



CHILE
Country Strategy Paper 2007-2013
MID TERM REVIEW and
National Indicative Programme 2011-2013

29 March 2010

1. EXECUTIVE SUMMARY

Since the formulation of the 2007-13 Country Strategy Paper (CSP), Chile's political, economic and social context has, despite the global financial and economic crisis, remained largely unaltered. The country has enjoyed a period of political stability and remarkable success in economic and social development, with mixed results in the environmental field; and has continued to consolidate its position as a regional and global player. Against this backdrop, the overall EU response strategy defined in the CSP remains valid and implementation should continue in accordance with priorities already established, with one adjustment, described below. This finding is based on the results of consultation with the Chilean authorities and civil society organisations, as well as on lessons learnt from actions under the 2007-10 National Indicative Programme (NIP) — to the limited extent that these have been implemented.

Of the €41 million earmarked in the CSP for cooperation with Chile in 2007-13, €15.58 million remain available for the second NIP, which will cover the period 2011-13. Regarding the adjustment needed, Chile's 2008 decision to establish the *Sistema Bicentenario Becas Chile*, a fund of US\$ 6000 million to finance postgraduate and other studies for a projected total of 30 000 students, raised a question-mark over the need to continue EU assistance for **Education-Academic exchanges and scholarships**. This assistance, amounting to €4.92 million in 2007-2010, is likely to fund around 200 students. The amount originally planned, €3.28 million for 2011-13, would have funded fewer students, offering limited added value. Both civil society and the Chilean authorities requested that this sector be dropped in the NIP 2011-13. After careful consideration, given that other education actions, e.g. pre-school education, vocational training, could be funded in the social cohesion and innovation and competitiveness sectors, Commission services consider that it would indeed be appropriate to drop assistance for Academic exchanges and scholarships. Having regard to the important role that cooperation in higher education can play in strengthening ties between Chilean and European stakeholders and boosting mobility, capacities and skills, the Commission will continue to encourage Chile to participate further in the Erasmus Mundus programme (action 1) so as to complement *Becas Chile*.

The continuing success of the EU-Chile Association Agreement, and the establishment of an *Association for Development and Innovation* (ADI), have confirmed the ongoing relevance of the two other priority areas for cooperation, namely **social cohesion** and **innovation and competitiveness**.

In view of Chile's efforts to tackle the challenges of poverty and social exclusion, highlighted in this Mid-Term Review (MTR), it is appropriate for EU assistance to continue focusing on **social cohesion**. This sector will account for 50% of the 2011-13 NIP. Actions will contribute to implementing the government's policies and strategies for promoting social cohesion through public policies in areas which may include employment, health care and education from pre-school through to vocational and professional training. The MTR process also showed the continuing value of cooperation in **innovation and competitiveness**, especially as it can contribute to mitigating climate change, as well as to promoting economic growth. This sector will account for 50% of the 2011-13 NIP. Cooperation projects of particular relevance to the ADI may be funded in either or both of these priority sectors.

The Chilean government cooperation agency has confirmed it does not consider any adjustments need to be made to these priorities following the 27 February earthquake and tsunami. It would be possible to finance actions relevant to the reconstruction effort in both sectors, should this be requested and deemed appropriate during the identification phase.

To reinforce the current programming framework and improve the quality, relevance, impact and sustainability of EU cooperation with Chile, specific efforts will be made to ensure that future interventions incorporate key cross-cutting concerns such as gender and environment, while giving due attention to the participation of disadvantaged groups and the reduction of relative poverty.

2. THE MID TERM REVIEW

2.1 ANALYSIS OF POLITICAL, ECONOMIC, SOCIAL & ENVIRONMENTAL SITUATION

2.1.1 Political situation and human rights

President Sebastián Piñera took office on 11 March 2010 following his electoral victory at the head of the centre-right *Coalición por el Cambio*. This brought to an end two decades of government by the centre-left *Concertación* led, since 2006, by Michelle Bachelet. The *Coalición por el Cambio* is a broad-based liberal opposition alliance that includes the centre-right *Alianza* coalition and disaffected members of the outgoing *Concertación*. The new government had been expected to focus on further reforms to the public education and health-care systems, liberalising labour legislation and streamlining bureaucracy to reduce costs for business. But following the huge earthquake and tsunami of 27 February, Piñera announced that his four year period in office will be a “Government of Reconstruction”. A substantive shift in Chile’s economic model seems unlikely at this stage.

Bachelet was the fourth consecutive centre-left *Concertación* President, having defeated Piñera in the 2005 elections. As anticipated in the CSP, Bachelet’s government broadly continued the main economic and social policies of the preceding *Concertación* governments of Presidents Lagos (2000-06) and Eduardo Frei (1994-2000), combining free market policies with social cohesion. President Bachelet struggled at times to maintain authority over the *Concertación* coalition, and had to manage a range of crises, including an unexpected wave of strikes in 2006, major disruption to public transport in the capital, Santiago, in 2007, caused by the botched launch of the *Transantiago* integrated public transport system, and an HIV-related scandal in the northern city of Iquique which resulted in the resignation of the Health Minister. In early 2008, the *Concertación* lost its twin majorities in the Senate and Chamber of Deputies; and in the October 2008 municipal elections, the opposition achieved an important breakthrough by winning the popular vote for mayors for the first time since the *Concertación* took office in 1990.

Despite these difficulties, the Bachelet government succeeded in implementing several priority policies, including a reform of the pension system and major improvements to public education and health services (see Section 2.1.3 below). From the end of 2008, it introduced a series of packages of economic measures in response to the global economic and financial crisis (see Section 2.1.2 below). Ironically, the crisis helped the government indirectly, thanks to positive perceptions of its confident economic policy management during the recession, which won Bachelet successive record approval ratings, reaching 80% even when she left office in March 2010. The *Concertación* candidate in the 2009 elections, Senator and ex-President Eduardo Frei, failed to capitalise on this extraordinary popularity. The need for the *Concertación* to renew and refresh its appeal was underlined by its loss of valuable votes to a charismatic, younger independent socialist candidate, Marco Enríquez-Ominami.

The process of democracy-building in Chile, 20 years after the end of the military dictatorship, is expected to continue through dialogue, based on broad consensus about democracy, the rule of law and an open market-oriented economic policy. Important political challenges remain, however. The principal remaining enclave of authoritarian government in Chile’s Constitution, the much criticised ‘bi-nominal’ proportional

representation system for congressional elections, encourages parties to form coalitions and may have contributed to Chile's political stability since 1990 in an unstable region. But the system tends to over-represent the 'losing' coalition and this has, to date, favoured right-wing parties. There is frequent talk of reform, but the Bachelet government was unable to secure the necessary qualified majority in Congress.

The government of President Bachelet, herself a victim of torture and then exile under the military dictatorship (1973-89), continued to pursue justice concerning atrocities committed in that period. Programmes were established to provide compensation, pensions and other benefits to around 30 000 surviving victims and families of deceased victims; and the *Museo de la Memoria y de los Derechos Humanos* documents the abuses committed under the dictatorship and promotes human rights. In November 2009, Congress approved legislation needed to establish a Human Rights Institute in line with the Paris Principles on such institutes. Chile has, however, found it easier to establish the truth about abuses during the dictatorship and to compensate victims than to convict the perpetrators. Belated legal proceedings against Pinochet ended when he died in 2006, and others responsible for human rights violations escaped justice due to a partial amnesty decreed by the Junta. Some convictions have been possible, though, for offences not covered by the amnesty; for crimes committed outside Chilean territory; and for enforced 'disappearances' and extra-judicial executions, in respect of which the amnesty decree has not been applied since 1998. As of July 2008, 256 former military personnel and civilian collaborators had been convicted, of whom 38 were serving prison sentences. At the end of 2008, 338 trials were underway for crimes affecting 1 128 victims. The Chilean judiciary is, however, the civilian institution that continues to be most marked by the military regime. The criminal chamber of the Supreme Court has reduced sentences in several recent cases, allowing some convicted perpetrators to avoid serving time in prison.

At international level, Chile has ratified most of the major UN and Inter-American conventions on human rights, and is an active and constructive member of the UN Council on Human Rights (2008-2011). Having signed the Rome Statute establishing the International Criminal Court (ICC) and the UN Convention on Enforced Disappearances, Chile struggled to ratify them because of reservations on the part of the political opposition. Following consistent encouragement by the EU, including the funding of a visit to the ICC by Chilean Congressmen, Chile ratified the Statute in June 2009. In general, civil liberties are recognised, respected and guaranteed, but there is room for further improvement as regards the rights of indigenous peoples, of women, and of sexual and other minorities; the use of anti-terrorism legislation in response to indigenous militancy; and the application of military jurisdiction to civilians. These and other issues were explored in the 2009 Universal Periodic Review (UPR) of the country's human rights record, during which Chile extended a standing invitation to the UN Human Rights Council's special procedures. The UPR resulted in a series of recommendations for further improvement in Chile's human rights performance.

2.1.2 Economic and trade situation

Chile is an upper middle-income country, with GNP per capita of US\$10 124 in 2008. An observer to the Organisation for Economic Cooperation and Development (OECD) since 1996, Chile applied in late 2003 for full membership, and was granted official candidate status in November 2007, alongside Estonia, Israel, Russia and Slovenia. The accession process was an important catalyst for progress and reforms in Chile, bringing it closer to

OECD standards and best practices. On 15 January 2010, Chile became the second Latin American country to join the OECD (after Mexico).

The Chilean economy performed well in 2007 and 2008, boosted by soaring global demand and prices for its commodity exports, achieving real GDP growth rates of 4.7% and 3.2% respectively. By mid-2008, the onset of the global economic crisis was affecting Chile, notably through a two-thirds fall in the price of copper¹. Real GDP growth in 2008 fell to 2.9%. Despite the risks posed by having a small, open economy highly dependent on copper and other products whose prices are volatile, Chile reaped the benefits of the prudent fiscal rule adopted in 2000. This rule committed successive governments to achieving a structural fiscal surplus of 1% (based on medium-term trend copper prices and levels of GDP growth), allowing for counter-cyclical fiscal measures when needed, through increased government spending of copper revenues saved in a sovereign wealth fund. The government broke with the rule during 2009, but analysts considered this an appropriate response to the global downturn, and Chile garnered widespread praise for its confident economic policy management during the crisis. Successive packages of stimulus measures included a US\$1 billion investment package for the state-owned copper company CODELCO; major new infrastructure projects; extra benefits for poorer households and unemployed youth; tax cuts and credit initiatives for small businesses; and new vocational training and employment measures based on a ground-breaking tripartite agreement. GDP is estimated to have decreased by around 1.5% during 2009, but the economy returned to growth in mid-year, and GDP was expected to grow by 5.5% in 2010. Following the 27 February earthquake, the Central Bank of Chile reduced the growth forecast to 4.5%.

2.1.3 Social situation

The population of Chile will reach 17 million during 2010. About 85% live in urban areas, with just under a third of the population (about 6 million people) concentrated in the Greater Santiago region. Population growth is among the lowest in Latin America, at around 0.97%. UN projections suggest the population will reach 20 million in 2038, after which it will stabilise until 2050, when a slow, limited decline may begin. Fertility rates have fallen dramatically, from 5.5 children per woman in 1955 to just under two in 2010. Infant mortality rates have also decreased significantly, from 120 children per 100 000 in 1955, to under eight per 100 000 in 2010; and average life expectancy is reaching levels similar to developed countries, increasing from 55 years in 1955 to 79 in 2010.

Chile has succeeded in reducing poverty significantly, and has the lowest poverty rate in Latin America. Between 2003 and 2006, the proportion of Chileans living in poverty fell from 18.8% to 13.7%; while the proportion in extreme poverty decreased from 4.7% to 3.2%. In contrast, in Latin America as a whole, 36.3% of the population was poor, and 13.3% extremely poor in 2006. Success in tackling poverty meant Chile became the first country in Latin America to halve the proportion of citizens whose income is less than a dollar a day, a milestone in implementing the Millennium Development Goals (MDGs). On the basis of official reports to date, Chile is on track to achieve all the MDGs by 2015. For detailed information on progress towards meeting the MDGs, see Annex 7.

¹ Chile is by far the world's largest producer of this mineral and is estimated to have more than one-third of global reserves. Copper accounts for 55% of Chile's total exports.

Chile has also improved standards in housing, education and health. But income inequality remains a major challenge, highlighted by OECD data showing that the incomes of the richest 10% of Chileans are 29 times higher than those of the poorest 10%, compared with the OECD average of nine times higher. Chile is one of the countries with the most skewed income distribution in Latin America, itself the most unequal region of the world. There has been some limited progress in recent years, with the richest 20% earning 54.6% of national income in 2006, down from 57.4% in 1990. The poorest 20%, however, earned 4.1% in 2006, the same as in 1990.

Chile was ranked 44th out of 182 countries with data in the UNDP's 2007 Human Development Index, with an HDI value of 0.878 — placing it near the top of the 'High Human Development' group, and best in Latin America. UNDP data confirm continuing significant gender disparities in basic human development, however. Women in the economically active population have an average of 12 years of education and account for half of Chile's professionals. But they occupy only 24% of management positions, and tend to earn lower wages than men at similar levels of training and responsibility. The underlying inequality of opportunity is confirmed by Chile's ranking as 75th out of 109 countries in the Gender Empowerment Measure.

Promoting greater social equity was at the heart of much of the Bachelet government's legislation. The comprehensive pension reform that began in mid-2008 is expected to cost €1.3 billion per year, and is due to be fully operational by 2012. It will provide pensions for lower income, older Chileans who lacked any significant retirement benefits, and is designed to benefit women and people with disabilities in particular. By 2012, nearly 1.2 million people — the 60% poorest pensioners — will benefit. A law was enacted in June 2009 that seeks to eradicate wage inequality on grounds of gender, requiring companies employing 200 or more workers to create a register of job profiles, and enabling female workers to bring discrimination cases before labour tribunals which may impose fines as well as order appropriate wage increases.

About 4.6% of Chile's population consider themselves to be of indigenous origin (the 2002 census recorded 692,000 self-identified persons of indigenous descent). The Mapuche, originally from the regions to the south of the Bío Bío River, account for approximately 85% of the total, although more than half of all Mapuche now live in urban areas. Other, less numerous, indigenous peoples in Chile include the Aymara, Atacameño, Rapa Nui and Kawaskhar.

Indigenous Chileans remain disproportionately affected by poverty and social exclusion, although poverty has fallen more rapidly among this group, thereby reducing the gap between the indigenous and non-indigenous populations. In 2006, 19.4% of indigenous Chileans were poor, compared with 29.2% three years earlier. In 2008, Chile finally ratified ILO Convention 169 on the rights of Indigenous and Tribal Peoples after 17 years of parliamentary deadlock. Legislation to implement its provisions entered into force in September 2009. Following the conclusion of a 'Social Pact for Multiculturalism' in April 2008, the Bachelet government launched national consultations with indigenous peoples concerning proposals to elect indigenous representatives to Congress and regional councils, and to establish a national council for indigenous peoples. But renewed violence in mid-2009 between the police and Mapuche communities that claim ancestral ownership of lands and resources in southern Chile led the government to a change of plan. It proposed the establishment of a full Ministry for Indigenous Affairs, and a separate

Indigenous Development Agency; and the abolition of the much-criticised National Corporation for Indigenous Development (CONADI), which had been responsible for public sector programmes for the purchase and registration of indigenous lands, scholarships for indigenous elementary, high school, and college students, health, housing, inter-cultural nurseries and indigenous women's rights programmes, among others.

The Bachelet government's decision to permit the use of anti-terrorist legislation to prosecute Mapuche alleged to have used violence in pursuit of their political aims was controversial. The legislation, which dates back to the Pinochet era, reduces the rights of the defendant in various respects and permits more severe sentences for those found guilty. President Bachelet had promised, when elected, not to allow this legislation to be applied when dealing with alleged crimes relating to the Mapuche struggle.

Unemployment rose to around 10% in 2009, largely due to the impact of the global economic and financial crisis. Young people and women are disproportionately affected, and many of the jobs created recently have been in low-paid, low-productivity services. In mid-2009, the OECD made recommendations to achieve more effective social policies to spread the benefits of growth more evenly, reduce inequality and mitigate the impact of the global downturn. The OECD praised Chile's innovative approach to social policy, but urged it to invest more in tackling poverty among the working-age poor, through activation, in-work benefits and greater child-care support.

The Bachelet government sought to improve the effectiveness of its anti-poverty programme, *Chile Solidario*, which provides assistance and protection for 225 000 extremely poor households. Other measures included health care reform based on the *Acceso universal con garantías explícitas* (AUGE); a pro-poor housing policy aimed at replacing slums with decent neighbourhoods; and educational reform that guarantees 12 years of compulsory school education free-of-charge. However, Chile continues to struggle with the quality of publicly-provided primary and secondary education, although the Bachelet government implemented measures to improve matters, for instance, by improving teacher-training. In May 2008, the President announced the setting-up of the *Sistema Bicentenario Becas Chile*, a fund worth US\$ 6 000 million to finance specialised studies abroad for up to 30 000 postgraduates, teachers and technicians over a 10-year period. Initial targets indicated scholarships would be given to 2 500 students in 2009, and a further 3 300 in 2010.

2.1.4 Environment, energy and climate change

Since 2004, Chile has continued to strengthen its environmental legislation, institutions and policies, encouraged by a comprehensive Environmental Performance Review conducted in 2005 in the framework of the OECD accession process. Under the Bachelet government, ministerial status was granted for the post of Director of the National Environmental Commission (CONAMA), which has played an increasingly important role in promoting environmental considerations across the board. The EC is providing funding of €949 500, in the framework of the CSP 2002-06, to help CONAMA to develop its Strategic Environmental Assessment capacity. In November 2009, the Congress approved legislation that will enable the establishment of a full Ministry of the Environment, an Environmental Evaluation Service and a Supervisory Environmental Agency (*superintendencia*). This reform will further improve environmental policy design and implementation in Chile, and

will facilitate the effective application of OECD legal instruments which Chile is committed to implementing within specified timeframes.

