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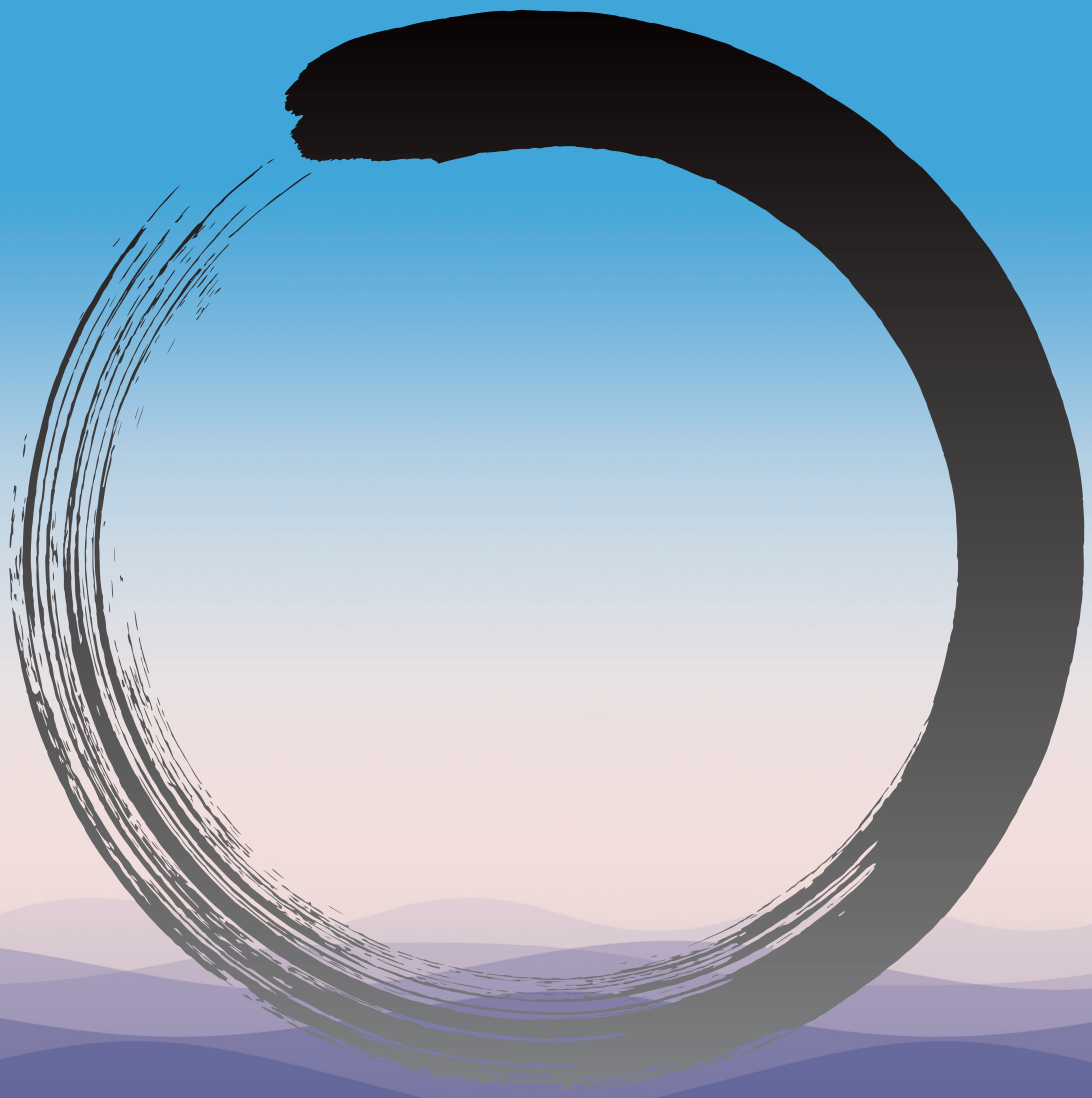

THE OECD'S CONTRIBUTION TO POLICIES TO OPTIMISE THE DIGITAL TRANSFORMATION

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BETTER POLICIES FOR BETTER LIVES

THE OECD'S CONTRIBUTION TO POLICIES TO OPTIMISE THE DIGITAL TRANSFORMATION

1. Digital transformation – the combination of digitalisation[1] and its economic and societal effects - continues to have a profound and transformative effect on our economies and societies and on the well-being of people, offering great opportunities and posing significant challenges. The current phase of the transformation is fuelled by a confluence of technologies, including artificial intelligence (AI), 5G, the Internet of Things (IoT), cloud computing, data analytics, virtual reality and other immersive technologies. 2023 was a pivotal year, with the widespread public availability and rapid uptake of generative AI tools across many sectors and policy domains demonstrating the role of digital and other emerging technologies in offering new opportunities to address pressing issues, ranging from healthcare and education to effective delivery of public services and to climate change and degradation of the environment.

