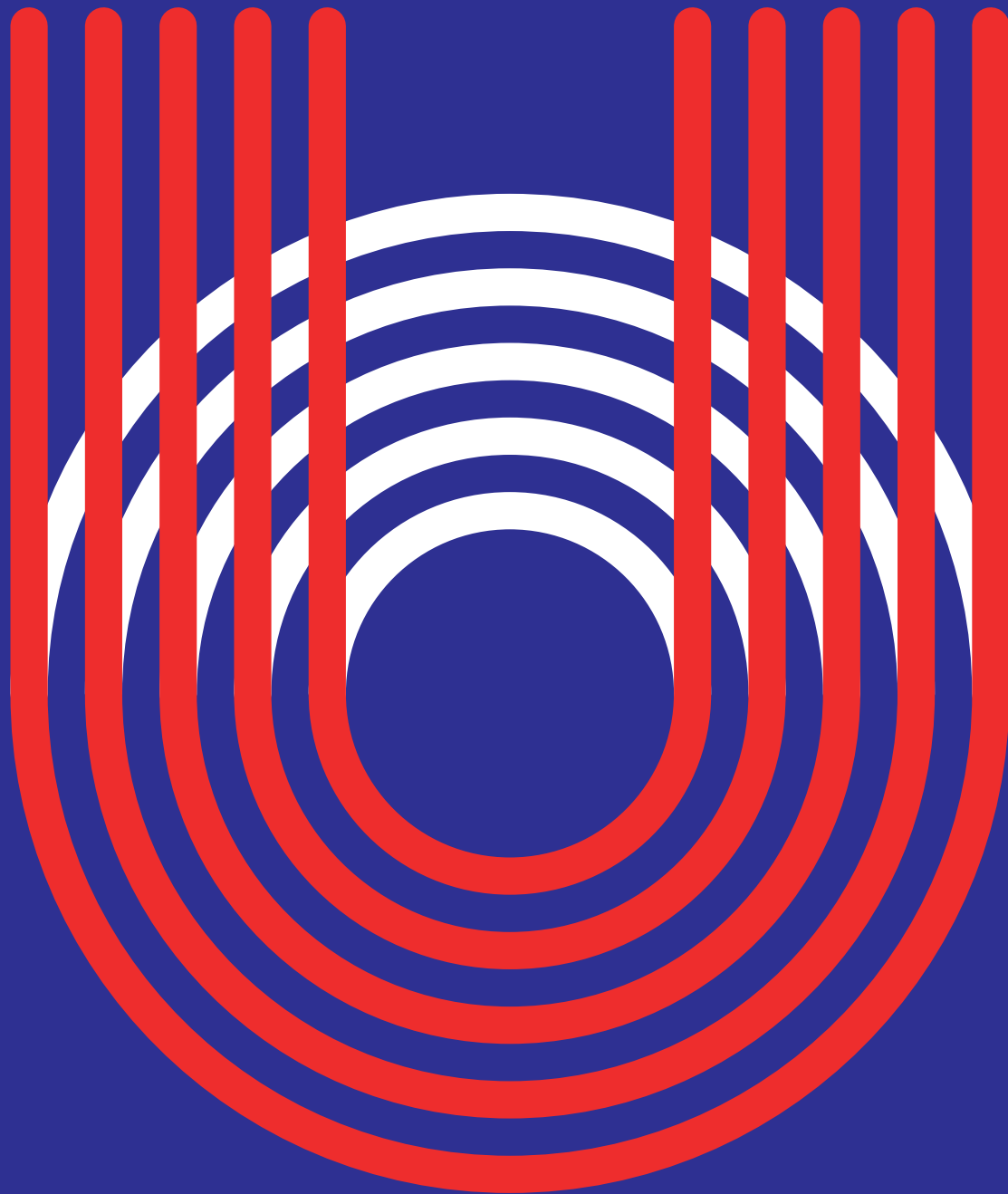


Meeting of the OECD Council at Ministerial Level

Paris, 30-31 May 2018



STRATEGIC ORIENTATIONS OF THE SECRETARY-GENERAL

Strategic Orientations of the Secretary-General

2018 STRATEGIC ORIENTATIONS OF THE SECRETARY-GENERAL

“CONNECTEDNESS, IMPACT, ENGAGEMENT: AN OECD THAT DELIVERS EFFECTIVE MULTILATERALISM”

