



Chile Report

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Sustainable Governance Indicators 2018

Executive Summary

In accordance with the decision of the Development Assistance Committee (DAC), Chile left the group of countries eligible for Official Development Assistance (ODA) in October 2017. There is no doubt that this “graduation” reflects the economic and social development the country has undertaken during the past two decades since the return of democracy. But despite this sound macroeconomic performance, Chile is still facing structural challenges which impede equal participation in economic growth and the active claim of social rights, especially by the more vulnerable population.

Strongly polarized political discourses and positions, which are still marked by an ideological division inherited from the Cold War and Augusto Pinochet’s military regime, in combination with high constitutional barriers to implementing structural changes have impeded essential pension reforms and efforts to decentralize. In addition, the country has not managed to significantly reduce poverty levels or close the gap on income inequality.

The prevailing legacy of Augusto Pinochet’s military government must be taken into account in any evaluation of the country’s democracy and governance. Turbulence under the Salvador Allende government and subsequent military dictatorship led to a political culture that favors consensus and avoids conflict. Key actors and citizens generally tend to favor the status quo and harmony. Nevertheless, social tensions are rising in the OECD’s most neoliberal country. Official and unofficial strikes as well as protests lead to violence and police repression with relative frequency. Student protests of recent years appear to have replaced by protests against the pension system, and the indigenous conflict in the country’s south has worsened.

Strongly agitated by several far-reaching corruption scandals that involved both right-wing and left-wing politicians and parties, Chile’s traditional political camp pattern seems to have changed significantly for the first time since the return to democracy in 1990. Some serious cases of corruption involved representatives of important state institutions, including the national tax authority, the police and the military, which have been evaluated in public opinion polls during the past twenty years as among the most trusted institutions. Political institutions have a bad reputation because it is widely known that many of the current influential political and economic actors are

interrelated due to direct family bonds or business relations. Also, public officials tend to abuse their position by sharing high-level political and administrative posts only within this very limited oligarchic circle. The government has responded to recent corruption scandals by introducing more restrictive regulations on party and campaign-finance. Nevertheless, political disaffection is growing. Participation in the October 2016 communal elections dropped to a historical low of 35%, a clear indication of widespread discontent among the Chilean population, irrespective of their political background.

All these aspects explain the growing discontent with national politicians and politics in general, especially among the younger population and in middle-income households – a development that notably influenced the 2017 presidential elections.

Chile is a particularly heterogeneous country, yet economic and political power remains highly centralized in the capital Santiago. Consequently, regional and local interests are often not sufficiently reflected in national policymaking. Also, unresolved ethnic conflicts often trigger a response by the state that, at times, fails to respect the civil and political rights of ethnic minorities (e.g., the Mapuche). In addition, certain forms of political discrimination inherited from the military dictatorship remain. For example, convicts with a prison sentence exceeding three years are barred from voting. Furthermore, convicts with less severe sentences and individuals in custody are de facto excluded from suffrage as institutional structures do not provide the necessary internal procedures to guarantee their constitutional right to participate in elections.

The downside of Chile's relatively stable political system has been low citizen participation in politics. The country lacks mechanisms of direct democracy and citizen participation that could promote citizens' interests as well as public (vertical) accountability. Even the media is unable to fulfill its role as the fourth estate. Chile's oligopolistic media system shows strong biases in the expression and depiction of various political, social and economic positions. This constrains pluralistic public debate, especially on highly ideological topics such as economic inequality and the country's military past. Nevertheless, both the audit office and congressional control over the government work quite well (horizontal accountability).

Although Chile's economy and gross income per capita have consistently grown over the last decade, the country remains extremely dependent on copper exports. Consequently, Chile is highly vulnerable to instability in this commodity's international price. Also, poverty rates and wealth inequality did not show significant changes during the period under review. According to the

Gini index, Chile's degree of income inequality is among the most extreme in Latin America.

In general terms, the government under President Michelle Bachelet has continued to pursue its reform ambitions. However, several reform needs have not been thoroughly addressed and implemented reforms have often had to be significantly scaled back in order to win congressional approval. Nevertheless, the reforms that have been successfully introduced (especially in the field of taxes, education and the binominal election system) might prove to serve as cornerstones for the country's positive development in the long run.

Key Challenges

Although Chile, an OECD member, has undergone a considerable and successful modernization process in recent years, it continues to face serious challenges in closing the gap with more developed countries – as well as the gap between the rich and privileged and poor and marginalized sectors within the country. The Bachelet government has only partially succeeded in implementing its ambitious political, economic and social reform agenda. A lack of consensus and financial resources (due to the downswing of the commodity prices which largely determine the country's macroeconomic performance) holds back wider reform aspirations on tax, labor, pension, education and health care policies, as well as constitutional reforms.

Long-term challenges:

Political and strategic planning is undermined by a lack of state capacities and instruments to ensure policymaking has a medium- to long-term perspective, especially in the case of social, economic and ethnic issues. A lack of political and economic decentralization also hampers efficiency. Chile is one of the most centralized OECD countries despite its economic, geographic and ethnic diversity. Neither poverty rates nor socioeconomic disparities have been significantly reduced. Chile remains one of the most unequal countries in the region and OECD. This has consequences for the whole social system, but the effects are particularly palpable in education, health care and pension policies. The lower-middle class is highly indebted and faces strong social pressure to consume. Many middle-income families struggle to maintain their living standards; if one wage earner loses a job or falls ill, families almost immediately have to significantly lower their living standard. The enormous gap between the quality of the poorly funded public education system (where

per student expenditure tends to be less than half the OECD average) and its expensive private counterpart renders the elimination of structural poverty and socioeconomic disparities much more difficult. Additionally, the private education system is largely controlled by economic and political elites, both in government and the opposition. In this context, the effect of education reform, especially the end of state-subsidies for private and profit-oriented educational institutions within the primary and secondary education, will be shown in the medium term.

Short- and middle-term challenges:

In the general election of November 2017 (beyond the review period), former president Sebastián Piñera received the highest number of votes in the first round (36.6%) and won the runoff for the presidency (54.6%). During the new congressional period 2018-2022, Chile Vamos, the coalition of four center-right parties that he leads, will hold 46% of the mandates in the lower chamber and 44% of the mandates in the upper chamber. Due to the impact of gender quotas, the share of women has significantly increased in both chambers: 22.5% of deputies and 26% of senators.

In his electoral campaign and particularly during the runoff, Piñera pursued a moderate course that even considered the extension of fee-free education, a demand closely associated with the political left. At the same time, he was able to mobilize votes against his opponent Alejandro Guillier, arguing that a Guillier-led government would lead Chile down a dangerous path similar to that observed in Venezuela (“Chilezuela”).

Since he will lack an absolute majority in congress and widespread social demands call for a stronger and more centralized state role, some convergence to the center will be needed to get support for political initiatives. A series of economic and labor reforms are expected in order to put Chile on the path to growth. Chile Vamos’ proposal includes lowering corporate tax rates.

In addition to other ongoing reforms, the newly elected parliament will have to make decisions regarding the proper institutional mechanism for the constitutional reform process initiated by the outgoing Bachelet government, since the constitution does not foresee any criteria for reform or replacement. Procedural options which are being discussed include a bicameral parliamentary commission (Comisión Bicameral), a mixed constituent convention consisting of citizens and members of the parliament (Convención Constituyente mixta), an elected constituent assembly (Asamblea Constituyente) or a plebiscite to let citizens choose between one of the previously mentioned options.

Citation:

<http://www.gob.cl/2015/10/13/discurso-de-la-presidenta-de-la-republica-al-anunciar-el-proceso-constituyente/>

<http://www.gob.cl/2015/10/13/infografia-conoce-las-etapas-del-proceso-constituyente/>

<https://www.unaconstitucionparachile.cl/>

<http://www.gob.cl/conoce-se-construyeron-las-bases-ciudadanas-del-proceso-constituyente/>

<http://www.comision-pensiones.cl/>

<http://www.duna.cl/media/2017/11/INFORME-FINAL-Candidaturas-Chile-20NOV-.pdf>

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 7

Chile has an advanced macroeconomic and financial policy regime in place. This is rules-based and combines a floating exchange rate, inflation targeting, an autonomous central bank, an overall government budget rule, and effective regulation and supervision of banks and capital markets. As a result, macroeconomic performance has generally been quite satisfactory. A dominant economic role is assigned to external trade, markets and the private sector, complemented by active government regulation and policies aimed at limiting noncompetitive market conditions, extending social protection and to a limited degree reducing poverty and income concentration. Economic legislation and regulations provide a level playing field for domestic and foreign competitors. Barriers to international trade and capital flows are negligible, and international competitiveness, adjusted for labor productivity, is relatively high. These policies have enabled a relatively high level of growth, and poverty rates have fallen substantially in the last few decades. As studies by Chile's central bank indicate, economic growth increased between 1.25% and 1.75% during the period under review. Slightly higher growth is expected for 2018. With about 6.9%, the unemployment rate stayed stable in comparison with the previous period under review, but still at a relatively high level considering the past 10 years.

On the other hand, major structural weaknesses can be observed. Low labor efficiency represents a persistent problem. This is especially the case in small- and middle-scale businesses, which are the largest source of employment and labor in Chile. The highly bureaucratic public administration is another negative aspect that limits productivity.

Moreover, economic stability and growth primarily depend on the export of commodities such as copper, agricultural and silvicultural products with

relatively low added value. Thus, Chile shows a comparatively low level of industrialization; the manufacturing sector is small and the majority of consumer, intermediate and capital goods have to be imported. Chile is also highly dependent on energy imports. Minor education-sector reforms have focused on higher education, but given Chile's economic structure, there is a strong need to enhance capacities at a technical level. In the long run, deficiencies in the education system along with low investment rates in infrastructure and R&D will probably hinder economic growth and undermine the sustainability of the country's development path.

Citation:

Informe Política Monetaria del Banco Central

<http://www.bcentral.cl>

Instituto Nacional de Estadística

<http://www.ine.cl>

Labor Markets

Labor Market
Policy
Score: 7

By international comparison, Chile (like most Latin American countries) has very wide-ranging and restrictive labor-market laws and regulations, at least on paper. Excessive regulation of job content, firing restrictions and flexible and part-time contracts create disincentives to formal-sector employment. Minimum wages are high relative to average wages in comparison with other OECD countries.

The unemployment rate stayed stable during the period under review, reaching about 6.9%, one of the highest rates in the past five years. Also, about 70% of salary earners work in low-wage sectors or do not even earn minimum wage, despite being statistically registered as employed. Policies that would increase labor market flexibility (e.g., greater integration of groups such as women and low-skilled workers), have largely been ignored. The strength of trade unions varies greatly, from very powerful (within state-owned companies and the central government) to very weak (within informal enterprises), with factors influencing this divide ranging from inadequate legislation and enforcement to the prevalence of informality.

Since powerful labor unions, including the Central Unitaria de Trabajadores (CUT) and Comisiones Obreras (CCOO), stress wage-related issues, the limited labor-market policies that have been implemented focus on wage levels rather than the quality of the labor force. Continuing education and skill enhancement training programs receive little support. Despite diminishing productivity, comparatively high wage levels have been established, mostly in the mining sector, with wage increases exceeding the rate of inflation.

