



N° 1320

Santiago, 26 November 2020

Mr. Angel Gurría
Secretary-General
Organisation for Economic Co-operation and Development
OECD

Dear Secretary-General,

I am writing to inform you that the Undersecretariat of International Economic Affairs – Ministry of Foreign Affairs Chile will contribute USD 200.000 (two hundred thousand dollars) to support the work on Chile's constitutional reform process which is included in the Organisation for Economic Co-operation and Development (OECD) Programme of Work and Budget via the OECD's work in the promotion of good governance, connecting people with better jobs, and country studies of well-being and inclusive growth (see intermediate output areas 2.2.1.4., 4.3.1 – 3.4., 4.3.1 – 2.1., 4.3.1 – 1.3. and 6.1.3.3.2).

The details of the project are described in the Terms of Reference included as an Annex to this letter.

I note that the OECD shall administer the contribution in accordance with its Financial Regulations and other relevant rules, policies and procedures which provide for an administrative cost recovery charge of 6.3% of the total contribution amount.

This amount will be paid upon receipt of an invoice from the OECD. To limit administration costs, should upon completion of the project an amount of EUR 2000 or less remain unspent, the OECD shall not be required to return these funds to Chile.

I note that the results of the work, in whatever form, shall be the sole property of the OECD.

Any disagreement arising out of or relating to the interpretation of, compliance with or execution of this contribution shall be resolved by the Parties by mutual agreement.

The present letter and your confirmation of acceptance shall form a binding agreement between us.

Yours sincerely,



RODRIGO YAÑEZ
Vice Minister of International Economic Affairs

AS WITNESS THEREOF



ANDRES ALLAMAND
Minister

Ministry of Foreign Affairs Chile



ANGEL GURRÍA
Secretary General
Organisation for Economic Cooperation
and Development

ANNEX- TERMS OF REFERENCE

OECD SUPPORT ON CONSTITUTIONAL REFORM PROCESS

a. Background information

Since the recovery of democracy in the early 1990s, Chile began an era of great political stability, economic progress, and social development. Poverty fell from 68.5% to less than 8.6% in 2018. Chile ranks first among Latin American countries on the Human Development Index (42nd worldwide), the middle classes, according to the IADB, expanded to 86% of the total population, and per capita GDP at PPP jumped from US\$ 5,800 (1990) to US\$ 25,000 (2019), according to the IMF. Even income inequality, a persistent phenomenon in Latin America, has plummeted in Chile to its lowest historical levels.

However, in late 2019, Chile –like other countries– experienced a social outbreak that turned into a complex political crisis. In this context, the "Agreement for Peace and the New Constitution" was reached, at the behest of President Sebastián Piñera.

Said Agreement established that a plebiscite should be held for citizens to decide whether they wish to adopt a new Constitution and, if so, whether that new Constitution should be drafted by a Convention whose members are fully elected ("Constitutional Convention") or by a Convention in which half of their representatives were current Congress members ("Mixed Constitutional Convention").

On October 25, 2020, an overwhelming majority of Chileans decided that a new Constitution should be drafted by a fully elected Constitutional Convention.

It is essential to underscore that, in accordance with its legal tradition, Chile amended its current Constitution to include a mandatory set of rules governing the objective, attributions, competence and operation of the Constitutional Convention; these rules are therefore endowed with the highest legal hierarchy. Thus, the Constitutional Convention will fulfill its task within a constitutional and legal framework already defined and accepted by almost all political actors.

From now on, the process will involve three milestones:

1. The election of the Constitutional Convention members, which will take place on April 11, 2021.
2. The inauguration of the Constitutional Convention in May 2021, which will launch nine months working period, extendable to a maximum of 12 months.
3. The plebiscite, in which citizens will ratify or reject the final text proposed by the Constitutional Convention.

According to this timetable, the Constitutional Convention must be functioning around May 2021, in order to complete its work around February 2022 or, should the deadline be extended, possibly by May 2022, time during which they will need to discuss and define the bases of what the text will be. Accordingly, the OECD's support to Chile on this project will begin on February 2021 and will terminate no later than May 2022.

Pursuant to Article 133 of the Chilean Constitution, the President of the Republic or the institutions he shall determine, must provide technical, administrative and financial support for the proper functioning of the Constitutional Convention.

Chile believes this is a unique opportunity to draft a Constitution inspired in 21st Century modern standards to face today's challenges, considering best practices and ideas to approach issues that matter the most to Chileans.

In this context, the OECD's expertise can serve to enrich the constitutional discussion, providing a vast array of relevant evidence and information that can be put at disposal of the Constituents during their working period for the purposes they shall determine.

b. Objectives

General Objective

The OECD will provide assessments, reports and/or recommendations regarding areas discussed with Chile during the Constitutional Working Period, to the extent allowed by the resources provided to it.

Specific objectives

- The OECD will revise existing international mechanisms and best practices regarding issues that have been identified as priorities or that may arise during the working period, identifying best practices and recommendations on the matter. Examples of these subjects may include but will not be limited to: fiscal infrastructure, institutional design- in particular, the degree of autonomy of key institutions and form of government -, decentralization, fundamental rights, and social minima.
- The OECD will gather data-based evidence that supports the discussions of the frameworks and/or regulatory solutions.

c. Methodology

The OECD and the Ministry of Foreign Affairs – Undersecretary of International Economic Affairs - will each appoint a contact point for the activities connected with the project . The work will be developed in the specific areas discussed with Chile and as a result specific papers/reports will be produced, in line with the terms of this Annex. The timeline for the development of such documents will be agreed by both Parties.

d. Expected Outputs

- The OECD will carry out a comparative analysis on key building blocks included in other Constitutions that have been recently amended or drafted. The analysis would be based on the practices in selected benchmarking countries (to be decided in consultation with Chile) and international standards.
- Building on available data and analysis, and to the extent allowed by the resources provided, the OECD will provide:
 - comparable data on related matters that are indicated as priorities during the working period
 - Policy briefs on the issues that have been identified as priorities in the Constitutional debate

- Focused assessments on specific matters discussed with Chile or the institution it shall determine, in accordance with the needs of the Constituents during the working period.