



The Regulatory Impact Analysis procedure

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Better Regulation is essential to achieve the social, economic and environmental policy objectives of governments through regulation

Types of regulations reviewed by the CONAMER



Economic

Regulation that promotes and protects the proper operation of markets, fostering competition and innovation



Social

Regulation that promotes the protection of human, animal and vegetal life, the environment, health, the safety of individuals, etc.



Administrative

Regulation that recognizes and promotes efficiency in governmental agencies



What is the Better Regulation policy?

A public policy that consists of:

- The generation of clear rules
- Effective institutions for its creation and implementation
- Simplification of formalities, procedures and services
- Improving in the quality of the legal system through the revision of regulations



Stimulate investment, competitiveness and economic competition resulting in the promotion of development and economic growth



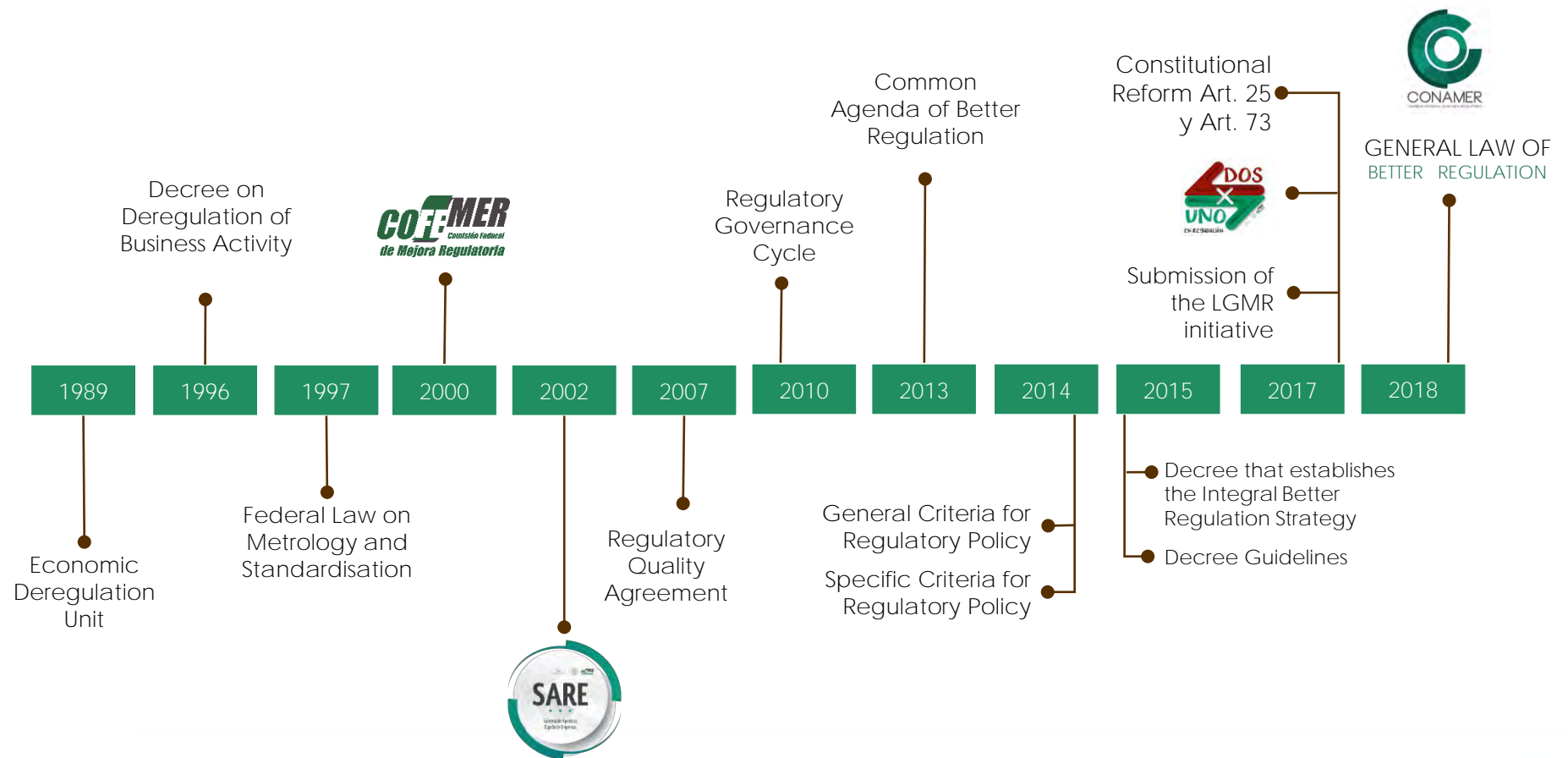
What is a “good” regulation?