Originally intended to be introduced in Congress in October 2014, the labor reform package was pushed back due to disagreements between the government and opposition. After several disputes in the Senate and an intervention by the Constitutional Court, labor reforms were finally enacted by President Michelle Bachelet in August 2016. The original reform proposal aimed to alter a number of laws originally passed under Augusto Pinochet and addressed the country's high degree of inequality. However, it was only able to pass Congress after several modifications. The enacted reform seeks to modernize labor relations, mainly relating to collective bargaining, broadening negotiable topics and implementing a female quota of at least 30% among the respective labor union representatives. Although the long-term effect of these reforms on unemployment and labor market performance in general remain unclear, the reform can be considered a step forward. Its effects will be visible in the years to come, as regulatory laws are enacted.

Citation:

See news on labor reform, for instance:

<http://www.emol.com/noticias/Economia/2016/08/29/819506/Cuales-son-las-principales-modificaciones-de-la-Reforma-Laboral.html>

<http://www.cnnchile.com/noticia/2016/08/29/presidenta-bachelet-promulgo-la-reforma-laboral>

<http://www.lanacion.cl/noticias/economia/laboral/reforma-laboral-senado-aprobo-veto-presidencial-y-esta-listo-para/2016-06-22/203636.html>

<http://reformalaboral.carey.cl/>

Study about wages and salary income structure in Chile:

<http://www.fundacionsol.cl/estudios/los-verdaderos-sueldos-chile-panorama-actual-del-valor-del-trabajo-nesi2016/>

Taxes

Tax Policy
Score: 7

Chile has a moderately complex tax system. The tax reforms passed in September 2014 and February 2016 raised the corporate-income tax rate from 20% to between 25% and 27% (since companies may choose between two tax regimes) and eliminated a tax credit (Fondo de Utilidades Tributarias, FUT). This latter measure expanded the base for taxes on capital income. Thus, companies now have to pay taxes not only on distributed profits, but also on profit retained for future investments. These changes are expected to increase overall equity within the system, according to a World Bank study commissioned by the Chilean Ministry of Finance. However, the short- and long-term effects are not fully evident as a portion of the reform package has not measurably taken effect yet (e.g., elimination of the FUT tax credit).

The more ambitious aspects of Bachelet's tax-reform initiative, seeking to increase revenues, reduce tax evasion and avoidance, promote company investments and private savings, and make the fiscal system more equitable, were partially introduced in the latest two reforms packages, but their impacts have not been shown yet.

The highest marginal rate for personal-income taxes is 40%. This implies that high-income wage earners have a high tax burden compared to low-income earners in general, and to high-income non-wage earners in particular. Few exemptions are applied to corporate and income taxes, reflecting a relatively high level of horizontal equity within each income-tax category. High-income non-wage earners can legally avoid high-income taxes through incorporation. The value-added tax (VAT) of 19% is the third highest in Latin America (after Uruguay and Argentina) and remains flat. It favors allocative efficiency but has a regressive impact. There is certainly tax evasion in Chile, probably at higher levels than the OECD average due to the prevalence of informality. Yet efforts to ensure tax compliance have generally been successful. Moreover, Chile probably has one of the most efficient computer-based tax-payment systems in the world.

The government's tax and non-tax revenue is sufficient to pay for government expenditure, at least at current spending levels. Additional revenue stemming from newly introduced fiscal changes is slated to finance reforms within the education and health systems. By and large, Chile has been successful in generating sufficient public revenue. There are flaws in the efficiency of tax spending, but in general the national budget corresponds to the claims of different sectoral ministries. However, most of the tax income generated by corporate and personal taxpayers is based on VAT, and therefore has a very regressive effect. The fiscal reform is expected to make improvements in this regard. Nevertheless, the tax system promotes vertical equity through redistribution at only a relatively low level in comparison to other OECD member states.

Expenditures for education and social security are far too low compared to other countries in the region and to the demands of the lower middle class and the poorer population. Tax policy fails to produce equity with regard to tax burden, as bigger companies and economic elites pay relatively low tax rates. This supports Chile's relatively strong international competitiveness, especially for services and products of comparatively low sophistication. Thus, in general terms, Chile's tax system contributes to the country's competitiveness with respect to world-trade and investment flows. On the other hand, taxation policy does not foster innovation or increase productivity, and thus endangers competitiveness in the long run.

The only reasonable way to assess whether Chile's tax system and actual revenue collection is sufficient to finance a welfare state equivalent to 50% of GDP is to check whether Chile's ratio of government expenditure to GDP – at its current level of per capita income – is within the empirical cross-country

range suggested by Wagner's law, which predicts that the development of an industrial economy will be accompanied by an increased share of public expenditure in GDP: This is the case.

Citation:

<http://www.kpmg.com/global/en/services/tax/tax-tools-and-resources/pages/corporate-tax-rates-table.aspx>

<http://www.tradingeconomics.com/chile/highest-marginal-tax-rate-individual-rate-percent-wb-data.html>

<http://www.latercera.com/noticia/negocios/2015/10/655-649927-9-banco-mundial-73-de-la-recaudacion-de-la-reforma-tributaria-provendra-del-01-de.shtml>

<http://radio.uchile.cl/2014/09/09/lo-bueno-lo-malo-y-lo-escandaloso-de-la-reforma-tributaria>

<http://www.reformatributaria.gob.cl/principales-modificaciones.html>

<http://www.sii.cl/pagina/valores/global/igc2015.htm>

Economist Intelligent Unit, Country Report CHILE, Generated on November 24th 2014.

Luis Eduardo Escobar, "Michelle Bachelet en busca de la transformación de Chile," in: Nueva Sociedad, Nr. 252. Julio-agosto 2014, 4-14.

<http://www.reformatributaria.gob.cl>

http://www.sii.cl/portales/reforma_tributaria/index.html#&panel1-1

On VAT in Chile in comparison: <http://www.emol.com/noticias/Economia/2015/07/28/740297/Chile-tiene-el-tercer-IVA-mas-alto-de-America-Latina-y-se-ubica-por-encima-del-promedio-mundial.html>

Budgets

Budgetary Policy
Score: 8

Chilean budgetary policy has been very successful in terms of national debt reduction and reserve fund accumulation. The country's budgetary policy is based on a fiscal rule that explicitly – and relatively transparently – links overall government spending to an estimate of government revenue trends. This puts Chile at the international best-practice frontier regarding budget policies and fiscal regimes. Although temporarily suspended during the difficult 2009 – 2010 period, this rule's application since 2001 (and the adherence to fiscal orthodoxy even without comparative legislation since the mid-1980s) has allowed the government to reduce overall debt, accumulate sovereign wealth and reduce its overall financial liabilities to negative levels. This policy proved absolutely adequate in dealing with the global financial crisis. In order to improve fiscal transparency and the validation of the public balance, the Fiscal Consulting Council (Consejo Fiscal Asesor) was created in 2013.

Recent trends have been somewhat more worrisome. The country's budgetary policy has come under pressure due to declines in the price of copper, slowing economic growth, state spending that has risen faster than GDP, the continued presence of a structural deficit, and an increase in debt. This trend forced the Chilean government to significantly lower expenditures of some ministries and public services in the latter half of 2016.

Citation:

Cf. DIPRES, Política de Balance Estructural:

<http://www.dipres.gob.cl/572/w3-propertyvalue-16156.html>

Research and Innovation

R&I Policy
Score: 5

Research and development (R&D) expenditure as a share of GDP is very low in Chile compared to other OECD countries, and most of this expenditure is undertaken by the government rather than the private sector. But Chile has shown that it is aware of shortcomings regarding the necessities of technological innovation, especially for its future economic and social development. Significant reforms have been put in place to raise R&D funding, including earmarked taxation (a royalty tax on mining), higher government expenditure, and the improvement of tax incentives for private R&D. Although results have to date been disappointing – in large part because of bureaucratic hurdles to the approval of private and public projects – Chilean institutions show good results at least in the area of basic research. But the steps necessary to transform this good basic research into applied research are almost never taken. Universities are often not prepared to support research that operates at the interface between basic research and industrial development. This is reflected in the comparatively low number of patents registered per year on a per capita basis, whereas the number of scientific publications is relatively high. In general, access to the limited public funds available for research tends to be quite difficult due to high bureaucratic barriers. Despite these facts, a slight improvement regarding innovation policy and scientific cooperation can be observed. According to the latest version of the Global Innovation Index (2017), Chile was ranked 46th out of 128 countries. When compared with the previous year, when it was ranked 44th out of 128 countries, the country's innovation performance appears to be stable.

Citation:

http://www.expansiva.cl/media/en_foco/documentos/17032010150429.pdf

<http://www.scidev.net/america-latina/innovacion/noticias/tres-paises-lideran-innovacion-en-latinoamerica.html>

<https://www.globalinnovationindex.org/>

Global Financial System

Stabilizing
Global Financial
Markets
Score: 6

Given its small size, Chile has quite limited power within international arrangements and, although it participates in regional institutions and regimes, the country has distanced itself from the recent tendencies of its Latin American neighbors to strengthen their respective independence from international-level political hegemony and financial sources. During the world economic and financial crisis, the government applied an austerity policy and engaged in a responsible budgeting policy mandating a 1% structural surplus, largely shielding itself from crisis effects. Nevertheless, in the national as well as international context, the official political discourse privileges the virtue of a totally deregulated and free market, combating any forms of state regulation.

II. Social Policies

Education

Education Policy
Score: 5

Chile's school and education attainment levels are very mixed, and are generally much lower than the OECD average. Pre-primary education coverage is still low, but rising. Primary and secondary education coverage is high, reaching nearly 100% of current age cohorts. Tertiary-education coverage is moderate but increasing, although the quality of universities and private-sector technical institutions varies significantly. Former governments were not able to reduce the qualitative and social gap between the private and public systems; this failure has led to strong public protests that have endured since 2010, though these peaked in 2011 and 2012.

The general ideological disagreement between the government and opposition regarding the role of education and the free market has made it more difficult to pass reforms. However, conflicts between teachers' boards and the corporations or enterprises offering private education services have also played a role. The current government's campaign platform included reforms that sought to abolish profit-seeking in the education sector. A series of legislative proposals on the issue have been submitted to Congress, but not all have been passed. The latest changes were introduced in March 2016 by the enactment of Law Nr. 20.845 (Ley de Inclusión Escolar), which increases subsidies for the most vulnerable students in primary and secondary education. At the same time, public subsidies for providers of education are now granted only to private entities which legally count as non-profit organizations. Additionally, financial contributions (copagos) by those families whose children attend a public school should be lowered. Prior to this latest reform, Law Nr. 20.882 (Ley de Presupuestos del Sector Público), enacted in December 2015, introduced subsidies to the tuition fees for most vulnerable students who attend higher education (about 25% of the newly matriculated students in 2017).

In summary, the government's educational reform aimed at eliminating profit, selection and copayments within the private-education sphere, and is based on four fundamental principles:

- 1) Ensuring that institutions provide a strong education and protect families' financial security;
- 2) Creating a high-quality public-education system;
- 3) Providing for a modern, well-paid, highly skilled teaching profession; and
- 4) Creating a free (no-fee) higher-education system of high quality.

