

The Role of the OECD in International Foresight: Better Use of Foresight for Better Policies for Better Lives

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Introduction

The Organisation of Economic Cooperation and Development (OECD) helps governments to identify policies that contribute a better future for citizens — “better policies for better lives”. One of the comparative strengths of the OECD has been its cross-sector analytical capability and its multi-policy committee structure, which enable bottom-up innovation and new policy options to emerge from the exchange and interaction of national experts. These options could not emerge without some form of forward-looking mindset — “foresight”. Whilst the term foresight was coined in the 1980s, the OECD had been developing and using a combination of econometric forecasting and more open, futures thinking — i.e. foresight-enabled — approaches since the mid-1970s.

Looking Back on a Forward Looking Organization

In the late 1970s, several OECD member governments and third parties launched a global scenario-based initiative to help inform the OECD’s strategic agenda. These scenarios identified four critical issues: the energy transition and the need to diversify the energy mix and reduce dependency on oil; societal change, new values, and new social demands; development of developing countries; and new forms of international collaboration. The resulting OECD report, *Interfutures, Facing the Future: Mastering the Probable and Managing the Unpredictable* (<http://www.oecd.org/futures/35393713.pdf>), refuted some of the arguments of the Club of Rome’s work on the Limits to Growth (see Ron Gass’s article, “The Battle for World Progress: a Strategic Role for the OECD”, *OECD Observer* No. 236, March 2003).

In the late 1990s the OECD produced a number of forward-looking reports on themes such as the future of work and leisure (1994), the rise of China (1996), and the future of global capital shortages (1998). (Information on all the studies mentioned in this article can be found on the OECD’s website.) One of the most fruitful of these studies was *Shaping the Twenty-First Century: The Contribution of Development Cooperation* (May 1996), which established long-term, multi-dimensional goals to guide the development effort and became the basis for the Millennium Development Goals. Another OECD report, entitled *The World in 2020*, asserted that the challenge in creating a New Global Age was “to design and implement balanced policies which foster economic growth, protect the environment and ensure social justice.”

At the end of the 1990s, the OECD launched its International Futures Programme (IFP). The IFP delivered project-based scenario analysis on a diverse range of topics, including the bio-economy, the space-economy, critical infrastructure, and the future of families. The IFP also

invested in horizon scanning beyond the OECD by collating trends from media sources and publications produced by other organizations.

By the end of 2010, foresight activities had been embedded across the organization and a new challenge had emerged — coordinating and making better sense of decentralized futures thinking and analysis, which is produced using a diversity of tools and techniques.

A Shift in Mindset from Present Futures...

Today the OECD produces a wide variety of trend reports and long-term outlooks. These include *OECD Economic Outlook (2014)*, *Perspectives on Global Development*, *OECD Trends Shaping Education (2014)*, *OECD Environmental Outlook to 2050*, *OECD-FAO Agricultural Outlook*, *OECD Science, Technology and Industry Outlook*, *OECD Communications Outlook*, *OECD Employment Outlook (2013c)*, *International Migration Outlook (2014e)*, *Skills Outlook 2013*, and *OECD Employment Outlook 2013*.

By working with measurable and quantifiable trends, these seemingly concrete projections appear to offer a sense of confidence about what the future will look like. The futures stance adopted in these forward-looking studies is one of “present futures” — that is, that the future flows from the present. These projections, in effect, throw the past forward to create the future.

There is a growing recognition, however, across the world that the future will not look like the past. The environment in which governments operate is changing in faster, fundamental, and less predictable ways. Policy making would be simpler if small changes had small effects, and if what worked in the past could be guaranteed to work in future. The 21st century global policy arena is characterized, however, by a new sense of the future as volatile, uncertain, complex, and ambiguous. Small shifts in social, technological, political, economic and ecological trends can carry huge and cascading implications for the success or failure of a specific policy design or implementation program. Policy success is no longer a question of pulling simple levers but of intervening in socially messy and puzzling situations which reflect deeper values-in-conflict. National strategies, as a result, involve a careful balancing act between competitive and collaborative economic policies.

