



GOVERNANCE OF REGULATORS

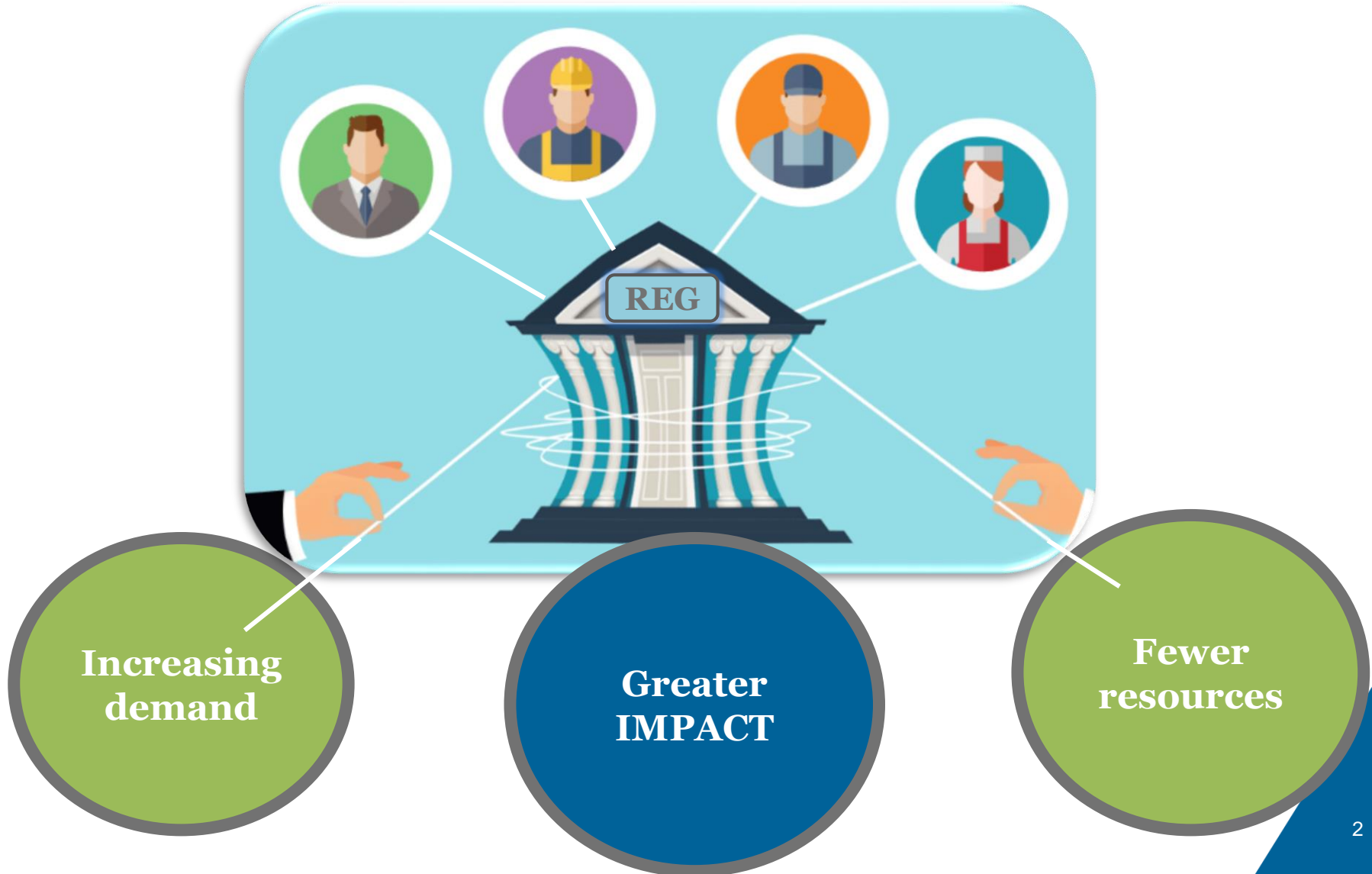
Driving Regulators' Performance

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Regulators operate in a challenging policy context





Agenda

Objective:

Present OECD work on the governance of regulators and how the secretariat supports regulators' efforts to perform better

