



**COOPERATION NODE
FOR LATIN AMERICA AND
THE CARIBBEAN COUNTRIES.**

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Cooperation Node for Latin-America and the Caribbean countries

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PRESENTATION

This publication is the result of the work generated from the interest of Mr. Chelston W. Brathwite - Director General of IICA - that was expressed to the Representation in Chile.

This interest began after contemplate throughout the American Hemisphere many experiences of successful agriculture and rural life programs in different countries that could be transmitted to others, if we knew the conditions in which they were generated and developed.

Chile has developed an important number of support programs in the forestry and agricultural area that properly analyzed, understood and systematized, could be transferred to other interested countries. This agrees with the IICA purpose in order to work in Horizontal Cooperation, in the subjects that constitute the Agriculture and Rural Life.

In this case, the Public – Private understanding has been taken as the central subject for the establishment of a basis for the development of a State Policy for Agriculture for the 2000-2010 period, which has been developed with specific actions of different services and organizations. Some of these have been trying to be systematically described, with a methodological approach that facilitates their possible transference to other realities in other countries.

This publication also tries to be an initial contribution of ideas to the Horizontal Cooperation subject and its inter-institutional, national and international organization. In these pages, there is work developed for people of several organizations of the Ministry of Agriculture, the IICA Representation in Chile and of the recently created IICA Horizontal Cooperation Direction. To all of them thank you very much, but also the request to continue working in the conceptual development of the subject.

A special mention for the International Cooperation Agency of the Ministry of Foreign Affairs in Chile, because we have been drawing a path of coordinated actions in different countries of Central America. The same actions created almost like working with friends, soon were transformed into more important facts. From these experiences both organizations have learned. But most important is that for all the things that need to be done, the complementation between both, AGCI and IICA, can be an enormous yield for the permanent development of Agriculture in the continent.

Gonzalo E. González Fernández.
IICA Representative in Chile.

CHAPTER I. A METHOD TO SHARE SUCCESSFUL EXPERIENCES BETWEEN COUNTRIES.

1. THE DEVELOPMENT CONTEXT

In the last thirty years, the democratization and economic adjustment processes have generated new challenges in the countries of the region. This means a way of governability based more and more on the efficient, effective and legitimate exercise of the power and authority in order to obtain the development objectives, surpassing the formalities of a representative democracy, creating participation instances by means of a permanent and continuous relation between the State and the citizens in a level of equality in the eyes of the law and of mutual respect.

This participation has generated a deliberation and consultation process between the State and the citizen which leads to the obtaining of voluntary agreements conciliating diverse interests. The highest degree of citizen participation has been the public - private agreement where a shared responsibility in the implementation and the result of the deliberation is originated.

In this context, the Region economies have been searching for complementary mechanisms to mitigate the faults as of market as well as the state intervention for a more efficient allocation of resources and promoting an equitable access to the well-being.

The processes of "modernization" of the State- within the development model- have assigned to this one subsidiary, facilitation and articulation roles, where the paradigm is "a small and efficient" State. In such scenario, the great challenges of the development have been tackled by incorporating the private sector in the decisions and to the contribution of resources for the undertaken of joint projects.

Finally, the processes of democratization and modernization of the State in the hemisphere have had a different rhythm and succeeded differently, generating asymmetries in the achievement of the consolidation of modern States and of democratic participation, as well as in the objectives of economic development. This reality causes that different countries have developed different abilities and/or institutional skills advantageously, expressed in successful experiences with results that can be valid and replicable in other scenarios with the restriction of asymmetric atmospheres of development.

2. COOPERATION BETWEEN COUNTRIES.

In the countries of the Region the economic and technical international cooperation is understood as a main part of their foreign policy, reason why the concept of cooperation not only includes economic and political aspects (security, support and participation), but also the promotion of trade. Thus, historically, the cooperation was observed as the "assistance" of the developed countries to those which were not developed, but today it is visualized even as an alternative way to organize the international coexistence, transforming the cooperation in a privileged space to coordinate policies and efforts, in where, each one of the parties, satisfies the objectives that have settled previously, in order that offerer and demandant obtain profits for this cooperation.

This way, cooperation constitutes an instrument that contributes with solutions to some of the problems of a country, strengthen support; raises mutual knowledge and it allows harmonious economic insertion. Then, it is about, to develop innovative ways of international cooperation, that are more effective to go towards an effective alliance (*win-win*) between countries in the search of results that in terms of costs, incomes and social participation is substantially better than those that they could reach unilaterally.¹

In this sense, it is about to re-orientate international cooperation, registered within the sphere of the area called "assistance" (or in the transfer of resources –by concession - from one country to another, associated with the called "help for development"), by another method with which the explicit demands of the countries are satisfied from experiences that have been successful in another one obtaining positive results in both countries, the receptor and the offerer of cooperation. As an effect of the globalization process, today the competition for the spaces in the world market is stronger, and it is crucial the support of external experiences in order to achieve the penetration of new markets. It is here where cooperation acquires a new and important role and the goods that have been generated by a State acquire value as a contributor of solutions to problems that belongs to a second country; thus exporting platforms of successful experiences due to their reached results are generated and these show indicators that differentiate them from the answers of other countries that demand those new experiences in a mechanism where capacities and efforts between countries are complemented and both win.

1. This cooperation is conceived as a win-win between countries, that constitutes the new cooperation main element of action.

3. MANAGEMENT OF KNOWLEDGE BETWEEN COUNTRIES

The advances obtained by a country have generated a series of support and cooperation demands. In order to make them transferable, it is necessary to add them value by means of an organization, prioritization and integration system to introduce them to the respective Government and to be able of get the country interested so that it transfers the generated knowledge to countries that may need it.

In order to achieve the adoption of the experience generated in a country by another demandant one, it is necessary that an Organism of international cooperation such as the Inter-American Institute for Cooperation on Agriculture (IICA) adds value to the national initiatives of knowledge generation and collaborates in the transfer management of this knowledge towards other countries. IICA adds value when, due to its action, a cooperation activity is done, activity that transfers an experience that gives benefits to the one that deliveries it and also the one that receives it, and that in other form, this activity would not take ahead in the short term, since other agents would take more time identifying the experience to be transferred between countries or in implementing it.

Particularly, IICA adds value when it executes a package of activities that includes: knowledge management, to facilitate cooperation, to administer resources for this cooperation, to evaluate and certify the results of transferring the experience. This previous actions implies that IICA must be a catalyst factor and to create or to promote or to use its competitive advantages in order that the cooperation could be done successfully and with benefits for both parties –then IICA must be fortified, to develop and use its competitive advantages in order that cooperation could become a reality and in this way to add it a significant value.

As an example, in Central America, there is a great demand of technical support from Latin American professionals in different programs and projects implemented in the public and private sectors, financed generally with resources originated from the country's already implemented programs.

These subjects need to be systematized and promoted by means of the generation of an explicit methodology oriented by IICA and that contributes to that the countries increase the experiences exchange and that - in high-priority way - these countries give advising and cooperation that allow a greater insertion and recognition by those which receive their experiences.

4. WHAT IS COOPERATION NODE FOR LATIN AMERICA AND THE CARIBBEAN COUNTRIES

The generation of new experiences and the development of national capacities to implement them have meant a greater knowledge than may bring benefits for the people quality of life. The distribution of these benefits reached in a country towards other States can assure a more equitable knowledge access.

To manage the knowledge between countries is adding value to the actions that a receptor country conducts that increases its intellectual patrimony with the new experience transferred from the country that generates it.

"Cooperation Node" will be understood as a set of experiences that have added value to the agricultural intellectual patrimony in a country. This generated knowledge may have its origin in the action of a specific project, the generation of methodologies or in a line of work that satisfies, at least, the following attributes:

- ▶ Innovative, by its originality or by the application scale and impact.
- ▶ Successful, in the sense that it has had a real impact in benefit of the agricultural sector and/or its potential beneficiaries.
- ▶ Sustainable in time
- ▶ Be valid
- ▶ Replicable

5. THE CHILEAN CASE IN AGRICULTURE: A SUCCESSFUL EXPERIENCE IN PUBLIC-PRIVATE ARTICULATION.

The Government of Chile has subscribed a series of agreements and bilateral treaties oriented to offer technical cooperation to different countries; also it is subscribing commercial agreements with Europe, countries of America and Asia. Also, it has been producing knowledge and experiences related to agricultural subjects, for example the promotion of markets, exportable products public responsibility, the administration of international treaties, the processes of fruit development and the mechanisms to approach the producers to the resources.

Chile shows important achievements in the application of the public policy. These are demanded like successful experiences. The value of a country remains not only in the tangible goods that it exports; the recognition of the country value often is in the production of the called intangible goods such as the specialized technical knowledge of its people, its successful experiences, its intellectual property, etc., in other words its intellectual patrimony or knowledge.

In this context, from the process of "Modernization of the State", that, among other factors, locates it as average development country, Chile may transfer important knowledge for the agricultural sector and to contribute to other countries some innovating experiences developed for problems that are valid in both realities. This is framed in the contexts of shared interests between countries, in experiences of Chile, that have had successful results and that are replicable in other countries as learned lessons.

In Chile a strong private institutionality has been generated, which has facilitated the articulation between the public and private sectors, examples of this are the associated producers' organizations in the different areas of the agro-business and their own institutionalized articulations.

It is in this process, where the cooperation of IICA, could support so that Chile may contribute with its generated knowledge to solve problems that are hindering or slowing down the economic and agricultural development in other countries of the region, adding value in the generated knowledge management and carrying it to the environments that demand that contribution. Currently, there is a great demand to know how the public - private relations, the access of the users to the resources, the impulse to the technological innovations and the new markets are generated and managed.

The case of Chile it is important to emphasize, particularly regarding the successful development of public private articulation instances (APP) in the areas of policies generation, international negotiation, promotion and innovation and social agreement. This has been very significant in the forestry and agricultural sector from the 1990s. This "country-advantage" could be evaluated, systematized and disclosed for its application in other countries of LAC in order to support the international insertion and the development of their corresponding agricultures.

5. THE CHILEAN CASE IN AGRICULTURE: A SUCCESSFUL EXPERIENCE IN PUBLIC-PRIVATE ARTICULATION.

The different lines of work in public private articulation developed successfully in Chile are possible to be classified in the following sub-groups:

- ▶ a. Policies Design: In this field there are initiatives such as:
 - ▶ Design, construction and results of the "agricultural table of dialogue".
 - ▶ Creation of the document "A State Policy for Agricultural Sector 2000-2010".
 - ▶ National Commissions (Wheat, Meat, Milk, Good Agricultural Practices, Wine, etc.); all of them successful initiatives with methodologies that have not been written yet, but their results show the added value of the initiative.

- ▶ b. International negotiation:
 - ▶ Articulated participation of the private sector in the negotiation of trade agreements, specially, in the cases of the FTA with USA and the EU, in the called "small room backdoor"²
 - ▶ Articulation between Ministries and Organizations for the negotiation with private participation.

- ▶ c. Competitive funds. The management as well as the public-private Co-investment in projects of competitive funds:
 - ▶ Promotion to the Irrigation and Drainage
 - ▶ Degraded Soil Recovery Incentives System
 - ▶ Promotion of Agricultural Exports Fund
 - ▶ Projects of Innovation of the Agriculture Innovation Foundation - FIA.

2. It is called "Small room backdoor" to the physical space in the scope of the negotiations where the State official delegation analyzes with its private sector the advances of the negotiation.

CHAPTER II. A DESCRIPTION OF SUCCESSFUL CASES OF PUBLIC- PRIVATE ARTICULATION IN CHILE

1. AGREEMENT FOR THE DESIGN OF A STATE POLICY FOR CHILEAN AGRICULTURE (2000-2010)

1.1. Program origin

The origin of the State Policy for Chilean Agriculture for the period 2000 –2010 is in the constitution of the "Agricultural Table" in June, 2000. This public private participation instance was created by express instruction of the President of Republic of Chile Mr. Ricardo Lagos Escobar, implemented and coordinated by the Ministry of Agriculture.

1.2. Demand to satisfy

The State Policy for Chilean Agriculture (2000 –2010) constitutes a "navigation chart" that seeks to satisfy the demand of all the sectors related to the agricultural scope, in the public area as well as the private one; specifically, farmers and companies associations, private companies, academics, parliamentary sectors and public organizations that participated in their elaboration through the Agricultural Table.

The Agricultural Table agreed to focus the policies and the instruments, as well as the support and productive promotion resources, in the small farmers who constitute a numerous segment of approximately 270,000 operations and that are those that have greater adaptation difficulties to the new conditions of sector development.

1.3. Objectives

The objective of the Agricultural Table was - together with the private sector - to reach a consensus on a national agreement about the State Policy for Chilean Agriculture (2000 –2010), in order to be able to face jointly with the agricultural Unions and public and private Organizations of the agricultural area, the sector challenges that would appear in the coming years.

Regarding the Agricultural Policy, the more substantial objectives were mainly three. The first one consists of generating the conditions for the development of an agriculture that would be profitable and competitive with the capacity to adapt itself to the process of opening and insertion in the international economy. The second objective was to contribute that the profits of the sector development reach the small and medium size agriculture and also the rural inhabitants and workers, in order to improve the incomes and quality of life of all the categories of producers and agricultural regions. Finally, to contribute in the development of the farming sector that allows the use of all of its potentialities and productive resources, in a frame of environmental, economic and social sustainability.

1. AGREEMENT FOR THE DESIGN OF A STATE POLICY FOR CHILEAN AGRICULTURE (2000-2010)

1.4. Private sector participation

The private sector had an active participation in the creation of the State Policy for Chilean Agriculture (2000 –2010) through its integration in the "Agricultural Table". In this instance, public sector representatives and also representatives from the private sector participated, and it was integrated by: 3 representatives of the National Agricultural Society (SNA), 3 representatives of Farmer Familiar Agriculture, the President of the Chilean Wood Association (CORMA), the President of the Council of Deans of University Faculties related to Agricultural activities, the President of the School of Agricultural Engineers, the Presidents of the Agriculture Commissions of both branches of the Congress, the Chilean Government represented by 4 Ministers (Agriculture, Foreign Affairs, Finance and General Secretariat of the Presidency).

The priority criterion in the election of the members of the private sector was, mainly, that those organizations had a history of long work with their represented areas and that their leaders were validated by their own bases.

The participation of the private sector required of representative and operational mature organizations, with clarity regarding the demands of the sector that they represent and knowledge of the true role that is the responsibility of the State.

1.5. Program Management

The management and implementation of the Agricultural Table, in order to prepare the State Policy for Chilean Agriculture (2000 –2010), was the responsibility of the Ministry of Agriculture.

The Agricultural Table operation was performed through thirteen meetings of approximately two hours per session that were done twice per week. The Technical Secretariat was in charge of the Office of Agricultural Policies and Studies (ODEPA) and the private associations were authorized to participate as technical advisers.

ODEPA elaborated a thematic agenda that was complemented with proposals of the other participants. The defined subjects were treated in the sessions, in which the participants more directly related to each subject, had an active participation, in the sense that they elaborated and presented proposals to be discussed by the other participants of the Agricultural Table. This way, and starting from a deep discussion of each subject, there was a consensus in order to achieve a State Policy for Chilean Agriculture (2000 –2010).

Chapter II A description of successful cases of public- private articulation in Chile

1. AGREEMENT FOR THE DESIGN OF A STATE POLICY FOR CHILEAN AGRICULTURE (2000-2010)

1.6. Methodology regarding the use of funds

Because of the operation of the Agricultural Table was performed in offices of the Ministry of Agriculture, special funds for such effects did not exist. The participation of the private sector was financed by themselves.

1.7. Budget

The operation of Agricultural Table did not require specific financial resources destined to such activity on the part of the Ministry of Agriculture.

Regarding the design of the State Policy for Chilean Agriculture (2000 –2010), this does not have a budget assigned. Nevertheless, the budget of the Ministry of Agriculture for the period 2000- 2005 is \$ 218,000 million (U.S.\$ 423 million) and is oriented to support the development of the forestry and agricultural sector.

1.8. Spreading

The meetings of the agricultural table were carried out in the Chilean capital (Santiago). Nevertheless, representatives of the sectors of all the national territory participated in the meetings, with emphasis in leaders coming from regions with distinctive agricultural vocation.

Regarding the State Policy for Chilean Agriculture (2000 –2010), this has expression in all the national agricultural territory, with preeminence of the Southern regions of the country (between the 7th and the 10th region) which activities currently have increasing demands of competitiveness, and as it were mentioned previously, also is focused towards the small agriculture.

1.9. Years of implementation

The sessions within the framework of the Agricultural Table were held from July 5th to August 17th, 2000.

The State Policy for Chilean Agriculture (2000 –2010) has 5 years of implementation (2000 –2005), and its validity is 10 years.

1.10. Methodology

The preparation of the State Policy for Chilean Agriculture (2000 –2010), was made, through the sessions of the Agricultural Table (already detailed in the "Program Management")

1. AGREEMENT FOR THE DESIGN OF A STATE POLICY FOR CHILEAN AGRICULTURE (2000-2010)

Regarding the required instruments to carry out the State Policy for Chilean Agriculture (2000 –2010), these are of varied nature and therefore they have diverse modes in their application, according to the type of instrument, implementation institution and beneficiaries.

1.11. Beneficiary sectors

Subject treated in the "Demand to satisfy" aspect

1.12. Impact

The impact of the agricultural table can be evaluated by its results. The first and most visible one is the creation of a State Policy for Chilean Agriculture (2000 –2010) with the consensus of all the related sectors, including private and public areas. In addition, there is an intangible but none less important result. This is the creation of confidence among the private and public sectors and the establishment of a way "to make" agricultural policy, in which it is very important the opinion, the exchange of ideas and finally the agreement of all the involved sectors.

