COUNCIL

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2019 STRATEGIC ORIENTATIONS OF THE SECRETARY-GENERAL

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2019 STRATEGIC ORIENTATIONS OF THE OECD SECRETARY-GENERAL

A call to urgent action, greater ambition and stronger co-operation

1. Fostering international co-operation to spur progress and well-being has been the backbone of the OECD’s mission since its inception. Throughout its history, the OECD has provided a forum to discuss evidence-based policy analysis and engage in peer dialogue to foster long-term stability and secure sustained growth and development. Our efforts have helped countries to overcome their differences, identify shared good practices, engage in policy dialogue and peer learning, and have delivered ground rules, benchmarks and standards to help policymakers develop better policies for better lives. Across the Organisation – including in our substantive and specialised committees, working groups, and expert groups – we strive for consensus-based solutions in pursuit of openness, a level playing field, inclusiveness, sustainability, peace and – consistent with our founding Convention – “the preservation of individual liberty and the increase of general well-being”.

2. As both a “think tank” and a “do tank”, the OECD helps governments compare experiences, seek answers to common problems, and coordinate and implement policies – informed by our multidisciplinary expertise, data and tools, and our rigorous policy analysis. We are very proud of our achievements, which have helped to build stronger, fairer, cleaner economies and more inclusive societies.

3. In 2019 and in the years to come, we will continue to develop bold, coordinated and effective policy solutions at the multilateral, national, regional and local levels to support our Members and Partners. Our work programme will build on both our ongoing work, prioritising responsiveness and impact, as well as in the needed adjustments to an increasingly complex international reality.

4. The challenges that our societies and our economies confront have been compounded by a more unstable political environment. Dissent within and among states makes the work of international organisations like the OECD more difficult. Yet it is precisely at times of rapid transformation and new, urgent challenges that we need to be up to the task and learn from each other. It is at such times that we should rely most on our collective wisdom, shared values and on collaboration to deliver for our citizens. In an era of fake news and disregard for the facts, the OECD will continue to serve as an evidence-based, best practice policy compass.

5. Thus, we need to redouble our efforts, act decisively, and raise our level of ambition to support open and dynamic economies, while ensuring that policies work for all and are protective of the environment, on which our collective well-being ultimately depends.
The Current Context

6. Ten years after the worst economic crisis in our lifetimes, we are still dealing with a set of legacy issues, as well as facing new challenges. In recent years, we have seen geopolitical tensions grow, protectionism and trade disputes rise, social divides widen, and populism return. People question whether the social contract is still valid. They question whether existing institutions, including international organisations, can respond to the challenges of today and tomorrow. They question the legitimacy and the results of the market economy. They question democracy itself. The pace of digital transformation, and the changes that it brings, are adding to people’s anxieties. Population ageing, migration pressures, and environmental disasters are creating additional and interrelated challenges.

7. These questions are fair, and people are right to be concerned. The policymaking community is not delivering on the big domestic and global challenges that are keeping citizens awake at night. Despite championing strong economic growth, the global community has failed to deliver a robust, sustained and inclusive recovery. In fact, new risks, instabilities and imbalances are rapidly building up. The global community advocates inclusion, but inequalities of incomes, wealth and opportunities remain pervasive and are growing. It calls for greener economies and societies, yet greenhouse gas emissions and global temperatures continue to rise, biodiversity loss is accelerating, oceans are warming and filling with plastic, primary material resource use continues to grow, and extreme weather events have become commonplace. Children demonstrating all over the world for governments and businesses to take action on climate change underscores the sense of urgency.

8. In the face of these challenges, the OECD has been building the case for decisive action. Regarding taxes, we successfully led a bold, global policy response to fight tax evasion and tax avoidance through the OECD-G20 Base Erosion and Profit Shifting (BEPS) Project and our work to ensure the broad and consistent implementation of tax transparency standards, which led to the commencement of the Automatic Exchange of Information (AEOI) by 90 jurisdictions between 2017 and 2018 and which, at last count, had produced more than 95 billion euros in unplanned revenues to participating countries, mostly OECD Members. We are making good progress to address the tax challenges of the digital transformation. A consensus-based, long-term solution will avoid the fragmentation of the international tax architecture and avoid double taxation. We will continue our efforts to broker an agreement in 2019, by exploring the various proposals put forward by countries and developing a detailed roadmap, to ensure that we are on track to deliver our final report to the G20 in 2020. Strong political support from Members has been key to the success of the OECD’s work in this area.

