PROMOTE STRATEGIES FOR REGULATORY QUALITY AT ALL LEVELS OF GOVERNMENT

The principles of regulatory policy in Mexico are enshrined in the Federal Law of Administrative Procedures (LFPA). It lays down the use of different regulatory tools and established the Federal Commission for Regulatory Improvement (COFEMER) as a gatekeeper for the flow of new regulations to ensure consistent implementation. Mexico is currently contemplating a comprehensive strategy to promote regulatory quality at the state level by a) reviewing and strengthening the regulatory framework, b) embedding regulatory reform as an explicit state policy and c) promoting the creation of a Regulatory Reform Act at national level incorporating all existing instruments and programmes including those at state level.

ENGAGE WITH STAKEHOLDERS AT ALL STAGES OF THE REGULATORY PROCESS

Closely tied to the Regulatory Impact Assessment (RIA), consultation is a well-established part of the rule-making process in Mexico. In line with the LFPA, all draft regulations are published alongside the corresponding RIA on COFEMER's website for a minimum period of 30 working days allowing for comments. The comments received are taken into account when COFEMER draws up its final opinion. In order to ensure meaningful inputs into the rule-making process, stakeholders should be involved at all stages of the process. Mexico might thus further strengthen their consultation system by systematically consulting stakeholders early on to gather opinions on the nature of the problem and potential solutions, including through the use of green papers.

RIA COVERS A BROAD RANGE OF IMPACTS – INCLUDING HUMAN RIGHTS

Over the past decades, Mexico has established a well-developed RIA framework covering a broad range of impacts. The ‘Regulatory Impact Calculator’ is an automated online tool that helps regulators determine which different elements need to be assessed, thereby ensuring the efficiency and proportionality of the system. Recently, a new ‘Human Rights verification’ filter has been added to the Impact Calculator, which may trigger an ‘Analysis on Human Rights and its implementation principles’. The Ministry of Interior may issue an opinion on this analysis, which will be integrated in COFEMER’s final opinion. After adding gender and consumer impact assessments, Mexico will shortly expand the list of impacts assessed by incorporating a trade impact assessment.

USE THRESHOLDS TO TRIGGER EX POST EVALUATIONS OF MAJOR REGULATIONS

Mexico made use of a wide range of instruments to review the existing stock of regulation, including reviews based on competition, administrative burden reduction programmes and public stocktakes. In addition, COFEMER has carried out ‘in-depth reviews’ of the accumulated effect of regulations in specific sectors. Whilst specific provisions for periodical review are in place for technical regulations, Mexico might consider the introduction of a threshold in terms of regulatory impacts for ex post evaluation covering all regulations to ensure they achieve their objectives in practice.

Spotlight: COFEMER-INEGI Regulatory Quality Indicator

COFEMER and the National Institute of Statistics and Geography (INEGI) developed a Regulatory Quality Indicator with the aim of measuring the quality of the regulatory framework, formalities, payments, inspections and public services. The indicator will build on the results of the National Survey on Regulatory Quality and Government Impact on Enterprises (ENCRIGE) 2016, which collects information from 34 681 firms across the country and various industries and regarding their experience with a) administrative procedures, b) the delivery of public services, and c) the regulatory framework under which they operate. Results should be presented over the course of 2017.
1. Composite indicator: Stakeholder engagement in the development of subordinate regulations

2. Regulatory Impact Assessment (RIA)

3. Ex post evaluation and administrative simplification

4. General trends and institutional setting

Notes:
1. Figure 1 displays the total aggregate score across the four separate categories of the composite indicator. The maximum score for each category is 1 and the maximum score for the aggregate indicator is 4. The more regulatory practices as advocated in the 2012 OECD Recommendation on Regulatory Policy and Governance a country has implemented, the higher its indicator score.

2. Data on LAC countries include: Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico and Peru. They reflect the situation as of 31 December 2015. Data on OECD countries cover 34 OECD countries and reflect the situation as of 31 December 2014.

The Indicators of Regulatory Policy and Governance (iREG) for Latin America 2016 provide an up-to-date overview of regulatory systems in selected Latin American countries, by which they develop, implement and evaluate regulations. They cover three principles of the 2012 OECD Recommendation on Regulatory Policy and Governance: stakeholder engagement, Regulatory Impact Assessment (RIA) as well as ex post evaluation and administrative simplification.

A composite indicator on stakeholder engagement in developing subordinate regulations measures the adoption of good practices to engage with interested parties when developing new regulations, including different methods and openness of consultations as well as transparency and response to comments received. It consolidates information in four equally weighted categories:

- **Systematic adoption** records formal requirements and how often and at what stage in the rulemaking process these requirements are conducted in practice.
- **Methodology** gathers information on the methods used to engage with stakeholders, e.g. forms of consultation and documents to support them.
- **Oversight and quality control** records the role of oversight bodies and publicly available evaluations of the consultation system.
- **Transparency** records information from the questions that relate to the principles of open government, e.g. whether consultations are open to the general public and if comments and responses by authorities are published.

LAC iREG is based on the results of the Survey on Indicators of Regulatory Policy and Governance 2015 jointly conducted by the OECD and the Inter-American Development Bank (IDB) with 7 countries in the region. The data underlying the composite indicator reflect practices and requirements in place at the national level of government, as of 31 December 2015.

Whilst the indicators provide an overview of a country’s regulatory system, they cannot fully capture the complex realities of its quality, use and impact. In-depth country reviews are therefore required to complement the indicators and to provide specific recommendations for reform.

Further analysis based on the LAC iREG and other indicators to benchmark government performance in the region can be found in the *Government at a Glance - Latin America and the Caribbean 2017* publication.

An in-depth analysis of regulatory practices amongst OECD countries including composite indicators in the areas of stakeholder engagement, RIA and ex post evaluation can be found in the *OECD Regulatory Policy Outlook 2015*.