The complex nature of cross-border systems, spillover effects, and the connected nature of new global threats and opportunities cannot be appreciated or effectively addressed with fragmented, silo-based policies or by any single government working alone.

Under these conditions of radical uncertainty, the three mainstays of conventional economic policy analysis — statistical inference, probabilistic reasoning and incremental learning — can fail as the underlying foundations of the economy suddenly shift, as trends bend and break, and perspectives on the means or ends of a better future

diverge rather than converge.

Simplicity, predictability, and easy consensus are impossible in the context of 21st century, connected challenges and shifting global contexts. In a multipolar world, there is no single view of the present, never mind the future! Scientific progress has not removed the need for a seat of uncertainty from the policy table. Instead there is growing demand by citizens and others to engage with and respect different perspectives of the future.

The ability of policy makers to create a better future requires a shift in policy mindsets from the “futures present” stance implied in model-based forecasting, which upholds a “predict and decide” approach to public policy and can justify “wait and see” until we know more, inaction. Modern foresight practices adopt an alternative, “present futures” stance, which opens up the space for more than one future in the present and redirects attention to discontinuous and novel developments.

...to Futures Present!

As such, foresight practices do not forecast the future but learn with alternative futures to enable a social learning process that uses disciplined imagination to reveal, contest and reset assumptions about the future that would otherwise remain implicit. The aim is not to predict the next crisis but to enable new and better future possibilities.

Foresight involves creating and using futures knowledge in a way that can combine “facts”, which are always “of” the past, having been derived from empirical data and direct observation, with contestable assumptions about the future, which come in the form of subjective perceptions, fictitious expectations, hopes and fears, imaginative and creative thinking, etc. By using alternative futures thinking to open up a safe and neutral space for the future in the present within the policy process, it is possible to manage disagreements about the future as an asset in enabling new and deeper learning about the present.

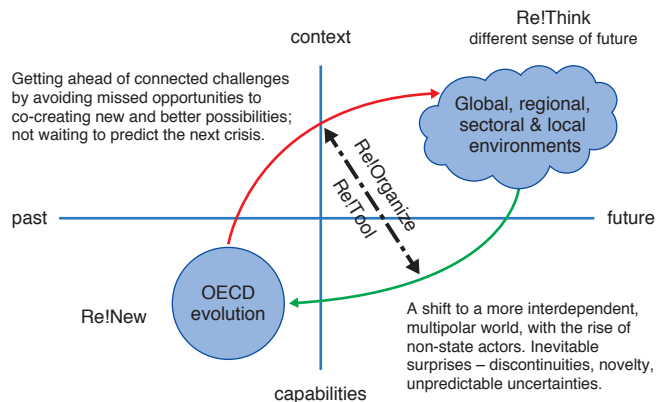
In an era of Big Data there is hope for real-time interventions that attend to distributional effects rather than average changes. Increasingly comprehensive data and better modelling offer hope of calculating the impact of structural reform policies with greater precision. Big Data also brings new challenges in foresight, which recognizes that lack of and uncertainty about evidence can be used as an excuse for inaction. Of course, the interpretation of Big Data is not free of bias or values conflicts. It is important to attend to whose stories about the future are being used to interpret data and what this reveals about deeply held, often tacit assumptions. Public policy is a framing contest — a power struggle — and the quality of this contest cannot be resolved by acting on the lowest common denominator of what we all agree can be known for sure about the future through verified observation and measurement of past trends. Failing to develop and use actionable foresight in policy can result in whole societies being outpaced by events.

