

Chile

Key facts and issues

Chile is a unitary country with a low degree of decentralisation and a population of 18 million. The GDP per capita, at around USD 22 200, is only 54% of the OECD average, the 3rd lowest among OECD countries. With 1.9 municipalities per 100 000 inhabitants, Chile is the 8th least administratively fragmented country in the OECD. Inequality among Chile's small regions (TL3) is the highest in the OECD, as measured by the Gini index, even though the gap has declined since 2000. Chile performs poorly on gender equality indicators. Chile has the widest gender gap in the OECD in life expectancy, with women living longer than men and the 3rd highest gender gap in participation rates, with men outperforming women in terms of being active in the labour force.

Regional disparities, aside from per capita GDP, have gone down in the last few years. There is still a wide disparity in productivity performance between regions driven by strong extractive sectors and metropolitan areas as opposed to regions with economies that focus on agriculture and fishery, for example. Metropolitan areas are responsible for over 80% of the country's patent applications. Antofagasta, where copper mines are located, is three times more productive than the country average, and almost ten times more productive than the least productive region in the country.

Chile: regional, urban and rural development policies

Policy Area	Enabling Document, Strategy, or Framework	Strategic Objectives and Means	Lead Ministry, Agency or Committee
Regional	Decree N°18.359 (1985) National Urban Development Policy (2013) National Rural Development Policy 2015-2025 (2014)	Strong focus on intra-regional disparities and access to peripheral areas through targeted infrastructure investment programmes	Ministry of Interior (Undersecretary of Regional Development, SUBDERE)
Urban	National Urban Development Policy (2013)	Strategy is focused on social integration through access to services, economic development with a focus on inclusiveness, environmental balance through planning guidelines and green subsidies, cultural heritage and governance	Ministry of Housing and Urbanism
Rural	National Rural Development Policy 2015-2025 (2014)	Social well-being, economic opportunities, culture and identity and environmental sustainability. Programmes also focus on agricultural production and infrastructure projects	Ministry of Agriculture

General policy approach

Chile has developed several new strategies to support urban and rural development from the centre. The country has also been seeking to build capacity at a regional and local level to better promote regional development. Given the country's geography, addressing peripherality has been among the top concerns. Many programmes are also promoting innovation in different regional contexts. SUBDERE plays a co-ordinating role for policies, plans and programmes from different state agencies. The current National Urban Policy addresses a wide range of issues, and is supported by a National Council for Urban Development. Since 2014, a comprehensive national rural development policy seeks to address several development challenges. A new classification of rural areas to guide this policy is under development.

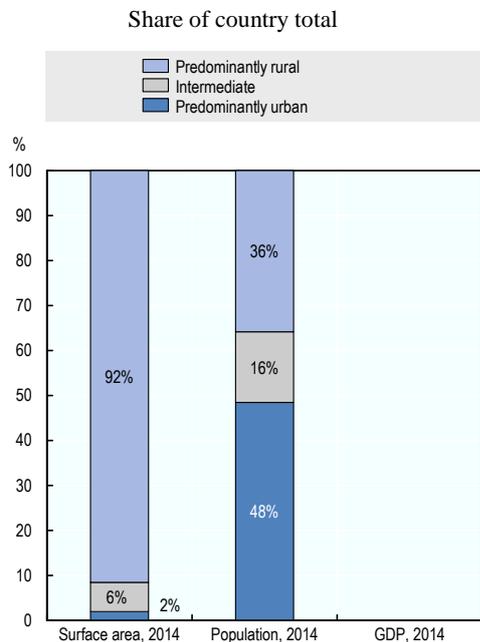
Recent policy changes

- A third urban strategy was released in 2013, emphasising land market transparency, risk resilience planning and tools as well as various changes in the regulation of building permits, urban mobility and accessibility, participatory processes and urban planning.
- A new framework for rural development has been drafted; however no major updates of the National Rural Development policy have been made yet.
- Preparations are underway for decentralisation efforts. A Bill was passed to increase the regionalisation of Chile in 2009 (Bulletin N° 7963-09).
- Issuance of a social integration decree which promotes and provides incentives for social/affordable housing.

