

CONTEXT

SYSTEM OF GOVERNMENT: **Presidential**

- No. of ministries: 20 (2010)
- No. of governments over last 20 years: 5

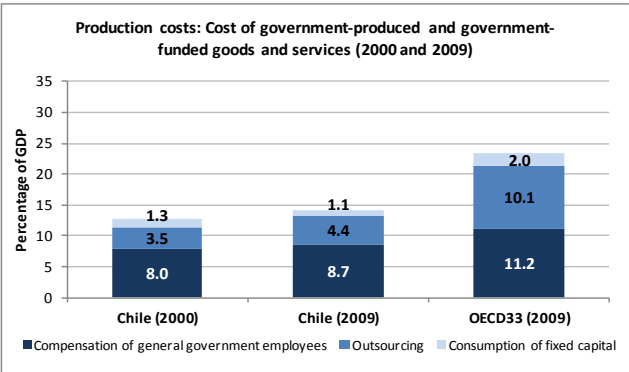
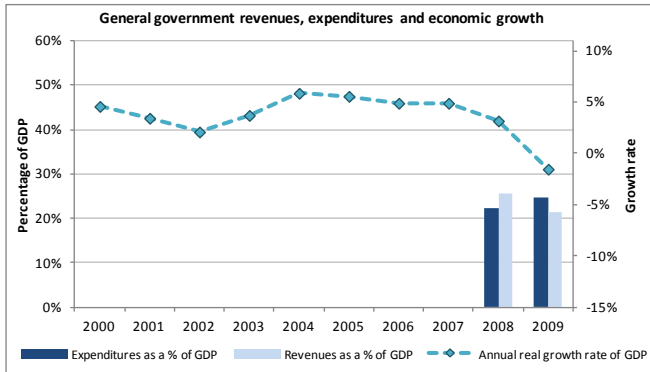
STATE STRUCTURE: **Unitary**

LEGISLATURE: **Bicameral**

- Upper house: elected
- Lower house: elected using First Past the Post

PUBLIC FINANCE

Government expenditures and revenues are under 25% of GDP, making the Chilean government one of the smallest in the OECD. The slump in economic activity as a result of the global crisis saw the 2008 fiscal surplus move to a deficit in 2009. The structural balance growth rule's target for 2014 is -1%. Following a fiscal stimulus package implemented in 2009, the government plans to reduce public expenditures for 2011 (around 4.5%) considering the inflation target, interest rate and exchange rate. The result is a recent adjustment of USD 750 million. Slightly more than 14% of the economy was devoted to producing public goods and services in 2009, less than the OECD average of 23.3%. Compared to other OECD countries, the Chilean government relies less on the use of private and non-profit actors to provide public goods and services (*i.e.* outsourcing) and much more on its own employees in the production process, although the use of outsourcing increased between 2000 and 2009.

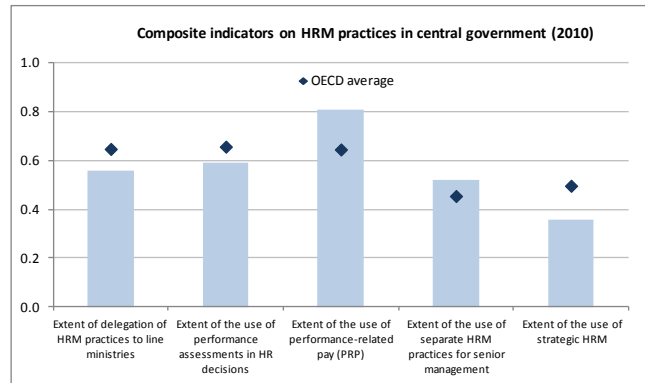
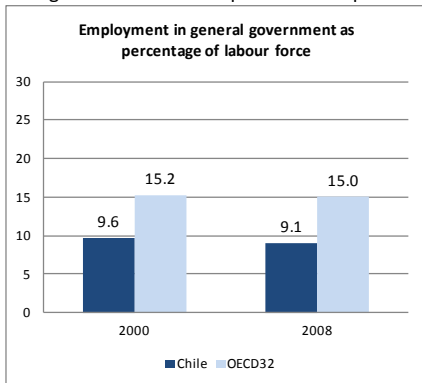


Source: OECD National Accounts and Economic Outlook 89. [\[Revenues\]](#) [\[Expenditures\]](#) [\[Production costs\]](#)