9. We are also making progress in other important areas to level the global playing field, such as anti-corruption, the corporate governance of state-owned enterprises and responsible business conduct, as well as investment policies related to national security. However, despite our best efforts in fields such as competition, corporate governance and financial sector regulation, outcomes are falling short of the real change that we need. Traditional approaches aren’t working in our increasingly interconnected and interdependent world, creating serious risks for our economies, people and planet.

10. It is time for a systemic transformation. With the support of OECD Members, we need new analysis, new data, new approaches that are calibrated to the fast-changing and highly uncertain global system. We need a common understanding and greater collective ambition. Our ability to provide answers, to evolve and adapt to new realities will determine
whether we preserve the progress we’ve achieved or face a dangerous involution in global well-being.

11. My Strategic Orientations for 2019 and beyond are framed in this context. They take into account unprecedented technological change – which will be the theme of the 2019 Ministerial Council Meeting (MCM) – and focus on this great transformation we are experiencing. My 2019 Strategic Orientations have been informed by the outcomes of the 2018 MCM, and our ongoing dialogue with leaders, senior government officials, Ambassadors, BIAC, TUAC, and other stakeholders. They also incorporate the lessons learned during our intensive negotiations on the 2019-20 Programme of Work and Budget and are fully aligned with my “21 for 21” Agenda to increase the OECD’s relevance, responsiveness and impact.

12. The task ahead of us is daunting, but it is achievable. As we move forward, the OECD’s approach will be anchored on ten actions.

**Action One: Asking ourselves difficult questions and challenging our economic models and assumptions through our New Approaches to Economic Challenges (NAEC) Initiative.**

- NAEC is enhancing the scientific basis of our policy advice to countries, helping the Organisation understand the complexity of the economy and its interactions with society and the environment, and building resilience to shocks. It is being mainstreamed, including through increased engagement with Committees. The OECD-IIASA Task Force on Systems Thinking, Anticipation and Resilience is developing cross-sectoral policy approaches based on this systemic understanding. NAEC provides a platform that enables the Organisation to take advantage of the latest innovations in economic analysis, providing a space to develop and mainstream techniques and approaches such as agent-based modelling, machine learning, big data and policy experiments into OECD work to gain new insights into policy questions. The NAEC Innovation Lab encourages experimentation on and application of such techniques and approaches. NAEC is placing people, and their well-being, at the centre of policymaking, factoring in, ex ante, the distributional and sustainability consequences of economic decisions. It is encouraging debate on how to update the definitions and objectives of growth, and identifying issues the OECD needs to address to convince citizens and policymakers that such new approaches to growth are both necessary and possible.

- The OECD Smart Data Strategy has been launched to support NAEC and evidence-based policy making more generally by continually upgrading the necessary practices, skills, tools and access to new data. And the OECD’s Observatory of Public Sector Innovation is complementing NAEC by assisting Members to explore and adopt new approaches to public sector challenges.

- We are also continuing to harness strategic foresight analysis to anticipate emerging issues and make use of big data and machine learning tools to provide better and more targeted policy advice to our Members.
Action Two: Continuing to put people’s well-being at the centre of our policy analysis and recommendations, tackling interrelated challenges to deliver more inclusive growth and sustainable development.

13. Deepening our knowledge and responses to the drivers of inequality through our flagship Inclusive Growth Initiative is an ongoing priority, as we seek to refine our work to deliver a people-centred growth narrative. Through a whole-of-OECD effort, we have made considerable progress in advancing the measurement and analysis of key economic dynamics that have strong repercussions for society and the planet, such as the productivity-inclusiveness nexus and productivity-green growth linkages.

14. With the launch of the OECD Framework for Policy Action on Inclusive Growth, as discussed at last year’s MCM, we have operationalised our well-being framework to respond to country requests for support. We are now exploring the policy linkages between economic and non-economic dimensions of well-being, including social, environmental and governance issues. We are also advancing on policies that deliver more effective social safety nets, better education and skills, improved labour market outcomes and stronger social protection, quality affordable healthcare and housing, and sustainable infrastructure in all communities.