A Policy Innovator

The choice facing many governments is whether to rely, in effect, on waiting until the next crisis can be predicted or to attempt changing direction before the crisis happens. As a policy innovator, the OECD promotes peer review and sharing of best practices between its members and, increasingly, through wider engagement with partner

CHART

OECD strategic foresight upgrade of core capabilities



Source: A. Wilkinson, OECD

and developing countries. It is currently in the process of developing new metrics that will allow a multi-dimensional policy framework centred on wellbeing, as well as helping to promote sustainable finance and green and inclusive growth strategies (see New Approaches to Economic Challenges (NAEC) at <http://portal.oecd.org/eshare/sge/Sites/NAEC/Pages/default.aspx>).

A Third Era of “Embedded & Exceptional” Foresight at OECD

The upgrade was initiated by Secretary-General Angel Gurría to “reinforce the Organization’s forecasting and strategic foresight capacity, developing a ‘horizon scanning network’ to offer Members and Partners a better understanding of potential threats and opportunities” and to “encourage the OECD to keep its forecasting processes under review and to strengthen its strategic foresight capabilities” (<http://www.oecd.org/about/secretary-general/MCM-2014-Strategic-Orientations-SG.pdf>). In brief, the OECD aims to help governments better realise their responsibilities for the future, avoid using uncertainty as an excuse for inaction, and seize new opportunities to shape a better future by co-creating the future with wider policy stakeholders and through international collaboration.

The upgrade strategy is based on two principles: foresight must be embedded in policy design and advisory activities — that is, built-in, not bolted on; and it must provide exceptional insights that differ from those derived from simply better forecasting.

Adaptive Capacity: 4 Sets of Embedded, Forward-looking Capabilities

The action plan for the upgrade has been devised following extensive consultation with the staff in various Directorates across the OECD about how foresight enhances policy design and analysis. It also stresses the use of foresight to ensure the continued strategic relevance of the OECD. The upgrade contributes to strengthening four sets of OECD capabilities: tools and methods; ways of working; collaboration and partnerships; and strategic planning.

Re!Tool: Working with Mixed Methods

The rise of global challenges, megatrends and the potential for global shifts, necessitates a rethink of methodological choices, suited to new realities of complexity, which include emergence, radical uncertainty, multipolar plurality, and socio-cultural ambiguity. The tools for policy-making can no longer rest on the assumption that all the outcomes of a decision can be known and calculated in advance. The emphasis on providing the optimal choice is giving way to offering robust options and in turn raising new questions about how to avoid going wrong with confidence.

As part of the ongoing OECD NAEC initiative, better integrated modelling approaches are being developed in order to calculate the synergies, trade-offs and spillover effects of reform policies. For example, see the very long-term conditional projection developed recently by the OECD, “Shifting Gear: Policy Challenges for the next 50 Years”, OECD Economics Department Policy Notes, No. 24 July 2014.

The challenges involved in long-term analysis are intellectual and social. It is not simply a matter of developing new and better econometric models to calculate a new baseline, but linking this baseline to the mindset of the decision makers and worldviews of societies. Whilst better integrated assessment modelling can help combine more factors there is also the need for a process of social learning, or strategic conversation, which engages decision makers and supports them in constructively engaging with deeper sources of model-based uncertainty.

Questions about the strengths and limits of better forecasting present an opportunity to use alternative futures-thinking methods, such as exploratory scenarios. The OECD upgrade is grappling with the methodological issues implied in opportunities of learning with futures, rather than about the future. Methods such as plausibility-based scenarios, and, preference-enabled, visioning and back-casting can be easily rejected by the evidence-based “certification culture” of policy communities.

By engaging with uncertainty, in a process of co-creating alternative logics of the future context, however, plausibility-based, exploratory scenarios can help policymakers reveal and reframe assumptions of the future-in-the-present that underpin their understanding of the present situation. Clarifying critical assumptions and making these contestable create a form of disciplined imagination that is sufficiently rigorous to be useful and useable in policy processes. Scenario planning and visioning can both complement and challenge model-based, econometric forecasting: any forecast, in effect, assumes a scenario.

