



**PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT  
DIRECTORATE**

**E-GOVERNMENT: MAKING CHANGE HAPPEN**

**COUNTRY PAPERS**

**These papers were prepared to provide background for discussion  
at the**

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## AUSTRALIA

### Question 1: What incentives has your country used to encourage e-government change?

- **What is your country experience in terms of using financial incentives (e.g. central funding) to support e-government initiatives? How are they allocated and according to what criteria? Are these new or reallocated funds?**
- **What kind of non-financial incentives (e.g. non-financial awards/recognition, favourable regulations) have been the drivers of change?**
- **What are the major obstacles in your country to use incentives to drive change and how are you trying to overcome them?**

Australian Government agencies are expected to fund e-government initiatives from their existing budgets. They operate in a largely devolved management environment and are therefore responsible for their own ICT investment, strategy, development, implementation and support, reporting annually on their outputs and outcomes.

Some e-government programs have been funded where there is a specific upfront cost imposed on customers. For example, the Australian Customs Service's Cargo Management Re-engineering Program received funding to cover the cost of digital certification for customs agents.

AGIMO supports and promotes the efficient and effective application of ICT to government services and administration. The Government considers the drivers for e-government to be rigorous business case assessment. They do not envisage offering generic incentives at this stage.

AGIMO promotes e-government as good management practice – promoting the efficiency (improved business processes, reduced or avoided costs), service improvement and social benefits of implementing e-government/cross agency collaboration initiatives. It does this in a number of ways including:

*The Demand and Value Assessment Methodologies*, an online tool developed for agencies to better measure and monitor the demand for, and value of, e-government programs. These are designed to provide agencies with easy to audit tools for transitioning and extending services into the online environment, aligning the business case for developing new online and digital services with the broader budget outcomes and outputs framework.

#### ***Promoting Best Practice:***

- Compilations of **Case Studies** of best practice from government and non-government agencies in Australia and internationally have been compiled by AGIMO. These promote benefits of e-government initiatives as experienced by agencies. <http://www.agimo.gov.au/practice/delivery>

- **Seminars, forums** and other events featuring case studies, new initiatives, whole of government issues and future directions. Topics for these events are identified through consultation with departments and agencies. <http://www.agimo.gov.au/resources/events>
- Facilitating **communities of practice**, providing opportunities for government practitioners who share a practical concern to share knowledge and solutions, build competencies and capacity, leverage expertise and thus help achieve business results more effectively. Current communities of practice include content Management, marketing e-government, e-democracy. <http://www.agimo.gov.au/practice/delivery/awards>.
- Creating **Better Practice Checklists** to help web managers, business unit owners, and others quickly enhance their understanding of a range of issues associated with the provision of services online. <http://www.agimo.gov.au/practice/delivery/checklists>.

### *Developing Standards and Frameworks*

The IMSC/CIOC have worked towards establishing frameworks to support the business practices of agencies:

- The **Interoperability Framework** underpins the provision of integrated services by articulating a set of agreed policies and standards to allow electronic information and transactions to operate seamlessly across agencies and jurisdictions. <http://www.agimo.gov.au/practice/framework>
- The proposed Australian Government **Authentication Framework** provides a means for aligning business processes with authentication techniques based on a business risk assessment, to facilitate trust in the growing number of online transactions. The proposed Framework is similar to online authentication frameworks in the UK, US and Canada. An exposure draft has been released for consultation. <http://www.agimo.gov.au/infrastructure/authentication>
- An **Access and Distribution Strategy**, currently under development, will guide agencies in making decisions about how and through what means services will be delivered to clients. It aims to transform government service delivery to provide convenient, timely and seamless services to all customers by implementing an efficient, integrated and customer focussed multi-channel approach to the distribution of information and services. A Channel Management Framework will be incorporated into this Strategy and will include existing standards such as Interoperability.

In addition, *Australian awards* relating to aspects of e-government include:

- **Prime Minister's Awards for Excellence in Public Sector Management** (<http://www.act.ipaa.org.au/index.cfm>). These aim to encourage and recognise better practice and innovation in government, including the application of new technologies to innovative approaches to products, services or program delivery.
- The **Government Technology Productivity Awards** recognise areas of government that have improved productivity and are providing better service with the aid of technology. <http://www.nte.com.au/awards.html>

**Question 2: What types of partnerships have been established with the private sector and how have these changed the way government delivers its services? Please describe your country's experience with private sector partnerships to make change happen, and give examples.**

- **What challenges has your country encountered in sharing responsibility for service delivery with the private sector?**
- **What kind of solutions have been identified in your country (in terms of defining output specifications, managing contractual arrangements, sharing risks and ensuring accountability to public partners and the public at large). How successfully have these solutions been implemented?**
- **What is the role of central co-ordinators in helping agencies evaluate the cost and opportunities of private partnerships, and in helping to promote partnerships (e.g. framework agreements)?**
- **How has your country managed to control costs of private sector contracts while maintaining flexibility to adapt to changing needs and conditions?**

In Australia, partnerships between government and the private sector are not an issue specific to e-government. Over the past two decades, public sector reform has meant Government agencies have been required to develop new approaches to policymaking and service delivery. These are increasingly involving new partnership arrangements. Networking or partnering is beginning to play a major role at the local and national levels both for improved performance and effectiveness and as a means of delivering more responsive public services to citizens. E-government encourages these changes, with its focus on coordination, collaboration and streamlined service delivery.

The nature of these public/private sector relationships continues to change. Increasingly the public sector is adapting, or adopting, private sector methods and techniques – a growing “commercialisation” of public sector organisations in both their structures and ways in which they operate. In addition, the private sector is not only providing more goods and services to the public sector, it is also delivering a growing proportion of public services direct to the public.

Reform of public sector activities over the past two decades has been broadly based on the key principles of rationalisation: separation of the contracting of services from service delivery; funding based on results (outputs and outcomes) as opposed to inputs in an environment permitting private-sector suppliers to determine the most effective and innovative ways to produce the contracted services; and a commitment to reducing the role of government in the direct provision of services. There are a range of relationships that come under the heading of public-private partnerships (PPPs), from outsourcing functions that the private sector can undertake more efficiently and cost-effectively than the public sector; to contract, cooperative and partnership arrangements; public-private partnerships, and private financing initiatives. Principal features includes some (or all) of the following: the delivery of services normally provided by government; the creation of assets through private sector financing and ownership control; government support; and risk sharing.

The major challenge has been protecting public interest and maintaining **accountability** for the expenditure of public funds. Each government agency is responsible for ensuring the government's objectives are delivered in a cost-effective manner and to be accountable for that outcome and the manner of its delivery. There are inherent differences between the governance and accountability requirements of public and private sector entities. The public sector is governed by legislative and constitutional responsibilities; regulations and policies such as stewardship and the budgetary outcomes and outputs

reporting; ethics and codes of conduct. Private sector organisations have specific obligations under corporation law and trade practices legislation, as well as relevant State/Territory legislation. The public sector is primarily accountable to the Executive and the Parliament, while private sector entities have as their primary responsibility the provision of shareholder value. There is often a conflict between the need for accountability and the need for economy and efficiency. Effectiveness may not mean the same thing in the two sectors, in the public sector the concept embraces accountability concerns such as transparency, equity of treatment and probity in the use of public resources.

There have been some legislative contributions towards strengthening private sector accountability. For example, amendments to the Privacy Act 1988 in 2001 have introduced to the private sector similar privacy obligations already existing in the public sector. However, there are still significant **risk management** issues associated with PPPs. While the public sector accountability regime should not stifle innovation or other management activity, it is important that appropriate mechanisms are in place to ensure the ethical and accountable use of resources as well as achievement of required results.

Managing these risks requires:

- Clearer and more realistic performance measurements.
- Public sector managers to fully appreciate the nature of the commercial arrangements and attendant risks involved in private financing initiatives.
- Development and/or enhancement of a range of commercial, negotiating, project and contract management skills across the public sector.
- Cultural transformation from hierarchical to partnering, process to results oriented, relationship based.

The increasing convergence between the public and private sectors has drawn attention to sharing approaches and experiences in relation to corporate governance, particularly in managing the interrelationships. A number of reforms are taking place:

### ***Service Delivery Charters***

All Commonwealth Departments, agencies and Government Business Enterprises that have an impact on the public must develop a Service Charter. These require an agency to account publicly for its operations by publishing information of an agency's purpose, its customer base and its services and service standards, its complaints mechanism and information on its compliance with the charter. Outsourcing contracts should reflect the Service Charter commitments, that is, the contracts should require the provider to supply outcome, output and input information against which the performance can be assessed. This assessment will include whether processes are efficient and the service quality is satisfactory. It should be possible to ensure clients are receiving the appropriate level and quality of service, consistent with the Service Charter.

### ***Outsourcing***

Outsourcing has been a key feature of the changing public sector environment. Objectives have included increased flexibility in service delivery; greater focus on outputs and outcomes rather than inputs; the freeing of public sector management to focus on higher priority activities; encouraging suppliers to provide innovative solutions; and cost savings in providing services.

Outsourcing also brings risks. A poorly managed outsourcing approach can result in higher costs, wasted resources, impaired performance and considerable public concern. Savings and other benefits do not flow automatically from outsourcing. The outsourcing process, like any other element of the business function, must be well managed to produce required outputs and outcomes and must be suitably transparent to protect public accountability.

### ***Contract Management***

Alternatives to “legally based” contracts are emerging. In particular, “relational contracts”, where the key feature is the need for trust, flexibility and generality in contract specifications due to uncertainties in the environment (political or financial) and the difficulty of specifying targets and measuring results, are being tested to determine their effectiveness both in terms of performance and accountability. These “soft” contracts have cooperation as the guiding principle.

Partnering arrangements can also help overcome any apparent inflexibilities of a narrowly based contractual relationship. Such arrangements are seen to enable a greater exchange of ideas and information and to allow partners to gain access to knowledge and resources of other parties. A focus on cooperation to overcome any identified problems and/or to deal positively with any issue of collaboration, coupled with a genuine commitment to mutual understanding, can lead to a more productive relationship and better results for all parties.

### **PPPs in the Australian Government**

The Department of Finance and Administration (DOFA) has published Commonwealth Policy Principles for the use of Private Financing, building on the resource management and procurement framework already in place. These ensure that private financing proposals meet the high public accountability and transparency requirements of Commonwealth procurement. In addition, they have established a specialist Private Financing Branch to assist agencies considering private financing proposals. [http://www.finance.gov.au/commercialprojects/private\\_financing.html](http://www.finance.gov.au/commercialprojects/private_financing.html)

The Australian National Audit Office (ANAO) has an important role to play in terms of leading and guiding agencies through the accountability issues presented by private sector involvement. They have developed a Better Practice Guideline on Contract Management which deals with contract management within a risk framework, specifically dealing with day-to-day contract management matters. The primary focus is on achieving required results and value for money. It emphasises the importance of not only dealing effectively with risk in contracts but also in developing and maintaining a relationship with the contractor that supports the objectives of both parties and focuses on the agreed results to be achieved. <http://www.anao.gov.au/>

Under the TIGERS project, a consultancy was engaged to examine ways in which PPP arrangements could be structured to support e-government initiatives. The report (2002) *Public Private Partnership Opportunities in e-government* concluded that PPP are a viable option for supporting and financing e-government initiatives in Australia. <http://www.agimo.gov.au/data/assets/file/19014/PPP.pdf>

### ***Centrelink***

**Community Connect** is a cooperative approach to information sharing and accessing services between Centrelink and other service providers and community agencies. It is being developed as a shared servicing online product, using an Internet portal site, which will open up access to a range of support tools, services and information products for community service providers. These products include:

- Access by the organisations to the national community services directory.

- The electronic referral of Centrelink customer information (with the consent of the customer).
- Centrelink news and information; community information and events.
- Payment rate estimators.
- An online discussion forum.

An increasing number of providers will be able to share booking and two-way referral facilities to ensure a smooth transition for their customers.

