



Comisión  
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**Evaluación y  
Productividad**

# REPORT

Twelve Recommendations for Economic  
Recovery: Employment, Investment, and  
Welfare

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## Twelve Recommendations for Economic Recovery: Employment, Investment, and Welfare

Like the rest of the countries, Chile is suffering the pandemic's social impact, with enormous health and economic effects. Managing the crisis regarding health concerns and providing resources for those who currently lack the necessary income for their basic expenses must be a priority. However, once the spread of Covid-19 is under control, efforts should complementarily focus on promoting employment and investment's rapid recovery and address, with a medium-term perspective, the problems that have been postponed during these months.

In this context, the National Productivity Commission (CNP) compiled twelve recommendations proposed in previous reports<sup>1</sup> to promote productivity and our capacity for sustainable growth, which are currently relevant to address the pressing urgencies.<sup>2</sup> The highlighted measures aim to complement those already implemented by the authorities to resolve the complex scenario caused by the pandemic and improve people's well-being in three key areas:

- **Productivity, Employment, and Investment:** Recovery of economic activity in general and employment in particular.
- **Workforce Competencies:** Adapting workers' skills to take advantage of new forms of work.
- **Health:** Effective resolution of health treatments postponed due to the ongoing health crisis.

Given the seriousness of the country's situation, provisions that can be implemented quickly through regulatory or legal modifications are prioritized as long as they are part of advanced

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<sup>1</sup> Visit [www.comisiondeproductividad.cl](http://www.comisiondeproductividad.cl): Report on Regulatory Review in Strategic Sectors; Competency Development for Work in Chile; Women in the Labor World; Efficient Use of Elective Operating Rooms and Management of Non-GES Surgical Waiting Lists.

<sup>2</sup> Each of the measures outlined in this document has been recommended based on studies conducted by the CNP since its creation in 2015.

bills in their legislative process. The goal is to highlight relevant and timely measures for their urgent application according to the demands of the current crisis. We characterize each recommendation's specific implementation and the entities responsible for their execution. These measures complement those currently being advised by multiple experts from various organizations and entities motivated to increase the country's well-being.

## **I. Productivity, Employment, and Investment:**

As soon as the government lifts confinement and mobility restrictions, a rapid recovery of labor income must be promoted through a significant rebound in investment, particularly sensitive to its regulatory framework and the involved agents' expectations. Regulatory improvements can have a dual effect: accelerating investments trapped in inefficient procedures and fueling progress in expectations, promoting an appetite for investment.

Among the main findings of the study "**Regulatory Review in Strategic Sectors**" (2019), we highlight that the formal approvals required for an investment project in Chile are governed by regulations not designed from a global perspective and do not consider the project. Each public entity operates from a sectoral perspective that is not necessarily based on a project logic, creating areas of discoordination, favoring an inefficient use of public and private resources, and decreasing legal certainty. In this context, the central attributes of a permit system for investment development are efficiency, stability, and predictability.<sup>3</sup>

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<sup>3</sup>Permit stability refers to the clarity regarding the rights and obligations that arise from such regulations, and their validity remains unless revoked according to the defined norms. Predictability, on the other hand, refers to the assurance that, following the criteria and requirements determined by the legal framework, the outcome should be a specific result that will be observed by both the members of the community and the State.

**Recommendation 1: Expand the use of cost transfer mechanisms to users through i) external collaborators and ii) direct cost of procedures.**

**Rationale:** Many public services could achieve greater efficiency in inspecting and processing permits by resorting to external specialists. This way, the administrative fee is focused only on those who request permits. This model, whereby the applicant bears the direct cost of procedures, is successfully used internationally to promote service efficiency and increase transparency and equity.

**Implementation:** Modify the corresponding regulations to enforce the use of external collaborators and the direct cost of procedures for the following permits:

- Permit for the construction and operation of tailings deposits (Sernageomin)
- Permit for archaeological, anthropological, and paleontological excavations (Council of National Monuments)
- Permit for modifications to watercourses, permit for the construction of defense works and regulation of natural watercourses, and acceptance of major hydraulic works (General Directorate of Water - DGA) (Bill 11747-03)

Responsible Entity: Ministry of Mining, Ministry of Culture and Arts, Ministry of Public Works

**Recommendation 2: Establish declaration systems for low-risk permits.**

**Rationale:** A declaration system is a mechanism to authorize permits for low-risk activities in which the preliminary evaluation by the respective authority, including on-site visits, is waived. Instead, the applicant declares compliance with all obligations and conditions established by the regulations for carrying out the activity. In addition, a certification from a qualified professional regarding compliance with legal requirements for the installation is required. A declaration system for low-risk permits would allow post-inspection to safeguard regulation, authorizing the start of the investment without the investor having to wait for the

authority's prior license. The Superintendency of Electricity and Fuels currently use this modality, where:

1. On-site visits are waived.
2. The professional that processes the permit delivers a certificate, and there is a remote review by the authority for clearance.
3. Precise parameters for inspection are defined.

