Regulation in digital transformation
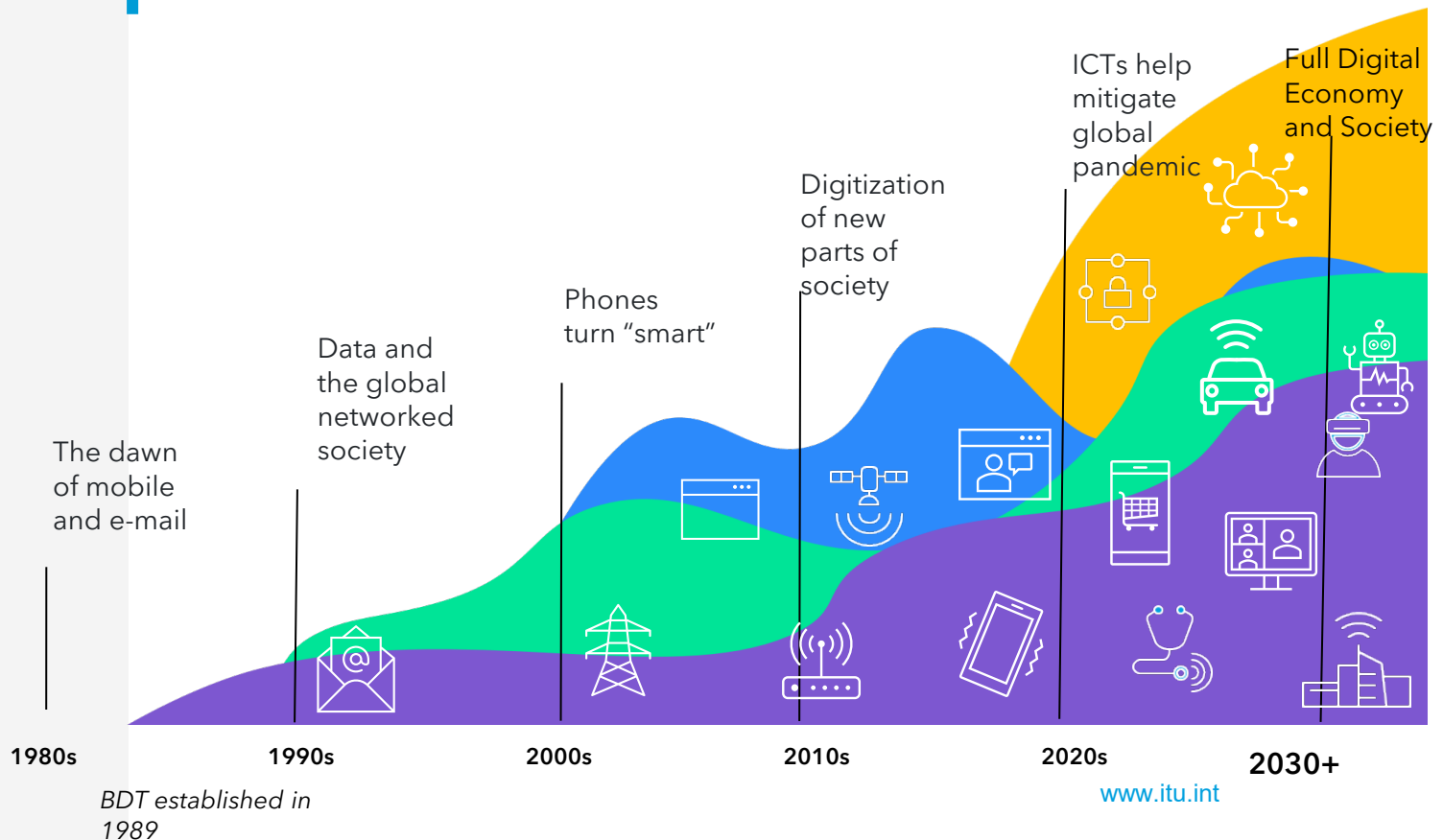
Youlia Lozanova, Senior Programme Officer, Policy and regulation
International Telecommunication Union

