Comisión Nacional de **Evaluación** y **Productividad**

EXECUTIVE SUMMARY

Regulatory Quality in Chile: A Review of Strategic Sectors

2019

Regulatory Quality in Chile: A Review of Strategic Sectors

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 among the most competitive, but the improvement provided by the factors mentioned above reduced over time. What made the Chilean economy grow in the past does not contribute the same in the future.

Several studies[1] 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 was 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 development would be based not only on its innovations but also on the intelligent imitation and adaptation of the best practices and technologies in the world. The same studies have emphasized the impossibility of identifying a single cause —and 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 is necessary 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 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

[1]CNP (2018) and Corbo (2014), among others.

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.[2]

The country's legal system enshrines the State and its agencies' regulatory role. 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 and their definition and materialization. For example, there are permits whose processing takes an average of four years and others whose responsible agencies need to have their competencies 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, this led to the project's suspension.

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

While specific efforts in Chile should be acknowledged as good practices, there remains a need for a systematic and regular process to review regulations and procedures. It is important to establish a framework that facilitates the periodic evaluation of existing regulations to ensure their continued relevance and effectiveness. It is worth noting that Chile is one of the five OECD member countries that do not currently conduct ex-post reviews.[5]

[2] Office of Sustainable Project Management, entered in May 2019. Available at www.oficinagps.cl.
[3] OECD (2018).
[4] 2018 World Competitiveness Report.
[5] World Bank (2018). Global Indicators of Regulatory Governance.

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 improvement process. It is, therefore, urgent to act, starting with the regulations that give rise to permits and define the granting processes, 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 5 sectors under analysis and 53 entities involved in their granting. We highlight 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 tasks within a project often require multiple processing stages. This can be attributed to various factors, such as modifications to the original plan or the need to address unforeseen contingencies that arise during project execution. Thus, the number of permits required results to close to 3000.

The main finding of this study is that Chile needs 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 have 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 the fulfillment of investment projects and provides 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, we prioritized a set of permits for more in-depth analysis. This prioritization considered two criteria. On the one hand, we chose critical permits for developing projects that require more complex processing, which demand more time and resources. On the other hand, we selected a set of representative permits from the five sectors and the public services involved in their granting. Twenty-three permits were identified and evaluated according to the flow of procedures required for their processing; the times applied; the criteria that support them, and the suitability of their definitions, requirements, and activities. The analysis of the system and the permits allowed conclusions 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.

The issue of low legal certainty arises from a lack of predictability in the criteria for permit admissibility and granting. There is a need for greater clarity on the conditions under which permits can be revoked and the corresponding consequences. Additionally, conflicting regulations, contradictory norms, and jurisdictional ambiguities among various agencies further contribute to the overall confusion.

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. For 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 need for more information regarding processing times. The information on deadlines needs to be systematized, and the duration of the procedures needs to be monitored, denoting a lack of management. Only the Environmental Assessment System records the proportion of time that third parties are processing the permit, whether they are other Services or the holder. There needs to be a Service with an updated process flow of its activities regarding permit processing or the necessary human or material resources. Six Services had their information processed for the first time by this Commission for this study. This lack of knowledge 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 extreme deadlines:

1. Absence of a regulatory definition regarding periods
2. Lack of human and material resources
3. Misaligned incentives
4. Low coordination between Services
5. Low quality of the information provided by the owner.

Lack of normative definition of deadlines

Delays in permit obtention are partly due 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 specify time limits. 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. In some cases, the regulations explicitly specify the need for physical processing. However, 16 (70%) of the 23 prioritized permits have online information regarding their requirements (though with a different level of updating), and only 4 (17%) allow digital processing.

Of the entities in charge of processing the 23 prioritized permits, only six have any traceability mechanism and are 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 only allows tracking a permit if it follows a non-standard processing route, and the SIABC of the Undersecretary of the Armed Forces needs to be 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 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, independent reviewers increase processing times in building permits issued by the Municipal Works Directorates.

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 organization operates on funding provided by users of the electrical system and is under the supervision of the National Energy Commission. The Commission is responsible for facilitating two crucial permits for the energy, mining, and industrial sectors: the connection solution and the interconnection authorization.

Several OECD countries, such as the United States, Canada, and 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 need to be adequately trained or specialized in increasing efficiency. For example, in the health SEREMIs, staff members who administratively process the requests are usually the same ones who make field visits or supervise, hindering efficient human resource management. On the other hand, SERNAGEOMIN has implemented changes to optimize processing activities, making technical civil servants specialize in permits and 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 need to be aligned with expedited permitting. On the one hand, despite the precise 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, which 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, establishing performance indicators needs to provide clear evidence of the activities' management of the Services. An example of this is evident in the maritime concessions under the jurisdiction of the Undersecretary of the Armed Forces and the pavement rupture and replacement permit issued by SERVIU. While these indicators demonstrate a high compliance rate of over 80%, it is important to note that there are reported challenges in terms of lengthy processing times. This highlights the need to address the efficiency and effectiveness of these processes to ensure that compliance is achieved within a reasonable timeframe.