1. Signs of frustration with multilateralism should not eclipse the many benefits that governments and people have derived from the system of international co-operation established since the end of World War II. Multilateral co-operation provides venues to resolve differences peacefully; platforms to agree on common rules of the game; mechanisms to better manage international flows of people, capital, goods and services; channels for exchanging ideas, data, experiences and practices so that countries can learn from each other. Global co-operation and integration has been critical to the impressive expansion of well-being and opportunities that we have witnessed over the past 70 years.
2. However, today multilateralism is at a crossroads. Its ability to deliver effective collective action that provides solutions to global challenges is increasingly being put to the test, and it has to meet higher demands for better globalisation outcomes for people. This creates an environment where some governments would prefer to advance their policy goals through national or *ad hoc* responses, rather than through multilateral ones. The fact that many people and communities feel left behind by globalisation and excluded from the benefits generated by greater interconnectedness and collaboration across borders is contributing to this dynamic, as we discussed at last year’s Ministerial Council Meeting. Populist and protectionist trends are a source of concern, as is the proliferation of fake news: these call into question the role of organisations like our own, which stand for openness and international co-operation and which base their policy recommendations on solid analysis rooted in facts, evidence and rigorous indicators.
3. Despite its achievements, it is evident that the multilateral system needs to adapt to new demands and a rapidly changing context characterised by new geometries in geopolitics and the international economy, including the growing importance of emerging economies, increased interconnections across countries and between people, as well as the anxiety caused by the pace at which digitalisation, demographic trends and new technologies are transforming our economies, our societies and our lives. Multilateralism should also help provide answers to those left behind by the globalisation process. Indeed, in many areas our policy responses are trailing behind: the financial and economic crisis that started in 2008, the growth of inequalities of income and opportunities, cross-border competition distortions, the perception of fiscal unfairness, the risk of climate change and natural resource depletion and the dark side of growing interconnectedness (illicit flows, cybersecurity threats, terrorism financing, etc.) have created a sense that we have failed to keep pace with the globalisation of economic activity. This has led to a questioning of multilateralism itself. And failing to react to this increasing uneasiness runs the risk of a reversal in

international co-operation, with serious consequences for peace, progress and well-being around the world.

4. The ability to move forward and adapt multilateralism to the times we live in depends on the readiness of sovereign countries to do so. Multilateralism is not an end in itself, nor is it the only tool that countries have at their disposal. But in many areas it remains the most concrete and effective way countries have to design, develop and deliver the right policies for improving people's lives. The growing cross-border flows of people, goods, services, assets, data and knowledge have considerably expanded the range of global policy challenges that cannot be handled by any one country alone. This interconnectedness also means that different countries are increasingly confronting related domestic policy challenges at the same time. While national circumstances are different, countries can benefit from sharing best practices and learning from each other's experiences in addressing similar issues. This can lead to greater international co-operation and, eventually, to more effective forms of collective action. As such, the key question for an institution like the OECD is how to continue distilling best practices and providing the evidence on the benefits and outcomes from working together, in order to ensure that countries display the necessary level of ambition and harness their power to jointly address the challenges faced by our people and our planet. This is the best response that we can give today to all those who are disillusioned with the current multilateral system and tempted to disengage from it.

5. The OECD was born out of the need of like-minded governments to find common responses to shared challenges. Through its working methods, statistics, research, policy recommendations, instruments, standards and sharing of best practices, our Organisation has been an active contributor to the multilateral system for over half a century, providing leadership and support in several areas including economic growth, productivity, migration, employment, development, taxation, education, health, climate change, trade and investment, to name just a few. The OECD, as a leading standard setter and "do-tank", can actively support our Members and Partners in their efforts to tackle the challenges of our time by helping make multilateralism more agile and effective. We offer a unique combination of reliability and flexibility that can be particularly suited to the current transitional phase of multilateralism. As the Organisation approaches its 60th anniversary in 2021, and our Members seek to reshape multilateralism in a way that better addresses their demands, the Secretary-General's Strategic Orientations for 2018 focus on 3 principles targeted at maximising the value added that we can provide:

- **Connectedness:** How can the OECD be most useful in helping countries understand the effects of interconnectedness between people, economies and systems and reap the benefits through multilateral co-operation?
- **Impact:** What are the specific policy areas on which the OECD should focus given both its greater value added and skills set?
- **Engagement:** What are the transformations that the OECD needs to undertake to deliver at its best?

Linking all these pieces together, the OECD can produce the best analysis to explain current megatrends, and can support its countries in how to respond to them.

I. **Connectedness: How can the OECD be most useful in helping countries understand the effects of greater interconnectedness between people, economies and systems and reap the benefits through multilateral co-operation**

6. In the 2011 OECD Vision Statement, coinciding with the 50th anniversary of the OECD, Members underscored their resolve to make the OECD a more effective and inclusive global policy network to ensure its continued influence improving the well-being of people in a rapidly changing world. Seven years later, in a context characterised by a rising backlash against globalisation and rapid erosion of the trust in the multilateral system and the institutions underpinning it, the OECD has an important role to play as our countries rethink the contours of a new multilateralism that responds to today's needs.

7. Greater interconnectedness between the world's economies and societies does not in itself offer a way forward. But rather than disconnecting or withdrawing behind national borders, countries need to agree on the need to fix and improve a system that has served us well but now needs to deliver better. For the OECD, six proposed pathways would be instrumental in our efforts to support countries at a moment when multilateralism is being questioned and when we need to join forces to show that it remains the best tool to address the many challenges that we face. These proposals are based on the reflections of the Secretary-General. To move them forward, he will consult with Members on their value and possibilities.

