



EUROPE AND CENTRAL ASIA

GOVERNANCE CONFERENCE

ANKARA | June 11-12, 2019

PROCEEDINGS

BUILDING EFFECTIVE,
ACCOUNTABLE, AND
INCLUSIVE INSTITUTIONS



WORLD BANK GROUP



PRESIDENCY OF THE REPUBLIC OF TURKEY
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SIGMA
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Abbreviations and Acronyms

CSO	Civil society organization
ECA	Europe and Central Asia (Region)
EITI	Extractive Industries Transparency Initiative
EU	European Union
FM	Financial management
GDP	Gross domestic product
HRM	Human resource management
ICT	Information and communications technology
IT	Information technology
M&E	Monitoring and evaluation
NGO	Nongovernmental organization
OECD	Organization for Economic Co-operation and Development
PAR	Public administration reform
PEFA	Public Expenditure and Financial Accountability (assessment)
PFM	Public financial management
PPP	Public-private partnership
SIGMA	Support for Improvement in Governance and Management
SOE	State-owned enterprise
VAT	Value-added tax

Foreword

Governments and citizens around the world recognize that “good governance” is essential for development. In fact, this conviction is reflected in the definition of the Sustainable Development Goals, which emphasize the need to promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels.

On the one hand, this is perhaps easier to do today than at any other point in history. The advances in technology that allow us to gather and process data instantaneously are changing relationships in societies, including those between public institutions and citizens. Real-time access to information can lead to better informed citizens, and the role that governments once held as the central repository of information – and with this the privilege to act (or not) on that information – is eroding. The democratization of information is changing expectations and perceptions of public institutions, as well as the social contract upon which societies are built. More horizontal relationships are replacing the once very vertical relationships between governments and citizens, opening the space for new opportunities to better serve people and to demonstrate institutional effectiveness. Transparency and contestability are thus strengthened.

On the other hand, governments must respond to citizens’ higher expectations in a context of limited public resources. And when these expectations are not met, governments face discontent and diminishing trust in institutions.

How should societies organize themselves in the digital age to deliver goods and services in the most effective way, while responding to the expectations of a growing middle class in many countries of the Region?

Whereas the World Bank doesn’t hold the secret ingredient to solve this equation, we’re aware that many of the building blocks of the equation are known. We know, for instance, that effective institutions are critical for economic growth. Where good governance prevails, economic growth is more likely. The *2017 World Development Report on Governance and the Law* shows a clear positive correlation between aggregate measures of governance and per capita income across countries. This is consistent with international evidence, which shows a clear and positive correlation between strong institutions and economic growth, and between strong institutions and investor confidence.

We also know that when citizens can exercise their right to participate and access public information they can become part of the solution. In country after country we see the benefits of citizen engagement and social accountability. Rather than establishing antagonistic relationships, governments, citizens, and businesses can find ways for collaboration, making positive development outcomes more likely. Building more inclusive societies can accelerate economic and sustainable growth.

Accountable and transparent institutions can also foster innovation. According to the World Economic Forum, weak institutions continue to hamper competitiveness. In contrast, open societies provide greater chances for intellectual development and the emergence of new ideas, and they are positively correlated with the dissemination of knowledge spillovers and enhanced competition.



Cyril Muller
Vice President
Europe and Central Asia
World Bank

The quality of public administration in general and the capacity to deliver effective services also have a direct impact on citizens' levels of satisfaction, and on the trust citizens have in their institutions. This finding is consistent across the whole Region, regardless of income levels. A mother who wants to vaccinate her child needs to trust that the vaccine will be effective. An entrepreneur who decides to create a new company expects that property rights will be respected and that he will receive fair treatment under the law. For us in the World Bank, we see governance at the center of the development agenda because our mission is to end extreme poverty and foster shared prosperity. When institutions are not effective, all citizens suffer, but especially the poor, who depend most on the provision of public services. When institutions are not inclusive, large segments of societies are excluded – which can in turn create social discontent. When accountability is weak, the social contract – the “glue” that keeps societies together – suffers as commitments become less credible and trust in public institutions is eroded.

Over the last decade, countries in Europe and Central Asia have made major strides in strengthening governance. In *Albania*, through the implementation of a Citizen-Centric Service Delivery Project, the country was able to improve the quality of public services against customer-care standards and reduce the scope for corruption. In *Moldova*, the Expert-Group – a civil society organization with the support of the Global Partnership for Social Accountability – organized parent and student engagement in planning and managing school resources in 80 schools, reaching over 50,000 students. More than 1,200 school administrators, teachers, parents, and mayors, organized in local coalitions, are holding school administrations accountable by participating in public hearings, monitoring school budget spending, and completing community scorecards. This approach is being scaled up to all schools in the country. In *Armenia*, through the implementation of an effective Tax Administration Reform Program, 96 percent of tax services and documents are processed and filed electronically, significantly reducing the time for tax payments from 581 hours to 268 hours. As a result, the Tax Administration Agency increased tax collection from 16 percent to over 20 percent of GDP. In *Azerbaijan*, with the support of the World Bank, the country's busiest court began piloting an automated system for reducing the time it took to process cases while also eliminating the possibility of human error. By partnering with several banks and a mobile phone operator, uncontested cases are now processed in one day or less by the automated system. Fast-tracking uncontested cases through the automated system freed up judges' time to focus on litigating more complex and demanding cases.

The challenges facing countries today require new approaches for building institutions that can respond to the demands of informed citizens. Today, more than at any point in the past, governments are expected to be able to effectively provide services in a transparent and inclusive way and share data and results virtually instantaneously. Civil society is constantly exploring ways to use technology to better represent the voices of citizens and hold public sector institutions accountable. The private sector has to respond to increasing pressure from clients, governments, and citizens to produce goods and services that are socially responsible and environmentally sustainable.

This major shift in accountability, in which the burden of proof is increasingly on the providers of services – whether public or private – means that achieving and sustaining good governance will require adaptive institutions.

Respectfully,

Cyril Muller

Overview

Around the world countries are facing increasing pressure on resources, more complex service delivery requirements, greater demands for transparency and inclusion, and increasing fragility and migration flows. The capacity of governments to respond to these challenges is stretched while citizens' expectations continue to rise. This imbalance typically results in a lack of trust between governments and citizens.

Governments in Europe and Central Asia (ECA) face complex challenges as they work to make public institutions more effective, accountable, and inclusive. And in many ECA countries societies are being transformed. Some countries are still overcoming the legacy of one-party rule and centrally planned economies; some are undergoing significant reforms as they aspire to become EU members. Others are already EU members but are under pressure to live up to EU norms of good governance. Still others contemplate, or have already accomplished, transformations of key government institutions—for example, from parliamentary to presidential rule or toward federations to unite peoples across ethnic or cultural divides.

The status of many ECA countries as middle- (or even higher-) income means potentially higher domestic revenues, but this is often matched by a higher demand for public services; and the efficiency and quality of spending often leave room for improvement. At the same time, the aftermath of the past decade's financial crises continues to constrain economic growth in some countries, limiting the fiscal space to improve infrastructure and public services for citizens.

While there is increasing consensus about the need to effectively engage with the private sector for the provision of essential services and innovation, many countries do not provide a conducive investment climate for such engagement, or they lack the necessary institutional arrangements to foster effective partnerships. The ongoing economic governance reform agenda continues to be challenging and not free of risk.

Transparency and openness are key to improving trust, but the record of success in ECA countries is mixed. While some countries have shown remarkable progress in recent years, the performance of others has deteriorated, adding to perceptions of poor quality of services, corruption, and clientelism. Governments of ECA countries are sophisticated reformers whose public sector officials have a notably higher technical capacity than those in other regions of the world; however, it is also true that reform outcomes are often constrained by nontechnical factors.

The World Bank's Governance Global Practice, in close collaboration with a variety of development partners, is actively supporting ECA countries' plans to implement governance reforms. The engagement takes multiple forms. First, through research and analytical work the Global Practice seeks to understand the underlying factors that influence policymaking and policy implementation. Second, it facilitates policy dialogue across a variety of stakeholders and decision-makers. Finally, through funding and technical assistance it supports the design, implementation, and evaluation of public policies. These three forms of engagement complement and reinforce each other and help bridge the accountability and implementation gaps that stand in the way of restoring trust.

The development community seeks to continue and further strengthen its partnership with ECA countries to improve governments' accountability and capability to meet citizens' rising expectations. It is therefore pertinent to ask what governance interventions and approaches have worked well or less well and under what circumstances, and what will be the critical determinants of successfully facilitating governance reforms and continuing to shape the governance agenda for the future.

ECA Governance Conference

On June 11-12, 2019, the World Bank joined forces with leading development partners—the United Kingdom Department for International Development (DFID), the European Commission, Support for Improvement in Governance and Management (SIGMA, a joint initiative of the OECD and the European Union), UN Women, and the Asian Development Bank—to organize the first Regional Governance Conference for Europe and Central Asia countries. The Governance Conference brought together over 500 participants from government, international development partners, academia, the private sector, and civil society¹ to take stock of governance reforms in ECA and to discuss ways to inspire the next generation of improvements in governance practices in the region.

The conference centered around six key governance themes that international experts have identified as both critical governance foundations and relevant for the ECA region. It featured Davos-style conversations and 25 case-study presentations of best practices and experiences from the region. The conversations and case studies explored the central aspects of accountable, effective, and inclusive institutions, and included such topics as the role of the private sector in moving reforms forward, generating political will, and building alliances with civil society for more inclusive institutions that deliver better public services for all people.

The six governance themes explored in detail during the conference allowed participants to exchange views, share experiences, and outline main priorities for future reforms. This proceedings publication has been organized around the six themes: (i) Strengthening Public Policy Processes, (ii) Managing Public Resources Effectively, (iii) Governance of Service Delivery, (iv) Strengthening Public-Private Collaboration and Economic Governance, (v) Drivers and Enablers of Policy Effectiveness, and (vi) The Promise of GovTech.

Key Messages of the Conference

At the conference, 25 case-study presentations explored the central aspects surrounding accountable, effective and inclusive institutions. The following messages emerged:

- **Effectiveness and accountability** should become central to the way both state-owned enterprises and public-private partnerships are managed, since both involve significant amounts of public money. Improving these aspects will require working closely with sectors and establishing a regional peer platform to share good practices.
- **Citizen engagement** needs to be scaled up through creation of feedback loops for citizens to express their concerns and acknowledge what works and what does not.
- **Making public services inclusive** by reaching out to all citizens, particularly to the poorest, in a sustainable way is vital. This can only be done with a careful balance of the fiscal cost and the quality of public services.
- **GovTech weaves across many thematic reform discussions.** Technology can be a problem-solving tool but needs to be purpose-driven. Inherent risks should be acknowledged and carefully addressed (e.g., accessibility, capacity, and cybersecurity).

¹ Conference participants are listed on the ECA Governance Conference website: www.worldbank.org/eca/institutions.

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- **There was a call for more regional dialogue and exchange.** Thematic deep dives, rich conversations, and lessons shared generated significant interest among delegates in turning the event into a regular governance conference; several countries offered to host in the future.

Next Steps

During the conference the organizers and many participants discussed how to perpetuate the benefits of such a forum. The conference provided a great opportunity to exchange views, share experiences, and outline main priorities for future actions. How could these benefits be continued? Some of the ideas and action items are presented below.

Conference Book. The conference book publication, already in the works, is intended as a main knowledge product and will consist of six chapters (one for each key conference theme). Each chapter will have two parts: Part I will be an overall analysis of the theme, and Part II will consist of expanded case studies presented at the conference.

Conference Website. The original conference website will be converted into a full-fledged interactive repository of all conference sessions and materials, including summaries, key messages, PowerPoint presentations, videos, and photos. It will also serve as a knowledge platform for future events, blogs, and an exchange for conference participants and partners. The conference website is located at:

<https://www.worldbank.org/en/events/2019/05/10/building-effective-accountable-and-inclusive-institutions>

ECA Countries Social Media Campaign. A strategy will be developed around a social media campaign on the developments and opportunities of the key conference topics. The campaign will feature interviews with panelists and participants from the conference.

Peer Learning Mechanisms/ Regional Communities of Practice. One of the main objectives of the conference was to bring together a diverse group of stakeholders from across the ECA region to exchange experiences and practices centered around its themes. Participants expressed strong interest in exploring peer learning opportunities in the future.

Regional Workshops. Many participants expressed interest in the idea of smaller, sub-regional replications of the conference addressing the most pertinent governance issues.

Biannual ECA Governance Conference. Given the success of the conference, the participants expressed high interest in making the conference a biannual event with more focused topics in the future.

Theme 1: Strengthening Public Policy Processes

The process of implementing the policies, programs, and services delivered by governments starts with identifying the issues to be addressed. How are problems identified and prioritized, and who participates in this process? Evidence suggests that engaging stakeholders at multiple levels and in various sectors in public administration, citizen groups, and other groups (e.g., nongovernmental organizations [NGOs], the media) can narrow the gap between policy formulation and implementation.

This theme and its sessions focused on improving public policy formulation and implementation processes through better coordination and cooperation not only within the executive branch of government, but also in its interactions with the other branches of government and with citizens and businesses. This theme includes a range of issues:

- **Laws, regulations, development vision, and policy planning:** good practices for formulating national development plans; policy formulation at the national and local levels, and sector impact on policymaking; nationwide standards and the role of the state in setting standards, etc.
- **Management models and policy coordination for results:** types of management arrangements for public policy implementation; structures and examples of “Center of Government” and “Delivery Units”; measuring results and effectiveness of models at subnational levels, etc.
- **Public participation, media, and policy reform ownership:** identification and mapping of reform stakeholders; identification of incentives and technology tools to facilitate collaboration; ways to encourage the executive, legislature, and judiciary to engage with the civil society; role of the media in fostering citizen participation in policy reforms and their implementation, etc.
- **Intergovernmental relationships for policy formulation and delivery:** subnational policy formulation and service delivery; arrangements for Intergovernmental fiscal relations; local and regional governance, etc.
- **Leadership development for collaboration and a coordinated way forward for policy formulation and implementation:** leadership development models, skills building of young professionals, peer-to-peer learning; inter-institutional coordination and training to improve the performance of public institutions, etc.

Key Messages

Increasing transparency and accountability across the government strengthens public policy processes. For example, regular public hearings by civil society organizations (CSOs) are essential to improve the institutionalization process and actively engage all levels of government in the budget process. Additionally, governments should regularly engage with independent media.

Active engagement of different stakeholders narrows the gap between policy formulation and implementation. Stakeholders include such diverse actors as CSOs, the general public, and the media. Governments need to pay attention to inclusive consultation of all stakeholder groups in society.

Attracting and retaining good civil servants is paramount for reform implementation. This can be done by raising the level of trust—for example, by setting fair and clear rules and processes and implementing reforms leading to recruitment and performance assessments based on competence. The Human Resource Management (HRM) reform in Romania illustrates that civil servants should be at the core of reform processes.

Political consensus is often essential to conduct any transformation process and to manage it efficiently and effectively. Garnering political support and leadership in the initial stage is critical. To address political opposition, a bottom-up approach among political decisionmakers is needed to emphasize the mandatory nature of the reform.

IT infrastructure and GovTech can play a major role in reform implementation. IT can help reduce red tape and allow businesses and citizens to assess processes. For example, an e-procurement system provides transparency that allows citizens to gauge how effectively their taxes are spent on public goods.

Changing public sector officials' traditional mentality is vital. Mistakes are an integral part of reform and all management processes, but operating in a "blame culture" does not foster innovation. Change is a process, not an event, and governments must ensure its sustainability. Additionally, public officials need to understand that citizen awareness and engagement are essential to ensuring a real voice in the policymaking process.

Plenary Discussion

The plenary discussion on strengthening public policy processes revolved around the ways societies identify challenges, set priorities, plan together among different levels and branches of government, and assess the effectiveness of policies. Below are some of the key questions addressed and discussions that followed.

What are the key elements for identifying and ranking priorities?

Planning, in practice, means being able to say “No,” because if we say “Yes” to everything a society needs at the same time, planning would not be necessary. What are the key elements that help governments prioritize in a situation of scarcity? The real problem of liberal democracies is that politics tends to ignore the scarcity of resources that economists warn about. Higher and more sustainable economic growth leads to better institutions and more and higher-quality public services. However, making the necessary deep reforms requires prioritizing the most critical issues to be addressed.



To achieve inclusive, accountable, and effective institutions, priorities must be focused on change rather than mere improvement. Changes in areas from the rule of law to ensuring free and fair competition are necessary for stronger institutions. However, because of budgetary implications, when governments choose among areas of public investment they often look at the success of past reforms or consider whether to opt for systematic change as opposed to improving the system. More productive sectors that are less prone to rent-seeking should be prioritized and absorb more of the budget as they will yield more return for society as a whole. Moreover, informal institutions can be big players when it comes to policy implementation. Efforts need to be made to make them part of the policymaking processes.



What are the key elements for holding governments accountable and ensuring transparency?

The example offered by the Bureau for Economic Policy Analysis, an independent think tank within the Ministry of Economic Affairs of the Netherlands, illustrated how their publicly available recommendations, which are based on political and economic analysis, were also reflected in the law. The bureau, established in 1945 by the first Nobel Prize winner in economics, analyzes the economic platforms of political parties. The technical quality of their recommendations, in addition to their effective implementation, gives the bureau strong public credibility and helps maintain its independence. Its analyses and recommendations are made public for the wider population to see, with transparency about what the parties themselves provided for the analysis. Even though the bureau is a publicly funded organization, it maintains its independence from the executive, especially from the Ministry of Finance. This independence is also preserved by its reputation for producing high-quality economic analysis and for not being afraid to go against the political line of the parties in power.



