



PERÚ

Ministerio
de Economía y Finanzas

REGULATORY POLICY REVIEW OF PERU

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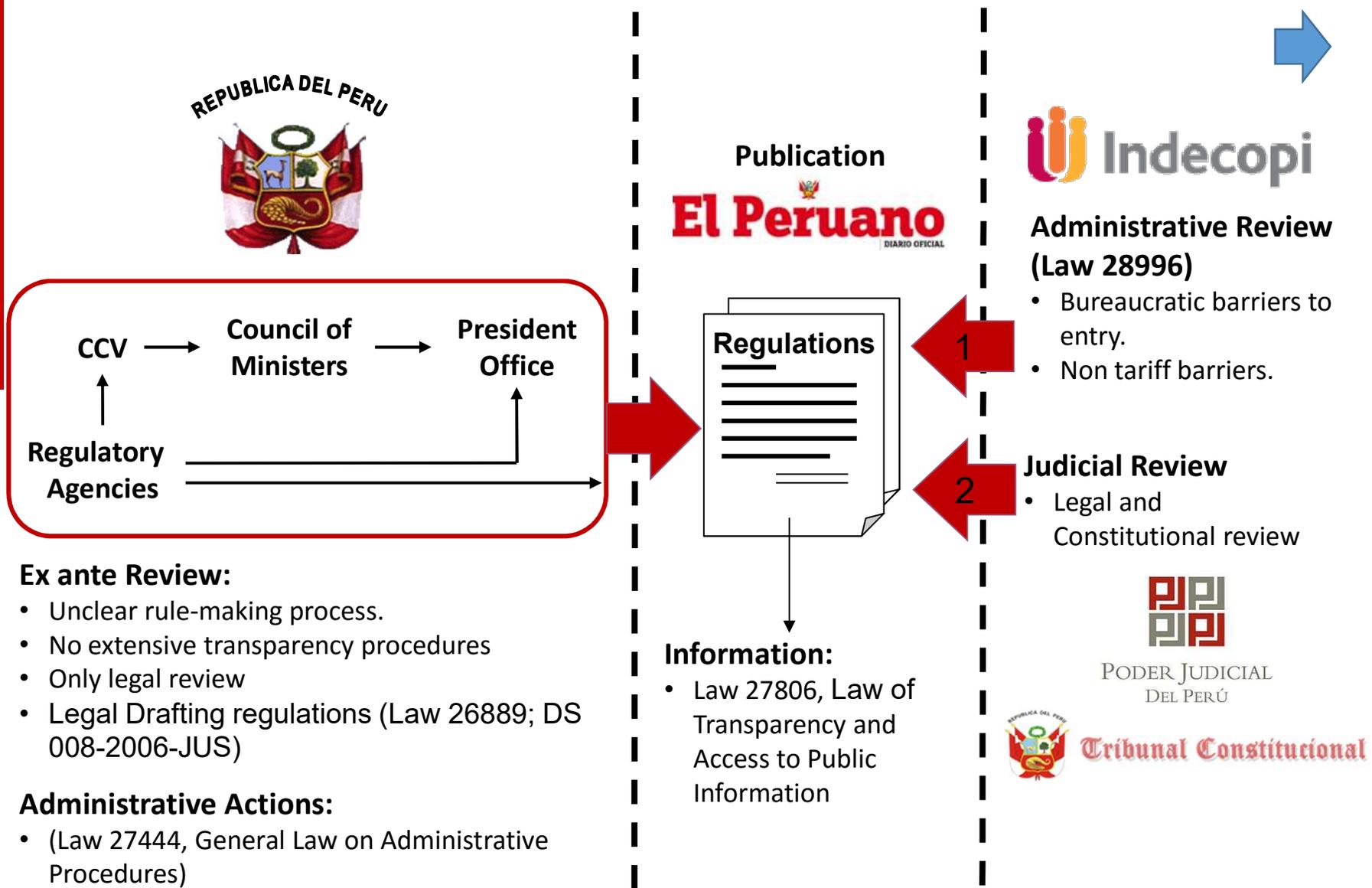
Ministry of Economy and Finance