2. The opportunities and challenges of digital transformation are multifaceted and include changes in the nature and structure of organisations and markets, jobs and work-life balance, and the ways in which people learn and gain knowledges and skills, as well as the need for safeguards for privacy, security and safety, competition and consumer protection, mental health and well-being, information integrity and social polarisation, and equity and inclusion associated with a range of persistent digital divides. Rapid developments in generative AI have led to a growing consensus on the need for robust, ethical, and inclusive policies and frameworks to guide development and deployment of AI and other emerging technologies.

3. As Ministers at the 2022 meeting of the Committee on Digital Economy Policy[2] highlighted, now is the time for countries to take action to shape digital transformation for a trusted, sustainable and inclusive digital future. The 2023 Ministerial Council Statement[3] highlighted the value of the OECD's continued leadership role in providing expert analysis and policy guidance on the digital economy. This paper aims to establish how the OECD, working with the global policy community, will:

- Continue to play this leadership role and stay at the digital policy frontier across the core domains and competencies of the OECD;
- Reinforce and expand its leadership in global policymaking for governing AI and other emerging technologies;
- Make use of the policy breadth of the OECD to provide comprehensive advice that is fit-for-purpose in the digital era across policy areas and sectors; and,
- Given the inherently global nature of the interconnected, digital era, position the OECD and its expertise to maximise influence in the international digital policy dialogue.

4. Accordingly, this document provides a vision for future OECD work on digital policy, including core digital topics and those at the intersection of other policy areas; identifies strategic priorities and actions to advance them; and sets out existing and proposed mechanisms to reinforce a whole-of-Organisation approach to digital policy and to leverage existing collaborations and strengthen the OECD's global influence in this area of work.

[1] Digitisation is the conversion of analogue data and processes into a machine-readable format. Digitalisation is the use of digital technologies (hardware and software) and data as well as interconnection that results in new or changes to existing activities. Digital transformation refers to the economic and societal effects of digitisation and digitalisation (OECD (2019), Going Digital: Shaping Policies, Improving Lives, OECD Publishing, Paris, https://doi.org/10.1787/9789264312012-en).

[2] Since renamed the Digital Policy Committee.

[3] 2023 Ministerial Council Statement (https://www.oecd.org/mcm/documents/2023-Ministerial-Council-Statement.pdf)

Seizing the opportunity of the digital transformation

5. The OECD has long been a leader in digital policy analysis, evidence-gathering and standard-setting, from foreseeing threats to privacy from the emergence of computing with the 1980 OECD Privacy Guidelines[4] [OECD/LEGAL/0188], to setting the first intergovernmental standard on AI in 2019 (OECD Recommendation on AI [OECD/LEGAL/0449]), to improving trust in data use and flows across borders with the 2016 Recommendation on Health Data Governance [OECD/LEGAL/0433] and the 2022 Declaration on Government Access to Personal Data Held by Private Sector Entities [OECD/LEGAL/0487]. The Organisation has built an internationally recognised foundation of evidence and policy analysis to support countries' digital transformation while addressing the associated risks, challenges and disruptions. In this fast-moving field, the OECD must continue to evolve and accelerate its efforts to retain and expand its global leadership role in digital policy.

6. Three factors continue to significantly affect the trajectory of the digital transformation and shape the OECD's contributions:

- **Fast-paced technology development**: as illustrated by the rapid deployment and uptake of generative AI, the speed at which digital technology advances typically outpaces policy development. This leads to calls for new, more anticipatory and effective models of technology monitoring, assessment and governance that support digital innovation and timely intervention to ensure societally optimal outcomes – such as in combatting climate change and finding cures for disease. There is also a need for effective management of associated challenges and risks, including avoiding further inequality. This also includes the reshaping of institutions and new participatory models that enable social engagement.
- **Transversal digital policies**: Digital policy is both vertical – relating to activities within the information and communications technology sector[5] – and horizontal – in that all economic sectors continue to undergo digital transformation. As countries seek to break traditional silos of policymaking, there is a growing tendency to form digital ministries and/or dedicated units attached to a Prime Minister or President's office and develop cross-cutting national digital strategies. Ensuring strong national institutions and coordination mechanisms, meaningful stakeholder engagement, as well as some degree of international co-operation (see below) on these standards will be key to their success.
- **Global nature of the digital transformation**: As technology, data, businesses and people operate and move across borders, effective policies for the digital age require international co-operation. Strong collaboration among OECD countries, and beyond, will continue to play a crucial role in avoiding greater fragmentation of policies that would have negative implications for the evolution of the digital transformation and businesses, economies and societies more generally. The uptake of digital technology across global economies amidst shifting geo-politics gives new urgency to issues such as cybersecurity, economic resilience and the strengthening of information integrity and democratic processes. OECD Members can collectively shape digital policies that uphold democratic and human-centric values and the rule of law, against the backdrop of different policy and governance approaches globally. Engaging with non-Members in these efforts, guided by shared interests and mutual benefits, will become even more essential to advancing a human-centric, rights-based approach to the digital transformation and harnessing its benefits for all.