Ensuring accountability and transparency while also making governments follow recommendations implies engaging with the independent media. Educating government officials on the benefits of reforms using indicators and international good practices as evidence of the effectiveness of their efforts is also essential for government accountability.

The speakers further highlighted the need to shape public opinion and increase demand for change, particularly in authoritarian regimes.

How does public trust affect the capacity of governments to set priorities and coordinate policies across sectors?

The transparency and efficiency of governments are pivotal for strengthening public policy processes. Trust in the public sector is at the core of the public debate, because trust permeates every angle of public sector reform – from the behavior of citizens toward the authorities to tax compliance and the outsourcing of government functions. Low levels of trust limit the government’s ability to attract and retain good civil servants, in turn hindering the implementation of public sector reforms. Because citizens’ awareness and engagement are essential to ensuring that they have a real voice in the policymaking process, it is necessary to introduce a public service delivery culture in the public function. Public officials must trust citizens and involve them in the policymaking process. Studies show that public servants are reluctant to involve citizens, who they believe have little ability to understand complex policy issues. However, it is also crucial to identify impactful technical solutions that provide high levels of change, even when they are not popular. Therefore, leadership, ownership, and communications were also highlighted as preconditions of strong institutions and public trust.



How do we create trust?



Creating trust is not easy, and it requires a shift in how government conducts its functions, as well as in how civil servants see themselves and how they interact with citizens. Romania, taking its first steps in the modernization process, aims at instilling a service delivery culture in public administration. They have started by grounding the reform in a solid database, trying to create a comprehensive diagnostic of HRM challenges and to understand why previous reforms did not succeed in implementation. One of the myths debunked through this diagnostic is that public

sector wages are a key source of dissatisfaction. The diagnostic highlighted other issues that need to be looked at, such as low morale from constant institutional reorganization, temporary appointments in top management positions, and limited training or career development opportunities. Hence, trust can be built by setting fair and clear rules and processes and implementing reforms that lead to recruitment and performance assessments based on competence. Civil servants should be at the core of reform processes. By investing in HRM, the Government believes it can restore trust in public administration. Romania is emphasizing the right technical solutions that can increase citizens’ trust in the government, and vice versa.

Is political will a precondition, or can it be built?

Political will is key to implementing public sector reforms. Therefore, true commitment from stakeholders and decision-makers, especially in regard to cross-cutting issues, is essential to effectively implement reforms. Citizen engagement and the involvement of CSOs are also necessary to reflect the voices of all segments of society and ensure coordination, collaboration, and commitment.

Panelists:

Elena Grozdanova, State Advisor for Equal Opportunities,
Ministry of Labor and Social Policies, North Macedonia

Ivan Mikloš, former Deputy Prime Minister and Minister of
Finance of the Slovak Republic, Chief Economic Advisor to the
Prime Minister of Ukraine

Oana Pintilei, State Secretary, General Secretariat of the
Government, Coordinator for Public Policy and Public Policy
Directorate, Romania

Sander van Veldhuizen, Program Manager Public Finance, CPB
Netherlands Bureau for Economic Policy Analysis, the Netherlands

Moderator:

Roby Senderowitsch, Practice Manager, Governance Global
Practice, World Bank

Case Studies

Romania: Lessons in Setting Public Policy

By Dragoș Negoitǎ, Director, General Secretariat of the Government of Romania

In Romania, the role of the General Secretariat of Government (GSG) is centered around strategy; public policy planning, coordination, and design; and implementation of the Better Regulation strategy. The presentation focused on the regulatory impact assessment processes managed by the GSG.

The GSG prepares the weekly government meeting, ensures interministerial coordination and the coordination of several regulatory agencies and authorities, and designs and implements the Better Regulation strategy (see Figure 1). It emphasizes the coordination of all stakeholders involved. Among the tools it has to improve the public policy process is the Annual Working Plan, developed using a web portal on which all ministries must publish their annual initiatives. Consolidating the plans in advance helps create an early impact assessment and coordinates strategies on a government-wide level, moving away from the previous *ad hoc* decision policy process and ensuring transparency.



Figure 1. Coordination of Strategies by GSG

The GSG assists ministries and the central Government with Regulatory Impact Assessments (RIAs). Its responsibilities include providing training, monitoring compliance with regulations and quality control mechanisms, and coordinating regular intra-government meetings. An RIA Community of Practice has been created for better knowledge exchange; all ministries can share their experience through online meetings and other tools.

In addition, IT infrastructure and GovTech have played a major role in reducing red tape and enabling businesses and citizens to assess all processes. The strategy has focused on simplifying and standardizing processes before digitizing.

Main lessons learned and results:

- (i) One-stop shops, open data, and interoperability between databases are essential.
- (ii) The role of the private sector in moving reforms and its involvement in digitization: The two-pronged initial approach first involved discussions with all relevant ministries to identify, quantify, and reduce red tape for businesses. Following those discussions, businesses were then involved to assess cost. This approach resulted in reducing red tape by 70 percent.
- (iii) Filtering regulations for the reduction of red tape: The filtering mechanism in place assesses the impact of regulations and focuses only on those that have social, budgetary, and environmental impact, applying low-, medium-, and high-impact criteria to each type of legislation.
- (iv) Public, academia, and stakeholder involvement: Periods of consultation offer citizen and business associations the opportunity to be involved in the process. Comments are published and reviewed by a panel of 10 universities whose recommendations are considered.

Azerbaijan: Monitoring and Evaluation Process

By Vusal Gasimli, Executive Director, Center for Analysis of Economic Reforms and Communication, Azerbaijan

This case study illustrated how Azerbaijan moved to a productivity- and results-based model that focuses on smart performance indicators. The model creates linkages between fiscal policy and monitoring and evaluation (M&E) (results-based budgeting framework).

Digitization played a major role in the M&E platform, leading to big data and the creation of a “growth data product” similar to GDP for data. Azerbaijan is now focusing on artificial intelligence to develop tools to shape policies based on M&E results. The new M&E system has allowed overcoming misconceptions and knowledge gaps between government bodies, including state-owned enterprises and businesses.

In addition, efforts are being made to increase citizen engagement in the development of programs and strategies. Citizen participation in the reform agenda and discussions is crucial; through public discussion and social networks, the M&E results are publicized. Equally important has been the cooperation of development partners, which helped bypass resource misallocation, coordinate activities, and understand the demand from Azerbaijan’s side.

Azerbaijan introduced a ranking platform to promote public-private dialogue and collect feedback from the private sector. The ranking platform is an important tool to shape the economic reform agenda and involve the private sector as a key actor in policymaking. It has also increased predictability for the private sector and enhanced the appeal of Azerbaijan as an investment destination.

Moreover, Azerbaijan improved its ranking in indicators, including in Doing Business, at least partly by increasing its efforts toward good and open governance. An example is the one-stop shops through which the Government provided various public services. The Government is now shifting from one-stop shops to introducing e-government services to increase transparency and reduce the risk of corruption. As it does so, it is adopting a proactive citizen-centric approach to predict future demand. The new economic reforms have led to critical results for the country (see Figure 2).

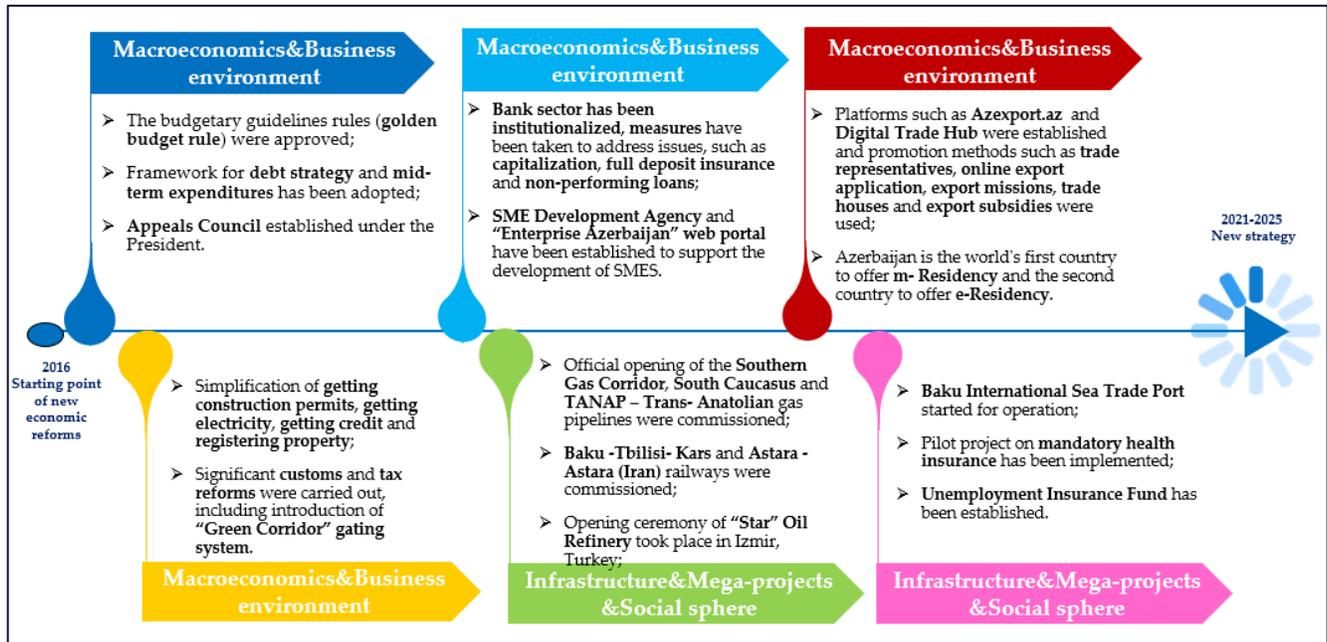


Figure 2. Azerbaijan Economic Reform Results

An important lesson from the policy-shaping process was involving the vulnerable. During the 2016 framework development process, the agency met with 5,000 people. Advocacy and communications were used to reach citizens, including women, youth, and disabled persons, to help compile narratives.

Lithuania: Introduction of Change Management in Setting Public Policy

By Lukas Savickas, Adviser to the Prime Minister, Lithuania

Since joining the EU, Lithuania initially enjoyed significant growth. However, the stagnation of GDP growth created the impetus to improve, and therefore to prepare an ambitious Government plan that focused on prioritization, leadership, and ownership.

The Government introduced a three-step process aimed at addressing the lack of leadership and insufficient inter-institutional coordination: (i) prioritization among government projects—33 priorities were picked and 800 possible projects were whittled down to 40, with their related roadmaps, and the narrative changed from personal to institutional responsibility as each minister became a "project owner"; (ii) formation of a steering committee to provide regular attention at the highest political level; the committee meets monthly and ensures

the accountability of project owners; and (iii) establishment of a project management office within the Government to ensure ownership and prevent the outsourcing of reforms.

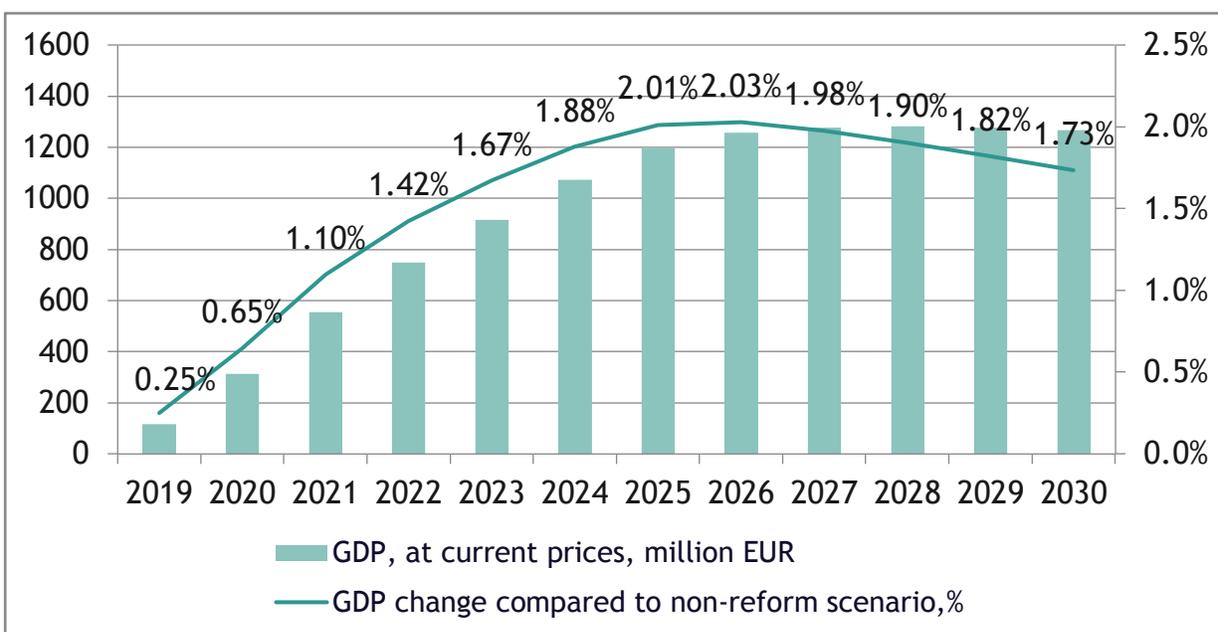


Figure 3. Impact of Reforms on GDP (compared to a scenario in which there were no reforms)

Implementation of the plan is now in its first year. The reform package and impact assessments are expected to boost the job market and GDP growth (see Figure 3).

Political will and cooperation are decisive, as changing culture is always difficult. To address political opposition, policymakers had to adopt a bottom-up approach among political decision makers and emphasize the mandatory nature of the reform. Training and communication tools were introduced to highlight personal growth and the benefits of the reform.

The prioritization process was based on analytics that then formed the basis of the decision-making process. To incentivize line ministries, Lithuania introduced a system that increased budget allocations for projects that made it onto the priority list.

Lessons learned from the Lithuanian experience include ensuring personal responsibility, creating frequent and public milestones, garnering political support in the initial stage, and developing in-house competence. Another important lesson was having a strategic internal and external communication plan – the projects that did not promote themselves were the ones that failed.

Albania: Gender-Responsive Budgeting (GRB) as a Tool for Better Policy Formulation

By Gentian Opre, Director of Budget Analysis and Programming Department, Ministry of Finance and Economy, Albania

“Words don’t bring change. Budgets do.”

In 2008, Albania introduced a new organic law that made program budgeting mandatory and added performance-based indicators in medium-term budget programs that focused on goals, objectives, and outputs. The country also initiated gender sensitization programs that led to the introduction of gender equality in the organic law in 2016.

Particular attention was given to educating and instructing ministries to include and disseminate gender-disaggregated data as part of the push for gender equality.



Progress has been steady and impressive, according to international organization rankings. The number of programs that include GRB increased from 9 to 33 between 2015 and 2019-2021. In addition, GRB budget outputs have gone up to 6.3 percent of total budget expenditure.

1 KONSOLIDIMI I SHËRBIMEVE PUBLIKE THEMELORE

Mbështesim më shumë mundësi për një jetë më të mirë. Buxheti 2019 investon për të siguruar akses në shërbime cilësore publike për të gjithë qytetarët

Shëndet për të gjithë

Buxheti 2019 vijon politikën për mbulimin universat me shërbim cilësor, diagnostikim dhe parandalim e sëmundjeve dhe shërbime gamës së medikamenteve të rimbursueshme. Investimet në infrastrukturën shëndetësore për të siguruar aksesin e qytetarëve në shërbime themelore ka dhe kur t'u nevojitet janë prioritare:

E gjithë vëmendja për rrejtëza:

- Shërbimi kontrastit bazë (check up) falas për 475 mijë pacientë në vit, 50% burra e 50% gra
- Mbi 40% më shumë gra mbi 35 vjeç që përfitojnë nga shërbimet falas të depistimit të kancerit të gjirit dhe më shumë raste të kancerit të gjirit të trashëzuar
- Përmirësimi i ofrimit të shërbimit shëndetësor

parësor në konsultatet e ignuas dhe femijë, duke ofruar shërbim cilësor dhe gjithëpërfshirës për më shumë se 50% të rinjave të reja dhe mbi 80% të festojave vajza e djemri

- Traçimi me recete rimbursimi për mbi 475 mijë pacientë në vit

Rritja e numrit të pacienëve të trajtuar:

- mga 8.4 milionë në 6. Financim vjetor në kudesin parësor deri më 2021
- mga 290 mijë në 2018, në 312 mijë pacientë të trajtuar për vitin 2019 e 330 mijë më 2021
- 200 pacientë më shumë që përfitojnë nga paketat e kardioritragjisë
- Nga 170 mijë sesanca dialize në 2018, në 234 mijë në vitin 2021

Infrastruktura më e mirë në çdo skaj të vendit:

- Paqizimi i spitalme rajonale dhe rritësimi i matërisë
- Rehabilitimi dhe pajisja e plotë e 100 qendrave shëndetësore
- 20% më shumë investime në shëndetësi në vitin 2019
- Moderimi i QDUT me saktësi e ri të kirurgjisë dhe vijimin e ndërimit të spitalit të ri të sëmundjeve të brendshme B pediatrisë

Mjekë për Shqipërinë:

- 1 miliard lekë për rritjen e pagave për 18,475 punonjës në shëndetësi

Sigurimes shëndetësore:

- 41.9 miliardë lekë, ose 2.4% e PBB nga 40.4 miliardë lekë në 2018
- Financim mbi 700 miliardë lekë për barnat e rimbursueshme

Figure 4. GRB in the Citizens Budget

The involvement of civil society has been essential. This involvement has been mainly in the form of training and the provision of tools such as M&E that increased government engagement, proactivity, and openness to alternatives.