15. The OECD’s Framework for Policy Action on Inclusive Growth, OECD Programme for International Student Assessment (PISA), OECD PISA Global Competence Framework, Programme for the International Assessment of Adult Competencies (PIAAC), and new OECD Jobs Strategy set out cutting-edge policy approaches that are helping us move forward on these agendas and equip citizens to face the many challenges of modern life both today and tomorrow.

16. We also need to deepen our strategic engagement with the business community through the Business for Inclusive Growth Initiative and the Emerging Markets Network. At the same time, we will step up our efforts to listen to and understand people’s realities, through new initiatives such as I Am the Future of Work.

17. To address the factors underpinning the growing “geography of discontent”, we also need to strengthen our work on the drivers of exclusion, moving from evidence to action. This includes work to:

- leverage our leadership on our education work – including PISA, PISA for Development, PISA global competence and other innovative PISA domains, PIAAC and ECEC – and ensure synergies and better coordination with the work of the new OECD Centre for Skills and the OECD Skills Strategy, and advance further the Future of Education and Skills 2030 Project;
- help countries translate the recommendations of the new OECD Jobs Strategy into country-specific and concrete policy actions, including at the local level, to support job quantity, quality and inclusiveness;
- develop a coherent policy framework to support efficient, resilient and inclusive housing markets;
- design approaches to make health systems more people-centred – including the development of the Patient Reported Indicators Survey (PaRIS) – and work to strengthen health literacy;
- address regional disparities and better link urban and rural areas by investing strategically, using place-based policies as well as a place-based lens to monitor...
certain sectoral policies (including housing, labour, education, healthcare and transport), in line with the 2019 OECD Ministerial Declaration on Policies for Building Better Futures for Regions, Cities and Rural Areas;

- redouble our efforts to tackle entrenched gender gaps and promote women’s empowerment, including by tackling discriminatory social norms and institutions through our Social Institutions and Gender Index (SIGI);

- reduce the intergenerational transmission of disadvantage by focusing on child well-being and the disparity of opportunities;

- pilot measures to facilitate the more effective integration of migrants and refugees;

- promote gender and green budgeting tools that ensure the alignment of public finances with sustainable and inclusive growth objectives;

- improve financial education and financial consumer protection policies to promote financial well-being for all;

- use data more effectively to inform and design social policy reform, listen to citizens in the policymaking process, and better map the risks people face throughout their lives through the Risks that Matter survey, in response to the mandates of the OECD’s 2018 Social Policy Ministerial Meeting; and

- ensure access to justice through more citizen-centred justice systems, particularly for the most vulnerable groups.

**Action Three: Responding to the specific challenges of the digital transformation.**

18. The digital transformation is rapidly reshaping the way we live and work, redefining interactions between economic, social and government actors, and creating new opportunities for growth and well-being. As highlighted in the seminal OECD reports, “Going Digital: Shaping Policies, Improving Lives” and “How’s Life in the Digital Age?”, digital technologies have catalysed remarkable progress in our education, health, transport, social protection, communication and energy systems, offering unprecedented opportunities to achieve ambitious goals: inclusive societies; new jobs and new ways of working; low emission, climate-resilient economies; and cost effective, people-centred health systems, among others. Recent OECD analysis also shows that the adoption of digital technologies by firms is an important driver of much-needed productivity growth and diffusion in our economies.

19. However, digital innovations also come with challenges, risks and hidden costs. These include issues related to the governance of data; competition and market entry; taxation; social protection; the risk of job losses as a result of automation; the potential impact of digital technologies on existing inequalities and the risk of new forms of exclusion based on access, affordability and use; privacy; consumer and product safety; child protection; and security. National policy frameworks will need to be adapted to take account of the effects that digital transformation will have in numerous aspects of our lives. The transboundary nature of these effects calls for greater international co-operation and enhanced policy coherence across countries. The 2008 financial crisis highlighted the consequences of technologies and innovation outpacing policies, regulations and legislation. We must learn from such painful experience.

20. This is why the OECD has placed the digital transformation at the core of its policy agenda. We need to harness its potential. Our horizontal work has already delivered an
integrated policy strategy on the digital transformation and established a set of core indicators in the report, “Measuring the Digital Transformation”. But much more remains to be done. Numerous knowledge gaps remain, new data and indicators are needed, new challenges related to emerging technologies require in-depth reflection and analysis, and best-practice guidance and standards related to the digital transformation are urgently required, along with guidance to make them more effective. Thus, enriching the OECD’s “Going Digital Toolkit” is essential.

