

# Executive Summary

## Background

Decades of economic growth due to proper macroeconomic management, institutional strengthening, trade openness, and an increase in the labor force — partly thanks to women's incorporation—, foreign investment and private entrepreneurship practically trebled Chileans' per capita income. Chile has one of the highest incomes in the region and is also amongst the most competitive, but the improvement and the additional boost they provided reduces over time. What made the Chilean economy grow in the past does not contribute the same in the future.

Several studies<sup>1</sup> by this Commission and other authors have reported a significant drop in the country's productivity growth. Annual productivity growth was, on average 1%, between 1995 and 2005; however, between 2005 and 2015, it has been close to zero or marginally negative. This slowdown in productivity implies a direct loss in the economy's growth rates. If a country on the technological frontier like the United States has a productivity growth of 1% a year, productivity in Chile should grow considerably more, between 1.5% and 2% a year. Its growth would be based not only on its innovations but also on the intelligent imitation and adaptation of the best practices and technologies existing in the world. The same studies have emphasized the impossibility of identifying a single cause —and also a unique solution— to this phenomenon, which requires multiple microeconomic measures to reverse it. Improving productivity is the country's most significant economic challenge and a necessary condition for increasing economic growth and advancing development.

An agile and modern State capable of responding timely, efficiently, and accurately to the community's requirements—be them citizens or companies—is crucial to improve productivity and investment. In this context, on May 2018, the President of the Republic mandated this Commission to carry out a study on regulatory review to implement an administrative and regulatory simplification strategy for the development and processing of large investment projects in five sectors: mining, infrastructure, energy, industry, and real estate. Together, they represent almost all the expected investment for the 2019-2023 period, over 70 billion dollars, with the potential creation of 160,000 jobs in the construction phase and 80,000 permanent jobs.<sup>2</sup>

The State and its agencies' regulatory role is enshrined in the country's legal system. It lays the foundation for robust markets, the protection of citizens and the environment, and other public objectives. However, this role may affect the behavior of investment project holders, as well as their definition and materialization. For example, there are permits whose processing takes an average of four years, and others whose responsible agencies do not have

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<sup>1</sup> CNP (2018) and Corbo (2014), among others.

<sup>2</sup>Office of Sustainable Project Management, entered in May 2019. Available at [www.oficinagps.cl](http://www.oficinagps.cl)

their competences and powers clearly defined, suggesting severe problems for long-term development. At best, these problems may delay a project or lead to the choice of a backward technology. In the worst case, lead to the project's suspension.

These deficiencies are acknowledged both by the private sector and the State, and international indicators systematically evaluate our country poorly. Compared to other OECD countries, Chile presents the worst performance in "regulatory complexity,"<sup>3</sup> and the World Economic Forum places us in 78th place out of 140 countries, with a grade 3.3 (from 1 to 7) regarding the level of obstacles perceived by companies to comply with the public administration requirements.<sup>4</sup>

Although there have been particular efforts that should be recognized as good practices, Chile does not have a systematic and periodic process of reviewing its regulations or procedures. Additionally, it is one of the five OECD member countries that report not carrying out ex-post reviews.<sup>5</sup>

An examination of successful regulatory and administrative simplification experiences, particularly those studied in countries such as Australia, Malaysia, or England, allows us to conclude that they all have several points in common. In essence, they are all systematized, follow a defined methodology, are periodically executed, and are constant in time. None of this occurs in our country since there are no established efforts, or agreed methods, nor a continuous and sustained process of improvement. It is therefore urgent to take action, starting with the regulations that give rise to permits and define the processes by which they are granted, and launch an ambitious and comprehensive agenda in all State Services. This must be sustained over time and focus not on increasing or reducing regulation but on raising its quality level.

### **The study and its main findings**

This study accounts for an unprecedented undertaking in the country, as it implied the evaluation of permits and formalities related to the main investment-receiving sectors: mining, energy, infrastructure, real estate, and industry. The study was possible thanks to the joint effort of this Commission and the main parties involved in the processing of projects, including 25 public entities, 60 companies, and 20 unions (representing over 3,000 companies), in addition to specialized consultants.

We identified 400 permits that cover the requirements for large investment projects in the five sectors under analysis, and 53 entities that participate in their granting. It is essential to specify that a permit may be processed more than once during a project's development, as is, in fact, the norm. For example, a standard mining project requires 213 permits. However, many of them must be processed more than once throughout the project, either because the

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<sup>3</sup> OECD (2018).

<sup>4</sup> 2018 World Competitiveness Report.