Toward a New Regulatory Institutional framework in Perú

Current Dynamic of Regulatory Process in Perú



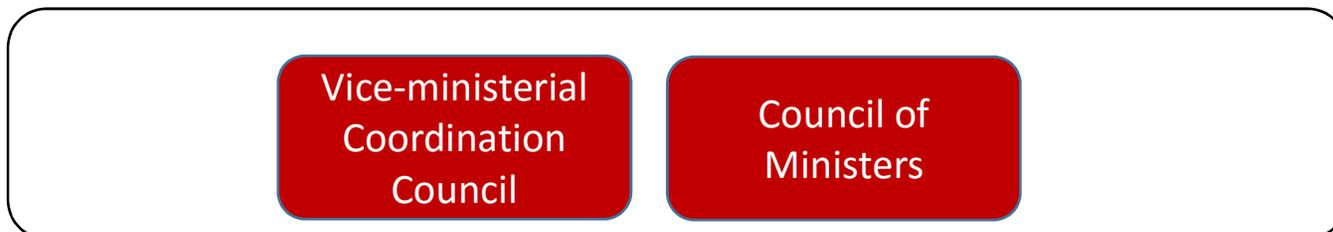
Peru has institutional elements to construct a better regulatory policy framework, but the Key challenges is to articulate them

- Peru has 3 ministries, 2 coordination councils and 1 agency that have the functions to review the quality of regulation.

Elements of Ex ante Review



Political Decisión Making Institutions



Administrative Ex Post Review of Regulation

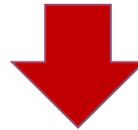


- Nevertheless, there is no a whole government strategy to commit with this objective

National Strategy to implement a new regulatory policy framework in Perú

OBJETIVE

Institutionalize a new regulatory policy framework.



STRATEGY

- One responsible (management the institutional change)
- Bottom – up approach (involvement)
- Training public servants in RIA (change regulatory culture)
- Learning by doing (participation).
- Periodical report to high political level and show the benefits.
- Implementation by phases.

Pillars of Peruvian Strategy on Regulatory Reform

Pillar I

Implement an institutional framework in all regulatory bodies.

1. Adopt a clear quality standard for new regulation.
2. Implement a methodology to review the impacts of new regulations.
3. Establish a simple procedures to create new regulation.
4. Build capacities in public administration.