21. We also need to leverage the transformational power of technologies to support the ambition of the Sustainable Development Goals (SDGs) and deal with complex global challenges, such as climate change. We will harness the potential of digitalisation to facilitate the transition to a more circular economy, as well as ways to combine environmental, socioeconomic and administrative data to measure our collective progress towards environmental objectives.

22. We are making steady progress to address complex matters like digital taxation – confirming the OECD’s capacity to deliver when provided by Members with strong mandates on pressing global issues. However, more evidence, new analysis and potentially new standards are urgently needed to respond to digital-related policy challenges including competition, data governance, digital privacy and security, digital trade, consumer and product safety, the protection of children online, social protection, and digital government and regulatory policy, as well as to address questions related to specific technologies, such as AI and blockchain. It is also critical to tackle growing threats, including the use of digital platforms to advance and promote extremist agendas – the livestreaming of the horrific terrorist attacks in Christchurch on 15 March underscores the need for urgent action. Given the cross-border nature of digitalisation, it is critical that the international community adopt a consistent approach to tackling these issues.

- **Competition.** We will endeavour to analyse the factors behind the observed growth in market concentration and reduced competition in some sectors, including in the context of the digital transformation. In 2019, we will take a hard look at the basic assumptions dealing with competition and assess whether our existing competition analysis, standards and tools are still fit-for-purpose in the digital era. For example, in line with calls from G20 Digital Ministers, we are revising the OECD Competition Assessment Toolkit to help governments identify regulatory restraints on competition and implement more competition-friendly regulatory measures. It is critical that we also strengthen international co-operation between national competition authorities, and foster better co-operation with other, related regulators (e.g. consumer protection and data protection authorities). Ongoing work on co-operation between competition enforcers may inform a revision of the OECD Recommendation on International Co-operation on Competition Investigations and Proceedings. The OECD is also releasing the latest edition of its Product Market Regulation (PMR) Indicators, which includes several aspects of the regulation of the digital economy.
• **Data Governance.** Further international collaboration is urgently needed to better understand and measure data flows, analyse the value of such data, understand sharing and ownership, balance free flows with the need to protect privacy, security and intellectual property rights, and address the potential effect of data ownership on competition, productivity and inequality. The measurement of data, including across borders, will help develop policy advice that takes account of its different types, encourages its free flow, and capitalises on its potential to drive productivity growth and inclusiveness. We aim to become the go-to institution for ‘data on data’ and a global centre for data policy. In addition, we will support the development of data governance models and national data strategies that foster trust and provide clear directions to reap the social and economic benefits of data use, reuse and sharing while addressing concerns about quality, privacy, security and intellectual property rights.

• **Digital Privacy and Security.** Security and privacy are essential for the digital economy to continue to serve as a platform for innovation, new sources of economic growth and social development. Privacy in an increasingly data-driven economy requires a multifaceted strategy, reflecting a whole-of-society vision, and supported at the highest levels of government. In 2019, we will review, consolidate and promote our legal instruments on consumer privacy and security. This work will include the OECD Council Recommendation on “Guidelines Governing the Protection of Privacy and Transborder Flows of Personal Data” and the OECD Recommendation on “Digital Security Risk Management for Economic and Social Prosperity” – both currently being reviewed –, as well as the OECD Recommendation on “Protection of Critical Information Infrastructures” (currently being revised). Alongside these efforts, we will develop further analysis on how to update, reinforce and complete our instruments and tools to rebuild consumer trust in relation to services and products bought online.

• **Digital Trade.** The OECD will continue to support our Members and inform discussions in the WTO by providing analysis and insights on digital trade and data flows. We will provide new frameworks for policy and measurement, identifying key conditions for market openness in digital trade and informing debates on trade and cross-data flows. This work will address key issues on the trade agenda, including rising trade in parcels, the implications of new technology for trade policy, and combining appropriate data protection with the benefits of global digital trade, including for SMEs. Building on our work with the WTO on the Handbook on Measuring Digital Trade, we will continue to develop internationally-comparable statistics on digital trade.

