

Chapter II: Economic & Agricultural Policies 1990-2007

The advent of Democracy in 1990 brought into government the Coalition of Political Parties for Democracy, a center left coalition that included from the Christian Democrats to the Socialists. This coalition has won all Presidential elections since then.

1) First Government 1990-1994: The first government kept several of the macro and sectorial policies implemented during the second and more pragmatic period implemented after the 1981/2 crisis, reinforcing the attempts to reduce poverty and income inequality, both nationally as well as in rural areas. Thus a major tributary reform was implemented increasing the taxes paid by the richest segments of society and were used to improve social programmes such as Education, Public Health, Housing and support to small farmers among others.

In terms of agricultural policies, a mayor challenge was to eliminate the threat of Land Reform and establish a cooperative relationship with the major Associations representing commercial farmers such as the National Agricultural Society (SNA) and the Southern Agriculture Consortium of the South (CAS), by ensuring protection of property rights in the sector. Within this framework, the agricultural policy in this period had three major objectives:

- a) Maintain and increase the production dynamism obtained in the post crisis period of the military government;
- b) Achieve this with a higher protection of natural resources which had been overexploited during the process of re dinamization of agricultural production; and
- c) Active promotion of the peasant small farmer sector's insertion in this dinamization process. Certainly this last objective was the one with greater priority for the new government.

a) Production Dynamism:

In this respect, actions to increase production as well as demand were undertaken. The increase in production was started with the reinitiation of mayor irrigation projects which had been discontinued by the military government, being a major element to increase agricultural production in a Mediterranean climate such as Chile's. A second line was the strengthening of the public institutions of the sector such as the Research institution (INIA), the Phito and Zoosanitary institution (SAG) and the Agricultural Policy institution (ODEPA). This was done with the support of an IADB loan. Another important measure taken in this period was the attempt to bring more transparency to the cereal, especially wheat market. The institution given this role during the military government a National Cooperative COAGRA, had not been able to achieve this. Starting from this Cooperative, it was transformed

into an enterprise, the Wheat Marketing Society (COTRISA) with a majority of public funds. It was used to ensure competitive conditions in the internal wheat market by opening purchase centers throughout the major wheat producing areas, at the border price minus transport costs, mainly using the floor of the price band. It also intervened in the cases of maize and rice in some years.

b) Increased Demand:

Internal demand was strongly increased through a policy of increasing the minimum wage. The external demand was increased through the efforts undertaken by the government to expand fruit exports to Asia & Pacific by convincing Japan and Taiwan that despite Chile having still the fruit fly in the extreme north of the country, the presence of the driest desert in the world and check points at the valley where the fly still remained. This meant changing the import policy of these two countries which before only recognized fruit fly free countries to fruit fly free zones.

c) Natural Resource Conservation:

Here practically nothing had been done by the military government, so the first action was to develop a normative framework to reduce air and water contamination, and the first water decontamination plants for the region of Santiago were undertaken to increase food safety. A second effort was the elaboration and approval by the Chamber of Deputies of the Law to protect and exploit in a sustainable manner Chile's 18 million hectares of Natural Forests.

d) Small Farmer Promotion Policies and Programs:

Here is where the most efforts were made; there was an increase in the budget of the National Agricultural Development Institute (INDAP), totally dedicated to this subsector, of 85% in real terms during this period. This money was used to increase the coverage of the Technical Assistance as well as the Credit programs the Institute had as well as creating new ones to improve the productive and associative capacity of its beneficiaries. Thus the technical assistance beneficiaries almost doubled from the end of the military period, passing from 26.000 beneficiaries to 51.000, while credit beneficiaries were increased from 45.000 users in 1990 to 85.000 in 1993. These programs were opened to be implemented by Farmers Associations as well as NGOs which during the military government were excluded by political reasons.

Another important improvement for small farmers was the inclusion of the 75% subsidy given to farm irrigation improvement projects. This was achieved by opening contests of projects to be undertaken by small farmers only and by having INDAP finance the study and construction of the project which was later mostly paid by the subsidy. This allowed this sector to benefit from this program of great relevance to improve the productive capacity of agriculture.

Also a Land Titling project was implemented with financing from the World Bank to improve the capacity to invest with public financing by the small farmer sector.

Finally during this period, some rural poverty alleviation and nature conservation projects were initiated in territories concentrating these two problems. Two were implemented in the poorest regions of the country: IX & IV, and the other covered the coastal dry lands of the VI, VII & VIIIth regions. The projects were formulated with strong beneficiary participation through the formation of Local Development Committees (CDL) constituted by the beneficiaries who indicated their ideas & priorities.

