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# 2017 Social Performance Report

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Measuring what really matters



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Emprende Microfinanzas was one of the first micro-finance institutions in Chile to focus exclusively on supporting the small businesses of the low-income population, serving more than 9,000 entrepreneurs, of whom 57% are women.

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Emprende Microfinanzas S.A. (Emprende) specializes in providing financing for vulnerable entrepreneurs, with the aim of promoting their economic and social development by providing products and services that have been adapted to meet their needs.

It has been operating for over 30 years, initially as a savings and loan cooperative; since 2009 it has been a member of the BBVA Microfinance Foundation Group. It was one of the first microfinance institution in Chile and has the single-minded purpose of supporting the productive and commercial activities of people on low incomes. Today its goal continues to be to contribute to the sustainable progress of vulnerable entrepreneurs through *Productive Finance*.

In 2017, Emprende delivered loans to over 9,000 entrepreneurs, 57% of whom are women. With a loan portfolio of over USD 16 million, it has a footprint in six of the country's regions (Valparaíso, Metropolitana de Santiago, O'Higgins, Maule, Biobío and la Araucanía) through its network of 20 branch offices and 148 employees.

*With a track record of over 30 years in Chile, Emprende Microfinanzas has a footprint in six of the country's regions, through its network of 20 branch offices and over 140 employees*

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# Headline figures

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Data at December 31st, 2017

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Total clients

9,796

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Nº of disbursements in 2017

9,489

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Nº of employees

148

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Gross loan portfolio (USD)

16,214,973

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Average disbursement in 2017

1,612

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Amount disbursed in 2017 (USD)

15,291,528

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Nº of branch offices

20

## Total clients

# 9,796

Serving over 9,000 entrepreneurs, of whom 81% are in *vulnerability*, Emprende is staying on track as an institution dedicated to meeting the financial needs of micro-enterprises, targeting clients who find it difficult to access the financial system. 50% of current clients have primary education at best, which makes it hard for them to access the labor market, so entrepreneurship is their main source of income. Monthly *per capita* net income generated by these enterprises is USD 365, which is 80% of the current minimum wage.

Total clients

9,796



81%

Vulnerability<sup>1</sup>



57%

Women



35%

Rural environment



50%

Primary education at best<sup>2</sup>

New clients in 2017

2,371



88%

Vulnerability<sup>1</sup>



57%

Women



34%

Rural environment



40%

Primary education at best<sup>2</sup>



1,536

USD

Average disbursement<sup>3</sup>



365

USD

Monthly net income *per capita*



3.1

people

Household size

**1.** According to the Social Development Ministry's poverty line, new methodology. Clients whose monthly *per capita* net income (estimated as the business net income divided by the size of the household) is below the threshold calculated by multiplying the poverty line figure by three are in *vulnerability*. **2.** Proportion of all credit clients who have completed primary education, at best. **3.** Average disbursement: average disbursement of new clients served in 2017. **Note:** The percentage of rural clients is calculated using the municipality assigned by the Casen survey as the entrepreneur's domicile.

Source: Emprende. BBVAMF calculations.

# 1. Our clients



SDGs impacted

Over the course of 2017, of the 2,371 new clients served, 57% were women entrepreneurs. Women's participation in the workforce in Chile (48% vs. 71% of men), the lowest in South America\*, shows how difficult it is for women to join the job market and bring up their families, despite their higher levels of education. Being an entrepreneur is therefore a major opportunity for women. Emprende has a banking relationship with over 5,000 women of whom 1,359 women are new clients, thus contributing to reducing gender gaps.

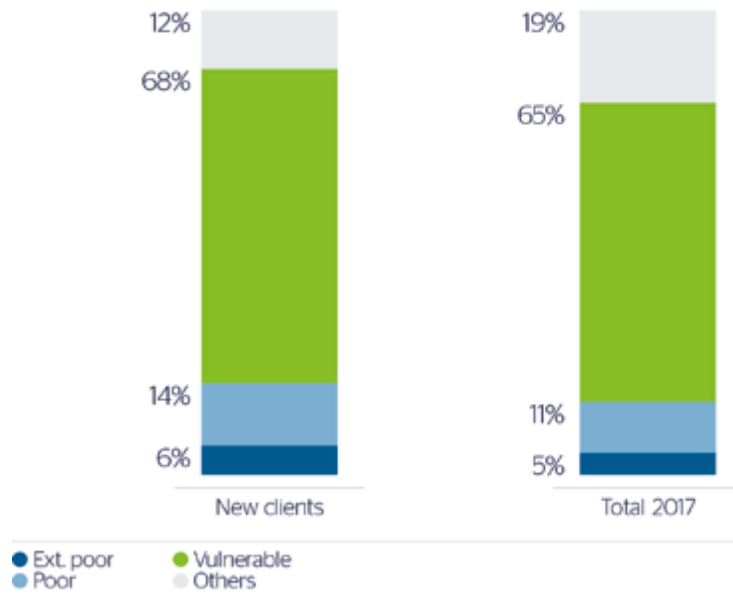
## Socio-economic profile

65% of the institution's clients are classified as *vulnerable* and 16% are under the poverty line (PL) based on Chile's Ministry of Social Development poverty lines. The figures for new clients served in 2017 have remained at similar levels, with 68% being *vulnerable* and 14% being *poor* and 6% *extremely poor*.

1. According to the Social Development Ministry's poverty line, new methodology. Clients whose monthly net income (i.e. profit obtained from their microenterprise) divided by the number of members in the family unit is above the poverty line but no more than three times the poverty line of their corresponding country are classified as *vulnerable*. 'Total': represents the number of clients at 31.12.2017. 2. Proportion of clients current as of 12.31.2017. New clients (no previous loans) signed up over the year.

\*[http://www.comisiondeproductividad.cl/wp-content/uploads/2017/09/Informe\\_Recomendaciones\\_para\\_aumentar\\_la\\_Participacion\\_Laboral\\_Femenina\\_en\\_Chile.pdf](http://www.comisiondeproductividad.cl/wp-content/uploads/2017/09/Informe_Recomendaciones_para_aumentar_la_Participacion_Laboral_Femenina_en_Chile.pdf)

## 1. Client economic vulnerability



Source: Emprende. BBVAMF calculations.