In line with these goals, the budget proposal submitted by President Michelle Bachelet to Congress on 1 October 2014 included a 27.5% increase in public investment. Public education received a funding increase of 10.2%, largely dedicated to nurseries, kindergartens, public-school infrastructure and training programs for teachers. As one of the programmatic focuses of the government of President Bachelet, the past national budgets included an increase in educational spending. Thus, the 2017 budget intends to continue this trend with an increase of 6.2%.

Impacts of the latest reforms, especially regarding coverage of higher education and quality of the public education system as a whole, will be reliably measurable in the medium and long term.

Traditionally, high-quality education in Chile has been accessible only to those able to afford it. There is a huge financial divergence between private and public education, with per month spending per pupil in the public system averaging CLP 40,000 (approximately \$60), and private-schooling fees averaging about CLP 300,000 (approximately \$450). Chile used to have a broad public-education system, but as a result of the poor quality of the public schools, the share of students attending public institutions has declined to approximately 40%. This rate might change in the near future as a result of the recent reforms, but numbers have still to be raised. There is still a great gap in the quality of education for less gifted students, as the system is strongly focused on preparing students for careers requiring higher education. There are consequently comparatively few options for applied, vocationally oriented training courses for students who cannot afford the university, do not obtain the necessary grades to enter university, or are simply skilled in fields that require solid technical training instead of an academic degree.

Furthermore, there is wide variance in standards between universities and even technical training centers, with insufficient quality-control standards. In general terms, Chile's education system – with the exception of a few top universities – fails in the task of educating and training people to acquire the knowledge and skills required if the country is to make a quantum leap in development and growth. This hampers labor-productivity growth and undermines efforts to diminish poverty rates. This weak performance results from failures in past and current education policies, as well as the efforts of a strong teachers' lobby that has effectively opposed necessary reforms to school curriculums and school management structures, and has blocked attempts to link teacher pay to teaching productivity.

Therefore, the latest reforms can be interpreted as an important step toward more equitable access to (higher) education and an improvement regarding the quality standards of public education.

Citation:

Education budgeting

<http://www.dipres.gob.cl/595/w3-multipropertyvalues-14437-22369.html>

<http://www.hacienda.cl/especiales/presupuesto/presupuesto-2016/informativo-presupuesto-2016.html>

http://www.dipres.gob.cl/572/articles-149470_Prioridades_periodo_2017.pdf

Educational Reform

<http://leyinclusion.mineduc.cl/>

<http://reformaeducacional.gob.cl/documentos/>

http://www.comunidadescolar.cl/documentacion/LeyInclusionEscolar/presentacion_sostenedores.pdf

<http://www.gratuidad.cl/lo-que-debes-saber/>

<http://michellebachelet.cl/wp-content/uploads/2013/10/Reforma-Educacional-14-21.pdf>

<http://www.latercera.com/noticia/tasas-cobertura-educacion-parvularia/>

Social Inclusion

Social Inclusion

Policy

Score: 5

In terms of opportunity for upward mobility, Chile still fails to overcome a long lasting and broadening social gap. For example, considerable exclusion along ethnic lines and a large gap between poor parts of the population and the middle class remain. There is also little upward mobility within higher income groups. The middle class in general and especially the lower middle class can be considered highly vulnerable given the lack of support for those suffering unemployment or health problems. Middle-class wealth tends to be based on a high level of long-term indebtedness and its share in the national income is low even by Latin American standards. The income distribution is highly unequal; although GDP (2016) is about \$247 billion and GDP per capita (2016) about \$13,792, about \$300 less than the previous year, about 70% of the population earns a monthly income less than \$800 (CLP 500,000). About 50.9% of the population earns less than \$550 (CLP 350,000) per month. Furthermore, poverty rates among the elderly people are disturbingly high.

The public-education system provides a comparatively low-quality education to those who lack adequate financial resources, while the approach to social policy promoted and supported by the Chilean elite maintains this very unequal social structure. Although some social programs seeking to improve the situation of society's poorest people have been established and extended, the economic system (characterized by oligopolistic and concentrated structures in almost all domains) does not allow the integration of considerable portions of society into the country's middle class. Moreover, the lower-middle class in particular can be regarded more as a statistical category than a realistic characterization of people's quality of life, given that the majority of the Chilean middle class runs a perpetual risk of falling (material) living standards, as their consumer spending

is mainly financed by credit and individual debt. If a household's primary income earner loses his or her job, or a family member has serious health troubles, families tend to face rapid impoverishment.

Reforms planned by Bachelet's government (in the realms of taxation, education and labor) are expected to have substantial pro-inclusionary effects. Some of these have already been introduced, while others are on the way or still under discussion.

Citation:

<http://www.fundacionsol.cl/estudios/los-verdaderos-sueldos-chile-panorama-actual-del-valor-del-trabajo-nesi2016/>

<http://www.fundacionsol.cl/wp-content/uploads/2015/06/Verdaderos-Salarios-2015.pdf>

<http://www.elmostrador.cl/mercados/2015/10/14/desigualdad-historica-este-2015-el-1-mas-rico-de-la-poblacion-alcanzo-el-mismo-patrimonio-que-el-99-restante-del-mundo/>

<http://data.iadb.org>

<http://datos.bancomundial.org/pais/chile>

Health

Health Policy

Score: 7

For more than three decades, Chile has maintained a dual health system, with one pillar represented by private insurance and private health care services chosen by self-financing participants (typically upper middle-income and high-income groups), and another pillar of public, highly subsidized insurance and public health care services for participants who pay only part of their health costs. This system provides broad coverage to most of the population, but with large differences in the quality of health care provision (especially in the waiting times for non-emergency services). A significant reform has been implemented gradually since 2003, expanding the range of guaranteed coverage and entailing a corresponding extension of government subsidies to low- and middle-income population groups. In contrast to other policies, this reform has been pursued in a very consistent and solid way, although some failures can be detected regarding the budget provided for public health and administrative processes. Above all, primary health care within the public system has shown great advances in coverage and in quality. These standards have remained stable in recent years.

In the domain of the more complex systems of secondary and tertiary health care, a more problematic situation is evident regarding the public health care system. These levels show funding gaps and an insufficiency of well-trained professionals. There is still a huge gender gap with regard to health care contribution rates, since maternity costs are borne only by women. For these reasons, the quality and efficiency of public health care provision (government clinics and hospitals) vary widely.

A survey released in May 2017 by Centro de Estudios Públicos (CEP), one of Chile's most important polling agencies, showed that 45% of the respondents cited health care as their second highest concern (after criminality, 51%, and followed by education, 38%).

Citation:

Healthcare as one of the chief concerns:

http://www.latinnews.com/component/k2/item/70237.html?period=2016&archive=26&Itemid=6&cat_id=804376:chile-seeking-to-address-the-chief-public-concern

https://www.cepchile.cl/cep/site/artic/20170831/asocfile/20170831165004/encuestacep_jul_ago2017.pdf

Families

Family Policy
Score: 5

In recent years, there have been efforts to establish wide-ranging preschool-education coverage. These policies offer Chilean parents more opportunities to place their children in free or low-priced nurseries and kindergartens. As enacted, Michelle Bachelet's 2015 budget included an increase in public funding in both categories. The national social program "Chile crece contigo" (Chile grows with you), which supports expecting mothers and families during a child's early years, also includes support for adolescent mothers.

However, this system does not yet fulfill actual labor-market requirements, given that nursery opening times often do not coincide with parents' long working hours. The average annual working hours in Chile (1,974 hours per year and worker) far exceed the OECD average (about 1,763 hours per year and worker). Families' abilities to find day care for their children depends to a great degree on their economic backgrounds, as wealthier families normally pay for private housekeepers and nannies. Aside from the issue of women's labor-market-participation opportunities, Chilean family policy does not fully respect fathers' concerns, as tuition for children is paid solely to mothers, for example. Chilean family policies still lack a holistic vision of modern families; for example, they are weak on issues such as single parents and adoption.

Citation:

http://www.dipres.gob.cl/594/articles-121592_Ley_de_Presupuestos_2015.pdf

<https://stats.oecd.org/Index.aspx?DataSetCode=ANHRS>

Pensions

Pension Policy
Score: 5

Chile's pension system combines a redistributive means-tested pillar financed by general taxation with a self-financed pillar based on individual contributions and individual pension accounts, which are managed by private pension fund

managers and invested both domestically and abroad. The redistributive pillar was extended and broadened very substantially by a 2008 pension reform that implemented means-tested pension subsidies, guaranteeing a pension floor to all older citizens that is very high relative to the country's minimum and average wages. The reform also provided pension benefit entitlements to women based on the number of children they have had, with no ceiling on the number of children. It is a matter of some debate whether the Chilean pension system guarantees intergenerational equity or prevents poverty caused by old age. It can be argued that both public and private pension systems are fiscally sustainable (like those of Norway, the best-funded system among all OECD countries), and thus provide both intergenerational and intragenerational equity across income groups. Nevertheless, the Chilean system largely fails to guarantee poverty prevention among large parts of the socioeconomically weaker and older population who depend on the support of their families or have no pensions at all if they worked in unstable and/or informal employment. Thus, the pension system has (because of the capitalization logic) virtually zero redistributive effect.

An advisory presidential commission (Comisión Asesora Presidencial sobre el Sistema de Pensiones) was set up in April 2014 with the task of analyzing possible pension-system changes. The current system, which was established under Augusto Pinochet's military regime, is strongly criticized as being designed to guarantee and provide sufficient funds for the economic and political elite and their financial interests, as these groups have strong links to the pension-fund management companies. The commission presented its final report in September 2015. It contained no radical reform proposals, but did suggest some slight changes such as an increase in contributions and an expansion in the coverage provided by basic solidarity pensions (*pensión básica solidaria*). The current scenario indicates that poverty among the elderly will rise in the medium and long term if reforms are not introduced soon.

During the period under review, dissatisfaction with the pension system has increased significantly and led to peaceful, but massive demonstrations in more than 50 cities. Without a doubt, the pension system will be a central issue in the presidential and legislative elections in 2017. As yet, the government has not presented a concrete reform proposal.

Citation:

<http://ciperchile.cl/2015/11/18/conclusiones-de-la-comision-bravo-todo-esta-al-reves-con-las-pensiones/>

The Commission's Executive Summary:

<http://www.comision-pensiones.cl/Documentos/GetResumen>

Integration

Integration Policy
Score: 6

The number of immigrants in Chile has increased significantly during the last five years. In general, there are few restrictions for highly skilled immigrants and professionals, most of whom tend to obtain working permits. The integration of immigrants from other Latin American countries, who represent nearly 75% of all immigrants (by far the largest group of foreigners in Chile), does not face significant difficulties since these immigrants share a common language and, to a certain degree, a similar cultural background. Typically, Peruvians have been the biggest immigrant group in Chile. However, in the period under review, most residence applications were submitted by Venezuelans due to the multiple crises in their country. Since 2013, immigration from Venezuela has grown by a factor of 19.

