THE BROOKINGS INSTITUTION

WEBINAR

A CONVERSATION ON INTERNATIONAL GOVERNANCE REFORM

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P R O C E E D I N G S

GENERAL ALLEN: Well, good morning, ladies and gentlemen, I'm John Allen. I'm the president of the Brookings Institution. It's a great pleasure to welcome you all to our event today, "A Conversation on International Governance Reform."

Now, today's convening is the fifth part of our latest project, Brookings Blueprints For American Renewal and Prosperity. Launched this past December, the Brookings Blueprints project is a series of innovative, implementable, federal policy ideas aimed at the new administration, the presidency, and the Congress, helping to inform them on the options that they have as they go forward.

Through the end of this month we'll be releasing a series of papers and holding events featuring scholars and experts from across our institution. By advancing big ideas that respond to the major structural challenges and opportunities presented by a global pandemic, the ensuring economic recession, and racial justice crises, we aim to ensure that our Nation and the world emerge stronger, more equitable, and certainly more resilient.

While the Biden administration is less than one month old, it has already put several international challenges, be it COVID-19 or the fight against climate change or our relations with Russia and China, front and center in its work. More, it has taken proactive measures to knit together U.S. endeavors both at home and abroad. Indeed, in his recent address at the State Department, President Biden noted, "There is no long bright line between foreign and domestic policy." And that is an extraordinarily important point for him to make early in his presidency.

In today's discussion I'm confident that our speakers will also have a similar line of thinking. Many of their recommendations, which I encourage you to check out on line — these are terrific papers from which I know you will benefit. They reflect the reality of where the United States makes progress domestically, it has direct effects globally, and vice versa. That global developments can reinforce or hinder domestic priorities.

So with that backdrop today's Brookings scholars will present and discuss series of critical issues, including: One, addressing the regulatory challenges for digital technology that will require

government to work horizontally with industry to design more agile approaches, two, how the U.S. can use impact bonds to rally together private capital to address pressing social or environmental challenges, three, why U.S. leadership on artificial intelligence is needed to build trustworthy AI that reflects liberal democratic values and extends the economic and social opportunities of emerging technologies more broadly, and four, the need to elevate the importance of global development in the administration's approach to global challenges, of which doing so will require significant USAID reform.

So before I turn the floor over to Brookings Senior Fellow Dr. Josh Meltzer, who will be moderating today's panel, a brief reminder that we're live and very much on the record. And should audience members like to submit questions, they're welcome to do so by sending them via email to events@Brookings.edu, or tweeting to @BrookingsGlobal, using #BrookingsBlueprints.

So with that let me turn the floor over to Josh to get started. And, Josh, thank you to you and the participants for this great work that you've done and for today's public event.

Thank you.

MR. MELTZER: Excellent. Okay, thank you, John. I just want to thank you very much for, you know, for the vision that you've had for this whole Blueprints series and for Amy Liu in Metropolitan and her team for shepherding through this work to its completion.

So this series of Blueprints is, as John outlined, is focused on the global governance piece. And we have before us a series of colleagues in global and other parts of the Brookings family who are going to provide an overview and a range of very actionable and specific policy recommendations to this administration.

We're going to go through — I just want to introduce briefly the speakers and provide a few additional remarks on top of what John said in terms of the papers to give you some context. Then we'll launch into some brief presentations and have some Q&A at the end.

We're going to start with Senior Fellow Emily Gustafsson-Wright, who's really been doing seminal work for a number of years now on impact bonds. And she has co-authored this Blueprint paper with Sarah Osborne, as John outline, on the role of impact bonds. And I think they make clear that there

are two really important features here which are particularly significant when we think about recovery from

the pandemic and mobilizing to address other very important challenges, such as around climate change.

And one is the focus of impact bonds on results or results based financing. And, secondly, the impact

bonds as a tool for crowding in private capital, which is clearly going to be particularly important given the

fiscal constraints the government is going to have coming out of the pandemic and going forward.

