Broadly speaking, sandboxes are testing environments where hosted data can be accessed and used ("operational") or collaborative processes where regulators and firms evaluate new technologies within a regulatory framework ("regulatory"), or a combination of both. A new report from the Datasphere Initiative explores how the flexibility and experimental nature of sandboxes, which have proven successful in a number of domestic cases, including fintech, could have transferrable qualities for managing data-related challenges, particularly those of cross-border nature.

Data governance affects a host of sectors related to the economy and society, sparking diverse policy questions related to trust, consumer protection, privacy, and security, but also trade, competition, skills, economic imbalances, and societal impacts. The report "Sandboxes for data: creating spaces for agile solutions across borders" produced with the support of the United Kingdom's Department for Digital, Culture, Media and Sport, sets out a preliminary guide for policymakers to design and initiate cross-border sandboxes for data.

According to the report, sandbox experimentation neither offers a drastic approach nor aims to replace traditional routes of regulation, but it can help address the complexity of data governance, complementing multilateral negotiations, and offering an alternative methodology to finding flexible solutions that balance the opportunities and risks of data sharing.

In the case of data, sandboxes can support and respond to the rapidly growing field of innovations, including initiatives such as data intermediaries (e.g. data trusts, fiduciaries, collaboratives) and privacy-enhancing technologies (PETs). The report also outlines example use cases and summarises the challenges and opportunities sandboxes could provide in wider data sharing contexts to tackle friction and bottlenecks across sectors and policy areas such as trade, health, mobility, and biodiversity genomics.

Datasphere Initiative Executive Director Lorrayne Porciuncula said:

"Few mechanisms to bridge policy silos exist. Sandboxes have a potential use anywhere innovation is hampered by a lack of trust or uncertainty about how regulation applies, emerges, or where risks are not fully understood. The notion of cross-border sandboxes for data is just emerging. The report provides a starting point for policymakers to consider existing kinds of sandboxes and how they can use them to build data governance solutions that are more conducive to the complex challenges of data and more agile and multistakeholder in nature."

UK Data Minister Julia Lopez said:

"A flexible, international approach to data will be essential to help us forge new partnerships around the world and build trust in how data is shared and used. This report highlights the importance of collaborative environments to trial policies and I look forward to exploring these ideas with officials in the future."

The Datasphere Initiative - publicly launched on April 5, 2022, on the occasion of a G7 Multistakeholder Conference, is a new global network of stakeholders building agile frameworks to responsibly unlock the value of data for all. The report will kick-start the Datasphere Initiative's work to examine the model of cross-border sandboxes for data, what they could stand for, and how they could offer workable solutions for complex data challenges.

Download the Report

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