Centrelink are investigating the concept of **WhiteBranding**. This involves a collective of service providers – government and non-government – any one of which can package and provide services across a network on behalf of the network. Services can mean providing advice or suggesting avenues of action. For example, a provider can, with the aid of access to the network, provide advice disability payments to a client on behalf of Centrelink. The idea is called white branding because Centrelink’s branding does not appear on the product. This is a long term plan, and the need for such things as tool sets, access to contacts, publications, and referral eligibility rules have been identified. These will enabling all providers to work together and make informed decisions of how to help a customer.

### **PPP in State Government**

State Governments have been a major source of PPP activity particularly in regards to private financing for public infrastructure such as roads and prisons.

The Victorian Government, through its Efficiency Unit, has taken the lead in developing a PPP programme in Australia, and is recognised internationally for its work in this field. This program includes a course to prepare civil servants involved in considering and planning PPP projects, as well as assessing bids and monitoring the implementation of contracts. <http://www.partnerships.vic.gov.au>

The South Australian Government has developed “Partnerships SA”, a procurement policy of the SA government that seeks to promote private sector participation in the development and delivery of public infrastructure and Government services to the community. This includes guidance material, detailed practise notes, and information on current projects. The Projects Analysis Branch oversees PPP projects: from a policy perspective, developing and implementing the Government’s policies, guidelines and principles on PPP; and from an operational level, in conjunction with individual agencies, the key PPP procurement tasks. <http://www.treasury.sa.gov.au/ppp/index.html>

The NSW Government has “Working with Government” Guidelines for Privately Financed Projects. <http://www.treasury.nsw.gov.au/wwg/>

Queensland, Western Australia and Tasmania also have central PPP units and/or PPP guidelines.

**Question 3: What levers have the government used to create a co-operative human environment? Please describe your country’s experience with improving personnel commitment to making change happen, and give examples.**

In its chapter on Culture and Capability, a recent Management Advisory Committee (MAC) Report *Connecting Government* concluded that “where issues dealt with by [Australian Government] agencies transcend traditional boundaries, a horizontal overlay is required which:

- Ensures a focus on the bigger picture within the context of the government’s overall policy agenda and priorities.

- Encourages an orientation to collaboration rather than a silo mentality.
- Ensures informed decision making – taking account of different perspectives and providing a strong basis for collaboration”<sup>1</sup>.

The report makes a number of recommendations relating to encouraging a co-operative personnel base. <http://www.apsc.gov.au/mac/connectinggovernment.htm>

Secretaries, Heads of Agencies and Senior Executive Service have statutory and legal responsibilities to create co-operative personnel environments. According to Australian Public Service Act 1999, it is part of statutory responsibilities of the SES to promote cooperation with other agencies, give explicit and consistent support for collegiate and horizontal approaches, and to participate in cross-portfolio training activities and relevant Australian Public Service wide development projects.

The challenge is to support a “networking” culture by creating a service-wide bias towards looking for wider whole of government objectives while maintaining an essentially vertical framework. Collaborative and relationship-building skills are also stressed in the Senior Executive Leadership Capability Framework (SELCF). This sets out a shared understanding of the critical success factors for APS leadership. It identifies the cultivation of productive working relationships as one of the five core criteria for high performance by senior executives. [www.apsc.gov.au/selc/index.html](http://www.apsc.gov.au/selc/index.html)

The Management Advisory Committee (MAC) is a forum of Secretaries and Agency Heads established under the *Public Service Act 1999* to advise Government on matters relating to the management of the Australian Public Service (APS). In addressing its broad advisory function the Committee considered a number of management issues where analysis, discussion, and the identification of better practice approaches would inform and promote improvements in public administration. Consisting of heads of a number of Government Agencies, the MAC acts as a role model for cooperative working and decision making and is highly valued within the APS.

A newly established Cabinet Implementation Unit in the Department of the PMC will also have an important role in ensuring that whole of government considerations are properly brought to the fore in the implementation of the government’s policy agenda.

Analysing a number of case studies of co-operative government initiatives, the *Connecting Government* report determined a number of skills required for Australian Government public service to ensure a collaborative workforce, including:

- Leadership.
- Relationship management.
- Project, program and contract management.
- Negotiation and mediation.
- Entrepreneurialism.
- Change and conflict management.
- Communication and marketing.
- Records management.

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<sup>1</sup> Management Advisory Committee, *Connecting Government* Canberra: Commonwealth of Australia, 2004. p.43

- Information management.

Recommendations for enhancing a collaborative environment include:

- Development of appropriate capability plans, integrating whole of government skills into APS and agency development programs and opportunities.
- Sponsorship of formal interdepartmental activities, including offering high performing staff experience on whole of government projects and supporting their participation with other agencies in such projects (e.g. a recent initiative of PMC where executive level employees from other agencies were seconded to work on inter-agency projects for short periods).
- Relevant criteria should be included in selection criteria and graduation programs, relevant topics in induction and training, so that coordination, cooperation, negotiation and openness are truly valued.

The report including a number of good practice guides including “Creating a Culture for Success”  
<http://www.apsc.gov.au/mac/connectingguide.pdf>

## DENMARK

### Executive Summary

To encourage e-government change in Denmark “Project e-government” was launched with a Board of e-government, the Digital Taskforce as secretariat and a number of “service communities”. A strategy for e-government in the public sector was launched in 2001 and updated in February 2004. Financial incentives have been used with success but central funds have been limited. Funds are usually reallocated rather than new. One of the major obstacles for e-government have been funding and creating incentives for projects that cut across the public sector. Other major obstacles are cultural differences and rigid organisational structures. Still, Denmark has been successful with e-government and is among the most developed in the area in all major international surveys.

The experience with private-public partnerships (PPP) is limited and an action plan has been developed to increase the use of PPP. There are several small PPP pilots running but conclusions from these pilots are not yet ready. One big PPP has been implemented but with limited success partly due to technical problems. This project still has a good chance of becoming a success.

The main lever to creating a co-operative human environment is “Project e-government” which among other things is trying to make leaders become the drivers of e-government and implement e-government goals into the contracts of high-ranking civil servants.

One of the lessons learned has been that implementing e-government projects inside a single ministry and creating standards and guidelines centrally is relatively easy. The tough part is implementing projects that cut across the three levels of the public sector as well as projects that cut across different ministries. This is mainly due to lack of incentives, cultural differences and rigid organisational structures.

### Question 1: What incentives has your country used to encourage e-government change?

*Financial incentives.* In Denmark the experience using financial incentives to further e-government has been very good.

But the central funding with respect to e-government is minimal. Approximately €0.4 billion is spent on e-government initiatives per year. The total amount of central funds that can be applied for to implement e-government initiatives is €10 million per year or 2.5% of the total amount spent on e-government. This means that the responsibility for implementing and paying for e-government initiatives is placed locally rather than centrally.

The funds that can be applied for are new funds but the majority of the funds spent on e-government initiatives are reallocated funds.

*Non-financial initiatives.* The main driver of e-government in Denmark is “Project e-government”. The project started in 2001 and is scheduled to end by the end of 2006. The project is led by the Board of e-government, which consist of the Permanent Secretary from some of the major ministries as well as the

Director of "Danish Regions" and the Director of "Local Government Denmark". The Digital Taskforce, which consist of employees from the ministries and associations represented in the Board of e-government, functions as the secretariat of the Board of e-government.

In 2001 and again in February 2004 the Board of e-government launched a national strategy for e-government valid for all three levels of government. The Board of e-government has also created some "service communities" across all levels of the public sector, which works on specific tasks such as "services for companies".

Another driver is introducing prizes inside the public sector. One example is "Best on the Internet" which gives ratings of public homepages and thereby encourages authorities to prioritise usability of their websites. Another example is benchmarking the level of e-government activities of different ministries to ensure focus on e-government development (this project is under way but not yet implemented). Finally the "Prize of e-government" is a new prize given to public institutions in three categories: "Efficient e-government and service to citizens", "Coherence of IT Infrastructure" and "Good e-government Leadership".

*Obstacles to incentives and solutions.* One of the main obstacles is lack of funds both centrally and locally. Another obstacle is that the benefits of an e-government investment made by one ministry are frequently harvested in another ministry. Therefore the incentive to implement a project is reduced in the ministry that has to do the implementation. Another obstacle is funding projects that – although they have a positive business case – demand large up-front investments that are only gradually paid back in the course of several years. The fact that the leaders are often awarded according to their agency's own solutions rather than the agency's contribution to common solutions is also an obstacle, which reduces the interest in e-government projects that cut across the public sector. Also, the fact that the public sector has three predominantly autonomous levels of administration means that the Board of e-government can only make decisions supported by all three levels. Cultural differences between the public entities are also an important barrier.

To overcome these obstacles "Project e-government" with the Board, the Taskforce and the service communities was established. Also, work is currently done on examining the possibilities of a central fund that can make loans to implement e-government projects with a positive business case. Another initiative currently being examined is adding e-government goals into the contracts of the senior public civil servants – also goals that cut across the public sector. In this way senior civil servants can be measured on the e-government performance of their own agency as well as their contribution to the performance of other agencies. Finally, work is done on examining some of the special projects where mandatory participation is necessary to succeed.

## **Question 2: What types of partnerships have been established with the private sector and how have these changed the way government delivers its services?**

*Challenges encountered.* One of the main challenges with private-public partnership (PPP) is lack of experience. Obtaining accountability can also be a challenge. In traditional public tenders the winning company must take full responsibility. In a few PPP projects the responsibility of the public sector has not been clearly defined. Also, lack of harmony between the interests and goals of the relevant companies and authorities has occasionally created challenges.

*Solutions and success.* To get some experience with PPP some pilot projects using PPP has been initiated. Also, a portal for tenders has been created to further PPP. It is too early to evaluate the success of the pilot projects and the portal.

One major PPP project – a company portal named [www.virk.dk](http://www.virk.dk) – has been implemented. Unfortunately, the success has been limited partly because the provider of the technical platform could not meet the technical requirements listed in the contract. Therefore, the IT supplier was recently fired and the portal is about to have its technical setup re-launched.

Another major project – which is not a clear PPP project – is FESD. In this case a tender was done and three suppliers picked to offer electronic case and document handling software and implementation as an open contract to all public entities. The project is not finished yet but seems to be a success.

*Role of central co-ordinators.* To assist with spreading PPP an action plan has been developed. In the plan ten specific actions regarding PPP are listed. For instance, all public tenders must be examined to see whether they should be PPP and standard contracts will be developed.

*Managing costs and flexibility.* One of the actions to manage cost has been to make tenders based on fixed price. Also, in choosing the private partner the bids are examined with respect to their business case. In the example of the company portal the winning bids business case was based on a huge private investment in the portal due to own interest in the portal. In this case the private part has invested about 10 times the amount of money they were paid to develop the portal. The private partner's own interest in the project created the necessary flexibility.

### **Question 3: What levers have the government used to create a co-operative human environment?**

The main lever to create a co-operative human environment is “Project e-government” which is described in the answer to question 1.

To create a co-operative human environment focus has been on getting the leaders to take interest in, promote and prioritize e-government projects. In the course of the coming years a huge amount of civil servants will retire. Therefore the public servants generally do not have to fear losing their jobs due to e-government projects. This has made it easier to bring focus to the potential of e-government in ensuring the delivery of high quality public service with fewer employees using technology to handle the simple and boring tasks. This fact has been a positive factor in persuading managers and other staff to respond positively to e-government initiatives.

Still, it is necessary to use the Board of e-government to monitor the progress of e-government in the ministries, counties and municipalities through status reports etc. Also, an initiative currently being examined is adding e-government goals into the contracts of the senior public civil servants in order to ensure a co-operative human environment.

### **Question 4: What lessons have been learned from trying to make change happen?**

One of the lessons learned has been that e-government projects inside a single ministry are relatively easy to implement. Also, creating standards and guidelines centrally can be done successfully.