After Emily will be George Ingram, whose Blueprints paper is called "Making USAID a

Premier Development Agency," which I think fundamentally says it all. And he makes what I think is a

very strong case for just the U.S. getting serious about development as the third leg of U.S. national

security, along with defense and diplomacy. And in this respect the other decision by the Biden

administration to appoint Samantha Power as administrator of USAID and to include the administrator on

the National Security Council is certainly all very good steps in the right direction, but more is needed.

And George will talk to that.

This will be followed by Cameron Kerry, who is my co-author on the paper "Strengthening

International Cooperation on Artificial Intelligence." And in this paper we outline why U.S. leadership on

artificial intelligence is needed, with a focus particularly on addressing the challenge from China on AI,

and in order to pull together like minded democracies to ensure that AI is ethical and trustworthy, avoids

barriers to AI innovation and use, and expands access to AI to address key challenges in areas such as

health and climate change.

Landry Signé has co-authored an excellent paper with Stephen Almond, called "A

Blueprint for Technology: Governance in the Post Pandemic World," which, as John outlined, really gets

into what is needed in terms of domestic regulatory form to enable technology innovation and economic

growth.

And I do also want to give a shout out to the Tony Pipa, who is not with us today. He'll be

presenting this paper at a later Brookings event on the 12th of March, so keep your eyes out for that. But

it's part of this Global Governance Blueprints series. They've put together a very fascinating paper on

how strengthening U.S. foreign policy requires more systemic engagement by the State Department with

state and city officials, which is where challenges such as the pandemic and climate change again are really being addressed on the ground and where local level officials are already engaging in a variety of forms in creating foreign policy, engaging with other mayors and governors globally.

With that, let me turn it over to Emily. If you could just outline the issue, the challenge, and your policy recommendations. Then we'll go through like that.

MS. GUSTAFSSON-WRIGHT: Great. Well, thank you so much, Josh, and thank you, John, for the introduction and for your support of all of our work.

Good morning and good afternoon and evening to those joining us from around the world. It is my pleasure to share some highlights from my colleague, Sarah Osborne, and my contribution to the Blueprints series.

So our report is entitled *"Harnessing Private Capital and Tying Funding to Results to Build Back Better."* In this policy brief we recommend the use of outcome based or pay for success financing, including social and development impact loans, to spur renewal and prosperity. While we provide some direct recommendations to the new Biden administration, our suggestions also extend to other countries and international institutions with the hope of renewal and prosperity for the entire globe after this devastating crisis.

So we begin the brief by introducing some of the challenges that we're facing in the U.S. and across the globe today. We know that progress is stagnating to achieving social and environmental goals and that the pandemic is exacerbating inequalities. In 2019, for example, over 5 million children died from mostly preventable and treatable causes. Before the pandemic, 10.5% of American families were below the poverty line and 50% of those were families of color.

In December 2020 the U.S. economy had lost 140,000 jobs. All of them were held by women. At the same time funding for social services and the environment is scarce. In the U.S. state and local government revenues are projected to decline by $167 billion in 2021.

In the next section of the brief we explore the limits of historic and existing policies. We note the critical role that governments play in ensuring that all citizens receive the basic services they

need to lead safe, healthy, and productive lives. Often these services are provided through public-private

partnerships and historically via fee for service contracts based on inputs, such as billable labor hours or

activities, which don't necessarily guarantee the achievements of positive outcomes for the beneficiaries

of these services. In the past two decades, however, there's been a rise in the use of results based

financing contracts, which tie funding directly to the achievement of results. However, many service

providers have struggled to afford the up-front costs of services or to assume the performance risk of the

intervention.

So about 10 years ago in the U.K. a new form of results based financing, called social

impact bonds or pay for success financing, as it's known in the U.S., came onto the scene. The way that

these impact bonds work is that investors, often impact investors, provide working capital to service

providers to deliver an intervention. And they're repaid with a nominal return, either by a government

entity or a third-party if and only if a set of predetermined outcomes are achieved.

So according to our Brookings impact bonds database, over 200 projects have been

contracted in 35 countries, including 27 projects in the U.S. For example, there's an impact bond in

Massachusetts which focuses on increasing employment opportunities for limited English speakers

through a language and job search assistance program. In this impact bond there are over 40 investors

who are providing working capital and outcome funding is provided by the Commonwealth of

Massachusetts. The U.S. is also involved in impact bonds internationally. For example, USAID is an

outcome funder for an impact bond for newborn and maternal health in India.

