

PD-ARN-437
91981

USAID/Chile Close-out Plan and Related Documents

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ORIGIN OFFICE LADR-03
INFO PPOD-01 AALA-01 IG-01 GC-01 GCLA-01 AAG-01 HEAL-04
FAMC-01 POP-04 LADI-04 LATI-01 LADP-04 PRFO-01
/028 A5 TR 01/1630Z

WILL BE SOUGHT FOR THIS ACTIVITY IN FY95. AOJ FUNDING FOR FY95 WILL BE DOLS 1.49 MILLION, WHICH INCLUDES DOLS 60,000 REQUESTED FOR AOJ PROGRAM IMPLEMENTATION PSC IN FY96. SEE PARA 5 FOR SPECIFIC DETAILS.

INFO LOG-00 AGRE-00 ARA-00 TEDE-00 /002R

4. CLOSE-OUT SUPPORT FROM USAID/LA PAZ: IN THE ACTION PLAN THE USAID REPRESENTATIVE REQUESTED ASSURANCES THAT LAC WOULD CONTINUE TO PROVIDE SUFFICIENT OF FUNDING TO LA PAZ AND CHILE AS THE MISSION PROCEEDS WITH CLOSE-OUT ACTIVITIES. THE REPRESENTATIVE EMPHASIZED THE EXCELLENT SUPPORT THAT THE MISSION HAS RECEIVED FROM LA PAZ AND IT WAS RESOLVED THAT CHILE WILL CONTINUE TO ENJOY THE CLOSE SUPPORT OF USAID/LA PAZ. USAID/W PLEDGED TO MAKE EVERY EFFORT TO PROVIDE SUFFICIENT OF FUNDING DURING CLOSE-OUT.

DRAFTED BY: AID/LAC/DR/SA: JBAKKEN: JB: CHI/CHILEAPO.CAB
APPROVED BY: AID/AA/LAC: MSCHNEIDER
AID/LAC/DAA: NPARKER AID/LAC/DR: EZALLMAN
AID/LAC/DPP: JSTEPANEK (DRAFT) AID/M/MCS: MROGAL (DRAFT)
AID/LAC/SAM: BBLACKMAN (DRAFT) AID/PPC/POL: TBROWN (DRAFT)
AID/G/R&D/POP: DGILLESPIE (DRAFT) AID/LAC/DI: KSCHOFIELD (DRAFT)
AID/LAC/DPP: RMEEHAN (DRAFT)
AID/GC/LAC: RMEIGHAN (DRAFT)
AID/LAC/TI: RSTRYKER (DRAFT)
AID/G/DG/H: MLIPPE (DRAFT)

5. ENVIRONMENTAL ACTIVITIES: POLLUTION PREVENTION PROJECT (EP3); WORLD RESOURCES INSTITUTE (WRI); AND USEPA ASSISTANCE TO CONAMA. AN ISSUE WAS RAISED WHETHER, DUE TO UNFORESEEN DEMANDS OF THE FTA NEGOTIATIONS, BI-LATERAL FUNDING FOR EP3 AND WRI, BEYOND PRESENTLY AUTHORIZED LEVELS, BUT NOT BEYOND FY96 CLOSE-OUT, COULD BE OBLIGATED WITHIN PRESENT USAID LEVELS. IT WAS AGREED THAT USAID/CHILE COULD OBLIGATE BI-LATERAL FUNDS BEYOND PRESENT AUTHORIZED LEVELS IF NEEDED FOR EP3 AND WRI. HOWEVER, ANY ASSISTANCE TO CONAMA, OR OTHER ENVIRONMENTAL ACTIVITY ASSOCIATED WITH FTA NEGOTIATIONS, BEYOND FY96 WOULD BE CONSIDERED FOR FUNDING UNDER THE PLANNED REGIONAL WHFTA 2000 ACTIVITY.

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INFO AMEMBASSY LA PAZ
AMEMBASSY QUITO

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6. ENVIRONMENTAL FUND BOARD: THE USAID/CHILE REPRESENTATIVE IS CURRENTLY THE USG DELEGATE TO THE CHILEAN/US BOARD OF THE ENVIRONMENTAL FUND CREATED BY THE DEBT-FORGIVENESS PROVISIONS OF THE EAI. AS MISSION CLOSE-OUT NEARS THE USAID REPRESENTATIVE WILL CONFER WITH THE U.S. AMBASSADOR IN CHILE ON HIS REPLACEMENT ON THE BOARD AND WILL REPORT STATUS VIA SEPARATE CABLE.

AIDAC FOR RHUDO/ECUADOR

E.O. 12356: N/A

TAGS:

SUBJECT: FY 95-96 CLOSEOUT/ACTION PLAN FOR CHILE

7. CONTINUING MEASUREMENT OF ACCOMPLISHMENT IN INCREASING GOC RESPONSIVENESS TO CITIZENS NEEDS (STRATEGIC OBJECTIVE ONE): THE MISSION WILL ENTER INTO DISCUSSIONS WITH USIA

1. THE FY 95-96 CLOSEOUT/ACTION PLAN FOR CHILE WAS REVIEWED ON FEBRUARY 24, 1994. THE DAEC WAS CRAIRED BY AA/LAC MARK SCHNEIDER. IN ATTENDANCE WERE REPRESENTATIVES FROM M/B, G/ENR, G/DG/H, PPC/PAR, AND ALL APPROPRIATE LAC OFFICES. USAID REPRESENTATIVE, TOM NICASTRO, PRESENTED THE ACTION PLAN.

AT POST TO ADAPT THEIR SURVEY INSTRUMENTS FOR COLLECTING DATA ON THE ADJ/DI STRATEGIC OBJECTIVE. THE BUREAU LOOKS FORWARD TO SEEING RESULTS OF DISCUSSIONS VIA A SEPARATE CABLE FROM THE MISSION AT A LATER DATE.

2. THE CLOSEOUT/ACTION PLAN WAS APPROVED BY THE BUREAU, SUBJECT TO THE MODIFICATIONS NOTED BELOW. USAID/CHILE WILL CLOSE OUT ON SEPTEMBER 30, 1996. ISSUES DISCUSSED AND CONCLUSIONS FOLLOW:

8. PROGRAM OUTPUT INDICATORS: ALTHOUGH IT WAS RECOGNIZED THAT THERE ARE ASPECTS OF PERFORMANCE MEASUREMENT WHICH NEED FURTHER IMPROVEMENT, A BROAD INTERPRETATION OF THE OBJECTIVES OF STRATEGIC OBJECTIVE TWO WAS ENDORSED SINCE THE ACTIVITIES BEING SUPPORTED BY USAID/CHILE ARE IN SUPPORT OF WHFTA. FURTHERMORE, IT WAS DETERMINED THAT MODIFICATIONS TO THE SO AS PART OF THE ACTION PLAN REVIEW PROCESS WOULD NOT BE REQUIRED SINCE ACTIVITIES ARE CURRENTLY WINDING DOWN. MINOR CHANGES TO PERFORMANCE INDICATORS FOR STRATEGIC OBJECTIVE ONE WERE ADDRESSED OUTSIDE THE FORMAL PROGRAM REVIEW MEETINGS AND WERE

3. MISSION BUDGET: THE LAC BUREAU ALLOCATED ONLY DOLS 1.5 MILLION FOR THE ITT PROGRAM AGAINST THE MISSION REQUEST OF DOLS 1.9 MILLION. TO ACCOMMODATE THIS DOLS 400,000 SHORTFALL THE MISSION WILL NOT FUND ITS AUTHORIZED BI-LATERAL DECENTRALIZATION AND LOCAL GOVERNMENT ACTIVITY NOR PROVIDE FUNDING FOR TA FOR THE HOUSING FINANCE (HG) ACTIVITY IN FY94 OR FY95. THE USAID REPRESENTATIVE WILL REDUCE OTHER ACTIVITIES AS NECESSARY TO REMAIN WITHIN THE ITT/ADC TRAINING BUDGET LEVEL OF DOLS 1.5 MILLION.

DETAILED IN A MEMORANDUM WHICH WAS GIVEN TO THE USAID REPRESENTATIVE PRIOR TO HIS DEPARTURE.

HOWEVER, SHOULD ADDITIONAL FUNDS BECOME AVAILABLE LATER IN THE FISCAL YEAR, UP TO DOLS 200,000 MAY BE ADDED FOR THE BI-LATERAL DECENTRALIZATION PROJECT.

9. THERE WAS CONSIDERABLE DISCUSSION OF CENTRALLY-FUNDED AND REGIONAL ACTIVITIES WHICH ARE SLATED TO CONTINUE BEYOND FY96.

IT WAS AGREED THAT ALL FINAL YEAR FUNDING FOR APPROVED ONGOING ACTIVITIES IN FY96 WILL BE PROVIDED IN FY95. FOR FY95, THE BUREAU AGREED TO FUND THE MISSION ITT REQUEST OF

DOLS 1.475 MILLION PLUS DOLS 180,000 TO COVER FY96 REQUIREMENTS. IF THE BILATERAL DECENTRALIZATION PROJECT GETS FUNDING IN FY94, UP TO AN ADDITIONAL DOLS 400,000

(A). RHUDO/SA HOUSING GUARANTY ACTIVITIES (HG-008 AND HG-009): HG-008 AND HG-009 EACH GUARANTY A DOLS 5 MILLION

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LINE OF LOCAL CURRENCY CREDIT TO HOUSING COOPERATIVES. NO ADDITIONAL DOLLAR DISBURSEMENTS ARE PLANNED. HOWEVER, THE GUARANTIES ARE IN THE NATURE OF A CONTINGENT LIABILITY AGAINST WHICH THE LENDER, CITIBANK, COULD DRAW IN THE EVENT OF A CLAIM. FOLLOWING THE RECOMMENDATION OF THE EVALUATION CONDUCTED IN MAY, 1993, A LETTER OF COMMITMENT WAS SIGNED WITH CITIBANK TO EXTEND THE RE-LENDING ACTIVITIES OF HG-008 THROUGH JUNE, 1998. INFORMAL DISCUSSIONS FOR A SIMILAR EXTENSION REQUEST FOR HG-009 HAVE BEEN HELD WITH NO FORMAL REQUEST TO DATE.

CURTAILING HG-008 PRIOR TO 1998 WOULD CONSTITUTE ABROGATION OF THE USAID GUARANTY COMMITMENT WITH POSSIBLY ADVERSE CONSEQUENCES FOR THE CHILEAN BORROWER (COVIP-- COOPERATIVA DE VIVIENDA POPULAR) AND FOR THE ACHIEVEMENT OF PROGRAM OBJECTIVES. GIVEN THAT NO NEW FUNDS WILL BE DISBURSED (BARRING A LOCAL DEFAULT), THAT NO RESIDENT TA WILL BE REQUIRED BEYOND FY96, AND THAT ALL MONITORING ACTIVITIES RELATED TO HG-008 WILL BE UNDERTAKEN BY RHUDO/SA, THE DAEC AGREED TO RECOMMEND THAT HG-008 BE

ALLOWED TO CONTINUE BEYOND THE FY96 MISSION CLOSE-OUT. IN THE EVENT OF A FUTURE EXTENSION REQUEST BY COVIP FOR HG-009, USAID/CHILE WILL FORWARD THE ISSUE TO THE LAC BUREAU, WHICH WILL MAKE A DETERMINATION ON WHETHER TO APPROVE THE REQUEST.

(B). RHUDO/SA HOUSING GUARANTY ACTIVITY (HG-010): HG-010 IS A DOLS 40 MILLION SOVEREIGN GUARANTY, FOR WHICH THE GOC REQUESTED AN INITIAL BORROWING OF DOLS 10 MILLION ON FEBRUARY 17, 1994. ALTHOUGH THE IMPLEMENTATION AGREEMENT WAS SIGNED IN SEPTEMBER 1992, THE GOC DELAYED 17 MONTHS IN REQUESTING THE FIRST TRANCHE PENDING PASSAGE OF A NEW SECURITIZATION LAW (NOW ENACTED) NEEDED TO ACHIEVE THE HG GOALS. AN ADDITIONAL DOLS 10 MILLION BORROWING REQUEST IS EXPECTED BY FEBRUARY, 1995, COMPLETING THE DOLS 20 MILLION PROGRAMMED FOR LOW INCOME HOME MORTGAGES. CURRENTLY, NO SECONDARY MARKET FOR THIS TYPE OF HOUSING EXISTS IN CHILE. G/DG/H IS CONFIDENT THAT THE DOLS 20 MILLION FOR HOUSING LOANS WILL BE FULLY DISBURSED BY FY96 AND WILL ADJUST BORROWING PLANS AS NEEDED TO ENSURE THAT THE PROGRAM IS CLOSED OUT BY SEPTEMBER 30, 1996. THE TWO OTHER PROGRAM COMPONENTS -- DOLS 5 MILLION FOR PILOT MUNICIPAL WASTE WATER FACILITIES AND DOLS 15 MILLION FOR INNER CITY REVITALIZATION -- ARE NOT LIKELY TO BE FULLY BORROWED BY THE FIRST QUARTER OF FY96, ALTHOUGH PREPARATORY WORK AND PROJECT SELECTION IS WELL ADVANCED IN BOTH CASES. DELAY IN THESE CASES IS DUE TO THE INNOVATIVE NATURE OF THE PROJECTS. IT WAS AGREED THAT THESE ACTIVITIES WILL NOT PROCEED UNLESS THE BORROWING AND DISBURSEMENT CAN BE COMPLETED BY SEPTEMBER 30, 1996. MONITORING OF THE HG BEYOND CLOSE-OUT WOULD NOT REQUIRE MISSION PRESENCE OR

REPRESENTATION AND CAN BE EFFECTIVELY MANAGED FROM RHUDO/SA.

THE DAEC UNDERScoreD THAT IT IS OF UTMOST IMPORTANCE FOR THE MISSION TO DETERMINE WHETHER THE INCOMING FREI GOVERNMENT FULLY SUPPORTS THE PROGRAM PRIOR TO ANY ADDITIONAL BORROWING. THERE WILL BE NO LAC TA FUNDING AVAILABLE FOR THIS HG. IN THE ABSENCE OF G/DG/H TA FUNDING, OR FUNDING FROM OTHER SOURCES, ONLY THOSE HG ACTIVITIES THAT CAN BE UNDERTAKEN WITHOUT TA SUPPORT WILL PROCEED. THE DAEC DETERMINED THAT NO EXCEPTION TO CLOSE-OUT IS REQUIRED AT THIS TIME SINCE THE HG FUNDS WILL BE DISBURSED PRIOR TO CLOSE-OUT. THOSE COMPONENTS NOT FULLY BORROWED IN SUFFICIENT TIME TO ENSURE THEIR DISBURSEMENT BY SEPTEMBER 30, 1996 WILL BE CURTAILED AND UNBORROWED FUNDS DEAUTHORIZED. ONLY THOSE ACTIVITIES RELATED TO

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MONITORING OF THE HG LOANS BY RHUDO/SA IN FY97-98 WILL CONTINUE BEYOND CLOSE-OUT.

(C). RHUDO/SA LOCAL GOVERNANCE PROJECT: IN FY93 LAC/DI APPROVED AND PARTIALLY FUNDED THE REGIONAL LOCAL GOVERNANCE PROJECT (PACD OF SEPTEMBER 30, 1996) TO BE ADMINISTERED BY RHUDO/SA. THE RHUDO REGIONAL ACTIVITY COMMENCED IN 1993. THE MISSION REPRESENTATIVE STATED, AND THE DAEC CONCURRED, THAT DECENTRALIZATION IS ONE OF THE

LAST, MOST IMPORTANT STEPS IN THE CONSOLIDATION OF CHILEAN DEMOCRACY AND, CONSEQUENTLY NEEDS TO BE CONTINUED IN ORDER TO ASSIMILATE GAINS ACHIEVED TO DATE. EARLY TERMINATION OF THE RHUDO PROJECT COULD HAMPER IMPLEMENTATION OF THE OTHER PORTIONS OF THIS REGIONAL PROJECT SINCE CHILE IS THE

LEAD COUNTRY AND MAJOR RESOURCE.

THE DAEC DETERMINED THAT THE CONTRIBUTION OF THE REGIONAL PROJECT TO CONSOLIDATION OF DEMOCRACY IN CHILE IS SUFFICIENTLY IMPORTANT TO REGIONAL ACTIVITIES TO WARRANT A BUREAU CONCLUSION THAT THE PROJECT BE ALLOWED TO TERMINATE AS ORIGINALLY SCHEDULED AT THE END OF FY 96 WITH PROJECT CLOSE-OUT ACTIVITIES EXTENDING IN TO FY97, IF NEEDED. LAC WILL ADVISE RESULTS OF M REVIEW.

(D). UNIVERSITY DEVELOPMENT LINKAGES PROJECT (UDLP): THIS CENTRALLY FUNDED ACTIVITY FOCUSES ON THE AREA OF ENVIRONMENT, NATURAL RESOURCES AND SUSTAINABLE ARID LANDS AGRICULTURE. RURAL WOMEN, FARMERS AND GRASSROOTS GROUPS IN PARTNERSHIP WITH NGOS AND THE PRIVATE SECTOR ARE THE PRINCIPAL BENEFICIARIES. BEGUN IN FY93 AND PLANNED TO PROCEED THROUGH FY97, THIS LONG-TERM PROJECT IS DESIGNED TO BE SUSTAINABLE AND TO CONTINUE OPERATING LONG AFTER USAID FUNDING AND MISSION PRESENCE CEASES.

ALTHOUGH THE G BUREAU ARGUED THAT THIS PROJECT FITS THE CRITERIA FOR CONTINUATION BEYOND CLOSE-OUT, THE DAEC DETERMINED THAT IT APPEARS TO BE A BI-LATERAL ACTIVITY, AND THEREFORE, SHOULD NOT CONTINUE BEYOND FY96. THE DAEC THEREFORE CONCLUDED THAT THE UDLP ACTIVITY IMPLEMENTATION SHOULD BE SPEEDED UP AND COMPLETED BY SEPTEMBER 30, 1996.

(E). USAID/NIH/NSF INTERNATIONAL COOPERATIVE BIODIVERSITY GROUPS (ICBG) PROGRAM. ALTHOUGH THIS PROJECT WAS NOT

INCLUDED IN THE ACTION PLAN, CHILE IS A PARTICIPANT IN THIS JOINTLY SPONSORED RESEARCH PROGRAM. THE FIVE YEAR AGREEMENT, WHICH WAS SIGNED IN 1993 AND IS COMPLETELY MANAGED BY NIH, EVALUATES THE POTENTIAL BIO-DIVERSITY GAINS FROM CHILEAN AND OTHER LATIN AMERICAN ECOSYSTEMS INCLUDING COSTA RICA AND ARGENTINA. THE DECISION AS TO WHETHER THIS PROJECT MAY CONTINUE TO THE PLANNED PACD IN THESE CLOSEOUT COUNTRIES WILL BE DEFERRED TO A SPECIAL LAC BUREAU COMMITTEE (WITH PPC, M AND GLOBAL BUREAU REPRESENTATION). ANY COMMITTEE RECOMMENDATION TO CONTINUE THE ICBG PROGRAM WOULD BE SUBJECT TO APPROVAL BY THE AGENCY CLOSEOUT COORDINATOR.

(VI). THE PEACE CORPS/SPA PROGRAM, WHICH IS SCHEDULED TO CONTINUE BEYOND THE ACTION PLAN PERIOD, IS CATEGORICALLY EXEMPTED FROM THE CLOSE-OUT REQUIREMENT. HOWEVER, LAC/DPP

STATED THAT PEACE CORPS FUNDING BEYOND FY95 FROM MISSION FUNDS WAS INAPPROPRIATE. THE DAEC DID NOT REACH AGREEMENT ON WHETHER PC/SPA FUNDING FOR CHILE WILL CONTINUE AT THE AGENCY LEVEL OR THROUGH A REGIONAL SUPPORT PROGRAM. IT

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WAS RATIFIED, HOWEVER, THAT PC/SPA FUNDING WILL NOT BE PROVIDED WITH MISSION FUNDS BEYOND FY95 AND THE BUREAU WILL SEEK FURTHER GUIDANCE ON AGENCY FUNDING OF PC/SPA ACTIVITIES.

PROG. IMPLM. PSCS 140 -
TOTAL ITT: 1,655 -

10. THE REVIEW ALSO FOCUSED ON THE NATURE OF THE USAID FUTURE RELATION WITH CHILE AFTER CLOSE-OUT. WOULD CHILE PARTICIPATE IN THE PLANNED WESTERN HEMISPHERE FREE TRADE

AOJ/DI:
CIVIC EDUCATION 250 -
JUSTICE SECTOR IMPR. 700 -
LEGISLATIVE ASSIST. 400 -
PROG. IMPLM. PSC 140 -
TOTAL AOJ/DI: 1,490 -

AND DEMOCRACY IN THE SOUTHERN CONE PROGRAMS? DO THESE ACTIVITIES MEET THE CRITERIA IN THE PPC DRAFT GUIDANCE ON CONTINUING ACTIVITIES IN CLOSE-OUT COUNTRIES BECAUSE THEY ARE TRULY REGIONAL IN NATURE OR ARE OF HIGHEST PRIORITY TO USAID AND THE DEPARTMENT OF STATE?

