POLICY BRIEF: ROADMAP FOR A FAIR DATA ECONOMY

EXECUTIVE SUMMARY

The digital revolution offers great opportunities for public and private sector organizations alike. However, the transition to a more inclusive data economy, where the rights of individuals are protected and the needs of all stakeholders are considered, has often been stunted by an inadequate and siloed understanding of data development. Indeed, early efforts at creating a fairer data economy have mostly fallen short of achieving their intended aims, and today, many injustices remain. From an uneven playing field to systematic violations of data privacy rights, challenges to our economies and societies abound.

More ambitious public-private collaboration efforts are needed to address the existing power imbalances in data markets and achieve a more equitable distribution of both risks and benefits. Yet past attempts at creating a shared direction have often been too scattered and uneven, which has only slowed progress. Even

Finland, a country that ranks invariably high in international digitalization rankings,[1] lags behind in data-driven value creation, human-centered services, and joint public-private financing models, partly due to the lack of a national data strategy and better coordination channels between stakeholders.

This policy brief, based on **Sitra's** recent policy paper for the **Center for the Governance of Change**, argues that a national roadmap in which participants from different sectors collaborate to steer inclusive data economy development offers a promising solution to reduce inequalities and seize the potential of a data-driven society. Their 'National Roadmap for a Fair Data Economy' project has already helped Finland devise collaborative actions to use data to renew business, strengthen productivity and prosperity, and achieve positive environmental impact. To replicate its success abroad, three key elements need to be considered:

1.
Developing a common **'Will to Act'** to set goals on strategic priority areas

2.
Identifying a **concrete set of actions** to improve the data economy in practice

3.
Building robust **situational awareness tools** for better knowledge management

BACKGROUND:
## THE FAIR DATA ECONOMY CHALLENGES THE STATUS QUO

Fact Box 1: What is a fair data economy?

The part of the economy that focuses on creating services and data-based products in an ethical way. Fairness means that the rights of individuals are protected, and the needs of all stakeholders are considered.

Because the data economy affects us all, it is crucial to ensure that its risks and benefits are shared equitably across society. The need for a fairness-based model becomes evident when looking at the current state of data economies around the world, where one can identify at least three types of injustices:

01 On the one hand, local data economies face unfair competition as Big Tech and large enterprises continue to dominate markets and concentrate power at the expense of smaller players.

02 Moreover, at an individual and community level, data hoarding practices lead to violations of data protection rights. Due to the limited options for alternative digital services, individuals can sometimes struggle for digital sovereignty.

03 Finally, the data economy exhibits societal risks that may include threats to democracy, for example, when personal data is misused for targeted political campaigning and disinformation.

These challenges raise the need to address the various power imbalances that exist across society and strive to reduce the inequities that result from them. In a fair data economy, companies would benefit from a level playing field that fosters innovation and provides equal opportunities for success; individuals would be able to trust organizations to handle their personal data responsibly and gain access to a variety of high-quality, reliable digital services; and societies would be more prosperous and better able to function, leading to improved overall well-being. Indeed, a fair data economy model is the sustainable way forward for the EU and the world. **But how can policymakers create the conditions to achieve such a positive transformation?**
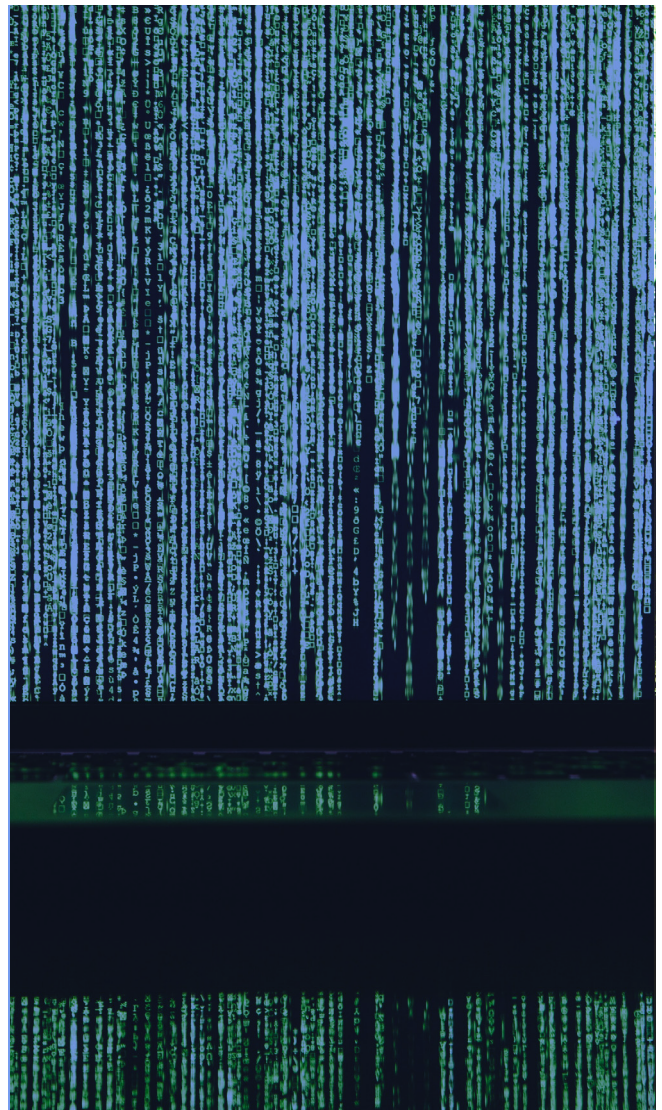
TOWARDS SOLUTIONS:
MAKING DATA SERVE PEOPLE AND BUSINESS