While globally over 2 million beneficiaries have been targeted across a multitude of

sectors, much more could be done to expand the use of outcome based financing.

In the next section of our brief we lay out four reasons why we think impact bonds and

related tools could play an important role in building back the U.S. economy, as well as those of many

countries in the world. So first, as I noted, impact bonds shift the focus from inputs and activities to

outcomes. We simply can no longer afford programs that aren't delivering meaningful results to the

beneficiaries they serve. By tying funding to outcomes we can ensure that limited funds are spent

effectively. The same goes for development aid. And even more now post-COVID as budgets are constrained. Developing countries are suffering greatly from this pandemic and the U.S. and other bilateral and multilateral organizations must spend more effectively.

Second, by injecting private capital, impact bonds provide a mechanism to address critical liquidity constraints faced by governments and owners who are currently scrambling to address immediate issues, leaving little funding to invest in rebuilding for the future.

Third, impact bonds can reduce government and donor risk since government or donors only pay when outcomes have been achieved, thereby shifting the risk to the investors. This allows for the scaling of programs with more certainty and the testing of innovative past outcome achievement.

Finally, impact bonds can strengthen entire systems by incentivizing collaboration across public, private, and third sector by building systems and monitoring and evaluation and by driving performance management among service providers.

So how does one make a shift from an almost exclusively input based financing to incorporating more outcome based financing when appropriate? Clearly this isn't going to happen overnight, but in our policy brief we suggest three concrete actions to move in that direction.

The first is educate and build capacity. So the most critical shift that is necessary is a shift in mindset. Paying for services that don't demonstrate outcomes can no longer be the status quo. A big part of this mindset shift requires an understanding of the importance of data and there must be capacity building around using real time evidence to tailor services to the beneficiaries' needs.

There are some examples in the brief of how this has been done in the past in the U.S. and some suggestions on building on those efforts.

Two, utilize and develop legislation. Currently there are a number of legal or institutional barriers that make it difficult or unattractive for governments or donors to fund based on outcomes and for investors to invest in social services. In the brief we highlight some existing policies, including tax policies, and make further concrete policy recommendations around legislative measures that could support the further use of outcome based financing.

And, third, pool investment and an outcomes capital. So the first 10 years of impact bonds have shown that the design and negotiation of Bespoke impact bond deals has taken a lot of time and resources. Efficiencies could be brought about by pooling capital on both the investment side and on the outcome funding side.

Finally, we note that we must consider how to address not only the inequality the pandemic has exacerbated, but also how to avoid building back a world with replicates the same inequalities that previously existed. Our recommendation, as well as all of our recovery efforts, must seek to help women, people of color, immigrant and refugee populations, and other historically marginalized groups.

With that, I'll hand it over to Josh to introduce our next speaker.

MR. MELTZER: Great. Thanks, Emily. That was fantastic.

George, over to you.

MR. INGRAM: Thank you, Josh. Good day, everybody. Thank you for joining us.

I'm going to talk about the importance of elevating development in U.S. policy making. Two challenges uppermost on the agenda of the Biden administration, both mentioned by John Allen in his remarks, COVID-19 and climate change are issues, again both mentioned by John Allen in referencing what President Biden has noted are both domestic and international imports. International progress is important and imperative for success on these issues domestically. The international elements helping countries in mitigating the health and economic impact of COVID-19, ensuring access to vaccines, and preventing future pandemics and helping countries in mitigating and adapting to the impact of climate change are inherently matters of development. Addressing the international aspects of these transnational crises requires policies and programs grounded in good development, which in turn requires ensuring that the development mindset and experience are given full consideration as the U.S. develops its strategy and policies and manages the programs. But security considerations in short-term diplomatic interest often hold sway because the short-term political gains are more apparent and the bureaucratic structures work to their advantage.

To ensure that global development fully contributes to U.S. policies and programs, three categories of action are necessary. One, assign USAID the appropriate status and role in the agency. Two, give USAID full authority over the programs it administers. And, three, strengthen the prowess, policies, and staffing of the agency.