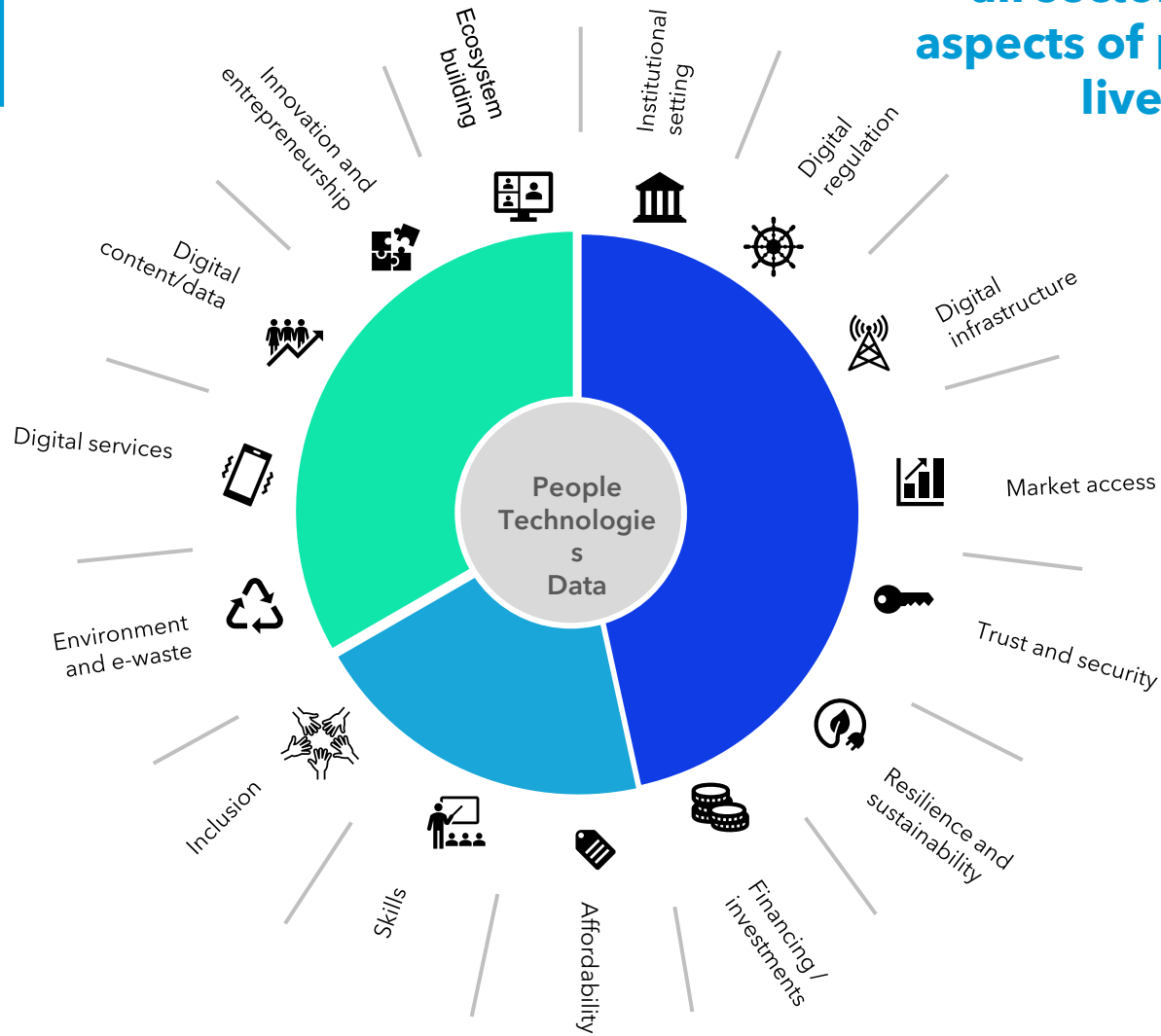Budva, Montenegro, 28 September 2023

Along the digital transformation road: connectivity, technology, regulatory, market and societal changes

ICTs help mitigate global pandemic

Full Digital Economy and Society

Digitization of new parts of society

Phones turn "smart"

