

# Modernising Government

Statement For and Impressions From Microsoft's Government Leaders' Forum (GLF 03)

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by

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## 1. What is the meaning of Modernising Government and why is it so critical today?

Modernising Government means that the state and public administration have to respond, and are responding, to the challenges and needs of our time by utilizing the knowledge potential and technology potential of our time.

The challenges follow from new conditions and “terms of reference” all European and Mediterranean states and beyond are facing, both external and internal conditions:

- Externally, the economic globalisation exposes not only the domestic economy but all national institutions to international competition. Also, we observe new supranational and international dependencies of the nation state. This is happening because the nation state is transferring competencies to the EU, the UN, the WTO etc.
- Internally, we observe in many countries a slow-down of the economy and aging societies with both phenomena putting unusual high demands on public budgets. Decision processes to tackle these problems have, in the course of time, become overly complex and slow. We also observe a decline of trust in state and public administration, indicated by reduced voter turnouts or, generally, by a growing alienation of citizens from politics and public institutions.

In the wake of such new “terms of reference”, many states have reached the limits of their capacity and are struggling for adequate models with regard to scope, mission, goals, structures, and processes of a modern public sector. In this respect, government is not

different from other areas of society, like business or education, which also find themselves in a process of transformation.

## **2. What is at stake when we discuss Modernising Government?**

The “guiding star” for Governments is the concept of Modern or Good Governance which means governance in accordance with the expectations of society in our information age. State and administration, from this point of view, need to be

legal, democratic, transparent, legitimate, accountable, trusted by the people, committed to participation with all stakeholders and to social inclusion of all groups, a state and administration which addresses the urgent problems and does so cooperatively and in time as well as effectively and efficiently.

Three important current issues are:

- Firstly shifts in the traditional division of labour between the three sectors of society, namely state, economy, and civil society. We observe public sectors retract and concentrate on core activities - not only because of scarce budget resources but also to set free the creativity and the problem solving potential of business and third-sector-organizations. Former hierarchic government structures become multicentric and cooperative. Privatization and public/private as well as public/public partnerships are examples.
- Secondly, further at stake are improved forms of governance on each side of a triangle connecting a) citizens and businesses, b) politics and parliaments, and c) the executive branches of government:
  - Citizens/politics relations are to be revitalized. It is hoped that more transparency of public affairs will lead to better insight, higher interest, more public participation and, thus, raise the “input legitimacy” of public activities.
  - The relations between politics and the executive are to be designed in a way which secures the primacy of politics. This is to allow timely, effective and efficient reactions to new situations in society with goal-oriented and well coordinated programmes and to allow quick feedback loops between public decisions and their outcomes.
  - Regarding the relations between the executive agencies on the one hand and citizens and enterprises on the other there is need to make the complex texture of public institutions and programmes transparent and to overcome complexity by single points of access, both physical and electronic. “Output legitimacy” of public activities can be further promoted by utilizing the new potential for reorganization, tending to more deconcentrated front offices and more customer and service orientation, while back office work can be

concentrated and costs cut.

- Thirdly, there is a new potential for systematization and simplification our public sectors which at the same time is necessary to reduce double work and multiple storage of data in favour of avoiding unnecessary costs and making more use of government's data capital. "Seamless government" at least becomes a possibility.

All these issues are highly enabled by modern IT. Especially the Internet-technologies involve a "new electronic accessibility" of persons, data, computer programs and even objects if they are equipped with chips. This allows communication regardless of time, space and hierarchy and enables entire digital work clusters not imaginable hitherto because of the limitations of traditional media. In striving for better models of state and administration we can and should be ambitious.

### **3. How far have we come with Modernising Government?**

#### **3.1. A lot of progress**

During these two days we have seen excellent examples and a lot of progress! We seem to have a sound basis for the exchange of experience and best practices. By the way, the similarity of many ideas reported in this conference is amazing and indicates the ongoing globalisation. We seem to be talking the same "modernising government language" more or less.

The legal and democratic state, an important aspect of Good Governance, can be taken for granted in all countries, represented in this conference.

Most public sectors have done a big step forward in terms of transparency and openness as virtually each agency has online content on the Internet.

Of course, to have a web-presence, by no means, is equivalent to Modernising Government! However, a broad variety of transaction-based websites in almost every field of government was reported – from handing in forms on to e-procurement, online-payment or e-polling and many others, some of them using digital signatures (which are still under discussion as far as the appropriate types, applications, and financing is concerned).

Electronic communication with politicians and civil servants has almost become commonplace.

In many countries, citizen bureaus as single points of access to a variety of public services are wide-spread, some of them operating as "virtual portals" already.

Public/public and public/private partnerships are increasing and considered very important for the sharing of know-how, modernisation energy and financial resources.

Online discussion of public affairs is a reality in many countries, often self-organized by people interested or involved. The digital empowerment of the citizen has at least begun. "The Rubicon has been crossed!"

Nevertheless, based on our presentations it seems to be fair to say that eDemocracy is not having a high priority yet. The focus seems to be on

- online services and online information (on the Internet and on Intranets)
- customer-orientation
- restructuring of internal workflows
- bundling of related activities
- systematisation
- also cost-cutting.

So, what Minister Stanca said in his opening address is supported by the Modernising Government track of the GLF: “eGovernment today – eDemocracy tomorrow”. Or using the words of one of our speakers: “The Governance of eGovernment often is missing!”