PROGRAM TOTAL: 3,145 -

13. THE EMPLOYEE RELEASE PLAN WAS APPROVED AS PRESENTED BY THE MISSION REPRESENTATIVE.

THE DAEC DETERMINED THAT PARTICIPATION IN WHFTA AND NGO NETWORKS IN THE AREAS OF ADMINISTRATION OF JUSTICE AND DEMOCRATIC INITIATIVES WOULD LIKELY MEET THE CRITERIA FOR CATEGORICAL EXCEPTION IN THE DRAFT PPC GUIDANCE. SUCH ACTIVITIES WILL BE UNDERTAKEN ONLY AS PART OF REGIONAL PROGRAMS PLANNED FOR INITIATION IN THIS AND FUTURE FISCAL YEARS, WHICH WILL BE SUBJECT TO USAID/W APPROVAL.

14. THE MISSION WILL PREPARE AN OPERATIONAL CLOSEOUT PLAN WITH ASSISTANCE FROM THE REGIONAL SERVICE CENTER IN LA PAZ. THE PLAN IS TO BE TRANSMITTED TO USAID/W BY JUNE, 1994.

11. USAID/CHILE PROPOSED TO START AND COMPLETE A NEW PROJECT, QUOTE CHILE, A DEVELOPMENT RESOURCE UNQUOTE, PRIOR TO THE SEPTEMBER 30, 1996 CLOSE-OUT DATE.

15. ACTIVITIES RECOMMENDED FOR CONTINUATION BEYOND CLOSEOUT MUST BE APPROVED BY THE AGENCY CLOSEOUT COORDINATOR. SPECIFICALLY, THE COORDINATOR WOULD HAVE TO CONCUR WITH ANY LAC BUREAU RECOMMENDATION TO CONTINUE THE INTERNATIONAL COOPERATIVE BIODIVERSITY GROUPS PROGRAM BEYOND MISSION CLOSEOUT. THE OUTCOME WILL BE COMMUNICATED VIA SEPTEL.

CHILE HAS MADE TREMENDOUS STRIDES IN REFORMING ITS ECONOMIC AND POLITICAL SYSTEM. MANY SUCCESSFUL NGOS, SUCH AS CIDE, CPU, PARTICIPA AND GIPMA, ARE LOOKED UPON AS REGIONAL LEADERS IN THE AREAS OF EDUCATION, DEMOCRACY, AND THE ENVIRONMENT. THE PROPOSED NAD IS INTENDED TO STRENGTHEN QUOTE WORLD-CLASS UNQUOTE CHILEAN NGOS WORKING IN AREAS SUCH AS DEMOCRACY, ENVIRONMENT, TRADE AND HEALTH BY ESTABLISHING A FINANCIALLY SUSTAINABLE NETWORK TO PROVIDE DEVELOPING COUNTRIES AND OTHER USAIDS EASY ACCESS TO PROFESSIONAL CHILEAN DEVELOPMENTAL EXPERTISE.

TALBOTT

ALTHOUGH THE DAEC ENDORSED THE CONCEPT OF LEAVING IN PLACE A NETWORK OF COMPETENT CHILEAN NGOS THAT WOULD FACILITATE ACCESS BY USAIDS AND OTHER BI-LATERALS AFTER CLOSE-OUT, IT WAS DETERMINED THAT THERE IS NOW SIGNIFICANT BILATERAL EXCHANGE BETWEEN CHILE AND OTHER COUNTRIES SEEKING EXPERTISE AND USAID SHOULD NOT SUBSTITUTE FOR THOSE SOURCES OF FUNDS. THEREFORE, IT WAS DECIDED THAT, AS A BILATERAL ACTIVITY, THE NAD WAS NOT THE APPROPRIATE VEHICLE TO SUPPORT SUCH ACTIVITIES AND THE NAD WAS NOT

APPROVED. THE DAEC RESOLVED THAT THE CHILEAN DI NGOS WOULD BE MORE APPROPRIATELY PROMOTED AND STRENGTHENED VIA A LAC/DI REGIONAL PROJECT TO DEVELOP NGO NETWORKS, INCLUDING ONE OR MORE IN SELECTED ASPECTS OF DEMOCRACY INITIATIVES.

12. BUDGET
THE REVISED USAID/CHILE PROGRAM FUNDING FOR FY95-96 IS AS FOLLOWS (DOLS 000):

Table with 3 columns: FUNDING CATEGORY, FY95, FY96. Rows include ITT, EPA-PASA, EP3, ENERGY EFFICIENCY, OTHER WHFTA SUPPORT, PEACE CORPS/SPA.

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→ Juan to Maria R

To: AALA@bans00034.usaid.gov, LASA@bans00034.usaid.gov
LDHR@bans00034.usaid.gov, MPI@bans00034.usaid.gov

From: The Cable Room <cablerm@uxns0003.usaid.gov>
Subject: CHILE CLOSE-OUT PERFORMANCE REVIEW
Date: Wednesday, June 7, 1995 at 11:22:20 am EDT
Attach:
Certify: N
Forwarded by:

/tel1/. /95/05/25/00092m

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ACTION OFFICE(S):
INFO OFFICE(S): AALA LASA MPI LDHR

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DRAFTED BY: AID/LAC/DR:JNINDEL:JN:CHILECLO
APPROVED BY: AID/AA/LAC:MSCHNEIDER
AID/D-AA/LAC:RDAUBON (DRAFT) AID/LAC/SPM:CSCHOUX (DRAFT)
LAC/SAM:BPREVOT (DRAFT) AID/LAC/DPB:DCHIRIBOGA (DRAF
M/MPI:MROGAL (DRAFT) AID/LAC/DPB:RMEEHAN (DRAFT)
AID/LAC/SPM:RELOUDIS

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E.O. 12356: N/A

TAGS:
SUBJECT: CHILE CLOSE-OUT PERFORMANCE REVIEW

1. THE UPDATED CLOSE-OUT AND PERFORMANCE REPORTS SUBMITTED BY THE SIX LAC CLOSE-OUT COUNTRIES (IN LIEU OF FY 96-97 ACTION PLANS) WERE REVIEWED ON MARCH 9, 1995 IN A MEETING CHAIRED BY THE DIRECTOR LAC/SPM. THE REVIEW WAS ATTENDED BY REPRESENTATIVES FROM LAC, PPC, G, M, AND BHR. THE MISSION IS COMMENDED FOR SUBMITTING AN EXCELLENT REPORT.

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2. THE FOLLOWING GENERAL CLOSE-OUT ISSUES WERE DISCUSSED

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A. CDIE ACQUISITIONS COORDINATOR, MARGARET POPE, HAS ADVISED ALL CLOSE-OUT MISSIONS THAT CDIE WISHES TO ENSURE THAT THE MISSIONS UNIQUE COLLECTION OF USAID-PRODUCED AND SPONSORED DOCUMENTS AND REPORTS BE FORWARDED TO CDIE IN WASHINGTON. MEMORANDA HAVE BEEN SENT TO EACH CLOSE-OUT MISSION TO THIS EFFECT. ALTHOUGH WE ACKNOWLEDGE THAT THIS WILL ENTAIL ADDITIONAL WORK FOR CLOSE-OUT MISSIONS, IT IS IMPORTANT THAT THIS DOCUMENTATION IS PROPERLY ARCHIVED. ANNE LANGHAUG, PPC/CDIE/DI IS AVAILABLE, IF NEEDED, TO PROVIDE FURTHER GUIDANCE TO MISSION.

B. G/WID RECOMMENDS THAT WHEN FINAL IMPACT EVALUATIONS AND FINAL PROJECT EVALUATIONS ARE DONE BY CLOSE-OUT MISSIONS, THAT THESE EVALUATIONS ASSESS THE IMPACTS OF USAID ACTIVITIES BY GENDER. GATHERING AND ANALYZING GENDER-DISAGGREGATED DATA WILL CONTRIBUTE TO A BETTER UNDERSTANDING OF PEOPLE-LEVEL RESULTS, AND COULD ALSO DEMONSTRATE SUCCESS STORIES/LESSONS LEARNED WHICH USAID COULD SHARE WITH OUR DEVELOPMENT PARTNERS AND CONGRESS.

C. LAC/W CONTINUES TO ENCOURAGE COMPLETION OF RETROSPECTIVE STUDIES ON USAIDIS ACCOMPLISHMENTS AS DISCUSSED AT THE SPRING 1994 ACTION PLAN REVIEWS AND SUBSEQUENTLY AGREED TO IN THE INDIVIDUALLY APPROVED CLOSE-OUT PLANS. HOWEVER, MISSIONS ARE ENCOURAGED TO KEEP COSTS IN MIND WHEN DEVELOPING SCOPES OF WORK. THE FUNDING FOR STUDIES SHOULD NOT SIGNIFICANTLY DIMINISH FUNDING AVAILABLE TO COMPLETE OTHER PLANNED CLOSE-OUT ACTIVITIES. IN THIS REGARD, MISSIONS ARE ENCOURAGED TO CONSIDER THE

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USE OF LOCAL CURRENCY AND LOCAL CONTRACTORS AND TO CONSULT WITH CDIE ON EVALUATION PLANS.

3. USAID/CHILE'S FY95 BUDGET SHORTFALL WAS ALSO RAISED AND SUBSEQUENTLY DISCUSSED WITH THE AA/LAC. THE INITIAL FY 1995 OYB COVERED ONLY 60 PERCENT OF THE APPROVED CLOSE-OUT BUDGET, WITH THE SHORTFALL JEOPARDIZING NEGOTIATIONS OVER THE NAFTA/FTA ACTIVITIES. PURSUANT TO AA/LAC APPROVAL, THE BUREAU WILL NOW REALLOCATE LAC REGIONAL FUNDS TO COVER THE MISSIONS REQUEST FOR AN ADDITIONAL DOLLARS 386,000 IN ORDER TO SUPPORT NAFTA/FTA-RELATED ACTIVITIES.

4. THE BUREAU WISHES TO THANK THE MISSION FOR THE TIME AND EFFORT PUT INTO ITS EXCELLENT CLOSE-OUT AND PERFORMANCE REPORT.
CHRISTOPHER

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To: Michael A. Rogal@M.MPI@AIDW
Cc:
From:
Subject: John Daly@G.HCD.PP@AIDW
re: US Israel Cooperative Development Research Project
Date: Tuesday, April 25, 1995 16:28:55 EDT
Attach:
Certify: N
Forwarded by:

There are special guidelines for centrally funded research in non-presence countries. We understand that guidance is soon coming out clarifying again that research in non-presence countries is to be handled differently than non-research activities. Essentially the research guidelines recognize that there are situations in which research of world wide significance is not bilateral assistance and can best be done in countries which are not USAID bilateral aid recipients. Of course we have been funding research in the International Agricultural Research Centers for decades (including in Syria when we didn't have any other US programs in country) on this rationale.

In the case of the U.S. Israel cooperative development research program, staff are working on analyses as this is written as to the projects that would or would not qualify against the non-presence country criteria. In general I expect most would since all CDR proposals are judged against a standard of predominant benefits outside of the host country, and all are solicited proposals so that the research may only be funded by USAID if led to the proposing institutions. Further in the CDR program there is a desire to encourage Israeli linkages with a wide variety of countries, including some in South America.

Hope this is the information that you requested.

To: John Daly@G.HCD.PP@AIDW
Cc: Babette Prevot@LAC.SAM@AIDW
From: Michael A. Rogal@M.MPI@AIDW
Subject: US Israel Cooperative Development Research Project
Date: Tuesday, April 25, 1995 10:27:44 EDT
Attach:
Certify: N
Forwarded by: Babette Prevot@LAC.SAM@AIDW

Forwarded to: Michael A. Rogal@M.MPI@AIDW
cc:
Forwarded date: Thursday, May 11, 1995 14:01:47 EDT
Comments by: Babette Prevot@LAC.SAM@AIDW
Comments:

Hi Mike - Eric Zallman, DAA/LAC (yes, he's our new DAA!) said he saw no reason for this activity to continue. So, if the Bureau says no, I guess Global cannot force a project on us - especially in a close out country?

thanks
Babette

----- [Original Message] -----

From: ED Lijewski said that you were knowledgeable concerning this activity
I could provide me with the purpose of the project , how it operates, etc.
I am interested in a new project proposed for Chile.

I'm responsible for the staff work on new activities or extensions of activities in close-out countries. Since Chile will close by 9/30/96 and this project will go beyond that date, we need to determine if Larry Byrne's approval is required. Call me on 72902. Thanks.

Michael

To: Babette Prevot@LAC.SAM@AIDW
Cc:
From: Thomas J. Nicastro@AID@Santiago
Subject: US ISRAEL PROGRAM IN CHILE
Date: Wednesday, April 19, 1995 18:14:46 EDT
Attach:
Certify: N
Forwarded by: Babette Prevot@LAC.SAM@AIDW

Forwarded to: Michael A. Rogal@M.MPI@AIDW
cc:
Forwarded date: Tuesday, April 18, 1995 16:46:40 EDT
Comments by: Babette Prevot@LAC.SAM@AIDW
Comments:

Will this program be allowed after closeout in Chile? Guidance, please.
Thanks,
Babette

NORM RIFKIN - Policy 6 5 4700

----- [Original Message] -----

Babette,

I am seeking guidance on whether or not USAID close-out guidance permits continued or new funding of science projects in Chile after close-out. I have asked to clear a proposal (C15-111) from G's Center for Human Capacity which is part of the US Israel Cooperative Development Research Project. The Chile project is with a local University and goes beyond our close-out. While it will be managed by the US Embassy in Tel Aviv I understand close-out guidance not to make any distinction as to management controls. M or someone in our Bureau should be helpful. Tom

John Resian

John Jessup

703-875-4443

BEST AVAILABLE COPY

Ed Lejeune
875

4625

4785

455

Dave Evans -

John Facullo
9-95 - not to come
7792-1-

703 351 0227

To: Babette Prevot@LAC.SAM@AIDW
Cc: Patricia Ramsey@DIR.LEGAL@LAPAZ
John Peevey@EXO.EXE@LAPAZ
From: Thomas J. Nicastro@AID@Santiago
Subject: FSN RELEASE PACKAGE
Date: Monday, March 20, 1995 13:14:54 EST
Attach:
Certify: N
Forwarded by: Babette Prevot@LAC.SAM@AIDW

Forwarded to: Michael A. Rogal@M.MPI@AIDW
cc:
Forwarded date: Tuesday, March 21, 1995 9:04:36 EST
Comments by: Babette Prevot@LAC.SAM@AIDW
Comments:

Hi Mike - this is what you asked for in the action plan meeting.
Babette

----- [Original Message] -----

THE BELOW RESPONDS TO THE ACTION PLAN REVIEW REQUEST FOR MORE INFORMATION ON CHILE'S FSN RELEASE PLAN. PLEASE PASS ON TO M.

Individual letters to FSNs have been negotiated and drafted according to Chilean law. WE use the Embassy PERSONEL office and USAID/LaPaz regional backstop for EXO and Legal clearance. If an FSN stays until the day of his/her actual release he/she will receive an additional 90 days in benefits. If the FSN leaves within 90-120 days of the release date he/she will receive the full compensation package. If they leave 90-120 days before the release then the package is discounted accordingly. (Some details still are to be worked out: 90-120 days and will I sign a letter now or later formally announcing the RIF). Also we are permitting each FSN to go through an out placement service.

We have asked our regional EXO officer in LaPaz to followup on a story in FRONTLINES which indicated one Africa close-out was giving FSNs commodities like computers.



UNCLASSIFIED

OUTGOING TELEGRAM

U S AGENCY FOR INT'L DEV. TELECOMMUNICATIONS CENTER

PAGE 01 STATE 218232 138619Z 9273 849154 AID8885

STATE 218232 138619Z 9273 849154 AID8885

ORIGIN OFFICE MPI-83 INFO OPOD-01 LACA-02 LAEM-01 FAMS-02 IG-01 FAOM-03 OUTI-01 FABS-01 OPE-01 IGRM-02 FM-01 AMAD-01 FMFC-01 /021 AB 13/0625Z

INFO LOG-00 TEDE-00 /001R

DRAFTED BY: AID/M/MP:BBURNETT:TJB APPROVED BY: AID/M/MP:BBURNETT AID/LAC/DR:DCHIRIBOGA (DRAFT) AID/LAC/SAM:BPREVOT (DRAFT) AID/LAC/DR:AAKERS (DRAFT) AID/FM/FPS:TPUTSCHER (DRAFT) AID/M/BS:RKNOWLES (INFO) AID/M/MP:CMCGRAW (INFO) AID/M/MP:MRGAL (DRAFT) AID/HR/POD:TBEATY (INFO)

R 138619Z AUG 94 FM SECSTATE WASHDC TO AMEMBASSY SANTIAGO INFO AMEMBASSY LA PAZ

UNCLAS STATE 218232

AID ADM 2

E.O. 12350

TAGS:

SUBJECT: CHILE OPERATIONAL CLOSE-OUT PLAN

1. SUMMARY: THE SUBJECT CLOSE-OUT PLAN WAS REVIEWED AT A MEETING ON AUGUST 2, 1994, WITH REPRESENTATIVES FROM LAC/DR, LAC/SPM, LAC/SB, M/FM/PPC, AND M/MP. THE MISSION IS TO BE CONGRATULATED FOR THE THOROUGH TREATMENT

ACCORDED THE VARIOUS ASPECTS OF CLOSE-OUT. THE PLAN IS HEREBY APPROVED SUBJECT TO THE GUIDANCE OUTLINED BELOW.

2. SEVERANCE PLAN FOR FSN STAFF: THE MISSION'S CLOSE-OUT PLAN INDICATES THAT THE USAID REPRESENTATIVE WILL CONSULT WITH A LOCAL LAWYER PRIOR TO ACTUAL EMPLOYEE SEPARATIONS TO ENSURE THAT THE PROPOSED SEVERANCE PACKAGES COMPLY WITH LOCAL LAW. THE MISSION IS ENCOURAGED TO PURSUE THIS ACTION AT ITS EARLIEST CONVENIENCE TO ALLOW SUFFICIENT TIME TO RESOLVE ANY UNFORESEEN ISSUES WELL IN ADVANCE OF THE PLANNED CLOSE-OUT DATE. ALSO, PLEASE ADVISE DETAILS OF PLANNED SEPARATION PAYMENTS THAT WOULD EXCEED THOSE AUTHORIZED IN THE POST COMPENSATION PLAN. IN THIS CONNECTION, WE WOULD LIKE TO BRING TO MISSION'S ATTENTION A RECENT IIG INVESTIGATION WHICH CRITICIZED USAID FOR INADEQUATELY JUSTIFYING SEVERANCE PAYMENTS IN A CLOSE-OUT MISSION TO FSNS ELIGIBLE FOR AN IMMEDIATE CSR ANNUITY.

3. FINANCIAL MANAGEMENT CLOSE-OUT REPORTING: THE CLOSE-OUT PLAN INDICATED SOME UNCERTAINTY REGARDING FINANCIAL MANAGEMENT CLOSE-OUT REPORTING REQUIREMENTS. USAID/W DOES NOT REQUIRE SPECIAL FINANCIAL REPORTING. WE WOULD PROPOSE THAT USAID/W CONSULT WITH THE USAID/BOLIVIA CONTROLLER TO DETERMINE THAT ALL FINANCIAL MATTERS ARE PROPERLY HANDLED IN THE PREPARATION OF 1311 REPORTS ON A QUARTERLY BASIS TO ESTABLISH RESIDUAL FUNDS AND OTHER ROUTINE FINANCIAL REPORTS WOULD BE EXPECTED TO CONTINUE THROUGH MISSION CLOSE-OUT. THIS ALSO INCLUDES CLEARING ALL OUTSTANDING ADS IN COORDINATION WITH FM IN USAID/W.

THAT NXP BE DISPOSED OF IN ACCORDANCE WITH HB 23, CHAPTER 4, SECTION 227.3. THESE PROCEDURES OUTLINE A LIST OF DECLINING PREFERENCES FOR DISPOSING OF SUCH PROPERTY. THE MISSION WOULD NEED TO DOCUMENT THE RATIONALE FOR SKIPPING ONE OR MORE HIGHER ORDER PREFERENCES, IF A DETERMINATION IS MADE TO GRANT DE-FINANCED NXP TO COUNTERPART GOVERNMENT AGENCIES. PLEASE CONSULT WITH THE BOLIVIA EXD ON THIS MATTER.

5. DISPOSING OF OFFICIAL FILES/RECORDS: THE PLAN INDICATES THAT EITHER THE C & R SUPERVISOR AT USAID/BOLIVIA OR CONTRACTED TDY SERVICES WILL BE PROVIDED TO ASSIST USAID/CHILE IN THE PROPER DISPOSAL OF ITS FILES. USAID/W AGREES THAT MISSION SHOULD SEEK ASSISTANCE FROM BOLIVIA IN THE FIRST INSTANCE. IF BOLIVIA CANNOT PROVIDE THE DESIRED SERVICES, M/AS/ISS WOULD RECOMMEND SOMEONE TO PLACE ON CONTRACT.

6. REPORTING REQUIREMENTS: PLEASE NOTE STATE 192675, DATED JULY 19, 1994, REGARDING MISSION CLOSE-OUT REPORTING. CHRISTOPHER

BEST AVAILABLE COPY

To: Michael A. Rogal@M.MPI@AIDW, John
Daly@G.HCD.PP@AIDW
Thomas J. Nicastro@AID@Santiago
JuanCarlos Diaz@AID@Santiago

Cc:

Bcc:

From: Babette Prevot@LAC.SAM@AIDW

Subject: re: US Israel Cooperative Development Research
Project

Date: Wednesday, April 26, 1995 10:16:46 EDT

Attach:

Certify: N

Forwarded by:

Mike - I just spoke to Eric Zallman. He sees NO reason why this project should continue AFTER closeout date. Also, the Mission did NOT ask for this activity to go BEYOND the closeout date.

