

Chapter 4

Management of the stock of regulation and administrative simplification policies in Peru

This chapter describes the efforts and achievements of Peru in managing and simplifying the stock of regulations in Peru. It is found that although a strategy for administrative simplification is in place, oversight of its implementation should be enhanced. These efforts are further undermined because the Peruvian government lacks a baseline of administrative burdens emanating from formalities and information obligations for business and citizens, which can make difficult to target resources and communicate results. Peru should ensure the full implementation of the policies of administrative simplification, which should include evaluation of the impacts, and should consider establishing a programme on ex post evaluation of regulation.

Administrative simplification is a tool used to review and simplify the stock of regulations. Reducing the administrative burdens of government regulations on citizens, businesses and the public sector through administrative simplification should be a part of the government's strategy to improve economic performance and productivity. Additionally, the evaluation of existing regulations through *ex post* impact analysis is necessary to ensure that regulations that are in place are effective and efficient. In this chapter recent and current initiatives and practices implemented by Peru on administrative simplification and *ex post* analysis of regulation are described and discussed.

Inventory of regulations

In Peru, regulation is issued by several institutions such as Congress and the executive at central, regional and local level. Therefore, citizens and businesses have to comply with a myriad of laws, by-laws and other types of regulations. Although, there are several repositories of these regulations, a consolidated inventory of all the regulatory stock with free access to the public is not available in a single website, not even for the central national level.

For instance, the Peruvian Congress has a free access website called Digital Legislation File of Peru (ADLP, *Archivo Digital de la Legislación del Perú*).¹ This website contains mainly law level regulation. The ADLP inventory includes current and historic regulation of Peru, as well as Indian Laws and laws in Quechua.

Regarding current regulation, the ADLP contains the Peruvian constitution, legislative decrees, urgency decrees, constitutional laws, regional laws and extraordinary supreme decrees. Nevertheless, this website does not include secondary regulation, which provides important complementary regulatory obligations, as they indicate how primary regulation is to be implemented.

The Ministry of Justice and Human Rights (MINJUS) has a website called Peruvian System of Legal Information (SPIJ, *Sistema Peruano de Información Jurídica*).² The legal foundation for this inventory is Article 7 section J of the Law No. 29809: Organizations and Functions of the Ministry of Justice and Human Rights (*Ley de Organización y Funciones del Ministerio de Justicia y Derechos Humanos*, LOFMJDH). This article establishes specific obligations for the Peruvian government to compile and make available the legislation and legal information to promote their study and diffusion. The SPIJ was a project in 1994 between the MINJUS and the United Nations Development Program (UNDP), with the objective to systematise and disseminate legal information to the society and enhance professional and technical competences of law operators and public officials.³

The SPIJ contains the inventory of current regulation for the central, the regional and local levels of government. Additional to the regulations published in the ADLP, the SPIJ offers complete texts of subordinate regulations, plus administrative acts, regional and local ordinances (*ordenanzas*), TUPAS, codes, jurisprudence, amongst others. The SPIJ provides two types of access to users: a basic free service and a paid service. The free service includes access to a limited set of regulation, and the texts are only available in web format. The paid services incorporate the complete set of regulations, and texts can be accessed in both web and PDF format. Fees for the complete services are published in the website of the SPIJ.

Sub-sets of the inventory of the legal framework can also be consulted in the regular webpages of ministries and agencies of Peru, as well as in their transparency webpages. For instance, there is the Standard Transparency Portal of the Peruvian State (PTE, *Portal de Transparencia Estandard*).⁴ In this portal, users have access to the specific legal framework of Peruvian public institutions (see Box 4.1). The Portal also includes information on regional and local governments, and it provides links to local and regional websites on transparency which contain their basic regulatory framework.

Box 4.1. Transparency and public information access law in Peru

The transparency principle in Peru is embedded in Article 2, Fraction 5 of the Constitution: “Every person has the right to request information without stating the reason and to receive it from any public entity in the legal response time with the cost implied. Information regarding personal intimacy and the one excluded for law and national security reasons are exempt. The banking secrecy and tax reserve may be requested by means of a judge, the Attorney General or a Congress commission with basis on the law”.

Transparency portal

Law No. 27806 defines the topics that entities of the Peruvian Public Administration must publish on their website:

1. **General information** regarding their organisation chart, procedures, legal framework, and *TUPA*.
2. **Budgetary information** including data about the spent budgets, investment projects, salaries, senior officials’ benefits.
3. **Goods and services procurement** which must include the detail of the committed amounts, information of suppliers, quantity and quality of the goods and services.
4. **Official activities** conducted by senior officials, including the head of the organisation and the next hierarchy-level officials.

Transparency on Public Finance Management

Every agency of the public administration is obliged to publish quarterly:

1. The budget with specification of revenues, expenditure, funding, and financial results of operations.
2. Public investment projects, including the total budget of the project, the budget of the corresponding quarter, level of progress, and accumulated budget.
3. Information on staff and personnel.
4. Information regarding hiring processes of personnel and acquisitions of goods.
5. Progress on performance evaluation indicators according to the institutional strategic plans.

Source: Peruvian law on Transparency and Access to Public Information (*Ley de Transparencia y Acceso a la Información Pública*).

The practice in Peru of offering inventories of regulation is widespread. Nevertheless, in order to promote regulatory compliance and offer a fair regulatory process to citizens, it is important to guarantee access for the whole population to the full stock of regulation

in an easy and friendly manner. This can be promoted through the centralisation in one portal with unlimited free access to the complete stock of regulation and for all type of users. This action would not preclude other public institutions at central, regional or local level to publish legal information of their competence.

It is of note Peru's effort to include in the SPIJ an inventory of regulations from regional and local governments. This inventory can be an important starting point to undertake administrative simplification efforts and assessments of existing regulations at local and regional level.

Formalities in Peru

Text of Administrative Procedures

One of the pillars of regulatory transparency and administrative simplification efforts in Peru is the Single Text of Administrative Procedures (TUPA). Defined by the LGPA, this tool seeks to standardise the information to be provided by public agencies regarding information obligations for citizens and businesses, formalities and frontline services; as well as to simplify them. With the publication of the TUPAs, the government aims at providing legal certainty to citizens and businessman on the way the governments interacts with them. According to Article 1 of the LGPA, the TUPA is an obligation for all entities of the central, regional and local governments, and also to other institutions of the public administration, such as independent economic regulators.

Agencies must publish their TUPAs in the Official Gazette and in their website, when these have a nationwide application (Article 38.4 of the LGPA), or in the Journal of Judiciary Notices of the region and province when the TUPA has only legal application at regional or local level (Article 38.3 of the LGPA).

