

Boosting Innovation while Regulating AI: Overview of 2023 Activities and 2024 Outlook

**GPAI Innovation & Commercialization
Working Group**

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GPAI |

THE GLOBAL PARTNERSHIP
ON ARTIFICIAL INTELLIGENCE



This report was developed by Experts and Specialists involved in the Global Partnership on Artificial Intelligence's project on 'Boosting Innovation while Regulating AI'. The report reflects the personal opinions of the GPAI Experts and External Experts involved and does not necessarily reflect the views of the Experts' organizations, GPAI, or GPAI Members. GPAI is a separate entity from the OECD and accordingly, the opinions expressed and arguments employed therein do not reflect the views of the OECD or its Members.

This report is not an academic report. Rather, it is an overview on the 2023 activity of GPAI's Regulation Project Advisory Group.

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Introduction

Regulating artificial intelligence (AI) presents one of the major challenges that governments, industries, and societies-at-large will have to tackle in both the present and the coming years. On one hand, AI will continue to affect every aspect of our lives in the future, which makes the regulation of AI most impactful on how we will interact with AI-powered applications. On the other hand, AI is advancing at unprecedented speed, which makes it challenging to foresee future directions and to align rather stable regulation with dynamic innovation in a reasonable way.

As AI improves and diffuses, GPAI Members' governments are considering the role of regulation to limit potential harms but not to hinder innovation, whether the regulation is legally binding (e.g., EU's proposed AI Act) or non-binding (e.g., Singapore's Model Governance Framework, Japanese METI's AI Governance Framework). To help guide governments in this task, the I&C WG laid out a number of principles and best practices for a private session on AI regulation for the GPAI Summit in November 2021. In 2022, the I&C WG continued to finalize the principles for AI regulation and prepared the categorization of existing regulatory approaches.

In 2023, the Regulation Project Advisory Group (Regulation Project) aimed to continue their effort to collect practical examples of how countries, institutions or other organizations support the industry to innovate while complying with AI regulation. Moreover, the Regulation Project aimed to outline concrete regulatory approaches and impact measures. The initial plan for 2023 focused on creating metrics to evaluate the impact of regulation on innovation, mapping regulatory approaches, and developing a library of resources. However, the project faced unique challenges due to the specific global environments, the dynamic nature of the work with evolving regulations, and the need to engage a diverse range of participants. This led the Regulation Project Advisory Group to change gears mid-way in the year and redirect our path for 2024.

Ultimately, the I&C WG aims investigate the various AI regulations procedures deployed world-wide in the context of innovation. Its goal is to devise a collection of tools or practices to measure the impact of such procedures on innovation and commercialization. It will then gather, as best as possible, the value of the proposed frameworks, resources or indicators for the listed regulation procedures.

The I&C WG does not work on standards or norms. Moreover, the I&C WG does not intend to propose any recommendation on what the "best" regulation policy is. But we do intend to propose ways to measure the impact of regulation on innovation and commercialization. This does include examples from low- and middle-income countries within the reach of the WGs experts to create a diverse set of practices.

The Regulation Project, as well as the I&C WG-at-large, build on work from the OECD and actively looks for integration of OECD results into the GPAI work to ensure consistency and strengthened collaboration.



Work progression in 2023

Following a soft launch of the project in 2022 with two light deliverables, the Regulation Project Advisory Group originally outlined three deliverables for the 2023 year, its first full working year:

- D3: Create a list of metrics to evaluate impact on innovation,
- D4: Map and described regulatory approaches for the defined categories,
- D5: Develop a first draft of a library of existing approaches, activities, and resources.

These deliverables formed the foundation upon which the project was built, signifying a commitment to navigating the intricate intersections of innovation and regulation.

Challenges of This Project:

The nature of this project, undertaken on a global scale, introduced its unique set of challenges. The regulatory environment for AI spans diverse regions, each with its own nuanced approach to regulation. This inherent complexity necessitated a thoughtful and flexible strategy.

The participation in this project was equally complex. The topic of AI compliance and regulation, while essential, was, and still largely is, in its infancy, and dynamics around its content continue to be evolving rapidly. Engaging both GPAI and industry experts required considerable effort, and the participation, at times, fell short of our ambitious goals. The resource needs of the working group often competed with the work load on setting up and defining the regulatory approach of the few experts in their own region; Recognizing the need to adapt and address these challenges was crucial.