The tough part is implementing projects that cut across the three levels of the public sector as well as projects that cut across different ministries. Also, creating commitment in projects across the public sector is tough. These problems are mainly due to the lack of incentives, cultural differences and rigid organisational structures mentioned under obstacles in question 1.

Creating clear goals that are publicly backed by politicians is crucial, but is not necessarily enough to make a project successful.

Introducing prizes has been very effective to reach certain goals. For example, to make the public sector communicate electronically an “eDay” project was implemented. From a certain date a public entity could demand to get non-sensitive documents from another public entity sent electronically rather than by paper. The public entities ready for electronic communication were allowed to advertise this fact on their homepage. This “prize” made the public entities work hard to get ready and was a huge success.

Another lesson is that it is hard to change the existing workflow processes when implementing an e-government project. An example is transforming a paper form that a company has to fill out. This is often done by making the exact same form electronically rather than transforming the form to fit the digital processes and simplify the workflow.

Finally, a lesson is that focus is often on the front-end in the e-government projects since they offer benefits for the users e.g. citizens and companies. But focus is often not on the back end, which is the one that brings savings to the public sector.

**Question 5: Is there anything else about your country’s approach to making change happen that you would like to share with your colleagues?**

No.

## FINLAND

**Question 1: What incentives has your country used to encourage e-government change? In your answer, please cover the following subset of questions, providing examples as necessary.**

*What is your country experience in terms of using financial incentives (e.g. central funding) to support e-government initiatives? How are they allocated and according to what criteria? Are these new or reallocated funds?*

Investments and operating costs of Information Management and electronic services are part of the overall operating expense budgets of ministries and agencies. In the government budget operating expenses are one budget line and decisions on how to use it are made in operating units.

The only case of central funding has been the Future Funds decision in April 2000. The Ministry of Finance got EUR 6 million to fund eService development in budget years 2002/03. The Ministry of Justice got EUR 1 million to enhance and open the legal database Finlex.

The future funds have been used basically to cross-sectoral projects. The citizen portal Suomi.fi, the enterprise portal YritysSuomi.fi and the electronic form service Lomake.fi were financed with this funding. Future fund have also been used to promotion of services and development of interoperability (e.g. use of XML, electronic archiving etc) and information security. In most of the cases Ministry of Finance has been co financing but money wise the projects with 100% funding have been largest.

Originally MoF was planning to support more single agency projects with co funding. Requests were however few, as financing seems not to be a problem in IM.

The Future Funds made it possible to develop cross-sectoral portals. The portals and eForms service would not exist if this extra funding had not been in place. The funding has been very important for work on interoperability. Finland normally spends only EUR 0.5 million per year in cross-sectoral work on government IM – that is only 0.1% of all government IM expenditure.

*What kind of non-financial incentives (e.g. non-financial awards/recognition, favourable regulations) have been the drivers of change?*

Finnish government eServices are generally poor on features that make electronic services attractive and easy to use. There are no common features on look and feel and most sites lack basic features like search inside the site. Most sites are not WAI compliant etc. There are recommendations on eServices but in many cases these have not been taken into account in service development.

Ministry of Finance has developed quality criteria for public sector eServices. The criteria are based on the Balanced Scorecard. Special sections of the criteria look on the benefits to the intended users and the organisation providing the service. The criteria include references to all the existing guidance on eServices. The criteria are published on <http://www.laatuaverkkoon.fi> and the English translation will be available in late August. In addition to the criteria, the site offers a self-assessment tool.

The quality criteria are used in the 1<sup>st</sup> Quality Competition on public eServices that was launched on 17.5.2004. In total 99 services have registered to participate in the competition. The competition is following the model used in quality competitions for companies (EFQM). The goal of the competition is to get agencies pay more attention to the quality and usability of their services and also to get some media attention.

*What are the major obstacles in your country to use incentives to drive change and how are you trying to overcome them?*

The general atmosphere in Finland is hesitant towards changes in the public sector. For instance the Parliament is somewhat cautious towards changes in e.g. delivery channels. The current government's priorities in public management development include using central government as a tool for regional development (e.g. localisation of agencies) and this in some cases poses contradictions with the Government's other key aim to improve productivity. The situation has raised questions in some agencies about the goals and the agencies' freedom to develop their operational and organisational models.

Personnel policy including rewarding system is flexible and agencies have a lot of freedom within their operational budgets. Personnel policy reform started in late 1990s and by now roughly half of the ministries and agencies have adopted a new wage system. The new wage systems are based on models used in the private sector.

**Question 2: What types of partnerships have been established with the private sector and how have these changed the way government delivers its services? Please describe your country's experience with private sector partnerships to make change happen, and give examples.**

*What challenges has your country encountered in sharing responsibility for service delivery with the private sector?*

In Finland the private sector is typically in the traditional supplier role. Cases of shared responsibilities are very few.

In eServices the TYVI model used in administrative reporting is about the only case where private sector operates services and bears the commercial risk. The TYVI model is described in detail in the OECD report on e-government in Finland. The main challenge with TYVI has been in selling the idea of outsourcing of data collection to agencies. Agencies typically are not very well aware of their own production costs. In outsourcing the costs are visible and have to be paid out whereas in own production costs are more or less fixed and calculations of unit costs are seldom done.

In the case two eService platforms (e-Forms and Public Sector Directory) the initial investment (only software and integration work) has been paid by government but the operating is outsourced and the operator is paid for use. E.g. for e-Forms service agencies pay a fixed fee (EUR 160) per month and a transaction fee for all messages (forms, reports) they get via the system. The transaction fee is around 15 cents. The operator makes all the needed hardware investments and supports the 24\*7 operations of the service.

By using the e-Forms service agencies and municipalities can save a lot because the service provides tools to develop XML based forms and functionalities like user authentication and network payments. The number of agencies and municipalities using the service is disappointingly low in spite of the clear and proven benefits.

*How has your country managed to control costs of private sector contracts while maintaining flexibility to adapt to changing needs and conditions?*

In the TYVI case we have five operators. Agencies starting to use the service normally make a Call for Tender and these provide a way to control costs. In TYVI the unit cost to agencies has been stable or decreasing. Traffic volumes have increased by 30-50 % a year and this reduces the fixed cost per transaction.

**Question 3: What levers have the government used to create a co-operative human environment? Please describe your country's experience with improving personnel commitment to making change happen, and give examples.**

Pauline Bradshaw from UK (e-Envoy's Office) in 2001 worked for 6 months in Ministry of Finance and wrote a report "Working Together to Deliver e-government – Involving Staff with Change Management" (<http://www.vm.fi/tiedostot/pdf/en/86582.pdf>). Bradshaw cites a late 1990s study from the Finnish Workplace Development Programme that showed that staff involvement is generally very low in Finland. Most of the projects within the programme involved operative and organisational changes and they must be workplace-initiated and aim at improving both productivity and the quality of working life and the management and staff must both make a commitment to implementing the projects. Yet the results of the analysis of these FINWDP projects against the concept-driven model showed that out of the 54 organisations involved in the study:

- 2 did not see broad mobilisation of the workforce as important.
- 44 accepted it was important but gave insufficient effort to achieve it or had insufficient means available to achieve it; and,
- 8 had their workforce mobilised on a broad front in support of change.

Bradshaw analysed two government organisations and came to the conclusion, that "*What seems to be clear is that neither organisation has consciously developed a communication strategy with staff so that all members of the organisation are aware of what is happening and why. Nor is there any evidence that staff are 'fully mobilised' along the lines suggested by the concept-driven change model outlined in chapter 4. Nor does there appear to be any realisation by management of the benefits of fully involving staff in the change management process.*"

**Question 4: What lessons have been learned from trying to make change happen?**

**Question 5: Is there anything else about your country's approach to making change happen that you would like to share with your colleagues?**

In Finnish public management reforms in general the lesson learned to make change happen is that it is a combination where first of all firm political control and support is needed to ensure success. Secondly reforms need to be systematic and based on comprehensive planning in order to ensure continuity of change. Furthermore it has been evaluated that it is necessary to avoid overloading agencies with lot of individual projects, development work or new reform tools, thus causing reform fatigue, but rather to concentrate on properly carrying through reforms in progress before issuing new ones. It has also been recognized crucial to ensure that not just the most enthusiastic civil servants are positive to development work, but rather to try and win the hearts and minds of the majority.

## GERMANY

### **Question 1: What incentives has your country used to encourage e-government change?**

BundOnline is the e-government initiative of the federal government. Within BundOnline financial incentives to support e-government initiatives exist in one specific part. In so-called one-for-all (OFA) services one ministry or agency implements a service and establishes processes that others can use in order to save time and money. These OFA services receive additional funding of up to 30% (ceiling: € 400,000) of the total cost. There is a specific procedure to select OFA services which is applied annually. Criteria encompass re-usability by other ministries, benefits, maturity of project and use of basic components. In some cases, OFA services are centrally operated by one agency. Within BundOnline, no other financial incentives exist.

Non-financial incentives include several awards (e.g.):

1. The BundOnline Star is awarded twice a year to recognise excellence of a service and its implementation in three categories (G2C, G2B, G2G) by the Ministry of the Interior following a vote by the Institute of Electronic Business in Berlin.
2. The Federal Ministry of the Interior awards annually a set of prizes within its e-government competition. Participants come from all levels of the administration (federal, regional and local), prizes are assigned in four categories (G2C, G2B, G2G and G2E). The competition is organised together with partners (Cisco, BearingPoint) and prizes are awarded during the CeBIT fair.

### **Question 2: What types of partnerships have been established with the private sector and how have these changed the way government delivers its services?**

The federal government in principle welcomes the use of innovative models of financing. The primary guideline here is observing the general budgeting principles of economy and thrift, along with the need to preserve the flexibility of the public administration and independence from individual bidders.

Regarding PPP, the government is still in the stage of evaluating the legal and procedural obstacles which still exist in some areas.

Up to now, successful partnerships have been established only on a very small scale and in single communities or cities.

These areas include:

- Infrastructure projects, such as bridges, highways, tunnels.
- Waste- and sewage management.
- Facility management.
- IT data centres.

**Question 3: What levers has the government used to create a co-operative human environment?**

In the context of the programme to modernise the state and public administration adopted by the federal government on 1 December 1999, each federal ministry has drafted personnel development plans intended to strengthen staff motivation and productivity and thereby improve the efficiency of the public administration. The relevant tools are the following:

- Annual one-on-one meetings between supervisor and staff member to set task priorities together in the form of a target agreement, and to discuss staff members' future career development.
- Initiating self-driven team development processes based on staff surveys.
- Processes of developing mission statements.
- Assessment of supervisors by staff members.

**Question 4: What lessons have been learned from trying to make change happen?**

In order to bring about change, it is necessary to identify obstacles in the legal framework, in the way public institutions work and co-operate and then to find ways to remove or to re-organise them. Furthermore, the necessary infrastructure must be created. To implement e-government not only as a set of services, but also as a change of mentalities, a prolonged effort sustained by a solid organisational foundation is needed and a lot of hard work begins. Above all, leaders must support the goals of e-government and help to bring about change in their organisations.

**Question 5: Is there anything else about your country's approach to making change happen that you would like to share with your colleagues?**

In Germany, a country with a federalist state structure, agreeing on binding targets and standards that apply to all levels of administration is especially important. This is the purpose of Deutschland-Online, the joint e-government strategy of federal, state and local government, intended to create an integrated e-government landscape. Using Deutschland-Online, the federal, state and local governments offer shared administrative services online, link their Internet portals and develop joint infrastructures and standards. Important branches of public administration are being modernised using IT as part of the 23 key projects agreed on in Deutschland-Online, from automobile and address registration to trade registries.