The information to be provided in the TUPA consists of the following elements (Article 37 of the LGPA):

- a detailed description of the information to be submitted;
- The “type” of procedure: either if there will be an automatic response, or whether it involves an evaluation;
- The fees to be paid;
- Whether a silent of consent or silent is denied rule is applied;
- The government office to submit the information or request the public service;
- The government office with the legal competence to approve or deny the request; and
- The government office with the legal competence to handle the appeals.

This practice provides users with certainty as to their legal obligations when complying with information obligations, formalities, and when requesting government services (see Box 4.2 for an example). The TUPAs can also serve as a key tool to facilitate the measurement and reduction of burdens for citizens and businesses. As the LGPA states in Article 38.6, the TUPA also seeks to avoid duplicity in regulations across government agencies.

Box 4.2. TUPA in practice: TUPA Model for the Operating License and Technical Inspections on Edification Security

By means of Ministerial Resolution No. 088-2015-PCM, the PCM approved the TUPA model for operating licenses and technical inspections on edification security (ITSE) for local governments across Peru. The TUPA establishes criteria to ensure consistency of the information demanded by municipal governments in the aforementioned process. In principle, all provincial or district municipalities with legal competence to operate licenses and technical inspections on edification security have to comply with the implementation of this TUPA.

In a scenario in which every municipality implements the TUPA for the ITSE accordingly, investors would have certainty over the legal process to obtain these types of permits in every potential location.

The Ministerial Resolution of this TUPA, also establish provisions for the simplification of the process. It sets that municipalities are allowed to modify the approved model only if more favourable conditions for user are introduced. The conditions can include fewer information demands or shorter government response times. In the Ministerial Resolution, guidelines for both operating licenses and technical inspections on edification security are also published. The model establishes 22 types of licences and 10 types of inspections.

The TUPAs also includes the entire regulatory framework that pertains to the specific formality. For example, for the Operating License for establishments with an area up to 100 m², its TUPA includes all the legal basis enlisted below:

- Law No. 27972, Organic Law of Municipalities
- Law No. 29060, Administrative Silence Law
- Law No. 27444, Law of General Administrative Procedure
- Supreme Decree No. 30230, ITSE Regulation Framework
- Law No. 28976, Framework Law of Operating Licenses
- Law No. 30230 Law that Establishes Tributary Measures, and Simplification of Procedures and Permits for the Promotion and Boosting of Investment in the Country.

In this TUPA, provisions for different types of business are included; for instance, edifications or installations up to 100 m² for the development of stores, lodging establishments, restaurants, cafeterias and health establishments. It also includes the cases in which this type of TUPA does not apply, which in the case for the 100m² license, it excludes establishments using more than 30% of its total area for storage purposes, establishments to sell alcohol, slot machines, among others, or commercializing flammable substances and establishments that require a multidisciplinary *ex ante* ITSE.

The information demanded is listed as general and specific. In this example, general information demanded include a request:

- ID number of the person applying for the license;
- Copy of the legal representation of the person applying in case of businesses
- Details of the payment receipt of the fee, and
- Sworn declaration that safety conditions are met.

The specific information demanded is:

Box 4.2. TUPA in practice: TUPA Model for the Operating License and Technical Inspections on Edification Security (cont.)

- Copy of the professional degree for health related services;
- The number of parking spaces in line with applicable regulation;
- Copy of the industry authorisation issued by the relevant administrative authority, as defined in the Supreme Decree No. 006-213-PCM,¹ and
- Copy of the authorisation of the Ministry of Culture.

The deadline for a government response is set at 15 days, and the government official with competence to provide authorisation is the Head of Office. Finally, the appeal is to be conducted by the hierarchically superior official of the Head of Office.

1. The Supreme Decree No. 006-213-PCM defines what authorities have faculties to issue the industry authorisation depending on specific types of commercial activities.

Source: Ministerial Resolution 088-2015-PCM.

Unique system of formalities

The Unique System of Formalities (SUT) was created on September 2015 with the purpose of enhancing the functionality of the TUPA. Article 6 of the Legislative Decree No. 1203 indicates that the SUT is designed as an “*information technology tool for the elaboration, simplification and standardisation of the TUPA, as well as an official repository of the administrative procedures and services offered exclusively with its supporting information by the Public Administration entities*”. The system managed by the Secretariat of Public Management of the PCM must include: a) legal basis of the administrative procedures and services given in exclusivity by the Peruvian State; b) basis for the fees to charge to citizens to submit the formality; c) tools that allow for the simplification of procedures, and d) the publication in real time of approved TUPAS.

The adequate development and implementation of the SUT system can enhance the functionality of the TUPAs. Nonetheless, the current arrangement of the SUT implies a closed system: the platform is not entirely open, as the website asks for the Peruvian ID Number and a password. The nature of this system calls for an open arrangement; every citizen, business and even foreign user should have access to every piece of information of the administrative procedures.

Administrative simplification strategy

Legal basis in Peru for the administrative simplification policy

A primary source of the administrative simplification policy of Peru can be found in the sources of the policy of modernisation of the Peruvian government. The concept of government modernisation includes elements of regulatory quality such as administrative simplification, as well as open and digital government, amongst others. Law No. 27658: Framework Law of the Modernisation of the State Management (LMMGE, *Ley Marco de la Modernización de la Gestión del Estado*) refers in Article 1 to the modernisation process of the Peruvian State. This process must be co-ordinated by the *executive power* through the *General Direction of the Public Management* of the PCM and the legislative

power with the *Commission of Modernisation of State Management*. An important declaration of this law is that the modernisation process has an efficiency objective in the state administration, with a focus to achieve better citizens' services (Article 4).

Article 5 of the LMMGE specifies the main actions of the modernisation process of the Peruvian state: 1) efficiency in the usage of state resources, and 2) the institutionalisation of the performance assessment system, through the usage of technological resources, strategic planning, transparency and accountability. On the other hand, Article 11 indicates that obligations from public officials to citizens include: 1) the provision of unbiased, trustable, confident and timely services; and 2) the provision of required information in a timely manner.

Law No. 29158: Organic Law of the Federal Branch (LOPE, *Ley Orgánica del Poder Ejecutivo*) also makes references to the modernisation duties of the government. This law indicates in Article 19-4 that the PCM has to formulate, approve and execute, national modernisation public policies, as well as to lead the organisation of the State and the modernisation process. Thus, the PCM is in charge of the simplification strategy within the central government.

A direct reference to the policy on administrative simplification is set in Law No. 27444: of General Administrative Procedure (LPAG, *Ley de Procedimiento Administrativo General*). It states in Article IV a *Simplicity Principle* for formalities: "The established formalities by the administrative authority must be simple, eliminating any unnecessary complexity; that is, information requirements must be rational and proportionate to the objectives to be achieved". This principle matches a standard administrative simplification objective, which focuses on making regulation effective and without excessive administrative burdens.

The LPAG specifies in Article 48 that the PCM can provide advice on issues on administrative simplification, and can evaluate on a permanent basis the administrative simplification process of public entities. Additionally, Article 36-3 of the LPAG states that the elimination of procedures, information obligations or formalities, or simplifications measures can be approved by Ministerial Resolution, and by regional norms, according to the level of government.