In our early attempts, we explored two approaches for D4 (see above):

- **Vertical Approach:** We attempted to compile information in Excel sheets to highlight key points for comparison across jurisdictions. However, this proved to be a considerable effort, given the depth and complexity of the subject matter. The limits of collaboration from Experts in this format became evident.
- **Horizontal Approach:** We strived to delve into specific topics that transcended regions, such as transparency and fairness. Yet, the complexity of these issues, combined with the evolving nature of the field, presented a significant challenge in gathering Expert contributions. This proved especially difficult, considering that experts were volunteering their time and expertise.

New Plan Carried Out

In light of the challenges faced, our project has taken a fresh and innovative direction. Central to this new plan is the development of a questionnaire that will facilitate the engagement of a broader audience, from compliance officers to SMEs while minimizing the input needed from the GPAI experts. This approach aims to tap into a wider pool of expertise and insights, thus addressing the participation challenges that we previously encountered.

As we navigate through 2024, we remain committed to our vision of empowering SMEs in AI innovation. The challenges of the past have only fueled our determination to create a comprehensive hub for global AI compliance discussions, driven by industry insights and sustained by multistakeholder engagement. This is our journey: to navigate the complexities of AI regulation and to ensure that the future of AI remains bright for SMEs worldwide.



Questionnaire Development

In the ever-evolving landscape of AI, the delicate balance between innovation and regulation is a challenge that companies of all sizes must address. In our ambitious pursuit to, ideally, quantify the erosion of innovation due to regulation, we have embarked on a journey that hinges on understanding the expected costs of innovation in different regions and for companies of varying sizes. Indeed, the size of the company matters here, as it influences the ability to harness synergies across legal requirements, employee compliance, and platform specifications.

Simultaneously, we have begun the distribution of a questionnaire from D5 (see above), with the goal of creating a robust tool capable of estimating the expected cost of compliance based on the region and the size of a Small and Medium Enterprise (SME). This questionnaire serves as the initial foundation for our final tool, where its outputs will become inputs, shaping a dynamic and adaptive solution for SMEs and compliance officers within larger companies.

In the questionnaire, we have introduced an entry form for users, incentivizing them to collaborate by offering access to results only upon their active participation. This cooperative approach ensures that our tool is continuously improved and fine-tuned to meet the evolving needs of SMEs.

Another crucial aspect of our initiative is the guidance provided by experts on how to address various features of compliance. We aim to develop a comprehensive understanding of the compliance challenges that SMEs face, with a focus on auditability and robustness. By seeking insights from industry experts, we can navigate the universe of possibilities, group responses, and eliminate outliers.

However, it's important to note that industry experts often prefer anonymity when offering their valuable insights. Therefore, our platform allows respondents to contribute anonymously, ensuring their willingness to engage without any reservations.

For each compliance challenge, we intend to provide a range of possible solutions, sparking SMEs' brainstorming sessions. Our goal is not just to gather information but to foster creativity and problem-solving in the face of AI regulatory compliance. Nevertheless, we cannot give advice but only guidance.

The original idea of the questionnaire was to capture essential data for D3 (see above). However, it quickly became apparent that the document format was too static to accommodate the dynamism of regulatory changes and best practices. Since there were no regulatory practices in place at the time, specific data collection as well as validation of the survey questions was a challenge.

Our work revolves around evaluating the impact of innovation on regulation versus its financial implications. As we move forward, we face the challenges of gathering feedback from compliance officers and encouraging collaborative brainstorming sessions among them. Evaluating the impact is complicated due to the absence of prior regulation in AI, and data points will vary significantly due to various regulatory environments (D4).

Our expected outcome is to continuously discover and learn from industry experts. We remain humble in our investigative approach, striving to grasp insights iteratively. Our vision is rooted in the belief that the future of AI belongs to SMEs, and no regulatory burden should impede their progress.



Our mission is clear: we must create a tool that could eventually act as a hub for global AI compliance discussions, driven by the industry and aimed at facilitating sound and timely brainstorming among companies involved in AI. Going forward, we will continue to curate responses, cluster data, and facilitate meaningful dialogue.

As we progress with our questionnaire, we will seek further feedback from GPAI Experts, emphasizing solutions over all else. Learning from each iteration within our Working Group, we will adapt and evolve, all with the goal of ensuring that SMEs can timely navigate the complexities of AI regulatory compliance confidently and with clarity.