To: Babette Prevot@LAC.SAM@AIDW
Cc:
From: Thomas J. Nicastro@AID@Santiago
Subject: US ISRAEL PROGRAM IN CHILE
Date: Wednesday, April 19, 1995 18:14:46 EDT
Attach:
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Comments by: Babette Prevot@LAC.SAM@AIDW
Comments:

Will this program be allowed after closeout in Chile? Guidance,
please. Thanks,
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Babette,

I am seeking guidance on whether or not USAID close-out guidance permits continued or new funding of science projects in Chile after close-out. I have been asked to clear a proposal (C15-111) from G's Center for Human Capacity which is part of the US Israel Cooperative Development Research Project. The Chile project is with a local University and goes beyond our close-out. While it will be managed by the US Embassy in Tel Aviv I understand close-out guidance not to make any distinction as to management controls. M or someone in our Bureau should be helpful. Tom

=====
To: John Daly@G.HCD.PP@AIDW
Cc: Babette Prevot@LAC.SAM@AIDW
From: Michael A. Rogal@M.MPI@AIDW
Subject: US Israel Cooperative Development Research
Project
Date: Tuesday, April 25, 1995 10:27:44 EDT
Attach:
Certify: N
Forwarded by:

John: ED Lijewski said that you were knowledgeable concerning this activity and could provide me with the purpose of the project, how it operates, etc. I am interested in a new project proposed for Chile.

I'm responsible for the staff work on new activities or extensions of activities in close-out countries. Since Chile will close by 9/30/96 and this project will go beyond that date, we need to determine if Larry Byrne's approval is required. Call me on 72902. Thanks.

Michael

=====
To: Michael A. Rogal@M.MPI@AIDW
Cc:
Bcc:
From: John Daly@G.HCD.PP@AIDW
Subject: re: US Israel Cooperative Development Research Project
Date: Tuesday, April 25, 1995 16:28:55 EDT
Attach:
Certify: N
Forwarded by:

There are special guidelines for centrally funded research in non-presence countries. We understand that guidance is soon coming out clarifying again that research in non-presence countries is to be handled differently than non-research activities. Essentially the research guidelines recognize that there are situations in which research of world wide significance is not bilateral assistance and can best be done in countries which are not USAID bilateral aid recipients. Of course we have been funding research in the International Agricultural Research Centers for decades (including in Syria when we didn't have any other US programs in country) on this rationale.

In the case of the U.S. Israel cooperative development research program, staff are working on analyses as this is written as to the projects that would or would not qualify against the non-presence country criteria. In general I expect most would since all CDR proposals are judged against a standard of predominant benefits outside of the host country, and all are unsolicited proposals so that the research may only be funded by USAID if funded to the proposing institutions. Further in the CDR program there is a desire to encourage Israeli linkages with a wide variety of countries, including some in South America.

Hope this is the information that you requested.

USAID/CHILE

THE ROAD TO CLOSE-OUT '96

OVERVIEW

USAID/Chile's scheduled and orderly project close-out is marred by a more than 40% reduction in our FY95 OYB. Chile requested \$3,663,000 to fully fund close-out projects. Chile is slated to receive \$2,190,045 or \$1,472,955 less than requested.

USAID/Chile's personnel and property release is on schedule, assuming that we receive \$611,200 in FY96 OE. Finally, the Bureau is monitoring the close-out effect on the development elements of the on-going United States-Chile Free Trade Agreement (FTA/NAFTA) negotiations. USAID/Chile is staffed by one USDH and nine Chileans, five professionals and four support staff.

PROJECTS

The AID/W February 1994 review of USAID/Chile's 1995 Action Plan determined and recommended that the final two years of project funding be made available in FY95. Therefore, in mid and late 1994 project officers renegotiated scaled down project activities with the Government of Chile and NGOs based on these understandings and budget figures.

Now, however, with a FY95 budget reduction of more than 40%, USAID/Chile has triaged activities based on account availability and project activity.

The USAID/Chile FY95 activity triage: no FY95 funding; severely reduced FY95 funding; and close to requested FY95 funding level.

1. *No FY95 funding:*

a. Peace Corps/SPA was budgeted for \$60,000.

b. Housing Finance Advisor (part-time) under a \$40 million HG program was budgeted for \$100,000.

Since neither activity is within USAID/Chile's strategic objectives they were eliminated for funding.

2. *Severely Reduced FY95 Funding:*

Under Strategic Objective One. Responsiveness of Key Institutions to Citizens' Needs Increased.

- a. Justice reform activity supporting modernization of Chile's criminal system was reduced from \$873,000 to \$550,000, a \$323,000 shortfall. CPU the Chilean NGO is negotiating additional reform cutbacks with the Ministry of Justice and the Supreme Court.
- b. Legislative activity supporting Chile's Congress through SUNY/New York and CEAL (Centro de Estudios y Asistencia Legislativa) for \$400,000 was terminated. However, a new direct \$200,000 grant to CEAL will permit CEAL to become sustainable. \$110,000 will be made available in FY95.
- c. Decentralization activity supporting the development of a national Chilean consensus on decentralization was reduced from \$400,000 to \$100,000.

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

- a. Free Trade Agreement (FTA/NAFTA) activity supporting a public policy dialogue with Chilean Universities, NGOs, think-tanks and labor was reduced from \$505,000 to \$208,000, a \$297,000 shortfall.
- b. CONAMA (Chile's EPA) activity supporting environmental policy and regulatory framework development was reduced from \$460,000 to \$350,000, a \$150,000 shortfall. Within this CONAMA activity we eliminated USEPA funding and increased the World Resources Institute funding level.

3. *Close to Requested FY95 Funding Level:*

- a. Pollution Prevention (EP3) activity demonstrating the efficiency of no-cost/low-cost industrial plant process modification was reduced from \$535,000 to \$500,000.
- b. Personal Service Contractors. All USAID/Chile projects are managed by FSNPSCs whose contracts are replenished annually. \$280,000 will fully fund these PSCs through close-out.

USAID/Chile seeks AID/W guidance. In early February 1995, as this report is written, USAID/Chile is negotiating with the Government of Chile and implementing NGOs activity cutbacks based

on the 40% reduction in FY95 funding. We are also discussing options to meet some or all of the originally determined project goals based on: possible limited additional FY95 funding; FY96 funding; and/or FY95 and/or 96 funding from LAC regional projects or the G Bureau. All these paths present some project vulnerability. Therefore, USAID/Chile seeks AID/W guidance on final project funding levels.

PERSONNEL

USAID/Chile is requesting \$611,200 in FY96 OE to release six FSNs. Three FSNs will be released under program funds.

Following AID/W guidance the nine USAID/Chile FSN personnel have been individually advised of the September 30, 1996 close-out. Individual letters with specific release dates will be issued in late 1995. In three instances, based on unexpected project or office needs an additional month has been added to individual release dates presented in the FY95 Action Plan. In one instance, based on project needs, three months has been added to the release date. In all instances all USAID/Chile staff will be released on or before September 30, 1996. USAID/Chile has made available to FSN staff out-placement services through a local Big 6, as well as a modest incentive package for those who stay through the individually determined USAID release date.

The USDH USAID Representative will depart post June-August 1996. Final close-out actions will be managed by USAID/LaPaz.

PROPERTY

USAID/Chile is housed in a USG owned facility in downtown Santiago. In early 1996 USAID will officially notify the Embassy of our departure and intention of being released from FAAS.

Our EXO, based in USAID/LaPaz will make TDY in late to make a final determination on disposal of NXP, ADP and security equipment through other than local auction. The Embassy in Santiago will manage the auction the first quarter of FY97.

USAID/LaPaz and USAID/Chile

USAID/Chile has been receiving excellent administrative backstopping from LaPaz. Our detailed close-out plan was largely developed at a three day May 1994 LaPaz meeting. We therefore expect to continue to work together to close-out the bilateral program as planned.

NOTE TO: AA/M, Larry Byrne

July 25, 1994

FROM: M/MPI, Barry Burnett

SUBJECT: Chile Close-out Plan

Earlier this month you raised a number of questions regarding Chile's Close-out Plan. This note is in response to those concerns.

1. CONCERN: If the program level is going down, can't we reduce FSN staff faster?

RESPONSE: USAID/Chile prepared an employee release plan and presented it as part of their FY 95/96 Action Plan/Close-out Plan. The release plan indicates a reasonable schedule for phasing out both program-funded and OE-funded FSN staff. The program-funded FSNs will be released as their respective project activities come to a close over the next two years. Entering FY 96, only six OE-funded FSNs will remain to assist the USAID Representative, the only USDH, close down the program and address the myriad of related operational requirements. By June, 1996, only two FSNs from the Controller's Office will remain to close the books and transfer any accounting data to USAID/LaPaz. They will be released by the close-out date of September 30, 1996.

2. CONCERN: What is in the "limited NXP"? Do they have computers, for example?

RESPONSE: I was unable to secure a detailed listing of the NXP from either Chile (USAID Rep) or Bolivia (Executive Officer) since the close-out is still over two years away. Nevertheless, both officers indicated that the quantity and value of the NXP will be quite modest. The OE-funded equipment consists largely of standard office and residential furniture, a few computers and one vehicle. Kent Hickman, M/OMS, assures me that all close-out missions have been given explicit instructions on the proper disposal of NXP. There are certain rules concerning the condition of property that govern the method of disposal of non-ADP NXP. There are slightly different rules on how we dispose of ADP NXP which were developed in conjunction with IRM. These rules involve, inter alia, whether or not the equipment is current "generation." In any event, any NXP item that can be shipped to and used by other USAID missions is being handled that way, according to Mr. Hickman. In fact, the detailed Chile Operational Plan, which just arrived, indicates that the Mission will be following the prescribed procedures for disposing of NXP. (See pp. 25-27 of this Plan, attached.)

3. CONCERN: Are we on line to continue the Housing Guarantee through 2001?

RESPONSE: Under HG-008 and HG-009, USAID has guaranteed the lender, Citibank, repayment of the equivalent of up to \$10 million

in local currency loans to a Chilian housing cooperative. The repayments are scheduled to be completed by 1998 for HG-008 and by 2001 for HG-009. Under HG-010, the GOC has borrowed \$10 million and is expected to borrow an additional \$30 million prior to 9/30/96. No borrowing will be permitted beyond this date. The loan proceeds are intended to finance low income housing (\$20 million), municipal waste water facilities (\$5 million) and inner city revitalization (\$15 million). Monitoring of the HG programs beyond close-out will be managed exclusively by RHUDO/SA in Quito, Ecuador.

4. CONCERN: I want an explanation of E.

RESPONSE: Section E of the Action Memorandum, "Possible Future Activities Under Regional Projects," has been overtaken by events and, hence, deleted from the Action Memorandum. Arrangements have been made, with your approval, to consider proposed regional activities involving close-out or non-presence countries.

I recommend your approval of the three recommendations set forth in the attached Action Memorandum.

Clearances: M/MPI, MRogal _____ Date: _____
M/MPI, CMCraw _____ Date: _____



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

JUN 29 1994

*Assistant
Administrator
for Latin America
and the Caribbean*

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR MANAGEMENT

FROM: AA/LAC, Mark Schneider *[Handwritten Signature]*
SUBJECT: Chile Closeout: Combined Program and Operational Plan
DATE: June 16, 1994

ACTION: Your approval is requested for the attached FY 1996 closeout plan for Chile, as summarized below.

BACKGROUND: The attached USAID/Chile Action Plan and Closeout Plan was reviewed and approved by the LAC Bureau on February 24, 1994. This closeout plan calls for all bilateral projects to be phased out during FY 1995 and FY 1996, and for the Mission to shut its doors by September 30, 1996. No new project starts will be authorized.

On the operational side, revised staffing patterns and plans have been developed and approved, systems have been developed to monitor project progress toward closeout, and plans are being implemented to dispense with real and non-expendable property.

The attached documentation (Action Plan and the DAEC reporting cable, State 085088) summarize these program and operational plans.

It is my understanding that this Memorandum raises no controversial issues which would require a separate meeting.

DESCRIPTION:A. Program Closeout1. Schedule of Portfolio Closeout and Continuing Activities.

Except for those specific RHUDO/SA Housing Guaranty Activities discussed in "C" below and the continuation beyond closeout of the International Cooperative Biodiversity Groups Program (ICBG) which you approved on June 2, 1994 at the Costa Rica Closeout meeting, all existing bilateral, central and regional projects in Chile are to terminate by September 30, 1996. All residual billing, reporting and documentation functions will be completed by USAID/La Paz.

2. Program Funding

FY 1995 will be the final year in which program funding is provided.

3. Evaluations

This is USAID/Chile's second closeout. In 1980 as part of its first closeout a report detailing all USAID and its predecessor agency work from 1942 (Good Neighbor Policy) was commissioned. Now, another edition, detailing the 1988-1996 USAID/Chile program accomplishments, is being commissioned.

In addition, several program and project evaluations have been scheduled prior to closeout, including the Mission's use of a U.S. Environmental Protection Agency PASA to appraise USAID performance in Chile's environmental sector.

Given that most projects have first quarter FY 1996 PACDs (except the regional RHUDO supported activities), the Mission will concentrate on completing EOP reporting and documentation during the second semester of FY 1996.

4. Local Currency Counterpart

Local currency counterpart associated with the Primary Health Care Project (513-0350/0351) has been fully disbursed. There are no remaining local currency programming issues.

5. Participant Training

USAID/Chile does not have a long-term participant training in its portfolio.

B. Operational Closeout

The Mission will prepare a detailed operational closeout plan with the assistance of the Regional Service Center in La Paz. After LAC Bureau review, the plan will be transmitted to M for approval.

1. Personnel

The employee release plan was approved by the LAC Bureau as presented by the Mission. The USAID Representative, the only USDH at post, will depart post during the 4thQ of FY 1996. Entering FY 1996, the Mission will have 9 FSNs on board, 6 OE and 3 program funded. Based on PACDs, an orderly departure of all FSNs will occur during FY 1996, with one scheduled to depart in the 1stQ and the remainder departing in the 4thQ.

2. Real and Non-Expendable Property

The Mission has determined that the condition of its limited NXP warrants its sale by the Embassy (per HB 23, Ch 131) with proceeds to USAID. The mission has no trust fund, contractor or project-titled property. USAID is located in the U.S. Consulate, which is property of the State Department.

3. Records Management

Records will be closed out under a plan to be sent to the Agency's Records Management Officer.

4. Closeout Support

The Mission will receive necessary closeout support from USAID/La Paz. The LAC Bureau also pledged to make every effort to provide sufficient OE funding to support the Mission during closeout.

C. Outstanding Issues

1. Continuation beyond closeout of RHUDO/SA Housing Guaranty Activities HG-008 and HG-009

G/ENV/UP recommends continuation of the Housing Guaranty Programs HG-008 and HG-009 through June 1998 and June 2001 respectively. Each of these HGs guarantees a \$5 million line of local currency credit to the housing cooperatives federation (COVIP). No new appropriated funds are required. However, these guaranties constitute a contingent liability against which the lender, Citibank/Santiago, could draw in the event of a claim. Thus, disbursements would only be required if COVIP fails to meet its commitments to Citibank.

The 1988 HG-008 agreement authorized a \$5 million guaranty for ten years. The Housing Office agreed to the full term prior to Chile's designation as a closeout country. Similarly, the \$5 million HG-009 guaranty was authorized in 1991 for ten years. The guaranty was issued for five years and the borrower (COVIP) has now requested that it be extended for the full period authorized, i.e., to the year 2001. COVIP has been advised by USAID of our intent to maintain these ten year commitments.

Recommendation

The Bureau recommends that HG-008 continue to 1998 and HG-009 continue to 2001 (as per the authorization agreements). Abrogation of these guaranties would be politically embarrassing and could adversely affect the Chilean borrower (COVIP-- Cooperativa de Vivienda Popular) and the achievement of low-cost housing program objectives. Maintenance of these guaranties beyond Mission closeout requires no additional program funds or technical assistance. No resident TA is required beyond FY 1996, and all monitoring activities related to these HG programs will continue to be undertaken by RHUDO/SA in Quito, Ecuador.

Approved: _____

Disapproved: _____

Date: 7-28

2. Monitoring of RHUDO/SA Guaranty Program (HG-010): The HG-010 could provide up to \$40 million in credit guarantees by FY 1996, including \$20 million for low income home mortgages, \$5 million for pilot municipal waste water facilities and \$15 million for inner city revitalization in Santiago and Valpariso. Initial lending has already begun under HG-010, but new lending will not be undertaken unless the borrowing can be completed by September 30, 1996. There will be residual USAID monitoring and oversight required beyond closeout which can be effectively managed by RHUDO/SA in Quito, Ecuador.

Recommendation

The LAC Bureau recommends that only new lending which can be disbursed by September 30, 1996 be approved by the Mission, and that those activities related to the requisite monitoring and oversight of the HG-010 loans beyond closeout be approved.

Approved: _____

Disapproved: _____

Date: 7-28

Drafted: RWL: U:\rloudis\docs\chilout.mem

Clearance

DAA/LAC:NParker (draft)
LAC/DR:EZallma (draft)
LAC/DR:DChiriboga (draft)
PPC/POL/PAR:JSchlotthauer (draft)
M/FA/MC:MRogal (draft)
G/R&D/POP:DGillespie (draft)
G/R&D/PO/AE:GStandrod (draft)
G/PRE/H:JGisiger (draft)
GC/LAC:RMeighan (draft)
LAC/DPP:JStepanek (info)
LAC/DPP:RMeehan (info)
LAC/SAM:BPrevot (draft)

Distribution:

Per AP List

F A C S I M I L E C O V E R S H E E T

USAID/BOLIVIA
 Casilla 4530
 Phone 591-2-786544 or 591-2-786147
 APO AA 34032
 LA PAZ - BOLIVIA
 OUR FAX 591-2-782325



TO: BARRY BURNETT, MPI		FROM: JOHN P. PEEVEY, EXECUTIVE OFFICER, USAID/BOLIVIA	
COMPANY: AID/W		CLEARANCE(S):	
FAX NO: (202) 736-7189			
COUNTRY: U.S.A.	DATE: 07/25/94	NO of PAGES: 8	
CHARGE TO: OE			
NOTE: IF YOU HAVE ANY DIFFICULTY WITH THE RECEPTION OF THIS TRANSMISSION PLEASE CALL (OFFICE PHONE NUMBER) 591-2-786399			

See attached.

To: BARRY BURNETT@M.MPI@AIDW
Cc: Richard Goughnour@CONT.EXE@LAPAZ
Bcc:
From: John Peevey@EXO.EXE@LAPAZ
Subject: RE: CHILE EMPLOYEE RELEASE PLAN
Date: Monday, July 25, 1994 8:25:23 BOL
Attach:
Certify: N
Forwarded by:

BARRY. I AM FAXING YOU TODAY THE PERSONNEL SECTION (6 PAGES) OF THE USAID/CHILE MISSION CLOSE-OUT PLAN. HOPE IT CONTAINS WHAT YOU ARE LOOKING FOR. IF NOT, I SUGGEST YOU DIRECT YOUR INQUIRY TO TOM NICASTRO IN SANTIAGO. IF TOM IS NOT AROUND, MARIO PERRETTA, THE MISSION'S ADMIN OFFICER, SHOULD BE ABLE TO HELP. REGARDS.

MISSION CLOSE-OUT PLAN**USAID/Chile**

The following information serves as a checklist and plan of action for the closing of the USAID Mission in Chile, scheduled for Fiscal Year 1996. This document has been prepared in conjunction with a close-out workshop carried out in La Paz, Bolivia on May 18, 1994. The workshop was attended by representatives of the USAIDs in Chile and Uruguay/Argentina, including the respective USAID Representatives, and members of the USAID/Bolivia More Developed Country (MDC) support unit, i.e., the Controller, Deputy Controller, Chief Accountant, Regional Contracting Officer, Deputy Regional Contracting Officer, and the Acting Executive Officer. During the workshop, a number of critical close-out activities were discussed, ideas shared, and tentative plans for action and TDY support were agreed upon.

This plan should not be viewed as a comprehensive, all inclusive "close-out guide", but rather, as a working document to be used as a general framework. The actual closing procedures will be adjusted as necessary to meet the special activities and circumstances encountered during the process. The basic format of this plan was adapted from the guidance provided in HB 23, Chapter 13, Closing a USAID Mission, while proposed actions and a tentative time frame for critical regional support reflect the discussions held during the close-out workshop.

I. PERSONNEL

Upon receipt of the final USAID/W determination that the USAID Mission is to close, the USAID Representative may, unless otherwise instructed by USAID/W, inform all employees of the pending action.

STATUS/ACTION REQUIRED: The USAID/Representative has informally advised all employees of the impending closure of the Mission, scheduled for September of 1996. By the end of FY 1995, he will develop a projected schedule for the release of the Mission staff, and issue formal letters to the individual employees. Prior to doing so, he will obtain USAID/Washington clarification on whether or not Chile will maintain a regional role, and if so, what the staffing implications would be. This information will be reflected in the employee release schedule.

