



ERIF Policy Note 38

Streamlining the European Commission's Better Regulation Toolbox for Competitiveness, Innovation, and Sustainability

Executive Summary

The European Commission's Better Regulation Toolbox¹ is one of the most comprehensive regulatory guidance systems globally, but its breadth has gradually resulted in overlap, fragmentation, and rising complexity. This Policy Note argues that the Toolbox should be streamlined to reinforce analytical clarity, strengthen innovation-readiness, and bolster Europe's long-term competitiveness. A more integrated framework—merging overlapping economic tools, unifying sustainability assessments, reinforcing the Innovation Stress Test, and sharpening oversight—would allow policymakers to focus on outcomes rather than process compliance.

The central message is clear: **Better Regulation must shift from an exhaustive checklist model to an integrated, outcome-oriented system able to support EU's competitiveness, innovation and sustainability ambitions.**

1. Context: Why Streamlining Matters

The 2023 revision of the Better Regulation Toolbox reaffirmed core EU principles—evidence-based policymaking, stakeholder engagement, sustainability, and proportionality. At the same time, the growing number of strategic priorities (Green Deal, digital transition, resilience, competitiveness) has expanded expectations placed on the policy cycle.

Yet the regulatory pipeline remains dense, and the volume of separate tools and parallel assessments creates incentives for box-ticking over analysis. The result is uneven application, analytical fatigue, and occasionally fragmented reasoning, making it more difficult for Impact Assessment (IA) teams to focus on what matters: **policy effectiveness, competitiveness impacts, and long-term innovation potential.**

¹ https://commission.europa.eu/law/law-making-process/better-regulation/better-regulation-guidelines-and-toolbox/better-regulation-toolbox_en



A streamlined Toolbox would help ensure that EU regulatory design remains strategic, coherent, and globally competitive at a time when other jurisdictions are moving faster toward agile, innovation-friendly regulatory systems.

2. The Current Toolbox: Strengths and Structural Challenges

The Toolbox provides high-quality analytical guidance across the policy cycle. Its strengths remain considerable:

- broad coverage of economic, social, environmental, and fundamental rights impacts
- explicit alignment with Sustainability Development Goals (SDG)
- tools for innovation, foresight, and emerging technologies
- guidance on consultation, implementation, and evaluation
- methodological depth (LCA, cost-benefit analysis, behavioural insights, etc.)

However, increasing granularity has resulted in **thematic duplication and procedural friction**. Three areas are particularly affected:

2.1 Overlap in Economic Impact Tools

Tools on competitiveness, competition, the internal market, and SMEs frequently address converging questions—cost structures, market entry, investment incentives, and disproportionate burdens on smaller firms. Treating these as separate exercises dilutes analytical coherence and inflates workload.

2.2 Parallel Sustainability Assessments

SDG mapping, environmental impacts, social impacts, regional impacts, and methodological tools (e.g., LCA) regularly produce overlapping narrative sections that must be reconciled manually by the IA team.

2.3 Fragmented Innovation and Future-Proofing Guidance

Innovation impacts (Tool #22), strategic foresight (Tool #20), and emerging regulatory methods (Tool #69) each address forward-looking analysis. But treated separately, they risk becoming secondary considerations rather than central design principles.

A toolbox designed to structure analysis should not itself become a complexity burden. The 2023 version contains the right elements—but not yet the optimal architecture.



3. Where Streamlining Should Occur

3.1 A Unified Business Impact and Competitiveness Assessment

ERIF analysis supports consolidating several economic tools into a single, integrated assessment covering:

- cost and administrative impacts
- competitiveness effects
- competition and market structure
- internal market functioning
- impacts differentiated by firm size, especially SMEs
- innovation capacity and investment conditions

Such an integrated module would enable IA teams to articulate a **holistic economic narrative**, clarify trade-offs, and avoid artificial separation of related concerns. This also mirrors how investors, innovators, and SMEs experience regulatory impacts in practice—comprehensively, not tool-by-tool.

3.2 A Consolidated Sustainability Assessment

Rather than require separate sections for SDGs, environmental impacts, social impacts, and regional cohesion, the Toolbox could embed SDG alignment directly within each impact category, or offer a single **Sustainability Impact Assessment** template capturing:

- environmental impacts (incl. climate, biodiversity, pollution)
- social impacts (incl. equality, employment, health)
- territorial cohesion
- SDG mapping and “do no significant harm” checks

This approach replaces parallelism with integration and better reflects the interconnected nature of sustainability objectives.