There are four areas in which these actions should be executed. One is structure. Make USAID a permanent member of the National Security Council. That's been done. An early Biden administration decision that indicates it values the development voice at the table. Two, assign the administrator Cabinet rank as the AID designee Ambassador Power held she was ambassador to the U.N. And, three, bring coherence to U.S. development efforts by bringing key programs under one umbrella. For example, joining PEPFAR with USAID's long-term health programs and make the MCC a stand along brand under USAID.

Second area is budget. It's important to provide USAID with full authority for the budgets it manages and refocus the State Department Office of Foreign Assistance, known as F, from the unnecessary and time consuming duplicative micromanagement of AID's budgets and programs, instead to serving as the locus for states assistance coordination with AID, and as the secretary's primary source of information on assistance.

Under the Foreign Assistance Reorganization and Reform Act of 1998 the administrator of USAID serves under the authority of and the foreign policy guidance of the Secretary of State. In 1999 then Secretary of State Madeline Albright and USAID administration Brian Atwood came to an understanding that interpreted the legislative guidance as the secretary reviewing USAID's annual performance plan, its annual budget submission, and any significant reprogrammings. The creation of F in 2006 significantly altered this relationship with the secretary delegating much of this authority to the director of F and the office increasing delving into micromanagement of AID policies, budgets, and programs.

The third area is strategy and policies. USAID and the NSC should lead an inter-agency process with significant consultations with the Hill and civil society to write a global development strategy,

or at least a government wide development policy, as was done in the Obama administration.

On policies, AID should review existing policies and draft new ones to reflect administration priorities, specifically climate change and COVID-19. As an example, the agency can retain the solidly drafted digital strategy that was put up earlier this year, it can write, and should write, a comprehensive policy on climate change and a new policy on how the agency deals with civil society. But it should take down and start afresh the retrograde gender equity and women's empowerment policy that was rushed through at the end of the Trump administration.

The fourth area is personnel. The agency needs to staff up so it has the proper personnel to carry out its duties, both so there are career staff performing all government inherent functions, rather than contract personnel, and so the agency can meet its responsibilities as now a member of the NSC and the ever expanding inter-agency deliberations. Secondly, it needs to finalize the draft policy on diversity, equity, and inclusion that will make USAID look more like America and be more equitable for all of its employees. Third, for the long-term, it should engage the National Academy of Public Administration to design a totally new personnel system that meets both the agency needs and worker dynamics of the 21st century.

Finally, we all know that culture eats strategy and structure. All of these changes in structure and policy are fine and nice, but the key to good development, like the key to anything, is having the right people in place who have the relevant backgrounds and expertise and know how to work together. A long-term step in the direction of greater understanding between the state, AID, and other foreign affairs agencies, is an extensive Goldwater Nichols program of staff of one agency serving a stint in another agency.

Josh, back to you.

MR. MELTZER: Thanks, George. That was a very thorough overview.

Cam, over to you now. You're still muted, Cam.

MR. KERRY: Josh, thank you and hello, everyone. And thank you, Josh, for your collaboration on this paper, which is very simply entitled "Strengthening International Cooperation on AI."

AI has seen, over the past five years, an explosion as we've all become familiar with, with Moore's Law, doubling of computing power every two years, that gets compounded when you have data being generated from billions of devices. And then AI compounds that development to as you have machines autonomously processing learning from all of that data, and, you know, raises all of the issues of both the great potential for technology and the potential of AI as a general purpose technology that, you know, can be harnessed to humans in new ways. But, you know, all of the downsides that we see with technology in our current society as well, privacy to security to malicious uses. And adds power and sophistication to all of those. Perhaps a familiar example is use of deepfakes, synthetic media that can produce, you know, incredibly realistic fake news.

And as a result of all of this, the potential of AI, the issues that it raises, we've also seen an explosion of governmental policy making in this area. The Obama administration started at the end of the second term with a foundation for U.S. policies, but we've seen that developing across the world. And let me get the first slide here. The first country to develop a national strategy was Canada in 1917 — 1917 — I'm 100 years behind the times — in 2017. And, you know, that's — but that's been followed by a rush of countries. Let me put up the next slide. The OECD, which has been a vehicle for international cooperation, keeps a policy observatory of international policy developments. And the next slide shows that, you know, they now count 60 countries that have developed national policies.

