



DISRUPTING REGULATORY DELIVERY

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PRESENTATION SOURCES*

- Modern Regulatory Practices: Toolkit for Regulators – Government of Canada (2018)
- Internet of Things – The New Government to Business Platform: World Bank (2017)
- Regulatory Future of Emerging Technologies – OECD (2018)
- Use of New Technologies for Regulatory Delivery – Donor Committee for Enterprise Development (2019)
- Implementing modern regulatory principles for policy making and delivery
 - Ontario’s Power Engineers Regulations
 - Risk based regulatory delivery for agencies in Ontario (TSSA, RHRA)
 - Risk based regulatory delivery for trade facilitation (Zambia)

* Prism Institute and Partners

DISRUPTING REGULATION – CONTRIBUTING FACTORS

- Pacing problem (Dynamic markets, outdated/outpaced regulations)
- Disruptive business models with cross-jurisdictional impacts
- Socio-Ethical challenges (future of work, AI, migration, uberization etc.)
- Business models with natural monopoly characteristics (digital platforms, diversification of energy/telecom providers etc.)

REGULATORY DELIVERY – RELEVANCY CRISIS

Agency “Overload”

- Overlapping mandates across agencies
- Conflicting requirements
- Misalignment with business models
- Territorialism – National/sub-national/municipal

Mandate “Conflict”

- Public protection
- Economic growth
- Consumer choice
- Political “wind”

REGULATORY DELIVERY – RELEVANCY CRISIS

Institutional “Inertia”

- Outdated culture
- Value proposition failure (“null hypothesis test”)
- Focus misalignment (rules v outcomes)
- Gaming performance reporting (activity measures, “convenient” correlations)
- Real and/or artificial barriers (knowledge, capacity, liability, legal etc.)
- Disincentives

DISRUPTING REGULATORY DELIVERY

- Enabling policy environments – Smart regulations and smarter policy directives
- Alternate regulatory governance and delivery models
- Innovating and leveraging Technologies for Regulatory Delivery

SMART REGULATIONS

- **Performance/risk/outcome based regulation**
- Regulatory Cooperation
- Self-Regulation and Co-regulations
- Regulatory Experiments (Regulatory Sandboxes, Adaptive Regulations)

SMARTER POLICIES/DIRECTIVES

- Mandates from highest levels of government (UK Growth Duty Directive, Ontario's Burden Reduction Directive, New Zealand Regulatory Stewardship)
- Promoting innovation within government (UK's Industrial Strategy, Estonia, New Zealand Regulatory Stewardship, **Andhra Pradesh (India) e-Governance Policies**)
- Other initiatives (UK Digital Procurement, **Canada-UL Public Risk Guideline**)

