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**IN-DEPTH EVALUATION OF THE NEW APPROACHES TO ECONOMIC CHALLENGES  
(NAEC) HORIZONTAL PROJECT**

**Executive Summary**

JT03541936

## *In-depth evaluation of the New Approaches to Economic Challenges (NAEC) Horizontal Project*

New Approaches to Economic Challenges (NAEC) was established in response to the financial and economic crises of 2008, which shook up the global economic system in an unprecedented way. On a proposal by the OECD Secretary-General, NAEC was launched at the 2012 Ministerial Council Meeting on 23-24 May [C/MIN(2012)2/FINAL]. It aimed to draw lessons from the crisis and derive policy implications. NAEC was established as an OECD Horizontal Project.<sup>1</sup> Its overarching objective was “to develop a strategic policy agenda for wellbeing and sustainable and inclusive growth built on the interconnectedness, complementarities and trade-offs among different policy objectives and instruments” [C/MIN(2012)2/FINAL and SG/NAEC(2013)1]. It had five sub-objectives, the first three targeted to the Organisation itself, the last two focused on Members and beyond.<sup>2</sup>

NAEC had a first phase (2013-16) focused on Lessons from the Financial Crisis, during which it operated as a Horizontal Project (HP), with Council providing political and strategic guidance, direction and oversight, and an inter-directorate steering group having an advisory and co-ordination role. The publication of the Final NAEC Synthesis report [C/MIN(2015)2] and the “Update on the Mainstreaming of the NAEC Initiative” in 2016 [C/MIN(2016)4] closed NAEC’s implementation phase as an HP *stricto sensu*, and launched a second phase (2017-2022) focused on Systems Thinking, Anticipation and Resilience. NAEC was transformed into a function at the centre of the OECD Secretariat to bring in new ideas and support the mainstreaming of new approaches across the Organisation [C(2016)81/REV1]. In this phase, NAEC had no formal governance arrangements, but the NAEC Group and Friends of NAEC continued to provide support and guidance. NAEC’s main product became the organisation of the NAEC Seminar series (present, though less predominantly, in the first phase), whilst in 2018 the NAEC Innovation Lab was launched, and a series of master classes organised. After two thematic phases (“Systems thinking, anticipation and resilience” (2017-20) and “From analysis to policy alternatives” (2020-22)) NAEC was reorganised within the Secretariat in June 2022, marking the end of the review period for this evaluation.

NAEC represented a unique and innovative initiative at the time of its launch, aiming to take the Organisation outside of its comfort zone and inciting it to think “out of the box”. The evaluation finds that the various stages of NAEC differed in terms of their objectives,

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<sup>1</sup> According to a note of the Secretary-General “Horizontal Projects (or ‘programmes’) are defined [...] as those which formally engage two or more different policy areas (usually different Output Groups and Committees) to deliver one or more related outputs for the Work Programme, within a specified time frame” [C(2011)77].

<sup>2</sup> (i) Revisit and assess whether [OECD’s] analytical frameworks and economic models need to be adapted to the reality of a post-crisis world; (ii) Identify more clearly the unintended consequences of different policy choices, as well as the trade-offs and synergies between them; (iii) Strengthen a “whole-of-OECD” approach to policy analysis and advice; (iv) Further tailor [OECD’s] policy advice to the needs, demands and priorities of Member and partner countries, taking into account the specific institutional and political economic background; (v) Support Member and partner countries in policy design and implementation (not only “what to do”, but also “how to do it”), in particular by relying on [OECD’s] unique “peer review mechanism.” This would mean increased efforts on implementation and better delivery, including looking at institutions and administrative capacity to deliver.

the audiences addressed, their *modus operandi* and the types of impact they generated – to such an extent that NAEC after 2016 transformed into a radically different project than the more classical Horizontal Project it had initially been, from 2013 to 2016. The following paragraphs provide the main findings of this evaluation.

The rationale for the creation of NAEC was well grounded. While the quantitative assessment provided by the survey on NAEC’s relevance shows less relevance for Members, qualitative evidence collected through the interviews nuances this result, providing a more positive view: NAEC contributing to promoting and facilitating horizontal work by bringing together, through projects and seminars, people that otherwise would normally not have worked together, was viewed as relevant.