Next steps in 2024

As we head into 2024, our vision to empower Small and Medium Enterprises (SMEs) with the tools they need to navigate the complexities of compliance as it relates to AI remains unwavering. Here, we merge the developments of the last year and a half with our plans for the future.

Continued Evolution of the Questionnaire

Our first major focus for the upcoming year is to expand and refine the questionnaire, ensuring that it is accessible to a broad audience, ranging from compliance officers to SMEs. However, we acknowledge that these individuals often wear the hat of the “client” in various contexts, which presents a unique challenge. It's important to note that as of now, we have yet to develop a specific log of contacts, but we are committed to developing these connections in early Q1 2024.

Outreach to New Industry Experts

To enhance our Working Group's expertise, we will intensify our efforts to connect with industry experts. These experts will play a pivotal role in shaping our work by contributing their insights and experiences. Additionally, we intend to collaborate with supervisors across sectors globally, making them aware of the virtues of our global compliance hub for SMEs. This approach will aid in identifying and reaching targeted respondents, such as Chief Compliance Officers (CCOs). By extending our reach beyond regulators and engaging with civil servants, we can tap into valuable insights from supervision organizations like the European Banking Authority (EBA).

Subjects to Address in 2024

In the coming year, our objectives are multi-faceted. We will further pursue multistakeholder engagement, fostering a collaborative environment where multiple perspectives contribute to the advancement of AI compliance. Our geographic reach will be expanded to encompass more regions, especially in Asia and the Americas, ensuring that our solutions cater to the diverse global landscape.



Our work will also expand to encompass a broader range of categories and aspects of regulation. Simultaneously, we will focus on building a comprehensive library of supporting tools and resources designed to aid in compliance with varying regulatory approaches.

Analyzing the impact of regulation on innovation of companies will remain a central theme of our research, seeking to understand how regulations affect the ability of enterprises, especially SMEs, to innovate and grow.

The insights and updates gathered from our Innovation Workshop will be integrated into and highlighted in our 2024 Workplan, offering a glimpse of the most recent industry trends and best practices.

Continual Adaptation and Innovation

We are dedicated to an iterative approach that adapts to new learnings and feedback from respondents and SMEs. The cornerstone of our strategy is the development of a rapid-seed tool, designed to facilitate insightful brainstorming within SMEs. This tool will aid in determining whether to enter into AI activities in specific regions and explore synergies across different geographic areas.

Starting with information such as the costs relative to the size of the SME and the regions implied in its roadmap, our tool will assist in discovering compliance possibilities for various challenges. Ultimately, this initiative aims to create a community where SMEs can collaborate and interact with experts from around the world. As we move forward, we plan to involve the opinions of supervisors on specific topics, thus ensuring a well-rounded approach to AI regulatory compliance.

In 2024, the Working Group will also explore hosting interactive workshops in an international setting. These workshops will be further developed before the end of 2023, but will hopefully help shape not only the work we put forward, but help facilitate attracting talent to the project and its 2024 outputs.

In conclusion, our vision and mission remain resolute. The future of AI belongs to all including SMEs, and our commitment to providing them with the necessary tools and resources to navigate the regulatory landscape is unwavering. As we step into 2024, we embrace new challenges and opportunities, fueled by the spirit of innovation and collaboration that defines our journey.



Annex 1

The Questionnaire in screenshots:

SciTheWorld OECD GPAI · BACKGROUND · ACCOUNT LOG-OUT

Welcome to The Global AI Compliance Hub!

In this occasion, you have been selected to **collaborate with the Global Partnership on Artificial Intelligence (GPAI) to help its working group on global AI regulation** deliver value to companies around the world - in particular, SMEs that are providing (or considering so) AI related products and/or services. So, first and foremost, thanks for joining us all volunteers and for the time you may need to devote to it.

The purpose of the working group is ultimately to create a tool for any company (not only SMEs) so that the main challenges related to complying on AI across regions can be identified and eloquently summarised - from the similarities and differences between binding documents across regions to the data gathered throughout this questionnaire. The motivation of the data, as you will see, comprehends both the **analysis of expected costs** and the **discovery of actionable possibilities to comply** - of which not only SMEs will definitely benefit from.

AI is currently reaching all sectors. As such, if regulated, it becomes an extra compliance layer to add to the sectoral ones that organizations might have to account for. Particularly for SMEs accommodating the regulatory requirements can present significant effort - as well as a lever, as it also serves as a, say, quality stamp. Through this questionnaire we hope to **generate a better understanding of the impact AI regulation exerts on SMEs around the globe**.

