



ARTA
ANTI-RED TAPE AUTHORITY
OFFICE OF THE PRESIDENT



Department for
Business, Energy
& Industrial Strategy



UK Government

Philippine Good Regulatory Principles (PGRP)

*"Promoting Good Regulatory Practices
in achieving Better Regulations"*

List of Acronyms

ARTA	Anti-Red Tape Authority
ASEAN	Association of Southeast Asian Nations
GRP	Good Regulatory Practices
IRR	Implementing Rules and Regulations
LGU	Local Government Unit
MEL	Monitoring, Evaluation and Learning
NGA	National Government Agency
NPRMS	National Policy on Regulatory Management System
OECD	Organisation for Economic Co-operation and Development
PGRP	Philippine Good Regulatory Principles
RIA	Regulatory Impact Assessment/Analysis
SCM	Standard Cost Model
UK	United Kingdom

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I. Introduction on the Philippine Good Regulatory Principles (PGRP)

Cognizant of the importance of mutually recognized processes, systems, tools, and methods aimed at improving the regulatory environment of the Philippines, the Anti-Red Tape Authority (ARTA) has benchmarked the Philippine Good Regulatory Principles (PGRP) from the Organisation for Economic Co-operation and Development (OECD) Good Regulatory Practices, ASEAN Guidelines on Good Regulatory Practices (GRP) and the UK Regulators' Code.

The PGRP are a set of principles outlining good regulatory practices to which agencies can align their regulatory processes and activities. ARTA, in accordance with its mandates as prescribed under R.A. 11032 otherwise known as the "Ease of Doing Business Act of 2018", will promote these principles so that businesses and regulated entities understand what they can expect from regulators. The principles outlined in the PGRP are:

- **Principle 1: Clarity**
Regulators should provide clarity in policy rationale, policy objectives/goals, institutional frameworks and support mechanisms
- **Principle 2: Legal & Empirical Basis**
Regulators should ensure that regulations should have a sound legal and empirical basis to establish a need for a new regulation and to only intervene in instances when evidence identifies an issue or a need for intervention
- **Principle 3: Benefits vs. Costs**
Regulators should ensure that the regulations will accrue benefits that will justify the least costs, unintended effects, and negative impact to the economy, society, and the environment among others
- **Principle 4: Assessment**
Regulators should assess and consider all policy options including non-regulatory interventions through Regulatory Impact Assessment (RIA).
- **Principle 5: Engagement**
Regulators should ensure and sustain effective and inclusive stakeholder engagement
- **Principle 6: Coherence**
Regulators should ensure that regulations should be congruent and consistent with other regulations to achieve policy coherence
- **Principle 7: Whole-of-Government approach**
Regulators must work together to support regulatory cooperation in all levels and support regular and continuous regulatory capacity development initiatives
- **Principle 8: Continuous Evaluation**
Regulators should subject regulations to regular review and evaluation for continued relevance, efficiency, and effectiveness and to keep pace with change from emerging technologies.
- **Principle 9: Competition**
Regulators must ensure that regulations are compatible with competition, trade and investment-facilitation principles at both domestic and international levels
- **Principle 10: Risk Management**
Regulators should promote Regulatory Risk Management at every stage of the decision-making process

II. Objectives

The Philippine Good Regulatory Principles (PGRP) provides supplementary guidance to government agencies covered by Section 3 of R.A. 11032 and to businesses and other regulated entities on how they should regulate and expect to be regulated.

The purpose is to:

- **Provide understandable and uncomplicated guidance** to comply with the provisions of R.A. 11032, its Implementing Rules and Regulations (IRR), National Policy on Regulatory Management System (NPRMS), and the RIA Manual relative to regulatory rule making and delivery in accordance with the ASEAN and OECD GRPs as well as the UK Regulators' Code;
- **Ensure a flexible and principles-based framework** for regulatory rule making and delivery that support government agencies to design regulatory policies that best suits the needs of businesses and other regulated entities;
- **Serve as a guide for regulators to provide policies, procedures, organizational values, behavioral and service standards** expected of them for businesses and other regulated entities to understand what they should expect from those who regulate them; and
- **A guide for business and other regulated entities** so they can understand the set of principles that regulators should adhere to.

