



## **WSIS Forum 2018 OUTCOME DOCUMENT**

### **Template for Submission of Executive Summaries for**

### **Thematic/Country Workshop/ Action Line Facilitation Meetings/ Interactive Sessions/ High Level Dialogues/Publication Releases/Briefings**

**Deadline: Thursday 22 March, 2018**

**Exception: For sessions on Friday 23 March, please send at the latest 2 hours after the session**

*Please note that the WSIS Forum 2018 Outcome Document will be released on the **23<sup>rd</sup> of March** (the last day of the Forum)*

- 1) Title of your session:** Foundation for an Enabling Policy Environment for Digital Transformation
- 2) Name of Organization/s organizing the session:** Business at OECD ([BIAC](#)) and the Organisation for Economic Co-operation and Development ([OECD](#))
- 3) Relevance with the WSIS Action Lines – please specify the Action lines C1 to C11:** C1, C2, C3, C4, C5, C6, C11
- 4) Key achievements, announcements, launches, agreements, and commitments (these will be reflected in the press release and Outcomes Document of the WSIS Forum 2018)**
- 5) Main outcomes highlighting the following:**

#### **I. Debated Issues**

##### **CONTEXT SETTING**

Carolyn Nguyen:

- About the organizers: Business at the OECD (BIAC) is the voice of business at the OECD – BIAC consists of an international business network with global membership and diverse sectors. The Organization for Economic Co-Operation and Development (OECD) was established in 1961 to promote policies that will improve the economic and social well-being of people around the world.
- This session aims to create awareness of the substantive and thoughtful set of policy recommendations, principles, and guidelines that the OECD has created on the digital economy – and to explore opportunities to leverage some of this work as a foundation for



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governments looking at advancing the use and adoption of ICT and innovation to digitally transform their countries.

Mac Yokozawa: There are numerous global forums that are discussing digital economy policy issues. Furthering the complexity of these discussions is the variety of issues (categorized into “layers”) that need to be considered in digital transformation, including product manufacturing, network communications, services/solutions, contents/intellectual properties – all of which is influenced by investor’s confidence. An enabling policy framework needs to have harmonized and consistent policy principles across all these layers.

## **EXISTING FOUNDATION FOR AN ENABLING POLICY ENVIRONMENT FOR DIGITAL TRANSFORMATION**

Molly Leshner:

- The OECD, since its founding, has been developing policy recommendations within a context of sustainable investment and inclusive economic growth, relying on an evidence-based approach and a process that supports multi-stakeholder consultation and openness to the perspectives of non-member partners. The OECD has developed a substantive and thoughtful set of policy recommendations, principles and guidelines for its member governments that can serve as a positive foundation for an enabling policy environment. These include instruments such as
  - The Internet Policy Making Principles from 2011 aims to preserve Internet openness and support a flexible, multi-stakeholder approach to Internet policy making. In addition to OECD members, they were also adopted by Colombia, Costa Rica, Egypt, and Lithuania.
  - The Privacy Guidelines were updated in 2013 to address managing risks and enabling trust in a world with data abundance. The original Guidelines served as the first internationally agreed upon set of privacy principles, and still serve as basis for many of the privacy regulations around the world today. Two themes are reflected through the revised Guidelines: a focus on practical implementation of privacy protection through an approach grounded in risk management, and the need to address the global dimension of privacy through improved interoperability.
  - The Security Guidelines were revised in 2015 to provide guidance on economic and social dimension of digital security risk. Digital security needs to be considered with reference to broader economic and social dimensions, and should be part of an organisation’s overall strategy and not left to an IT department; and
  - The eCommerce Guidelines from 2016 address issues arising from relationships between consumers and digital platforms, including that people buying online are entitled to same protections as offline.
- Three Ministerials have been held on the digital economy:
  - [eCommerce \(1998, Ottawa\)](#): For the first time, at a Ministerial event, OECD countries sought the active participation of business, labour, consumer and civil society groups in an open and transparent effort to address important elements of cross-border commerce.
  - [Internet Economy \(2008, Seoul\)](#): The resulting declaration took a holistic view of the digital economy as a fundamental infrastructure with untapped potential to address a wide variety of economic, social and environmental issues. With this broad perspective, the Seoul



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Declaration provides a roadmap for advancing all of the key building blocks of the digital economy from further spurring the deployment of high-speed networks, to developing innovative applications for all sectors to strengthening confidence and security.