6 PROPOSALS
1. Increased coherent approach to the international policy agenda
2. Cross-committee connectedness
3. Incubation of standards and effective implementation
4. Increased IO coordination
5. OECD regional networks
6. High-level Advisory Group to the Secretary-General on effective and agile multilateralism

8. **Increased coherent approach to the international policy agenda:** Helping inform and advance the agenda on international co-operation remains a top-priority for the OECD. This implies being sometimes the 'best supporting actor', especially with regards to UN-led processes like the 2030 Sustainable Development and Paris Agreement Agendas. We can assist countries in implementing the SDGs, helping to measure their distance to targets, assisting with national strategies, and leveraging financing for development. The OECD has one of the most comprehensive databases on all policy-making areas, which has proven useful as Members advance their implementation of the SDGs. Likewise, based on our economic and financial perspective, we will continue to

contribute to the fight against climate change and promote the alignment of policies for the transition to a low carbon economy, collaborating closely with UNFCCC, and working with the IEA, NEA and ITF in their respective areas of expertise. We will support governments to achieve their Nationally Determined Contributions set forth in the context of the Paris Agreement. We will help enhance policy coherence on adaptation and mitigation policies and we will contribute to the mobilisation of resources for green finance. Our contribution to global agendas extends to other areas like international migration (where we have more than 40 years of experience tracking migration flows and policies) and disaster risk reduction. In other domains, like education and the international fight against tax avoidance and evasion, we should continue to lead by applying our expertise and comparative advantage. We will remain active in supporting the G20 and G7 Presidencies, as well as other international fora, and informing the policy agenda to which we contribute regularly. Our involvement in all these agendas and the strategic partnerships we are developing with several leading institutions on Systems Thinking, anticipation and resilience puts the OECD in a unique position to support greater innovation, effectiveness, coherence and consistency of policy efforts to address the critical global issues facing humanity.

- **What's next?** One of the main strengths of the OECD is its multidisciplinary. We propose to continue leveraging this capacity to help monitor and establish interlinkages among different sectoral international agendas, so they can be better coordinated and rationalised, spill-over effects can be more closely accounted for, and synergies across areas can be more effectively leveraged and maximised. We can contribute to avoid a siloed approach. The OECD's active engagement in relevant processes, initiatives and fora championing such agendas provides a unique opportunity to foster a more coherent approach to global challenges by the international community. Further leveraging of the Inclusive Growth and New Approaches to Economic Challenges (NAEC) initiatives, our strategic foresight capacity and our environment work across the OECD will be instrumental in helping inform a more coherent and interconnected agenda to address global challenges and in anticipating emerging risks.
9. **Cross-committee connectedness:** The OECD's ultimate ability to help countries reshape the multilateral system will rely on continuing to provide well-founded and reliable expertise upon which Members and Partners can advance better policies for better lives. A top priority of our Organisation should be to continue providing the best statistics, along with evidence-based analysis and recommendations, anchored in the state-of-the-art research carried out by the Secretariat and the reality check and quality control provided by our committees. This is a unique combination that links to governments' priorities and enhances impact. The OECD's benchmarking and peer review mechanisms allow the distillation of best practices that can help guide multilateral agendas. To do so, we need to build more and better bridges across policy communities, in order to better understand complexities and spill-over effects. This implies connecting more and

better the work of our committees, in the same vein that we have done across directorates, by enhancing horizontality and linking the dots across policy areas.

- **What's next?** We propose to look at ways to foster the regular interaction and exchange among OECD committees and experts groups, focusing on creating venues, tools and institutional mechanisms to do so. A concrete step would be scaling up the annual effort to bring together the Chairs of Committees in the context of the MCM. A reinforced community of committee chairs and delegates can help the OECD identify areas where it can be most effective and useful to the international community, exploiting synergies and anticipating trends. We will work with committees to organise more joint meetings to advance cross-sectoral approaches, especially around the topics at the core of the global policy agenda (development, climate, digitalisation, migration, etc.).

10. **Incubation of standards and effective implementation:** Good research, analysis and best practices need ultimately to translate into better policies in order to benefit people's lives. We need a globalisation based on clearly defined and accepted rules that apply equally to everyone. We need a race-to-the-top in terms of appropriate and robust international norms and standards that level the playing field. The OECD is a reference in several areas ranging from corporate governance, anti-corruption and integrity, responsible business conduct and competition, to taxation and environmental practices. This expertise has helped countries advance international rules of the game in these different areas. While we complete the on-going review of our standards to ensure that they are fit for purpose and maintain their relevance and impact, growing citizen discontent illustrates the pressing need to ensure broader coverage and effective implementation among member and partner countries alike, as well as to accelerate standard setting in critical areas underpinned by rapid technological change.

- **What's next?** We propose sharpening the reach and effective implementation of existing standards, and exploring areas where the OECD could play a useful role in helping develop further multilateral collaboration, especially those affected by new technologies. We need to redouble our efforts to get major non-OECD economies to join key OECD instruments. We will phase out standards that may no longer be needed. Most importantly, we need to explore synergies across international instruments and standards in order to contribute to a more coherent and effective multilateral legal framework that can help level the global playing field and ease off tensions on trade and foreign investment.