2.- Second Government of the For Democracy Coalition:

This government continues along the same trail as the first one, involving actions to open up new markets for the country's agricultural exports, improve the capacity of Chilean agriculture to get better installed in these markets and improve the modernization of small farmers to help in its insertion into dynamic markets.

a) Improving Insertion in External Markets: the new government continued market opening strategy of the previous one and was able to get Chile into de Asia-Pacific Association (APEC) which helped consolidate the opening up of the Asian markets to fruit exports. Free Trade Treaties are signed with Mexico and Canada and first steps were taken to get into NAFTA. In addition and of first relevance to the sector was the opening up of negotiations to get as an associate member of MERCOSUR. This brought strong opposition from the sector, including the Ministry, and this brought additional public funds for the sector up to US \$ 500 million, which were used to improve the existing programs, especially for those products which could have strong competition from Argentina and mostly of the Center-South and Southern regions.

b) New Production Development Programs: There was a program to help reconvert rice growing areas towards horticultural crops, livestock raising, reforestation and other products. In this case the main public institutions were involved (INDAP, INIA, CONAF & COTRISA). Another element of this increased competitiveness included the continuation of the irrigation policy implemented before including large projects and the increased application of the subsidy for small irrigation schemes created during the pragmatic period of the military government and expanded to the small farmer sector during the previous government. A program to improve fertility and conservation of degraded soils was introduced which gave subsidies to attend both problems as described in the Environmental Policies section of Chapter 1. Also sanitary programs were strengthened to improve access to international markets, and initial efforts were made to examine the possibilities of exporting milk derived products and meat. Finally a Foundation was created (FIA) to promote innovation in Chilean agriculture through

providing funds for applied research to improve its competitiveness and diversify its offer of products with new berries, ostriches, among other promotions undertaken by FIA through competitive funds.

c) **Small Scale Farmer Promotion:** Here was where the major changes occurred in this period. Aiming at improving their insertion in the export boom initiated after the 80's crisis. Here the programs of technical assistance and credit need to develop a long term project aimed at generating extra value for the small scale farmers. Business networks are created to help insert in markets these new projects and new programs to help in managing the farms as well as programs aimed at helping women and youth to implement projects for their advancement. The rural poverty and resource conservation projects initiated in the previous government are successfully implemented and a program is created to provide technical assistance to the population of rural poor municipalities called PRODESAL.

Peasant Organizations are sustained with public funds and local and regional organizations are promoted to act as a social control mechanism for the various programs reaching INDAP's clients. A key element to improve small farmers' access to markets was the creation of a Show of Agricultural Products coming from the small farmers which started in 1998 in the Mapocho Station and which has helped ever since the urban population to reencounter its origins (a large proportion migrated from the rural areas) and serves as an important business round for the small farmers' products. A problem however occurred with the increase in the levels of indebtedness in which a large proportion of the clients fell, so that the level of repayment fell from 84% in 1993, to 52% in 1999. To some extent this was the result of the forcing of the long term projects on the part of those providing technical assistance.

3.- Third Government of the For Democracy Coalition:

This government initiates its policy formulation through a group discussion with the main actors of Chilean agriculture; this is called the Agricultural Table and is constituted under the directive of the President. It was constituted by presidents of the organizations of commercial and peasant organizations, presidents of the Agriculture Commissions of the Senate and Chamber of Deputies, of the Professional College of Agronomists, the Ministers of External Relations, of Presidency Secretariat and Finance, as well as representatives of Universities and the High authorities of the Ministry of Agriculture. This Table centered its activities in elaborating a medium term view of the sector and the private and public initiatives required to realize the sector's potentiality. At the same time an agreement was reached to indicate the short term initiatives that would be able to overcome the major difficulties the sector was facing.

Also a Table for the Development of Small Scale Agriculture was formed with the participation of the main leaders of small farmers and farm workers at the national level, indigenous representatives and the Ministers of the Agricultural Table as well as the Ministers of Labor and of Women Development (SERNAM).