Data and the global networked society

The dawn of mobile and e-mail

1980s   1990s   2000s   2010s   2020s   2030+

BDT established in 1989

www.itu.int

...as digital impacts all sectors and aspects of people's lives

People Technologies Data

Ecosystem building
Innovation and entrepreneurship
Digital content/data
Digital services
Environment and e-waste
Inclusion
Skills
Affordability
Financing / investments
Resilience and sustainability
Trust and security
Market access
Digital infrastructure
Digital regulation
Institutional setting

A spotlight on digital access
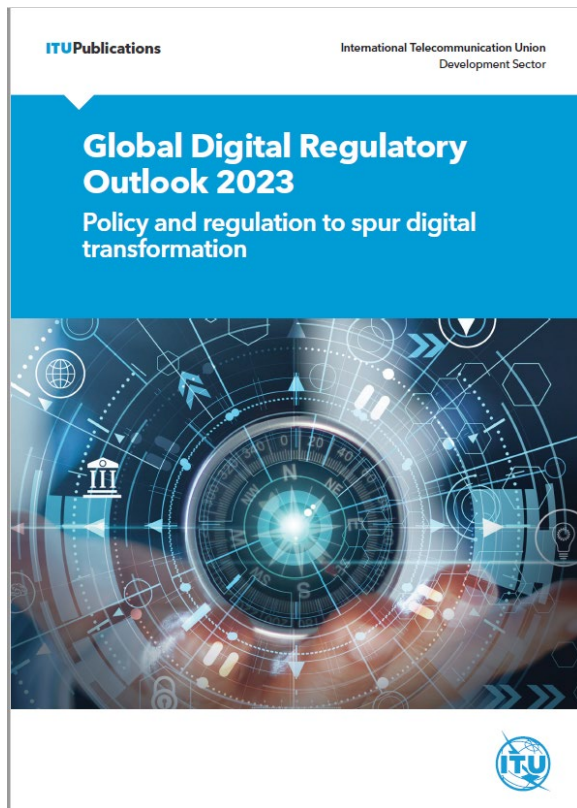
5.4 billion people are now online…
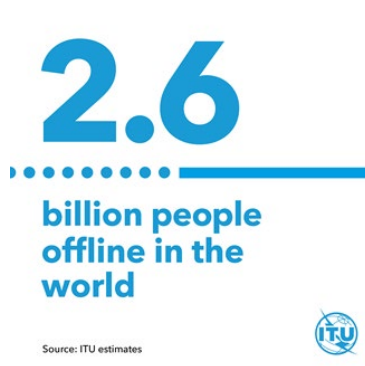
Source: ITU, 2023.

Digital is the new normal

According to various estimates:

- Around 70% of **new value** created in the economy over the next decade will be based on digitally enabled platform business models;
- The global digital transformation **market** is expected to grow more than twice by 2025 (if compared to 2020);
- The global **investment** in digital transformation is expected to almost double between the years 2022 from 1.8 trillion USD and 2025 to 2.8 trillion USD.

Regulatory tensions in digital transformation

Global Digital Regulatory Outlook 2023
Policy and regulation to spur digital transformation

ITU Publications
International Telecommunication Union
Development Sector

Fast vs slow regulation

Hardwired vs 'soft-wired' regulation

The watchdog vs the ecosystem builder approach

Sustainability vs economic growth

National vs global regulation

Policy and regulatory strategies to drive digital transformation

Global Digital Regulatory Outlook 2023
Policy and regulation to spur digital transformation

ITU Publications — International Telecommunication Union Development Sector

- Build ambidextrous leadership
- Bridge silos and break through insularity
- Develop a common language
- Reframe and operationalize policy agendas
- Skill up, and up again