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[4] OECD Recommendation concerning Guidelines Governing the Protection of Privacy and Transborder Flows of Personal Data (the "Privacy Guidelines").

[5] The OECD defines the ICT sector as a combination of manufacturing and services industries that capture, transmit and display data and information electronically. Measuring the Information Economy 2002 (www.oecd.org/sti/measuring-infoeconomy)

7. These properties of digital transformation necessitate an internationally coordinated and coherent policy response that reflects and embeds a set of core values rooted in protecting human rights, championing democratic values and open markets. The development of digital transformation policies is most advanced within the OECD membership, but much of the world's GDP, population and trade exist outside of the OECD's membership. As such, while the OECD is well positioned to lead on and influence digital policymaking, maintaining its leadership and effectiveness requires a renewed vision, purpose and collective effort among its Members and considerable engagement beyond.

The OECD's unique strengths in designing policies for the digital transformation

8. As noted above, the OECD has been a global leader on digital policy issues for more than 40 years. As digital transformation has evolved and affected nearly all policy domains the Digital Policy Committee (DPC) has set the course for the OECD's digital economy portfolio, including through its Ministerial meetings (in 1998, 2008, 2016 and 2022) at key inflection points, and worked with many other OECD committees – from Trade and Competition to Employment and Social Affairs to Health and Public Governance – to grapple with the immense opportunities and significant challenges of digital transformation in a broad set of domains.

9. The OECD's unique strengths are rooted in a number of its key characteristics:

- The Organisation's **multi-disciplinary competence** covering both macroeconomic and structural policies across almost all areas of economic activity is without peer. With digital transformation now a core economic and societal issue affecting virtually all areas of policymaking, the OECD's policy reach – as well as its key ability to interconnect, seek alignment, and identify differences in different policy communities through action-oriented frameworks – is critical. The four phases of the Going Digital horizontal project (spanning 2017 to 2024) have involved many OECD bodies and leveraged this competence to address key aspects of the digital transformation. This work has helped to mainstream digital policy work throughout the Organisation, which is brought together through the OECD Going Digital Toolkit, the OECD's one-stop-shop for policy analysis and measurement. New working-level groups have been or are being established to look into the impact of digitalisation in specific parts of the economy and inform committee work (e.g. the Committee on Financial Markets' informal Experts Group on Finance and Digitalisation; the DPC's Working Party on Artificial Intelligence Governance).
- The OECD's **evidence-based empirical policy analysis** can help defuse politically fraught issues and shine a light on new issues. The OECD has established statistical definitions for e-commerce, broadband, digital trade and digital intensity, and improved the measurement of digital activities in the system of national accounts. Its model statistical surveys, for instance, have contributed to international comparability in measuring information and communication technologies (ICT) use by businesses and households. In parallel, increasing focus has been placed on making the data publicly accessible and useful to the policymakers and the general public, with interactive dashboards such as the Going Digital Toolkit, the Broadband Portal and the OECD.AI Policy Observatory allowing cross-country comparison and providing real-time data. On employment and skills, the OECD has initiated new data collection which has brought evidence to a debate which was previously led by anecdotes rather than facts.
- The Organisation has deep experience in **convening a wide range of stakeholders**, including business, organised labour, civil society and the technical community, to facilitate knowledge sharing and forge common understanding through inclusive fora and peer-based learning. The OECD through DPC was one of the first of the international organisations (in 2008), to formally engage with a range of stakeholders beyond business (Business at OECD) and organised labour (TUAC - the Trade Union Advisory Committee) on these topics, i.e. civil society (CSISAC – the Civil Society Information Society Advisory Council) and the Internet technical community (ITAC

– the Internet Technical Advisory Committee). New mechanisms of multi-stakeholder engagement, such as the OECD Network of Experts on AI (ONE AI) and the Global Forum on Technology (GFTech), further leverage the OECD's convening power to facilitate inclusive and diverse expertise and exchange of views to inform policy analysis.