1. OECD Network of Economic Regulators
2. Practical Guidance against Undue Influence
3. The Performance Assessment Framework for Economic Regulators (PAFER) and its applications to regulators in Colombia, Latvia and Mexico



1. OECD Network of Economic Regulators



1. Body of work of the NER

2012 **BETTER POLICIES FOR BETTER LIVES**

RECOMMENDATION OF THE COUNCIL ON REGULATORY POLICY AND GOVERNANCE

Driving Performance at Colombia's Communications Regulator

Protecting Consumers through Behavioural Insights
REGULATING THE COMMUNICATIONS MARKET IN COLOMBIA

OECD Best Practice Principles for Regulatory Policy
The Governance of Regulators

OECD Studies on Water
The Governance of Water Regulators

The Governance of Regulators
Driving Performance at Latvia's Public Utilities Commission

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<http://dx.doi.org/10.1787/744042613226>

OECD Economics Department Working Papers No. 1296

Regulatory management practices in OECD countries

Isabell Koske, Faisal Naru, Philipp Beiter, Isabelle Wanner

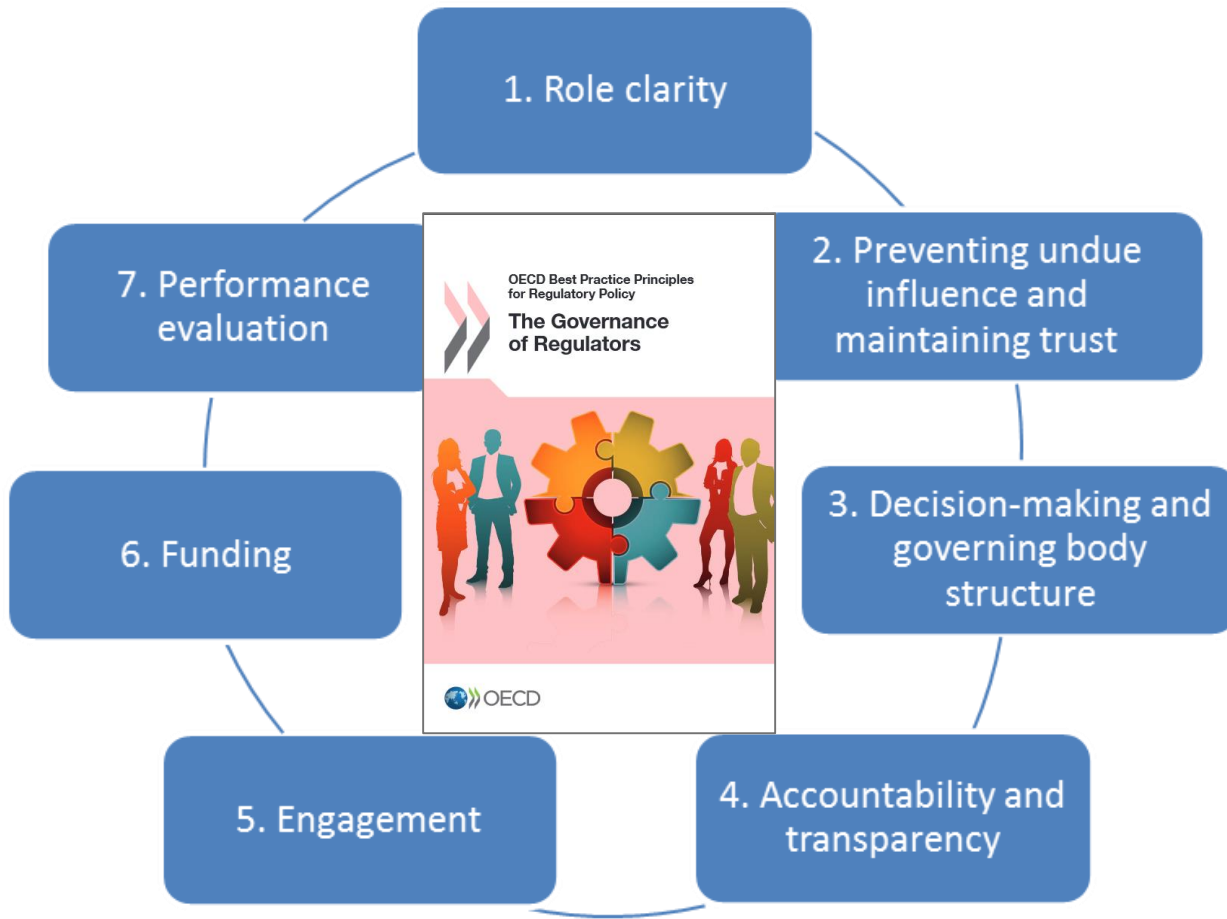
JEL Classification: K2, L5

The Governance of Regulators
Governance of Regulators' Practices
ACCOUNTABILITY, TRANSPARENCY AND CO-ORDINATION