Core Principles, Behaviors, and Practices

Principle 1: Clarity

Regulators should provide clarity in policy rationale, policy objectives/goals, institutional frameworks and support mechanisms;

- 1.1 In an effort to provide clear, transparent, and coherent regulatory policies, decisions, and orders, regulators should abide by the following key best practices:
- a. Regulators should take into account existing and other proposed regulations and whether they are consistent, aligned and supportive of the country's overall development objectives.
 - b. Upon careful analysis through the use of regulatory management tools such as RIA, regulators must ensure that policies are crafted to support capacities of both regulators and regulated entities to enforce and comply to regulations, respectively.

Principle 2: Legal & Empirical Basis

Regulators should ensure that regulations should have a sound legal and empirical basis to establish a need for a new regulation and to only intervene in instances when evidence identifies an issue or a need for intervention;

- 2.1 Regulators should only intervene in instances when evidence support that the regulations will address the issue or lead to benefits.
- 2.2 Regulatory agencies must be able to identify and establish a sound legal basis for all regulatory policies in accordance with the mandate and functions of your agency.

Principle 3: Benefits vs. Costs

Regulators should ensure that the regulations will accrue benefits that will justify the least costs, unintended effects, and negative impact to the economy, society, and the environment among others;

- 3.1 When crafting and/or reviewing regulatory policies, regulators should take into consideration its potential impact, costs, and effects upon the economy, society, and environment. This can be achieved by looking at all possible impacts of the regulation as well as undertaking evidence-based studies and assessments. Regulators should also seek the views of those who will be affected to understand the impact and costs imposed.
- 3.2 Overall, agencies therefore should design and implement regulations with benefits that justifies the costs. Costs may cover but are not limited to compliance and monitoring costs as well as negative externalities.

Principle 4: Assessment

Regulators should assess and consider all policy options including non-regulatory interventions through Regulatory Impact Assessment (RIA);

- 4.1 Regulators should assess and consider a spectrum of regulatory options such as but not limited to the imposition of command-and-control regulations (e.g. licenses, permits, registrations, and certifications, etc.). This also means considering not to regulate or to impose quasi-regulatory options (e.g. status-quo, co-regulation, self-regulation, information dissemination campaign, etc.) when warranted and where there is sufficient evidence to do so as prescribed in the ARTA RIA Manual.

Principle 5: Engagement

Regulators should ensure and sustain effective and inclusive stakeholder engagement;

- 5.1 Government agencies, civic groups, interested and affected parties, research and academic institutions, and other relevant public and private organizations should be involved from the intent to draft a regulation until the review of regulations prior and post-implementation through the design and implementation of a comprehensive stakeholder engagement protocol/framework. The consultation process should also consider all perspectives on issues, proposed alternatives, awareness raising, to foster transparency and accountability.
- 5.2 Regulatory agencies should integrate stakeholder consultation in the different stages of the regulatory rulemaking process as well as institutionalizing reasonable participation at all levels. As a matter of policy, the state shall, by law, facilitate the establishment of adequate consultation mechanisms. Regulatory agencies should also maximize all channels to engage stakeholders (e.g. stakeholder fora/summits, emails, electronic platforms, and/or focus group discussions).
- 5.3 A feedback mechanism should be set in place to ensure that stakeholders are informed of the corresponding actions and/or decisions of the regulatory agency in processing the stakeholders' inputs.
- 5.4 Consultations conducted should be properly documented. This can be achieved by utilizing both traditional and non-traditional forms of recordkeeping and documentation such as but not limited to:
- Minutes of Meetings;
 - Voice Recording;
 - Sworn Statements;
 - Recorded Online Video Conferencing;
 - Email, Chatbots, and other applicable online platform or digital consultation tools.

Principle 6: Coherence

Regulators should ensure that regulations should be congruent and consistent with other regulations to achieve policy coherence;

- 6.1 Regulators should avoid overlapping and inconsistent regulations. These occur when several or multiple National Government Agencies (NGAs) and/or Local Government Units (LGUs) are actively engaged in similar (if not duplicative) regulatory activities. Regulators are advised to conduct a thorough assessment in accordance with Principle 4 of this document. This is so rule makers can avoid duplication and/or conflicting regulations for both proposed (Ex-Ante) and existing regulations (Ex-Post).