In this way, for the first time the policy follows a fully participatory approach. The major strategic lines followed by this government were the following: a) Increased Security for agricultural producers; b) Market Development; c) Improved Productivity of Natural Resources; d) Improved Competitiveness; and e) Development of the Small Farmer Sector and creation of a new rural world.

a) Increased Security for Agriculture Producers: to improve the security of producers reducing the economic risks associated with weather produced crop failures, an Agriculture Insurance program was established, the state providing 50% of the value of the premium for the farmers who take it. At the same time, new instruments to reduce the economic risks facing agricultural products included the development of futures markets for agriculture, factoring and above all initiating the activities of the Agricultural Products Stock Exchange institution.

b) Market Development: in alliance with the Ministry of Foreign Affairs new significant treaties are reached at with USA, EU, EFTA, South Korea, and China. There are also a partial agreement with India and an agreement of strategic alliance with Brunei Darussalam, New Zealand and Singapore. Initial steps were taken for a Free Trade Agreement with Japan.

These new markets and the rules that have begun to govern them have forced several new programs to address these new requirements. Thus Good Agricultural Practices (GAP) are beginning to be implemented in this period coordinating the actions of SAG, Ministry of Public Health and the Internal Normalization Institute (INP). Hence these new regulations have to follow the HACCP processes forcing to control for food safety throughout the food chain.

These new actions plus some special programs to support agricultural productive processes produce a change in major import substituting products which get transformed into high quality export products. This happens with livestock meat. Where the high quality one is exported and imports continue to come from MERCOSUR origin and are of normal quality. A similar phenomenon begins to happen in milk derived products such as powdered milk, yoghurt, and other derivatives of cow milk.

c) Improved Productivity of Natural Resources: Here this government sought to improve the functioning of various on going programs such as the one aimed at improving degraded and deteriorated soils and the irrigation development programs already mentioned, The reforestation subsidy was reestablished and small and medium sized farmers were included. Also forestry policy included the development of other sources of income for forest

owners such as carbon sequestration, ecotourism, protecting biodiversity, among others.

d) Improved Competitiveness: Here the actions undertaken were aimed at getting the research and development actions better attuned to the characteristics of the various actors in Chilean agriculture, as well as the regional characteristics.

Thus INIA specialized better its Regional Centers (CRI) involving fully local producers in its regional consulting councils. They have tried to improve their relationship with INDAP & FIA to improve small farmers' access to new technologies, while for medium scale producers the GTTs were reinforced and relationships with CORFO which has several technology improvement projects linked with agriculture. Also they initiated efforts to improve medium and small scale farmers to New Information Technology, using, in the case of small farmers, the Management Centers that INDAP manages. A final program strongly enhancing Chilean agriculture competitiveness is through the already indicated strong development of irrigation activities. Of special importance in this respect has been the development of highly efficient farm level irrigation systems, of which drip irrigation is the most developed in Chile and one of the countries with highest coverage in the world.

Also of importance has been the creation of the Entrepreneurial Technological Consortia which have united private, public and academic instances to promote innovation and competitiveness of the productive chains. It involves, CORFO, FIA and the Council of Innovation, Training and Research (CONICYT). Currently they are involved in developing biotechnological solutions for the agricultural sector.

e) Family Farm Development and the Road to a New Rurality: New territorial development programs are developed, involving INDAP but also other institutions such as CORFO, the Under Secretariat for Regional Development (Subdere) and the Service of Technical Cooperation (SERCOTEC) which implements a territorial development program with the participation of these other institutions.

In INDAP the Technical Assistance program is made more responsive to the real needs of the users by introducing more democratic social evaluation systems and small farmers are encouraged to obtain credit from regular banks (starting with the State Bank which has a strong presence with micro and small enterprises) and Savings and Loan Cooperatives. Also, a Reconversion Bonus was created to provide to small farmers wishing to enter a new market with 80% non reimbursable financing once and for all. Also a Family Bonus was created to give to those small farmers with little chance to be able to develop agricultural projects in the short or medium term, being this bonus a direct life sustaining subsidy.

4th Government of the Pro Democracy Coalition:

This government has a major novelty respect to the others, since it is led by a woman with strong ties to direct relations with the people and introduced a new approach to public policy, bringing in new faces at Ministerial, Under Secretariat y Service chief levels, as well as promoting gender parity in these posts.

The Agricultural Policy of the Government is structured around five pillars which are the following:

a) Consolidate Chile as a World Agrifood Leader: This means to promote the strengthening of the productive processes with special emphasis on high levels of product quality, respect for the environment and entrepreneurial social responsibility. Thus the public-private relationship needs to continue to be a major element in the Ministry's strategy.

The country has been following this path through a modernization of agricultural and forestry activities with strong improvements in productivity and quality of products; the export orientation of major Agrifood chains responding to the opportunities brought by the signature a trade agreements; the capacity to adapt produce supply to the requirements and preferences of consumers in the context of globalization and public-private integration to enter new markets under a common project.