In recent years, the EU has routinely emphasized the importance of aligning the European data economy with European values and standards, and indeed, the present decade has seen Brussels increasingly combine its regulatory and financial power to make that aspiration a reality.

One example is the European Data Strategy of 2020, which has sought to establish a fit-for-purpose regulatory framework, boost investment, and increase citizens' skills, as well become a model for other countries looking to reform their data ecosystems.[2] The package has introduced new pieces of legislation that will significantly reform the EU's business environment, in the hope of promoting, among other things, more efficient use of data from smart devices and cloud services (Data Act) and better use of public sector data through new collaboration models (Data Governance Act).
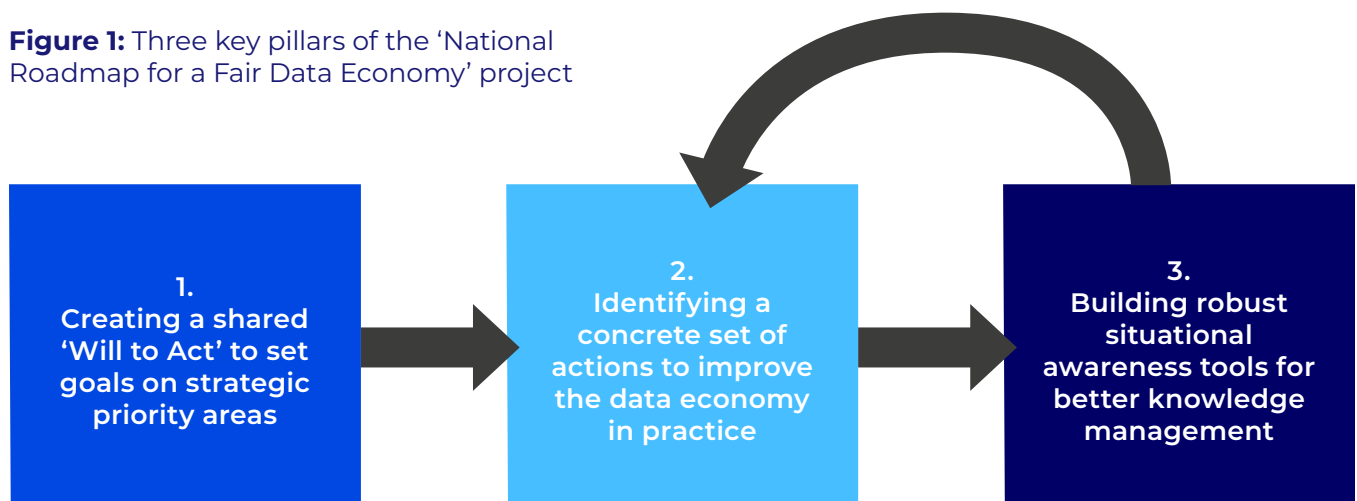
Ultimately, although most of the new data legislation announced as part of this grand strategy is yet to be implemented, it is fair to say that the plan has already helped accelerate digital transformation in the EU and inspire decision-makers to make more local efforts to move toward a fairness-based model.

One such effort emerged in November 2021, when the Finnish innovation fund, Sitra,[3] embarked on a mission to create a roadmap for Finland to succeed in the data economy, on fair terms, and through close public-private cooperation.

Finland is a country that ranks invariably high in international comparisons measuring the development of digitalization, but that has not always translated into a corresponding ability to seize the potential of a data-driven society.[4]

When the roadmap preparation started, Finland did not have a national data strategy or even an action plan focused on promoting the data economy, so interviews and data analysis were used at an early stage to identify priority areas for action, key stakeholders to engage with, and the best way for carrying out the project itself. Indeed, the roadmap became an iterative process, focused on moving forward through collaborative action, and centered around three key pillars that should serve as a model for policymakers looking to replicate its success abroad.

