

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Developing new instruments for regulatory innovation
▪ TC Number:	RG-T4584
▪ Team Leader/Members:	Lopez Azumendi Caliri, Sebastian (IFD/ICS) Team Leader; Reyes, Javier Ramiro (IFD/ICS) Alternate Team Leader; Landaverde Mercado Ivette (IFD/ICS); Vieyra, Juan Cruz (IFD/ICS); Koo, Hyo-Sun (IFD/ICS); Bonilla Merino Arturo Francisco (LEG/SGO); Bueno Londono Daniela (IFD/ICS); Rey Sepulveda Jessika Alexandra (IFD/ICS); Angel Canarete Hugo Alberto (ITE/IPS); Em, Honggi (ORP/GCM) Azumendi Caliri, Sebastian (IFD/ICS) Alternate Team Leader; Landaverde Mercado Ivette (IFD/ICS); Vieyra, Juan Cruz (IFD/ICS); Lima De Farias Pedro Cesar (IFD/ICS); Koo, Hyo-Sun (IFD/ICS); Bonilla Merino Arturo Francisco (LEG/SGO); Martinez, Ynty (IFD/ICS); Angel Canarete Hugo Alberto (ITE/IPS); Em, Honggi (ORP/GCM)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	05 Sep 2024.
▪ Beneficiary:	Barbados, Colombia, Peru. (Regulatory oversight bodies, regulatory agencies, and Digital government agencies from IDB borrowing countries)
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Public Capacity Building Korea Fund for Economic Development(KPC)
▪ IDB Funding Requested:	US\$250,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	December 2024
▪ Types of consultants:	Individuals & Firms
▪ Prepared by Unit:	IFD/ICS-Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	IFD/ICS-Innovation in Citizen Services Division
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ IDB Group Institutional Strategy: Transforming for Scale and Impact:	Fiscal policy and management; Institutional capacity and rule of law; Institutional capacity, rule of law, and citizen security; Public sector policy and management; Transparency and integrity

II. Objectives and Justification of the TC

- 2.1 Better regulation initiatives have emerged as crucial mechanisms for enhancing governance, promoting economic growth, and ensuring regulatory quality across various regions. In Latin America and the Caribbean (LAC), the initial push for better

regulation initiatives was met with enthusiasm but has struggled to achieve comprehensive consolidation. This Technical Cooperation (TC) explores the factors contributing to the challenges faced by the region, particularly in the three beneficiary countries, in consolidating better regulation programs, drawing insights from successful experiences, particularly that of the Republic of Korea while emphasizing the importance of impactful new area activities.

- 2.2 **Challenges in consolidating better regulation initiatives in LAC.** Despite some progress, the LAC region faces significant challenges in consolidating better regulation initiatives. A key obstacle is the lack of dedicated institutions. For example, only Mexico and El Salvador have institutions specifically tasked with implementing regulatory policy. In other countries, this responsibility falls to units within another ministry, such as Peru's Public Management Secretariat under the Presidency of the Council of Ministers. Similarly, Colombia promotes regulatory policy and tools through the Better Regulation group within the National Planning Department focusing more on coordination than enforcement. Barbados, on the other side, lacks a formal institution but has seen some efforts from the CARICOM Regional Organization for Standards and Quality (CrosQ) to raise awareness about the economic impact of technical regulations and other Technical Barriers of Trade (TBT). Another challenge is strengthening the legal framework and digital infrastructure to support public participation in Regulatory Impact Assessment (RIA). While Peru has developed RIA guidelines, their implementation focuses primarily on reducing administrative burdens rather than assessing broader economic impacts. Peru's portal was designed for internal use by ministries and does not facilitate public consultations for businesses or citizens. In Colombia, the SUCOP Public Consultation System was launched in 2016 to centralize consultations across executive entities. However, it has not been adopted as a mandatory platform, resulting in inconsistent use and limited coverage across government entities¹. Additionally, RIA and ex post evaluations in Colombia are only required for technical regulations. Barbados, on the other hand, has yet to implement RIA or develop a portal to support these tools.
- 2.3 In contrast to the challenges faced by LAC, the Republic of Korea stands out as a success story in implementing better regulatory practices, setting new precedents for other nations. For example, Regulatory Impact Analysis (RIA) is mandatory for all subordinated regulations, and from 2020, ministries must evaluate alternative regulatory options and their impact on SMEs. Ex post evaluations are also required for these regulations and have been subject to quality control since 2020, a practice still uncommon in LAC. Korea has enhanced transparency and public participation through regulatory information systems and e-RIA platforms. Tools like the e-Legislation Center and Regulatory Information enable online public consultations and notify stakeholders of upcoming consultations. Additionally, the Regulatory Reform Sinmungo allows citizens and businesses to alert the government about unnecessary regulatory burdens, fostering a two-way public consultation process².
- 2.4 Central to Korea's success is a robust institutional framework. The Regulatory Reform Committee (RRC), chaired by the Prime Minister and a representative from the non-governmental sector, serves as the oversight body, reviewing all regulatory proposals. The Regulatory Reform Office (RRO), within the Office of Government Policy