And in addition to that, AI has become a focus of discussions in various international bodies, particularly the G7, which has established a global partnership on artificial intelligence and, you know, the OECD operates as the secretariat for that. The G20 has issued a statement on digital policy which covers artificial intelligence issues as well.

And we can drop the slides now. You know, they're a common set of issues in these policies, particularly for every country, you know, the development of — the economic development of AI as a pathway to economic growth. Workforce issues, both the training of workforce and the implications for labor. Ethics and the use of ethical and trustworthy AI has been a major focus of government policy making, as well as a broad range of discussions in academia, civil society, and others. You know, as

well, dealing with the harms that can come from AI. A common example is of course autonomous vehicles and how you deal with the risks and the responsibility when accidents ensue.

And certainly a common ingredient of many of these national strategies has been international cooperation. And that is the focus of our paper and how — you know, what the U.S. role can be in building international cooperation and building the institutions to further that.

And the reason for this focus really has to do with the nature of artificial intelligence research and development. It is collaborative. Much of the work is done in open source and distributed among research labs, academic, private, others around the world. And it operates at scale. This is certainly a feature of much AI research and development, as large data bases that take facial recognition as a familiar example.

The cooperation is also important to U.S. leadership in this area because, you know, there's many U.S. companies, many U.S. researchers that are part of these — integral to these international ecosystems. And international cooperation is also important to deal with potential barriers to AI development and protectionist policies, you know, regulatory policies, you know, that may create regulatory barriers to effective AI development. And, you know, in the end we do not see AI development as a zero sum game. It is, for many of the reasons that I've discussed, synergistic. You know, we need to maintain an international system that enables that.

So that leads to our recommendations for U.S. policies which are focused on engagement internationally and to prevent regulatory barriers to enhance the ecosystems of AI research and development, to meeting the challenge of China and effectively engaging with key allies, the European Union in particular.

You know, U.S. policy has seen significant continuity in this area, although much of the Trump administration was focused on undoing policies of the Obama administration. That has not been true in this area where there has been significant continuity reflected in a series of executive orders that have laid out regulatory policies that have promoted federal investment in R&D, in funding of research and deployment of artificial intelligence. And so the National Defense Authorization Act passed and the

lame duck established an American AI Initiative, an office within the Office of Science and Technology Policy, to further U.S. AI development.

An international cooperation, notwithstanding America first policies, has emerged as an aspect of the Trump policies. It engaged with the OECD last year after standing back, joined the global partnership on artificial intelligence.

So there is the opportunity going forward to build on those institutions, those avenues of cooperation. And, you know, as the Biden administration moves forward with its policies to rebuild alliances, to strengthen those avenues of cooperation.

So we see some key pillars to that. One is to step up the engagement in those institutions, but to recognize some of the limits of those. I mean each of those has — the G7, the G20, the OECD, you know, not necessarily all of the right players at the table or in some instances some of the wrong players. You're limited in the G20 by having China and Russia at the table as well. So it would need to be a strategy of working with like-minded countries and to play the field and to build outward from those coalitions. It may be, you know, something like a tech alliance or working through the proposed summit of democracies. We do see the European Union as a pivotal player in that effort. So an important part of the recommendations would be to align with the European Union. The U.S. and the EU together comprise more than one-third of the global GDP, 58% of global trade flows, and that provides a critical mass. And the EU has created an opening for that kind of cooperation by proposing an EU-U.S. agenda that includes a trade and technology alliance, with artificial intelligence as art of that.

So the U.S. should lean into that overture and try to develop that cooperation. And all of those avenues are important to dealing with the challenge of China. China has stood apart from the rest of the world in developing its own nationalistic AI strategy as part of its model of authoritarian capitalism. And that is a model of artificial intelligence that is incompatible with the values of liberal democracies.

So that really calls for working with those allies to use the leverage that a combination of the U.S., the EU, other like-minded countries, can bring to that discussion.