## 2. Women's profile



● Women  
● Primary education at best  
● % Vulnerability  
● Monthly per capita net income (new clients)

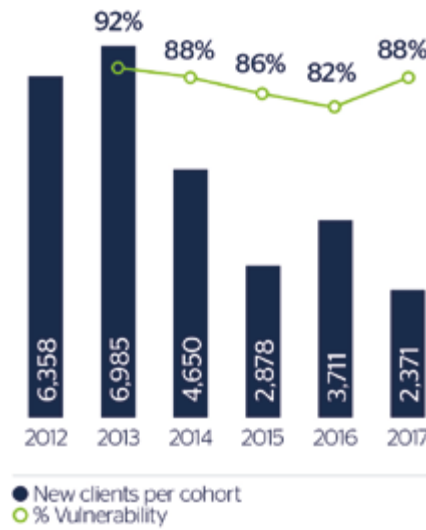
Source: Emprende. BBVAMF calculations.

- Women suffer higher levels of poverty and economic vulnerability. 20% of women entrepreneurs generate revenues under the PL and 86% of them are in *vulnerability*. That is, they are at risk of falling back into poverty. In the case of men, these indicators stand at 8% and 72%, respectively. Women head up smaller enterprises and generate lower incomes than men, as a consequence of the obstacles facing them in Chile.

- Client sign-up over the year shows that women experience a disproportionately high rate of *poverty* (82%) and *extreme poverty* (77%). Meanwhile, only 41% of clients classified as *others* are women.

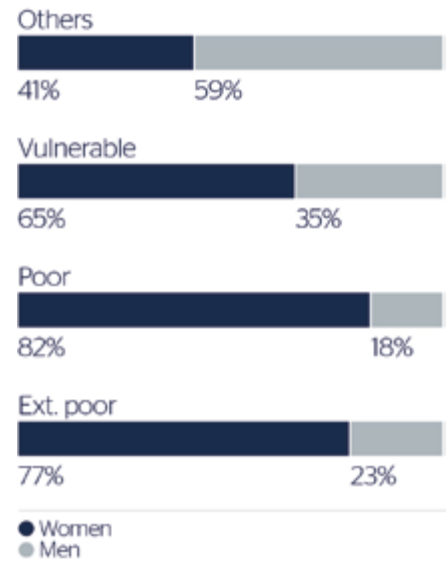
- During 2017, Emprende has made an effort to finance a higher number of clients in *vulnerability*, defining new risk policies to make this possible. This has had a positive impact; the growth of new clients has slowed, but more of these are *core* or *vulnerable* clients (88%), that is, 2,086 *vulnerable* families who over the course of the year have had the opportunity to access financing for their companies, improving their current and future situation.

### 3. New credit clients



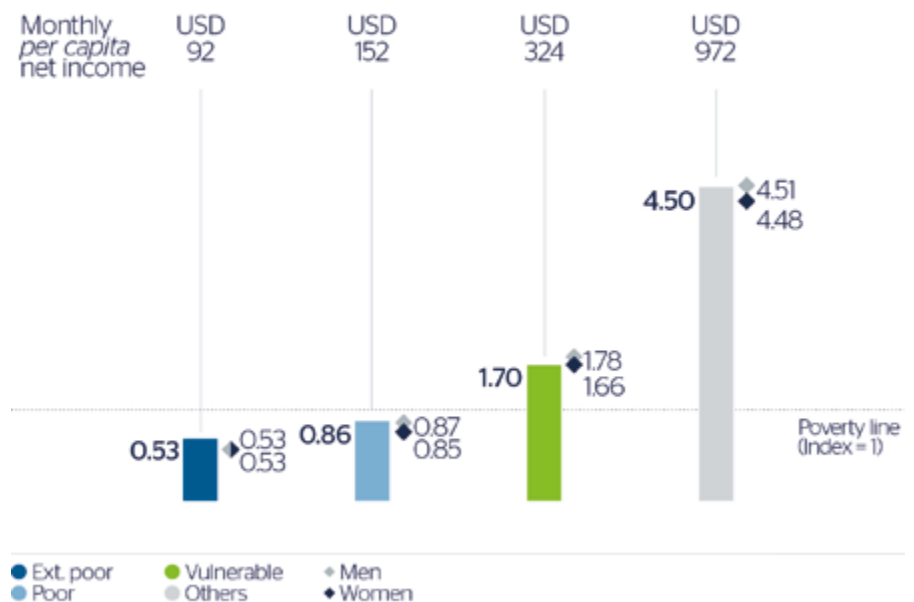
Source: Emprende. BBVAMF calculations.

### 4. New credit clients' vulnerability, by gender



Source: Emprende. BBVAMF calculations.

### 5. Relative net income of new clients



Source: Emprende. BBVAMF calculations.

**3&4.** New clients (no previous loans) signed up over the year. **5.** According to official poverty lines from the Ministry of Social Development, depending on household size (new methodology). Considers clients signed up during the year (no previous loans).

# 1. Our clients

- The monthly *p.c.* net incomes of clients in *extreme poverty* are USD 92, amounting to 53% of the PL. *Vulnerable* clients, who have a comparatively more stable situation but are at risk of falling back into it (1.70 times the PL) were the biggest group in the institution's client base in 2017 (see graphs 1 and 5).