The system is mandatory and performance-based and was expected to be fully mainstreamed by July 2019. Support is offered to local governments and ministries to ensure awareness and effective implementation, with the support of UNWOMEN, the World Bank, and the EU. The objective is to expand the program in all government programs.

CSOs regularly hold public hearings to improve the institutionalization process and actively engage all levels of government with the budget.

For the first time, GRB has been included as a tool to explain the different social impacts in the life of men and women in the budget planning for 2019 in the “Citizens Budget” (see Figure 4).

The key lesson from Albania is that the leadership of the Ministry of Finance is crucial in the implementation of such reforms.

Norway: The Case for Using Statistics for Better Policymaking: Benefits and Challenges

Kleng Bråtveit, Economist and Policy Advisor to the Cabinet, Norway

How to change people's minds? Can data change public opinion? The presentation from Norway gave an overview of the failure of a program aimed at providing outcome information to highlight the importance of inter-institutional cooperation and the active involvement of all levels of government in the creation of programs.

The StatRes in Norway program was put in place to provide outcome information for use in policymaking. The data were collected from existing databases to reduce the data burden, and were then published every year. However, the program was shut down after three years of implementation because it was not used. Indeed, the data already existed and were already available in each ministry; thus the data from StatRes were irrelevant. (However, not everything went wrong, because these efforts led the way to new solutions, uncalculated originally; see Figure 5.)

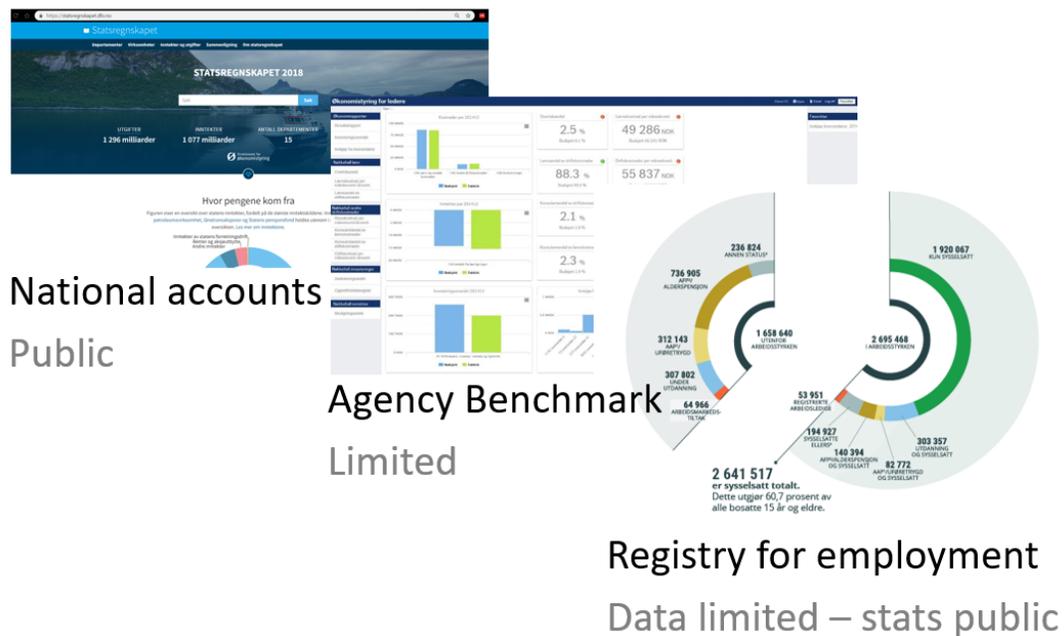


Figure 5. New Solutions Developed

Why did the program, as initially conceived, not succeed? The program was not a central Government decision and had been proposed by the Ministry of Statistics Office. The main lessons, therefore, are that a successful program has to be user-driven and demand-driven, be developed dynamically, and create value-added for data providers and users.

Theme 2: Managing Public Resources

Managing public resources includes the tasks of raising revenue through taxation and other means, budgeting, procurement, and conducting the public administration and civil service. The ongoing challenge of managing public services is orchestrating the complex machinery of government to deliver maximum results to citizens in the most cost-effective way. This complex system of many moving parts is difficult to manage, let alone to reform. Managing the public budget is a daunting task for even the most experienced public officials, who must prioritize interventions during their limited tenure in office.

Effectively managing public resources requires reforms in three areas: revenue mobilization, public financial management (PFM), and public administration. This theme focuses on ways of strengthening core government systems to mobilize and spend resources in the following main areas:

- **Revenue mobilization:** financing investment in human capital, in infrastructure, and in the delivery of public services when a significant domestic potential resource remains underutilized.
- **Public financial management:** efficiency, transparency, and accountability in the use of public funds, including by consolidating policies and reform strategies in budgeting formulation, expenditure planning, treasury management, accounting, and reporting.
- **Public procurement systems:** adequate use of resources and assured value for money in public spending.
- **Public administration:** achieving economic and social development goals through effectively formulating and implementing policies. Public administration reform is necessary to modernize the civil service to adjust to the needs of a more flexible and responsive public sector and to address the increasing concern about the fiscal affordability of public sector wages and the risk of crowding out other socioeconomic and developmental expenditures.

Key Messages

Transparency is not only good for governments, but is also important for citizens because government builds trust with citizens when it works with civil society and users of public services. For example, trust is increased when governments work with civil society to design interventions and redesign programs that are not working well.

To achieve significant efficiency and effectiveness in managing public resources it is important to increase demand for change in three areas: (i) better leadership to ensure that policy processes are inclusive, to elicit agreement on government programs; (ii) stronger ownership by government and citizens of policy and planning processes to ensure that actions taken are realistic in the country context; and (iii) more capabilities/resources made available to implement and effectively and regularly communicate objectives and progress.

Generally, technology has led to the generation of more knowledge and made information available; however, this information is not accessible to all citizens, so that it is challenging for them to hold government accountable for the resources spent on their behalf. This means that the goal of transparency must go beyond accountability to include further action to build accountable institutions as vehicles to achieve set goals.

Citizens' ability to access information on public resources and procurement processes helps to fight corruption, so it is not enough to just publish information online, because inclusivity may be lost as marginalized parts of society without access to technology are left out of the process of managing public resources. For example, building the capacity of civil society in ECA could lead to increased use of open data and enable CSOs to serve as a bridge between governments and marginalized parts of society.

Digitization of procurement resources has great potential to achieve increased efficiency and reduce cost. For example, reform of a country's integrated financial management information system generates significant improvements in public finance efficiency and transparency.

High-quality public administration is vital for economic growth, jobs, and service delivery, but success and innovation require good-quality data. In addition, high-level political and bureaucratic leadership is essential to success in public administration reform.

Plenary Session

The plenary discussion dwelt on the notion that managing public resources is a broad topic that requires strong understanding of both the depth and complexity of underlying issues. To enable significant achievement in efficiency and effectiveness in managing public resources, change must happen in three important areas: (i) *leadership*, to ensure that policy processes are inclusive so that agreement on government programs can be reached; (ii) *ownership*, ensuring that government and citizens own the policy and planning processes and act on what is realistic in the country context; and (iii) *adequate capabilities* to implement and effectively and regularly communicate objectives and progress.

"Trust cements the social contract."



An important part of the discussion centered around how transparency is not only good for governments, but is also important for citizens because governments build trust with citizens when they work with civil society and users of public services. Trust is increased when governments work with civil society to design interventions and redesign programs that are not working well. Governments also need the trust of investors; more transparent countries attract more investment than countries that are not open and that are less accountable to citizens. It is therefore important for governments to work

toward achieving transparency and accountability not only to citizens but also to the global community. There is evidence across countries that governments are relatively good at listening to experts but not at listening to users of the services provided by public institutions.

Accountability is paramount. Public procurement is one of the government's largest expenses, and globally accounts for about US\$12 trillion each year, while inefficient and corrupt actions account for about US\$3 trillion. A major reason for this is that governments do not have proper accountability systems in place for their citizens and the wider international community. Traditionally, public procurement has had four important pillars—economy, efficiency, transparency, and equitable opportunity—but these pillars have not been very coherent in

non-automated systems. The widespread use of technology in the last 10-15 years has helped bring these pillars together and has generated a huge amount of data as systems are digitized. The availability of data has also contributed to increased transparency and accountability. This abundance of data allows people to ask more questions – even though there is an issue of whether the people who should be asking these questions are sufficiently trained to do so.

Transparency and accountability should go hand in hand. The goal of transparency is not only accountability – accountability requires institutions for accountability, which goes beyond being simply transparent. Citizens have a right to transparency.

Fiscal transparency and better use of resources are strongly connected and allow for better allocative efficiency or in-service delivery for marginalized groups. Such transparency is also beneficial for the public servants themselves because it becomes a great tool for internal coordination.

Public resources flow through the budget and then through public procurement, so there is need to ensure that budget and public procurement processes are adequately integrated. For instance, in Romania, such integration takes account of exchanging control-based processes with rule-based processes to achieve higher transparency and more friendly use of technology.

Broader ideas of transparency and accountability do not necessarily lead to achieving efficiency and effectiveness in managing public resources inclusively. Citizens' ability to access information on public resources and procurement processes helps to fight corruption, so it is not enough to just publish information online: inclusivity may be lost as marginalized parts of society without access to technology are left out of the process.

Generally, technology has led to the generation of more knowledge and made information available, but this information is not accessible to all citizens, so it is challenging for citizens to hold government accountable for the resources spent on their behalf. This means that the goal of transparency must go beyond accountability to include further action to build accountable institutions as vehicles to achieve set goals.

Even though there is overall consensus that digital governance is good, it is not enough. For example, the digitization of procurement resources has great potential to achieve increased efficiency and reduce costs. The fact that information has been published may lead to increased trust and could lead to positive political implications because citizens are now able to access and analyze the same information that politicians use in preparing their speeches to citizens. But for a centralized public procurement agency to win the trust of citizens it must go beyond publishing information online and ensure that additional measures are implemented to increase access by marginalized groups. For significant improvement to occur, two important issues need to be addressed: (i) implementing



additional measures to include marginalized parts of society; and (ii) increasing the responsiveness of government.

Lastly, building the capacity of civil society in ECA could lead to increased use of open data and enable CSOs to serve as a bridge between governments and marginalized parts of society. In many ECA countries additional resources are needed to enable the use of complex tools, instruments, and methods for wider consultation to achieve change. Additional resources are also needed to build institutions and monitor democratic processes in the context of a broader behavioral and cultural change.

Panelists:

Juan Pablo Guerrero, Network Director, Global Initiative on Fiscal Transparency

Bogdan Puscas, President, National Agency for Public Procurement under the Ministry of Finance, Romania

Vinay Sharma, Director, Solutions and Innovations in Procurement, World Bank

Moderator:

Arup Banerji, Regional Director for European Union Countries, World Bank

Case Studies

World Bank: Bureaucracy Lab

Zahid Hasnain, Senior Public Sector Specialist, Governance Global Practice, World Bank

This case study made the argument that high-quality public administration is vital for economic growth, jobs, and service delivery, but success and innovation require good-quality data. The public administration is still seen as a “black box,” with very little empirical data or rigorous diagnostic work.

The Bureaucracy Lab provides quality data on human resources, wages, and labor market dynamics and how they affect the public sector. The Lab is a World Bank initiative to produce new datasets and conduct innovative analytical work to better understand government bureaucracies. It covers three main areas: (i) worldwide bureaucracies, focusing on global public sector dimensions; (ii) public sector labor markets, a deep dive into country governments on issues of efficiency and performance; and (iii) government implementation capacity, including such areas as recruitment, motivation, and productivity.

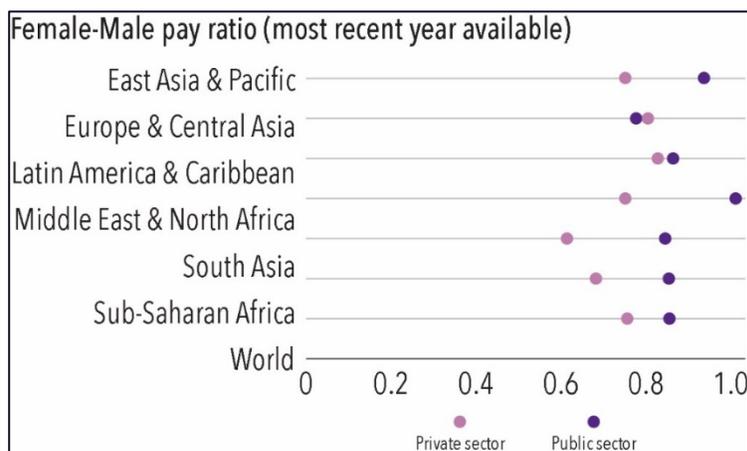


Figure 6. Gender Pay Gaps in the Public and Private Sectors

Globally, the public sector is a large employer, particularly of skilled workers. Public sector employment provides 38.1 percent of total formal employment, 30.2 percent of paid employment, and 15.2 percent of total employment. Public sector workers, on average, earn a wage premium, which varies by occupation.

The data show that the gender pay gap is lower in the public sector than in the private sector (see Figure 6). Additionally, the quality of public administration varies considerably within countries. How do we innovate in bureaucracy? While data suggest that some “standard remedies”—for example, an increase in public sector wages—don’t help improve public sector productivity, data-informed pay and appropriate employment policies can be very useful.

The session ended with a request for data on public wages and employment disaggregated by occupational groups to better inform policy.

Public Financial Management Reform in Georgia

Nikoloz Gagua, Deputy Minister of Finance, Georgia

This case study showed a reform process that has been going on for about 10 years and has achieved remarkable progress in the areas of technical implementation, monitoring of the budget, and management of the public investment program. This success has been confirmed by PEFA assessments, and Georgia's integrated PFM electronic system has been rated one of the best in ECA (see Figure 7).

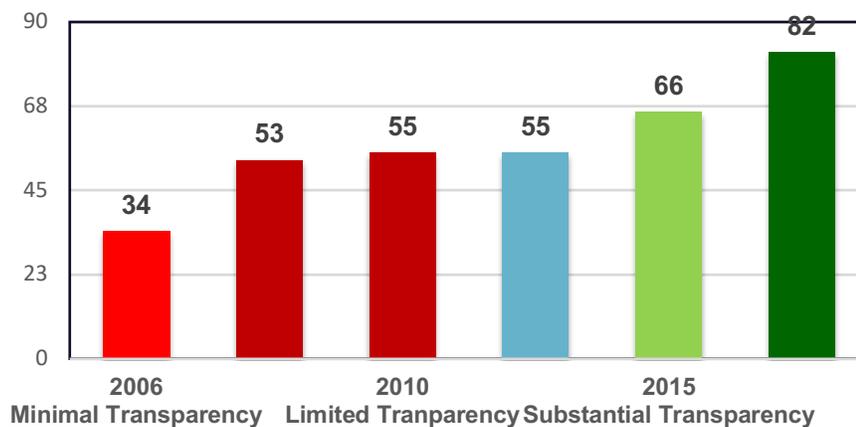


Figure 7. Open Budget Index - Georgia 2006-2017

In 2014, Georgia introduced an organic law on “economic freedom.” The Fiscal Governance Practice of Georgia and EU standards were reviewed, and an action plan was developed. All budget organizations (including the local government) are fully integrated in the System of Treasury Accounts and e-PFMS (see Figure 8). Other achievements included a midterm action plan methodology that was developed and piloted in 2015. In 2016, the State Budget Citizen’s Guide was published. A Public Investment Management Guideline and Methodology were adopted. In the last few years, the following additional measures have been taken:

- The coverage of the state budget package of performance-related data and information was expanded.
- Midterm costed action plans were introduced in all line ministries.
- Public discussions on fiscal governance and fiscal discipline were held.
- The Public Investment Management System was piloted.
- The PEFA self-assessment was prepared.
- The Fiscal Transparency Evaluations and Fiscal Rules report was prepared by IMF; Action Plan 2017-2021 was prepared.
- 2016 State Budget Annual Report on extended coverage of performance-related data.
- PIMA assessment was prepared (by the IMF).
- Medium-Term Budgetary Framework – coverage of information for the Basic Data and Directions preparation process was increased.

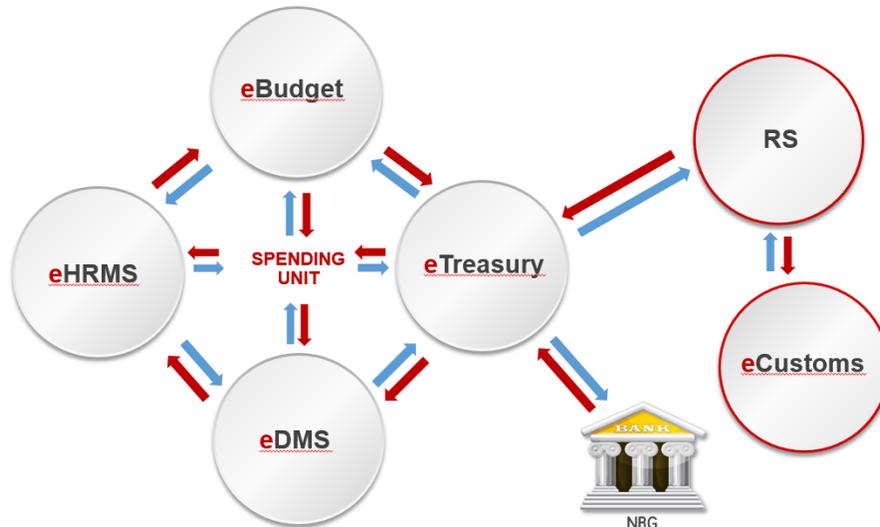


Figure 8. e-PFMS – Public Finance Management Electronic System

Public Administration Reform

Georgia initiated the Public Administration Reform with the support of the EU and OECD/SIGMA in 2014. The Public Administration Reform Roadmap 2020 was adopted in 2015. The document encompasses an action plan for 2015-2016, 2017-2018, and 2019-2020, with six main components:

- Policy Development and Coordination
- Human Resources Management
- Accountability
- Public Finance Management
- Service Delivery
- Local-Self Government

The Public Administration Reform is coordinated by the Administration of Government of Georgia through the Public Administration Reform council it established.