And, finally, you know, we see other avenues of cooperation as well. International

standards bodies, which know, operate as a bottoms up collaborative way of developing policies. They're

very consistent with the U.S. approach to technology development and technology regulation. Similarly,

the related use of the National Institute of Standards in Technology, which has effectively developed

frameworks in cybersecurity privacy that map to international standards that work from the bottom up with

stakeholders. We see that as a model that could be exported to AI policy development.

And then finally there are trade agreements — increasingly agreements. Some like the

U.S., Mexico, and Canada agreement, has a digital chapter. Others that the U.S. has not been a part of.

But increasingly digital provisions on data localization and others have been part of those agreements.

You know, that is something to increase as well.

So, with that I'll end. Thank you very much.

MS. MELTZER: Excellent. Thanks, Cam.

Let me now turn to Landry.

MR. SIGNÉ: Thank you very much, Josh. Thank you very much, John, and to the other

panelists, who have brilliantly presented their papers. Hello, everyone. And I'm happy and honored to

present our papers with Stephen Almond on the "Blueprint for Technology Governance in the Post

Pandemic World."

But let me begin probably by mentioning the complexity of the world in which we are

living with the reign of uncertainty, with COVID-19 and the geopolitical dynamics. You have seen the

complexity of the trade wars, cybersecurity, climate change issues, nuclear security. So we have a quite

complex world in which many of the technologies associated with the fourth industrial revolution are

playing a prominent role. So technologies such as artificial intelligence that John and colleagues have

brilliantly presented — so I was very excited when reading your paper — but also the technologies such

as blockchains, broader robotics, automated vehicles, deep data, among others.

So when we combine the complexity of the world in which we are living, the emergence

of technologies at an incredible speed — pace, the division of governing powers where the policy making

process is not any more exclusively centralized, we have the emergence of cities, regions, companies,

transnational actors playing a real critical role, it is really important to adopt new modes of technology governance. And now modes which will be also human centered through the critical roles of ethics, human rights, inclusion, civic participation, among others.

And perhaps let me clarify why it is really important in the context of the fourth industrial revolution, because the fourth industrial revolution is explained by the (inaudible) technological breakthroughs we think and across digital, biological, and physical first in comparison of the first, second, or third one, which were characterized by steam, power, electricity, and IT, among others. This is really important because it presents a series of new complex challenges to governance stemming from its rapid pace, privacy concerns, jurisdictional ambiguity, ethical considerations, among others.

So the fourth II is definitely dynamic and uncertain — bring a dynamic and uncertain context where technological developments combine with economic, social, and environmental shifts rapidly make more prescriptive approaches of regulation outdated. And this is the call of the programs. So too often regulation struggles to keep pace with innovation. So new ideas, products, and business models are hampered while the citizens are left without outdated prediction. And as governments seek to build back better following the COVID-19 pandemic, a more agile innovation enabling approach to regulation is needed.

So in our report we present a Blueprint for regulatory reform offices to introduce a more innovative enabling approach to regulation across government and seize the opportunity of technological change. So systematic measures are needed to enhance foresight, focus, regulation on outcomes, create space to experiment, harness, data to target, interventions, leverage the role of the private sector, bring about a seamless regulatory landscape, and tackle barriers to trade and cooperation.

So, as pointed out, a few core challenges. You have the information on symmetry, you have the pacing problem, and we have the coordination problems. So the COVID-19 pandemic has demonstrated the weaknesses of regulatory systems designated with the past in mind, and here, government around the world had to really re-write rules in order to allow geocitizens to benefit from innovation such as telemedicine, drone delivery, and to help your economy to many disruptions the

pandemic has caused. In the context of drone delivery, for example, the government of Rwanda has pioneered medicines delivery through drone when the company Zipline, which was created in California, was unable to operate initially, but working with the government of Rwanda in an agile governance framework, the company was able to operate and to provide core solutions to major local challenges, such as infrastructure, among others.

Bearing this in mind, we believe that as regulators around the world seek to response to technological innovation, seven pillars of good practice can be identified. So the first one, anticipate innovation and its implication. Regulators that are able to anticipate innovation and disruption are better positioned to seize the opportunity of technological innovation while minimizing risk. And governments, such as Canada, Singapore, Sweden, the U.K., are really investing in regulatory foresight to help understand what the future will look like and prepare accordingly.