## HUNGARY

**Question 1: What incentives has your country used to encourage e-government change? In your answer, please cover the following subset of questions, providing examples as necessary.**

*What is your country experience in terms of using financial incentives (e.g. central funding) to support e-government initiatives? How are they allocated and according to what criteria? Are these new or reallocated funds?*

Though at present, there is no separate IT Fund in Hungary, but for the year 2004, the Hungarian Prime Minister's Office Electronic Government Centre (EGC) with responsibility for governmental IT in central administration, has a dedicated sum allocated for the purposes of e-government. From 2005, a Governmental Decree prescribes for the Ministers of Finance and Informatics to elaborate the order of financing from the central budget tasks included in the Hungarian Information Society Strategy comprising those for e-government. Although the EGC plays a special role as the body undertaking the horizontal tasks in respect of the IT development and operation of the various government bodies, nevertheless the amounts that it awards and distributes for the development of the various sectors of government IT are not paid out "from a Fund" in a narrow sense. The allocations determined in the annual budget are at the disposal of all bodies (ministries) and background institutions for IT development, the operation of systems, and the purchase of IT services. That is to say, funds intended for government IT are divided up by sector.

*What kind of non-financial incentives (e.g. non-financial awards/recognition, favourable regulations) have been the drivers of change?*

### ***Content and services***

The responsibilities of government and the content of services provided by the public administration do not undergo fundamental changes due to the implementation of electronic government. On the other hand, data previously recorded or issued on paper (tax returns, building permits, etc.) will increasingly be issued and stored electronically.

The integration of existing digital databases of government institutions may accelerate the development of e-government. The goal of certain e-government programmes is to enlarge digital databases and to ensure their accessibility.

The government administration should be made capable of systemising, connecting and using the knowledge base that is currently 'stored' in the heads of administrators.

### ***Regulations and procedures***

Today the development of customer services (online administration, electronic voting, etc.) increasingly requires changes in the background processes, systems and institutions.

However, the demand for such changes in the operation strongly call for adjustments in the regulatory environment. With the adoption of high-level “e” acts (e.g. on electronic signature, e-commerce), the regulatory foundation of e-government was established.

### ***Culture and individual knowledge***

As a part of the advancement of the service-providing state, the provision of customer-oriented online services requires changes in the attitude of government employees, putting the priority on the quality of services and the proactive approach to problems. Another cultural issue is the need for co-operation and share of information/knowledge by the state institutions, arising from the horizontal nature of transaction processes that cross organisational boundaries.

### ***ICT infrastructure***

The development of the infrastructure does not guarantee by itself the operation of e-government. Favourable changes in the regulatory, human and institutional environment are also required. The e-government infrastructure can be interpreted as a multi-layered and complex system.

The main characteristics of developing the electronic government infrastructure are standardisation, centralisation, integration, the spread of open source applications and the multi-platform approach.

### ***Institutional structure and co-operation***

The structure of the Hungarian state and government administration is hierarchical and pyramid-shaped. The public administration departments comprising this inflexible and slow-to-change structure concentrate on accomplishing their own tasks as defined by laws rather than flexibly react to the needs of the society or economy.

A basic prerequisite for the implementation of e-government is the well-organised and transparent operation of the government administration. In the case of a state administration that is based on informal contacts, e-government can operate merely at the “surface” and nothing of the expected improvements in the quality of services or the efficiency of the operation will be achieved.

Government operates within an interrelated social system. Rapidly changing expectations stemming from the society generate an “imperative” for change within the government sector (i.e. need for electronic administration, outsourcing of information technology resources).

In 2004 Hungary has become a member of the European Union. It requires, in addition to infrastructure developments, improvements in electronic interoperability and organisational structures, allowing for smooth communication and co-operation with EU institutions and the member states.

*What are the major obstacles in your country to use incentives to drive change and how are you trying to overcome them?*

A major obstacle to the development of e-government are the regulations relating to government administration procedures, which in many cases (typically, due to their absence) hamper the electronic management of cases. This is important because (unlike private company operations) government administration procedures have been regulated to the smallest detail (and to maintain the proper guarantees, this is how they should be).

In terms of the operational processes, e-government comprises two major components:

- The internal operation of the government sector (back-office)
- The relationship between the public and business sectors and their interaction with government institutions (front-office)

At a lower regulatory level (e.g. government decrees) allowing for the application of laws in practice one still can find certain shortcomings (i.e. a description of electronic file management and administration is still missing from the state administration procedures, the use of electronic documents and the legal techniques for such).

Another special aspect is that data management on the Internet raises many new concerns about security and data protection on the part of both government and society – and these concerns are more “striking” than before. The lack of knowledge leads to the feeling of defencelessness.

At the same time, currently running programmes already partially cover the area of regulations (an amendment to the Act on state administration procedures, the compulsory online provision of information based on the transparency law, etc.). Creating the legislative framework for electronic administration is a prerequisite, if we are to ensure that online services will replace rather than merely support traditional forms of administration.

**Question 2: What types of partnerships have been established with the private sector and how have these changed the way government delivers its services? Please describe your country’s experience with private sector partnerships to make change happen, and give examples.**

These days, Hungary is just in the middle of changing its concept concerning the public administration and private sector partnership in the field of delivery of its services. Even for example the Electronic Government Backbone has been operated by a private company (a state owned private company: Kopint-Datorg Inc.) this is not the general solution in the public sector. Added, there are no PPP-type contracts for the service provision, there are rather subsidy-type contracts for the outsider providers, amended every year according to the operating and developing needs.

**Question 3: What levers have the government used to create a co-operative human environment? Please describe your country’s experience with improving personnel commitment to making change happen, and give examples.**

No matter how modern the technological infrastructure is, the implementation of electronic government can fail if the so-called “human factor” is not reformed and upgraded. The human factor can be interpreted at two levels: firstly, changes in the attitudes and organisational culture of government institutions and their employees secondly, the knowledge and skills enabling them to use and apply with high confidence the modern technological tools and solutions of e-government.

At the level of the individuals, the major challenges include is the development of digital literacy and ICT skills, and building *e-trust* among both, the citizens, and the institutions of the government sector. You can find below a concrete action for the realization for such a “human factor” project.

<b>Identification no.</b>	1.D.
<b>Action</b>	E-skills
<b>Comprehensive programme</b>	Infrastructure Programme
<b>Short description of the action</b>	The provision of the human resources for the e-government infrastructure through ICT training and education courses in the government sector.
<b>Tasks, actions</b>	<ul style="list-style-type: none"> <li>• Involving ministries and institutions.</li> <li>• Measuring the IT knowledge levels of government employees.</li> <li>• Defining and introducing training programmes.</li> <li>• Developing e-learning programmes.</li> <li>• IT Training for government employees (e.g. ECDL).</li> <li>• Introducing IT knowledge requirements in legislation relating to civil servants (e-Skills).</li> <li>• Spreading knowledge on electronic government infrastructure (e.g. training for remote learning).</li> <li>• Establishment of an e-Education co-ordination centre.</li> </ul>
<b>Resulting benefits</b>	<ul style="list-style-type: none"> <li>• Improved efficiency in the use of info-communication means and applications.</li> <li>• More skilled employees.</li> </ul>
<b>Indicators</b>	<ul style="list-style-type: none"> <li>• Number of government institutions taking part in the programme.</li> <li>• Number of employees undergoing training.</li> <li>• IT skills of government employees (based on survey).</li> <li>• Comprehensive regulation of IT skills.</li> <li>• Extent to which paper-based administration has been eliminated.</li> </ul>
<b>Priority</b>	High
<b>Schedule</b>	2004/2005
<b>Required funds (2004, 2005; HUF m)</b>	N/A
<b>Functions of EGC</b>	The development and co-ordination of the training programmes supporting the operation of e-government is the task of the EGC. Implementation of the programmes requires sound co-ordination efforts from institutions organising the training sessions.

#### **Question 4: What lessons have been learned from trying to make change happen?**

International experience shows that the implementation of electronic government requires a comprehensive and integrated management of different actions in a number of fields. The development of electronic government represents an organisational change when state and public administration is being transformed into a customer-oriented organisation. *“The greatest obstacle* (to the development of

electronic government) *is not technology but the administration's mentality and inflexibility...*<sup>2</sup>. To successfully manage this process of change, we have to tackle the problem with a multidisciplinary approach.

**Question 5: Is there anything else about your country's approach to making change happen that you would like to share with your colleagues?**

The implementation of e-government programmes requires wide-ranging co-operation both inside and outside the government sector. The body responsible for the e-government issue is capable to implement some of the programmes and actions on its own, but in most cases the involvement and co-ordination of the ministries and other relevant institutions is also required.

During the implementation phase of any e-government related programmes we have also to take into consideration several horizontal aspects:

***Finding the most favourable professional and economic schemes***

Using a central approach, it is important to aim at optimising the "system" as a whole rather than just the institutional parts of it. Continuous efforts are necessary to be taken in order to find the best professional and economic schemes and solutions in terms of (community) ownership models, net performance, provision of free access, and efficiency.

***The development of the unified electronic public utility concept***

The transformation into "public utilities" of e-government services constituting the basis of the service providing state, that is to say, the integration of earlier achievements, the current isolated developments and traditional services into a coherent system, is a high priority. The development of e-government IT public utility services primarily means integration: their functions correspond to what is offered by the supporting service platforms.

***Support for innovative solutions***

The implementation of electronic government requires such new solutions that would be impossible to realise under "traditional" circumstances. It is important to provide sufficient funding for the implementation of pilot projects, offering new, innovative solutions and requiring the involvement and co-operation of several government institutions. For this purpose an electronic government fund needs to be set up.

***Continuous feedback and monitoring***

The realisation of a strategy, that is, the implementation of the programmes, is a dynamic process requiring constant monitoring and feedback as well as adequate corrections of the action plans. The starting point for monitoring is the proper evaluation of the current situation that later can serve as a base for regular benchmarking. The monitoring should be based, in each programme, on a number of criteria (e.g. budget, timetable, infrastructure, regulatory situation, and organisational and institutional readiness).

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<sup>2</sup> "e-government: Europe's Challenge", Speech by Mr. Erkki Liikanen, Member of the European Commission, responsible for Enterprise and Information Society, e-government 2003 Conference, Como, 7 July 2003

## ITALY

**Key words: Incentives, Public-private partnerships, Human dimension**

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**Question 1: What incentives has your country used to encourage e-government change?**

**What is your country experience in terms of using financial incentives to support e-government initiatives? How are they allocated and according to what criteria? Are these new or reallocated funds?**

In Italy, in the last two years, a big effort has been devoted to use the financial resources at central level as incentives to re-orient or re-allocate funds available at the other levels of government for the support of e-government initiative. In the following some of these actions are briefly described.

### *The use of central funds for the e-government implementation in Italy*

In 2002 the Italian Ministry for Innovation and Technology started an initiative for the implementation of e-government at local level with the goal of co-financing projects proposed by the different local governments (regions, provinces, municipalities). A specific objective of the initiative has been the coordination among the different financial sources to maximize the use of the limited financial resources available at central level.

To this end, in the call for tender launched to select the projects from local governments to be co-financed. Specific criteria used to select the projects concerned:

- Coherence with regional e-government strategy.
- Co-operation among a large number of administrations (also belonging to different government levels).
- Reusability of the solution.
- Addressing specific high-priority services identified at national level (40 for citizens and 40 for firms).

In response to these criteria, on one-side the proponent of the projects started a coordination process of their initiatives with the strategic regional plans and on the other side most regional governments provided additional financial resources to the selected projects.

By this mechanism the selected projects in most cases are budgeted by using three different financial sources:

- national funds.
- regional funds.
- local administrations funds.

Each of these sources represents a specific commitment for the success of the projects.

Also, the investment from central co-funds of 120 Million of Euro produced the total investment of over 400 Million of Euro (the total cost of the projects). The majority of these funds were obtained by re-allocating funds already available at local level.

Furthermore, the regions in the South of Italy decided to use the structural funds of the European Union for the regional development, adding a further strong element of commitment.

Summarizing:

- The mechanism of the call for tender, in opposition to the traditional transfer of funds, brought to a stronger commitment by the local governments proposing the e-government projects.
- The requirement to have the projects coherent with the regional strategic plans (in addition to the coherence with the national e-government action plan) brought to the convergence of different financial resources for the e-government development.