Administrative simplification efforts

Administrative simplification methodology

The legal instruments mentioned above gave origin to the Supreme Decree No. 007-2011-PCM, which approves the administrative simplification methodology and establishes provisions for its implementation (DSSA, *Decreto Supremo que aprueba la metodología de simplificación administrativa y establece disposiciones para su implementación, para la mejora de los procedimientos administrativos y servicios prestados en exclusividad*). This decree must be applied by all public agencies in Peru mentioned in Article 1 of the preliminary title of the LOPE, which include: the executive branch including ministries and public decentralised bodies, the legislative branch, the judicial branch, the regional governments, the local governments, and the public bodies that are granted autonomy by the Constitution.

The DSSA includes an annex with the approved methodology. The methodology has five stages:

1. Diagnostics
2. Re-design
3. Implementation
4. Follow-up and evaluation
5. Continuous improvement and sustainability

The DSSA also defines the working teams within each agency in charge of conducting the simplification strategy, and the profile of public officials who must be part of the team. The working teams include i) the Direction Committee of Administrative Simplification and ii) the Continuous Improvement Team.

According to the DSSA, the Secretariat of Public Management (SGP, *Secretaría de la Gestión Pública*) is in charge of the training of all public officials from all levels of government who are to be involved in administrative simplification tasks. It is also in charge of the evaluation and supervision of these tasks.

Administrative simplification policy embedded as part of the National Modernisation Policy

Peru developed a National Modernisation Policy of Public Management (PNMGP, *Política Nacional de Modernización de la Gestión Pública 2021*).⁵ It is the continuation of Supreme Decree No. 025-2010-PCM, which established the National Policy of Administrative Simplification—now derogated.

The PNMGP is based on the recognition that economic growth has not been accompanied by institutional capacity and economic and social development. Poor confidence by citizens on public institutions and low levels of satisfaction are also included as factors shaping the strategy. The PNMGP recognises the main areas for improvement within the public administration:

- Absence of a planning system and problems with the articulation of public budget;
- Inadequate infrastructure, equipment and logistics;
- Inadequate policy of human resources management;
- Deficient design of the organisation and functional structure;
- Inadequate provision of public services;
- Limited result and impact evaluation, and
- Lack of information management methods.

The SGP is in charge of the PNMGP. Its main objective is to conduct the modernisation process and establish an effective public administration with a positive impact on citizens and on the development of the country. The scope of the policy includes all public agencies from all levels of governments, including autonomous bodies. The importance of the PNMGP is underlined by the fact that it comprises the objectives of the modernisation process and the strategy to achieve them. The strategy contains five

pillars which are aligned with three crosscutting policies: i) open government, ii) electronic government and iii) inter-institutional interconnection. The five pillars are:

1. Public policies and operational strategic plans;
2. Budgeting by results;
3. Process administration, administrative simplification and institutional organisation;
4. Civil service based on merits, and
5. Information systems, follow-up, monitoring and evaluation, and knowledge management.

The document also recognises that administrative simplification tools improve the quality, efficiency and availability of process and services.

As it can be observed, administrative simplification is a central policy of the modernisation process. This policy is also aligned with the specific objective of the modernisation process: To implement administration by results and promote administrative simplification in all public entities, with the objective to produce positive results in the improvement of formalities and services oriented to citizens and enterprises.

The PNMGP was followed by the approval and release of the Implementation Plan of the National Policy of Public Management (PI-PNMGP, *Plan de Implementación de la Política Nacional de Modernización de la Gestión Pública*). This document incorporates the vision, the general and specific objectives, actions, indicators, entities with responsibilities, goals, and deadlines of the PNMGP.

The main actions of the PI-PNMGP include:

- Implementation of the methodology for simplification and the methodology for calculating the fees for formalities and administrative services;
- Implementation of the SUT at national level and the adoption of models and common administrative services in public entities;
- Formulation of a normative framework to implement the administration by processes in public administration, and
- Implementation of the strategy of Better Service to the Citizen.

The indicators of the PI-PNMGP to evaluate progress of actions implemented are:

- Percentage of public entities at the executive power with adapted MAPROS (manuals of procedures) to the normative framework of the management of processes.
- Percentage of public entities which have applied the methodology for administrative simplification of formalities and for calculating fees.

The definition of performance indicators is a step in the right direction. However, the indicators defined in the PI-PNMGP focus only on progress in implementation. Performance indicators are needed in order to evaluate the impact of the policy.

National Plan of Administrative Simplification

Based on the publication of the PNMGP, the PCM released the National Plan of Administrative Simplification 2013-2016 (PNSA). The PNSA incorporates an institutional vision, mission as well as general and specific objectives, actions and goals – this instrument replaces the National Plan of Administrative Simplification 2010-14. It stands out from the PNSA a statement of a modern state with focus on citizens and the quality approach. The mission is centred in the implementation of administrative simplification actions based on the PNMGP.

The general objective of the PNSA refers to the “Improvement of quality, efficiency and opportunity of the formalities and administrative services requested by citizens to the public administration”. The indicators aimed at measuring progress and impact of these actions are the following:

- At least 50% of citizens should perceive in 2016 that formalities and administrative services have been simplified.
- At least 50% of entrepreneurs should perceive in 2016 that formalities and administrative services have been simplified.

Following the general objective, the document states strategic objectives with strategies and actions and expected results. For instance, for Objective 1: *Promote the implementation of administrative simplification actions oriented to the creation of positive results and impacts for all citizens*, the expected result is that 50% of the procedures and administrative services of public entities have been simplified according to the mechanisms defined by the PCM. Objective 2 is: *Promote the progressive incorporation of information technologies and communications as a strategy to provide quality services and formalities for all citizens*. The expected result is that 5% of the citizens are able to submit and receive an answer online for at least one formality. These targets have to be reached by 2016, along with other intermediate milestones.

National Competitiveness Agenda 2014-2018

The National Competitiveness Council (CNC) is responsible for the formulation of the National Competitiveness Agenda (ANC), which has as a final objective “To enhance the competitiveness of the country to raise formal employment and welfare for the population”. A good regulatory environment in the country can contribute to reach the *Global Goals* of the ANC, which are the increase in productivity, the reduction of labour informality, and the lowering of logistic costs.

The ANC describes eight strategies or action lines to improve competitiveness. The second strategy about science, technology and innovation indicates as a chief activity the simplification of administrative, labour and migration formalities to contract foreign workforce. The sixth strategy on human capital also makes reference to the simplification of licensing processes in labour markets.

The seventh strategy is about business facilitation, which includes as Component II, “The optimisation of the management of administrative formalities which have a negative impact on business activities”, and one of its goals is the simplification of 100% of formalities linked to private investment.⁶

Finally, strategy eight on natural resources and energy includes a goal regarding the simplification of 100% of administrative formalities in these sectors.