The single most important lesson from Georgia is that high-level political and bureaucratic leadership is essential for achieving success in public administration reform, but diversity is necessary for achieving transparency in decision-making. Georgia has established a PFM Coordination Council with membership from Parliament, civil society, donors, the Public Procurement Authority, and the Ministry of Finance—a transparent oversight body to provide strategic guidance to improve policy, HRM, accountability, PFM service delivery, and local self-government.

Poland: Sealing Tax Gaps

Artur Gostomski, Director of Large Business Department, Ministry of Finance; and Grzegorz Poniatoski, Vice President, Centre for Social and Economic Research

Improving legal and regulatory frameworks could speed up systemic changes and reverse losses in revenue due to large-scale fraud. Poland introduced changes to its VAT legislation; amended its organizational set-up; improved access to information and dialogue with parties, including new procedures for administering tax; increased reporting obligations for VAT registered entities; and effectively applied general anti-avoidance rules and monitoring in real-time movement of goods and services. These systemic changes led to remarkable results: in only two years VAT collections increased by 28 percent, and in three the VAT gap fell below the EU average (see Figure 9); the number of audits fell by one-third; and the effectiveness of audits increased by over 83 percent.

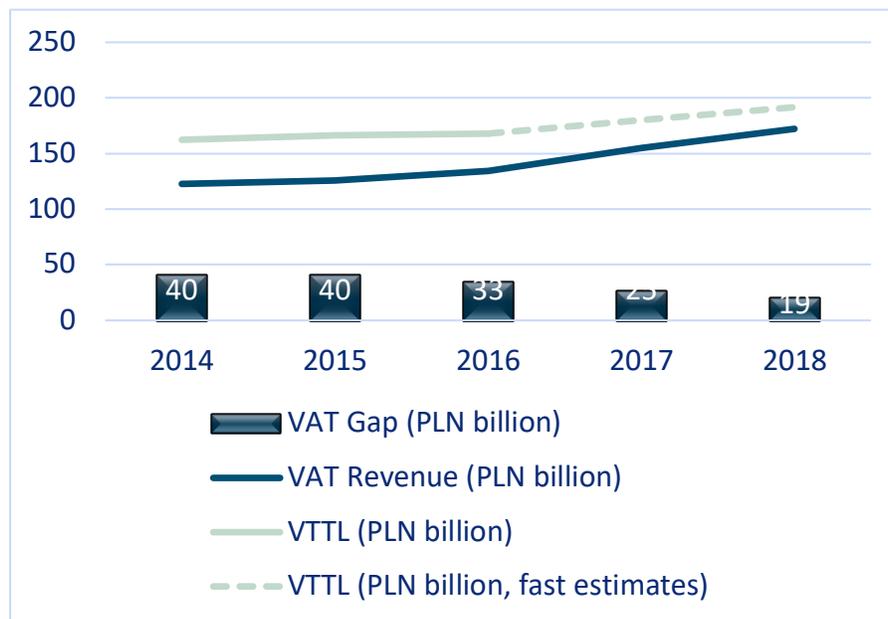


Figure 9. VAT Gap in Poland (2014-2018)

Key lessons and success factors:

- (i) Think beyond the short term: reform processes take time, but good results are eventually achieved.
- (ii) Communication changes to reach both internal and external target entities are essential to carry people along the reform objectives, and to achieve behavior change in addition to compliance and audit.
- (iii) Invest in people by providing training and improving incentives.
- (iv) Political support is needed for both legislative changes and implementation.

Bulgaria: Shared Administrative Services

Krassimir Bojanov, Director, Modernization of the Administration Directorate, Council of Ministers, Bulgaria

Most public sector organizations in Bulgaria focus on transactional administrative functions rather than on strategic requirements. Bulgaria has accordingly decided to implement a shared administrative services program to improve efficiency, cost-effectiveness, and timeliness in delivering administrative services in the public sector. The relatively new program, initially piloted in the Ministry of Health and the Food Safety Agency, is now being implemented in ICT, HR, FM, and property management.



The Bulgarian public administration was overstaffed, and it was inefficient because of its high expenditures for support functions and its lack of conformity with different structures for identical activities and different business processes, standards, and quality. Other challenges included a lack of uniform IT systems and solutions, a perception that support services were of low quality, tension between specialized staff and general administration, and the absence of a “client-centered” approach. Moreover, the principle of “each institution with its own general administration” is set in the legislation. There was a high resistance to reform, fueled by mistrust and the fear of losing ownership.

To take on this reform, a high priority was set at the political and strategic level through the adoption of the Public Administration Development Strategy 2014-2020. The strategy aimed at finding the best reform “driver,” and a few selected areas were prioritized: financial management and accounting, HRM, and property management. In May 2017, the Government of Bulgaria commissioned an advisory services project from the World Bank to assist with the introduction of shared services.

The project was kicked off with a series of events presenting the lessons learned by other EU Member States that had successfully introduced shared services in their administrations. Next, two pilot administrations were selected – the Ministry of Health and the Food Safety Agency. The success of the program required mapping current business processes, re-engineering and optimizing the processes, creating shared service units, and upgrading the HR management information system to accommodate the new business processes. Results have been satisfactory in developing and adopting the concept, setting the M&E mechanism, and rolling out the model in pilot public organizations.

Key lessons learned from the Bulgarian shared services reform project:

- (i) The approach should be customized to the country’s national, legal, and administrative context.
- (ii) A clear activity and change management plan should be established to, among other things, achieve economies of scale in delivering administrative services.
- (iii) The program goal should have a medium- to long-term orientation and benefits.
- (iv) Sufficient financial resources must be allocated to strengthen the capabilities of personnel and establish ICT as a strategic enabler.

Theme 3: Governance of Service Delivery

Public services are often the first concern of citizens in relation to their governments, which are tasked with delivering an array of services, from basic education, health, and social services to protection and access to justice. Securing adequate funding to deliver these services is an extraordinary challenge, but often, even when funding is available, services fall short of the quality citizens expect. The challenge of building effective and inclusive institutions is not merely about resources but about enhancing the coverage and improving the quality of public services.

Across many countries in ECA, the quality of education, health, and water and sanitation services lags behind that of high-income countries, primarily because of governance challenges from inadequate service provider skills and accountability, and low institutional capabilities. The quality of judicial and administrative services for citizens and businesses is poor, increasing the cost of doing business through high transaction costs and delays in resolving cases, and resulting in low trust in government.

This theme explores new horizons in overcoming specific governance challenges affecting service delivery in such sectors as water, health, education, transport, and justice. The theme focuses on strengthening government delivery systems by streamlining procedures, using digital technologies, improving public financial and human resource management practices, and establishing greater accountability and responsiveness to citizens.

Other issues covered under this theme include ways to improve human capital, challenges in the justice sector, ways to effectively reform within fiscal constraints, leveraging political economy challenges, engaging with such public sector employees as teacher and other unions, digital technologies, and new opportunities for improving the efficiency of government delivery systems and engaging with citizens.

Key Messages

In ECA countries, the challenge of building effective and inclusive institutions is not just about resources, but about enhancing the coverage and improving the quality of public services. For example, in the Albania case study, the establishment of Integrated Service Centers greatly improved the quality of public services.

It is challenging to develop a strategy for service delivery reform that addresses citizens' needs and garners political support at various levels of government. Developing a strategy requires the continued, long-term support of stakeholders.

It is essential to garner high-level political and stakeholder (affected ministries and agencies) support for reforms. A good practice is to involve stakeholders early in the reform process to gain ownership, commitment, support, and collaboration.

Transparency and accountability are critical elements in the service delivery reform process. For example, it is important to create a feedback mechanism for citizens to express their concerns and acknowledge what works and what doesn't.

The advantage of e-services, apart from their high accessibility, is that they provide comfort and transparency that contribute to the country’s anticorruption agenda. E-services may then become a part of the governance structure.

Finding the right solution to a problem often requires an iterative process of “learning by doing” and flexibility to experiment. Sequencing of interventions and stakeholder mobilization is also important. To build capacity and momentum, it is good to start with projects that demonstrate early success, as the universal healthcare reform in Turkey demonstrates.

Plenary Discussion

The key message of the plenary discussion highlighted that citizens do not just want access to services, they want *good quality* services. Even when resources are available, quality may not be easy to achieve. Globally, the value for money and quality of public services are declining in many cases, particularly in health, education, and social protection.

What is the recipe? What should government pay attention to?

Experience shows that even the best international practices in policy matters work differently in different countries, and their results vary from perfection to complete failure. For example, the family medicine programs introduced in the post-Soviet countries had a great outcome in the Baltic countries, but they almost failed in some countries and had mixed results in others. What then becomes critically important is the ability to implement. Of course, it shouldn’t be argued that policy and programs are not important, but probably the most important element is the capacity for implementation. Therefore, governments should pay close attention to getting the most effective implementation in their particular circumstances.

Is it possible to build these capabilities?



Capabilities can be built. One way to go about it is by following the so-called “problem-driven” iterative adaptability process: carefully and precisely identifying problems (measurement here is critical), and then deconstructing the problem to identify the root cause. Service delivery is a complex process with root causes that are also complex. Finally, throughout this process it is important to have a vision of what success looks like; governments should have a long-term vision before designing policies.

“You have to invest in those who deliver those services, throughout every step of the delivery chain.”

Sequencing of interventions is imperative. To build capacity and momentum, it is good to start with projects that demonstrate early success. It is also vital to mobilize all stakeholders so they can participate in implementing and assessing projects. Another key factor is leadership and the authorizing environment.

A good example of the importance of stakeholder engagement comes from a universal health care reform in Turkey. In 2008, the Government established universal health insurance for all citizens. In this process, leadership was vital, as were cooperation and coordination among the different institutions involved (different ministries and agencies), including partners and stakeholders. Over the years the quality aspect of the service gained more and more attention and importance. The satisfaction rate has increased since then but is now stagnating, even though the quality of the coverage is satisfactory. Beneficiaries or clients of the service typically increase their expectations. Eventually attention shifted to the clinical quality indicators and to improvements in audit and supervision to achieve better-quality health services.



What is the best approach to mobilize and incentivize?

In Turkey the health care reform was a result of teamwork, and it did not fall under the responsibility of the Ministry of Health alone. The preparation of these plans involved many actors and stakeholders—all the NGOs and private sector stakeholders, and other responsible public agencies—in exchanging ideas and designing the action plans together. Eventually the responsible bodies got the ownership of the reform, so they can implement the plans and provide better service delivery. The universal coverage also included Syrian refugees, who get equal access to primary and secondary care with Turkish citizens.

“This coordination and cooperation aspect of Turkish policymaking in health care is what WDR 2017 talks about.”

Another example comes from Kazakhstan: before 2007, citizens trying to access basic services needed to take a lot of steps in different agencies and authorities and experience a great deal of human contact. In 2007 the Government began opening one-stop shops to make access to services convenient to the people and to eradicate petty corruption. The program, now called Digital Kazakhstan, is present in every city and town; citizens can go to these one-stop shops run by staff who are not civil servants but are instead administrative staff.

Why has there been a move away from one-stop shops when they have been so successful?

While the one-stop shops are still available and successful, with the new digital agenda there is movement away from them toward more e-government, which applies to all government services. By 2020, Kazakhstan aims to have 90 percent online requests (currently 75%), an increase over the 15-20 percent of one-stop shops. However, there is plenty of space for improvement, and special focus needs to be put on involving more CSOs and engaging active citizens through social media for immediate feedback and for constructive new ideas. The advantage of e-services, apart from their high accessibility, is that they provide comfort and transparency that contribute to the country’s anticorruption agenda. But as long as a large part of the population has no access to the internet, electronic devices, or social media, e-government can’t reach everyone. That’s why one-stop shops and other mobile clinics are still available. The Digital Agent app serves the purpose of immediate feedback, and there is ongoing training on how to use it.

What about access to justice?

Access to justice is not only critical for physical access to courtrooms, but also for access to information, financial access to legal representation, and so on. Quality of services is paramount in any field—for example, while access to water is important, access to *clean* water is usually even more important. In the case of justice, *quality* means not only access to justice, but also justice that is independent, accountable, and efficient, without backlogs and delays. For the EU, justice is a key priority in its relationship with all ECA countries because of its economic impact, its direct impact on security (migration), and more fundamentally, its role as a foundation of the state. Justice is the basis for sovereignty. The EU invests about EUR 100 million in justice-related reform each year. Nonetheless, the results are mixed: there has been success, but not as much as was hoped for.



The justice system is very difficult to change, and resistance to change can be quite high. In particular, in cases of state capture, the first pillars to capture are the justice system and media, so that justice is the last thing the state wants to change. In this effort, the EU has been recalibrating its approach in several ways, such as by focusing on identifying better standards, establishing better metrics to measure the performance of the justice system, and also trying to provide better incentives (both carrots and sticks).



A prerequisite for reforms to gain traction involves a genuine political will for reform. Justice is a very politically sensitive issue, and if there is no political incentive for reform, then work can only be done at the margins and not on the core issues. Donors should therefore engage in deep political economy analysis and understand the context much better before engaging. Additionally, countries can use EU standards – most countries are members of the Council of Europe or associates of the Venice Commission. These and other bodies develop standards on what a good justice system looks like, and such standards can be used as benchmarks. Moreover, for citizen-centered services in the justice system, it is vital to ask the citizens first, as logical first step. DG JUST works with the World Bank and the Council of Europe to conduct surveys and ask users about their expectations and the quality of services they are getting. It is important to work more closely with civil society in the design phase. Lastly, every type of assistance should be tailored to the type of political commitment that is already in place – wait until there is a clear political commitment to a serious reform process before putting serious money in. It's very easy to invest a lot of money in justice buildings that do bad justice.

“Thinking of justice inescapably engages us in thinking about the best way to live, so whatever we want to achieve in any sector, justice becomes an inevitable precondition.” Susanna Hayrapetyan, Program Leader, Human Development, World Bank



Moldova illustrates the critical role of NGOs and citizen engagement in service delivery, showing CSOs going beyond the traditional roles of simply monitoring and holding governments accountable in the education system. The NGO Expert Group served as a mediator between governments and other CSOs and citizens in the educational services. The government was spending 10 percent of the GDP on education, and the quality of the education system was still very poor: teachers were not being paid enough, and parents were not satisfied with their children's achievement. How to solve such a challenge and garner improvement? Their answer: by

creating a platform for everybody to disagree. The project, "My School," did exactly that by empowering parents to analyze and understand information better. It provided transparency not just for the sake of transparency, but for solving problems in the educational service. Governments provided independent budget analysis in cooperation with the parents. During several public hearings, they engaged more than 50,000 pupils to discuss their schools' problems and budgets and feed their concerns to the school management. This led to the development of after-school programs. Because local government officials and other administration officials are also parents first, the approach allowed for community-driven solutions to be found. All of the issues identified were reflected and some resolved during the next budget cycle of that institution. Not only does this participatory process help resolve problems, but it also helps raise more accountable citizens.

Panelists:

Hande Hacimahmutoglu, Head of Health, Jobs and Social Protection Department, Strategy and Budget Presidency, Republic of Turkey

Susanna Hayrapetyan, Program Leader, Human Development, World Bank

Martijn Quinn, Deputy Head of Unit, the Directorate-General for Justice and Consumers (DG JUST), European Commission

Tatiana Savva, Economist, Expert Group, Moldova

Alik Shpekbayev, Chairman, Agency for Civil Service Affairs and Anti-Corruption, Kazakhstan

Moderator:

Chiara Bronchi, Chief Thematic Officer, Asian Development Bank

Case Studies

Albania: Citizen-Centric Service Delivery

Lorin Ymeri, Executive Director, Agency for the Integrated Public Service Delivery

Albania's public service delivery apparatus was characterized by long queues, the necessity of multiple visits, lack of transparency, frequent requests for bribes, confused procedures, delays, unclear instructions, and so on. Challenges were many, including resistance to change from officials in the administration who perceived their authority questioned or diminished, with an engrained bureaucratic culture that resented added scrutiny of the administration's performance.

The public services reform stakeholders included the Agency for the Delivery of Integrated Services (ADISA), the National Agency for Information Society, and corresponding institutional public service providers. The reform was characterized by several good practices, such as having full support from the Prime Minister's Office, reviews of international best practices and of local innovation good practices, visits to Georgia and Azerbaijan, and borrowing the idea of a one-stop shop.

Specific reform actions included the following:

- Setting up the first inventory of central government administrative services.
- Separating the Front Office from the Back Office.
- Establishing Integrated Service Centers.
- Opening a nationwide call center for information on services.
- Setting up a citizen feedback mechanism.