• **Consumer and Product Safety and the Protection of Children Online.** We will develop policy approaches addressing the safety benefits and challenges associated with the Internet of Things and AI, paying particular attention to issues of accountability, education, information disclosures, risk management and maintenance of products throughout their lifecycle. Our new Recommendation on Consumer Product Safety will address the related challenges raised by the digital transformation. We will also review technological, legal and policy developments to ensure that the 2012 OECD Recommendation on the Protection of Children Online remains relevant in our increasingly digitalised world.
• **Social Protection.** The transition towards the digital economy is bringing deep structural changes to labour markets and the demand for skills. Through in-depth analysis and a horizontal approach, the OECD will help ensure that training, employment and social policies are adapted to reflect the risks created for some workers, especially the low-skilled and those in industries and areas that may be left behind by the digital revolution. In 2019, the OECD will help countries better prepare for the Future of Work by implementing the OECD Jobs Strategy through its national Economic Surveys. These provide tailored country reviews focusing specifically on inclusive growth challenges, as well as improving its understanding and measurement of new forms of work. We will develop our analysis and mapping of social risks, notably through the Risks that Matter survey. The OECD will also conduct a project, “Rethinking the Role of the State in the Digital Era”, which will seek to connect the demand for social protection and the willingness to contribute to public goods, taking account of the effects of digital transformation on perceptions of risk and attitudes towards fairness. Finally, we will continue improving our sources and methods for collecting social data through the OECD Conference, Social Data for Tomorrow.

• **Digital Government and Regulatory Policy.** The rapid penetration of digital technologies in economies and societies is disrupting the environment in which our governments operate. The OECD must continue to provide policy frameworks to help governments navigate these disruptions, building on the OECD Recommendation on “Digital Government Strategies” as well as the OECD Recommendation on “Regulatory Policy and Governance”.

• **AI.** Developing trust in AI systems is key to their diffusion and the realisation of their full potential. For example, many fear that AI will facilitate automated discrimination, by codifying existing biases from the analogue world into the digital world, including those related to gender, race or even the justice system. In this spirit, we have developed a new OECD Council Recommendation on AI that encompasses technical definitions, principles for responsible stewardship of trustworthy AI (including human-centred values and fairness, transparency and explainability, robustness and accountability), recommendations for national policies on trustworthy AI and advice for international co-operation on AI. In 2019, we will establish an AI Policy Observatory to facilitate the development of evidence and practical guidance for policymakers and act as a hub for OECD work on AI, focusing on the interplay between AI and productivity, jobs, skills and trust, as well as a platform for contributions from the wider stakeholder community. These efforts are an important complement to the OECD’s wider Trust Agenda, including trust in businesses.
Blockchain. To capitalise on the proliferation of blockchain technologies and minimise their associated risks, we need to develop balanced and coherent regulatory frameworks that take other policy dimensions into account, including jobs, skills, taxation and inclusion, as well as the broader social, environmental and political impacts of blockchain. In 2019, we have established the OECD Blockchain Policy Centre to make the OECD a global reference point for policymakers on this emerging technology. Across the Organisation, we are working together to develop new international standards on blockchain to promote best practices, establish legal certainty, prevent regulatory arbitrage and raise awareness of potential risks. This work will be informed by and feed into our Going Digital work.

**Action Four: Better support Members to reform by “going national” and taking steps to strengthen internal coordination and horizontal approaches.**

- “Going horizontal” and enhancing multi-disciplinarity across the Organisation to deliver on inclusive and sustainable development is the strength of the OECD, given the wide array of policy issues we cover. Relying on this multidisciplinarity to enhance policy advice to our Members and Partners is a must. We will strive to harness synergies and break down policy silos, including through our three horizontal projects on the Digital Transformation, on Housing and on Sustainable Infrastructure. We will continue to seek ways to enhance cross-committee collaboration and develop multi-disciplinary teams in order to sharpen our support to Members and Partners.

- The OECD will continue “going national” and respond to requests by Members and Partners to support them to advance their reform agendas, helping them design, implement and evaluate policy reforms through a multi-faceted and whole of government approach. We will provide targeted and timely policy advice on specific priorities, compare country experiences, and identify best practices, including through our “Better Policies” and “Getting it Right” publications. We will also continue to develop policy recommendations to help countries ensure productivity gains benefit both trend growth and well-being.

- To better respond to these requests, we are strengthening internal coordination and communication to help countries “connect the dots” at all stages of the reform cycle. Our support includes implementation, via The House of Policy Reforms, which is a management initiative to coordinate better our support for Members’ structural reform agendas, as we have been doing in recent years in areas such as competition assessments, education policy implementation, and public sector capacity development.