Chile has been praised for its pioneering privatisation and liberalisation of the electricity sector in the 1980s, creating a competitive energy sector which sustained the rapid economic growth of the past two decades. Chile faces the continuing challenge of finding additional energy supplies to fuel economic growth, while responding to the global challenge of climate change. With limited fossil energy resources and much more to be done to develop renewable energy supplies, Chile depends on imports to meet three-quarters of its energy needs. This makes it vulnerable to external shocks, the most recent of which took place in 2007-08, when the loss of natural gas imports from Argentina was exacerbated by drought, affecting the central electricity generating system, where hydro-power normally accounts for over half of supplies. The OECD accession process has contributed to institutional reforms here, too. At the end of November 2009, President Bachelet enacted legislation to convert the National Energy Commission into a full Ministry and establish a Chilean Agency for Energy Efficiency that will complement a Centre for Renewable Energies (CRE) that was established in August 2009.

Historically, Chile has not contributed significantly to the total build-up of greenhouse gases (GHG), being responsible for an estimated 0.2% of total global GHG emissions; but it aspires to be a Latin American leader on confronting the issue. Efforts by Chile to protect the ozone layer in the framework of the Montreal Protocol were complemented by a specific Law on Ozone enacted in 2006. This strengthens controls on relevant substances, and provides for better public information on health risks. In 2008, Chile adopted a National Climate Change Action Plan for 2008-2012, which includes activities for studying impacts and vulnerabilities; funding adaptation measures; and supporting mitigation endeavours including the creation of the CRE, boosting funds for a national energy efficiency programme, further studies into harvesting biofuels, and increasing the use of bicycle lanes. The Bachelet government nevertheless re-confirmed plans to increase the share of coal-fired energy from 17% of Chile's total to 25% by 2015, and included a number of new coal plants in the construction pipeline. Chile is also considering investing in nuclear energy. Meanwhile, many plans for further development of renewable energy, including solar, wind, hydro-electric plants and geo-thermal energy complexes, provoke controversy due to their potential impact on environmentally-sensitive areas, in some cases on land in historically indigenous regions.

For detailed information on environment, energy and climate change in Chile, see the updated Country Environment Profile at Annex 5.

2.2 NEW EU POLICY OBJECTIVES AND COMMITMENTS

2.2.1 Relevance of new policy objectives and commitments

New or reinforced EU policy objectives in the areas of climate change, energy, migration, drugs, and aid for trade are highly relevant for Latin America in general, as recognised in the Declaration adopted at the May 2008 EU-Latin America and the Caribbean (LAC) Summit in Lima. Many are of particular relevance for Chile.

Climate change and energy: As noted above, **climate change** and environmental degradation are of growing concern not only to the EU but also in Chile. As well as being the focus of regional initiatives such as the EUrocLIMA Initiative, these concerns are already being addressed at country level, through actions identified in the National Climate Change Action Plan 2008-12. Chile and the EU also share a number of concerns on **energy**, where dependency on imports has sometimes led to strained relations with neighbouring countries and has served alongside climate change to stimulate growing interest in renewable energy sources. The prioritisation of Innovation and Competitiveness in the NIP 2011-13 is relevant here, as programmes could be funded to develop efficient energy policies and increase access to sustainable energy sources, *inter alia*. Close attention will, in any case, be paid to environmental sustainability in the design and implementation of all EC-funded cooperation activities in 2011-13.

Migration: Chile's increasing political and economic stability has encouraged emigrants to return, and attracted migrants, given the deteriorating economic and political situation of other countries in the region. Migration has not had a high profile in EU-Chile relations, largely due to the limited flow of migrants from Chile to the EU and the very limited importance of remittances as a revenue source. The inward remittance flow of US\$3 million in 2006 was 0.002% of Chile's GDP. In 2005, around 600 000 Chileans, 3.6% of the population, were living abroad; while Chile's stock of immigrants was around 250 000, mainly from Argentina, Peru, Bolivia, Spain and Ecuador. Annex 8 contains more detailed information about Chile and migrants. Chile has ratified the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, and has participated in UNHCR resettlement programmes since 1997, receiving refugees from more than 10 countries, most recently 116 Palestinians. On trafficking in persons and smuggling of migrants, Chile has ratified the Palermo Protocols, and is in the process of drafting a law to define both crimes, as well as to establish measures of assistance to victims and prevention. In a recent human rights dialogue with the EU (see Section 2.2.2 below), Chile expressed interest in exchanging information and experiences on managing and meeting the needs of migrants. If relevant, interventions focused on improving aspects of the situation of migrants in Chile could be funded within the Social Cohesion priority sector of the NIP 2011-13.

Drugs: Chile's long, difficult-to-monitor borders with Peru, Bolivia, and Argentina and its major international ports make it an appealing transit country for cocaine from the Andean region en route to Europe. It is also a potential source of precursor chemicals used in cocaine processing in Peru and Bolivia. Chile ranks fourth in cocaine consumption and first in marijuana consumption among South American countries, according to the United Nation's 2008 World Drug Report. Some marijuana is cultivated in Chile, but most is imported from Paraguay. Chile has adopted a range of social policies and enforcement efforts in response to challenges posed by domestic consumption and drug-trafficking, and its National Drug Control Commission (CONACE) is effective and forward-looking. The country's large, well-developed banking and financial sector, extensive trading partnerships, border situation and largely unregulated free trade zones in Iquique and Punta Arenas make it likely that proceeds from drug trafficking are laundered in Chile. In implementing the EU Drugs Strategy 2005-12, in addition to commitments in the context of the EU-LAC Coordination and Cooperation Mechanism on Drugs, the EU is financing or planning several interventions under regional or thematic programmes and through the Instrument for Stability (IfS) that support Chilean efforts to tackle challenges posed by

illicit drugs. Chile participates in the EU-funded EU-LAC Drug Treatment City Partnerships programme being implemented by the Inter-American Drug Abuse Control Commission of the OAS; will take part in the recently-launched programme for the Prevention of the Diversion of Drug Precursors in the Latin American and Caribbean Region (PRELAC); and may take part in some elements of a forthcoming bi-regional programme to tackle the 'cocaine route' from Latin America via West Africa to Europe. Interventions focused on the relationship between illicit drugs and social exclusion could be funded in the framework of the Social Cohesion priority sector of the NIP 2011-13.

Aid for trade: The trade chapters of the EU-Chile Association Agreement, some of the most modern and comprehensive in the global economy, go well beyond World Trade Organisation commitments. Since the Agreement's entry into force, EU exports to Chile increased by 100% (2002-2007), while imports increased by 270%. Trade growth has mainly benefited Chilean exports to the EU, not least due to copper shipments and the previous very high levels of world prices of this commodity, though non-copper exports also increased significantly. In terms of trade value, Chile ranks 24th among EU import partners and 42nd among export partners. The EU is Chile's second largest source of imports after the USA, and was the first destination for Chilean exports even before the Agreement. The EU retained that position until 2009, when it dropped to second place (behind China), due to the impact of the financial crisis. The EU remains the main investor in Chile, with a share reaching up to 40%; the USA follows with 25%. While Chile does not need 'Aid for trade' assistance *per se*, as the country has proved to be more than capable of taking advantage of trade opportunities and strengthening its ability to assess and represent its interests in trade negotiations, the prioritisation of Innovation and Competitiveness in the NIP 2011-13 will make it possible to fund programmes to develop and facilitate technological innovation in the productive sector to promote convergence with EU standards and requirements.

2.2.2 New developments in EU-Chile relations

The relationship between the EU and Chile is generally excellent, entailing a wide range of contacts, coordination and dialogue in the political, trade and cooperation areas that have been strengthened by the Association Agreement. In general, Chile and the EU share values and objectives at international level, and work effectively together within the group of LAC countries and in supporting political stability in Latin America. There are also EC-Chile agreements on Chemical Precursors, Science and Technology, and Air Transport. Political dialogue meetings at all levels have continued to take place regularly. The Association Council held its IVth meeting in May 2009 in Prague; and the Association Committee held its 7th meeting in October 2009 in Brussels. The next major event in the EU-Chile relationship will be the Fourth EU-Chile Summit of heads of state and government, to be held in Madrid on 17 May 2010.

The EU's commitment to developing the relationship further, and supporting Chilean endeavours to promote political stability and social cohesion in the Latin American region, is confirmed by the establishment of an *Association for Development and Innovation* (ADI). President Bachelet launched the ADI concept at the Third EU-Chile Summit in 2008 in Lima, with the idea of promoting a new agenda of policy dialogue and cooperation with a strong regional element, as well as giving well-deserved publicity to the importance of the EU-Chile relationship. The IV Association Council decided the ADI should focus initially on education and energy, with innovation as a cross-cutting theme; and noted that

the present MTR would allow clear links to be established between the ADI and the priorities for EC-Chile cooperation. The 7th Association Committee took note of a detailed road map and work programme, and declared the ADI established. Cooperation projects of particular relevance to the ADI could be funded in either or both of the priority sectors envisaged for cooperation in 2011-13.

Under the trade pillar of the Association Agreement, the EU and Chile had exploratory discussions in 2008 and 2009 on whether to make full use of the Agreement's evolution clauses concerning the temporary movement of persons, services and agricultural products. The special committees, joint management committees and working groups established by the Agreement for matters including trade in wines and spirits, technical barriers to trade, phytosanitary issues, animal welfare, and customs matters, have continued to meet regularly and effectively. The EU and Chile are also preparing to step up cooperation in the statistical domain in the framework of a Memorandum of Understanding that is expected to be signed in mid-2010 between Chile's National Statistical Institute (INE) and the statistical office of the European Commission, EUROSTAT. Following signature, a road map and work programme will be established.

The Council of the EU decided in 2008 to include Chile in the group of countries with which the EU holds regular human rights dialogues. The first EU-Chile Human Rights Dialogue, held in April 2009 in Santiago, enabled the EU and Chilean government experts to discuss the rights of indigenous people and women, migration, the ICC, cases from the period of the military dictatorship, reform of the military justice code, and coordination in multilateral fora *inter alia*. A dialogue was also held in April 2009 with representatives of civil society and international organisations, building on an EU-Chile civil society forum in Santiago in September 2007 that focused on human rights issues. The most recent dialogue identified the bi-nominal system as a critical obstacle to progress in the human rights field, because it obstructs indirectly many legislative and constitutional changes. Interventions focused on human rights concerns, including actions to implement the recommendations arising from the Universal Periodical Review (see Section 2.1.1 above) could be funded in the framework of the Social Cohesion priority sector of the NIP 2011-13.

2.2.3 Aid effectiveness agenda

Although Chile has not formally adhered to the Paris Declaration on Aid Effectiveness (2005), it confirmed during its OECD accession process that it accepts the Declaration and is committed to complying with its principles.

With regard to ownership, Chile prepares and implements its national development strategies and sector policies. The national public institution in charge of international cooperation within the Ministry of Foreign Affairs, the *Agencia de Cooperación Internacional de Chile* (AGCI), is tasked with coordinating and implementing external development aid. With regard to alignment, donors base their overall support policies on Chile's national and sector strategies and work through the AGCI. External development aid activities are concentrated on a few sectors, in particular environment, social development, including innovation, and state modernisation, in which donors complement strategic government policies in Chile (see Annex 3 for donor matrix).

Donor contributions as a share of Chile's national budget are insignificant, and there are few remaining active donors. Interventions are implemented through projects that tackle a specific problem within a sector, rather than supporting policy sectors in general. The

donor coordination that is taking place includes technical assistance. It enables the sharing of information and avoids duplication, contributing to the *harmonisation* of donor procedures. All donors working with Chile have developed results-based implementation modalities. Results are generally public, thereby fostering accountability. By requesting further or even fully decentralised implementation modalities, Chile is seeking to *align* country and donor procedures.

With regard to harmonisation, the EU promotes the coordination and complementarity of donor activities with EU Member States and other donors to enable a more effective division of labour. The AGCI has prepared a guide to sources of international cooperation, which serves as a donor matrix, and as the basis for discussion and coordination between donors and the AGCI. This internal document helps to identify areas where complementarity and mutual reinforcement of projects should be sought. This was the case as regards indigenous peoples, disability, environment and energy for example. If the document were to be published by the AGCI, this could also improve the transparency of aid flows.

The main bilateral European donors, including Germany and Spain, have decided to phase out their traditional development cooperation actions in Chile, and move towards other modalities such as ‘triangular’ development cooperation. This modality, still being developed and defined, involves projects which are jointly planned, financed and carried out by a traditional donor together with a new provider country, actively engaged in the field of south-south cooperation, and a third recipient or beneficiary country. The new providers are countries such as Chile, which have been recipients of international cooperation, and have attained a level of technical and economic development that enables them to pass on their experience, knowledge and lessons learnt. The beneficiary countries are those that participate in international cooperation by receiving technical, financial and operational input from new providers and traditional donors.

As well as Spain and Germany, other donors, including Japan and the United States, are also undertaking triangular cooperation with Chile. A series of small-scale projects, using various modalities, have been implemented or are underway, and beneficiary countries include Costa Rica, Honduras, Paraguay and Mozambique. The AGCI has established a coordinating committee on triangular cooperation with interested traditional donors. The EU is not currently implementing cooperation through this modality in Chile, but the decision to establish the *Association for Development and Innovation* (ADI) includes a commitment to explore the scope for using EU and Chilean funds to engage in triangular cooperation, and initial discussions have started to that end. The EU Delegation is also participating as an observer in the coordinating committee.

2.2.4 Non-state actors, local authorities and national parliament

The start of the new multi-annual cooperation period with the Chilean government has been complemented by a more regular and active relationship between the EU and civil society organisations in Chile. Regular consultations are undertaken regarding the priorities of current EU-funded thematic cooperation lines, notably human rights, and support to non-state actors and local authorities. The European Commission has open lines of communication with representatives of NGOs and other organisations and associations in key areas related to national development. In addition, a dialogue has been launched with civil society on employment and social cohesion, to strengthen the capacity of relevant

organisations to formulate policy proposals and debate them with relevant national authorities. There is scope for launching a regular dialogue with civil society on human rights, building on previous *ad hoc* exchanges described in Section 2.2.2 above.

During a workshop with representatives of key civil society organisations and other stakeholders, including officials from the AGCI and other government bodies, the priorities of the EU's cooperation strategy were analysed in April 2009 in the context of this MTR. The workshop confirmed the European Commission's preliminary socio-economic analysis and made a series of relevant policy recommendations (see Annex 4 for details).

Members of the European Parliament have visited Chile regularly in the framework of the EU-Chile Joint Parliamentary Committee, and good working relationships have been established between the respective MEPs and their Chilean counterparts from both houses of Chile's Congress. The European Commission proposed that the AGCI consult the appropriate sub-committee of Congress concerning this Mid-Term Review, but the AGCI says Chile's Constitution does not contemplate congressional involvement with this matter.

2.3 RESULTS, PERFORMANCE AND LESSONS LEARNT

2.3.1 Country performance

In the context described in Section 2.1 above, no major departures from the development model followed by Chile in the last 20 years are likely. The main focus of the Bachelet government was on strengthening the social protection net; using a solid macroeconomic performance and abundant fiscal reserves to counter the effects of the crisis. This allowed Chile to meet complex challenges such as advancing in the coordination of policies and actors, and regaining economic growth, with efficiency gains in productivity, improvements in innovation, and improved governance. However, higher unemployment rates and weak labour protection have hit Chile's poor hardest, affecting social cohesion. Chile has progressively applied an innovative regional perspective through initiatives such as the creation of regional development agencies, and a regional innovation fund. The OECD Territorial Review of Chile recommends it should adopt a stronger regional approach to economic development, the better to exploit opportunities and improve its overall performance.

Chile presents both sides of the globalisation coin, as a country that has just joined the OECD, while being one of the most unequal societies in the world. It is facing the typical challenges of developed countries, such as modernisation of government, transparency and accountability, environmental issues, decentralisation; while still facing significant challenges in areas such as human rights (treatment of indigenous people), equality (gender, income) and democracy (weak participation of civil society, electoral system). Thus, fostering both pro-growth and social protection policies will be of particular relevance in the coming years. With regard to environmental issues, there is still much to be done, for example, in promoting renewable energies. In the higher education field, Chile has launched the *Becas Chile* initiative described in Section 2.1.3 above, which will have up to 30 000 beneficiaries over ten years. As a comparison, the Erasmus Mundus External Cooperation Window (EMECW)-Chile, funded under the first National Indicative Programme of the CSP, is expected to finance a total of around 200 scholarships in 2008-12. Around 100 mobilities of Chilean students and staff have taken place within the global

Erasmus Mundus programme since 2004, and there is a good potential for increased academic cooperation and mobility under the forthcoming calls for proposals.

The share of ODA in Chilean GDP amounted to less than 1 % in 2008. The shift from being a recipient to a donor country implies new cooperation strategies, with a focus on the promotion of Chile's activities in triangular and South-South cooperation. As mentioned in Section 2.2.3 above, the ADI road map and work programme commits the EU and Chile to explore possible modalities for triangular cooperation using EU funds, and discussions to that end have started. In the longer term, beyond the time frame of the present CSP, there may be a need to explore other innovations in EU-Chile cooperation, as Chile ceases to be considered a 'developing' country.

2.3.2 Cooperation performance

The Financing Agreements for the first programmes in the three focal sectors prioritised in the NIP 2007-2010, namely Social Cohesion, Innovation and Competitiveness and Higher Education, were signed in July 2008. Following the identification and selection of the specific interventions, implementation started in mid-2009 with the signature of the respective work programmes. It is too early to identify impacts or seek to learn lessons from the interventions that are underway. Social cohesion and innovation and competitiveness were political priorities for the Bachelet government. The programme for government outlined by President Piñera included commitments that suggest a significant degree of continuity can be expected in both areas.

Considering the cooperation activities undertaken in previous programming periods, Chile can be described as a reliable partner. All cooperation programmes have been executed as planned, and national counterpart funds were delivered. The results of the programmes implemented in the framework of the CSP 2002-2006 have been very positive. The 'Modernisation of the State' programme, which was the precursor to the Social Cohesion priority in the current CSP, contributed to (i) enhancing the accessibility of public services and citizen participation in 16 Chilean public sector institutions; (ii) fostering improved and continuous cooperation between European and Chilean administrations through five public sector bodies; and (iii) generating new policies, instruments and procedures, in 16 Chilean institutions. Some of the interventions now underway in the Social Cohesion sector of the NIP 2007-10 are follow-up programmes that build explicitly on actions undertaken in the previous programming period. The Innovation and Competitiveness priority in the current CSP, similarly, builds on the 'Innovative Enterprises' programme in the previous CSP. That programme contributed to (i) the consolidation of national policies on enterprise incubators; (ii) the strengthening of financial instruments for SMEs; (iii) the improvement of technical assistance programmes for SMEs; and (iv) the fostering of entrepreneurship in Chile. The interventions undertaken gave a comparative advantage to EU cooperation in the areas of social cohesion and innovation and competitiveness that underlie the priorities identified in the current CSP and ongoing cooperation programmes.