When the final schedule for closure has been approved and no later than any public announcement, the USAID Representative or designee informs all FSN employees of the following:

- (1) organizational time schedule for closing the Mission;

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STATUS/ACTION REQUIRED: An organizational time schedule will be developed by the USAID Representative by the end of FY 1995.

- (2) Agency responsibility or available assistance for placement outside the Agency, i.e., can USAID/Chile fund placement services; assist with letters to potential employers; provide resume writing assistance; Embassy employment possibilities.

STATUS/ACTION REQUIRED: The USAID Representative will discuss this with the individual employees, and prepare letters of recommendation to all local agencies and/or companies requested. In addition, the Controller will speak with the USAID/W Personnel Office in June in order to see if they would be willing to send out letters to a number of the international organizations operating out of Washington, D.C., such as the World Bank, IDB, etc.

Operating Expenses will be used to provide employees with training courses available locally, and the USAID Representative has contracted with a Chilean out placement service to provide FSNs assistance in resume writing, job searches, etc. at Mission expense. Training courses will be authorized based on their potential for enhancing the employees' ability to find outside employment, rather than applicability to Mission operations.

- (3) employees' responsibility for continued cooperation and submission of individual information to aid in placement activities; i.e., what do we need from employees to help them.

STATUS/ACTION REQUIRED: All employees interested in exploring the possibility of consideration for TCN positions will be asked to prepare resumes, a list of regions and/or countries they would like to consider, and forward the information to the Controller at any time during their final year of employment. He will send out appropriate cable inquiries.

The USAID/Bolivia Personnel Office will prepare a cable to USAID/W requesting clarification and/or special consideration for terminating employees in light of a recent Contract Information Bulletin instructing missions to limit the contracting of TCNs in favor of cooperating country nationals.

- (4) name of the officer(s) responsible for coordinating the personnel aspects of the close out to whom employees may look for guidance, i.e. Embassy or AID; required documentation; who prepares it.

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STATUS/ACTION REQUIRED: Employees will be instructed to work with the Embassy personnel offices to the extent possible. The USAID/Bolivia Personnel Office will provide any USAID-specific assistance required throughout the process, including assistance with the preparation of related documentation.

- The Mission must be constantly aware of staff morale. Providing counseling and additional skills development for FSN staff facing an unknown future will have a positive impact. USAID has an obligation to see that these areas are addressed.

(1) Develop a staffing roster which establishes position termination dates based on the close-out of projects or reduction of workload in the Mission.

- o Experience proves that the close-out roster should be reviewed either every six months, or quarterly if the time frame is shorter, to assure that all employees have viable full time employment.

STATUS/ACTION REQUIRED: The position termination schedules will be developed by the end of FY 1995. The USAID Representative will review the status thereafter on a regular basis, and make adjustments as required.

(2) Review the severance benefit package. Chances are the current plan has not been seriously reviewed in several years. Does it represent prevailing practice for major work force reductions? Are current local laws fully address? If the package is to be changed, this can be a lengthy process as it requires interagency agreement both at post and in Washington.

STATUS/ACTION REQUIRED: The Mission has already done initial cost estimates which were incorporated into the Action Plan. The USAID Representative will consult with a local lawyer prior to actual employee separations to ensure that the proposed severance packages comply with local law.

(3) Develop activities to assist FSN employees prepare for their termination.

Conduct workshops/seminars on (1) the psychological impact of career change; (2) job search and the interview process; and (3) employment specific, i.e. self employment, subjects.

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STATUS/ACTION REQUIRED: As discussed in the earlier section of this plan, USAID/Chile has contracted with an out placement service which will continue to assist employees until the Mission actually closes. The possibility of preparing a workshop for the FSN staff will also be considered, if a capable firm/individual can be identified, and if the Mission employees are, in fact, interested in an activity of this kind.

- For U.S. Direct Hires, is any regional assistance required for TA's, TDYs, packing out, etc.

STATUS/ACTION REQUIRED: The USAID Representative will be departing Post two or three months before the final close-out of the Mission. A number of options were discussed in this regard, including the possibility of either the Embassy Econ Officer or a USDH from USAID/Bolivia serving in an acting capacity after his departure. One option – USAID/Bolivia coverage could be provided by someone from the Executive Office, who would be able to manage the property and records disposal work at the same time. However, it is still too early to definitively resolve this issue, and as such, options will be reconsidered in early FY 1996.

The USAID/Bolivia RLA will prepare a summary of the types of delegations of authority for the remaining FSN staff which the USAID Representative can and should consider issuing prior to his departure. Finally, the USAID/Bolivia Controller's Office will provide whatever TDY assistance is required in FY 1996, in order to address the financial management aspects of the close-out.

- As prerequisite for post clearance, employees discharge (or provide sufficient documentation for others to discharge) essential responsibilities, including retirement and disposition of files; accounting for project and OE-funded property; and contract close out actions.

STATUS/ACTION REQUIRED: The USAID/Bolivia Contracting Office has committed to providing direction and TDY assistance if necessary for contract and grant close-out actions. The USAID Representative will take the lead in preparing a list of pending close-outs well in advance of his departure, which will be discussed with the RCO in order to develop a concise plan and time frame. The USAID/Bolivia Executive Office agreed to forward appropriate guidance for retirement and disposition of files, and is prepared to send the Mission C&R Supervisor to Santiago to assist in the process if deemed necessary by the USAID Representative. USAID/Chile will begin efforts to clean up files in anticipation of the eventual closing. Finally, the Controller's Office will begin working with the USAID/Chile financial staff to resolve outstanding advances, reconcile 1221s, decommit and

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deobligate appropriate balances, reconcile NXP ledgers, establish controls over the HIG loan portfolio, etc. These efforts will begin immediately and continue through Mission closure – including possible TDYs funded by the USAID/Bolivia MDC Support Unit.

For FSN Employees:

- (1) Conducts termination procedures in accordance with 3 FAM 900 (Attachment A) and the approved local compensation plan;

STATUS/REQUIRED ACTION: USAID/Chile has been provided with a copy of 3 FAM 900 which it will take into consideration. The Embassy local compensation plan has already been reviewed, and the termination provisions have been budgeted for. A local lawyer may be consulted with respect to any inadvertent non-compliance with local law, and the USAID/Bolivia Personnel Office will review the draft termination documents prior to finalization. This process will take place gradually, and in accordance with an established FSN phase-out schedule. The USAID Representative will be charged with putting the initial documentation together with the assistance of the Embassy Personnel Office, and will forward the draft packages to USAID/Bolivia for review.

- (2) Provides maximum practical assistance to employees to secure new employment, including:

- assistance in preparing resumes and job applications;
- notification of potential employers, such as the large U.S. mission; foreign diplomatic missions; the cooperating government; international organizations; public and private employment services; private industry; and other missions.

STATUS/ACTION REQUIRED: Previously addressed on Page 2 of this document.

- (3) Who stays and how long (FSNs). Delegations of Authority for FSNs to serve as close-out officials. What authorization and documents needed (RLA). As missions close out, FSN employees will assume even greater responsibilities and authority. There needs to be a clear understanding of what authorities can be delegated to FSNs before they are assumed.

STATUS/ACTION REQUIRED: As discussed previously, the USAID/Bolivia RLA will provide appropriate guidance with respect to delegations of authority by August 1994.

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- (4) Consider modification of the Mission's organizational structure during the close out. An organizational structure that supports the maintenance of ongoing programs may not support Mission close-out.
- (5) Changes in division of functions should be addressed during the close-out. Certain functions normally performed by project officers/managers can be transferred to other staff which have a lighter work load.
- (6) Mission can expect that, because of rapid and unexpected reductions, both US and FSN staff will be assuming new and expanded roles. Mission management must be cognizant of this and provide training and support to these individuals.

STATUS/ACTION REQUIRED: The USAID Representative is cognizant of the requirements reflected in numbers (4), (5), and (6) above, and will actively consider appropriate staff presence and responsibilities throughout the final fiscal year of Mission operations.

- (7) Separation pay - need to know how much and time frame; any CSR employees - documents required to obtain annuity - who prepares it.

STATUS/ACTION REQUIRED: USAID/Chile will prepare an employee phase-out schedule, and discuss documentation requirements with the Embassy personnel office. Paperwork will subsequently be forwarded to the USAID/Bolivia Executive Office before finalizing, in order to ensure that any USAID-specific requirements are considered. The same process will be followed for the one FSN direct hire employee who is covered under the CSR plan.

II. FINANCIAL MANAGEMENT

This section outlines some general and some specific financial management procedures for closing the Mission. However, the actual close-out activities will be subject to adjustment, and undoubtedly, more issues than those addressed herein will surface during the process. Cognizant employees must use their judgement and experience in implementing the close-out of financial activity, and must adjust to the circumstances presented.

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To: Douglas Chiriboga@LAC.DR@AIDW
Erhardt Rupprecht@LAC.DPP@AIDW
Cc:
Cc:
From: BARRY BURNETT@M.MPI@AIDW
Subject: Chile Close-out Plan
Date: Wednesday, July 6, 1994 8:52:03 EDT
Attach:
Certify: Y
Forwarded by:

Chile
Doug/Erhardt, Dick Loudis told me to contact you on close-out issues. A few questions have come up on the ~~Argentina~~ close-out plan. If you can E-mail me a response to the following questions I'll make another attempt at securing approval. Specifically, Larry Byrne raised the following questions:

1. If level (program) is going down, can't we reduce FSN staff earlier?
2. What is in the "limited NXP"....do they have computers for example?
3. Are we on line to continue the Housing Guarantees through 2001?
4. I want an explanation of E. (In the Action Memo, this refers to the last para which talks about future regional activities that could include close-out countries such as Chile. If you have some specific examples of activities that might involve Chile, perhaps you could identify them. I think the explanation you set forth in the Belize Action Memo will suffice along with an example or two of activities that might involve Chile.)

I could attempt to respond to these questions but would prefer LAC input first to ensure the fullest response possible. Thanks in advance. If you need to see the Memos or otherwise reach me I am at 7-9988; Room 3485A NS.
Barry

CHILE

Telcon w/ NiCASTRO 7/15/94

In FY 95... all funding oblig. to b.
Go up to ~~2nd Q~~ ~~FY~~

2nd Q FY 96. all tech
staff by June/July.

Project
close-out

Keeping const. staff
(7 out by June)

2 by Sept. 30 - -

CONT STAFF

NXP - 1 set of form. for dev.
some computers - Peerey

EXO: John Peerey (Chaboy)
ck. OMS for hist.

u

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To: Kent Hickman@FA.OMS@AIDW
Cc: BARRY BURNETT@M.MPI@AIDW
From: John Peevey@EXO.EXE@LAPAZ
Subject: RE: CHILE CLOSE-OUT PLAN
Date: Monday, July 18, 1994 10:26:03 EDT
Attach:
Certify: N
Forwarded by:

KENT, RE. USAID/CHILE'S NXP DISPOSAL PLANS. THE MISSION WILL BE EXPECTED TO DISPOSE OF OE PROPERTY IN ACCORDANCE WITH THE ORDER OF PRIORITY DESCRIBED IN HB 23, CH 4, APP 4A, 6 FAM 227.3 (ATTACHMENT E). AS I UNDERSTAND FROM THEIR FSN ADMIN OFFICER (TOM NICASTRO IS ON R&R), THE OE EQUIPMENT IS STANDARD OFFICE AND RESIDENTIAL FURNITURE, COMPUTERS, ONE VEHICLE, ETC. I WOULD EXPECT THAT MOST EVERYTHING WILL BE DISPOSED AT POST (EITHER THROUGH A TRANSFER TO OTHER USG AGENCIES OR COMMERCIAL SALE), OTHER THAN PERHAPS THE VEHICLE. HOWEVER, PLEASE KEEP IN MIND THAT CHILE CLOSE-OUT IS NOT UNTIL FY96. THE USAID REP WILL OFFICIALLY DESIGNATE THE USAID/BOLIVIA EXECUTIVE OFFICE TDYER AS DISPOSAL OFFICER FOR USAID/CHILE ONCE DISPOSAL DATES HAVE BEEN ESTABLISHED.

JPP, EXO
USAID/BOLIVIA

To: BARRY BURNETT@M.MPI@AIDW
Cc: John Peevey@EXO.EXE@LAPAZ
From: Kent Hickman@FA.OMS@AIDW
Subject: re: Chile Close-out Plan
Date: Friday, July 15, 1994 13:50:25 EDT
Attach:
Certify: N
Forwarded by:

Barry:

This is the second question Larry has asked about surplus NXP. I think the other case was in Belize. I'd like to know how Belize replied if you have it. Anyway, all of our closeout Missions have been given explicit instructions on how to dispose of NXP. And as a matter of fact, it is no different than how we handle surplus NXP at ongoing posts. There are certain rules concerning the condition of the property that govern the method of disposal of non-ADP NXP. There are slightly different rules on how we dispose of ADP NXP which were developed in conjunction with IRM (these have to do with whether or not the equipment is current "generation", etc.).

We can assure Larry that anything that can be shipped to and used by other Missions is being handled that way. I think that's his concern. We shouldn't be second-guessing the Missions which have long-standing marching orders. I don't want to go into all the details here, but if you think we need to brief Larry or send him something, I could get IRM to jot down the rules on ADP NXP and OMS staff can give me one or two lines on non-ADP NXP. What do you think?

JOHN:

There can't be much in Chile. I strongly suspect that you're absorbing whatever is there into your own Mission. But go ahead and answer the question without sending in a complete inventory.

kbh

To: BARRY BURNETT@M.MPI@AIDW
Cc:
From: Richard Loudis@LAC.DR@AIDW
Subject: re: Chile Close-out Plan
Date: Thursday, June 30, 1994 15:56:42 EDT
Attach:
Certify: N
Forwarded by:

Yes. Julio Schlotthauer cleared an earlier draft

Note to: AA/M, Larry Byrne
From: M/MPI, Barry Burnett
Subject: Close-out Plan for Chile

The Chile close-out plan indicates that all bilateral, regional and centrally-funded activities will be completed by the Mission close-out date of September 30, 1996, except for the International Cooperative Biodiversity Groups (ICBG) Program which you approved June 2, 1994 at the Costa Rica close-out review meeting. This five year program (1993-1998) is operating in three countries, Chile, Argentina and Costa Rica.

Three RHUDO/SA housing guaranty programs would continue past closing, but this would not involve new lending past the close-out date nor Chile-based staff. The HG programs are managed by RHUDO/SA in Quito, Ecuador.

A detailed operational close-out plan is under preparation and will be submitted later this summer.

I recommend that you approve the attached close-out plan for Chile as summarized in the accompanying Action Memorandum.

To: Richard Loudis@LAC.DR@AIDW
C:
BCC:
From: BARRY BURNETT@M.MPI@AIDW
Subject: LAC Mission Close-outs
Date: Friday, June 10, 1994 13:05:03 EDT
Attach:
Certify: N
Forwarded by:

Dick, We appreciated your recent status report on LAC mission close-outs. A few reactions/updates follow:

1. Regarding Mark Schneider's memo on the UDLP as it relates to Costa Rica, Larry Byrne approved rec. # 2, but felt additional justification was needed regarding rec. #1. Suggest strengthening the case for continuing with the Iowa State activity, taking out language which suggests that USAID assistance may not be required to make the linkage work (first sentence in para 3). When revised, I'll see that it gets to Larry.

2. Argentina/Uruguay Action Memo is currently with Gordon Bertolin for correction regarding the International Cooperative Bio-diversity Groups Program (ICBG). The discussion should refer to the recent decision taken on this Program at the Costa Rica review. The discussion should also reflect the significance of continuing to include Argentina in the program, assuming t Argentina provides some unique perspective to the Program.

3. Belize: Assume Katalysis activity is discussed in the revised Action Memo pursuant to decision taken at outset of the Costa Rica Close-out Review meeting June 2.

4. Chile: With regard to Housing Guaranty programs extending beyond the close-out dates in other countries, Byrne has shown an inclination to approve them provided they were supported by the Regional Bureau and the rationale was evident. Also, we assume the revised AM will reflect the ICBG decision.

5. RDO/C: As discussed, I recommend that decisions involving potential project extensions beyond 9/96 be postponed if a detailed discussion regarding rationale, implementation arrangements, funding, etc. cannot be presented at this time (i.e., by end of June, 1994). To ensure transparency, however, there should be a discussion of the possibility of including one or more RDO/C activities in regional programs at some later date, at which point the concurrence of the Coordinator for Mission Close-outs would be sought.

Hope these thoughts are helpful. We are anxious to complete our review of the LAC close-out plans so don't hesitate to contact me or Mike Rogal if we can assist in any way. BSB

USAID/CHILE STAFF
FY 96 CLOSE

<u>NAME</u>	<u>POSITION TITLE</u>	<u>FUNDING SOURCE</u>	<u>DEPART DATE</u>
Mauricio Roldan FSN	Develop. Assist. Spec. (EP3)	Program	12/95
Luz Maria Bernabo FSN	Admin. Assistant	OE	7/96
Veronica Errazuriz FSN	Secretary	OE*	7/96
Bernadita Donoso FSN	Secretary	OE*	7/96
Victor Neira FSN	Chauffer/Messenger	OE	7/96
Juan Carlos Diaz FSN	Proj. Manager Spec. (FTA, Environment)	Program	7/96
Claudio Mundi FSN	Proj. Develop. Spec. (Democratic Init.)	Program	7/96
Thomas Nicastro USDH	USAID Representative	OE	7/96
Mario Perretta FSN	Finanical Analyst	OE	9/96
Jaime Tarud FSN	Financial Analyst	OE	9/96

OE* USAID/Chile plans to shift funding for these two secretarial positions to program funding.

U: \SAMPUB\ADMIN\CHILESTA

USAID/CHILE ANNUAL PORTFOLIO REPORT
1995

ACTIVITY TITLE AND PROJECT NUMBER	IMPLEMENTING AGENCY	OBLIGATION INSTRUMENT	FY INITIAL OBLIG. FY FINAL OBLIG. EST. COMP. DATE	PLANNED LIFE OF PROJECT	OBLG. FY94 FY95 FY96	ACCRUED EXPENDITURES CUMULATIVE	PIPELINE
1. STRATEGIC OBJECTIVE No. 1							
CIVIC EDUCATION (513-0796-A-00- 1025-00)	PARTICIPA	GRANT	91 95 09/95	3,100	750 100	2,100	150
CHILE JUSTICE SYSTEM IMPROVEMENT (598-0642-A-00 1064-00)	CORPORACION DE PROMOCION UNIVERSITARIA	GRANT	91 95 09/95	3,500	900 600	1,750	250
CENTER FOR LEGISLATIVE STUDIES AND ASSISTANCE (598-0777-3- 9655940)	CENTRO DE ESTUDIOS Y ASISTENCIA LEGISLATIVA	GRANT	89 95 09/95	3,750	600 400	1,800	950
2. STRATEGIC OBJECTIVE No. 2							
ENVIRONMENTAL AWARENESS & PLANNING (0616)	WORLD RESOURCES INSTITUTE (WRI)	CONTRACT	89 94 06/95	1,650	350	1,022	278
TRANSFER OF ENVIRON. TECHNOLOGY (0616)	ENVIRONMENTAL PROTECTION AGENCY (EPA)	PASA	91 96 06/96	575	150 275 30	80	40
ENVIRONMENTAL POLLUTION PREVENTION PROGRAM (0616)	HAGLER BAILLY INC.	CONTRACT	93 96 06/96	925	340 410 25	100	50

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USAID/CHILE

USAID/CHILE ANNUAL PORTFOLIO REPORT
1993

ACTIVITY TITLE AND PROJECT NUMBER	IMPLEMENTING AGENCY	OBLIGATION INSTRUMENT	FY INITIAL OBLIG.	PLANNED LIFE OF PROJECT	OBLG. FY%		ACCRUED EXPENDITURES CUMULATIVE	PIPELINE
			FY FINAL OBLIG. EST. COMP. DATE		FY95	FY96		
PESTICIDE MANAGEMENT (0616)	AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT	GRANT	90 90 4/30/93		115	0	115	0
ENTERPRISE OF THE AMERICAS SUPPORT (FREE TRADE AGREEMENT) (0616)	VARIOUS	GRANTS	93 96 06/96	1,192		600 500 60	52	0
3. PROGRAMS OUTSIDE STRATEGIC OBJECTIVES								
HUMAN RESOURCES MGMT. IMPROVEMENT (0616)	FUNDACION ECONOMIA Y ADM. U.C.	CA	89 91 04/94		700	0	700	0
ENTREPRENEURAL TRAINING (0616)	FUNDACION CHILE	GRANT	90 90 12/93		50	0	50	0
TECHNICAL VOCATIONAL EDUCATION IMPROVEMENT (0616)	CIDE	CA	90 93 04/94		900	0	850	50
40C TRAINING SUPPORT (0616)	BINATIONAL CENTER	GRANT	89 93 03/94		139	0	120	19
PARTICIPANT TRAINING (T. JEFFERSON PROGRAM) (0616)	BNC/PIET	PIG/P	89 93 12/93		467	0	467	0