**Implementation:** Modify the corresponding regulations to implement the use of external collaborators and the direct cost of procedures for the following permits:

- Pavement breaking and replacement (Service of Housing and Urbanism - SERVIU) (Title III of Decree 411/1948)
- Permit for the construction, repair, modification, and expansion of any public or private works for the evacuation, treatment, or final disposal of wastewater and sewage (SEREMI of Health) (Decree 236/1926)
- Extend to other permits granted by the SEREMI of Health classified as medium/low risk.

Responsible Entity: SERVIU (Housing and Urbanism Service), SEREMI of Health:

**Recommendation 3: Improve the regulations governing the invalidation of permits.**

**Rationale:** One of the conditions that affect the stability of permits once granted is related to the limits of the Administration's authority to invalidate them and the lack of clear definitions regarding its effects.

**Implementation:** Propose a regulatory framework to enhance the implementation of Article 53 of Law 19.880, specifically addressing the procedure for invalidation while considering the following aspects:

i) Ensuring that invalidation does not undermine the actions of the permit holder acting in good faith. Clearly define the concept of "good faith" to establish a standard understanding.

ii) Grant the Administration the authority to invalidate a permit even when the holder has acted in good faith, particularly in situations where the perpetuation of the act would cause irreparable harm. This ensures the Administration's ability to take necessary measures to prevent severe damages.

iii) Establish that all parties affected in good faith, whether they are permit holders or members of the community, have the right to receive compensation from the State. This recognizes the need for indemnification and addresses the consequences that arise due to the invalidation process.

Responsible Entity: General Secretariat of the Presidency

**Recommendation 4: Introduce traceability and standardized criteria in permit processing.**

**Rationale:** There are significant opportunities to improve coordination in project development by transforming the actual approval times into a monitorable and transparent indicator for the permit holder. Scheduling, including these actual times, significantly increases the predictability of the project.

**Implementation:** Through a presidential directive, incorporate traceability in permit processing. The respective public services must map their procedures, identify critical paths and areas for improvement, and the resources required to carry out this work. Based on this, transform the actual processing times into a monitorable indicator. Similarly, define, in an effort directed from the central level, the criteria that regional services will use for granting permits that involve significant degrees of discretion by the granting authority. If necessary, differentiate according to regional conditions and explicitly state and justify the decision.

Responsible Entities: Office of Sustainable Project Management, Ministry of Economy

**Recommendation 5: Modify the structure of the Environmental Qualification Resolution to facilitate evaluation processes.**

**Rationale:** The (RCA) Environmental Qualification Resolution's structure restricts the adaptability of projects to circumstances specific to a dynamic environment, from changes in the surroundings to technological improvements. This rigidity affects the permit's efficiency in its sectoral processing and possibilities of making changes to the project, among others. There needs to be more clarity in defining significant changes associated with project modifications, changes that should be entered into the Environmental Impact Assessment System (SEIA). Additionally, there needs to be more clarity in general concepts of the RSEIA, which leave room for interpretation by both the project owner and the Environmental Assessment Agency (SEA). Finally, there are observations regarding conflicts in the Environmental Superintendent (SMA) supervision.

**Implementation:** Modify the Regulation of the Environmental Impact Assessment System (RSEIA) to incorporate the mandatory requirements of an RCA to prioritize environmental components to facilitate evaluation processes. For this, a chapter should be established in the RCA that summarizes and classifies the ecological commitments according to their nature, defining categories that at least represent those considered essential, relevant, or secondary, which should be monitored and potentially sanctioned differently.

Responsible Entity: Ministry of the Environment

**Recommendation 6: Restrict the conditioning of sectoral and/or municipal permits to the submission of a Pertinence Consultation.**

**Rationale:** There needs to be more certainty regarding the environmental regulations' criteria that govern the submission of project modifications to the SEIA, particularly concerning concepts that define significant changes and generate a high flow of pertinence consultations.

Some Government Agencies condition the delivery of their sectoral or municipal permits to the resolution of the pertinence consultation. Despite efforts made by the SEA through guidelines, this practice has yet to be stopped.