Chile: Main regional, urban and rural development policy tools

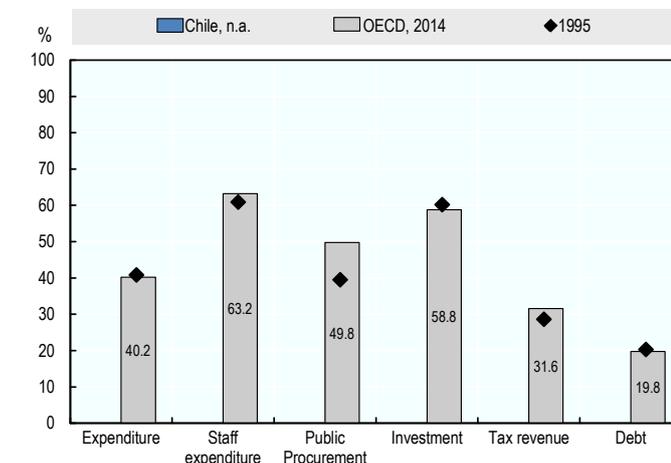
Policy Instrument	✓	Examples
Transport Infrastructure investments and systems of cities	✓	Energy Programmes . These Programmes contribute to improving living conditions in isolated communities; and promoting productive development; for urban areas, programmes create transportation plans for all cities above 100 000 inhabitants
Other Infrastructure investments	✓	The National Fund for Regional Development , (FNRD) provides funding for infrastructure projects, including outside of transportation; other programmes target specific infrastructure needs such as solid waste or water through the Sanitation Programme
Service delivery (subsidies for public services)	✓	The Heritage Recovery Programme , aims at protecting and restoring buildings, urban structures and Historical National Monuments
Business development/ innovation support	✓	Regional Strategic Programmes of CORFO (Chilean Economic Development Agency) includes 18 regional programmes proposing public-private partnerships on local priority sectors and issues. For example, on the topic of technology diffusion, the Regional Technology Dissemination Programme is providing support
Urban renewal	✓	Various programmes with different functions and thematic areas
Urban form and land use	✓	Chile has tax disincentives for lot division and regulates planning instruments so as to curb sprawl, for example urban limits are part of planning instrument regulation
Sustainability policies	✓	Mix of programmes consisting of impact assessment for policies and buildings, depollution programmes as well as planning regulation
Rural-urban linkages		
Clusters/technology platforms/ centres of expertise	✓	Regional Programme of Scientific and Technological Research (CONICYT), also targeted at non-hub innovation
Special economic zones	✓	Various programmes with different thematic focuses; for example the convergence programme to close the gaps between regions
Rural landscape preservation		CONAF is the actor in charge of protecting the forestry sector and basins protection, National Parks and forestry reserves
Skills/training programmes		
Capacity building for sub-national governments	✓	The Strengthening Regional Decentralization Programme (SRD) finances governance skills and regional promotion, among others; the Municipal and Regional Training Academy provides training for public officials from 345 municipalities and 15 Regional Governments

Land, population and economy in rural and urban regions



Subnational government role in public finance

Share of general government

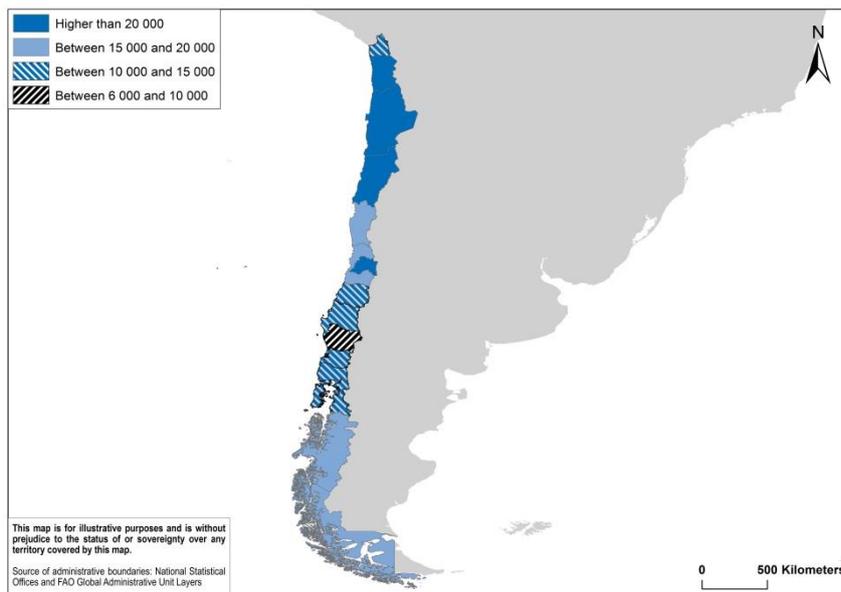


Note: Data for Chile are not available.