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USAID/CHILE

USAID/CHILE ANNUAL PORTFOLIO REPORT
1993

ACTIVITY TITLE AND PROJECT NUMBER	IMPLEMENTING AGENCY	OBLIGATION INSTRUMENT	FY INITIAL OBLIG. FY FINAL OBLIG. EST. COMP. DATE	PLANNED LIFE OF PROJECT	OBLG. F'94 F'95 F'96	ACCRUED EXPENDITURES CUMULATIVE	PIPELINE
IMMEDIATE IMPROVEMENT OF PRIMARY HEALTH CARE (513-0350)	MINISTRY OF HEALTH	BILATERAL AGREEMENT	91 93 06/94	10,800	0	6,855	3,945
CHILE PRIVATE SECTOR COOPERATIVE HOUSING I AND II (513-HG-008/009)	CORPORACION DE LA VIVIENDA POPULAR	HOUSING GUARANTEE	88 91 06/96	10,000	0	0	0
CHILE PRIVATE SECTOR SHELTER AND URBAN INITIATIVES (513-HG-010)	MINISTRY OF HOUSING	HOUSING GUARANTEE	92 92 06/96	40,000	0	0	0
HOUSING FINANCE (OYBT-RHUDO)	RHUDO/ECUADOR	OYBT	90 96 06/96	1329	159 100 50	1020	
PROGRAM IN SCIENCE AND TECHNOLOGY COOPERATION (PSTC)	VARIOUS	GRANTS	88	1364 (centrally funded)	0	1,152	212
PEACE CORPS SPA (OYBT)	PEACE CORPS	GRANT	93 96 06/96	181	21 60 60	40	

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TABLE 1
USAID/CHILE - PORTFOLIO FIT WITH USAID STRATEGIES (\$ MILLION)
 (LOP AND MORTGAGE DATA AS OF END FY93)

I. Authorized Project Portfolio - DA and ESF

ECON GROWTH				ENVIRONMENT			POP & HEALTH			DEMOCRACY			OTHER		
A) Strong Fit	LOP	MRTG	FY94	A) Strong Fit	LOP	MRTG	FY94	A) Strong Fit	LOP	MRTG	FY94	A) Strong Fit	LOP	MRTG	FY94
Tech. Vocational Education	0.90	0.00		Environmental Awareness	1.65	0.35	0.35					Housing Finance (RHUDO)	1.55	0.31	0.16
				Transfer of Env. Technology	0.58	0.46	0.15					Civic Education	3.10	0.85	0.75
				EP5	0.90	0.78	0.34					Justice Sector Improvement	3.50	1.50	0.90
				EAI -- FTA	1.19	1.14	0.60					Legal Assistance Center	3.75	1.00	0.60
				Energy Efficiency	0.25	0.23	0.05					Local Gov't & Mnu. Develop.	0.50	0.50	0.22
												Decentralization & Local Gov't	0.25	0.25	0.10
Sub-Total	0.90	0.00	0.00	Sub-Total	4.57	2.95	1.49	Sub-Total	0.00	0.00	0.00	Sub-Total	12.43	4.41	2.73
B) Secondary Fit				B) Secondary Fit				B) Secondary Fit				B) Secondary Fit			
Sub-Total	0.00	0.00	0.00	Sub-Total	0.00	0.00	0.00	Sub-Total	0.00	0.00	0.00	Sub-Total	0.00	0.00	0.00
Total	0.9	0.0	0.0	Total	4.6	2.9	1.5	Total	0.0	0.0	0.0	Total	12.4	4.4	2.7
Percent	5%	0%	0%	Percent	23%	39%	35%	Percent	0%	0%	0%	Percent	63%	59%	63%

FIGURE 1: DATA FROM

Source:

TOTAL PROJECT LOP DA AND ESF:	\$19.58
TOTAL MORTGAGE DA AND ESF:	\$7.50
TOTAL FY94 OBLIGATION DA AND ESF:	\$4.31
RATIO MORTGAGE TO FY94 OBLIGATION:	1.7

II. Projects Under Design

FY 94:	FY 94:	FY 94:	FY 94:
FY 95:	FY 95:	FY 95:	FY 95:

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TABLE 2
USAID/CHILE -- PORTFOLIO FIT WITH USAID STRATEGIES (\$ MILLION)
 (LOP AND PIPELINE DATA AS OF END FY93)

I. Authorized Project Portfolio -- DA and ESF

ECON GROWTH				ENVIRONMENT				POP & HEALTH				DEMOCRACY				OTHER			
A) Strong Fit	LOP	PIPE	EXP RATE	A) Strong Fit	LOP	PIPE	EXP RATE	A) Strong Fit	LOP	PIPE	EXP RATE	A) Strong Fit	LOP	PIPE	EXP RATE	LOP	PIPE	EXP RATE	
Tech. Vocational Education	0.90	0.05	ERR	Environmental Awareness	1.45	0.28	ERR					Leg. Assistance Center	3.75	0.95	ERR	MDC Training Support	0.14	0.02	ERR
				Transfer of Env. Tech.	0.58	0.04	ERR					Justice System Improv.	3.50	0.25	ERR	Peace Corps/SPA (OYBT)	0.18	0.00	ERR
				EP3	0.95	0.05	ERR					Civic Education	3.10	0.15	ERR	PFSC (Centrally Funded)	1.36	0.21	ERR
				EIA -- FTA	1.19	0.00	ERR					Housing Pla. (RHUDO)	1.33	0.00	ERR				
				Energy Efficiency	0.25	0.00	ERR					Local Gov't Man. Devel.	0.50	0.00	ERR				
												Decentral. & Local Gov't	0.25	0.00	ERR				
Sub--Total	0.90	0.05	0.00 ERR	Sub--Total	4.37	0.37	0.00 ERR	Sub--Total	0.00	0.00	0.00 ERR	Sub--Total	12.43	1.35	0.00 ERR				
B) Secondary Fit				B) Secondary Fit				B) Secondary Fit				B) Secondary Fit							
Sub--Total	0.00	0.00	0.00 ERR	Sub--Total	0.00	0.00	0.00 ERR	Sub--Total	0.00	0.00	0.00 ERR	Sub--Total	0.00	0.00	0.00 ERR				
Total	0.9	0.1	0.0 ERR	Total	4.6	0.4	0.0 ERR	Total	0.0	0.0	0.0 ERR	Total	12.4	1.4	0.0 ERR	Total	1.68	0.23	0.00 ERR
Percent	5%	3%	ERR		23%	18%	ERR		0%	0%	ERR		63%	68%	ERR		9%	12%	ERR

File: UNDP/FUN/3/DATA/AFPP2
 Revised:

TOTAL PROJECT LOP DA AND ESF:	\$19.58
TOTAL PIPELINE DA AND ESF:	\$2.00
TOTAL FY93 EXPEND RATE DA AND ESF	\$0.00
YEARS TO EXPEND PIPELINE:	ERR

BEST AVAILABLE COPY

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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 (598-0616-513-01-01)											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																		X
EAI Support (FTA)							X																	X
Local Government Strengthening											X													X
Energy Efficiency Project (Buy-In)											X													X
Chile as a Resource													X											X
RHUDO (HG & Local Govt. Strengthening)																								X
TOTAL PROJECTS			14				13					10				10							1	

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U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MEMORANDUM

January 28, 1994

TO: M/PPE, J.D. Murphy
M/B, R.C. Nygard
M/OMS, A. Dotherow
M/OP, F.A. Will
M/HR, F. Alamguer
M/FM, M.G. Usnick
M/AS, T.E. Huggard
M/IRM, B.D. Goldberg

FROM: *John W. Koehring*
M/MCS, John W. Koehring

SUBJECT: Mission Close Out Plans

Attached hereto are the mission prepared close out plans for Uruguay/Argentina and Chile.

Each of the addressee offices should review these plans, attend the LAC Uruguay/Argentina review scheduled for February 3 at 10:30 a.m. in Room 2248 N.S., and the LAC Chile review scheduled for February 10 at 11:00 a.m. in Room 2248 N.S., raise issues that need to be addressed, identify opportunities for the most efficient use of resources and be cognizant of unresolved issues within it's domain.

Thereafter, the issues paper prepared for the Coordinators meeting should be cleared by appropriate M Bureau offices when a problem or issue is unresolved.

Attachments: a/s

cc: AA/M, L.E. Byrne
M/B, C.D. McGraw

U:\FAMCPUB\DOCS\C-OPL2



January 24, 1994

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT
MEMORANDUM

TO: See Distribution (attached)
FROM: LAC/DR, Eric Zallman *WZ*
SUBJECT: Review of Chile Action Plan for FY 1995-1996

ISSUES DUE	January 31	COB
STRATEGIC OBJECTIVE MEETING	February 7	10:30 a.m.
ISSUES MEETING	February 8	10:00 a.m.
DAEC REVIEW	February 10	11:00 a.m.

Attached for your review and comment is the Chile Action Plan for FY 1995-1996. Additional copies may be obtained from LAC/DR/PSS, Room 2252 NS. Please provide all Action Plan issues to Jeffrey Bakken, LAC/DR/SA, Room 2248 NS, Telephone 647-8656, preferably by e-mail attachment, or in writing (see instructions below).

The Issues Meeting will be chaired by Eric Zallman, Director, LAC/DR, and the Action Plan (DAEC) Review will be chaired by Mark Schneider, AA/LAC. The Strategic Objective meeting is intended to be an informal exchange to discuss and clarify concerns relating to the strategic objectives. Note that all meetings will be held in the LAC Conference Room (2248 NS).

This Close-out/Action Plan review will provide an opportunity to discuss the Mission's plan for closing out the program and will focus on: (1) modified strategic objectives and what can reasonably be accomplished by the program completion date; and (2) management issues including OE, staffing and internal control.

Submission of issues is encouraged for inclusion in the Issues Paper and discussion at the Issues Meeting. To facilitate the preparation of the Issues Paper, use the following guidance:

1. The Issue should be stated in one or two sentences.
2. The issue statement should be followed by a discussion of no more than one paragraph which provides an adequate, but not overlong, background for understanding the issue.
3. The issue and discussion should be framed in a way which will facilitate its resolution in the Issues Meeting without predetermining the conclusion.
4. Requests for information, clarifications or conclusions about a subject should be made directly to mission representatives at the Strategic Objectives meeting, rather than formulated as issues.

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USAID/Chile
 FY 1995-96 ACTION PLAN
 Distribution List

<u>OFFICE</u>	<u>AMOUNT</u>	<u>ROOM NO.</u>	<u>NAME OF PERSON</u>
AA/LAC	1	4529A NS	Mark Schneider
DAA/LAC	1	4529A NS	Norma Parker
DAA/LAC	1	4529A NS	Ramon Daubon
GC/LAC	1	3328 NS	Robert Meighan
LAC/EMS	1	3908 NS	Kay Harley
LAC/DPP	13	2246 NS	ERupprecht (Deliver all copies to Rm 2246 for distribution within DPP)
LAC/SAM	3	2251	Bruce Blackman
LAC/TI	2	3253 NS	Ron Stryker
LAC/DI	2	3253 NS	Kenneth Schofield
AA/M	1	3942 NS	Larry Byrne
M/FA/B	1	3751 NS	Brad Greene
LPA/LEG/CL	1	2895 NS	Neil Levine
ARA/SC	1	5911 NS	Alex Featherstone
ARA/ECP	2	3234 NS	Leslie Wilson
INM/P	2	7811 NS	Daniel Strasser
STATE/HA	1	7802 NS	Kathryn Dalpino
PPC/OD	1	3892 NS	Terry Brown
PPC/POL/CDIE	2	209 SA 18	Margaret Pope
PPC/POL/PAR	2	3957 NS	Janice Weber
AA/G	1	4942 NS	Ann Van Dusen
G/R&D/PO	6	709 SA 18	Tom Kellerman
G/PRE/DP	2	550 SA 2	Hank Merrill
FDC/FHA/FFP/DP	2	313 SA 8	Jaime Correa
FDC/FHA/PPE	1	353 SA 8	John Grant
NE/ASIA/DR	1	3214 NS	Carrie Ann Jones
AFR/DP	1	2495 NS	James Govan
ENI/EUR/PDP	1	6644 NS	Debbie Prindle
LAC/DR	15	2248 NS	Zallman, Carduner, DR Tech Divs. (2-EHR, 2- HPN, 3-RD, 1-E), Finance Division (2), Bugg, Francis (2 for file)
RIG-Unit 2901	1		Tom Golla, RIG 2901, USAID Honduras
OMB	1	395-4595 (Phone#)	Mr. Ron Silberman Office of Management & Budget New Executive Office Building Room 8235 725 17th Street, N.W. Washington, D.C. 20503
Peace Corps	1	606-3337 (Phone#)	Mr. Victor Johnson Regional Director Peace Corps 1990 K Street, N.W. Washington, D.C. 20526
LAC/DR/PSS	BAL.	2252 NS	

LAC/DR:01/25/94:U:\DRPUB\SAM\CHI\AP94MEMO.ISS

APPR: MS ()

DRAFT: JNB ()

CLEAR: NP ()

CLEAR: EZ ()

CLEAR: JS ()

CLEAR: MR ()

CLEAR: DG ()

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AID/LAC/DR/SA:JBAKKEN:JB:CHI\CHILEAP4.CAB
03/02/94 647-9163
AID/LAC/AA:MSCHNEIDER

AID/LAC/DAA:NPARKER
AID/LAC/DPP:JSTEPANEK
AID/LAC/SAM:BBLACKMAN
AID/G/R&D/POP:DGILLESPIE

AID/LAC/DR:EZALLMAN
AID/M/MCS:MROGAL
AID/PPC/POL:TBROWN
AID/LAC/DI:KSCHOFIELD

ROUTINE SANTIAGO

ROUTINE LA PAZ, QUITO

AIDAC FOR RHUDO/ECUADOR

E.O. 12356: N/A

TAGS:

SUBJECT: FY 95-96 CLOSEOUT/ACTION PLAN FOR CHILE

1. THE FY 95-96 CLOSEOUT/ACTION PLAN FOR CHILE WAS REVIEWED ON FEBRUARY 24, 1994. THE DAEC WAS CHAIRED BY AA/LAC MARK SCHNEIDER. IN ATTENDANCE WERE REPRESENTATIVES FROM M/B, G/ENR, G/PRE/H, PPC/PAR, AND ALL APPROPRIATE LAC OFFICES. THE USAID MISSION REPRESENTATIVE, TOM NICASTRO, PRESENTED THE ACTION PLAN.

2. THE CLOSEOUT/ACTION PLAN WAS APPROVED BY THE BUREAU, SUBJECT TO THE MODIFICATIONS NOTED BELOW.

3. ISSUES RESOLVED DURING THE STRATEGIC OBJECTIVES AND ISSUES MEETINGS ARE SUMMARIZED IN PARAS 3.A-3.G BELOW:

A. MISSION BUDGET: THERE IS A DIFFERENCE OF DOLS 400,000 IN FY94 BETWEEN THE MISSION'S ITT REQUEST (DOLS 1.9 MILLION) AND THE LAC BUREAU ITT BUDGET OF DOLS 1.5 MILLION. TO RESOLVE THIS DIFFERENCE WITHOUT NEGATIVELY IMPACTING THE MISSION'S STRATEGIC OBJECTIVE ACCOMPLISHMENT AND ABSENT ADDITIONAL ITT FUNDING, THE MISSION WILL ELIMINATE THE BI-LATERAL DECENTRALIZATION AND LOCAL GOVERNMENT ACTIVITY AND THE TA FOR THE HOUSING FINANCE (HG) ACTIVITY FOR BOTH FY94 AND FY95. OTHER ACTIVITIES

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SUCH AS THE WESTERN HEMISPHERE FREE TRADE ASSOCIATION (WHFTA) WILL BE QUOTE SHAVED UNQUOTE TO MEET THE BUDGET AVAILABILITY. (NOTE: A SUPPLEMENTAL REQUEST OF DOLS 200,000 IN FY94 AND DOLS 400,000 IN FY95 WILL BE ADDED TO THE BUREAU LIST IN CASE FUNDS BECOME AVAILABLE TO SUPPORT THE BILATERAL DECENTRALIZATION PROGRAM.) FURTHERMORE, THE MISSION REPRESENTATIVE ADVISED THAT NO ADDITIONAL FUNDS FOR FTA ACTIVITIES COULD BE MADE AVAILABLE WITHIN THE CURRENT BUDGET LEVELS FOR USAID/CHILE. ANY SUPPLEMENTARY ACTIVITIES WOULD HAVE TO BE FUNDED WITH ADDITIONAL RESOURCES.

IT WAS AGREED THAT ALL FINAL YEAR FUNDING FOR APPROVED ONGOING ACTIVITIES IN FY96 WILL BE PROVIDED IN FY95. AFTER DELETING PREVIOUSLY PLANNED FUNDING FOR ACTIVITIES ELIMINATED FROM THE FY94 PROGRAM, THE REVISED ITT REQUEST LEVEL FOR FY96 WOULD BE DOLS 180,000. THIS AMOUNT WILL NOW BE ADDED TO THE REVISED FY95 ITT REQUEST LEVEL OF DOLS 1.475 MILLION FOR AN ITT TOTAL OF DOLS 1.655 MILLION. AOJ/DI FUNDING FOR FY95 WILL BE DOLS 1.24 MILLION, WHICH INCLUDES DOLS 60,000 REQUESTED FOR AOJ PROGRAM IMPLEMENTATION PSC IN FY96. SEE PARA 5 FOR SPECIFIC DETAILS.

B. CLOSE-OUT SUPPORT FROM USAID/LA PAZ: IN THE ACTION PLAN THE USAID REPRESENTATIVE REQUESTED ASSURANCES THAT LAC WOULD CONTINUE TO PROVIDE SUFFICIENT OE FUNDING TO LA PAZ AND CHILE AS THE MISSION PROCEEDS WITH CLOSE-OUT ACTIVITIES. THE REPRESENTATIVE EMPHASIZED THE EXCELLENT SUPPORT THAT THE MISSION HAS RECEIVED FROM LA PAZ AND IT WAS RESOLVED THAT CHILE WILL CONTINUE TO ENJOY THE CLOSE SUPPORT OF USAID/LA PAZ. USAID/W PLEDGED TO MAKE EVERY EFFORT TO PROVIDE SUFFICIENT OE FUNDING DURING CLOSE-OUT.

C. ENVIRONMENTAL POLLUTION PREVENTION PROJECT (EP3): AN ISSUE WAS RAISED WHETHER AN EXTENSION OF THE EP3 PROJECT PACD BEYOND CLOSEOUT SHOULD BE CONSIDERED GIVEN THE SUCCESSES ACHIEVED TO DATE. IN A SIDE MEETING A REPRESENTATIVE FROM G/ENR AND THE MISSION REPRESENTATIVE AGREED THAT THE CENTRALLY-FUNDED PROJECT WOULD MAINTAIN THE ORIGINAL FY95 PACD AND WOULD NOT CONTINUE BEYOND CLOSE-OUT. K

D. ENVIRONMENTAL FUND BOARD: THE USAID/CHILE REPRESENTATIVE IS CURRENTLY THE USG DELEGATE TO THE CHILEAN/US BOARD OF THE ENVIRONMENTAL FUND CREATED BY THE DEBT-FORGIVENESS PROVISIONS OF THE EAI. THE ISSUE WAS RAISED OVER WHO WOULD REPLACE HIM AFTER MISSION CLOSE-OUT. THE MISSION REPRESENTATIVE WILL REPORT STATUS VIA SEPARATE CABLE AFTER CONFERRING WITH THE U.S. AMBASSADOR IN CHILE.

E. CONTINUED MISSION FUNDING TO EPA FOR TA TO CONAMA: IF THERE IS TO BE ANY CONTINUED TECHNICAL ASSISTANCE AFTER CLOSE-OUT TO CONAMA THROUGH THE U.S. EPA PASA AND THE WORLD RESOURCES INSTITUTE (WRI), A U.S. NGO, IT WILL BE INCLUDED IN THE PLANNED REGIONAL WHFTA 2000 ACTIVITY. ~~NO~~ ~~BILATERAL ACTIVITIES WILL EXTEND BEYOND THE CLOSE-OUT DATE.~~ OK

F. CONTINUING MEASUREMENT OF ACCOMPLISHMENT IN INCREASING GOC RESPONSIVENESS TO CITIZENS NEEDS (STRATEGIC OBJECTIVE ONE): THE MISSION WILL ENTER INTO DISCUSSIONS WITH USIA AT POST TO ADAPT THEIR SURVEY INSTRUMENTS FOR COLLECTING DATA ON THE AOJ/DI STRATEGIC OBJECTIVE. THE BUREAU LOOKS FORWARD TO SEEING RESULTS VIA A SEPARATE CABLE FROM THE MISSION AT A LATER DATE.

G. PROGRAM OUTPUT INDICATORS: ALTHOUGH IT WAS RECOGNIZED THAT THERE ARE ASPECTS OF PERFORMANCE MEASUREMENT WHICH NEED FURTHER IMPROVEMENT, A BROAD INTERPRETATION OF THE OBJECTIVES OF STRATEGIC OBJECTIVE TWO WAS ENDORSED BY THE ISSUES COMMITTEE SINCE THE ACTIVITIES BEING SUPPORTED BY USAID/CHILE ARE IN SUPPORT OF WHFTA. FURTHERMORE, IT WAS DETERMINED THAT MODIFICATIONS TO THE SO AS PART OF THE ACTION PLAN REVIEW PROCESS WOULD NOT BE REQUIRED SINCE ACTIVITIES ARE CURRENTLY WINDING DOWN. HOWEVER, MINOR CHANGES TO PERFORMANCE INDICATORS WERE ADDRESSED OUTSIDE THE FORMAL PROGRAM REVIEW MEETINGS AND WILL BE DETAILED IN A MEMORANDUM TO THE MISSION.