Implementation faced several challenges, including the absence of a database for public services, the absence of information on public service, the unification of application procedures, the need to raise citizens' awareness of their rights as beneficiaries of public services, and the difficulty of expanding the network of ADISA Integrated Service Centers.

These efforts resulted in the classification and codification of over 1,400 public services of over 134 central government agencies. Survey results show greater citizen satisfaction since ADISA took over the administration of the Front Offices (see Figure 10).

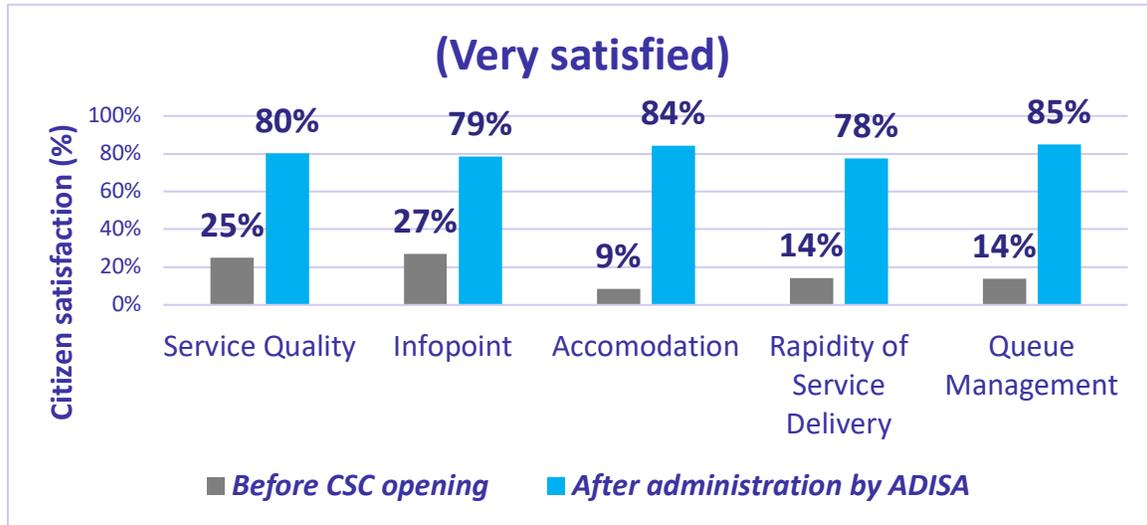


Figure 10. Citizen Satisfaction

Some important factors that contributed to the continued progress in the citizen-centric service delivery reform in Albania were high-level political support, sufficient financial resources, legal instruments, strong policies, experimenting with pilot tests, and a continuous review process. However, ADISA needs to establish and implement a quality management framework in all the Integrated Service Centers and ensure that quality assurance tools are also introduced by other government bodies that provide over-the-counter services.

e-Services (E-Albania)

The Government Interoperability Platform (Government Getaway) is the core architecture that allows interaction among 49 electronic systems of public institutions. It was redesigned in 2018 and offers public services for citizens, businesses, and government employees. It offers online bill payments of traffic fines, electricity bills, documents fees, and so on, and more than 60 percent of its online forms are prefilled. It also consists of a feedback (rating) mechanism, and it now offers more than 560 services (41 times more than in 2013).

Electronic seal

Following the changes on the legal package on electronic service delivery, the electronic seal has been implemented in the portal. The Council of Ministers decision in 2018 gave full legal value to every document (certificates, attestation, etc.) generated from the e-Albania portal, thereby taking a crucial step toward a one-gateway paperless service. In 20 months, 3.8 million electronically sealed documents have been generated, resulting in 3.8 million fewer printed documents and saving cumulatively 70 years of time waiting in queues.

Public administration use

Public administration employees use e-Albania to obtain certificates and other associated documents of public services on behalf of citizens/businesses. The quality and transparency of public services have been improved, and the time needed to obtain public services has been reduced. The system has given access to 140+ institutions and 9,000+ public employees, and more than 50 percent of the e-sealed documents have been generated by public employees.

Results and impact

Some of the main results include the following:

- **e-Consulate:** Provides 38 consulate e-services for Albanians abroad, with more than 300,000 users and 98,000 applications. It enables Albanians abroad to save up to several days of their time, as well as hundreds of euros in transport and other expenses. It eliminates documentation errors by giving citizens the opportunity to re-upload the correct document to the same application in response to e-mail notifications by embassies/consulates. It also assures monitored transparency and aids in reducing corruption.
- **e-Permits** (construction permits): A 100% paperless system with the most advanced systems in the country. It registered 200,000 uses and more than 20,000 applications. Its interoperability has eliminated five documents that were formerly required of applicants. Because of the electronic signature, each uploaded document and construction permit bears legal value. More than 230,000 papers are eliminated monthly (approximately 10 vans full of paper).
- **e-Health** (systems and services): A 100% paperless service that guarantees authenticity via the e-seal. In the three years of its existence, it has processed more than 70,000 applications, and more than 370,000 e-cards have been downloaded. The e-Referral Medical System and e-Prescription are allowing for the digitization of the referral system from primary to tertiary care as well as for electronic prescription by physicians. It enables physicians to refer patients from the family doctor to specialists/examination doctors and allows citizens to see their e-Health files through the e-Albania portal.
- **e-Matura** (education): An online application for high school students selecting their elective exams to graduate from high school. It includes other services such as diploma recognition and attestation of high school exams grades. The service is working on improving the legacy education systems and designing new ones; in the past six years it has processed more than 40,000 applications.

The e-Albania government portal, a typical example of the digitization of public services, has as its foundation the online institutional interaction. The Albanian Government, as a promoter of the transformation of physical services into online services, turned Albania into a successful example and managed to build a competent image of the state and restore citizens' trust in institutions.

Italy: Nuts and Bolts of Centralized Procurement

Marco Sparro, Head of Economic Analysis and Sustainable Development Unit, Consip S.p.A., Italy

Consip, the Italian central purchasing body, is a public company that is wholly owned by the Ministry of Economy and Finance. To fulfill its primary mission—the efficient and transparent use of public resources—it provides tools and skills to public entities that enable them to make easier and more effective public purchases.

With a diversified and adaptive strategy, Consip has a wider set of covered categories (larger managed expenditure), more tailor-made and innovative solutions available for the whole public sector, increased involvement of smaller firms, and reduced pressure on price for labor-intensive services.

The Italian experience highlights that centralized procurement is powerful but needs to be handled with care. Lessons learned:

- (i) There is no optimal solution. The best (centralized) procurement design depends on two questions:
 - *What is your goal?* Price savings, high quality, involvement of small and medium-sized enterprises, innovation, or others?
 - *What are the market conditions?* Both the demand-side and supply-side matter!
- (ii) Information is key: collect data on competitive tendering and contract management.
- (iii) E-procurement is essential, but it alone won't solve your problems.
- (iv) You can award a great contract, but you will have no success without good contract management.
- (v) A central purchasing body can make the most of specialized skills, but its impact is limited without skilled customers: provide buyers with guidance and training and involve them in decision-making.

Azerbaijan: Judicial Reform in Improving Service Delivery

Nail Huseynli, Monitoring and Evaluation Manager, Azerbaijan Judicial Services and Smart Infrastructure, Ministry of Justice

Azerbaijan started down its road to judicial reform in 2000 with the adoption of a new constitution that established the judicial branch and guaranteed judicial independence. In 2004, in partnership with the Council of Europe, the status of the Judicial-Legal Council was renewed and a Judge Selection Committee was established. In 2006, in partnership with European Commission for the Efficiency of Justice, regional courts were created and the number of judges, staff, and lawyers was increased.

Since that time the World Bank has been extensively involved in Azerbaijan's reform of the justice system (see Figure 11). With the Bank's support, an e-Court infrastructure was established developing unified standards, and the "Electronic Court" (Figure 12) and "Enforcement Management" systems were implemented. Other actions involved amendments to the Civil Procedure Code and to the law. "On courts and judges" established the electronic simplified (fast-track) procedure for small claims, setting up time standards for key court events, including adjournment, automated random case distribution, e-filing and e-proceeding, and the enactment of the Law on Mediation. On April 3, 2019, the President of the Republic of Azerbaijan signed a decree deepening reforms in the judicial-legal system, including reforms such as the system of private bailiffs and seeking alternative expertise.

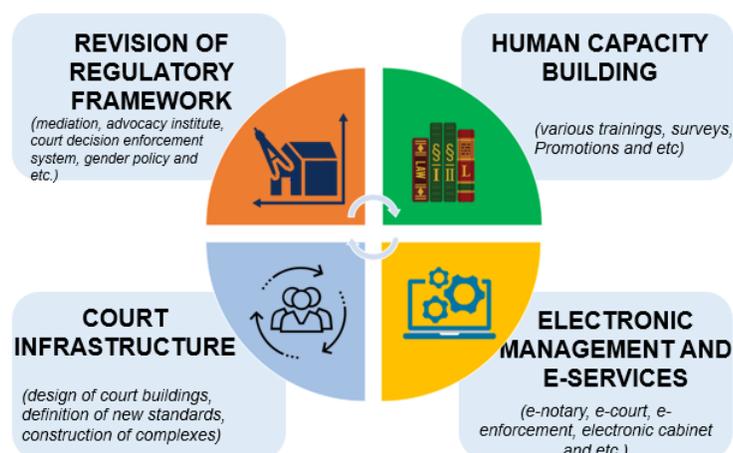


Figure 11. Main Components of the Judicial Reform Project

Design of the court infrastructure for better service delivery

For court infrastructure, a unified approach was introduced that included standards and zoning for the design of court buildings, as well as special software for automating this work. Twenty-two modern designs (including 7 court complexes and 14 court buildings) were set up in 41 courts and 18 enforcement agencies. Eight of these projects have been completed, and three are under construction. Standards based on the Unified European

Guidelines on "Access to Courts and the Design of Court Buildings" were adopted by the Council of Europe in 2016. This approach led to about US\$14.7 million in savings in areas such as maintenance and retaining technical staff. Judges' efficiency has increased by 15 percent.

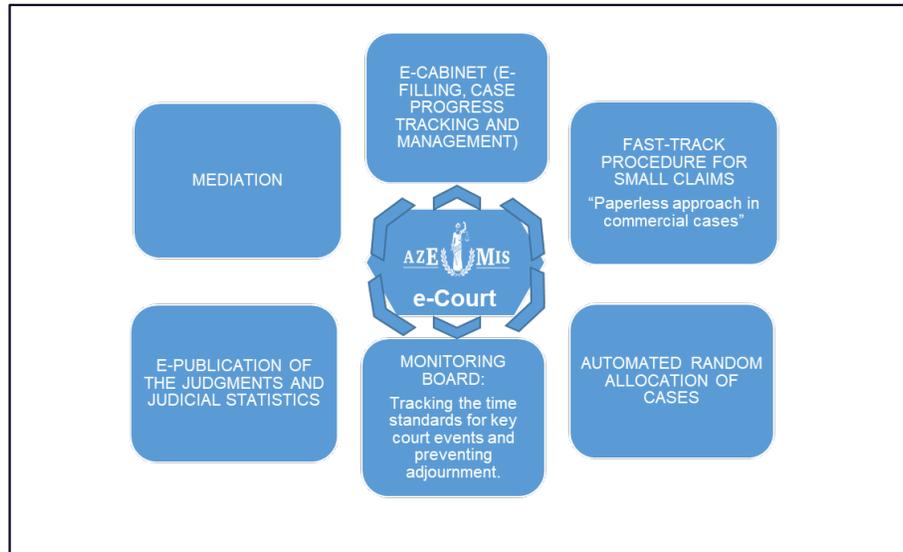


Figure 12. Main Elements of the e-Court

The establishment of the e-Court has had a major impact on court proceedings, summarized in Figure 13.

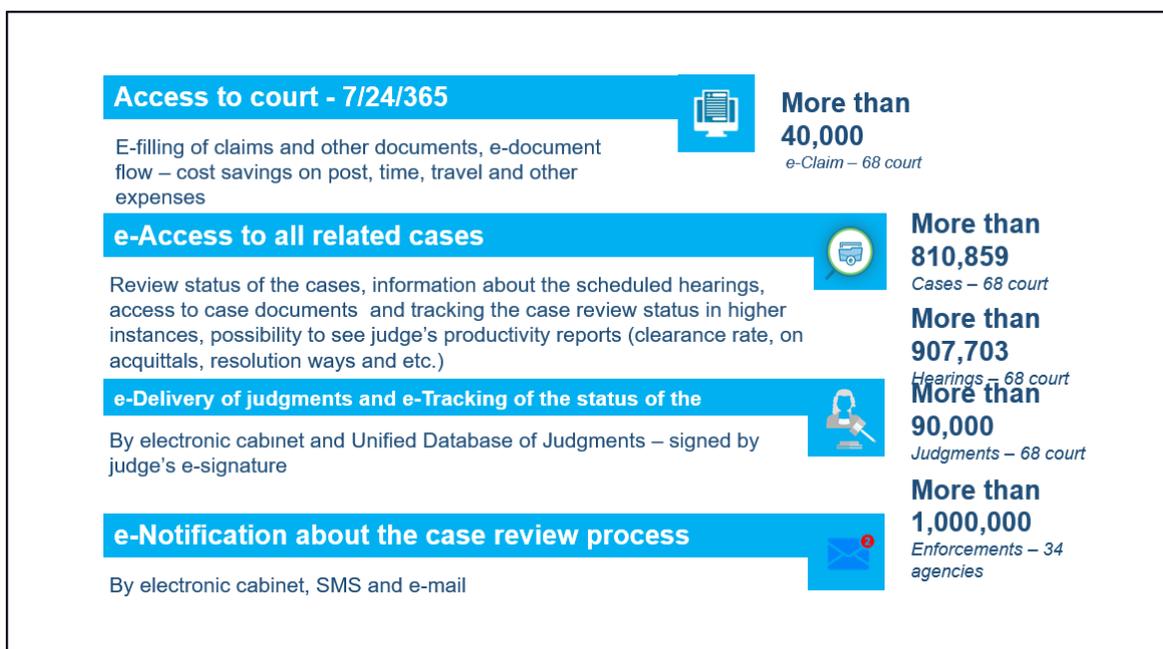


Figure 13. Impact of the e-Court

Theme 4: Public-Private Collaboration and Economic Governance

It is often suggested that the private sector has intrinsic advantages over the public sector in certain areas, largely because of its profit-driven incentives and its ability to tap market forces for leverage and scale. This suggests that public-private collaboration can be a path to achieve public goals with private sector efficiency and effectiveness. At the same time, governments need to ensure that public services are offered at all times and to all citizens. Governments safeguard against market failures and must ensure inclusiveness, which often means subsidizing certain services, so they are affordable to the most vulnerable.

A productive public-private interface is one that achieves efficient, equitable economic growth through the optimal use of private sector strengths (capital, expertise), public sector tools (public investment planning and management systems, regulation, public spending), and civil society influence (independent, people-centric, agenda setting). To ensure sustainable growth, the public and private sectors must leverage their key strengths and acknowledge their interdependence to meet the legitimate aspirations of citizens today and in the future (as reflected in the UN Sustainable Development Goals), crowding in all possible sources of finance, innovation, and expertise to meet these goals.

This theme covers existing models and the role of the state, identifying the opportunities, challenges, and risks in building effective public-private interfaces that are conducive to equitable economic growth, with optimal use of private sector strengths and public sector tools. Related issues include the following:

- Strategic approach toward state ownership in various sectors, balancing legitimate public interests, strategic interests of a country, and the effectiveness of state-owned enterprises (SOEs) and their social functions.
- Public investment planning and management systems.
- Creating an environment and mechanisms conducive for SOEs to become profitable and effective.
- Role of public and private sectors in making infrastructure services available to citizens.
- Regulatory frameworks that enable productive, fair, and transparent private sector activities in sectors previously fully state-controlled.
- Transparent and fair reform processes, sharing good examples in minimizing state capture and corrupt practices.
- Engaging with political, economic, and civil society actors in a complex reform process.
- Good experiences, challenges, lessons learned – next steps in SOE and public-private partnership (PPP) reforms in the region.

Key Messages

Public-private partnership is a way of addressing the dilemma of financing huge gaps in infrastructure provision; for PPPs to be successful, they need to deliver tangible benefits. PPPs can be helpful, but they are only one instrument in a large toolbox and are not the only solution.

A proper public-private interface allows public and private sectors to work in tandem, addressing significant gaps in infrastructure, building effective mechanisms for service delivery, and minimizing the state footprint on the economy. Building frameworks that allow for an effective collaboration between the state and the private sector requires proper legislation, capacity, and trust between the actors.

It takes time to design legislation, build processes, create substantial capacity, and improve corporate governance practices, so that disclosure and transparency are important. For example, strong, independent, and professional boards of directors are essential for building strong companies with motivated management, better performance, proper risk management, internal control, and improved economic accountability.

Effectiveness and accountability must become central to the way PPPs and SOEs are managed, allowing governments to act as active and professional owners of countries' resources. To be effective owners, governments must minimize the risk of failure by properly preparing and planning PPP arrangements, assessing risks and benefits, and searching for optimal solutions.

It is critical for governments to limit their interventions to those sectors/areas where state presence is justified, such as the country's strategic priorities, the need to address market failure, or other strong justification for government ownership. For example, in the Turkish case study, the Government used a thorough and careful project selection method based on an economic justification.

For enterprises that remain in state ownership, the government should strive to provide the most appropriate corporate governance regime. This regime should include a high level of transparency and accountability, allowing the SOE to operate as independently as possible on a commercial basis without political interference.