Latest estimates indicate that there will be about 600,000 immigrants living in Chile by the end of 2017 (about 3.5% of the population); this is an increase compared to the previous review period, but still a very small share in comparison to its neighbor Argentina or other OECD member states.

Also noteworthy is the fact that the relationship between emigration and immigration in Chile has changed. While in the past Chile registered higher rates of emigration than immigration, this is reversing due to the country's economic development and political stability. The vast majority of immigrants settle in Chile's capital Santiago and in those parts of the country characterized by a high concentration of mining activities – the country's most important source of income. Because immigration happens most in these highly visible regions, migration policy has become more present in public discussions during the period under review. It is fair to assume that its importance will further increase, considering its impact on the country's economic and social development.

In 2016 and 2017, laws were enacted that foster protection of refugees and their integration into Chilean society. Refugee children now receive privileged access to Chilean citizenship regardless of age and residence time when one of their parents adopts Chilean citizenship. Before this reform, only adult children qualified for receiving citizenship through a parent. Additionally, some administrative barriers for migrants to attend public schools have been lowered.

On the basis of Chile's experience with the humanitarian resettlement of Palestinians, Bachelet's government promised to host between 50 and 100 Syrian families, regardless of religion, but in the end, only 14 families had arrived by the end of October 2017.

Citation:

http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/international-migration-outlook-2015_migr_outlook-2015-en#page196
<http://www.latercera.com/noticia/nacional/2014/09/680-596709-9-inmigrantes-en-chile-mas-de-dos-tercios-trabajan-y-el-42-cotiza-en-fonasa.shtml>
<http://www.extranjeria.gob.cl/media/2016/02/Anuario-Estad%C3%ADstico-Nacional-Migraci%C3%B3n-en-Chile-2005-2014.pdf>
http://www.ilo.org/santiago/sala-de-prensa/WCMS_555337/lang-es/index.htm
<http://www.latercera.com/noticia/venezolanos-lideran-solicitudes-residencia-chile-2017/>
<http://www.pulso.cl/economia-dinero/censo-2017-gobierno-estima-poblacion-extranjera-llegaria-las-600-mil-personas/>
 Refugee policy: <http://www.acnur.org/noticias/noticia/presidenta-de-chile-se-compromete-con-la-crisis-actual-de-los-refugiados/>
 Chilean plan for Syrian refugees: <http://www.elmostrador.cl/noticias/opinion/2016/08/14/refugio-sirio-en-chile-un-imperativo-etico/>
<https://migrantes.mineduc.cl/2017/09/25/difusion-territorial-la-normativa-favorece-la-inclusion-estudiantes-extranjeros-sistema-educativo/>

Safe Living

Safe Living
Conditions
Score: 7

Internal security policy is quite effective. While organized crime is not apparent to the average citizen, there are some disturbing trends: selective acts of terrorism (or acts classified as such) based on ethnic or political grounds, and a slightly rising incidence of drug-trafficking (and related crimes). Homicide rates in Chile are among Latin America's lowest. Common crime rates have not shown any significant changes since 2012. Still, public perceptions of criminality tend to overestimate the statistical reality. According to a poll released in August 2017 by the Chilean survey institute Centro de Estudios Públicos, insecurity remains the overriding public concern (51%), ahead of health care (45%) and education (38%), despite the fact that the Nueva Mayoría government presented a positive balance for 2016 with a 5.6% fall in serious crime compared with the same period a year before.

Private security services are widespread in the wealthier urban areas, especially in Santiago. Chile has an extremely high share of prisoners among the younger population in particular. Prevention measures are not well developed. The last two governments each launched anti-crime programs focusing more on detection and repression than on prevention. These had very mixed results. Crime-control programs such as the Plan Cuadrante and the marked increase in the numbers of police officers have significantly reduced crime rates. Penal-code reforms and their implementation over the last eight years have also significantly raised the efficiency of crime detection and criminal prosecution. In the government's 2017 state budget, security is one of the top three budgetary priorities (along with education and health).

Citation:

http://www.inec.cl/canales/chile_estadistico/encuestas_seguridadciudadana/victimizacion2013/presentacion_x_encuesta_nacional_seguridad_ciudadana.pdf

UNODC report 2013:
http://www.unodc.org/documents/gsh/pdfs/2014_GLOBAL_HOMICIDE_BOOK_web.pdf
 On insecurity as the chief public concern:
https://www.cepchile.cl/cep/site/artic/20170831/asocfile/20170831165004/encuestacep_jul_ago2017.pdf
<http://www.seguridadpublica.gov.cl/estadisticas/tasa-de-denuncias-y-detenciones/delitos-de-mayor-connotacion-social-casos-policiales/>

Global Inequalities

Global Social
 Policy
 Score: 7

The Agencia Chilena de Cooperación Internacional para el Desarrollo (AGCID) under the Ministry for External Relations has been the national agency responsible for international cooperation, South-South and triangular cooperation since 1990. Its current Strategy for the International Development was defined for the period 2015-2018.

Chile formally follows and promotes the United Nations' Sustainable Development Agenda (Agenda 2030) and its 17 Sustainable Development Goals in its foreign policies. In practice, those criteria do not necessarily give direction when it comes to decision-making regarding international cooperation with developing countries in the region (Chile cooperates nearly exclusively with Latin American developing and emerging countries). In respect of promoting fair access to global markets, Chile offers virtually no subsidies to domestic producers, and does not maintain protectionist trade barriers to imports.

Citation:
 Agencia Chilena de Cooperación Internacional para el Desarrollo (AGCID):
<https://www.agci.cl/index.php/que-es-la-cooperacion>
https://www.agci.cl/images/centro_documentacion/ESTRATEGIA_DE_COOPERACIÓN_26nov15.pdf

III. Environmental Policies

Environment

Environmental
 Policy
 Score: 6

Chile has an efficient but scarcely restrictive environmental regulatory system. From 2010 onwards, it has boasted a modern environmental institutional system. For example, the former National Commission for Environmental Issues (Comisión Nacional del Medio Ambiente) has been upgraded into the Ministry of Environment (Ministerio del Medio Ambiente). The creation and implementation of complementary institutions, such as environmental tribunals (Tribunales Ambientales) and a chairperson for the environment

(Superintendencia Ambiental), showed some progress by the end of 2012. However, Chilean environmental policy is basically designed for compliance with standards required by international markets and thus does not necessarily focus on aspects like ecological sustainability. In addition, Chilean environmental policy is also exposed to major domestic political pressures from the industrial sector, especially in the field of water and forestry policies and regulation. This often leads to clashes over the protection, preservation and sustainability of natural resources and the quality of the environment. It is quite common for the judiciary to stop investments and projects on ecological-sustainability grounds. In September 2016, Chile signed the Paris Agreement on climate change, which was ratified in January 2017. This entry into force might foster institutional efforts to protect and preserve natural resources and environmental quality in the near future.

Citation:

<http://www.sma.gob.cl/>

http://unfccc.int/paris_agreement/items/9444.php

http://unfccc.int/paris_agreement/items/9444.php

http://www.senado.cl/ratifican-acuerdo-de-paris-sobre-cambio-climatico/prontus_senado/2017-01-25/110753.html

Global Environmental Protection

Global
Environmental
Policy
Score: 5

The government demonstrates commitment to existing regimes and international efforts but it is not a genuine promoter of global environmental protection. There has been at least one specific initiative regarding the protection of Antarctica, but in general terms, the government neither initiates significant reforms nor plays a leading role in their advancement. Chile signed the Paris Agreement on climate change in September 2016, which was ratified by the parliament in January 2017.

Citation:

http://www.senado.cl/ratifican-acuerdo-de-paris-sobre-cambio-climatico/prontus_senado/2017-01-25/110753.html

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 9

In general terms, candidates and parties are not discriminated against in the registration process. Electoral procedures are very reliable and there is no ideological bias.

Beginning with the 2013 presidential election, a non-compulsory primary-election system (primarias) for the designation of presidential candidates was established. The 2013 presidential and congressional elections showed a slight improvement due to the fact that one of the two main coalitions, the former Concertación – now renamed Nueva Mayoría – broadened its ideological spectrum in order to integrate several small leftist parties (Partido Comunista; Izquierda Ciudadana; Movimiento Amplio Social). Under the second government of Michelle Bachelet, these political forces were also assigned ministerial responsibility. This can be regarded as an improvement within Chilean democracy in general.

Also, the Electoral Service (Servicio Electoral de Chile, SERVEL) has been assigned a wider range of oversight mechanisms regarding registration procedures. It has also been given more autonomy from other state organs, with the aim of ensuring more efficient monitoring of the registration process and of political-party and campaign financing. To a certain degree, this shift can be seen as a response to the electoral fraud that occurred in 2013, when two independent candidates forged signatures in order to meet the candidate-registration threshold. Both were found guilty in 2014.

In April 2015, a new electoral law (Law No. 20,840) was enacted that replaced the 25-year-old binominal electoral system for parliamentary elections with a system of “proportional and inclusive representation.” The allocation of seats continues to be based on the D’Hondt method, but now in multimember districts of smaller magnitude (3 to 8 deputies and 2 to 5 senators). Further changes include the following:

- An increase in the overall number of deputies (from 120 to 155) and senators (from 38 to 50);

- A reduction in the number of districts and constituencies for the election of the Chamber of Deputies (from 60 to 28);
- A reduction in the number of districts and constituencies for the election of the Senate (from 19 to 15);
- The introduction of a gender quota applied to party lists: neither males nor females may exceed 60% of the total number of candidates presented by a party (up to 2029);
- An increase in the amount of state reimbursement for each vote received by female candidates and the introduction of a gender bonus of about \$20,000 for each woman elected as deputy or senator (up to 2029);
- A lowering of the requirements for creating parties. The number of signatures parties must collect decreased from 0.5% of the voters in the last election for the Chamber of Deputies in 8 of the 15 regions or in 3 geographically contiguous regions to only 0.25%, but limited to the region in which they are registered;
- The introduction of the M+1 rule: unlike the binominal system, each party list must now include as many candidates as seats are to be distributed, plus one. As before, the lists are open.
- Electoral pacts between parties are only allowed at the national level.

In December 2016, another electoral law (Law No. 20,990) was enacted which introduced the direct popular election of the executive branch of the twelve regions in which the country is administratively divided. The former “Intendentes” which were designated by the central government will be replaced by elected “Gobernadores Regionales” in order to foster decentralization and citizen participation. The office term will be four years and only one consecutive reelection possible. To be elected, a candidate requires at least 40% of the valid votes in the first round or more than 50% in the runoff (second round between the two candidates with the most votes).

The new electoral system for congress was first applied in the legislative elections of November 2017 (beyond the review period) together with the presidential election. The first direct election of regional governors will take place in 2020.