A regulation characterized as being:

- Necessary and well-focused
- Based on sufficient information and evidence
- Responsible and fair
- Proportional for the problem to be solved
- Consistent and coherent
- Promote competition, commerce and facilitate investment
- Clear and transparent (all governance cycle)
- The best alternative to address a public policy problem
- With benefits higher than its compliance costs

Background of the CONAMER

The CONAMER is a deconcentrated entity of the Ministry of Economy with the purpose to promote: the generation of clear rules, simplified permits, procedures and services, with efficient institutions, as well as transparency in the elaboration and implementation of the regulations





Constitutional Objectives:



Create shared responsibility between the Federation, the states and municipalities



Create a National Catalog of Regulations, Procedures and Services mandatory for the authorities of the three levels of government



To generate benefits superior to their costs and the maximum benefit for society (LGMR Art. 23)



The General Law considers the following elements:

- National System for Better Regulation
- National Council of Better Regulation
- National Observatory for Better Regulation
- National Catalog of Regulations, Procedures and Services
- A Regulatory Forward Planning
- A general “One in, One out” Rule

- The Regulatory Impact Analysis (RIA) was used for the first time by the U.S.A. in 1978 during President Carter administration in order to evaluate inflationary impacts
- In Mexico it was implemented for the first time in 1995 and it became mandatory for the entire Federal Public Administration in the year 2000

What is it?



It is a tool, applicable in a systematic and mandatory way, that aims to ensure that benefits of regulations are greater than their costs, and to ensure that they represent the best possible alternative to meet a specific public program or policy

What is its purpose?



The RIA's purpose is to ensure that regulations safeguard the general interest, considers its impacts and risks, as well as the institutional conditions of regulators

When is it used?



The RIA is used when regulatory agencies elaborate Regulatory Proposals that involve compliance costs for individuals, that is, when it creates new obligations or restrict existing rights.

- *It is a mandatory tool used systematically to analyze the objectives and potential effects of regulations to ensure that their benefits are higher than the compliance costs they impose*
- It justifies and socializes public policy decisions and offer businesses and the general public the opportunity to participate in the regulatory procedure through an active and effective public consultation period

RIA elements

- Problem definition and objectives
- Alternatives (regulatory and non-regulatory)
- Costs and benefits evaluation of the Regulatory Proposal, as well as other impacts
- Analysis of the mechanisms and capacities for implementation, verification and inspection
- Identification and description of the mechanisms, methodologies and monitoring indicators
- Public Consultation, as well as the opinions gather from the general public during the Regulatory Agenda Planning exercise as well as the specific regulatory proposal

(Art. 69 LGMR)

For the issuance of Regulations regulators must explicitly indicate in their Regulatory Proposal, the regulatory obligations or acts to be modified, abolished or revoked, in order to reduce the cost of compliance thereof in an amount equal to or greater than the new obligations of the Regulatory Proposal (OIOO General Rule).