### ***The Framework Programme Agreements (APQs) on Information Society and e-government***

Within the federal reform in Italy, the objective of accelerating the development process of the territories has to be carried out through a tight cooperation among Central government and Regions.

The APQs are one of the tools that allows this cooperative approach to be carried out, because their definition involves all the actors responsible both at Central and Regional level. In brief, an APQ is composed by a number of projects, established in agreement among Central and Regional governments. Each one of these projects can be funded by using different financial sources (public ordinary, public extraordinary, private).

These financial sources include:

- Central level – e-government action plan funds; CIPE (see next sections) funds; other specific funds (assigned by specific laws).
- Regional level – CIPE funds; structural funds; other regional resources (regional laws).
- Private partners.

The MIT (through the CNIPA – National Center for IT in Public Administrations), is in the process of definition of the APQs with the majority of the Regions. At the date of May 31th, 2004, 10 APQs have been formally adopted and 6 are in advanced phase of definition.

The number of projects already included in the APQs are 58, concerning development of infrastructure, services to citizens and businesses, and services for the P.A.

The total amount of funds for those projects is about EUR 126 Million, and are constituted both of central funds (from the MIT), regional funds (mainly structural funds and/or other ordinary funds)

It is important to note that the projects included in the APQs are all intended to integrate and complement the projects concerning the first and second phase of e-government implementation.

Furthermore, the agreement process allows for the coordination of the different financial resources at the different government level and the re-focus of the use of these resources in a coherent way along the country.

### Initiatives funded on CIPE resources

The Inter-Ministerial Committee for the Economic Planning (CIPE) is responsible to assign financial resources for interventions devoted to favour the social and economical development of the less developed areas in the country.

For the period 2003-2005, the CIPE assigned in 2003, on the base of a proposal of MIT (Minister for Innovation and Technologies), EUR 523 million of financial resources for the development of the Information Society and e-government.

It is important to underline that the use of the financial resources assigned by the CIPE is subject to the cooperation and the agreement among the Central Administrations and the Regional governments, and they are included in the APQs previously described.

The financial resources assigned by the CIPE in 2003 and the intervention typologies are illustrated in the following table.

<b>Financial resources CIPE dedicated to the development of I.S.</b>			
	<b>Programme</b>	<b>Geographical areas of intervention</b>	<b>Resources (Million euro)</b>
National programmes of the Minister of Innovation and Technologies	"for the South, but non only"	Regions of South of Italy, and local authorities within the regional territories	126
	"Development of Broadband services"	Regions of South of Italy, and local authorities within the regional territories	150
	Objectives of development of IS - Programme "ICT for district of excellence"	Regions of South of Italy, and local authorities within the regional territories	100
Regional Programmes	Resources devoted to the Regions in the Center-North of Italy for the development of IS	Regions of Center-North of Italy, and local authorities within the regional territories	39
	Resources devoted to the Regions of South and by them partially devoted to the IS measures	Regions of South of Italy, and local authorities within the regional territories	108
<b>Total</b>			<b>523</b>

### What kind of non-financial incentives have been the drivers of change?

From many years innovation in the public administrations has been sustained by several exhibition events, organised both by public administrations (Department of Public Administration, typically) or other organisations, that assign an award according to some criteria.

The principal events are:

1. **“I Successi di Cantieri”**, organized by the Department of public administration, now at its second edition with 320 local administrations participating, that assign an award according to criteria related to the capability to design integrated planes of change [for more information see <http://www.cantieripa.it/inside.asp?id=204>].
2. **“Cento Progetti al servizio dei cittadini”** (*Hundred projects at the service of the citizen*) promoted by Department of public administration, with 5,000 projects evaluated since 1994 <http://www.buoniesempi.it/>.
3. **ForumPA**, an exhibition conference that takes place every year in the first week of May to gather together the public administration world and the businesses that provide services to it. This event awards quality healthcare organisations, regional administrations regarding EU policies, public administrations regarding accessibility policies [www.forumpa.it](http://www.forumpa.it).
4. **COMPA** assigns awards to administrations in the innovation area of citizen-administration relationships (included on-line communication) [www.compa.it](http://www.compa.it).
5. **EuroPA** assign awards to best websites of local administrations [www.euro-pa.it](http://www.euro-pa.it).

The spur of the award is particularly considered by Italian administration, as a result for the strong participation in the last two e-government exhibitions organised at European Union level.

The award-incentive creates a virtuous circle public administration improvement, by the emulation of best practices, the pressure coming from the participation in the event, the maximisation of the effectiveness by the re-use of best practises.

Another non-financial incentive is represented by the favourable regulations that in some cases lead Italy to be in an excellent position in terms of legal equivalence between traditional and electronic processes. For instance, the regulation played an important role in the case of unification of payment of income taxes and social security contributions (named UNICO).

In general, the most successful solutions are related to the reduction of data-entry operations, the simplification of data controls and the reduction of data transfer errors. In these solutions an organisation (public or private) plays the role of front-office: that is the case of the one-stop-shop mechanism for the enterprises' declarations, where the front-offices are the Municipalities, or the above mentioned UNICO, where the front-offices are the banks.

What are the major obstacles in your country to use the incentives to drive change and how are you trying to overcome them?

The obstacles faced by Italy in using financial and non-financial incentives relate to:

1. The annual budget mechanism, that makes difficult to plan solutions over the year.
2. An inadequate knowledge by the management of public administrations about availability of funds and opportunities to re-use experienced solutions.
3. A certain degree of “digital divide” not only among citizens but also among civil servants.

4. Regulations being not always “e-government oriented”, although in the last four years there is a strong attention to the simplification of regulation.

**Question 2: What types of partnerships have been established with the private sector and how have these changed the way government delivers services?**

What challenges has your country encountered in sharing responsibility for service delivery with the private sector?

The main challenges to be overcome relate to<sup>3</sup>:

- The difference between political cycle and the opposite need for administrative and managerial stability.
- Entrepreneurial behaviours are not awarded in a risk adverse environment, such as the public sector one.
- Normative regulations of the procurement process give place to delays and administrative burdens.
- Public accounting systems do not permit the comparison of investments and financial flows regarding outsourcing.
- External obstacles due to an underdeveloped system of enterprises delivering services or partnering with public administrations.
- Opposition from trade unions.

Some of the above mentioned barriers can be surmounted by developing an adequate capacity of risk management of the public partner.

**What kind of solutions have been identified in your country (in terms of defining output specifications, managing contractual arrangements, sharing risks and ensuring accountability to public partners and the public at large)?**

Italy has been developing several ways of solutions with private partners:

- Outsourcing of information systems.
- Integration of private subjects in some steps of the administrative processes (e.g. banks for the data-entry and transfer of funds).
- Pilot agreements that define as a general rule the use of structures and networks of private organisations (like Poste Italiane that has 14 000 offices in Italy or Lottomatica that offers services for municipalities).
- Contracting-in with a public company for the e-procurement.

CONSIP, responsible for public e-procurement, works on behalf of Ministry of Economics and presents an Annual Report that contains a description of activities carried out during the previous year, in terms of contributions to the e-government. The Annual Report, in accordance to transparency, respects the

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<sup>3</sup> The source of the following findings is the Italian Department for Public Administration Outsourcing Guide which surveyed nine national practices of public services and activities outsourced, some of which related to ICT systems.

ethical guidelines approved by CONSIP and keeps into account the social outcome of its activity with respect to some counterparts (Ministry of Economics, other public administrations, universities).

### **How successfully have these solutions been implemented?**

### **What is the role of central co-ordinator in helping agencies evaluate the cost and opportunities of private partnerships, and in helping to promote partnership (e.g. framework agreements)?**

CNIPA (National Centre for Informatics in Public Administrations – [www.cnipa.gov.it](http://www.cnipa.gov.it)) – the Italian central agency co-ordinating the e-government – preliminary (at “*project-level*”) evaluates all the ICT projects proposed by central administrations in terms of cost and benefits and can even suggest to modify the project according to (technical and economic) considerations like “make or buy”.

CNIPA every year produces some guidelines (at “*strategic-level*”) that support the public administrations on the adoption of new forms of partnership with private firms.

Moreover, CNIPA supports the training of the medium and high level officers of the PAs by seminars (and a corresponding e-learning version) on the outsourcing of ICT services.

How has your country managed to control costs of private sector contracts while maintaining flexibility to adapt to changing needs and conditions?

The flexibility of relationships with private subjects at the central level of government is managed by CNIPA through:

1. A preliminary evaluation of technical and economic congruity of the public purchasing contracts of good or services.
2. An in-progress evaluation of the main contracts, carried out by ad-hoc monitoring companies.
3. A final evaluation of projects’ results, yearly reported to the Prime Minister and Parliament.

Anyway it is to be considered that the monitoring of ICT contracts is limited to the technical level rather than to the e-government solution at “administrative or organisational” level.

Moreover in Italy operates another institution, the National Audit Office, which yearly produces a report to the Parliament concerning the state of digitalisation of the administrations. This document offers accurate indications of barriers to be removed to increase efficiency and effectiveness in public administration and in the co-ordination of use of ICT at central level.

### **Question 3: What levers have the government used to create co-operative human environment?**

The e-government requires commitment from all the social actors: citizens, firms, non-governmental organizations, public employees, political leaders. Recently a survey conducted by the Italian Association of ICT producers showed that one of the internal barriers to the e-government is the skill of employees, not only referred to their ICT knowledge, but their capacity to use ICT to transform traditional processes.

A co-operative human environment that supports e-government it is really important. It needs to improve the degree of awareness about opportunities deriving from using the ICT.

CNIPA, the central agency co-ordinating e-government in Italy, periodically organises seminars and symposia involving many middle and high level managers in order to widen and share knowledge about basic “ICT culture”.

Finally also the most rated schools for public employees (like SSPA – the Superior School for Public Administration, or FORMEZ – Training and Studies Centre) are involved in such a process.

The Department of Public Administration launched “Cantieri” [[www.cantieripa.it](http://www.cantieripa.it)], a program which promotes projects known as “innovation docks” in the hope of speeding up internal innovation. “Cantieri” uses an empowerment approach to innovation. Rather than producing normative regulations, it is necessary to support the establishment of favourable conditions necessary for administrations to comprehend their needs of innovation and, more generally speaking, to interpret their aims and mission strategically and in a forward-looking way.

One of the five priorities of “Cantieri” is: **Improve leadership and working conditions**. It is necessary to improve leadership within organisations, to ensure a positive internal climate and good working conditions, motivating staff, adapting behaviours and routines and improving their sense of belonging.

Translating the policies and programmes for change into new practices and consolidated and coherent routines requires both the internal social system to be well equipped, together with the relations between the principal actors and the organisational culture to be well established.

A relevant role in creating a co-operative human environment is certainly played by the “Communities of practice”, a voluntary on-line network that gathers governmental officials and managers who operate in similar areas of work. In this way, they can share knowledge and experience on a voluntary basis and promote learning community which increases collaboration among offices within the same Agency and implements the level of co-operation among different Agencies involved in the same “case”. “Communities of practice”, although born out of institutional control, are often hosted and encouraged by Agencies in their activity of inter-agency co-operation.

Finally, the Minister of Public Administration launched a ministerial directive for improving the organisational well-being in the public workplace, that has among its goals the creation of a collaborative climate in which competencies and contributions by employees increase the degree of commitment.

#### **Question 4: What lessons have been learned from trying to make the change happen?**

Some levers proved to be more effective than others. Among them:

- Promote practice and knowledge exchange.
- Involve individuals and teams in pilot projects and strategy elaborations regarding innovation and change.
- Improve the knowledge and capabilities necessary to support innovative programmes.