### 3.2. Still a lot to be done

However, as much as has been achieved already - our track left us with the impression that important features of “Modern Government” (one that is making full use of the technology of our time for mastering the challenges of our time) still need to be tackled! “Fundamental change needs much more time” as one speaker put it. But, again, there was much consensus about the trends which became visible in many of the papers:

At first, it must be ensured that the decision-makers have a deep understanding of both, “modern IT” and “electronic Government” (this is difficult to realize because in the race between policy making and technical progress, policy makers always seem to be in danger to come in on second place):

- “Modern IT”, in the wake of the “new accessibility”, offers the opportunity for radical changes of the way the public sector does its business. The big news is that holistic digital clusters or “net-work” can be realized, integrating all persons, data and programs involved in a certain matter – regardless of traditional boundaries between agencies, jurisdictions and even societal sectors. Considering the challenges of the state today, the IT at our disposal is an enabling technology but also a badly wanted technology.
- As far as “eGovernment” is concerned, this is, without any doubt, an important feature, but only one feature within the larger concept of “Modernising Government”.

Compared to this potential for holistic approaches, very often the traditional division of labour and stove-pipe structures still prevail and tend to be reproduced on the Internet. A thorough reorganisation of the public sector, in spite of some excellent examples which were

presented, more often than not is still pending! And it will take more time! However, the direction, this change will take, also became quite clear in our track. By 2010 we will see:

- more electronic interagency cooperation
- more joined-up government
- a shift from stove-pipe structures to horizontal process organization
- more partnering of public agencies with business companies and civil society organizations
- a better organized “division of labor” in order to avoid “reinventing the wheel” more than necessary
- a clearer distinction between “producing” and “retailing” public goods
- more cost-saving concentrations of back-offices
- and a more ubiquitous government (“uGovernment”), moving government activities closer to the locations where they are needed.

Two related fields of Modernising Government where much more progress is expected, are portals and knowledge use:

- Portals are places, both physical and electronic, for the easy and comfortable exchange of information and service. Modern IT allows their bundling in accordance with life and business situations. Portals will be tailored to the needs of various target groups, even of individuals and, thus, take the service and customer orientation of public agencies to higher levels. Portals of this kind will also be places for public relation and discussion of government proposals and for citizen relationship management (CRM), understood as analysis of and reaction to the communication of citizens and companies with government.
- The knowledge resources available in the heads of politicians, civil servants and experts in business and civil society as well as in the numerous databases accessible through the Internet, can and will be utilized to a much higher extent. This involves feedback loops between politics and reality which are becoming feasible because of the many digital footprints, public activities leave behind. This will be necessary to speed-up the responding of politicians to change and to improve their rendering account. It will also enhance stakeholder participation in public decision making. Here, however, we still have to develop adequate models within our representative democracies.

#### **4. What needs to be done and what are the critical success factors?**

Regarding the critical success factors for Modernising Government there was also a lot of consensus:

- Exactly because technical limits so drastically extended and exactly because of holistic models of government becoming feasible, government needs to develop visions and strategies about where to go and how to get there. All human behavior tends to be “path dependent” and government is no exception. Before we leave the “beaten path” we want to know why and how.
- To realize such visions and strategies for Modernising Government requires committed leadership in politics and administration - not only in the initial stages of modernizations projects but continually and sustained because, especially during implementation of change tough but crucial decisions have to be made, not least in the personnel area. But sustained leadership is required, mainly because the new holistic forms of government mean that we must enter “foreign turf” as one speaker put it and the usual “turf wars” must be prevented.
- Of course, beyond leaders and managers the employees and addressees of public administration must be included in modernizations projects. In fact, because of the far-reaching nature of modern IT everybody must be involved - no onlookers or disengaged bystanders should be allowed.
- Another key factor refers to clear organisational structures (“modernisation envoys”, steering committees, task forces for the projects selected, action plans, implementation teams, project managers, external consultants, effective tracking and monitoring of the respective projects etc.) and clear communication at all stages towards all concerned.
- A thorough stock-taking of public tasks and their accompanying data and processes is advisable, and that beyond departmental borders, following the “new accessibility” which entails a “new shapeability” of government” and answering the questions: Do we need this activity? Do we need it in this way? Does it fit into the architecture of our Modernising Strategy?
- A personnel strategy (for skill development in fields such as customer orientation, working in partnerships, management methods or IT-use; but also for reorganisation, shift of workloads, retrenchments etc.) is indispensable.
- Sufficient and guaranteed funding seems to be a tough and often complained about problem in these days (and here, one even has to be aware of the fact that the bulk of investments will not occur in the IT-area but in qualification, reorganisation etc. Modernisation is not for free. However, one should also recognize the negative financial consequences of „not modernising” which surely will be higher). Interestingly, transaction-fees for users don’t seem to be taken into account yet.
- A further “must” is the development of an interoperable IT-platform offering standards and interfaces which enable the inclusion of all data and processes necessary for the new holistic government models and which allows the continued utilization of legacy systems. The term “interoperability” must be underlined but widened at the same time. For, the new technical interoperability and the new holistic models of government are responsible for the fact that now the traditional

organisational, cultural and political diversities really matter. So, the new models of modern government can only be realized to the extent that technical, organisational, cultural, and political interoperability can be reached.

- A word of warning with respect to change management might be appropriate, however: One should avoid a new “bureaucracy for modernising government” with all initiatives to be fed into a complex hierarchy of approving and coordinating mechanisms. This might suppress the creativity and initiative of the work force. There should be room for self-organized change - within an overall framework, though.
- Finally, it is obvious that Modernising Government requires the creation of various corresponding preconditions in society before the relations between citizens and business and government will change, among them revisions of the law system, a wide-spread, powerful, secure, trusted, and affordable IT-infrastructure, and, last not least, the enabling, empowering and stimulating of as many citizens and social groups as possible to cooperate actively with a modernized Government.