Multichannel access strategy

The PCM developed a strategy to reduce administrative burdens for citizens through the establishment of one-stop shops. By means of supreme Decree 091-2011-PCM from the Secretariat of Public Management, the Better Citizen Services Platform (MAC for its initials in Spanish) was created. Its main purpose as stated in the Supreme Decree is to “increase coverage and optimise the services of the State to deliver a better attention to the citizen through multichannel accesses”. There are three forms of one-stop shops, or access channels: physical, virtual and through a telephone platform.

The MAC physical centres follow an “everything-under-one-roof” model, where the citizen may find several public agencies in one single place. However, to date, the public offices participating in this centres have not establish interoperability or interconnection of systems as a part of a more aggressive simplification strategy. That is, if a citizen has to submit the same information to several authorities as part of different formalities, the citizen would have to reach each one of them in turn.

There are currently four MAC physical Centers operating in: Callao, Lima Norte, Piura and Ventanilla. These centres contain different agencies. The Centre of Lima Norte, as Table 4.1 depicts, consists of 21 public entities in the same building. In this centre, people may apply for a wide arrange of services, such as a passport or request a criminal record act. The functioning of the MAC centre is similar to the standard customer service centre model where users take a number depending on the service and visits the corresponding module. Although the MAC centres model as a one-stop-shop is limited due to lack of interconnectivity, this effort constitutes an important initial step towards reducing burdens for citizens and improving front-line government services.

Additionally, the virtual one-stop shop and the telephonic platform supply information on administrative formalities to citizens. The telephonic tool allows for citizens to request information regarding formalities and to schedule appointments in the MAC centres. The virtual platform contains basic information on the formalities covered by the MAC centres. This information is extracted from the TUPAs of each formality.

Table 4.1. **Lima Norte MAC Centre**

Public agencies		
National Bank	National Institute for the Defence of Competition and Protection of Intellectual Property (INDECOPI)	Judicial power
Development bank of Peru (COFIDE)	Ministry of Foreign Relations	National Registry of Identification and Civil Status (RENIEC)
Notaries Association of Lima	Ministry of Interior	Tax collection authority (SAT)
Social Security of Health (ESSALUD)	Ministry of Transport and Communications	Super intendency for Banks and Insurance (SBS)
National Penitentiary Institute (INPE)	Ministry of Labour and Employment Promotion	Integral Security of Health (SIS)
National Jury of Elections (JNE)	State Agency for the Supervision of Procurement (OSCE)	National Super intendency of Public Registry (SUNARP)
Ministry of Production	Energy and Mining Regulator (OSINERGMIN)	National Super intendency of Customs and Tax Administration (SUNAT)

Source: www.mac.pe/mac-lima-norte-2/ (accessed 10 February 2016).

Methodology to calculate fees for formalities

Peruvian public agencies follow a methodology in order to establish the fees for administrative formalities and public services enlisted in the TUPAs. According to Article 45-6 of the LPAG, the President of the Council of Ministries and the Minister of Economy and Finance will set the determination criteria and procedures to set fees for administrative services and formalities. Supreme decree No. 064 -2010-PCM provides legal foundation for the methodology and the Annex to resolution No. 003-2010-PCM/SGP contains details of such methodology.

The methodology aims at calculating the fee, so citizens pay only the cost of the public resources employed in the discharge of the formality or service. The methodology calculates the public officials' activity cost per time fraction for formality and the cost of materials. The sum of all activities costs and materials gives the maximum fee that can be charged to the user. This practice is relevant because it reduces the probability to use formalities as a revenue collection method by regional and local governments.

Incentives programme for the improvement of the municipalities' management

The Ministry of Economy and Finance (MEF) administrates the Municipal Administration Improvement Incentive Programme (*Programa de Incentivos a la Mejora de la Gestión Municipal*, PIM). It was created by Law No. 29332: Law that creates the Incentive Plan to the Improvement of Municipal Management. The budget of the program is defined yearly and is assigned to municipalities according to the index of the Municipal Compensation Fund prepared by the MEF. An important component of the program is the ranking of municipalities according to the degree of the weighted achievement of goals, the total achievement of evaluated goals, and the track record of past achievements.

The objective of the Law is to incentivise the achievement of policy goals by municipalities through the receipt of direct transfer of financial resources once the policy goals are met. The policy objectives are divided into six categories. One of these is the simplification of formalities, in order to create favourable conditions for the business environment and promotion of local competitiveness.

E-government in Peru

The basic legal and policy framework for e-government in Peru is the same as for administrative simplification. As mentioned before, an open and electronic government is part of the crosscutting policies of modernisation policy. Thus, e-government in Peru has been given prominent relevance (see Box 4.3).

Concrete efforts in Peru on these areas, however, have not been achieved yet. An exception to this lack of progress is the implementation of the Single Window for Foreign Trade (VUCE, *Ventanilla Única de Comercio Exterior*), which was launched on 2007. VUCE is under the responsibility of the MINCETUR and it was designed to facilitate international trade operations and reduce response times in the associated formalities. According to the IADB, the VUCE has achieved significant efficiency goals, but it has incorporated only a limited number of formalities. Furthermore, it has not been able to exchange information with other e-government platforms. The IADB also identifies improvement areas for the VUCE. They include time and cost optimisation, unfinished protocols to release permits and duplicity of information.⁷

The legal basis for the VUCE is included in Legislative Decree 1211: which approves measures to strengthen the implementation of integrate public services through single windows and the exchange of information between public entities. This decree defines the rules for the implementation of single windows, the information exchange and the interoperability instruments. It indicates also that the adoption of these technologies can be gradual. Additionally, Law No. 28977: of exterior commerce facilitation (LFCE, *Ley de Facilitación de Comercio Exterior*) also makes reference to the VUCE.

Box 4.3. E-Government strategies in Peru

- Increase the available of government services to businesses and citizens through the use of IT and communication technologies, that allow for innovation of practices that simplify traditional administrative formalities.
- Develop a set of strategic projects that allow for the integration of key systems and institutions for the development of *E-Government* initiatives that impact in the short and medium term, permitting the adoption of new practices and creating emblematic projects of massive use.
- Improve the processes and formalities of the public administration to make them more efficient, transparent and focused on users, and facilitate its digitalisation through communication and IT technologies, considering the expectations and requirements of the citizen and the criteria of optimisation.
- Promote telecommunication infrastructure that fits the development of the *Information Society* and *E-Government*, in particular with emphasis in excluded zones.
- Generate capacities to the studentship, adult population and vulnerable groups in the use of IT, as part of their learning processes, for their insertion in the *Information Society*, and the general knowledge and *E-Government* in particular.

Source: Ministerial Resolution No. 274-2006-PCM.