Low coordination between Services

The granting of nearly eighty permits necessitates the involvement and pronouncement of multiple services. However, the participation of these additional organizations in the processing can significantly extend the duration of the process, sometimes up to 6 months. This is further compounded by the lack of traceability mechanisms within the responsible service for monitoring these operations. Additionally, there is a lack of tools to incentivize and expedite the progress of processes within the other services involved. To address these challenges, it is crucial to develop effective management mechanisms that encourage collaboration and streamline the permit processing, leading to more efficient and timely outcomes. For example, the Major Maritime Concession permit processed before the Undersecretariat of the Armed Forces takes an average of 45 months to process, partly 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 held up 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 partly 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. They 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 sanctioning the project's design during the project phase. If the installation is done 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 accessories 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 and 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 community members 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, we identified two types of problems: 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 also 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 confidence in the permits' stability.

In the first place, due to the existence of numerous rebuttal measures regarding the same permit. For example, nine different channels, including administrative and judicial, may challenge a permit. This generates various adverse effects, allowing litigants to arbitrate regarding which court to attend, generating contradictory responses between multiple 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 eventually considered this criterion wrong. Currently, the Administration has the power to invalidate permits when the requirements regarding their granting change, even if the holder had followed the original standards 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. The existence of channels to resolve private disputes has inadvertently opened up spaces for challenging the permits that have been granted. While these channels can provide a means for addressing conflicts and finding resolutions, it has also resulted in an increase in permit challenges.

Predictability

Objective criteria often need to be revised 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.[6] If the Service's movements are unpredictable, equality before the law is involved 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 in different regions of the country. For example, the permission for the approval of the Hazardous Waste Storage Site granted by the Health Department shows differences between regions,[7] ranging from the variation in the level of

[6] 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.
[7] Tarapacá, Atacama, Coquimbo, Valparaíso and Metropolitana.

detail required to describe 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[8] by presenting photographic material, while in Valparaíso, a site visit is required.[9] 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

One crucial factor that can affect the legal certainty of investment projects is the implementation of the Territorial Ordering Plan. This plan plays a significant role in shaping the development of investments in the country, as it determines the spatial organization and productive vocations of different regions. Therefore, any changes or decisions made within the Territorial Ordering Plan can have a substantial impact on investment opportunities and overall business environment. It is important to ensure transparency, consistency, and clear guidelines within the plan to maintain legal certainty and provide a stable foundation for investments in Chile.

Law 21.074 on Strengthening the Country's Regionalization creates the National Territorial Planning Policy (PNOT) and the Regional Territorial Planning Plans (PROT). In addition, it 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 is established as territorial ordering elements, 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 limited whereby only Non-Conventional Renewable Energy projects are

[8] Exempt Resolution 5946/2018, SEREMI Salud Antofagasta.
[9] Exempt Resolution 8699/2018, SEREMI Salud Valparaíso.

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 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.

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:

1. Specific to the critical permits studied
2. General recommendations concerning sets of permits
3. 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 focus on both areas. Most (52) constitute modifications that the Administration and its Services must implement through regulations, resolutions, instructions, or guides. Eleven proposals require legal changes, which need processing in Congress. Three other recommendations are mixed (legal

and regulatory), and nine can be developed through legal and regulatory channels, depending on the desired scope.

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 ecological 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 area that poses challenges to legal certainty is the process of obtaining a Building Permit, which is particularly susceptible to various forms of contestation.. The Commission proposes defining a route that specifies the terms and conditions necessary to examine a permit that may have been granted under dubious legal grounds. This would contribute certainty to the holders, the community, and the Administration.

As part of the management recommendations, we propose the improvement of procedures related to the granting of concessions. This includes addressing the procedures for demanding 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.

To improve efficiency, a two-stage strategy is proposed. The first stage involves creating a comprehensive system for permit traceability. This includes mapping out all permit processes, identifying areas that require improvement, and estimating the resource gaps that need to be addressed. By implementing this traceability system, processing times can be tracked and monitored, allowing for greater transparency and accountability. It is crucial that

this work is supported, validated, and monitored by a central government entity, separate from the service that grants the permits.

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.[10]

To encourage holders to request permits correctly and include complete and sufficient information, this Commission proposes an early rejection mechanism. This mechanism should consist of a maximum number of iterations with the Service and the possibility 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 activity, restructuring processing procedures based on associated risks, and establishing a declaration system for low-risk permits.

In terms of legal certainty, granting higher stability to permits is essential. 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 expressly regulate the scope of the Administration's invalidation faculty. Additionally, it should specify the matters which the Office of the Comptroller General of the Republic can resolve: "matters of litigating nature."

[10] 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.

To provide further 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

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

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 creating 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. Maintaining the level of demand and protection of the current norms was crucial.

The analysis identified 400 permits granted by 53 entities, which were cataloged considering characteristics such as processing times and 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 development 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.

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