The results of this strategy have situated Chile among the 20 highest exporters of fresh and processed food products, while food industry has become a strong creator of employment and income generating 30% of the National Internal Product and 20% of national employment. This has resulted thanks to the country's comparative and competitive advantages that are generated by the country's agro ecological and phyto and zoo sanitary conditions, the development promotion policies implemented in the last 15 years, the quality and stability of public institutional, as well as the strong competitiveness of the entrepreneurial sector.

These conditions open the opportunity for Chile to become one of the top ten exporters of Agrifood products of the world in the next ten years. To achieve this result, ministerial tasks will try to strengthen agro industrial and industrial products, putting special emphasis in the incorporation of quality, sanitary and food safety products, strengthening phyto and zoo sanitary conditions, technological innovation, environmental respect, entrepreneurial social responsibility and market management. In this context, public-private alliances will be essential in the execution of this policy. Thus a Council has been created to promote Chile as World Food Leader comprised of the Public Agencies most involved in development promotion activities, including all of the Ministry's Institutions related to agricultural development, CORFO, SENCE, Innovation Council, Universities, Chile Foundation and Customs Service, while the private sector is represented by the major Entrepreneurial Associations (including SNA, CAS, ASOEX, and all the associations by

products, as well as the small farmers associations such as MUCECH and La Voz del Campo).

b) Produce an Inclusive Development: Aims to reduce the gap of least developed groups linked to agriculture. This means there is need to create new opportunities, bring services closer to people and create new instruments to improve small farmer inclusion in more dynamic markets. This means the need to promote association, and improve the integration of all actors in the food chain.

In this respect the policies will support peasant family agriculture (AFC) with potential for market integration and help it achieve competitive development and help it get inserted in the sustainable sectorial development strategies. On the other hand the AFC groups that aim mostly at self subsistence strategies to achieve more food security from their land will also receive special attention from the Ministerial policies to improve their well being and help optimize their productive systems.

The policies in this respect will aim at providing to a growing group of AFC, both men and women and with special reference to the latter, to accede to the instruments of modernization such as financing, access to technological innovation, entrepreneurial training, support to associations of AFC, product differentiation strategies and insertion in the Agrifood chains. The policies and programs that will be generated to achieve these goals will have a special bias in favor of those most vulnerable such as youth, indigenous farmers and women.

The major challenges these objectives present are to take action to strengthen credit access, especially investment and long term credit for AFC, aiming to expand the State Bank's strategy of support to micro and small enterprises in the rural areas; improve access of AFC to irrigation programs increasing the contests and the amounts involved, as well as focalizing to the more vulnerable groups indicated before. Also efforts will be made to improve rural connectivity, strengthening AFC associations at the local, regional and national levels and promote non agricultural rural endeavors, linked to agriculture. Also efforts will continue to be made to increase the insertion of AFC in the agro export chains helping adapt the productive systems to the quality condition currently required such as Good Agricultural Practices (GAP) as well as livestock and manufacturing practices, organic agriculture, fair trade as well as other conditions that are appearing in national and international markets.

A major element in this strategy will be to improve access of AFC as well as indigenous populations to the benefits of the Law of irrigation promotion with special emphasis in adapting INDAP's regulations to the needs of AFC & Indigenous populations.

The main Ministerial Institution to develop and implement these policies is INDAP and here a Consultative Council will be established to better orient the institution's actions.

Also, since most of these activities look not only at developing agriculture production of the AFC but mainly rural development, the recent creation of the Regional Development Agencies (ARD) which will link up productive development at the regional and local levels will have a significant role in this strategy.

c) Restructuring and Modernizing the Agricultural Public Sector:

This will require changes in the current institutionality to produce a better coordination of the current public agricultural institutions between themselves, with other related public institutions and with their users. Reorienting ministerial tasks incorporating functions such as ensuring health protection and consumer rights as well as contributing to enhance the competitiveness and reputation of agricultural and forest products of Chile, responding to the growing quality requirements of both internal and external markets.

Hence the present Administration is aiming at generating a Ministry of Food and Agriculture. This will require the creation of a public-private institutional commission under the coordination of the Ministry of Agriculture, which within one year will need to come out with a project to be evaluated technically and economically by the various public institutions of the Ministry. At the end, these activities should end with the creation of a new institutionality which should concentrate not only in the aspects of primary production but also of sanity and food safety, integration of the productive chains and consumer participation. This implies generating a logic of Agrifood, energetic and forestry chains, incorporating in the Ministerial activities some topics related to health, consumer rights and improve competitiveness of agricultural and forestry products responding to the growing requirements of quality in internal and external markets.