**Implementation:** Modify Article 26 of the RSEIA to restrict the conditioning of sectoral and/or municipal permits to the submission of a Pertinence Consultation.

Responsible Entity: Ministry of the Environment

The study "Disruptive Technologies: Regulation of Digital Platforms" (2018) contains findings and proposals for maximizing the benefits and mitigating the risks that can arise from the new forms of productive relationships generated by digital platforms. To achieve this, it is necessary to adapt our regulatory framework, maximizing the benefits and minimizing the risks that can arise.

In this regard, we highlight two measures with the potential to positively impact the financial system by including Fintech companies in providing various financial services.

**Recommendation 7: Develop a regulatory framework for Fintech companies.**

**Rationale:** The Fintech sector has experienced strong global growth, increasing efficiency and competition and enabling greater access to financial services for businesses and individuals. Chile's regulatory lag is evident, even compared to regional standards, with a significant gap compared to countries like England or the United States. In Chile, there is a regulatory void for the operation of crowdfunding platforms, leading users to operate with high levels of uncertainty. Lastly, there are barriers in the General Banking Law and the Securities Market Law that hinder the development of crowdfunding.

**Implementation:** Submit and discuss a bill that covers the entire sector, including services provided by non-banking providers, with general aspects and regulatory details. Establish a temporary legal license for Fintech companies in Chile within a regulatory sandbox,



providing a safety net for participants (users and entrepreneurs) to enable the development of financial innovations. Sandbox participants will provide information to the authorities for the eventual regulation.

Responsible Entity: Ministry of Finance.

## **II.- Competencies for Work**

*"Chile does not have an integrated competency system comparable to international best practices. Our system primarily focuses on transferring knowledge without adequate connection between educational institutions and businesses. As a result, our educational systems and content do not meet market demands." CNP, 2018.*

The disconnection between our educational system's capacity and our productive needs intensifies as technological changes transform how we work to accelerate. The pandemic is precipitating significant changes in the labor market. Among them, there is a growing need to increase telework, which requires greater utilization of skills associated with information and communication technologies.

Therefore, it is particularly timely to strengthen our educational system to offer workers adequate training opportunities.

**Recommendation 8: Offer online courses to beneficiaries of the Unemployment Insurance that provide skills for reintegration into the labor market.**

**Rationale:** One possible consequence of the pandemic is that some workers who have lost their jobs may have difficulties finding new ones, even after the health emergency. Therefore, it is especially relevant to offer online courses to beneficiaries of Unemployment Insurance that provide skills for reintegration into the labor market.

**Implementation:** Implement a program by the National Training and Employment Service (SENCE) to offer online courses on functional and digital literacy, particularly to beneficiaries of Unemployment Insurance. This initiative addresses the high levels of operational and digital illiteracy prevalent in the country's workforce. The studies should emphasize online work tools, both for the job search phase and for task development in remote work.

Responsible Entity: SENCE

**Recommendation 9: Create a public/private fund to finance training programs.**

**Rationale:** Create a public/private fund (including resources from the Tax Credit) to finance training programs that result in certification and/or qualification within the National Qualifications Framework (MNC). One of the main recommendations of the study "Competency-Based Training for Work" is to transfer resources to a fund exclusively dedicated to financing training programs that lead to certification and/or qualification associated with the MNC, for technical and vocational training, including help from the tax credit, following the guidelines defined by the Technical and Vocational Training Council. This presents an excellent opportunity to advance the design and implementation of a competency-based training system for work in Chile.

**Implementation:** Bill No. 12.487-05, currently in Congress, addresses specific aspects of the tax credit. The bill establishes that expenses incurred in financing training actions and programs accredited and certified by SENCE may be eligible for a tax credit.

Responsible Entities: Ministry of Labor, SENCE

The study "Women in the Workforce: More Opportunities, Growth, and Well-being" (2017) proposes measures to increase female labor participation. In particular, the following recommendation is highlighted:

**Recommendation 10: Provide daycare services to all children in single-parent households or households where both parents work or study.**

**Rationale:** Currently, only companies with 20 or more female employees must provide daycare services.

**Implementation:** Expedite the processing of the bill No. 12.026-13, which includes replacing Article 203 of the Labor Code with a system that finances or provides high-quality, free daycare services to all children in single-parent households or households where both parents work or study, regardless of the company's size or the number of women employed. Public daycare centers and kindergartens should also be adjusted to accommodate working parents' schedules.