Measurement of administrative burdens

A practice that can contribute to a successful strategy on administrative simplification is the measurement of administrative burdens. With a measurement of burdens generated by government formalities, it is possible to undertake a simplification plan based on more robust evidence, set priorities to tackle the most burdensome regulations, and take advantage of the easy-to-understand nature of the burden reduction of formalities that can be expressed in monetary terms.

One of the most popular methodologies to measure and reduce administrative burdens that derive from formalities is the Standard Cost Model (the SCM). The Dutch Ministry of Finance developed the SCM as a quantitative methodology for determining the administrative burdens that regulation imposes on businesses. The SCM is usually popular across the political spectrum as it aims at removing formalities that are not necessary, but it does not entail changing the policy objectives of regulations.

The Standard Cost Model measures the consequences of administrative burdens for businesses. It provides a simplified, consistent method for estimating the administrative costs imposed on business by governments and provides estimates that are consistent across policy areas. The SCM can be applied to measure a single law, selected areas of

legislation or to perform a baseline measurement of all formalities in a country at different levels. The SCM is also suitable for measuring the administrative consequences of new formalities due to a new legislative proposal as well as administrative simplification proposals (see Box 4.4).

The main factors for the success of SCM have been a sound methodology for mapping and measuring administrative burdens and the possibility to set up a quantitative target for reduction. This target enables the creation of a benchmark against which progress can be measured. Such benchmark provides countries with fresh ideas for reducing burdens.

Box 4.4. The Standard Cost Model and administrative simplification

The SCM methodology is an activity-based measurement of the businesses' administrative burdens, making it possible to follow the development of administrative burdens. At the same time, the results from the SCM measurements are directly applicable to governments' simplification work, as its outcome shows the specific regulation that is especially burdensome for businesses. The SCM goes beyond defining the cost of formalities as the fees paid by users. Instead, it allows for the calculation of administrative burdens by considering the time and money that citizens and business allocate to comply with the formality.

The SCM breaks down formalities into a range of manageable components that can be measured, while focusing on the administrative activities that must be undertaken in order to comply with regulation. SCM measurements highlight the existence of areas of regulation suitable for administrative burden reductions. Given the action-orientated nature of SCM results, it provides a crucial baseline and source of ideas for simplification opportunities.

The adoption of the SCM in the simplification process has several advantages:

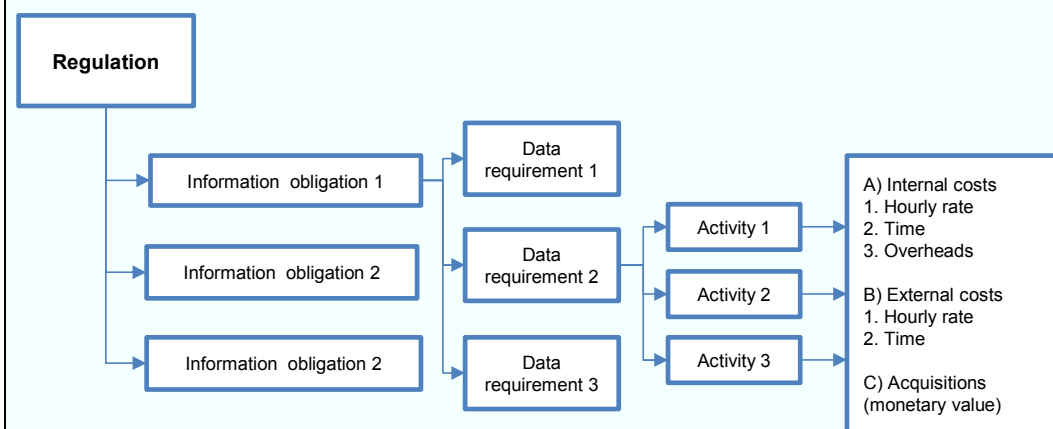
- It draws attention to the specific parts of the legislation that are most burdensome for businesses' compliance as well as identifying the total costs of administrative burdens;
- A baseline measurement reveals where administrative costs occur in business processes, highlighting where the greatest effect of simplification can be achieved;
- The classification of the causes for the administrative burdens and the identification of which department/ministry is responsible for burdensome regulation allows to target the simplification efforts;
- The collected information enables to simulate how changes or amendments in the regulation may impact on the costs faced by stakeholders, and;
- The SCM may also stimulate the share of data between government agencies.

According to the SCM there are three types of costs that businesses face due to the regulation: *Long-Term Structural Costs* and *Compliance Costs*. The latter is the cost category that the SCM takes into account the administrative costs of complying with the regulation and the regulatory burden.

The calculation of these costs is constructed through the monetisation of all the resources directed towards the development of information that is to be handed to the regulatory authorities.

The structure of the SCM goes as follows:

Box 4.4. The Standard Cost Model and administrative simplification (cont.)



Source: International SCM Network to Reduce Administrative Burdens (2004), *International Standard Cost Model Manual*.

The SCM is nowadays the most widely applied methodology for measuring administrative costs amongst OECD countries (see Box 4.5). However, in Peru, despite having a defined simplification strategy, no efforts to measure administrative burdens has been launched.

Box 4.5. International experiences in the use of the SCM to measure administrative burdens

Denmark has used the SCM to measure administrative burdens, and committed to a reduction of 25% between 2001 and 2010; while recently developing two new projects to address irritants and to match its burden reduction policy more closely to real business needs.

Germany chose the SCM to measure the administrative costs resulting from information obligations included in federal legislation. The target was to reduce administrative costs by 25% between 2006 and the end of 2011 as one of the cornerstones of its Bureaucracy Reduction and Better Regulation programme.

Sweden announced a national net reduction target of 25% by 2010 of business administrative costs stemming from compliance with information obligations in legislation, as defined by application of the SCM for measuring administrative burdens.

Portugal set up the objective to reduce administrative burdens on businesses by 25% by 2012. The goal was applicable to all laws, decree laws and decrees of national origin, which have an impact on the life cycle of businesses. It is based on an adapted version of the SCM and its selective application to key legislative and administrative simplification measures. The adjusted SCM includes full compliance costs and covers burdens for citizens. It focuses on information obligations and integrates delays and waiting times to capture the effects of e-government initiatives.

**Box 4.5. International experiences in the use of the SCM
to measure administrative burdens (cont.)**

Finland adopted in 2009 one of the most recent programmes aiming at reducing administrative burdens on business by 25% by 2012, among other measures, following a pilot SCM measurement of VAT legislation. The action plan focuses on eight priorities: taxation; statistics; agricultural subsidisation procedures; food safety and quality; employers' reporting obligations; financial reporting legislation; public procurement; and environmental permit procedures. The development of e-government services for businesses is a horizontal priority of the action plan.

Source: OECD (2010), *Why Is Administrative Simplification So Complicated?: Looking beyond 2010*, Cutting Red Tape, OECD Publishing, Paris, pp. 20-22, <http://dx.doi.org/10.1787/9789264089754-en>.

