

CHILE

WHAT IS YOUR AID FOR TRADE STRATEGY?

1. Do you have an aid-for-trade strategy and what are the key elements in this strategy?

Chile has a development strategy that regards trade as a key element, and trade is a powerful component in our cooperation programs within South America and Central America. The percentage of increase of Chilean foreign trade doubles the percentage of increase of our GDP, and is the base of our growth and employment production.

The main elements of the Aid for Trade initiative are present in our international cooperation and foreign trade policy, though Chile has not yet structured a Program as a whole. Since the democracy recovery, Chile has signed Economic Complementation Agreements (ACE) and Free Trade Agreements (FTA) with the neighbor countries to open trade in the region and establish a resource for the Less Developing Countries (LDC) in our region. The ACEs has been used as a reference to subscribe cooperation and crosscutting coordination agreements with other national institutions in Latin America, especially on sanitary and phytosanitary issues.

The ACE 22, with Bolivia, is a clear example of the policy followed by Chile, granting Bolivia a preferential access to Chilean markets without reciprocity.

Chile has decided to collaborate with our region in terms of using trade as a development tool because of political and economical reasons, offering to our neighbors the possibility to use our FTAs as a platform to the 54 countries where Chile has a preferential access nowadays.

Our foreign trade policy aims at expanding international insertion, combining the development of exports with the promotion and protection of investments; enhancing competitiveness and the spreading of technological change, in a context of stable rules, of monitoring unfair competition, and with policies that reinforce their impact on social equality.

Based in the UN Millennium Goals and its thematic objectives, Chile through AGCI (Agencia de Cooperación Internacional, International Cooperation Agency), has shared our experiences with other countries in the region, of equal or lesser development status. We have an annual budget close to US\$ 3 million for cooperation with Latin America and the Caribbean.

Since 90s decade, AGCI has also implemented a Technical Cooperation (Horizontal Cooperation) program between developing countries, with the sharing of some expenses, and through bilateral and regional actions. One of the three main objectives is to collaborate with the development process in the region, supporting democracy, equity and sustainable development. Workshops, technical assistance, and internships are the main tools, in order to provide capacity building and encourage reciprocity.

Besides, Chile is an active stakeholder in Triangular Cooperation, where we channel the financial resources and knowledge from developed countries to developing ones, adding our know-how and capacity building in the format of best practices. Among these policies it is worth to mention the exports model, SMEs promotion and internationalization, regulatory practices and technical obstacles to trade.

Also, the National Service of Customs has subscribed several Cooperation Agreements with the counterparts in Latin America, Europe, and Asia, facilitating trade and the international insertion. The ones in force are Chile – Peru, Chile – Bolivia, Chile - MERCOSUR (it is being renegotiated), Chile – Ecuador, Chile – Korea, Chile – European Union, Chile- The Netherlands. Already approved: Chile – Poland, Chile – Russia, and Chile – Italy.

2. How has this strategy evolved since the December 2005 WTO Ministerial Conference?

The Government of President Bachelet, which took office last year (March, 2006), is committed to continue the successful process of international reinsertion of our country, strengthening the links between South America countries and empowering the relations at a political, cultural, economical and trade level.

Nevertheless, as it was said previously, though the main elements of the Aid for Trade initiative are present in our international cooperation and foreign trade policy, Chile does not have an Aid for Trade Program itself.

Chile is engaged to build on the consensus in Aid for Trade as part of development strategies, prioritizing technical assistance and capacity building, in order to mitigate the possible adverse effects of openness and enhance LDC perspective in global trade. All this as a part of our State priorities: intraregional integration, multilateralism promotion, and cooperation as an efficient instrument.

Some experiences worth to mention are the technical advice given by the National Economic Prosecutor Office to Nicaragua and El Salvador; the technical advice provided by the Foreign Trade Department of the Ministry of Economy to a Chinese delegation in the issue of technical barriers to trade (2005); Corfo's (Chilean Economic Development Agency) technical assistance to the institutions of neighbor countries.

3. How does this strategy address regional aid-for-trade challenges?

The Foreign Affairs policy of Chile, including international cooperation, has faced this kind of challenges with the development of joint projects in mining, energy, infrastructure, tourism, health, and cross border facilitation.

With Uruguay and Paraguay we have developed programs for institutional modernization, particularly in those areas set by them as priorities: electronic government, international negotiations, SMEs and exports sector. In Centro America we have continued the cooperation in areas such as institutional empowerment, public governance, poverty reduction and trade capacity building.

