Preface by the OECD Secretary-General

Can the energy market guarantee safe, secure and affordable energy to citizens and industry? Is the financial sector effectively supervised? Are our natural resources managed in a sustainable fashion? Governments are responsible for the delivery of public policies, but the achievement of many key social, economic and environmental goals is the task of regulatory agencies. These regulators play a crucial role in ensuring that markets function properly and that the public interest is safeguarded.

In the aftermath of regulatory failures linked to the financial crisis, the performance of regulators has come under increasing scrutiny, with calls to strengthen mechanisms to ensure transparency and accountability. Against this background, this seminal set of principles provides governments and regulators with clear and detailed guidance on the establishment and evaluation of regulators. It does not take a one-size-fits-all approach and recognises the need for adaptation and consideration of different political and cultural environments.

The governance arrangements of a regulator are critical. The legal remit of the regulator, the powers it is given, how it is funded and how it is held accountable are all key issues that should be carefully designed if the regulator is to succeed in combining effective regulation with high standards of integrity and trust. Regulators are pivotal in making regulatory regimes work for sustainable growth and equitable societies.

Regulatory agencies are often at the point of interface between regulatory regimes and citizens and businesses. They play a vital role in the delivery of public policy and are responsible for ensuring investment in sectors and industries, as well as for protecting the neutrality of markets. They protect citizens (including workers and consumers) for fairness and safety, and they also protect the environment and manage its future. They ensure the reliability of vital infrastructure. If the lights go out, they are held to account.

This set of principles for the governance of regulators has drawn upon an extensive consultation process that has included the views of regulators from the OECD Network of Economic Regulators, Government delegates
from the OECD Regulatory Policy Committee and other OECD Committees, academic and industry experts. They provide Governments with a guide to consider when establishing or reforming regulatory agencies and regimes, and at the same time they offer regulators advice on how to evaluate and improve the governance arrangements to become more effective. Moreover, the principles also provide a framework for the OECD and other organisations to assess and review the current structure of regulatory agencies and address practical questions on how to deal with different country contexts.

Regulators can have a significant positive impact on society, the environment and the economy, but they work in a complex, high-risk environment at the interface between the public and private sectors. Meeting ever-increasing expectations depends on having the tools and capacity to perform their duties. These OECD principles provide useful guidance in this regard.

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