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Summary record

The pace and magnitude of technological changes are having profound and transformative effects on economies and societies, including via new means of communication and collaboration; the role of data as a driver of economic growth; the development of digital platforms disrupting existing markets; the automation of tasks with artificial intelligence; and the development of new techniques to address critical medical and health needs (e.g. neurotechnology). Emerging technologies also challenge deeply the way governments regulate by: developing faster than the regulations governing them; blurring the traditional delineation of market and sectors; challenging regulatory enforcement; and transcending administrative boundaries, domestically and internationally. Conversely, laws and regulations largely determine the development of emerging technologies and their benefits to society. In this context, governments are confronted with a dilemma: how to foster innovation and accommodate technology-driven disruption while ensuring a sufficient level of protection for people and businesses?

In the face of these challenges, governments and societies need to undertake substantial reforms to promote “Governance Innovation”, in order to allow more dynamic, flexible and technology-neutral approaches to laws and regulations and their enforcement. This involves, in particular:

- Extending the traditional regulatory toolbox by incorporating more agile regulatory approaches such as outcome- (or principle) based regulations (e.g. data-driven regulation), fixed-term regulatory exemptions (e.g. regulatory sandboxes), co-regulation and non-regulatory approaches such as voluntary codes or standards;
- Using digital technologies to develop innovative approaches that allow for more effective and efficient rule making, compliance and enforcement. As an example, digital technologies offer considerable opportunities to improve supervision through real-time and continuous compliance monitoring. Digital technologies can also be

leveraged to implement continuous government monitoring of transformative changes and develop adaptive regulations that keep pace with the dynamics of technological transformation;

- Incentivising ethical business conduct to complement traditional enforcement activities and shifting the focus of compliance to identifying and targeting risks and observing key priority principles rather than purely on sanctions;
- Developing upstream and anticipatory engagement in the innovation process to help identify concerns at an early stage and to steer, under the conditions of trust, the sustainable deployment of technology.

Governments should also ensure that existing regulations do not create or maintain uneven playing fields, where new entrants face barriers to entry (or, conversely, where incumbents face higher burdens than new business models).

The conference highlighted the institutional and transboundary challenges raised by emerging technologies. Many emerging, in particular digital, technologies span multiple regulatory regimes and pay no regard to national or jurisdictional boundaries. While challenging, international cooperation is critical to ensure the effectiveness of regulatory action and reduce the burden that multiple regulatory regimes may impose on businesses and citizens. There is a wide range of possible cooperation approaches that policy makers may adopt depending on sectors and partners (e.g. exchange of information, adoption of international standards, regulatory harmonisation).

Given the complexity of challenges raised by new technologies and the multiplicity of their potential impacts, discussions emphasised the need to engage with a broad range of stakeholders early in the policy making process. This can help governments promote and sustain a regulatory environment that accounts for the voices and expertise of those who are familiar with or affected by emerging technologies and their implications. Governments already have access to a range of tools and guidance to improve stakeholder engagement. Deepening such engagement, institutionalising and bringing it earlier in the rulemaking / policy making process can critically support governments in embedding more agility in their governance framework.

The conference highlighted that the OECD could undertake further work to help governments engage with governance innovation. This includes:

- Communicating broadly on the reforms needed to support governance innovation and develop agile governance and regulatory frameworks in the fourth industrial revolution, and the economic gains from such reforms;
- Identifying the strengths, weaknesses and needed adaptations of existing governance and regulatory policy approaches and comparing innovative practices across the OECD member countries;
- Promoting the development of data-driven regulation to help governments achieve more efficient and effective rulemaking;
- Developing analytical work to help shape the institutional framework needed to support the future of regulation;
- Strengthening and adapting the traditional tools of regulatory policy and governance (stakeholder engagement, impact assessment, international regulatory cooperation) to increase the agility, quality and coherence of the rulemaking system.