Regarding the impact that the application of the State Policy for Chilean Agriculture (2000 –2010) has had, this is very difficult to determine. Nevertheless, this impact is possible to be measured indirectly through different sector economic indicators. This way, it is possible to think that the good economic performance of the forestry and agricultural sector, responds in part to existence of an Agricultural Policy that responds to the requirements of the sector and that has been created from the consensus among the different sectors. Is like this that between years 2000–2004 the annual average growth rate of the Gross Domestic Product (PIB) of the sector was of 5.1 %, while the national PIB during the same period grew to a rate of a 3.8%. We also can mention the remarkable increase of our forestry and agricultural exports, with an annual average growth rate of over 11% in the period 2000-2004.

1.13. Impact Evaluation

A systematic and global evaluation of the agreements has not been made yet, but this evaluation has been performed specifically regarding the instruments that compose such policy.

1.14. Beneficiaries Evaluation

Direct evaluations on the part of the beneficiaries have not been made. Nevertheless, the good economic behavior of this sector, and the recognition that many of the Agricultural Table participant sectors have given to the Minister of Agriculture, would indicate a good evaluation on the part of the beneficiaries.

Chapter II A description of successful cases of public- private articulation in Chile

1. AGREEMENT FOR THE DESIGN OF A STATE POLICY FOR CHILEAN AGRICULTURE (2000-2010)

1.15. Replicability

The creation of an Agricultural Policy through participative instances, such as the Agricultural Table in the Chilean case, is totally replicable.

1.16. Replicability Conditions

The replicability of this work methodology requires of the participation of mature and representative organizations of the different sectors that conform the agriculture of each country. In addition, the establishment of confidence between the involved bodies and the political support of the Executive power are required.

1.17. Disposal to cooperation

There is a total disposal of the participants of this experience to share it with other countries, due to the success of this methodology.

1.18. Forms of cooperation

Through missions in the countries that demand it, direct visits of producers and professionals from the state to the country and direct consultancies.

1.19. Cooperation experiences

There are experiences of this way of elaboration of an Agricultural Policy, with the adjustments of the receiving country, according to their particularities.

2. DEGRADED SOIL RECOVERY INCENTIVES SYSTEM

2.1. Program origin

The first experiences that could be considered precursors of the Program, were in 1993, with the implementation of the Fertilizer Bonus for Naturalized Prairies of Southern Chile Program, which was sustained on investigations of the Farming Research Institute (INIA), and the New Zealand experience that during many years subsidized the fertilization and improvement of soil and prairies, which in the long run was transformed into one of its main competitive advantages.

In 1995, within the framework of a set of measures adopted by the sector authority, in order to face the processes of negotiation with the MERCOSUR, the Bonus for the Establishment and Improvement of Prairies Program implementation begins, that covered from the 5th region to the 10th region of Chile, considered the first version of the Degraded Soil Recovery Incentives System (SIRSD). In 1996, the territorial coverage is extended, incorporating the 11th region and the 12th and in 1997, two new lines are incorporated: Phosphates Fertilization and Calcareous Amendments, changing the name to Soil Productivity Recovery Plan. In 1998 the Program covers all the national territory and other two lines are added: Soil conservation and Soil Rehabilitation.

In 1999 a legal frame for the activities of the Program is settled, through the Law N° 19,604 and of DFL 235, both instruments that create Degraded Soil Recovery Incentives System, assuring from that date, its budget stability for a 10 years period.

2.2. Demand to satisfy

The Degraded Soil Recovery Incentives System was created in order to satisfy the necessity to improve the production and the productivity of the prairies as a previous step in order to improve mainly the livestock sub-sector competitiveness. The initiative arises within the framework of the parliamentary debate for the approval of the different Free Trade Agreements and its objective is to answer the new demands that the agriculture and national livestock activities will face when subscribing the agreements with the main commercial partners.

From a territorial point of view, the macro zone Center-South (7th Region to 10th), concentrates 85% of the invested resources, and the 10th region alone constitutes near the 40% of the investment.

2.3. Objectives

To stop or to revert the soil degradation processes and to recover its levels of productivity, generating better conditions so that the national farming sector may use these advantages and face the challenges of the country's opening to the new trade scenario.

2. DEGRADED SOIL RECOVERY INCENTIVES SYSTEM

2.4. Main Actors

The Program is applied in all the regions of the country, and the organizations in charge of its management and implementation are the Agriculture and Livestock Service (SAG) and the Institute for Agricultural Development (INDAP). The coordination is settled in the SubSecretary office of Agriculture and it is implemented regionally through the Office of Agricultural Policies and Studies (ODEPA) and of Ministry Regional Secretaries (SEREMI) of Agriculture, in each one of the 13 regions of the country.

2.5. Participation of the private sector

The participation of the private sector is especially important in the case of the selection processes done by SAG, which are managed through a non centralized form in each region by their respective Regional Directors. In order to determine the characteristics of the processes, such as focus criterion, head crops and scores, among other things, the SAG is advised by a Regional Technical Committee integrated by the Ministerial Regional Secretary of Agriculture that coordinates it, the Regional Director of the INDAP, INIA and the National Forestry Commission (CONAF), and by the regional technical teams of SAG and INDAP responsible of the program. Unions, Producers and Farmers Organizations representatives may also participate in this initiative.

2.6. Program Management

INDAP has the responsibility to assign the incentive to the small sized producers according to the article 13 of Law N° 18,910 establishes, by means of which this organization is authorized to take care of farmers who exploit an area of less than 12 Hectares of Basic Irrigation (HRB), that have assets by a value of less than 3,500 Unidad de Fomento (US\$96.000), that mainly obtain its income of the agricultural activity and work the soil directly, whatever is its land ownership regime. The SAG has the attribution to take care of all types of farmers, except for those small owners who in the same year, have obtained the benefit through INDAP.

2.7. Methodology regarding the use of funds

The users will be able to receive incentives regarding one or more of the specific programs, but the total amount it, at regional level, can not exceed 160 Unidades Tributarias Mensuales¹ (UTM) per beneficiary in an budgetary year; regarding the management plans of more than one annual stage they can not exceed the 160 UTM per management plan.

The program subsidizes a percentage of the handling practices and soil recovery net costs that were determined in the annual table of costs.

1. UTM value to December, 2005: \$ 31.571

2. DEGRADED SOIL RECOVERY INCENTIVES SYSTEM

The subsidized percentage according to handling practices is as follows:

- ▶ a) Program of Phosphatized Fertilization: up to 80% of the net costs.
- ▶ b) Program of Calcareous Amendments: up to 80 % of the net costs.
- ▶ c) Program of Prairies: up to 50 % of the net costs.
- ▶ d) Program of Soil Recovery: up to 50% of the net costs and 100% considering areas affected by catastrophes or agricultural emergencies that were declared by the authority.
- ▶ e) Program of Soil Improvement and Conservation by Crop Rotation: up to 40% in the net cost of the head crop of rotation and up to 60% the net cost of the second rotation crop.

At the express request of the interested party and for a maximum total per year of 15 UTM, the bonuses determined by preceding letters a), b), c), d), e) and f), will be of up to 100% regarding the following INDAP beneficiaries, whose lands are located in the 8th, 9th and 10th Regions and up to a 90% in the rest of the country.

- a) Users whose lands have equal or inferior surfaces to 3 hectares of basic irrigation and
- b) Indigenous or indigenous communities regarding allocated or acquired lands according to the current indigenous legislation.

2.8. Budget

The budget of direct transference to the farmers for year 2005 reached the \$23,000 million (U.S. \$ 44, 660,194).²

2. Considering US\$ value: CH\$ 515 each.

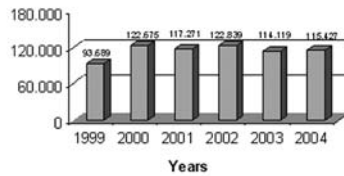
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2. DEGRADED SOIL RECOVERY INCENTIVES SYSTEM

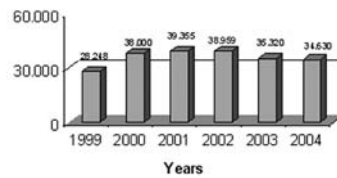
2.9. Spreading

The program is applied in all the Country regions.

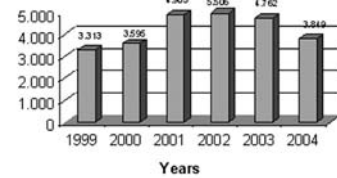
Graph 52: Degraded Soil Recovery INDAP Bonified Areas Period 1999 - 2004 (Ha)



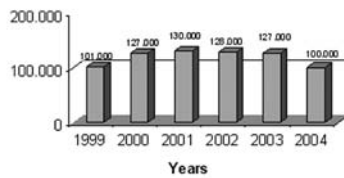
Graph 51: Degraded Soil Recovery INDAP Beneficiated Farmers Period 1999 - 2004 (Number of farmers)



Graph 53: Degraded Soil Recovery SAG Beneficiated Farmers Period 1999 - 2004 (number of farmers)



Graph 54: Degraded Soil Recovery SAG Bonified Areas Period 1999 - 2004 (Ha)



2. DEGRADED SOIL RECOVERY INCENTIVES SYSTEM

2.10. Years of implementation

The program has been implemented for 10 years (1995 -2005)

2.11. Methodology

In the case of SAG, the agricultural producers (non users of the program through INDAP), may apply through regional public selection process. In order to accomplish this requirement, they must present a management plan of up to a period of 3 years, created by a professional or technician properly authorized by SAG in a public registry.

In the case of INDAP, in order to apply, a special application form must be presented. This application must contain the sketch of the operation, the handling plan and a technical report that endorses and justifies the proposed works and handlings.

2.12. Beneficiary sectors

The beneficiary sectors are the small, medium and great agricultural producers that require acceding to incentives in order to perform a set of actions that allow them to recover the quality and the condition of the soil resources of their respective operations.

2.13. Impact

During the budget year of 2003, the Program allowed to recover approximately 250,000 hectares, included in the total of the five subprograms that the System has: Phosphatized Fertilization, Calcareous Amendments, Prairies, Soil Conservation and Recovery.

2.14. Impact Evaluation

In season 2001/2002, a Program Evaluation research was carried out using - among other things - information originated from a survey of 1,000 farmers who express statistically representative samples of beneficiary and non beneficiary farmers, from SAG and also from INDAP. The survey demonstrated that the direct impact, which is related to the recovery of soil resource objective, was highly positive being reflected in the improvement of the phosphorus levels of the soil, in the greater surface of improved prairies, and in the presence of soil conservation and recovery practices. From the point of view of the indirect impact, which is highly related to the changes in the levels of productivity of the main sectors, the research indicated a highly positive impact, particularly in the SAG users, where in addition to increased levels of crops and livestock productivity, positive changes in the scale of operations were also demonstrated.

2. DEGRADED SOIL RECOVERY INCENTIVES SYSTEM

2.15. Beneficiaries Evaluation

The program beneficiaries' perception is highly positive; the demand of this program surpasses the available resources. This is one of programs of the Ministry of Agriculture better evaluated by the users.

2.16. Replicability

As it is mentioned in the " Program Origin" item, this has been implemented having as it bases an old program developed in New Zealand, for this reason, its replicability in other countries is high and it needs technical, political and financing definitions, for its undertaken.

2.17. Replicability Conditions

The minimum conditions for the Program replicability consist of a political definition that tries to support the agriculture and livestock activities of a certain country, considering that this instrument requires political decisions that assure a grown and continuance period enough to express the benefits of the program. Indeed, a policy that protects this Program must include a crystal clear procedure in its application, sufficient technical knowledge enough to decide what program has more impact and a prolonged financing of the incentives.

2.18. Disposal to cooperation

Chilean Cooperation Policy, articulated through the International Cooperation Agency, AGCI, intends to give horizontal cooperation to countries of the Region.

2.19. Forms of cooperation

By means of specialized missions in the applicant country, internships in Chile in order to know the procedures and collaboration in the formal design of the Program.

2.20. Cooperation experiences

During the 2005, there was a joint mission between the Ministry of Agriculture (ODEPA and INDAP) and the Ministry of Foreign Affairs (AGCI) in English-speaking countries of the Caribbean area. As a consequence of that mission, the professionals who participated in this activity formulated a series of recommendations regarding the necessity to implement a laboratory that provides of soil, plants and water analysis services. Actually, along with the information provided by that laboratory, the farmers and the support professionals must review the aspects or factors that take part in the production of crops or fruit trees. Due to the particular edaphic characteristics of the visited countries, this mission recommended the application of some of the components of the program instead of an identical design of the Chilean program.

3. PROMOTION OF AGRICULTURAL EXPORTS FUND

3.1. Program origin

The Promotion of Agricultural Exports Fund, FPEA, was created in 1995 as part of the elaborated programs to implement the increased financial resources derived from the understanding protocol signed between the Executive and the Parliament. This protocol was signed in order to improve the competitiveness of those agricultural sub-sectors that presented more difficulties to accumulate capital, incorporate new knowledge, improve their productivity, profitability and competitiveness, facing the new scenario of the forestry and agricultural sector, due to the Agreement for Economic Complementarity Chile –MERCOSUR signed in September 1996 and, later, of the unilateral tariff reduction settled by Chile in 1998.

3.2. Demand to satisfy

The Fund is destined to all of the exporters or people and organizations that have the intention and real or potential capacity to export fresh, frozen or with different state of elaboration agricultural products. The fund promotes the access to all the economic agents, with emphasis to the small and medium sized enterprises and also the Farmer Familiar Agriculture.

The 81.9 % of the FPEA resources have been destined to support of industrial and sector exports promotion projects, those that co-finance search strategies and/or markets consolidation. The remaining 18.1% corresponds to the operational programs, among them there is the management support of the Agricultural Offices abroad.

3.3. Objectives

The main objective is to promote the agricultural exports, contributing to the sector export development, within the framework of the country international insertion policy and according to the regulation of the World Trade Organization (OMC).

3.4. Main Actor

PROCHILE - Export Promotion Agency of the Chilean Government - which depends on the Ministry of Foreign Affairs.

3.5. Participation of the private sector

In the FPEA, public and private sectors have an active participation. The representatives from the private sector are the Chilean Exporters' Association, ASOEX; National Agriculture Society, SNA; the National Fruit Producers' Association, FEDEFRUTA; Agro-business Association, CHILEALIMENTOS; Chile's United Farmers and Ethnic Groups Movement, MUCECH; National Farmers Cooperative Confederation, CAMPOCOOP; VOZ DEL CAMPO Farmer Association; and, WINES of CHILE. The representatives of the public sector are the SubSecretary office of Agriculture; PROCHILE and the Office of Agricultural Policies and Studies, ODEPA.

3. PROMOTION OF AGRICULTURAL EXPORTS FUND

The public and private Organizations above mentioned, form a Council headed by the Subsecretary official of Agriculture. The Council functions are centered in the formulation of the Fund strategy, the allocation of economic resources to the projects presented to the extraordinary selection processes and to recommend the Director of the General Directorate for International Economic Affairs of the Ministry of Foreign Affairs, DIRECON, the approval of the projects presented in regular selection processes.

3.6. Program Management

The Fund is managed by Export Promotion Agency (PROCHILE) with resources from the Ministry of Agriculture.

3.7. Methodology regarding the use of funds

The FPEA is a public process selection fund. This Fund co-finances support actions to the development of the agricultural product exporting process. The FPEA bases their objectives on the agricultural sector export development. Actually, the main objectives of the Fund are: Exports increasing and diversification: increasing the export markets and the number of exporting companies, as well as the products that these export; Incorporation of new companies to the exporting process, with a special emphasis in those from the small farmer familiar Agriculture; and, Promotion of strategic alliances, between national companies and also between national and foreign companies, that tend to the development of the exportable offer and to the penetration of markets.

3.8. Budget

In 2004 resources by \$6,834 millions were implemented (U.S. \$ 13.269.903)³

3.9. Spreading

The Fund has regional as well as multiregional national coverage.

3.10. Years of implementation

The FPEA has been implemented for a period of 10 years (1995 –2005)

3.11. Methodology

The action of the Fund is materialized through exports promotion projects. These programs can be classified in three categories: business, sector and operational. These last ones refer to the Chilean agricultural offices abroad.

3. This is considering the value of \$ 515 by dollar

3. PROMOTION OF AGRICULTURAL EXPORTS FUND

In order to carry out the sector and operational programs, there are different promotion areas, among them; the most important are the Traditional Agricultural selection process (sector and business projects) and the Farmer Familiar Agriculture selection process (sector and business projects).

In addition, there is the Farmer Familiar Agriculture Internationalization Program, which allows the access of the applicants by a unique window, they are studied, diagnosed and referred to the different services that the Fund offers.

The fund works co-financing exports promotion programs with agricultural sector companies, for the design and development of foreign trade opening strategies and the internationalization of those companies. It grants the presentation of partnership projects; however, it is also possible to finance projects of individual companies.

This Program operates by the variable co-financing strategy based on the activities done by the interested parties.

3.12. Beneficiary sectors

Regarding distribution by areas, 39.4% of the resources are directed to multisector projects, where the project "Flavors of Chile", is part of a strategy oriented to create a Country-Image and a positioning in the markets abroad, where a complete offer of products from different sectors is shown.

28% of the resources is destined to fresh fruit; this can be explained fundamentally by the support to the important campaigns of positioning in the United States, Mexico and Europe. This area has an important number of direct beneficiaries and mainly explains the exported amount of the Agricultural Sector.

The supported programs for this sector, mainly, look for the consolidation of the Chilean fruit position in foreign markets and to open new unexplored markets.

In addition, the Fund supports sectors that are breaking through the exports, as it is the case of the livestock sector that has 5.6% of participation in the resources distribution, headed by the programs of support to the markets opening for red and white meat and an growing incorporation of the dairy sector.

