

August 11 2021

## Chilean Government announces plan for economic and social recovery, including the extension of benefits

**Santiago, August 11 2021.** Considering the sanitary, social and economic crisis, Chile has implemented several measures to support workers, families and SME's. These measures have totaled US\$27,650 million in direct transfer (Emergency Family Income, support to middle class, subsidy to employment, among others), US\$2,084 million in support for SME's and US\$30,400 million in indirect transfers through the FOGAPE credits and others measures to alleviate taxes.

Now, to further support families in the process of recovery, the government extends and complements the Social and Economic Reactivation Plan, which includes:

### 1. Extension of the Universal Emergency Family Income (IFE Universal)

Until November 2021, for the same amount of current program that ends in September.

- Amount of the subsidy.
  - Household of 1 person will receive \$177,000;
  - Household of 1 person will receive \$287,000;
  - Household of 3 people will receive \$400,000; and
  - Household of 4 people will receive \$500,000.
- People benefited: 7.7 million of households and around 16 million people.
- Cost: additional US\$ 6,400 million.

### 2. Subsidy to workers (IFE Laboral)

It is a monthly subsidy paid directly to the worker.

- Amount:
  - Women: 60% of the income, up to CLP\$ 250,000.
  - Men: 50% of the income, up to CLP\$ 200,000.
- People benefited: 500,000 new workers.
- Cost: US\$ 500 million until December 2021.
- This subsidy complements IFE Universal (both sum up).

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### 3. Support to micro entrepreneurs

Strengthening FOSIS program, in order to support around 200,000 entrepreneurs.

#### Total Cost

The plan has a total cost of US\$ 7,000 million, approximately.

#### Financing

The plan will be financed through:

- Higher fiscal incomes derived from the higher expected GDP growth (versus the 2Q forecast). It is expected that higher incomes will total at least US\$1,000 million. The updated 2021 growth estimation will be informed on the first week of October together with the Quarterly Public Finance Report.
- Under-execution of budget, explained by mobility restrictions in the first semester, by around US\$1,500 million.
- Resources originally oriented to subsidies to the employment (SENCE), and that will be used for the new measures, by around US\$1,500 million.
- Finally, US\$3,000 million will be financed using Sovereign Wealth Funds (FEES) and Other Financial Treasury Assets.