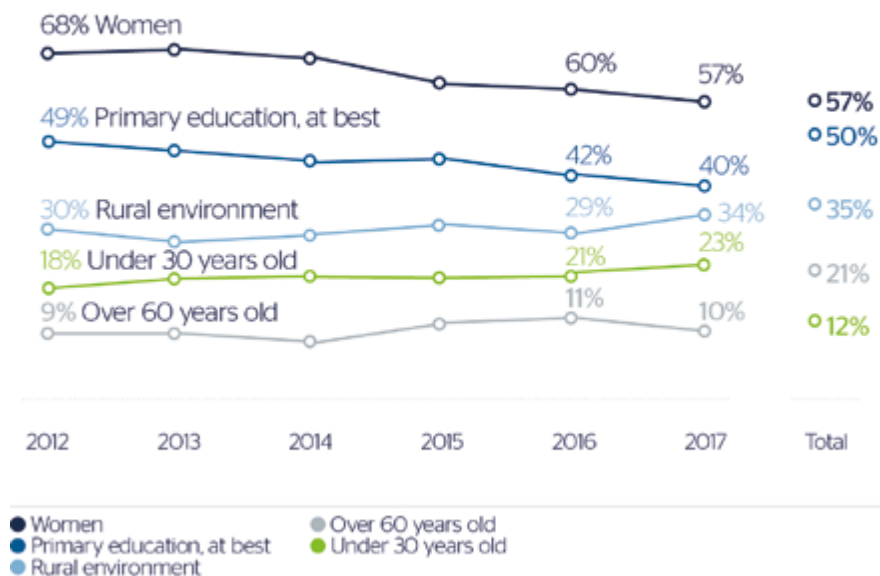
- Women entrepreneurs who have been served for the first time during 2017 have *p.c.* monthly net incomes of USD 322, a figure that is still far from the minimum wage, which since January 1st, 2018 has been USD 457.

- A high proportion of loans are awarded to people with low levels of formal education. In Chile, only 29.3% of the population has not gone to secondary school or equivalent. This percentage shoots up in rural areas, where the population over 25 that has attended primary school at best rises to 57.5% \*\*. In Emprende, 40% of clients served in 2017 only have basic education, and this percentage rises to 50% if we consider all current clients. So, Emprende endeavors to generate opportunities for inclusive growth and development, for those with greater difficulties.

6. Covers new clients (no previous loans) signing up during the year. Total shows the number of clients current at 12.31.2017. 7. Average monthly sales and average assets in each sector, segmented as under the PL (classified as *extremely poor* and *poor*) and over the PL (classified as *vulnerable* and *others*) clients. Covers clients current at 12.31.2017.

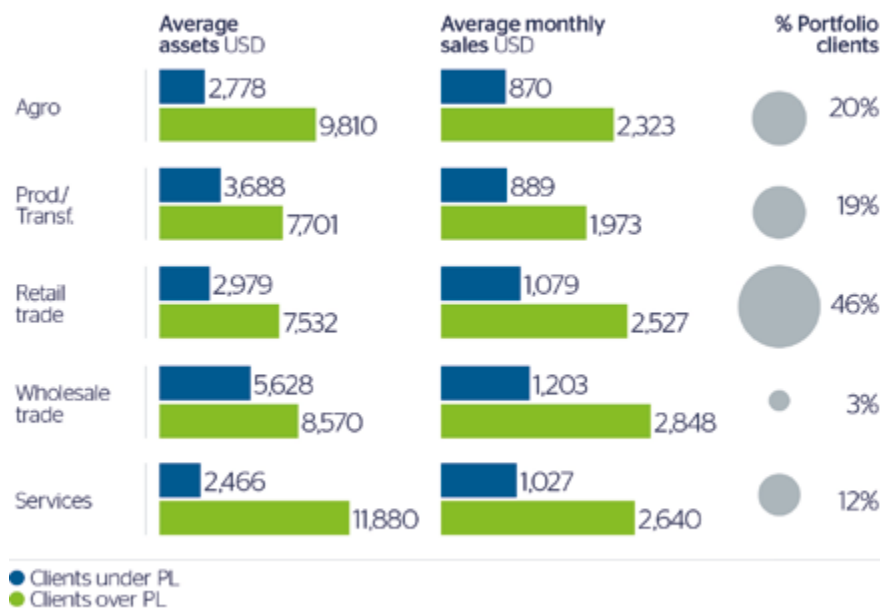
\*\*[http://observatorio.ministeriodesarrollosocial.gob.cl/casen-multidimensional/casen/docs/CASEN\\_2015\\_Resultados\\_educacion.pdf](http://observatorio.ministeriodesarrollosocial.gob.cl/casen-multidimensional/casen/docs/CASEN_2015_Resultados_educacion.pdf)

## 6. Profile of new credit clients



Source: Emprende. BBVAMF calculations.

## 7. Average monthly sales and assets - clients under and over the poverty line (PL)



Source: Emprende. BBVAMF calculations.



### Profile of their businesses

• Emprene clients mainly work in the Retail trade sector (46%), although the institution serves clients from all sectors. The second most popular sector is Agro, where 20% of our clients work.

• The differences in average sales and assets by sectors for clients under the PL and over the PL are high. *Poor* clients report approximately 40% of the level of sales and assets of *non-poor* clients. However, the percentage of costs over sales reveals that there are no major efficiency improvements between the two sets of clients, except in the Services sector, where *poor* clients report ratios that are 8 percentage points higher than those of *non-poor* clients.

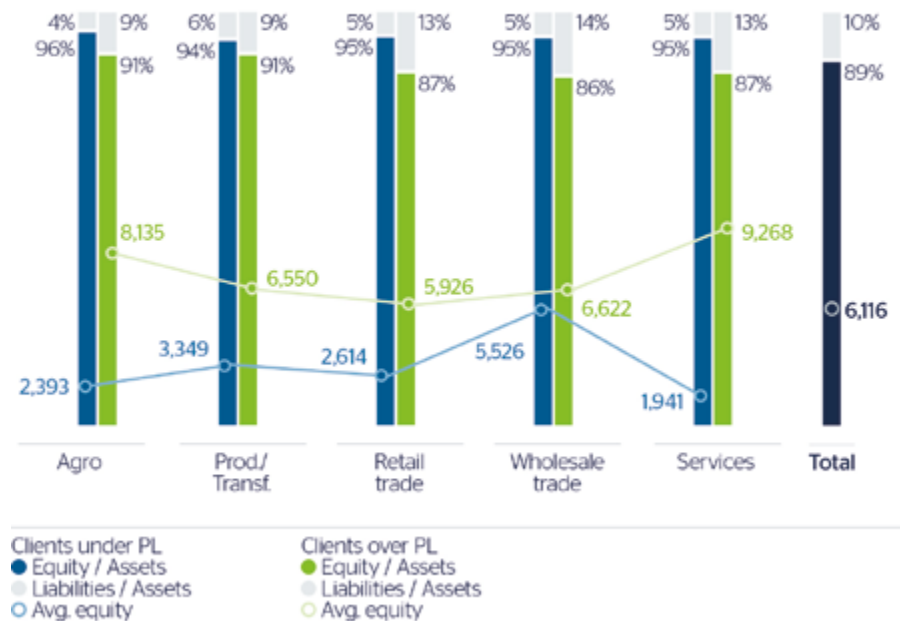
• In the institution, entrepreneurs with incomes over the PL who work in Trade and Services are more highly leveraged, at about 13% of their assets. In the case of *poor* clients, there is less leveraging, particularly among Agro clients, where a higher percentage of *vulnerable* clients work (84% of Agro clients are in *vulnerability*).