The government already created the Chilean Agency for Food Safety (ACHIA) where the Ministry of Agriculture, Health, Economics and Presidency Secretariat participate. In addition, the Ministry of Health has transferred to SAG the control of Livestock Slaughterhouses. In addition Chile is submitting agricultural and meat exports to ISO standards implying the establishment of a sole norm to all country production of these products.

The main tasks of the Ministry to install the new institutionality will require the elaboration of an inter institutional agenda, strengthening the corporate image of the Ministry, constitution of the public-private commissions, the technical, administrative and legislative design, incorporating international cooperation and the elaboration of a work agenda with the rest of the Executive, as well as the Legislative Power.

d) Contribute to diversify the Country's Energetic Matrix: the high dependence of Chile on fossil energy with its contaminating effects and the growing capacity of other countries in acceding to biofuels open the possibility for Chile to enter in this trend and begin producing internally the feedstock to obtain biofuels during the next years. Here public-private alliances, attraction of investments, the search, diffusion and transference of new technology and

agreements of technical cooperation between Chile and more advanced countries on these matters are the routes that the country will follow in the future.

In fact, Chile has the possibility of developing the biofuels national production. A new policy framework is being developed to generate biofuel production, starting with biodiesel obtained from rapeseed canola oil. This will not only diversify the very concentrated energy matrix of the country but will also mean generating strong productive activities in the centre south regions where national production has been severely affected by Agrifood imports that compete with the main products coming from that zone (wheat, milk, cattle meat).

Here the Ministries of Agriculture and of Energy as well as the private sector have been involved in generating a Policy Framework to allow the development of the alternative energy sources and are about to generate a new policy environment for its development. As of now, the Ministry of Finance has indicated that the specific tax on gasoline and diesel will not be charged on biofuels, since this tax is to reduce contamination, which does not happen with biofuels, especially with biodiesel.

e) Promote the Sustainable Use of Natural Resources and Protect Biodiversity:

The high growth experimented by the sector in the last 17 years has produced a rather strong deterioration of the natural resource base of this growth. This has been indicated by the study conducted in 2005 by OCDE. Although in the last years there has been some progress in the establishment of basic knowledge of nature and its ecosystems, the protection of the Chilean nature's patrimony, insufficient resources have been channeled to the objective of preserving biodiversity and natural resources.

Chile has signed agreements stemming from the Earth Summit, Program 21 and the Conventions on Climatic Change and Biodiversity this will require a national legislation to promote the sustainable use of renewable natural resources and the protection of biodiversity. This will require an efficient institutional articulation of the Ministry's services, following a territorial arrangement of natural resources.

There is need therefore to generate an effective articulation of the activities of public sector institutions such as INFOR, CONAF, CIREN & SAG with Universities, Private Sector, Regional and Provincial Governments, as well as Municipalities. Here the Ministry will need to focalize a national strategy of sustainable development, supported by a State Policy that must be able to integrate environmental considerations with economic and sectorial policies. Similarly the Ministry will need to improve its articulation with the new institutions of Environmental Protection in the country.

There is need to develop a new Environmental Policy, begun by the creation of the Environment Ministry. This policy, based on the concept of Sustainable Development, needs to compatibilize economic growth, nature protection and

social equity. Here the Ministry of Agriculture will have an important role to play.

This challenge implies the generation of institutional and legal measures to come out with a National Plan of Nature Protection. Also the need to create a National System of Wild and Biodiversity Protection Areas, articulating public and private initiatives as well as increasing the Public Areas under protection (SNASPE).

Other proposed activities involve the reactivation of the Natural Forest Legislation, approved by the Chamber of Deputies in 1993 and still waiting to enter into the Senate. Contacts are being established with different actors interested in this topic to reach agreements so that this legislation can be approved soon. Also there is going to be a new law to improve the prevention and combat of forest fires. Another element of the new policy is to expand research in forestry topics, such as introduction of new forestry species, silvocultural technology management of establishment and management of the forest, genetic improvement, forestry biotechnology and techniques of remote perception and usage of spatial tools to apply to the conservation of natural patrimony and the establishment of sustainability indicators. Also there will be the development of policy measures to help pay for the positive externalities brought about by forests. Hence there will be the intent to develop Schemes of Payment for Environmental Services (PSA).