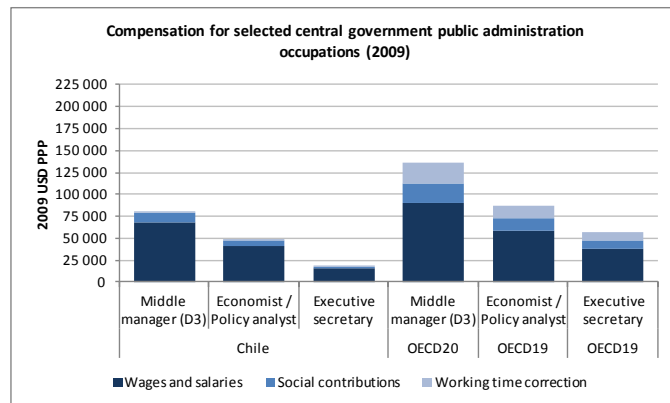
Government employment as a share of the labour force has remained fairly stable in Chile, dropping from 9.6% in 2000 to 9.1% in 2008. It is also one of the lowest ratios among OECD countries, which range from 6.7% to 29.3%, with an average of 15%.

Chile's central government has a highly centralised HRM system, with only recruitment delegated to line ministries. While performance assessments are applied slightly less than on average in OECD countries, performance-related pay is utilised more extensively. Chile manages its cadre of senior civil servants separately. Strategic HRM needs further development, although there is a workforce planning component and top and middle managers' assessments depend on their performance on HRM targets.

GOVERNMENT EMPLOYMENT, COMPENSATION AND HRM PRACTICES



Source: International Labour Organisation and OECD 2010 Strategic HRM Survey. [\[Employment\]](#) [\[Delegation\]](#) [\[Performance assessment\]](#) [\[PRP\]](#) [\[Senior management\]](#) [\[Strategic HRM\]](#)



Middle managers, economists/policy analysts and executive secretaries in the Chilean public service receive total compensation that is well under the OECD average. A relatively large share (85%) of this compensation is made up of wages and salaries, with only 13% made up of social charges. The compensation in Chile is also less flat than the OECD average, with middle managers making 1.7 times more than economists/policy analysts, and 4.6 times more than executive secretaries (compared to 1.6 and 2.4 times more, respectively). Compensation is determined on an annual basis. Most Chilean public employees are required to work 44 hours per week, and work on average 233 days per year, at the upper end of the OECD range.

Working time correction brings countries to the same basis of comparison in terms of annual working hours (accounting for weekly working hours and holidays).

Source: OECD 2010 Compensation Survey. [\[Middle managers\]](#) [\[Economist/Policy Analyst\]](#) [\[Executive Secretary\]](#)

Transparency in public procurement, 2010					
	Central proc. website	Contracting entity website	Domestic printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	Yes	No	No	No	97%
Selection & evaluation criteria	Yes	No	No	No	97%
Tender documents	Yes	No	No	No	82%
Contract award	Yes	No	No	No	100%
Justification for award	Yes	No	No	No	59%
Tracking procurement spending	Yes	No	No	No	32%
Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".					

Achieving greater transparency in public procurement is important; especially given that the Chilean Government spent about 6% of GDP on public procurement in 2008 (estimate based on the OECD National Accounts).

While each public agency is responsible for designing and carrying out their tendering process, Chile along with Korea, Mexico and Spain publishes almost all information related to public procurement on its central procurement website: <https://www.mercadopublico.cl>. ChileCompra is the public agency responsible for the overall system operation and procurement policy. The check and balance structure includes the General Controller Office and a specialised Procurement Court. In Chile, in order to bid in a particular public procurement process, providers must enrol in a national registry. Contract modifications are only published on the contracting agency website while procurement plans are published on both the central and the contracting agency websites. Currently, Chile is one of the countries that publishes information on the justification for awarding a contract to a selected contractor and allows for tracking public procurement spending on line. This is done by 59% and 32% OECD member countries, respectively.

Providing an adequate degree of transparency throughout the entire public procurement cycle is critical to minimise risk of fraud, corruption and mismanagement of public funds in order to ensure fairness and equitable treatment of potential suppliers. Additionally, it allows for effective oversight by concerned institutions and the general public.