¹ Inter-American Development Bank Group 2022. [¿Preparados para regular? Lecciones y desafíos de la regulación en América Latina y el Caribe](#). IDB Publishing, Washington.

² OECD (2021), [OECD Regulatory Policy Outlook 2021](#), OECD Publishing, Paris.

Coordination, supervises and manages compliance with RRC recommendations. Furthermore, two research institutions, the Korea Development Institute and the Korea Institute of Public Administration, provide cost-benefit analysis, guidance, training, and evaluations of regulatory policies. This systematic approach has positioned Korea above the OECD average in all major regulatory policy indicators (i-Reg)³.

- 2.5 **Recommendations for advancing better regulation initiatives in LAC.** To overcome the challenges and take advantage of the experience of countries like Korea, LAC nations must prioritize the establishment of robust institutional frameworks and leverage traditional and innovative regulatory tools. This may entail enacting national legislation to improve regulatory quality, implementing comprehensive RIA requirements, and fostering citizen participation through dedicated portals. Furthermore, technical cooperation initiatives emphasizing impactful new areas can provide invaluable support to LAC countries in advancing their better regulation agendas.
- 2.6 The direct beneficiaries of the TC are: (i) in Peru the Secretariat of Public Management from the Presidency of the Council of Ministers (PCM); (ii) in Colombia, the National Planning Department (DNP); and (iii) the Standards Bureau of Barbados. These three beneficiaries have different maturity levels in their institutional and regulatory frameworks. Peru has a more institutionalized system, with the Secretariat of Public Management promoting good regulatory practices at the national and sub-national levels. Colombia has an intermediate level, being the DNP in charge of coordinate the policy with other ministries and has successfully implemented some digital and policy tools. Finally, Barbados is at an early stage and still lacks an explicit policy and institutionality. The Caribbean country has an interest in including good regulatory practices, specifically in the technical regulations and standards that affect its foreign trade. The IDB, along with the Korean fund, selected these three countries because they can benefit the most from sharing best practices, providing capacity-building assistance, and facilitating knowledge exchange. Such initiatives can catalyze progress toward regulatory excellence in the beneficiary countries and the region. The final beneficiaries are the public institutions and citizens who participate in the processes of analysis of regulations and public consultation.
- 2.7 **Objective.** The objective of this TC is to support and strengthen the implementation of policies for regulatory improvement in LAC, aiming to generate regulatory environments that promote greater productivity and better public services. Consolidating better regulation initiatives in LAC requires concerted efforts to address institutional gaps, promote impact-oriented initiatives, and embrace innovative regulatory tools. By drawing inspiration from successful experiences, particularly that of the Republic of Korea, and prioritizing technical cooperation initiatives, LAC countries can pave the way for a more dynamic and effective regulatory environment conducive to sustainable development and economic growth. The IDB, through its Innovation for Citizens Services Division, has supported developing platforms to enhance regulatory policy and simplify administration. In Mexico, projects like Digital and Regulatory Tools to Support Economic Recovery ([ATN/OC-19301-ME](#)) and Support for administrative simplification and regulatory improvement at the

³ [Indicators of Regulatory Policy and Governance](#).

subnational level in Mexico ([ATN/OC-21148-ME](#)) led to the creation of the *Expediente Electrónico Empresarial* (EEE), which later evolved into the Virtual Data Manager (VDM). The VDM is a tool for consulting and ensuring the transparency of digital documents, reducing administrative burdens, improving legal certainty, and combating corruption. It has been implemented at both federal and state levels. Through the [ATN/CF-16647-RG](#) the IDB supported strengthening institutional capacities for regulatory improvement in El Salvador. This included training and developing the Integrated Regulatory Improvement System (*Sí MEJORA*), an online platform that centralizes all stages of the regulatory process. *Sí MEJORA* connects public administration and citizens, facilitating access to and interaction with state procedures, enhancing regulatory quality and efficiency.

