GSR-25

Under the overall theme of "**What does it take for regulators to become digital ecosystem builders**?" the consultation seeks ideas, views and experiences on the following questions:

1   Fostering innovation in regulatory approaches: How can regulators cultivate an innovation-driven culture in regulatory work and decision-making? What new skillsets and mindsets do they need today?

To encourage innovation in regulatory work and decision-making, approaches should be adopted that are:

–   Exploratory, i.e. looking at different alternatives for solving a given problem, so that a solution can be designed suitable to the problem within its context.

–   Preventive, with a forward-looking perspective on the challenges and problems to be addressed.

–   Flexible, with a focus on public policy objectives that allow the implementation of solutions that can be adapted in an evidence-based way (whenever evidence is available).

–   Associative, seeking intersectoral, interministerial, and public-private cooperation, depending on the subject matter.

Practices such as cross-border collaboration can also bring to light alternatives and solutions that have been implemented in other countries, spotting opportunities and learning from the experiences of other countries.

Another important challenge for the telecommunication sector is to explore the whole technological spectrum, given that digital development is dynamic and the frontiers between technologies are increasingly blurred, and given the tendency to seek convergent solutions. In this way, technologies such as AI, cloud computing, data centres, and others interact increasingly with telecommunications, revealing regulatory gaps in these new business models where coordination between the regulatory bodies in this ecosystem is inadequate, or where they are segregated within the State. Examples of mechanisms that allow for the implementation of regulatory innovations in a responsible manner include pilot implementation and of course *regulatory sandboxing*.

2   Adapting and enhancing regulatory capacity: How should regulatory mandates, capacity and decision-making evolve to balance <u>market innovation</u> with <u>digital inclusion</u> and support the achievement of broader <u>social and economic policy goals</u>? What institutional mechanisms can enhance regulatory responsiveness to emerging digital business models and evolving risks?

It is of the utmost importance that public policy in digital matters be a matter for the State rather than a government. Examples such as the Humboldt submarine cable or the challenges of closing the digital divide show that some needs are long-term, which is why institutional elements are required that allow sustained actions spanning successive governments. In addition, the digital industry requires regulatory certainty if it is to have confidence that its investments will pay off in

the long term to justify the construction of networks and data centres, which are the prerequisite for the incorporation of new technologies.

Institutions must therefore be able to balance the requirement for a stable, investment-friendly regulatory framework with the need to react rapidly to highly dynamic, fundamentally innovative technological developments. Balancing these requirements is crucial: unless investment is stimulated, the preconditions for incorporating the new technologies will not be met. The challenge is a complex one, requiring the regulator to be given a certain level of discretion in order to be able to adapt. This is rarely to the liking of industry, which prefers clear and stable rules.

Thus, to ensure that the regulatory framework and the regulator do not generate unnecessary innovation-killing friction, the following elements are desirable:

–   Have an active policy with an experimental approach, facilitating regulatory sandboxing and similar schemes that evaluate the impact of new technologies, services, etc., along with their regulatory needs and the challenges they present.

–   To the extent feasible and appropriate, use self-regulatory frameworks, built around a minimal operational regulatory framework that allows innovation to be implemented while remaining open to subsequent adjustments.

–   Maintain dialogue and collaboration among all of the players in the digital ecosystem.

3   Harnessing transformative technologies for regulatory excellence: How can regulators better leverage artificial intelligence, big data, the Internet of Things, blockchain and other digital technologies to enhance decision-making, compliance monitoring and regulatory agility? What technology tools and applications can regulators use to strengthen transparency, stakeholder engagement and public trust in regulatory processes?

Among the technological tools and applications that regulators can use to strengthen transparency, stakeholder participation and public trust is AI, enabling, for example, the use of large volumes of data, elaborating solutions based on patterns detected, and identifying regulatory trends. In this way it facilitates informed decision-making, thanks to its capacity to simulate a scenario and apply it, which is subsequently transformed into experience that can be used as input for subsequent regulatory improvements, minimizing the associated risks.

It also facilitates real-time analysis and automation, which makes it possible to capture any anomaly on the operator side quickly and effectively, making the regulator more nimble. This can be further enhanced by technologies such as the Internet of Things (IoT), whose implementation can allow real-time reporting of devices that allow for tracking, monitoring and verification in accordance with current regulations.

Big data, for its part, makes it possible to analyse and visualize scenarios that may require constant and rapid supervision with a robust response capability. This makes it possible, for example, to improve the assessment of regulatory impacts.

In addition, transparency can be promoted by making data available in an open way, making them available to civil society, organizations and users who can use them to understand the decision-making of the regulatory body, fostering trust. In doing so, however, privacy and confidentiality must be protected, along with sensitive operator strategy information.

Finally, tools such as virtual assistants make it possible to offer answers based on the information provided by the user, through programming that is responsive to their inputs. These resources can be used to guide the user experience, promoting efficiency and drive in the search for information.

4   Cross-border cooperation for building national, regional and digital ecosystems: How can regulators leverage regional and international cooperation to foster harmonized regulatory approaches, knowledge exchange and capacity-building?

Key measures to foster harmonized regulatory approaches, knowledge sharing and capacity building include:

–   The identification and diagnosis of common regional and international challenges, the solution to which can be jointly and collaboratively designed to achieve better results. Key topics in this regard can be AI, OTT, cybersecurity and others.

–   Active participation in spaces organized by regional and international organizations in order to share experiences and collect best practices.

–   Appropriate documentation, systematization and *accountability* of regulatory measures adopted by States, facilitating the exchange of knowledge between countries.