Pillar II

Implement of the Regulatory Reform Committee as "gatekeeper" of new regulations

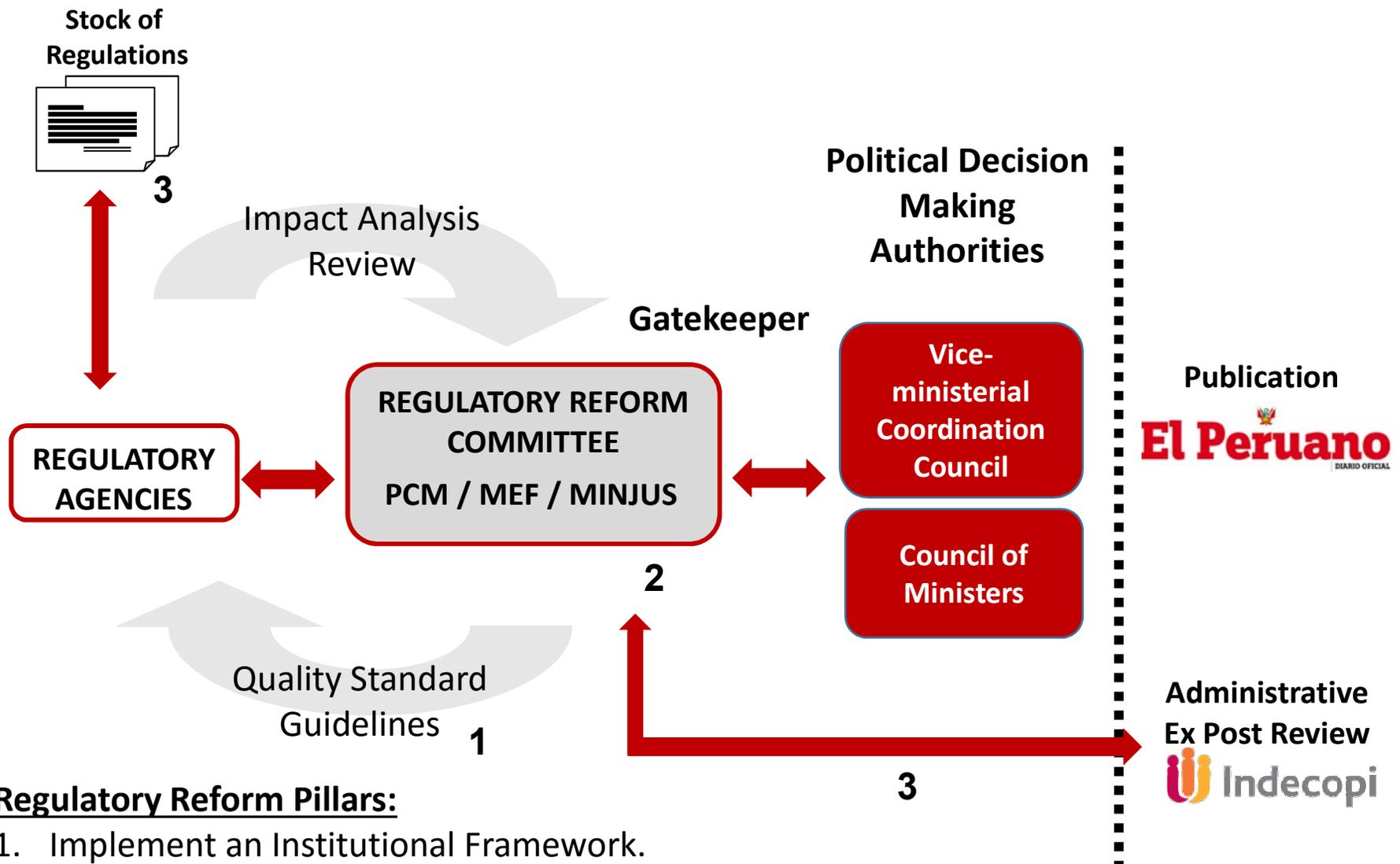
1. Implement a National Regulatory Reform Policy in all regulatory bodies.
2. Control quality standards of new regulation.
3. Conduct RIA in specific regulations and monitoring the RIA usage.
4. Implement and Conduct Public Consultation policy.
5. Coordinate with other agencies in RIA process.

Pillar III

Review the stock of regulation

1. Implement a Ex post review mechanism in select regulatory agencies.
2. Review all regulations in each regulatory body.

New institutional Framework on Regulatory Policy in Perú (Ex-ante Review and stock review)



Regulatory Reform Committee will conduct the implementation process of OECD recommendations

- In line with the OCDE recommendations, Peru shall establish a Regulatory Reform Committee (RRC) in the short run, integrated by the three ministers involve in this subject (MEF, PCM and MINJUS).
- The functions of this RRC should be the following:
 - Implement the Recommendation given by the OECD Regulatory Policy Review.
 - Establish mandatory guidelines on good regulatory practices for the Agencies of the Executive Branch at all level of government.
 - Monitor the compliance of these guidelines.
 - Provide advice to the CCV, the Council of Minister and the Presidential Office.

Peru has a legal instrument to implement regulatory reform process

- In the last months, MEF, PCM, MINJUS and INDECOPI have been working on a draft of a Supreme Decree that shall establish a set of good regulatory practices for the three levels of government.
- The Supreme Decree includes the following practices:
 - Plain and clear language of draft regulations
 - Ex ante assessment of draft regulations
 - Public consultation of draft regulations
 - Ex post assessment of stock of regulations
- The implementation of these practices shall be progressive on governmental agencies and different levels of government.
- The success of this work, shall depend on the developing of a set of guidelines and a strong capacity building program.



Improving administrative simplification policy at Subnational Level

Subnational Regulatory Process

Public-Private Coordination Mechanism



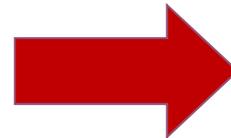
Ex- Ante Review, Toolkits



Analysis (Cost Caps)



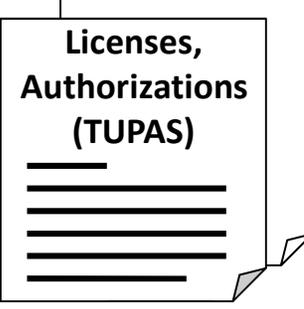
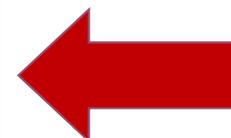
- MINISTRIES
- AGENCIES
- MUNICIPALITIES (+1800)



Publication



Licenses, Authorizations (TUPAS)

Administrative Review (Law 28996)

- Bureaucratic barriers to entry.
- Non tariff barriers.

