



www.experians.net

Newsletter 4 :

Santiago de Chile

July - August 2004

Experians is a French non-profit organization created by two young graduates from Paris Ecole Polytechnique. Its objective is to study the solutions developed for sanitation problems in urban poor settlements within developing countries. Based on the experiences of six cities – New Delhi, Hanoi, Phnom Penh, Santiago de Chile, Buenos Aires and Antananarivo – the organization wants to bring a new view on these problems and a transverse analysis.

Interview of Phil with Mary, PhD student in economy, specialist of public services in Chile:

Phil: I am surprised to see the quality and high coverage of public services in the city of Santiago de Chile. How did Chile reach such a level of development, so fast that it has really overtaken its neighbors in the past twenty years?

Mary: The progresses are due to the introduction of a neo-liberal economy in the country. The major part of the public services have been put into concession and then privatized recently so that the foreign investors had to provide the capitals necessary to the good development of these services, in particular water supply, sanitation and solid waste. Today, the metropolitan region of Santiago has coverage of 100 % in water supply, 70 % in waste water treatment and 95 % in recollection of domestic waste. The good coverage in waste water collection and treatment is recent as it corresponds to the investments of up to US\$ 1.5 billions of Aguas Andinas to build, among others, "La Farfana", a plant that treats daily the waste water of 3 millions people, almost half of the population of Santiago.

Phil: Did Chile attract more investments than its neighbors? Or did it manage them better?

Mary: Chile presents some essential features for the success of this kind of model. The companies willing to get to the South American market have thus wanted to invest a lot in Chile as an entry point in the region. This explains also the great debt of Aguas Andinas to build "La Farfana" within an exemplary time limit: today this debt makes Suez, which owns a great part of Aguas Andinas, withdraw from this company. This makes me think that such investments will not be carried out again as such in

other South American countries.

Phil: You talked about essential features for the success of the neo-liberal model. What are they?

Mary: Chile is a stable country, laws are obeyed and institutions can be trusted. A

company willing to invest in this country knows that it can rely on an efficient legal system. Chileans are well-disciplined - that is a characteristic of this country -, they pay their bills regularly and accept the idea to have to pay for the services they have access to.

Phil: The fares are not accessible to all. How do the poorest do?

Mary: There exists an official program which makes the government pay the bills of the poorest directly to the companies for some public services. Programs of slums and poverty alleviation have allowed a considerable reduction of the number of poor households in Chile in the past ten years. I am no specialist in this matter but you can talk about it with Mr. Eduardo.

Phil: Are the concessions in the services of water supply, sanitation and solid waste management identical?

Mary: Not exactly. The political system is very centralized in Chile. Thus the services of water supply and sanitation have been privatized on invitations to tender from the government who keeps a role in control and regulation. Solid waste collection and final disposal are the responsibility of the municipalities. These ones frequently gather in order to provide a better service management and to make the invitation to tender. They have thus been at the origin of the creation of Santiago Poniente, a new sanitary landfill which receives a great part of the domestic waste of the city. This landfill was entirely built by and is managed by a private company. The problem in this system is that the sanitary regulation and the collection conditions are decided by municipal technical departments quite poor in human and technical resources. Nevertheless, the sector is evolving.

Phil: One last question concerning the drainage of the city which seems to be inefficient: is another concession planned?

Mary: Yes, a drainage plan has been created and the invitation to tender is going on. The city dwellers will pay a tax for this drainage. The government would like to include it in the water supply bill but Aguas Andinas does not agree with that. It has to be discussed... And, in order to anticipate your question, the poorest will be exempted from this tax.

Chile is a stable country, laws are obeyed and institutions can be trusted: this attracts foreign investors.



Interview of Phil with Mr. Eduardo, in charge of housing programs in the Ministry of Urbanism and Housing, Chile:

Phil: Good Morning Sir. You know the problem of poverty in Chile very well, especially in Santiago. What are, according to you the most significant breakthroughs on a social level these last few years?

Mr. Eduardo: Two programs are responsible for the main part of the actions in the poor populations' livelihood improvement: "Vivienda Social Dinámica" and "Chile Barrio". Concerning water (waste water collection and treatment are billed as a percentage of water consumption), different winter/summer fares show the will to help poor populations: the richest consume more in summer (backyard, summer pool) and pay for it.

Phil: Tell me more about "Vivienda Social Dinámica"...

Mr. Eduardo: The poorest fraction of the population can contract an interest-free loan with the Ministry of Urbanism and Housing in order to have access to real estate property. They only have to show 3 % of the total amount required. As a result, 78 % of the Chileans own their home.

Phil: How do you define the poorest populations?

Mr. Eduardo: There is a system of poverty classification: the CAS inquiry, which is a form to be filled up by the household and which grants a certain number of points according to several criteria such as the household income or the housing precariousness. Below a given total, the household is considered to be poor and receives aids from the government. For example, the government pays up to 50 % of the first 15 m³ of water consumed by a poor family or exempts it from the solid waste collection tax. This concerns around 25,000 families in Chile.

Phil: Very interesting... What about "Chile Barrio"?

Mr. Eduardo: This program concerns families from slums, called "callampas" (= mushrooms). The 1997 census counted 900 slums in Chile, 113 of which are located in Santiago. This program, ambitious and original in its approach, ends in 2004. It considers poverty from several angles such as housing or personal and community development. Results are impressive. Nevertheless, independent studies denounce the practical difficulties of its application. Chilean institutions and ministries have very little coordination and this social program appears essentially as a relocation program.

Phil: You mean that there is a gap between macroscopic figures and reality?

Mr. Eduardo: Exactly. This can be generalized to all social policies of the country. They are envied by many countries on the basis of the macroscopic figures but large inequalities still exist.

Below a given total on the CAS form, the household is considered to be poor and receives aids from the government.

Families are relocated but they live in overcrowded houses, and relocations split communities up. These programs are unfortunately often linked with election deadlines. Last but not least, no renovation is planned for example for the social houses built twenty years ago.

Phil: What about the sanitation of

the poorest population...

Mr. Eduardo: The law requires all housing to be built with a sanitation system: relocated households are thus provided with an appropriate waste water and solid waste collection.

But all of them cannot afford it and the CAS form system is sometimes applied to the detriment of the provided service: the poorest municipalities cannot provide domestic waste collection by lack of resources.

Phil: Are there any actions undertaken by NGOs?

Mr. Eduardo: Very few. As a consequence of the high concentration of powers and the faith of the Chileans in their institutions, the two programs I just told you about

represent the greatest part of the country's social policies.

Phil: Very well. Thanks a lot, Sir, for all this information that will help me understand better the social situation of Santiago de Chile.



Electronic resources:

Aguas Andinas: www.aguasandinas.cl ;
AEPa (Association of Environment Companies and Professionals): www.aepa.cl, www.chileambiental.cl ;
Ministry of Housing and Urbanism: www.minvu.cl,
www.fsv.cl ;
Ministry of Public Works: www.moptt.cl, www.siss.cl ;
CONAMA (National Commission for Environment):
www.conama.cl ;
French Embassy Economic and Finance Department:
www.missioneco.org/chili ;
ECLAC (Economic Commission for Latin America and the Caribbean): www.eclac.cl ;
Chile Barrio: www.chilebarrio.cl ;
SESMA (Servicio de Salud Metropolitano del Ambiente):
www.sesma.cl ;
Casa de la Paz: www.casapaz.cl ;
Pan-American Center for Sanitary Engineering and Environmental Sciences: www.cepis.ops-oms.org .

Contact Experians:

julien.gabert@m4x.org, celia.de-lavergne@m4x.org,
www.experians.net .