Ex post evaluation

In Peru, there is not a systematic *ex post* evaluation program of existing regulation. *Ex post* assessment of regulations has as one of their objectives to provide evidence about the results and impacts of the regulatory framework. Some efforts, however, are conducted by independent regulators in Peru, without being a constant practice (see Chapter 7). Additionally, the PCM makes evaluations of random samples of TUPAs to ensure that they comply with the legal requirements.

An important and fine effort is made by the Commission of Elimination of Bureaucratic Barriers (CEB, *Comisión de Eliminación de Barreras Burocráticas*,) of the INDECOPI. This commission has the legal capability of stopping the application of a regulatory instrument in concrete cases. When a rule is considered both a “bureaucratic barrier” and not legal, rational or proportionate, the CEB can stop its application (see Box 4.6).

Box 4.6. The Commission of Elimination of Bureaucratic Barriers

Once a rule is considered: a “bureaucratic barrier” – rules that affect the development of an economic activity – and as a result of the investigation of the CEB is also found to be:

- not legal: goes beyond the legal competences or does not meet the legal requirements, and or
- rational or proportionate: when it does not meet public interests or does not have a proper founding on a cost-benefit analysis, or does not represent the cheapest alternative;
- the CEB can rule the stopping of its application, which benefits all users in the case of rules established in regional or municipal ordinances supreme decrees, or ministerial resolutions; and in the case of other specific norms, it only benefits the requesting user.

Additionally, CEB can impose fines of up to PEN 78 000 to public agencies which:

- Demand additional information obligations different to the ones established in the Law No. 28976 Framework Law for Business License, and Law No. 29090 Law that Regulates Urban Housing and Edifications, or in regulations that replace or complement this ones;

Box 4.6. The Commission of Elimination of Bureaucratic Barriers (cont.)

- Request the payment of fees to users when submitting the formality that does not comply with the General Law of Administrative Procedure or the Law of Municipal Taxes;
- Establish longer periods to issue the resolution for requests of licenses, permits and authorisations or for the delivery of implementation of infrastructure for public services established in the sections 2 and 3 of article 26BIS of the Law No. 25868;
- Apply the rule of silent is consent without meeting the requirements set in the Law No. 29060 Law of the Silent is Consent, or the regulation that replaces it;
- Demand information obligations that are prohibited according to articles 40 and 41 of the LPAG, amongst others.

In the case of investigation carried out by the CEB on its own initiative (see Table 4.2 below), once the ruling of the CEB has been upheld by the court, the resolution must be published in the official gazette “El Peruano”. Then, any citizen can denounce an agency still applying the barrier, in which case the official in charge will be penalised. The objective is to discourage agencies to keep applying barriers that have been ruled out as illegal, irrational or disproportionate.

The CEB has achieved the following results:

- Between June 2013 and April 2016, the CEB has pursued 1 150 investigation under its own initiative; 978 of these were linked to strategic sectors such as telecommunications, construction, and infrastructure of public services (distribution of electricity, natural gas and drinking water), and commercial activities;
- The Office of Economic Studies of INDECOPI estimated that an elimination of 21% of the barriers comprised in the 978 investigations mentioned above would convey a benefit of PEN 17 581 949 for the business previously affected.

Source: <https://www.indecopi.gob.pe/web/eliminacion-de-barreras-burocraticas/informacion-util>, last access on 11 of July 2016.

In order to initiate a case, the user must fill a format providing her details, the precise identification of the regulatory instrument which is alleged to be a barrier, the name of the public entity in charge of the barrier, the regulation containing it and the legal arguments regarding the illegality and no reasonability of the barrier, the facts that motivates the demand and confirmation of the statement of the complaint. The CEB can start a case of bureaucratic barriers by request of any citizen, or it can conduct cases by own initiative. According to public officials, the largest share of workload is originated by citizens’ requests.

The process to consider any regulation as a barrier is indicated in the Legislative Decree No. 807 as follows. This process cannot last more than 120 working days (see Table 4.2).

The tasks of the CEB are relevant as they have the capacity to eliminate regulation which has no legal basis, either because it is contrary to any superior law, or because it is not proportionate to the objective. In summary, when the regulation creates a barrier, the commission can stop its application.

Table 4.2. **Procedure to declare a bureaucratic barrier**

Complaint	Report of investigation
Admission examination	Start of procedure
Admission	Notification (5 days to deposition)
Notification (5 days)	Deposition (15 additional days)
Deposition (15 additional days)	Deposition
Rebellion	Verbal inform
Deposition	Resolution

Source: Reproduction of the Unique Process published by INDECOPI.

Assessment

Inventories of laws, regulations and formalities are of difficult access, and there is not a single concentrated registry of them, which can create uncertainty to citizens and businesses as to the legal obligations required of them

Citizens can find on the website of the Peruvian congress an updated list of primary laws in force. However, in the case of other legal instruments, such as supreme decrees – which are issued by the executive power – as well as other subordinate regulations, there is a repository but it is not of free access. The MINJUS has the website Peruvian System of Legal Information, which offers a basic service of free access with a compilation of the most relevant legal instruments, but access to the complete database requires payment of a fee.

The ministries and agencies of all levels of governments – central, regional and local – have the obligation to supply standardised information in printed form and on their websites of the formalities required by law for business and citizens. The Single Texts of Administrative Procedures (TUPAs) are often found in ministries' websites, and most of the times in hard copies in government offices which offer front line services. However, so far a single registry of TUPAs has not been developed yet, although a Legislative Decree ordering the construction of the Unique System of Formalities (SUT) has recently been issued and it is under implementation.

Moreover, the Secretariat of Public Management, part of the PCM, has acknowledged that it lacks the financial and human resources to perform an effective oversight of the TUPAs and oblige ministries to follow the guidelines set for their development and publication. As a result, the quality and type of the information of the TUPAs across ministries and agencies varies.

The lack of a single registry with information of quality for laws and regulatory instruments can be a source of uncertainty for businesses and citizens alike. This uncertainty can be exploited by public officials to their advantage, in detriment to entrepreneurial and business activity, and can affect negatively the experience and perception of citizens in the use of front line government services.

Although a strategy for administrative simplification is in place, there is not an effective oversight of its implementation. These efforts are further diminished because the Peruvian government lacks a baseline of administrative burdens emanating from formalities and information obligations for business and citizens, which can make difficult to target resources and communicate results. Additionally, strategies for digitalisation of formalities and e-government services are still incipient and at early stages of development.