- The OECD plays a key role as a **global standard-setter** and is **active in many global fora**, shaping multilateral dialogue and policy through innovative legal instruments – such as the Recommendation on AI, which has 46 Adherents and serving as the basis for the G20 AI Principles – and other standards and supporting consistent implementation through reporting and peer review. The OECD's work on digital transformation has provided the basis for numerous high-level discussions at the OECD (MCM and Global Strategy Group) as well as through other forums (G7, G20, APEC, ASEAN, Global Partnership on AI (GPAI) – whose Secretariat is hosted at the OECD, Pacific Alliance, WTO, WHO), which further extend the OECD's influence beyond its membership.[6] It has also had many direct impacts on policy, e.g. in developing a common definition of the term "AI system" for use in national and regional legislation, providing the basis for privacy legislation across OECD countries or in reforming the regulation of communications (e.g. in Mexico, Colombia and Brazil), or providing a framework for national strategies as the Going Digital Integrated Policy Framework has done for Australia, Canada and Brazil.

A vision for the future: Strategic priorities for the OECD's digital policy agenda

10. As illustrated by generative AI, digital transformation impacts economies, society, and people, and digital topics cut across and intersect with all policy domains, requiring a whole-of-government approach and enhanced coordination to seize the benefits of digital transformation while minimising its risks. Expertise on digital policy and the ability to link evidence and policy advice across policy areas is a unique strength of the OECD. Particularly, several *core* digital policy topics underpin digital transformation and are supported by a specific technical OECD body, require specific staff expertise, and are politically sensitive. Because they form the foundation of digital transformation and related policy considerations and are interdependent (e.g., data and infrastructure and necessary inputs to AI), they require increasing coordination and are fundamental to seizing the benefits of digital transformation and minimising its risks across the breadth of policy areas.

11. Leveraging the OECD's unique strengths and expertise, and drawing on the call for action of the 2022 Declaration on a Trusted, Sustainable and Inclusive Digital Future [OECD/LEGAL/0488] (Canary Islands Declaration), the following section outlines actions that can be envisaged in the short- to medium term, for both the *core* priorities as well as broader work in support of the digital transformation, to advance the OECD's strategic priorities. While these actions would be consistent with the OECD's programme of work and would be rooted in the work of relevant OECD committees and their subsidiary bodies, meeting the ambition of some of the proposed work would require additional resources:

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[6] Examples for the G20 include the 2019 Recommendation on AI [OECD/LEGAL/0449] (the "OECD AI Principles") that provided the basis for the G20 AI principles; and in 2021, the Recommendation on Children in the Digital Environment [OECD/LEGAL/0389], that underpins the G20 High Level Principles for Children Protection and Empowerment in the Digital Environment; as well as the Recommendation on Broadband Connectivity [OECD/LEGAL/0322] that informs the G20 Guidelines for Financing and Fostering High-Quality Broadband Connectivity for a Digital World and the 2014 Recommendation on Digital Government Strategies [OECD/LEGAL/0406], which inspired the G20 Digital Government Principles in 2019. The United Nations Guidelines for Consumer Protection (revised in 2015) include a new chapter on e-commerce that expressly refers to the OECD Recommendation on Consumer Protection in E-commerce [OECD/LEGAL/0422] as a key standard for global co-operation. In addition, the OECD has been instrumental in shaping the international tax architecture to address the tax challenges arising from the digitalisation of the economy, culminating in the landmark Two-Pillar Solution, agreed to by 140 countries and jurisdictions.

- **Connectivity and infrastructure**: Digital transformation relies on infrastructure, physical and digital, and notably ubiquitous, high-quality connectivity, and monitoring these trends is foundational to connectivity and infrastructure policy. Modern communications and computational infrastructure that is affordable and geographically and socially inclusive grows in importance with its central role in the economy and society. At the same time, issues of so-called digital divides take on a growing and multidimensional importance. Digital policies to address these issues are needed to encourage competition, innovation and inclusion in the communications sector. Semiconductors are the foundational building blocks of any digital product and are as complex to manufacture as they are essential for the digital supply chain. Forging resilient semiconductor value chains will be critical to address shortages that threaten economic activity, productivity, and innovation. The OECD will lead by:
  - Identifying and analysing trends in the connectivity ecosystem and market structures to support the development of future-proof connectivity policies and regulation, which foster ubiquitous access to high-capacity, high-quality, affordable, secure and resilient communication infrastructures and services for all.
  - Studying digital technology value chains, including semiconductor design and manufacturing, to enhance their sustainability, diversity, security, and resilience, and protect against shortages and disruptions that would hamper digital transformation and the functioning and safety of economies and societies.