It is relevant to mention the strategic bet that the Fund makes in sectors that today are not great exporting contributors, but which certainly, have an enormous potential for the country in general and especially for the agricultural sector, among these areas we can mentioned the vegetables, leguminous and organic products sector.

3. PROMOTION OF AGRICULTURAL EXPORTS FUND

3.13. Impact

In order to support the agricultural export development Policy, the FPEA promotes to generate impact in the following aspects: To stimulate the private investment oriented to exports promotion; To inform and provide the necessary information to the international markets economic agents (importers, distributors and consumers) about the high quality of the Chilean agro exporter sector products, their products, processes and companies, contributing to the positioning of the Country-Image; To help that the Chilean agricultural companies have access to specific and high quality information and knowledge, regarding the characteristics and conditions of foreign markets, clients and consumers; To stimulate that the agricultural companies and their union organizations develop their capacities to become increasingly responsible for the promotion of their exports; and, To stimulate that the small and medium sized agricultural and agro-industrial companies, including those which constitutes the Farmer Familiar Agriculture, count with capacities that facilitate the development of sustainable strategies in the foreign markets.

3.14. Impact Evaluation

The strategic emphases of the sector projects indicate that the opportunities created from the Trade Agreements signed by our country, specially the ones with the European Union, the United States and Korea, allow a better use of the actions undertaken by the Government regarding International Economic Relations matters.

In addition, it has promoted the exporting development of new sectors that were traditionally oriented to internal markets, especially red meat, dairy, vegetables, grains and organic products.

The consolidation of the advances reached in areas associated to traditional exporting sectors - fresh fruit, wines, agro-industrial products, seeds, white meat and forestry products with added value –still have important levels of trade.

Finally, the consolidation of regional actors with exporter potential is maintained and increased, especially in the Southern regions of the country.

3.15. Beneficiaries Evaluation

A specific evaluation made specifically by the beneficiaries does not exist. However, indirectly, it is estimated that this program is very well valued on the part of the users, due to the high demand of the private sector in order to participate in it.

3.16. Replicability

The experience of FPEA is absolutely replicable in the conditions and other countries of the Region with the basic considerations of the necessary political will and cooperation.

3. PROMOTION OF AGRICULTURAL EXPORTS FUND

3.17. Replicability conditions

In order to be able to replicate the FPEA it is necessary a political decision and the country in order to improve the productive capacity, trade channels, market opening and the maintenance of such aspects.

3.18. Disposal to cooperation

There is the most opened will of cooperation in sharing this experience by the involved organizations.

3.19. Forms of cooperation

Missions in the country and design of appropriate policies.

3.20. Cooperation Experiences

There are no such activities; however, during the last meeting summoned by the International Cooperation Agency (AGCI) for the countries of Latin America and the Caribbean, held in Lima at the beginning of year 2005, numerous countries were interested in knowing further details of the Fund operations.

Chapter II A description of successful cases of public- private articulation in Chile

4. PROMOTION OF IRRIGATION INVESTMENT (LAW 18.450)

4.1. Program origin

National Irrigation Commission is created in 1975 by means of the Decree-law N° 1.172, today DFL N° 7 of 1983 that included the previous one. Irrigation Promotion Law N° 18.450 was decreed in 1985 and it was applied the next year. That law is in force until December 31, 2009.

4.2. Demand to satisfy

An important part of the resources of Irrigation Foment Law is destined for small farmer's projects that apply for special selection process. Between them, extreme zones, vulnerable areas such as dry land, poor communes and indigenous areas participate in preferential way. Also, it is focused in south agriculture, irrigation works construction and training program in order to improve the competitiveness in view of challenges imposed by free trade treaties.

In order to improve the accessibility of the small agriculture to the benefits of this law, during Patricio Aylwin Government (1990-1994), modifications destined to establish specific selection process for farmers and particular geographic zones were created.

4.3. Objectives

This objective is to give support to private investment about irrigation and drainage works in order to increment and to improve the irrigated area of the country, to increase the irrigation efficiency, to improve the irrigated areas supplying, and to develop wrong drained soils.

4.4. Main Actor

The Law N° 18.450, agreed by the Cabinet of National Irrigation Commission, is managed in its application by the Executive Secretariat of the same Commission.

4.5. Participation of private sector

There is not direct participation of the private sector in the resources assignment derived from the selection processes. There is participation only in the cofinancing of irrigation projects; it is not possible to develop irrigation projects without the private participation (individual or through organizations).

4.6. Program management

The Program is managed by CNR and it allows the construction of irrigation works with state and private economic contributions. State contribution is assigned by means of a selection process mechanism.

State contribution is given to farmer when the work is finished and received satisfactorily by means of a fiscal inspection.

4. PROMOTION OF IRRIGATION INVESTMENT (LAW 18.450)

4.7. Methodology regarding the use of funds

It gives subsidies to irrigation and drainage projects with a cost not over 12.000 Unidades de Fomento (UF⁴) in the case of individual projects, and up to 24.000 UF in the case of it was presented by irrigators' organizations. The highest cost of bonus of a specific project is the 75% of the final cost; however, in the case of small agricultural producers, this bonus can reach to legal highest of 90% if other bonuses are added.

MINISTERIO DE AGRICULTURA COMPROMISO CON LA AGRICULTURA
 INFORME GESTION AÑO 2004
 (Miles de pesos año 2004)

INSTITUCION: COMISION NACIONAL DE RIEGO (CNR)
 PROGRAMA Y/O PROYECTO: Subsidio Ley 18.450, Inversión Real y Validación Tecnológica Programa de obras Medianas y Menores (PRO.M.I) (Resumen)

Región	PRESUPUESTO 2004			INDICADORES			
	Recursos Presupuestados (M\$)	Recursos Ejecutados (M\$)	Recursos Ejecutados (%)	Superficie Bonificada (Has. físicas)	Superficie Tecnificada (Has. físicas)	Nº Beneficiarios	Nº Proyectos Pagados
I	241.608	241.608	100,0	217	10	140	7
II	114.819	110.819	96,5	38	0	37	9
III	1.231.988	1.231.988	100,0	1.630	163	361	16
IV	2.628.810	2.628.408	100,0	7.682	389	3.370	60
V	1.805.358	1.804.834	100,0	8.273	754	2.887	68
VI	2.253.980	2.253.980	100,0	5.756	1.302	903	77
VII	4.496.444	4.496.420	100,0	21.389	2.310	2.571	203
VIII	2.134.303	2.134.303	100,0	21.639	2.134	774	112
IX	704.093	704.093	100,0	1.233	529	176	22
X	626.368	626.353	100,0	1.289	474	46	29
XI	344.056	344.056	100,0	682	162	87	8
XII	112.204	112.204	100,0	178	5	5	5
RM	509.408	508.908	99,9	3.170	380	205	20
Nivel Central	1.376.981	1.372.933	99,7	0	0	0	0
TOTAL	18.380.422	18.370.908	99,9	73.176	8.612	11.562	636

4.8. Budget

In 2004, 746 bonus certificates with coverage of 111.000 hectares were given. The really paid resources by subsidy in the year increase to \$16.443,5 millions in the year, equivalent to US \$30,2 millions of 1998.

4.9. Spreading

Annual calendar considers resources focused by macrozones and by farmer stratum because of the heterogeneity of country agriculture and in order to reach a more equity on the postulation, to assure that this state support is a real productive development lever with equity criterions between small and medium farmers.

4. UF value to December 22th, 2005: \$17.985.

4. PROMOTION OF IRRIGATION INVESTMENT (LAW 18.450)

4.10. Years of implementation

Law N° 18.450 has 20 years of implementation (1985 – 2005).

4.11. Methodology

The works construction is carried out with private and state contributions. State contribution is assigned by means of selection process mechanism. Those are named with reference terms and specific administrative bases and with a specific amount of resources for the assignment of state contribution. Farmers apply for selection process with a project that is elaborated by professionals qualified in a consultant's registration.

4.12. Beneficiary sectors

The CNR, as manager of the law N° 18.450, has allowed to increase the irrigation area, to improve the efficiency of the irrigation water application and to develop wrong drainage agricultural soils and, in general, to facilitate all works in irrigation, development and connection.

4.13. Impact

In last 10 years of program application, beneficiary area reaches about 750.000 hectares with different irrigation systems such as drip irrigation, micro sprinkling, sprinkling, new areas incorporated to irrigation, drained areas, repaired and improved works.

4.14. Impact evaluation

In 1999, an evaluation study of the results of 1986 to 1996 periods was carried out. The impact of the improved and incorporated to irrigation area was evaluated. The study determined that because of the application of law N° 18.450, irrigated and/or improved area and soils use re-conversion were incremented. Because of the previous one, the impact about complementary investments, employment, environmental effect, access to market, credit and technology were also evaluated. Finally, an economic evaluation of the Law was carried out.

4.15. Beneficiaries evaluation

Beneficiaries evaluate very positively the existence of the law N° 18.450, especially because of the positive impact for them to accede and/or to improve the irrigation security.

4.16. Replicability

The experience of the application of law 18.840 of promotion to private investment on irrigation is completely replicable in the conditions of others region countries with the basic considerations of necessary political will and cooperation.

4. PROMOTION OF IRRIGATION INVESTMENT (LAW 18.450)

4.17. Replicability conditions

Political definition, budgetary financing and design of sector policy.

4.18. Disposal to cooperation

On the side of authorities and professionals of National Irrigation Committee (CNR) there is the most opened will to cooperate with their fellows of the region in order to spread the experience and to advice about the subject.

4.19. Forms of cooperation

Missions in ground, Cabinet work and design of policies.

Cooperation experiences

There is cooperation experience with different countries by means of internships in our country and also advises missions for different agencies related to the irrigation.

5. NATIONAL COMMISSION OF GOOD AGRICULTURAL PRACTICES

5.1. Program origin

Traditionally, agricultural discussion has been focused in aspects related to productivity, those subjects associated to environment and alimentary innocuousness, and also other collateral subjects corresponded to a non known set called externalities and its analysis was not an imperative to have in consideration when we have to take decisions.

However, a series of events of the ninety decade such as agroalimentaries crisis, some sanitary "outbreak", discussion about protection mechanisms of agricultural sector, and, today, bioterrorism, define the sectoral discussion and the subjects not directly associated to agricultural production are fundamental part of the public and private discussion agenda.

Food qualities; specially the innocuousness; environmental effects of the intensive agricultural production, or, finally, subjects related to animal well-being are an example of the main concern of the decision takers and the consumers.

Considering that Ministry of Agriculture is Secretary of State in charge of to promote, to guide and to coordinate the national agricultural industry, and that one of the strategic axes of State Policy for Chilean agriculture is clean and quality agriculture where the called Good Agricultural Practices constitute a fundamental base for the development, it is created the National Commission of BPA, by Agriculture Ministry Decree N° 165 of 2001, in order to advise the Minister about the development of a policy destined to incorporate the Good Agricultural Practices concept in productive agricultural processes.

5.2. Demand to satisfy

The early implementation of BPA Programs wants to respond to:

- The exigencies (specially private, for example: Retail Associations) of the destination market of our exportations (It is the fruits and vegetables sector where there is the greatest initiatives of this type);
- To generate, through public - private articulation, an internalization process of the negative externalities (in environmental and people health aspects) generated in the productive farming process.
- And finally, as preparation way of all national agriculture, including the Farmers Family Agriculture, to scenarios of great competitiveness and the increasing exigency levels.

More precisely, BPAs want to respond to the following aspects:

a) Related to environment.

Good Agricultural Practices promote the development of a sustainable agriculture by means of the minimization of negative impact of production in the environment. To that end, BPA promotes the protection of biodiversity and the fertilization of soils and to reduce the contamination of the natural space rationalizing the handling of chemical products, fertilizers and organic waste.

5. NATIONAL COMMISSION OF GOOD AGRICULTURAL PRACTICES

b) Related to food innocuousness and consumers protection.

Good Agricultural Practices are designed to minimize the risk of contamination by microbiologic, physical and chemical agents. In the first case, there are contaminations by deficient handling and by the contact with means that are infested with pathogenic microorganisms such as water, soils, dung, areas and equipments. In the case of chemical contaminants, it is referred to application, handling and lacks in the use of insecticides, and also the waste of medicines and veterinary products in the livestock origin foods.

With this aim, and under consumer's perspective, trazability systems have special relevance through all agroalimentary chain because of foods can make contact with contaminants agents in any point of the trajectory to the consumer table.

The BPAs promote risk management models in order to assure the foods innocuousness. This is the case of Risks Analysis and Critic Points Control (ARCPC) and Standards Operational Proceedings of Sanitation (POES) models. Also, BPAs are a good base to establish Quality Assuring systems as the ISO-9000.

c) Related to health, security, and workers well being.

Good Agricultural Practices must assure that during all activities direct or indirectly related to production, elaboration, transport and distribution of farming origin foods, prevention measures will be implemented in order to all people can work under security and well being conditions. This implicate to undertake: required prevention measures in order to workers don't have accidents, intoxication, contamination or wrong use of equipments damages, workers training about first aid, about secure handling of machineries and equipments, and about handling of dangerous substances, fulfilment of social security and trade union obligations, work place and minimum services conditions.

5.3. Objectives

a) To unify criteria and concepts used by different producers and trade sectors, related to Good Agricultural Practices.

b) To propose, to evaluate and to promote ministerial importance initiatives in the scope of BPAs and Quality (projects, studies, analysis, etc.)

c) To give tracing and orientation to initiatives about subjects related to Good Agricultural Practices and quality.

5. NATIONAL COMMISSION OF GOOD AGRICULTURAL PRACTICES

d) To promote BPA concept and the implications, not only between producers and commerce but also between consumers, in order to make massive the application to reach an image as country at international level.

5.4. Participation of the private sector

National Commission of BPA is an instance of public – private articulation, in this commission participate public institutions related to Ministry of Agriculture, such as Agriculture and Livestock Service (SAG); Office of Agricultural Policies and Studies (ODEPA); Institute For Agricultural Development (INDAP); National Irrigation Commission (CNR); Farming Research Institute (INIA); Agrarian Innovation Foundation (FIA); Forest Institute (INFOR).

The participation of private sector is assured because of the participation of main organisms of national agricultural representation such as: National Agriculture Society (SNA); Educational Corporation CODESSER; National Fruit Producers' Association (FEDEFRUTA); Chilean Exporters' Association (ASOEX); Birds and Pigs Producers' Association (APA – ASPROCER); Meat Producers' Association (FEDECARNE); National Dairy Producers' Association (FEDELECHE); and Farming Organizations: La Voz del Campo, MUCECH; and CAMPOCOOP.

5.5. Program management

National Commission is a participative instance with an Executive Secretariat with base on Agriculture Sub-secretary, that develops the management of activities ordered by National Commission. Executive Secretariat has two professionals with exclusive dedication in charge of the development of activities related to technical standards creation, resources management, coordination with others Government instances, and web page maintenance and questions answer.

5.6. Methodology regarding the use of funds

The financing of activities related to the Commission is considered the Appropriation Law, in budgetary resources of Sub-secretary of Agriculture, through Quality Mentions Program (public project of 6 years).

5.7. Budget

Executive Secretariat has an annual budget about US\$ 300.000, that allows the financing of personnel, studies, and goods and services.

5.8. Spreading

National Commission of BPA has a national work scope and it covers the main ranges of agriculture and livestock production such as fruits and vegetables, cereals, meat and milk bovines, birds and pigs, caprines, etc. Because of this, today there are the followings Technical Specifications for Good Agricultural Practices about:

5. NATIONAL COMMISSION OF GOOD AGRICULTURAL PRACTICES

- ▶ Pigs production
- ▶ Meat bovines
- ▶ Milk bovines
- ▶ Ovines production
- ▶ Caprine production
- ▶ Chicken eggs production
- ▶ Meat birds production
- ▶ Corn cultivation
- ▶ Rice cultivation
- ▶ Wheat cultivation
- ▶ Potato cultivation
- ▶ Open-air fruit vegetables
- ▶ Fruit vegetables in greenhouse
- ▶ Vegetables seedbeds
- ▶ Fruit trees production
- ▶ Field packing
- ▶ Berries cultivation
- ▶ Honey production
- ▶ Honey extraction and packing
- ▶ Flowers production

The production level of BPA Programs in national agricultural production has direct connection with exportation process through the exigencies of the foods importers markets.

5.9. Years of implementation

National Commission is created in 2001, therefore it has more than four year of successful implementation.

5.10. Methodology

Within the National Commission activities is the development of Technical Specifications (standards) of BPA for the main national areas. For this reason, the commission constitutes Technical Committees by area of public-private character that convoked by Executive Secretary; have the mission of to agree on a rough copy document of Technical Specifications that is developed previously by a specialist consultant. When the consensus is reached, the document becomes an official document of National Commission and it can be used as referent for the implementation of BPA programs.

5.11. Beneficiary sectors

Beneficiary sectors are all national producers of the mentioned areas. The Commission gives special importance to the support to BPA Program that implements the INDAP, for the incorporation of Farmers Family Agriculture in this dynamic.

5. NATIONAL COMMISSION OF GOOD AGRICULTURAL PRACTICES

5.12. Impact:

The impact of Commission actions can be associated to leadership of Chile into the region, according to in implementation BPA Programs, reaching about 30% of the Raw Score of national Agriculture and farming production.

5.13. Impact evaluation

National Commission has not developed an evaluation process with a specific impact. However, it is under normal evaluation mechanisms of Government activities and by means of Appropriation Law, it annually informs to parliament its activities.

5.14. Beneficiaries evaluation

Beneficiaries' evaluation can be considered very satisfactory. This is shown in the large demand of products that are generated by National Commission. Thus, more than 30.000 paper copies (Additional to copies that can be directly consulted in web page www.buenaspracticas.cl) of the Technical Specifications set have been given.