- While doing so, we are enhancing our existing work on the timing, sequencing and impact of structural reforms by helping Members better understand the expectations and demands of citizens, integrate them into the design of policy and expand support for needed reforms.
Action Five: Broadening adherence to our standards and ensuring their effective implementation.

- Some of our most valuable standards and recommendations require a stronger monitoring process and a regular review to ensure that they remain relevant in the face of rapid change. Under the ongoing second phase of the Standard-Setting review, 134 legal instruments are being reviewed, revised and monitored until 2021 and a new online Compendium of OECD Legal Instruments has been created. We are exploring how the OECD can continue to work with other international organisations to share knowledge on good practices in standard setting, including in the context of the Partnership for Effective International Rule Making. And we are continuing to work with our Members and Partners to broaden their adherence, including by increasing knowledge of our standards through the expansion of our Global Parliamentary Network.

- Many of our key standards are helping to promote an open, fair and level playing field. Instruments such as the Anti-Bribery Convention, the OECD Guidelines for Multinational Enterprises (MNE Guidelines) and its related Due Diligence Guidance, and the OECD/G20 Principles of Corporate Governance remain critical to restoring citizens’ trust in business and in the fairness and transparency of government and institutions, including at the multilateral level. Alongside these efforts, we will continue our work to fight the “dark” side of the economy on both the demand and supply sides, including bribery, corruption, illicit trade, cybercrimes, human trafficking and child labour. We are also supporting the implementation of our key standards; for example, in 2018, we developed the G20/OECD Effective Approaches for Implementing the G20/OECD High-Level Principles on SME Financing.

- At the same time, we are making good progress on producing new standards to meet emerging global challenges. In the last year, our Committees delivered important recommendations on Open Government, Global Events and Local Development, Sustainable Lending Practices, Officially Supported Export Credits, Consumer Credit and Financial Literacy, and Countering the Illegal Trade of Pesticides. In some of these fields, our standards are the first-ever legal instruments. This pioneering work will continue. And we need to continue searching for gaps in global standards where the OECD could usefully contribute, keeping up with the pace of change in our economies and societies.

Action Six: Deepening our evidence on trade and investment issues.

23. We are seeing increasing tensions across the trading system, with renewed calls for protection and an apparent trend away from rules-based trade towards more managed trade. Trade actions, but more particularly the uncertainty generated by current tensions, are already impacting growth and have the potential to place a much heavier economic cost going forward.

- In light of these ongoing tensions, we will work to deepen our evidence and broaden the dissemination of our flagship trade analysis across the range of areas that matter for making markets work better. This includes measurement of Trade in Value-Added (TiVA); advancement of our understanding of Global Value Chains (GVCs), including the links between trade and investment; our Services Trade...
Restrictiveness Index (STRI); our Trade Facilitation Indicators (TFI); our work to understand better the economy-wide impacts of trade policies using the METRO model; and our extensive work on measuring all forms of market-distorting government support across the agriculture, fossil fuels, fisheries and industrial sectors. In addition, we expect to continue to facilitate discussions in the Global Forum on Steel Excess Capacity.

- On the investment side, we will further refine our FDI Regulatory Restrictiveness Index, deepen our analysis on the investment angle of global value chains, continue supporting the implementation of the MNE Guidelines, develop new measures on the impact of FDI on sustainable development, advise governments on how to manage risks stemming from the acquisition and ownership of sensitive assets, and design guidance to establish best practices and techniques for transparency and disclosure concerning SOEs, including to assess potential competitive advantages. In 2019, we will also launch our revised Codes of Liberalisation of Capital Movements, which will be a key deliverable of Japan’s G20 Presidency. The revised Codes will help countries to deal better with policy challenges arising from sudden capital inflows and outflows and other issues related to financial stability.

- Building on the conclusions of the 2018 SME Ministerial Meeting, our new SME and Entrepreneurship Outlook will provide the evidence-based underpinnings for future work in this area. Likewise, the development of an OECD Strategy for SMEs along an incremental approach will be important to increase the coherence of reforms, framework conditions and targeted policies to enable these firms to enhance their productivity and competitiveness in today’s dynamic economic environment.