- **Data and data flows**: Data are a key driver of economic and social value, driving scientific research, fuelling AI, conferring competitive advantage, and supporting informed decision-making by public and private organisations. Data can be misused and abused in ways that can harm individuals and organisations, including privacy and intellectual property rights violations. At the same time. these concerns can also lead to underuse of this valuable resource. Cross-border flows of data, in particular, are an essential component of digital transformation and of the global economy, underpinning global trade, business activity, and communication. OECD Members, and beyond, share concerns around policy and regulatory fragmentation and data flow restrictions among likeminded countries that impede technology development, slow economic growth and hinder innovation. The OECD will lead by:
  - Supporting data free flow with trust (DFFT) by building a common understanding of commonalities, complementarities, and elements of convergence between existing regulatory approaches and instruments enabling data to flow with trust, such as Model Contractual Clauses and other transfer tools, in order to foster future interoperability.
  - Advancing international collaboration, including via the DFFT expert community at the OECD, to leverage common approaches and identify and operationalise concrete solutions to unlock the social and economic benefits of data flows;
  - Supporting the development of comprehensive and effective data governance frameworks that facilitate data access and sharing and enable safe data use, both broadly and in specific sectors (e.g., health, environment, education, and government), and that are consistent and complementary to support economic progress and societal goals.
  - Supporting personal data and privacy protection, including through the OECD.AI Expert Group on AI, Data, and Privacy, by assessing the impact of related technology and socio-economic trends, and by fostering regulatory and cross-border co-operation, as well as trust, innovation and competition based on fair and responsible data stewardship.

- **AI and emerging digital technologies**: AI is a powerful, versatile technology that has already begun to reshape economies, societies and individual lives. Since 2022, the potential benefits and risks of AI have been significantly augmented by the widespread public availability and rapid uptake of generative AI tools, with dramatic implications for productivity, employment and

education as well as challenges relating to information integrity and intellectual property rights, among others. Emerging technologies (e.g. quantum computing, edge computing, autonomous systems, and immersive technologies) could equally have profound implications for productivity, medical and scientific breakthroughs, communications, and the environment. Achieving these advances while minimising the potential risks of digital technologies as they continue to rapidly develop, including to privacy, autonomy, equality and inclusion, and health and safety, will require forward-looking, values-based and rights-oriented policies. The OECD will lead by:

- Enhancing and expanding the quantitative and qualitative OECD resources informing AI policymaking, including further improvements to the OECD.AI Policy Observatory, the AI Incidents Monitor, the Catalogue of Tools & Metrics, and the database of national AI policies.
- Identifying and analysing new technology trends, including through the GFTech, and their related societal and economic impacts and implications for policy.
- Providing further guidance to help countries benefit from AI as a general-purpose technology across different sectors and policy areas, such as the public sector, labour market, social and health policies, education, finance, SMEs and entrepreneurship, regional and urban development, tax administrations, development co-operation and statistical capacity-building.
- Supporting the development of forward-looking, coherent and implementable frameworks for governing AI and managing its risks effectively.
- Providing evidence, foresight, tools and incident monitoring for effective policy planning and execution to implement trustworthy AI.
- Gathering evidence to support the effective use of AI in the public sector.
- Continuing to convene discussions to advance the implementation of trustworthy AI on the basis of the AI Principles, with a view to inclusive engagement with a wide range of countries and stakeholders.

- **Safety and security:** As more parts of the economy and our critical public infrastructure come to rely on digital technologies, the stakes increase for digital security, with severe economic and social impact. Unfortunately, the explosive pace of digital transformation to date has not come with a commensurate increase in the quality of security in devices and services. In parallel, the online environment has exposed a growing number of individuals to a range of illegal and harmful content and activities, from online fraud to sextorting, risking their safety and impeding their participation in the economy and society. Safeguards are needed to mitigate the exposure to security and safety risks of misuse of digital technologies, and to protect individuals from such content and conduct, with special attention to particularly vulnerable groups, such as children. These measures are the cornerstone for creating a safe and inclusive digital environment that facilitates the full participation of individuals and the enjoyment of their human rights. The OECD will lead by:
  - Taking stock of emerging approaches to advance online safety and improve the evidence base to support related policy recommendations and consistent and complementary regulatory approaches that respect human rights, including freedom of expression and other freedoms.
  - Providing further policy guidance to strengthen digital security, with a particular focus on a risk-based approach and areas such as the security of products and services, communications infrastructure security, vulnerability treatment, capacity building for vulnerable users and developing countries, and co-ordinated incident response, based on a better understanding of the economic incentives and the effectiveness of policy approaches to digital security.