Plenary Session

Strengthening PPPs

One of the key messages of this session was the idea that if the ultimate objective is to deliver sustainable development, the private sector needs to be significantly involved.

The PPP is a way of financing huge gaps in infrastructure provision. Successful PPPs need to deliver tangible benefits, as they are very complex deals and not easy to design well.

The discussion reiterated that the quality of governance is key to PPPs. Therefore, PPPs need to be very carefully



chosen, and both sides need enough expertise and capacity to manage. Roles must be very clearly separated, and public objectives should be met.

In terms of risks, it is important to recognize that PPPs are not always money-savers. Many things can go wrong and create significant liabilities. In the event of unanticipated losses, both parties are entitled to seek renegotiation – one party does not bear the whole risk. Therefore, to factor for such risk, flexibility needs to be built in from the beginning. If renegotiation is ultimately needed in long-term projects, there is a big chance that something important wasn't considered at the outset.

Finally, corporate social responsibility and environmental, social, and governance criteria must be at the core of a PPP. This can also be achieved by working with the community, which must be included to make sure projects are ultimately delivering what people want.

PPPs can be helpful, but the PPP is only one instrument in a large toolbox; it is not the only solution. PPPs should be selected on the basis of their value for money and on their own merits, after being subject to exacting and robust cost benefit analysis; they shouldn't be seen as an off-balance-sheet option. The overall conclusion when designing PPP is to not rush, allocate sufficient time to the design, and make sure there is enough capacity.



Economic governance

Thousands of SOEs are not very efficient and are a drain on public resources. By the same token, private companies are not always successful, either. As an interesting example, Singapore Airlines is a publicly owned company, but it is very efficient – its governance structure is incredibly strong. It is a case of government managing its assets extremely well, and it is run almost like a private company. However, SOEs usually have poor corporate governance practices.

The private sector is better placed to deliver in a competitive arena. However, to see the actual profitability of a company, it is critical to differentiate between social and commercial objectives and separate them well in terms of accounting.

There are two levels of SOE ownership and governance arrangements: (i) at the government level, as an owner and shareholder of SOEs; and (ii) at the entity level, including corporate governance arrangements within SOEs. Defining roles and responsibilities on both levels is a must. A strong ownership entity function is needed from the government, whether it is hybrid, centralized, or decentralized. Regardless of type, the government needs to set targets, monitor key performance



indicators, and take its ownership function seriously (for example, appoint auditors).

Disclosure and transparency are key at both levels. Strong, independent, and professional boards of directors are essential for building strong companies with motivated management, better performance, proper risk management, internal control, and improved economic accountability.

SOEs representing national security or delivering services in rural areas will not be attractive for the private sector and should not be privatized.

A good example of privatization is found in Lithuania: in 2010 the country had 1,050 SOEs, whereas now it has only 53. This reduction was achieved not only through privatization, but also through consolidating and closing some SOEs. Lithuania implemented substantial changes in the SOEs that were left, with boards now being completely independent. Lithuania decided to differentiate between social and private obligations and anticipates profit on private SOEs only. As of now, Lithuania has a good return on equity. Being completely open was key.



Panelists:

Thomas Barrett, *Chairman, OECD Infrastructure Governance Forum, Nonresident Senior Fellow, Brookings Institution*

Omri Gainsburg, *Senior Investment Director, Director for Turkey & Eurasia, Meridiam*

Sebastian Molineus, *Director, Finance, Competitiveness & Innovation Global Practice, World Bank*

Marius Skuodis, *Vice-Minister of the Economy and Innovation, Lithuania*

Moderator:

Lilia Burunciuc, *Country Director for Central Asia, World Bank*

Case Studies

Ireland: Experience with PPPs – Developments and Challenges

Colm Lynch, Sector Head, Finance in the National Development Finance Agency, National Treasury Management Agency, Ireland

In Ireland, one of the main challenges in the 2008 financial crisis was to reestablish PPPs, reconnecting with investors and regaining their trust. The main strategy therefore became to achieve trust through communication and engagement, by listening and giving investors assurances.

This strategy itself faced significant challenges, including the financial strength/capacity of the Irish construction sector, availability of funding from lenders, Ireland's sovereign credit rating, and the bad reputation after project cancellations.



A significant amount of work to improve communication resonated with the private sector. When a country has damaged trust, it becomes paramount to make sure there are experts that speak the same language as the private sector. Big investors wanted to see a pipeline of attractive projects. Therefore, projects of significant scale had to be packaged in the right way to attract them.

This approach led to significant results, including the construction of 7 regional courthouses, 14 primary health care centers, and 8 secondary-level schools. Ongoing activities include the construction of 2 schools and the Technological University Dublin (56,000 m² teaching space). The new pipeline foresees a social housing PPP program, and involvement in higher education, health, and justice.

The Irish experience draws attention to some interesting messages. For example, one innovation was the mandatory involvement of local contractors: companies had to give opportunities to locals, ensuring that there was a business interest for the local market, not just for international companies.

Central expertise, with a single agency interacting with the investors, was key to the success in simplifying the communication flow. Moreover, decent technical expertise was also instrumental.

Finally, the Irish experience suggests that a reasonable threshold for PPPs is approximately EUR 80-100 million.

Turkey: PPPs Program, Collaboration with the Private Sector, Impact on Service Delivery, and its Governance Structures

Sedef Yavuz-Noyan, Head of Public Private Partnership Department, President's Strategy and Budget Administration, Republic of Turkey

Turkey ranks as one of the top countries using PPPs (see Figure 14). PPP mechanisms are seen as a fundamental tool of success in supporting infrastructure investments.

The objectives of PPP programs in Turkey are to benefit from the private sector's expertise and efficiency, mobilize private funds, and improve cost-effectiveness in providing public services. In Turkey's experience, the private sector expects the following when contemplating a PPP: political will and stability, rule of law, efficient dispute resolution mechanisms, and capacity in the public sector. On the public sector side, a deep understanding of PPPs as well as established criteria for prioritizing and selecting projects are paramount. For developing countries that lack budgetary resources, the fiscal rationale is very important in deciding in favor of a PPP, along with the efficiency of the private sector, which can significantly improve service delivery.

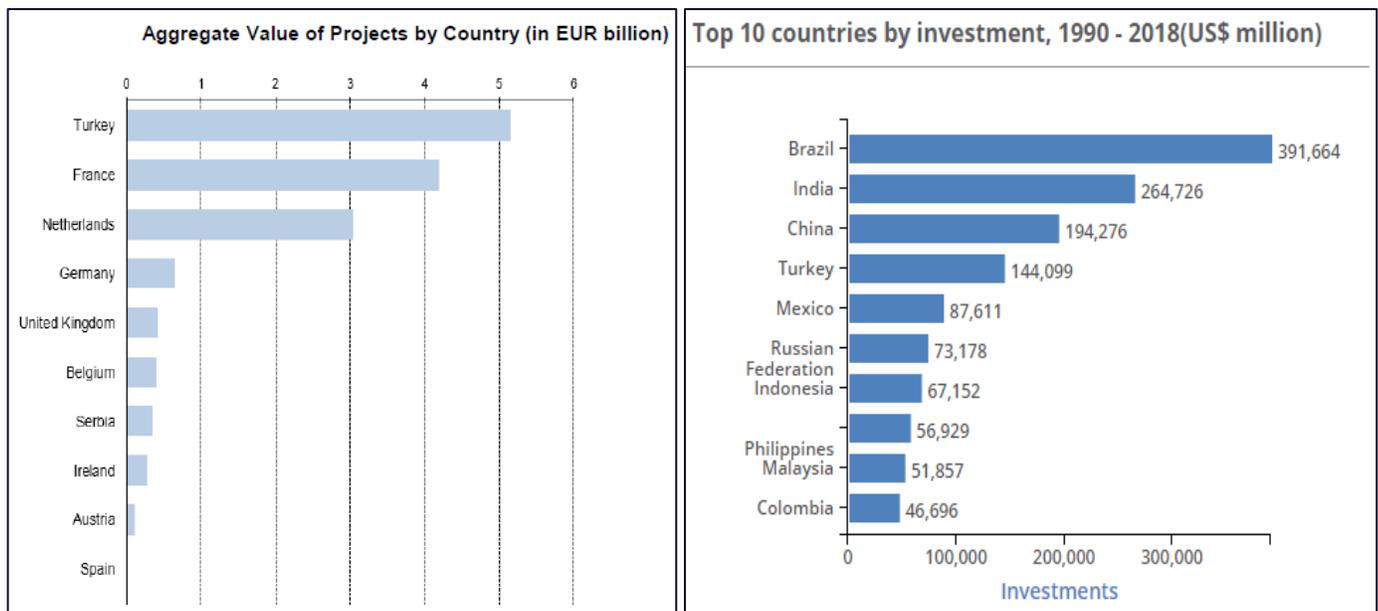


Figure 14. Turkey's Market Share in PPPs in Europe (2018) and Rankings among 139 Countries (World Bank data, 1990-2018)

For the PPP agenda to flourish, the Turkish experience highlights the importance of garnering political support, amending old and drafting new legislation, establishing clear bidding criteria, and providing a favorable institutional setup and incentive mechanisms. Turkey's approach also required the adoption of a new mindset.

However, PPPs can sometimes be costlier than alternative approaches, so it is critical that they be designed in a thoughtful way. Risk allocation and capacity on the government's side are extremely important. To mitigate



risks, the presence of a dedicated PPP unit in each implementing agency is critical. Moreover, having in place an optimization process of risk-sharing and capacity-building programs ensures the sustainable implementation of such projects.

This approach has led Turkey to create a successful track record of PPPs. For example, Turkey’s successful airport projects created groups of Turkish contractors and operators that were “exported” to different countries. Large-scale projects are operated successfully, and in the future medium-

to small-scale projects will garner more focus.

The main lessons from the Turkish experience are that, for a PPP to be successful, it requires a collaborative and problem-solving approach by both the public and private sectors and by lenders. Other lessons include the importance of political will, and of the legal, political, and economic stability and transparency of the country. Economic and financial sustainability and proper risk allocation play an important role, as well as the realization that not all projects are suitable for a PPP. Such decisions should be made after a thorough economic and value-for-money analysis. On a more technical level, the following are additional criteria for successful PPPs:

- Institutional capacity
- Technical consultancy, when needed
- A proper planning process
- Proper contract management
- A systematic information flow from line institutions to central PPP units
- Monitoring, evaluation, and auditing that are even stricter than in a traditionally procured investment

Lithuania: Making State Ownership Successful

Marius Skuodis, Vice-Minister of the Economy and Innovation, Lithuania

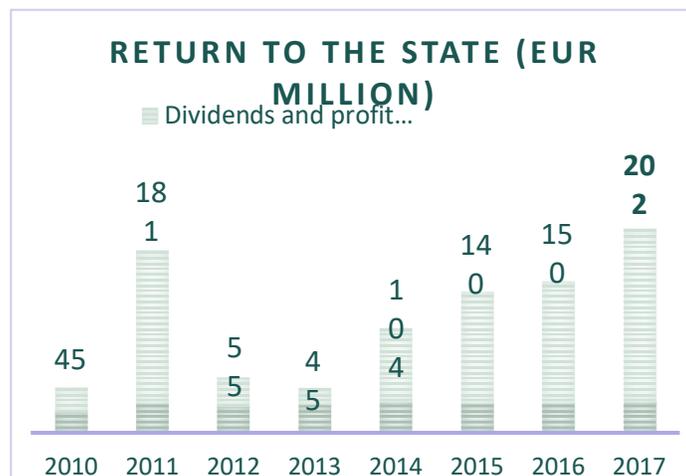
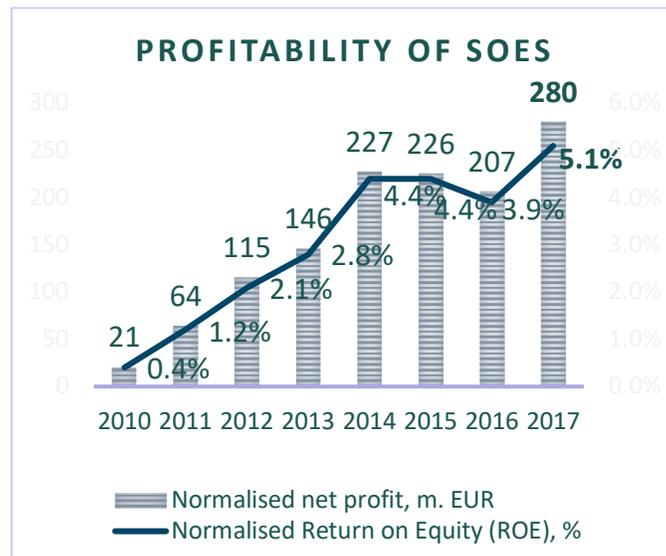
SOE reforms in Lithuania started with the assessment of state-owned assets. Returns on assets were lower than in other countries, so it was decided to optimize the performance of SOEs and improve their efficiency and corporate governance.

Guided by the country’s process to join the OECD, the Government developed the Ownership Policy and Aggregate SOE Portfolio Reporting and Transparency Guidelines. Board Nomination Guidelines were developed and adopted, improving the autonomy of SOE boards, and a corporate governance index for SOEs was also introduced. At the same time, the Governance Coordination Center was established to improve the



Government's capacity to oversee SOEs. The Government took significant measures to reduce the number of SOEs through privatization, consolidation, and transfer of certain social functions to relevant agencies.

As a result of those measures, returns on assets and dividends have been strongly increasing (see Figures 15 and 16), confirming the thesis that improved corporate governance leads to higher returns to the state, as an owner of SOEs.



Figures 15 and 16. Lithuania: Profitability of SOEs and Return to the State

Main lessons learned from the Lithuanian experience:

- (i) It is important to have one centralized SOE oversight institution.
- (ii) It is better to take an evolutionary than a revolutionary approach, as small steps yield better results.
- (iii) Significant political capital is needed to implement changes.

Uzbekistan: The State's Role in the Economy

Bakhtiyor Khaydarov, Head of State-Owned Enterprises Department, State Assets Management Agency, Republic of Uzbekistan

In Uzbekistan until recently all enterprises and factories were state-owned, and the private sector was almost nonexistent (see Figure 17). To boost the economy, the Government decided to reform and privatize a significant number of SOEs. The antimonopoly regulation, the state assets management, and the securities market regulation functions were concentrated in one body—a major conflict of interest. In 2019, the state agency was separated and a single state body overseeing SOEs was created. Currently, a strategy on ownership and reform of the SOEs is being finalized. The agency is also implementing modern corporate governance practices in SOEs.

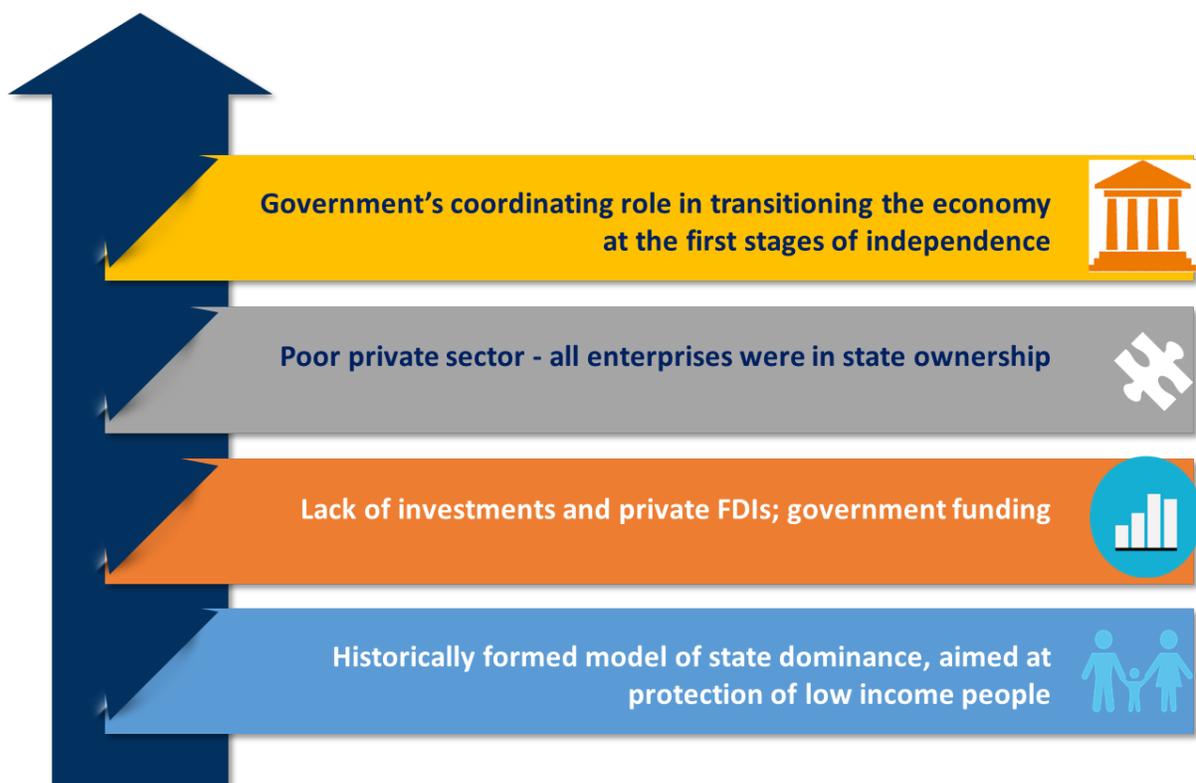


Figure 17. State's Dominant Role in the Economy

A corporate governance code for SOEs was recently adopted and is being implemented in 412 SOEs. Starting in March 2019, one member of each SOE board must be independent. The positions have been announced and potential candidates are being interviewed. A corporate financial information portal was launched (www.openinfo.uz). In parallel, a training center was created to train potential and existing management of SOEs. Key challenges remain, such as a low level of expertise and weak cooperation with international organizations.