5.15. Replicability

National Commission initiative of BPA is perfectly replicable to others realities of Latin-American countries.

5.16. Replicability conditions

It is necessary the commitment of the authority, because it is necessary the convocation to main Union Associations. Likewise, an explicit commitment of participation and development of those leaders Union Associations is required.

5.17. Disposal to cooperation

There is a disposal to cooperation, and to give the information related to experience and according to progress.

5.18. Forms of cooperation

Priority cooperation form must be create a specific, well defined, and annotated project that allows to structure the horizontal cooperation in the course of time, such as missions to receptors countries, internships of functionaries of those countries in Chile, workshops, seminars, etc.

5. NATIONAL COMMISSION OF GOOD AGRICULTURAL PRACTICES

5.19. Cooperation experiences

Colombia has been advised through Colombia Cooperation with visits and participation in workshops.

6. OPERATIVE PLAN OF BOVINE MEAT EXPORTS

6.1. Program origin

From the beginning of this ministerial management and, specifically, when Agricultural Table work finished, meat producer sector was identified as an area of livestock sector where was necessary to intensify the public work. This definition was based on the following elements:

- ▶ Long term tendency showed that meat production sector didn't have dynamism as other sectors of the agriculture.
- ▶ This sector has a great sanitary patrimony, product of the lack of diseases of the OIE Obligatory Declaration, specially Foot and Mouth Disease; in world zoosanitary context, this means a relevant competitive advantage.
- ▶ It is an important sector for national agriculture, it is especially relevant for south agriculture, and therefore, it is a sensible sector to trade agreements.
- ▶ It is a sector where great efforts in terms of prairies base improvement are recognized, product of degraded soil recovery incentives system (SIRSD).
- ▶ In international context and considering our commercial partners of MERCOSUR as other commercial agreements, in most cases we are in front of countries that have a developer and very competitive livestock.

In this scope, Ministry of Agriculture indicates, for this area, the option of quality as a strategy for the competitiveness improvement and the impulse of to develop exportations as substantive element of development.

6. OPERATIVE PLAN OF BOVINE MEAT EXPORTS

In April, 2001 in Chillán, in Workshop I “Integration in Meat Chain: Sectorial competitiveness in front of new challenges” were lay the foundations for a coordinate action into the Meat Chain, and products differentiation was defined as strategic option. That is to say, to develop strategies that allow to add value considering the markets of the products according to specific attributes solicited or requested by clients and to extend extern market without neglecting national market implementing all institutional activities and carrying out the necessary investments in order to accede to specific external markets, harmonizing international requirements with national requirements, and aligning all productive process to international standards.

In the course of time, “Chillán Workshops” have been consolidated as the space where meat chain discusses common problems, defines the objectives, and where each productive representation and public services assume obligations in order to reach the development of the sector. To date, three workshops have been developed with great participation of representatives of public and private sector.

In these three years of joint work, a lot of subjects have been discussed, it is important to distinguish the regulatory frameworks that affect the chain, sanitary aspects at primary production level, actions to promote internal and external trade, and direct actions on promotion and technology. These subjects are connected and in order to confront these subjects, it was necessary a permanent coordinated work between the actors.

Because of the option of to extend external market, exporter sector development subject took a particular dynamic that was materialized with the creation of Operative Plan of Bovine Meat Exportation. This instance of periodic revision of different aspects that affect the exporter process was created.

We have to indicate the aspects that today represent concern in the chain in order to obtain the competitiveness of sector in systemic way, in the primary and secondary production, through a process of aggregation of value to product.

In brief, since the middle of 2001, Subsecretary of Agriculture has worked with the actors of bovine meat chain in the coordination of different actions. These actions have been considered priority for the exporter development of sector. In this context, Subsecretary convokes to actors involved in meat chain, with them is agreed a development strategic for the sector through two instances: the called “Chillán Workshop”, and the Operative Plan of Meats Export.

6. OPERATIVE PLAN OF BOVINE MEAT EXPORTS

6.2. Demand to satisfy

In 90´ decade, bovine meat sector was indicated by problems associated to products import. The discussion of set of actors was focused in the problematic associated to the equivalence in the application of “Meat Law” to imported product. The export forms a marginal situation according to the significance in numbers; it was not a subject in sector discussion. However, in view of the international sanitary context with regards to national condition plus commercial opening process starting from Uruguay Round, they start to insinuate an exporter alternative for Chile, and they decide to develop a work with Meat Chain.

6.3. Objectives

The program objective has been the development of bovine meat exports based on the differentiation by quality as fundamental pillar of the competitiveness improvements. In other words, to articulate public and private efforts in order to make possible a dynamic export process for the sector.

6.4. Participation of the private sector

Private and public sector participation is fundamental. The strategy is only possible if it is made in the scope of public private articulation, where the primary objective is to reach the consensus about diagnostic and about the large elements of exit strategy.

Public and private actors have been witness of the efforts to reach the current situation. Some of the main efforts are: opening of new markets, sector positioning on negotiation process of FTA, consolidation of exports certification systems, investments in slaughterhouses infrastructure, and technological improvements in primary production. However, probably the efficiency would be different if this set of activities had been not planned and coordinated in the called Operative Plan of Bovine Meat Exportation; this public private articulation instance has been operated since 2001.

For these effects, at the end of 2000, Subsecretary Office of Agriculture decides to tackle particularly this sector, for this reason, Subsecretary convokes with the Meat Producers Federation (FEDECARNE), and the Slaughtering Plants Association of Chile a workshop with the main actors of meat chain and the involved public institutions (ODEPA, SAG, INIA y FIA). The central purpose of this summon was to develop a public private joint strategy that allows to design and to implement an exporter strategy for the sector.

6. OPERATIVE PLAN OF BOVINE MEAT EXPORTS

6.5. Program management

This program is managed from SubSecretary Office of Agriculture, for this reason it is named a team of two professionals who manage the executive secretary for the development of activities ordered by collegiate entities, such as “Chillán Workshop”, and the “Operative Plan of Meat Exportation”. A determinant element in the success of program management consists on both instances are convoked and presided by the authority, in this case the Subsecretary of Agriculture.

6.6. Methodology regarding the use of funds

The financing of activities associated to mentioned Program is considered in Appropriation Law of the nation, in budgetary resources of SubSecretary Office of Agriculture, through the Quality Mentions Program (Public project of 6 years).

6.7. Budget

Executive Secretary has available an annual budget about US\$ 100.000, in order to finance personnel, studies, and goods and services.

6.8. Spreading

Implemented actions modalities are developed from a national scope, where all activities of the productive chain of bovine meat are incorporated. This means that in participation instances are represented all decision areas of the sector. This representation is direct, that is to say, in this representation participates the people who have a real decision power, in public or private sphere.

6.9. Years of implementation

The program began the middle of 2001, that is to say, it has duration of 4, 5 years.

6.10. Methodology

Main methodology elements are:

- ▶ Summons of authority.
- ▶ Participants with real decision power (not delegates)
- ▶ To operate by consensus of set of participating actors, in diagnostic and strategic terms.

6. OPERATIVE PLAN OF BOVINE MEAT EXPORTS

In operative terms, there are two instances:

- ▶ One annual meeting of three days in an isolated and cosy place. (“Chillán Workshop”)
- ▶ One monthly tracing meeting in order to revise the public or private activities (Operative Plan of Meat Exportation”)

It is necessary to indicate that in the strategy to reinforce the sectorial exports, it is essential to increase four main assets in this area, such as:

- ▶ a) international credibility of public institutional framework.
- ▶ b) enterprising capacity of private sector and the rigorousness to adapt to new exigencies of destination markets;
- ▶ c) confidence and joint work between public and private sector;
- ▶ d) and good sanitary condition.

These actions have been the base to practise the exported vocation and in the future these actions will be the base in the consolidation of agroalimentary leadership.

6.11. Beneficiary sectors

Directly, meat productive chain actors and, indirectly, all the country with the important increment of exportations.

6.12. Impact

Today, after four years of implementation the program, it is possible to indicate with satisfaction that the objective was reached; in these years, we have witnessed how bovine meat exports have been duplicated year after year, passing from livestock subproducts to noble cuts. Thus, from an exportation level of three millions of dollars in 2001 (especially subproducts), during 2005, 80 millions of dollars will be export.

6. OPERATIVE PLAN OF BOVINE MEAT EXPORTS

6.13. Impact evaluation

Activities have not developed an evaluation process of specific impact. However, it is under normal evaluation mechanisms of Government activities and by means of Appropriation Law, it annually informs to parliament its activities.

6.14. Beneficiaries evaluation

The evaluation of the beneficiaries can be considered very satisfactory. It is reflected in the active and grateful participation of the actors in developed process.

6.15. Replicability

The initiative of articulation of the bovine meat chain oriented to the export is perfectly replicable to other realities of Latin-American countries.

6.16. Replicability conditions

It is necessary the commitment of the authority, because it is necessary the convocation to main Union Associations. Likewise, an explicit commitment of participation and development of those leaders Union Associations is required.

6.17. Disposal to cooperation

There is a disposal of cooperation, and sharing the information related to experience and according to progress.

6.18. Cooperation forms

Priority cooperation form must be create a specific, well defined, and annotated project that allows to structure the horizontal cooperation in the course of time, such as missions to receptors countries, traineeships of functionaries of those countries in Chile, workshops, seminars, etc.

6.19. Cooperation experiences

To date, there are not experiences of international cooperation with regards to this activity.

CHAPTER III. IMPLEMENTATION OF A COOPERATION NODE

1. COOPERATION FORMS WITH REGARDS TO THE IMPLEMENTATION OF NODE ELEMENTS

The implementation of activities required by Node must make compatible the application benefit in receptor country with the recognition and retribution to the effort of the organization that offers the experience in the provider country. This also means a strengthening of IICA units that participate in the management of this transference.

As an answer, we can cite the following operative modalities, which are not independent and these can be used complementary and simultaneously in order to make more efficient the result of the transference of the success experience:

1.1. Publications

It is referred to a compilation, systematization and proposals of cooperation mechanisms which can be necessary in a first phase with regards to the diffusion of experiences. For that reason, it would be necessary to develop, to make good use and/or to adapt or to compile existing material and the distribution. It is about to “assemble” the generated methodology in order to give the obtained results in origin country that would be transferable to destination country. It is necessary to generate this methodology starting from the knowledge of the functionaries who make possible the development of the process in origin country. These must be available in IICA’ offices and also in the organizations’ offices that have agreements with IICA.

1.2. Financed projects by the other part

It is about to give the experiences of provider country, in order to support specific projects of direct technical assistance in receptor country. This action has to be previously evaluated and financed by the other part organization of receptor country or by some third source that contributes with the financing. With this last, the organization that generated the experience and the corresponding specialists, which are remunerated because of their participation, must interact. The work is developed through an Agreement or bilateral Contract, and the experience of provider as State is carried out by the protagonists of the technical process of the country toward the solution of problem in other State.

1. COOPERATION FORMS WITH REGARDS TO THE IMPLEMENTATION OF NODE ELEMENTS

1.3. Horizontal Cooperation

All the actions of voluntary cooperation of “south-south” or “north-south” type and the actions accorded between countries in international cooperation scope. In this area, national agencies of international cooperation (in Chilean case, Chilean Cooperation Agency – AGCI) can perform an important role (besides IICA). These respond to petitions solicited by the country that is receiver of the collaboration, to cooperator country Embassy, and these are moved to Cooperation Agency. The last one evaluates and gives priority to the feasibility of the contribution and determines the solution.

Between these actions, we can indicate:

- ▶ Support missions
- ▶ Knowledge internships
- ▶ Workshops, forums, seminars
- ▶ Technological tours
- ▶ Hiring of consultancies
- ▶ Courses, at distance seminars

1.4. Triangular Cooperation

Triangular cooperation consists on the association of a traditional financial source (bilateral or multilateral)), and the country participation that gives Horizontal Cooperation in order to perform actions jointly in favour of a developing third nation (the beneficiary).

From the perspective of the character of the participants, Triangular cooperation tend to the actions are expressed or implemented through a technical transference of country which gives the horizontal Cooperation to an experience beneficiary country, with the financial contest of the traditional bilateral or multilateral source; in this case, IICA acts as process facilitator and answer acreditor between the service offer in a country and the demand by cooperation in another.

1.5. Bilateral Cooperation

It is financed by the organization that demands the cooperation, by means of own resources of in implementation projects, or by resources for technical cooperation from public and private financial sources. These express the necessities of technical cooperation organism that articulates the reference terms and the financing of the collaboration with the respective Embassies. Also, in this case, IICA can act as a facilitator.

Chapter III Implementation of a cooperation node

2. IICA PARTICIPATION

The implementation of the Cooperation Node, besides of to promote the transmission of successful programs, must reinforce IICA, specially the offices that participate as technical and development cooperation agents in a articulator role between necessities or petitions of petitioner countries and the competence or offer of provider counties, both members of the hemispheric system of the Institute. The objective is to add value with the knowledge management, to be facilitator of the cooperation. IICA can be administrator of resources, and evaluator and certificating authorities of procedures and results from transference of experiences, cooperating in a real process of to give accounts.

The knowledge of the demand of the countries expressed in National Agencies is other values that IICA added for this management process, with each one of them in the hemispheric and of regional systems. Also, the qualified vision of the Representation offices with regards to the condition of agricultural development of the countries, which allows to contribute and to overcome the asymmetries in the application of experiences.

In this action, IICA role is to manage the knowledge generated in countries and to put it to the service of the countries which need the use; for this reason, IICA has a challenge that consists on:

- a. To find a demand of experience where there is a strategic differentiation between countries.
- b. To promote the experience in the organizations that demand the knowledge, improvement the communication between who produce the innovative experience and who need this experience.
- c. To identify knowledge source and to adapt the methodology used to create the experience to the conditions and "environment" of the country that demands the cooperation.
- d. To optimize the transference process at getting involve in the revision of reference terms expressed by the organism that demand the experience and the abilities developed in the knowledge generator country.
- e. To trace to the cooperation in the receptor country and to help to mission of the country that creates the experience in order to overthrow the environment heterogeneity barriers where the initiative will be promote.
- f. In order to systematize the knowledge of the countries, adapt it and transfer it toward who demand this kind of experience, IICA is organized from Horizontal Cooperation Direction. This Direction constitutes an information centre of new offers and demands for countries of the system. In the future, this mechanism could give the bases for the generation of a horizontal cooperation project between countries that could be stimulated with external financing.

2. IICA PARTICIPATION

g. In brief, IICA could be incorporated to the management of knowledge generated by agricultural sectors of countries and to promote the value aggregation in order to increase intellectual capital of them, by means of a process with some of the following steps:

- To identify the knowledge generated in each country with the expressed characteristics in order to be entered to HORIZONTAL COOPERATION NODO (paragraph 5, Chapter 1).
- To capture and to organize the information about the way of to generate and to develop the experience in order to select relevant aspects, to organize and to systematize the used technology and to put this technology as revealable resource.
- To publish and to spread the information in countries and to promote the use in countries which demand has been expressed.
- To bring near the demand for the experience to the offer and to create conditions for a fluid horizontal cooperation passing from the information to the knowledge.

Chapter III Implementation of a cooperation node

3. METHODOLOGY CREATION PROCESS IN ORDER TO PROMOTE A SUCCESSFUL EXPERIENCE.

The process to generate a promotion methodology of a replicable experience has the following steps:

- a. IICA with the support of an ad-hoc group of public-private consultancy¹. In the office, IICA identifies and gives priority a successful experience in agricultural sector of the country.
- b. It is analyzed the results of the experience and the innovative mechanisms that made possible to get the expected products.
- c. The participants that generate the instruments in public and private sectors are identified, and they are interviewed in guided way to reconstruct the process of creation of instruments that originated the success of the experience, for this reason, the Office forms a work group that elaborates questions according to each instrument and generates an interview method to accede to the experience creator.
- d. It is about to understand the environment and situation that made necessary to generate that innovative experience and the description of the obtained results.
- e. The instruments that made possible the innovation are systematically described. It is indicated the used methodology for the development of these. In other words, it is about of to recreate "how it was made" to promote this methodology and apply it to similar experiences.
- f. Methodologies and obtained results are edited, trying to promote these in countries where the utilization is necessary. This action is developed starting from the consultation of National Agencies where demands of countries by sectorial innovations must be expressed.
- g. Horizontal Cooperation Direction of IICA will act by means of the management between offer and demand of countries.

1. It is necessary that each Office has a technical support analysis group in order to support the Representative in National Agendas

4. HORIZONTAL COOPERATIONS MISSIONS

IICA can impulse the cooperation by means of coordinated actions performed by representations in countries that offer and demand a success experience with the Ministry of Foreign Affairs (Embassies) and cooperation agencies of the country that generates the knowledge and the country that demand it.

IICA promotes the visits that missions of soliciting of cooperation country carry out in order to know the obtained experience in the country. IICA supports by means of knowledge management of actions about success experience. This is an added value produced by IICA for the assisted country, as knowledge demandant, and for the country that offers the experience.

On the other hand, IICA facilitates and promotes that horizontal cooperation by means of Representations network and from the Horizontal Cooperation Direction because of its role of promotion of the agriculture and rural life, in order to knowledge generated in some countries is used to respond other people necessities.

Because of all mentioned, we suggest in operative terms the following:

i. IICA Office, in the country where is originated the consultation mission, is in charge of:

- To identify reference terms of the application of demandant organism into origin country.
- To contact Offerer Organization in the corresponding country.
- To identify necessary resources to implement the mission and to provide the account number of IICA Office that will receive the mission.
- To solicit to IICA Office of country that we are visiting, the fulfilment of the reference terms.
- To reach the consensus of both IICA Offices with regards to the possible date for the mission visit.
- To maintain the necessary and corresponding contacts between the Demandant organization and IICA Office in the origin country.
- To give tracing to the results by the mission when it return.
- To effectuate the corresponding evaluation, according to IICA norms.
- To maintain informed diplomatic Representation of the country that we are visiting about the objectives of the mission and the required support for the success.
- To maintain necessary contacts with Foreign Affaire services in order to horizontal cooperation mission is successful.

