

CHILE

1) QUANTITY OF AID

1.1. Current/Recent Quantity Performance:

In 2006, Chilean development assistance was between US\$ 3.0 and 3.3 million. This represents around 0.003% of Chile's GNI. As Chile's aid programme is purely grant based, there is no meaningful distinction between net and gross disbursements.

	2006 (US\$ mn)	as % of GNI
ODA Net Disbursements (1)	3.0 - 3.3	0.003%

(1) Chile only provides grants, so net disbursements equal gross disbursements.

Source: lower bound based on AGCI (2007), upper bound based on OECD/DAC (2007) - see annex for a description of data sources to do with Chile's ODA.

1.2. Future Quantity Intent

The OECD/DAC's 2007 aid-for-trade country profile for Chile shows substantial planned increases in Chilean aid from US\$ 3.3 million to US\$ 3.8 million in 2008. This is a 15% increase over a 2-year period (OECD/DAC, 2007, p48). In general, institutions that deliver development assistance continue to be hampered by small budgetary allocations, as "*People view local needs as a much higher priority than those based on international interests*" (Free Trade Area of the Americas, p2).

2) KEY AGENCIES/MECHANISMS

2.1 Bilateral Agencies and Structures

Ministerio de Relaciones Exteriores

Chile's Ministry of Foreign Affairs (Spanish acronym MINREL) has overall authority over Chilean external development aid. Within MINREL, the Dirección General de Relaciones Económicas Internacionales (DIRECON) is responsible for aid policy.

Agencia de Cooperación Internacional de Chile (AGCI)

Chile's International Cooperation Agency (AGCI) falls under the auspices of the Chilean Ministry of Foreign Affairs. It is responsible for the management of both incoming and outgoing Overseas Development Assistance. The former is called *Cooperación Vertical*, whilst the latter is called *Cooperación Horizontal*. One of the three key objectives of AGCI is to manage ODA as a donor to "*strengthen Chile's presence in the region, through the execution of a Technical Cooperation programme between developing countries. This would enable the development of relations with countries at a similar or earlier stage of development*". Especially countries "*which are considered a priority for Chile's foreign policy*" are targeted. Development assistance thus conceived will "*show Chile's scientific, technical and cultural capacities*" (AGCI, 2006a). AGCI's main programme to deliver this is a *Programa de Cooperación Técnica entre Países en Desarrollo (CTPD)*.

2.2 Key Policies and Legislation

1990 Organic Law governing AGCI and modifications (AGCI, 2006b)

Chile's international cooperation was comprehensively reformed through Law 18989 of 19 July 1990, which created AGCI (Government of Chile, 1990). In 2005, law 19999 changed AGCI's 'parental' ministry to the Ministerio de Relaciones Exteriores (Ministry of Foreign Affairs), which allowed a closer cooperation and integration with Chile's embassies in the implementation of AGCI programmes.

3) RECIPIENT COUNTRIES AND ALLOCATION CRITERIA

3.1. Recipient Countries

The table below gives the top 10 recipients of AGCI assistance. AGCI (2006c) does not provide specific amounts. Chile's aid programme is geared towards the Latin America and Caribbean (LAC) region. It does not have any programmes outside the LAC region.

1. Cuba
2. Guatemala
3. El Salvador
4. Ecuador
5. Nicaragua
6. Peru
7. Bolivia
8. Rep. Dominicana
9. CARICOM
10. Panama

Source: Development Assistance Questionnaire (AGCI, 2006c).

Distribution among different groups of recipients

	% of total approvals
LDCs	0%
Other LICs	?
SSA	0%
LAC	100%

Source: AGCI (2007).

3.2. Allocation Criteria

3.2.1. *Pre-selection criteria*

The only criterion is that the country has to be in Latin America or the Caribbean.

3.2.2. *Allocation criteria:*

There are no prior allocation criteria. AGCI's Technical Assistance and scholarship programmes are run on a demand-basis, i.e. potential projects/candidates need to submit proposals/applications which are vetted by AGCI staff and/or Chilean embassies. Chile does not have firm plans to expand or contract the number of beneficiary countries.

4) AID POLICIES

4.1. Concessionality

All Chilean aid is in the form of grants.

