

FORUM:	Economic and Social Council
ISSUE:	Measures to Strengthen Data Governance in Mitigating the Economic and Social Divide
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Introduction

Over the past few decades, data has become an increasingly important commodity. *The Economist*, a newspaper mainly focused on politics and economics, even went as far as calling it “the oil of the digital era” in a 2017 article. When utilized for good purposes, data has the potential to dramatically improve human wellbeing and productivity. Fields like healthcare or urban planning have greatly benefitted from the use of data in the past, though there is still very much the potential for more data-driven improvements in the future. This, of course, raises questions about data governance: how the collection, distribution, and use of data are regulated. Establishing an effective data governance ecosystem can create economic value and increase productivity in many fields, while still preserving the privacy of citizens to a high degree. Other than privacy, effective legislation concerning data should also consider that many current datasets perpetuate social inequality by underrepresenting low-income individuals. Another fact, which needs to be considered, is that not all countries may have the necessary resources to ensure effective data governance, thereby creating inequality on an international scale too. To briefly summarize, the usage of data could potentially have both economic and social benefits; however, it may also create social inequality on a national scale and economic inequality on an international scale, if left completely unregulated.



A drawing to illustrate the data-oil analogy

Background

First, it is helpful to rigorously separate the concepts of data governance and data governance ecosystems. Data governance mostly refers to the guidelines a single entity sets concerning any aspect of the collection, distribution, and usage of data. Data governance ecosystems, in contrast, refers to the way



in which all data governance policies of relevant entities interact with each other. Governments and other transnational regulatory bodies play a role in fostering an effective data governance ecosystem within their respective jurisdictions and beyond. In writing legislation for data governance, these bodies have two targets to achieve which are somewhat opposed to each other: protecting consumer privacy and enabling businesses and other organizations to exchange and utilize data. As to the former goal, it should be obvious why consumers might be uncomfortable with sharing certain types of data about themselves. For the latter goal, there is great economic value to be extracted from data. The usage of data might also be highly important for academic research and policymaking. In a functional data governance ecosystem, all relevant institutions are required to adopt certain data governance policies, which balance the protection of consumer privacy with the effective usage of data for the creation of economic value.

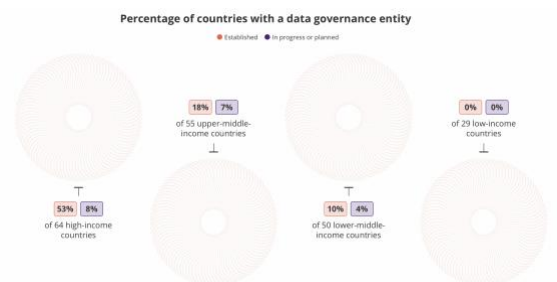
Problems Raised

Social Inequality

Due to low-income individuals often being underrepresented in datasets which organizations and governments use to make data-driven decisions, these institutions often make decisions which may disproportionately benefit people of higher socioeconomic status. There are many potential reasons for this. Individuals of lower socioeconomic status might not have a permanent address, a phone number, internet access, or government-issued ID. For example, if a phone survey is used to evaluate the effectiveness of an anti-poverty initiative, the extremely poor might be excluded from taking this survey due to them not having a phone number. This, in effect, can make a government overestimate the success of the above-mentioned policy.

Economic Inequality on an International Scale

Many less economically developed countries (LEDCs) cannot establish discrete authorities for the purpose of data governance. One should not underestimate the resources needed to create and especially enforce certain policies concerning data governance. In fact, according to the World Bank, 58% of high-income countries have a body dedicated to data governance, while not a single low-income country has one. Instead, data governance is integrated into other authorities. These may be occupied with other administrative tasks to a point where they cannot give data governance the attention it deserves. This lack of a discrete authority, or just generally funds missing for the purposes of data governance, means that



Pie charts showcasing the percentages of countries at different income levels with a discrete data governance entity.



many LEDCs do not have effective data governance ecosystems. As already explored, the usage of data may create economic value and comes with social benefits. In effect, this means that LEDCs can reap these benefits to a lesser degree as compared to MEDCs, due to LEDCs mostly having fewer effective data governance ecosystems. If this issue is not addressed, it will widen the gap in both economic productivity and standard of living between developed and developing economies.

Consumer Privacy

Another factor to consider is that many consumers would prefer to withhold certain kinds of data about themselves. In other cases, consumers might want to only entrust one governmental institution, academic facility, or corporation with their data, without wanting it to be shared. The ability of a consumer to do so is referred to as privacy. It is self-evident why an individual might prefer to keep their sensitive data as a private matter. There should be a clear distinction made between personal data and anonymous data. Personal data generally refers to data tied to a person via their name or other personal identifiers, while anonymous data is not. Consumers might be comfortable with sharing more data anonymously than they are with sharing data in a personally identifiable way.

International Actions

Osaka Declaration on Digital Economy

The Osaka Declaration on Digital Economy, also referred to as the Osaka Track, was first proposed by the Japanese head of state Shinzō Abe at the World Economic Forum 2019. This declaration is based on the belief that all useful, anonymous data should be flowing freely across national borders. This model for data governance can be referred to as data free flow with trust (DFFT). Due to the Osaka Track taking an extremely internationalized position on the flow of data, the reception to it was not unanimously good. Some countries, including India, Egypt, Indonesia, and South Africa, did not sign the declaration. The Osaka Track is a relatively short document stating a few ideas pertaining to DFFT principles. It seems to be practically non-binding.