We understand that due to the individual nature of each organization and often unknown scope of regulatory efforts, **your answers might present expert estimations rather than precisely accurate information. That's ok** - the document is intended to provide a bold starting point for SMEs to brainstorm timely. As such, please answer as many questions as possible based on your experience about expected and unexpected implications of a possible AI regulation based on the following.

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SciTheWorld OECD GPAI · CONTACT INFORMATION · ACCOUNT LOG-OUT

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Name:

Email:

Position:

Company name:

Company country:

Company number of employees:

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If you have been previously regulated in one or more business verticals please, let us know which ones and in which countries/regions **1** :

Business vertical Region +

Do you expect to be regulated in terms of AI? YES NO

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Taking into account the overall nature of AI's trustworthiness challenges **1** and its regional regulation, how much do you think the minimum extra expenditure on AI regulation could be for an SME? Please, state the currency that you have in mind (e.g. EUR) and recall that, for an SME, bold figures based on your best guess are better than a blank sheet. Please, add as many regions as you may have insights for.

Region Cost Currency +

What could the distribution of that cost per region across below dimensions be? (see table). This information can be very interesting for SMEs to know since, depending on the company, the cost may be synergistic with others that it may already be funding - e.g. already paying staff for compliance on other topics that could eventually take up this new duty.

Region Staff(%) Lawyers(%) Consultants(%) Auditors(%) Tech(%) Others(%) +

You had an average of size (number of employees) of company in your mind when you replied to the former questions.

A. Which one was it?

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Suggest ways to comply with the overall Trustworthiness target throughout its main dimensions - as many as you can. Please, do so in a way that is eloquent enough to let a person drive a subsequent educated research upon your seed (e.g. for the subcase: Robustness > Platform > Data Privacy: "incorporating Federated Technology so that it does not have access to the client's data"):

Audibility:

Transparency: +

Verifiability: +

Explainability: +

Controllability: +

Controllability:

A. Model:

Resilience: +

Reliability: +

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Regulation has its pros and its cons. Please let us know here which positive things you believe are going to be lost through compliance. E.g. positive discrimination to disabled people when analysing their granular data towards more ad-hoc products and services.

+

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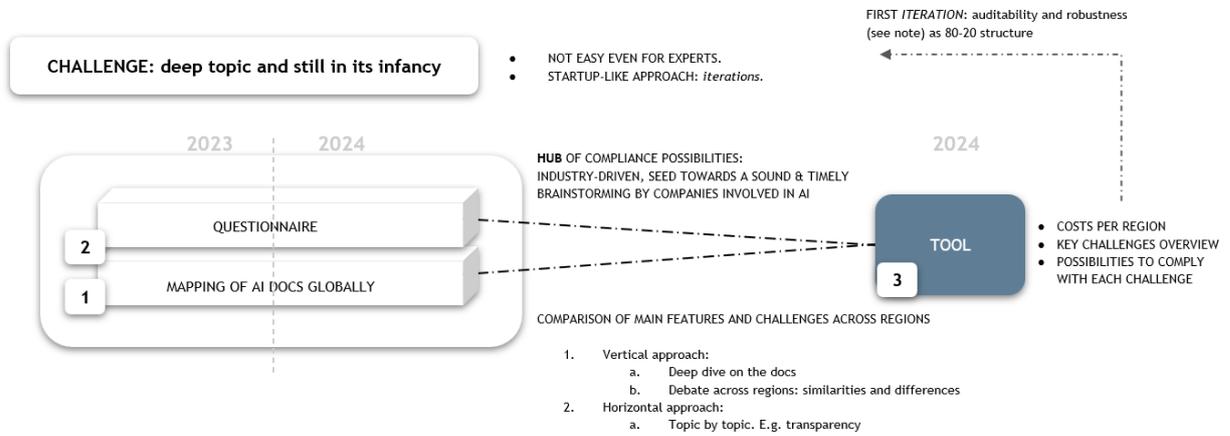




Annex 2

The plan for the Regulation Project Advisory Group in an image:

GLOBAL AI REGULATION & BEST PRACTICES. —



Note

1. Auditability: approaches to establish transparency, verifiability, explainability, controllability, etc.
2. Robustness: threats and risks identification along with their mitigation techniques to achieve resiliency, reliability, accuracy, safety, security, privacy, etc.
 - a. of the model (including sources of biases in the calibration)
 - b. of the platform