

## 9<sup>th</sup> Meeting of the Ibero American and the Caribbean Network of Regulatory Improvement

### Summary record

The 9<sup>th</sup> Meeting of the Ibero American and the Caribbean Network of Regulatory Improvement took place on 27 and 29 October 2020. The Dominican Republic, co-ordinator of the Network for 2020, hosted the event in collaboration with the OECD and the IADB. The event focused on two topics that are particularly relevant for the region and that are linked to the economic recovery post-pandemic: the use of regulatory policy tools to support SMEs and international regulatory co-operation as a way to foster trade, investment and economic growth.

Additionally, on 5 November, the Network held its closed session with delegates from member countries. This meeting focused on the definition of next steps and topics to address during the 2021 period, the management of administrative matters (including the presentation of the internal platform of the Network), and the update of regional projects on regulatory policy. For a complete list of the delegates by country, see Table 1.

#### ***First day of activities***

The opening remarks included the participation of Peter Prazmowski, Executive Director of the National Competitive Council of the Dominican Republic, who highlighted the importance of a strong institutional arrangement and regulatory quality to boost economic recovery in the region. Lea Giménez, Head of the Innovation in Citizen Services Division of the IDB and Nick Malyshev, Head of the Regulatory Policy Division underlined the relevance of the Network as a valuable space for the exchange of experiences and best practices in the region.

The thematic session on regulatory quality and SMEs included the presentations by Daniel Trnka, Deputy Head of the Regulatory Policy Division of the OECD and by Manuel Cabugueira, Main Counsellor of the Legal Centre of the Presidency of the Council of Ministers of Portugal. The relevance of SMEs in the economic landscape is undeniable; however, the impact of regulations on them is disproportional compared to larger firms. The OECD has collected data from 23 members on the use of SMEs tests, which help identify the impact of proposed regulations on small and medium enterprises. While there is not a standard procedure for the use or implementation of these tests, there are some commonalities and good practices that are worth mentioning:

- Identification of affected groups: This will help regulators understand better the different impacts that regulations could have on specific businesses.
- Stakeholder engagement: Given that for SMEs it tends to be costly to engage in public consultations or may not be aware of all regulations that could affect them, regulators should try to reduce the burden that they face and provide different channels for SMEs' owners, representatives or unions to engage with the authorities.
- Assessments of impacts: The way that regulations affect SMEs goes beyond administrative burdens. A thorough assessment of the impacts will help regulators identify disproportionate impacts.
- Alternatives/mitigating measures: Specific actions can be taken to alleviate the burden of regulations on SMEs as well as to encourage their operation and development. Measures range from the provision of information and capacity building to special regulatory regimes.

Portugal has taken steps to assess the impact of regulations on SMEs. The most prominent tool that it has developed is a calculator that estimates the impact of regulatory proposals on the different kind of SMEs in the country. This information feeds into the SME test, which includes an assessment of the economic impacts, effects on competition and innovation, identification of entry barriers. It is important to highlight that SMEs tend to be very heterogeneous, leading to differentiated impacts across the board.

### ***Second day of activities***

Rodrigo Yáñez, Under Secretary of International Economic Affairs of the Ministry of Foreign Relations of Chile opened the second day of activities of the Network. His remarks pointed to the importance of having in place strong and smart regulatory mechanisms, which are part of an integrated system. Chile has taken steps to improve the regulatory environment in the country, not only by developing guidelines and reviewing existing regulations, but also by adopting measures that go beyond the command and control approach.

Camila Saffirio from the OECD opened the panel session of the day, which focused on the importance of international regulatory cooperation (IRC) for economic recovery. This point has been recognised in the development of several trade agreements, which include horizontal chapters on good regulatory practices. The OECD has carried out an analysis of the IRC aspects comprised in five trade agreements with the objective of shedding light into the challenges and opportunity areas for the implementation of these chapters. Finally, IRC is a tool that can be harnessed not only to boost economic recovery, but also to help countries navigate the COVID-19 pandemic more effectively.

Building on Camila Saffirio's presentation, Gastón Fernández from Chile emphasised the importance of good regulatory practices as a key enabler for international trade and economic recovery. The latter is accompanied by a series of challenges, both domestically and internationally. Overcoming these obstacles requires strong political will, engagement with relevant stakeholders, technical cooperation, and the implementation of regulatory impact assessments, among others. Chile is also focusing on the development of high quality regulations and of regulatory policy tools at the national level.

On the other hand, Brazil has acknowledged the role that some regulatory agencies have taken by driving some of the regulatory reform efforts in the country. Juliana Ghizzi Pires, from the Ministry of Economy of Brazil pointed to the reforms that the country has introduced in terms of regulatory quality and regulatory impact assessment, which are supported by the political and economic priorities of the national government.

Finally, Welby Leaman from the Americas Business Dialogue presented the view of the private sector, which recognises the importance of good regulatory practices as a mechanism that fosters transparency and economic development. In particular, the development of digital tools to reduce discretionary decision-making and uncertainty during the licensing phase of projects should be a priority of administrations in the region, as a better regulatory environment is a strong enabler of economic growth.

### ***Closed meeting with delegates***

The session began with Adagel Grullon's remarks on the experience of the Dominican Republic as coordinator of the Network during 2020. This year has proven to be both a challenge and an opportunity for the Network. Digital tools have made the contents and discussions of the meetings more accessible to a broader audience, reaching national and subnational governments across the region. Regarding administrative matters, the selection of a deputy coordinator of the Network—that would be coordinator and host of the Network's meeting in 2022—did not yield any proposals. Nonetheless, Portugal offered to host an extra-ordinary meeting of the Network in May 2021 in the framework of its EU presidency and a weeklong event on regulatory policy. Additionally, the OECD presented the [internal platform](#) for the Network. The site is only accessible for registered members; it includes an archive of presentations and

materials of all the meetings and provides access to relevant links for each member country, the IADB and the OECD.

On the other hand, the IADB updated the members on the projects that it has developed with the National Commission on Regulatory Improvement of Mexico (CONAMER). Given the introduction of the General Law on Regulatory Improvement in Mexico and the development of the regulatory policy in the country, the IADB and CONAMER are trying to measure the benefits of regulatory improvement at the subnational level; this will help inform policy-making and priorities for the national and regional administrations. Moreover, both institutions are working on the creation of a calculator of administrative burdens that would be available free of charge for countries in the region.

Finally, delegates shared their views on the topics of interest for future meetings of the Network. Suggestions included:

- Informal economy and SMEs
- International regulatory cooperation
- Regulation of disruptive technologies
- Use of ICT tools to regulate better (includes also use of AI for administrative simplification)
- Regulatory policy at the subnational level
- Building blocks of regulatory policy: regulatory impact assessment, stakeholder engagement, administrative simplification, ex-post evaluation
- Adoption of good regulatory practices by public officials

**Table 1. Delegates by country**

| <b>Country/Institution</b> | <b>Delegate</b>       |
|----------------------------|-----------------------|
| Argentina                  | Mercedes Rivolta      |
| Brazil                     | Natasha Martins       |
| Chile                      | Carolina Fernández    |
| Colombia                   | Darío Rodríguez       |
| Costa Rica                 | Wendy Flores          |
| Dominican Republic         | Adagel Grullón        |
| Ecuador                    | Diego Daniel Serrano  |
| El Salvador                | Marlene Tobar         |
| Paraguay                   | Silvia Brizuela       |
| Peru                       | Miniam Peña           |
| Portugal                   | Virginia Silva        |
| Spain                      | Fe Bueno              |
| IADB                       | Pedro Farias          |
| OECD                       | Manuel Gerardo Flores |