

Chile and a bit of social policy

Mauricio Apablaza

Director of Research, School of Government
Research Associate OPHI, University of Oxford
Visiting Fellow III, LSE

March 26, 2025

Outline

Before Everything

Introduction

Institutional Framework

Policy Areas

- Social Protection

- Health

- Education

- Housing & Urban Policy

Financing & Efficiency

Challenges & Reforms

Conclusion

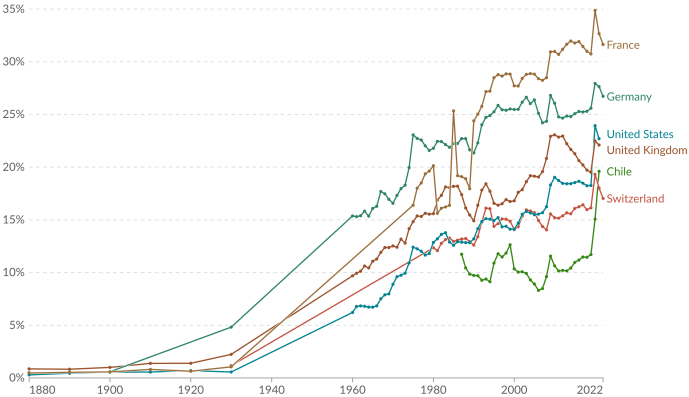
- **GDP:** GDP trends: <https://ourworldindata.org/grapher/gdp-per-capita-maddison-project-database?tab=line>
- **GDP2:** GDP trends: <https://ourworldindata.org/grapher/gdp-per-capita-maddison-project-database?tab=line&time=1851..latest&country=CHL~CHE>
- **GDP vs Development:** [https://www.gapminder.org/tools/#\\$model\\$markers\\$bubble\\$encoding\\$frame\\$value=1800;&trail\\$data\\$filter\\$markers\\$chl=1800&che=1800;;;;;;&chart-type=bubbles&url=v2](https://www.gapminder.org/tools/#$model$markers$bubble$encoding$frame$value=1800;&trail$data$filter$markers$chl=1800&che=1800;;;;;;&chart-type=bubbles&url=v2)
- **GDP vs Happiness:** <https://ourworldindata.org/grapher/gdp-vs-happiness?time=2023&country=CHL~CHE>
- **Test Yourself 1:** <https://upgrader.gapminder.org/t/switzerland?tab=q>
- **Test Yourself 2:** <https://upgrader.gapminder.org/t/chile?tab=q>

- **Mixed system:** Combines state provision with private sector participation.
- **Focused targeting:** Prioritizes poverty reduction (e.g., cash transfers).
- **Universal elements:** Health (AUGE/GES), education (grants), pensions (solidarity pillar).
- **Historical context:** Reforms post-1990s and recent protests (2019–2023).

Public social spending as a share of GDP

Our World
in Data

Social spending includes, among others, the following areas: health, old age, incapacity-related benefits, family, active labor market programmes, unemployment, and housing.



Data source: OECD (2023); OECD (1985); Lindert (2004)

OurWorldinData.org/government-spending | CC BY

Central Government

- **Ministry of Social Development (MDSF)**: Leads social programs (e.g., *Chile Solidario*).
- **Other ministries**: Health (MINSAL), Education (MINEDUC), Housing (MINVU).

Decentralized Actors

- **Municipalities**: Implement local programs (e.g., *Subsidio Único Familiar*).
- **Public services**:
 - **FONASA** (public health), **JUNAEB** (school meals), **SENAMA** (elderly care).

Cash Transfers

- **Ethical Family Income (IEF):** For extreme poverty (2.3% of population).
- *Bono al Trabajo de la Mujer:* Female labor force participation.

Non-Monetary Support

- **Chile Crece Contigo:** Early childhood development.
- **Elige Vivir Sano:** Obesity prevention.

Limitations

Fragmented programs; low coverage for informal workers.

- **Public (FONASA):** Covers 78% of population; funded by 7% income tax.
- **Private (ISAPRES):** 18% coverage; high out-of-pocket costs.
- **AUGE/GES Plan:** Guarantees treatment for 85 conditions (e.g., cancer, diabetes).