#### **Question 5: Is there anything else about your country’s approach to making change happen that you would like to share with your colleagues?**

## JAPAN

### Executive Summary

Government of Japan is promoting the electronic government in order to improve both the public convenience and the simplification, the efficiency, the reliability and the transparency for administrative management. Under the IT strategy headquarters (the prime minister is its general manager, and composed of all ministers and 10 private sector specialists), the Chief Information Officer (CIO) Council (composed of the chief secretary and the director-general of a bureau class of each ministry and agency) has been set up and contributes to the electronic government with maintaining the consistency as the entire government. Concretely, Government of Japan has steadily brought all kind of measures based on the Program for the Creation of Next-Generation Electronic Government (PCNGEG) (period for the execution of the plan: from fiscal 2003 and the end of fiscal 2005) into effect, which provides a basic rationale and basic principles, etc.

**Question 1: What incentives has your country used to encourage e-government change? In your answer, please cover the following subset of questions, providing examples as necessary.**

- The electronic government is one of the essential measures and thus each ministry and agency secures the necessary budget and promotes all kind of measures based on PCNGEG, etc.
- There is no financial incentive that corresponds to IT fund.

**Question 2: What types of partnerships have been established with the private sector and how have these changed the way government delivers its services? Please describe your country's experience with private sector partnerships to make change happen, and give examples.**

- In order to promote the operational reforms in response to the electronic government, especially to IT, each ministry and agency appoints a well-learned person from the private sector as the Technical Advisors to CIO. Also the Inter-Ministerial Meeting of Technical Advisors to CIO has been established with the aim of discussing the analysis and the solutions for subjects common to ministries and agencies, and to share the knowledge and the information for them.
- The development and the management for business related to information system is based on outsourcings except the following business which the employees of government have to execute on their own responsibility; middle or long-term plans, outsourcing management, the connection and the adjustment within divisions, etc.

**Question 3: What levers have the government used to create a co-operative human environment? Please describe your country's experience with improving personnel commitment to making change happen, and give examples.**

- Under IT strategy headquarters and CIO Council, the electronic government has been promoted through the cooperation and the partnership between ministries and agencies. In carrying out concrete approach, the Inter-Ministerial Working Group (composed of the employees who execute it in fact) has taken place, and they solve common subjects and problems.

**Question 4: What lessons have been learned from trying to make change happen?**

The followings have been learned from our approach; it is very difficult to grasp customers' opinions and needs, analyse them, and reflect them on the measures (e.g. establishment of administrative portal sites which satisfy customers and one-stop shop for various procedures, etc.), and it is necessary to try to introduce IT into the business after the review about the existent institution and machinery in order to display the sufficient effects on the efficiency and the rationalization of the administration.

**Question 5: Is there anything else about your country's approach to making change happen that you would like to share with your colleagues?**

- The maintenance of the infrastructures (e.g. Government Public Key Infrastructure (GPKI), Revenue Payment System and Japanese Public Key Infrastructure (JPKI), etc.) was completed, and 96% of government procedures were available for online at the end of fiscal 2003. In the future, it will be one of the most important subjects to promote customers' online utilization.
- The optimization plan for business processes and systems (72 fields) shall be formulated as early as possible no later than the end of fiscal 2005, and this plan will be worked on steadily and effectively for optimizing the business processes and systems as a whole government.

## KOREA

### Executive Summary

While taking a rather centralized approach toward e-government for quite a long time, Korean government has established several unique strategic drivers including financial incentives and organizational arrangements. There have been lessons learned that are useful to other countries.

First of all, Korean government has a central fund for e-government called the e-government Support Fund which has been working successfully both as powerful drivers and attractive incentives. However, as government budgeting mechanism has changed from the bottom-up approach to top-down way since this year, central funding for e-government, which is invested mainly for cross-agency or government-wide IT projects, becomes more difficult than before.

As far as partnerships with the private sector in the area of government service delivery go, they have not been popular in Korea. As a result, there are few cases in Korea where government departments or agencies share responsibility for service delivery with the private sector. However, recent cases such as a co-funded company for the smart card based traffic system in Seoul metropolitan city and the public-private partnership with banks for authentication-based transactional government services might be useful benchmarking models for other countries.

The most effective drivers for creating a co-operative human environment in Korean government come from the top-level organizational arrangements for e-government. This government-wide organizational framework for e-government is also a useful tool for improving personnel commitment to making change happen. Specifically, for example, dual responsibility structure in the Presidential e-government Committee creates a co-operative human environment and improves personnel commitment both at the government-wide top level and operational level of each government department.

To summarize the lessons learned from trying to make change happen, it may be said that making real change happen is a very tough job. Korea has experienced some important lessons as briefly explained in the report.

**Question 1: What incentives has your country used to encourage e-government change? In your answer, please cover the following subset of questions, providing examples as necessary.**

*What is your country experience in terms of using financial incentives (e.g. central funding) to support e-government initiatives? How are they allocated and according to what criteria? Are these new or reallocated funds?*

At the initial stage of the NAIS(National Administrations Information System) project which began in 1987, about \$200 million was earmarked in advance for the project. This allowed the rapid start-up of building databases and networks by avoiding bureaucratic entanglements over funding. In fact, this project is being considered as a vanguard for the current e-government systems. Without the databases and networks constructed through the project we would not be able to enjoy the current status of the e-

government services. While the special funding mechanism had been criticized as breaking the basic principles of national budget system, it played a great role in preparing the groundwork for the government IT projects since then.

This funding mechanism had been abandoned at the early 1990s, and we created another fund for IT spending called “Informatization Promotion Fund” in 1996. The purpose of the Fund is to promote the information society of Korea including e-government, broadband infrastructure, digital economy, digital inclusion, IT industry support, and IT manpower development. A portion of the Informatization Promotion Fund has been allocated for e-government, especially for cross-agency projects and government-wide priority e-government projects. For example, more than \$250 million were invested during 2001/02 for 11 major e-government projects, most of which are cross-agency projects. Furthermore, \$128 million in the Fund were spent in 2003 for government-wide major e-government projects.

In March 2004, the responsibility and authority for e-government in Korea officially moved from the Ministry of Information and Communication (MIC) to the Ministry of Government Administration and Home Affairs (MOGAHA) together with the central fund for e-government, which is now called the e-government Support Fund. \$86 million from the Fund are being invested this year for implementing 31 e-government priority projects that are included in the e-government Roadmap 2003-2007.

The size of the Fund is reviewed annually by the Ministry of Planning and Budget (MPB) and finally authorized in the Parliament. If once the size of the Fund is fixed by lump sum, it is allocated among the 31 e-government priority projects. The allocation process is rather flexible under the leadership of the Presidential e-government Committee being supported by the MOGAHA and the National Computerization Agency (NCA).

As implicated in the above explanation, the Fund is newly made by annual base, not re-allocated. The Fund supports in principle the projects which are included in the e-government Roadmap 2003-2007. The degree of the contribution to the three basic aims of the e-government Roadmap – government business process reform, government service reform, and IT resource management reform – is the most important criteria for selecting projects that are supported by the Fund.

*What kind of non-financial incentives (e.g. non-financial awards/recognition, favourable regulations) have been the drivers of change?*

As the e-government Roadmap 2003-2007 is widely recognized as a government-wide top-level strategic plan for IT based government reform, whether a certain IT project is included in the Roadmap or not plays the role of important non-financial recognition incentives.

Furthermore, if a certain government IT project is adopted as one of these priority e-government roadmap projects, it is easier to get budget support than other ordinary e-government projects. This kind of resulting incentives acts as an indirect but strong support and buy-in among government department and agencies.

*What are the major obstacles in your country to use incentives to drive change and how are you trying to overcome them?*

As briefed above, the central funding for e-government in Korea has been both incentives and powerful drivers toward successful e-government. However, government budgeting mechanism has changed from bottom-up approach to top-down way this year. According to the new budgeting system, each government department gets a budget in gross sum from the MPB and allocates it among projects driven by the department including IT projects.

It has been found that the new budgeting system results in the reduction of the year 2005 IT project budgets compared to that of year 2004. Since the budget allocation for the year 2005 is still in process, we are struggling to get the enough size of budget. Even worse, few government department is willing to invest in cross-agency IT projects under this kind of budget circumstances. In addition, increasing the amount of the central funding for e-government, which is invested mainly for cross-agency or government-wide IT projects, also becomes more and more difficult than before.

**Question 2: What types of partnerships have been established with the private sector and how have these changed the way government delivers its services? Please describe your country's experience with private sector partnerships to make change happen, and give examples.**

*What challenges has your country encountered in sharing responsibility for service delivery with the private sector?*

The e-gov initiatives involve many stakeholders, and require coordination and partnerships among industries, governmental agencies, research institutes and the general public. A growing number of players outside the government have the power to influence policy, or ignore policies they do not agree with. Thus coordination and partnerships between the private and public sectors poses new challenges.

With a long history of strong government involvement in the past, partnerships with the private sector in the area of government service delivery have not been popular in Korea as in such countries like the United Kingdom. It has been a long time understanding that responsibility and accountability for government service delivery basically lies at government officials rather than the private sector even though government departments outsource project development and operations. As a result, there are few cases in Korea where government departments or agencies share responsibility for service delivery with the private sector.

*What kind of solutions have been identified in your country (in terms of defining output specifications, managing contractual arrangements, sharing risks and ensuring accountability to public partners and the public at large). How successfully have these solutions been implemented?*

Though public-private partnerships for government service delivery are rare, an interesting solution was made very recently. The Seoul Metropolitan area, which has the population of more than 10 million, created a new private smart card company by funding together with a private IT corporation for the purpose of operating smart card based traffic system covering all the buses, subway trains, and taxes.

It may be said that all the responsibilities, accountability and risks are completely shared by these two organizations, the Seoul city and the private sector company. Profits, if created, will be also shared according to the funding rates of each. It will take some more time to evaluate benefits and defects of the new solution.

The public-private partnership in the area of e-authentication may be another example useful to other countries. In Korea, there are more than 17 million who are using Internet banking services, most of whom have got e-authentication IDs. People can use those e-IDs issued at banks which are in the private sector to get public transactional services such as online tax payment, personal identification, official document application services, and so on. This has greatly contributed to the increase of the number of authentication-based government service users in Korea, while it is generally very difficult to increase the number in most other countries. In this sense, banks can be regarded as powerful private partners for authentication-based transactional government services.

*What is the role of central co-ordinators in helping agencies evaluate the cost and opportunities of private partnerships, and in helping to promote partnerships (e.g. framework agreements)?*

The role of central co-ordinators leading public-private partnerships, though there is no such organization in Korea yet, might include such activities as consulting and providing guidance.

*How has your country managed to control costs of private sector contracts while maintaining flexibility to adapt to changing needs and conditions?*

There is no central system to control costs of private sector contracts at the time of contracting: It is up to each government department. However, when MPB reviews budgets for all the IT projects in government departments and agencies, they estimate the appropriate costs of each IT project with the help from experts both from NCA and some other government agencies. It takes about two months every year before IT budgets are finalized, and this in fact have the effect of properly controlling costs of private sector contracts to be followed later.

**Question 3: What levers have the government used to create a co-operative human environment? Please describe your country's experience with improving personnel commitment to making change happen, and give examples.**

As Korean government takes a centralized approach toward e-government, the most effective drivers for creating a co-operative human environment come from the top-level organizational arrangements for e-government. This kind of government-wide organizational framework for e-government is also a useful tool for improving personnel commitment to making change happen.

Specifically, the Presidential e-government Committee is in charge of e-government co-ordination in Korea under the strong leadership of the President. The Committee is comprised of 19 members, 15 civilians and 4 ministry officials. Ministry members have no coordinating power while each civilian member is in average responsible for two of the 31 major projects, coordinating the scope, contents, strategic direction of each project.

While maintaining each civilian member in charge of each project, the Committee members work closely to discuss and decide together government-wide critical issues to be solved. This kind of dual responsibility structure in the Committee creates a co-operative human environment and improves personnel commitment both at the government-wide top level and operational level of each government department.

**Question 4: What lessons have been learned from trying to make change happen?**

To summarize the lessons learned from trying to make change happen, it may be said that making real change happen is a very tough job. Korea has experienced some important lessons this year as briefly explained below:

Among the 31 e-government major projects in the e-government Roadmap 2003-2007, eight projects were for BPR/ISPs preceding system developments and each project was led by each relevant government department. However, though the original aim was to establish directions for thorough business process innovation and integration, it has been found that most of the results are about just ISPs rather than strategic and thorough BPRs. This implicates that real change is difficult to be made autonomously from the internal body and that it needs BPRs and strategy making by an independent third party.