Judicial Review

- Legal and Constitutional review

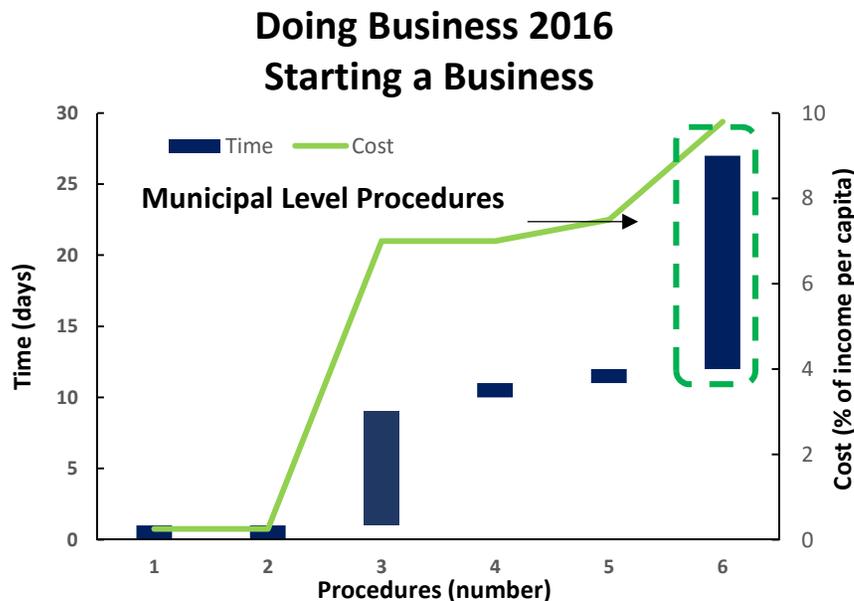


PODER JUDICIAL DEL PERÚ

- **Administrative Actions**
(Law 27444, General Law on Administrative Procedures)
- **Diverse Licenses Regulation**
(Law 28976, General Law of Administrative Licences)
- **Information**
(Law 27806, Law for Transparency and Access to Public Information)

Regulatory policy impact at subnational level

- Decentralization has created substantial dispersion in the regulations and their implementation throughout the myriad of regions (25) and municipalities (+1800).
 - High levels of discretion on the part of individual public servants to interpret the laws and procedures (TUPAs)
 - Opens doors for poor governance on part of the authorities
 - Informality and lower productivity, especially among SMEs



Source: World Bank, Doing Business 2016
Elaboration: MEF

One of Peru's main challenges is to enforce the consistent implementation of reforms at the municipal level in order to address its top challenge for doing business.

Dealing with Decentralization

(Regulatory Reform Strategy at Subnational Level)