### 8. Average expenses as percentage of sales, by sector - clients under and over the poverty line (PL)



Source: Emprene. BBVAMF calculations.

### 9. Assets, liabilities and equity, by sector - clients under and over the poverty line (PL)



Source: Emprene. BBVAMF calculations.

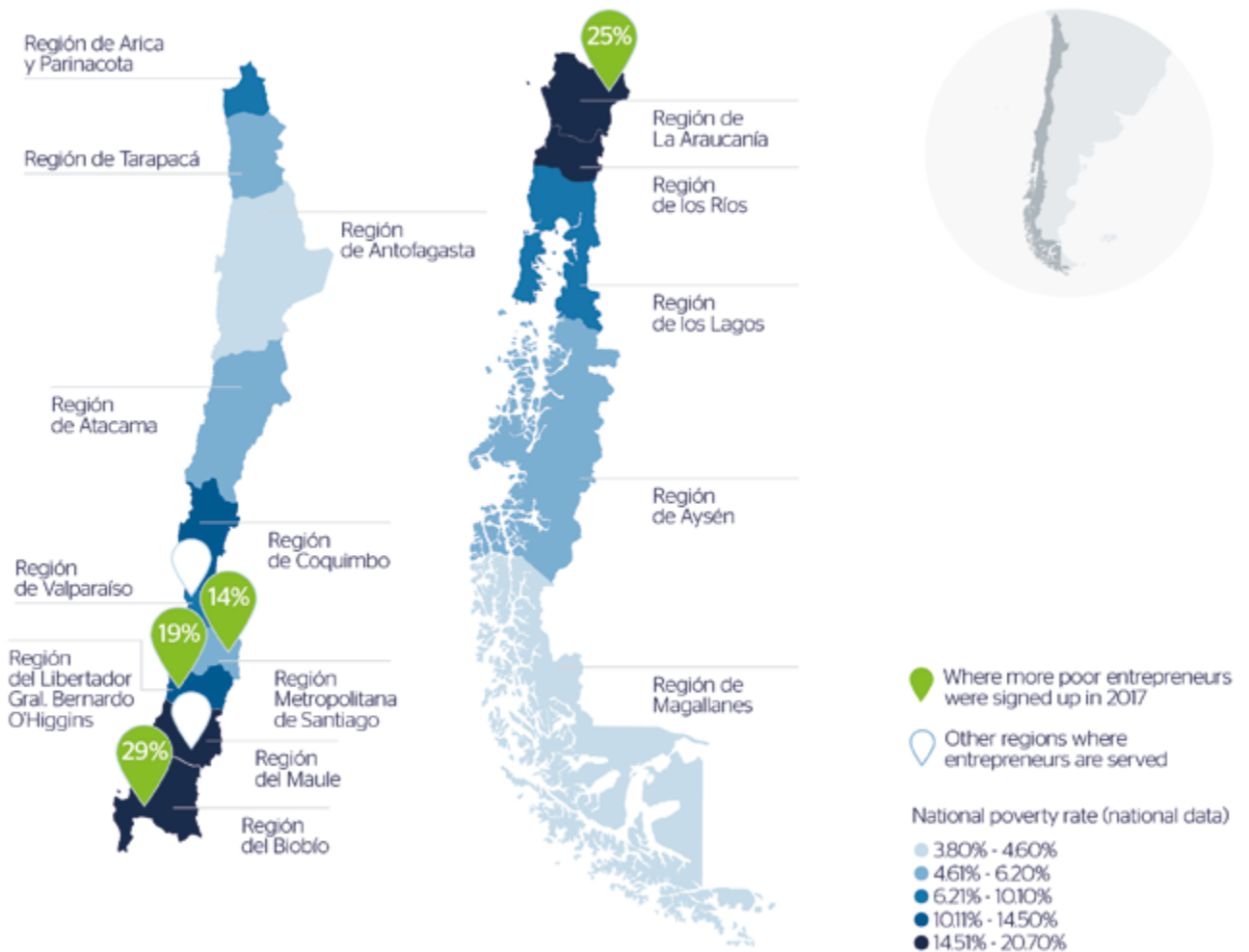
8. Average sales in each sector, calculated as the average of each client's ratio. Segmented as under the PL (classified as *extremely poor* and *poor*) and over the PL (classified as *vulnerable* and *others*) clients. Covers clients current at 12.31.2017. 9. Assets, liabilities and equity, together with their ratios, for each sector, segmented as under the PL (classified as *extremely poor* and *poor*) and over the PL (classified as *vulnerable* and *others*) clients. The loan granted by the institution is not included in liabilities. Covers clients current at 12.31.2017.

# 1. Our clients

## Where our clients are

- Emprende is active in six regions in Chile, where poverty rates according to the Ministry of Social Development are high, or there are large pockets of poverty. During 2017, Emprende has expanded its *poor* client base in Biobío and Araucanía by 29% and 25%, respectively, regions where the poverty rate stands at 16.2% and 20.7%.
- These two regions represent 41% of all Emprende's clients, positioning the institution as a strategic partner in the development of entrepreneurs in these regions, contributing to the reduction of poverty blackspots.

## 10. National poverty rate and sign-ups of poor entrepreneurs in 2017



Source: Emprende. BBVAMF calculations.