Citation:

<http://www.gob.cl/2015/04/27/fin-al-binominal-conoce-el-nuevo-sistema-electoral/>

<http://www.bcn.cl/leyfacil/recurso/nuevo-sistema-electoral-para-elecciones-parlamentarias-%28fin-del-sistema-binominal%29>

<http://www.bcn.cl/leyfacil/recurso/nuevo-sistema-electoral-para-elecciones-parlamentarias-%28fin-del-sistema-binominal%29>

Ricardo Gamboa/Mauricio Morales 2016: Country Note, Chile’s 2015 Electoral Reform: Changing the Rules of the Game, Latin American Politics and Society, 11 October 2016, 126-144. DOI: 10.1111/laps.12005, <http://onlinelibrary.wiley.com/doi/10.1111/laps.12005/Abstract>

<http://www.gob.cl/consiste-la-eleccion-directa-gobernadores-regionales-aprobada-este-miercoles/>

<https://www.leychile.cl/Navegar?idNorma=1098725>

<https://www.efe.com/efe/america/politica/bachelet-promulga-una-ley-que-permitira-la-eleccion-directa-de-gobernadores-regionales/20000035-3136356#>

Media Access
Score: 4

Access by candidates and parties to public TV channels is regulated by law (Law No. 18,700, Ley Orgánica Constitucional sobre Votaciones Populares y Escrutinios, and Law No. 18,603, Ley Orgánica Constitucional de los Partidos Políticos). Given the high concentration of media ownership with a specific political viewpoint, candidates and parties de facto lack equal opportunity of access to a plurality of media and other means of communication. La Nación, a former daily paper owned and run by the state, stopped publishing a print edition under former President Sebastián Piñera's administration (although the publication is still accessible online). Chile's largest free TV channel (TVN) is state-owned, and is required by law to provide balanced and equal access to all political views and parties – a regulation which is overseen by the National Television Directorate (Consejo Nacional de Televisión, CNTV). The private media is mainly owned and/or influenced by elite associated with the Chile Vamos (until 2015, Alianza por Chile) coalition, which represents the opposition during the period under review. Although La Nación and TVN are state-owned, they must operate according to market rules, relying on advertising revenues and strong audience ratings. In general, regional candidates tend to have fewer media-access opportunities due to the strong centralization of Chile's political and media systems. By the end of the period under review, TVN was declared bankrupt and the future of the channel seemed uncertain as the parliament will have to decide by the end of 2017 whether to provide public funds and guarantee its functioning or privatize the channel.

Voting and
Registrations
Rights
Score: 8

Law No. 20,568, enacted in January 2012, and Law No. 20,669, enacted in April 2013, changed the voter registration system, eliminating the voluntary registration and compulsory voting system and replacing it with automatic registration and a voluntary right to vote for citizens older than 18 years. This reform promoted the participation of younger and especially first-time voters in the 2013 presidential elections. This law also introduced assisted voting for citizens with disabilities. Since April 2014, Chileans living abroad have been automatically registered to vote if they are registered correctly with the register office. Thus, in the presidential elections of 2017, Chileans living abroad will be able to participate for the first time in national elections.

These individuals are now in theory allowed to participate in presidential elections, presidential primaries and national plebiscites (which are not explicitly provided for by the constitution), but not in parliamentary or municipal elections. However, only the electoral-roll inscription is carried out automatically today.

Individuals who have been charged with a felony and sentenced to prison for more than three years and one day, as well as people classified as terrorists, lose their suffrage rights. Prisoners who have not been charged but remain on

remand also lose their right to vote. Nevertheless, Law No. 20,568 eliminated penalties previously dealt to registered voters who did not vote and failed to have an explicit and officially approved excuse for not doing so. The fact that the act of voting is now completely voluntary is questioned by some politicians and intellectuals who argue that voting not only represents a civil right but also a civil duty. Fears were raised by academics that the transition to voluntary voting would be accompanied by a bias toward middle- and upper-class voters, since lower-class and marginalized voters would disproportionately stay home. These fears ultimately turned out to be unjustified, as balloting has demonstrated no significant bias with regard to socioeconomic status in comparison to previous elections. However, voter-turnout rates dropped to an historical low in the municipal elections of 2016.

Citation:

<http://www.bcn.cl/leyfacil/recurso/voto-de-chilenos-en-el-extranjero>

<http://www.biobiochile.cl/2014/04/30/presidenta-bachelet-promulga-ley-de-voto-chileno-en-el-extranjero.shtml>

<https://www.servei.cl/voto-de-chilenos-en-el-exterior-2/>

Party Financing
Score: 6

In general, party and campaign financing processes have not been very transparent in the past. Upper limits to campaign financing are set by law, but enforcement and oversight are not very effective. Electoral campaign expenditures are financed by public funds and private financing, but ineffective monitoring often enables the latter to be rather opaque. De facto, there are no real mechanisms for applying penalties in the event of irregularities. Law No. 20,640, approved in October 2012, made it possible for a political coalition to support candidates on a joint basis. This process is voluntary and binding, and joint campaign expenditures are limited by the current public-transparency law (Ley de Transparencia, Límite y Control del Gasto Electoral). This limit is set at 10% of the amount allocated for normal elections.

At the end of 2014, wide-ranging evidence of corruption in political-party funding came to light. As the investigation progressed, more and more politicians and political parties have turned out to be involved, across the political spectrum. Known as “Pentagate,” the scandal reached such a dimension that the former head of the Chilean General Accounting Office (Contraloría de la República) said in his end-of-term speech in April 2014: “We can’t shut our eyes, corruption has arrived.” The scandals have been particularly striking given that Chile has always tended to be considered an exception to the endemic corruption found elsewhere in Latin America.

As a response to this crisis, President Bachelet convoked an anti-corruption council that proposed several anti-corruption measures, including new restrictions on private campaign funding, which were largely enacted in April

2016. With the new Law No. 20,900, which modifies former Law No. 19,884, a higher base amount is provided by the state for electoral campaigns, but enterprises are barred from providing funding to political parties or campaigns. In addition, anonymous donations have become illegal and all donations must be transparently registered. During the period under review, court hearings on irregularities in political party funding and relating to some of the already mentioned corruption scandals were still ongoing. Imposed sanctions have tended to be rather light. It remains to be seen how the new law will impact electoral campaigns and political financing, especially in the context of the presidential elections of 2017, and if the responsible authorities will be able to monitor the law's adherence.

Citation:

<http://www.servel.cl/financiamiento-de-campanas/>

<http://www.latercera.com/noticia/politica/2016/04/674-676080-9-estas-son-las-normas-que-fija-la-nueva-ley-para-regular-el-financiamiento-de.shtml>

Popular Decision-Making
Score: 3

The Chilean constitution is one of the most restrictive on the topic of direct democracy (e.g., referenda, plebiscites and citizens' initiatives) in present-day Latin America. The last nationwide plebiscite was initiated by the government in 1989, albeit during a military dictatorship and in the midst of the agreement process on the transition to democracy. At the moment, the national government does not contemplate mechanisms for direct democracy, though they have been called for by various civil society groups and movements. At the municipal level, the Organic Constitutional Law of Municipalities (2002) provides for popular consultations (i.e., plebiscites). These may be either top-down (at the initiative of a mayor, with the agreement of the council, or by the municipal council itself, with a two-thirds majority) or bottom-up (by a minimum of 10% of a municipality's citizens). Thus, the possibility to initiate referenda at the municipal level officially exists, but these referenda are not necessarily legally binding and may be ignored by the authorities.

Access to Information

Media Freedom
Score: 8

In general, the rules and practice of media supervision guarantee sufficient independence for public media. Privately owned media organizations are subject to licensing and regulatory regimes that ensure independence from the government. During the last two years, the Freedom House index evaluated Chile's freedom of press as "free" whereas in 2015 it was still evaluated as "partly free." The report's authors argued that the level of violence and harassment faced by journalist covering protests had significantly decreased in recent years. The index takes into account "the legal environment in which media operate, political influences on reporting and access to information, and economic pressures on content and the dissemination of news." The latest

Press Freedom Index 2017, published by the international NGO Reporters Without Borders, ranked Chile 33rd, a dropping two places compared to the previous year. Nonetheless, covering demonstrations still remains difficult. Given Chile's media landscape and its ideological and economic concentration, the degree of government influence over the media depends largely on which coalition is leading the government and clearly limits democratic debate.

Citation:

Freedom House Index (freedom of the press):

<https://freedomhouse.org/report/freedom-press/freedom-press-2017>

Reporters without borders press freedom index:

<https://rsf.org/en/chile>

Media Pluralism
Score: 5

In general terms, the high concentration of media ownership in Chile notoriously limits democratic debate. This is especially the case among print media, which is practically a duopoly. The El Mercurio group and Copesa together account for much of the country's print sector, have the greatest share of readers and control of a considerable amount of the country's advertising portfolio. The papers owned by these two dominant groups offer essentially uniform political-ideological projects, editorial positions, styles and news coverage. However, these newspapers tend to be more influential among Chile's upper-middle class and political elites than among the broader public. The official government daily, La Nación, presents views and opinions that run counter to those in the dominant papers; however, its print edition was eliminated during the administration of former President Sebastián Piñera (although it is still accessible online). A similar pattern can be found in the public-television sector, but on the whole the electronic sector offers a more diversified scope of opinion (especially on local radio stations and in a few online publications). In general, there is a very narrow informational mainstream, with the government-owned TVN being the most dominant free station. Whether it presents politically balanced views and provides access to all viewpoints is a point of debate. By the end of the period under review, TVN has been declared bankrupt and the future of the channel seemed uncertain as the parliament will have to decide by the end of 2017 whether to provide public funds and guarantee its functioning or privatize the channel.

Access to
Government.
Information
Score: 7

The statute on access to public information (Ley No. 20,285 sobre Transparencia de la Función Pública y Acceso a la Información de los Órganos de la Administración del Estado) was approved by Congress in August 2008 and implemented in 2009. It stipulates two dimensions of transparency. The first is "passive transparency," and obliges all public institutions and authorities of the government to respond to any request for information constituted as public information within a 20-day period (with extensions of up to ten more days possible). The other dimension is that of "active

transparency,” and requires governmental ministries and agencies to publish broad information on various topics on their websites. The statute also creates the Transparency Council (Consejo para la Transparencia), an independent agency responsible for monitoring transparency, regulating transparency practices and compelling public services to provide information should they refuse to do so. The Transparency Council’s board of directors is nominated by the executive and approved by the Senate. Information classified as a state secret is exempted from these transparency stipulations. This remains an important clause, as there are about 20 Chilean laws that are officially still classified as secret. These laws derive in some cases from the beginning of the 20th century, and in others from the military regime. Most are actually common knowledge, but remain formally treated as secret. Although the Transparency Law (Ley de Transparencia) leaves very little room for administrative interpretation, there have been cases of negligence regarding access to and publication of relevant information.

Citation:

<http://www.freedominfo.org/regions/latin-america/chile/>

<http://www.chiletransparente.cl/>

<http://www.leychile.cl/Navegar?idNorma=276363&idParte=0>

http://anticorrupt.eu/wp-content/uploads/2014/03/Chile-Background-Report_Final.pdf (S. 14)

Civil Rights and Political Liberties

Civil Rights
Score: 7

The state and the courts efficiently protect civil rights, but certain specific conflicts (e.g., those related to indigenous groups) have led to human-rights violations in the recent past. In conflicts involving ethnic minorities, such as the ongoing conflict regarding the Mapuche minority in the southern region of Chile, anti-terror legislation – which dates back to 1984 and violates international conventions signed by Chile – have been applied in recent years. Additionally, within the context of the Mapuche conflict, it is quite noticeable that there have been multiple cases of detainees being held significantly longer than average, independent from the respective results of an investigation.