Number of subnational governments

Municipal level	Intermediary level	Regional or state level	Total
345		15	360

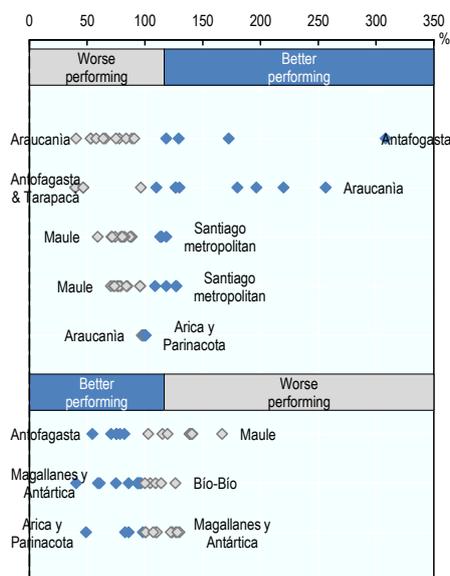
Regional differences in GDP per capita levels, 2013



Note: GDP per capita in constant prices and constant USD PPP (base year 2010).

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Inter-regional disparities (as a % of the country average)



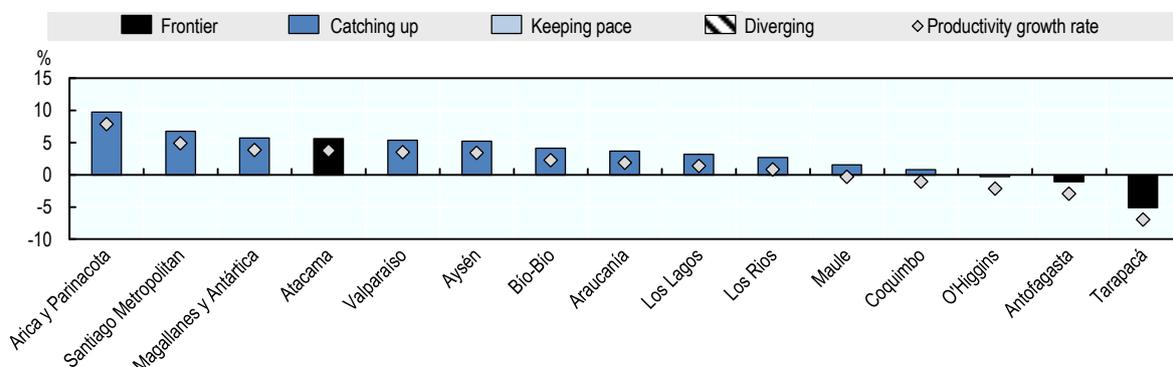
Variable	Min.	Max.	Country Avg.	OECD Avg.	Disparities up or down since 2001
GDP per worker (2013)	18 846	143 063	46 377	74 520	down (2006)
R&D expenditure as a % of GDP (2012)	0.12	1.08	0.3	2.4	up (2009)
Share of labour force with tertiary education	19.7	38.2	33.3	32.3	down (2010)
Disposable household income (2012)	9 110	16 449	12 912	34 866	n.a.
Life expectancy (2012)	77	79.2	78.7	80	n.a.
Share of workforce with only primary education	11.4	34.9	20.9	25.2	down (2010)
Unemployment rate	2.6	8.1	6.4	7.3	down
Gender gap in participation rate	-11.3	-29.9	-23	-15.9	up (2010)

Note: Each diamond represents a TL2 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

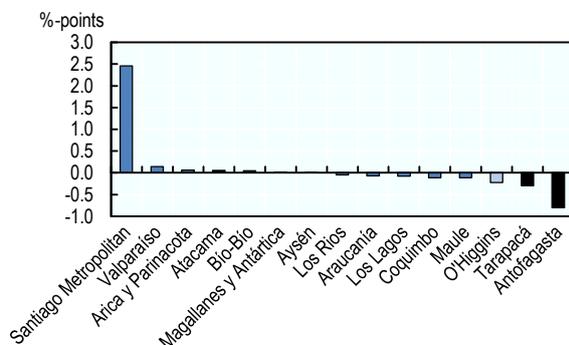
Productivity and catching-up trends among regions

Average annual labour productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2010-2013

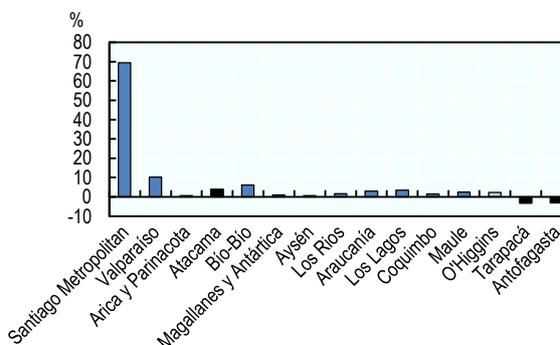
See country page notes for classification of regions



Contribution to labour productivity growth, 2010-13



Percentage contribution to national GDP growth, 2010-13



Note: Difference between national labour productivity growth as calculated with and without the indicated region.

Note: The contribution is the product of a region's GDP growth rate by its initial share of GDP.