Analysis of NAEC budget discussions show that the initiative however never enjoyed unanimous support from Members, not even in its initial phase. This led, in the later phases, to NAEC increasingly relying on Voluntary Contributions. Yet there is broad consensus on the necessity of having a function like NAEC that “challenges” the methods and approaches of the Organisation, as long as it stays connected to the rest of the Organisation.

In its first phase (“Lessons from the Financial Crisis”), NAEC gave prominence to emerging and existing projects within the Organisation, which otherwise would have been less central and visible. The first phase (the implementation phase) saw 29 NAEC projects, in three broad areas (“Reflection and Horizon Scanning,” (7) “Policy Trade-Offs and Complementarities” (15) and “Institutions and Governance” (7)). Publications from this phase were for all three groups found to be of high quality and somewhat impactful according to the analysis of Programme Implementation Report (“PIR”) data. Products from these NAEC projects also received nearly twice the average number of citations per product as compared to those from the subsequent phases, but this is explained by a small number of publications being very highly cited. Products from the later phases (post-implementation phase) yielded a higher share of citations from policymaking institutions, as compared to those of the implementation phase for which citations come mainly from other international organisations. Despite the positive PIR and citation results overall, from a more qualitative viewpoint it has appeared difficult to identify tangible uses and impacts of NAEC on policymaking in OECD Members.

NAEC served as a window and a platform for dissemination of new ideas that resonated with the goal of the project and the new narratives promoted. NAEC allowed to add horizontality across decentralised innovation attempts within the OECD. In the implementation phase, working methods matched its limited resources, supporting its work through contributions from directorates and making the cause for providing additional Central Priorities Fund resources for the projects, as necessary. Mainstreaming of some of NAEC’s narratives promoted in the implementation phase effectively occurred in the cases in which these resonated with Members’ interests and needs, to a great extent through work with substantive committees. Several substantive committees were strongly involved in this initial stage of NAEC but were no longer so in subsequent stages, from 2017 onwards.

NAEC effectively contributed to elevating certain policy issues, such as inclusive growth, to a prominent position on the Organisation’s agenda. Other concepts mainstreamed through NAEC were “resilience” and “systems thinking.” Agent-Based Modelling, Machine Learning and big data were also promoted through NAEC and its Lab, but uptake was slow.

NAEC, by presenting new and innovative approaches, aimed to bring innovative ideas, methods and concepts into the OECD, by inviting high-level speakers from a great variety of economic and other backgrounds to give presentations to an audience of OECD staff, Ambassadors and other stakeholders. This evaluation identified 267 events that were part

of the NAEC seminar series, averaging 27 per year starting in 2013 and peaking in 2016 with 53. The seminars attracted nearly 4,500 unique participants according to registrations and were characterised by interviewed attendees as being of high quality, highly interesting and often thought-provoking.

Even if the seminars were overall found highly interesting, the following issues seem to have hampered effectiveness of NAEC's post-implementation phases. First, the working methods used were too much based on one single approach. That is, NAEC attempted to bring knowledge to the OECD through exposure to seminars with a broad scope that covered a range of new concepts and frameworks. This often prevented the audience from having the opportunity to get a deeper understanding of these new approaches and, especially for OECD staff, how to put them into practice. Concentrating on a narrower list of priority themes could have been considered for greater effectiveness. Second, evidence collected for this evaluation strongly converges around a disconnect, during the post-implementation phases, with the OECD's day-to-day work. This translated into lower levels of relevance and involvement both for staff and for Permanent Representatives – who claimed that while many seminars were interesting and convened high-level speakers, they also represented a more radical departure from conventional OECD approaches and values. Some found that the seminars were too much positioned in a particular part of the political and economics spectrum only, that the mixed audience went sometimes against the efficiency and effectiveness of seminars and that often the seminars were not interactive enough. The NAEC Innovation Lab and the NAEC master classes emerged as narrower but possibly more relevant and effective initiatives to introduce new approaches into the Organisation.

In addition, the COVID-19 pandemic, starting early 2020, was both a challenge and an opportunity for NAEC. On the one hand, it forced the initiative for a long period to work remotely – not much different from the other parts of the Organisation. However, the remote way of working also offered the opportunity to involve more participants (especially in 2020) and the nature of the pandemic underlined the importance of some of the concepts promoted by NAEC, such as systems thinking and on supply chains.