Theme 5: Drivers and Enablers of Policy Effectiveness

The policy process typically follows the phases of policy formulation and planning, revenue generation and allocation, and implementation, including the delivery of public goods and services. This process depends on the functioning of a complex system of interrelated parts, which is generally referred to as governance.

The task of governance, however, is never simple, whether in small or large states, or in centrally managed or decentralized economies. Political economy considerations, the relative incentives of the multiple actors involved in the policy process, and other underlying factors that may influence public actions often play as important a role as technical or high-level political decisions. Understanding these factors is crucial to navigating the constraints and leveraging the political opportunities in the policy process.

This theme covers the importance of the underlying political economy factors in a reform process, including overcoming state capture and rent-seeking in successful reform implementation, building government accountability and capability, and delivering incentive-compatible reforms. Additional subjects covered under this theme include:

- Political economy factors and their links to the World Bank Group's 2017 *World Development Report on Governance*.
- Understanding and engaging with aspects of the political economy to identify feasible and impactful reform options.
- International experience in addressing the political economy effect on a reform agenda, including examples of quality analytics and sectors/types of operations informed.
- Transparency and accountability institutions (including supreme audit institutions).
- Justice reform.

Key Messages

Civil society continues to play an integral role in governance processes and may wear different hats. For example, civil society monitoring of government performance can play an important role in ensuring that better public services are delivered to citizens.

Politicians would do well to respond promptly when change is demanded, and they should make concerted efforts to enlarge the circle of people who benefit. Demand for change is also most effective and more sustainable if it comes from the citizens. Governments need to be invested in serving their citizens and including them in public policymaking processes.

Technology is a useful tool for increasing transparency, but it must be coupled with citizen engagement practices to achieve the most benefit. For example, open contracting and procurement systems can help to address corruption in addition to improving efficiency.

Citizen-centric reforms are more likely to survive election cycles. Building alliances with like-minded representatives in civil society and media organizations is important to advance the good governance agenda.

The more sensitive the reform, the more important it is to count on strong political will to navigate the various vested interests that will try to disrupt its implementation.

Transparency is a key ingredient to help improve the governance of extractives. As an example, in Azerbaijan the implementation of transparency regulations fostered multi-stakeholder dialogue and contributed strongly to a better investment climate.



Plenary Discussion

The speakers during the plenary session discussed the difficult context in which change is expected to occur, focusing on the different barriers to change and the potential drivers of change, including technology. The discussion also highlighted the important roles that various stakeholders – citizens, the media (especially social media), civil society, key accountability institutions, and the government itself – play in this process.

In the past 30 years, only seven countries have achieved fundamental change toward improving governance. Key indicators show limited change because governance is something that is very fundamental to society and reflects power balances that often do not change. Therefore, the ultimate questions are, Who wants to change? Why would they want to change? and Do they have the capacity to do so? Change is not necessarily always in the best interests of those who have the power. In terms of specific roles, who leads, who implements? What is the role of independent institutions?



Experiences in Eastern Europe demonstrate that people demand change and then politicians have a duty to deliver it. Politicians would do well to respond promptly when change is demanded, and they ought to make concerted efforts to enlarge the circle of people who benefit—for example, by ensuring high-quality and efficient service delivery. Those in power should not respond by attempting to consolidate power and amass wealth at

the expense of the citizens. High and sustained political commitment is required to implement reforms/changes demanded by society.



Demand for change is also most effective and more sustainable if it comes from the citizens. Experience shows that very little change has resulted because of demands from external actors at the regional or international level. That said, the EU accession process has been a strong driver for reform in the region, but the demand for change needs to be fortified by voices and processes from within the countries.

Civil society continues to play an integral role in governance processes and wears different hats. In its watchdog role, civil society can facilitate demands for increased transparency and improved accountability from

government. This role has become even more important in the age of technology, as civil society actors can use the data provided by institutions to engage more effectively with the institutions and with citizens. As facilitators and conveners, civil society actors are a valuable source of expertise and can (and should) work with government to design and implement reforms. Transparent, inclusive, and accountable governments are more likely to engage CSOs.

Governments need to be invested in serving their citizens and including them in public policymaking processes. Governments also need to get better at delivering for their citizens. To do this, they need to ensure that they have the right human resources. However, it is difficult to recruit and keep good managers in public sector organizations because they have limited autonomy to do public good. Civil servants who are reformers are needed.

To increase transparency and improve accountability, audit institutions need to be more effective. Changes, both positive and negative, need to be highlighted in reports, which should be delivered to citizens in user-friendly formats. For example, instead of sharing long cumbersome reports, governments could make more use of infographics. Changing the communication strategy can also help to create interest among citizens, increasing the likelihood that they will engage.

e-Gov is correlated with positive changes in corruption levels, but the changes are incremental. Technology is a useful tool for increasing transparency, but it must be coupled with citizen engagement. The digital movement is growing, and with it, the influence of social media on the population. Social media can be dangerous or helpful and therefore need to be regulated. Efforts are needed to start thinking more deeply about how to leverage social media to engage and influence citizens on important issues.

One of the most effective ways to reduce opportunities for corruption is through deep democratization, as in Georgia. It is not enough to increase and improve the laws and anticorruption agencies, as we see in Moldova, which is now a captured state. In addressing issues of corruption, governments need to adhere to legal and technical theories. Open contracting and procurement data systems can also help to address corruption. Recently, governments are working more with micro, small, and medium enterprises and CSOs to monitor procurement processes.



Reforms undertaken in a time of crisis have the potential to be effective, especially if they are demand-driven. Thus it is important to be opportunistic when favorable conditions arise. Another important lesson is that citizen-centric reforms are more likely to survive election cycles. It is also important to identify constituencies for reform and to build and sustain these coalitions throughout the process. Multilateral development banks need to identify what they can do better, including talking to clients.

The plenary discussions provided interesting examples on a variety of topics:

- **Accountability:** In Slovenia, every Government agency has an app that citizens use to send a signed letter to the Government. The app helps to show which agencies are responsive and which are not, and generates statistics on responsiveness.
- **Accountability and citizen engagement:** In Italy, EU projects opened up opportunities and increased efforts to teach people how to read and use audit information; for example, a large number of students and journalists were trained.
- **Anticorruption:** Open procurement in Ukraine resulted in savings of up to US\$150 million. Everything on public procurement is open to the public.



Panelists:

Alina Mungiu-Pippidi, Professor of Democracy Studies, Hertie School of Governance (Berlin), Chair of the European Research Centre for Anti-Corruption and State-Building

Klas Klaas, Acting Head of SIGMA, Public Governance Directorate, OECD

Sandra Pernar, Senior Regional Coordinator Europe, Open Government Partnership

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Case Studies

Western Balkans: Strengthening Participatory Democracy by Influencing the Design and Implementation of Public Administration Reform

Milena Lazarević, Founder and Programme Director, European Policy Centre

In the Western Balkans, civil society is an important driver of public administration reform (PAR) in the context of EU integration. Principles of public administration (based on SIGMA) provide a new framework for monitoring and evaluating the progress of PAR in candidate countries, establishing a common denominator for measuring and comparing countries.

The activity built the capacity of CSOs to conduct monitoring even after the SIGMA program in the region ended. Five to eighteen subindicators were constructed to monitor SIGMA principles from a transparency and accountability perspective (www.par-monitor.org) – some examples are illustrated in Figures 18 and 19. The project also mainstreamed gender and open data.



Figure 18. Civil Society Perception of the Quality of Legislation and Practice of Access to Public Information



Figure 19. Public Authorities' Proactive Informing of the Public

EU accession process frontrunners (Serbia and Montenegro) are not necessarily frontrunners in individual PAR reforms, especially in openness, transparency, and citizen-friendliness. The exercise highlighted the importance of identifying and promoting individual reform champions in each country. The monitoring framework stimulates healthy competition among countries. In addition, the findings are reflected in the European Commission's country reports and can also be used to open discussions between the EU and governments in the region. However, EU accession focuses on the central level, and the local level is not monitored externally; therefore, the 33 grants at the local level made it possible to monitor and report on progress at a more granular level.

The case study highlighted that there is a disconnect between what the EU expects from countries in the Western Balkans and how this is communicated to citizens. Citizens want the EU way of life and the quality of life but do not necessarily support the efforts associated with EU accession. Western Balkan countries should emulate solid performers and aspire to be like the Baltic countries rather than other lower-performing EU member states in the immediate neighborhood.



Kosovo: Public Administration Reform for Effective and Inclusive Policies

Besnik Tahiri, National Coordinator for State Reforms, Republic of Kosovo



This case study presents a reform package that was designed to fight clientelism and corruption and that contained a series of laws on PAR, government (see Figure 20), and inspections. The package of laws on PAR also included a law on the organization and functioning of state administration and independent agencies, a law on public officials, and a law on salaries.

Salaries were regulated both at the local and central levels, and there were clear laws and regulations about what public officials can and cannot do to avoid misuse of official mandates. Before the reform there were 6000 job titles, which have now been reduced to 1800. The lowest salary is now €322, and the highest is €2390.

The reforms have been very effective, and now the country knows where it stands from a macro-fiscal perspective.

Governing period	Number of Ministers	Number of Deputy Prime Ministers	Number of Deputy Ministers
2002 - 2004	12	0	0
2004 - 2007	14	1	30
2007 - 2010	15	2	42
2010 - 2014	18	5	52
2014 - 2017	19	3	57
2017 – Current	21	5	75

Figure 20. Law on Government

Among the key lessons learned was that political will is a precondition for reforms, and internal and external consultation is essential. In addition, concerted efforts must be made to engage civil society and parliament as part of the entire process. Moreover, the speaker of Parliament urged the country not to neglect gender equality, which results in more quality and better debate.

Changes in laws can result in jumps in performance, but it is still necessary to establish anchors to ensure that reforms are sustained. Development partners, especially the World Bank, are still using dated instruments; there is a need to identify new development interventions that actually change society.

Azerbaijan: Extractive Industries Transparency

Farid Farzaliyev, Head of the Extractive Industries Transparency Commission's Secretariat

The Extractive Industries Transparency Initiative (EITI) is the global standard launched at the World Summit for Sustainable Development in September 2002 to promote the open and accountable management of oil, gas, and mineral resources. The EITI set the standard based on the “publish what you pay, publish what you receive” principle, which requires countries to publish timely and accurate information on key aspects of their natural resource management, including how licenses are allocated; how much tax, royalties, and social contributions companies are paying; and where this money ends up in the government at the national and local levels.

Azerbaijan was the first country to join the EITI in 2003, it published the world's first EITI report in 2005, and it became the first “compliant” EITI country in 2009. Becoming EITI-compliant is not the endpoint of good oil sector management, but the beginning. To give strong backing to the EITI process and raise awareness at the international level, the Government initiated the United Nations General Assembly Resolution on EITI, which was unanimously adopted in September 2008. Azerbaijan's effort received high international appreciation: in 2007 the State Oil Fund was granted the United Nations Public Service Award in the category of “improving transparency, accountability and responsiveness in the public service” for the successful implementation of EITI.

In 2014 the Government made some important reforms in the domestic legislation regulating grant operations and activities of NGOs. However, these reforms marked the beginning of misunderstanding and dissatisfaction between the EITI Board and the Government, which led to different concerns in the EITI community as local NGOs considered the Government's aim to improve the grant registration process as additional workload. Because of these changes, the Board assigned “validation” for Azerbaijan. Following the results of the validation held in January 2015, the Board decided to downgrade Azerbaijan from “EITI Compliant” to the “EITI Candidate” status because of “poor civil society engagement in the implementation process,” and it set out corrective actions for Azerbaijan

Even though these domestic changes were not related to the EITI and its principles, the Government still made substantial efforts during the “corrections period,” and Azerbaijan achieved notable progress in resolving nearly all issues flagged by the Board. According to the findings of the validation held in 2016, the Board agreed that Azerbaijan had made meaningful progress in implementing the 2016 EITI Standard. Azerbaijan maintained its “Candidate” status. The Board assigned several new corrective actions—including substantial changes to domestic regulations—that were to be implemented before the subsequent EITI Board meeting.

Even though the Board considered Azerbaijan's latest EITI Report as one of the best and recognized the country's championing of project-level reporting, the EITI Board decided to suspend Azerbaijan from the initiative, concluding that not all of the corrective actions were fully completed. In March 2017, after the suspension, the Government reluctantly accepted this decision and said it would stay committed to the principles and philosophy of EITI.

In 2017 the President signed a decree, “On additional measures to increase accountability and transparency in the extractive industries,” which stipulated that information on all Government revenues generated from the use of natural resources, on payments made to the public budget by local and foreign companies operating in the extractives industry, and on other relevant matters in extractive industries be disclosed in accordance with international standards. The Commission on Transparency in Extractive Industries (Commission) was established. The Commission is a collegial body coordinating the activities of state bodies and other entities in this field through participation in public policymaking to ensure transparency and accountability in the extractives industry. Creation of the Secretariat of the Commission for the arrangement of daily activities of the Commission and carrying out the Secretariat function was assigned to the State Oil Fund of Azerbaijan.

From its inception, the Commission prioritized the international transparency principles. From 2017 to the present 11 meetings were organized with the participation of CSOs, extractive companies, and international organizations. A new website was created to regularly inform the public about extractive industry data, raise awareness about Commission activities, and reach out to the public. Two EITI reports covering 2016 and 2017 were reconciled and disclosed, and an Agreement on Cooperation was signed in 2017 between the Commission and extractive companies.

Moreover, engaging CSOs and other stakeholders in the process was one of the Commission's priorities. Commission members reiterated that civil society will be unconditionally involved in the process, particularly at all stages of EITI reporting, and will play a major consultative role as it did before. Therefore, for effective participation of CSOs, an open public registration was conducted through which 45 CSOs were registered to actively participate in the EITI process, meetings, and events.

With the assistance of international organizations the Commission is now working on two major projects: beneficial ownership disclosure and EITI mainstreaming.

Beneficial ownership disclosure

In 2017, the Commission and the Asian Development Bank developed terms of reference for support of a Roadmap for Beneficial Ownership Disclosure. Beneficial ownership disclosure is an important step in building trust and confidence in the integrity of the extractive industries sector for citizens, government, industry players, and providers of finance, both domestic and international. Even though there is no single global standard for beneficial ownership disclosure, in general it refers to natural persons who directly or indirectly own and derive financial benefit from a company or commercial activity. The Roadmap will allow Azerbaijan to demonstrate continued leadership in the area of transparency about the extractive sector and limit corruption and tax evasion by unaccountable corporate entities.

EITI mainstreaming

Demands for increased transparency from international investors and financiers are growing. To provide additional transparency the Commission is working on a second project called "mainstreaming." Mainstreaming is a move to meet international standards through routine and publicly available company and government reporting, rather than outdated stand-alone reports, and it has the potential to significantly improve the timeliness and quality of disclosed data. At a roundtable in February 2017, the Government confirmed its firm position and announced its readiness for the launch of EITI mainstreaming with the technical support of the World Bank. However, as a result of the country's withdrawal from EITI in 2017, EITI mainstreaming has been temporarily suspended. Nevertheless, the Commission decided to initiate discussions of the relaunch of EITI mainstreaming with the European Bank for Reconstruction and Development.

Lessons learned

The lessons from EITI implementation in Azerbaijan reveal that providing transparency in the extractive industry fosters building multi-stakeholder dialogue. This lays the groundwork for the creation of a cooperation framework in which companies, interested parties, and civil society can work together with the government to find solutions of general interest. This is already a significant step forward since such cooperation is substantially necessary, not only in the preparation of annual EITI reports, but also to bring significant political and economic advantages in the long-term.

Second, EITI implementation in Azerbaijan helped build confidence and trust in the Government by eliminating doubts about payments and revenues. In most resource-rich countries, the state has significant socioeconomic

potential and huge resource incomes. However, when a state fails to meet the society's basic social needs, it triggers and expands conflict and dissatisfaction among the population, fomenting distrust and diminishing confidence. Constant disclosure of payments and revenues helps to increase trust in the government about the allocation of revenues.

Finally, EITI implementation in Azerbaijan contributed strongly to a better investment climate. Investors regularly evaluate economic, financial, and political risks that could affect their investments. The Commission aims to improve governance by verifying and publishing company payments and Government revenues from oil, gas, and mining. This increased transparency sends a clear signal that a government is committed to high standards. It also strengthens accountability and can promote greater economic and political stability. All of these factors can enhance the prospect of investment returns for companies operating in participating countries.

Ukraine: Building Anticorruption Institutions

Victoria Savchuk, Head of Communications, Anti-Corruption Action Centre

Artem Sytnyk, Director of National Anti-Corruption Bureau of Ukraine

Denys Bihus, Editor-in-Chief, BIHUS.INFO (Investigative Journalism and Analytical Systems for Journalists and NGOs)

This case study showed different stakeholders coming together to tackle the issue of rampant corruption in Ukraine, where corruption is mostly seen as a way of life. The lack of effective punishment for corruption crimes generates impunity and fearlessness, and law enforcement agencies and courts were not the solution of the problem, but actually a part of the problem.