4.2. Types of Assistance

AGCI delivers aid entirely through TA and scholarships. The TA programme is called the *Programa de Cooperación Técnica entre Países en Desarrollo* (CTPD). Chile's focus on Technical Assistance stems from the fact that it has only recently made the step to ODA donor and has as such often better knowledge compared to traditional donors about LICs development trajectories and human resource needs. TA accounted for 53% of total AGCI disbursements for 2006 (AGCI, 2007), with scholarships making up the remainder.

4.3. Channels of Assistance

Chile did not contribute to the IDA14 replenishment (IDA, 2005), whilst it did not pay any additions to the IADB's capital stock subscriptions in 2005 or 2006 (IADB, 2007).

AGCI disbursements always happen through public institutions, though it is not entirely clear whether they are always recorded on-budget (information is being collected on this).

AGCI does not have any programmes with the private sector or NGOs, even though AGCI officials have recently indicated that they are keen to establish closer cooperation with the private sector (AGCI, 2006c).

4.4. Sectors and Projects

Chile aims its aid towards those sectors in which it considers itself to have comparative advantage over other donors. Its priority sectors are (AGCI, 2006c, p3):

- Design and Evaluation of Public Policy and Social development;
- Strengthening of institutions;
- Stimulating Productive Capacity;
- Regional Integration;
- Strengthening of Governance and Democracy;
- Capacity Building and training of Human Resources in Chile.

In 2006 all these sectors except 'Strengthening Governance & Democracy' had projects:

Distribution by Sector of AGCI's TA programme (1)

Sector	% of total	US\$m
Stimulating Productive Capacity	1.7%	0.03
Design and Evaluation of Public Policy and Social Development	13.4%	0.21
Modernization of the State & Decentralization	17.0%	0.27
International Relations & Regional Integration	58.4%	0.94
Natural Resources & the Environment	9.6%	0.15
Total	100.0%	1.61

(1) Costs associated with triangular programmes include only Chile's financing.

Source: AGCI (2007), exchange rate used is US\$ 1 = CH\$ 532.39

4.5. Flexibility

Chile does not give any BoP or budgetary support to recipient countries, and as such does not deliver development assistance to cover budgetary/BoP gaps.

4.6. Predictability

Planning timeframes for TA and scholarship programmes administered by AGCI are 1 to 3 years (OECD/DAC, 2007, p47), although for most types of Chilean aid, recipients need to apply on annual basis at the local Chilean embassy. Information on whether multiyear commitments are made to recipient countries and on whether disbursements match commitments is still being collected.

4.7. Conditionality

Chilean development assistance does not use any conditionality.

4.8. Policy Dialogue

The Policy Dialogue between Chile and recipient countries does not run via the AGCI as development cooperation is often not the major channel of contact between Chile and its neighbours. The main vehicle for dialogue between Chile and its regional partners are the so-called ACE's (Acuerdo de Complementación Económica), which set the framework for cooperation, and through which development assistance can be discussed (see also section 5.1).

5) AID PROCEDURES**5.1 Conditions Precedent**

Chilean aid does not employ country assistance strategies in its dealings with recipient countries. The ACE's (Acuerdo de Complementación Económica – see www.direcon.cl/documentos) are partnership agreements detailing economic cooperation between Chile and other countries. It is not clear whether this includes concessional financing.

For its purely bilaterally funded TA and scholarship programmes, Chile does not demand any counterpart funding. However, triangular cooperation projects have a high average counterpart funding element of 44% to cover local costs.

To benefit from Chilean aid, institutions in recipient countries need to apply to the official Government contact point (often the Chilean embassy) before February each year, with applications evaluated by Chilean government experts and representatives of Chilean institutions that offer assistance (OECD/DAC, 2007, p47).

5.2 Disbursement Methods

Information on disbursement methods is currently being collected.

5.3 Disbursement Procedures

Information on disbursement procedures is currently being collected.

5.4 Procurement Procedures

All Chilean development assistance linked to the AGCI goes through Chilean institutions and is therefore tied.

5.5 Coordination

Chile has so far not participated in multi-donor programmes, apart from triangular cooperation, in which a ‘traditional’ donor contributes a large portion of the financial resources, Chile contributes Technical Assistance, and the country receiving the cooperation shares local costs (AGCI, 2006c, p4). In 2006, Chile contributed US\$ 0.14 million (7%) towards triangular projects, traditional donors US\$0.98 million (49%) and recipient countries US\$ 0.88 million (44%).