3.3 Integration of Innovation and Future-Proofing Tools

Innovation is increasingly the spotlight of Europe’s competitiveness. ERIF therefore recommends merging:

- innovation impacts (Tool #22)
- strategic foresight (Tool #20)
- emerging regulatory approaches (Tool #69)



- the Innovation Stress Test (IST) questions endorsed by the EESC²

into a single **Innovation and Future-Proofing** module that:

- analyses how the proposal affects innovation incentives and technology deployment
- incorporates foresight on evolving markets and scientific developments
- evaluates regulatory design options (sandboxes, phased approaches, outcome-based rules)
- ensures regulatory clarity and investment predictability

Embedding the IST formally into this module would ensure systematic innovation-proofing across all significant initiatives.

4. Process Enhancements to Support Streamlining

4.1 Strengthening the Role of the Regulatory Scrutiny Board (RSB)

The RSB plays a central function in safeguarding analytical quality. Streamlining should be paired with reforms that give the RSB:

- increased independence and resources
- clearer authority to ensure innovation, competitiveness, and sustainability analyses are fully addressed
- earlier engagement—possibly reviewing outline IAs or inception impact assessments

A more empowered RSB ensures that simplification does not lead to analytical dilution but to higher-quality assessments.

4.2 Improved Use of Evaluation and Review Mechanisms

Regular evaluations feed too weakly into new legislative cycles. More systematic use of:

- review clauses
- back-to-back evaluations and IAs
- sunset provisions where appropriate

would embed continuous improvement and reduce regulatory accumulation.

² See the EESC's Opinion here: <https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/introducing-european-innovation-stress-test>



4.3 Better Management of the Legislative Pipeline

High analytical standards require prioritisation. A one-time clearing of the inherited regulatory backlog, guided by Better Regulation principles, would free resources for high-impact proposals and improve predictability for stakeholders.

5. Benchmarking Lessons from the UK Framework

A comparison with the United Kingdom's 2023 Better Regulation Framework³ offers several useful insights:

- the UK's **early Options Assessment** improves discipline at the problem-definition stage
- the **independent Regulatory Policy Committee (RPC)** provides strong oversight leverage
- emphasis on **outcomes-focused, innovation-supportive regulation** aligns analytical incentives
- systematic quantification of business impacts facilitates comparability and transparency

The EU should not replicate the UK model, but specific elements—especially early scrutiny, explicit pro-innovation orientation, and summary impact tables—would strengthen the Toolbox.

6. Recommendations

6.1 Streamline the Structure of the Toolbox

- Merge overlapping economic tools into a **Business Impact and Competitiveness Assessment**.
- Create a unified **Sustainability Assessment** integrating SDGs, environmental, social, and territorial impacts.
- Combine innovation, foresight, and emerging regulatory methods into a single **Innovation and Future-Proofing** tool.

6.2 Institutionalise the Innovation Stress Test

- Embed IST questions directly into the IA template. It is all about the right questions at the right time.
- Update Tool #22 to explicitly reference and operationalise IST requirements.

³ See: <https://assets.publishing.service.gov.uk/media/67587ba55a2e4d4b993bfa83/better-regulation-framework-guidance-2023.pdf>



- Require explicit justification where innovation-hindering impacts cannot be mitigated.

6.3 Strengthen Oversight and Analytical Governance

- Expand RSB capacity and independence.
- Introduce earlier quality checkpoints (e.g., outline IA review).
- Increase the visibility of monitoring and evaluation plans in IA reports.

6.4 Improve Transparency and Usability

- Require a concise **impact summary table** with key quantified and qualitative indicators.
- Provide clearer decision trees to identify which tools are mandatory.
- Reduce repetition across tools and focus guidance on unique analytical content.

6.5 Reinforce Strategic Prioritisation

- Manage and rationalise the regulatory pipeline using Better Regulation principles.
- Make systematic use of review clauses and sunset provisions.
- Leverage digital tools, including AI, to support consultation analysis and evidence synthesis.

Conclusion

The EU's Better Regulation system is widely respected for its analytical depth and its commitment to evidence-based decision-making. But to remain fit for the next decade—marked by rapid technological disruption, geopolitical volatility, and intense global competition—the framework must evolve. A streamlined, integrated, innovation-oriented Toolbox will equip policymakers to design rules that protect society, support competitiveness, and enable innovation.

The 2026 revision is an opportunity to modernise the architecture of EU policymaking. By consolidating overlapping tools, institutionalising innovation-proofing, strengthening oversight, and reinforcing strategic prioritisation, the Commission can ensure that Better Regulation continues to deliver **effective, future-ready, and globally competitive policies** for the European Union.