10. Proportion of *poor* households in the region (2015). Ministry of Social Development. CASEN census data. The four regions with the highest percentage of *poor* new clients served in 2017 are shown.

## 2. Our clients' development



SDGs impacted

### Growth of their businesses

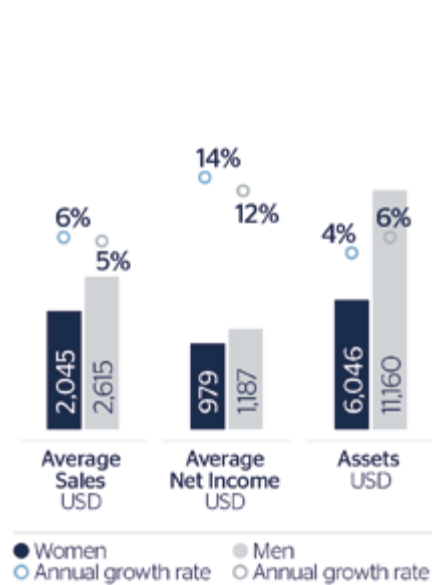
• There are differences between enterprises run by women and those run by men. As their businesses grow, their relative growth rates vary. So, women entrepreneurs, with average current monthly sales of USD 2,045, report an average growth of 5.8%, whereas men, with higher average monthly sales of USD 2,615, grow a little more slowly (5.5%). Although their net incomes, at USD 1,187, are higher than those of women, men's economic growth is 1.6 percentage points less than these, with women reporting expansion rates of 13.9%.

• Women's average sales are 22% less than those of men (male/female gap), but when it comes to net incomes, this gap diminishes to 18%, indicating greater efficiency on the part of women, perhaps due to the type of business.

• Unbundling the figures, we can see a wider variety of behavior patterns in the business variables depending on the sector. The Agro sector stands out for its growth in net income, and the wholesale Trade sector for its performance in sales and assets.

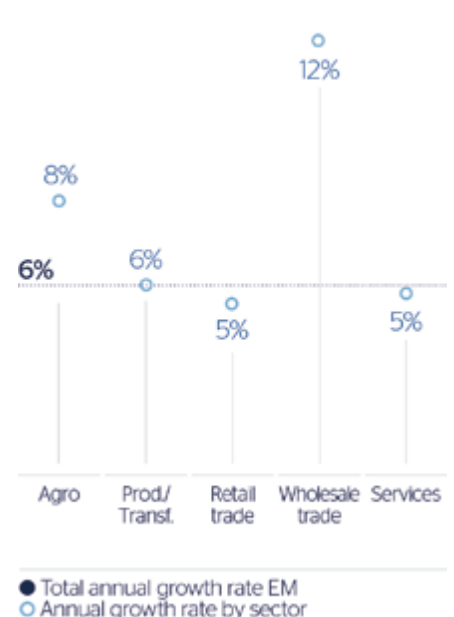
11. Current clients at some point in the year who have made a disbursement or update in the last 12 months of their relationship with the institution. The compound annual growth rate (CAGR) of the 2012-2017 cohorts was used for the calculation, and the weighted average of these rates presented by gender. 12, 13 & 14. Current clients at some point in the year who have made a disbursement or update in the last 12 months of their relationship with the institution. The compound annual growth rate (CAGR) of the 2012-2017 cohorts was used for the calculation, and the weighted average of these rates presented for each sector.

11. Avg. growth rates of monthly sales, net income and assets, by gender



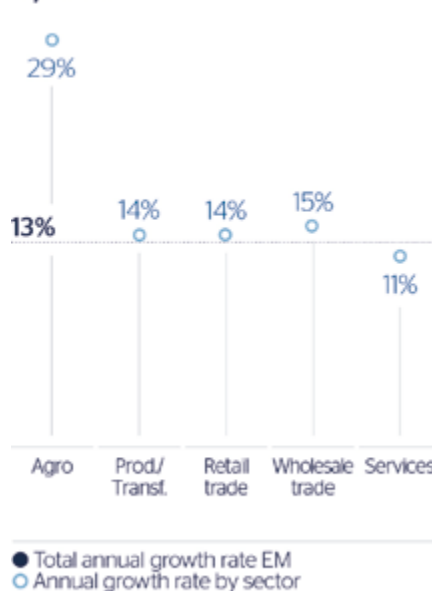
Source: Emprende. BBVAMF calculations.

12. Avg. growth rates of monthly sales, by sector



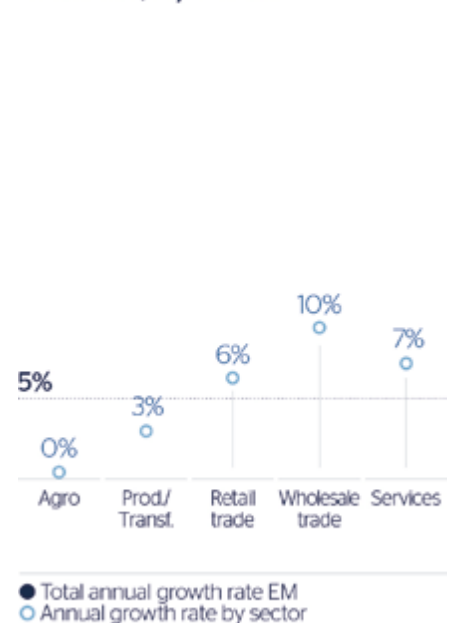
Source: Emprende. BBVAMF calculations.

13. Avg. growth rates of monthly net income, by sector



Source: Emprende. BBVAMF calculations.

14. Avg. growth rates of assets, by sector



Source: Emprende. BBVAMF calculations.