Principle 7: Whole-of-Government

Regulators must work together to support regulatory cooperation in all levels and support regular and continuous regulatory capacity development initiatives;

- 7.1 Before regulators engage in regulatory cooperation, role clarity is essential for any agency to fully implement its mandate and functions. This means that regulators should not have conflicting objectives, functions and scope wherein there is a clear mandate that defines the role of each regulator as prescribed in public policy (e.g. laws, issuances, ordinances, etc.). Regulators must also have the power to cooperate transparently with other regulatory bodies.
- 7.2 To achieve the objectives of this principle, regulators both at the local and national levels must adhere to a concerted effort of regulatory cooperation through an adoption of a Whole-of-Government (WOG) approach as prescribed under Rule III, Section 3 of the Implementing Rules and Regulations (IRR) of R.A. 11032 and the ARTA Whole-of-Government Reengineering Manual. This may entail the review and harmonization of existing and applicable laws, regulations, issuances, and policies to make legal interpretation consistent across agencies as well as exchange of information and data if necessary.
- 7.3 International regulatory cooperation also entails engaging with international regulatory agencies and organizations as well as the regulated and the broader local and international community.
- 7.4 Regulators will need a skilled and efficient workforce to implement better regulation. Regulatory agencies should ensure that there is an adequate amount of work staff that possess the necessary capacity, skills, and knowledge to implement existing regulations and formulate evidence-based proposed regulations and support regulated entities to comply.

Principle 8: Continuous Evaluation

Regulators should subject regulations to regular review and evaluation for continued relevance, efficiency, and effectiveness and to keep pace with change from emerging technologies;

- 8.1 Regulators must practice regular review and evaluation to avoid repetitive, outdated, burdensome, and undue regulations. Regulators must also ensure that Monitoring, Evaluation, and Learning (MEL) mechanisms should be used to ensure existing regulations are applicable and relevant at present time. (e.g. inclusion of sunset clauses wherein a measure within a statute, regulation or law provides an automatic repeal and shall cease to have effect after a specific date and conduct of regular oversight committee meetings).

- 8.2 Regulators should meet the expectations set by oversight bodies in the review of their stock of regulations. This may include participation and compliance with existing and future planned initiatives by ARTA or as may be required by law. Further, regulators are highly encouraged to conduct additional activities/programs (i.e. Internal Reduction Targets, Scorecards, Internal Sharing of Best Practices) and/or utilize tools (RIA, SCM) that support the mentioned review.
- 8.3 Stocktaking and assessing current regulations will be vital in keeping future regulations sound and in-check.
- 8.4 Regulations must keep pace with change from emerging technologies and to design “fit-for-purpose” regulatory frameworks that tackle enforcement challenges brought about by the multi-dimensional effects of these technologies. To able to address the changing and disruptive nature of emerging technologies, regulators must adapt by assessing the current limitations of existing regulatory regimes. To ensure sustainability, regulatory frameworks should take into consideration the pace of disruption, consumer behavioral changes, and evolving stakeholder preferences which can also provide useful insights for regulators to understand “fit-for-purpose” regulations (e.g. adopting a regulatory sandbox approach for financial technology or FinTech services).

Principle 9: Competition

Regulators must ensure that regulations are compatible with competition, trade and investment-facilitation principles at both domestic and international levels;

- 9.1 In alignment with R.A. 10667 otherwise known as the Philippine Competition Act, regulatory policies should promote, adhere, and be compatible to competition principles and policies that create an environment conducive for entrepreneurship, encourages private investment, facilitates technology development and transfer, and enhances resource productivity. By doing so, regulatory policies for both proposed and existing regulations should avoid anti-competitive practices that hamper growth and the overall development objectives of the country.

Principle 10: Risk Management

Regulators should promote Regulatory Risk Management at every stage of the decision-making process;

- 10.1 Regulators should take an evidence-based approach to determining and managing risks involved at every stage of the regulatory cycle. This means identifying and prioritizing risk areas that have been known to cause problems and allocating the necessary policy interventions to mitigate those risks.
- 10.2 Regulators should develop, design and craft a risk assessment framework that will have a mechanism in place to identify compliance risk as well as an avenue for continuous review and assessment with all stakeholders. The risk assessment framework should also take into consideration the concept of impartiality in order to be fair and to avoid conflicts of interest, unfounded bias or improper influence from stakeholders.