Since 2007, the European Commission has been implementing Country-Based Support Schemes for the Non-State Actors and Local Authorities in Development and the European Initiative for Democracy and Human Rights (EIDHR) budget lines. The EU is the only significant international donor operating in these fields in Chile. Two calls for proposals resulted in the selection of 15 projects for an amount of €2 million. The responses to a further call for proposals were under evaluation in mid-2009, and another was expected to

be launched in the first semester of 2010. The final portfolio will amount to around 30 micro-projects, and 10 medium-sized thematic projects. Results so far are good. As mentioned above, the objectives are coordinated with civil society organisations, and there is scope for them to focus on some important challenges in Chile's development process. This area of EU cooperation is appreciated by other donors and key interlocutors in Chile, as well as providing the EU with good visibility.

Chile continues to participate actively in regional cooperation programmes such as ALFA, ALBAN, URB-AL and EUROsociAL, exceeding the average participation level compared to other countries in Latin America. This type of cooperation has been of added value for the beneficiary organisations, because it provides complementary and tailor-made support to sectors which would not have been reached otherwise. Chile also benefits from the @LIS II Programme that contributes to the reinforcement of regulatory and policy cooperation in the Information Society field and supports the interconnection of the research networks of Chile with those of the rest of Latin America, the EU and the World. In addition, the fact that one of the main actors in @LIS and @LIS II, the Economic Commission for Latin America and the Caribbean (ECLAC), is based in Santiago places Chile at the heart of this cooperation.

2.3.3 Lessons learnt

Experience from the implementation of the 2002-06 CSP suggests that the implementation of programmes such as the *Fondo de Aplicación del Acuerdo de Asociación* (FAAA) and *Modernización del Estado* (MDE) offered individual projects a high degree of ownership, and had a positive impact in key management areas of executing institutions, both of which have been vital to their success and sustainability. The national entities taking part were those closest to the issues, thus maximising prospects for the projects to be implemented effectively and to have significant, durable impacts. The FAAA supported technological innovation and standardisation of processes that increased Chile's export potential and provided quality assurance for European consumers. For example, Chile implemented ISO 17025 in 38 procedures and extended its implementation to the country's X, XI and XII regions. Through the MDE, at least 1 208 officials from 61 institutions benefited from scholarships that not only increased technical know-how for those institutions but also facilitated the establishment of permanent contacts with European entities. In total, 16 of the 19 participating projects contributed to the implementation of innovative policies that fostered participative processes and enhanced private/public coordination.

Although the present document does not seek to pre-define the implementation modalities for the second NIP 2011-13, the positive evaluation by all stakeholders suggests that current methods, which are based on calls for proposals, yielded good results and may continue to be appropriate.

Internal monitoring, external monitoring and evaluations for 2002-06 cooperation programmes, mainly those previously mentioned, confirmed the pertinence of the cooperation programmes and the appropriateness and advantages of the implementation modality through calls for proposals; but stressed the need to pay particular attention to the following:

- The number of selected projects should not be too high, so as to guarantee improved management efficiency and to ensure adequate technical follow-up;
- Selected projects should consider synergies in their thematic and fields of interest, so as to ensure better coherence with the programme's general objective;
- To stress the need to have permanent management counterpart teams in place during programme implementation, in charge of technical, management and financial duties for each project.

These recommendations were taken into account in the design and content of programming documents and Financing Agreements for the current cooperation cycle (2007-10).

Given that Chile is now a net international creditor, has monetary reserves estimated at around US\$ 20 billion and has recently acceded to the OECD, other bilateral donors have already decided to phase out their aid programmes. It is increasingly difficult to justify continuing development cooperation on the current basis. The economic benefit of the cooperation is marginal, so the main remaining interest is in the transfer of know-how that leads to improvements in public policy-making in Chile. European initiatives make sense only in areas where the EU can prove added value and can offer specific know-how. Cooperation should be targeted towards vulnerable groups, poverty traps and areas in which the sustainability of economic growth is at stake. Added value to justify the EU's involvement should be a corner-stone of future strategies and programmes.

2.4 QUALITY IMPROVEMENTS

EU-Chile cooperation is based on the Association Agreement signed in 2002, and on the principles of mutual interest and equal partnership. The EU response strategy for the 2007-2013 period, jointly decided with the Chilean administration, responds to the objective of deepening the Association Agreement through cooperation and policy dialogues in the areas of social cohesion, innovation and competitiveness and higher education. These areas, chosen as focal sectors, are key issues in Chile's future development and remain among the main priorities of the Piñera government. These areas are related to those addressed as priorities during the 2002-06 cooperation period, and will therefore build on the results of previous programmes.

Although governance has not been prioritised as a focal sector for cooperation, many interventions selected are intended to improve governance both generally, and in a more targeted way for the needs of specific disadvantaged groups. Where possible, such interventions are complemented by actions funded in other ways. For example, an intervention to enhance indigenous peoples' participation in improving social cohesion is underway in the Social Cohesion sector under the first NIP. This involves cooperation with the Planning and Interior Ministries and the National Corporation for Indigenous Development (CONADI). Through the EIDHR, there are also three other interventions to promote the rights of and participation by indigenous peoples.

The launch of *Becas Chile* changed the original assessment of the higher education sector. The Chilean state now provides a significant number of scholarships that allow students and professionals to gain international experience and to return with new knowledge. Consultations with the Chilean government and civil society suggest that the EU should not compete with this programme. Therefore the €3 280 000 earmarked for EU-funded scholarships for the period 2011-2013 will be reallocated for social cohesion and

innovation and competitiveness. This will boost the impact of EU-funded cooperation on social inclusion and the alleviation of relative poverty, and enable the development of efficient energy policies and sustainable energy sources, while safeguarding the environment. In order to complement *Becas Chile* and having regard to the important role that cooperation in higher education can play in strengthening ties between Chilean and European stakeholders and boosting mobility, capacities and skills, the Commission will continue to encourage Chile to participate further in the Erasmus Mundus programme (Action 1). This programme enables Chilean higher education institutions to cooperate alongside European and other world institutions in the creation of joint European Masters and/or Doctoral programmes.

The Association Agreement provides for an institutional framework of policy discussion in all fields of bilateral interaction (political, economic, cooperation) through which coherence of EU policy is guaranteed. In accordance with Chile's position as an upper middle income country, traditional development aid is increasingly complemented with policy dialogue in fields of mutual interest such as employment, human rights, energy and environment. Should the Chilean government request technical assistance in the context of the Association Agreement, including in related areas such as competition policy, the EU would seek to provide it subject to the availability of funding.

Chilean requests for support do not always have a direct pro-poor focus. Chile seeks to foster economic development and social welfare, thereby also benefiting the poor in the long term. Chile considers that the EU has a comparative advantage and wealth of relevant experience in social policies and innovation and competitiveness. Therefore, further support programmes will either be based on a broader development approach, backed by an adequate budget line, or the pro-poor factor will be made more explicit.

Particular attention will continue to be paid to key cross-cutting issues such as gender and environment, and to promoting actions which include the participation of disadvantaged groups such as women, indigenous people, children, young people, the elderly and people with disabilities. Coordination with the beneficiary country takes place through the AGCI. As mentioned in Section 2.3.1 above, Chile is emerging as a donor country, so results and good practice from cooperation projects should be shared with other developing countries.

The loss of human lives, livelihoods and development assets, combined with the rise in the cost of reconstruction efforts, has recently put the issue of disaster reduction and risk management high on the policy agenda of the European Union. In February 2009 the European Commission adopted a Communication on an EU Strategy supporting Disaster Risk Reduction in developing countries². This commits the Commission to integrate this dimension in all its development instruments. The huge earthquake that struck Chile on 27 February 2010 has increased the attention given to these matters in the EU-Chile relationship. The European Commission adopted a €3 million Primary Emergency Decision the day after the earthquake, allowing humanitarian grant agreements to be concluded with four partner organisations to provide emergency telecommunications services; help re-establish health services; and supply shelter, safe water and basic household essentials. Experts in humanitarian aid and an EU Civil Protection Mechanism expert team were also deployed to the affected area. The medium- to long-term implications of the earthquake for the EU-Chile relationship are considered in Section 3 below.

² COM (2009) 84 final of 23.02.09.

3. NATIONAL INDICATIVE PROGRAMME

Proposed priorities for 2011-2013

The National Indicative Programme for 2011-13 has been prepared on the basis of the Mid-Term Review of the Chile Country Strategy Paper (CSP) 2007-13. Relevant developments in the political, economic, social and environmental situation in Chile since the CSP was adopted in April 2007 have been considered, as have pertinent changes in the policy objectives and commitments of the EU. Relevant and emerging developments as regards the EU-Chile Association Agreement, notably the establishment of an *Association for Development and Innovation* (ADI), have been taken into account. The same applies to lessons learnt, areas in which improvements can be made, and opinions expressed by the *Agencia de Cooperación Internacional de Chile* (AGCI) and by civil society and other organisations which took part in a consultation seminar as part of the MTR in April 2009.

The review confirms that the response strategy outlined in the CSP remains relevant and appropriate, and that the two major sectors prioritised in the first National Indicative Programme (NIP) 2007-10 — social cohesion, and innovation and competitiveness — continue to be pertinent. The MTR highlighted a series of reasons to discontinue EU funding for a third, smaller sector in the NIP 2007-10, namely education (academic exchanges and scholarships), and to re-allocate remaining funds to the two other sectors. Of the indicative allocation of €41 million earmarked for EU-funded cooperation with Chile for 2007-2013, a total of €15.58 million remains to be committed in 2011-2013. The EU's cooperation strategy with Chile should therefore focus on two sectors, namely social cohesion, and innovation and competitiveness, as detailed below.

The main risk factor for the cooperation period 2011-2013 is that the very recently installed Piñera government might wish to depart from one or both of the priority sectors identified in the CSP and re-confirmed in the present document. A specific reference to EU cooperation on his campaign web site suggested this would not be the case, and the programme for government outlined by President Piñera included commitments that appear entirely compatible with this focus, on social cohesion and poverty (e.g. to eliminate extreme poverty by 2014) and on innovation and competitiveness (e.g. to maximise the effectiveness of public funds dedicated to promoting innovation). Nevertheless, to ensure full ownership of the programmes to be implemented during 2011-13, the objectives, indicators and results set out below must be treated as provisional. They may require some fine-tuning once the key senior government posts have been filled under and the new administration has taken stock and begun establishing detailed policies and priorities.

This review does not recommend any adjustments to the priority sectors following the 27 February earthquake and tsunami, for the following reasons. President Piñera has announced the establishment of a 'Reconstruction Fund' to raise the estimated €22.5 billion (US\$30 billion) needed to finance the reconstruction. This Fund will draw on various sources including adjustments to the public sector budget as well as Chile's sovereign funds (*Fondo de Estabilización Económica*) which were worth US\$11.3 billion in January 2010. Although Chile is a net creditor and has substantial own resources with which to face this challenge, the President said the Government was also considering the "prudent" use of external loans to finance the Reconstruction Fund.

In light of the above, EU assistance for Chile's long-term reconstruction is likely to be provided above all through loan finance. The Latin America Investment Facility (LAIF), with an envelope of €125 million for the period 2009-2013, will be available for this purpose and the EC proposes to fast-track Chilean requests and is ready to replenish the LAIF when necessary. On 9 March 2010, Chile signed the framework agreement that will allow the European Investment Bank (EIB) to operate there. This timely development means the EIB can be an additional tool for the EU to work with Chile in the medium- to long-term reconstruction effort. At its 22 March 2010 meeting, the EU Foreign Affairs Council expressed the hope that the European Investment Bank (EIB) would lend Chile more money for this purpose.

The National Indicative Programme for 2011-2013 is a medium- to long-term instrument with priority sectors that remain valid notwithstanding the earthquake. Even if used 100% for reconstruction, the €15.58 million available for 2011-13 would make a minimal contribution to the estimated €22.5 billion total cost. The AGCI has confirmed it does not consider any adjustments should be made to the two priority sectors. It is the view of the AGCI and of the European Commission that it would be possible to finance actions relevant to the reconstruction effort in both sectors, should this be requested and deemed appropriate during the identification phase.

3.1 Social cohesion

As with the first NIP, it is envisaged that this focal action will be implemented in specific areas related to the overall theme of social cohesion, to be agreed between the EU and Chile on the basis of objectives, expected results and indicative indicators detailed below. The precise modalities to be used in implementing these actions will be agreed by the EU and Chile. With the aim of supporting and improving public policies in social cohesion, activities such as seminars, study visits, technical assistance, capacity-building activities and activities in the framework of the policy dialogue on employment and social issues may be financed. In the context of the ADI, EU funds could be used to finance activities including exchanges of experience, information and know-how with the EU and other Latin American countries concerning best-practice policies and actions to promote social cohesion, subject to the provisions of the EU Financial Regulation. The EU-Chile Association Council as well as the Association Committee will continue to play an important role in monitoring and setting the main priorities for this action.

Objectives

The overall objective will be to contribute towards the achievement of a more cohesive society in line with relevant targets established by the Chilean government.

The specific objectives are:

- To reduce inequalities related to gender, ethnic origin, age, disability, geographical location and other factors that may lead to exclusion or discrimination, by improving the impact of public programmes and enhancing access to employment, health care, education and vocational training, social protection and justice; and
- To achieve a more equitable distribution of social and fiscal resources by promoting social dialogue and building capacities within national authorities in social policies

and programmes, taking into account synergies between social cohesion and sustainable development.

Expected results

- Increased access for the less privileged to the overall benefits of socio-economic development (R1);
- Improved and expanded skills and competences of the workforce (R2);
- Improved planning, management, monitoring and evaluation of social policies (R3);
- Improved quality of public programmes on access to employment, justice, health care, education and social protection (R4).

Indicative indicators

- Percentage of less privileged beneficiaries with improved access to health, education, justice and employment (R1.I1);
- Increased confidence, degree of organisation and recognition in the targeted disadvantaged population sector(s) (R1.I2);
- Percentage of trained workforce using new skills and competences (R2.I1);
- Extent to which targeted less privileged population secures specific benefits and improves its situation relative to the whole beneficiary population (R2.I2);
- Number and quality of new and/or re-designed public programmes, including action directly related to social cohesion (R3.I1);
- Number of social policies involved and extent to which each achieves planned results and objectives (R3.I2);
- Quality of social policies designed in term of coherence, participation and other relevant factors (R3.I3);
- Number and quality of identifiable new policy initiatives related to social cohesion programmes (R4.I1);
- Outcomes of dialogues sustained on public interest and welfare issues (R4.I2);
- Quality of public programmes implemented in terms of effectiveness, sustainability and other relevant factors such as environmental issues (R4.I3);
- Extent to which territorial discrepancies tend to decrease at national and local levels (R4.I4).

Risks and assumptions

Achievement of a more cohesive society has been acknowledged by both the former government and the current one led by President Piñera, as well as by society at large, as one of the most pressing priorities in Chile's overall development. It can therefore be assumed that there is no risk concerning sustained commitment from the Piñera government to continue prioritising this area.

Although the EU contribution to the sector is quantitatively small in comparison with Chile's own resources, the EU is by far the largest of the remaining traditional donors in this sector (see Annex 3). The relatively small financial sum involved could pose the risk that the Chilean authorities might not give a high priority to the EU intervention. But the generally excellent state of EU-Chile relations and the decision to establish the ADI indicate that Chile does indeed value its partnership with the EU and is likely to continue to want the benefit of European know-how that can be shared by means of cooperation in this sector.

Estimated EU contribution

The estimated EU contribution will be 50% of the total amount of the National Indicative Programme 2011-2013.

3.2 Innovation and competitiveness

As with the first NIP, this focal action would be implemented in specific areas related to the overall theme of innovation and competitiveness, to be agreed between the EU and Chile on the basis of objectives, expected results and indicative indicators detailed below. The precise modalities for implementing these actions will be agreed by the European Commission and Chile, but actions and interventions could include regional innovation, clusters, Science & Technology (S & T), energy, the environment, support for small- and medium-sized enterprises, and sectors that facilitate trade with the EU, in fields such as standardisation, technical regulations and conformity assessment procedures, trade-related intellectual property rights (IPR), and sanitary and phytosanitary standards (SPS), among others. Actions should be complementary to and/or support the Chilean government's National Strategy for Innovation and Competitiveness. In the context of the ADI, EU funds could be used to finance activities including exchanges of experience, information and know-how with the EU and other Latin American countries on policies and actions to promote innovation and competitiveness, subject to the provisions of the EU Financial Regulation. The EU-Chile Association Committee and the Association Council will continue to play an important role in monitoring and setting the main priorities for this action.

Objectives

The overall objective will be to contribute to the promotion of innovation and competitiveness in the Chilean economy, in line with relevant targets established by the Chilean government, to face the challenges posed by increased global competition as well as mitigation and adaptation to climate change, thereby contributing to mutually beneficial reinforcement of the EU-Chile relationship.

More specifically, it aims to develop and facilitate sustainable economic growth and technological innovation in the productive sector that:

- leads to more competitive production with higher value added;
- integrates environmental concerns, in particular for small and medium-sized enterprises (SMEs);
- meets EU and international sanitary and phytosanitary requirements;
- continues to promote convergence with the EU regulatory approach to industrial products;
- helps Chilean companies and relevant institutions to benefit from European innovation and know-how;
- promotes S & T transfer and the establishment of closer links between partners involved;
- helps to develop efficient energy policies, increase access to sustainable energy sources and contribute to mitigation and adaptation to climate change;
- supports life-long learning for relevant actors in the field, by improving and updating specific skills and knowledge at centres of excellence in EU Member States;
- promotes the protection, legitimate use and diffusion of intellectual property rights.

Expected results

- Productivity and competitiveness in the Chilean productive sector are improved, in particular for SMEs, which may result also in the creation of new jobs (R1);
- Increased awareness of and use by the Chilean productive sector of EU and international environmental, sanitary and phytosanitary and technical standards (R2);
- Skills and knowledge of Chilean professionals working in fields related to innovation and competitiveness are improved and updated (R3).