11. **Increased IO coordination:** International Organisations (IOs) are key actors in the current multilateral system, leveraging collective knowledge through their expertise. It is only natural that, respectful of each other's mandates and work, IOs mutually reinforce and improve their coordination in order to make multilateralism work and deliver better results. For the OECD, with its multidisciplinary expertise in many dimensions of public policy-making, ensuring

complementarity and synergy with the work of other IOs is crucial. In particular with the UN system and Bretton Woods institutions, we promote this coordination on a regular basis, often in the context of mandates for collaboration on specific areas emanating from international fora like the G20 and G7. Several flagship reports and policy dialogue initiatives are jointly undertaken with other IOs, a co-operation that enhances the relevance and impact of our work and helps leverage the different angles with which we approach single issues. The OECD has also facilitated the setting up of an IO partnership on international regulatory co-operation. However, coordination among IOs can be further improved. Effective multilateralism demands closer coordination among us, so that we can better serve our member countries and support their global agendas.

- **What's next?** We propose to work with other IOs with a view to establish an annual stock-taking by the heads of the most relevant IOs to discuss how our institutions can better coordinate, exploit synergies, avoid unnecessary duplications and improve the alignment and synchronisation of our respective corporate strategies, to the benefit of our Members, their priorities, and the international community as a whole. Fully respectful to each Organisation's core activities and respective programmes of work, this stock-taking could improve coordination in a more regular, structured manner.

12. **OECD regional networks:** OECD membership is one of the most powerful mechanisms through which the OECD helps to enhance the effectiveness of multilateralism, as countries that undergo an accession process upgrade their policies to OECD standards and commit to an agreed set of international rules. The Organisation's global relations strategy acknowledges that the OECD does not aspire to universal membership. Key Partner, Country and Regional Programmes offer a valuable channel to bring non-members closer to OECD instruments, policies and practices, resulting in more widespread acceptance of our standards. The large membership of non-OECD countries in the Development Centre and the participation of non-members in different committees and working groups has also contributed to deepen engagement and enhance the global relevance of the Organisation. However, the current discussions on accession illustrate the special attractiveness of OECD membership. There is a risk of eventual disengagement and distancing by countries that cannot be given this option by existing Members in the foreseeable future.

- **What's next?** We propose to strengthen the OECD's global relations strategy with a view to gradually consolidating stronger OECD networks in regions prone to move closer to OECD practices and standards. This could be a valid response to the Organisation's aspiration to make its standards and policies count on a global scale without becoming a universal Organisation. Building on the work and programmes already in place, these would be well-established, more ambitious mechanisms for regular dialogue, collaboration and exchange of experiences and would identify further areas of interest for Committees and Directorates to increase

collaboration with Partners. South East Asia, Eurasia, South East Europe, MENA, Africa and Latin America are the basis for this reinforced co-operation. Key Partners, the beneficiaries of Country Programmes, OECD Development Centre Members and specific countries with a strong willingness to join the Organisation but whose aspiration for eventual OECD membership cannot presently be satisfied could be leaders in this endeavour.

13. **High-Level Advisory Group to the Secretary-General on effective and agile multilateralism:** The OECD can contribute to the reflection on how to improve the functioning of the existing multilateral system. Its particular value added and experience in developing solutions that have been effective in addressing global challenges can shed valuable light as Members consider how multilateralism needs to adapt to a new context and become more effective and agile. Our expertise on governance issues can also be particularly useful. We need to analyse the processes that have been successful in addressing global challenges and learn from them. The OECD can help facilitate the reflection and dialogue on the characteristics of the new multilateral system that our countries need, based on past experiences of success and failure.

- **What's next?** The Secretary-General will call a High-Level Advisory Group to help us reflect on the future of multilateralism. The group will take stock of current discussions on multilateralism, both at the OECD and in other international fora. It could provide a non-binding report to the MCM 2019 on how to make multilateralism more effective and agile, for consideration by Member countries.

II. **Impact: What are the specific policy areas on which the OECD should focus given both its greater value added and skills set**

14. We propose 5 priorities that should help guide our activities in different policy domains in order to ensure the continued relevance of our Organisation. These substantive priorities are the result of two interplays. On the one hand, there is the interplay between the spheres of domestic and international policies, increasingly interlinked and mutually affecting each other. On the other hand, we see the interaction between the 3 "Ps": the individual (people), the socioeconomic system (prosperity) and the larger ecosystem (planet). These 5 substantive priorities are duly aligned with my most recent Strategic Orientations and the *21 x 21 Agenda*. They also reflect the priorities expressed by Members in recent exchanges related to the preparation of the 2019-2020 Programme of Work and Budget, including the Ambassador's Informal Convergence Paper.