Furthermore, some occasional conflicts between civilians and the military or the police are overseen by military courts, whose impartiality is questionable. In general, the enormous income gap between population groups tends to marginalize the poorest people, who receive less state protection against infringements of their rights and for whom access to justice is more difficult.

In November 2016, Law No. 20,968 was enacted which modified the competences of the military justice defined by Law No. 20,477. Henceforth, no civilian – perpetrator or victim – will be prosecuted by military courts. The new law also introduced the crime of torture into the criminal code.

Citation:

<http://www.latercera.com/noticia/bachelet-pide-perdon-al-pueblo-mapuche-presenta-medidas-la-araucania/>

<https://prensa.presidencia.cl/comunicado.aspx?id=56160>

<https://www.bcn.cl/leyfacil/recurso/delito-de-tortura>

<http://radio.uchile.cl/2016/12/02/nueva-modificacion-a-la-justicia-militar-un-avance-hacia-el-pleno-estado-de-derecho-en-chile/>

Political Liberties
Score: 7

In general, political rights are protected by the constitution and legislation, and are enforced by government policy and practice. Nevertheless, police interventions have sometimes crossed the line from guaranteeing law and order into repression – especially during the more intense period of the student movement and protests by Chile’s indigenous people. Furthermore, the biased media landscape limits equal access to information and the opportunity to communicate different political opinions and versions of conflict situations.

Non-
discrimination
Score: 6

In general terms, political rights are protected by legislature and government bodies. Major failings can be seen, for example, in the case of the Mapuche indigenous conflict in the southern part of Chile. The Mapuche are not constitutionally recognized as an ethnic minority with collective rights. Despite official denials, some Mapuche captives claim to be political prisoners. There have been some important attempts to diminish discrimination, such as the Civil Union Agreement (Acuerdo de Unión Civil) that allows for the official acceptance of same-sex unions. The law on this issue was enacted in October 2015. In June 2017, President Bachelet officially apologized to the Mapuches for the mistakes and horrors (errores y horrores) committed or tolerated by the state toward these communities and presented the Plan de Reconocimiento y Desarrollo (Plan for Recognition and Development) Araucanía. This initiative seeks the recognition of collective rights and their language (mapuzungung), introduces a holiday in their honor (Día Nacional de los Pueblos Originarios) and creates the Ministry of the Indigenous Peoples and the Council of Indigenous Peoples.

With regard to gender, Chile is ranked 63 out of 144 countries in the latest Global Gender Gap Index (2017); its parity-impairity score (ranging from 0.00 = impairment to 1.00 = parity) is 0.704. Both figures represent an improvement compared to last year. Only about 16% of Chile’s serving deputies and senators are women. These averages are much lower than comparable shares elsewhere in Latin America or in the OECD as a whole. In order to improve the ratio of women representatives, a new electoral law obligates political parties’ electoral slates to be composed of at least 40% women beginning in the 2017 elections and provides financial incentives for the candidacy and election of women. Furthermore, a new labor reform package enacted in August 2016 implemented a 30% female quota for the representatives of labor unions.

Gender-discrimination issues are relevant in other spheres as well. For example, health care insurance is twice as expensive for women as for men due to maternity costs. Many other social, political, economic and legal policies and practices lead (directly or indirectly) to gender and ethnic discrimination.

Citation:

Interparliamentary Union, Situation as of 1. October 2017

<http://archive.ipu.org/wmn-e/classif.htm>

Global Gender Gap Index (2017)

<https://www.weforum.org/reports/the-global-gender-gap-report-2017>

<http://www.t13.cl/noticia/nacional/bachelet-anuncia-creacion-ministerio-pueblos-indigena>

Rule of Law

Legal Certainty
Score: 7

Acts and decisions made by the government and official administrative bodies take place strictly in accordance with legislation. There are moderately effective autonomous institutions that play an oversight role with regard to government activity, including the Office of the General Comptroller (Contraloría General de la República) and the monitoring functions of the Chamber of Deputies. Government actions are moderately predictable and conform largely to limitations and restrictions imposed by law.

Judicial Review
Score: 8

Chile's judiciary is independent and performs its oversight functions appropriately. Mechanisms for judicial review of legislative and executive acts are in place. The 2005 reforms enhanced the Constitutional Tribunal's autonomy and jurisdiction concerning the constitutionality of laws and administrative acts. Arguably, the Tribunal is one of the most powerful such tribunals in the world, able to block and strike down government decrees and protect citizens' rights against powerful private entities. In November 2016, Law No. 20,968 was enacted which modified the competences of the military justice defined by Law No. 20,477. Henceforth, no civilian – perpetrator or victim – will be prosecuted by military courts. The new law also introduced the crime of torture into the criminal code.

During the current evaluation period, Chilean courts demonstrated their independence through their handling of the corruption scandals revealed over the past few years, which have included political parties and a large number of the country's politicians. Nevertheless, the sentences imposed thus far have tended to be rather light.

Citation:

<https://prensa.presidencia.cl/comunicado.aspx?id=56160>

<https://www.bcn.cl/leyfacil/recurso/delito-de-tortura>

Appointment of
Justices
Score: 9

Members of the Supreme and Constitutional Courts are appointed collaboratively by the executive and the Senate. During recent years, there have been several cases of confrontation between the executive power and the judiciary, for example in the area of environmental issues, where the Supreme Court has affirmed its autonomy and independence from political influences.

Corruption
Prevention
Score: 6

In general terms, the integrity of the public sector is a given, especially on the national level. The most notable problem consists in the strong ties between high-level officials and the private sector. Political and economic elites overlap significantly, thus reinforcing privilege. This phenomenon was particularly problematic under the previous government of Sebastián Piñera, as many members of the Alianza – including President Sebastián Piñera himself – were powerful businesspeople. The phenomenon can still be observed in the government of Michelle Bachelet, though at a less extreme level. Such entanglements produce conflicts of interest in the policymaking process (e.g., in regulatory affairs). There are no regulations enabling monitoring of conflicts of interest for high-ranking politicians (e.g., the president and ministers). However, there are some independent projects on the rise to arouse public awareness on this issue.

The scandals revealed in recent years have shown that corruption and abuses of power within Chile's political and economic elite, as well as some cases of higher ranked public servants (as in the case of the police and the military), is in fact more common than (international) indicators regarding corruption and transparency suggest. It is unclear how state institutions will confront these challenges. During the period under review, a minister and an undersecretary of state of the former government were convicted of corruption. As a response to this crisis, President Bachelet convoked a council (Consejo Asesor Presidencial contra los Conflictos de Interés, el Tráfico de Influencias y la Corrupción) that in its final report (April 2015) proposed several anti-corruption measures intended to prevent abuse of office. Due to their conclusions, restrictions on private campaign funding (Ley sobre Fortalecimiento y Transparencia de la Democracia) and the creation of a public register for all lobbyists were implemented in 2016.

Citation:

<http://consejoanticorruccion.cl/>

<http://consejoanticorruccion.cl/lanzamiento-final/>

<https://www.leylobby.gob.cl/>

<http://www.latercera.com/noticia/estas-son-las-normas-que-fija-la-nueva-ley-para-regular-el-financiamiento-de-campanas-politicas/>

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 7

The president has the ability to ask for and ensure strategic planning, whether through formal or informal channels. Line ministries, most notably the Ministry of Finance, and the president's advisory ministry (Secretaría General de la Presidencia, Segpres), have considerable influence in strategic-planning processes. Meetings between strategic-planning staff and the head of government are held frequently. However, no long-term view of policy challenges and viable solutions is necessarily presented – these are either limited in scope or depth of impact depending on the topic. Strategic planning, policy planning and regulatory reforms, budget planning, and ex ante evaluation of government policies and public-investment programs are carried out by specialist units and departments inside the various ministries. While there is no explicit multi-year budget planning process in place in Chile, this takes place implicitly due to the fiscal rule that (by law) links overall government expenditure to forward-looking estimates of long-term government revenue, based on growth trends and copper-price projections. These forecasts are provided in a transparent way by specialist budgetary commissions comprised of academic and private-sector experts (mostly professional economists).

Scholarly Advice
Score: 8

Technocratic institutions and practices play an important role in government decision-making. Experts from academia, NGOs, partisan think tanks and the private sector are very influential in the preparation of government (presidential) programs and the development of policy reform proposals by presidential or ministerial technical commissions. These technical commissions, which are charged with proposing policy reforms in specific areas (education, pension, social and wage policies, minimum wage policy, fiscal rule, etc.) or for singular policy challenges (corruption), tend to have significant impact on government legislation. Commissions are largely comprised of experts, and to a minor extent of representatives of interested parties, and cover a wide political spectrum. This kind of technical input into the policymaking process belongs to the technocratic

tradition in Chilean politics. As a political practice, this can be described as institutionalized, as both the former and the current coalition followed this tradition. Under the government of Michelle Bachelet, the main policies of the government program were elaborated and accompanied by expert commissions. Some reform initiatives in the education and environmental sectors have been accelerated or even blocked due to ideological differences within the commissions dealing with the issue. Experts (economists in particular) are a key factor in drafting the reform proposals submitted to the president or to ministers.

Interministerial Coordination

GO Expertise
Score: 9

The president's advisory ministry (Ministerio Secretaría General de la Presidencia, Segpres) and the Government or Cabinet Office (Ministerio Secretaría General de Gobierno, Segegob) have at their disposal the necessary instruments and capacities to monitor and evaluate the policy content of line-ministry proposals. Nevertheless, channels of evaluation and advice are not fully institutionalized, and may change with a new head of state.

GO Gatekeeping
Score: 10

The Government or Cabinet Office (Ministerio Secretaría General de Gobierno, Segegob) has the ability to return items. The president can overrule the advisory ministry if he or she holds a strong particular interest in a special item. But in the day-to-day course of operations, this rarely happens. Under the previous government, however, some proposals were blocked directly by then-President Sebastián Piñera.

Line Ministries
Score: 9

The Government or Cabinet Office (Ministerio Secretaría General de Gobierno, Segegob) and line ministries have a strong tendency to coordinate activity, and in practice the president or Government Office and the Ministry of Finance are nearly always involved in the preparation of policy proposals. No serving minister would ignore the president's opinion in the preparation and elaboration of a policy proposal.

Cabinet
Committees
Score: 7

Ministerial or cabinet committees are not necessarily central when it comes to decision-making on policy matters. Depending on the topic, ministerial committees are more or less involved in preparing cabinet proposals, especially those of relatively significant strategic or financial importance. These proposals are normally coordinated effectively.

Ministerial
Bureaucracy
Score: 7

Ministry staff and civil servants do not always play a dominant role in the drafting of policy proposals before those proposals reach ministerial committees. Depending on the ministry and the importance of the proposal, officials and civil servants are more or less effectively involved in the preparation and coordination process.