So a second factor is to really focus regulations on outcomes. And here excessively prescriptive (inaudible) regulation can rapidly become obsolete as new ideas, products, and business models emerge. So the government shall definitively introduce presumption that regulation shall focus on the achievement of outcomes rather than simply prescribe the use of specific inputs and processes. So the idea is to really enable businesses to innovate in how they achieve regulatory goals, but, of course, while you're ensuring compliance.

The third factor is to really create this space to experiment. So regulators that engage with technological development are better able to shape its evolution and learn about how their own regulatory approach needs to adapt. So, for example, in the last decade regulators in over 50 jurisdictions have introduced mechanisms such as the regulatory sandboxes to enable innovators to get advice on the regulatory implication of their ideas and potentially (inaudible) them under regulatory supervision. And here also countries such as Canada, Denmark, or Germany and Japan and Italy, Singapore, among others, are leading the way. So of course the idea of experimentation or regulatory experimentation shall be organized in a representative and well-coordinated environment.

So the fourth point is here are the use of data to target interventions. Data driven

technologies are not just transforming business, they can also revolutionize regulatory practices and

regulation too. So regulators have access to more ways to gather and analyze data than ever before.

Whether we speak about drones, (inaudible) scrapping robotic process automation, among others, big

data analytics and artificial intelligence. So really important for regulators to use data to target

intervention.

The fifth one is to really leverage the role of business, engage with business, industry led

governance mechanisms, such as voluntary standard, codes of conduct and industry governance can

also help deliver policy objectives more rapidly than regulatory intervention. And here also the European

Union or the European Commission has really developed principles to support the greater use of self and

core regulation approaches.

The sixth one is to really work across institutional boundaries. And here technological

innovations that are the hallmark of the fourth industrial revolution also need the engagement of

businesses, which can easily find themselves navigating a patchwork of regulations that deter them from

introducing new ideas, products, or business models. And here countries such as Denmark or Japan

have introduced single points of contact, or one stop shops, to enable businesses to engage more

straightforwardly with different national regulators on your ideas and therefore ensure that issues are

tackled in a coordinated way.

So the final point is really to collaborate internationally. And I think that George's paper

has brilliantly shown how critical it is to collaborate in the context of artificial intelligence. So by

cooperating across borders, regulators can really facilitate trade and investment and address shared

challenges more efficiently and effectively. For example, (inaudible) lateral alliances have emerged in

areas such as fintech or medicines, while in December last year, the government of Canada, Denmark,

Italy, Japan, Singapore, the U.A., and the U.K., came together to establish the Agile Nations, a regulatory

cooperation partnership that will cover innovation, ranging from green technologies to mobility.

So let me finish by simply saying that four reasons that come from the implementation of

those pillars include the engagement with the market, because regulation is not the only barriers. It is

also important to consider the capability, capital, culture, those — the sandboxes, the regulatory sandboxes, to take those into consideration. It's also important to build on good practices. So democracy, accountability, and inclusion have to remain critical. Care is needed to ensure that regulation remains proportionate, open, and fair. So it is also critical to think holistically, the seven pillars are mutually reinforcing. And, finally, to evaluate and learn. So this is a dynamic process with the critical importance of monitoring devaluation, among other factors.

So I will stop there, but definitely the Biden administration should have outcome focused regulation, (inaudible) regulation, and international regulatory cooperation, testing, initiatives. So external regulation will definitely be critical, and inclusive, fair, open, data driven for effectiveness and efficiency, and ultimately mutualize multilateralism and cooperate globally.

Thank you very much.

MR. MELTEZER Thanks, Landry. Unfortunately, we're running a little bit short for time, so I'm going to ask one question to all of the panelists. These are very rich papers, so a lot of time was needed to get through them. And, you know, they're obviously posted on line, so please have a look there to see the full benefits of them.

One theme I wanted to pick up — but I mean these papers are delving into very important issues, though, but I think one thing that seems to kind of cross the papers in different ways here is sort of the role of the private sector in governance. And it comes across in a couple of different ways.