5 SUBSTANTIVE PRIORITIES
1. Measuring and promoting well-being, sustainability and inclusiveness
2. Renewing the social contract
3. Harnessing productivity and competitiveness
4. Preparing for the digital transformation
5. Levelling the playing field

15. **Measuring and promoting well-being, sustainability and inclusiveness:** The OECD's mission is to promote better policies for better lives, and in order to do so we need to further consolidate our transformation from an Organisation focused mostly on measuring and encouraging traditional economic growth to one that also concentrates on improving people's well-being and the quality, equity and environmental effects of growth. The OECD's participation in this paradigm shift is indispensable. It implies building on the report *Towards a New Narrative*, developed by NAEC, and on our Inclusive Growth, Better Life and Green Growth initiatives, as well as on the new Jobs Strategy, ultimately delivering a new growth narrative that can help guide policy-making. The Economic Development and Review Committee provides a unique platform for peer reviewing by countries of their progress towards resilient, inclusive and sustainable growth. We will continue to review and upgrade our models, research and policy analysis by incorporating a more comprehensive, multidisciplinary approach, including through the greater use of microdata, big data and new sources of information. We will build on our global leadership in measuring the access to and quality of public services, especially health and education, to focus more on the satisfaction of citizens with these services and outcomes, including through the PaRIS initiative. We will also pay greater attention to housing and other aspects related to well-being. The alignment of social policies with the concerns of citizens will determine the future work of the Organisation on this area. It is very important that we continue to go from research and analysis to supporting implementation, from words to action, from thinking to doing. This implies that in our communications we focus more evenly on the qualitative aspects of growth and well-being, as well as on quantitative ones. Ultimate policy impact is what counts.

- **What's next?** We need to weave the inclusive and sustainable growth agendas even more closely together. The continuing increase in inequalities of income and opportunities in many member countries makes this necessary. The completion of the policy framework on Inclusive Growth, with its multidimensional measurement of living standards, will contribute to advance policy solutions. Likewise, we will continue to broaden the scope and accuracy of our measurement tools, going beyond GDP. The 6th OECD World Forum on Statistics, Knowledge and Policy,

which will take place next November in Incheon, Korea, will help add political momentum to this endeavour. Our efforts to measure, analyse and understand the transboundary spillover effects of domestic policies in the 2030 Agenda, including through data on development, as well as the micro-data we have collected on the contribution of MNEs and their behaviour within Global Value Chains, also have great potential for improving our frameworks. Ten years after the start of the financial crisis, the NAEC project on intergovernmental resilience being developed with several Members will help governments to manage, coordinate and better address threats that are international in scope, from financial contagion and ecological disasters to cyber-threats and disease epidemics. The establishment of a high-level advisory group on a new growth narrative in the context of NAEC will help us advance better solutions to build a more equitable and resilient circular economy, grounding it on solid theoretical bases. Our partnerships with Oxford University, the London School of Economics, the International Institute for Applied Systems Analysis and the Joint Research Centre of the European Commission will help in this regard.

16. **Renewing the social contract:** The OECD has an instrumental role to play as many of our countries explore the foundations of a renewed social contract that can improve citizens' trust in their governments, institutions, business sector and international institutions. Increasingly complex global trends – such as financial, currency and sovereign debt crises; the refugee crisis; and global threats like terrorism and climate change – make people question whether these challenges can be overcome and prosperity and well-being can be preserved. Globalisation and digitalisation, as well as demographic changes, are challenging the traditional approaches to social policy. Income and wealth inequality, which have been rising in many countries, risk fraying the fabric of societies and cast doubts on people's beliefs in theirs and their children's ability to move up the social ladder. Inclusion of historically disadvantaged groups, such as racial and ethnic minorities, migrants, people with disabilities, and LGBT people needs continued attention. Decisive policy action, starting at early ages and lasting throughout the life-course, is needed to prevent ageing unequally. And while some progress has been made to close gender gaps, large disparities between women and men still remain. We will not succeed as a society as long as half of our populations do not enjoy the same chances in life. Policies will need to provide security without stifling entrepreneurial dynamism through high costs and burdensome bureaucracy. Drawing on its large body of work, the OECD can provide guidance and support policies that address these trends and correspond to the needs of all groups: older people, youth and children, the poor, the marginalised, and the middle class. With its expertise on good governance and best practices in terms of transparency, integrity and efficiency in the public sector, our Organisation can help governments meet citizens' expectations. The OECD can also contribute to prioritise work on the well-being of children, from early childhood education and care to the elimination of child labour in all forms, particularly the trafficking of

children and abolition of modern slavery. Renewing the social contract also implies an intergenerational pact of solidarity that preserves biodiversity and prevents the depletion of our planet's resources. Analysing the social and behavioural foundations of both short and long-term co-operation (beyond political cycles) to develop a better understanding of the measures that can help rebuild trust within society will be key.