- **Measurement:** Measuring digital transformation is a key component of designing and implementing evidence-based policies. In the short-term, the challenge is to improve the international comparability of current indicators and make statistical systems more flexible and responsive to the introduction of new and rapidly evolving concepts driven by digital technologies

and data. In the longer term, the challenge for the statistical community is to design new and interdisciplinary approaches to data collection and to leverage the information captured by digital technologies (e.g. sensors). Moreover, partnerships with the private sector and engagement with stakeholders may be needed to bring reliable and representative data that is gathered with trust into the policymaking process. The OECD will lead by:

- Advancing a comprehensive digital measurement agenda to enhance and consolidate the OECD's evidence base in support of digital transformation around the pillars of the Going Digital Integrated Policy framework (currently being reviewed), including: the impact of digital transformation and digital divides on the economy, society, human rights, and individual well-being; illegal, harmful and misleading content online and their impact on individuals, society and democracy; the impact of digital technologies on the environment and their contribution to the green transition; advancements in research and the use and capabilities of AI and emerging technologies; building also on recent work conducted by other OECD committees (e.g., Health Committee work on the renewed Health System Performance Assessment Framework);
- Expanding the evidence base about mis- and disinformation online to further develop policy approaches to address the causes and effects of such content, while respecting protections for human rights and freedoms including freedom of expression.

12. The priorities across the five core digital policy areas identified above inform and support the OECD's overall approach for supporting economies, society and people through the digital transformation: With the growing range and scale of opportunities and risks digital transformation poses, digital policy has to allow all to benefit from the former and be protected from the latter. At a societal level, existing and potentially widening divides in access, use or skills prevent the benefits of digital transformation from being inclusively and equally shared across countries, rural and urban communities, genders, age groups, levels of income, education and more. Important divides remain, for example between women and men in how well they are equipped to use or contribute to the design of digital technologies, with more than twice as many men than women writing a computer code in OECD countries, on average, in the last year.[7] Access and affordability gaps remain across OECD countries. While Internet access has become more affordable, it has also become increasingly essential for participating and thriving in education, labour markets, and social life. At the same time, false and misleading information online poses threats to social cohesion and public trust, with implications ranging from public health to electoral processes. From a sustainability perspective, digital technologies and their underlying infrastructure offer both promise and peril in their impact on the environment. Policies are needed to ensure that digital transformation is geared towards a more inclusive and sustainable future for all, informed by an evidence-base to measure and address digital divides and well-being. The OECD will lead by:

- Enhancing the understanding of the economic aspects of digital transformation and its overall impact on productivity and economic growth, education, skills and business capabilities, competitive markets, innovation, the labour markets and employment prospects, including across sectors, and the public sector, and developing related policy recommendations and implementation guidance.
- Improving understanding of the impact of the digital transformation on the quantity and quality of jobs, as well as on inclusiveness in the labour market, and shedding light on how the digital transformation will change the nature and organisation of work, as well as the skills required by employers.

[7] OECD Going Digital Toolkit, https://goingdigital.oecd.org/datakitchen/#/explorer/1/toolkit/indicator/explore/en, based on the OECD ICT Access and Usage by Households and Individuals database, http://oe.cd/hhind.

- Facilitating knowledge-sharing to advance a common understanding of how rights and freedoms should be respected and applicable online as they are offline, including through policy analysis and guidance on how to foster a digital transformation that puts people and the protection of human rights at its centre.
- Developing a comprehensive understanding of and policy recommendations to help countries address all digital divides, including gender divides, and boost the human-centric adoption and diffusion of digital technologies to promote inclusive growth and help everyone thrive in the digital world.
- Analysing the impact of digital transformation and data-driven practices of online platforms on individual well-being and on societies focusing on issues such as mental health, work-life balance, digital literacy, labour standards, and social cohesion, with a particular emphasis on people in vulnerable situations and underrepresented groups in society.
- Analysing the evolution of information ecosystems with the rise of mis and disinformation and the efforts required to promote information integrity and ensure societal resilience.
- Advancing work on digital public infrastructure, such as digital identity and digital government platforms, to enable essential services in the digital age and support governments in their successful design and development, including across borders, while ensuring that digital public infrastructure is governed in accordance with democratic values, the rule of law, and respect for human rights.

