

Reader's guide

The data presented in this report, including the composite indicators, are the results of the 2014, 2017 and 2021 Indicators of Regulatory Policy and Governance (iREG) surveys, and their extension to the five EU Member States that are not OECD member countries: Bulgaria, Croatia, Cyprus, Malta, and Romania. This Reader's guide aims to help readers understand the scope of the data collected through these surveys and some of the limitations related to the use of indicators. Please note that this Report also features results of new survey questions that were designed in conjunction with the Measuring Regulatory Performance (MRP) Steering Group on *ex post* evaluation, reflecting the developed normative thinking from the published *Best Practice Principles* (OECD, 2020^[1]). The Secretariat updated the *ex post* evaluation composite indicator prior to the launch of the survey in 2020. In order to maintain an accurate time series, a limited number of answers from 2014 and 2017 relating to new questions needed to be completed that formed part of the composite indicator for *ex post* evaluation. The Secretariat reviewed the questions regarding the EU legislation making process, and extended the survey to cover *ex post* evaluations.

The iREG surveys gathered information at three points in time: as of 31 December 2014, 31 December 2017, and 1 January 2021. Data for 2014 are from 34 OECD member countries (which includes 20 EU Member States) and the European Union, which formed the basis of the *2015 Regulatory Policy Outlook* (OECD, 2015^[2]). Data from the 2017 survey are from the 36 OECD member and two accession countries (at the time of data collection) as well as the European Union. This formed the basis of the *2018 Regulatory Policy Outlook* (OECD, 2018^[3]). The 2021 survey collects data from the 38 OECD member countries and the European Union, which formed the basis of the *2021 Regulatory Policy Outlook* (OECD, 2021^[4]). This report extends the coverage to include the five EU Member States that are not OECD member countries. The surveys focus on countries' regulatory policy practices as described in the *2012 OECD Recommendation of the Council on Regulatory Policy and Governance* (OECD, 2012^[5]). Please note that reforms undertaken in EU Member States after 1 January 2021 are not reflected in the report.

The surveys investigate in detail three principles of the 2012 Recommendation: stakeholder engagement, regulatory impact assessment (RIA) and *ex post* evaluation. The composite indicators are presented in the respective chapters that follow. For each of these areas, the surveys have collected information on formal requirements and have gathered evidence on their implementation. This information forms the basis for the recommendations in the individual country profiles in Chapter 5.

While stakeholder engagement, RIA, and *ex post* evaluation are all very important elements of regulatory policy, they do not constitute the whole better regulation framework. For instance, other principles from the *2012 Recommendation* are currently not assessed, and it is also recognised that countries may have quite disparate approaches to achieving better regulation. Some EU countries for example have dedicated policies for administrative burden reduction and administrative simplification in place that are not fully covered in this report (OECD, 2010^[6]).

Scope of the Regulatory Indicators survey data and its use in the report

The survey focuses on the processes of developing laws (both primary and subordinate) that are carried out by the executive branch of the national government and that apply to all policy areas. However, questions regarding *ex post* evaluation cover all national regulations regardless of whether they were initiated by parliament or the executive. Based on available information, most national regulations are covered by survey answers, with some variation across countries. Most countries in the sample have parliamentary systems. The majority of their national primary laws therefore largely originate from initiatives of the executive. This is not the case, however, for Bulgaria, the Czech Republic and Portugal where the share of primary laws initiated by the executive is low compared to OECD member countries. Results for the European Union apply to all acts (regulations, directives and implementing and delegated acts) initiated by the European Commission, who is the executive of the European Union. It proposes new legislative acts, which are adopted by the European Parliament and the Council of the EU, usually through the ordinary legislative procedure. Throughout this procedure, the Council, comprised of representatives from EU Member States, and the European Parliament can suggest amendments to the European Commission's proposals. While the Council and the European Parliament can invite the European Commission to submit a legislative proposal, the European Commission is the sole initiator of legislation in the EU system. Further information on the EU's regulatory system and the legislative process are provided in the country profile of the EU in Chapter 5. The different types of EU legislative acts and subordinate regulations of the EU's legal framework are discussed in Chapter 1.

Survey results are used throughout the Report in multiple ways. First, results of individual questions are displayed to show trends in the number of countries picking up particular practices. Second, qualitative information and examples provided through the survey are used to enrich the analysis. Third, composite indicators for stakeholder engagement, RIA and *ex post* evaluation were constructed to provide an overview of country practices.

Each composite indicator is composed of four equally weighted categories: 1) Systematic adoption which records formal requirements and how often these requirements are conducted in practice; 2) Methodology which gathers information on the methods used in each area, e.g. the type of impacts assessed or how frequently different forms of consultation are used; 3) Oversight and quality control records the role of oversight bodies and publically available evaluations; and 4) Transparency which records information from the questions that relate to the principles of open government, e.g. whether government decisions are made publically available.

Limitations of the Regulatory Indicators survey and composite indicators

In interpreting the survey results, it is important to bear in mind the methodological limitations of composite indicators, particularly those that, as in the current survey, are based on categorical variables.

Composite indicators are useful in their ability to integrate large amounts of information into an easily understood format (Freudenberg, 2003^[7]). However, by their very nature, cross-country comparable indicators cannot be context specific and cannot fully capture the complex realities of the quality, use and impact of regulatory policy. While the current survey, compared to previous editions, puts a stronger focus on evidence and examples to support country responses, it does not constitute an in-depth assessment of the quality of country practices. For example, while countries needed to provide examples of assessments of some specific elements required in RIA to validate their answers, the OECD Secretariat did not evaluate the quality of these assessments nor discussed with stakeholders the actual impact of the RIAs on the quality of regulations.

In-depth country reviews are therefore required to complement the indicators. Reviews provide readers with a more detailed analysis of the content, strengths and shortcomings of countries' regulatory policies, as well as detailed and context-specific recommendations for improvement. OECD member countries have a wide range of governance structures, administrative cultures and institutional and constitutional settings that are important to take into consideration to fully assess regulatory practices and policies. While these are taken into account in OECD member country peer reviews, it is not possible to reflect all these country specific factors in a cross-country comparison of regulatory practices.

It is also important to bear in mind that the indicators should not be interpreted as a measurement of the quality of regulation itself. While the implementation of the measures assessed by the indicators aim to deliver regulations that meet public policy objectives and will have a positive impact on the economy and society, the indicators themselves do not assess the achievement of these objectives.

The results of composite indicators are always sensitive to methodological choices, unless country answers are homogeneous across all practices. It is therefore not advisable to make statements about the relative performance of countries with similar scores. Instead composite indicators should be seen as a means of initiating discussion and stimulating public interest (OECD/European Union/EC-JRC, 2008^[8]). To ensure full transparency, the methodology for constructing the composite indicators and underlying data as well as the results of the sensitivity analysis to different methodological choices, including the weighting system, has been made available publicly on the OECD website.

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