- [Digital Economy \(2016, Cancun\)](#): Ministers met again in a multi-stakeholder setting to work together to ensure that the digital economy contributes to innovation, growth and social prosperity. The resulting declaration was signed by OECD members plus Argentina, Colombia, Costa Rica, Ecuador, Egypt, Indonesia, Latvia and Lithuania.
- The Going Digital project was launched in 2017, and will conclude with a high-level Ministerial meeting in March 2019. The project aims to help policymakers understand digital transformation and its impact on the economy and society – what it means for jobs, skills and the nature of work, for productivity, competition and market access, and for well-being and inclusion.
- The project provides policymakers with tools needed to develop a forward-looking, “whole-of-government” integrated policy framework. It is a truly horizontal effort to create a vision for digital transformation – bringing in more than 80 other policy committees from across OECD, e.g. transport, energy, competition, tax, labour and skills. It explores transversal issues such as digital security, policy design (how digital transformation can assist with policy development) and strategic foresight (to develop a set of plausible futures to try and ensure that policy frameworks put in place today will be resilient to deal with different potential outcomes).

## **GOVERNMENT IMPLEMENTATIONS OF ENABLING POLICY ENVIRONMENT:**

- **Japan (Yukiko Tsuchiya):**
  - Japan has been active in thinking about how to foster the sound development of human-centric Artificial Intelligence (AI). As AI will be a driving force for economic development and for changing social structures, it is important to have an enabling policy environment for AI.
  - We can expect enormous societal benefits from AI, e.g. efficiency, added value; but also challenges around ethics, privacy and security. We are therefore addressing these social, economic, ethical and legal issues. In 2016, the government established an advisory expert group drawing from industry, academia and private sectors, to assess impact and risks of AI networking across society.
  - We have now released [draft AI R&D Guidelines](#) to increase benefits and mitigate risks in society by AI systems, partly with the aim of contributing to international discussions on AI, which are important given that services using AI will be provided across and beyond national borders. The G7 ICT and Industry Ministerial Declaration, Turin 2017, recognized the immense economic and societal benefits that AI could bring; shared a vision of human-centric AI which drives innovation and growth in the digital economy; and stated that all stakeholders have role to play in fostering and promoting an exchange of perspectives.
- **Mexico (Yolanda Martinez):**
  - It is important to recognize and develop a people-centric approach to the digital economy.
  - Three key factors in delivering digital transformation:



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- Political leadership – a new Mexican government in 2012 made digital transformation a priority, and early actions included critical telecoms reform and making Internet access a constitutional right
- The right institutional framework – including having an independent regulator to help ensure a competitive marketplace and putting in place clear objectives. The Mexican government produced a clear policy document stating the 5 policy enablers and 69 action lines, and one of achievements so far has been increasing Internet coverage by 70% in the last 5 years
- The capacity to deliver – appropriate human and technical resources must be available to support implementation of policies
- **Estonia (Brett Makens):**
  - After gaining its independence in 1992, Estonia embarked on a innovative digital transformation strategy based on three important points:
    - Development of an innovation enabling system – no permission is needed to innovate. Without legacy technologies, Estonia had a clean slate and jumped into the digital world at the same time as creating a digital legal framework and a digital backbone which provides very good privacy and security.
    - Creation of an investment-friendly environment – a flat tax encouraged investment, but because it is such a small market of 1.3 million people, many looked outwards, investing in other countries.
    - Transformation of the relationship between the private sector and government – Estonia has developed such a sophisticated approach to e-government that citizens only need to physically interact with government to register marriages, deaths and for notary services, with every other interaction (e.g. voting, taxes) done online.
  - One strength of OECD Recommendations is that they have brought together diverse experiences which have provided governments with cheat sheets which can then be applied in a way that works for each different country.

### **BUSINESS PERSPECTIVES OF ENABLING POLICY ENVIROMENT**

Dominique Lazanski:

- In order to create a vibrant and growing digital economy, there needs to be – education at all levels young and old, development of skills, affordability of Internet devices (including reduction of sector taxation), development of local content, development of a digital ecosystem including start-ups and SMEs (through tax breaks, hubs etc) and the deployment and use of e-government services.
- But outdated regulator policies harm in two ways – discriminatory regulation which includes different regulation for different sectors of the digital economy and static regulation in a dynamic and moving market which include prescriptive, ex ante regulation.
- What should policy-makers do? Policies should include three principles:
  - Regulation should be functionality-based and technology neutral. This means that they would be top level and cost effective.





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- Regulation needs to be flexible to adapt to changing markets. This includes a light touch approach.
- Regulation should be thought about from the bottom up and not top down. In many cases, competition is the best answer. Bottom up approaches take into account the entire market, new entrants and innovation.
- Overall, for the mobile industry specifically, but for the digital economy overall, these principles should be actively considered when regulation is considered in 6 important areas: access, removal of barriers to entry and exit of markets, privacy and data protection, merger and competition review, spectrum policy and universal availability and affordability.
- With a truly multistakeholder and collaborative approach, the best policies can be found in each region for the challenges that they face.