In January 2014, an exhibition of collaborative-, networked- and transformational foresight methods was attended by over 100 OECD staff. This event explored how these new approaches in foresight differ from and can complement model-based conditional projections. It helped identify how the OECD can renew its core capabilities, and invest in enhancing skills and toolkits, including: coordinated horizon scanning; mainstreaming exploratory scenarios; and using foresight to enable strategic conversation and support scenario-based policy dialogues.

Re!Organize: Coordinated Horizon Scanning

As the financial crisis illustrated, the systemic nature of many global challenges cannot be appreciated without deeper understanding of the two-way linkages between multiple domains of policy and without

attention to the prospect of sudden, structural shifts. Over the past decade the OECD has been moving away from silo-based, policy analysis, which considers issues on a domain-by-domain basis, and promoting cross-cutting, horizontal initiatives to understand connected challenges. Examples of recent and ongoing OECD horizontal initiatives include Green Growth, Innovation Strategy, Inclusive Growth, and Skills Strategy.

In foresight terms, decisions about which linkages matter and why they cannot be addressed without attention to time framing, e.g. choices about time horizons. New and different policy choices and options can be seen if the time horizon is stretched beyond the normal 2-5 years of the OECD budget process and political election cycles of member states. This is not simply a matter of longer-term thinking, but also shifting temporal stance (from present-futures to futures-present) to enable the implications of new future developments to be brought into the timeframe of decision making.

To inform and navigate such policy choices and options, the OECD foresight upgrade promotes structured, strategic dialogues as a fast and flexible mechanism to exchange different perspectives and develop more systemic and shared understanding of forward assumptions, including trend data. A coordinated horizon scanning approach is being developed as part of a “whole-of-house” forward-looking system for anticipating new and still emerging global policy concerns.

Like any form of early warning system, the value of this new system lies not in seeing the future but in embedding the insights of more integrated scanning into the design, implementation, and review of policies. Foresight-informed insights are also essential in enabling timely and effective institutional innovation in order to address policy issues, which often fall between the silos and would otherwise remain stranded as strategic voids and orphaned issues.

Re!New: Connecting with Capitals — Avoiding Implementation Gaps

As part of this embedding process, the OECD has begun convening new global fora to address emerging global policy issues. For example, the OECD Global Tax Forum, which includes participation by 115 countries, has been pivotal to the success of the OECD’s work on the Automatic Exchange of Tax Information and Base Erosion and Profit Shifting. Similarly, the OECD is also focusing on the exchange of foresight between OECD member and partner countries as part of its Country Reviews, and, through the work of its Development Centre, Global Relations and Knowledge Sharing Alliance, is reaching out also between OECD and developing economy perspectives as an essential element in forging new common ground and community-building.

The OECD has been engaged in economic reviews involving its member countries for decades, and the foresight upgrade is redirecting attention to the long-term outlook within these reviews. In actively promoting engagement and knowledge sharing with other parts of the world, the OECD has been forging partnerships and new collaborations with large emerging economies, such as China, and building new regional policy networks, such as the South East Asia Regional Policy Network. These initiatives represent foresight-in-action in relation to the shift in economic power and the transnational and connected nature of challenges in a new era of multipolar globalization. For example, the OECD Development Centre, which integrates foresight as a key element of a new toolkit, Multi-Dimensional Country Review (MDCR), is designed to tailor broad OECD expertise to the

realities of developing economies and reflect their sense of future possibilities. A foresight-based event was piloted in Abidjan in the Ivory Coast in September 2014. The workshop was attended by 30 senior policymakers and a number of civil society representatives and comprised two elements: visioning and horizon scanning.

The OECD has long established links with developing economies, the OECD Development Assistance Committee being a prime example. At the same time, it is also engaged in the shifting paradigm of development as a “connector”, rather than a “sector”. The OECD is pushing forward a new platform called Policy Coherence for Development.

It is also reconnecting with experts in capitals. In November 2014, over 40 government foresight experts from member country capitals met to exchange practices on developing and using actionable and policy-relevant foresight. The OECD Government Foresight Community meeting enabled a wide array of policymakers in charge of forward-looking analysis to discuss global shifts, the impact of foresight-in-policy, and the shifting demand for foresight in governments. The OECD is looking to continue its support in nurturing an international community of governmental foresight practitioners and practices through the development of a web-based portal, an annual foresight forum, and specialist meetings.