- **What's next?** The OECD can contribute to a reflection on a renewed social contract in which citizens feel they are an integral and active part of society. A narrative on how the state can act – on the one hand as an enabler to empower every citizen to fulfil his/her full potential, and on the other by contributing to a positive business environment – is becoming increasingly necessary. This is particularly true when providing opportunities for the bottom 40% in education, skills, jobs, housing and other aspects critical for people's well-being. Taking into account that each country faces a different reality, we can deliver key support to governments in redefining societies adapted to the 21st Century, in which the borders between domestic and global policies are increasingly blurred and the enabling role of the State needs to be reframed to take into account emerging challenges. Certainly, societal preferences and history will determine the shape and role of the State, as Members have very different views, but the reflection should be interesting and useful to them, without delivering “one size fits all” prescriptions. Drawing on the OECD's Inclusive Growth Initiative, the recommendations and implementation of the new Jobs Strategy and the Future of Work and Going Digital projects, the work on Gender Economic Empowerment and Leadership Positions, as well as international initiatives where the OECD plays a key role, such as the Global Deal, the Equal Pay International Coalition, and the Global Coalition to End Child Poverty, the OECD can leverage its cross-sectoral experience and contribute to design a reinvigorated, more inclusive social contract. The recently held OECD Social Policy Ministerial in Montreal and the mandate provided by Ministers offer a great platform for the Organisation and our countries to rethink social protection systems, update them and adapt them to a changing context. Likewise, ongoing work on public sector innovation, openness, transparency and civic participation is critical for this process, as will be the implementation of a comprehensive OECD Strategic Approach to Combating Corruption.

17. **Harnessing productivity and competitiveness:** Some countries have expressed concerns that our inclusiveness and sustainability agenda may come at the expense of the OECD's traditional focus on promoting economic growth. We want to reiterate, once more, that this is not the case. Our research has shown that both inequality and environmental degradation can be detrimental to sustainable growth. At the same time, sustainable and responsible growth and wealth creation are key drivers of better lives, generating more opportunities. Therefore, one of our strategic priorities will remain to harness productivity improvements and increased competitiveness to support vigorous growth and jobs and wealth

creation. The Global Forum on Productivity enables a rich dialogue on policies to boost productivity growth. We will continue focusing on the Productivity/Inclusiveness Nexus, supporting our Members in their efforts to foster both competition and competitiveness, as well as to harness existing resources to promote growth and well-being in the context of the digital economy, in particular by tapping the large pool of existing savings to invest in education and skills. We will promote investment in sustainable and quality infrastructure as a way to improve productivity and support continued prosperity, while minimising adverse environmental and social impacts. Besides improving the targeting and tailoring of our assistance to countries on their structural reforms, we need to get closer to the reality of specific communities for which generic policy recipes may not work, identifying how they can connect better with the opportunities offered by the global economy and the digital transformation. We will continue to strengthen the links between the competitive and inclusive growth agendas, as well as the green growth agenda, and advance our research on how the financial system can best contribute to the rest of the economy and on how future crises can be averted. We also need to work with other relevant actors to ensure that the Intellectual Property Rights system strikes the right balance between incentivising innovation and ensuring benefits for the wider society.

- **What's next?** The advancement of a consolidated agenda to provide more targeted support to countries to implement structural reforms is a key element in our productivity and competitiveness agenda; it should help bridge policy recommendations and encourage effective reforms. The work derived from the recent SME Ministerial will provide us with the basis to advance a meaningful agenda in this important policy area, including reforms, framework conditions and targeted policies to enhance the productivity and competitiveness of SMEs; we should continue enhancing our work with firm-level data. We should also refine our tools and analysis to help foster new businesses and to ensure that the most innovative firms find the resources needed to flourish, including through effective market regulations that enable competition, trade and the reallocation of resources. A greater closeness to countries' realities will also enhance the impact of our work at the local level, especially as we focus more on the local drivers of entrepreneurship and job creation. Addressing the geographies of discontent is also of utmost importance. As voiced by many Members, there are specific economic activities like tourism, where the OECD should ensure that their potential as engines for growth and local development is maximised. Through our new horizontal project on Strategic Policies for Sustainable Infrastructure, we should also sharpen the OECD's capacity to assist in mobilising long-term investment and more efficient capital allocation towards sustainable and quality infrastructure projects that improve people's well-being and reduce environmental degradation.

18. **Preparing for the digital transformation:** The completion of our Going Digital project is paramount. But it is only the beginning of an Organisation-wide effort that should translate into better policies for a fundamentally different world

from the one that we have known until now; and all in an unprecedentedly short time span. Understanding the benefits and challenges that the digital transformation is bringing to our economies, societies and lives should help lay the foundation for a Herculean effort of anticipation and preparedness by governments. Extending our mandate to work in this area is a priority which should both maintain the momentum through continued coordination and help us develop new horizontal products like a “tool kit” of policies. Issues around the impact of automation in jobs, the tax challenges arising from the digitalisation of our economies, privacy and security in the digital age, the effect of digitalisation on competition, or the usage and regulation of artificial intelligence and blockchain technologies underscore how rapid developments can quickly overtake the policy agenda. Artificial Intelligence, gene editing and several other technologies underpinned by the digital revolution are next in line. The OECD, along with policy-makers and other international organisations, must help streamline decision-making processes and international coordination to drive digital transformation toward growth and well-being and help facilitate agreement on how to tackle specific issues affecting our present and future. Our Organisation cannot be on the side-lines of such debates, and should continue to connect such transformation across different policy areas and provide policy-makers with new tools to harness them. We must also ensure that the digital economy serves all people and firms. To do so, we need to sharpen our capacity to deal with new risks, including those related to digital divides and security aspects related to the Internet of Things, while better understanding how to maximise the transformative power of the new economy. Our work needs to unleash the potential for innovation in our economies and societies, while addressing at the same time potential ‘global bads’ related to digitalisation, like cyber-attacks or new venues for crime and corruption.