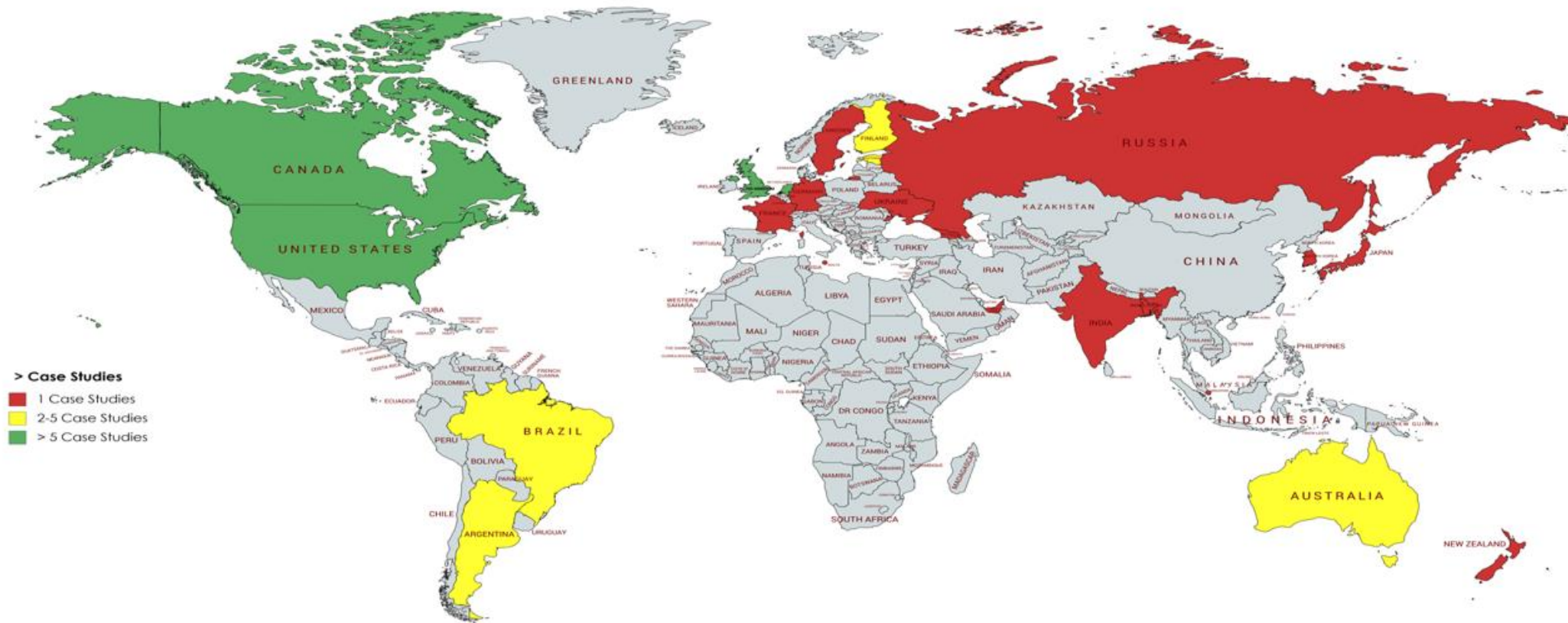
ALTERNATE REGULATORY GOVERNANCE AND DELIVERY

- **Third-party governance and delegation**
- Alternative assurance, compliance and enforcement
 - Regulated self-assurance
 - Ethical business practices and regulations
- **Integrated/Joint Inspection Programs**
- Risk based regulatory oversight
 - **Market segmentation**
 - Inspections and enforcement
 - Incentive schemes

EMERGING TECHNOLOGIES FOR REGULATORY DELIVERY

- Digitally-enabled business registration and licensing
- IoT, Blockchain for data collection, analysis and decision support to address the limitations of traditional inspection approaches
- Artificial intelligence/machine learning based tools for inspections, enforcement and compliance enhancement

GEOGRAPHIC TRENDS – EMERGING TECHNOLOGIES FOR REGULATORY DELIVERY



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EMERGING TECHNOLOGIES – REGULATORS’ LIFELINE OR CURSE?

- Choice to embrace as owners, recipients or stakeholders/participants
- Opportunity to incent businesses to create/generate/share
- Culture shift to managing outcomes
- Increase value, relevancy, agility, and certainty

DISRUPT/TRANSFORM REGULATORY DELIVERY THROUGH...

Partnerships (Public–Private–Academic)

- Governments provide infrastructure, funding, sandbox environments, and/or coordination
- Academic institutions provide knowledge and capacity infrastructure
- Private sector participation for real–life operating environments

Responsible Innovation

- Fit for purpose (reliability, scalability, cost, effectiveness, efficiency, interoperability etc.)
- Risk Management (policy changes, technology interventions, market incentives such as rating systems, enforcement)

Capacity Building and Change Management

- Build trust and confidence of stakeholders (internal and external) through evidence, demonstrating value and transparency
- Build capacity and competency for the future
- Engage

CONCLUSIONS

Disruption essential to reduce regulatory uncertainty, enable reliable assurance, and relevancy

Non OECD countries (with a few exceptions) are more receptive and agile to regulatory modernization

Are current institutional arrangements in OECD countries appropriate, adequate, flexible, nimble and relevant?

Regulations matters but do regulators?

Change – No longer an “if” but a “when” question