Reform Debate (2024)

Proposal for a **National Health System** to replace mixed model.

K-12

- **Public schools:** 35% enrollment.
- **Voucher system:** Private-subsidized schools dominate (53%).
- **SEP:** Extra funding for vulnerable students.

Higher Education

- **Free tuition:** For bottom 60% income (since 2016).
- **Student debt crisis:** Average debt = \$15,000 per graduate.

- **Subsidies:**
 - **DS19:** Middle-class housing.
 - **DS49:** Low-income families.
- **Critical gaps:**
 - 650,000 housing deficit (2023).
 - Informal settlements grew by 20% post-pandemic.

Source	Share of GDP	Coverage
Tax revenue	20.1%	Universal
Social security contributions	5.3%	Formal workers
Private health/premiums	3.8%	ISAPRES users

Table: Chile's social expenditure (2022). Source: OECD.

- **Issue:** Heavy reliance on copper revenues (20% of budget).

Key Challenges

1. **Inequality:** Gini coefficient = 0.46 (2023), highest in OECD.
2. **Fragmentation:** 56 separate social programs.
3. **Informality:** 27% of workers excluded from pensions/healthcare.

Pension Reform (2024)

- New **solidarity pillar** to replace AFP system.
- Employer contributions raised from 10% to 16%.

National Care System

- Universal childcare and elderly care by 2026.
- Budget: \$1.2 billion/year.

- Chile's model balances **targeting** and **universalism**, but gaps remain.
- **Structural issues**: Informality, inequality, fiscal dependency.
- **Future**: Reforms aim for universal healthcare, pensions, and care systems.

What is Multidimensional Poverty?

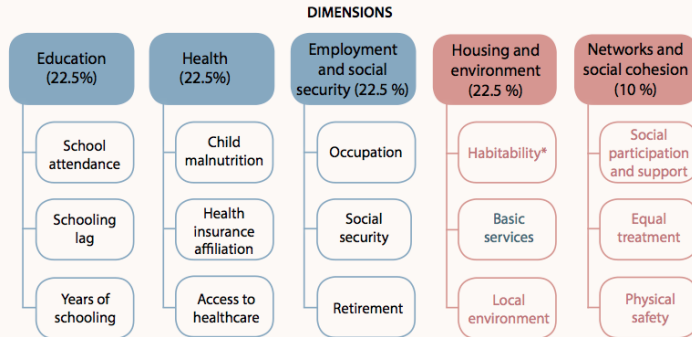
- **Definition:** Poverty is not just about income but also health, education, and living standards (Alkire & Foster, 2011).
- **Global MPI:** Used by UNDP and OPHI, covers:
 - **Health:** Nutrition, child mortality
 - **Education:** Years of schooling, attendance
 - **Living Standards:** Water, sanitation, electricity
- **Key Feature:** Identifies overlapping deprivations.

- **1.1 Billion People** MPI-poor worldwide (UNDP-OPHI 2023).
- **Highest MPI:** Sub-Saharan Africa, South Asia.
- **Progress:** Countries like India reduced MPI significantly (2005-2021).
- **Data Source:** <https://ophi.org.uk/multidimensional-poverty-index/>

Chile's Multidimensional Poverty Measurement

- **National MPI:** Adopted in 2015, includes:
 - Education
 - Health
 - Work & Social Security
 - Housing
 - Environment
- **Progress:** Poverty reduced from 20.4% (2015) to 10.8% (2020).
- **Challenges:** Regional inequalities persist.

Measure of Multidimensional Poverty Incorporating Local Environment Variable and Networks and Social Cohesion Dimension



* Habitability indicator includes deprivations involving overcrowding and household conditions, which were previously measured separately.

Source: Ministry of Social Development, Chile.

- **Global:** Need for targeted interventions in health and education
- **Chile:** Success of social programs but need for regional focus
- **Lessons:** Multidimensional approaches better capture poverty complexity

Conclusion

- Multidimensional poverty measures provide a fuller picture
- Chile's MPI is more comprehensive than global standards
- Significant progress made, but challenges remain
- Useful for targeted policy-making

Thank you!

Contact: mapablaza@gmail.com