Source: OECD 2010 Survey on Public Procurement. [[Transparency in public procurement](#)]

Regulatory governance mechanisms, 2008			
Functions of the oversight body		Percentage of OECD countries responding "yes"	CHILE 2009
Consulted as part of process of developing new regulation	2005	73%	N.A.
	2008	82%	No
Reports on progress made on reform by individual ministries	2005	43%	N.A.
	2008	56%	No
Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005	43%	N.A.
	2008	50%	No
Conducts its own regulatory impact analysis	2005	43%	N.A.
	2008	47%	No
Anticipating compliance and enforcement			
Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005	57%	N.A.
	2008	70%	N.A.
Guidance for regulators on compliance and enforcement	2005	37%	N.A.
	2008	47%	N.A.
Existence of policy on risk-based enforcement	2005	N.A.	N.A.
	2008	30%	N.A.

This table presents two elements drawn from the wide range of activities for managing regulatory quality.

The Chilean government has not created a dedicated administrative body for regulatory management. In practice, the Ministry of the Secretary General of the Presidency (SEGPRES) is the body the most involved in regulatory policy.

In addition to monitoring the coherence of several government programmes and making inter-ministerial coordination, SEGPRES checks the legal quality and coherence of draft legislation before it is sent to Congress. The preparation of draft legislation does not entail any impact assessment. However a 2010 law has introduced a requirement that agencies estimate the costs that new subordinate regulation might have on small-sized businesses. In recent years the Ministry of Economic Affairs, along with SEGPRES has played an important role in the development and coordination of regulatory reforms addressing issues affecting SMEs. Another important player for regulatory management is the General Comptroller Office whose main mission is to ensure the legality of rules as well as the integrity and good practice of government activities.

Source: OECD 2008 Survey on Regulatory Management. [[Oversight bodies](#)] [[Compliance and enforcement](#)]

E-Government building blocks and e-procurement, 2010		
e-enabling laws and policies	Chile	OECD25
Recognition & use of digital signature	●	100%
Electronic filing within the public sector	●	88%
Administering PPPs for e-government projects	●	64%
Services offered on single-entry procurement website		
Tender searches	●	62%
Tracking of outcomes of contracts	○	32%
OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data unavailable		

Similar to most OECD countries, the Chilean Government has put laws and/or policies in place to promote the use of digital signatures, electronic filing, and promote the use of PPPs in the implementation of e-government projects. Additionally, the government has made a shift in their e-government initiatives towards a user-centred approach, and Chile's government is evaluating the possibility of developing a single web access to e-government services (one-stop-shop) that could be implemented during 2012. Also similar to most OECD countries with a single-entry procurement website, the government's website allows businesses to perform tender searches thereby facilitating access to procurement opportunities. However, Chile does not allow users to track the outcomes of contracts.

Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [[E-enabling laws](#)] [[E-procurement](#)]

Disclosure of public sector information, 2010

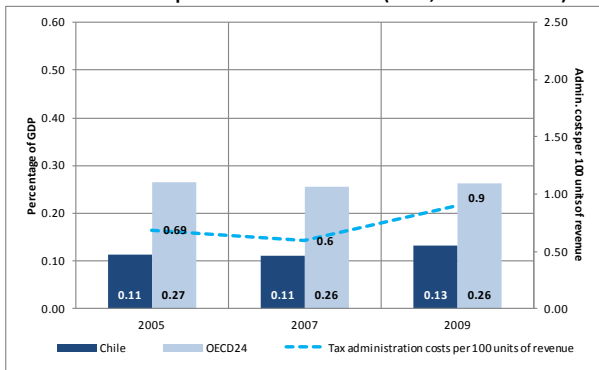
Types of information disclosed	Proactive disclosure		
	Chile	OECD32	Publication channels
Budget documents	●	94%	MA, OW
Audit reports	●	72%	CP, MA
List of public servants and their salaries	●	28%	CP, MA
Sharing of administrative data			
Administrative data sets	○	66%	Not published
Requirements on publishing in open data formats	Yes	53%	–

● Required to be proactively published by FOI laws
 ○ Not required by FOI laws, but routinely proactively published
 ○ Neither required nor routinely published
 CP= central portal; MA= ministry or agency website; OW=other website
 OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.