13. To support policy design at the intersection of digital and other policy domains, the OECD will:

- Support the diffusion of the benefits of digital transformation across the economy enabling the positive impacts of digitalisation on productivity and potential output, while understanding future productivity trends.
- Analyse macroeconomic policy consequences of digitalisation at a time when firms' pricing behaviour in the face of shocks has critical implications for inflation.
- Inform the design of policies that help ensure workers have the education, skills and training to seize new opportunities, while accompanying and supporting those workers who may be displaced, and protecting workers in general from the risks that AI presents in the workplace (e.g. invasion of privacy, bias and discrimination, loss of autonomy, as well as risks to occupational safety and health).
- Support the design of policies that transform education and training to improve access, relevance and efficiency through innovation, building on measures related to the capabilities, diffusion and impacts of AI systems.
- Support the digitalisation of tax administrations; and finalise and implement the Two-Pillar Solution to address the tax challenges arising from the digitalisation of the economy.
- Contribute to understanding the impact of digitalisation on consumers, business models, markets and competition policy and support the enhancement of consumer protection and empowerment in digital transformation and the green transition.
- Analyse the impact of digitalisation on finance and financial stability.
- Help ensure the global benefits of digitalisation by defining and measuring digital trade, exploring what market openness means in the digital trade era, and exploring the implications of specific digital transformation topics for trade policy.
- Take stock of and identify good practices and policy recommendations in support of a twin transition that fosters sustainable business models and consumer engagement, promotes the development of green technology that is sustainable by design and by default, and leverages digital technologies to contribute to meeting net-zero targets and mitigating climate change.

- Support governments to harness the benefits of digital technologies within the policy-making process and in the delivery of public services, whilst mitigating potential risks, including the risks of mis- and disinformation that can undermine democratic processes and institutions.
- Improve the readiness of health systems to use digital innovations (including AI) responsibly and equitably through data enablement, data safeguards, secure technologies, and timely insights for evidence-based decision making and action.
- Advance the resilience of governments to have quality data and effective technologies to adapt to future public health emergencies.

A whole-of-Organisation approach

14. Thanks to its unique strengths, the OECD is well-positioned to support countries in seizing the benefits and minimising the risks of digital transformation, with its 40-year experience with digital policies, its demonstrated capability to work horizontally across directorates and committees and its ability to project its analysis and standards beyond its membership to the UN, G20, G7, APEC, WTO and others.

15. As governments themselves undertake efforts to co-ordinate digital policies for a beneficial digital transformation and avoid unintended consequences, the OECD is integrating the digital transformation into diverse areas of work yet faces a similar coordination challenge as committees and directorates increasingly engage in work on digital policy issues. While each committee has its own areas of expertise, the OECD needs to lead by example by reinforcing efforts to co-ordinate digital policy advice in a holistic way.

16. In recent years, co-ordination on digital issues at the OECD was largely facilitated by the four phases of the Going Digital horizontal project. This work, bringing together the efforts and expertise of many OECD committees[8] and/or their subsidiary bodies, helped governments better understand the full suite of policies required for a successful digital transformation. It contributed to development of the OECD AI Principles and implementation and operationalisation of these principles via the OECD.AI Policy Observatory and the OECD Network of Experts on AI (ONE AI). It also produced work that led to the adoption of the 2022 Recommendation on Blockchain and Other Distributed Ledger Technologies [OECD/LEGAL/0470], delivered a Guide to Data Governance Policy Making and successfully developed and strengthened data governance policies, tackling issues that span different policy communities and brought insights and solutions to highly sensitive policy issues such as cross-border data flows. Current work under the fourth phase addresses three discrete issues: connectivity divides, technology governance, and the twin transitions.

17. The OECD's horizontal work on digital transformation provides a strategic comparative advantage for the Organisation. While it has helped to energise digital policy work across the OECD, the temporary nature of horizontal projects means it cannot capture the entire wealth of OECD work on digital transformation across its various committees. This approach will not cater to the OECD's ambitions going forward. A new modality is needed for institutionalising the work and ensuring the OECD retains its leadership on digital policy.

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[8] Committee for Agriculture; Committee for Scientific and Technological Policy; Committee on Consumer Policy; Committee on Industry, Innovation and Entrepreneurship; Committee on Financial Markets; Committee on Fiscal Affairs; Committee on SMEs and Entrepreneurship; Committee on Statistics and Statistical Policy; Competition Committee; Corporate Governance Committee; Centre for Education Research and Innovation Governing Board; Development Assistance Committee; Economic and Development Review Committee (EDRC); Economic Policy Committee; Education Policy Committee; Employment, Labour and Social Affairs Committee; Environment Policy Committee; Health Committee; Investment Committee; Public Governance Committee; Regional Development Policy Committee; Regulatory Policy Committee; Trade Committee.