## 2. Our clients' development

### Escaping poverty

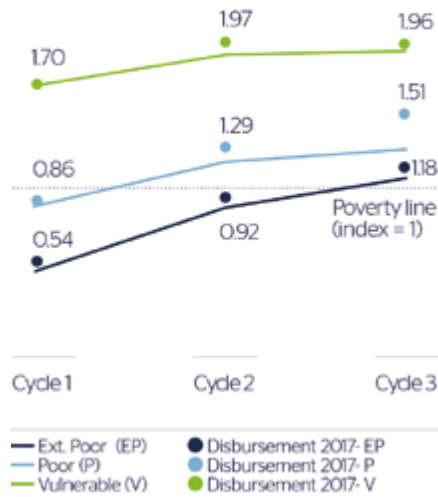
- Clients in *extreme poverty* need two loans to overcome the PL; *poor* clients can escape after one.
- Disbursements over the year indicate that the relative incomes of clients who have renewed over the year are higher than historical records, a forward indicator of an improvement in clients' average growth.
- 60% of clients who fall into poverty do so because their revenues and net incomes fall. The remaining 40% fall into poverty because of changes in their cost structure, when they have to deal with increased costs associated with their business or their household.

### Indirect impact

- Emprende clients are not the only beneficiaries from the access they have to credit; the surroundings in which they operate benefit too, bearing in mind that 21% hire at least one employee.
- Furthermore, after a year of banking with the institution, 2.1% of entrepreneurs succeed in improving their initial situation. In other words, they hire an additional worker, and after five years the improvement reaches 10.4% of entrepreneurs.

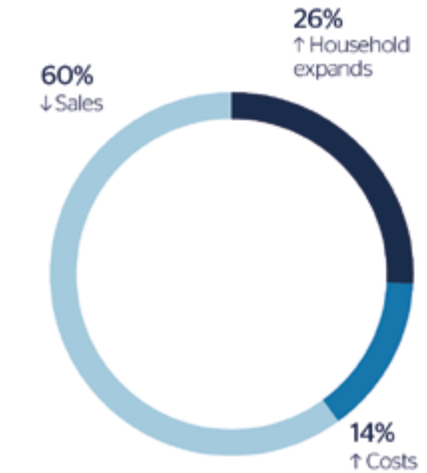
**15.** For the sample of clients served between 2011 and 12.31.2017. The client classification was based on their degree of vulnerability at the outset (their first loan) and shows the progress of monthly *p.c.* net income in each credit cycle, relative to each country's official poverty line. Relative *per capita* monthly net income takes the value of one when it is equal to the poverty line. **16.** Clients who have been current at some point in their last 12 months with the institution. Shows those clients who at the outset were classified as *non-poor* and who are currently classified under the poverty line (PL). **17.** Number of employees working for clients current at 12.31.2017. **18.** Increase in the number of employees compared to at the outset, for clients current at 12.31.2017 in each cohort. Averages from cohorts 2012-2017.

15. Net income relative to the PL



Source: Emprende. BBVAMF calculations.

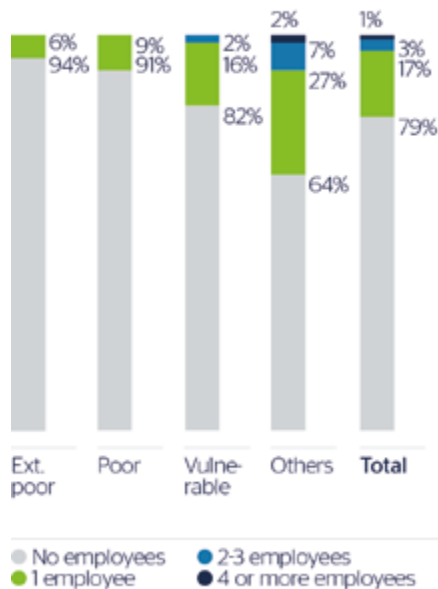
16. Clients falling into poverty



- Net income increases or remains the same
- Net income decreases, sales increase or remain the same
- Net income decreases; sales decrease

Source: Emprende. BBVAMF calculations.

17. Micro-enterprise employee breakdown



Source: Emprende. BBVAMF calculations.

18. Job creation (by cohort)



Source: Emprende. BBVAMF calculations.

# 3. Relationships with clients



SDGs impacted

- Client development is linked to a more extensive product offering, and this is apparent in the penetration of insurance, which is now bought by 49% of active credit clients.
- Maintaining its slow but steady upward direction, the average new client loan is now USD 1,536.
- As clients demonstrate that they can keep abreast of the financial commitments taken on with the institution, they are offered access to more loans, for higher amounts, with the amount rising from USD 884 to USD 2,477 by the fifth year.
- Emprende manages to retain 64% of its clients after a year with the institution
- After the first loan, 55% of clients decide to sign up for a second one.

**19.** Clients current as of 12.31.2017. **20.** New clients (no previous loans) signed up over the year. Average disbursement, calculated as the average of the first disbursement for new clients in each year. Weight of the installment calculated as a ratio average (installment over sales). YoY: 2016-2017 annual growth rate. **21.** Variation in the average disbursement per transaction by length of time since the client signed up. "Value at the outset" is the average of the outset value of 2012-2017 cohorts to which the average growth of the disbursement of cohorts 2012-2017 is applied. **22.** "Retention": Percentage of clients in each cohort still current at each year-end and to 12.31.2017; shows averages from 2012-2017 cohorts. "Recurrence": Clients served since 2011. % of clients that, after an initial loan, accesses another. Distance between cycles is the number of days between two successive disbursements.

Note: The percentage of rural clients is calculated using the municipality assigned by the Casen survey as the entrepreneur's domicile.

## 19. Client linkage by product type



● Voluntary insurance coverage

Source: Emprende. BBVAMF calculations.

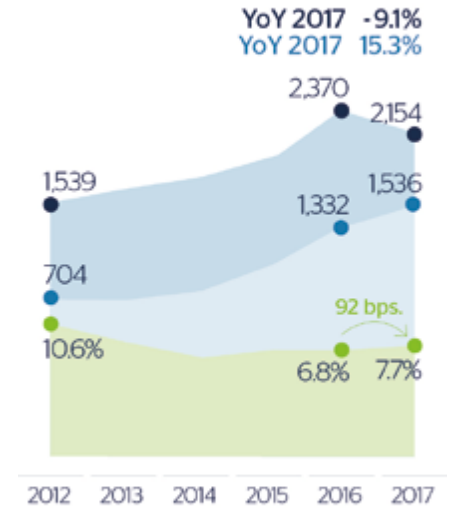
## 21. Average disbursement per transaction (by cohort)



● 2012 ● 2013 ● 2014 ● 2015 ● 2016 ● Average

Source: Emprende. BBVAMF calculations.