<sup>5</sup> 5 World Bank (2018). Global Indicators of Regulatory Governance.

original plan was modified, or to deal with contingencies. Thus, the number of permits required results to close to 3000.

The main finding of this study is that Chile does not have a quality regulatory system, recognized as efficient, effective, and coherent regarding investment development. The system exhibits structural problems in the regulation process, from the design and formalization to its application and revision over time. Likewise, the agencies that process them show management deficiencies, shortcomings in the coherence of both criteria and responsibilities, and their coordination.

The processing requirements impose a critical path for projects, which expressly or tacitly implies that some permits are prerequisites for others and become bottlenecks that delay or paralyze the entire process. This reinforces the idea of interrelation between permits beyond a sequential relationship, suggesting that a deep reform necessarily calls for the revision of elements common to the entire system. This is the only way to aspire to a system that allows investment projects to be carried out, as well as providing certainties and guarantees to the community, companies, and the State. Isolated and uncoordinated interventions will have no added impact.

Given the breadth of the cadastre, a set of permits was prioritized for more in-depth analysis. This prioritization considered two criteria. On the one hand, critical permits for the development of projects that require more complex processing, demanding more time and resources were chosen. On the other hand, a set of representative permits were selected from the five sectors involved, and the public services involved in their granting. Twenty-three permits were identified, which were evaluated according to the flow of procedures required for their processing, the times included, the standard that supports them, and the suitability of their definitions, requirements, and activities. The analysis of the system and the permits allowed concluding that the country is characterized by i) inefficient permitting processes and ii) a decreasing degree of legal certainty. Long processing times, which result from the lack of coordination between Services, little use of traceability technologies, and the inconsistent quality of the procedures presented by the project owners, among other factors, account for the low efficiency.

Additionally, contradictory norms, contradictions, and confusion are observed regarding different agencies' jurisdictions. The low legal certainty refers to a lack of predictability regarding the criteria for permit admissibility and granting. There is, additionally, a lack of clarity regarding how the permits may be revoked, and the consequences.

### Efficiency Problems

Of the 400 identified permits, 175 set maximum deadlines for their processing, which on average, reach a month and a half. The remaining 225 do not have explicit terms, so the 6-month supplementary period imposed by Law 19,880 (which regulates the bases of the administrative procedure) must be applied. Additionally, the maximum duration set may be excessively long, depending on the capacity and resources available to each Service. However, the study found that in general, permits are processed in a much more extended period than specified in its regulations or the six-month supplementary period, which is the

main setback regarding efficiency. As an example, a concession for a mining exploitation project requires 24 months to process and an additional 100 months to start the operation, that is, almost ten years of paperwork. In this case, two permits account for over half of the term, since the Environmental Qualification Resolution takes around 28 months and the Major Hydraulic Works permit an additional 48 months.

Both permits must be processed sequentially, which implies 76 months of processing, or six and a half years. The delay is equally long in smaller projects, risk, and complexity. Even real estate or industrial projects developed in urban areas according to local communal regulations are processed in two and a half years and three and a half years, respectively. Analyzing the multiple causes of these deficiencies is particularly challenging due to the lack of information regarding processing times. The information on deadlines is not systematized, and the duration of the procedures is not monitored, denoting a lack of management. Only the Environmental Assessment System records the proportion of time that the permit is being processed by third parties, whether they are other Services, or the holder. There is no Service with an updated process flow of its activities regarding permit processing, nor of the necessary human or material resources. In fact, six Services had their information processed for the first time by this Commission, for this study. This lack of information prevents adequately ranking the causes behind the excessive processing time and taking measures to increase efficiency in the process.

After extensive work, in collaboration with companies and Services, it was possible to define five leading causes that explain the excessive deadlines: i) absence of a regulatory definition regarding periods; ii) lack of human and material resources; iii) misaligned incentives; iv) low coordination between Services, and v) low quality of the information provided by the owner.

#### *Lack of normative definition of deadlines*

Delays in permit obtention are due in part to the absence of a specific processing period. For example, an analysis of the National Electric Coordinator's processing deadlines shows that activities without a regulatory deadline require more time than similar activities that do specify time limits. In fact, 55% of the permits identified in this study do not have a specific processing period.

#### *Lack of human and material resources*

There are significant gaps in resources that slow down the processing of permits, primarily due to the low digitization of the Services. Although 16 (70%) of the 23 prioritized permits have online information regarding their requirements (though with a different level of updating), only 4 (17%) allow digital processing. In some cases, the regulations explicitly specify the need for physical processing.