**Action Seven: Strengthening our collaboration with the G20 and G7, other international organisations and civil society.**

- Our strategic engagement with the G20 and G7 has helped to globalise our standards in areas like taxes, competition, investment, anti-corruption, integrity, SME financing, state-owned enterprises, responsible business conduct, consumer policy, digital economy, and development finance. It has also positioned us to contribute to fair, efficient and innovative solutions to complex global challenges, including through our facilitation of the Global Forum on Steel Excess Capacity. In 2019, this work is continuing with the Japanese and French G20 and G7 Presidencies, respectively. Many of the priorities identified by Japan and France have been central to the OECD’s work for many years, including: promoting quality infrastructure; contributing to the establishment of a global level playing field through our work on trade and investment, steel excess capacity, anti-corruption and responsible business conduct; fostering tax fairness; promoting competition in digital markets; empowering women and reducing gender gaps; supporting financial education and financial consumer protection; developing coordinated responses to megatrends such as ageing, climate change and digitalisation; and promoting more ambitious action to halt and reverse biodiversity loss and ensure the conservation and sustainable use of our oceans.

- Our continued co-operation efforts with other international organisations, including the United Nations, will aim to maximise the effectiveness of all our work, reduce overlap, and harness synergies and complementarities.
We are actively rethinking our approaches to stakeholder engagement to build strategic, long-term partnerships that benefit the Organisation and its Members. In addition to enhancing our dialogue with longstanding stakeholders – BIAC and TUAC – and the private sector, including small businesses, we are stepping up our engagement with philanthropic organisations, social actors and civil society to increase the reach and impact of our data, analysis and tools. We also need to redouble our efforts to talk more to other levels of government – including in regions and cities, through initiatives such as the OECD Champion Mayors for Inclusive Growth coalition and the LEED Forum for Local Development Practitioners, Entrepreneurs and Social Innovators. In line with our strategic approach to communications,¹ will continue to prioritise listening and engagement, improving our planning, focusing on campaigns and sharpening our impact measurement.

**Action Eight: Supporting global governance and contributing to the advancement of global agendas.**

- We will continue to respond to requests by countries, regions and cities for support to meet the ambition of global commitments, including the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda on Financing for Development, the Paris Agreement, the Convention on Biological Diversity, the Global Compact on Refugees, and the Global Compact for Safe, Orderly and Regular Migration – striving to be the “best supporting actor” to the UN system. In each area, we will focus on our core expertise. For example:
  - Responding to requests to support national SDG implementation efforts and policy coherence by helping to define strategic objectives, as we have done in the case of Slovenia and Slovakia, among others; develop appropriate governance, measurement and monitoring frameworks; continue work on financing/resourcing; and by providing support in specific thematic areas as required.
  - Fostering a territorial approach to global agendas to support cities and regions to develop and implement related strategies.
  - Cultivating a better understanding of issues related to SDG financing, including domestic resource mobilisation, innovative financing mechanisms (e.g. blended finance, social impact investment) and other financial flows.
  - Measuring, monitoring and mobilising climate finance; facilitating adaptation, risk prevention and resilience activities related to climate change; developing the economic and business case for more ambitious action on water resource management and biodiversity protection; designing and enforcing environmental standards; and tackling pressing environmental emergencies, such as the proliferation of plastic waste and other forms of pollution in our oceans.

¹ See Room Document 1: Corporate Communications and Engagement Strategy, which was presented to Council on 31 January 2019.
2019 STRATEGIC ORIENTATIONS OF THE SECRETARY-GENERAL

- Providing analysis and advice to help countries ensure food security and develop sustainable, productive and resilient agriculture and food systems.
- Advancing our work with many developing countries – including through our multi-dimensional country reviews and by helping them to strengthen their development co-operation systems – and related regional and continental organisations.

**Action Nine: Concluding the next round of enlargement discussions and enhancing our engagement with Partner countries.**

- Discussions on a new enlargement round for the OECD have been prolonged and contentious. In 2018, we welcomed Lithuania as a new Member. We look forward to welcoming Colombia as a fully-fledged Member and to Costa Rica’s forthcoming accession. Other countries – including Argentina, Brazil, Bulgaria, Croatia, Peru and Romania – have formally applied for membership. Accession remains the most powerful instrument to expand the reach and impact of OECD values and standards in the countries and regions concerned, acting as catalysts for important and long-lasting reforms. Members and the Secretariat must move forward on a new round of enlargement as soon as possible, especially taking into consideration the progress already made regarding Argentina and Romania, as well as the window of opportunity that seems to have opened with the case of Brazil.