The Secretariat of Public Management has issued a methodology on administrative simplification and procedures for the National Government, Regional Governments and Local Governments, which offers instructions to ministries and agencies of the three levels of government to eliminate information requirement, reduce response times, and other strategies aimed at reducing burdens from formalities and information obligations for citizens and businesses. This has been coupled with the release of a national strategy on modernisation of the public administration, a national plan on administrative simplification, and an implementation strategy. However the implementation strategies, and the evaluation of results and impacts of simplification, have not been enforced. The Secretariat of Public Management does not seem to have the financial and human resources to carry out these activities, and also lacks the regulatory framework to carry out an effective oversight function. The need to address these shortcomings becomes more pressing in the face of the publication of the legislative decree that creates that SUT.

Additionally, no measurement of administrative burdens for business and citizens coming from formalities has been carried out, so a baseline measurement is not available. This limits the capacity of the Peruvian government to target scarce public resources on the most burdensome formalities, and on its ability to assess the benefits of alternative strategies that can be as effective at reducing burdens, such as applying citizen language, increasing the quality of template and submission forms, as well as digitalisation and other e-government strategies. It also reduces the capacity of the government to communicate more effectively the results of the simplification strategies, which can ensure continuous support for this type of initiatives and contribute to eliminate the resistance of ministries and agencies.

Finally, an agenda to make available on line formalities or public services for citizens as part of an e-government strategy has not been implemented.

The contribution of the Commission for the Elimination of Bureaucratic Barriers to reduce administrative burdens from formalities and provide legal certainty can be enhanced

The Commission for the Elimination of Bureaucratic Barriers, part of INDECOPI, has the legal capacity to assess the regulatory framework of Peru, which includes the mandate to attend the public's complaints on formalities and information obligations that go beyond the legal framework, or which are not "justified". In case the complaint is valid, the Commission can request the ministry or agency sponsoring the formality to stop requiring specific information or stop demanding the formality altogether. After an administrative and legal procedure, this request can become legally binding. The commission can also start investigations of the same nature on its own. The Commission can perform these tasks for formalities required by the three levels of government.

However, these capacities are bound by the fact that the Commission does not have legal mandate to carry out a systematised evaluation of formalities or a baseline measurement to develop a specific strategy for burden reduction, as part of a larger policy on administrative simplification and *ex post* analysis of the regulation, nor does seem to have the resources to carry such a programme. The baseline could include first a definition of which rules can be considered a bureaucratic barrier first, and then an assessment of their legality, rationality and proportionality.

Additionally, the commission's capacity for evaluation and of "pointing fingers" can be restrained by the fact that it is an office within an agency (INDECOPI) in which the independence of its decisions can be undermined by political objectives.

No evidence was found that Peru carries out ex post evaluation of laws or regulations in force

From a regulatory governance perspective, in which regulations follow a "life-cycle" approach which includes the stages of *ex ante* assessment and compliance and enforcement, the *ex post* evaluation of whether regulations in force effectively and efficiently address the policy problem represent a building block for an effective regulatory policy. It is only after implementation that the effects and impacts of regulations can be fully assessed, including direct and indirect incidence and unintended consequences.

During the interviews and after reviewing the supporting documents provided by Peruvian officials, no evidence was found that Peru carries out *ex post* evaluations of laws or regulations in force. The only exception identified was the investigations carried out by the Commission for the Elimination of Bureaucratic Barriers, but they focus only on assessing the legal validity or "reasonable justification" of existing formalities or of data requirements demands as part of formalities, rather than evaluating whole pieces of legislation, regulatory instruments, or regulation affecting specific economic sectors.

Key recommendations

- Create a central online and free access registry of laws, and other regulatory instruments, which is complete and up to date. Establish a similar central and online registry of TUPAs in which the quality and amount of information is ensured and up to date. The recent publication of the Legislative Decree which creates the Single System of Formalities (SUT) goes in this direction and should be implemented fully. Ministries and agencies of the three levels of government should be obliged to feed the system with the supervision of the oversight body to keep the registries up to date, including the addition of new formalities, as a result of new regulations. The new formalities and regulation should go through the RIA process, in which administrative simplification criteria have to be applied to the new formalities (see Box 4.7 below for an international example).
- Ensure the full implementation of the policies of administrative simplification, which should include evaluation of the impacts. Appropriate resources to carry out these tasks should be contemplated. In the framework of the Coordinating Council on Regulatory Policy, the implementation of these policies should be followed up, assessed and improved.

Box 4.7. Procedures and services register in Mexico

As an effort on digital government, Mexico has developed a centralised platform that includes the information of every procedure and service. In its website www.gob.mx, procedure and services are categorised by topics (e.g. Health, Social Programs, Labour, Migration and so forth). The information presented in this Register includes: i) required documents; ii) costs; iii) options for conducting the process (attendance, online etc.); 4) a map to find the nearest office. Although many Mexican states and municipalities have their own register, this federal effort has also the goal of the inclusion of subnational registers. This way the users may find every service and procedure regardless of the level of government. Having a digital platform does not only makes it easier for the citizen to find the pertinent regulations, but it is also a tool ensure the continuous actualisation of the register.

Source: www.gob.mx (accessed 10 April 2016).

- Carry out a measurement of administrative burdens of formalities and information obligations. As an alternative to a full baseline, the formalities for the most relevant economic process or the formalities for priority sectors can be measured first, and a strategy in stages can be developed further on. Based on these results, the efforts on administrative simplification can be targeted and focused in order to ensure the achievement of defined goals (see Box 4.8 for an international example).

Box 4.8. Administrative Burdens Reduction Programme in the Netherlands

During 2003-07, the Dutch government carried out a regulatory reform project aimed in reducing administrative barriers. Netherlands aimed to reduce 25% of the regulatory costs its government had on businesses, translating into approximately EUR 4 billion. An OECD assessment of the program identified several best practices of Netherlands that may be extrapolated for this type of projects:

- **Measurement:** A method for measuring the total administrative burden and for mapping the distribution of burdens on individual regulations and ministries has been developed. This Standard Cost Model (SCM), which has been taken up by a high number of countries and the European Commission, enables a targeting of simplification efforts for the most burdensome regulations and makes it possible to monitor the development of overall administrative burdens.
- **Quantitative target:** By establishing a quantitative, ambitious and time-bound target, and communicating this widely, the government accepted to be held accountable on a highly prioritised policy goal. The target has been divided among ministries and over years, thus providing a strong instrument for steering and monitoring simplification efforts across the administration.
- **Strong co-ordinating unit at the centre of government:** The inter-ministerial project team (IPAL), located in the Ministry of Finance, provided a coherent co-ordination of the programme across ministries. IPAL ensured methodological consistency, common and co-ordinated reporting and use of instruments such as risk assessment to increase the likelihood of successful implementation of the many initiatives to simplify the regulatory framework.

Box 4.8. Administrative Burdens Reduction Programme in the Netherlands (cont.)