Informal
Coordination
Score: 8

Informal coordination plays an important role in settling issues so that the cabinet can focus on strategic-policy debates. Existing informal mechanisms might be characterized as "formal informality," as informal coordination

mechanisms are de facto as institutionalized as formal ones in daily political practice. The functionality of this coordination mechanism did not change significantly during the review period.

Evidence-based Instruments

RIA Application
Score: 8

All newly proposed laws must be accompanied by a report summarizing their predicted fiscal impact and the financial implications for the government budget. This report is always prepared by the fiscal department of the corresponding ministry. Chile also has a constitutional restriction on policy proposals that imply budget changes. Legally, there is no obligation to present a report concerning potential socioeconomic impacts that do not implicate the state budgets, but political practice shows that those aspects are normally also considered. Furthermore, there are supervisory bodies (Superintendencias) that monitor enterprises within specific sectors and produce evaluations and reports. In a strictly legal sense, these supervisory bodies do not have the specific objective of evaluating the impact of new regulations or proposed modifications to the legal framework. Nevertheless, the evaluation of possible impacts tends to be one result of their work. The following supervisory bodies exist in Chile:

- Supervisory Board for Health (Superintendencia de Salud)
- Supervisory Board for Banks and Financial Institutions (Superintendencia de Bancos e Instituciones Financieras)
- Supervisory Board for Securities and Insurance (Superintendencia de Valores y Seguros)
- Supervisory Board for Education (Superintendencia de Educación)
- Supervisory Board for Health Services (Superintendencia de Servicios Sanitarios)
- Supervisory Board for Electricity and Fuels (Superintendencia de Electricidad y Combustibles)
- Supervisory Board for Social Security (Superintendencia de Seguridad Social)
- Supervisory Board for Pensions (Superintendencia de Pensiones)
- Supervisory Board for Casinos (Superintendencia de Casinos de Juegos)
- Supervisory Board for Bankruptcy (Superintendencia de Quiebras)
- Supervisory Board for the Environment (Superintendencia del Medio Ambiente)

In some areas, the line ministries serve as the oversight body for this type of review.

Citation:

OECD (2016), Regulatory Policy in Chile: Government Capacity to Ensure High-Quality Regulation, OECD Reviews of Regulatory Reform, OECD Publishing, Paris.
<http://dx.doi.org/10.1787/9789264254596-en>

Quality of RIA
Process
Score: 7

Given the informal and non-institutionalized character of instruments used for regulatory impact assessments, reports do not necessarily specify the purpose of and the need for a regulation. Furthermore, they do not tend to analyze alternative options. Depending on the topic, stakeholders may play a certain role in the RIA process, but this does not entail a high degree of relevance within the political process over the middle or long term. RIA assessments are not routinely evaluated by independent bodies.

Citation:

OECD (2016), Regulatory Policy in Chile: Government Capacity to Ensure High-Quality Regulation, OECD Reviews of Regulatory Reform, OECD Publishing, Paris.
<http://dx.doi.org/10.1787/9789264254596-en>

Sustainability
Check
Score: 5

RIAs do not necessarily analyze a regulation's impact on sustainability in the broad sense. Short-, medium- and long-term analysis tends to focus exclusively on economic rather than ecological or social issues.

Citation:

OECD (2016), Regulatory Policy in Chile: Government Capacity to Ensure High-Quality Regulation, OECD Reviews of Regulatory Reform, OECD Publishing, Paris.
<http://dx.doi.org/10.1787/9789264254596-en>

Societal Consultation

Negotiating
Public Support
Score: 7

Frequent consultations with civil society groups and particularly stakeholder organizations take place. However, consultations tend to be inclined toward economic interest groups. By contrast, unions and environmental organizations are frequently underrepresented. Online surveys have been implemented with the aim of gauging opinions within the non-institutionalized public. The president's advisory ministry (Secretaría General de la Presidencia, Segpres) is primarily responsible for initiating and monitoring consultations. Depending on the issue, sectoral institutions can also be involved. The ad hoc advisory commissions represent another means of societal consultation, as they include interest-group representatives, experts and other stakeholders.

Policy Communication

Coherent
Communication
Score: 7

Each new government designs its own communication policy. As a result, strategic communication often tends to be rather haphazard at the beginning of a presidential term, but improves as the administration gains experience. Both the governments of Sebastián Piñera and Michelle Bachelet have shown a fairly high number of communication lapses.

Implementation

Government
Efficiency
Score: 6

Implementation performance varies widely, ranging from excellent in areas where benchmarks and oversight mechanisms are strictly enforced (i.e. the general government budget) to weak in less rigidly monitored areas (i.e. implementation of some sectoral reforms such as Transantiago, the Santiago transport system). The former government of Piñera, for example, did not follow through on policies in the field of crime reduction and public safety, while the current Bachelet government has had to downsize its tax- and education-reform proposals. In general terms, far-reaching reforms that would require constitutional change and thus support by at least three-fifths of the national deputies and senators have not been considered as a part of government programs. Thus, this high hurdle has not yet proved to be a practical obstacle in the achievement of governments' policy objectives. Nevertheless, Bachelet has launched a debate on a constitutional reform.

Citation:

Independent initiative to measure implementation of the government program:

<https://ciudadanointeligente.org/>

<https://deldichoalhecho.cl/>

Ministerial
Compliance
Score: 9

The president annually evaluates his or her ministers' policy performance. In a commission consisting of the president's advisory ministry (Secretaría General de la Presidencia, Segpres) and budgetary units of the government, ministers have to present their sectoral priorities, and if necessary, arrangements and modifications are made to ensure alignment with the government program.

Monitoring
Ministries
Score: 9

The president's advisory ministry (Secretaría General de la Presidencia, Segpres) and the respective budgetary units of the government monitor the line ministries (especially within the annual performance evaluation). If necessary, arrangements and modifications are made in order to ensure effective alignment with the government program. Monitoring of effectiveness seems to have improved slightly since 2011.

Monitoring
Agencies,
Bureaucracies
Score: 7

To a certain extent, high positions in government agencies are filled not via political appointments but through the government's civil service department (Alta Dirección Pública, ADP), based on candidates' technical capacity and experience. Clear goals are identified by the directors of executive agencies and the corresponding ministries. Exhaustive evaluations of the system and of personnel choices are performed annually by the minister, the civil service and the president's advisory ministry (Secretaría General de la Presidencia, Segpres). In addition, the Ministry of Finance's budget office monitors decentralized agencies and public enterprises from a budgetary perspective very tightly and effectively. Nevertheless, the changes in government in 2011 and 2014 showed that the selection of candidates through the ADP is in fact quite

Task Funding
Score: 6

weakly established, as there is still an understanding that a successful candidate is a “government officer” rather than a “state officer.” The monitoring of bureaucratic activities and executive agencies, especially at the subnational level, tends to be distorted by this effect.

Chile’s central government exercises strong control over municipal and regional budgets, and accounts for a significant proportion of local revenue. Currently, about 18% of the federal government’s budget is redistributed to the regional and local level (OECD average is about 45%). However, the assignment of new duties to the municipal level does not necessarily imply a corresponding allocation of adequate funds.

Municipal programs are monitored relatively closely by the central government, although spending overruns do sometimes occur, resulting in local-government debt. The quality of services (e.g., the public health and education systems) provided by less wealthy municipalities are sometimes below average as some municipalities are unable to raise the income required to effectively provide the services themselves. This challenge is characteristic of Chile’s centralized political system and must be regarded as a structural problem. The current government convened a commission to study decentralization, with the ultimate goal of addressing these ongoing issues. The commission’s proposal, which was presented publicly in October 2014 and supported by President Bachelet, included several proposals designed to strengthen regional governments. Two such measures were originally slated for implementation by the end of 2017, but have not been approved by parliament by the end of the period under review:

- Regional governors (Gobernadores Regionales) will replace the current regional mayors (Intendentes Regionales) and be directly elected, enabling citizens to hold them accountable for promises made in their political campaigns.
- Regional governors (Gobernadores Regionales) will replace to be given responsibility for regional and urban planning, administration of the National Fund for Regional Development, and implementation of social and economic policies at the regional level. The regions will create three new divisions for this purpose: Industrial Advancement (Fomento e Industria), Human Development, and Infrastructure and Transport.

In addition, the amount of federal funds provided to regional governments should increase. The original decentralization proposal included an implementation timeline stretching through 2016 and 2017, but the final draft regarding the exact competences and budgeting for regional governors must still be approved by Congress. The current scenario points to a delayed and probably less extensive implementation of the reform proposals. So far, Chile and Turkey

are the only OECD-member countries where regional authorities are not designated by elections.

Citation:

<http://descentralizacion.cl/>

<http://www.senado.cl/appsenado/templates/tramitacion/index.php>

<http://chiledescentralizado.cl/eleccion-de-gobernadores-regionales/>

<http://chiledescentralizado.cl/boletin-marzo-abril-2017/>

<http://www.kas.de/chile/es/publications/47796/>

<http://www.subdere.gov.cl/sala-de-prensa/subdere-y-cchc-exponen-avances-del-trabajo-conjunto-realizado-para-profundizar-proces>

Constitutional
Discretion
Score: 5

Chile is a centrally organized state. This represents a structural problem given the wide-range of differences between the respective regions regarding geography, development and density of population. Nevertheless, local governments legally enjoy a considerable degree of autonomy concerning mandates and tasks that do not touch on constitutional issues and can be executed within the allocated budget. Furthermore, the government has tended to devolve responsibilities to local governments (i.e., in the domain of urban regulation). In comparison to the local or municipal levels, regional governments enjoy a high degree of budget autonomy. At the regional level, however, governors' autonomy is limited by their simultaneous function as representatives of the national government. A draft law has been elaborated that would enhance regional governors' (Gobernador Regional) financial autonomy. This draft became law shortly after the period under review.

Citation:

<http://www.senado.cl/appsenado/templates/tramitacion/index.php>

<http://www.elmostrador.cl/noticias/pais/2016/08/18/gobierno-confirma-mecanismos-de-eleccion-directa-para-los-intendentes-en-el-ano-2017/>

<http://chiledescentralizado.cl/eleccion-de-gobernadores-regionales/>

National
Standards
Score: 3

Due to the different financing structures at regional and municipal levels, the national government can only guarantee services at an adequate standard at the regional level. The central government clearly fails to establish national standards at municipal level across the whole country. In addition, relatively poor municipalities and those in rural regions often lack the capacity to meet national standards for public services, especially in the fields of health care and education. This segregation is also evident in Santiago itself, where public schools in richer districts clearly tend to show higher standards and better results than public schools from poorer districts. In comparison to previous years, a slight improvement can be noticed in the field of education and primary healthcare. Nevertheless, there is still a huge gap to be closed.