Gen 5 or a shift in focus, scope, vehicles of policy and regulation

The baseline for agile, lean policy and regulation in digital transformation

Premium on cross-sector instruments

Trade-off between rules and principles

Broader regulatory options

Regional and global harmonization
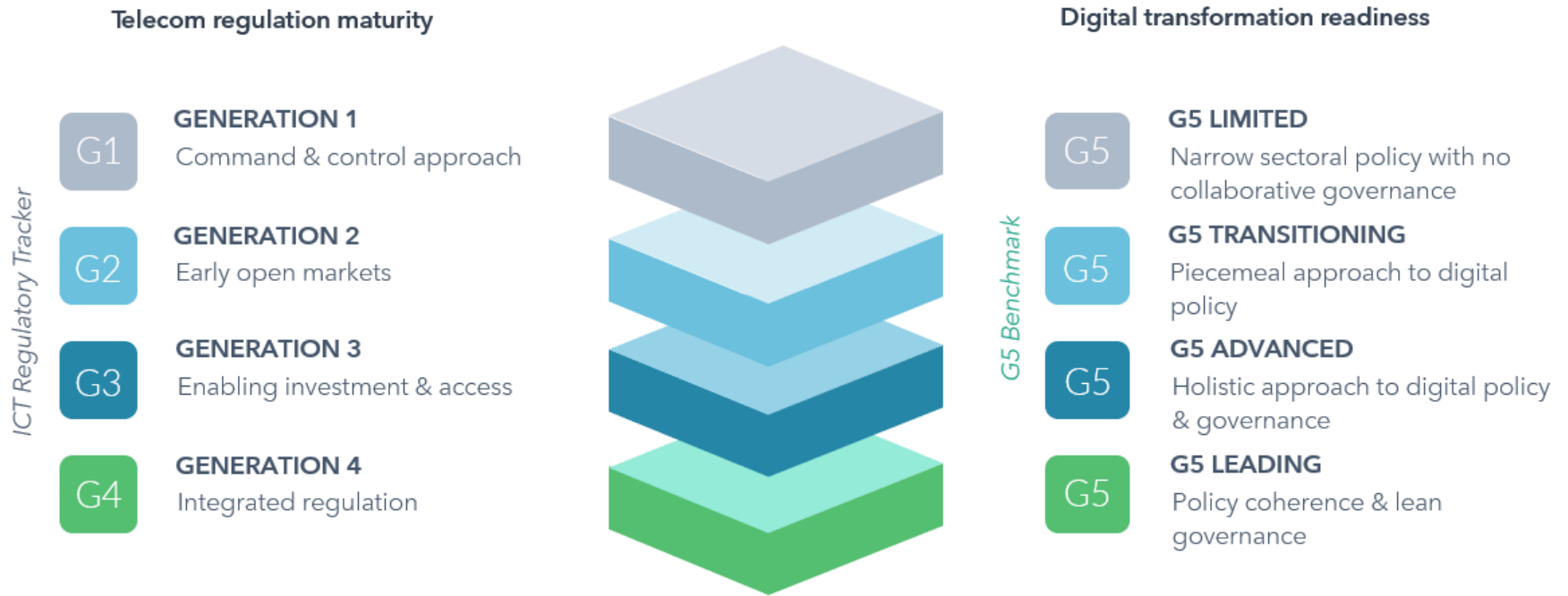
Prevent rather than cure

Seeing markets as ecosystems

Generations of regulation model

Enabling digital transformation through policy, regulation and collaborative governance

Telecom regulation maturity

Digital transformation readiness

ICT Regulatory Tracker

G5 Benchmark

GENERATION 1
Command & control approach

GENERATION 2
Early open markets

GENERATION 3
Enabling investment & access

GENERATION 4
Integrated regulation

G5 LIMITED
Narrow sectoral policy with no collaborative governance

G5 TRANSITIONING
Piecemeal approach to digital policy

G5 ADVANCED
Holistic approach to digital policy & governance

G5 LEADING
Policy coherence & lean governance

https://gen5.digital/

www.itu.int

Gen 5 framework

Powering the digital transformation across government, society and the economy

Policy	**Governance**	**Legal & Regulatory**	**Implementation**	**Culture**
Setting national priorities & orchestrating stakeholder strategies	Transparent and agile, actively engaging stakeholders throughout the policy cycle	Uplifting the normative basis for digital markets,	Concerted efforts of all stakeholders, monitoring progress, adjusting to change	Law & political systems, patterns of policy and decision-making, social norms
01	**02**	**03**	**04**	**05**

Gen 5 Lean Collaborative Digital Governance

AGILE, ITERATIVE & MULTI-MODAL

Adapting to the evolving digital environment and leveraging formal, semi-formal and self-regulatory tools to meet public policy objectives

ETHICAL, TRANSPARENT & ACCOUNTABLE

Guided by clear rules and highest ethical standards, executed responsibly in an open setup