IV. Frequently Asked Questions

Q What are the Good Regulatory Principles?

A: They set out a clear, flexible, and principles-based framework for how regulators should engage with those they regulate. They establish expectations of behaviour by the regulator.

Principles-based approach means these behavioural standards can be implemented by a broad range of regulatory agencies. This enables adjustment according to the size and type of regulator. They are not prescriptive in how they can be implemented, to allow for differences as what might work well for one regulator is unlikely to work equally well for all.

Q Why are these principles needed?

A: Whilst regulatory simplification has improved the ease of doing businesses in the Philippines, this approach does not deal with how laws and regulations are implemented by the regulatory agencies, which are as important as the rules themselves.

Q What are the benefits of the principles?

A: These principles will improve the accountability of regulators to businesses and citizens, making it easier for businesses to understand how to comply and save time and money.

Q Why do we need our own principles when there are ASEAN principles?

A: The Philippine Good Regulatory Principles (PGRP) was adopted from the ASEAN Good Regulatory Practice Core Principles and the UK Regulator's Code to provide country-specific principles adapting to the country's unique regulatory environment and fit-for-purpose guidelines created for its own economic and regulatory management system. The PGRP also has an expanded number of principles identified to be most crucial in the starting stage of the Philippines in the regulatory management system.

Q What is the relationship of PGRP with the Citizens Charter?

A: The principles set out what level of service businesses can expect from services that are provided by government. It is equivalent to the Citizens Charter which sets out government to its citizens. It describes the step-by-step procedure for a particular service, and the performance level that they may expect for that service.

Q How were the principles developed?

A: The Anti-Red Tape Authority (ARTA) in partnership with the UK Government has developed the Philippine Good Regulatory Principles (PGRP) through the review and adoption of established principles from the Organisation for Economic Co-operation and Development (OECD) and Recommendation of the Council on Regulatory Policy, the ASEAN Guidelines on Good Regulatory Practices (GRP) and the UK Regulators' Code and in consultation with both the Philippine public and private stakeholders.

Q How will ARTA implement the principles?

A: ARTA will conduct awareness-raising activities to inform and acclimatize the agencies with the PGRP through national roll-outs such as webinars and online meetings; publish information, education, and communication materials including audio-visual presentations,

posters and other tools to support compliance, and work with regulatory agencies to understand and address their compliance issues. The operationalization of these principles is in line with the issuance of the National Policy on Regulatory Management and the implementation of the provision of RA 11032 on RIA.

Q How will agencies demonstrate that they are complying with the principles?

A: Through the conduct of Regulatory Impact Assessment, the proposed regulations of all government agencies covered under Section 3 of Republic Act No. 11032 will be able to demonstrate compliance both on the provisions of the law and the PGRP.

Q What happens if agencies do not comply with the principles?

A: The PGRP must be viewed as a set of guidelines with the aim of producing high-standard regulations. In connection with the law, however, Republic Act No. 11032 still enforce that "All proposed regulations of government agencies under Section 3 of this Act shall undergo regulatory impact assessment to establish if the proposed regulation does not add undue regulatory burden and cost to these agencies and the applicants or requesting parties." [Sec. 5, RA No. 11032].

V. Acknowledgement

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VI. Reference Material

1. ARTA REGULATORY IMPACT ASSESSMENT (RIA) Manual

Download a copy by visiting the link or QR Code below:

<https://arta.gov.ph/riamannual/>



2. ARTA Whole-of-Government Reengineering Manual

<https://arta.gov.ph/reengineering-manual/>

3. ASEAN Good Regulatory Practice

<https://bit.ly/ASEANGRPs>

4. OECD Guiding Principles for Regulatory Quality and Performance

<https://bit.ly/OECDGRPs>

5. R.A. 11032 - Ease of Doing Business Act of 2018

<https://bit.ly/RA11032>

6. Joint Memorandum Circular No. 2019-001; Series of 2019 - Implementing Rules and Regulations (IRR) of R.A. 11032

<https://bit.ly/IRREODB>

7. UK Regulators' Code

<https://bit.ly/UKRegulatorsCode>

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