**Question 5: Is there anything else about your country's approach to making change happen that you would like to share with your colleagues?**

In light of government reform, until now e-government efforts have not been tightly integrated with the improvement of government business processes or with the overall redesign of them. It has been carried out by bringing separate government units just online, resulting in public services that do not live up to expectations. With these lessons in mind, the Presidential e-government Committee is trying to actively implement e-government projects that are closely connected with government reform under the strong leadership of the President.

One of grand-scale ambitious projects for this purpose is the implementation of a Government Business Management System covering all government departments, which has integrated the Government-wide Function Reference System and the Business Task Life Cycle System of each government department. The project is expected to lead profound and thorough changes in government's internal businesses and services for the citizens.

## MEXICO

### **Executive Summary**

For the Government of Mexico, bringing about change in e-government has relied upon the legal and institutional frameworks that allow for central coordination of e-government and IT policy from the Ministry of the Public Function. A clear and formal mandate, negotiations of objectives and targets between the President and the heads of agencies, and the use of non-financial incentives have been instrumental in the deployment of the e-government strategy.

Although the instances of partnerships prove that the capacities within Government can successfully be complemented with those of the private sector to do otherwise unviable projects, Mexico confronts legal constraints to maximize the value of public-private partnerships.

For Mexico, creating a human environment conducive to change in e-government has meant fostering the concept of the agency CIO and the training and development of CIO's and technical specialists.

### **Incentives to make change happen**

For the Government of Mexico, the Presidential Agenda for Good Government constitutes the strongest tool to ensure cooperation with the e-government strategy. This Presidential Agenda covers six strategic lines:

- Government that costs less.
- Quality in government.
- Government with regulatory improvement.
- Digital government.
- Professional government.
- Transparent government.

It has been made clear that the Unit for Electronic Government and Government IT Policy (UGEPTI), of the Ministry of the Public Function (SFP), leads the strategic line of Digital Government.

While this mandate is clear to the Government's IT community and is formalized in the internal legal framework of the Ministry of the Public Function, the Government of Mexico will publish a Presidential decree that stipulates in detail the role of this agency around e-government and IT policy. It is expected that this definition is critical to ensure change in the way e-government and IT are deployed in the Government of Mexico.

For each strategic line and on a yearly basis, the heads of agencies negotiate with the President measurable goals and targets. For example, agencies have negotiated to produce a specific and measurable number of online services and publish them in the Citizen Portal of the Federal Government

([www.gob.mx](http://www.gob.mx)). Agencies have also negotiated, for example, the adoption of ERP systems or the automation of certain critical processes.

So far, there are no explicit financial incentives to produce compliance with the e-government strategy and IT policy, although the Government of Mexico is considering and evaluating them.

The Innovation Award is granted each year by the President to the government projects that best fulfil the objectives of the Presidential Agenda for Good Government and represents thus an important non-financial incentive to drive change.

There are clear and visible institutional and legal limitations to use budgets as an incentive for change.

### **Partnerships for e-government**

Mexico has had a number of cases of strong partnerships with the private sector for the provision of online services and the use of a technological infrastructure, most of which have been relatively successful. Two representative examples are the online payment of taxes and some services via the web sites of banks, and the outsourcing of technical services like hosting and management of systems and IT equipment, both done by the Ministry of Finance (SHCP).

The partnerships have allowed the Government of Mexico to launch e-government projects that would have been otherwise unviable. The private sector has not only provided much needed financial resources, but also technological capacities and talent that complement well those of Government.

In general, it can be said that norms and regulations inhibit flexible partnerships with the private sector, as these are ruled by rather rigid procurement laws. This may prevent the Mexican Government from minimizing the costs of its business with the private sector.

The Government IT policy, however, prescribes outsourcing, consolidated purchases and consolidated negotiations with the private sector. In this sense, UGEPTI has been negotiating on behalf of the Federal Government agreements with the private sector to reach better software prices, build a technological infrastructure for online services, organize IT events and training for government, outsource the administration of technical infrastructure, etc.

### **Human environment for e-government**

The human environment has been fundamental to bring about change in the e-government strategy of Mexico. There are three main lines of action that relate to the human environment: the figure of the CIO, training of CIO's and IT specialists, and career development of CIO's and IT specialists.

To establish the figure of the government agency CIO, there are legal and organizational arrangements under way to make heads of IT units in agencies report directly to minister-level leaders and get involved in the strategic agenda of the agency. These CIO's meet regularly in what is called the e-government Network.

There have been government-wide training projects intended to create a base of knowledge and support for the e-government strategy. As examples, there have been three editions of a professional certificate program on government innovation, a yearly three-day event on e-government, frequent short seminars, and the publication of specialized magazines, bulletins, and a websites devoted to innovation in government, in general, and e-government in particular ([www.innova.presidencia.gob.mx](http://www.innova.presidencia.gob.mx)).

Last, the new laws and programs for civil service are establishing specific career tracks for CIO's and technical specialists. Professional profiles and training and development needs have been determined for these public servants.

### **Lessons learned**

For the Government of Mexico, it is essential that the legal and institutional frameworks allow for central coordination of e-government and IT policy at the time that innovation is fostered and allowed at the agency level. In the absence of financial incentives, the Government of Mexico has leveraged the political power provided by the negotiation of targets (including targets related to e-government) between the President and the heads of agencies.

## NETHERLANDS

### Preliminary Remark

In the Netherlands all public bodies are autonomous to a very large degree as regards their information management. This subsidiarity-principle is an important factor when trying to make change happen, on the negative as well as on the positive side. The co-ordination responsibilities within Dutch public administration are as follows and co-ordination responsibilities are well-defined:

- Each organisation is responsible for its own information management.
- Each Minister is responsible for the co-ordination of information policy within the sector for which he is politically responsible (health, social security, environment, education, etc).
- The ministry of the Interior (i.e. the Minister for Governmental Reform) is overall responsible for the co-ordination of public sector information policy.

**Question 1: What incentives has your country used to encourage e-government change? In your answer, please cover the following subset of questions, providing examples as necessary.**

*What is your country experience in terms of using financial incentives (e.g. central funding) to support e-government initiatives? How are they allocated and according to what criteria? Are these new or reallocated funds?*

- Financial incentives can be an important tool, and increasingly so.
- In the Netherlands we quite intensively use the tool of subsidising, whereby the decisive success factor isn't the amount of money, but the fact that the subsidy is being granted by THE co-ordinating minister for information policy.
- Central funding is a tool that is seldom used to support e-government initiatives (although there are many exceptions to the rule). Especially in times like these central funding is a non-issue.
- Especially the last few years we more and more apply the principle of re-allocation of funds. We do this on a project-to-project basis. This means that we draw up a business case model, including a cost-benefit analysis, for each singular project (like the Building Register Project, the PKI Project, the Government Intranet Project, etc). On the basis of this cost-benefit analysis we draw up a proposal for the allocation of funds (initial costs and permanent costs). The cabinet then decides upon this proposal. Of course the autonomous bodies concerned (provinces, municipalities, government agencies) will have to agree too if they are supposed to pay. It looks like this formula will work quite well, since it is fair, has a voluntary basis, and -most importantly- is transparent.
- What would be an important incentive is when government organisations were allowed to keep (part of) the gains that they have from working together and sharing common solutions.

Until now we have not been able to convince the ministry of Finance that this would be a win-win, both for all public organisations concerned AND for the public finance as such.

*What kind of non-financial incentives (e.g. non-financial awards/recognition, favourable regulations) have been the drivers of change?*

There are few other incentives that support e-government initiatives.

The most important incentive nowadays is recognition. There is a general agreement -both on the political and managerial level- that ICT is considered THE major driver for change. It is therefore important for those responsible to seriously involve and invest in the opportunities of ICT, also if that requires drastic changes in the way organisations or processes are designed and run.

*What are the major obstacles in your country to use incentives to drive change and how are you trying to overcome them?*

The most important obstacle of course is the lack of competition: public organisations are not subject to commercial competition and will survive, no matter how bad they perform. Another obstacle is the already mentioned lack of financial incentives: under the current financial regime government organisations sometimes face a budget cut when they decide to co-operate with other organisations by developing and using common resources.

**Question 2: What types of partnerships have been established with the private sector and how have these changed the way government delivers its services? Please describe your country's experience with private sector partnerships to make change happen, and give examples.**

*What challenges has your country encountered in sharing responsibility for service delivery with the private sector?*

The Dutch public sector until now was very reluctant in sharing responsibility for service delivery with the private sector. This is not so much a matter of national policy, as of culture. There is quite a lot of disappointment and distrust in the private sector. On the other hand we tend to think that the private sector in Holland is not yet ready for shared responsibility: their focus is very much on short-term profit instead of long term, structural investment in the customer.

The level of outsourcing is however fairly high and growing. This indicates that Dutch government tends to think in black-and-white: either outsource or do-it-yourself. Responsibility sharing and public-private-partnerships are seldom seen as an alternative, third way.

*What kind of solutions have been identified in your country (in terms of defining output specifications, managing contractual arrangements, sharing risks and ensuring accountability to public partners and the public at large). How successfully have these solutions been implemented?*

On the central level there are no such solutions specifically in the area of ICT.

On the level of central government there are general rules, issued by the ministry of Finance, for budgeting and accountability, which state that budgets have to be defined in terms of output. These rules are in place for a few years and, as yet, aren't really helpful for the evaluations of ICT-investments, since they tend to mask the specific investments in ICT, which become part of an overall, lump sum investment (a conglomerate of ICT and other measures) belonging to one specific target.

***What is the role of central co-ordinators in helping agencies evaluate the cost and opportunities of private partnerships, and in helping to promote partnerships (e.g. framework agreements)?***

See above answer about partnerships have been established with the private sector. See also the preliminary remark about co-ordination in Dutch public administration.

***How has your country managed to control costs of private sector contracts while maintaining flexibility to adapt to changing needs and conditions?***

The costs of private sector contracts until recently were no issue on the political level. Only this last year has this become a political issue, especially as private *advisors* are concerned (the Dutch government appears to have the highest percentage of private advisors in the world). The minister of Governmental Reform is currently drawing up an action plan in order to reduce the amount of money spent on private advisors.

**Question 3: What levers have the government used to create a co-operative human environment? Please describe your country's experience with improving personnel commitment to making change happen, and give examples.**

There is no co-ordinated approach on this. Worth mentioning is that this year a Shared Service Human Resource Management was established for the central government, which probably will be extended with a shared ICT-service.

**Question 4: What lessons have been learned from trying to make change happen?**

See above answers.

## UNITED STATES

### Executive Summary

Top leadership support is very important. In the U.S., President Bush published the “President’s Management Agenda” (PMA) in 2001 with the five major areas that the White House supported for management improvement. The advancement of E-Gov was one of those five. That has been very helpful to advance the agenda. The President has talked to agency heads about e-gov that demonstrating it is important to him.

Our strongest tool is the consolidated ICT funding reports that each agency must submit. The mandatory centralized review and approval of business cases is a great tool to manage the evolution of E-Gov. Our strong partnership with the IT industry and the tech media keeps our effort highly visible – and the workforce informed. The sense of community in Government and the ICT industry helps create a positive atmosphere of all working toward the same goals.

**Question 1: What incentives has your country used to encourage e-government change? In your answer, please cover the following subset of questions, providing examples as necessary.**

*What is your country experience in terms of using financial incentives (e.g. central funding) to support e-government initiatives? How are they allocated and according to what criteria? Are these new or reallocated funds?*

RESPONSE: (Central, Federal CIO). We have a central IT fund, but it represents only a very small fraction of the funds needed. There is little money at the center for eGov.

