# Appraisal of the OECD Regulatory Policy Outlook 2025[1]

Governments across the world are grappling with profound and complex challenges, from enabling digital and environmental transitions to responding to new societal pressures. In this context, regulation must serve as both an enabler and a safeguard. It must support innovation while managing risk, without placing undue burdens on citizens and businesses.

The OECD *Regulatory Policy Outlook 2025* arrives at a pivotal moment.[2] Its analysis of current regulatory practices and its recommendations for the future closely reflect the mission of RegWatchEurope: to strengthen regulatory quality and ensure independent oversight.  The central theme of the report is a forward-looking agenda to enhance the design and implementation of regulation, serving people, protecting the planet, and shaping a resilient future.

RegWatchEurope (RWE), the network of European scrutiny bodies, strongly supports the Outlook's findings. Where the OECD sets out a broad vision on how better regulation principles can contribute to better regulation outcomes, RWE brings practical experience in applying these principles through independent scrutiny and evidence-based policy advice. We particularly welcome the emphasis on the following five key priorities:

1. Fostering forward-looking and adaptive regulation
   The OECD rightly highlights the value of *horizon scanning* and iterative policy cycles as essential tools for drafting modern regulation. Horizon scanning helps policymakers anticipate future challenges and opportunities, while iterative policymaking recognises that regulation is rarely perfect from the outset. Rather than being static, policy should evolve over time, using evidence and lessons from implementation to refine future decisions and improve effectiveness.

   RegWatchEurope strongly supports this forward-looking and adaptive 'learn-as-you-go' approach. Particularly in areas where the *ex-ante* impacts of regulation are uncertain,[3] a shorter policy cycle with built-in feedback loops allows for timely course corrections when reality deviates from initial expectations potentially leading to unnecessary burdens or ineffective policy. Such agility not only improves regulatory outcomes but also bolsters trust in the regulatory process. RegWatchEurope, however, emphasises that policymakers should exercise caution when applying shorter policy cycles, as frequent policy changes can themselves create uncertainty and result in unnecessary compliance costs.

2. Strengthening evidence- and risk-based policymaking and risk-based approaches
   Better use of data and risk assessment enables governments to allocate resources more precisely, allowing them to address emerging risks effectively in today's fast-paced world. The adoption of risk-based approaches furthermore helps to reduce unnecessary compliance costs by enhancing the proportionality of regulation, particularly in low-risk areas.[4]

3. Improving stakeholder engagement
   Consistent consultation and clear feedback mechanisms to participants of stakeholder consultations are essential to maintaining the legitimacy and

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[1] Prepared by Jan Essink and Justin Spruit (ATR) on behalf of RegWatchEurope.
[2] https://www.oecd.org/en/publications/oecd-regulatory-policy-outlook-2025_56b60e39-en.html
[3] On this theme, RWE published a Position Paper on the importance of adopting Lean Interim Evaluations in the EU and also highlighted this message in its Key messages for the new European Commission mandate.
[4] On this theme, RWE calls in its Recommendation towards the revision of the Interinstitutional Agreement on Better Law-Making for the adoption of a common methodology for impact assessments in the EU better regulation framework. An important feature of this common methodology is that the results, and especially cost-calculations, should be described on a sufficiently granular level. An adequate calculation of costs is a key prerequisite for ensuring that the obligations introduced by new EU legislation are proportionate to the risks the legislation seeks to address.

trustworthiness of regulation. According to the OECD data, its Member States have improved their overall systems and practices for stakeholder engagement over the last decade. To our minds, it is essential to keep participants informed of what has happened to their input. These processes must not be seen as formalities, but as meaningful dialogue with those affected.[5] When this is found to be lacking, it may be more difficult to find participants willing to submit their input to these consultations in the future.

4. <u>Focus on regulatory delivery</u>
A robust regulatory design alone is not sufficient to achieve meaningful impact. Even well-crafted regulations depend heavily on effective implementation and delivery at the operational level. Extending better regulation principles to the execution and enforcement phases can significantly improve compliance. Notable examples include the adoption of risk-based enforcement strategies, which enable regulatory agencies to allocate their resources more efficiently for maximum effect, and the promotion of coherence in regulatory delivery across and within national borders.

5. <u>Role of AI in better regulation</u>
New technologies do not only pose risks to today's societies but also provide opportunities to improve regulation. Within RWE there are multiple initiatives, such as the Workshop 'Digitalisation in all its forms- potentials and solutions', [6] and the exchange of best practices such as the development of the AI model that assisted the selection of burden reduction measures for the 4th Czech Antibureaucratic Package.

The *Regulatory Policy Outlook 2025* offers timely and valuable insights into the future of regulatory policy. Its findings are not only well aligned with the mission of RegWatchEurope but also highly complementary to the work being conducted by its member bodies. Finally, the analysis of current regulatory practices and the country reports provide a good overview of how the different members of the Regulatory Policy Committee are performing. RegWatchEurope would like to suggest that including detailed and developed recommendations for each country in the reports might be a helpful way to support further improvements in their better regulation systems.

RegWatchEurope looks forward to continued cooperation with the OECD and its member states. By reinforcing one another's efforts, we can help ensure that regulation becomes not only better but truly fit for the future.

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[5] On this theme, RWE stresses in its <u>Recommendation towards the revision of the Interinstitutional Agreement on Better Law-Making</u> the importance of consistent stakeholder consultation as a best better regulation practice.
[6] The RWE workshop <u>'Digitalization in all its forms- potentials and solutions'</u> explored how digitalisation can enhance better regulation through sessions on automated business reporting and the adoption of AI in impact assessments,