- We have enhanced our engagement with the five Key Partners to strengthen our co-operation and bring them closer to OECD standards. In addition, we have consolidated our regional programmes – covering Southeast Asia, the Middle East and North Africa, Latin America and the Caribbean, South East Europe, and Eurasia – and expanded our country programmes to enhance our understanding of shared challenges and ensure our work and advice is tailored to diverse contexts. We will continue to promote and leverage OECD global relations tools and the work of the OECD’s “Development Cluster” to increase dialogue and knowledge exchange with non-Members, and encourage their engagement with OECD Committees. We will consolidate our work with Africa, recognising and supporting the African Union’s Agenda 2063 – as mandated by OECD Ministers at the MCM 2017 and in line with [C/MIN(2018)9] –, begin a new country programme with Egypt, and launch the inaugural OECD-South Africa Joint Work Programme. We will continue drawing on the OECD Development Centre and the bridge it provides to non-members, as an inclusive platform for policy dialogue on development.

**Action Ten: Equipping the Organisation to deliver on its ambitious agenda.**

- Negotiations for the 2019-20 Programme of Work and Budget (PWB) were complex and lengthy. The result was effectively a freeze in the budget in nominal terms, after 10 years of Zero Real Growth (ZRG). This has put the Organisation under intense budgetary pressure, notwithstanding the fact that the Secretariat has delivered revenues and savings for its Members worth several hundred times their financial contributions. This has made the OECD a source of extremely positive net revenue for Members, rather than a cost centre. The budgetary situation in 2019-20 will thus be very challenging, and we still have to secure the resources to cover the increase in staff costs resulting from the adjustment in pension contribution rates starting in 2020, without affecting further our capacity to deliver on our substantive mandates.
• The majority of budget reductions and efficiencies are being absorbed within corporate services, despite the significant and ongoing costs of ensuring the physical security of our 140,000 staff, Members, delegates and visitors, and protecting the Organisation from new and emerging cyber-security threats.

• Given such budgetary resource constraints, Voluntary Contributions (VCs) have become an increasingly important complement to PWB resources, representing 42% of the OECD’s Part I expenditure in 2018. VCs are framed in the context of PWB priorities as determined and approved by Members. Indeed, over three-quarters of VCs are provided by Members. Growing requests for specific OECD work by governments confirm that countries have confidence in the OECD “brand”. They believe in the OECD’s capacity to deliver objective, evidence-based analysis. This is reflected, for example, in our enhanced relationship with the European Commission’s Structural Reform Support Service. Our strong VC management framework – which encompasses monitoring, reporting and risk management – is already delivering a more coordinated approach to VCs. Implementation of this framework is supported by the OECD’s VC focal point (established following the 2016 audit) and an inter-Directorate VC coordination group. Members receive comprehensive and regular reporting on VCs [C(2019)26].

• In 2019 and beyond, the Organisation will continue to strive for further improvements to the quality and efficiency of its governance, management, administrative, communications and financial systems. We will also advance our efforts to deliver value-for-money for our Members in both the substantive policy areas as well as the implementation of decisions on ethics and whistleblowing policy, ensure the proper and safe operation of building infrastructure, continue to foster diversity, advance gender equality, and take steps to make the Organisation carbon neutral by 2020. We will also take further measures to continue strengthening accountability and transparency, and contribute to the Organisation’s credibility as a learning organisation. We will prepare an assessment for the Council on the implementation of the 63 recommendations on decision-making and working methods, as mandated by the 2014 Governance Review.

24. Some of these Strategic Orientations are already happening. Others would be launched as conditions allow. Some will take a few months, others will take the full year until the next edition of my Strategic Orientations is launched in 2020, and some will take several years to complete. All actions are meant to increase the impact, influence and relevance of the OECD, as well as the value-for-money for its Members. They are being issued at a moment when the services and support of the OECD are more requested than ever before while, paradoxically, multilateralism is being questioned.

25. Finally, please remember that the Strategic Orientations are an input and a contribution by the Secretary-General to the Programme of Work of the OECD. They are an integral part of the budget process and their substance will be presented to the MCM to elicit the guidance of Ministers on the future of the Organisation.