The “eGov Fund” is for appropriated money at the center from Congress for government wide programs. It is a very small amount, being \$3 million in fiscal year 2003. Considering the U.S. Federal Government ICT budget of \$59 Billion annually, the eGov fund is a very small amount. It was hoped that the annual amount would increased each year as the concept proved itself. It has not grown and seems to have weak support in Congress since the concept of centralized funding of ICT is counter to the appropriation committees’ normal way of doing business. The current function of the eGov Fund is to provide seed money to programs that have a government wide eGov benefit that may later be funded through normal appropriations. The eGov fund is “no-year” money meaning that the funds carry from year to year without expiration. This is not true of most agency appropriations. The E-Gov fund is allocation method was laid out in the law establishing the fund (e-Gov Act of 2002) and includes 17 criteria shown in the section of the law shown at Attachment A.

*What kind of non-financial incentives (e.g. non-financial awards/recognition, favourable regulations) have been the drivers of change?*

RESPONSE: (Agency, CIO). The U.S we have an extensive awards and recognition network in place – by governmentally and publicly. Many ICT specialists seek to work on the high visibility E-Gov Projects. Successful accomplishments are rewarded by bonuses (5-20%) of the salary, and high visibility permitting high mobility to other agencies – and hence promotions. There is also a strong network of very

visible recognition in non-monetary awards through tech newspaper sponsored conferences such as the FED-100 awards, each year that are presented at black-tie dinners and considered quite an honour. Government agency CIOs and others are the judges for these award processes - reinforcing the visibility and credibility of the awards. Some E-Gov leaders have been promoted to agency CIOs and other high agency positions.

Some ICT experts in Government want a get a high paying job in the private sector after Government. They know the best way to accomplish that is to become well known for their work on an E-Gov Initiative, increasing their marketability for private jobs. It works.

The other main driver of change is senior agency officials wanting to do the right thing. They know that E-Gov and citizen centric service delivery are obviously a better way of doing business and they want to help accomplish an obviously good goal.

The heads of agencies meet occasionally (perhaps once per year for a medium sized agency), with the President on overall agency management issues. The President asks them about the e-government Initiative. What is important to the President tends to be important for the agency heads.

We also have the lever of de-funding agencies competing projects when they do not participate with the centralized solution. The budgeting process is a strong incentive – lever.

*What are the major obstacles in your country to use incentives to drive change and how are you trying to overcome them?*

RESPONSE: (Agency, CIO and Project Managers) The biggest obstacle to incentives is the maximum salary bonuses that can be paid. Considering what miracles we ask the Project Managers and other to perform – we can hardly compensate them enough. Generally a \$20,000 annual bonus is a very high bonus for our pay system. More likely an agency would pay \$8,000 to \$10,000 for high performance. Therefore non-financial rewards must be used.

**Question 2: What types of partnerships have been established with the private sector and how have these changed the way government delivers its services? Please describe your country's experience with private sector partnerships to make change happen, and give examples.**

*What challenges has your country encountered in sharing responsibility for service delivery with the private sector?*

RESPONSE: (Central – Procurement Policy) Approximately 60% of the U.S. Government IT operations is contracted out – so there is private sector work in most E-Gov Projects. The development of new ICT is approximately 95% contracted. But service delivery is primarily Government operations – frequently staffed with contractors – but in the guise of a Federal employee. (The NASA Kennedy Center launch operations is primarily staffed by Rockwell International.) Many of the web site and transaction engines are contractor operations.

Industry is eager to take on and perform more Government operations. Our law requires that we consider privatising all Government operations that have commercial equivalents. Most of the operations in parks are concession operations, for instance.

So service delivery can be privatised as long as the Government is absorbing much of the economic risk. Head to head competition between Government and commercial operations have shown that it is not always cheaper – or better to have private service delivery. Some U.S. operations that were privatised – were reversed and returned to Government because of costs or quality of service. But, overall, there is a preference for considering privatisation.

*What kind of solutions have been identified in your country (in terms of defining output specifications, managing contractual arrangements, sharing risks and ensuring accountability to public partners and the public at large). How successfully have these solutions been implemented?*

RESPONSE: (Central – Legislative and Procurement Policy). We have attempted to employ “Share-in-Savings” contracts with private providers that split the savings over the costs of current operations with the contractor willing to take the risk. Few contractors are willing – and what the Government to keep the risk, and pay them for operations. So we have few examples of success.

We have been somewhat success in implementing “Performance Based Contracting” where the contractors pay is based somewhat on their ratings for service delivery. They are still very difficult to establish and operate these contracts. Getting the economic incentives to the contractor to exactly match the Government’s goals is challenging.

*What is the role of central co-ordinators in helping agencies evaluate the cost and opportunities of private partnerships, and in helping to promote partnerships (e.g. framework agreements)? (Central – Federal CIO)*

RESPONSE: All initiatives in the U.S. must produce a business case that includes an alternatives analysis – before the project is approved. Central coordinators (call portfolios managers) frequently insist that certain alternatives are considered in the project before approval.

*How has your country managed to control costs of private sector contracts while maintaining flexibility to adapt to changing needs and conditions?*

RESPONSE: (Agency – Project Managers) Maintaining flexibility usually costs money and prevents the contractors from optimising the solutions. We attempt to create flexibility by building in contract “options” for possible occurrence or known alternatives in directions so the costs can be established in the midst of competition. That is not always successful. Frequently we have contracts that are “fixed-priced” for the known conditions with a percentage (i.e. Up to 20%) “time-and-materials” added on, if needed for unknown conditions. Generally any services that are not fix-price the Government is at-risk of unpredictable charges.

**Question 3: What levers have the government used to create a co-operative human environment? Please describe your country’s experience with improving personnel commitment to making change happen, and give examples.**

RESPONSE: (Throughout). We have a strong budgeting process that is integral to the ICT approval process that becomes a strong incentive for agencies to “cooperate” with the E-Gov direction. Some agencies will still be recalcitrant – and want to pursue a stovepipe solution for only their agency. At times we escalate the issue to a higher level of management that may not have the vested or personal interest in maintain separate solutions. Most of the tools are the positive ones – the public recognition of working with the E-Gov Initiatives as well as “getting to green”. We use a score card system on every project and every agency that is based on the red-yellow-green stop lights. We call them “stop –light reports” Agencies are measured on many things and all levels of management want to get as many green scores as possible. IT is very visible (they are published in the trade press) so every one in the ICT community knows that your agency is “red on architecture”. This process keeps the whole Government on the same sheet of music.

**Question 4: What lessons have been learned from trying to make change happen?**

RESPONSE: (Central and Agencies – CIOs) Most of the change challenge is not in the technology or the organizations – but in changing the culture. It is very strong. None of the new way of working across agencies is familiar. Staffs do not know the rules – or how to engage constructively. The creation of the virtual organizations or Governance models is foreign to the way business is normally done. Especially difficult is attempting to fund the initiatives outside of the normal budgeting and appropriation processes. The financial processes to support E-Gov is the most difficult to change.

**Question 5: Is there anything else about your country's approach to making change happen that you would like to share with your colleagues?**

RESPONSE: Our strongest tool is the consolidated ICT funding reports that each agency must submit. The mandatory centralized review and approval of business cases is a great tool to manage the evolution of E-Gov. Our strong partnership with the IT industry and the tech media keeps our effort highly visible – and the workforce informed. The sense of community in Government and the ICT industry helps create a positive atmosphere of all working toward the same goals.

***Attachment A – Criteria for Use of the Central E-Gov Fund***

*E-Gov Act of 2002 -Sec. 3604. E-government Fund*

- (A) (1) There is established in the Treasury of the United States the e-government Fund.
- (2) The Fund shall be administered by the Administrator of the General Services Administration to support projects approved by the Director, assisted by the Administrator of the Office of Electronic Government, that enable the Federal Government to expand its ability, through the development and implementation of innovative uses of the Internet or other electronic methods, to conduct activities electronically.
- (3) Projects under this subsection may include efforts to:
- (a) Make Federal Government information and services more readily available to members of the public (including individuals, businesses, grantees, and State and local governments).
  - (b) Make it easier for the public to apply for benefits, receive services, pursue business opportunities, submit information, and otherwise conduct transactions with the Federal Government; and
  - (c) Enable Federal agencies to take advantage of information technology in sharing information and conducting transactions with each other and with State and local governments.
- (B) (1) The Administrator shall:
- (a) Establish procedures for accepting and reviewing proposals for funding;
  - (b) Consult with interagency councils, including the Chief Information Officers Council, the Chief Financial Officers Council, and other interagency management councils, in establishing procedures and reviewing proposals; and
  - (c) Assist the Director in coordinating resources that agencies receive from the Fund with other resources available to agencies for similar purposes.
- (2) When reviewing proposals and managing the Fund, the Administrator shall observe and incorporate the following procedures:
- (a) A project requiring substantial involvement or funding from an agency shall be approved by a senior official with agency wide authority on behalf of the head of the agency, who shall report directly to the head of the agency.
  - (b) Projects shall adhere to fundamental capital planning and investment control processes.
  - (c) Agencies shall identify in their proposals resource commitments from the agencies involved and how these resources would be coordinated with support from the Fund, and include plans for potential continuation of projects after all funds made available from the Fund are expended.
  - (d) After considering the recommendations of the interagency councils, the Director, assisted by the Administrator, shall have final authority to determine which of the candidate projects shall be funded from the Fund.
  - (e) Agencies shall assess the results of funded projects.
- (C) In determining which proposals to recommend for funding, the Administrator:

(1) shall consider criteria that include whether a proposal:

- (a) Identifies the group to be served, including citizens, businesses, the Federal Government, or other governments.
- (b) Indicates what service or information the project will provide that meets needs of groups identified under subparagraph (A).
- (c) Ensures proper security and protects privacy.
- (d) Is interagency in scope, including projects implemented by a primary or single agency that:
  - (i) could confer benefits on multiple agencies; and
  - (ii) have the support of other agencies; and
- (e) Has performance objectives that tie to agency missions and strategic goals, and interim results that relate to the objectives; and

(2) may also rank proposals based on criteria that include whether a proposal:

- (a) Has Government wide application or implications.
- (b) Has demonstrated support by the public to be served.
- (c) Integrates Federal with State, local, or tribal approaches to service delivery.
- (d) Identifies resource commitments from nongovernmental sectors.
- (e) Identifies resource commitments from the agencies involved.
- (f) Uses web-based technologies to achieve objectives.
- (g) Identifies records management and records access strategies.
- (h) Supports more effective citizen participation in and interaction with agency activities that further progress toward a more citizen-centered Government.
- (i) Directly delivers Government information and services to the public or provides the infrastructure for delivery.
- (j) Supports integrated service delivery.
- (k) Describes how business processes across agencies will reflect appropriate transformation simultaneous to technology implementation; and
- (l) Is new or innovative and does not supplant existing funding streams within agencies.

**(D)** The Fund may be used to fund the integrated Internet-based system under section 204 of the e-government Act of 2002.

**(E)** None of the funds provided from the Fund may be transferred to any agency until 15 days after the Administrator of the General Services Administration has submitted to the Committees on Appropriations of the Senate and the House of Representatives, the Committee on Governmental Affairs of the Senate, the Committee on Government Reform of the House of Representatives, and the appropriate authorizing committees of the Senate and the House of Representatives, a notification and description of how the funds are to be allocated and how the expenditure will further the purposes of this chapter.

(F) (1) The Director shall report annually to Congress on the operation of the Fund, through the report established under section 3606.

(2) The report under paragraph (1) shall describe:

- (a) all projects which the Director has approved for funding from the Fund; and
- (b) The results that have been achieved to date for these funded projects.

(G) (1) There are authorized to be appropriated to the Fund:

- (a) \$45,000,000 for fiscal year 2003.
- (b) \$50,000,000 for fiscal year 2004.
- (c) \$100,000,000 for fiscal year 2005.
- (c) \$150,000,000 for fiscal year 2006; and

Such sums as are necessary for fiscal year 2007.

(2) Funds appropriated under this subsection shall remain available until expended.