Indicative Indicators

- Identifiable new policy initiatives in the field of innovation and competitiveness (R1.I1);
- Rates of economic growth, unemployment and other relevant macro-economic indicators (R1.I2);
- Level of complexity of the procedure (number and difficulty of steps) required to open a business (access to the market) (R1.I3);

- Number of new products developed, including those with substantial added value (R1.I4);
- Number of patents and trademarks (R1.I5);
- Complexity and effectiveness of legal procedure to enforce intellectual property rights (R1.I6);
- Number and quality of new projects received with risk and venture capital (R1.I7);
- Number of new public programmes promoting competitiveness and innovation that integrate sustainable development and environmental concerns (R2.I1);
- Coverage and impact of targeted technical or managerial capacity-strengthening (R2.I2);
- Number of new products and/or technologies that comply with or surpass relevant environmental requirements and/or sanitary and phytosanitary standards (R2.I3);
- Number of national brands established in national and international markets (R2.I4);
- National legislation and regulatory standards adapted to new international commitments (R2.I5);
- Rates of growth of trade and other relevant macro-economic indicators (R2.I6);
- Percentage of trained professionals using new skills and competencies, and impact in terms of new products and/or technologies (R3.I1);
- Quality of management in targeted SMEs (R3.I2);
- Extent to which targeted disadvantaged population sector(s) secures specific benefits and improves its situation relative to the whole beneficiary population (R3.I3);
- Percentage of overall budget of targeted SMEs that is used for R & D activities (R3.I4);
- Number of new processes and products using research results, particularly those involving Chilean researchers (R3.I5).

Risks and assumptions

The promotion of innovation and competitiveness was a priority for the former government and has been acknowledged as such by the current one led by President Piñera. The creation of the National Council for Innovation and Competitiveness (CNIC) in 2006 confirmed President Bachelet's commitment to the issue. The Council has a direct mandate from the Presidency. At this stage it remains to be seen to what extent the Piñera government may seek to change the composition and policies of the CNIC. But, considering the attention paid to innovation at a cross-party level, it can be assumed that

there is no risk concerning sustained commitment from the Piñera government to continue prioritising this area.

Although the EU contribution to the sector is quantitatively small in comparison with Chile's own resources, it is by far the largest of the remaining traditional donors in this sector (see Annex 3). The relatively small financial sum involved could pose the risk that the Chilean authorities might not give a high priority to the EU intervention. But the generally excellent state of EU-Chile relations and the decision to establish the ADI indicate that Chile does indeed value its partnership with the EU, and is likely to continue to value European know-how that it can share by means of cooperation in this sector.

Estimated EU contribution

The estimated EU contribution will be 50% of the total amount of the National Indicative Programme for 2011-2013.

3.3 Cross-cutting issues

Gender

Actions which seek to encourage the participation of women will be given particular attention in both priority sectors, and gender mainstreaming will be encouraged in all interventions, with a view to taking full account of gender concerns and promoting the rights of women and girls at all levels and stages of the design and implementation of EU-funded cooperation actions.

Environment and Sustainable Development

Close attention will be paid to environmental sustainability in the design and implementation of all EU-funded cooperation activities in both priority sectors in 2011-13. In identifying social cohesion actions, particular attention will be paid to the mainstreaming of environmental concerns as a transversal issue, with a view to contributing to supporting sustainable development in Chile. Actions related to the development and/or involvement of environmentally sustainable technologies and promoting renewable and efficient energy policies will be encouraged in the field of innovation and competitiveness.

Indigenous peoples

Projects which seek to reduce inequalities based on ethnic origin will be given particular attention, and mainstreaming of the indigenous factor will be encouraged in all projects, with a view to taking full account of cultural, linguistic and other specificities and promoting the involvement of indigenous peoples at all levels and stages of the design and implementation of EU-funded cooperation actions.

3.4 Other instruments

Activities financed by thematic programmes and other horizontal instruments should be consistent with the present strategy. Special attention will be given to coordinating and achieving synergies between bilateral interventions and projects from the 7th Research Framework Programme. Adequate coordination mechanisms will continue to be used to ensure coherent use of instruments. The European Commission, in close coordination with the AGCI, can play a crucial role in ensuring coherence in the use of the various

instruments in the field. The EU and the AGCI already organise and/or participate in regular and *ad hoc* meetings with Member State Embassies and other donors in Chile to exchange lessons learnt and ensure coherence of EU policies with other cooperation activities and programmes in the country.

3.5 National Indicative Programme 2011-2013

Focal Sector	Amount €
1. Social cohesion	7 790 000
2. Innovation and competitiveness	7 790 000
TOTAL	15 580 000 <i>38% of Total 2007-13</i>

CHILE

Country Strategy Paper 2007-2013 MID TERM REVIEW

Annexes

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2. Country at a glance
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4. MTR consultation process
5. Country Environmental Profile
6. Country Governance Profile
7. MDG indicators
8. Migration profile

ANNEX 1

ACRONYMS

@LIS2	Alliance for the Information Society, Phase 2
AA	EU-Chile Association Agreement
ADI	Association for Development and Innovation
AGCI	Chilean Agency for International Cooperation
ALBAN	Alban Programme for High level scholarships to Latin America
ALFA	Cooperation programme between EU & Latin American Higher Education Institutions
AUGE	‘Universal Access with Explicit Guarantees’ Health Care Programme, Chile
CNIC	National Council for Innovation and Competitiveness, Chile
CODELCO	Chilean National Copper Corporation
CONACE	National Drug Control Commission, Chile
CONADI	National Corporation for Indigenous Development, Chile
CONAMA	National Environmental Commission, Chile
CRE	Centre for Renewable Energies, Chile
CSP	Country Strategy Paper
EC	European Communities
ECLAC	Economic Commission for Latin America and the Caribbean
EFTA	European Free Trade Area
EMECW	Erasmus Mundus External Cooperation Window-Chile
EU	European Union
EUroSociAL	Regional Programme for social cohesion in Latin America
FTA	Free Trade Agreement
FTAA	Free Trade Area of the Americas
GDP	Gross Domestic Product
GNP	Gross National Product
HDI	Human Development Index
ICC	International Criminal Court
IDB	Inter-American Development Bank
ILO	International Labour Organisation
IMD	Institute for Management Development
IPR	Intellectual Property Rights
MDGs	Millennium Development Goals
MTR	Mid-Term Review

NGO	Non-governmental organisation
NIP	National Indicative Programme
OAS	Organisation of American States
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
PRELAC	Programme against Diversion of Drug Precursors in Latin America & the Caribbean
SMEs	Small and medium-sized enterprises
SPS	Sanitary and phytosanitary
UN	United Nations
UNDP	United Nations Development Programme
UPR	Universal Periodic Review (of Human Rights, by the UN)
URB-AL	Cooperation programme between local authorities of Europe and Latin America

ANNEX 2

COUNTRY AT A GLANCE

Surface area 756,626 km ²	Population 16,928,873 (2009)	Population density 22.4 inhab/km ² (2008)		
Population of capital city Santiago: 6.3 million (2007, UNDP)				
Annual population change (% per year)				
1995-2000 average growth: 1.36%		2000-2005: 1.01%		2006: 1.02% 2008: 1%

Economic summary

Indicator	2001	2002	2003	2004	2005	2006	2007	2008	2009
Real GDP growth (%)	3.5	2.2	4.0	6.0	5.6	4.6	4.6	3.7	-1.5
GDP in million. int. dollars (PPP)	153,008	158,842	168,707	183,175	198,611	214,494	230,962	243,357	NA
GDP per capita, current prices (US\$)	4,451	4,314	4,698	5,982	7,288	8,942	9,881	10,117	NA
Inflation, average (%)	3.6	2.5	2.8	1.1	3.1	3.4	4.4	8.7	1.5
Exports (million US\$)	18,271.8	18,179.8	21,664.2	32,024.9	41,266.9	58,680.1	67,655.8	66,455.5	53,024.1
Imports (cif, million US\$)	17,799.1	17,146	19,322.4	24,793.5	32,735.1	38,406.1	47,163.8	61,903	42,377.5
Fiscal deficit (% GDP)	-0.5	-1.2	-0.5	2.1	4.6	7.7	8.8	5.3	NA
Unemployment	9.9	9.8	9.5	10	9.2	7.8	7.1	7.8	9.7

Source: Central Bank of Chile (www.bcentral.cl), International Monetary Fund — World Economic Outlook Database October 2009, Chilean National Statistics Institute — INE (www.ine.cl)

Selected social indicators

Indicator	2000	2001	2002	2003	2004	2005	2006	2007	2008
Adult literacy rate over age of 15 (%)	96		96					97	
Primary school enrolment, net (%)								94	
Primary completion rate, total (% relevant age group)	98		100	97	95			95	
Secondary school enrolment, net (%)								85	
Life expectancy at birth (years)	77		78			78	78	78	
Underweight children <5 (%)								0.6	
<5 mortality rate (per 1 000 live births)	11					9.5	9	9	
Maternal mortality rate (per 1 000 live births)						0.16			
Children <2 fully immunised, DPT (%)	91	97	97	96	93	91	94	94	97
Children <2 fully immunised, Measles (%)	97	96	95	96	94	90	91	91	96
Births supervised by trained personnel (%)		100	100	100	100	100			
Access to improved water source (%)	93						95		
Access to improved sanitation facilities (%)	91						94		
Poverty headcount below US\$2/day, PPP (% pop.)*	6			5			2.4		
Urban population (% total)	85.9	86.2	86.6	86.9	87.3	87.6	87.9	88.2	88.4
Gini Index				0.55			0.52		

* Poverty (% population below *national* poverty line) is 14% according to the World Bank.
Sources: ECLAC (www.cepal.org), World Bank — World Development Indicators 2009

ANNEX 3

DONOR MATRIX (amounts in €)

Donor	Social Development (Education)	Social Development (Health)	Social Development (Gender)	Social Development (Youth)	Social Development (Children)	Social Development (Other)	Science & Technology	Private Sector Support	State Modernisation	Environment	Total
Sector											
Multilateral						27 764 500	106 000		54 500	1 072 900	28 997 900
EU						27 750 500				949 500	28 700 000
OAS						14 000	106 000		54 500	123 400	297 900
EU MS	35 000	21 000	60 000	6 250		411 625	257 500	7 100	4 661 573	94 834 118	100 294 166
Germany				6 250		46 225			3 430 000	94 576 918	98 059 393
Belgium	x	x	x			290 000		x		x	290 000
Spain		21 000	60 000						1 231 573		1 312 573
France						x			x		n/a
Sweden	35 000					75 400	257 500	7 100		257 200	632 200
Others									211 900		211 900
Canada									211 900		211 900
Japan	x	x				x		x		x	n/a
Total	35 000	21 000	60 000	6 250	0	28 176 125	363 500	7 100	4 927 973	95 907 018	129 503 966

X = projects ongoing, financial allocation not available

In the framework of the Mid Term Review Exercise, in April 2009 the EU Delegation to Chile organised a meeting in Santiago with key civil society representatives on the Chile-EU Cooperation Strategy 2007-2013. The main objective was to seek the views of civil society on the current cooperation strategy and any suggestions for improvement.

The meeting was divided into four workshops according to the cooperation priorities identified in the CSP and being implemented in the first NIP, i.e. social cohesion; innovation and competitiveness; higher education; and as a cross-cutting issue, environment. Each workshop took stock of existing cooperation strategy and developed proposals that were presented to a closing plenary session.

In the field of **Social Cohesion**, the workshop concluded that the main challenges in Chile were inequality and the need to reassess civil society participation. The following actions were suggested:

- Building alliances between the Government and civil society to start a political dialogue
- Inclusion of civil society in the construction of what is public and of public policies
- Continuous training of citizens on public affairs
- Training of civil servants to improve their approach towards civil society.

In the field of **Innovation and Competitiveness**, participants' main focus was on what they perceived as a missing link between government policies to promote innovation and their practical implementation at civil society level, particularly with regard to entrepreneurship. Proposals to improve cooperation in innovation and competitiveness included the following:

- Create a fund for benchmark studies with European experience
- Expose Chilean entrepreneurs to European practices; identify trade partners for joint innovative developments as part of this
- Analyse existing instruments for promoting innovation and identify improvements by using European experience and lessons learnt from EU projects in Chile
- Take European models of tested effectiveness (institutional, specific instruments, etc.) and test them in Chile in a controlled way. Concentrate resources on a few projects to ensure visibility and impact
- Integrate criteria in calls for tender that encourage and reward close cooperation between Government and civil society, for example, by providing more funding if a project includes civil society.

In the field of **Higher Education**, the main problem identified in the workshop was lack of quality in Chilean higher education. The main actions suggested were:

- Lack of quality and equity in education:
 - Catch-up programmes for disadvantaged pupils entering Higher Education
- Weaknesses in pedagogical careers and lack of social awareness of teachers:
 - Programmes that strengthen Pedagogical Careers

- Design of a special accreditation process for teacher trainers
- Pedagogical training programmes for academics in higher education
- Internationalisation of teachers

- Internationalisation of Universities:
 - Programmes to promote second language knowledge
 - Internships and traineeships abroad
 - Student mobility grants in undergraduate studies

- Low appreciation of higher technical education:
 - Prioritisation of grants for higher technical education
 - Certification validating studies in higher technical education

In the field of **Environment**, the challenges to be tackled by Chile concerned basic environmental education, access to information, civil society participation, the integration of climate change and environmental deterioration in the country's outlook, sustainable spatial planning and full implementation of a new institutional set-up (Ministry, supervisory agencies etc). Actions suggested included:

- Provide funds to strengthen civil society
- Provide strategic environmental impact mechanisms and support the development of technical regulations and their applicability
- Establish concise indicators, objectives and methods of accountability that ensure the integration of environmental aspects in development actions
- Strengthen environmental institutionalisation including:
 - Adequate budget
 - Improve technical aspects and training that permits rigorousness and credibility in decision-making processes
 - Integration of basic management strategies
 - Integration of long-term environmental considerations into energy policy

The results of the seminar were summarised in a conference report (in Spanish) which was distributed to participants at civil society and government level and published on the EU Delegation's web site.

Background

Chile's unique geography – 4 300 km long and 175 km wide – makes for a wide variety of climatic conditions, ranging from the world's driest desert, the Atacama, in the north through temperate climates in the central and southern regions to areas of heavy rainfall and a snow-prone Alpine climate in the far south. The Andes mountain range dominates the topography from north to south. Chile has a wealth of mineral resources that lie close to the sea, making it the world's leading producer of copper, lithium and rhenium and a substantial producer of molybdenum, mercury, gold and silver among other mineral products. It faces the major inter-related challenges of minimising the environmental impact of economically important sectors such as mining, forestry and aquaculture, and mitigating and adapting to climate change. Other threats include air pollution from vehicle and industrial emissions, water pollution from untreated industrial sewage, deforestation and soil erosion.

Environment

Evidence of increasingly severe environmental degradation, for example in air quality in the Santiago Metropolitan Region and around copper smelters in northern Chile, along with the restoration of democratic institutions in 1990, led to a greater emphasis on environmental protection by successive Chilean governments in the period 1990-2004. Chile strengthened its environmental institutions during that time, most notably through the 1994 General Environmental Framework Law. This established the National Environmental Commission (CONAMA), which reports directly to the President's office through the General Secretariat of the Presidency. CONAMA is a public body that operates as a decentralised service under a special regime, coordinating government environmental policies, preparing environmental regulations and promoting the integration of environmental concerns in other policies.

Much of Chile's environmental progress over the review period was driven by concerns about the health impacts of pollution, and related effects on health expenditure and labour productivity; as well as the need for corporate environmental responsibility in industries largely exporting to OECD countries. Chile uses a wide range of instruments in connection with environmental policy: environmental impact assessment (EIA), other regulatory instruments, economic instruments including trading mechanisms, voluntary approaches and planning and information instruments. Chile has put limited emphasis on regulation and information and, more recently, has increased its focus on land use planning and voluntary approaches.

As a precautionary tool, the EIA system is well established and has proved active and influential. Chile was a pioneer in the use of trading mechanisms such as tradable particulate emission permits in Santiago, nationwide trading of water rights and individual transferable quotas for some fish species. These programmes have provided invaluable experience and are potential first steps towards wider or more active markets, but at their current scale the economic efficiency benefits are small. A major and successful reform in water and sanitation services provision to households led to the restructuring of the water sector, full-cost pricing and rapid infrastructure improvement. This reform reinforced Chile's progress towards fully applying the polluter pays and user pays principles. Efforts

to ensure that at least half of municipal solid waste is placed in sanitary landfills were reinforced in 2002, and this objective has been accomplished all over the country. Voluntary approaches now involve many firms, accounting for about half of GDP, largely because their export markets are OECD countries where consumers, producers and financial institutions demand high environmental standards. Total public and private environmental expenditure (including water supply) has reached about 1.25% of GDP in recent years. Most expenditure has gone to water-related infrastructure and reducing copper smelter emissions.

Since 2004, Chile has continued to strengthen its environmental legislation, institutions and policies, helped by a very ambitious and detailed set of recommendations following the comprehensive Environmental Performance Review conducted in 2005 in the framework of the OECD accession process. Under the Bachelet government, ministerial status was granted to the post of Director of CONAMA which has played an increasingly important role in promoting environmental considerations across the board. The EC is providing funding of €949 500, in the framework of the CSP 2002-06, to help CONAMA to develop its Strategic Environmental Assessment capacity. In November 2009, the Congress approved legislation that will permit the establishment of a full Ministry of the Environment, an Environmental Evaluation Service and a Supervisory Environmental Agency (*superintendencia*). This reform will further improve environmental policy design and implementation in Chile, and will facilitate the effective application of relevant OECD legal instruments which Chile is committed to implementing within specified timeframes.

Other specific programmes being implemented by Chile since 2007 in connection with OECD accession include the development of an integrated plan for solid waste reduction and management; various actions to promote cleanliness and recycling at local level; the adoption of a National Policy on Chemical Safety in November 2008 as well as the preparation of a national database of production and use of chemical hazards and provision of environmental training to trade union leaders in the chemicals sector; preparation of a national watershed management strategy; creation of a system of protected areas in cooperation with the UNDP; establishment of standards, policies and plans for disaster prevention and decontamination; and the establishment of an Environmental Protection Fund.

Air

In the beginning of the 1990s, the authorities identified the air pollution problems as the priority in this field. The short-term approach placed strong emphasis on Santiago's critical problems and on copper mining. Later efforts were directed towards urban areas such as Talcahuano, and Greater Concepción, which had the most serious urban pollution problems after the Metropolitan Region. By 2004, the air pollution prevention and control plans in the Metropolitan Region had been implemented and launched, allowing significant reductions in emissions of criteria pollutants and in the number of pre-emergencies. No pollution emergency levels have been registered since 2000. It was hoped that the transport plan for Santiago (*Transantiago*) would significantly improve traffic management in the Metropolitan Region, but the problems surrounding its launch (see main document) have made it premature to seek clear results here. An emission trading programme for particulates was established in 1992 for point sources. Switching to natural gas contributed to sizeable reductions in PM10 and PM2.5 levels. The removal of coal subsidies was also environmentally beneficial.