4. THE ISSUES CARRIED FORWARD TO THE DAEC FOR RESOLUTION ARE SUMMARIZED IN PARAS 4.A-4.C BELOW:

A. ISSUE NO. 1: ALTHOUGH THE ACTION PLAN PROVIDES FOR TERMINATION OF ALL BILATERAL PROJECTS AND FULL CLOSURE OF THE USAID OFFICE BY THE END OF FY 96, SEVERAL CENTRALLY-FUNDED AND REGIONAL ACTIVITIES ARE SLATED TO CONTINUE BEYOND FY96.

RESOLUTION: THE DAEC REVIEWED EACH OF THE ACTIVITIES WHICH HAD THE POTENTIAL TO EXTEND BEYOND THE SEPTEMBER 30, 1996 CLOSEOUT DATE WITH THE FOLLOWING CONCLUSIONS:

(I). RHUDO/SA HOUSING GUARANTY ACTIVITIES (HG-008 AND HG-009): HG-008 AND HG-009 EACH GUARANTY A DOLS 5 MILLION LINE OF LOCAL CURRENCY CREDIT TO HOUSING COOPERATIVES. IT WAS CLARIFIED THAT THERE ARE NO DOLLAR DISBURSEMENTS INVOLVED BUT RATHER, THE GUARANTIES ARE IN THE NATURE OF A CONTINGENT LIABILITY AGAINST WHICH THE LENDER, CITIBANK, COULD DRAW IN THE EVENT OF A CLAIM. FOLLOWING THE RECOMMENDATION OF THE EVALUATION CONDUCTED IN MAY, 1993, A

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LETTER OF COMMITMENT WAS SIGNED WITH CITIBANK TO EXTEND THE RE-LENDING ACTIVITIES OF HG-008 THROUGH JUNE, 1998. INFORMAL DISCUSSIONS FOR A SIMILAR EXTENSION REQUEST FOR HG-009 HAVE BEEN HELD WITH NO FORMAL REQUEST TO DATE.

NO FURTHER ACTION WOULD BE REQUIRED ON THESE HGS BY RHUDO/SA IN THE POST CLOSE-OUT PERIOD. CLOSING-OUT PRIOR TO 1998 WOULD CONSTITUTE ABROGATION OF USAID'S LETTER OF COMMITMENT TO CITIBANK WITH POSSIBLY EXTREMELY ADVERSE CONSEQUENCES FOR THE CHILEAN BORROWER (COVIP-- COOPERATIVA DE VIVIENDA POPULAR) AND FOR THE ACHIEVEMENT OF PROGRAM OBJECTIVES. GIVEN THAT NO NEW FUNDS WILL BE DISBURSED (BARRING A LOCAL DEFAULT), THAT NO RESIDENT TA WILL BE REQUIRED BEYOND FY96, AND THAT ALL MONITORING ACTIVITIES RELATED TO HG-008 WILL BE UNDERTAKEN BY RHUDO/SA, THE DAEC AGREED TO RECOMMEND THAT HG-008 BE ALLOWED TO CONTINUE BEYOND THE FY96 MISSION CLOSE-OUT. IN THE EVENT OF A FUTURE EXTENSION REQUEST FOR HG-009, THE BUREAU WILL MAKE A DETERMINATION ON WHETHER TO RECOMMEND AN EXTENSION WHEN AND IF SUCH A REQUEST IS RECEIVED.

(II). RHUDO/SA HOUSING GUARANTY ACTIVITY (HG-010): HG-010 IS A DOLS 40 MILLION SOVEREIGN GUARANTY, FOR WHICH THE GOC REQUESTED AN INITIAL BORROWING OF DOLS 10 MILLION ON FEBRUARY 17, 1994. ALTHOUGH THE IMPLEMENTATION AGREEMENT WAS SIGNED IN SEPTEMBER 1992, THE GOC DELAYED 17 MONTHS IN REQUESTING THE FIRST TRANCHE. NO BORROWING HAS YET TAKEN PLACE. AN ADDITIONAL DOLS 10 MILLION BORROWING REQUEST IS EXPECTED BY FEBRUARY, 1995, COMPLETING THE DOLS 20 MILLION PROGRAMMED FOR LOW INCOME HOME MORTGAGES. CURRENTLY, NO SECONDARY MARKET FOR THIS TYPE OF HOUSING EXISTS IN CHILE. G/PRE/H IS CONFIDENT THAT THE DOLS 20 MILLION FOR HOUSING LOANS WILL BE FULLY DISBURSED BY FY96. THE TWO OTHER PROGRAM COMPONENTS -- DOLS 5 MILLION FOR PILOT MUNICIPAL WASTE WATER FACILITIES AND DOLS 15 MILLION FOR INNER CITY REVITALIZATION -- ARE NOT LIKELY TO BE FULLY BORROWED BY THE FIRST QUARTER OF FY96. TA AND MONITORING OF THE HG BEYOND CLOSE-OUT WOULD NOT REQUIRE MISSION PRESENCE OR REPRESENTATION AND CAN BE EFFECTIVELY MANAGED FROM RHUDO/SA.

THE DAEC UNDERScoreD THAT IT IS OF UTMOST IMPORTANCE FOR THE MISSION TO DETERMINE WHETHER THE INCOMING FREI GOVERNMENT FULLY SUPPORTS THE BORROWING PRIOR TO ANY APPROVALS FOR LOAN DISBURSEMENT. FURTHERMORE, IT WAS EMPHASIZED THAT THERE WILL BE NO LAC TA FUNDING AVAILABLE FOR THIS HG, THEREFORE IT WILL BE INCUMBENT UPON G/PRE/H TO IDENTIFY ANY FUNDING REQUIRED TO SUPPORT THE HG ACTIVITIES. G/PRE/H ESTIMATES THAT THE HG WILL REQUIRE DOLS 50,000 IN TA IN FY97 WITH MINIMAL OR NO TA REQUIRED

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IN FY98. IN THE ABSENCE OF G/PRE/H TA FUNDS ONLY THOSE ACTIVITIES THAT CAN BE UNDERTAKEN WITHOUT LAC FUNDING WILL COMMENCE. THE DAEC DETERMINED THAT NO EXCEPTION TO CLOSE-OUT IS REQUIRED AT THIS TIME SINCE MOST HG FUNDS WILL BE DISBURSED PRIOR TO CLOSE-OUT. ~~THOSE COMPONENTS NOT FULLY DISBURSED BY SEPTEMBER 30, 1996 WILL BE CURTAILED AND UNBORROWED FUNDS DEAUTHORIZED. ONLY THOSE ACTIVITIES RELATED TO TA IN FY97 AND MONITORING OF THE HG LOANS BY RHUDO/SA IN FY97-98 WILL CONTINUE BEYOND CLOSE-OUT.~~

(III). RHUDO/SA LOCAL GOVERNANCE PROJECT: IN FY93 LAC/DI APPROVED AND PARTIALLY FUNDED THE REGIONAL LOCAL GOVERNANCE PROJECT (PACD OF SEPTEMBER 30, 1996) TO BE ADMINISTERED BY RHUDO/SA. THE RHUDO REGIONAL ACTIVITY COMMENCED IN 1993. THE MISSION REPRESENTATIVE STATED, AND THE DAEC CONCURRED, THAT DECENTRALIZATION IS ONE OF THE LAST, MOST IMPORTANT STEPS IN CHILE'S CONSOLIDATION OF DEMOCRACY AND, CONSEQUENTLY NEEDS TO BE CONTINUED IN ORDER TO ASSIMILATE GAINS ACHIEVED TO DATE. EARLY TERMINATION OF THE RHUDO PROJECT COULD HAMPER IMPLEMENTATION OF THE OTHER PORTIONS OF THIS REGIONAL PROJECT SINCE CHILE IS THE LEAD COUNTRY AND MAJOR RESOURCE.

THE DAEC DETERMINED THAT THE CONTRIBUTION OF THE REGIONAL PROJECT TO CONSOLIDATION OF DEMOCRACY IN CHILE IS SUFFICIENTLY IMPORTANT TO REGIONAL ACTIVITIES TO WARRANT A POSITIVE BUREAU RECOMMENDATION TO THE EXCEPTIONS COMMITTEE TO ALLOW THE PROJECT TO TERMINATE AS ORIGINALLY SCHEDULED AT THE END OF FY 96 WITH PROJECT CLOSE-OUT ACTIVITIES EXTENDING IN TO FY97.

IV). UNIVERSITY DEVELOPMENT LINKAGES PROJECT (UDLP): THIS CENTRALLY FUNDED ACTIVITY FOCUSES ON THE AREA OF ENVIRONMENT, NATURAL RESOURCES AND SUSTAINABLE ARID LANDS AGRICULTURE. RURAL WOMEN, FARMERS AND GRASSROOTS GROUPS IN PARTNERSHIP WITH NGOS AND THE PRIVATE SECTOR ARE THE PRINCIPAL BENEFICIARIES. BEGUN IN FY93 AND PLANNED TO PROCEED THROUGH FY97, THIS LONG-TERM PROJECT IS DESIGNED TO BE SUSTAINABLE AND TO CONTINUE OPERATING LONG AFTER USAID FUNDING AND MISSION PRESENCE CEASES.

ALTHOUGH THE G BUREAU ARGUED THAT THIS PROJECT FITS THE CRITERIA FOR CONTINUATION BEYOND CLOSE-OUT, THE DAEC DETERMINED THAT IT APPEARS TO BE A BI-LATERAL ACTIVITY, AND THEREFORE, SHOULD NOT CONTINUE BEYOND FY96. THE DAEC THEREFORE CONCLUDED THAT THE UDLP ACTIVITY IMPLEMENTATION SHOULD BE SPEEDED UP AND COMPLETED BY SEPTEMBER 30, 1996.

(V). ENR AGREEMENT WITH NIH AND NSF: ALTHOUGH THIS AGREEMENT WAS NOT INCLUDED IN THE ACTION PLAN, CHILE IS PROGRAMMED AS A PARTICIPANT IN THIS ACTIVITY. THE FIVE YEAR AGREEMENT, WHICH WAS SIGNED IN 1993 AND IS COMPLETELY MANAGED BY NIH, EVALUATES THE POTENTIAL BIO-DIVERSITY GAINS FROM THE CHILEAN (AND SEVERAL OTHER LATIN AMERICAN) ECOSYSTEMS (MEDICAL PROSPECTING.) GIVEN THE HIGH PROFILE OF THIS ACTIVITY AND THAT USAID HAS NO MANAGEMENT OR ADMINISTRATIVE RESPONSIBILITIES FOR THIS AGREEMENT IN CHILE, ~~THE DAEC RESOLVED THAT THE PROJECT BE FORWARDED TO THE EXCEPTIONS COMMITTEE WITH A POSITIVE BUREAU RECOMMENDATION FOR CONTINUATION.~~

Memo

(VI). THE PEACE CORPS/SPA PROGRAM, WHICH IS SCHEDULED TO CONTINUE BEYOND THE ACTION PLAN PERIOD, IS CATEGORICALLY EXEMPTED FROM THE CLOSE-OUT REQUIREMENT. HOWEVER, LAC/DPP STATED THAT PEACE CORPS FUNDING BEYOND FY95 FROM MISSION FUNDS WAS INAPPROPRIATE. THE DAEC DID NOT REACH AGREEMENT ON WHETHER PC/SPA FUNDING FOR CHILE WILL CONTINUE AT THE AGENCY LEVEL OR THROUGH A REGIONAL SUPPORT PROGRAM. IT WAS RATIFIED, HOWEVER, ~~THAT PC/SPA FUNDING WILL NOT BE PROVIDED WITH MISSION FUNDS BEYOND FY95 AND THE BUREAU WILL SEEK FURTHER GUIDANCE ON AGENCY FUNDING OF PC/SPA ACTIVITIES.~~

Peace Corps funding

B. ISSUE NO. 2: WHAT SHOULD THE NATURE OF USAID'S FUTURE RELATION WITH CHILE BE AFTER CLOSE-OUT? WOULD CHILE PARTICIPATE IN THE PLANNED WESTERN HEMISPHERE FREE TRADE 2000 AND DEMOCRACY IN THE SOUTHERN CONE PROGRAMS? DO THESE ACTIVITIES MEET THE CRITERIA IN PPC'S DRAFT GUIDANCE ON CONTINUING ACTIVITIES IN CLOSE-OUT COUNTRIES BECAUSE THEY ARE "TRULY REGIONAL" IN NATURE OR ARE OF "HIGHEST PRIORITY" TO USAID AND THE DEPARTMENT OF STATE?

THE DAEC DETERMINED THAT THE ABOVE TWO AREAS, NAFTA COMPATIBILITY ASSISTANCE THROUGH WHFTA AND COOPERATION WITH CHILEAN NGOS IN ADMINISTRATION OF JUSTICE AND DEMOCRATIC INITIATIVES, MEET THE CRITERIA FOR CATEGORICAL EXCEPTION IN THE DRAFT PPC GUIDANCE. SUCH ACTIVITIES WILL BE UNDERTAKEN ONLY AS PART OF REGIONAL PROGRAMS. THE DAEC RESOLVED TO SEEK CONCURRENCE FROM THE EXCEPTIONS COMMITTEE TO PROCEED WITH THE INCORPORATION OF CHILE IN FUTURE REGIONAL ACTIVITIES WHICH EXTEND BEYOND THE FY96 MISSION CLOSE-OUT.

C. ISSUE NO. 3: USAID/CHILE PROPOSES TO START AND COMPLETE A NEW PROJECT, "CHILE, A DEVELOPMENT RESOURCE" PRIOR TO THE SEPTEMBER 30, 1996 CLOSE-OUT DATE.

CHILE HAS MADE TREMENDOUS STRIDES IN REFORMING ITS ECONOMIC AND POLITICAL SYSTEM. MANY SUCCESSFUL NGOS, SUCH AS CIDE, CEAL, CPU, PARTICIPA AND CIPMA, ARE LOOKED UPON AS REGIONAL LEADERS IN THE AREAS OF EDUCATION, DEMOCRACY, AND THE ENVIRONMENT. THE PROPOSED NAD IS INTENDED TO STRENGTHEN QUOTE WORLD-CLASS UNQUOTE CHILEAN NGOS WORKING IN AREAS SUCH AS DEMOCRACY, ENVIRONMENT, TRADE AND HEALTH BY ESTABLISHING A FINANCIALLY SUSTAINABLE NETWORK TO PROVIDE DEVELOPING COUNTRIES AND OTHER USAIDS EASY ACCESS TO PROFESSIONAL CHILEAN DEVELOPMENTAL EXPERTISE.

ALTHOUGH THE DAEC ENDORSED THE CONCEPT OF LEAVING IN PLACE A NETWORK OF COMPETENT CHILEAN NGOS THAT WOULD FACILITATE ACCESS BY USAIDS AND OTHER BI-LATERALS AFTER CLOSE-OUT, IT WAS DETERMINED THAT THE NAD WAS NOT THE APPROPRIATE VEHICLE TO SUPPORT SUCH ACTIVITIES, THEREFORE THE NAD WAS NOT APPROVED. FURTHER TO ISSUE 2 ABOVE, THE DAEC RESOLVED THAT THE CHILEAN DI NGOS WOULD BE MORE APPROPRIATELY PROMOTED AND STRENGTHENED VIA A LAC/DI REGIONAL PROJECT FOR THE SOUTHERN CONE. THE REMAINING NON-DI NGOS COULD THEN BE INCORPORATED INTO FUTURE WHFTA REGIONAL ACTIVITIES.

5. BUDGET

THE REVISED USAID/CHILE PROGRAM FUNDING FOR FY95-96 IS AS FOLLOWS (DOLS 000):

FUNDING CATEGORY	FY95	FY96
ITT:		
EPA-PASA	305	-
EP3	435	-
ENERGY EFFICIENCY	175	-
OTHER WHFTA SUPPORT	540	-
PEACE CORPS/SPA	60	-
PROG. IMPLM. PSCS	140	-
TOTAL ITT:	1,655	-
AOJ/DI:		
CIVIC EDUCATION	100	-
JUSTICE SECTOR IMPR.	600	-
LEGISLATIVE ASSIST.	400	-
PROG. IMPLM. PSC	140	-
TOTAL AOJ/DI:	1,240	-
PROGRAM TOTAL:	2,895	-

6. THE EMPLOYEE RELEASE PLAN WAS APPROVED AS PRESENTED BY THE MISSION REPRESENTATIVE.

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7. THE MISSION WILL PREPARE AN OPERATIONAL CLOSEOUT PLAN WITH ASSISTANCE FROM THE REGIONAL SERVICE CENTER IN LA PAZ. THE PLAN IS TO BE TRANSMITTED TO USAID/W BY JUNE, 1994.

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ADDITIONAL CLEARANCE:

AID/LAC/DPP:RMEEHAN _____

AID/GC/LAC:RMEIGHAN _____

AID/LAC/TI:RSTRYKER _____

UNCLASSIFIED

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U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

*Has McCreary
a view?*

February 23, 1994

INFORMATION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, LAC

FROM: LAC/DR, Eric Zallman *EZ*
SUBJECT: USAID/Chile FY 1995-1996 Action Plan Review

The subject review will be held at 10:00 AM on Thursday, February 24, 1994, in the LAC Conference Room (Rm. 2248 NS).

I. Performance and Resource Requirements

A. Country Performance and Political Conditions

Chile's growing market-oriented economy and political transition toward democracy is the Latin American success story. 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 percent 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 current 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 existing free market export-oriented economic policy while focusing increased public resources on social sector improvement. To finance social sector reforms, personal, VAT and corporate taxes were increased. During the four years of Aylwin's presidency the number of Chileans in poverty fell from five to four million, the income of the poorest 20 percent of the population grew 26.1 percent, real wages grew 9.1 percent, minimum salaries grew 10.4 percent while inflation fell from 27.3 to 12.2 percent. The annual inflation rate for 1993 is estimated at between 11 and 14 percent (extrapolating from October 1993 figures). Inflation is projected to be 10 percent during 1994.

During 1993 the overall economic performance was satisfactory with the Government's inflation and growth targets met. The Ministry of Finance predicts that the economy will continue to grow despite problems on the external front and increases in the current account deficit. In 1993 the economy grew by 6 percent,

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while savings and investment were expected to reach 21 and 27 percent of GDP, respectively. GOC statistics indicate 29 percent of the population lives below the poverty line (down from 45 percent in 1987), despite increased social spending (up 38 percent in real terms since 1989), and combined public and private investment levels averaging nearly 25 percent of GDP between 1990-93. At mid-year the Central Bank revised GDP growth forecasts downward by almost 1 percent to 5.6 percent, still a 10 percent increase over the 1992 GDP growth rate of 5.1 percent. As of August 1993 the unemployment rate was 5.1 percent or 0.2 percent below the rate of a year earlier.

The GOC's 1994 budget shows real spending and revenue increases of approximately 5 percent, in line with GDP growth projections. Real increases will provide for more public investment and social spending, expected to increase by 12 percent, while current expenditures will increase to 4.7 percent.

B. Program Performance

Strategic Objective 1: Responsiveness of Key Institutions to Citizens' Needs Increased. In support of this objective, USAID/Chile is working to achieve improvements in four areas: 1) the judicial function and access to justice; 2) Congress' analytic capacity and its access to consultative services; 3) participation in the electoral and political process; and 4) the effectiveness of targeted regional and municipal governments. Activities in the last area have not begun due to lack of funding.

In the area of judicial reform, the USAID-supported NGO, Corporacion de Promocion Universitaria (CPU), prepared a bill creating a judicial school. However, it was not passed. More than 500 judges and employees of the judicial system have been trained. CPU initiated a pilot program in Alternative Dispute Resolution, and together with other reformist elements is preparing a draft criminal process law for the new Frei government. The USAID project to support Congress' analytic capacity has trained over 1,500 people in computing systems, legislative processes, bill drafting, and congressional press relations. The USAID-supported NGO, Centro de Estudios y Asistencia Legislativa (CEAL), has prepared 98 technical and legal reports on proposed legislation. The quality of citizen participation has dramatically improved since the 1988 plebiscite. In the presidential and congressional elections of 1993, Corporacion PARTICIPA, a local NGO, managed national campaigns to promote voter education and participation, informing or training more than one million of the 7.5 million voters. Both electoral processes were extremely peaceful, with 95 percent participation of registered voters.

Strategic Objective 2: Increased public and private sector capacity to address Chile's environmental problems in support of the Enterprise for the Americas Initiative (EAI). To achieve this strategic objective, USAID/Chile is working to increase capacity in the National Environmental Commission (CONAMA) for environmental policy formulation and coordination; increase involvement by Chilean industry in pollution prevention activities at the plant level; and increase support for NGO environmental activities.

Important progress has been made on the development and strengthening of CONAMA. Legislation establishing it as an interministerial body to coordinate the development and implementation of national environmental policy is expected to be signed before March 1994. The first five audits of Chilean factories, with pollution reduction experts providing recommendations that would result in cost savings and improvements in worker efficiency while decreasing pollution. Plant owners and managers agreed in principle to comply with the recommendations, and the tanning plant recommendations proved so successful that the Association of Tanneries plans a follow-up joint venture to lower waste levels to fully comply with GOC emission standards. The first meeting of the Environmental Fund Board, created as a result of debt forgiveness, was held in late 1993. The USAID Rep. is the U.S. member of the board, which will have US \$18 million to award to small communities and NGOs for environmental and child survival projects.