Of the entities in charge of processing the 23 prioritized permits, only six have any traceability mechanism and not necessarily applicable to all permits. For example, the AURAPORTAL system of SERNAGEOMIN does not cover the permit related to site closure. The SISTRED of the Ministry of National Assets does not allow tracking a permit

if it follows a non-standard processing route, and the SIABC of the Undersecretary of the Armed Forces is not updated. Only the Environmental Assessment Service has digital traceability mechanisms in all its authorizations.

Along with the digital gap, human resources also show significant breaches. For example, the requests for the pavement rupture and replacement permits processed by the Metropolitan SERVIU increased from 5,000 to 9,000 between 2016 and 2018. Still, in this same period, the number of inspectors who make field visits for approval fell from 14 to 10.

Developed countries address human resource gaps without raising the fiscal cost by transferring the permit processing costs to the project owners. This implies acknowledging that the processing of a permit is not a public good and suggests that those who use the permit must pay the associated direct cost. There are three models for this: i) external collaborators; ii) organizations financed by demand, and iii) charging for services.

The most widely used mechanism in the country is the external collaborators model, although with mixed results. A successful experience is that of the Superintendency of Electricity and Fuel, where permits for electrical and gas installations are processed and inspected by external collaborators, with the processing time currently being 35% lower than the standard provisions. Instead, on the other hand, building permits issued by the Municipal Works Directorates, independent reviewers seem to increase processing times.

External technical and impartial entities (privately financed) entrusted with public functions (such as granting permits) have also been used in the country, such as the National Electric Coordinator. This is an organization financed by users of the electrical system and supervised by the National Energy Commission, which process, two essential permits for the energy, mining and industrial sectors, the connection solution, and the interconnection authorization.

Several OECD countries, such as the United States, Canada, or Australia, directly collect the costs associated with the provision of a Service (such as the procedures required for a permit). This mechanism promotes efficiency, increases transparency, and assigns the administrative cost only to those who request permissions and not to all taxpayers. It also supplements human resources endowment, adjusting it to the demand for the service.

Greater efficiency may be achieved through the application of these mechanisms. It will determine the level of success of these experiences within the Service, along with the incentives and penalties applicable to collaborators. Regarding independent reviewers, the selection criteria (inscription in registries validated employing accreditation tests and experience), the scope of their participation (tasks or structured reports), the sanction mechanisms (fine, suspension or elimination), and rating systems (history) are crucial. In the use of entities financed by demand, special attention must be paid to technical competencies and impartiality, and the obstacles that reduce incentives to transfer direct costs to project owners should be reviewed to allocate public resources better.

Along with digital and human resources gaps, there are also management gaps. The Services do not always make the most efficient use of their staff, and they are not adequately trained or specialized in increasing efficiency. For example, in the health SEREMIs, staff members

who administratively process the requests are usually the same who make field visits or supervise, hindering efficient human resource management. On the other hand, the SERNAGEOMIN has implemented changes to optimize processing activities, making technical civil servants specialize in permits, reducing the administrative burden. Furthermore, the inter-institutional agreements that temporarily reallocate resources for hiring technical officials in other Services have been very successful. For example, the Ministry of Energy transferred funds to the General Directorate of Water, which increased the report review by 144%.

### *Misaligned Incentives*

Current incentive schemes are not aligned with expedited permitting. On the one hand, despite the clear literal wording of Article 27 of the Basic Law of Administrative Procedures (Law No. 19,880) that imposes a maximum period of six months on government procedures, the Supreme Court has held that the Administration has no strict deadlines. Therefore, an official may prefer to delay his pronouncement and reduce administrative risk, and it would not mean a negative evaluation. Since times are not monitored, it is not possible to incentivize compliance with deadlines.

The DIPRES defines performance indicators, but definition criteria and the types of indicators required for each Service are not standardized, which complicates procedures that involve more than one Service. Although performance measures could limit the processing deadlines, the establishment of performance indicators does not provide clear evidence on the activities' management of the Services. For example, the maritime concessions of the Undersecretary of the Armed Forces and the SERVIU pavement rupture and replacement permit present indicators with over 80% compliance, even though long processing times are reported.