Chile, through DIRECON and AGCI, addresses the bilateral and regional challenges to trade and cooperation, and takes into consideration the requests of the potential beneficiaries. Consultancies are also another way to address their specific and domestic needs, with Chilean experts going to these countries for a brief period. Internships, workshops, and regional seminars are another ways to asset Aid for Trade challenges.

HOW MUCH AID-FOR-TRADE DO YOU PROVIDE?

SCOPE

4. *How do you define aid-for-trade (i.e. which types of programme and project do you consider trade-related)?*

As stated previously, Chile has not defined a specific plan for Aid for Trade (A4T), but its international cooperation concept and foreign trade policy include several elements that are already considered in A4T. We conceptualize international cooperation as a relation between partners that is built through different kinds of cooperation. Trade related programs are those oriented to strengthen the international trade capacity and supply side capacity of developing countries through technical and infrastructure cooperation, and are being done periodically within Latin America by Chilean professionals of several Ministries involved in the AGCI programs.

On infrastructure-trade related issues, Chile is a partner of the initiative “Integration of the South American Regional Infrastructure”, IIRSA in Spanish (Integración de la Infraestructura Regional Sudamericana,¹). The IDB, CAF and FONPLATA are the financing institutions of this initiative, which involves a joint effort for the integration in infrastructure between Argentina, Bolivia, Brazil, Chile, Colombia; Ecuador; Guyana, Paraguay, Peru, Surinam, Uruguay and Venezuela.

The IIRSA Agenda for the period 2005-2010 includes 31 projects that are considered of high impact, they have been prioritized for its funding and execution in the short term, and involve an estimated investment of US\$ 692110 millions.

Also, do please refer to the answers of 1, 2 and 3.

METHODOLOGY

5. *How do you allocate the aid-for-trade share in individual projects and programmes?*

Having said that Chile does not has an Aid for Trade program specifically, but counts with a fine tuning with the A4T concept and our foreign trade policy and international cooperation, we allocate the related programs on demand basis. The institutions of the countries that take part in the program have to apply to the official government contact point for cooperation in their country, before February of each year, and these applications are evaluated by Chilean government experts along with delegates from the Chilean institutions that offer assistance. The timeframes are from one to three years, and includes equipment and other inputs. Grants for young professionals are also part of this Program.

The approved applications are incorporated into the annual work plan, and the results are communicated to the national contact point in the benefited countries.

COMMITMENTS

6. *According to your aid-for-trade definition, what were your commitments by category for the period 2002-2005 and in particular for 2005?*

Improving technical assistance, strengthening capacity building, and deepening the Productive Promotion in the benefited countries, with result oriented programs. Some Less Developed Countries

1. <http://www.iirsa.org/>

in Latin America have asked Pro Chile, our national service for exports promotion, to share its experiences, so several cooperation programs have been signed, with Paraguay, Ecuador and Bolivia, among others. This line of action is coherent also with the good neighbor policy that President Bachelet administration has set since she took office in 2006.

Specifically, Chile has invited Bolivian officials to make internships in the Chilean commercial offices that are present in the target markets for Bolivia, so the Chilean network can enhance their trade expertise and possibilities. Besides, Chile is making Market Profiles for some Bolivian products in a number of countries that Bolivia has requested (quinoa in China, cacao in Japan, dried fruits in India, etc.).

There are also joint programs Chile-Bolivia to eliminate the smuggling of goods, and our Sanitary and Phytosanitary Service has given technical assistance to Bolivia for dealing with HFMD (hand, foot and mouth disease), in order to help them with their livestock exports.

PLEDGES

7. Describe any aid-for-trade pledges you have made at or since the December 2005 WTO Ministerial Conference.

Do please refer to the answers to questions 2 and 6.

8. What is your medium-term (beyond 3 years) financial plan for aid-for-trade?

Taking into consideration the AGCI budget, the medium-term provisional perspectives are the following:

<i>(in millions)</i>	2006	2007	2008
Total Chilean Gubernamental Aid <i>(It doesn't include salaries of the public officials)</i>	US\$ 3.3	US\$ 3.5	US\$ 3.8
Total Cooperation that fits under the concept of Aid for Trade stated in point 1-. (Estimated)		US\$ 0.88	
- Trade Policy and R.		0.23	
- Economic Infrastructure		0.03	
- Building Productive Capacity		0.62	

From: Department of Horizontal Cooperation, AGCI

Also, do please refer to the answers to questions 2 and 6.

HOW DO YOU IMPLEMENT YOUR AID-FOR-TRADE STRATEGY?