DATA & EVIDENCE INFORMED

Data and evidence help analyse complex and emerging regulatory issues, alternatives and channels and make better decisions

PRINCIPLE-BASED & INCENTIVE-DRIVEN

Policy design principles frame an understanding of new technology paradigms and help shape lean & anticipatory regulation to induce positive market dynamic and improve market outcomes with less regulatory effort

WHOLE-OF-GOVERNMENT

Holistic and applied in a coordinated manner across government ministries, agencies

CROSS-SECTOR

Focus on creating an enabling policy environment for the digital transformation across economic sectors

CONSULTATION & ENGAGEMENT-BASED

Shift towards an active, inclusive & trust-based normative culture where stakeholders engage throughout the policy cycle

PEOPLE-CENTERED & OUTCOME-ORIENTED

Regulatory response is grounded in the impact on consumers, societies and national development minimizing risks and harm while enabling businesses and governments to deliver better services

State of telecom versus digital regulatory governance and regulation

Global Digital Regulatory Outlook 2023
Policy and regulation to spur digital transformation

Overall maturity of national policy, legal and institutional frameworks, by region, 2022

□ ICT regulation   □ Digital governance

Level of maturity of telecom/ICT regulation

Level of maturity of collaborative digital policy, legal and governance
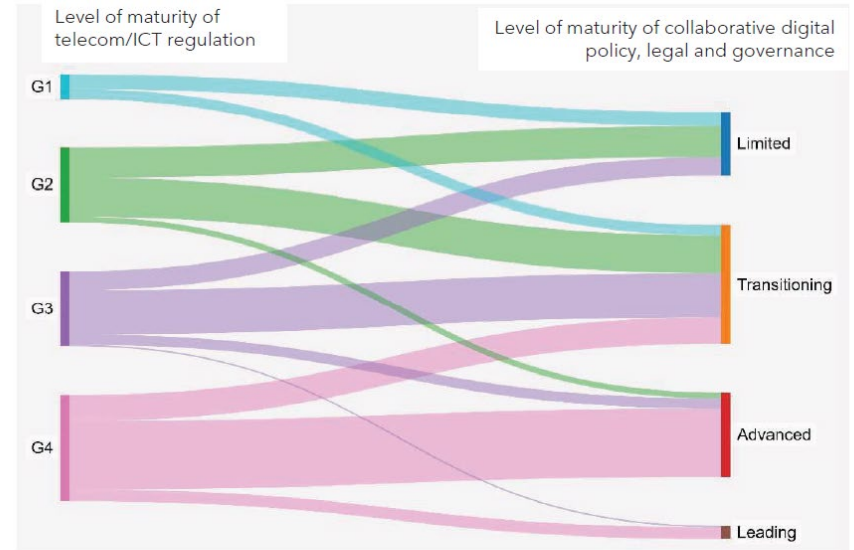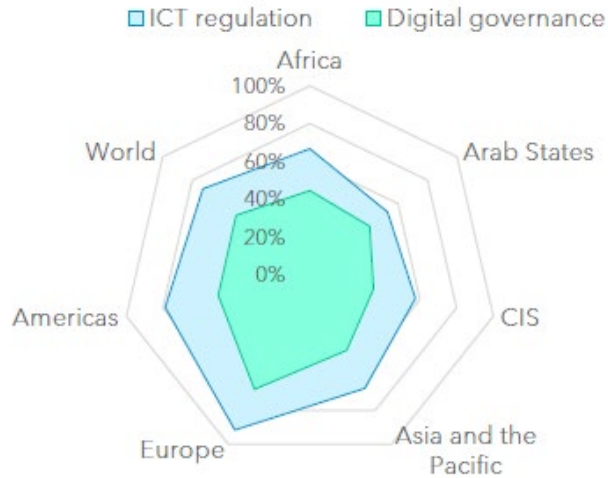
Note: The graph is based on the ICT Regulatory Tracker (left-hand side) and the G5 Benchmark (right-hand side). The full profiles for 193 countries are available on the G5 Accelerator.

Source: ITU.