Chapter III Implementation of a cooperation node

4. HORIZONTAL COOPERATIONS MISSIONS

- ii. The office of the country that receives the mission will be responsible of the following aspects:
- To translate the reference terms in events with national organizations, it implicates to compromise organizations and individuals in order to give attention to the mission according to reference terms.
 - To accompany and to give tracing to the activities of the mission into the country.
 - To inform to diplomatic Representation of the mission origin country about the visit and the role assumed by IICA.
 - To present in origin Office a report about rendering of financing and technical accounts about mission work.
 - To prepare and to present in front of the cooperation organism of the country an annual report about mission, which that is send and received by the Office.
- iii. - The supervision of the mission actions will be in charge of the respective Operation Director and Horizontal Cooperation Direction that will offer support for the development of the proposed agenda and the fulfilment of the mission objectives.
- Horizontal Cooperation Direction will guide evaluation process of the mission and it will make the corresponding communications to the involved organizations and to the Foreign Affairs services and Horizontal Cooperation Agencies of the countries.

GLOSSARY

AGCI: International Cooperation Agency

ASOEX: Chilean Exporters' Association. Private union organization that represents the Chilean fresh fruits and vegetables exporters

CAMPOCOOP: National Farmers Cooperative Confederation. It associates the Regional Federations of Cooperatives Farmers.

CHILEALIMENTOS: Food processing companies Federation. It is a company's union organization of the processed fruits and vegetables of Chile (Canned food, juices, dehydrated and frozen products).

CNR: National Irrigation Commission

CONAF: National Forestry Commission

FEDEFRUTA: National Fruit Producers' Association

FPEA: The Promotion of Agricultural Exports Fund

INDAP: Institute for Agricultural Development

INIA: Farming Research Institute

MUCECH: Chile's United Farmers and Ethnic Groups Movement

ODEPA: Office of Agricultural Policies and Studies

OMC: World Trade Organization

PIB: Gross Domestic Product

PROCHILE: Export Promotion Agency

SAG: Agriculture and Livestock Service

SEREMI: Ministry Regional Secretary

SIRSD: Degraded Soil Recovery Incentives System

SNA: National Agriculture Society. It was the first Agriculture Union Association and an old agricultural business Organization.

UF: Unidad de Fomento. The UF is a re-adjustable unit based on the variation of the Consumer Prices Index (IPC).

UTM: Unidad Tributaria Mensual. The UTM is an amount of money determined by Law and permanently updated that is a tax reference measurement unit.

VOZ DEL CAMPO: Farmer Familiar Agriculture National Confederation

WINES of CHILE: Organization that represents 90 vineyards members of two prestigious associations, Viñas de Chile and Chilevid.

ANNEXES

ANNEX 1: OTHER INSTRUMENTS OF PROMOTION FOR CHILEAN AGRICULTURE

Assimilable to public-private articulation form

Name	In management App	Cofinancing App	Organization in charge
Promotion to private investment about irrigation	No	Yes	National Irrigation Commission
Minor irrigation works	No	Yes	National Irrigation Commission
Support to technological innovation projects	Yes	Yes	Foundation For Agricultural Innovation
Degraded soil recovery incentives system (SIRSD)	Yes	Yes	Agriculture And Livestock Service And Institute For Agricultural Development
Sanitary patrimony improvement fund	Yes	Yes	Agriculture And Livestock Service
Bonus to forestation and degraded soil recovery works	No	Yes	National Forestry Commission
Agricultural insurance	No	Yes	Agricultural Insurance Committee
Entrepreneurial management centers (CEGE)	Yes	Yes	Institute For Agricultural Development
Guarantee fund for small entrepreneur (FOGAPE)	No	Yes	Institute For Agricultural Development
Selection processes for productive projects of countrywomen	Yes	Yes	Institute For Agricultural Development
Development and innovation fund	No	Yes	Chilean Economic Development Agency

ANNEX 1: OTHER INSTRUMENTS OF PROMOTION FOR CHILEAN AGRICULTURE

Nombre	In management App	Cofinancing App	Organization in charge
Technical assistance fund	No	Yes	Chilean Economic Development Agency
Associative projects of promotion	No	Yes	Chilean Economic Development Agency
Providers development program	No	Yes	Chilean Economic Development Agency
Promotion to quality program	No	Yes	Chilean Economic Development Agency
Forestry and agricultural exports promotion fund	Yes	Yes	Pro Chile
Internationalization of farmer family agriculture	Yes	Yes	Pro Chile

ANNEXES

**ANNEX 2: AGRICULTURAL TABLE AGREEMENTS ACT
CONSTITUTED BY H.E. PRESIDENT OF THE REPUBLIC**

In the city of Santiago, first of September, year 2000, all the members of the Agricultural Table constituted by H.E. President of the Republic are met: Mr. Jaime Campos Quiroga, Minister of Agriculture, that head the Agricultural Table; Mrs. Soledad Alvear Valenzuela, Minister of Foreign Affairs; Mr. Nicolás Eyzaguirre Guzmán, Minister of Finance; Mr. Alvaro García Hurtado, Minister of the General Secretariat of the Presidency; Senator Mr. Hernán Larraín Fernández, President of the Commission for Agriculture of the Senate; Deputy Mr. Guillermo Ceroni Fuentes, President of the Commission for Agriculture of the Chamber of Deputies; Mr. Ricardo Ariztía de Castro, National Agricultural Society; Mr. Andrés Santa Cruz López, Vice-president of the National Agricultural Society; Mr. Manuel Riesco Jaramillo, National Agricultural Society; Mr. Juan Eduardo Correa Bulnes, Vice-president of the Chilean Wood Association; Mr. Manuel Peñailillo Troncoso, National President of CAMPOCOOP; Mr. Omar Jofré Fuentes, National Vice-president of the Chile's United Farmers and Ethnic Groups Movement; Mr. Andrés Acuña Alarcón, National President of the Voz del Campo Confederation; Mr. Pedro Undurraga Martínez, President of the Council of Deans of University Faculties related to Agricultural activities; Mr. Claudio Ortiz Rojas, National President of the School of Agricultural Engineers; and Mr. Octavio Sotomayor Echenique, Technical Secretary of the Table and agree to prepare the following act:

In fulfillment of the request formulated by H.E. President of the Republic, Mr. Ricardo Lagos Escobar, dated the 28th of June of the current year, regarding that the members of this work group had to analyze and suggest the bases of a State Policy for the forestry and agricultural sector of our country and to propose to the President the concrete measures that are necessary to implement in order to solve some specific and urgent problems that affect national agriculture, the undersigned declare to have held fifteen sessions, in those that, after to agreed an agenda and methodology, the efforts were directed to the study of the following matters:

1. Long term strategy: objectives of the State Policy, macroeconomic conditions that its implementation requires. The commercial opening of the country and the forestry and agricultural sector: short, medium and long term strategy.
2. Development of the markets, external and internal.
3. Financing of the forestry and agricultural sector.
4. Innovation, technological transference and qualification. The improvement of natural resources. A clean and qualified agriculture.

ANNEX 2: AGRICULTURAL TABLE AGREEMENTS ACT CONSTITUTED BY H.E. PRESIDENT OF THE REPUBLIC

5. Definitions regarding several situation problems and possible solutions:

- a) Milk,
- b) Meat,
- c) Price Ranges and Safeguards,
- d) Agricultural Insurance,
- e) Financing and indebtedness
- f) Budgetary Implementation of the MERCOSUR Agreements and Tariffs reduction,
- g) Sanitary Regulation.

6. The development of some specific sectors, such as forestry, fruit and vegetables, agro-industrial, seeds, birds, pigs and viniculture sectors.

7. Development of the small agriculture. Rural development.

8. Support to the Southern Agriculture Competitiveness Program.

9. Institutional modernization of the public and private forestry and agricultural sectors.

For the study of the indicated matters, and independently of the relations carried out by the members of the Table, they knew the exhibitions of several representatives of the public and private sectors that were specially invited, standing out the participation of other Government officials and representatives of the parliamentary, academic and professional world and of farmers and producers organizations.

Also, they held a seminary in which took part the ex- Ministers of Agriculture Mr. Jorge Prado Aránguiz, Mr. Juan Agustín Figueroa Yávar and Mr. Emiliano Ortega Riquelme and high representatives of FAO. Additionally, they held in the National Congress in Valparaiso a day of work organized by the Presidents of the Commissions for Agriculture of both branches of the Congress, especially prepared for all the Senators and Deputies who showed interest by the sector subjects. Finally, they received numerous drafts of several people or organizations that expressed their opinion on some specific subjects; those were also known by all the members of the Agricultural Table.

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After the analysis - according the above mentioned directions - of all these matters and study the different solution alternatives that were considered, there is an unanimous agreement between all the members of the Agricultural Table in order to imply the particularity of the sector inside the national economy, fundamentally due to the evident political social, productive and strategic considerations, together with the evident complexities and distortions of the international market, reasons why it is allowed to suggest to H.E. the President of the Republic immediately to put into effect a set of specific measures, several of which seek to contribute to the improvement of the markets, without establishing unnecessary technical or bureaucratic measures that impede trade. Also, the approaches regarding urgent situation problems that affect national agriculture and livestock activities, that are detailed in the second part of this document, must be understood within the framework of the strategic directions for the development of the agricultural sector - that that are shown next -, without implying this to not know the existence of other measures which theoretically could be applied, those that have so far not been gathered, despite of that they had been analyzed, due to there was no consensus regarding these matters, in such terms that the variability of the sector demands a permanent and dynamic review process of the suggested instruments. Due to the above mentioned, the set of measures that we propose to the President of the Republic are not the only ways of solution to the problems of the national forestry and agricultural activities, reason why it is necessary to evaluate them periodically in its own merit and effectiveness and to be alert to the future realities of the sector.

I. Agriculture, support of the national development

The Agricultural Table emphasizes the contribution of the sector to the national development, that is manifested - among other aspects - in its importance in the foreign trade and the absorption of workforce, as well as in the use and conservation of our natural resources and, at the same time, it states the great relevance of the sector in the regions of the country, in most of which it is the main economic activity. Without a doubt, export agriculture has been benefited from the process of economic opening, so that the sector exports have practically tripled the numbers in the last ten years and, at the present time, represents 30% of the total value of the country sales abroad, with very remarkable examples of initiative and enterprise management capacity in areas such as the production of fresh and processed fruits and vegetables, seeds, birds and pigs, wood products and viticulture, that are the presentation of our country abroad, all this does not mean that they do not face important challenges.

In parallel with these events, it is important to consider that a big part of the value of the sector production is tied to crops and meat and milk livestock, and there are important agro-ecological, technical, of investment resources and markets rigidities that limit their possibilities of substitution.

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Also in these productive areas, important advances in productivity and incorporation of capital and technological modernization matters have taken place, without affecting that it is still possible to obtain important achievements in the technological and enterprise management scopes, especially between small and medium producers.

Without detriment to that, the Agricultural Table pointed out the importance of recognizing that the agricultural markets continue seriously distorted, as a result of the massive application of subsidies on the part of the industrialized countries. This forces the State to carry out a permanent following and evaluation about the evolution of these markets and to react quickly, within the framework of our regulations and the international agreements that the country has signed, when these distortions damage or threaten the national producers.

The Agricultural Table assumes the necessity that Chile deepens its process of economic opening and recommends increasing the efforts in order to extend the presence of the sector in the international markets, diversifying exportable products, adding them value and incorporating, as far as possible, to a greater number of small and medium producers and the southern regions. In the same way, it recognizes that an important part of our agriculture will continue destined to the import substitute products generation, so that in order to develop a sustainable in time economic activity, it is necessary to generate the conditions that increase its competitiveness.

In order to promote a more balanced development of the agricultural sector, the Agricultural Table recommends to put in operation policies and instruments of productive promotion that, along with the stimulation of the possibilities and opportunities arisen in the external markets, they allow to graduate and harmonize the opening rate of the agricultural economy with an wide modernization and productive transformation process, contributing to improve the global competitiveness of the sector that substitutes imports and to facilitate its adaptation to the above mentioned opening process. For such effect, a high priority will be the design of instruments that contribute to the formation of work capital; the improvement of internal and external markets; the associativity; the technological innovation and management modernization; as well as to a better handling of the risks associated to the agricultural activity.

At the same time, the members of the Agricultural Table recognize the importance of maintaining the macroeconomic balances and emphasize sector sensitivity to the evolution of the exchange rate, given their condition of sector almost entirely tradable.

By all the above mentioned, the Agricultural Table has agreed in the strategic guidelines of the proposal of agricultural policy presented by the Ministry of Agriculture, that seeks to contribute to the development of an open, profitable and competitive agriculture, as well as sustainable from the environmental, economic and social points of view and able to include in its dynamics of growth the set of its producers.

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Without detriment that the detail of the State Policy for Agriculture will be reviewed and agreed in a term of 60 days by the same Agricultural Table of Dialogue that has given rise to this agreement, the main elements that constitute it are indicated as follows:

MINISTRY OF AGRICULTURE MISSION

The increasing complexity of the sector development determines that modern agriculture must be understood as an essential part of agro-alimentary chains and systems that are beyond it regarding primary activity.

As well, the agriculture, livestock and forestry development is a fundamental factor in the economy and quality of life of the inhabitants of the rural world. For this matter, it is advisable that the Ministry of Agriculture progressively take on functions, in coordination with other public organizations, the field of Feeding and Rural Development.

SECTOR POLICY GUIDELINES

The Table has agreed that the focal points of the sector policies are those that are in the proposal of the Ministry of Agriculture: A State Policy for Chilean Agriculture 2000 –2010, that is to say:

- Confidence and security for agricultural producers
- Development of internal and external markets
- Improvement of the natural resources productivity
- Reinforcing of the competitiveness
- Development of a clean and qualified agriculture
- Promotion of forest development

Without detriment that to recognize that due to the diversity and heterogeneity of the national forestry and agriculture area, all the sectors and areas within must be considered in a " Sector State Policy", it has been considered that, if really we try to create conditions of equality of opportunities for all of them, it is necessary to give a special treatment to those that have greater difficulties in order to be suitably inserted in the current global economy, that is the case of the small agriculture, the farmer world and the agriculture of the south.

For that reason, it has been agreed to focus the policies and instruments, as well as the support and productive promotion resources, in small agriculturists, who constitute a vast segment of approximately 270,000 operations and that are the ones that have the greater difficulties of adaptation to the new conditions of sector development. In order to fulfill this aspect, a revision of the support instruments designed to this sector will be done, evaluating its appropriateness and adaptability to its production conditions; in the same way, the work of strengthening of its productive and representation organizations will be reinforced, in order to increase the levels of technical training of its associates, to improve the technical and economic management of its productive processes, and to achieve a suitable insertion in the internal and external markets.

ANNEX 2: AGRICULTURAL TABLE AGREEMENTS ACT CONSTITUTED BY H.E. PRESIDENT OF THE REPUBLIC

In the same spirit, it is proposed to promote a Special Program of Support to the Agriculture Competitiveness Development of Southern Chile - which is the one that faces greater competitive challenges - that would be specially directed to the small and medium producers.

A complementary dimension of the above mentioned sector policy is the proposal of Rural Development support, that also appears in the document, subject in which according to social and cultural considerations a greater intervention of the State is required, and in that the Ministry of Agriculture must carry out a more decisive coordination role. The members of Agricultural Table consider that has fundamental importance that the Chilean society must value the great contribution that the rural world can do to the country, which is fundamental to preserve the economic, environmental, demographic and cultural balances, indispensable aspects so that Chile may reach in the current decade the condition of developed country.

II. Situation problems

Considering the already described strategic frame, regarding the subjects that demand an immediate treatment, and without detriment that other alternatives that also were suggested and studied, the Agricultural Table proposes to the President of the Republic the immediate implementation of the following measures:

DAIRY PRODUCTION

1. To ratify, with the consideration of manifest distortions of international market, the petition performed by Ministry of Agriculture to Commission of Distortions in order to apply safeguards to powdered milk, UHT milks and cheeses according to in force normative.
2. To urge to National Economic Inspector's Office to research the possible distortions of internal market.
3. During the validity of the before mentioned safeguards, the Government will seek jointly with involved agents, in so far as adverse conditions in international market that cause damage or menace to damage national producers are presented, mechanisms that facilitate the support of dairy sector in the medium and long term periods.
4. To start up a Reference Laboratory that contributes to give more transparency and objectivity to the commercial relation between producers and processor plants. This action will be done with public and private financing and will try to interest universities in the implementation of this initiative.
5. To instruct to SAG in order to evaluate, during the course of 2000, economic and technical relevance of to establish an incentives program for animal sanitation.

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CONSTITUTED BY H.E. PRESIDENT OF THE REPUBLIC**

6. To modify the Decree N°279 of the Ministry of Economy regarding imported products lettering in order to homologate national exigencies to in force international standards, propitiating more transparency to markets and better information to consumers. According to the above mentioned, to create the modifications that correspond to Sanitary Regulation of Foods of Ministry of Health.

BOVINE MEAT PRODUCTION

7. To reinforce immediately the systems of inspection of SAG and National Service of Customs, in order to give severe fulfillment to in force Chilean legislation about internment and commercialization of imported meat. The Ministry of Agriculture with National Service of Customs is committed to periodically evaluate the functioning of these systems.

8. To solicit to National Service of Customs the modification, in the course of this year, the exigencies with regard to red meats imports billing, indicating quantity, cut, category, and price.