MAINSTREAMING

9. How do you ensure that aid-for-trade is effectively integrated in your overall development strategy and programming both at head quarters and in-country?

Chile has developed an integrated cooperation system through the collaboration that these programs demand, being elaborated and engaged by both Parties. Besides, these programs have to be informed to the Foreign Affairs Ministry (through AGCI and DIRECON), main instrument for the coordination of international cooperation.

10. Have you recently strengthened your in-house aid-for-trade expertise and how is this expertise deployed to link policies with operations?

Do please refer to previous answers.

OWNERSHIP

Refers to developing countries exercising effective leadership over their development policies and strategies and co-ordinating development efforts.

11. What approach do you follow in your country assistance plan, when national development strategies lack a strong trade development component?

In order to decide on whether national development strategies lack a strong trade development component, we have a permanent monitoring through the commercial offices of Chile placed at our embassies. The focal points at the respective national services also provides their technical trade-related capacity building needs, so we channel the proposals made by the future destinataries, meeting their needs and our offer.

Foreign trade has been, is and will be a fundamental element in our development strategy. And this notion is a key factor in our international cooperation programs, and trade technical assistance and infrastructure programs.

12. How do you encourage and support policy dialogues on aid-for-trade among key stakeholders in partner countries?

Following a thematic segmentation of the programs, regular meetings are being held by the AGCI. Administrative Committees, established in the ACEs and FTAs are also an instance for encouraging the dialogue among key stakeholders in partner countries.

The regional platforms that facilitate the integration in Latin America, such as ALADI, CAN, and MERCOSUR, are also an established channel of communication with partner countries, where political, economical and trade issues, among others, are discussed and advanced in a regional scenario and through bilateral relations.

ALIGNMENT

Refers to donors basing their overall support on partner countries, national development strategies, institutions and procedures.

13. Are you using the partner countries' policy planning and budgeting framework as the basis for the provision of your aid-for-trade programmes?

No, because of the lack of funding in some partner countries.

HARMONISATION

Refers to donors actions being more harmonised, transparent and collectively effective.

14. Do you coordinate aid-for-trade analyses and programming with other donors at the country level, given that its scope often exceeds the capacity of any single donor?

The framework of ACEs and FTAs cooperation chapters, for example on sanitary and phytosanitary matters, includes an item for the organization of the cooperation, institutionalized in a Cooperation Committee. This Committee is attended by the heads of each service, or a delegate on his/her behalf, who has to approve the cooperation themes, and afterwards, the technical team is responsible of carrying out, follow up and evaluate the programs.

The permanent communication between AGCI and JICA (Japan International Cooperation Agency), and AGCI and the European Union are also a regular management level for Triangular and bilateral Cooperation.

15. Are you increasing the amount of aid-for-trade for regional and/or multilateral programmes? (If you are a regional or multilateral agency, are you managing an increasing amount of aid-for-trade?)

At this moment, no.

MANAGEMENT FOR RESULTS

Refers to both donors and partner countries managing resources and improving decision making for results.

16. What objectives and timeframes do you set for your aid-for-trade strategy and programmes? How do you measure success?

With regard to objectives and timeframes, the cooperation and technical capacity building programs contemplate in their texts the respective objective and timeframes, in correspondence to the partner country requirements or according to the agreements reached at the Committees developed in the ACEs and FTAs frameworks.

On success measurement, the AGCI assessment is in accordance with the methodology of Project Cycle.

17. What evaluation methodologies do you apply to your aid-for-trade projects and programmes?

The projects are incipient and increasingly formulated with the methodology of Project Cycle and the development of Logic Frame Templates.

18. Do you cooperate with partner countries, other donors and stakeholders in joint monitoring and evaluation of aid-for-trade projects and programmes?

The main partner countries of Chile in the triangulation of cooperation in Latin America have been Japan and Germany. The projects are formulated, monitored and evaluated with them.

DO YOU PARTICIPATE IN MUTUAL ACCOUNTABILITY ARRANGEMENTS?

Mutual accountability refers to donors and developing countries providing timely, transparent and comprehensive information in order to jointly assess development results.

19. Do you engage with partner countries, regional organisations, other donors and stakeholders in reviewing progress towards the fulfilment of your aid-for-trade policy and programme commitments?

Systematically, the Cooperation Committees (implemented under the ACEs and FTAs) and the AGCI networks (with the respective focal points) meet and discuss the activities that have been completed and the midterm projects.

The regular meetings that are being held with Japan and the European Union are also a reviewing mechanism for cooperation programs.