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AI sandboxes and the private sector



Emerging models
and opportunities

Executive Summary

Businesses are navigating a dual imperative: intense commercial pressure to adopt artificial intelligence (AI) tools rapidly, and a deeply fragmented, uncertain regulatory landscape. Sandboxes have transitioned from niche fintech experiments into key tools for AI governance. Regardless of the maturity of AI development or the chosen regulatory regime, a range of governments and private institutions continue to set up these frameworks. Moving beyond the traditional public-sector lens, this report explores the concrete private-sector value derived from participation and outlines the distinct roles businesses of all sizes can take up.

Building on the sandbox definitions introduced by the Datasphere Initiative in the *Sandboxes for Data* report (2022),¹ and updated in the recent report *Sandboxes for Digital Public Infrastructure* (2026)² This report defines an **AI sandbox** as:

“a controlled learning environment in which AI systems, use cases, or related governance approaches are tested under defined conditions, timeframes, and safeguards, enabling iterative experimentation, evidence generation, and shared learning among multiple stakeholders to inform both innovation and governance.”

By decoding current AI sandbox models and analyzing the concrete rationales, opportunities, and limitations for the private sector, this report seeks to bridge the gap between abstract policy design and real-world sandbox execution, providing businesses and policymakers with a more grounded understanding of how AI sandboxes can be used to test policy approaches and the business models designing or deploying AI in practice.

¹ In 2022 the Datasphere Initiative defined sandboxes as “safe spaces to test new technologies and practices against regulatory frameworks or experiment with innovative uses and means of governing data”. Since then, the concept has evolved, which merited a new updated definition.

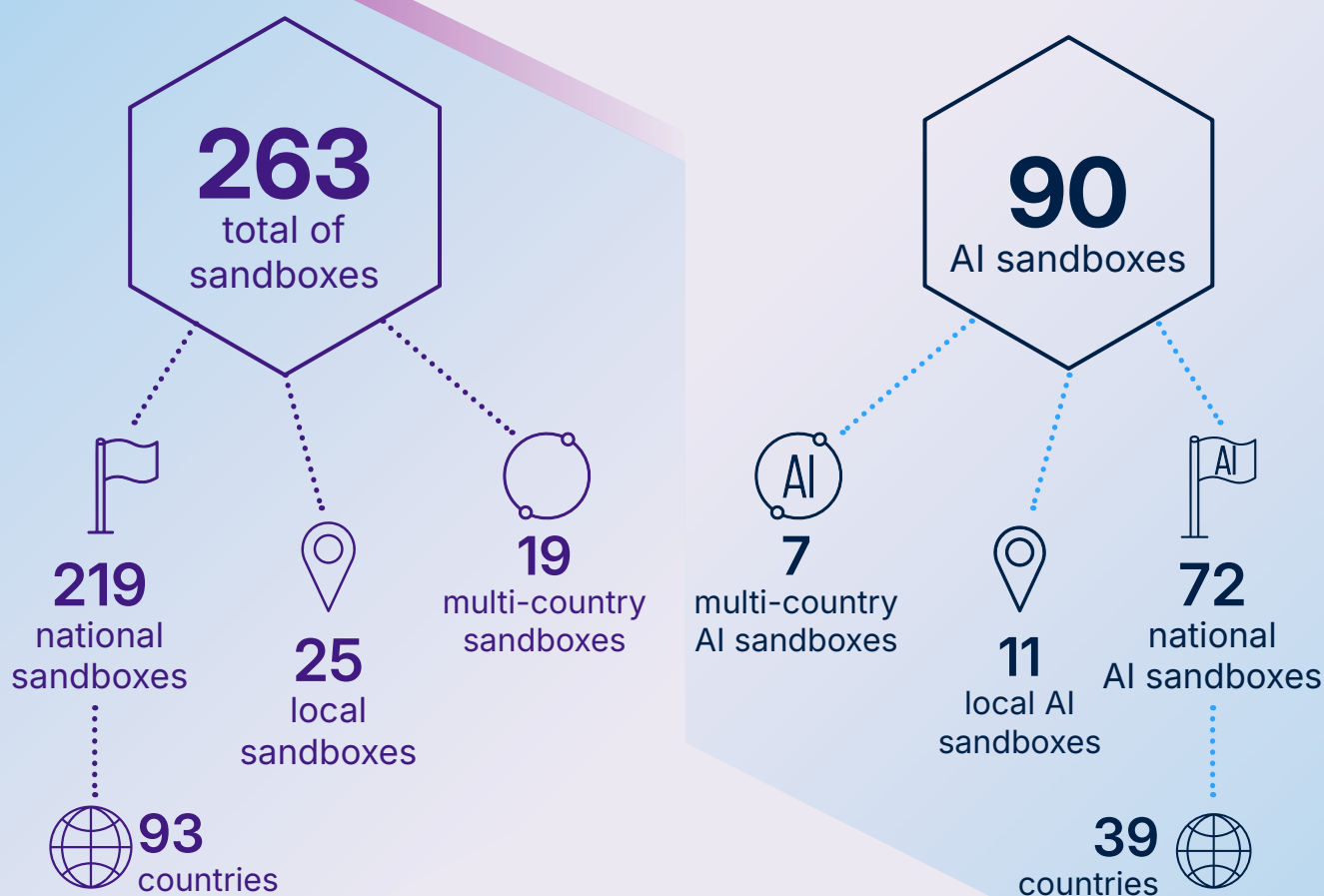
² Datasphere Initiative (2026), [Sandboxes for DPI: Co-creating the blocks of digital trust](#), Datasphere Initiative.