18. Several mechanisms for a whole-of-OECD approach to digital transformation already exist at the OECD:

- **Going Digital Integrated Policy Framework and Measurement Roadmap**: resulting from the Going Digital Horizontal Project, the Framework – which supports governments and stakeholders in policy making in the digital age – and Roadmap – which advances the capacity of countries to monitor digital transformation and its impact – both benefitted from the expertise and insights of fifteen OECD bodies, as well as the International Transport Forum (ITF) and International Energy Agency (IEA). The ongoing review of these products – at the five-year mark from their adoption – will serve as a timely opportunity to reinforce horizontal collaboration on digital policy [DSTI/CDEP(2023)17].
- **Going Digital Toolkit**: the Going Digital Toolkit is the OECD's one-stop-shop for policy analysis and indicators from across the Organisation, with over 50 indicators and over 20 policy and measurement notes bringing together digital aspects across policy domains. The Toolkit note series is another mechanism to ensure consistency and coherence of the digital policy narrative across the Organisation.
- **Friends of Going Digital**: The informal Friends of Going Digital group, established in the first phase of Going Digital, continues to support discussions on co-ordination and policy. This group is co-chaired by the Permanent Representative of Canada, Ambassador Madeleine Chenette and the Permanent Representative of the United Kingdom, Ambassador Natacha Alexander. The group convenes Permanent Representatives for frank and focused discussion on specific themes related to digital transformation.
- **OECD.AI Policy Observatory:** OECD.AI provides an inclusive platform for public policy on AI. Key features include a database of more than 1000 national AI strategies and policies from 70 jurisdictions; a catalogue of nearly 600 tools and metrics for trustworthy AI; the AI incidents monitor that tracks incidents and hazards in real-time; and a range of indicators and visualisations. It could be further expanded to be the central hub of all AI-related work at the OECD so that all relevant Directorates have direct ownership of their space on the observatory.
- **Data resources and portals** such as the Broadband Portal, the Going Digital Toolkit, the Data Kitchen, the Digital Economy Policy Platform and the STIP Compass, are used as common resources and can improve coherence and reduce duplication.
- **AI-WIPS**: the OECD programme on AI in Work, Innovation, Productivity and Skills (AI-WIPS) – with its current second phase extending until 2025 and supported by Germany – brings together expertise from across three OECD Directorates (EDU, ELS, and STI) to analyse the impact of AI on the labour market, skills and social policy.
- **AI policy paper series:** the series of OECD Artificial Intelligence Papers, launched in September 2023, already encompasses nine new publications from various committees and directorates covering areas such as AI governance, AI in finance, AI and employment, and AI and skills.

19. Going forward, a **Directors Task Force for the Digital Transformation,** chaired by the Secretary-General and supported by STI, will advance implementation of Organisation-wide objectives and themes, take stock of digital policy work streams across the OECD including related funding, and ensure coherence of analysis, findings, and policy recommendations.

20. Additional mechanisms could enhance systemic horizontality in the OECD's work on AI and the broader digital transformation across the Organisation, including:

- **Annual update to Council**, including stock-taking of actions to implement this strategy and an inventory of ongoing digital work across the Organisation, as was done in September 2023 and in March 2024 for AI;

- **Annual (or biennial) digital forum**, organised (subject to resources) in the margins of the meeting of the Council at Ministerial level, or other appropriate high-level event, and focusing on a cross-cutting perspective of a key topic on the digital policy agenda.

21. The successful implementation of these mechanisms will require a collective effort of OECD membership.

Advancing OECD Global Leadership on Digital Transformation Policies

22. The OECD's work on digital transformation has been influential in many areas and in different forums. However, more can be done to leverage existing collaborations and strengthen the OECD's global influence in this area of work. This includes:

- Further articulation of the OECD's value added and complementarity in relation to its **co-operation with other IOs and regional bodies**, e.g. APEC, ASEAN, regional development banks and the World Bank, UN and its regional agencies, WHO, WTO etc. to disseminate OECD standards and work with a broader range of countries.
- Continue to build **engagement with non-governmental stakeholders** given the broad implications for the economy and society, especially from under-represented communities. This entails a cross-section of businesses given their heterogeneity, technical experts that can provide unbiased insights, academia and civil society.
- **Reinforce engagement and collaboration with partner countries** to advance inclusive dialogue and shared expertise and governance approaches to the digital transformation and help bridge digital divides, particularly for the poorest and most vulnerable people of the world. Such efforts will build on ongoing discussions in the OECD's External Relations Committee and leverage the OECD Network of Experts on AI and the GFTech as well as coordination with the Global Partnership on AI. These efforts aim to convene countries beyond the OECD membership based on shared interests and mutual benefits to advance the digital transformation.

23. The OECD has a unique opportunity to help shape the digital transformation to maximise its benefits, and identify and mitigate its risks, building on shared values. It is important to seize this challenge as the transformation evolves and accelerates, as national and regional digital policy developments take on greater prominence and as changes occur in the global alignment in terms of both the development and use of digital technologies.

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