Shinzō Abe giving a speech at the 2019 World Economic Forum

Key Players

United States of America (USA)

As the world's largest economy and the country in which many large data producers and consumers have their headquarters, the USA plays a major role in shaping the data governance ecosystem of the world. Many US-based platforms, for example, require all content on their platforms to comply with US laws. This means that legislation passed by the USA on topics like consumer privacy has quite a large impact on the international community. The latest example of this is the Children's Online Privacy Protection Act (COPPA), passed by the 105th United States Congress. US-based media sharing platforms, including but not limited to YouTube, require compliance with COPPA regardless of where content is produced or consumed. The United States is strongly against data localization and favors an approach in which data is shared across national borders. It both cites the economic and societal value created and enforcement of intellectual property rights as reasons why DFFT is superior to data localization.

Osaka Track Signatories

The countries and organizations include such as, but not limited to the European Union (EU), the United Kingdom, the People's Republic of China (PRC), the Russian Federation, and many other countries. Having signed the Osaka Track, these countries believe in the free flow of data across national borders. Most often, these countries will try to argue this based on the economic and societal value which sharing data could create. It is worth noting that not all countries signing the Osaka Track have currently actually implemented policies to support DFFT principles. This may be due to the Osaka Track having been signed approximately two years ago, which does not leave that much time for countries to draft up more concrete agreements about data governance. In addition to this, it is doubtful whether the signatories are intending to fully commit to DFFT based data governance.



G20 Leaders discussing the Osaka Track

India

The Republic of India does not believe in the free flow of data, as shown by its refusal to sign the Osaka Track. Instead, India believes data to be a national asset, as opposed to a free-flowing resource which should be accessible to all. India, the world's second most populous nation, is becoming a massive producer of consumer data, due to its size. The fact that India has signaled its opposition to DFFT



principles likely means that significantly less data for making informed decisions about a variety of topics will be available to corporations, governments, and other institutions worldwide. Many other countries which did not sign onto the Osaka Track agree with this stance.

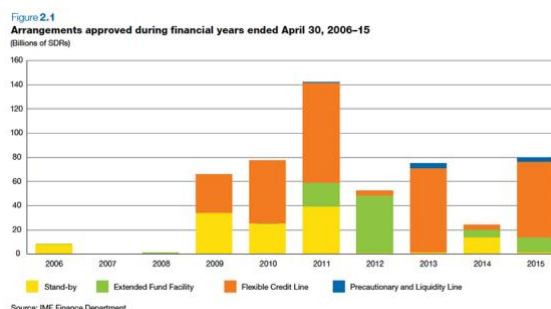
Possible Solutions

Outlining Frameworks for Data Governance

Vague frameworks for how and in what ways data should be collected and distributed, both within nations and internationally, could be outlined by the Economic and Social Council (ECOSOC) directly. These frameworks could try to address the exclusion of low-income communities from certain datasets. They could also include regulations about how and in what ways institutions should share certain types of data with each other, within the borders of a country and transnationally. There should also be some consideration given to the protection of consumer privacy. These frameworks would be adopted by countries presumably on a voluntary basis. Vague frameworks alone might not be an effective solution to this problem.

Funding Data Governance Entities for LEDCs

Funding could be provided to LEDCs for the purposes for improving the national data governance ecosystem of LEDCs. This could potentially aid these countries in their economic development, and it could improve living conditions by for example improving the quality of healthcare in these countries. Perhaps, these data governance organizations could be financed from low-interest-rate loans and grants. These could potentially be made on the condition of these countries pledging to provide certain types of data back to either individual creditors or the international community at large, to provide an incentive for MEDCs to make these grants or loans. Though, loans and grants made from MEDCs to LEDCs in exchange for data might be morally questionable. The World Bank or the International Monetary Fund (IMF) could potentially make these loans.



This graph illustrates that the IMF has lent out many billions of SDR (1 SDR approx. equals 0.7 USD currently) for development purposes.

Establishing A Unified, International Data Governance Body

Many countries support a more internationally coordinated approach to data governance. Countries, including but not limited to Japan, believe that anonymized data should be internationally



shared, for the betterment of the international community at large. No such body exists at the time, but should a body be created, it would presumably be associated with the United Nations (UN) in some way. This agency could be established to oversee data governance internationally. It would presumably draft frameworks as to in what ways data should be collected and shared at a minimum. The question of the bindingness and enforcement of these frameworks is more complex, though. Making such frameworks binding or having the agency directly enforcing these might conflict with Article 2 of the United Nations Charter, which states that the sovereignty of member states should be respected. Though, in topics concerning enforcement, cooperation with national authorities might be an option.

Glossary

Data governance

The rules and regulations a single entity, such as a private corporation or an academic institution, chooses to implement around the collection, distribution, and usage of data.

Data governance ecosystem

The ways in which entities choose to regulate the collection, distribution, and usage of data in aggregate on a national or international level.

Consumer privacy

Consumers having the option of withholding certain types of data about themselves, or to stop corporations and institutions from distributing certain types of data with each other.

Personal data

Data associated with individuals by names or other unique identifiers.

Anonymized data

Data not associated with individuals by names or other unique identifiers.



Infographic illustrating the stances which different countries have on data sovereignty

Data localization

Data localization is a concept related to governments prohibiting corporations and other institutions from moving data out of the borders of the territory over which they have jurisdiction.

Data Free Flow With Trust (DFFT)

DFFT is an approach to data governance in which the exchange of data across national borders is allowed and encouraged.

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