NGO (CPU, Corporacion de Promocion Universitaria). In July, 1993 an agreement between CPU, USAID/Chile and the Chilean Supreme Court (CHSC) was signed. This agreement provides technical and financial assistance for court management modernization efforts of the CHSC. CPU has become the leader in the process of promotion of Alternative Dispute Resolution Systems (ADR). CPU has performed studies and pilot projects in order to implement an institutionalized ADR system. In October, 1994 was passed in the Congress the bill that creates the first Chilean Judicial Training System. This law is a concrete result of USAID/Chile effort in this field. During FY95 USAID/Chile expect to have a high involvement in the installation of this institution. As a result of a seminar on international experiences in oral process in CY 1992, CPU has been promoting the implementation of oral process within the judicial system. A general consensus has been reached in order to start implementing it within the criminal justice, where the system is more deficient. CPU and other key institutions with support of the GOC, are designing a new criminal procedure code that includes oral process, prosecutor system, and other key improvements. Last May, a general cooperative agreement was signed between USAID/Chile, CPU and the Ministry of Justice, in order to provide technical assistance to prepare and study a draft bill on key areas for modernization and improvement of the justice system. During FY 94, training activities have included a 30 percent of women judges, social workers, lawyers and employees from legal assistance institutions. CPU has provided support to the GOC and Congress on the design and dissemination of recent approved law

on family violence.

CEAL, the Center for Legislative Studies and Assistance, was founded in 1989 at the Catholic University of Valparaíso (UCV) with the support of the State University of New York, Office of International Programs (SUNY/OIP). It is now well consolidated, providing staff training and the only available non-partisan consulting services to the Congress of Chile. CEAL is well respected in the area of legislative assistance. CEAL has produced almost 140 reports on pending legislation requested by members of both houses and by committee staff.

CEAL produced and published a study on "Women in Latin American Congresses" and disseminated it through several local and international seminars and conferences. A similar study is being performed focused on local governments.

CEAL has also provided 75 seminars and training courses to more than 2,000 legislators, congressional staff, media professionals and regional and political leaders. CEAL has also performed studies and training programs in the Decentralization area, under contracts with the GOC and regional and local governments. One of CEAL's strength is a well trained staff of 6 professionals with master certificates from SUNY in the legislative area. CEAL has also organized and founded 4 U.S. legislative and municipal study tours for Congress members and local officers and staff. As a result of the studies CEAL has published 14 books/manuals for use by the Congress and/or regional and municipal governments. CEAL has continued providing technical assistance to the Paraguayan Congress, under the support of USAID/Paraguay and IDB.

During the December presidential and congressional elections PARTICIPA again performed information and education campaigns. The total participation in the electoral process was more than 85% (this result is not only a result of the PARTICIPA programs). In October 1993 an interim evaluation process was performed in PARTICIPA. The outputs of the program were evaluated as outstanding by the evaluation team and the impact and surpassing of goals was evident. PARTICIPA has decentralized its activities by the implementation of regional branches, covering more than the 75% of the total Chilean population. As a result of a strategy for future self sustainability, PARTICIPA has designed consulting and training services lines to be performed locally to GOC, regional and local governments and other Latin American countries. Since the second half of CY 1993 Participa has generated more than \$200,000 from local sources by the provision of services to local and multilateral, governmental and non-governmental institutions.

PARTICIPA's training program on civic education has included more than 40 percent of women.

Although Chile is a unitary State it has made a political commitment to, and made initial steps towards, expanding governance at the regional and municipal levels. The road map, and personnel needed for this undertaking, are being supported in a new USAID/Chile project. USAID/Chile seeks to create a next generation of Chilean decentralization thought and practice, working with a coalition of political party think-tanks and the GOC. The project designed at the end of FY 94 is about to initiate the activities. The \$300,000 project will end March, 1996.

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

The program has evolved in the light of the last four Action Plan reviews toward a primary focus on potential environmental policy obstacles to the eventual negotiation of a U.S./Chile Free Trade Agreement (FTA). With President Clinton's confirmation of a U.S. commitment to a Chile FTA, USAID/Chile efforts continue to be appropriate.

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, a major new environmental legislation was signed by former president Aylwin in March 1994. Through FY 95 we will continue to work with CONAMA, via the U.S. NGO World Resources Institute (WRI), and the United States Environmental Protection Agency (USEPA), to implement the new legislation at the policy and decentralized institution levels. CONAMA's decentralized approach makes the task of becoming an effective interlocutor at the national and local levels.