Sulphur, particulate and arsenic emissions from copper smelters have been considerably reduced. Chile still has to face major health and air pollution challenges in the Metropolitan Region and in the mining sector. Good progress has been achieved in the last couple of years both in extending air monitoring to other Chilean regions and initiating a series of decontamination actions in the Metropolitan Region, in Temuco and Padre Las Casas, Concepción and Tocopilla, and in the Central Valley of the O'Higgins Region (VI Region). General emission standards are lacking for industrial processes and for emitters of toxic air contaminants, although again there has been some progress e.g. on arsenic levels. Emissions of SO_x — because of copper smelter emissions — need to be reduced further, while more attention could also be paid to the use of fiscal instruments to internalise environmental externalities in the transport and energy sectors.

Water

In the 1990s and under the Environmental Framework Law, a process to establish new environmental standards to protect water resources began. Some of these standards are designed to control water emissions and quality for surface water as well as groundwater, which aim to protect human health and ecosystems (primary and secondary quality standards respectively). The development of standards is still in its early stages. Chile has undertaken a major water reform concerning the delivery of water supply and sanitation services. As a result, water infrastructure has dramatically improved in line with the regionalisation and privatisation of water companies. Two thirds of the urban population are now connected to waste water treatment, and plans call for urban sewage treatment to continue to increase. Full cost recovery pricing applies to public water supply and sewage treatment, in the context of price regulation at regional level and subsidies to the poorest 18-20% of the population. Water prices increase during the summer reflecting water scarcity.

Even though most Chilean water bodies are of acceptable quality, water quality is poor in some lakes, rivers and coastal waters, mainly due to untreated urban and industrial sewage discharges. There are no water quality objectives aimed at preserving ecosystems, though they are being discussed. Different government agencies are in charge of monitoring and inspecting water quality. Again, some progress has been achieved in recent years. In 2008, for example, CONAMA approved Chile's first ever regulation to define and protect a specific natural resource, in this case the surface waters of the watershed of the Serrano River. It is working on similar regulations for the Huasco and Mataquito Rivers and for the Llanquihue Lake.

Biodiversity

Since 1990 Chile has enacted several laws aimed at protecting nature and in late 2003 it adopted a national biodiversity strategy. More detailed regional biodiversity strategies and a national biodiversity action plan are in preparation. Natural resource laws and regulations include sustainable management provisions, as do the plans for tourism development. Chile has designated for legal protection almost one fifth of its territory, including nine Ramsar sites and seven UNESCO biosphere reserves. Nevertheless, the OECD's Environmental Performance Review found in 2005 that the protection of nature had not been given enough emphasis and resources to deal with long-term threats to Chile's highly endemic biodiversity. Despite improvements over the review period, nature and biodiversity protection and its enforcement were still under-funded.

Since then, Chile has drawn up an Integrated Biodiversity Plan together with a series of components such as a National Biodiversity Strategy; and National Policies for Protected Areas, Threatened Species, Wetlands and Glaciers. It has taken steps to put these policies into motion, establishing a National Operational Committee for Biodiversity, and consolidated and improved the database and information systems on the country's biodiversity and protected areas. Work has been done to establish a public-private partnership with the mining sector to enhance the latter's efforts to conserve biodiversity and to design a fund to finance research into biodiversity and climate change. It is, however, not clear whether Chile will meet its target of protecting 10% of all significant ecosystems by 2010.

Climate Change

Historically, Chile has not contributed much to the total build-up of greenhouse gases (GHG), being responsible for an estimated 0.2% of total global GHG emissions; but it aspires to be a Latin American forerunner on confronting the issue. At mid-2009, Chile had 34 emission-reducing or -removing projects registered via the Kyoto Protocol's Clean Development Mechanism, and was sixth in the world in terms of Certified Emission Reduction credits (CERs³) earned. These projects, including landfill and agricultural methane gas capture, a nationwide energy efficiency CFL light bulbs installation programme and a wind energy project, have yielded around US\$300 million in traded carbon credits for Chilean enterprises. Efforts by Chile to protect the ozone layer in the framework of the Montreal Protocol were complemented by a specific Law on Ozone enacted in 2006 which strengthens controls on relevant substances and provides for better public information on health risks.

In 2008, Chile adopted a National Climate Change Action Plan for 2008-2012 which includes activities for studying impacts and vulnerabilities; funding adaptation measures; and supporting mitigation endeavours including the creation of a Centre for Renewable Energies, establishing an increase of funds for a national energy efficiency programme, further studies into harvesting biofuels and increasing bicycle lanes for transport. The Bachelet government nevertheless re-confirmed plans to increase the share of coal-fired energy from 17% of Chile's total to 25% in 2015, and included a series of new coal plants in the construction pipeline. Chile is also considering investing in nuclear energy. Meanwhile, many plans for further development of renewable energy, including solar, wind, hydro-electric plants and geo-thermal energy complexes, provoke controversy due to their potential impact on environmentally sensitive areas, in some cases on land in historically indigenous regions.

Energy

Chile's energy sector has four distinctive characteristics. First, it has limited indigenous fossil energy resources and yet fossil fuels account for almost 80% of the country's total primary energy supply (TPES). As a result, Chile imports close to 75% of its TPES in the form of oil, gas and coal. In the case of natural gas, this external dependence was concentrated almost exclusively on one supplier — Argentina — until the arrival of liquefied natural gas (LNG) in July 2009. Second, Chile's unique geography has shaped its electricity systems in a specific way. The northern system (SING) comprises one-third of total installed capacity and

³ CERs can be traded and sold, and used by industrialised countries to meet a part of their emission reduction targets under the Kyoto Protocol.

covers an area equivalent to 25% of Chile's continental territory, in which only 6% of the population lives. Large industrial customers, mainly mining companies, account for around 90% of electricity consumption in the SING. The central system (SIC) is the country's main electrical system, providing electricity to more than 90% of Chile's 17 million inhabitants, including the country's largest consumption centre, the Santiago Metropolitan Region.

A third notable characteristic is the distinctive role played by combustible renewables and waste, accounting for 16% of Chile's TPES. Biomass, in the form of firewood mostly used for heating and cooking, accounts for 57% of energy consumption in the residential sector, with potentially adverse health impacts. The market for firewood is largely informal, thus posing particular regulatory and policy challenges. Native forests are now protected by law and the government is promoting the certification of wood production. In this context, it is worth noting that the EC is providing funds worth €4.6 million in 2007-11 for the programme 'Renewable Energy to Conserve Native Forests in Southern Chile' being implemented by Chile's *Sistema Nacional de Certificación de Leña*.

Last but not least, the fourth characteristic is that Chile's geography has also endowed it with a significant renewable energy potential that includes a wide spectrum of renewable energy sources ranging from mature technologies, including hydro-power and biomass, to emerging technologies, such as solar, ocean and wave energy. The Chilean government recognises the significant long-term potential of renewable energy in Chile and has recently adopted a wide-ranging approach, which includes assessment studies, a law for the development of non-conventional renewable energy, specific financial support measures, and research and development activities.

Chile has been praised for its pioneering privatisation and liberalisation of the electricity sector in the 1980s, creating a competitive energy sector which sustained the rapid economic growth of the past two decades. Growing demand over the past two decades has been accommodated by a rapid increase in installed capacity, almost entirely financed and built by the private sector. Between 1982 and 2008, the proportion of households with access to electricity increased from 62% to 98.5% nationwide. Urban coverage now stands at 99%, while the proportion of rural households with access to electricity rose from 53% to 94.5% between 1992 and 2008. The Bachelet government made a commitment to achieve 96% electricity coverage of rural households by end-2010, and to improve quality of supply in isolated communities by promoting the use of nonconventional renewable energy.

In common with many countries, Chile faces the difficult challenge of finding additional energy supplies to fuel economic growth and meet the growing demand from previously excluded sectors of the population while at the same time responding to the global challenge of climate change and sustainability. With limited fossil energy resources and much more to be done to develop renewable energy supplies, Chile depends on imports to meet three-quarters of its energy needs. This in turn makes it vulnerable to external shocks, the most recent of which took place in 2007-08, when the loss of natural gas imports from Argentina was exacerbated by a drought in the central electricity generating system, where hydro-power normally accounts for over half of supplies.

Increasing concerns about climate change and the possibility of an international post-Kyoto climate agreement make energy and environment policy coordination in Chile even more important. The OECD accession process has contributed to institutional reforms which may

help in the medium term. At the end of November 2009, President Bachelet enacted legislation to convert the National Energy Commission into a full Ministry and establish a Chilean Agency for Energy Efficiency that will complement a Centre for Renewable Energies (CRE) that was established in August.

Although there has been significant growth in the renewable energy sector in the last five years and some progress in terms of 'green business' strategies, internal conflicts and contradictions abound. Due to factors including the booming energy-intensive mining sector, increased car use linked with economic growth and plans to increase reliance on coal in response to disrupted gas supplies from Argentina since 2004, the rate of growth of Chile's greenhouse gas (GHG) emissions in the past decade has been among the highest in the world, alongside China and India. Investment in new coal-fired power plants is expanding at a much faster rate than in renewable energy sources. Chile's GHG footprint will increase by more than 400% by 2030 if it continues at its current pace and manner of economic development, according to a study by the *Universidad de Chile*. The *Comisión Chilena del Cobre* reported in July 2009 that GHG emissions from the copper mining industry increased by 48% over the previous five years — all the more worrying as production of copper fell by 2% in that period. Meanwhile, many plans for further development of renewable energy, including solar, wind, hydro-electric plants and geo-thermal energy complexes, provoke controversy due to their potential impact on environmentally sensitive areas, in some cases on land in historically indigenous regions.

The OECD has recommended that Chile should consider formulating a national greenhouse gas emissions mitigation strategy with indicative objectives, both nationally and at the sector level, to prepare its economy for a possible post-Kyoto international climate agreement and help to avoid the risk of 'locking-in' future CO₂ emissions in the electricity sector.

Disaster Preparedness

Like other countries in the region, Chile is exposed to a range of natural disasters including volcanic eruptions, earthquakes and tsunamis, landslides, flooding and drought. It has a well-established and normally effective institutional set-up, centred on the Office for National Emergencies (ONEMI) which is under the responsibility of the Ministry of the Interior and is the Technical Official Governmental Agency for Civil Protection Management. ONEMI coordinates the National Civil Protection System with the involvement of public and private sector institutions and services, including civil society organisations and local authorities, and implements and/or promotes extensive disaster risk reduction and preparedness and early warning measures as well as response and rehabilitation. Strict building codes that take into account Chile's vulnerability to earthquakes are generally well-enforced.

Chile's preparedness for and capacity to respond to disasters is generally very good, and the country makes an important contribution to increasing disaster preparedness at regional level by sharing its experience with other Latin American countries with less well developed capacities, through programmes such as the EC-funded *Apoyo a la Prevención de Desastres en la Comunidad Andina* (PREDECAN). Chile has also been playing an active role in the response to Haiti, where it was already engaged through a substantial commitment to MINUSTAH.

Despite all this, however, Chile struggled to cope with the magnitude and extent of the damage and dislocation caused by the 8.8 Richter earthquake and tsunami on 27 February. There was a delay in issuing the tsunami warning, which may well have cost lives in the most vulnerable areas, and this led to the resignation of the director of the Chilean Navy's *Servicio Hidrográfico y Oceanográfico de la Armada* (SHOA). The ONEMI appeared overwhelmed, and was heavily criticised for not having reacted in an appropriate way to the catastrophe, leading its director also to resign. Improvements in disaster preparedness are likely to have an important place on the political agenda in Chile in the coming years, alongside the reconstruction effort. The impact on infrastructure was enormous, with some 200,000 houses severely damaged or completely destroyed, as well as important public and industrial infrastructure including bridges, hospitals and schools and sectors including fishing, pulp and paper, wine and agriculture. One month after the disaster, no reliable death toll was yet available, although it was relatively low considering the magnitude of the earthquake, the fifth largest ever recorded.



Governance Matters 2009
Worldwide Governance Indicators, 1996-2008

Country Data Report for CHILE, 1996-2008

This Data Report provides a summary of the six aggregate governance indicators, together with all of the publicly-available disaggregated data on which the aggregate indicators are based. The underlying data as well as methodological issues are described more fully in "Governance Matters VIII: Governance Indicators for 1996-2008" (June 2009).

The Report displays the country's performance for all available years between 1996 and 2008 in six governance dimensions: i) Voice & Accountability, ii) Political Stability and Lack of Violence/Terrorism, iii) Government Effectiveness, iv) Regulatory Quality, v) Rule of Law, and vi) Control of Corruption. Each page shows the country's percentile rank on one of the six governance indicators. Percentile ranks indicate the percentage of countries worldwide that rate below the selected country. Higher values thus indicate better governance ratings. The graph also reports the margins of error displayed in the line charts by dashed lines, and corresponding to a 90% confidence interval. This means that there is a 90 percent probability that governance is within the indicated range.

Underneath the line charts, the Report also displays data from all the underlying sources used for that indicator. Individual ratings have been rescaled to run from 0 (low) to 1 (high). These scores are comparable over time and across countries since most individual measures are based on similar methodologies over time. Scores from different individual indicators are not however directly comparable with each other since the different data sources use different units and cover different sets of countries. The data from the individual indicators are in fact further rescaled to make them comparable across data sources before constructing the aggregate governance indicators. Note that for some variables we present an "NP", where "NP" stands for "Not Public", because the data is confidential and cannot be publicly disclosed at the request of the organizations producing the data. To find out more about each source/organization click on the provided links. More information about each of the underlying organization/source can also be found in Appendices A and B of the Governance Matters VIII paper.

Relevant links:

www.govindicators.org
www.worldbank.org/wbi/governance/

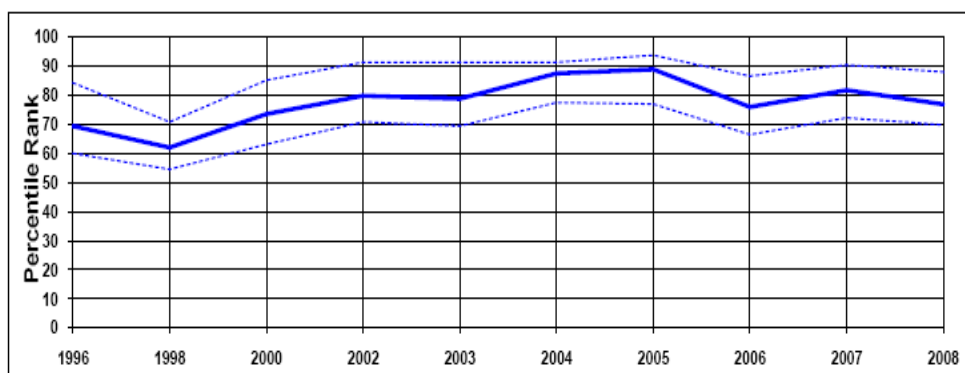
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CHILE, 1996-2008

Aggregate Indicator: Voice & Accountability

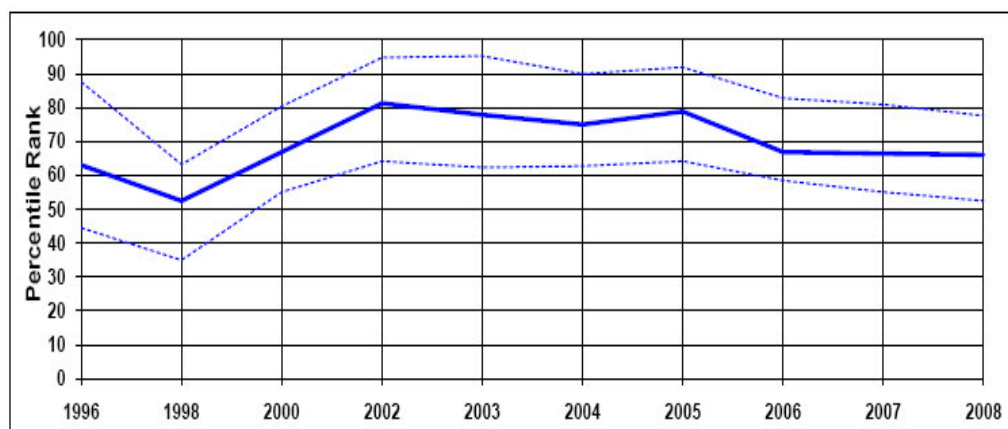


Individual Indicators used to construct Voice & Accountability

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008
AEO	OECD Development Center African Economic Outlook	http://www.oecd.org/dev/aeo	..	..	..	..	..	..	..	..	..	..
AFR	Afrobarometer	http://www.afrobarometer.org	..	..	..	..	..	..	..	..	..	..
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	0.92	0.92	0.88	0.88	0.88	0.92	0.92
CCR	Freedom House Countries at the Crossroads	http://www.freedomhouse.org	..	..	..	..	..	..	..	..	..	..
EIU	Economist Intelligence Unit	http://www.eiu.com	0.75	0.75	0.75	0.94	0.94	0.94	0.94	0.49	0.86	0.86
FRH	Freedom House	http://www.freedomhouse.org	0.77	0.74	0.78	0.85	0.89	0.88	0.87	0.85	0.85	0.86
GAD	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	..	..	..	..	..	..	0.75
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	..	..	0.63	0.56	0.56	0.60	0.59	0.67	0.61	0.59
GII	Global Integrity Index	http://www.globalintegrity.org/	..	..	..	..	..	..	..	..	..	0.67
GWP	Gallup World Poll	http://www.gallupworldpoll.com	..	..	..	..	..	..	..	0.59	0.46	0.40
HUM	Cingranelli-Richards (CIRI) Human Rights Database	http://www.humanrightsdata.com	0.88	0.63	0.88	1.00	0.63	0.75	0.88	0.63	1.00	1.00
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.71	0.82	..	..	..
IPD	Institutional Profiles Database	http://www.cepii.fr/	..	..	..	..	..	..	..	0.90	0.90	0.90
LBO	Latinobarometro	http://www.latinobarometro.org	0.35	0.39	0.38	0.30	0.14	0.38	0.40	0.39	0.33	0.36
MSI	IREX Media Sustainability Index	http://www.irex.org	..	..	..	..	..	..	..	..	..	..
OBI	International Budget Project Open Budget Index	http://www.internationalbudget.org/	..	..	..	..	..	..	..	..	..	..
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.67	0.50	0.67	0.67	0.67	0.67	0.79	0.79	0.79	0.79
RSF	Reporters Without Borders Press Freedom Index	http://www.rsf.org	..	..	..	0.94	0.93	0.91	0.89	0.89	0.89	0.89
VAB	Vanderbilt University Americas Barometer Survey	http://www.lapopsurveys.org	..	..	..	..	..	..	..	0.55	0.55	0.50
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	0.60	0.51	0.44	0.64	0.52	0.66	0.66	0.57	0.49	0.45
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.69	0.81	0.88	0.88	0.82	0.88	0.88	0.88	0.88