While the ideas fostered through the NAEC seminar series of the later phases did not become highly mainstreamed throughout the Organisation, it was nevertheless viewed and appreciated as a space for new thinking and getting acquainted with innovative, and sometimes radically different, work, the impact of which in the Organisation and beyond is harder to grasp. As such, where its first two (“inward looking”) sub-objectives can be considered as having been to a large extent met, this seems less the case for the last two sub-objectives, more focusing on policymaking in Members and beyond. The third objective – Strengthen a “whole-of-OECD” approach to policy analysis and advice – would still require further efforts.

Finally, there seems to be consensus among the various groups of stakeholders consulted for this evaluation, around the value of an Organisation such as the OECD to remain informed and familiar with new thinking as a long-term strategy for its effectiveness, through initiatives which challenge the Organisation's knowledge and methods from within, enjoy a certain independence to do so and connect back to substantive committees.

### ***Conclusions and Lessons Learned***

NAEC as well as its outcomes were overall relevant for the Organisation, were effective in facilitating horizontal work and in providing a space for new thinking, and succeeded in

mainstreaming new concepts across the Organisation. In view of its relatively limited resources, the achievements of NAEC have been considerable.

NAEC represented a unique and innovative initiative at the time of its launch, aiming to take the Organisation outside of its comfort zone and inciting it to think “out of the box”. However, the various stages of NAEC – initially (2013-16) operating as a genuine horizontal project, more inward looking; later (2017-2022) attempting to bring external ideas into the Organisation mainly through seminars – strongly differed in terms of their objectives, the audiences addressed, their *modus operandi* and types of impact generated.

On the basis of the findings and analyses of the evaluation, nine “lessons learned” were formulated. IDEs of HPs propose *lessons learned*<sup>3</sup> that may inform Council discussions, support initiatives aimed at underpinning and enhancing the evaluated project’s policy impact and mainstreaming, and provide insights and guidance for present and future horizontal projects, including for the future evolution of NAEC itself. These lessons are summarised below.

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**Lesson Learned 1. (Rationale)** Having initiatives that challenge conventional thinking and approaches within the OECD, as NAEC sought to do, is important, but they need to be well connected to the rest of the Organisation without becoming “bureaucratised” as this might diminish the “challenger” function of such initiatives

**Lesson Learned 2. (Mandate, Scope and Mainstreaming)** Forthcoming Horizontal Projects’ programmes of work, including their scope, detailed account of planned outputs and expected participants, as well as a realistic mainstreaming approach, need to be set from the outset in a scoping paper, to ensure transparency, and support management and ownership

**Lesson Learned 3. (Resources)** Sustainable and effective programmes require an adequate matching between objectives and resources, both for implementation and mainstreaming

**Lesson Learned 4. (Ownership)** One of the key ingredients to effectiveness is ownership. Better integration with the core work of the Organisation and clear ownership over defined work is crucial for maximising the continued relevance and the impact of contributions of Horizontal Projects

**Lesson Learned 5. (Governance)** Maintaining effective governance mechanisms and committee involvement is crucial for sustainability of Horizontal Projects as it ensures support for the initiative and clarity in decision-making, possibly increasing impact of the work

**Lesson Learned 6. (Working Methods)** Introducing new knowledge and innovation is not an easy task and requires targeted thinking and efforts. Proper working methods for emulating and stimulating innovation should be established, including by using a broad set of instruments both bottom-up and top-down

**Lesson Learned 7. (Targeting Audiences)** The design of seminars to address specific target audiences is key for their effectiveness. While the first phase was clearly focused towards engaging the Organisation and internal stakeholders from within, the second phase lacked a clear definition of the target audience. Such definition could have increased the use and impact of these seminars

**Lesson Learned 8. (Post-implementation)** It is crucial, in Horizontal Projects, to ensure the articulation, revision and approval of objectives when transitioning to the post-implementation phase, as well as clarity around the nature of the initiative in this phase

**Lesson Learned 9. (Self-evaluation)** Incorporating a systematic self-evaluation process is essential. Regular reflection on project milestones and outcomes allows to anticipate hindering factors and adapt

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<sup>3</sup> In contrast to Committee IDEs which contain *recommendations* addressed to Committees, HP evaluations would draw “lessons learned” more generally [[C\(2015\)144](#), para 3].