USAID/Chile has gained the significant goodwill of the GOC and of CONAMA through a PASA providing technical assistance of officials and experts of the U.S. Environmental Protection Agency. Thus far, about 17 EPA advisors have assisted CONAMA and other Chilean agencies in the following areas: environmental impact assessment; air pollution monitoring systems; presentations on U.S. environmental policies; review of terms of reference for a solid waste program with TA recommendations; advice on management of domestic and industrial solid waste and sanitary landfills; environmental impact for paper and cellulose industries, including waste discharges, monitoring systems, and policy development for treatment of industrial discharges and waste water.

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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 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 will pollution be reduced at the source in every plant but significant savings 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. During 1994, ten additional plants were audited. Potential savings go beyond \$400,000 if all recommendations are implemented. This three year program, implemented together with the Chilean American Chamber of Commerce (AMCHAM/Chile) will audit up to 40 Chilean industrial plants reducing pollution. However, of more importance is the fact that 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 FY 95.

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 FYs 93/94 thirty two small grants were awarded to universities, NGOs, think-tanks, labor and indigenous groups, wishing to hold non-partisan seminars or workshops, or produce papers, on free trade in the areas of environment, intellectual property and labor.

The USAID Representative is the USG delegate of the Chilean/U.S. 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. All staff members have been hired already and first call for proposals is expected to be done before March 1995.

Water sources and waste-water treatment are development issues in Chile. Chile has one pilot waste-water treatment facility located in Santiago. Local private citizen groups are

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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.

The University of Arizona together with the University of Chile received an R&D Bureau University Development Linkages grant for sustainable agriculture development in Chile's northern arid zones in FY 93. This and four 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. One R&D Biodiversity Support Project for Women has been granted to a University of Chile researcher.

### **C. SIGNIFICANT PROBLEMS AND DELAYS.**

While some individual USAID/Chile projects and activities from time to time experienced minor implementation delays, none were either prolonged or serious. In the democratic initiatives area, a mid term evaluation of SUNY/CEAL revealed no major issues were inadequately addressed. The program was extended through September 1995.

The other two major D.I. projects had mid term evaluations in June 93, CJSIP and August 93, PARTICIPA. PARTICIPA's evaluation led during 1994 to a major reorganization, central staff downsizing, and decentralization to the regions of Chile, with greater reliance of regional chapters and its corps of volunteers for program implementation.

The dramatic reduction of resources for FY 95 implies a new readjustment of current programs redesigning goals, objectives, activities and organizational structure. The shortfall of \$ 1,631,000 will significantly affect DI programs.

**D. PIPELINE STATUS AND PROSPECTS**

USAID/Chile has had no major problems in obligation, commitment, disbursement or liquidation in the last year. Project managers and grantees have generally succeeded in maintaining planned levels of output, and we have requested, defended, and received adequate amounts of funds in a reasonable timely fashion.

Excluding the OYB obligated by LAC/DI for CEAL and by RHUDO/SA for the HG technical assistance support, currently active programs total over \$26 million in LOP funding. Of this amount, as of September 30, 1994, some \$24 million had been obligated, leaving a mortgage of \$2 million.

A USAID/Washington approved Chile close-out plan is directed towards achieving existing project goals and assisting the nine Chilean staff in their efforts to find on-going employment. One premise of the plan was an FY 95 project budget of \$3,663,000 which would fund project close-out commitments for both FYs 95 and 96. One obligation would avoid potential project close-out delays due to late FY 96 allocations. However, as of this report we have been allocated only \$2,105,000 of the requested \$3,663,000 for FY 95.

The pipeline as of September 30, 1994 was about \$4 million against a \$26 million LOP level. The LOP figure, however, includes the dollar cash transfer under the primary health care improvement program. Excluding the cash transfer, it is projected that by the end of FY 95 our pipeline will be approximately \$0.5 million.

	DI	ITT	HEALTH	PSTC
LOP funding	7,075,100	7,784,853	10,800,000	853,157
Obligated as of 3/31/94	6,275,150	6,552,853	10,800,000	853,157
Spent as of 3/31/94	4,682,401	4,412,838	10,779,164	752,634
Mortgage	799,950	1,232,000	--	--
Pipeline	1,592,749	2,140,015	20,836	100,523

**E. AID/CHILE SEMI-ANNUAL REPORTING SYSTEM**

As an MDC representative's office, USAID/Chile has not had to contend with a full range of SAR requirements. As always, USAID/Chile will provide all reports or information requested by USAID/W within the limits of our staff capacity.

November 21, 1994

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