CHILE, 1996-2008

Aggregate Indicator: Political Stability and Absence of Violence

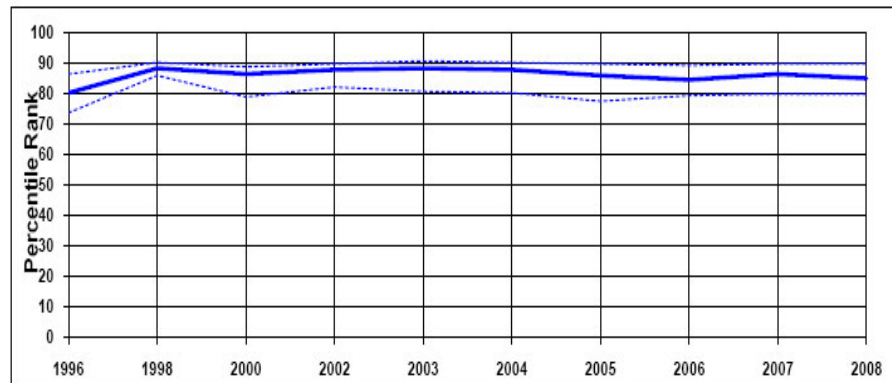


Individual Indicators used to construct Political Stability and Absence of Violence

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008
AEO	OECD Development Center African Economic Outlook	http://www.oecd.org/dev/aao	..	..	..	..	..	..	..	..	..	..
BRI	Business Environment Risk Intelligence Business Risk Service	http://www.beri.com	0.68	0.68	0.75	0.75	0.73	0.73	0.75	0.75	0.76	0.75
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.94	0.94	0.92	0.93	0.93	0.95	0.98	0.98	0.98	0.98
EIU	Economist Intelligence Unit	http://www.eiu.com	0.80	0.60	0.70	0.85	0.85	0.85	0.85	0.80	0.78	0.75
GAD	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	..	..	..	..	..	..	0.78
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	..	..	..	0.77	0.79	0.80	0.79	0.80	0.85	0.90
HUM	Cingranelli-Richards Human Rights Database & Political Terror Scale	http://www.humanrightsdata.com	0.71	0.54	0.63	0.88	0.79	0.92	0.92	0.85	0.85	0.85
IJT	iJET Country Security Risk Ratings	https://worldcpe.ijet.com/tio/login.jsp	..	..	..	..	..	0.50	0.75	0.75	0.75	0.75
IPD	Institutional Profiles Database	http://www.cepii.fr/	..	..	..	..	..	..	..	0.70	0.70	0.70
MIG	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.65	0.65	0.60	0.60	0.60	0.60	..
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.86	0.78	0.84	0.79	0.81	0.83	0.83	0.78	0.75	0.74
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	..	..	0.82	0.88	0.88	0.92	0.90	0.91	0.87	0.81
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.75	0.81	0.81	0.75	0.71	0.75	0.75	0.69	0.75

CHILE, 1996-2008

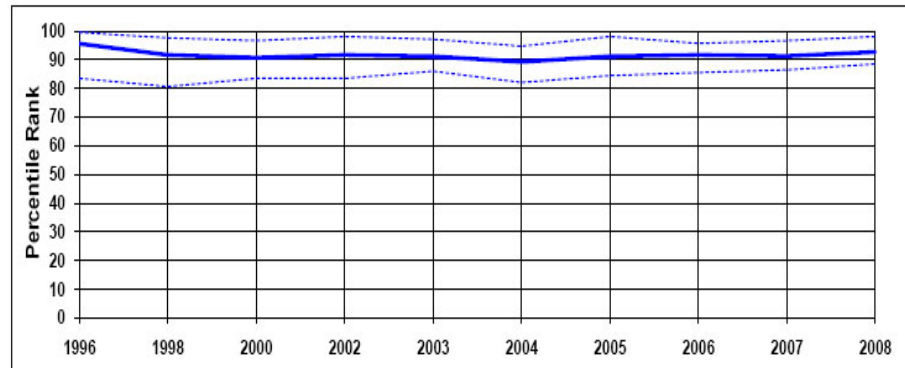
Aggregate Indicator: Government Effectiveness



Individual Indicators used to construct Government Effectiveness

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008
ADB	African Development Bank Country Policy and Institutional Assessments	http://www.afdb.org/	..	..	..	..	..	..	..	..	..	..
AFR	Afrobarometer	http://www.afrobarometer.org	..	..	..	..	..	..	..	..	..	..
ASD	Asian Development Bank Country Policy and Institutional Assessments	http://www.adb.org/	..	..	..	..	..	..	..	..	..	..
BPS	Business Enterprise Environment Survey	http://www.worldbank.org/eca/governance	..	..	..	..	..	..	..	..	..	..
BRI	Business Environment Risk Intelligence Business Risk Service	http://www.beri.com	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.53	0.53	0.50
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	0.81	0.81	0.86	0.86	0.86	0.88	0.88
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.86	0.86	0.85	0.86	0.86	0.90	0.92	0.92	0.92	0.92
EGV	Brown University's Center for Public Policy	http://www.insidepolitics.org/legov00int.pdf	..	..	..	0.60	0.32	0.29	0.32	0.33	0.31	0.38
EIU	Economist Intelligence Unit	http://www.eiu.com	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	0.51	0.52	0.51	0.53	0.58	0.59	0.58	0.57	0.54	0.48
GWP	Gallup World Poll	http://www.gallupworldpoll.com	..	..	..	..	..	..	..	0.66	0.62	0.59
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.73	0.87	..	..	..
IPD	Institutional Profiles Database	http://www.cepii.fr/	..	..	..	..	..	..	..	0.67	0.67	0.67
LBO	Latinobarometro	http://www.latinobarometro.org	0.52	..	..	0.43	0.46	0.51	0.59	0.56	0.45	0.53
MIG	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.35	0.40	0.40	0.40	0.40	0.40	..
PIA	World Bank Country Policy and Institutional Assessments	http://www.worldbank.org	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.50	0.67	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	0.59	0.36	0.42	0.49	0.52	0.60	0.61	0.60	0.50	0.47
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.88	0.88	0.88	0.88	0.80	0.88	0.88	0.88	0.88

CHILE, 1996-2008
Aggregate Indicator: Regulatory Quality

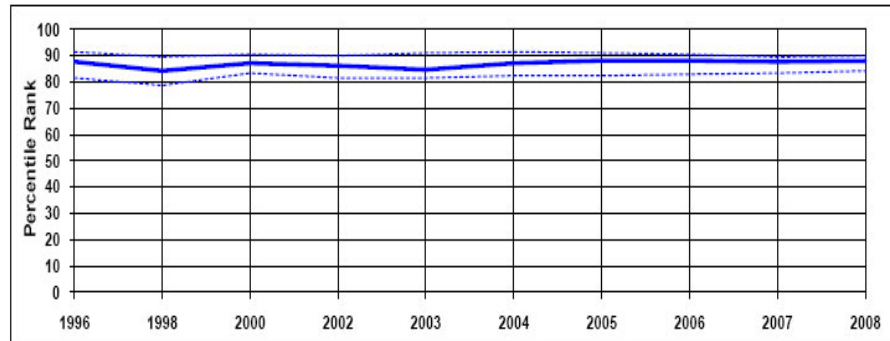


Individual Indicators used to construct Regulatory Quality

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008
ADB	African Development Bank Country Policy and Institutional Assessments	http://www.afdb.org/	..	..	..	..	..	..	..	..	..	..
ASD	Asian Development Bank Country Policy and Institutional Assessments	http://www.adb.org/	..	..	..	..	..	..	..	..	..	..
BPS	Business Enterprise Environment Survey	http://www.worldbank.org/eca/governance	..	..	..	..	..	..	..	..	..	..
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	1.00	1.00	0.98	0.98	0.98	0.98	0.98
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.94	0.94	0.94	0.94	0.94	0.94	0.97	0.96	0.96	0.96
EBR	European Bank for Reconstruction & Development Transition Report	http://www.ebrd.org	..	..	..	..	..	..	..	..	..	..
EIU	Economist Intelligence Unit	http://www.eiu.com	0.90	0.90	0.90	0.85	0.90	0.90	0.90	0.90	0.90	0.90
GAD	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	..	..	..	..	..	..	0.90
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	0.56	0.62	0.65	0.60	0.60	0.63	0.63	0.62	0.62	0.62
HER	Heritage Foundation Index of Economic Freedom	http://www.heritage.org	0.60	0.60	0.60	0.70	0.70	0.70	0.70	0.70	0.75	0.75
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.76	0.91	..	..	..
IPD	Institutional Profiles Database	http://www.cepii.fr	..	..	..	..	..	..	..	0.92	0.92	0.92
MIG	Merchant International Group Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.43	0.43	0.43	0.43	0.45	0.45	..
PIA	World Bank Country Policy and Institutional Assessments	http://www.worldbank.org	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.55	0.67	0.73	0.86	0.91	0.95	0.95	0.95	0.95	0.95
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	0.74	0.66	0.72	0.77	0.77	0.73	0.73	0.72	0.70	0.69
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.88	0.88	0.88	0.88	0.80	0.88	0.88	0.88	0.88

CHILE, 1996-2008

Aggregate Indicator: Rule of Law



Individual Indicators used to construct Rule of Law

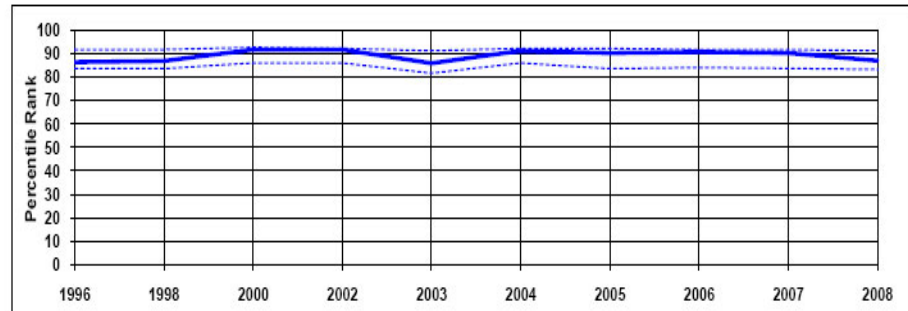
Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008
ADB	African Development Bank Country Policy and Institutional Assessments	http://www.afdb.org/	..	..	..	..	..	..	..	..	..	..
AFR	Afrobarometer	http://www.afrobarometer.org	..	..	..	..	..	..	..	..	..	..
ASD	Asian Development Bank Country Policy and Institutional Assessments	http://www.adb.org/	..	..	..	..	..	..	..	..	..	..
BPS	Business Enterprise Environment Survey	http://www.worldbank.org/eca/governance	..	..	..	..	..	..	..	..	..	..
BRI	Business Environment Risk Intelligence Business Risk Service	http://www.berl.com	0.64	0.65	0.66	0.67	0.67	0.67	0.67	0.68	0.68	0.69
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	1.00	1.00	0.93	0.93	0.93	0.93	0.93
CCR	Freedom House Countries at the Crossroads	http://www.freedomhouse.org	..	..	..	..	..	..	..	..	..	..
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.91	0.90	0.90	0.90	0.90	0.91	0.93	0.94	0.94	0.94
EIU	Economist Intelligence Unit	http://www.eiu.com	0.81	0.81	0.81	0.81	0.81	0.81	0.81	0.81	0.81	0.81
FRH	Freedom House	http://www.freedomhouse.org	..	..	..	..	..	..	..	..	..	..
GAD	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	..	..	..	..	..	..	0.60
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	0.71	0.70	0.78	0.59	0.59	0.66	0.65	0.68	0.67	0.68
GII	Global Integrity Index	http://www.globalintegrity.org/	..	..	..	..	..	..	..	..	..	0.59
GWP	Gallup World Poll	http://www.gallupworldpoll.com	..	..	..	..	..	..	..	..	0.55	0.52
HER	Heritage Foundation Index of Economic Freedom	http://www.heritage.org	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
HUM	Cingranelli-Richards (CIRI) Human Rights Database	http://www.humanrightsdata.com	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.69	0.78	..	..	..
IPD	Institutional Profiles Database	http://www.cepii.fr/	..	..	..	..	..	..	..	0.84	0.84	0.84
LBO	Latinobarometro	http://www.latinobarometro.org	0.60	0.55	0.55	0.49	0.48	0.54	0.51	0.53	0.46	0.48
MIG	Merchant International Group Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.38	0.45	0.45	0.45	0.45	0.49	..
PIA	World Bank Country Policy and Institutional Assessments	http://www.worldbank.org	..	NP	NP	NP	NP	NP	NP	NP	NP	NP
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83
TPR	US State Department Trafficking in People report	http://www.state.gov/g/tip/rls/tiprpt	..	..	..	..	0.67	0.67	0.67	0.67	0.67	0.67
VAB	Vanderbilt University Americas Barometer Survey	http://www.lapopsurveys.org	..	..	..	..	..	..	..	0.58	0.58	0.60
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	0.61	0.48	0.63	0.68	0.67	0.66	0.67	0.65	0.65	0.64
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.75	0.81	0.81	0.75	0.70	0.75	0.75	0.75	0.75

Governance Matters 2009

Worldwide Governance Indicators, 1996-2008

CHILE, 1996-2008

Aggregate Indicator: Control of Corruption



Individual Indicators used to construct Control of Corruption

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008
ADB	African Development Bank Country Policy and Institutional Assessments	http://www.afdb.org/	..	..	..	..	..	..	..	..	..	..
AFR	Afrobarometer	http://www.afrobarometer.org	..	..	..	..	..	..	..	..	..	..
ASD	Asian Development Bank Country Policy and Institutional Assessments	http://www.adb.org/	..	..	..	..	..	..	..	..	..	..
BPS	Business Enterprise Environment Survey	http://www.worldbank.org/eca/governance	..	..	..	..	..	..	..	..	..	..
BRI	Business Environment Risk Intelligence Business Risk Service	http://www.beri.com	0.61	0.62	0.62	0.62	0.61	0.62	0.62	0.70	0.63	0.63
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	..	..	0.90	0.90	0.90	0.90	0.90
CCR	Freedom House Countries at the Crossroads	http://www.freedomhouse.org	..	..	..	..	..	..	..	..	..	..
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.82	0.82	0.85	0.82	0.75	0.80	0.84	0.80	0.81	0.81
EIU	Economist Intelligence Unit	http://www.eiu.com	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
FRH	Freedom House	http://www.freedomhouse.org	..	..	..	..	..	..	..	..	..	..
GAD	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	..	..	..	..	..	..	0.60
GCB	Transparency International Global Corruption Barometer Survey	http://www.transparency.org	..	..	..	..	..	..	0.70	0.71	0.71	0.62
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	0.79	0.73	0.80	0.73	0.65	0.75	0.72	0.77	0.67	0.65
GII	Global Integrity Index	http://www.globalintegrity.org/	..	..	..	..	..	..	..	..	..	0.75
GWP	Gallup World Poll	http://www.gallupworldpoll.com	..	..	..	..	..	..	..	0.47	0.39	0.36
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.70	0.77	..	..	..
IPD	Institutional Profiles Database	http://www.cepii.fr/	..	..	..	..	..	..	..	0.84	0.84	0.84
LBO	Latinobarometro	http://www.latinobarometro.org	..	..	0.85	0.87	0.94	0.90	0.92	0.91	0.91	0.90
MIG	Merchant International Group Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.40	0.35	0.40	0.35	0.35	0.58	..
PIA	World Bank Country Policy and Institutional Assessments	http://www.worldbank.org	..	NP	NP	NP	NP	NP	NP	NP	NP	NP
PRC	Political Economic Risk Consultancy Corruption in Asia	http://www.asiarisk.com/	..	..	..	..	..	..	..	..	..	..
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.50	0.67	0.67	0.67	0.42	0.75	0.75	0.75	0.75	0.75
VAB	Vanderbilt University Americas Barometer Survey	http://www.lapopsurveys.org	..	..	..	..	..	..	..	0.35	0.35	0.34
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	0.68	0.41	0.59	0.70	0.49	0.59	0.61	0.63	0.47	0.50
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.88	0.88	0.88	0.88	0.80	0.88	0.75	0.88	0.88