9. To proceed the installation of weighing steelyards in Los Libertadores and Cardenal Samoré border crossings.

10. To instruct to DIRECON in order to solicit, as soon as possible, the elimination of refunds to exports or other bonus that favor to producers abroad.

11. To reinforce the inspection of in destination bovine meat imports (Particular Warehouses of Customs and Cold-Storage Room). SAG and National Service of Customs are committed to inform quarterly to involved agents about this inspection results.

12. To instruct DIRECON that includes as a priority in negotiations with EU, and in negotiations that eventually are developed with South Korea or other countries, demands that facilitate the access of bovine meat and its derivatives to these markets.

13. To re-negotiate the SAG-SENASA agreement, in order to assure the real fulfillment of Chilean norm about meat typification. SAG will consult and inform, in the framework of National Commission of Meat, this re-negotiation terms, before they sign each new agreement protocol.

14. Private sector (producers and processing plants) is obligated to send to the Ministry of Agriculture, within 180 days, proposals and suggestions to modify the current normative of meat typification. According to the above-mentioned, government is committed to development the corresponding initiatives.

ANNEX 2: AGRICULTURAL TABLE AGREEMENTS ACT CONSTITUTED BY H.E. PRESIDENT OF THE REPUBLIC

PRICES RANGES WORKING

15. Government will look after the severe fulfillment of in force prices ranges.

16. National Service of Customs and SAG will establish an inspection program to the entrance of mixtures of agricultural products liable to prices ranges system, in order to assure the complete fulfillment of customs and sanitarian norms. The Ministry of Agriculture and National Service of Customs are committed to inform periodically about the results of this program.

17. As exception and considering that the evolution of international prices of sugar do not allow to foresee in short term an automatic adjustment of prices range regarding the consolidated tariff, the government is committed to initiate in front of WTO the re-negotiation process of this tariff. This measure is based on peculiarities and extreme distortions that characterize this market and those eventual compensations will be effectuated within the same productive item.

18. The Ministry of Agriculture will give technical collaboration to safeguard petition to oils mixtures imports presented by SNA in front of Distortions Commission, which will be judged according to the in force norms.

19. In the case of products liable to prices ranges that also are safeguards matter, government will study, before the end of these and in so far as market conditions require it, concrete measures that facilitate the support to these productive sectors.

COMMITMENT WITH THE AGRICULTURE

20. Starting from the current year, the Ministry of Agriculture will inform semi-annually, to the National Congress and also the private sector, about the use of sector support resources committed with both Chambers on the occasion of the association of Chile with MERCOSUR and the tariffs reduction, given severe fulfillment to existing agreements in this subject. Likewise, Ministry of Agriculture will effectuate periodic evaluations of the used instruments, these evaluations will serve as base for eventual budgetary re-assignment, and these will be informed to Agricultural Table.

AGRICULTURAL INSURANCE WORKING

21. In the scope of resources assigned to the Ministry of Agriculture, the Government is committed to extend agricultural insurance coverage, through the increase of resources for the subsidy of premiums in next times, starting with a duplication of these the next year, liable to the result of appropriate evaluations.

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ANNEX 2: AGRICULTURAL TABLE AGREEMENTS ACT CONSTITUTED BY H.E. PRESIDENT OF THE REPUBLIC

22. Likewise, also liable to evaluation, it is committed to incorporate, in next times, other items that will be cover by this insurance, by common consent with insurance companies, considering properly based technical parameters.

VALIDITY OF SANITARY REGULATION

23. The Government is committed to suspend, for one year, the coming into force of Sanitary Regulation that regulates agricultural working activities.

24. Ministry of Agriculture is obligated to agree special norms with the Ministry of Health regarding sanitary conditions of agricultural working activities, in these activities elaboration will participate private sector and working organizations.

FINANCING INDEBTEDNESS

25. According to INDAP decision about to incorporate more grade of financial discipline in this organization and within the framework of general policy agreed between farmers' organizations and this Institute, re-negotiation and re-programming of debts process will be implemented, based on case to case analysis and the transparency and objectivity that must characterize the procedures.

26. To assure that INDAP will have \$ 5.900 millions required to complete required resources for the settling of short term credits that demand spring sowings.

27. To stimulate and to facilitate the incorporation on INDAP current clients side to private banking and BECH, in market conditions.

28. To consider specially agricultural sector within the general solutions that Government has started up in order to support SMEs and, within this framework, to stimulate to main private banks involved in agricultural sector, to use actively B 11 and B 13 Lines of CORFO, as well FOGAPE, to facilitate re-programming of agricultural debts processes of those farmers that are not INDAP' clients.

29. BECH will continue case to case with re-programming of agricultural debts program, using the same criteria used in the case of wheat producers affected by summer rains.

30. Formal commitment of BECH in order to perform a more active role about agricultural banking services. In next 6 months, mechanisms to specify this commitment will be defined.

31. To promote the creation of niches banking or specialized in agricultural credit banking, using the instruments that CORFO generates as second floor banking, between other alternatives.

ANNEX 2: AGRICULTURAL TABLE AGREEMENTS ACT CONSTITUTED BY H.E. PRESIDENT OF THE REPUBLIC

FOREST DEVELOPMENT

To check the Forest Promotion law Regulation, in order to do easier the procedure of these bonuses for proprietary and to allow that medium producers of south regions can access to this instrument. Additionally, in next months, a project to introduce modification to Forest Promotion Law will be sent to Congress, in order to stimulate more effectively the annual planted area.

32. To hurry the review work of Native Woodland proposed law, seeking to integrate different points of view about this subject, in order to send pertinent indications to Congress within six months.

33. To improve proposed law about Forest Institutional Framework sending to Congress, in this year, indications that allow to hurry the step and to count, in shortest term, with an Institutional framework appropriate to the importance and new challenges of forest sector.

Additionally, we will continue working with public and private agents involved in the solution of other relevant subjects of forest agenda, such as environmental certification, sanitary and commercial aspects, and other.

OTHERS INITIATIVES

34. The Government is committed to promote necessary initiatives for the development of Agricultural Products Bag established by law.

35. To reinforce International Affairs Area of Ministry of Agriculture, coordinating properly with DIRECON and institutionalizing the connection of productive sector on international economic policy decisions.

36. Government is committed, in 90 days, to evaluate and to propose measures that reinforce the National Commission of Distortions and that facilitate the presentation, on involved private agent side, of petitions destined to correct possible distortions with regard to the functioning of external markets that affect national producers. All that, preserving the autonomy and the essentially technical character of this organism and the complete fulfillment of our international obligations related to commercial subject.

37. To implement, on National Service of Health side, a monitoring program of quality and technical standards of foods imports that enter to our country, revealing this information to private sector and respecting the dispositions about the subject included in international agreements.

ANNEXES

**ANNEX 2: AGRICULTURAL TABLE AGREEMENTS ACT
CONSTITUTED BY H.E. PRESIDENT OF THE REPUBLIC**

38. To modify the Ministry of Economy Decree 279 in order to improve lettering system of national and imported alimentary products, such as rice and milk, promoting more transparency and better information to consumers.

39. To create, in the framework of SAG budget, a Sanitary Agricultural Emergency Fund.

40. To assure the access to financing lines of CORFO for the installation of new agro industrial plants in regions.

41. Considering the involved actors participation, Ministries of Agriculture, Economy and General Secretariat of the Presidency will take initiatives in order to activate and to perfect proposed law about cooperatives that today is performed in Congress, in order to simplify constitution procedures and to facilitate these entities management, favoring the association and the constitution of economical companies in the sector.

42. To complete, in the framework of commercial agreements and bilateral negotiations, the elimination of custom tariff to Phosphatized fertilizers that enter to the country.

43. To instruct to DIRECON in order to it solicits as soon as possible the elimination of refunds to exports or other bonuses that favor the producers abroad, as well as it gives priority to negotiations of new commercial agreements, access easiness for products of forestry and agricultural sector.

Finally, Agricultural Table members suggest to H.E. the President of the Republic, because of the consideration of the high constructive and confidence spirit verified in the performance, the need that forestry and agricultural subjects are faced with a country vision, the mutability and variability that are observed in all agricultural economic process, to maintain the validity of this Table as dialogue and monitoring instance to the implementation of adopted agreements in this opportunity as well as analysis of future dynamic scenarios in order to, in this way, continue actively contributing in the development of national forestry and agricultural sector.

**ANNEX 2: AGRICULTURAL TABLE AGREEMENTS ACT
CONSTITUTED BY H.E. PRESIDENT OF THE REPUBLIC**

Nicolás Eyzaguirre Guzmán
Minister OF Finance

Alvaro Garcia Hurtado
Minister Of The General Secretariat
Of The Presidency

Guillermo Ceroni Fuentes
President Of The Commission For
Agriculture Of The Chamber Of Deputies

Andrés Santa Cruz López
Vice-president Of The National
Agricultural Society

Juan Eduardo Correa
Vice-president Of The Chilean
Wood Association

Andrés Acuña Alarcón
President Of The Voz Del
Campo Confederation

Claudio Ortiz Rojas
President Of The School Of
Agricultural Engineers

Heraldo Muñoz Valenzuela
Minister Of Foreign Affairs (S)

Hernán Larrain Fernández
President Of The Commission For
Agriculture Of The Senate

Ricardo Ariztía De Castro
President Of National Agricultural Society

Manuel Riesco Jaramillo
Vice-president Of National
Agricultural Society

Manuel Peñailillo Troncoso
President Of National Farmers Cooperative
Confederation

Omar Jofre Fuentes
First Vice-president Of Chile's United Farmers And
Ethnic Groups Movement

Pedro Undurraga Martinez
Council Of Deans Of University Faculties Related
To Agricultural Activities

Jaime Campos Quiroga
Minister Of Agriculture

Ricardo Lagos Escobar
President Of The Republic

ANNEXES

ANNEX 3: DEGRADED SOIL RECOVERY INCENTIVES SYSTEM (INDAP AND SAG)

Degraded Soil Recovery Incentives System has the purpose to detain or to revert the steady loss of the natural fertility of soils affected by the reduction of availability of phosphorus or the progressive acidification of soils or because of the intensive use of soil by means of the application of inappropriate technologies in the cultivation.

The Incentives System that performs in all country regions is inspired by universal preservation and sustainable principles applicable to soil resource, such as: the use of phosphatized fertilization of base correction practices in soils with deficit and the application of calcareous emendations that improve the use of nutrients determined by a technical diagnosis of requirements; the incentive to the maintenance of a vegetal coverage by means of the establishing and the regeneration of prairies; the use of methods and practices of preservation that avoid physical soils losses and the elimination of without fodder value trunks or shrubberies in farming use soils.

The organizations of Ministry of Agriculture in charge of the management of this program are the Agriculture and Livestock Service (SAG) and the Institute for Agricultural Development (INDAP)

INDAP assigns incentives for the people that certify to have the small agricultural producer quality according to article 13 of Law N° 18.910. SAG assigns program incentives for all kind of legal entity or natural person, only excluding those small proprietors that have obtained in the same year the benefit for Soils Recovery by INDAP side.

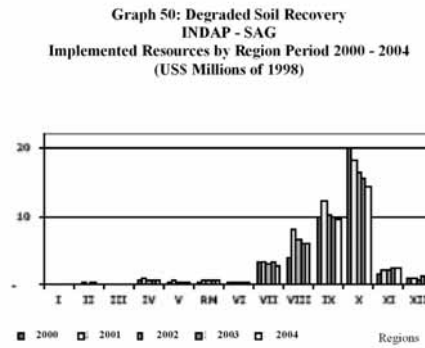
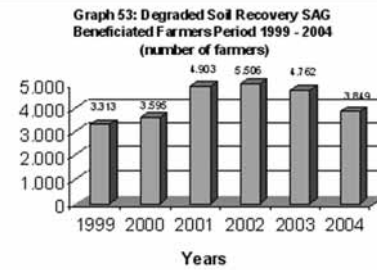
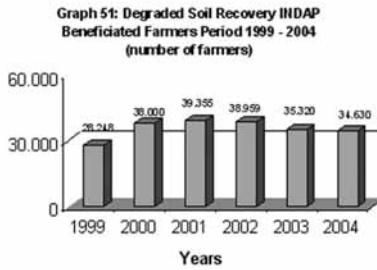
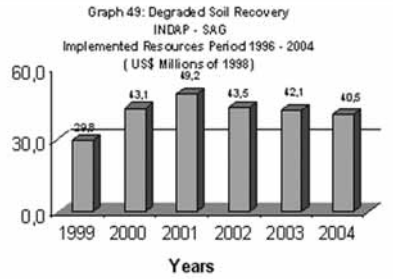
In 2004, SAG and INDAP implemented by means of this program a total \$22.086 millions, equivalent to US\$40,5 millions of 1998, benefiting to 38.478 farmers and with 226.061 hectares of coverage.

With regard to INDAP, US\$ 24,2 millions of 1998 were implemented, benefiting to 34.629 small farmers and bonifying 115.427 hectares during 2004 season.

Resources implemented by SAG reached to US\$ 16,4 millions of 1998; with this actions, 3.849 farmers (large, medium, and small) were benefited and 110.634 hectares were bonified.

The total of beneficiaries that belong to original towns was 579 farmers, of a total of 3.849 beneficiary users in national scope. Of that total, 20% (117 users) corresponded to Aymaras in 1st region; 12% (68 users) to Atacameños in 2nd region, and 5% (29 users) to Rapa Nui in 5th regions. The rest of users belong to original towns, 63% (365 users) corresponded to Mapuche ethnic group, especially from 9th region.

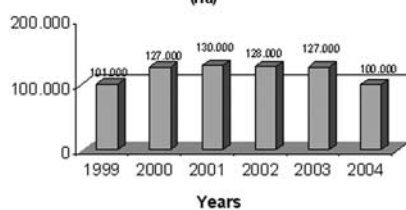
ANNEX 3: DEGRADED SOIL RECOVERY INCENTIVES SYSTEM (INDAP AND SAG)



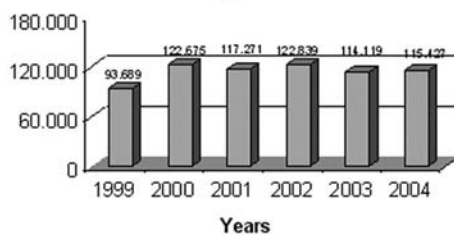
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**ANNEX 3: DEGRADED SOIL RECOVERY INCENTIVES SYSTEM
(INDAP AND SAG)**

**Graph 54: Degraded Soil Recovery SAG
Bonified Areas Period 1999 - 2004
(Ha)**



**Graph 52: Degraded Soil Recovery INDAP
Bonified Areas Period 1999 - 2004
(Ha)**



MINISTRY OF AGRICULTURE COMMITMENT WITH THE
AGRICULTURE
MANAGEMENT REPORT YEAR 2004
(Thousands Pesos year 2004)

ORGANIZATION: MINISTRY OF AGRICULTURE
PROGRAM AND/OR PROJECT: DEGRADED SOIL RECOVERY
INCENTIVES SYSTEM
(Summary)

REGION	BUDGET 2004			INDICATORS	
	Resources by Budget (M\$)	Implemented Resources (M\$)	Implemented Resources (%)	Bonified Areas (Ha)	Benefited Farmers N°
I	125.055	124.796	99,8	359	358
II	141.072	140.980	99,9	221	322
III	93.204	92.931	99,7	223	63
IV	417.220	415.948	99,7	1.720	712
V	251.161	249.353	99,3	2.047	411
VI	227.196	227.417	100,1	2.441	343
VII	1.581.618	1.569.467	99,2	26.133	2.906
VIII	3.344.732	3.318.508	99,2	36.848	8.872
IX	5.245.060	5.231.416	99,7	48.597	9.894
X	7.888.092	7.876.165	99,8	78.026	12.892
XI	1.284.179	1.298.280	101,1	9.761	929
XII	542.554	542.443	100,0	16.659	203
RM	341.098	334.745	98,1	3.026	573
Central Level	704.117	663.104	94,2	0	0
TOTAL	22.186.358	22.085.553	99,5	226.061	38.478

ANNEX 3: DEGRADED SOIL RECOVERY INCENTIVES SYSTEM (INDAP AND SAG)

MINISTRY OF AGRICULTURE COMMITMENT WITH THE
AGRICULTURE
MANAGEMENT REPORT YEAR 2004
(Thousands Pesos year 2004)

ORGANIZATION: INSTITUTE FOR AGRICULTURAL
DEVELOPMENT (INDAP).
PROGRAM AND/OR PROJECT: DEGRADED SOIL RECOVERY
INCENTIVES SYSTEM

REGION	BUDGET 2004			INDICATORS	
	Resources by Budget (M\$)	Implemented Resources (M\$)	Implemented Resources (%)	Incorporated Ha (N°)	Benefited Farmers Number
I	42.335	42.132	99,5	85,2	207
II	92.230	92.137	99,9	152,7	238
III	21.598	21.326	98,7	52,4	31
IV	304.556	303.284	99,6	1.064,1	622
V	143.259	141.451	98,7	883,7	370
VI	116.824	117.051	100,2	1.540,3	310
VII	800.915	788.766	98,5	13.918,2	2.623
VIII	2.608.995	2.582.770	99,0	26.253,5	8.503
IX	3.314.957	3.301.318	99,6	23.294,7	8.883
X	4.428.335	4.418.013	99,8	32.607,0	11.431
XI	715.548	729.650	102,0	4.773,2	774
XII	219.937	219.877	11,0	8.573,5	94
RM	246.223	240.225	97,6	2.229,0	543
Central Level	191.732	174.702	91,1		
TOTAL	13.247.444	13.172.702	99,4	115.427,4	34.629

MINISTRY OF AGRICULTURE COMMITMENT WITH THE AGRICULTURE
MANAGEMENT REPORT YEAR 2004
(Thousands Pesos year 2004)

ORGANIZATION: AGRICULTURE AND LIVESTOCK SERVICE (SAG)
PROGRAM AND/OR PROJECT: DEGRADED SOIL RECOVERY INCENTIVES SYSTEM

REGION	BUDGET 2004				INDICATORS			
	Resources by Budget (M\$)	Implemented Resources (M\$)	Implemented Resources (%)	Intervened Areas (Ha)	Bonified Areas (Ha)	Benefited Farmers N°	Applied Management Plans N°	Bonified Management Plans N°
I	82.720	82.664	99,9	276	274	151	168	166
II	48.842	48.843	100,0	69	68	84	85	85
III	71.606	71.605	100,0	171	171	32	32	32
IV	112.664	112.664	100,0	704	656	90	90	90
V	107.902	107.902	100,0	1.926	1.163	41	41	41
VI	110.372	110.366	100,0	1.192	901	33	33	33
VII	780.703	780.701	100,0	13.574	12.215	283	283	283
VIII	735.737	735.738	100,0	12.060	10.595	369	378	378
IX	1.930.103	1.930.098	100,0	28.580	25.302	1.011	1.021	1.021
X	3.459.757	3.458.152	100,0	49.366	45.419	1.461	1.844	1.839
XI	568.631	568.630	100,0	7.517	4.988	155	162	162
XII	322.617	322.566	100,0	6.980	8.085	109	136	136
RM	94.875	94.520	99,6	1.066	797	30	30	30
Central Level	512.385	488.402	95,3					
TOTAL	8.938.914	8.912.851	99,7	123.481	110.634	3.849	4.303	4.296

ANNEXES

**ANNEX 4: MARKETS IMPROVEMENT AND DEVELOPMENT PROMOTION
OF AGRICULTURAL EXPORTS FUND –PROCHILE**

The Promotion of Agricultural Exports Fund, FPEA, is an instrument managed by the Export Promotion Agency, PROCHILE, institution that depends on the General Directorate for International Economic Affairs of the Ministry of Foreign Affairs (DIRECON). It was created in 1995 as a result of the agricultural sector crisis (years 93-95) and of the negotiations with MERCOSUR.