Freedom of Information legislation in Chile includes- among others- the Access to Public Sector Information Law published in 2008 which regulates the right to access to information held by government bodies, as well as the procedures for accessing information and exceptions. The Chilean government proactively discloses information on public servants' salaries, the names of beneficiaries of social programs, external audit reports and budget execution reports, among other categories of information. Various publication channels are utilised, namely central portals and ministry or agency websites. Contrary to over half of OECD countries, Chile's FOI legislation does not currently require that administrative data sets be published. However, the Chilean government is now developing a program on open public data. As part of this program, a single online portal will allow citizens to access data sets in open data formats. This initiative continues the policy of proactively publishing information in standardized formats although the legal text does not require it to be disclosed in any specific format.

Source: OECD 2010 Survey on Access to Information. [\[Disclosure of information\]](#) [\[Publication channels\]](#)

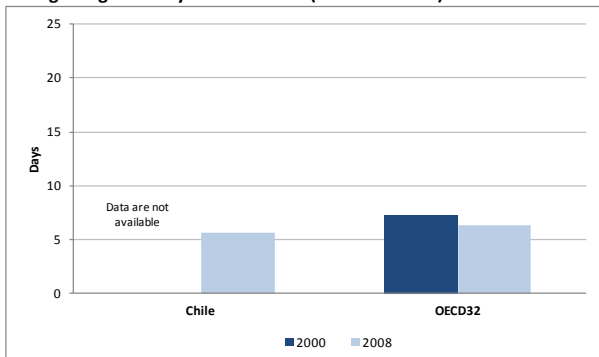
Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax admin. costs per 100 units of revenue (2005, 2007 and 2009)



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The "cost of collection ratio," for instance, is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/or improved tax compliance. In Chile, the administration costs of collecting 100 units of revenue have increased, particularly from 2007 to 2009. Total revenue body expenditure has increased only slightly during this period, suggesting this change in the ratio is likely due to macroeconomic conditions such as a drop in tax revenues following the crisis.

Source: OECD (2011), Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, OECD Publishing, Paris. [\[Total revenue body expenditures\]](#) [\[Tax administration costs per 100 units of revenue\]](#)

Average length of stay for acute care (2000 and 2008)



The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in hospital for curative care. Over time, reductions in the ALOS could reflect efficiency gains, as it could signal that hospitals are expanding early discharge programmes, shifting to day-case surgery for suitable procedures, utilising less invasive procedures, and/or improving pre-admission assessment, all of which can help reduce costs. Too short a length of stay however could cause an adverse effect on health outcomes and could be caused in some countries by a shortage of hospital beds. In 2008, the ALOS in Chile was below that of the OECD average (5.6 days on average compared to 6.4).

Source: OECD Health Data 2010. [\[ALOS for acute care\]](#)

Production costs are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, outsourcing (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

HRM Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available in Annex E at: www.oecd.org/gov/indicators/govtaglance.

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay (PRP) index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

Compensation data: Total compensation includes wages and salaries and employers' social contributions (those to statutory social security schemes or privately funded social insurance schemes, as well as unfunded employee social benefits paid by the employer, including pension payments paid through the state budget rather than through employer social contributions (mostly for some pay-as-you-go systems)). In most cases data are for six central government ministries/departments only (interior, finance, justice, education, health and environment or their equivalents). Working time adjustment compensates for differences in time worked (both weekly working time and holidays). Compensation was converted to US dollars using purchasing power parities (PPPs) for GDP from the OECD National Accounts database. Differences in compensation policies can be the result of different bargaining powers; the state of the labour market (such as compensation in the private sector for similar positions); specific labour shortages; and the attractiveness of the government as an employer. While the survey uses the International Standard Classification of Occupations (ISCO) to standardise job categories, full comparability of responsibilities behind the occupational titles across countries presents difficulties in some cases. Annex D in *Government at a Glance 2011* fully details all limitations to data comparability, including those related to the measurement of employer's social contributions (which were based on sources outside the survey for a number of countries, leading to potential inconsistencies).

Regulatory governance: The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia refer to 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

Tax efficiency: Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

Differences in income inequality pre- and post-tax and government transfers: The values of the Gini coefficient range between 0 in the case of "perfect equality" (*i.e.* each share of the population gets the same share of income) and 1 in the case of "perfect inequality" (*i.e.* all income goes to the individual with the highest income). Redistribution is measured by comparing Gini coefficients for market income (*i.e.* gross of public cash transfers and household taxes) and for disposable income (*i.e.* net of transfers and taxes).