Adaptability

Domestic
Adaptability
Score: 5

The modernization of Chile's state is still under way in some areas, but national institutions have already become quite solid over the last decade. In general terms, the reform of domestic governing structures tends to be driven by national fiscal-policy concerns, which implies that any innovations that might imply financial changes (such as a budget augmentation for a certain ministry or for a department within a ministry) are very difficult or even impossible to realize. Changes concerning topics that might be of future interest and do not directly affect current political challenges – for example, the expansion of a department's staff or the creation of a new unit dedicated to topics of possible future interest – are driven more by fiscal or political reasons and political cycles rather than international or supranational developments. Law No. 20,600 of 2012 established environmental tribunals (Tribunales Ambientales) in three regions of the country (north, central and south), two of these had already been established, as well as a Supervisory Board for the Environment (Superintendencia del Medio Ambiente, SMA). This can be seen as a domestic adaptation responding to international and supranational developments. Chile's membership in the OECD might create incentives for more substantial adaptation in the near future.

Citation:

Environmental Tribunals:

<http://www.tribunalambiental.cl/2ta/informacion-institucional/sobre-el-tribunal-ambiental/historia/>

<http://www.mma.gob.cl/1304/w3-article-53480.html>

International
Coordination
Score: 7

The government is endowed with the institutional capacity to contribute actively to international efforts to foster the provision of global public goods. The government actively participates in the international coordination of joint reform initiatives. This is underlined by the fact that Chile represents one of the most active countries in Latin America with regard to international policymaking initiatives. However, the impacts of national policies on these global challenges are not always systematically assessed and then incorporated into the formulation, coordination and monitoring of policies across government.

Organizational Reform

Self-monitoring
Score: 6

Ministries are required to establish sectoral goals, which are then evaluated annually. Reports are presented quarterly but do not focus directly on the adequacy of institutional arrangements. For example, the accomplishment of ministerial goals is evaluated, but not the adequacy of the ministry in general. The Ministry of Finance assesses the adequacy of institutional arrangements in the case of new law proposals, but there is no specific institution assigned to

Institutional
Reform
Score: 6

monitor preexisting institutional arrangements. Furthermore, to a certain degree, changes in institutional arrangements tend to be influenced by personnel criteria rather than being efforts to engage in strategic structural change.

In recent years, some improvements in strategic capacity have been made by modifying institutional arrangements. For example, in 2012 the erstwhile Planning Ministry (Ministerio de Planificación, MIDEPLAN) was transformed into the Ministry of Social Development (Ministerio de Desarrollo Social, MDS), with some minor institutional changes that increased its strategic capacity. Furthermore, the creation and implementation of complementary institutions such as the environmental tribunals (Tribunales Ambientales) and the Supervisory Board for the Environment (Superintendencia de Medio Ambiente, SMA) in 2013 have improved capacity in these areas. But in general terms, attempts to alter institutional arrangements tend to encounter very substantial bureaucratic obstacles.

II. Executive Accountability

Citizens' Participatory Competence

Policy
Knowledge
Score: 5

Print-media discussion of policy-reform proposals and government programs is relatively widespread, including discussion of reform proposals and options presented by the ad hoc policy-reform commissions. This has been recently displayed following the proposal of education, pension, fiscal and labor reforms. New forms of public communication regarding government policymaking, in many cases through websites and social networks, are on the rise. Yet a large share of the population is excluded from such discussion due to low levels of education, limited understanding of in-depth analysis and/or its lack of exposure to media other than television. For instance, a study conducted by the National Cultural Council in 2011 (Consejo de la Cultura) indicated that 84% of Chileans of all ages did not have an adequate understanding of content they had read. This observation was confirmed by a 2015 PISA study on the reading comprehension of adolescents. Furthermore, Chile's oligopolistic media structures distort the political options offered to citizens (e.g., policymaking regarding ethnic minorities and the associated conflicts).

Disinformation and manipulations hinder public-policy discussions. In addition to these deficits in news coverage, citizens in general show low interest in policymaking. Policy interest within the socioeconomic elite is also generally fairly limited, at least as long as public policies do not substantially affect their lifestyle in a nearly completely privatized environment (discussions of fiscal

redistribution, as took place during the 2014 fiscal reform, represent a notable exception). Those elements of the middle class that are interested in these debates tend to have access only to the low-quality information sources mentioned above, while members of the socioeconomically lower-class population often know only about the specific public-subsidy systems they use, and lack broader familiarity with public policies and public policymaking.

Citation:

www.uchile.cl/documentos/2Festudio-sobre-el-comportamiento-lector-a-nivel-nacional_110593_2_2405.pdf&usg=AFQjCNHhAyEyR819xPkhH1ch5LLl0dIGJQ&sig2=yRzmtJFaAlB-Bf3ltxYgsw
<http://radio.uchile.cl/2011/12/14/solo-el-84-de-los-chilenos-entiende-lo-que-lee>

Legislative Actors' Resources

Parliamentary
Resources
Score: 5

The National Congress is furnished with a multidisciplinary staff of consultants in order to support deputies and senators in their representative, legislative and control functions as well as in the field of congressional diplomacy. Nevertheless, this support tends to be asymmetric in comparison with ministerial analytical and investigatory capacities. The National Congress' oversight function is based in the Chamber of Deputies. However, this function tends to operate as a reaction to journalistic complaints in combination with political conflicts rather than as a proactive mechanism for monitoring the government's ongoing activity.

Obtaining
Documents
Score: 8

Congressional committees or individual deputies can request documents, which must be delivered by the government within legally defined time limits. Those deadlines are generally met, but there are de facto limitations in the exercise of oversight, as the majority party or coalition can block the minority's request. Until recently, obtaining information from state-owned companies or the Ministry of Finance was difficult.

Summoning
Ministers
Score: 9

In August 2005, a constitutional reform (Law No. 20,050) established the process of ministerial interpellation. Committees in the Chamber of Deputies and the Senate have the right to summon ministers for questioning about matters concerning their area. The ministers are obliged to attend. This political instrument has been used on various occasions. The effectiveness of this new instrument of congressional oversight depends on the quality and quantity of information accessible to the National Congress through other channels.

Summoning
Experts
Score: 9

Congressional committees may summon any civil servant to interview as a subject-area expert. Private experts can also be invited, but the National Congress lacks the financial funds to pay for the assistance of prominent private experts. However, there is a group of 50 to 60 specialists from a variety of subject areas affiliated with the Library of the National Congress whose task it is to offer professional support to the members of Congress in their lawmaking, representative, diplomatic and oversight tasks.

Citation:
<https://www.bcn.cl/>

Task Area
 Congruence
 Score: 7

The Chilean legislature's oversight function lies mainly with the Chamber of Deputies and its (currently) 29 permanent committees (Comisiones Permanentes) and several ad hoc investigative committees (Comisiones Investigadoras). These permanent committees correlate in part with the 23 ministries, but there are various exceptions in which a single committee is responsible for the domain of various ministries or one ministry's area of responsibility is distributed across multiple committees. It should be noted that Chile is not a parliamentary but a presidential system and thus ministers are not directly accountable to the Chilean National Congress. Therefore, the degree of control exercised by the congressional committees is institutionally rather weak.

Citation:
 Quantity and name of the permanent parliamentary committees: http://www.camara.cl/trabajamos/comisiones_tipo.aspx?prmT=P
https://www.camara.cl/trabajamos/comisiones_tipo.aspx?prmT=P
 Quantity and name of ministers: <http://www.gob.cl/ministros/>
 About interpellations of ministers
<http://www.educacion2020.cl/noticia/que-es-una-interpelacion-y-cual-es-su-objetivo>

Audit Office
 Score: 8

Chile's General Comptroller (Contraloría General de la República) has far-reaching competences, and is invested with strong political and legal independence. The officeholder is nominated by the president and must be approved by a three-fifths majority vote in the Senate. The comptroller has oversight power over all government acts and activities, and investigates specific issues at the request of legislators serving in the Chamber of Deputies. The office presents an annual report simultaneously to the National Congress and the president. The National Congress has the right to challenge the constitutionality of the comptroller's work.

Ombuds Office
 Score: 2

parliament does not have a formal ombuds office. Efforts to establish such an office failed twice under previous governments. However, the National Congress and its members listen informally (but not systematically) to concerns expressed by citizens and public advocacy groups, inviting them to congressional hearings. In general terms, direct-democratic elements in Chile are quite weak.

Media

Media Reporting
 Score: 4

Legal norms are published in the Official Journal (Diario Oficial de la República de Chile), a state institution dependent on the Ministry of the Interior and Public Security. Its print version was terminated on 17 August 2016. Since then, the Official Journal is available only as an online edition.

Although locally produced news programs are generally of high quality and draw large audiences – particularly through radio – Chile’s newspapers and the main public TV stations report tabloid news, and employ bold headlines and techniques with strong popular and infotainment appeal. Furthermore, statistics released by the National TV Commission (Consejo Nacional de Televisión) show that on average, less than five hours a week per channel or radio station is spent discussing in-depth political information. More than 50% of the news presented through publicly accessible channels is dedicated to sports and crime. Surveys indicate that the Chilean audience would prefer less sports news and more focus on national and international politics. Due to the biased media landscape, there is a strong ideological framing of political information and policy discussion.

Chile’s largest free TV channel (TVN) is state-owned, and by law is required to provide balanced and equal access to all political views and parties – a regulation which is overseen by the National Television Directorate (Consejo Nacional de Televisión, CNTV). Although La Nación and TVN are state-owned, they must operate according to market rules; they have to fund themselves by relying on advertising and high audience ratings. By the end of the period under review, TVN declared bankruptcy and the future of the channel was uncertain as the parliament will have to decide by the end of 2017 whether to provide public funds and guarantee its functioning or privatize the channel.

Since the print edition of the La Nación newspaper was eliminated under former President Piñera, the quality of its reporting and in-depth information on government decision-making has dropped significantly.

Citation:

http://www.cntv.cl/prontus_cntv/site/artic/20130723/asocfile/20130723171104/pluralismo_en_la_televisi__n_p_blica.pdf

<http://www.diarioficial.cl/quienes-somos/>

Parties and Interest Associations

Chile has a presidential governmental system. As the president determines the government’s policy agenda, presidential elections are much more relevant in terms of policy direction than are congressional ballots. Therefore, in campaigns for the presidency, government programs are presented by the presidential candidates and not by their coalitions or parties. These global program proposals tend to be limited to descriptions of policies’ intended public effects rather than technical details or any detailed discussion of content. The primary elections (primarias) for the 2013 and 2017 presidential elections demonstrated that

Intra-party
Democracy
Score: 4

Association
Competence
(Business)
Score: 4

candidate selection and issue agendas are largely controlled by the parties' leaders.

Policy proposals by economic-interest groups do address relevant topics and are not always short-sighted or untenable; however, they tend to be narrow and largely guided by the groups' interests. Unions as a socioeconomic interest group are relatively weak, and their influence in formulating policies relevant to their interests is quite limited. Exceptions to this rule of thumb do occur.

Association
Competence
(Others)
Score: 7

A substantial number of autonomous, self-organized groups, associations and organizations exist in Chile. Civil society's organizational landscape has become increasingly differentiated since the return to democracy. Religious, environmental and social organizations, as well as NGOs, academic groups and professional associations often present substantive policy-reform proposals that contribute positively to policy discussions and government reforms and take long-term perspectives into account. Various political foundations and think tanks play a decisive role as formulators of relevant policies. On the other hand, there are great disparities in the durability and organizational strength of associations, mostly as a result of social inequalities. In addition, numerous think tanks are directly connected to economic interest groups.

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