NABU

The National Anti-Corruption Bureau of Ukraine (NABU) is a Ukrainian law enforcement agency that investigates corruption and prepares cases for prosecution. It has investigatory powers but cannot indict suspects. It was created in 2015 and employs 700 people, selected from 40,000 applicants. So far, it has brought 200 cases in courts and has accused more than 300 people, including Members of Parliament, Ministers, Heads of State, the Fiscal Service of Ukraine, the Accounting Chamber, the State Audit Service of Ukraine, SOEs, and judges.

However, NABU operates in a difficult environment of court sabotage, resistance of other law enforcement agencies, attempts to limit its institutional and functional independence, and decriminalization of illegal enrichment. Thus it needed to handle public relations with great care, emphasizing trust, transparency, and cooperation. The Public Oversight Council helped manage society's influence on staff selection and civil control over NABU. Effective cooperation with the media has become critical (as will be described further below): every sixth NABU case is based on journalistic investigation or contains facts published in media. Lastly, there have been campaigns of educational activities for youth to promote zero tolerance for corruption.

ANTAC

The Anti-Corruption Action Centre (ANTAC) sees as its primary objective the creation of an environment for officials and politicians in which corruption is not profitable because of the high material and reputational price of punishment. ANTAC employs various expertise, cooperates with different stakeholders from the Parliament and the Government, and raises the awareness of different audiences through direct action campaigns. It also collaborates with international partners and pushes for the use of conditionalities. Core to its operation has

been finding the right synergy between international partners, NGOs, the media, and reformers inside and outside the country.

Its efforts generated significant results. More than 196 court cases against top officials led to 31 convictions, and 2 million e-declarations against public officials were submitted. Moreover, 42 questionable candidates withdrew from the competition for the High Anti-Corruption Court thanks to the work of the Public Council of International Experts.

ANTAC sees the resistance to these positive changes and the need to relaunch part of the institutions as the new challenges in the anticorruption agenda in Ukraine.

Investigative journalism

In Ukraine, the people's faith in positive change and the media as its enabler is low. However, several actions have been taken not only to change the public's negative perception of the media as an enabler of the oligarchy, but also to reinforce its role as a denouncer of corruption and state capture.

Teams that conduct journalistic investigations have been expanded, and journalists take part in public councils of state agencies, including the vetting of candidates for state authorities. Investigative journalists work on making the data in state registers public, and services have been created for journalists and NGOs based on those data.

Another important effort has been to work with public opinion, eradicating the term *budget money* (no one's money) and introducing the notion of *taxpayers' money* (your money). This has also included engaging citizens to participate in analytical or investigative projects. Law groups have been created that take the role of an intermediary (translator or liaison) between a journalist and law enforcement to facilitate a more effective reaction to the investigations.

These projects have included the participation of specialized investigative journalists, IT experts (foremost on development, systematization, and data analysis), lawyers, representatives of state agencies (unofficially), and experts in various aspects of the economy.

On the basis of the team's work, 192 proceedings have been launched, initiated by various agencies over 18 months. The journalistic investigations triggered the commencement of proceedings against the head of the National Guard, head of NACP, deputy head of Foreign Intelligence, deputy head of SBU, several MPs, including heads of committees, and others. There has been constant reaction by state agencies, even without criminal proceedings. More than 30,000 people are taking part in volunteer projects; the most popular open data projects were undertaken by NGOs. The estimated amount of taxpayers' money saved exceeds 1 billion hryvnias.

Lessons to share from the Ukraine experience:

- (i) Talk to everyone in their language.
- (ii) Trust institutions, but don't trust their members.
- (iii) Bring together people with different expertise.
- (iv) Develop regional organizations.

Theme 6: The Promise of GovTech

With the widespread adoption of information and communication technologies (ICT) in everyday life, technology is entering the realm of government. From filing taxes electronically, to requesting and obtaining services via the web, to petitioning the government, a revolutionary range of new possibilities opens for citizens in their relationship to the public sector. In addition to changing to providing information and services electronically, an important role of governments in technology is regulating this sector, including protecting data and access to information, with inherent risks and controversies. And, as the 2016 World Development Report *Digital Dividends* revealed, this revolution has not always translated into real impact. In short, we are witnessing the “digital,” but not necessarily the “dividend.”

GovTech harnesses technologies to help societies address challenges in areas that affect the general population, such as health care, energy, transportation, urban congestion, waste management, and services. It also focuses on the ability of governments to make information public, so the private sector could create public goods by using publicly-owned information. The promise or vision for GovTech is to improve the dialogue between public administration and innovators to find smart and effective solutions to help civil servants tackle challenges in their operations and improve the delivery of public services to business and citizens.

This theme covers the transformative power of digital technologies in entire reform processes, facilitating better data-driven policymaking, strengthening core government systems, increasing the efficiency of service delivery, and improving transparency and accountability. Other related thematic issues include the following:

- Government-to-citizen, government-to-business, and government-to-government services.
- Collaboration with the private sector to develop tailor-made GovTech.
- Mandating the use of technology across agencies and industry sectors.
- Managing data and data security issues.
- Consolidating and optimizing operations with technology solutions, transition to cloud computing services.
- National strategies and institutional architecture for digital governance.
- Digital government, shared services, interoperability.
- IT staffing within government agencies: attracting and retaining talent.

Key Messages

GovTech provides a golden opportunity to transform governments into simple, efficient, and transparent players. For example, e-government services can potentially decrease corruption. Additional benefits of GovTech include enabling spending control and discretion over resource deployment. There is a need for a mandate to coordinate across agencies and to garner political will and stability over time.

Civic tech can provide feedback to government on its programs, thereby enhancing citizen engagement. Citizens are valuable advisers on what needs to be improved. Expectations are rising, and governments need to meet them. Designing services around citizen needs can encourage adoption and facilitate behavioral change, increasing usage and ultimately success.

Technology is a good problem-solving tool but needs to be purpose-driven. For example, it is important to ensure accurate and verifiable data when using technology for evidence-based policymaking and programming.

Find ways to attract well-paid staff for the short term to address the IT capacity gap in the public sector. For example, create dialogue across the private sector, freelancers, and students through hackathons and other mechanisms to foster entrepreneurship and promote the creation of local tech ecosystems and jobs.

Some of the challenges of artificial intelligence (AI) include change management, data security, and cybersecurity. It is possible to manage the risks through good planning and understanding of the issues. When AI is properly managed, its benefits outweigh its risks.

Plenary Discussion

Even though this conference is about governance, almost every discussion touched on technology in one way or another. GovTech, and the application of technology in the public sector, helps countries leapfrog over existing problems and reach the potential that technology promises.

GovTech is about citizens and their lived experiences. Citizens are more and more connected, and the penetration into society, particularly from mobile technologies, is getting higher and higher. Some 1.5-2 billion people in the world are not yet connected, and that's something the World Bank Group and other partners are working on. Most of the world's people are now used to getting services through their mobile apps – and that immediacy, responsiveness, simplicity, and user-friendliness causes citizens to expect increasingly more from governments. GovTech is concerned with all these activities and digital services, ensuring the same quality of services to both citizens and businesses when they interact with governments, just as they would interact with tech companies.

Another set of issues is related to the topic of corruption – transparency, efficiency, and better use of public resources. GovTech is concerned with these core government functions – PFM, taxes, customs, procurement, M&E, HRM; these functions are being radically transformed by technologies such as AI and machine-learning.

GovTech is also about citizen engagement – people are not just passive recipients of services, they want to have a say. They want to tell governments what they care about – and that's the civic tech promise. These three functions form the core of what GovTech is all about.

However, GovTech does not come without its criticism. Is it a silver-bullet for all governance problems? It certainly is not, but it is a golden opportunity...a golden opportunity to transform governance across the board. What are the conditions and enablers that would allow technology to really make a difference and transform governments into efficient, transparent players?

What has been the experience of citizens before and after this digital transformation?

In the UK, this government effort started around 2010, when the government began to respond to the expectations of citizens who were using technologies in every aspect of their lives except government services. Government Digital Services (GDS) was formed, and it worked across the government to start developing hundreds of digital services. The development was characterized by ruthless prioritization (what matters most to citizens). To deliver the biggest value, it focused on the services that had the highest volume of transactions (low-hanging fruit first)—for example, voter registration services and tax services. As a case in point, before this digitization it was easy to register to vote, but if you moved it was very complicated. Many university students had to travel home to vote. The tax service used to have 17 phone calls per digital filing and now it is down to one call. This has resulted in massive savings for the Government, as well as for citizens, who can do many things they couldn't do before. Consequently, this has increased trust in the Government. The quick responsiveness of this service allows for an additional level of transparency as well. The impact is so huge that now the efforts are to scale this transformation into more decentralized levels of government services across the country.



Tech is a tool to solve a problem, and absolute discipline is required in the way that tool is used, which also requires prioritization around user needs.

AI and Government – to what extent is that a reality today? Or is it something for the long-term? Ethics and bias, the future of work – are we providing appropriate training to the future generation of public administrators?



First, there is a difference between AI and machine-learning: machine-learning has been around for 35 years, but it's very similar and has been progressing in a frightening way. When it comes to AI, it is important that we learn how to define it, especially its ability to analyze. Governments collect and own massive amounts of data, and AI can help in reading those data; this makes data quality an important issue. Next, AI will help to interpret it, sense sentiment and feeling within the data, and make recommendations—and eventually it will speak to us with natural language.

What is the government's role? Governments are already employing chat bots when they cannot afford to have people answering citizen calls 24/7. About 70 percent of questions can be solved with this kind of AI. AI is very good at looking at patterns and making recommendations based on those patterns, as well as looking at anomalies (examples: opioid crisis, preventing and solving crime, etc.). The technology can be great, but the data that support that technology may not be great. Technology is the future, but we have to pay much more attention to data collection.

“The great fear down the road is not losing control – the more you look into AI, the more you start to appreciate the imperfect nature of human beings.”

Estonia currently uses 16 live applications of AI in public administration. These are all small applications helping with different resourcing issues, medical applications, and so on. By 2020, Estonia will have around 50 live applications of AI in the public sector. By 2025, it will be able to automate about 85 percent of government bureaucracy through AI and system architecture.

This digital transformation is also about changing culture and mindset – it is about thinking differently. Digitizing government doesn’t simply mean turning paper into PDFs. That transition is difficult, because governments are organizations whose bureaucratic apparatus and culture function on linear thinking. AI has given that paradigm exponential possibilities. To prepare for the future and its innovations, a new system needs to be put in place that will quickly accommodate them. This system also includes building a culture of resilience and continual learning from innovation. AI offers tremendous cost-saving opportunities, and it frees human resources to be put in the most optimal, judgment-prone jobs and services. In the justice sector, about 65 percent of cases can be solved with AI (cases of up to 10,000 EUR).



What do citizens really care about?

Civic tech allows governments to customize their relationship with citizens and businesses. A critical aspect of this application of technology to citizens is the gathering of feedback on policies. In Estonia, you can file taxes in three minutes on average. It has a huge societal benefit.

How do you bring in start-ups and entrepreneurs to innovate in the public sector (e.g., procurement)?

Tech companies can help solve a lot of public sector issues, and public servants need their collaboration. There is hesitation, and there needs to be more discussion to help each side understand the other. To drive public sector innovation, young people need to be involved in solving public sector challenges.



Risks of AI: change management risks (difficult changing public sector culture), delivery risks, risk of procurement, and cybersecurity risks. How manageable are these risks?

The risks are particularly acute for local governments, as it is harder to find the right people with the right skills and train them with the right tools. It’s a human resource problem.

The biggest question of our age is data governance and “surveillance capitalism.” It is important to provide a

human-centric data governance model – every citizen should be the owner of their own information and also should be in total and safe control of that information. This type of governance structure works at scale, across borders, and in different domains such as the economy and the social sphere.

Panelists:

Marten Kaevats, National Digital Advisor, Government Office of Estonia

Jessica McEvoy, Deputy Director, National and International, Government Digital Service, United Kingdom

Alan R. Shark, Executive Director, Public Technology Institute, Associate Professor, George Mason University Schar School of Policy and Government, United States

Moderator:

Renaud Seligmann, Practice Manager, Governance Global Practice, World Bank

Case studies

United Kingdom: Digital Transformation in the UK Public Sector: Challenges and Opportunities

Alex Segrove, Head of International Delivery, National and International Group, Government Digital Service, United Kingdom

In 2010 the UK government had over 1,800 websites, and citizens found it hard to interact with the government online and find the information they needed. A report by Baroness Martha Lane Fox entitled “Revolution not Evolution” kick-started the Government Digital Service (GDS).

GDS formed a core team and delivered an “alpha” or minimally viable product of a new, single website for the government in just 12 weeks. Government technology suppliers were all big companies based in southeast England. Digital skills were not widespread in UK civil servants.



Alphagov turned into GOV.UK – a single online home for the UK government where citizens and state interact. It created 25 examples, transforming services and bringing together content. Service assessments and spending controls were introduced to ensure quality services and less wasted money.

Moving beyond services, there was a shift to create government as a platform: Notify, Verify, Pay. Government design principles were developed to ensure common approaches to problem-solving in government, now accompanied by the GOV.UK Design System. The Digital Marketplace transformed government procurement in the IT sector, while the GDS Academy taught agile ways of working across the public sector.

Today there are 18,000 digital, data, and technology professionals working in government across different departments (800 of them work at GDS). The GDS Academy has trained over 10,000 civil servants: courses on agile approaches, product management, delivery management, and user-centered design. There are 4,000 suppliers for digital services in government, 3,700 of which are small or medium enterprises. GOV.UK Notify has sent nearly 400 million notifications (letters, texts, emails) for 870 services in central and local government, and NHS.GOV.UK Pay has processed over £100 million in payments for 150 services, while GOV.UK Verify has over 4 million users registered to access services securely and is stopping fraud across government.

In terms of lessons learned, for digital transformation projects to succeed, it is critical to build teams, capabilities, and products, not just projects. Problems should be solved once, and service teams should be allowed to solve unique problems. It is important to transform procurement to make the playing field level. Lastly, checks, balances, standards, and guidance help build consistent services for users.

Electronic Public Procurement in the Turkish Public Procurement System

Ahu Meryem Erdoğan, Public Procurement Expert, Public Procurement Authority, Republic of Turkey



The Public Procurement Authority in Turkey, established in 2002, is administratively and financially autonomous. Its main duties are regulation and supervision. The Public Procurement Law No. 4734, which entered into force on January 1, 2003, enforced rules on transparency, competition, equal treatment, efficient use of resources, reliability, public supervision, and so on.

The Turkish e-procurement system is characterized by an effective and sustainable procurement system. It has allowed for efficiency and effectiveness in tender preparation and tender evaluation, leading to up to 20

percent savings in procurement costs.

The Electronic Public Procurement Platform (EPPP) offers many capabilities, such as preparation of tender documents, publication of tender notices, registrations of tenders, and later, publication of contract award information (see Figure 21). After the contract award process, EPPP offers contract management capabilities such as change management, variation orders, and contract transfers. It contains a wealth of information, including every detail of all public tenders, the integration of EPPP with other institutions, and inquiries from related systems.

Registered Economic Operators (EO)	167.000
Registered Contracting Authorities	37.000
Registered Users	790.000
Tender Notices Published	770.000
Blacklist Confirmations	11.700.000
Contract Award Notices	3.000.000

Figure 21. EPPP, September 2010 – December 2018

In terms of benefits achieved, the e-procurement system has enabled tender processes to be accelerated, increased competition, improved legislative compliance, and increased transparency. One lesson is that the process was augmented by increasing the trainings given to contracting authorities and tenderers. In addition, it was important to have a careful process of managing the transition to digital technology, and to develop the proper technical infrastructure.

Moldova GovTech and Modernization of Government Services

Iurie Turcanu, Chief Digital Officer for the Government of Moldova, E-Governance Agency, Moldova

Moldova's governance e-transformation started almost a decade ago, at a time when there was scant information about public services and no one was really aware about how many services the government provided. Information was mostly difficult to find, incomplete, or incorrect. Only a few e-services were available, most informational or interactivational. And even though there were multiple services portals (civil registration, cadaster, tax, etc.), there was no way to make online payments and no practical way to apply remotely for services and digitally sign service requests.

A shared e-governance platform was designed to facilitate the development of sectoral e-services. All cross-cutting functionalities—authentication, authorization, payments, notification, logging, data exchange, and others—were implemented as micro-services and are being used by most sectoral public services. Information on administrative services was aggregated into a single portal with references to other resources if needed. In addition, a private government cloud was designed and implemented, and an innovative data exchange infrastructure was set up. (Figure 22 details the Strategic Program.)

More than 20 sectoral e-services were implemented, including quick wins with high impact, a high number of users, adequate business processes in place, and back-office infrastructure. Two archives have been digitized, and more than 14 million civil status documents and more than 20 million cadaster documents were scanned, indexed, and made available on demand. More than 5,000 public servants were trained in various digital government topics.

This process has yielded a high adoption of e-services: for most, the adoption is higher than 75 percent. Entirely electronic business reporting now exists, with 2.2 million documents/transactions per month signed electronically. The development of new sectoral e-services became much simpler and faster.



Figure 22. Moldova's Strategic Program for Governance Technological Modernization

The improvements have enabled payment for services with any of the legally allowed payment options, including bank cards, online banking, e-money, cash, and so on. It has significantly reduced costs for payment processing, from MDL 22 million annually to MDL 4 million.

Some of the key lessons learned:

- (i) Consider enterprise architecture.
- (ii) Use open standards.
- (iii) Reuse services, platforms, and infrastructures.
- (iv) Partner with the private sector.
- (v) Identify quick wins and use them to buy time for developing fundamental platforms.
- (vi) Choose your battles.
- (vii) Consider regional markets and cooperation.