5.- Effectiveness of Existing Programs:

There is a wide range of programs promoting greater efficiency of silvo agricultural production and marketing some of the most effective are the following:

a) Research, Development and Innovation: Here the creation in 2005 of the National Council of Innovation for Competitiveness which administers the fund created by the Mining royalty has seen its resources increase leading to \$ 45.000 million in 2006 and \$53.000 million in 2007. These funds are channeled to CONICYT, CORFO, FIA & the Ministry of Economics. Recently FIA is developing a new approach where, instead of generating open contests to assign funds for I&D it will have a more proactive orientation, opening contests to solve competitiveness problems in some products &/or regions with problems.

b) Small Farmer Inclusion Funds: Mostly administered by INDAP the most important funds to promote the inclusion of the small farmer sector into dynamic development are the following:

- Subsidy to Technical Assistance (FAT): this provides a subsidy to those companies (NGOs, Farmer Organizations and private companies) that provide technical assistance to small farmers clients of INDAP throughout the agricultural year.

- Investment Subsidy (PDI): Provides a once and for all 80% subsidy to INDAP clients who present a project to diversify its agricultural production which requires additional investment.

- Irrigation Subsidy, Credit and Bonus: These are three programs that help small farmer clients of INDAP to accede to the 75% subsidy for investment in irrigation systems both in and off-farm. This is a very significant program that is being increased in the current government's policies. It allows small farmers to participate in irrigation project contests by providing funds to pay for the studies, and construction of the works which are then paid by the subsidy. It has a significant effect in generating higher productivity and economic returns for the small farmer sector.

- Improvement of Degraded Soils Program executed by INDAP: similar to the SAG administered program, this provides subsidy for phosphate fertilizer applications to a level to return to the natural level of soil fertility, as well as calcium applications, establishment or regeneration of grass fields and conservation and rehabilitation of soils. Subsidies reach 80% in each case, but can reach 100% for those located in regions VIII, IX & X and 90% to those located in the rest of the country as long as they are clients of INDAP and have farms below 3 HRB and indigenous with farms less than 12 HRB.

- The Agriculture and Livestock Modernization Program: this program subsidizes through regional contests where the agriculture one promotes diversification and increase of profitable products already under exploitation, concentrating in artesian products using family labor and existing natural resources to improve the quality of these products. The Livestock one provides a subsidy of up to 70% for the modernization of livestock business including purchase & improvement of infrastructure for livestock production, as well as livestock qualities for cattle, sheep and goats subsidizing up to 70% of the cost of infrastructure and technical assistance demanded by the small farmer or the organization of them.

- Short Term and Long Term Credit and Insertion in the Banking System: INDAP has been executing programs to provide credit to small farmers both for operational capital as well as investment. Recently it has been trying to insert its clients requiring larger funds to the Banking and Savings and Loan institutions through a Fund to improve the small farmer warranties and help insert them in the banking system by subsidizing the transactions costs this transfer would bring to the financial system.

- PRODESAL: this is a program executed through the municipalities of poor rural areas by INDAP (for 169 municipalities throughout the country) which provides technical assistance for primary production, environmental improvement and organizational development and financed by INDAP.

c) General Promotion of Agrorural Development:

The main promoter of agricultural and rural projects in general and not only for small farmers is CORFO, which uses a wide range of instruments of which the most significant are the following:

- PROFO: The associative project promotion activity covers part of the costs of executing a project where at least five enterprises participate, aimed at improving competitiveness of the group as well as each enterprise involved. These cost coverage operate both for the preparation of the project as well as three years of implementation.
- Agricultural Insurance Subsidy: This program is paid by the Ministry of Agriculture but administered by CORFO to cover 50% of the premium of an insurance covering climatic damages to agricultural production.
- Suppliers Development Program: this program finances the costs of consulting, technical assistance and training for suppliers of large marketers. This is a very successful program helping develop contract agriculture in the sector. The values provided include 60% of the diagnosis stage cost and 60% of execution the first year, and up to 5% in the third to fifth year.
- Territorial Development Program: This program searches to coordinate the activities of public and private entities working in a territory, including training, innovation, technical assistance, entrepreneurial association and financing aiming to improve the quality of what the territory executes. It includes several other CORFO instruments as well as non CORFO to generate the budgetary proposal and then the execution is also sustained up to five years.
- Credit, Risk and Seed Capital Programs: CORFO has a whole range of credit, seed capital and risk capital programs which are of great importance to initiate new activities in the regions, thus favoring agriculture and rural development.