## 20. Sales, disbursements (USD) and weight of installment for new clients



● Avg. monthly sales  
● Avg. disbursement (USD)  
● Avg. installment as % of sales

Source: Emprende. BBVAMF calculations.

## 22. Credit client retention and recurrence

### Retention

Start	100%
+ 1 year	64%
+ 2 years	35%
+ 3 years	22%
+ 4 years	16%
+ 5 years	12%

### Recurrence

Cycle 1	100%
Cycle 2	55%
Cycle 3	35%
Cycle 4	24%
Cycle 5	17%
Cycle 6 or +	13%

### Distance (days)

Cycle 2	313
Cycle 3	302
Cycle 4	294
Cycle 5	278
Cycle 6 or +	262

Source: Emprende. BBVAMF calculations.

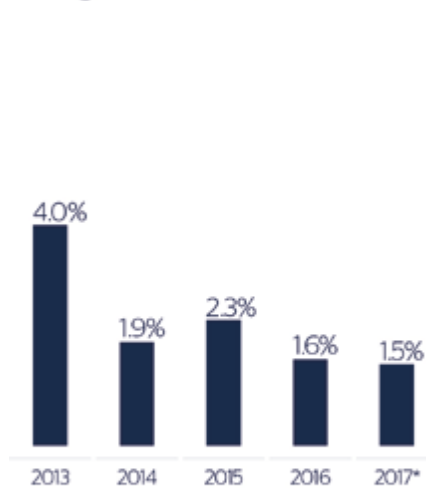




# Economic context

## Economic growth: sharp fall in investment and construction

### GDP growth (var)



Source: Central bank (Banco Central de Chile).  
\* Estimates BBVAMF Research.

In 2017 the Chilean economy posted its most sluggish growth for the last eight years, at just 1.5%, fundamentally because of poor performance in the first semester, when growth posted at 0.6%, with the first quarter being the worse of the two in this economic adjustment cycle<sup>1</sup>. The impact of the strike in the *La Escondida* mine, in the first quarter, translated into a 14.2% fall in the Mining sector.

In the second half the economy showed greater momentum, with growth of 2.4%, driven by stock accumulation and private consumption.

Over the year, consumption grew by 2.7%, but investment dropped by 2.8% triggered by Construction and other works, which as a sector shrank by 7% from 2016, because of the slowdown in public spending.

By sectors, the major impact of the strike in the first quarter caused the Mining sector to finish the year down by 2%, despite the recent recovery, while the Construction sector was also down, by 3.6%.

Real exchange rate appreciation in 2017 caused tradable sectors to grow more slowly, but boosted goods imports, which were up by 6%, led by imports of agricultural products, which rose by 12%, and industrial products, up by 7%.

This accounts for the upturn we see in the Trade sector, which posted a 4.8% variation from 2016, making it the sector which contributed most to the total growth of the economy over the year, accounting for 26% of the whole.

The Chilean economy has a growth potential close to 3%, which puts the output gap at -1.5%, indicating that excess capacity has increased, which has significant implications for market factors and for inflation.

## Inflation: the lowest for five years

### Inflation (CPI var)



Source: Central bank.

Inflation closed 2017 at 2.3%, the lowest for the last five years, in an environment of high volatility, having been running at below the Central bank's tolerance range since June (set at around 3%, plus or minus 1 percentage point). The peso's appreciation and the behavior of the price of food were the two factors determining this performance.

In 2017 the *Tradables* index rose by 1.7% year on year, while the *Non-Tradables* index registered a variation of 3.0%. The Foodstuff index increased by 2.5% over 12 months, making it one of the most volatile components, together with *Energy*, the index for which jumped by 5.3% over the year.

1. Conducted to the end of November 2017. All estimates by BBVAMF Research.

# Economic context

## Labor market: the slowdown weakens the job market

When *Foodstuffs* and *Energy* are excluded, because they have a short-term impact but are less important for medium-term inflation, the rise in 2017 comes to 1.9%, breaching the Central bank's lower threshold and showing that there has been a degree of decoupling from medium-term inflation expectations.

*The increase in the employment figures is a consequence of a 4.8% jump in the self-employed, while waged workers grew by around 1.2%*

**Unemployment rates (% of the workforce)**



Source: ILO. \* Estimates BBVAMF Research.

In 2017, the unemployment rate was 6.8%, an increase of 0.6 percentage points (p.p.) over 2016. This upturn in unemployment is a result of the 2% increase in the number of workers in employment, lower than the 2.5% rise in the workforce. This means that the numbers of the unemployed grew by 6.5%, while the participation and occupation rates came to 60% and 56%, respectively.

The increase in the employment figures is a consequence of a 4.8% jump in the self-employed, while waged workers grew by around 1.2%. Note the sharp drop (8%) in unpaid work by family members. Part-time workers posted an uptick, representing 10% of all workers in employment. The fastest growing segment is made up of those who are obliged to work for fewer hours than they would like.

For this reason, at the end of 2017, the labour force pressure rate, the combination of both the unemployed and the underemployed, has increased to 12.7%, an uptick of 0.7 percentage points.

From a gender perspective, women led the positive trend in the rise of employed workers in absolute terms, even though the rate of female unemployment was 7%, a rise of 0.3 percentage points, because the 3% increase in employed women was lower than the 3.4% rise in the female workforce.

The rate of women's participation was the highest since 2010, reaching 49%, an improvement of 0.6 percentage points over 2016. In 2017, the unemployment rate increased in eight regions and fell in seven. The largest increases were in Los Lagos, Arica, Parinacota and O'Higgins, while the severest falls were recorded in Antofagasta, Valparaíso and Aysén.



## Financial inclusion: strong progress, driven by the state bank

According to official data<sup>2</sup>, financial inclusion in Chile, measured as the percentage of adults with a financial product, rose to 98%. The most popular financial products were those associated with managing cash and savings: 69% of adults have one or more of these products, whereas only 4% have a term deposit, and only 15% possess a current account.

