

Building blocks for policy framework of innovation-friendly legislation

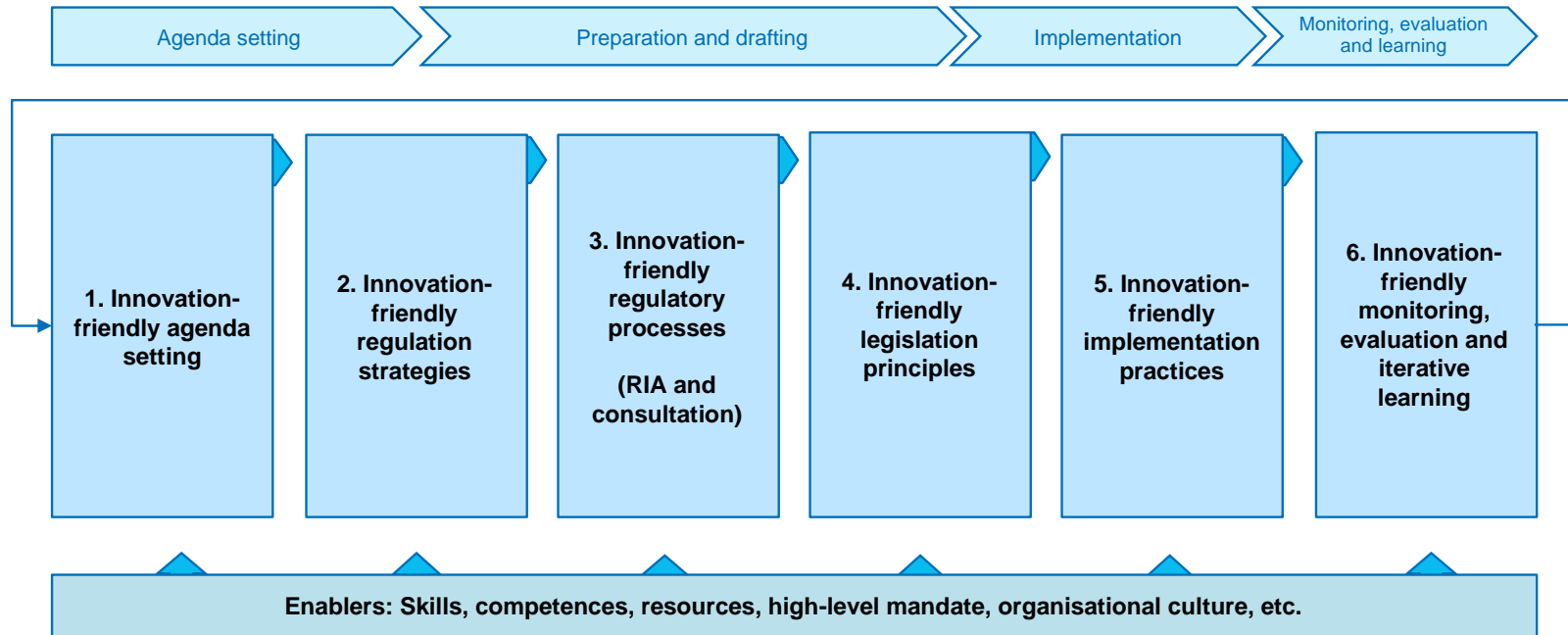
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A study conducted as part of the Government's analysis, assessment and research activities by a consortium of 4FRONT, MDI Public, KPMG, Technopolis Group, Otto Toivanen and Tuomas Takalo.

Background and objective

- *How to foresee an optimal legal framework, which would sufficiently leave space for and **encourage new solutions**, but at the same time would **ensure safe conditions and fair benefits** to everyone?*
- Increased attention to **developing innovation-friendly regulatory approaches and practices**...
- ...but no common definition, nor a comprehensive framework
- Developing such framework has been one of the main objectives in Finnish government commissioned **study on “Impacts of regulation on innovation and new markets”**.
- The purpose of the framework, building on previous literature and expert views, is to structure the **key elements, tools, and requirements for implementing innovation-friendly regulation in practice**.
- It is aimed especially for Finnish **regulators and government officials** working with regulation, but can hopefully be useful in other countries and contexts as well.
- The framework – and related approaches and practices – **will be further elaborated** based on case studies on best practices.
- Final report is set to be published in **March 2020**.