General Criterias

Leadership and cross-sector coordination

Change the context in which public servants operate

Search for Efficiency

Incentives

Initiatives

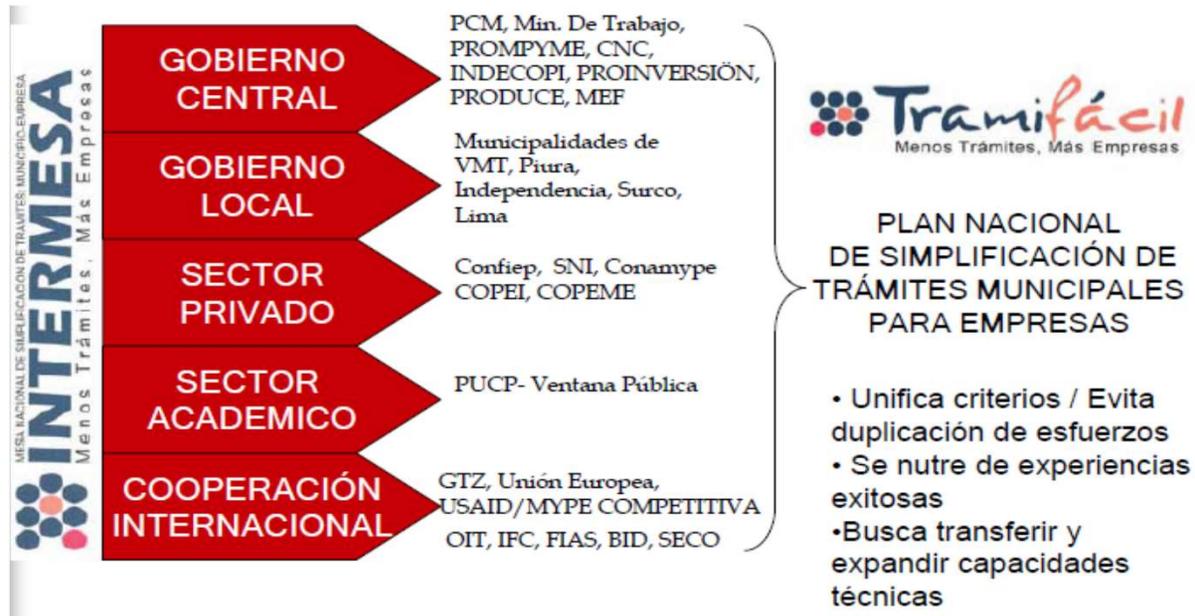
1. Intermesa (public and private coordination space).
2. Improve SGP coordination and ex ante mandates.

1. Use of electronic platforms
2. Homogenize regulations and TUPAs
3. Apply risk-classification scheme

1. Establish Single-Windows (ideally virtual)
2. Establish multiple channels of attention (online, MACs)
3. Standardize information for users
4. Outsourcing (inspections, certifications, evaluations)

1. Positive:
 - Program for the Modernization of the Municipalities
2. Penalties and Sanctions:
 - Fees based on costs of the services
 - Commission to eliminate bureaucratic barriers (INDECOPI)

Public-Private Coordination Scheme (feedback and Tools kits)



SISTEMA ÚNICO DE TRÁMITES (SUT)

TUPA con Trámites simplificados, transparentes y justos.

- ICT platform to monitoring the licence creation and application in municipalities.

Positive incentives: Program of Municipal Incentives

Administrative simplification Goals

| | 2014 Goals | 2015 Goals |
|--|---|--|
| Municipality Type A (Main Cities – 40) | <ol style="list-style-type: none"> 1. Not require additional documents than those establish on the General Law of Administrative Licenses. 2. Reduce the time for issue a Operating License. 3. Issue Edification Licenses on time. 4. Simplify TUPAs procedures. 5. Issue housing connections licenses in 5 days. | <ol style="list-style-type: none"> 1. Comply with the deadlines of technical security inspection. 2. Issue Edification Licenses on time. |
| Municipality Type B (Main Cities – 209) | <ol style="list-style-type: none"> 1. TUPAs with legal support. 2. Issue Operating License in 10 days. | <ol style="list-style-type: none"> 1. Publish the inspections procedures and the inspected facilities. |

**Municipality Type C
(+500 urban houses – 555)**

**Municipality Type C
(-500 urban houses – 1034)**

Results

- 78% of municipalities type A accomplished the goals up july 2012 (31 of 40 municipalities).
- 71% of municipalities type B accomplished the goals up july 2013 (148 of 209 municipalities).
- Average time for issue a operating license is half of legal time
 - 7.5 working days in municipalities type A
 - 4 working days in municipalities type B

Challenge

Expand the program to regulatory design activities of municipalities

Pillars of Peruvian Regulatory Reform at Subnational Level (cutting administrative burden).

- Overhaul administrative process to integrated administrative licences.
- Incorporate regulatory risk management criteria on administrative procedures.
- Promote public-private coordination mechanism
- Eliminate Negative “Fiscal Incentive” and introduce Positive “Fiscal Incentives”.
- Use ICT to armonizice criterios, requirements, protocols and promote transparency.
- Introduce regulatory schemes (tool kits, administrative cost protocols, transparency) and set a “watchdog” (SGP- ex ante and INDECOPi ex post).



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