Figure 1: Three key pillars of the 'National Roadmap for a Fair Data Economy' project

1.
Creating a shared 'Will to Act' to set goals on strategic priority areas

2.
Identifying a concrete set of actions to improve the data economy in practice

3.
Building robust situational awareness tools for better knowledge management

PILLAR #1
Creating a shared 'Will to Act' for goal setting and focus areas

The first step was to engage stakeholders from the public, private, and third sectors to decide on the general direction the data economy should develop in order to increase Finland's competitiveness and economic resilience. The key organizations agreed that Finland urgently needed to create fair data economy structures and solutions to use data to renew business, strengthen productivity and prosperity, and achieve positive environmental impacts, and that to do that, six priority areas needed to be strengthened:

In each of these focus areas, the desired outcomes were envisaged and the key questions to be resolved at different levels were identified. Ultimately, the 'Will to Act' helps the different players in the public and private sectors to take action in their areas of responsibility.

Figure 2: The 'Will to Act' as a shared vision of focus areas for data economy measures

DEVELOPMENT AREAS

HUMAN-CENTERED SERVICES
Businesses and the public sector will provide fair data-based services that support people's lives and digital rights.

ADVOCACY IN THE EU
Finland is paving the way for a competitive EU data economy. The country must recognize its own strengths and weaknesses, and actively communicate them to contribute to a fair transition.

TRANSFORMING BUSINESS
Businesses and the public sector officials will be better equipped to leverage data to improve their operations, establish new partnerships, and create shared value.

REQUIRED CAPABILITIES

SKILLS
As people's understanding of the data economy evolves, so will the opportunities to create value using data. To make the most of them, people will require new digital skills.

INFRASTRUCTURE
More data will be made available to move efficiently between organizations and systems, creating wealth and increasing competitiveness —especialy in the social and health sectors—, and supporting the green digital transition.

INVESTMENTS
Developing joint public-private financing models and targeting investment towards the development of data ecosystems and data spaces in key industries to increase Finland's competitiveness.

RECOMMENDATION #1
Strengthen collaboration and implementation

The transition to a fair data economy requires supportive measures, unified coordination, active stakeholder collaboration, and action-oriented practices, such as experiments, trials, and collaborative projects.

PILLAR #2
Identifying a Concrete Set of Actions

Having agreed on a shared direction and set aspirational goals for each strategic priority area, the roadmap stakeholders moved on to identify concrete actions to improve the data economy in practice. Each of these measures has a responsible party who is accountable for its progress, resources, and outcomes, and it may take different forms, such as pilots, learning materials, competitions, or surveys. Some examples include:

01 **Digital Product Passport (DPP) pilots.** DPPs are a tool for collecting information from a product's entire lifecycle to illustrate its sustainability, environmental, and recyclability attributes. Sitra is piloting such pilots in various industries to help organizations comply with upcoming EU regulations and adopt circular economy models based on material traceability.

02 **EU Data Strategy 2.0.** This is a collaborative initiative dedicated to making recommendations to improve the European data strategy and strengthen the implementation of current EU regulations. The work covers topics such as strategic autonomy, the competitiveness of European industries, and the potential of RegTech to implement data regulation.

03 **The Most Interesting Data Solutions initiative.** This project compiles some of the most disruptive data-driven solutions around the world to help organizations draw experience from them in their own digitalization efforts. The list is compiled as an open call to gain insights from interesting approaches, products, and services using data and highlight the benefits of these new solutions.

RECOMMENDATION #2
Proceed through experimentation

Experimentation should be used in the development of the data economy to test the functionality and effectiveness of new solutions. When experimentation is systematically integrated into the decision-making process, the impact and functionality of reforms can be flexibly tested, and solutions can be learned from and, if necessary, redirected before their implementation. The result will be higher quality and more innovative solutions that are known to work. The results of pilots can also inform policy measures as prerequisites of organizations, for example in implementing regulations.

PILLAR #3
Building Robust Situational Awareness Tools

Lastly, to make progress in the focus areas more visible and provide up-to-date information to decision-makers, a Data Economy Monitoring Tool was developed using both quantitative and qualitative indicators. Both public and private sector stakeholders need a more accurate and predictive view of data economy trends to better plan and develop their activities, so a situational awareness tool to build the knowledge base was deemed crucial.

Moreover, as the data economy is an evolving phenomenon, the monitoring tool also acts as a collaborative platform to build the knowledge base and update indicators according to users' needs. Thanks to its open source, it can be freely used, downloaded, and further developed in order to continuously find new and innovative ways to produce information on the data economy.

RECOMMENDATION #3
Use metrics to support decision-making

The development of the data economy is still poorly understood and there is a lack of information on its progress and impact to support decision-making. To this end, it is important to identify the key questions and resources needed to produce data on the data economy and its development. Relevant data can be collected in an open knowledge base and made available through a monitoring tool for use by different stakeholders.