ANNEX 7

MILLENIUM DEVELOPMENT GOALS – INDICATORS

1. Erradicar la Pobreza Extrema y el Hambre						Estimación de Cumplimiento:	
<ul style="list-style-type: none"> • Reducir a la mitad a la proporción de personas con ingresos menores a un dólar por día • Reducir a la mitad la proporción de personas que sufren de hambre 						1. PROBABLE	
Situación Actual	Indicadores	1990	2006	2014			
	% de a población cuyos ingresos son inferiores a 1 dólar por día	3,6%	1,1%	1,8%	<ul style="list-style-type: none"> ▪ Hay reducción de la extrema pobreza en las zonas urbanas y rurales pero existen brechas territoriales. Sin embargo, en 2006, por primera vez en el periodo, este porcentaje es menor en las zonas rurales que en las urbanas. En el caso de indigencia, esta sigue siendo levemente superior en zonas rurales. 		
	Coficiente de la brecha de pobreza a 1 dólar por día (incidencia por profundidad)	1,6%	0,5%	0,8%	<ul style="list-style-type: none"> ▪ Entre los indígenas, la situación de pobreza incide con más fuerza y alcanzó en 2006 a 19%. Sin embargo, la brecha entre indígenas y no indígenas disminuyó desde 5,5% en 1996 a 1,6% en 2006. 		
	Participación del 1er quintil en el ingreso monetario total	4,4%	4,7%	4,5%			
	% de niños menores de 6 años con desnutrición	0,7%	0,3%	0,5%	<ul style="list-style-type: none"> ▪ Al analizar la incidencia de la pobreza en el país, utilizando la línea de pobreza nacional se constata que entre los años 1990 y 2006, ésta disminuyó desde 38,6% de la población a 13,7%. La tasa de indigencia disminuyó desde un 13% hasta 3,2%. Con respecto a la “pobreza crónica”, son mayormente mujeres y menores de 15 años. 		
	% de la población debajo del nivel mínimo de consumo de energía alimentaría	8%	4%	4%			
Desafíos & prioridades	<ul style="list-style-type: none"> ▪ A pesar de progresos en salud y educación, entres otros, el gran desafío es mejorar la distribución del ingreso. Esto requiere políticas concentradas en educación y empleo. Otro desafío es superar la pobreza que afecta diferenciadamente a distintos grupos: Chile amplió los objetivos de las políticas y programas sociales orientados a los sectores más vulnerables. ▪ Otro desafío es el desarrollo de políticas sociales que permiten atenuar los riesgos y que constituirán un avance muy importante en la ampliación de la protección social. 					<ul style="list-style-type: none"> ▪ La necesidad de un sistema de protección social emana de los cambios acelerados vividos por la sociedad Chilena que genera vulnerabilidades asociadas a nuevos riesgos, tales como el surgimiento de una pobreza “moderna” y su alta rotación, la existencia de empleos precarios e inestables, la creciente participación laboral de las mujeres. Por eso, otro desafío, es promover una mayor inserción laboral femenina. ▪ Es importante continuar aplicando la Estrategia de Intervención Nutricional a través del ciclo Vital que promueve el manejo más estricto de los casos con desnutrición infantil. Hay especial énfasis en estilos de vida saludable, alimentación y actividad física. Esto significa incorporar esta estrategia a través de todo el ciclo vital. 	
Políticas Sugeridas en el informe							

2. Alcanzar la Educación Básica Universal				Estimación de Cumplimiento:	
<ul style="list-style-type: none"> Asegurar que en el año 2010, todos los niños y adolescentes puedan completar la educación básica 				PROBABLE	
Situación Actual	Indicadores	1990	2006	2015	<ul style="list-style-type: none"> Desde el año 1990 se desarrolla una Reforma Educacional con 4 ámbitos: programas de mejoramiento e innovación pedagógica; reforma curricular; desarrollo profesional docente y jornada escolar completa. Esta Reforma ha transformado el sistema escolar y ha mejorado el acceso al sistema y las condiciones de aprendizaje de los alumnos. En educación parvularia se establecen indicadores adicionales de mejorar la cobertura y la calidad y fortalecer la educación de niños y niñas menores de 6 años. En educación primaria se ha incorporado la tasa de retención en educación básica con el fin de que todos los niños puedan terminar la primaria. Se promulgó en 2003 una ley que establece la enseñanza media obligatoria y gratuita, entregando al Estado la responsabilidad de garantizar el acceso a este nivel educacional para todos los chilenos hasta los 21 años de edad.
	Tasa de Matrícula Neta en la Enseñanza Básica (Primaria y Secundaria Baja)	88%	88%	95,5%	
	% de los estudiantes que comienzan el primer grado y llegan al quinto grado	N/D	93,3%	100%	
	Tasa de Alfabetización de las personas entre los 15 y 24 años	98,4%	98,7%	99,8%	
	<ul style="list-style-type: none"> La tasa indica una amplia cobertura donde sólo en las regiones de Coquimbo, O'Higgins, Maule y Aysén, las tasas de matrícula son inferiores al promedio nacional. 				
Desafíos & prioridades	<ul style="list-style-type: none"> Los desafíos en educación básica y media están enfocados en el mejoramiento de la calidad; se requiere de una revisión y ajuste de los Objetivos Fundamentales y Contenidos Mínimos Obligatorios de la Educación Básica y Media; se necesita tener mapas de progreso que especifiquen los logros de aprendizaje esperados en cada nivel y asignatura, que sean base de las futuras mediciones nacionales de la calidad. 				
Políticas Sugeridas en el informe	<ul style="list-style-type: none"> Importantes desafíos en educación media son: aumentar los actuales niveles de retención escolar, reducir a la mitad los niveles de deserción en establecimientos con jóvenes de nivel socioeconómico y educativo más vulnerable, disminuir la cantidad que se encuentran fuera del sistema escolar, lograr una mayor proporción de tiempo real dedicado al estudio y lograr una mayor expansión. 				
	<ul style="list-style-type: none"> El desafío en la educación de adultos es mejorar la cobertura y la calidad de la educación: se requiere mantener/aumentar la cobertura de la modalidad flexible, reforzar y ampliar la base institucional para responder a la gran demanda por una educación cada vez más necesaria para la población adulta, promover la vinculación entre la formación para el trabajo y las redes de formación técnica surgidas a partir del Programa Chile, entre otras iniciativas. La iniciativa sobre Subvención Escolar Preferencial (SEP) busca corregir el déficit del sistema educativo. Se espera igualar las oportunidades y capacidades de aprender de alumnos en desventaja por la situación socioeconómica. SEP busca superar tres problemas del sistema de financiamiento y apoyo a los establecimientos educativos: monto uniforme de la subvención educacional; incondicionalidad en la entrega de la subvención y debilidad de los sistemas de supervisión y apoyo técnico pedagógico. 				

3. Promover la igualdad entre los sexos y la autonomía de la mujer					Estimación de Cumplimiento:
<ul style="list-style-type: none"> Eliminar la disparidad de género en la educación primaria y secundaria hasta el 2005 y en todos los demás niveles hasta el 2015 					PROBABLE
Situación Actual	Indicadores	1990	2006	2015	<ul style="list-style-type: none"> En el actual período, la tendencia de las políticas públicas está orientada a profundizar lo avanzado en la eliminación de las discriminaciones y desigualdades a través de la transversalización del enfoque de género en las estrategias e instrumentos institucionales con el objetivo de posibilitar el acceso equitativo a los beneficios, recursos y oportunidades que ofrece el país. Los resultados en las metas, dan cuenta de los progresos alcanzados en cuanto a la promoción de la igualdad entre los géneros y la autonomía de la mujer y explicita los desafíos pendientes que es necesario enfrentar en el próximo período. Es posible observar que la situación actual exige mayores esfuerzos para lograr equidad de género, especialmente espacios donde se identifican las mayores desigualdades como el ámbito laboral (brechas salariales, permanencia, seguridad y calidad del empleo), el ámbito intrafamiliar (toma de decisiones al interior del hogar, dependencia económica y violencia) y en la subrepresentación en espacios de decisión política y económica, etc.
	Relación entre niñas/niños en educación básica	1	0,94	1	
	Relación entre niñas/niños en educación media	1,05	1,01	1	
	Relación mujeres/hombres en educación superior	0,81	0,97	0,97	
	Relación tasa de alfabetización mujeres/hombres (15-24)	1,04	1,01	1	
	Proporción de mujeres de la categoría ocupacional asalariado en sector no agrícola	31,5%	36,5%	40%	
	% de mujeres en el Parlamento	6%	12,6%	40%	
Desafíos & prioridades	<ul style="list-style-type: none"> En la década se percibe un importante avance en términos de inserción de las mujeres jefas de hogar a la fuerza de trabajo. El año 2002, 42,2% de éstas se encontraba trabajando o buscando trabajo (1992 en 34,7%). Entre los retos es el fortalecimiento de las mujeres en su autonomía económica, específicamente, en la participación laboral y en el acceso a mejores condiciones de trabajo; mejorar los salariales, la capacidad negociadora y de asociatividad, la valorización del trabajo no remunerado que habitualmente realizan las mujeres en el ámbito doméstico, el mejoramiento de la capacitación e intermediación laboral, y los mecanismos que protejan a la mujer frente a la violencia intrafamiliar y contra las inequidades en las familias, así como asegurar una participación más igualitaria en las decisiones públicas. En el área educacional son aumentar la calidad y la equidad social y de género, y crear oportunidades para que mujeres estén mejor preparadas para enfrentar su creciente ingreso al mercado laboral y al desarrollo tecnológico. Existe una importante brecha en la participación de las mujeres en el ámbito político y en la proporción de mujeres en cargos locales. Esta situación alerta sobre la dificultad del logro de la meta para el 2015. Es necesario destacar una serie de políticas y programas orientados a mejorar la calidad de vida en especial a las mujeres que enfrentan situaciones de riesgo y vulnerabilidad. La Reforma Previsional tiene una gran relevancia porque incorpora paulatinamente diversas medidas de equidad de género. También, se ha planteado la necesidad de generar políticas públicas y legislativas a fin de facilitar la compatibilización de responsabilidades laborales y familiares más equitativamente entre mujeres y hombres. 				
Políticas Sugeridas en el informe					

4. Reducir en 2/3 la tasa mortalidad de menores de 5 años:

- Reducir en 2/3 partes la tasa de mortalidad de los niños menores de 5 años

Estimación de Cumplimiento:

PROBABLE

Situación Actual	Indicadores	1990	2005	2015	
	Tasa de mortalidad de 1 a 4 años (por 1.000 habitantes de la edad)	0,79	0,34	0,26		▪ Desde que se introdujo la vacuna contra el sarampión en Chile en 1964, la morbilidad se redujo de 428 por 100.000 en 1964 a 0,4 por 100.000 en 1997. Desde 2004 a la fecha no se han presentado casos de esta enfermedad.
Tasa de mortalidad infantil (por 1.000 nacidos vivos)	16	7,6	5,3	<ul style="list-style-type: none"> ▪ El estado de salud de la población infantil ha evolucionado favorablemente, igual como la situación de salud del país en general, consecuencia de las intervenciones realizadas, que sumados a los esfuerzos propios del sector salud se han traducido en importantes avances respecto a los problemas que afectaban a la población infantil, en las últimas cuatro décadas. De este modo problemas como la diarrea, la desnutrición, las enfermedades respiratorias agudas, que incidían mayoritariamente en la mortalidad infantil, han desaparecido o disminuido su importancia. 	
% de niños de 1 año vacunados contra el sarampión	96,8%	89,7%	97%		<ul style="list-style-type: none"> ▪ De las principales causas de muerte de los niños de 1 a 4 años un 33,3 % corresponden a causas externas (traumatismos y la violencia), 21,1% a las anomalías congénitas y 12,7% a los tumores. Persisten diferencias negativas en relación a la media nacional. La mortalidad neonatal es la razón por la mortalidad infantil (corresponde entre el 60-65% de los muertes durante el último quinquenio).
Desafíos & prioridades Políticas Sugeridas en el informe	<ul style="list-style-type: none"> ▪ Las diferencias regionales que existen en términos de mortalidad infantil y mortalidad de niños de 1-4 años hacen imperativo intensificar las estrategias destinadas a mejorar la equidad en el acceso a la atención de salud y en disminuir las desigualdades que aún persisten a pesar de los esfuerzos gubernamentales/sectoriales realizados. ▪ Se requiere actuar sobre los determinantes sociales que generan las inequidades. El progreso en equidad en salud necesita abordar todas las variables que inciden la salud del niño y de toda la población. 		<ul style="list-style-type: none"> ▪ El Ministerio de Salud en conjunto con los niveles operativos se ha propuesto implementar estrategias destinadas a obtener que el nivel primario de atención logre coberturas de 95% en vacunaciones de sarampión-rubéola, a fin de mantener los casos en cero. ▪ Atendida la importancia del componente neonatal en las cifras de la mortalidad infantil, se establecieron 8 estrategias: equipamiento de unidades de neonatología, regionalización de la atención neonatal, implementación de residencias neonatales, implementación de un plan de capacitación continua, programa Nacional de Uso de Surfactante, implementación de policlínicos de seguimiento de prematuros, y programa de uso de indometacina. 		

5. Mejorar la salud materna:				Estimación de Cumplimiento: PROBABLE
<ul style="list-style-type: none"> Reducir la tasa de mortalidad materna en 3/4 partes 				
Situación Actual	Indicadores	1990	2005	2015
	Tasa de mortalidad materna (por 100.000 nacidos vivos)	40	19,8	10
	% partos con asistencia de personal sanitario especializado	99,2%	99,8%	100%
	<ul style="list-style-type: none"> En las indicadores adicionales, el uso de métodos anticonceptivos por mujeres en edad fértil subió hasta el 53.4 % en 2006, acercándose de la meta de 60 %, y la tasa de nacidos vivos de madres menores de 19 años sobre el total llegó a un 10.9 % (8.9 % para 2015). 			
Desafíos & prioridades Políticas Sugeridas en el informe	<ul style="list-style-type: none"> El programa de salud de la mujer ha incorporado aspectos no reproductivos como la salud mental (diagnóstico y manejo de la depresión), el control del climaterio en la mujer post menopáusica y mejorar las situaciones de salud de la embarazada con sobrepeso/obesidad. Otros aspectos es el reconocimiento de los derechos reproductivos de las mujeres, como la incorporación de la norma de prevención de la transmisión vertical del VIH que ofrece el diagnóstico correspondiente y la participación creciente de mujeres en organizaciones sociales para prevenir esta enfermedad. 			
	<ul style="list-style-type: none"> Se plantea una reorientación en términos de desarrollar estrategias focalizadas a la población más vulnerable, utilizando como indicador la proporción de embarazos planificados versus los no planificados, dato que sería factible de obtener a través de la ficha de atención de embarazo en el nivel primario de atención, reemplazando la pregunta de si el embarazo actual es o no deseado. Para reducir la proporción de nacidos vivos hijos de madres menores de 19 años, se adecua la oferta de servicios a las particularidades psicosociales que caracterizan la adolescencia actual. La propuesta gubernamental en sexualidad responsable, iniciativa intersectorial en desarrollo, se plantea como una de las estrategias para avanzar en el ámbito de la Salud Sexual y Reproductiva. El acceso de los jóvenes a servicios de Salud Sexual y Reproductiva (SSR) se ve dificultado por: resistencia de sectores conservadores, oferta insuficiente de servicios 'amigables' en los establecimientos de atención primaria, jóvenes que no acuden a los centros establecidos para solicitar estos servicios. Por ello es importante la implementación de los compromisos del Ministerio en el Plan de Acción en juventud, mediante acciones de salud pública orientadas a impactar sobre los factores de riesgo. Entre los Objetivos Sanitarios 2000-2010 en SSR, se incluye reducir el embarazo no deseado en adolescentes; al momento actual, existe una evidente preocupación de las autoridades gubernamentales para avanzar en el cumplimiento de este objetivo, en el contexto de la prevención del embarazo no planificado en adolescentes. 			

6. Combatir el VIH/SIDA, y otras enfermedades					Estimación de Cumplimiento:
<ul style="list-style-type: none"> Haber detenido o comenzado la reversión de la propagación del VIH/SIDA en el 2015 Reducir la incidencia del paludismo y otras enfermedades graves 					4. POTENCIALMENTE PROBABLE
Situación Actual	Indicadores	2000	2005	2015	<ul style="list-style-type: none"> La epidemia permanece concentrada en grupos poblacionales con características socioeconómicas y culturales que los convierten en grupos altamente vulnerables. Sin embargo, a través de un nuevo cuerpo legal, se incluyó el examen VIH a todas las embarazadas en control prenatal. Desde el año 2004, se observa una disminución en las tasas de notificación de SIDA, lo que puede atribuirse a la cobertura total de tratamiento antirretroviral, logrado el año 2003 y que evita el avance de la infección. La tasa de mortalidad por VIH/SIDA ha disminuido desde 2001 llegando a 2,4% in 2005 (1,7% para 2015). Hombres son más afectados y la Región Metropolitana y Valparaíso. Se propuso incrementar la cobertura del PAP en las mujeres de 25 a 64 años y disminuir la prevalencia de depresión y tabaquismo; y finalmente disminuir el porcentaje de bebedores problema en la población de 12 años y más.
	Prevalencia de VIH en embarazadas, a nivel nacional	0,05	0,05	0,05	
Uso de preservativos por jóvenes de 15-24 años (en iniciación sexual)	18%	46,1%	50%		
% de la población de 15-24 años que tiene conocimientos amplios y correctos sobre VIH/SIDA	35%	70%	95%		
Disponibilidad de preservativos en población de 15-49 años	1,7	2,6	5		
Proporción de la población de zonas de riesgo de paludismo que aplica medidas eficaces de prevención y tratamiento	100%	100%	100%		
Tasa de incidencia por TBC (100.000 habitantes)	17,9	14,2	7,5		
Proporción de casos de TBC detectados y curados con el tratamiento acordado, directamente supervisado	82%	83%	95%		
	<ul style="list-style-type: none"> El número de casos nuevos se incrementa en un promedio de 4% anual en el último quinquenio (17.235 notificaciones de VIH y SIDA en el año 2006). 				
	<ul style="list-style-type: none"> No existe el paludismo. La incidencia y mortalidad por tuberculosis ha disminuido permanentemente. El sector de salud se planteó indicadores adicionales en relación a la mortalidad por enfermedades cardiovasculares, por diabetes y por cáncer cérvico-uterino. El cáncer representa la segunda causa de muerte en el país, con un 21,8% de las defunciones. 				
Desafíos & prioridades	<ul style="list-style-type: none"> Continúa aumentando el número de personas diagnosticadas con VIH, sumándose nuevos desafíos. Esto implica mantener, profundizar y ampliar las políticas públicas en prevención del VIH/SIDA. El condón sigue siendo fuente de polémicas en el país. Además, continúa el desafío de su instalación definitiva en la población, por lo que a partir del año 2006 se inició un proceso masivo de mercadeo social del condón con el apoyo del Proyecto Fondo Global, el que es necesario ampliar en los próximos años a todo el país. Otro tema a relevar es el apoyo psicosocial para la prevención secundaria de la infección y para favorecer la integración social de las personas que viven con VIH/SIDA. Otro gran desafío ha sido y continua siéndolo, la incorporación progresiva de antirretrovirales equivalentes terapéuticos, proceso que se inició a partir del año 2006. Este cambio ha creado inquietud en las organizaciones de personas viviendo con VIH/SIDA (PVVIH), lo que ha significado realizar importantes esfuerzos educativos conjuntos con el Ministerio de Salud para entregar información en este ámbito a las PVVIH y los equipos de salud, con la finalidad de reforzar la adherencia a los tratamientos. 				
Políticas Sugeridas en el informe	<ul style="list-style-type: none"> Un tema emergente se refiere al desarrollo e implementación de estrategias intersectoriales para la integración escolar y de apoyo psicosocial desde el sector salud, que aborden las áreas de comunicación del diagnóstico y de sexualidad para niños, niñas y adolescentes afectados/as por el VIH. Los problemas prioritarios de salud en Chile son las enfermedades crónicas y degenerativas como el cáncer y las enfermedades asociadas a los nuevos estilos de vida. Estas son las enfermedades cardiovasculares y los problemas de salud mental. Pero también es prioridad reducir las brechas de equidad que se manifiestan en muchas patologías y en el acceso a la salud. En relación a la tasa de mortalidad por enfermedades cardiovasculares los principales desafíos dicen relación con aumentar la presencia de varones menores de 65 años bajo control en el Programa de Salud Cardiovascular (PSCV), aumentar la cobertura del Examen de Medicina Preventiva, desarrollar y mantener las competencias de los recursos humanos involucrados en la atención e incluir la vigilancia de las enfermedades crónicas entre los desafíos a futuro: hipertensión arterial, diabetes, dislipidemias, tratamiento IAM, etc. 				