(Art. 78 LGMR)

Other types of opinion

- RIA Exemption
- Emergency RIA
- Periodic Update RIA

(Art. 71 LGMR)

In order to issue regulations appropriately, the regulator needs to identify and quantify its impacts accordingly with the specific depth of analysis required. In Mexico we have developed several types of RIA analysis

Types of RIA

1 Ordinary RIA

- Moderate impact
- High impact

Specific Analysis

CBA
Risk
Competition
Foreign Trade
Consumers rights
Human Rights*

2 Periodic update RIA

3 Emergency RIA

4 Ex-Post RIA

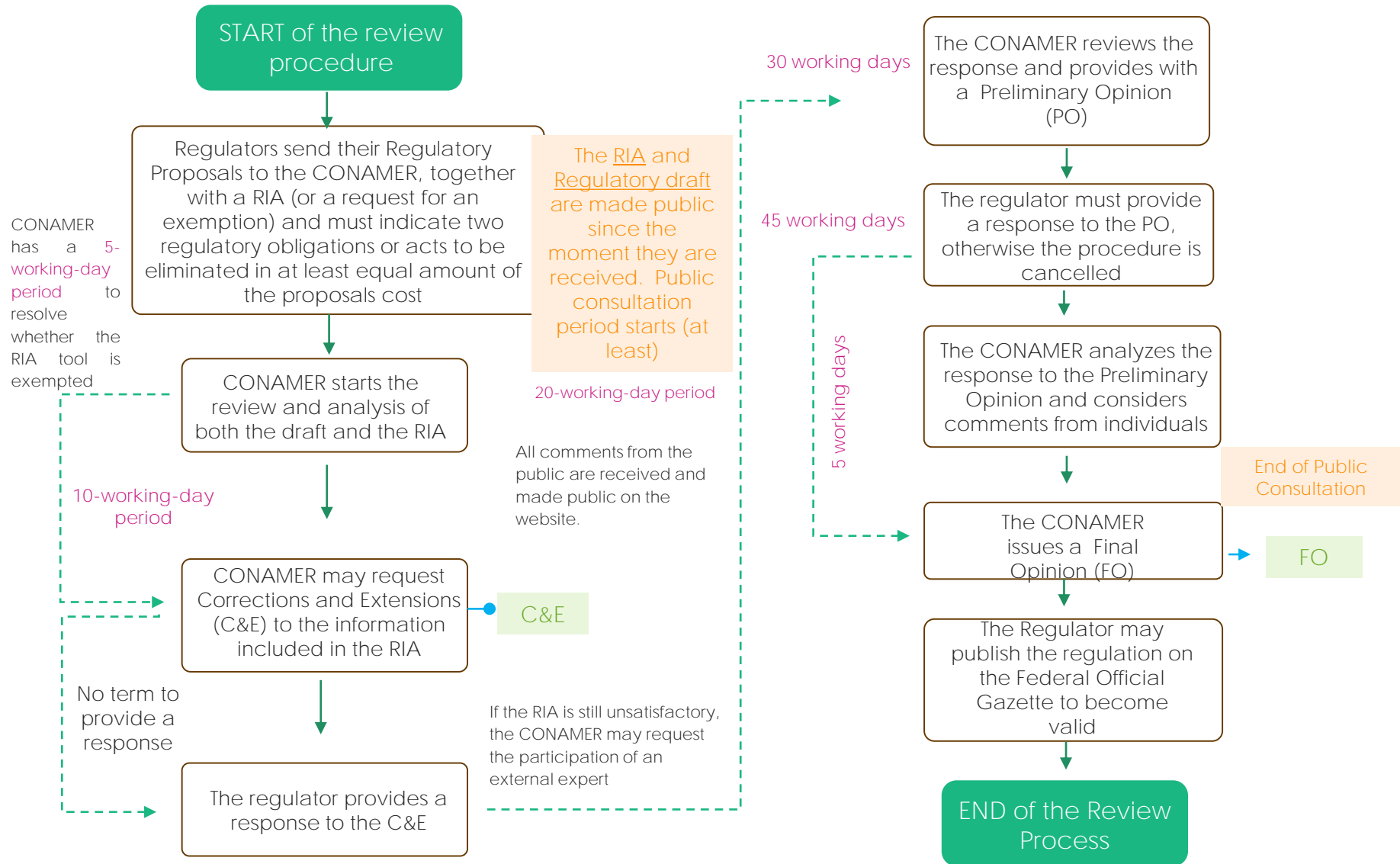


Regulatory Impact Calculator

A checklist of 14 questions aimed to identify the impact of the regulatory proposal before its submission to CONAMER revision process