### *Low coordination between Services*

Nearly eighty permits require the pronouncement of more than one Service for its granting. The participation of other organizations in the processing can extend the process up to 6 months. The Service in charge has no traceability mechanisms for monitoring the operations. Nor does it have any tools for incentivizing the advancement of the processes in the other Services involved and have not developed management mechanisms to expedite them. For example, the Major Maritime Concession permit that is processed before the Undersecretariat of the Armed Forces takes an average of 45 months to process, in part because it requires the pronouncement of the Regional Committee for the Use of the Coastal Rim. Likewise, at least five projects currently processing the Major Hydraulic Works permit are detained as of March 2019, pending a pronouncement from the Directorate of Borders and Limits or the Directorate of Hydraulic Works.

### *Low quality of the information provided by the owner*

Although the project's owners have the incentives to expedite the process, they are, in part, responsible for part of the delay in the delivery of the permits. When the information provided

is incomplete or deficient, iterations to correct observations extend the processing time by up to 300%, such as the tailings permit granted by SERNAGEOMIN.

### *Simplified processing*

In addition to the interventions that seek to streamline procedures through better management and process quality, two categories of permits were identified that should be reviewed systemically and simplified: permits with two stages, and permits concerning temporary works or activities.

Many permits are processed in two stages: first for the project's approval, and then for the operating authorization. The first stage consists of the sanctioning of the project's design at the phase of the project. If the installation was constructed according to the approved plans, safety, and technical specifications, then the operating authorization is delivered. This two-stage model is desirable in projects that pose a high risk to the public interest, but in smaller projects, their relevance should be evaluated. These permits impose a more significant burden on the Services, for they sometimes require field visits for authorization, and they may represent up to 30% of all processing activities. Internationally, even in high-risk cases, there is a tendency to focus more resources on project approval, replacing the operation authorization stage with periodic inspection and high penalties in cases of non-compliance.

The second category of permits includes transitory works and activities, accessory to the main project, such as the construction and installation of equipment storage booths, camps, and mobile casinos for workers, access works, or offices during construction tasks. The Chilean legal system requires the same permits for both temporary or permanent activities or works, with no distinction, which implies that the processing time is often longer than the duration of the work itself.

For example, camps are generally used for less than a year, but require an average of 15 permits, in 5 consecutive phases of processing, which can take up to 12 months. Requiring the same level of permits for either short or permanent works does not make sense.

### **Legal certainty**

Legal certainty has various definitions and scopes. Regarding the regulation and processing of investment projects, it refers to the perception that investors, public officials, and other members of the community have concerning the conditions necessary to obtain a permit. This also includes their rights and obligations, and the confidence that these rules will be generally observed. Regarding legal certainty, two types of problems were identified: i) stability and ii) predictability.

#### *Stability*

Obtaining permits is not an objective in itself. Instead, they allow the execution of investment projects, safeguarding the legal assets protected by our law, such as the health and lives of people, and environmental protection, among others. Therefore, the proper

functioning of the regulation depends on the permits' adequate stability granted under the law. In the event of their subsequent revision or revocation —be it through administrative or judicial channels— the causes, timing, and effects must be clearly defined.

In recent years, several projects —mainly real estate projects— have been deeply affected even after a relevant period has elapsed, not only from the granting of the respective permits but from the realization of the project. These situations diminish the perception of legal certainty that investors and consumers confer on the institutional system. Three factors have a more significant impact on the lower certainty of the permits' stability.

In the first place, due to the existence of numerous rebuttal measures regarding the same permit. For example, there are nine different channels, including administrative and judicial means that may challenge a permit. This generates various adverse effects, allowing litigants to arbitrate regarding which court to attend, generating contradictory responses between various authorities, and raising investment's judicialization rates. The existence of an administrative or judicial mechanism dedicated to challenging the granted permits' legality would solve this problem.

Second, due to changes to the jurisprudence resulting from the Administration's permit invalidation. In the past, when a holder acted in good faith, different criteria limited the power to invalidate their permits. If a person had followed the Administration's criteria for granting a permit, the latter could not invalidate it later if it considered eventually that this criterion was wrong. Currently, the Administration has the power to invalidate permits when the criteria regarding their granting change, even if the holder had followed the original criteria correctly.

Lastly, due to the Office of the Comptroller General of the Republic's role in ruling on the legality of the Administration's actions. Since it offers channels through which private disputes may generally be resolved, spaces to challenge the permits granted have been opened.

### *Predictability*

Objective criteria are often lacking to foresee a Service's performance in granting a permit. Although discretion does not necessarily constitute a negative aspect, it can affect predictability regarding the Service's actions under similar circumstances.<sup>6</sup> If the Service's actions are unpredictable, equality before the law is affected, since different responses are obtained in similar situations.

