

# Innovation, Costs, and Participation in Regulatory Policymaking: The View from Brazil

## In brief...

A recent conference of Brazil's federal regulatory officials explored strategies for enhancing the country's regulatory environment, including the establishment of a centralized regulatory review agency.

By: Flavio Saab & Natasha Salinas of the Getúlio Vargas Foundation, Rio de Janeiro (FGV Rio)  
September 25, 2024

On August 21, 2024, Steven Balla, co-director of the Regulatory Studies Center, attended the 2nd Brazilian Regulators' Meeting in Brasília, Brazil. The event was organized by the Secretariat for Competitiveness and Regulatory Policy (SCPR) of Brazil's Ministry of Development, Industry, Commerce, and Services. The SCPR is responsible for implementing Brazilian regulatory policy and overseeing federal regulatory agencies in their use of better regulation tools.

The event featured an opening ceremony and three thematic panels, bringing together regulators, industry representatives, public interest associations, and experts from various countries to explore strategies for enhancing the Brazilian regulatory environment.

At the opening session, Brazilian government officials and executives from various sectors of the economy discussed the importance of advancing a better regulation agenda for the country's development. During this session, the National Better Regulation Strategy (Regula Melhor) was publicly launched. The strategy was officially established by Presidential Order No. 12,150, issued one day prior to the Regulators' Meeting. This initiative sets [goals and indicators](#) to guide the implementation of Brazil's regulatory policy.

In the panel "Innovation in Regulatory Processes," representatives from academia, the productive sector, and international organizations discussed various strategies for integrating innovative approaches into the regulatory cycle. Among the strategies debated, regulatory sandboxes emerged as the most widely adopted innovation tool by federal, state, and municipal agencies. However, panelist Rafael Fassio, an attorney general for São Paulo state, emphasized that regulatory sandboxes are not a panacea for addressing new regulatory challenges and that, in many cases, more effective innovative tools have been overlooked by regulators.

The second panel, titled “Regulatory Costs,” focused on the challenges of ensuring that regulations do not impose unnecessary costs on society or hinder the country’s development. Experts examined the role of regulators in maintaining an updated and streamlined regulatory framework to avoid placing undue burdens on companies and the government. The panel reached a consensus on the need for a comprehensive strategy to reduce regulatory costs for small and medium enterprises, particularly those located in less industrialized regions of Brazil. The fact that the Secretariat for Competitiveness and Regulatory Policy falls under the Ministry of Development, Industry, Commerce, and Services explains the emphasis of the National Better Regulation Strategy on cost reduction. Panelist Alketa Peci, a professor at the Fundação Getúlio Vargas School of Public Administration, expressed a positive view of the regulatory oversight body's placement within the Ministry of Industry, noting that this arrangement may lead to more efficient and less bureaucratic decision-making.

The third panel, which focused on public participation in regulatory policymaking, featured Steven Balla, co-director of the Regulatory Studies Center. Moderated by Natasha Salinas, a professor and researcher at the Getúlio Vargas Foundation (FGV Direito Rio), the discussions addressed the challenges regulators face in promoting genuinely democratic and deliberative public participation in regulatory processes. The panelists examined the limitations of current participation mechanisms in fostering meaningful engagement and ensuring a balanced power dynamic among all parties directly affected by regulation. According to Professor Balla, the discussions throughout the event on the challenges Brazil faces in implementing its better regulation agenda are typical of democratic nations. This may explain parallels between the debates in the United States and Brazil concerning the use of regulatory tools to foster innovation, reduce costs, and facilitate public participation in government policymaking. These parallels certainly underscore the importance of cross-national collaboration and understanding in the area of regulatory policymaking.