Triangular cooperation projects have been limited so far to technical assistance. They have been carried out together with Japan (JICA), Germany (GTZ), Sweden, Finland, the EC, FAO, the Organisation for American States (OAS) and the Inter-American Institute for Cooperation on Agriculture (IICA) (ACGI, 2007). AGCI considers such triangular cooperation as beneficial to the development of its own aid programme (AGCI, 2006c).

Key Sources *(All internet-based sources accessed on 2-3 April 2008)*

AGCI (2006a) “Objetivos Estratégicos”, accessed at www.agci.cl/que-es-agci/definiciones-estrategicas/objetivos-estrategicos/

AGCI (2006b) “Ley Organica”, accessed at www.agci.cl/que-es-agci/ley-organica/

AGCI (2006c) “Questionnaire Development Assistance by Developing and Transition Countries Country Survey – Chile”, 16 June 2006, AGCI Executive Director’s Office, Government of Chile.

AGCI (2007) “Anexo Estadístico CTPD 2006 Completo”, accessed at www.agci.cl/docs/anexo_estadistico_ctpd_completo2006.pdf

Free Trade Area of the Americas (2000) “Chile’s Approach to Technical Cooperation”, paper presented for the Consultative Group on Smaller Economies, accessed at www.ftaa-alca.org/tecass/derdoc/Dsew14e.doc

Government of Chile (1990) “Ley Organica de la Agencia de Cooperacion Internacional de Chile”, Ley 18989, Diario Oficial del 19 de junio de 1990, accessed at www.agci.cl/docs/biblioteca/ley_organica/ley_organica_agci.pdf

IADB (2007) “Statement of Subscriptions to Capital Stock”, accessed at www.iadb.org/fin/images/Eng5_noteJ.pdf

IDA (2005) “Additions to IDA resources – 14th replenishment”, Report from the Executive Directors of the International Development Association To the Board of Governors, March 10, 2005, accessed at http://siteresources.worldbank.org/IDA/Resources/14th_Replenishment_Final.pdf

OECD/DAC (2007) “Aid for Trade at a Glance: Country Chapters – Chile”, accessed at www.oecd.org/dataoecd/45/19/39639012.pdf

ANNEX 1: DATA SOURCES FOR CHILEAN ODA

Chile does not report aggregated or disaggregated ODA data to the OECD/DAC. The figures used in this profile come from three different sources:

1. Anexo Estadístico CTPD 2006 Completo (AGCI, 2007)
The Agencia de Cooperación Internacional de Chile (AGCI) has an overview of its disbursements on its website for the year 2006. The total AGCI programme is made up of three sub-programmes: (i) bilateral TA, (ii) triangular TA for which contributions from the recipient and 3rd countries need to be deducted, and (iii) scholarships. These calculations add up to US\$ 3 million for 2006 as can be seen in the overview table below. It should be noted that this total does not include multilateral assistance.
2. Questionnaire Development Assistance by Developing and Transition Countries Country Survey – Chile (AGCI, 2006c)
The AGCI also filled out the ‘Development Assistance by Developing and Transition Countries Country Survey’, which gives details on AGCI disbursements for 2000-2005. Data included in this document are not always consistent, and the figures given for 2000-2005 should hence not directly be compared to the numbers from the previous source. It should again be noted that this total does not include multilateral assistance.
3. Aid for Trade at a Glance: Country Chapters – Chile (OECD/DAC, 2007)
This publication gives an estimate for ‘total Chilean Gubernamental Aid’, putting it at US\$ 3.3 million in 2006, and increasing to US\$ 3.8 million by 2008. There is no disaggregation of this figure, and hence it is unclear whether it includes multilateral contributions.

Overview of Chilean aggregate aid

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2006 % GNI
Multilateral aid (1)	?	?	?	?	?	?	?	?	?	0.003%
AGCI disbursements (2)	1.32	1.19	1.23	1.13	1.21	1.60	-	-	-	
AGCI disbursements total (3)							3.04			
Bilateral TA							1.47			
Triangular TA							0.14			
Scholarships							1.44			
Total (4)	-	-	-	-	-	-	3.3	3.5	3.8	
memo items										0.003%
GNI, Atlas method (curr. US\$ bio)	74.6	-	-	-	-	98.4	114.9	-	-	

(1) Not available.

(2) Source: AGCI (2006a).

(3) Source: AGCI (2007), exchange rate used is US\$ 1 = 532.4 CH\$

(4) Source: OECD/DAC (2007).