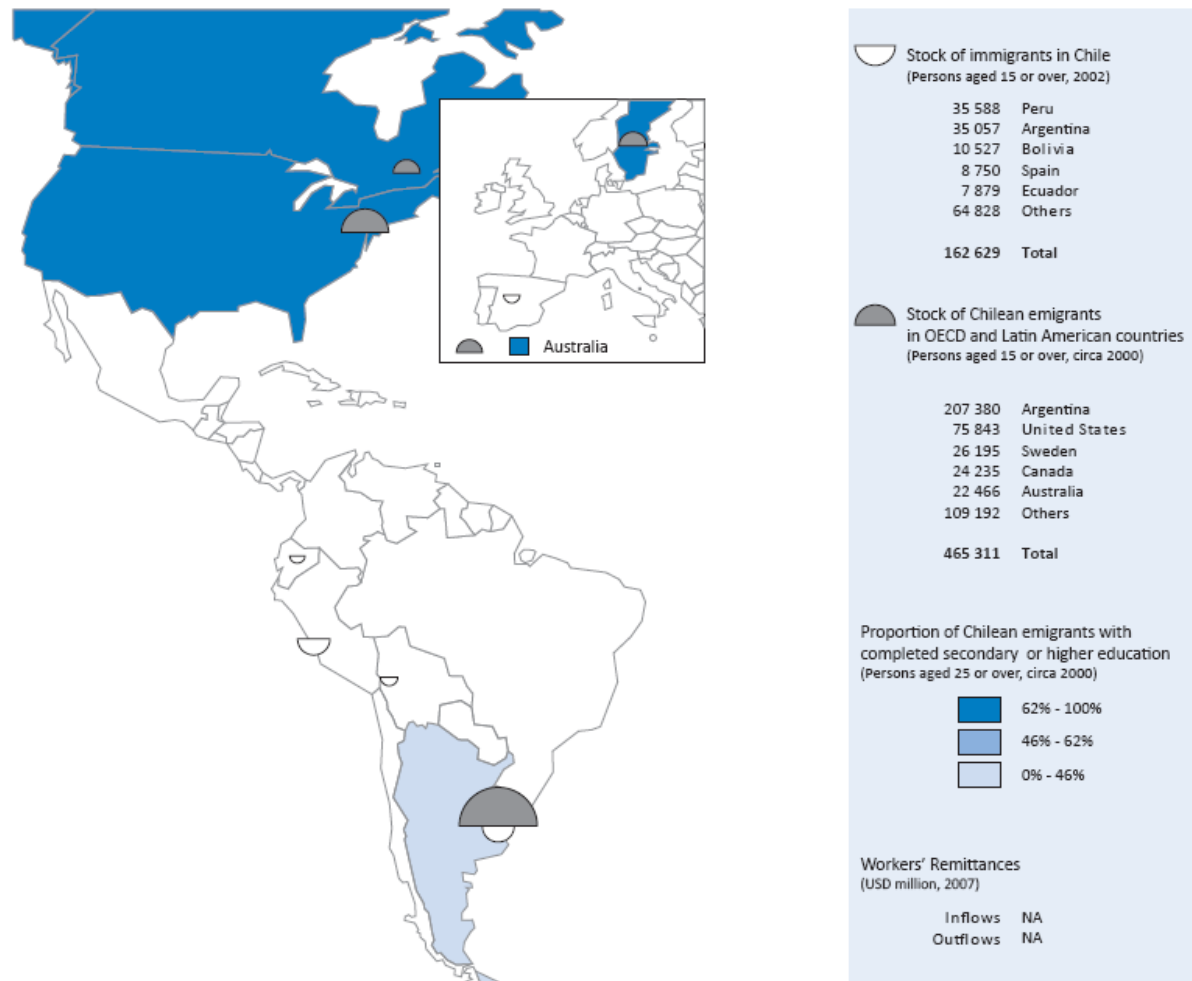
7. Asegurar un medio ambiente sostenible <ul style="list-style-type: none"> ● Lograr que todas las políticas y programas del país hayan integrado los principios del desarrollo sostenible y se haya revertido la pérdida de recursos naturales ● Reducir en 1/2 la proporción de la población sin acceso al agua potable entre 1990 y 2015 		Estimación de Cumplimiento: PROBABLE
Situación Actual	<ul style="list-style-type: none"> ▪ El indicador analizado debiera mantenerse estable en promedio, vale decir en el caso de plantaciones aumentar y de bosque nativo mantener sin decrecimiento. La superficie cubierta por bosques es de 15,6 millones de hectáreas: 87,2% son bosque nativo, y el restante corresponde a plantaciones de especies exóticas y bosques mixtos. ▪ Durante el año 2005 se presenta un aumento en la cifra de la superficie de bosque nativo, lo que se debe a una más detallada clasificación. Entre el período 2001 y 2006, se presenta un incremento (a 18,95%) en la superficie protegida continental del país. ▪ El año 1990 la superficie de áreas marinas y costeras protegidas fue de 0,012% y en el 2006 de 0,81%, superficie que se espera para el año 2015 aumentar en aquellos ecosistemas marinos que no estén representados por las actuales áreas marinas protegidas. ▪ A partir del 1 de enero del año 2010, se espera que Consumo de CFCs alcance 0,0 Ton PAO, de acuerdo a las metas establecidas por el Protocolo de Montreal 	<ul style="list-style-type: none"> ▪ Al año 2006, la población rural abastecida con agua potable es de 1,488 millones de personas, agrupadas en 1,480 servicios de agua potable rural. Existe, sin embargo, un amplio sector de población rural sin este beneficio. ▪ La cobertura urbana de agua potable alcanzó un 99,8% (2006). Se espera que al año 2015 este indicador se reduzca prácticamente a 0%. ▪ La cobertura de agua potable en localidades rurales concentradas era de un 99% (2006). Existe un sector importante de la población rural del país, compuesto por alrededor de 800.000 habitantes, que no ha sido beneficiado con la instalación de sistemas de agua potable. ▪ El porcentaje de población urbana sin sistemas de alcantarillado, en el año 1990 correspondía a 17,4%, en el año 2006 se redujo a 4,8% y se espera continuar disminuyendo este valor a prácticamente 0% en 2015.
Desafíos & prioridades Políticas Sugeridas en el informe	<ul style="list-style-type: none"> ▪ En relación a las Áreas Marinas Costeras Protegidas, el principal desafío es consolidar un Sistema de Áreas Marinas Costeras Protegidas que cuente con un adecuado presupuesto y recursos humanos y permita cubrir las brechas de representatividad de las actuales unidades de conservación de nuestros ecosistemas costeros. ▪ Respecto de la intensidad energética para el periodo 2007-2015 el Programa de Eficiencia Energética ha contemplado la implementación del Plan de Acción. En relación a las emisiones de CO2, se busca revertir la tendencia de incremento en las emisiones en el país, a través de la mitigación de este tipo de emisiones. 	<ul style="list-style-type: none"> ▪ Los principales desafíos fecha en el ámbito urbano se relacionan con el incremento de la cobertura de tratamiento de aguas servidas. ▪ En el sector sanitario rural el desafío que se plantea para el futuro pasa por generar una institucionalidad, entendiéndola como un cuerpo normativo capaz de regular aquellos aspectos relacionados con el sector sanitario rural. Sólo a partir de una política de Estado, sustentada en una Ley de la República, se puede garantizar la debida coordinación e implementación de Programas destinados a otorgar infraestructura sanitaria básica para la población rural.

CHILE

Chile

Increasing political and economic stability, in conjunction with the deteriorating economic and political situation of other countries in the region, has made Chile an attractive destination for Latin American migrants.

Figure 1. Stock of Migrants and Level of Education of Chilean Emigrants to OECD and Latin American Countries



Note: This figure reports the stock of migrants recorded in national censuses and workers' remittances in balance-of-payments data. It will therefore not reflect unrecorded formal or informal flows, which may be material.

Source: For details on definitions and sources, please refer to the Statistical Annex.

Throughout Chile's history immigration has been low relative to other Latin American nations. Nevertheless, 2002 saw Chile register the greatest inflow of immigrants in its history, with over 160 000 arriving in the course of the year. The most notable recent change is the increasing presence of Latin American immigrants, especially from Peru and Argentina.

Although the immigration panorama has changed since the late 1990s, Chile is a net emigration country. The stock of Chilean emigrants represents 4.1% of the total population, with Argentina as the main destination country.

The percentage of emigrants with primary education or less is 47%. This figure is influenced by the relatively low levels of education of emigrants to Argentina. In contrast, more than two-thirds of Chileans in the United States, Canada and Sweden have completed at least secondary education.

Migration History and Policy Developments

For most of Chile's history immigration flows have not been significant. Over the 138-year period 1865-2002 on average only 2% of the total population were foreign born (Martínez, 2003). What immigration there was came from groups affected by Europe's economic plight at the end of the 19th century or by the two World Wars. European migration was directly encouraged by the state in order to populate and develop the local economies in uninhabited southern areas (Selective Immigration Law of 1845).

The increasing economic strength of Chile in recent years, in conjunction with the deteriorating economic and political situation in other countries in Latin America, has made the country an attractive alternative for regional migrants. According to the 2002 census, the largest regional group of immigrants are from Latin American countries, mainly Peru and Argentina. These new migration flows are recent and have a clear economic rationale. More than half of these immigrants arrived after 1996 and nearly 72% cite economic and labour difficulties in their countries of origin as a reason behind their decision to migrate (Chilean Ministry of the Interior, 2008).

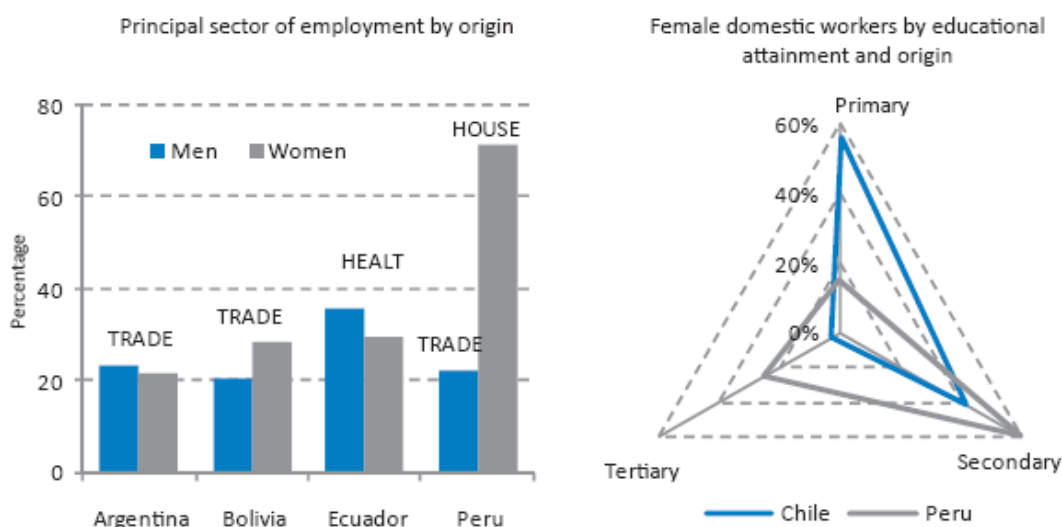
Although immigration remains relatively small (the latest census found 1.4% of the total population were foreign born), its increasing profile is prompting political interest in the country's migration policy. The governments of the Concertación (1990 to present) have been active in formulating migration initiatives, including reforms to the framework Foreigners Law (Decree Law No. 1.094 of 1975), amnesties for irregular migrants, administrative modernisation of the Immigration Department and efforts to develop a regulatory framework that encourages integration of immigrants into the host society.

Another element of Chile's migration policy is the maintenance of relations with the more than 460 000 Chilean-born living abroad. (The government, in fact, recognises a total of close to 860 000 Chileans abroad, a number which, following the constitutional reform of 2005, includes the children of Chileans born abroad). Following the restoration of democracy, the early 1990s saw policies designed to promote the return of Chileans who had left the country for political reasons. In contrast, the main reason given by more recent migrants is to study (52%) (Chilean Ministry of Foreign Affairs, 2005). In 2005 the Ministry of Foreign Affairs compiled a register of Chileans living abroad, data from which are used to develop public policies oriented to overseas Chileans.

Labour Market

The issue of work permits increased exponentially over 1996-2007, overwhelmingly to workers from neighbouring Latin American countries who have a job offer in Chile. Work permits can be job specific, with a duration tied to the labour contract, or open, valid for one year or two and potentially leading to a permanent residence visa.

Figure 2. Principal Sector of Activity of Migrants and Educational Attainment by Origin
(Workers aged 15 or over, 2002)



Note: Sectors of activity are recorded according to the International Standard Industrial Classification, Rev. 3. The following abbreviations are used HEALT: Health and social work; HOUSE: Employment in private households; and TRADE: Wholesale and retail trade.

Source: OECD Development Centre calculations, based on the 2002 National Census of Chile (processed with ECLAC Redatam+SP on-line).

StatLink  <http://dx.doi.org/10.1787/716837331816>

The lefthand panel of Figure 2, which shows the principal sector of employment in Chile of migrants by country of origin, reveals a clear pattern. Peruvian migrants are heavily concentrated in domestic service (71.5% of women) and trade (22.2% of men), while Ecuadorians are found in health and social work (32.6%). This degree of concentration is not found among Argentinians and Bolivians, for whom the principal occupation is trade (at 22.4 and 23.8%, respectively).

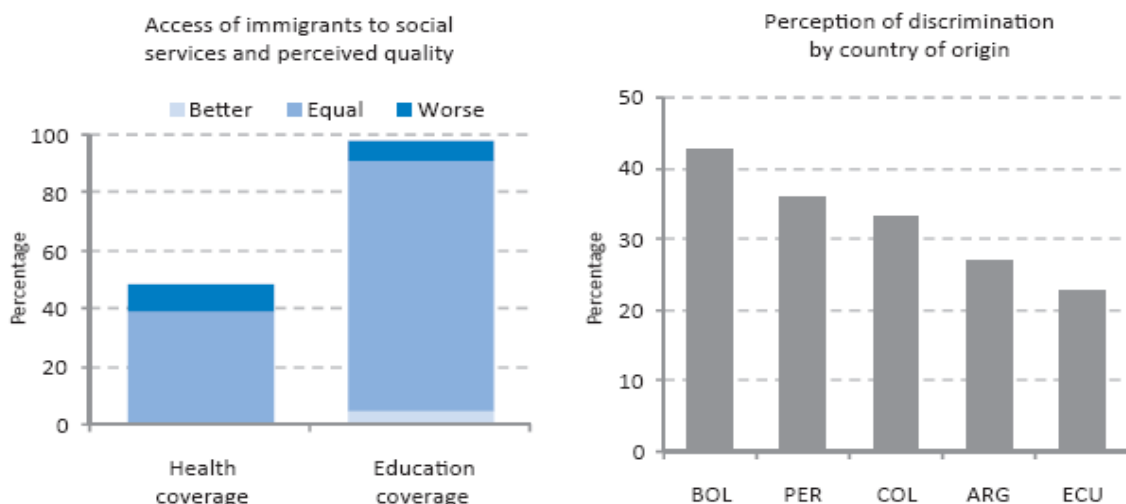
The righthand panel of Figure 2 compares the level of education of Peruvian and Chilean domestic workers. The Peruvian workers are generally more qualified than their native counterparts. This may be part of their attraction to employers.

Continuing integration of these immigrants may be one of Chile's chief migration challenges. Domestic service, at least, does seem to be a good source of employment and opportunity. A study on Immigration, Gender Equity and Public Safety conducted by the Chilean Ministry of the Interior found that the incomes of immigrant domestic workers were sufficient to cover basic needs (91%), allow for savings (52%) and the sending of remittances (70%).

Relationship with the Country of Origin and Integration in the Host Country

A central element of Chile's current National Immigration Policy is promoting the successful integration of immigrants into Chilean society. Chile has held amnesties for irregular migrants, opening the way to their inclusion in the formal economy and in particular its health and pension systems. Existing labour legislation extends to migrants, and migrants' children have access to education regardless of immigration status of their parents.

Figure 3. Integration of Immigrants in Chile, 2008



Source: Chilean Ministry of the Interior (2008).

StatLink <http://dx.doi.org/10.1787/716857433304>

The Immigration, Gender Equity and Public Safety study demonstrates significant success in access to education and health. The lefthand panel of Figure 3 shows that almost all respondents reporting dependent children of school age declared that they attended school regularly. Additionally, 49% of migrants indicated that they were covered by health insurance. Moreover, they had positive perceptions of quality compared to social services received in their home country.

Challenges nonetheless remain in the areas of housing and perceptions of discrimination. The immigrant population expresses difficulties accessing housing (61%), particularly in the case of irregular immigrants. Overall, one in three immigrants in Chile felt they had experienced discrimination while in the country. Peruvians and Bolivians reported higher rates of discrimination than the average.

Emigrant Chileans maintain strong links with their country of origin. A survey of migrants by the Chilean Ministry of Foreign Affairs highlighted their high degree of contact with family (90%) and the frequency of return visits (74% made at least occasional return trips). The study found that 39% of respondents said they intended to return to Chile to resettle in the foreseeable future. This is borne out by the 2002 national census which recorded the return – mainly from Argentina and Europe – of almost 39 000 Chileans formerly living abroad (resident abroad in 1997 and now resident in Chile, aged 15 years or over).