Responsible Entity: Ministry of Women and Gender Equality

### **III.- Health**

The pandemic has significantly delayed elective surgeries in the public healthcare system. According to estimates by this Commission, around 5,000 cases of Explicit Health Guarantees (GES) and 20,000 Non-GES cases will accumulate for each month of inactivity. With proper management of the waiting lists for elective surgeries, containing new Covid-19 cases will be easier once the initial stage of the epidemic has passed in our country. Resolving the healthcare problem is a necessary condition for addressing the economic crisis.

The study "Efficiency in Operating Rooms and Patient Prioritization for Elective Surgery" (2020) highlights critical measures to improve hospital management. These recommendations support a healthcare strategy to address the larger volume of surgical cases and promote better functioning of the healthcare system in the long term. The first recommendation aims to increase operating room availability by implementing shifts for the surgical team. The second recommendation allows Non-GES surgical cases to be prioritized based on waiting time and risk, considering their diagnoses.

**Recommendation 11: Implementing shifts for operating room teams to ensure operational continuity.**

**Rationale:** In order to maintain the institutional operating hours of the operating room, the director of the self-managed hospital should establish two nursing and TENS (Technical Nursing Assistants) shifts in the operating room, as follows:

Shift 1:

1. Start at 7:30 AM
2. Support in the operating room from 8:00 AM to 12:30 PM
3. Break from 12:30 PM to 1:30 PM
4. Support in other hospital activities from 1:30 PM to 4:30 PM

Shift 2:

1. Start and support in other hospital activities from 8:00 AM to 11:20 AM
2. Break from 11:20 AM to 12:20 PM
3. Support in the operating room from 12:20 PM to 5:00 PM

If the current institutional 9 hour shift of operating times are insufficient, the director of the self-managed hospital should extend the operating room usage hours to 12 hours (including Saturdays, if possible) by establishing three nursing and TENS shifts in the operating room, as follows:

Shift 1:

1. Start at 7:30 AM
2. Support in the operating room from 8:00 AM to 12:30 PM
3. Break from 12:30 PM to 1:30 PM
4. Support in other hospital activities from 1:30 PM to 4:30 PM

Shift 2:

1. Start and support in other hospital activities from 8:00 AM to 11:20 AM

2. Break from 11:20 AM to 12:20 PM
3. Support in the operating room from 12:20 PM to 5:00 PM

Shift 3:

1. Start and support in other hospital activities from 11:00 AM to 12:50 PM
2. Break from 12:50 PM to 1:50 PM
3. Support in other hospital activities from 1:50 PM to 4:50 PM
4. Support in the operating room from 4:50 PM to 8:00 PM

By implementing these shifts, the goal is to ensure operational continuity and maximize the utilization of the operating room resources.

**Implementation:** the directors of self-managed hospitals through an internal circular, as personnel management falls within their authority, can promptly implement the recommendation. Current information indicates that several establishments have sufficient staff to implement this measure for the existing 9-hour period, either partially or in its entirety throughout the week. If an extension to 12 hours is required, the associated costs (according to our estimates) would allow for an increase in the volume of care, resulting in a significant reduction in average costs.

Similarly, the hospital management can allocate a higher proportion of operating room hours to surgical and anesthesia physicians who are completing their fellowships, as well as to physicians who have ceased working in emergency shifts after decades of service (Article 44). Current evidence suggests that both types of resources are underutilized in the operating rooms.

Responsible Entity: Hospital Directorate

**Recommendation 12: Establish clinical reference times for the treatment of Non-GES surgical cases based on waiting time and risk, using standardized diagnoses.**

**Rationale:** The practice of clinical reference times for Non-GES cases already exists in some public healthcare facilities, since it is considered a clinical management practice. However, the Ministry of Health (MINSAL) needs to actively promote and implement it across the board due to the urgent need to address the high volume of delayed cases under a standardized criteria.

**Implementation:** the Ministry of Health should issue a resolution that establishes a prioritization policy for Non-GES elective surgeries in the hospital network. This would include:

1. The normative definition of the surgical waiting list by the Undersecretary of Healthcare Networks.
2. The definition of clinical reference times by the Undersecretary of Healthcare Networks.
3. The standardization of diagnoses and procedures by the Undersecretary of Healthcare Networks.
4. The active involvement of the Undersecretary of Healthcare Networks and health services as promoters of prioritization. This can be achieved through presentations and discussions in the network hospitals, sharing experiences from national establishments that have already implemented this type of policy.
5. Encouraging hospitals and health services to arrange internships for surgical personnel in establishments that have already begun implementing prioritization.

It is important to highlight that the CNP advisors have unanimously approved these recommendations. The timely implementation of these recommendations is expected to have a significant impact on employment and investment, contributing to economic recovery.