Elements of innovation friendly regulation practices



1. Innovation-friendly agenda setting

- **Key objectives**

- Anticipating proactively regulatory needs for emerging industries and innovations
- Building shared understanding of opportunities and threats

- **Example practices**

- 'Future committees & transition arenas', e.g. The Committee for Technological Innovation and Ethics (Komet), <https://www.kometinfo.se/>
- Industry roadmaps, e.g. Industry Transformation Roadmaps in Singapore

2. Innovation-friendly regulation strategies

- **Key objectives**

- Selecting most efficient instrument for achieving policy goals while leveraging innovation
- Avoiding unnecessary regulations and restrictions

- **Example practices**

- Regulatory reforms
- Self-regulation practices, voluntary commitments (e.g. Green Deals, Innovation Deals)

3. Innovation-friendly regulation processes

- **Key objectives**

- Ensuring broad and diverse engagement of stakeholders (especially outside incumbents)
- Integrating innovation perspective in ex ante assessments of all regulations

- **Example practices**

- Low-threshold engagement practices
- Support institutions and networks
- Guidelines and checklists for regulators (e.g. EC R&I Tool)

4. Innovation-friendly regulation principles

- **Key objectives**

- Designing flexible and adaptive (technology neutral) legislation
- Improving the predictability and reducing uncertainty of regulatory environment

- **Example practices**

- Outcome-based regulation practices;
- Experimentation clauses

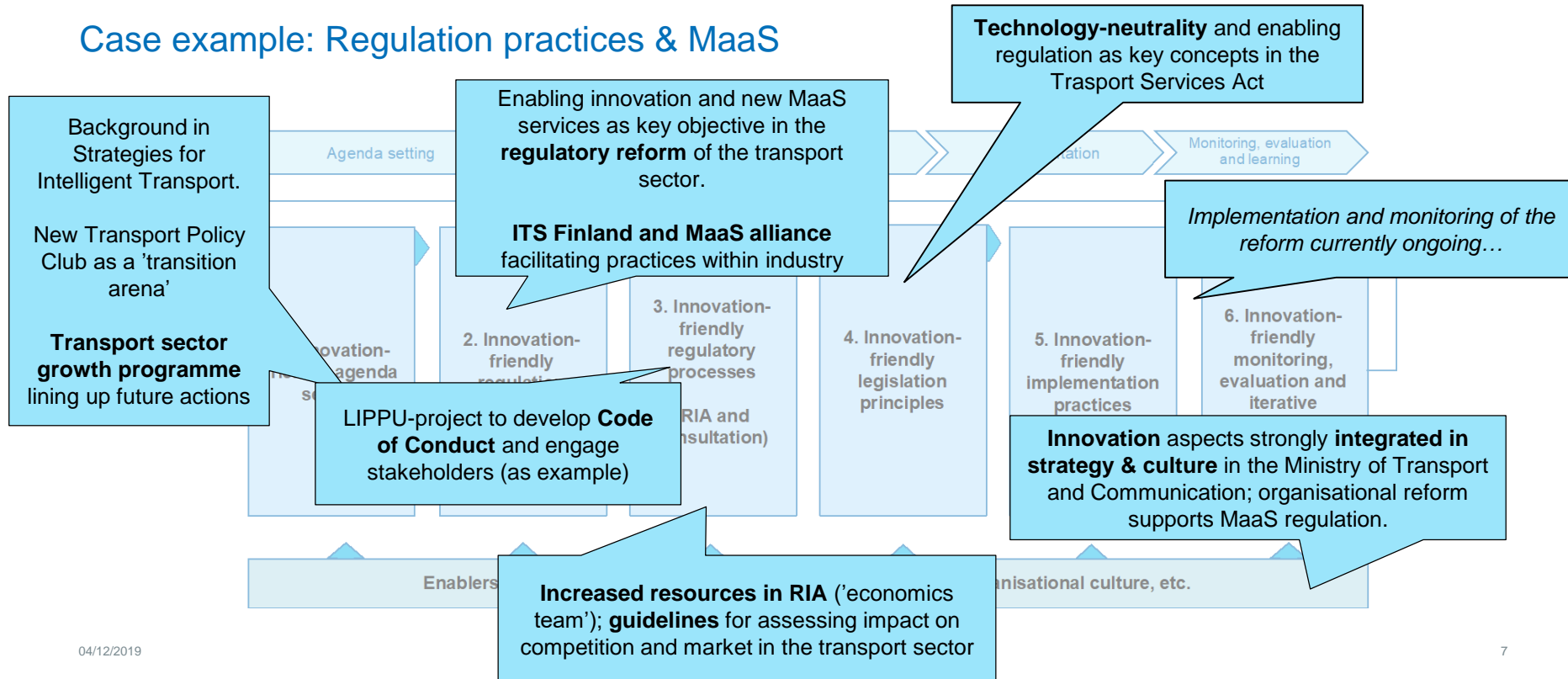
5. Innovation-friendly implementation practices