- 2.8 The specific objectives of this TC project are: (i) to provide or improve technological tools that support the regulatory policy, particularly the public consultation in the governments of beneficiary countries and (ii) increase the institutional capacity of the countries to implement and promote regulatory innovation.
- 2.9 **Strategic Alignment.** This TC is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631) in its operational focus on Institutional Capacity, Rule of Law, and Citizen Security. Components 1 and 2, allocate resources for supporting capacity building in public sector agencies and regulations conducive to a more favourable business environment, and leveraging digital technologies to enhance transparency in the regulation-making process.
- 2.10 The components in this TC align with the IDB Group Strategy with Colombia 2024-2027 (GN-3228-1), Peru 2022-2026 (GN-3110-1) and Barbados 2019-2023 (GN-2953-1)⁴. Colombia's strategy aligns with the IDB Country Strategy 2024-2027, which addresses the challenges of using and adapting digital technologies, including tackling gaps in the implementation of electronic government systems. For Peru, the TC is consistent with Priority area Institutional strengthening and delivery of basic services at the regional level, aiming to boost public administration's effectiveness and institutional structure. This TC aligns with the objectives foreseen in the IDB country's Barbados 2019-2023 strategy, which focuses on strengthening public sector management and implementing strategies to reduce excessive red tape.
- 2.11 The TC is aligned with the objectives of the Public Capacity Building Korea Fund for Economic Development (KPK) to address specific development challenges in the region, explicitly enhancing institutional capacity and fostering economic development in Latin America and the Caribbean (LAC) through the support of the Korean government.

III. Description of activities/components and budget

- 3.1 The TC will have two components. The first will finance the creation of a platform that will help as a capacity-building tool for regulatory oversight bodies and sectoral regulators to adopt good regulatory practices. The second component aims to strengthen the government's capacity to regulate innovation and technologies for their adoption in the private sector.

⁴ Extended until May 31st, 2025 (GN-2953-3).

- 3.2 **Component 1. Digital solutions to adopt good regulatory practices (US\$150,000).** The first component consists in two activities: (i) the design and development of a technological improvements in an existing platform in Colombia and Peru, as these countries have specific platforms for regulatory improvement that can be supported or improved. In Colombia, the Public Consultation System was developed, in which regulatory agendas and draft regulations are published, with their respective documents such as RIAs, to guide the participation of citizens and companies. For its part, Peru has also been developing its system. Support from Korean cooperation may come for the inclusion of new modules or to improve the characteristics of interoperability and transparency. On the other hand, Barbados does not have a regulatory improvement policy, so it is recommended not to rush into the development of a system until the processes and responsibilities are in place; and (ii) conduct a comparative study on the integrated regulatory systems, also known as the one-stop-shops for all regulatory processes in at least in three countries that have implemented a similar system. The study must provide practical recommendations for future project implementation of this tool in the LAC region.
- 3.3 **Component 2. Strengthen capacities in the regulation of innovation, new technologies and industries (US\$100,000).** This component aims to strengthen the regulatory capabilities of the three beneficiary countries by designing and delivering a training program in collaboration with the Korean Institute of Public Administration (KIPA)⁵ and the Korean Development Institute (KDI). The program, to be held in Korea, will focus on regulating new technologies and fostering innovation. Topics may include the Negative Regulatory System, Regulatory Sandboxes, innovative tools, and creating adaptable roadmaps for emerging industries. Additionally, the component will facilitate policy dialogues and experience exchanges between Korea and the beneficiary countries, either online or in person.
- 3.4 The total cost of the TC is US\$250,000 on a non-refundable basis, to be financed with resources of the Korean Fund for Public Capacity Building and Economic Development to be executed and disbursed up to 36 months, as follows:

Indicative Budget		
Activity/Component	Description	Total IDB Funding (US\$)
Component 1	Design and development of a technological platform and conduct a comparative study on better regulation platforms.	150,000
Component 2	Strengthening governments capacities in Regulation of innovation, new technologies and industries.	100,000
Total		250,000

IV. Executing agency and execution structure

- 4.1 This TC will be executed by the Inter-American Development Bank (IDB), through the Innovation for Citizen Services Division (IFD/ICS). The decision to designate the IDB as the executing agency is due to the regional scope and the Research and

⁵ KIPA is a leading research institute in South Korea dedicated to advancing public administration and governance. It conducts research, provides training for public Officials, and promotes international cooperation to enhance administrative efficiency, policy development, and innovation in public service delivery.

Dissemination taxonomy of the TC, this in accordance with the Annex II of Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4, Paragraph 1.1.). Also, the Bank's execution is justified because no regional entity with legal personality and technical suitability that covers the TC's components and geographical areas of intervention has been identified. The focal point responsible for the execution will be the sector specialist designated by IFD/ICS, supported by the Bank's Representation team in Colombia, Peru and Barbados. This specialist will be responsible for supervising and approving the reports resulting from the contracted consultancies.

- 4.2 Since this operation will require the coordination of actions with regional practice communities and will encompass various countries, execution by the Bank will ensure strategic alignment and the exchange of information conducive to achieving the proposed objectives. Additionally, execution by the Bank will allow for greater efficiency in procurement processes, contributing to the timely completion of contracts and products necessary to achieve the stated goals. In the case of activities carried out in any of the beneficiary countries, the respective no-objection of the corresponding government agency will be required.
- 4.3 The IDB, through the TC team and its leader, will have financial and technical responsibility for the implementation of the TC, as well as for the supervision of the TC's products. Monitoring of the TC will be done through periodic execution reports based on the results matrix. The execution of the activities contemplated under the TC will be carried out in close collaboration with the designated representatives of the federal and municipal governments to facilitate inputs in the contracting of activities and during their execution.
- 4.4 **Procurement.** The activities to be executed under this operation will be included in the Procurement Plan and carried out in accordance with the Bank's established procurement methods, namely: (i) hiring of individual consultants, as established in the regulations AM-650; and (ii) hiring of consulting firms for services of an intellectual nature and the contracting of logistics services and non-consulting services, according to the Corporate Procurement Policy (GN-2303-33) and its associated Guidelines. It is understood that the products developed within the framework of this TC will be the intellectual property of the Bank. In the case of creation of any digital assets, or websites hosted under different domains will follow the guidelines in AM-325.

V. Major issues

- 5.1 Main risks for the implementation of this TC are: (i) sustainability of the technological platform. Any technological project requires periodical maintaining and adaptation to ensure it remains functional, secure and relevant. To avoid the risk the platform will be hosted in the IADB's cloud to open access to registered users. The IDB will also ensure the promotion of the use of the platform among its member countries; (ii) the sustainability of the outcomes to be pursued might be compromised by institutional changes in the counterparts. To ensure sustainability despite potential institutional changes, the project will include capacity-building initiatives and establish robust documentation and knowledge transfer processes. This will help maintain continuity and retain institutional memory, even if personnel changes occur; (iii) high costs of conducting training sessions in South Korea for a group of regulatory reform officials from LAC countries. To mitigate this risk, the project will conduct a detailed cost analysis to accurately estimate expenses. Also, the project will implement an initial virtual training, followed by in-person sessions.
- 5.2 The intellectual property of all knowledge products will belong to the Bank and may be made available to the public under a Creative Commons license. However, at the request of the beneficiary, following the provisions of the procedures AM-331, the intellectual property of said products may also be licensed to the beneficiary through specific contractual commitments.

VI. Exceptions to Bank policy

- 6.1 This operation does not foresee any exceptions to Bank policy.

VII. Environmental and Social Aspects

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client_30806.pdf](#)

[Results Matrix_75941.pdf](#)

[Terms of Reference_62682.pdf](#)

[Procurement Plan_70941.pdf](#)