The analysis showed an essential variability in the criteria used for granting permits throughout all the processing stages. There is variability in definitions, admissibility requirements, the activities during the processing, and the criteria used to decide on their granting. This phenomenon is worse between different regions of the country. For example, the permission for the approval of the Hazardous Waste Storage Site granted by the Health

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<sup>6</sup> Jorge Bermúdez, *The Principle of Legitimate Confidence in the Administration's Actions as a limit to the Invalidatory Power*, *Valdivia Law Review*, XVIII, volume 2, December 2005.

Department shows differences between regions<sup>7</sup>, ranging from the variation in the level of detail required describing waste characteristics and its dangerousness, to the imposition of other prior permits. The authorization for the operation of drinking water projects granted by the same Service can be obtained in Antofagasta<sup>8</sup> presenting photographic material, while in Valparaíso, a site visit is required.<sup>9</sup> In some regions, the obtention of the Favorable Report for Construction, must be made through SAG, while in others through the SEREMI of Agriculture, with varying degrees of demand and requirements.

### *The development of investments and territorial ordering*

Among the norms that may potentially affect investment projects' legal certainty, the Territorial Ordering Plan, currently being implemented, should be highlighted. The development of investments in the country may be significantly altered, given the ordering role of the territory and the regions' productive vocations.

Law 21.074 on Strengthening the Country's Regionalization creates the National Territorial Planning Policy (PNOT) and the Regional Territorial Planning Plans (PROT), and also indicates the institutions and powers of the organizations that participate in the process (Regional Governments and The Inter-Ministerial Commission for Housing and Territory (COMICIVYT). Two central elements arise from this modification: First, the PROT are established as territorial ordering elements, being binding regarding the infrastructure and productive activities' location conditions in areas not included in urban planning. Thus, only projects included in the PROT may be installed, regardless of the authorizations granted by other authorities. This definition concerning the productive vocation of regions may further complicate the permit processes, since the conditions imposed by the PROT will define the projects that may be placed, to the detriment of the opinion of other agencies. For example, areas could be defined whereby only Non-Conventional Renewable Energy projects are authorized, which would prevent the installation of any other type of project, even if it fully complied with the respective sectoral regulation.

Secondly, it is crucial to bear in mind that the PROT will be drawn up by the Regional Government (Governor and councilors), which from 2021, will be elected by universal suffrage. These authorities will most probably consider regional interests without necessarily evaluating national interests, considering their composition and origin. Notwithstanding that the COMICIVYT Committee of Ministers must ultimately sanction the PROT, likely, the relationship between the regional and national authorities regarding this instrument will be strained, raising uncertainty for investors.

This matter is critical, because, although it is desirable to order and clarify the territory's disposition and use, it must also ensure mechanisms that facilitate, allow and encourage the development of investments at the regional level.

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<sup>7</sup> Tarapacá, Atacama, Coquimbo, Valparaíso and Metropolitana.

<sup>8</sup> Exempt Resolution 5946/2018, SEREMI Salud Antofagasta.

<sup>9</sup> Exempt Resolution 8699/2018, SEREMI Salud Valparaíso.

## Main recommendations

To propose a comprehensive simplification strategy leading not only to the improvement of the permits analyzed, or those currently in force, but also to generate a continuous process of regulatory improvement, we present three levels of recommendations: i) specific to the critical permits studied, ii) general recommendations concerning sets of permits, and iii) structural recommendations to the entire system.

## Specific recommendations

Seventy-five specific recommendations seek to improve the 23 permits prioritized in the study, favoring the proposals for modifications via regulatory authority that allow the implementation of direct measures in the short term. Of these, 34 aim to improve the regulatory design, 39 to improve Service management, and two that focus on both areas. Most (52) constitute modifications that must be implemented by the Administration and its Services through regulations, resolutions, instructions, or guides. Eleven proposals require legal modifications, which requires processing in Congress. Three other proposals are mixed nature (legal and regulatory), and nine can be developed through both legal and regulatory channels, depending on the scope desired.

Regarding regulatory design recommendations, the hierarchization of environmental components in the RCA is a clear example. The aim is to decrease rigidity levels, benefiting the sectoral processing of mixed environmental permits, which often require the modification of the original RCA. They are also expected to act as an incentive to incorporate improvements in projects and to facilitate the Environment Superintendency's supervision.

Another example is the Building Permit, especially regarding the numerous ways through which it may currently be contested. The Commission proposes defining a route that specifies the terms and conditions necessary to contest a permit that may have been granted under dubious legal grounds. This would grant certainty to the holders and the community, as well as the Administration.