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Country page notes

Main indicators

OECD average	represents the weighted average of OECD country/region values for the given year or closest year available.
OECD Regional Well-being framework	considers a combination of individual characteristics and local conditions in eleven dimensions that shape people's material conditions (income, jobs and housing) and their quality of life (health, education, access to services, environment, safety, civic engagement and governance, community, and life satisfaction).
Gross domestic product (GDP); GDP per capita; and labour productivity (GDP per worker)	is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), using the OECD deflator and then it is converted into USD using purchasing power parities (PPPs). For regional labour productivity, GDP (gross value added for Turkey) is divided by the number of workers (at place of work) or, for GDP per capita, the number of residents. For comparisons of current (per capita) GDP across countries, GDP for 2015 is converted to USD using PPPs for 2015.
Subnational government role in public finance	is mainly derived from the OECD National Accounts, harmonised according to the new standards of the System of National Accounts (SNA 2008), with the exception of Chile, Japan and Turkey, which are still under SNA 1993. General government includes four sub-sectors: central/federal government and related public entities; federated government ("states") and related public entities; local government i.e. regional and local governments and related public entities, and social security funds. Subnational governments are local (regional and local) governments and state governments (in countries with a federal or quasi-federal government system).
Gini index (regional income inequality)	The Gini index is a measure of inequality in terms of GDP per capita among all regions of a given country, with equal weight for each region. The index takes on values between 0 and 1, with zero interpreted as no disparity.
R&D expenditure	is the total gross domestic expenditure on research and development by the government, higher education, business, and private non-profit sectors.
Household disposable income and poverty rate	is the income generated directly from market transactions, adding all current transfers from the government, except social transfers in kind, and subtracting current transfers, such as income or regular wealth taxes and social contributions. It is expressed in USD Purchasing Power Parities (PPP) at constant prices (year 2010) and using a standard equivalised size for households across the OECD. Due to a lack of data, the indicator is expressed in per capita terms for the Czech Republic, Estonia, Hungary and New Zealand. The poverty rate is here taken as the percentage of people with disposable household income per capita of less than half the country median.
Participation rate, unemployment rate, youth unemployment and NEETs	The (labour force) participation rate is the ratio of the labour force (employed and unemployed) aged 15+ to the population (15+). The gender gap is the difference between the participation rates for women and men. Unemployed persons are defined as those who are without work, are available for work, and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio of unemployed persons to the labour force. Youth unemployment considers the unemployed and the labour force aged between 15 and 24. "NEETs" refers to 18-24 year-olds who are neither in employment nor in education and training (as a percentage of the population of 18-24 year-olds).
Primary and tertiary education	Primary education includes primary education, pre-primary education and lower secondary education (ISCED 0-2). Tertiary education includes both university qualifications and advanced professional programmes (ISCED 5-8). Shares are defined with respect to the labour force aged 15 and over.
Elderly	are those aged 65+. The elderly dependency rate is the ratio of the elderly to the working age population (15-64).
Air pollution	is the 1km ² grid cell population weighted average of satellite-based estimates of small particulate matter (PM _{2.5}).
Life expectancy	measures the number of years a newborn can expect to live, if death rates in each age group remain constant.

Typology of regions with respect to productivity

Frontier	is the region leading its country in terms of labour productivity, measured by the real gross domestic product per employee. In some countries the leading region accounts for a small percentage of the total workforce. Where this is the case, the frontier is the weighted average of regions with the highest labour productivity levels accounting for 10% of the country's total employment.
Catching-up regions, diverging regions and regions keeping pace	is a classification of regions based on their labour productivity growth relative to the frontier. It is based on the growth in labour productivity between 2000 and 2013 (or closest year available). Regions where labour productivity grew/dropped by at least 5 percentage points more/less than in the frontier over the period are classified as catching-up/diverging regions (about 0.4 percentage points annually), with regions that are keeping pace falling within the +/- 5 percentage points band.

Typologies of regions with respect to population or other functions

Regions (TL2 and TL3)	are classified by the OECD into two territorial levels that reflect the administrative organisation of countries. OECD's large regions (TL2) represent the first administrative tier of subnational government. OECD small (TL3) regions are contained within a TL2 region. Reference to the 20% richest/top or poorest/bottom regions, indicates the top/bottom-performing regions according to the indicator accounting for 20% of the (relevant) population.
TL3 typology (urban, intermediate, rural)	TL3 regions have been classified as: predominantly urban (PU), intermediate (IN) and predominantly rural (PR) based on the percentage of regional population living in rural communities, combined with the existence of urban centres where at least one-quarter of the regional population resides. The terms "urban", "intermediate" and "rural" refer to these categories.
Metropolitan area	is a functional urban area with 500 000 or more inhabitants defined by population density and commuting flows.

Further details and information: OECD (2016) *OECD Regions at a Glance 2016*, http://dx.doi.org/10.1787/reg_glance-2016-en.