Carolyn Nguyen:

- After decades of relatively slow progress towards fulfilling the promise of digital transformation, recent advances in computing are making that promise real – with innovations that foster sustainable growth both globally and locally.
- Digital transformation will affect all aspects of society, including changes in market structures and erosion of traditional business sectors. We should fully understand these effects in order to properly support innovation and development of healthy digital ecosystems that will deliver critical economic and social benefits.
- All of us – business, governments, civil society, technical community, and other interested parties – must work together to develop holistic policy and regulatory frameworks that would enable this vision of inclusive growth and innovation, and engender trust. Such holistic policy frameworks would need to consider:
  - the interdependence of economic, socio-cultural, technological, and governance factors
  - Incorporates needs of the different stakeholder communities (business, technical, civil society (representing consumer and worker needs), and governments),
  - be evidence-based,
  - and is focused on enabling sustained investment -- Investment is not possible without growth (from government, industry, international organizations, development banks, and other institutions). And without growth, realization of the SDGs and potential of digital transformation would be seriously hampered. So it is critical that the resulting policy framework focuses on creating an environment that would enable growth.
- Technologies move at a faster pace than rules and regulation are made and implemented. It is important that governments do not impede the future by regulating the past, and develop a balanced policy approach that includes a combination of self-regulations, voluntary- and market-driven standards and sharing of best practices, application of existing regulations, and where appropriate, updated policy and regulatory frameworks. The digital transformation will also need the development of healthy digital ecosystems, and require the sharing of responsibility of people, business, and governments.



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## II. Quotes

- Mac Yokozawa, co-chair, BIAC Committee on Digital Economy Policy, Kyoto University, and Nomura Research Institute: *“An enabling policy environment that can realize the potential of the digital transformation needs to foster open and competitive markets, investment, and inclusive economic growth. Determining the best policies to pursue in each area will require a holistic policy framework that consider economic, socio/cultural, governance and innovation objectives. An evidence-based approach is essential to the development of such policy and regulatory frameworks.”*
- Molly Leshner, OECD: *“The OECD, since its founding, has been developing policy recommendations within a context of sustainable investment and inclusive economic growth, relying on an evidence-based approach and a process that supports multi-stakeholder consultation and openness to the perspectives of non-member partners.”*
- Yukiko Tsuchiya, Ministry of Internal Affairs and Communications, Japan: *“As AI will be a driving force for economic development and for changing social structures, it is important to have an enabling policy environment for AI that is human-centered.”*
- Yolanda Martinez, National Digital Strategy Coordinator, Mexico: *“It is important to recognize and develop a people-centric approach to the digital economy. There are three key factors in delivering digital transformation: political leadership, the right institutional framework, and the capacity to deliver.”*
- Brett Makens, US Mission in Geneva: *“One strength of OECD Recommendations is that they have brought together diverse experiences which have provided governments with cheat sheets which can then be applied in a way that works for each different country.”*
- Dominique Lazanski, GSMA: *“With a truly multistakeholder and collaborative approach, the best policies can be found in each region for the challenges that they face.”*
- Carolyn Nguyen, Microsoft: *“All of us – business, governments, civil society, technical community, and other interested parties – must work together to develop holistic policy and regulatory frameworks that would enable this vision of inclusive growth and innovation, and engender trust. Such holistic policy frameworks would need to consider the interdependence of economic, socio-cultural, technological, and governance factors; be evidence-based; and focused on enabling sustained investment.”*

## III. Overall outcomes of the session highlighting

- **main conclusions reached during the discussion**
- **the vision for implementation of WSIS Action lines beyond 2015**
- The following conclusions can be drawn from the discussion:
  - Realizing the potential of the digital transformation requires addressing a complex set of issues that needs to be driven by investors’ confidence.
  - An enabling policy frame must address risks and challenges, but must be grounded in an economic context.
  - A digital transformation strategy must be people-centric, be driven by high-level political leadership, enabled by the right institutional and policy framework, and realized with appropriate capacity to deliver.



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- The work that the OECD has developed on the digital economy can provide a “cheat sheet” – a foundation – for a holistic policy environment to enable the digital transformation, that can then be localized to each different country.
- A people-centric and holistic enabling policy framework must: (1) consider economic, socio-cultural, technological, and governance dimensions; (2) incorporate needs of the different stakeholders (government, business, technical, civil society); (3) be evidence-based; (4) be focused on enabling sustained investment. Such framework must be agile and responsive.

#### **IV. Main linkages with the Sustainable Development Goals**

- Goals 1, 3, 4, 5, 8, 10, 16, 17

#### **V. Emerging Trends related to WSIS Action Lines identified during the meeting**

- C1: Cooperation among stakeholders is critical
- C6: The work that the OECD has done on the digital economy can be leveraged to accelerate government's achievements of C6

#### **VI. Suggestions for Thematic Aspects that might be included in the WSIS Forum 2019**

- Best practices for implementing enabling policy environment for digital transformation
- Measures of effectiveness for implementation of policy frameworks for digital transformation

**Please complete this document and send to Matthew L. Greenspan,  
[Matthew.Greenspan@itu.int](mailto:Matthew.Greenspan@itu.int) AND Gitanjali Sah, [Gitanjali.Sah@itu.int](mailto:Gitanjali.Sah@itu.int)**