Figure 3: Snapshot of the Data Economy Monitoring Tool, arranged around focus areas.

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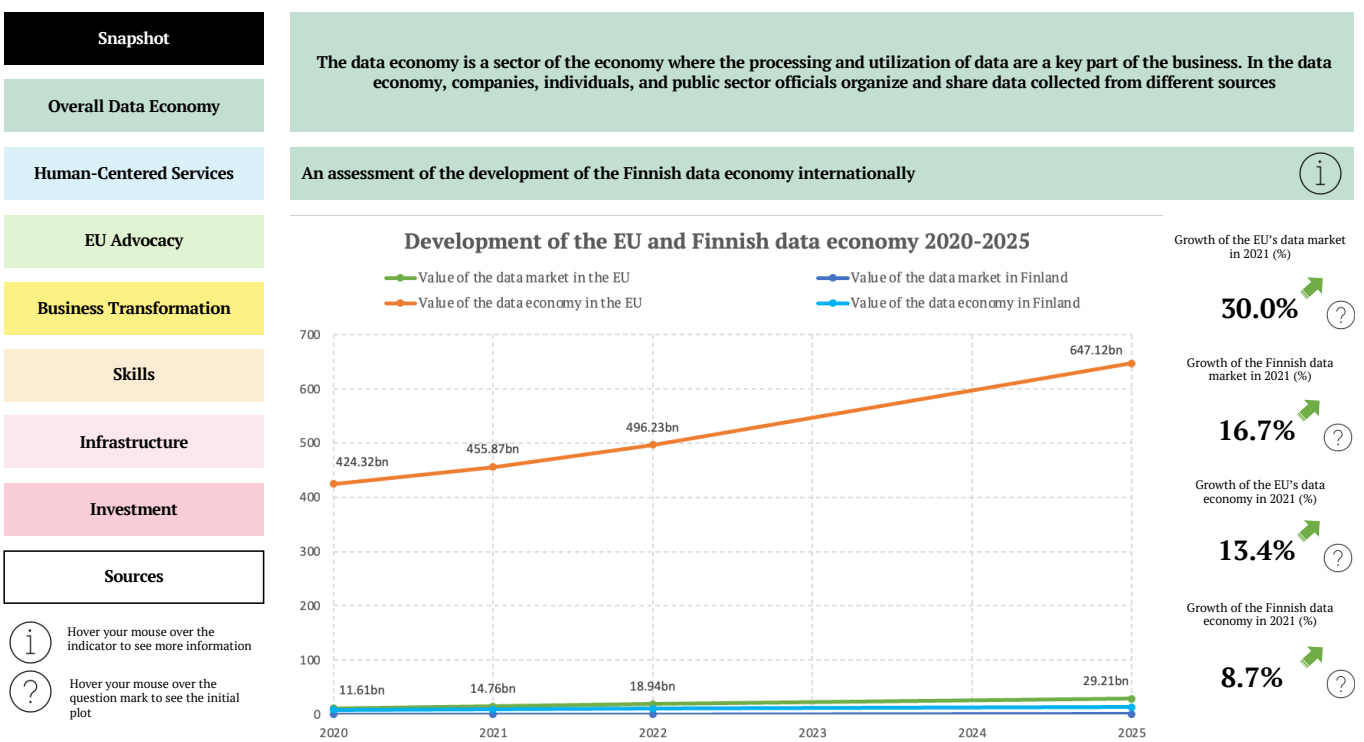
ENDNOTES

1   European Commission. 2022. "Digital Economy and Society Index (DESI) 2022." EC Europa. https://digital-strategy.ec.europa.eu/en/library/digital-economy-and-society-index-desi-2022

2   European Commission. 2020. "European data strategy: making the EU a role model for a society empowered by data." EC Europa. https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/european-data-strategy_en

3   Sitra is an independent and non-partisan future fund that connects different stakeholders and works together with partners to conduct experiments that strengthen the reform and resilience of society.

4   Johanna Kippo. 2022. "Finland lags behind its competitors in sharing data—co-operation and swift reforms are key to boosting the data economy." Sitra. https://www.sitra.fi/en/news/finland-lags-behind-its-competitors-in-sharing-data-co-operation-and-swift-reforms-are-key-to-boosting-the-data-economy/

This policy brief was produced within the framework of the Center for the Governance of Change's research program *The Digital Revolution and the New Social Contract*, and in particular its second work package, which studies the emergence and governance of the data economy, and how it can be fair, competitive, and safe.

It is based on the latest policy paper of the package, authored by Laura Halenius, Taru Rastas, Meeri Toivanen and Johanna Kippo. *"Towards a fair data economy: key lessons from Finland on building a national roadmap"*, IE CGC, October 2023.

You can access the paper and learn more about the program here: https://www.ie.edu/cgc/research/new-social-contract-digital-age

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