Re!Think: Scenarios for Reframing, Not Forecasting

Developing and using policy-relevant foresight is pivotal to the OECD mission of better policies for better lives, and this is reflected in the mission of the organization, which has promoted sustainable global economic development since the mid-1970s. Today, the OECD is currently promoting a new economic narrative on wellbeing, recognizing that growth *per se* is not the goal and that assumptions of “trickle-down” in the growth model are not working.

Deeply held assumptions about the way the world works are not easily given up. Economics, like other fields of scientific inquiry, is still coming to terms with the new realities implied by complex, adaptive systems and by the anticipatory and adaptive dynamics of co-existence in a living rather than a mechanically efficient universe.

The development and use of foresight is necessary in order to create safe spaces for deeper and more constructive strategic framing contests. The resulting strategic dialogue will, in turn, help accelerate the development and uptake of new policy concepts, such as the highly significant new wellbeing framework.

Looking at Our “Self” Through the Mirrors of Foresight

Strategic prioritization and effective capability planning in any organization benefit from a structured strategic conversation process about the future. Strategic renewal is challenging in any organization and particularly challenging in the context of a meta-organization such as the OECD — that is, an entity that is an association of other organizations. As a consequence, the strategic planning processes of the OECD itself are clumsy, in a positive sense, involving processes of horizon scanning, sense making and collaborative strategy engaging a diversity of actors and perspectives. As it pursues “open” and emergent strategic conversations, the OECD is also faced with a rigid biannual budget process. There is no Executive Board with responsibilities for strategic planning. Instead, strategic priorities

emerge in the interaction of top-down, bottom-up and sideways-in processes of member states.

The OECD has strengths as a bottom-up innovator. Through direct engagement with thousands of national experts via an extensive and diverse range of substantive Committees and Working Parties, the OECD collates data, performs comparative analysis, and enables exchange on best practices. Top-down strategic considerations feature in the interactions of the Council of Ambassadors and the Office of the Secretary-General and, on a more occasional basis, between ministers (the annual Ministerial Council Meeting), between other high-level national representatives — for example, the Global Strategy Group (GSG) — and between the OECD and wider policy shapers, such as the OECD Week Forum. In 2014, the GSG strongly endorsed the idea that the OECD should help policymakers work out the implications of megatrends for future policy reform efforts.

In effect, this interactive, multi-level conversation enables prospective sense-making in a framework of practical rationality. By developing foresight to look at the longer-term, bigger picture each of these actors can be encouraged to “think outside the box” and avoid missing opportunities for designing and delivering better policies for better lives. In essence, the role of foresight is to ensure and support these multiple spaces of interaction and help accelerate and embed the new economic narrative on wellbeing, as well as continue the search for what might come next. To enable this requires a new organizational capability — a flexible, more reflective, as well as useful and useable sense of futures.

Conclusion

The OECD is a progressive and forward-looking organization with global policy impact. The OECD has a long and rich history of using different futures thinking methods, including using conditional projections to inform policy analysis and using exploratory scenarios to anticipate emerging issues and reset the policy agenda.

The ongoing upgrade in strategic foresight involves strengthening OECD core capabilities by working with a mix of established and new futures methods to develop a more flexible and reflective sense of futures-in-the-present. The upgrade is being progressed via a strategy of “exceptional and embedded” which ensures foresight is built-in, rather than bolt-on to routine activities. The aim is not to predict the next crisis but to support national governments in getting ahead of connected challenges by seizing new opportunities to realise human wellbeing.

In essence, the upgrade in strategic foresight is more than a search for better methods and toolkits. It is centred on securing the future of the OECD, as well as enhancing the impact of OECD-generated foresight within the policy processes of its member and partner countries.

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