The Fund is part of the productive promotion function that the public sector in Chile does in order to stimulate the economic development of the country and, especially, to promote the markets development and improvement with equality of opportunities access to all the economic agents, with emphasis in small and medium companies and Farmer Familiar Agriculture.

Objectives of the FPEA:

- The increasing of exports.
- Exports diversification, increasing the export markets and the number of exporting companies, as well as the products that these export.
- Incorporation of new companies to the exporting process, with a special emphasis in the ones that belong to AFC.
- Promotion of strategic alliances between national companies and between national and foreign companies that tend to the development of the exportable offer and to the penetration of markets.

Supporting the promotion of exports, the Fund performs processes destined to the Traditional Agriculture and the Farmer Familiar Agriculture.

In 2004, by the Promotion of Agricultural Exports Fund \$6,835 million were implemented, which is equivalent to US\$12, 5 million of 1998. With these resources 260 projects were financed.

The 81.9 % of the FPEA resources have been destined to support companies and sector exports promotion projects that co-finance search strategies and/or markets strengthening. The base of these programs has been the announcement to Public Selection Processes done during year 2004, the National Exports Promotion selection process and the Exports Promotion selection process for Farmer Familiar Agriculture. This has allowed to increase the support coverage of the exports promotion projects guaranteeing, simultaneously, the access of companies from all the sectors and, increasingly, those from regions and the ones that belong to the AFC.

ANNEX 4: MARKETS IMPROVEMENT AND DEVELOPMENT PROMOTION OF AGRICULTURAL EXPORTS FUND –PROCHILE

The operational programs represent 18.01% of the resources, which aim to the support of the Agricultural Offices abroad management, which are essential in the opening and accesses of markets and in the delivery of information for the companies that are interested in exporting. Also exists the support in the preparation, logistic and monitoring of National selection processes.

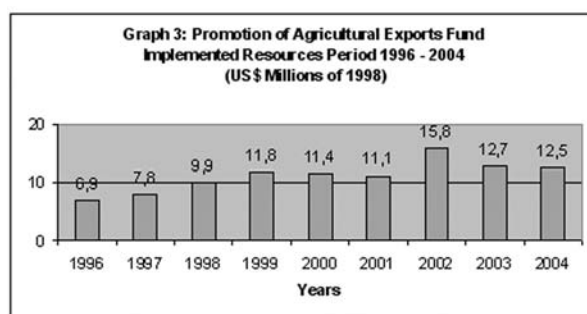
Regarding the distribution by sectors, 39.4% of the resources are directed to multi-sector projects, where the project Sabores de Chile, is part of a strategy oriented to create a Country-Image and a positioning in the abroad markets, where a complete supply of products from different sectors is shown.

28% is destined to fresh fruit, fundamentally explained by the support to the important positioning campaigns in the United States, Mexico and Europe. This sector arouses an important number of direct beneficiaries and explains in part the exported amount of the Agricultural Sector.

The programs supported for this sector, fundamentally, seek the consolidation of the Chilean fruit positions in the foreign markets and to open new unexplored markets.

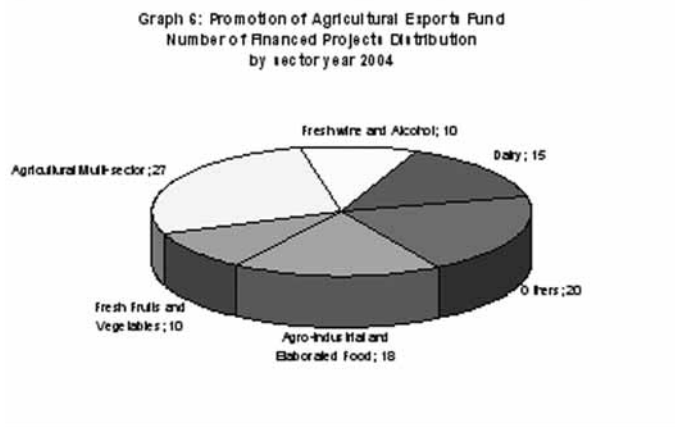
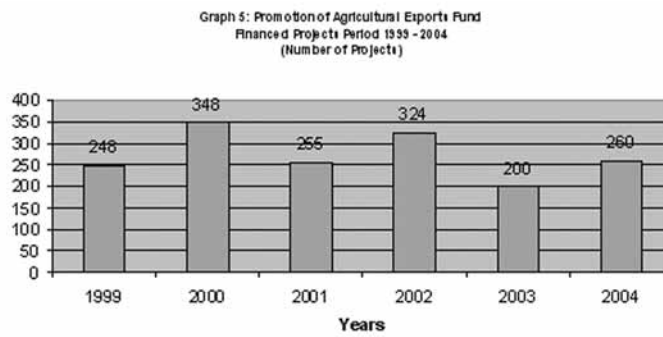
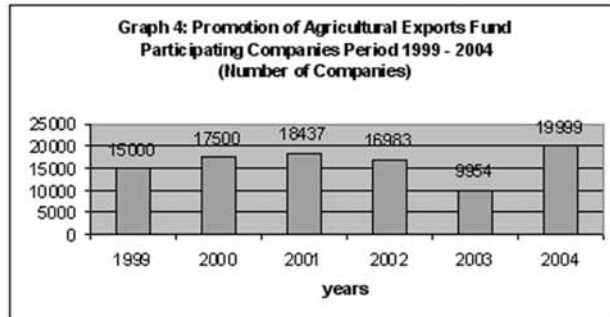
In addition, the Fund supports the sectors that are making the way to exports, such as the case of the Livestock sector that has a 5.6% of participation in the resources distribution, led by the support to the opening of markets for white the red meat Programs and a growing incorporation of the dairy sector.

Also it is relevant to mention the strategic bet that the Fund does in sectors that today are not of great exporting contribution, but certainly, have an enormous potential for the country in general and the agriculture sector in particular. Among these, it is possible to mentioned the vegetables, leguminous plants and organic products sector.



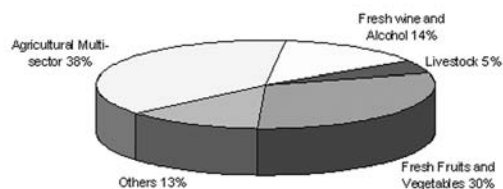
ANNEXES

ANNEX 4: MARKETS IMPROVEMENT AND DEVELOPMENT PROMOTION OF AGRICULTURAL EXPORTS FUND –PROCHILE



ANNEX 4: MARKETS IMPROVEMENT AND DEVELOPMENT PROMOTION OF AGRICULTURAL EXPORTS FUND –PROCHILE

Graph 7: Promotion of Agricultural Exports Fund
Implemented Resources Distribution by sector year 2004



MINISTRY OF AGRICULTURE COMMITMENT WITH THE AGRICULTURE
MANAGEMENT REPORT YEAR 2004
(Thousands Pesos year 2004)

ORGANIZATION: SUBSECRETARY OF AGRICULTURE - MINISTRY OF
FOREIGN AFFAIRS.
PROGRAM AND/OR PROJECT: PROMOTION OF AGRICULTURAL EXPORTS
FUND

REGION	BUDGET 2004			INDICATORS	
	Resources by Budget (M\$)	Implemented Resources (M\$)	Implemented Resources (%)	Number of Companies (N°)	Number of Projects (N°)
I	7.415	7.415	100,0	15	7
II	-	-	-	0	0
III	10.756	10.756	100,0	13	7
IV	39.028	39.028	100,0	26	8
V	84.222	84.222	100,0	53	15
VI	86.943	86.943	100,0	32	8
VII	132.525	132.525	100,0	321	19
VIII	98.839	98.839	100,0	31	18
IX	69.054	69.054	100,0	104	14
X	71.680	71.680	100,0	1859	13
XI	5.110	5.110	100,0	40	2
XII	9.370	9.370	100,0	3	3
RM	326.433	326.433	100,0	308	25
Central Level					
(1)	5.893.168	5.893.168	100,0	16686	129
TOTAL	6.834.543	6.834.543	100,0	19.491	268

OBSERVATION:
(1) Includes Th. \$5.092.085 corresponding to 121 inter-regional projects. Also, includes the resources destined to the hiring of Agricultural representatives and the supplements for drag projects

ANNEXES

ANNEX 5: PROMOTION TO PRIVATE INVESTMENT IN CHILE ABOUT DRAINAGE AND IRRIGATION WORKS

INTRODUCTION

Promotion Law to Private Investment about Drainage and Irrigation Works is created in Chile in front of a small investment of private sector related to small irrigation and drainage works construction and in a scenario where State had a more subsidiary role in the economy. On the other hand, an opening policy toward international markets had been promoted; this action creates the need of more competitive and more profitable agriculture.

Chile is known by the large climatic variability along the territory, with large lack of hydric resources in Central and North zones, where the intensive agriculture needs irrigation. South zone has more availability of hydric resources, but with summer lack; for this reason, it is necessary the supplementary irrigation. This situation is presented in figure N° 1.

The above-mentioned subject leads to the creation of an incentive in order to farmers carry out investments to solve the hydric deficit and it would allow the development of more profitable agriculture.

The irrigated area of the country reaches 1,8 millions of ha., 1,2 millions of them have irrigation security of 85%. It is estimated that potential irrigated area is 2,5 millions of ha., that is to say, an expansion challenge of 700.000 ha. of new irrigation and the improvement of irrigation security of 600.00 ha.

OBJECTIVES

Generals Objectives

The general objectives that are proposed with this promotion instrument application are:

- To improve agricultural production and productivity
- To increase agricultural activities competitiveness in internal scope of the country and in international markets
- To raise the enter and life quality of farmers
- To increment the employment
- To contribute with irrigation to predial level, in areas that are benefited with medium and large irrigation works.

ANNEX 5: PROMOTION TO PRIVATE INVESTMENT IN CHILE ABOUT DRAINAGE AND IRRIGATION WORKS

Specifics Objectives

The specific proposed objectives are:

- To increment the drained and irrigated area of the country
- To increase the irrigation security in irrigated areas with hydric deficit
- To promote application and water conduction efficiency

IRRIGATION AND DRAINAGE PROMOTION APPLICATION MECHANISMS

The works construction is carried out with private and state contribution. State contribution is assigned by means of selection process mechanism. This selection process is convoked with reference terms and specific administrative bases and with a specific amount of resources for state contribution assignation. Farmers postulate to selection processes with a project that is elaborated by professionals classified in a consultants' registration. Projects, before the admission to selection process, are revised from technical and legal point of view. Those projects that don't carry out with technical reference terms and administrative bases are rejected and those are not admitted to selection process.

To projects that are admitted to selection process a score that determines the priority order is assigned. This score is determined by three variables: monetary **Contribution** offered by farmer, expressed in work to construct total cost percentage, not lower than 25%, when the contribution is higher the score is higher; **Area** benefited by project, expressed in hectares, when the area is higher the score is higher; total **Cost** of the project, when the cost is lower the score is higher.

It is developed a projects ordering, from highest score to lowest score, and it is assigned according to contribution offered by the farmer with regard to work to construct total cost (state contribution = project total cost-private contribution). Projects presented to selection process with a sum of state contribution petitions covered with the amount determined in respective selection process bases are favored. Projects that don't receive state contribution will be able to postulate to future selection processes.

State contribution is given to farmer when the work is constructed and agreed received by a fiscal inspection. This implicates that initially construction cost must be assumed by farmer totally. However, when state contribution is given, farmer receives a certificate that guarantees this action. This certificate, according to law, can be endorsed to third part and over this the guarantees can be constituted. This characteristic allows that farmer can give this certificate to commercial bank as credit guarantee.

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ANNEX 5: PROMOTION TO PRIVATE INVESTMENT IN CHILE ABOUT DRAINAGE AND IRRIGATION WORKS

Maximum cost of projects that can be presented to a selection process is US\$ 265.000, in the case that these projects benefit only one property, and US\$ 530.00 for associative projects and water users associations.

Several convocations to selection process for specific goals are carried out annually: drainage, irrigation modernization, works construction, irrigation and drainage works reparation, subterranean water reception, pumping stations, and other.

RESULTS

The results of last 10 years of application of this promotion program indicate that 5.538 projects presented to selection process have been approved with a total cost of US\$ 308 millions and a state contribution of US\$ 179 millions. Therefore, private contribution was US\$ 129 millions, that is to say, 42% of total cost of the works. Generally, the demand by state resources exceeds the offer.

The benefited physical area reached to 757.000 ha in the same period. The area with modern irrigation (dripping, microsprinkling, and sprinkling) was 58.000 ha., the incorporated area of new irrigation reaches to 53.000 ha., and drained area to 20.000 ha. The difference corresponds to the area that was benefited with existing works reparation, improvement of water distribution, and increase of hydrologic security of the irrigation.

When we analyze the period of 10 years, we conclude that there is an increment of the above-mentioned parameters.

Investment Structure

When we analyze the structure of the investment in irrigation, because of the Promotion Program application, it is necessary to distinguish the low operational costs of the State. This, because of most of decisions are taken by private sector. State maintains a regulatory and resources assignation role in effective and efficient way.

Because of the irrigation works construction, a series of private or complementary investments associated to them are stimulated, and as example we can indicate: packing for fruits, warehouse, cold-storage chambers, interior paths of properties, and others.

In figure N° 2, it is shown the investment structure.

Agriculture Intensification

With the application of this Promotion Program, it is observed a fundamental change with regard to soil use, the pass from extensive cultivation to intensive of large

ANNEX 5: PROMOTION TO PRIVATE INVESTMENT IN CHILE ABOUT DRAINAGE AND IRRIGATION WORKS

profitability and competitive in world market cultivation. Additionally, a significant increase about production and productivity of cultivations is distinguished. When we compare irrigation area that was not benefited with Promotion Program to that benefited area, it is observed significant increases in the area planted with fruit trees, vegetables and flowers, and specially viniferous grapevine. This is illustrated in figure N° 3.

Creation of Jobs

In figure N° 4, we observe the number of transitory jobs created in last 5 years, because of works construction and transitory agricultural labors, specially derived of fruit cultivation and the posterior packing. Additionally, the creation of permanent jobs at world level is notorious. In 2002, 10.000 transitory jobs and 8.700 permanent jobs were incorporated at country level.

Profitability

The economic evaluation to market price, performed from 1985 to 1996, indicated a Present Net Value (VAN) of US\$ 364 millions and an Internal Rate of Return (TIR) of 33%.

Promotion Law and Total Irrigation Investment in Chile

In chart N° 1, it is compared the Irrigation Promotion with total investments in irrigation performed in Chile during the last 12 years. We conclude that this program represents about 50% of sub-sector investment.

CONCLUSIONS Y RECOMENDATIONS

We conclude that Promotion law to Private Investment about Irrigation and Drainage Works program has been successful as contribution to increase the profitability of agriculture and to solve water deficit. The increase of competitiveness of agricultural sector and the production and productiveness of cultivation is distinguished. A very important element for the development is the permanent creation of jobs that cause this promotion instrument. We have to distinguish the low operational costs that State spends for the implementation of Irrigation Promotion.