- **Key objectives**
 - Ensuring efficient compliance and collaboration between regulators and innovators
 - Improving the eligibility of innovations with the existing regulations
- **Example practices**
 - Advisory services & guidelines for companies
 - Regulatory sandboxes and test labs

6. Innovation friendly monitoring and evaluation

- **Key objectives**
 - Advisory services & guidelines for companies
 - Regulatory sandboxes and test labs
- **Example practices**
 - RCTs to assess innovation impacts
 - Monitoring and evaluation frameworks

Case example: Regulation practices & MaaS



Key takeaways and lessons from Finland (initial findings)

- Importance of regulation for supporting innovation broadly recognised across ministries – *but lack of common understanding and definition (innovation-friendly regulation ≠ de-regulation)*
- Good examples of preparation & implementation processes and practices – *but lack of systematic adoption and shared knowledge*
 - → Needs for hands-on practical tools and frameworks
- Good examples of agenda setting 'arenas' and innovation-driven regulatory reforms (e.g. transport services, health data – regulation)...
- ...*but alternative / experimental regulation strategies relatively little used – tendency for 'over-legislation'?*
- Ex post evaluations rarely used / integrated into regulation design – *more emphasis on iterative learning*

Element	Key objectives	Example practices
1. Innovation-friendly agenda setting	<ul style="list-style-type: none"> • Anticipating proactively regulatory needs for emerging industries and innovations • Building shared understanding of opportunities and threats 	<ul style="list-style-type: none"> • 'Future committees / fora' (e.g. <i>Komet</i>) • Roadmaps for regulating emerging industries
2. Innovation-friendly regulation strategies	<ul style="list-style-type: none"> • Selecting most efficient instrument for achieving policy goals while leveraging innovation • Avoiding unnecessary regulations and restrictions 	<ul style="list-style-type: none"> • Self-regulation practices, voluntary commitments (e.g. Green Deals)
3. Innovation-friendly regulatory processes	<ul style="list-style-type: none"> • Ensuring broad and diverse engagement of stakeholders (especially outside incumbents) • Integrating innovation perspective in ex ante assessments of all regulations 	<ul style="list-style-type: none"> • Low-threshold engagement practices • Support institutions and networks • Guidelines and checklists for regulators (e.g. EC R&I Tool)
4. Innovation-friendly legislation principles	<ul style="list-style-type: none"> • Designing flexible and adaptive (technology neutral) legislation • Improving the predictability and reducing uncertainty of regulatory environment 	<ul style="list-style-type: none"> • Outcome-based regulation practices; • Experimentation clauses
5. Innovation-friendly implementation practices	<ul style="list-style-type: none"> • Ensuring efficient compliance and collaboration between regulators and innovators • Improving the eligibility of innovations with the existing regulations 	<ul style="list-style-type: none"> • Advisory services & guidelines for companies • Regulatory sandboxes and test labs
6. Innovation-friendly monitoring and evaluation	<ul style="list-style-type: none"> • Improve the evaluability of innovation impacts • Integrate innovation perspectives into monitoring and ex post evaluation practices 	<ul style="list-style-type: none"> • RCTs to assess innovation impacts • Monitoring and evaluation frameworks