

# Chile:

## How a shift in institutional arrangements and management practices of the Chilean International Cooperation Agency (AGCI) has helped Chile to position themselves stronger as Southern provider for development cooperation\*

**Context:** At global level, Chile has been playing an active role in international development fora, such as the [OECD](#), [G20](#), [SEGIB](#), and the [UN](#). Chile is one of the 162 countries that have endorsed the Busan Partnership for Effective Development Co-operation. At the regional level, Chile's sound political and economic performance in the 1990s attracted the interest of other countries in the Latin America and Caribbean (LAC) region. Chile supports the dialogue and coordination of programs through foras such as the Central American Integration System ([SICA](#)) and the [Pacific Alliance](#).

The Chilean Agency for International Cooperation (AGCI) was established in 1990, within the Ministry of Planning and Cooperation (MIDELAN) to manage the increasing flows of ODA to the country. Decreasing ODA inflows, growing pressure on domestic resources to fund Chile's own development policies, and an increasing demand for South-South cooperation from Chile faced AGCI with the challenge of adapting to the changing development cooperation architecture. AGCI had to review its legal and institutional framework and develop a clear rationale for the allocation of domestic human and financial resources for cooperation initiatives with other developing countries. As these resources were apportioned, the AGCI had to seek funding from partners to complement and scale-up Chile's own investments in development cooperation overseas.

**Objective:** Positioning the Chilean Agency for International Cooperation as a technical (rather than politically-driven) organization, which is capable of mobilizing and managing resources, developing partnerships, and employing expertise in a timely fashion, while respecting the principles of SSC.

**Approach:** Through AGCI's decentralized institutional arrangements and regional strategy based on Chile's expertise, domestic capacity and triangular cooperation supported the agency's repositioning and the delivery SSC/TrC results has proved successful and can be shared as a proven practice for providers of development cooperation to date.

The focus of the Chilean Agency for International Cooperation (AGCI) gradually began to shift from managing decreasing ODA inflows to responding to the calls of other developing countries for increased Chilean cooperation in areas such as public sector management, macroeconomic policy, and democratic governance. In 1993, AGCI established a Horizontal Cooperation Programme (also denominated South-South Cooperation Programme) to share Chile's development experience with countries of equal or lesser growth in the LAC region. This work was deepened in 2005 when the AGCI became part of the organizational structure of the Ministry of Foreign Affairs, and Chilean cooperation was finally consolidated as a foreign policy instrument. As an upper middle-income economy, however, Chile still requires support in specific areas to further strengthen its internal development processes.



Source: APCI (2014).

Chile and Korea international cooperation agencies sign an agreement to establish a partnership for international development activities for third countries

## **Success factors:**

- ***Demand orientation:*** AGCI's demand-driven approach is promoted through the participation of different areas and hierarchies of the agency's organizational structure when identifying demand jointly with partner countries. The principle of demand orientation also guides the matching of requests for Chilean cooperation with Chile's available capabilities and services. Demand for Chilean cooperation is identified through one of the following mechanisms: i) regular meetings between Chile's line Ministries, sectoral institutions and their counterparts in the partner country; ii) a sound network of AGCI focal points in the partner countries; iii) Chile's embassies in the Global South; iv) presidential visits; and v) direct request from diplomatic delegations.
- ***Decentralization:*** The deepening of AGCI's decentralized governance mechanism (law 19.999, introduced in 2005) led to the Chilean cooperation policy being guided stronger through the country's foreign policy than on the national social policy. As a result, AGCI's relationship with Chilean embassies worldwide was reinforced which helped in terms of identifying, developing and implementing SSTRC initiatives.
- ***Clear institutional arrangements which ensure a strong role for AGCI:*** Law 19.999 (2005) further shaped AGCI's role in Chile's development cooperation and ensured a clear division of labor among Chile's ministries of Foreign Affairs, Finance and Social Development. Chilean Ministries receive orientations and instructions at the Presidential level, ensuring SSC/TrC is mainstreamed across the government.
- ***Development of a strategy for partnership development and project implementation, based on Chile's areas of expertise, domestic capacity and triangular cooperation:*** AGCI defined Latin America and the Caribbean as its main regional area of focus based on two factors: i) Chile's foreign policy objectives; and ii) the smart use of limited human and financial resources on fewer projects with high visibility, sustainability and impact potential over time. AGCI also defined thematic areas of focus, according to Chile's expertise. In 2011, poverty reduction and social development (68 percent), institutional strengthening and state modernization (21 percent), and innovation and competitiveness (11 percent) were the main areas of focus for AGCI's initiatives in South-South cooperation. AGCI's regional and thematic specialization helped the agency improve project formulation, facilitates the identification of the specific contribution Chile can provide, and formulates the design of initiatives that are more ambitious, systematic and long term.
- ***Funding:*** AGCI's strategy is funded with domestic resources coupled with resources from other countries, usually OECD-DAC donors and countries of equal development, through TrC initiatives. In 2011, the AGCI participated in 16 TrC projects totaling \$1.6 million. AGCI contributed with 17 percent of these resources, and OECD/DAC donors with the remaining 83 percent. The hybrid funding structure helps to leverage domestic resources and achieve development impact through scale.

**Results:** The Impact of AGCI's revised institutional arrangements and demand oriented country strategy for partnership development becomes visible in the surge of demand from other countries for Chilean development cooperation. This effect particularly applied after the introduction of changes in the legal framework, institutional arrangements and management practices of the Chile's international development cooperation. Between 2005 and 2012, the demand for AGCI's cooperation increased by more than 516 percent and had an average annual growth rate of 64 percent.

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\* **Source:** United Nations Office for South South Cooperation (2013): Enhancing Management Practices in South South and Triangular Cooperation – Study on Country-led Practices  
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