We recommend the study of mechanisms in order to improve the quality of the projects presented by farmers, because of the number of rejection of them and, therefore, they are not admitted in selection process. Likewise, we will have to perform a new economic evaluation that include the 1997 period to day

ANNEXES

ANNEX 5: PROMOTION TO PRIVATE INVESTMENT IN CHILE ABOUT DRAINAGE AND IRRIGATION WORKS

Figure N° 1

Climate and Agriculture

Climatic area	Average annual rainfall (mm)	Main Crops	Chilean map latitudes
Desertic	0 - 25	Irrigated valleys grape, olives, lemon, horticultural crops. Production all year.	
Arid	25 - 300	Irrigated valleys: grape, avocado, citric, olives, early production horticultural crops. Alfalfa, wheat, corn.	
Mediterranean	300 - 1200	Central Zone and Irrigated valleys: table and wine grape, apple, pear, kiwis, nectarine, almond, walnut, peach, etc. Winter and summer horticultural crops. Annual crops: wheat, corn, beetroot, oleaginous, rice, beans, etc. irrigated prairies: alfalfa, ryegrass, clover. Meat and milk Livestock: Unirrigated agriculture: wheat, lentil, etc. Forestry.	
Humid Mild	1200 - 3000	The Agriculture activity depends on the rain. In the central valley there are small irrigated areas: beetroot, oleaginous, potatoes, berries, grass, etc. Unirrigated agriculture: cereals, beetroot, grass. Meat and milk Livestock Forestry	
Dry Mild	400 - 1200	Small irrigated areas, Natural prairies, Ovine and Bovine Livestock	

ANNEX 5: PROMOTION TO PRIVATE INVESTMENT IN CHILE ABOUT DRAINAGE AND IRRIGATION WORKS

Figure N° 2

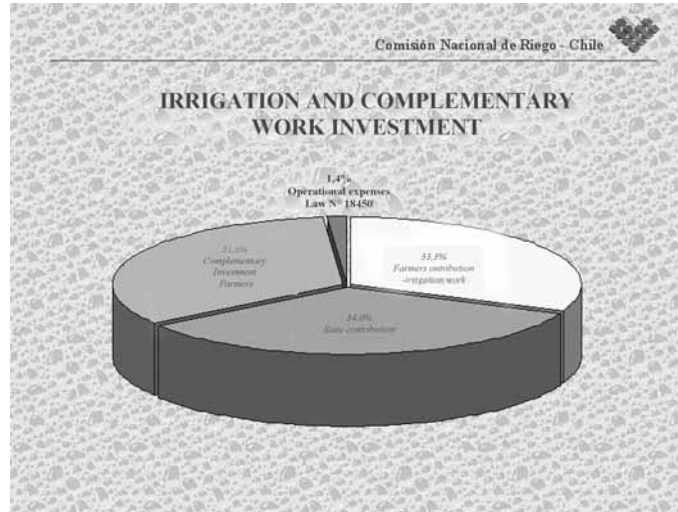
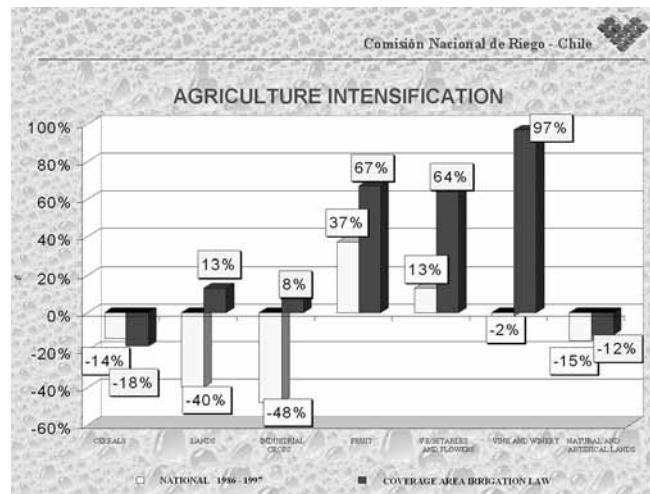


Figure N° 3



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ANNEX 5: PROMOTION TO PRIVATE INVESTMENT IN CHILE ABOUT DRAINAGE AND IRRIGATION WORKS

Figure N° 4

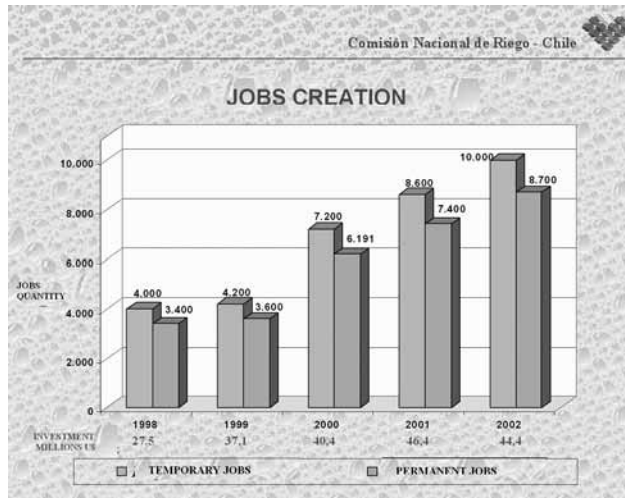


Diagram N° 1



ANNEX 6: DECREE N°1651 CREATES ADVISORY COMMISSION ABOUT GOOD AGRICULTURAL PRACTICES SUBJECTS

Decree N° 1651. Creates Advisory Commission About Good Agricultural Practices Subjects.

REPUBLIC OF CHILE
MINISTRY OF AGRICULTURE
SUBSECRETARY OFFICE
LEGAL COUNSEL OFFICE
ECT/SHA/xvl

CREATES ADVISORY COMMISSION OF GOOD AGRICULTURAL PRACTICES. _

SANTIAGO,

N° _____ / _____
HAVING CONSIDERED: The application of the provisions of articles 32 and 24 N° 8 of the Political Constitution of the Republic; in the DFL N° 294, of 1960, organic of the Ministry of Agriculture; in article 1°, paragraph I, N° 21, of decree N° 19, of 2001, of the General Secretariat of the Presidency; in article 3°, N° 19, of Resolution N° 520, of 1996, of the Office of the Comptroller General of the Republic, and

C O N S I D E R I N G:

That the Ministry of Agriculture is the Secretariat of State in charge to promote, orient and coordinate the national agricultural industry.

That one of the strategic axes of a State Policy for Agriculture is a clean and qualified agriculture, where the denominated Good Agricultural Practices constitute a fundamental base for its development.

That it is understood by Good Agricultural Practices, the set of essential elements that have as purpose to allow to reach a sustainable development of commercial agricultural activity and to maintain the consumers confidence in the quality and harmlessness levels of the product, by means of the use of principles and technical recommendations applicable to different stages of the agricultural production, with the purpose of to offer the market a quality product, obtained with the minimum environmental impact and preventing the contamination with chemical substances or pathogenic microorganisms, as much to the workers as to the consumers.

That in order to prepare a policy of a clean and qualified agriculture, it is necessary that the Ministry of Agriculture counts on a Commission that advises regarding the formulation of it.

ANNEXES

ANNEX 6: DECREE N°1651 CREATES ADVISORY COMMISSION ABOUT GOOD AGRICULTURAL PRACTICES SUBJECTS

D E C R E E :

1.- Let there be created the Advisory Commission of Good Agricultural Practices, which objective will be to advise the Minister of Agriculture in the formulation of a policy destined to incorporate in the agricultural productive processes the concept of Good Agricultural Practices, that will include the following aspects:

- a) Production practices that cause the lesser environmental impact and prevent the contamination with chemical substances or pathogenic microorganisms;
- b) Harvest, packing, and transport systems that fulfill the purpose indicated in the previous letter;
- c) Use of intermediate chemical products that could produce wastes at agro alimentary products level;
- d) Quality, hygiene, and harmlessness of agro alimentary products;
- e) Hygiene and security of workers;
- f) Other measures related to previous process that tends to minimize the effects on environment

2.- The general functions of the Commission will be:

- a) To unify criteria and concepts used by different producing and commercializing sectors with regard to Good Agricultural Practices.
- b) To propose, to evaluate and to promote ministerial importance initiatives in the framework of BPAs and Quality (projects, studies, analysis, etc.)
- c) To monitor and to orientate the initiatives about subjects related to Good Agricultural Practices and Quality
- d) To promote BPA concept and the implications, not only between producers and traders, but also between consumers in order to make massive the application, generating a country image at international level.

ANNEX 6: DECREE N°1651 CREATES ADVISORY COMMISSION ABOUT GOOD AGRICULTURAL PRACTICES SUBJECTS

3.- This Commission will be integrated by a representative of each one of the following Services:

- a) Office of Agricultural Policies and Studies,
- b) Agriculture and Livestock Service, and
- c) Institute for Agricultural Development.

4.- The Ministry will invite to participate to the following entities at the Commission, for that reason, Ministry will solicit that they designate to the representative that integrate this Commission:

- a) Farming Research Institute;
- b) Agrarian Innovation Foundation;
- c) Exporters' Association;
- d) Birds Producers' Association;
- e) Fruits Producers' Association;
- f) Meat Producers' Association;
- g) Dairy Producers' Association;
- h) The Voz del Campo Confederation;
- i) Farmers Cooperative Confederation (CAMPOCOOP), and
- j) Chile's United Farmers and Ethnic Groups Movement

5 The services and entities that were indicated in the two previous numbers will designate the respective representatives, trying that they are people with assigned responsibilities with regard to agro alimentary quality in the respective institution.

6.- The Commission will be presided by the Sub-Secretary of Agriculture, who will coordinate the Commission work.

7.- The Commission could invite to public functionaries, experts, academicians, and private sector people, who have recognized loquacity about discussed subjects, when it considers convenient to ask their opinions about those subjects.

8.- The Commission will determine the periodicity of the meetings to do its duty.

FOR REGISTRATION, RECORDING, AND TRANSMISSION.

BY COMMANDMENT OF PRESIDENT OF THE REPUBLIC

JAI ME CAMPOS QUIROGA
MINISTRY OF AGRICULTURE

ANNEXES

ANNEX 7: IRRIGATION DEVELOPMENT

IRRIGATION DEVELOPMENT

The main purpose of this line is to increment and to improve the irrigated area of the country, to increase the irrigation efficiency, to assure the hydric supplying of irrigated areas, and to enable wrong drained soils.

The used instruments are:

- Irrigation: in 2004, Farmers Irrigation Program was divided into two components, Individual Irrigation and Associative Irrigation PDI, both modalities benefit small producers in individual or associate way, and this program is implemented by Institute for Agricultural Development (INDAP).
- **Subsidy Law N° 18.450: funds managed by National Irrigation Commission (CNR)**
- Large and medium irrigation works: Ministry of Public Works (MOP) by means of this program develops hydraulics works in an integrated management context of hydrographical basins in order to benefit all the community.

BONUS TO INVESTMENT WITH REGARD TO IRRIGATION AND DRAINAGE – CNR

Subsidies Law N° 18.450 of Irrigation Promotion

The objective is to give support to private investment with regard to irrigation and drainage works in order to increment and to improve the irrigated area of the country, to increase the irrigation efficiency, to improve the supplying of irrigated areas, and to enable wrong drained soils.

The Law N° 18.450 performs by means of public selection process managed by National Irrigation Commission, giving subsidies to irrigation and drainage projects with a cost not over 12.000 UF in the case of individual projects and up to 24.000 UF in the case of if it is presented by irrigators' organizations. The maximum amount of bonus of a specific project is 75% of the total cost; however, in the case of small farmers, this bonus could reach a legal maximum of 90% if we add other bonuses. In 2004, 16 selection processes by 24.000 millions were convoked.

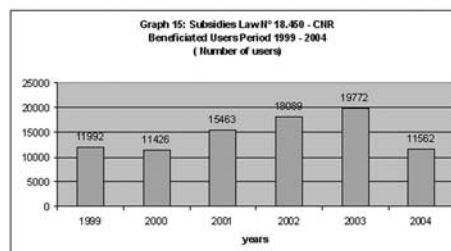
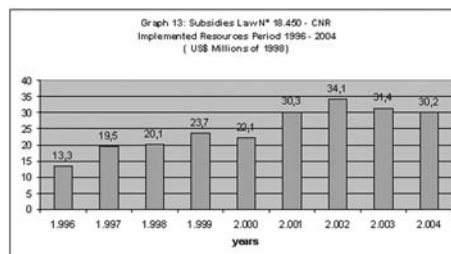
Because of the heterogeneity of the agriculture of the country and in order to reach more equity in postulation, annual calendar considers resources focused by macro zones and farmer stratum, in order to assure that this State support become a real productive development lever, with equity criteria between small and medium farmers.

ANNEX 7: IRRIGATION DEVELOPMENT

In 2004, 746 bonus certificates were given with 110.000 hectares of coverage. Resources effectively paid by subsidy increased to \$16.443,5 millions, equivalent to US \$30,2 millions of 1998, this corresponded to 636 projects, with 73.176 hectares of coverage and it benefited 11.562 agricultural producers.

An important part of the resources of Irrigation Promotion Law is destined to small farmers' projects that postulate to special selection processes. Between them, extreme zones, vulnerable areas as dry land, poor communes, and indigenous areas participate preferentially.

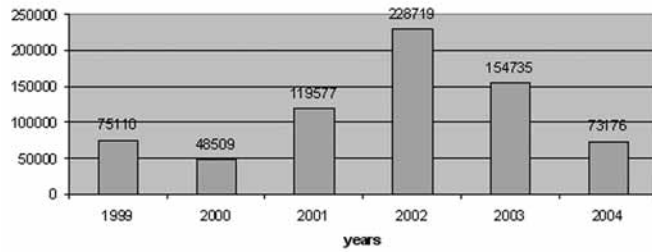
Also, it is focused in south agriculture, irrigation works construction, and training programs in order to improve the competitiveness in front of challenges imposed by free trade treaties.



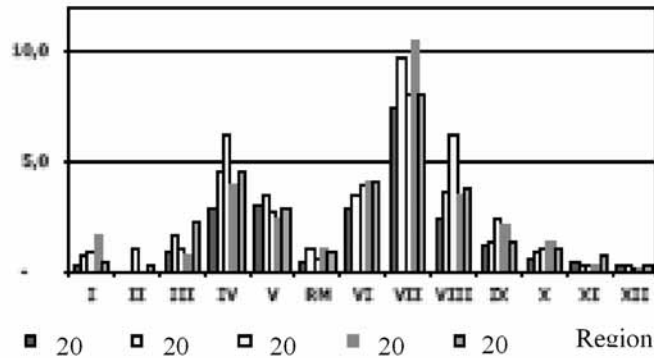
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ANNEX 7: IRRIGATION DEVELOPMENT

Graph 14: Subsidies Law N° 18.450 - CNR
Bonified Areas Period 1999-2004
(Ha)



Graph 16: Subsidies Law N° 18.450 - CNR
Implemented Resources by Region Period 2000 - 2004
(US\$ Millions of 1998)



ANNEX 7: IRRIGATION DEVELOPMENT

MINISTRY OF AGRICULTURE COMMITMENT WITH THE AGRICULTURE							
MANAGEMENT REPORT YEAR 2004							
(Thousands Pesos year 2004)							
ORGANIZATION: NATIONAL IRRIGATION COMMISSION							
PROGRAM AND/OR PROJECT: SUBSIDIES LAW 18450, REAL INVESTMENT AND TECHNOLOGICAL VALIDATION							
MEDIUM AND SMALL WORKS PROGRAM (PROMM) (SUMMARY)							
BUDGET 2004				INDICATORS			
REGION	Resources by Budget (M\$)	Implemented Resources (M\$)	Implemented Resources (%)	Bonified Areas (Physical Ha.)	Technified Areas (Physical Ha.)	Beneficiaries N°	Paid Projects N°
I	241.608	241.608	100,0	217	10	140	7
II	114.819	110.819	96,5	38	0	37	9
III	1.231.988	1.231.988	100,0	1.630	163	361	16
IV	2.628.810	2.628.408	100,0	7.682	389	3.370	60
V	1.605.358	1.604.834	100,0	8.273	754	2.887	68
VI	2.253.980	2.253.980	100,0	5.756	1.302	903	77
VII	4.496.444	4.496.420	100,0	21.389	2.310	2.571	203
VIII	2.134.303	2.134.303	100,0	21.639	2.134	774	112
IX	704.093	704.093	100,0	1.233	529	176	22
X	626.368	626.353	100,0	1.289	474	46	29
XI	344.056	344.056	100,0	682	162	87	8
XII	112.204	112.204	100,0	178	5	5	5
RM	509.408	508.908	99,9	3.170	380	205	20
Central Level	1.376.981	1.372.933	99,7	0	0	0	0
TOTAL	18.380.422	18.370.907	99,9	73.176	8.612	11.562	636

MINISTRY OF AGRICULTURE COMMITMENT WITH THE AGRICULTURE							
MANAGEMENT REPORT YEAR 2004							
(Thousands Pesos year 2004)							
ORGANIZATION: NATIONAL IRRIGATION COMMISSION							
PROGRAM AND/OR PROJECT: SUBSIDIES LAW 18450							
BUDGET 2004				INDICATORS			
REGION	Resources by Budget (M\$)	Implemented Resources (M\$)	Implemented Resources (%)	Bonified Areas (Physical Ha.)	Technified Areas (Physical Ha.)	Beneficiaries N°	Paid Projects N°
I	241.608	241.608	100,0	217	10	140	7
II	89.337	89.337	100,0	38	0	37	9
III	1.190.805	1.190.805	100,0	1.630	163	361	16
IV	2.484.556	2.484.556	100,0	7.682	389	3.370	60
V	1.544.176	1.544.176	100,0	8.273	754	2.887	68
VI	2.179.263	2.179.263	100,0	5.756	1.302	903	77
VII	4.408.577	4.408.577	100,0	21.389	2.310	2.571	203
VIII	2.075.048	2.075.048	100,0	21.639	2.134	774	112
IX	704.093	704.093	100,0	1.233	529	176	22
X	586.368	586.368	100,0	1.289	474	46	29
XI	344.056	344.056	100,0	682	162	87	8
XII	112.204	112.204	100,0	178	5	5	5
RM	483.408	483.408	100,0	3.170	380	205	20
Central Level	0	0	100,0	0	0	0	0
TOTAL	16.443.500	16.443.500	100,0	73.176	8.612	11.562	636

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