C. Selected Aspects of Mission Management

1. Strategic Objective (SO) Performance Measurement:

USAID/Chile has developed indicators for its strategic objectives and program outputs, with the exception of Strategic Objective 2, which lacks indicators at the strategic objective level. Targets have been set, and data have been collected and reported, for each SO 2 program output indicator. Data have not been reported, however, for many of the SO 1 indicators. Examples are the strategic objective level indicators which depend upon annual surveys for data, and the program output indicators for status of a national automated case tracking system and for number of women political party office holders.

The statements of SO 2 program outputs and indicators reflect a number of modifications from last year's Action Plan, in accordance with recommendations offered during last year's Action Plan review. SO 1 indicators remain unchanged, however, despite recommendations that were made in last year's Action Plan review to reduce the number of indicators and revisit indicators which seemed to reflect project-level rather than program-level impact.

2. **Mortgage and Pipeline Status:** The project portfolio pipelines were examined and found to be manageable. The current pipeline for Chile is \$1.99M, which represents 16% of funds obligated.

The total mortgage \$7.45M, or approximately one third of total project LOP (\$19.58M). The ratio of mortgage to planned FY 1994 obligations is 1.7.

3. **OE Budget and FTE Profile:** No OE, FTE or US/TCN PSC issues exist for Chile.
4. **Audit Recommendation Status:** There are no outstanding audit issues for Chile.
5. **Internal Control Assessment (ICA) Recommendation Status:** Internal Control recommendations are being implemented on schedule.
6. **Special Concerns for Closeout Countries:** USAID/Chile terminated all long-term participant training activities last year and no long-term training activities are planned prior to close-out. Support for a centrally funded (R&D/POP) contraceptive procurement activity is scheduled to be phased out in 1995 according to a prior agreement with the Ministry of Health, therefore, no issues remain. Local currency in association with the Primary Health Care Project (513-0350/0351) cash transfer has been fully disbursed to the Ministry of Health for program purposes. Several activities potentially slated beyond the FY96 close-out are treated in Issue #1 below.

D. Program Budget Requirements

Source	<u>Actual and Proposed Assistance Levels</u>					
	Actual	OYB	(\$000)		Action Plan	
	FY 93 ¹	FY 94	CP	FY 94	FY 95	FY 96
ITT ³	1,900	1,500	1,900	1,900	1,900	340
AOJ/DI ⁴	1,600	2,100	1,350	2,320	1,180	60
SUB-TOTAL LAC	3,500	3,600	3,250	4,220	3,080	400
G BUREAU FIELD SUPPORT	1,575 ⁵	1,575	1,575			
RHUDO/SA ⁶	700	150	50	220	100	250
TOTAL	5,775	5,325	4,875	4,440	3,180	650

II. Issues Meeting: Issues resolved during the Issues meeting are summarized below.

Mission Budget: There is a small difference in FY94 between the Mission's ITT request (\$1.9M) and the LAC Bureau ITT budget of \$1.5M. There appears to be a way to resolve this difference without negatively impacting the Mission's strategic objective accomplishment. Absent additional ITT funding, the Mission proposes to eliminate the municipal development activities and the TA for the Housing Finance (HG) activity for both FY94 and FY95. Other

¹Through August 25, 1993

²Per draft LAC/DPP CP budget proposal.

³Inter-country Technology Transfer-- The primary funding source for MDC programs

⁴ESF-funded

⁵Per 1/21/94 draft cable on FY95 CP; Core funds remain in G Bureau budget; Missions will not receive increased budgets to reflect these core estimates.

⁶Region-wide budget allocated among Chile, Paraguay and RHUDO/SA; No country specific break-down is available is for FY93 actual; FY94 OYB and FY95 CP are best estimates provided for Chile by PRE/H.

activities such as EAI-FTA will be "shaved" to meet the budget availability. It was also agreed that all final year funding for approved ongoing activities in FY96 will be provided in FY95, as was the case for the Argentina and Uruguay close-out.

Close-out Support from USAID/La PAZ: In the Action Plan the USAID Representative requested assurances that LAC would continue to provide sufficient OE funding to La Paz and Chile as the Mission proceeds with close-out activities. The Representative emphasized the excellent support that the Mission has received from La Paz and it was resolved that Chile will continue to enjoy the close support of USAID/La Paz. USAID/W pledged to make every effort to provide sufficient OE funding during close-out.

Environmental Pollution Prevention Project (EP3): An issue was raised whether an extension of the EP3 project PACD beyond closeout should be considered given the successes achieved to date. In a side meeting a representative from G/Env and the Mission Representative agreed that the centrally-funded project would maintain the original FY95 PACD and would not continue beyond close-out.

Environmental Fund Board Member: The Ambassador will appoint a new board representative shortly and the USAID/Chile Representative has suggested that Peace Corps Country Director be the future member since the Peace Corps is working more directly in issues related to the environment. This solution seems satisfactory.

Continued Mission Funding to EPA for TA to CONAMA: Any continued technical assistance to CONAMA through the U.S. EPA PASA and the World Resources Institute (WRI), a U.S. NGO, after close-out may be included in the planned the regional FTA activity.

Continuing Measurement of Accomplishment in Increasing GOC Responsiveness to Citizens Needs (SO #1): The Mission will enter into discussions with USIA at post to adapt their survey instruments for collecting data on the AOJ/DI SO. The Bureau looks forward to seeing results via a separate cable from the Mission at a later date.

Program Output Indicators: Although it was recognized that there are aspects of performance measurement which need further improvement, a broad interpretation of the objectives of Strategic Objective Two was endorsed by the Issues committee since the activities being supported by USAID/Chile are in support of FTA. Furthermore, it was determined that modifications to the SO as part of the Action Plan review process would not be required since activities are currently winding down. However, minor changes to performance indicators are being addressed outside the formal program review meetings and will be detailed in a separate reporting cable.

Preparation of Operational Close-out Plan: The Mission will prepare an operational close-out plan with assistance from the Regional

Service Center in La Paz. The plan will be transmitted to USAID/W by June 1994.

III. Action Plan Issues

1. Issue: Although the Action Plan provides for termination of all bilateral projects and full closure of the USAID office by the end of FY 96, several centrally-funded and regional activities are slated to continue beyond FY96. What steps are needed to bring the Close-out Plan into compliance with the requirements? What exceptions might be made on the grounds of foreign policy or regional program needs?

Discussion: The activities below are programmed to continue beyond the end of FY96 and need to be examined as possible exceptions to the guidance. Where activities do not qualify for categorical exceptions per the draft PPC guidance, a decision will be required on a case-by-case basis.

- o **RHUDO/SA Housing Guaranty Activities (HG-008 and HG-009):** HG-008 and HG-009 each guaranty a \$5 million line of local currency credit to housing cooperatives and have been fully disbursed. Following the recommendation of the evaluation conducted in May, 1993, a letter of commitment was signed with the lending institution, Citibank, to extend both through June, 1998. No further action would be required on these HGs by RHUDO/SA in the post close-out period. Closing-out prior to 1998 would constitute abrogation of USAID's letter of commitment to Citibank with the possible consequence of the borrower (COVIP-- Cooperativa de Vivienda Popular) being forced to replenish the funds. It may be impossible for COVIP to replenish the funds prior to June, 1998, since its own financial commitments are based on that time frame. Since funds have been fully disbursed and no resident TA will be required beyond FY96, should these two HGs be allowed to continue beyond the FY96 Mission close-out?
- o **RHUDO/SA Housing Guaranty Activity (HG-010):** HG-010 is a \$40 million sovereign guaranty, for which the GOC requested an initial borrowing of \$10 million on February 17, 1994. The borrowing has not yet taken place. An additional \$10 million borrowing is expected by February, 1995, completing the \$20 million programmed for low income home mortgages. Currently, no secondary market for this type of housing exists in Chile. The two other program components -- \$5 million for pilot municipal waste water facilities and \$15 million for inner city revitalization -- are not likely to be fully borrowed by the first quarter of FY96. If HG assistance is to be terminated at that time, these components would be curtailed and unborrowed funds deauthorized. PRE/H estimates that the HG will require \$50,000 in TA in FY97 with minimal or no TA required in FY98.

The continuation of the HG beyond close-out will not require Mission presence or representation and can be effectively managed from RHUDO/SA. Given that funds have yet to be borrowed, should this program go forward to the Exceptions Committee with the Bureau recommendation for continuance?

- o **RHUDO/SA Local Governance Project:** In FY93 LAC/DI approved and partially funded the Regional Local Governance Project (PACD of September 30, 1996) to be administered by RHUDO/SA. The RHUDO regional activity commenced in 1993. A complementary bi-lateral decentralization activity has been delayed pending resolution of ITT funding issues, and will not proceed unless additional ITT funding is unexpectedly provided this FY. However, the Mission believes that decentralization is one of the last, most important steps in Chile's consolidation of democracy and, consequently needs to be continued in order to assimilate gains achieved to date. Early termination of the RHUDO project could hamper implementation as Chile is the lead country and major resource. However, with timely funding, substantial, if incomplete, implementation could be achieved. Is the contribution of the project to consolidation of democracy in Chile sufficient grounds for extension in to FY97 (to conduct project close-out activities?)
- o **University Development Linkages Project (UDLP):** This centrally funded activity focuses on the area of environment, natural resources and sustainable arid lands agriculture. Rural women, farmers and grassroots groups in partnership with NGOs and the private sector are the principal beneficiaries. Begun in FY93 and planned to proceed through FY97, this long-term project is designed to be sustainable and to continue operating long after USAID funding and Mission presence ceases. Rationales for continuing this activity beyond close-out include: 1) no Mission involvement is required for administration or implementation; 2) the project supports the global environment and natural resources objectives of the Agency; 3) USAID's investment could potentially be wasted because the project and partnership would not have had enough time to become firmly established since only three of five years of activities will have taken place by the end of FY96. Should this activity continue beyond close-out into FY97 as originally conceived?
- o **ENR Agreement with NIH and NSF:** Although this agreement was not included in the Action Plan, Chile is programmed as a participant in this activity. The agreement, which was signed in 1993 and is completely managed by NIH, evaluates the potential bio-diversity gains from the Chilean (and several other Latin American) ecosystems (medical prospecting.) This activity will be referred to the Exceptions Committee in relation to a prior close-out issue from the Argentina/Uruguay AP review. Given that USAID has no management or administrative

responsibilities for this agreement in Chile, should the project continue?

- o The Peace Corps/SPA Program, which is scheduled to continue beyond the Action Plan period, is categorically exempted from the close-out requirement. However, LAC/DPP stated that Peace Corps funding beyond FY95 from Mission funds was inappropriate. Terminating Mission funding to Peace Corps after FY95 will enable Chile to save \$60,000 of ITT funds. What provisions does LAC have for meeting the PC/SPA funding commitment at the Agency/Bureau level as opposed to the Mission level beyond FY95?

- 2. Issue: What should the nature of USAID's future relation with Chile be after close-out? Would Chile participate in the planned Free Trade 2000 and Democracy in the Southern Cone programs? Do these activities meet the criteria in PPC's draft guidance on continuing activities in close-out countries because they are "truly regional" in nature or are of "highest priority" to USAID and the Department of State?

Discussion: Chile is next in line for a future trade agreement with the U.S. and President Clinton has repeatedly affirmed his commitment to the expansion of free trade in the western hemisphere. The draft LAC Bureau strategy provides for assistance to countries such as Chile in meeting appropriate trade, labor and environmental standards and fully participate in the trade expansion process. This could be accomplished through TA/training assistance from USAID/W regional projects managed by LAC Bureau and working with Chilean ministries that participate in the U.S. trade and investment council process as well as private sector institutions that influence trade policy and lobby for legal and regulatory reforms.

There is a particularly strong U.S. foreign policy interest in assisting in the stabilization and consolidation of democratic governments in the Southern Cone. In the AOJ/DI area, there are strong and experienced NGOs in Chile which have the potential not just to further the prospects for consolidation of democratic advances but also to share their knowledge and experiences with other nations in the hemisphere. Such "horizontal" assistance could be facilitated by providing for participation of these entities in LAC regional projects and would respond to the foreign policy objective of promoting and solidifying democratic institutions and systems throughout the hemisphere.

The above two areas, NAFTA compatibility assistance through EAI-FTA and cooperation with Chilean NGOs in Administration of Justice and democratic initiatives, may meet the criteria for categorical exception in the draft PPC guidance. Such activities would be undertaken only as part of regional programs.

New Activity Descriptions

Activity Number	Activity Name	Incrmnt (\$000)	LOP (\$000)	Included in FY 94-95	Recommended Action
FY 94	None				
FY 95					
TDB	Chile: A Development Resource	225	225	No	See Issue Below
FY 96	None				

3. Issue: USAID/Chile proposes to start and complete a new project, "Chile, A Development Resource" prior to the September 30, 1996 close-out date. Is the proposed NAD a worthwhile endeavor in the waning days of USAID/Chile? If so, does the proposed NAD meet the requirements for an exception to the restrictions of starting new activities in a close-out mission? Should the Bureau make a case for an exception with the Exceptions Committee?

Discussion: Chile, like several other countries of the region, has made tremendous strides in reforming its economic and political system. Many successful NGOs, such as CIDE, CEAL, CPU, PARTICIPA and CIPMA, are looked upon as regional leaders in the areas of education, democracy, and the environment. The proposed FY95 new start "Chile, A Development Resource", will attempt to strengthen "world-class" Chilean NGOs working in areas such as democracy, environment, trade and health. As USAID phases out of Chile in FY96, the Mission proposes to establish a financially sustainable network which will provide developing countries and other USAIDs easy access to professional Chilean developmental expertise. Issues meeting discussion focused on whether "promotion" of the Chilean DI NGOs would be more appropriately handled via a LAC/DI Regional Project for the Southern Cone. The remaining non-DI NGOs could then be covered under the NAD or possibly through future EAI-FTA activities.

IV. Attachments:

- A. Financial Summary Table (FY 93 SAR)
- B. Mortgage and Pipeline Analysis
- C. Activity Timeline (Table 2 from AP)

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FILE 1996
February 17, 1994

INFORMATION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, LAC

FROM: LAC/DR, Eric Zallman

SUBJECT: USAID/Chile FY 1995-1996 Action Plan Review

The subject review will begin at 10:00 AM on Thursday, February 24, 1994, in the LAC Conference Room (Rm. 2248 NS).

An Issues Meeting was held on Thursday, February 17, 1994, during which the USAID Representative to Chile met with USAID/W staff to identify issues which need to be brought forward for consideration by the AA/LAC and senior LAC Bureau staff.

I. Performance and Resource Requirements

A. Country Performance and Political Conditions

Chile's growing market-oriented economy and political transition toward democracy is the Latin American success story. 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 percent 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 current 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 existing free market export-oriented economic policy while focusing increased public resources on social sector improvement. To finance social sector reforms, personal, VAT and corporate taxes were increased. During the four years of Alwin's presidency the number of Chileans in poverty fell from five to four million, the income of the poorest 20 percent of the population grew 26.1 percent, real wages grew 9.1 percent, minimum salaries grew 10.4 percent while inflation fell from 27.3 to 12.2 percent. The annual inflation rate for 1993 is estimated at between 11 and 14 percent (extrapolating from October 1993 figures). Inflation is projected to be 10 percent during 1994.

During 1993 the overall economic performance was "satisfactory" with the Government's inflation and growth targets met. The Ministry of Finance predicts that the economy will continue to grow despite problems on the external front and increases in the current account deficit. In 1993 the economy grew by 6 percent, while savings and investment were expected to reach 21 and 27

percent of GDP, respectively. GOC statistics indicate 29 percent of the population live below the poverty line (down from 45 percent in 1987), increased social spending (up 38 percent in real terms since 1989), and combined public and private investment levels averaging nearly 25 percent of GDP between 1990-93. At mid-year the Central Bank revised GDP growth forecasts downward by almost 1 percent to 5.6 percent, still a 10 percent increase over the 1992 GDP growth rate of 5.1 percent. As of August 1993 the unemployment rate was 5.1 percent or 0.2 percent below the rate of a year earlier.

The GOC's 1994 budget shows real spending and revenue increases of approximately 5 percent, in line with GDP growth projections (real increases will provide for more public investment and social spending, expected to increase by 12 percent, while current expenditures will increase to 4.7 percent).

B. Program Performance

S.O. 1 - Responsiveness of Key Institutions to Citizens' Needs Increased. In support of this objective, USAID/Chile is working to achieve improvements in four areas: 1) the judicial function and access to justice; 2) Congress' analytic capacity and its access to consultative services; 3) participation in the electoral and political process; and 4) the effectiveness of targeted regional and municipal governments. Activities in the last area have not begun due to lack of funding.

In the area of judicial reform, the USAID-supported NGO, Corporacion de Promocion Universitaria (CPU), prepared a bill creating a judicial school. However, it was not passed. More than 500 judges and employees of the judicial system have been trained. CPU initiated a pilot program in Alternative Dispute Resolution, and together with other reformist elements is preparing a draft criminal process law for the new Frei government. The USAID project to support Congress' analytic capacity has trained over 1,500 people in computing systems, legislative processes, bill drafting, and congressional press relations. The USAID-supported NGO, Centro de Estudios y Asistencia Legislativa (CEAL), has prepared 98 technical and legal reports on proposed legislation. The quality of citizen participation has dramatically improved since the 1988 plebiscite. In the presidential and congressional elections of 1993, Corporacion PARTICIPA, a local NGO, managed national campaigns to promote voter education and participation, informing or training more than one million of the 7.5 million voters. Both electoral processes were extremely peaceful, with 95 percent participation of registered voters.

S.O. 2 - Increased public and private sector capacity to address Chile's environmental problems in support of the Enterprise for the Americas Initiative (EAI). To achieve this strategic

objective, USAID/Chile is working to increase capacity in the National Environmental Commission (CONAMA) for environmental policy formulation and coordination; increase involvement by Chilean industry in pollution prevention activities at the plant level; and increase support for NGO environmental activities.

Most important progress has been made on the development and strengthening of CONAMA. Legislation establishing it as an interministerial body to coordinate the development and implementation of national environmental policy is expected to be signed before March 1994. The first five audits of Chilean factories, with pollution reduction experts providing recommendations that would result in cost savings and improvements in worker efficiency while decreasing pollution. Plant owners and managers agreed in principle to comply with the recommendations, and the tanning plan recommendations proved so successful that the Association of Tanneries plans a follow-up joint venture to lower waste levels to fully comply with GOC emission standards. The first meeting of the Environmental Fund Board, created as a result of debt forgiveness, was held in late 1993. The USAID Rep is the U.S. member of the board, which will have US \$18 million to award to small communities and NGOs for environmental and child survival projects.

C. Selected Aspects of Mission Management

1. Strategic Objective Performance Measurement:

USAID/Chile has developed indicators for its strategic objectives and program outputs, with the exception of Strategic Objective 2, which lacks indicators at the strategic objective level. Targets have been set, and data have been collected and reported, for each SO 2 program output indicator. Data have not been reported, however, for many of the SO 1 indicators. Examples are the strategic objective level indicators which depend upon annual surveys for data, and the program output indicators for status of a national automated case tracking system and for number of women political party office holders.

The statements of SO 2 program outputs and indicators reflect a number of modifications from last year's Action Plan, in accordance with recommendations offered during last year's Action Plan review. SO 1 indicators remain unchanged, however, despite recommendations that were made in last year's Action Plan review to reduce the number of SO-level indicators and revisit indicators which seemed to reflect project-level rather than program-level impact.

2. Mortgage and Pipeline Status: The project portfolio pipelines were examined and found to be manageable. The

current pipeline for Chile is \$1.99M, which represents 16% of funds obligated.

The total mortgage \$7.45M, or approximately one third of total project LOP (\$19.58M). The ratio of mortgage to planned FY 1994 obligations is 1.7.

3. **OE Budget and FTE Profile:** No OE, FTE or US/TCN PSC issues exist for Chile.
4. **Audit Recommendation Status:** There are no outstanding audit issues for Chile.
5. **Internal Control Assessment (ICA) Recommendation Status:** Internal Control recommendations are being implemented on schedule.
6. **Special Concerns for Closeout Countries:** USAID/Chile does not have a long-term participant training activity in its portfolio. Support for a centrally funded (R&D/POP) contraceptive procurement activity is scheduled to be phased out in 1995 according to a prior agreement with the Ministry of Health, therefore, no issues remain. Local currency in association with the Primary Health Care Project (513-0350/0351) cash transfer has been fully disbursed to the Ministry of Health for program purposes. The proposed FY95 new start "Chile, A Development Resource", will be discussed below as a separate issue. Likewise, four central/regional RHUDO supported activities (three HGs and one local governance activity) potentially slated beyond the FY96 close-out will be treated as an issue below. A detailed operational close out plan will be completed by the Mission once the programmatic close-out plan is approved. The operational close-out plan submission date will be mutually agreed upon during program review week.