The AI sandbox landscape: Core trends from our research

The analysis leverages an updated global tracking of **90 AI sandboxes across 39 countries**³ updating the first global mapping produced by the Datasphere Initiative in 2025⁴ and offering a global baseline of how AI sandboxes are evolving across continents and domains. Through meetings held in the context of the Global Sandboxes Forum and assessment of sandbox case studies and emerging best practices, the report outlines the roles companies can take up in AI sandbox models and the potential value these initiatives can bring.

AI Sandboxes at a glance

A global snapshot of AI sandbox ecosystems
and their reach



AI sandboxes are expanding across countries and borders,
driving innovation while supporting responsible governance.

³ The Datasphere Initiative plans to launch an online platform with its global sandbox mapping by the end of 2026, and this report provides a sneak peak of its latest data on AI sandboxes

⁴ Datasphere Initiative (2025), [Sandboxes for AI: Tools for a new frontier](#), Datasphere Initiative.

Key takeaways

Several opportunities but also pressing challenges to private sector engagement in AI sandbox models are emerging. The key takeaways below provide high-level summaries of where the private sector can find value in AI sandbox models and where there remains persisting barriers or disincentives.

- 1** While AI sandboxes are on the rise, the **public sector needs more knowledge and capacity to effectively engage the private sector** as meaningful participants in regulatory and hybrid models.
- 2** A businesses' approach to AI sandboxes is dictated by its size, market position, and technical baseline. These capabilities shape how a firm balances operational risk against commercial upside, structuring their involvement into three core roles: **participants, technical providers, or sandbox hosts**.
- 3** The private sector isn't approaching AI sandboxes from a purely regulatory compliance perspective, but also as **experimentation spaces to test AI performance, business risks and organizational fit, develop proof of concepts, access data and run AI models in simulated or real-world environments with expert input**.
- 4** Several aspects of regulatory and hybrid AI sandboxes can deter private sector participation. Common concerns include **uncertainty around prospective impact, intellectual property, confidentiality, data access, security, and liability. Limited sandbox scopes, rigid oversight structures, or lengthy review processes as well as limited opportunities to test in "real world" conditions** can also deter private sector participation.
- 5** Persistent questions for the private sector are **what happens after a regulatory sandbox ends and how can sandbox learnings be leveraged across markets?** Solutions developed within sandboxes often struggle to transition into real-world deployment, particularly when moving across jurisdictions or regulatory regimes. This highlights a need for **more cross-regulatory and cross-border sandbox models**.

Recommendations for policymakers

The report identifies a series of recommendations for policymakers who are looking to attract private sector participants to their regulatory or hybrid AI sandboxes:

- 1** Policymakers should strive to develop mechanisms for **cross-border sandbox recognition** or, at least, alignment in evaluation approaches and standards. This will help extend the value of sandbox experimentation and reduce duplication of efforts.
- 2** Policymakers should consider complementary investments in outreach, capacity building, and partnerships with **innovation hubs, technical universities and start-up incubators**, to help develop a more diverse and capable pipeline of sandbox participants.
- 3** Policymakers should **clearly communicate expectations around product maturity, governance safeguards**, and **provide well-defined terms early on** to create the conditions for effective collaboration during sandbox execution.
- 4** Strengthening the conditions for **safe, supervised real-world testing** is critical when preparing the execution of a sandbox advertised as such. However, data alone can sometimes not be enough. Value particularly for start-ups increases when data is combined with **compute, expert input and mentorship**.
- 5** Producing and sharing publicly post-sandbox outputs, such as **toolkits, policy recommendations and testing methodologies**, while respecting confidentiality constraints, **allows other actors to benefit from the sandbox's findings**, and highlights how sandboxes can contribute to **evidence-based approaches to AI governance**.

Recommendations for businesses

The [AI Regulatory Sandbox Business Participation Checklist](#) (Annex I) is a practical guide for businesses considering whether to participate in an AI regulatory sandbox. To be used as a conversation starter with a board, a practical guide for in-house policy teams or a sandbox introduction guide for a start-up or SME. This guide provides a series of recommendations for those considering or preparing to participate in an AI regulatory sandbox.



Looking ahead

Ultimately, the impact of AI sandboxes will depend on the ability of both public and private actors to move beyond fragmented approaches and engage with sandboxes as shared infrastructures for learning and coordination.

For policymakers, this means designing sandboxes that are inclusive, transparent, and responsive to the realities of AI systems as interconnected socio-technical ecosystems. For businesses, it means approaching sandbox engagement not only as a compliance or innovation exercise, but as a strategic opportunity to shape emerging standards, strengthen governance practices, and position themselves as trustworthy within AI markets.

Realizing this potential also requires broadening who sits at the table. AI sandboxes have largely been structured around business-to-government dynamics, but communities most affected by AI systems (e.g. civil society organizations, advocacy groups, researchers, and end users) bring perspectives that neither regulators nor industry can substitute. Future work should explore how sandboxes can be designed to meaningfully incorporate civil society as active participants, not merely as consultees or oppositional critiques,⁵ ensuring that the evidence and standards they generate reflect a wider range of values, risks, and lived experiences.

⁵ Datasphere Initiative (2026), [Sandboxes for DPI: Co-creating the blocks of digital trust](#), Datasphere Initiative.

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