Cross agencies collaboration

Collaboration between the ICT regulator and other sector or cross-sector regulators, worldwide, 2022
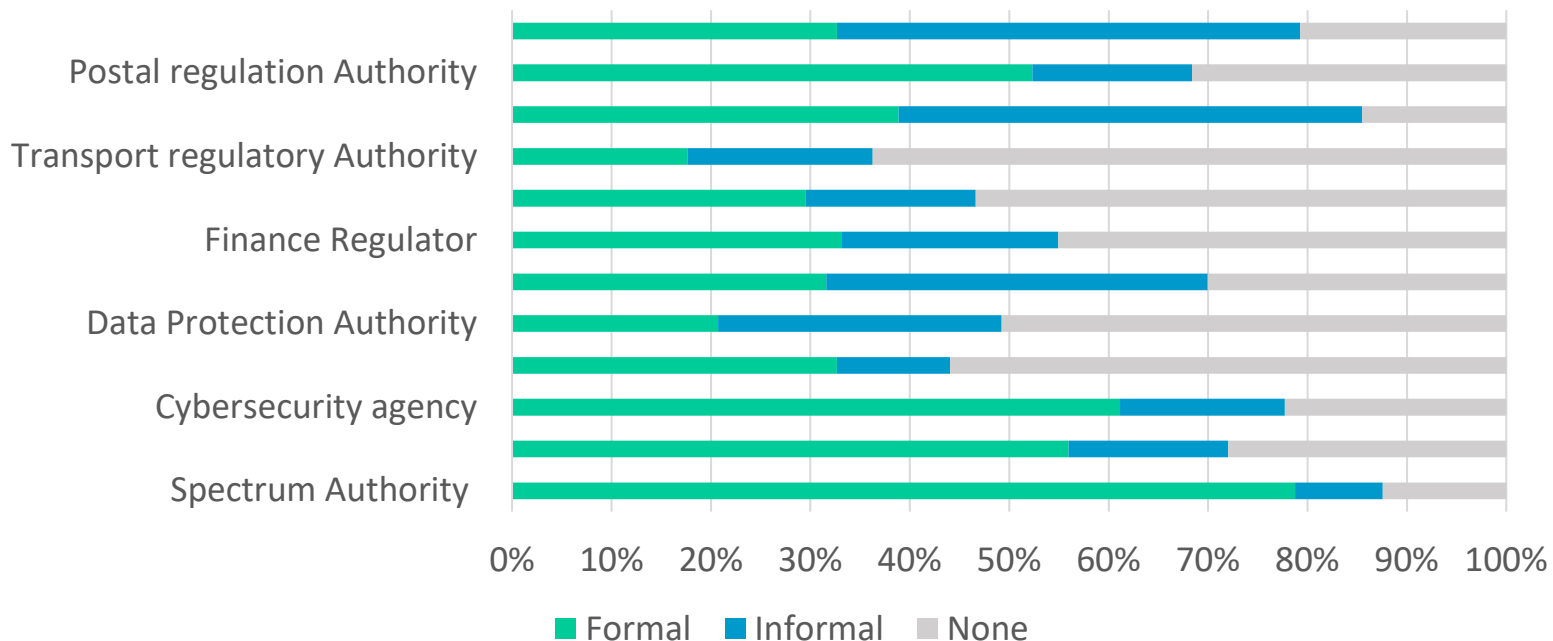
Source: ITU.

Recap: why is a new approach needed?

Digital transformation is a game changer

The new digital services, technologies and tools needs a new take on regulation

Holistic and harmonized approach can deliver greater impact

Pooling of resources and expertise can ensure better decision, greater impact

ITU | G5 Accelerator
The collaborative decision-making powerhouse

About   Reading room   Metrics   Publications

Are you ready for your digital transformation journey?

The G5 Accelerator brings together high-value tools and resources offering practical, step-by-step support for countries already embarked or planning to embark on their digital transformation journey. Discover the gold standard for collaborative digital policy and regulation.

Explore

Reading room

Explore global and national best practices in collaborative digital policy and regulation, novel research and the hard-won learnings across two decades in a new, powerful engine helping countries accelerate their progress towards digital development.

Explainers
Core concepts underpinning G5 regulation

Informers
Read-outs from research

Enablers
Quick-wins, high-value tips and accelerators that speed the journey towards G5

National Approaches
Collaborative regulation case studies and policy briefs

Best Practices
Tried-and-tested guidance and novel approaches to policy and regulation

Gen5.digital