* The RIA with Human Rights analysis in a developmental stage being piloted within certain sectors of the FPA

Better Regulation Procedure



The “CONAMER SIMIR” RIA system in the public consultation process

- It is freely accessible to anyone with Internet connectivity
- It is organized by electronic files →
 - The electronic files are ordered chronologically by the reception date of each document or opinion
 - The website browser allows to filter the search by sector or regulatory agency
 - The electronic site stores all the regulatory proposals coming from the Federal Government from the year 2001 to the date
 - For each file, there is a summary of the number of comments received and a brief summary of its content in English
- Each electronic file contains:
 - the Regulatory Proposal,
 - Its RIA,
 - the opinions issued by CONAMER, and
 - the comments issued by the society and by the Obligated Entities



The publicity of the Regulatory Proposals and their RIAs allows the general public to know in advance the regulation a Regulator intends to issue

Main features of the electronic tool

www.cofemersimir.gob.mx

RIA Ex-Post Analysis

The regulators must submit the Regulations that generate compliance costs to a review every five years, using the ex post Regulatory Impact Analysis in order to evaluate the effects of the original objectives and the addressing of the current problem

(Art. 77 LGMR)



In order to achieve the greatest social benefit of the Regulation subject to revision, the Regulatory Authority may propose modifications to the current regulatory framework or actions

(Art. 77 LGMR)

Table 1. Regulatory proposals by type of RIA

Type of RIA	Number
Moderate impact RIA	181
Moderate impact RIA with competition analysis	40
Periodic update RIA	31
Emergency RIA	14
High impact RIA with competition and risk analysis	10
High impact RIA	6
High impact RIA with competition analysis	3
Moderate impact RIA with foreign trade analysis	3
High impact RIA with competition, risk and foreign trade analysis	2
High impact RIA with risk and foreign trade analysis	1
Ex Post RIA	1
Total	292

Source: CONAMER

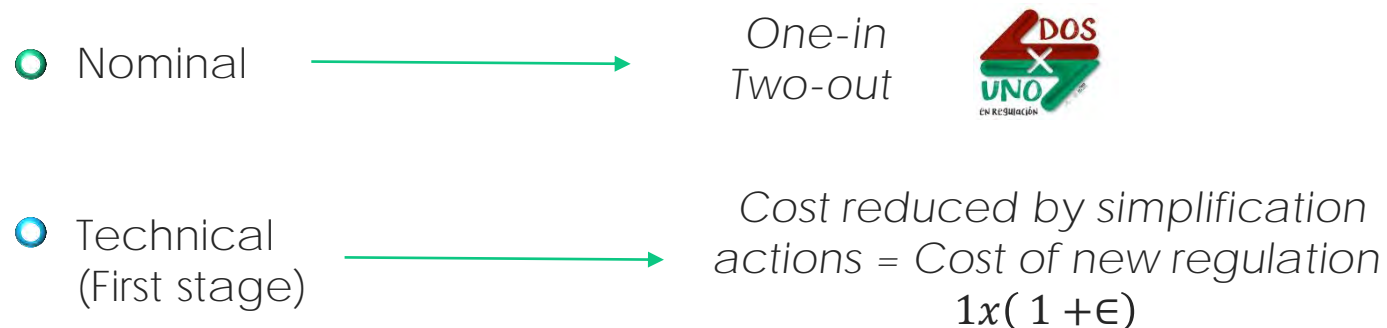


In 2017, a total of 1,166 regulatory proposals were reviewed by the COFEMER (now CONAMER), from which a total of 292 *required a RIA analysis* due to the fact that they generated some type of compliance cost to business

The “one-in two-out” Rule

- The General Law of Better Regulation contemplates the One-in, One-out rule, which aims to reduce and update the regulatory stock (Art. 78 LGMR)
- However, based on the Presidential decree dated March 8th, 2017, at the Federal Public Administration we apply a “2x1 Rule” (OITO Rule) which requires regulatory authorities to:

“Eliminate two regulatory actions or administrative acts in the same economic sector, in order to issue a new regulation”



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