

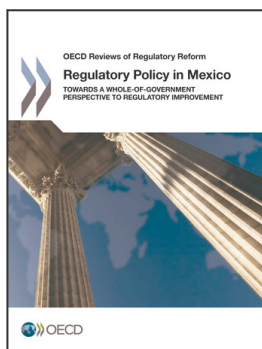
Annex A

Implementation of the 2004 OECD regulatory reform recommendations for Mexico

Government capacity to assure high-quality regulation

Recommendation	Actions taken
1. To revise the exemptions of the LFPA, especially on fiscal issues.	Though fiscal matters remain as an exception to the LFPA, the federal government has performed several efforts to improve the regulation covered under the exceptions. It instructed the Ministry of Finance to reduce the administrative burden through the issuance of the Regulatory Quality Agreement (2 of February 2007). The Ministry of Defence also took measures by issuing the Agreement SEDENA on arms and exports. Efforts have also been done to modify Article 3 of the LFPA or Article 9 of the Law of the Social Security Institute, which is also an exception to regulatory reform, but have not been successful.
2. To broaden the scope of the regulatory improvement programme to lower levels of government.	There has been significant progress in broadening the scope of the regulatory improvement programme to lower levels of government. See Chapter 7 for a detailed discussion.
3. To promote a better legal framework for regulations with a clear hierarchy of rules. To reinforce the analysis of the legal documents that accompany the RIA.	There is no hierarchy amongst secondary regulation (manuals, agreements, guidelines, circulars, official technical standards —NOMs—, methodologies, etc.). Nonetheless, in order to enhance transparency of regulations, two websites (www.normateca.gob.mx ; www.portaltransparencia.gob.mx) contain public inventories of all the federal regulation. The reinforcement of the analysis of the legal documents that accompany the RIA was addressed through the redesign in 2010 of RIA. This reform requires a previous legal analysis of the legal implications, viability, and coherence with the legal system of the regulatory projects. In addition, the Regulatory Quality Agreement issued by the president in 2007 requires that regulations should have a legal support on laws or presidential rulings and decrees, assuring legal quality of the documents that accompany RIA. See Chapter 4 for a detailed discussion.
4. To modernise the framework for regulatory authorities.	There have been improvements in the governance framework of some regulatory agencies (COFECO, COFETEL and CRE). Nevertheless, the institutional design of deconcentrated bodies remains, lacking a specific legal framework that ensures regulatory authorities' independence from direct political intervention and regulated interests. See chapter 6 for a detailed discussion and for recent progress by the federal government and the legislative power in implementing reforms to the institutional design of several regulators.

Recommendation	Actions taken
5. To strengthen the efforts on quality regulation through the refinement of some regulatory tools.	<p>Some of the adopted tools to enhance regulatory quality are: (i) redesign of RIA through the incorporation of a regulatory impact calculator; (ii) inclusion of competition and risk analysis in RIA, as well as <i>ex post</i> evaluation of RIA, in technical standards; (iii) a system to assess the quality of RIAs; (iv) reinforcement of public consultation process and the use of ICT tools at all times and stages of the regulatory process; (v) the strengthening of the Biennial Programs to ensure administrative burden reduction; (vi) adoption of the Standard Cost Model to reduce the administrative burden of formalities and to support <i>ex ante</i> and <i>ex post</i> RIA analysis; amongst others. See Chapters 4 and 5 for a detailed discussion.</p>
6. To strengthen compliance and enforcement mechanisms.	<p>The federal government identifies that the following tools strengthen enforcement and compliance: As part of the implementation of the new RIA, regulators and line ministries are required to incorporate enforcement, monitoring and compliance mechanisms in their regulatory proposals, assuring that new regulations have strong enforcement rules and mechanisms; The inventory of federal regulations (Normateca Federal); The inventory of internal regulations of the federal government (Normatecas Internas), where all internal management rules are dictated by the Committees for Internal Regulatory Improvement (COMERI) to assure regulation quality; The implementation of <i>ex post</i> RIAs for the high-impact technical standards (Normas Oficiales Mexicanas) within their first year of application. The use of ICT, especially the Internet, has proved to be a valuable and key tool to implement regulatory policies as all of the public consultation and rule-making process include the use of ICT at all times and stages, allowing the public to be informed on the benefits of regulation, increasing compliance in this way.</p>
7. To consider regulatory quality as a tool for economic and social development.	<p>The importance of regulatory improvement was highlighted in the National Development Plan, as well as several social and economic development programs (i.e., operation rules of federal programmes, public health, etc.), reinforcing the mandatory character already stated in the LFPA. Regulatory tools and public policies have been updated and improved, such as the biennial programmes for regulatory reform, which are now implementing the Standard Cost Model to measure administrative burden reductions, and the RIA process, which now includes competition and risk assessment, and <i>ex post</i> analysis. Risk-based analysis of regulation was also incorporated and public consultation mechanisms were strengthened. This battery of changes contributes to improve the overall quality of the regulation, contributing to economic and social development.</p>



From:

Regulatory Policy in Mexico

Towards a Whole-of-Government Perspective to Regulatory Improvement

Access the complete publication at:

<https://doi.org/10.1787/9789264203389-en>

Please cite this chapter as:

OECD (2014), "Implementation of the 2004 OECD regulatory reform recommendations for Mexico", in *Regulatory Policy in Mexico: Towards a Whole-of-Government Perspective to Regulatory Improvement*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264203389-11-en>

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