The Governance of Regulators
Being an Independent Regulator



1. Best Practice Principles: the Governance of Regulators





2. Practical guidance against undue influence



2. What does it all mean?





2. What does it all mean?

1. Regulators and other arms-length bodies are not above and beyond the system
2. Legitimacy of regulators is also based on engagement with stakeholders and accountability to them
3. The means for and the how of practical independence is at least as important as formal de jure independence
4. Independence is never a done deal and is not static – creating a need for a culture of independence
5. Independence is a means to an end and is ultimately about performance



2. How to enhance independence?

- How-to guide of independent behaviour for economic regulators
- Release: 24 April 2017

Creating a culture of independence: Guidance on protecting from undue influence, 2017, OECD

1. Role clarity	Basic and necessary institutional measures *** Aspirational institutional measures
2. Accountability and transparency	
3. Financing	
4. Leadership	
5. Staff	



2. Performance Assessment Framework for Economic Regulators (PAFER)



3. Identifying the drivers of performance

Regulatory governance & cultural context





2. External and internal governance of a regulator

External governance

The roles, relationships and distribution of powers and responsibilities between the legislature, the Minister, the Ministry, the regulator's governing body and regulated entities.

Internal governance

The regulator's organisational structures, standards of behaviour and roles and responsibilities, compliance and accountability measures, oversight of business processes, financial reporting and performance management.



PAFER applied to diverse regulators in Colombia, Latvia and Mexico

- Colombia: Communications Regulation Commission (CRC) (2016)
 - Latvia: Public Utilities Commission (PUC) 2016)
 - Mexico: Regulatory governance of the energy sector – Agency for Safety, Energy and Environment (ASEA), National Hydrocarbons Commission (CNH) and Energy Regulatory Commission (CRE) (2016-17)
 - Scotland: Water Industry Commission for Scotland (WICS)
 - Ireland: Commission for Energy Regulation (CER)
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- ✓ Tailor-made, context-specific methodology that has proven its relevance with varied agencies in diverse contexts
 - ✓ Relies on OECD peer review methodology and experiences of regulators world-wide



3. Colombia's Communications Regulation Commission



Role & Strategy

Streamline strategic objectives (down from 18!) and clarify CRC role to ensure that strategic objectives reflect a clear separation between policy and regulatory functions

Output & Outcome

Reconsider the use of the Balance Score Card as a tool of measure the performance of CRC as a regulator, making clear distinction between internal and external performance; systematically track and analyse broad market data and map data collection to specific organisational needs



3. Latvia's Public Utilities Commission



Input

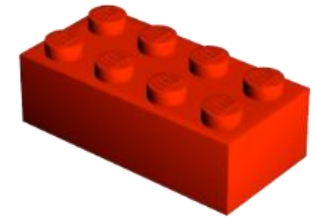
Advocate for an alternative process for setting the regulatory fee which guarantees adequate accountability and minimises risk of conflict of interest and undue influence.

Process

Exploit further the multi-sector model and facilitate mobility across sector departments



3. Mexico's energy sector



Mexico – Structured co-ordination

Advocate for the operationalisation of the Co-ordinated Council for Energy Sector (CCSE) the high-level co-ordination body for reform implementation, with transparent working plans and thematic sub-committees, as well as powers to resolve disputes.

Mexico – Accountability mechanisms

Stimulate more regular and formal exchanges with Congress on sector and regulator performance as an integral part of the regulators' activities.



Muchas gracias!

Get in touch

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Visit our websites

OECD on regulatory policy

➤ <http://www.oecd.org/gov/regulatory-policy/>

Network of Economic Regulators

➤ <http://www.oecd.org/governance/regulatory-policy/ner.htm>