So, Emily, you know, you're focus on impact bonds obviously relies heavily on the private sector as a source of capital, and possibly also expertise and delivery. If you could sort of address how you think about that in that piece.

You know, Cam, obviously in the context of AI governance, the global partnership on AI is multi stakeholders. So there's this multi-stakeholderism, which is very central for the U.S. government and other governments when they think about AI governance. And here the private sector is really a source of expertise and how do we think about the role of the private sector when we think about how we

should be promoting international cooperation on AI.

George, for you, the private sector is obviously a big player on the development front in multiple ways. You know, both as a source of delivery, potentially a source of funding. How does USAID — how should USAID work with the private sector, leverage these expertise and capital more effectively when you think about building USAID along the lines in your paper?

And, Landry, you've obviously touched on the private sector in multiple ways in your paper. I love that example of Zipline to help deliver medicines by drone. I hope I've got that right. But there's a lot there about how you think about how the private sector should cut across and be engaged in developing innovative regulation.

So maybe we'll just start, go through the order in that everyone sort of made their presentations. If you just want to reflect on that, that would be great.

Emily, over to you.

MS. GUSTAFSSON-WRIGHT: Sure. Thanks, Josh.

No, I think you hit the nail on the head. I mean it's really — you know, what impact bonds have the potential to bring to the social services sector is the private sector, up front working capital for service providers, which addresses a liquidity constraint, as I mentioned. But also that sort of private sector discipline that comes into social services delivery, whereas impact investors may engage with service providers or they may hire performance management intermediaries to work with the service providers building up their systems of monitoring and evaluation, performance management, et cetera.

So this is a really important role that the private sector can play in the outcome based financing space.

MR. MELTZER: Great. I know there's a lot there and I thank you for being short on that. And if we could all keep our responses similarly short, that would be much appreciated.

George?

MR. INGRAM: Yeah. Josh, most of U.S. assistance does not go to governments, it goes through NGOs and the private sector. I did a study a few years ago and in the first 15 years of this

decade AID engaged in over 1,600 public-private partnerships. With something like Power Africa, AID

over seven years expended maybe $500 million and it leveraged $56 billion, $40 billion of which came

from the private sector. So the private sector is heavily engaged in development.

> But they're frustrated with dealing with AID because of the slowness and the rigidity of

AID processes. And Susan Rikely (phonetic) and Steve Smitta (phonetic) put up a paper about a month

ago which goes through a litany of actions that AID could take to improve its relationships and engage

with the private sector that updates what I did four or five years ago. And I would urge people to take a

look at that paper.

> MR. MELTZER: Excellent. Thank you.

> Cam, over to you.

> MR. KERRY: Yeah, thanks.

> Well, Josh, you mentioned multi-stakeholderism, and that really has been an essential

component of U.S. tech policy making. It is integral to the NIST frameworks that I mentioned. It is

integral to standards developments, which really operate through voluntary consensus based approaches

using expertise. And I think that is critical to the various AI dialogues. It is encouraging that that's

incorporated in global partnership on AI to the OECD work. And that needs to be a continued feature.

And I think, you know, you certainly — the private sector, but expertise more broadly, civil society,

academia.

> And I think with a focus on what Landry talked about, you know, output focused

regulation. So, you know, really focusing less on process and much more on outcomes.

> MR. MELTZER: Yeah, great. Thank you. That's excellent.

> Landry, in 30 second or less.

> MR. SIGNÉ: Wonderful. Thank you, Josh.

> I think Cam has said — anticipated on what I would have said, so definitely (inaudible)

order, collaboration is critical, a shift from shareholder to stakeholder, capitalism, and the engagement as

well with the public sector and numerous other players to continue innovations which will address the

challenges that the world is facing while complying or participating to the creation of the new regulation. And, finally, self- governance, industry governance to prevent poor practices. Thank you.

MR. MELTZER: Excellent. I think that concludes our event. I want to thank everyone for participating, all the scholars for contributing what I think are really a very rich series of Blueprint papers. They're all up on line, so please go and have a look at them.

And thank you, the audience, for your being along for this journey. And I will call the event to a close.

Thank you.

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