D. Program Budget Requirements

Actual and Proposed Assistance Levels

<u>Source</u>	(\$000)			Action Plan		
	Actual FY 93 ¹	OYB FY 94	CP FY 95 ²	FY 94	FY 95	FY 96
ITT ³	1,900	1,500	1,900	1,900	1,900	340
AOJ/DI ⁴	1,600	2,100	1,350	2,320	1,180	60
SUB-TOTAL LAC	3,500	3,600	3,250	4,220	3,080	400
Other Bureau- funded				220	100	250
TOTAL	3,500	3,600	3,250	4,440	3,180	650

II. Issues Meeting: (To be prepared following Issues Meeting)

III. Illustrative Action Plan Issues

1. Issue: For continuation of programs beyond the Mission close-out date, regional/central funds destined for Chile are required to meet the criteria of U.S. policy interest or essential participants in a regional program established in the draft PPC close-out guidance. If they do not, they should be terminated by the Mission prior to September 30, 1996. Can the three RHUDO Housing Guarantee activities and the regional Local Government project meet the specific criteria to continue beyond the 1996 Mission close-out? Can any of the activities be moved forward and concluded in FY 1996 in order to not conflict with the close-out timing? (Mission, POL, PRE/H, LAC/DR)

Discussion: On the surface, it appears doubtful that the RHUDO activities can qualify for categorical exemption beyond close-out per

¹Through August 25, 1993

²Per draft LAC/DPP CP budget proposal.

³Inter-country Technology Transfer-- The primary funding source for MDC programs

⁴ESF-funded

the draft PPC guidance on mission close-outs. On the other hand, it may not be feasible to terminate the Housing Guarantees before their planned PACD's in 1997 and 1998 given prior commitments to the prime lending institution, Citibank. The 008 and 010 HG programs are Congressionally mandated programs, with the 009 HG being a follow-on to the 008 Congressionally mandated program. Therefore, not only are there program commitments to counterparts and financial institutions, but also to the U.S. Congress. Additionally, the HG programs, specifically 010, address critical environmental issues, mainly those of inner city Santiago and key water issues, such as waste water treatment plants. At the same time, the HG programs are also leveraging key policy changes that will result in the establishment of a \$6 billion securitized mortgage market.

PRE/H estimates that no TA will be required for the two smaller \$5 million HGs beyond FY 1996 and only \$50,000 in TA will be necessary for the larger \$40 million HG in FY 1997, with minimal or no TA required in FY 1998. The continuation of the HGs beyond close-out will not require Mission presence or representation and can be managed from RHUDO/SA.

The RHUDO/SA Local Government and Regional Municipal Development decentralization activity was authorized for four years starting in March 1993, and therefore is slated to continue into 1997. The Mission believes that decentralization is one of the last, most important steps in Chile's consolidation of democracy and, consequently needs to be continued in order to assimilate gains achieved over the years.

Can extensions be made for the above activities to continue beyond Mission close-out?

2. Issue: Is the proposed method of delivering a "south to south" transfer of technology through a new USAID/Chile project, "Chile, A Development Resource" the most appropriate way of delivering such a service? Does the proposed NAD meet the requirements for a categorical exemption to the restriction of starting new activities in a close-out mission? (LAC/DR/EHR, LAC/DI, POL, Mission)

Discussion: Chile, like several other countries of the region, has made tremendous strides in reforming its economic and political system. Many successful NGOs, such as CIDE, CEAL and CIPMA, are looked upon as regional leaders in the areas of education, democracy, and the environment.

However, with close-outs planned for several other "successful" LAC countries during the next few years, it may be more appropriate to facilitate this exchange of information through a regional project rather than through the proposed USAID/Chile NAD. A regional project would not only offer economies of scale in the way of project

management, but would also expand the benefits of such a project to the rest of the LAC region.

If it is, however, determined that a bilateral project is appropriate, several program and design issues need to be discussed now. Can this activity compete with requirements of sustainable development countries? What SO does the NAD support (It appears to be outside the Mission's SOs and outside the Agency's strategic goals as well)? What will project funds be used for? How realistic is it to expect a project to be up & running and requiring no further USAID support all in a year's time?

3. Issue: How does USAID/Chile's competitive, small funding, facility fit with its proposed New Activity Description (NAD)? Is USAID/Chile consulting with other U.S. government agencies on the use of the facility and the NAD? Could a LAC/TI regional project facilitate access to and utilization of other USG agencies in both the pre- and post-close-out periods?

Discussion: 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 FTA. While the initiatives that Mission is funding, and proposes to fund, are appropriate, it is very important that USAID/Chile carefully coordinate its activities with other agencies of the U.S. Government, particularly with the USTR, to promote continuity of assistance following the close-out of USAID/Chile and to ensure that it is not interfering with the free trade negotiation process. In Mexico this process was closely coordinated through a U.S. interagency team in the country. Thus, there was extensive interagency consultation on how to proceed to assist Mexico in removing obstacles to free trade. Further, such assistance, whether in the area of labor, IPR or the environment, etc., was provided upon the request of the Government of Mexico for such help. Could USAID/Chile effect this coordination through LAC/TI which participates in the TPSC interagency process and the TIC process and via the proposed LAC/TI Free Trade 2000 project?

Although the Chile Mission attempts to make a case for additional bilateral funding for FTA-supporting activities, the Bureau should make the determination as to whether funding for Chile can be found for this activity or to fold it into the NAFTA 2000 regional project.

4. Issue: Should activities being undertaken in reference to the Enterprise of the Americas Initiative (EAI) in Strategic Objective Two be modified to reflect current Bureau and Agency priorities? (LAC/TI)

Discussion: The Enterprise of the Americas Initiative (EAI) aims at establishing a Western Hemisphere Free Trade Zone based on increasing

bilateral trade while encouraging macroeconomic adjustments in the region. The current Administration has expanded the objective of EAI to include a framework for LAC Countries that is supportive of NAFTA compatibility, i.e. the upward harmonization of their Labor and Environmental standards to conform with internationally recognized standards or those of the U.S. Is it worth modifying the SOs to reflect this expanded EAI objective?

5. Issue: What activities would the Mission propose to cut given the actual OYB availability? (LAC/DR)

Discussion: In the Action Plan the Chile Mission has requested \$4.44m for FY 1994 while LAC has proposed ITT funding of \$1.5m and ESF funded AOJ/DI funding of \$2.1m for a total of \$3.6m. How will these figures be reconciled?

6. Issue: Will the LAC Bureau continue to provide supplemental funding to La Paz and Chile for close-out support? (Mission)

Discussion: In FY 1993 support services for USAID/Chile were centralized in the RSSC in La Paz. LAC provided supplemental OE funding to complete the centralization. The Mission's close out plan is based on timely support from EXO, CONT, and CON in La Paz in order to fully carry out the spirit and intent of the close-out plan with minimal vulnerability. Additionally, project support for Washington or La Paz TDYs will prove even more important if FSN personnel, both OE and program funded, find employment prior to their project release -- a very likely scenario.

7. Issue: The Environmental Pollution Prevention Project (EP3) has been very successful in Chile. The EP3 offers a continuous source of assistance to participants and this continuity would be seriously harmed if USAID withdraws its support of EP3 after 1995. Are the arguments for exclusion to close-out of this activity valid for continuation beyond Mission close-out?
(G/S+T/ENV-M.SALAZAR)

Discussion: Representatives from Chilean local industry and government have been very supportive of USAID's EP3 efforts. The Chileans recognize that the EP3 program offers a rational process to develop an effective environmental protection philosophy that will encourage sustainable development.

Program continuation in Chile after 1995 would also support Regional activities to assist other Latin American countries in EP3-type projects using EP3/Chile as the active and pioneer example of proven technologies.

The ongoing success of the EP3 program does not require the physical presence of a USAID mission in Chile and EP3 could easily continue operating after the 1995 deadline without the existence of a USAID mission in Chile. While the coordinator is a USAID local hire, he has an office at the American Chamber of Commerce (AMCHAM) -- his office support is provided by AMCHAM at no cost to USAID. He could therefore operate the program with only minor administrative support from a Regional USAID office in La Paz or Quito. Finally, the success of any U.S. trade agreement with Chile is largely contingent on the development of an effective environmental protection program in that country; a fully funded and continuous EP3 is critical to the creation and acceptance by industry of a national environmental program.

8. Issue: Is it appropriate to replace the USAID Representative with an official of the U.S. Embassy on the Board of the EAI Environment Fund? If so, should this substitution take place now in order to allow for a smooth transition and continuity? (LAC/DR/ENV-J.HOMZIAK)

Discussion: The USAID Representative is the USG delegate (and controls one of five votes) on the Chilean/US Board of the Environmental Fund created by the debt forgiveness provisions of the Enterprise for the Americas. The departure of the USAID Representative will affect both the structure of the Board and the direction of future activities. Over \$18 million will be used through 2002 to support NGO efforts in child survival and environment. The Board will be an important policy and program platform for environmental issues and for assistance to future Chilean efforts to preserve, analyze and use unique and valuable forest and marine resources.

9. Issue: There is no evident link between the specific project for waste water treatment facilities and reform of the policies that inhibit their construction by local groups. Is it worth continuing this activity if there is no impact on water treatment policy? (LAC/DR/ENV-J.HOMZIAK)

Discussion: Policy and statute distortions are identified as impediments to building waste water treatment facilities by local citizen groups. While the RHUDO Housing Guarantee activity supported by USAID/Chile will demonstrate the feasibility of building and operating such facilities by local groups, it is unclear if there are parallel USAID activities with CONAMA to remove the underlying policy impediments. Without policy reform, the effectiveness of the demonstration program in stimulating the construction of new waste water treatment plants will be limited. Because the AP clearly identifies the need for CONAMA to "...develop special activities in areas such as waste water treatment" and the importance of high profile environmental issues such as waste water treatment to a

future Free Trade Agreement, it is important to clarify the linkage, if any, between the demonstration project and the work with CONAMA to implement appropriate new policy legislation.

10. Issue: USAID currently provides funding to the U.S. EPA for technical assistance to CONAMA, Chile's environmental agency. Will USAID continue to fund U.S. EPA technical assistance to CONAMA beyond Mission close-out? (G/S+T/ENV-M.SALAZAR)

Discussion: At present, and for the foreseeable future, CONAMA does not have sufficient credibility to act as the necessary counterpart to other public and private organizations. Thus, EPA must continue to provide CONAMA with technical assistance until the agency is able to stand on its own. This program can operate without the Chile mission office, through a Regional office. The existence of a strong, well-informed environmental coordinating agency in Chile is also necessary to encourage U.S. acceptance of a free trade agreement.

11. Issue: The continuation of programs in phase-out countries does not and has never included the option of State or any other USG agency assuming USAID activity management functions. In the event of continuation of certain activities beyond close-out, should State have a management role in any of these programs? (POL, Mission)

Discussion: Although the Mission has discussed this option with the Embassy, any activities meeting USAID criteria for continuation should be managed by either a regional USAID office or from USAID/W. Other USG agencies do not have jurisdiction over USAID activities and cannot sign off on any documentation.

12. Issue: Are program output level indicators adequate for purposes of close-out? (LAC/DI;LAC/DPP)

Discussion: Action Plan guidance from the Bureau for close-out countries indicated that major changes in indicators were not expected. During and after last year's Action Plan review, the Mission received comments about DI indicators reflecting project output, rather than program level impact. Also, the Mission groups alternative dispute resolution (ADR) with legal assistance clinics, again measuring outputs, not outcome. Should the Mission be measuring what effects the outputs (e.g. number of judges trained) has on access, independence and effectiveness of the judicial system even though this would require modification of indicators?

Clarification: Is there evidence that CEAL and Participa will be self-sustaining by FY 96 or that CPU will have implemented its program (including the establishment of legal aid centers, which is

now just being reviewed)? What contingency plans exist to provide follow-up (transitional) assistance to these groups, should they require it in FY96? (LAC/DI)

Discussion: The democracy projects in Chile are well on the road to self-sufficiency and to becoming regional centers of excellence, but neither CEAL nor Participa is there yet. Both CEAL and Participa have made concerted efforts to find outside funding and, indeed, demand for both groups' services is starting to grow. But neither CEAL nor Participa are yet at the point where they can finance themselves wholly on non-AID contracts, grants or private contributions. It would be unfortunate for USAID pull the plug prematurely on these successful and deserving projects. What steps are being taken to ensure that they will be self-supporting, or if necessary, USAID-supported, once the mission closes?

New Activity Descriptions

Activity Number	Activity Name	Incrmnt (\$000)	LOP (\$000)	Included in FY 94-95	Recommended Action
FY 94					
FY 95					
TDB	Chile: A Development Resource	225	225	No	
FY 96					

IV. Attachments:

- A. Financial Summary Table (FY 93 SAR)
- B. Mortgage and Pipeline Analysis
- C. Activity Timeline (Table 2 from AP)

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MISSION CLOSE OUT - BUREAU PLANS

LATIN AMERICA

CHILE

<u>OFFICE</u>	<u>PROJECT NO. AND TITLE</u>	<u>CONTRACTOR (S) AND/OR GRANTEE (S)</u>	<u>PRIORITY OF ACTIVITY</u>	<u>RATIONALE FOR ACTIVITY IF CONTINUED BEYOND CLOSE OUT</u>
<u>WID</u>	930-0100 - Women's Strategies and Resources	To be determined		DAC mandated activity for UN Beijing conference for Women (1995).
<u>UC</u>	936-5063 - Univ. Development Linkages Project PCE-5063-A-00-3033-00	Univ. of Arizona	2	Limited reduction of poverty among rural women non-sustain- able arid land use.

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January 24, 1994

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT
MEMORANDUM

TO: See Distribution (attached)
FROM: LAC/DR, Eric Zallman *ez*
SUBJECT: Review of Chile Action Plan for FY 1995-1996

ISSUES DUE	January 31	COB
STRATEGIC OBJECTIVE MEETING	February 7	10:30 a.m.
ISSUES MEETING	February 8	10:00 a.m.
DAEC REVIEW	February 10	11:00 a.m.

Attached for your review and comment is the Chile Action Plan for FY 1995-1996. Additional copies may be obtained from LAC/DR/PSS, Room 2252 NS. Please provide all Action Plan issues to Jeffrey Bakken, LAC/DR/SA, Room 2248 NS, Telephone 647-8656, preferably by e-mail attachment, or in writing (see instructions below).

The Issues Meeting will be chaired by Eric Zallman, Director, LAC/DR, and the Action Plan (DAEC) Review will be chaired by Mark Schneider, AA/LAC. The Strategic Objective meeting is intended to be an informal exchange to discuss and clarify concerns relating to the strategic objectives. Note that all meetings will be held in the LAC Conference Room (2248 NS).

This Close-out/Action Plan review will provide an opportunity to discuss the Mission's plan for closing out the program and will focus on: (1) modified strategic objectives and what can reasonably be accomplished by the program completion date; and (2) management issues including OE, staffing and internal control.

Submission of issues is encouraged for inclusion in the Issues Paper and discussion at the Issues Meeting. To facilitate the preparation of the Issues Paper, use the following guidance:

1. The Issue should be stated in one or two sentences.
2. The issue statement should be followed by a discussion of no more than one paragraph which provides an adequate, but not overlong, background for understanding the issue.
3. The issue and discussion should be framed in a way which will facilitate its resolution in the Issues Meeting without predetermining the conclusion.
4. Requests for information, clarifications or conclusions about a subject should be made directly to mission representatives at the Strategic Objectives meeting, rather than formulated as issues.

EB

**USAID/Chile
FY 1995-96 ACTION PLAN
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OMB	1	395-4595 (Phone#)	Mr. Ron Silberman Office of Management & Budget New Executive Office Building Room 8235 725 17th Street, N.W. Washington, DC 20503
Peace Corps	1	606-3337 (Phone#)	Mr. Victor Johnson Regional Director Peace Corps 1990 K Street, N.W. Washington, D.C. 20526
LAC/DR/PSS	BAL.	2252 NS	

FY 95-96 ACTION PLAN

USAID/CHILE

ACTION PLAN FY95-96

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Attachments:

1. USAID/Chile's Programs in Science and Technology
2. Environmental Issues in Chile
3. Chilean Reactions to Environmental Issues
4. USAID/Chile FTA Small Award Guidelines (English and Spanish)

5. Table 3, Project Timeline

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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

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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.
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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.	

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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	

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Indicator: Citizens perceptions of responsiveness of legislature-female.				
Unit: Percent of national survey respondents.		Year	Planned	Actual
Source: PARTICIPA annual survey.	Baseline	1991	-----	75.5%
Comments: Percentage responding who agreed that current functioning of the Congress is strengthening democracy.		1992		
		1993		
		1994		
		1995		
		1996		
		Target	1997	
Indicator: Citizens perceptions of responsiveness of legislature - male.				
Unit: Percent of national survey respondents.		Year	Planned	Actual
Source: PARTICIPA annual survey.	Baseline	1991	-----	75.9%
Comments: Percentage responding who agreed that current functioning of the Congress is strengthening democracy.		1992		
		1993		
		1994		
		1995		
		1996		
		Target	1997	

Indicator: Citizens perceptions of responsiveness of selected municipal governments - female.				
Unit: Percent of national survey respondents.		Year	Planned	Actual
Source: PARTICIPA annual survey.	Baseline		-----	
Comments: Indicators to be developed for FY94 start ups.		1992	N/A	
		1993	N/A	
		1994	---	
		1995		
		1996		
		Target	1997	
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	1997	

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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 tacking system operational status.

Unit: Percent of courts incorporated.		Year	Planned	Actual
Source: CAPJ periodic reports.	Baseline		-----	
Comments: National system exists principally in Santiago. Progress of national coverage will be reported. * CAPJ is the administrative office of court system.		1992		
		1993		
		1994		
		1995		
		1996		
	Target	1997		

Indicator: Judges and judicial employees trained - female.

Unit: Number trained.		Year	Planned	Actual
Source: CPU reports.	Baseline		-----	
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.		Year	Planned	Actual
Source: CPU reports.	Baseline		-----	
Comments: a) judges, b) employees.		1992		a) 166 b) 73
		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		Year	Planned	Actual
Source: CPU Report	Baseline		-----	
Comments: This center will be established as a single entity - probably located in Santiago in FY94.		1992		
		1993		
		1994	-----	
		1995		
		1996		
	Target	1997		

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Indicator: Dispute resolution/legal aid centers functioning.				
Unit: Number.		Year	Planned	Actual
Source: CPU reports.	Baseline		-----	
Comments:		1992		
		1993		1
		1994		
		1995		
		1996		
	Target	1997		
Indicator: Regional court administrators.				
Unit: Number of individuals named.		Year	Planned	Actual
Source: CAPJ (Administrative Office of Courts).	Baseline		-----	3
Comments:		1992		
		1993		5
		1994	10 (PACD)	10
		1995		
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 1 Responsiveness of key institutions to citizens' needs increased.

PROGRAM OUTPUT NO. 1.2 Congressional analytic capacity and access to consultative services improved.

Indicator: Congressional members and staff trained.

Unit: Number of trainees per year.

Source: CEAL

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.

	Year	Planned	Actual
Baseline		-----	N/A
	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.

Source: CEAL reports.

Comments: Projections of demand are not practical. Planned outputs based on CEAL 1992 session experience and capacity.

	Year	Planned	Actual
Baseline		-----	N/A
	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.		Year	Planned	Actual
Source: PARTICIPA and national election service.	Baseline		-----	*
Comments: PARTICIPA will mount young voter registration campaigns in 1993 and in 1996. * Awaiting national election service March, 1992 report.		1992	50,000	
		1993	50,000	
		1994	-	
		1995	-	
		1996	100,000	
	Target	1997		

Indicator: Public political issue meetings held.

Unit: Number of meetings organized by PARTICIPA.		Year	Planned	Actual
Source: PARTICIPA reports.	Baseline		-----	
Comments: 1993 - Presidential and Congressional elections. 1994 - No elections. 1996 - Municipal and possibly regional governors.		1992		300
		1993	500	600
		1994	100	
		1995	100	
		1996	500	
	Target	1997		

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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.		Year	Planned	Actual
Source: PARTICIPA	Baseline		-----	
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.		Year	Planned	Actual
Source: Centro de Estudios Públicos (CEP) and CEAL.	Baseline		-----	
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.

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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
STRATEGIC OBJECTIVE NO. 2 Increased public and private sector capacity to address Chile's environmental problems in support of the Enterprise for the Americas Initiative (EAI).

PROGRAM OUTCOME NO. 2.1 Increased capacity in the National Environmental Commission (CONAMA) for environmental policy formulation and coordination.	PROGRAM OUTCOME NO. 2.2 Increased involvement by Chilean industry in pollution prevention activities at the plant level.	PROGRAM OUTCOME NO. 2.3 Increased support for NGO environmental activities
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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)		

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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.		Year	Planned	Actual
Source: Official GOC publications.	Baseline	(Year)		0
Comments: CONAMA is beginning to develop guidelines for each of Chile's thirteen regions.		1992		0
		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.		Year	Planned	Actual
Source: CONAMA/WRI progress reports.	Baseline	(Year)		
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.		1992		0
		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									
	FY 94				FY 95				6 <small>RESERVED</small>
	USDH	USPSC	FSN	Other*	USDH	USPSC	FSN	Other*	
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.

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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-00-1084-00)																								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																	X
EAI Support (FTA)								X																X
Local Government Strengthening												X												X
Energy Efficiency Project (Buy-In)												X												X
Chile as a Resource																X								X
RHUDO (HG & Local Govt. Strengthening)																								X
TOTAL PROJECTS																								

BM