- **Independent monitoring:** The Advisory Board on Administrative Burdens (Actal) played the role of independent watchdog, monitoring progress towards meeting the reduction target and assessing the initiatives of individual ministries. Actal assisted in guiding and advising ministries and provided independent and horizontal advice to the Cabinet on ways and means to strengthen the programme. From the outset, the possibility of abandoning the programme in times of difficulty was removed, or at least made very costly. This independent body contributed to ensure sustained attention and support for the programme.
- **Link to the budget cycle:** Reporting to Cabinet and Parliament on plans for and progress on the burden reduction programme has been linked to well-established reporting procedures related to the budget. This led to unavoidable deadlines for reporting and ensured recurring attention from the Cabinet and Parliament. It also made clear to ministries that performance on the programme would be of relevance in budget discussions with the Ministry of Finance and its minister.
- **Political support:** The programme for the reduction of administrative burdens has had clear and sustained political support from the Cabinet, expressed from in the Coalition Agreement and onwards.

Source: OECD (2007), *Administrative Simplification in the Netherlands*, Cutting Red Tape, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264037496-en>.

- Consider granting the Commission for the Elimination of Bureaucratic Barriers more independence, including a scheme for a more independent decision-making process and governing body, so it can discharge its functions more effectively. This should be coupled with the establishment of proper arrangements for accountability and transparency.
- The resolutions of the Commission of Bureaucratic Barriers should be investigated further by the Coordinating Council on Regulatory Policy, in order to assess whether this council should take further action to promote the modification or elimination of the source regulation that created the citizen complaint in the first place.
- As part of Peru's regulatory policy, consider establishing a programme on *ex post* evaluation of regulation. The program should define specific criteria for the selection of laws or regulation to assess, the periodicity of evaluation, guidelines of evaluation, and should set the necessary provisions for the Coordinating Council on Regulatory Policy to promote modifications on the regulatory framework as part of this assessment (see Box 4.9 for an international example).

Box 4.9. *Ex post* review typology

The Productivity Commission of Australia issued a research report that lists a number of good design features for each review approach which help ensure that they work effectively, drawn from Australian and international good practices. The Commission considered the following main approaches:

Stock management approaches (have an ongoing role that can be regarded as “good housekeeping”):

- *Regulator-based strategies* refer to the way regulators interpret and administer the regulations for which they are responsible – for instance through monitoring performance indicators and complaints, with periodic reviews and consultation to test validity and develop strategies to address any problems. Ideally, the use of such mechanisms is part of a formal continuous improvement programme conducted by the regulator.
- *Stock-flow linkage rules* work on the interface between *ex ante* and *ex post* evaluation. They constrain the flow of new regulation through rules and procedures linking it to the existing stock. Although not widely adopted, examples of this sort are the “regulatory budget” and the “one-in one-out” approaches.
- *Red tape reduction targets* require regulators to reduce existing compliance costs by a certain percentage or value within a specified period of time. Typically, they are applied to administrative burdens reduction programmes.

Programmed review mechanisms (examine the performance of specific regulations at a specified time, or when a well-defined situation arises):

- *Sunsetting* provides for an automatic annulment of a statutory act after a certain period (typically five to ten years), unless keeping the act in the books is explicitly justified. The logic can apply to specific regulations or to all regulations that are not specifically exempted. For sunsetting to be effective, exemptions and deferrals need to be contained and any regulations being re-made appropriately assessed first. This requires preparation and planning. For this reason, sunsetting is often made equivalent to introducing review clauses.
- “*Process failure*” post implementation reviews (PIR) (in Australia) rest on the principle that *ex post* evaluation should be performed on any regulation that would have required an *ex ante* impact assessment. The PIR was introduced with the intention of providing a “fail-safe” mechanism to ensure that regulations made in haste, without sufficient assessment or diverging from best practice – and therefore having greater potential for adverse effects or unintended consequences – can be re-assessed before they have been in place too long. An exemption from the PIR requirements can only be obtained when the regulation is no longer in force or no longer government policy.

Through *ex post* review requirements in new regulation, regulators outline how the regulation in question will be subsequently evaluated. Typically, this exercise should be made at the stage of the preparation of the RIA. Such review requirements may not provide a full review of the regulation, but are particularly effective where there are significant uncertainties about certain potential impacts. They are also used where elements of the regulation are transitional in nature, and can provide reassurance where regulatory changes have been controversial.

Ad hoc and special purpose reviews (take place as a need arises):

Box 4.9. *Ex post* review typology (cont.)

- “*Stocktakes*” of burdens on business are prompted or rely on business’ suggestions and complaints about regulation that imposes excessive compliance costs or other problems. This process can be highly effective in identifying improvements to regulations and identifying areas that warrant further examination, but their very complaint-based nature might limit the scope of the review.
- “*Principles-based*” review strategies apply a guiding principle being used to screen all regulation for reform – for instance removal of all statutory provisions impeding competition (unless duly justified), or the quest for policy integration. Principles-based approaches involve initial identification of candidates for reform, followed up by more detailed assessments where necessary. Approaches of this kind are accordingly more demanding and resource-intensive than general stocktakes. But if the filtering principle is robust and reviews are well conducted, they can be highly effective.
- *Benchmarking* can potentially provide useful information on comparative performance, leading practices and models for reform across jurisdictions and levels of government. Because it can be resource-intensive, it is crucial that topics for benchmarking are carefully selected. Benchmarking studies do not usually make recommendations for reform, but in providing information on leading practices they can assist in identifying reform options.
- “*In-depth*” reviews are most effective when applied to evaluating major areas of regulation with wide-ranging effects. They seek to assess the appropriateness, effectiveness and efficiency of regulation – and to do so within a wider policy context, in which other forms of intervention may also be in the mix. In the Australian context, extensive consultation has been a crucial element of this approach, including through public submissions and, importantly, the release of a draft report for public scrutiny. When done well, in-depth reviews have not only identified beneficial regulatory changes, but have also built community support, facilitating their implementation by government.

Source: Australian Productivity Commission (2011), “Identifying and Evaluating Regulation Reform, Research Report”, Canberra, www.dpmc.gov.au/sites/default/files/publications/017_Post-implementation_reviews_1.pdf (accessed 5 April 2016).

Notes

1. www.leyes.congreso.gob.pe/Inicio.aspx.
2. <http://spij.minjus.gob.pe/>.
3. User Manual of the SPII, <http://spij.minjus.gob.pe/manuales/ManualUsuario.pdf>.
4. www.peru.gob.pe/transparencia/pep_transparencia.asp.
5. Approved through Supreme Decree No. 004-2013-PCM.
6. As part of this strategy, Component I “The Improvement of regulatory processes and inspection across the life cycle of enterprises” include as goal the adoption of RIA in the creation or modification of norms and formalities linked with licensees, authorisations and permits. The RIA adoption is recognised in the document as one of the most important tools for regulatory improvement.
7. IADB, “Improving trade facilitation services through the one-stop for foreign trade (VUCE) in Peru”, PE-L1159, <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=39469414> (accessed 14 July 2016).

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