- **What’s next?** Besides remaining ahead of the curve on our measurement, research and analysis on innovation and how digitalisation is transforming our world, the adequate coordination and cross-fertilisation of our Jobs and Digital Strategies will be essential for the OECD to deliver at its best. The next steps will entail the implementation of these Strategies at the country level, in a similar way to what we have done with the Skills Strategy. Along these lines, we should continue to be a leading reference on how to equip people and firms with the education and skills they need to adapt and thrive in a rapidly changing world of work, through lifelong learning and the acquisition of the global, social and emotional competences necessary to live fulfilling lives. The development of a global competence framework and the emphasis on early childhood education will remain essential. Beyond more and different skills, the technological transformation will require us to reassess whether our labour market regulations and our social protection systems are still able to operate well or whether they need restructuring. The establishment of the NAEC Innovation Lab and an Observatory on Emerging Digital Technologies (including artificial intelligence and blockchain) will contribute to better understanding the

complexity and interaction of our economic, financial, social and environmental systems. A greater focus on privacy and data protection will be key in order to build trust in digitalisation; similarly, we will continue focusing on how to foster digital infrastructure through financing and the role of the public sector. The deepening of our strategic foresight capacity and its integration and mainstreaming into all our streams of work remains a priority to make the OECD more useful and relevant in the digital era.

19. **Levelling the playing field:** A fair and inclusive globalisation is one in which all actors abide by the same rules in a principled playing field. We need to understand the frustration of countries and firms when they feel that competition is unfair, as well as that of citizens when they perceive the system sometimes may benefit specific groups. In the current context, the OECD's role in supporting efforts to level the playing field is more important than ever. Multilateral standards, as strong and universal as possible, are the best possible solution, and the OECD remains a privileged setting that can help support and broker them, drawing on its expertise, its convening power, and its existing instruments to build widespread consensus. Better understanding how business conditions and targeted policies impact firms, in particular SMEs, can help governments ensure that all businesses operate on an equal footing in a globalised economy. But levelling the playing field relates not only to the fair competition between countries and companies; it also applies to the duty that businesses, like individual citizens, have towards societies: as tax payers, as responsible actors and as models of conduct. By consolidating and complementing its existing work and instruments on anti-corruption, competition, SOEs, corporate governance, due diligence in supply chains and responsible business conduct, as well as on the "dark side" of the economy (illicit trade, cybersecurity, economic and financial crimes, other illicit financial flows), the OECD can help redefine the role of business in the global economy, and its responsibility towards society at large.

- **What's next?** The next few years will be critical to ensure that different approaches to cross-border trade and investment can be addressed through multilateral channels, in order to avoid a loss of wealth and opportunities for progress. Thus, our efforts should focus on strengthening existing mechanisms to resolve disputes and address imbalances rooted in unfair competition, including harmful subsidies or state interference. Addressing the issue of excess steel capacity through the Global Forum and extending this mechanism and the lessons learned to other sectors facing a similar challenge should remain a priority. The adoption and implementation of the OECD guidelines on SOEs by more countries, as well as our guidance and recommendations on how to ensure competitive neutrality between public and private businesses, are also paramount. We should strengthen the National Contacts Points under the OECD MNE Guidelines. We should redouble our efforts to improve the level playing field for international trade and investment and its fairness, highlighting the role of trade-distorting support across a number of sectors and working with governments to find solutions in line with our work on the Global Forum

on Steel Excess Capacity. A freer, fairer and more open rules-based international system, coupled with domestic policies that promote competition, innovation, opportunity and, overall, more inclusive growth, is critical to build public support for multilateralism. Advancing transparency on beneficial ownership across jurisdictions will complement the contribution that our Organisation is making through Automatic Exchange of Financial Account Information (AEOI) and Base Erosion and Profit Shifting (BEPS) to level the playing field among tax payers, both individuals and businesses. The recently created OECD Global Forum on Digital Security and Prosperity and future work on the Anti-Bribery Convention, illicit trade and illicit financial flows will also be instrumental. The advancement of an SME agenda will also provide governments with a platform for coherent action on SMEs and a menu of policy tools to level the playing field for firms.

III. Engagement: What are the transformations that the OECD needs to undertake to deliver at its best

20. The OECD can contribute to improve multilateralism both through its substantive work and its underpinning of institutional arrangements and processes to make international co-operation more agile and effective. But ultimately, it will be the transformation of the Organisation itself, adapting to new needs, that will determine its ability to deliver for our countries. The key word here should be engagement, and four principles should guide this OECD transformation going forward:

4 PRINCIPLES
1. More engagement with Members
2. More engagement with Partners
3. More engagement with stakeholders
4. More engagement within the Organisation

21. **More engagement with Members:** The OECD is at the service of its Members and we need to ensure that our work is of the utmost relevance and usefulness to them. Working for Members and with Members and listening to their needs and requirements will continue to be our priority. More than 80 percent of the travel and missions undertaken by the Secretary-General is to Member countries. We will focus on reinforcing the regular exchange with delegations, and further capitalise on their role not only as representatives of their governments at the OECD, but also as spokespersons for the Organisation in their respective countries. Members have given guidance on the need for the Organisation to sharpen its effectiveness, and we will continue our efforts to deliver value for money while safeguarding the financial ability to respond to

increasing demands with the quality and credibility that characterises our work. It is vital to the future of the Organisation that we proceed with the ambitious external independent Evaluation of the OECD in which we have embarked, reviewing in detail the efficiency and effectiveness of our governance, priority setting mechanisms, oversight systems and working methods. We will work closely with Members in this endeavour and implement recommendations that will further assist in improving the OECD.