Among management recommendations, procedure improvements regarding concession granting are proposed, both for onerous use granted by the Ministry of National Assets, and maritime concessions granted by the Undersecretariat for the Armed Forces. These interventions should decrease the processing times from two to three years to less than one.

## General recommendations

The prioritized permits analysis delivered findings that put forward the opportunity and need to make general recommendations, whose impact covered more than one particular permit. These seek to improve permit granting efficiency and enhance their legal certainty.

In terms of efficiency, a two-stage strategy is proposed. First, create an adequate level of permit traceability, which requires mapping all processes, identifying areas for improvement, and estimating the resource gap. This will allow the processing times to be incorporated as a management indicator and their traceability for a higher level of transparency. This work must be supported, validated, and monitored not by the Service that grants the permit, but rather by an entity located in the center of the Government.

The second stage is to start with a process of gradual interventions focused on prioritized permits. In particular, the resource requirements must be solved through process digitization, transferring costs to the user, and the best coordination between Services. Two models should be articulated to speed up their processing, one based on external collaborators, and the other with a differentiated rate for the owners of large projects who choose to finance the permit's cost directly. For permits that require pronouncements from different Services, a person should be assigned, and **internal positive silence rules** should be incorporated.<sup>10</sup>

To encourage holders to request permits correctly and include complete and sufficient information, this Commission proposes an early rejection mechanism. This mechanism should include a maximum number of iterations with the Service and the possibilities of abandoning processing due to the holder's inactivity, as established in article 43 of the Law of Bases of Administrative Procedure.

The definition of a processing period for all existing permits is proposed to improve regulatory aspects, which should include reference deadlines for each of the activities, restructuring processing procedures based on associated risks, and the establishment of a declaration system for low-risk permits.

In terms of legal certainty, it is essential to grant higher stability to permits. This Commission proposes, as a means of impeachment, the specification of general illegality claim, applicable to all permits that do not have a unique claim mechanism. The Commission also proposes to regulate the scope of the Administration's invalidation faculty expressly. Additionally, it should specify the matters which the Office of the Comptroller General of the Republic can resolve on: "matters of litigating nature."

In order to give greater predictability to the granting of permits, the criteria that the regional services will use to grant permits should be unified.

Finally, new territorial ordering mechanisms that allow coherence to the local decisions of land use with strategic national aspects should be incorporated, defining incentives for the installation of projects that consider the potential negative externalities.

### Structural recommendations

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<sup>10</sup>The concept of "internal positive silence" allows the holder to take for granted the approval of a permit reporting after 5 days that the regulatory deadline was exceeded

The country requires a structural reform regarding how permits are defined, designed, and granted. Although the focus of analysis is the permits for investment in a limited group of sectors, the diagnosis and the conclusions suggest that the problems referred also affect the rest of the permits and Administration procedures.

In order to account for the current regulatory acquis, a permanent regulatory review process must be instructed, with the active participation of the State and the private sector. An evaluation mechanism is also proposed to ensure the quality of the new regulations. With this long-term objective in mind, we recommend the creation of an entity focused on the quality of public policies, which continuously and constantly monitors and supports regulatory improvement processes throughout the regulatory cycle, complying with the methodology developed by the entity, and undergoing periodic reviews.

## **Conclusions**

The mandate assigned to the CNP by the Presidency of the Republic instructed a review of the permits required to invest in five key sectors of the economy (mining, energy, infrastructure, real estate, and industry), and simplification proposals leading to more efficient and expedited permits. It was crucial not to reduce the level of demand or protection of the current norms.

The analysis identified 400 permits, granted by 53 entities, which were cataloged considering characteristics such as processing times and the supporting regulations. Based on these 400 permits, and focusing on the critical 23 permits, a diagnosis was made of the processing of permits for investment projects, concluding that the system has problems of low efficiency and increasing legal uncertainty. Efficiency problems are mainly the result of non-compliance with deadlines, the result of obsolete processes, low digitization, minimal traceability, criteria variance and discretion, lack of coordination between services, and multiple iterations, due to, among other things, the low quality of the information provided by the owners. Low legal certainty levels correspond to predictability absence when processing a permit, and with the permit's stability over time.

Our recommendations, if implemented, will not only shorten the processing times and improve the Services' internal procedures, but also further improvement in regulatory quality, which in the medium term would put Chile at the level of developed countries. Only in this way will it be possible to contribute to the development of the country in the long term through investment projects that contribute to economic growth while maintaining high standards aligned with sustainable development.