Consumer credit has a large weighting in the whole. Around 34% of adults have some kind of banking credit card, while the proliferation on non-banking credit cards has brought these to the same level as banking cards. In the remaining credit products, 7% have taken out a housing product, while 18% are paying a loan in installments.

13% of clients only have cash management products, 14% only have savings products, and 3% only have one or more credit product. Those with all three types of products account for 33%.

In the case of Chile, the state bank has been a determining factor in the major expansion of financial inclusion in recent years. 87% of banked adults have a product with this institution, and of these, 35% only bank there.

The key product that has made this progress possible is the *CuentaRUT*, a sight deposit account, with linked debit and ATM services, issued by Banco Estado. The distinguishing feature of the product is that the account identification code coincides with the client's *RUT* (a unique state identification number), so the only requisite needed to open an account is an identity card.

When the data are looked at by age groups, we see that most of the excluded population is under 30 years old. In view of the fact that they can open an account of this kind, their exclusion must be due to ignorance about financial products, a lack of interest in acquiring a product to manage cash, underemployment or low income, among other reasons.

When we look closely at financial inclusion in Chile, we notice that 58% of those who are banked display a higher degree of financial inclusion, that is, possess at least one product with an income requirement. The remaining 40% have basic financial inclusion, of which 9% only have the *CuentaRUT*.

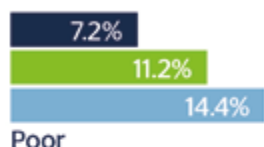
89% of the services provided by the state bank do not have income requirements, with the *CuentaRUT* accounting for 23% of all this institution's products. 80% of the clients of commercial banks have products with income requirements. 92% of the clients of other financial product providers have products with income requirements, most of them being credit-linked products.

2. Financial Inclusion in Chile report/SBIF.

# Social environment

## Poverty: the reduction slows

### Poverty (% of the population)



Poor



Extremely poor

● 2030 Goal ● 2017\* ● 2014

Source: CASEN survey.  
\* Estimates BBVAMF Research. UN.

In 2017, around 1.9 million people, equivalent to 11.2% of the population, were in a situation of monetary poverty in Chile<sup>3</sup>, of whom 600,000 were in extreme poverty, 3.4% of the population. Poverty has shrunk by 0.5 percentage points since 2015, while extreme poverty has dwindled by just 0.1 percentage points. In urban areas poverty is 10.0%, bringing the gap with rural areas, where it is suffered by 20.7% of the population, to 10.7 percentage points.

Growth has slowed since 2011 from 6.1% to 1.5% in 2017. There has been less dynamism in private investment and exports. Unemployment has stayed relatively stable, due mainly to the increase in self-employment, since waged em-

ployment has lost impetus, factors that account for the slowdown in the improvement of poverty rates. The growth in revenues explains 65% of the fall in poverty, while the effect of redistribution accounts for the remaining 35%.

According to the latest information from the CASEN survey (the most recent official figures date from 2015), the proportion of the population in a situation of income poverty was 11.7%, a drop of 2.7 percentage points since the 2013 survey, when poverty affected 14.4%. Over the same period, the extreme poverty rate fell by 1 percentage point, from 4.5% to 3.5% of the population.

Similarly, in terms of households, the poverty reduction trend has remained stable over the years. In 2015, 10.4% of households were in this situation, a significant fall from 2013, when income poverty affected 12.8% of all households. 70% of households in a situation of poverty contained children and adolescents, 40% were single-parent and in 49% the head of the household was a woman.

From a regional viewpoint, there are some important geographical disparities in the monetary poverty rates. The population in this situation fluctuated between a rate of 4.4% in the Magallanes region and 23.6% in La Araucanía.

Between 2013 and 2015, poverty fell in 14 of the 15 regions, the only exception being Antofagasta, where it increased from 2013, but this is the second least poor region in the country.

*There has been an improvement in distribution as a result of the monetary transfers made by the public sector to the lowest-income households*

## Reduction in inequality

### Inequality (Gini index)



Source: CASEN Survey.  
\* Estimates BBVAMF Research.

In Chile income distribution inequality continued in 2017. The Gini index, that takes values between 0 and 1, ranging from absolute equality to maximum inequality), stood at 0.480, showing a slight improvement compared to the levels of 2015, when it was 0.482. An analysis of the concentration in income distribution shows that in 2017 there was a drop in the combined participation of deciles IX and X (the wealthiest) compared to 2015, from 48.4% to 48.2% of total income.

If we compare the aggregate income in the same period of the first two deciles (the poorest), we see that their participation has improved slightly, rising from 5.9% to 6.3% of all income. We can verify that there has been an improvement in distribution as a result of the monetary transfers made by the public sector to the lowest-income households, which show a 1.3 percentage point improvement between the participation of their independent income and the participation of their monetary income, after receiving net monetary transfers.

*One in every two women of working age is in the labor force, the largest proportion since 2010*

## Other dimensions

When we look at the progress made in education, we see that the population over 15 years old has completed an average of 11 years of schooling; this represents an average increase of two years over the levels attained in 1990. However, the gender gap persists: men in the same age segment stayed at school for 0.3 years longer than their female contemporaries. Although 57% of people aged 25 or more completed obligatory education up to the age of 12, 30% have no formal education or did not complete primary school.

Turning to health, 95% of the population is signed up to a healthcare system, an increase of 9 percentage points since 1990. Only 81% of those who are not affiliated to a healthcare system undergo treatment when there is a medical problem, whereas 94% of those who are covered by a healthcare system, whether public or private, undergo treatment when needed.

On the issue of housing, the equivalent of 8% of the current housing stock is needed to meet the demand from people living in housing that is beyond repair or in overcrowded conditions. The first two income quintiles account for nearly 60% of these types of housing needs, while in the fifth quintile only 6.5% suffer these problems.

25% of the current housing stock needs to be upgraded, repaired or enlarged, while 20% of the population reports the permanent presence of environmental problems in their home surroundings.