22. **More engagement with Partners:** The constant upgrade and refinement of the OECD's global relations remains a key driver in advancing our Organisation's relevance in an increasingly interconnected world. Besides my proposal to further leverage the OECD's transformative power by consolidating regional hubs, completing the accession processes of Colombia, Costa Rica and Lithuania, and providing a clear answer to the 6 countries that have requested OECD membership remains our short-term priority. Recent developments also open up a new window of opportunity with the four remaining Key Partners — China, India, Indonesia and South Africa — involving increasingly ambitious programmes of work “with a view to possible membership”. In light of the successful implementation of the first wave of Country Programmes, new Country Programmes should also be considered when possible with a view to enhancing the reach and impact of our standards. It will also be important to leverage the capacity of the Development Centre to expand our substantive engagement with developing and emerging economies.

23. **More engagement with stakeholders:** Enhancing our outreach and dialogue with key stakeholders beyond national governments is one of the pending areas in which we should concentrate further, based on our regional and local community work. We need to redouble our efforts to talk more to other branches and levels of government, to social actors (businesses, unions, NGOs, foundations, philanthropies and others) and, even more importantly, to citizens at large, especially those who feel left behind. In our communication with stakeholders and citizens, we need to prescribe less and listen more, using simpler and non-technical language and reflecting their personal stories in our work. We need to review the effectiveness of the existing institutional channels to bring different voices to the OECD, and further capitalise on technology and new platforms and formats to engage in mutually enriching conversations. Building on the experience in some substantive committees, we should explore the options for eventually establishing a civil society advisory committee to the OECD. Besides the “who”, we need to thoroughly review the “what” and the “how” we communicate, and carry out a considerable effort to streamline and reduce our outputs, improving our ability to weave narratives together as part of comprehensive and cohesive campaigns. We also need to consider the “where”, recognising that in improving our engagement and the resonance of our messages beyond traditional audiences, we may need to venture beyond capitals, responding to the “geography of discontent”. Equally, while the OECD has undergone an enormous transformation in the past decade, its perception among the larger public is still anchored in old preconceptions. Thus, engaging in an active effort to

update the image of the OECD to better reflect the current reality of the Organisation — focused on people’s well-being and open to new narratives on progress — should be one of our priorities. We will continue upgrading our communication tools and platforms, especially digital ones, while giving priority to the measurement of real impact.

24. **More engagement within the Organisation:** The call for further engagement also applies within the OECD Secretariat, where enhancing horizontality, reinforcing common objectives and dismantling policy silos will help us make the most of our multidisciplinary expertise, improve our ability to tackle interconnected issues and ultimately deliver policy impact. Only by doing so can we support governments in breaking their own internal policy silos and better account for the growing complexity and interconnectedness in their economies and societies. Fostering incentives for horizontal activities, favouring joint postings between directorates and harnessing technology for cross-directorate project management and data sharing will be very important. We will also continue leveraging the flexibility that thematic centres can bring to spur new areas of work that tap into our multidimensional expertise. Completing our internal digital strategy and several initiatives to further improve the security, quality and sustainability of our tangible and intangible assets will be paramount. We will also ensure that the OECD remains a reference of open, transparent and fair management, continuously updating our administrative and financial systems, human resources policies and packages and oversight frameworks. Focusing on the effective and efficient running of the Organisation, our ability to attract and retain talent and fostering diversity and inclusion is the best way to ensure that we continue delivering for our countries.

25. The growing disaffection towards multilateralism is a corollary of the dissatisfaction with the outcomes of globalisation that we discussed at last year’s MCM. In both cases, rejecting criticisms and reiterating the many benefits that globalisation and multilateralism have brought will not be enough. Instead, we must take these challenges seriously and respond to them. At this critical juncture, the OECD must be part of a broader effort to bring about a revitalised multilateral system. We have an important role to play in restoring trust in multilateral organisations and processes, ensuring that the benefits derived from their activity are tangible and widely shared. Few institutions are better placed than the OECD to advance proposals that can help make globalisation work for all. Sluggish growth in household incomes, an inadequate volume of quality jobs, persistent inequalities, the entrenchment of relative deprivation across generations, damaging financial crises, environmental degradation, the poor integration of migrants – all these problems (and others) can be addressed in part through improved multilateral co-operation, and all are within the remit of the OECD. The OECD is ready to work hand in hand with its Members, Partners and the wider international community to show that a new, reinvigorated multilateralism can bring about better policies for better lives.

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