

GLOBAL government SUMMIT SINGAPORE | 2015



A Global Government Forum event

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“No country or leader has a monopoly on wisdom, or all the answers to the governance challenges facing us. That is why this forum is so valuable and timely. It brings us together in one room to interact, to learn from each other, to have intimate conversations, and to exchange our views openly and candidly.”

Peter Ong, Head of Civil Service, Singapore

The Global Government Summit is an annual event at which senior public servants from around the world can share their views and ideas on how to address the biggest challenges facing governments. It provides a unique, informal and discreet space for the discussion of experiences, concerns and opportunities.



Hosted in Singapore by the Head of its Civil Service in November 2015, this fourth event focused on public sector productivity, digitisation, and driving innovation in government.

Contents

The challenges facing governments	1
Public sector productivity	3
Digitisation and analytics	5
Driving innovation	7
Conclusions	10

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The challenges facing governments

Over a day of intense, far-ranging discussions, the participants identified a number of challenges facing governments around the world. And most of these are relevant to administrations of every region, size and state of development – the local impacts of issues such as digitisation and migration may vary, but almost every government is wrestling with the implications from these global phenomena.

To lay the groundwork before reporting on the content of the discussions, it's worth listing the key challenges mentioned by participants. In no particular order, these were:

Digitising and modernising government

Enabling governments to meet fast-changing public expectations and tackle evolving threats, often with the use of digital technologies. Peter Ong, Singapore's Head of Civil Service and Permanent Secretary of the Ministry of Finance, explained his government's ambition: "Taking into account external, macro driving forces like low growth, and local driving forces such as our changing demographic profile and our more diverse community, the Public Service over the last five years took on a new mandate: to become one trusted public service with citizens at the centre."

Meanwhile Martin Lundqvist, a Partner at the event's knowledge partners McKinsey & Company, argued that "becoming digital is a necessity, because it's going to be required by the new

generation. There's no escape: they expect the mobile phone to be the first point of contact for everything. There's a telling quote that says: 'It's not about having a digital strategy. It's about rethinking your strategy in the light of digital!'"

Low economic growth and poor productivity

"We're looking over the long term at low global economic growth," said George Atalla, Global Government and Public Sector Leader at knowledge partner EY. Both private and public sector productivity remain depressed even as countries' economies recover, with implications for governments' ability to raise taxes and their capacity to deliver services.

Constrained public sector finances

In some areas, this is a long-standing challenge: "The main problem in most developing countries is that departments don't have the budget to deliver policies," said Kong Sophy, Cambodia's Director General of Civil Service Policy and Head of Secretariat of the Public Administration Reform Committee in the Ministry of Civil Service. But in recent years, the fallout from the credit crunch has brought similar problems to many developed countries; and now oil-producing nations are also feeling the squeeze. Atalla pointed to a tendency for administrations to retreat from areas of service provision, and highlighted the challenges around maintaining social safety nets.

Migration and demographic change

Cross-border migration and urbanisation are placing new demands on governments

“The main problem in most developing countries is that departments don't have the budget to deliver policies.”

Kong Sophy

everywhere, whilst ageing populations in the developed world are fostering smaller workforces and bigger social security bills: the state of California alone has a trillion dollars of unfunded pension liabilities, noted Atalla.

Jobs and economic development

“There are fears of a jobless recovery; of more automation,” commented Andrew Grant, Leader, Global Public Sector Practice for knowledge partners McKinsey & Company. This dynamic raises the prospect of higher youth unemployment – fostering political and social instability, inequality, and spiralling demands on public services.

Security concerns

These vary around the world – though many countries are affected by Islamist terrorism and the tumult in the Middle East, as the group heard from Özer Kuntoğlu, Deputy Undersecretary of the Prime Ministry of the Republic of Turkey. “In 2011 everything changed in Turkey because the Arab Spring started,” he said. “There’s a war in Syria, in Iraq, and we have Kurdish terrorists. For the last three years we have been focusing on these issues.” Globally, noted Atalla, there are fewer ‘hot’ wars but spending on arms continues to rise.

Attracting investment and developing infrastructure

Matters which preoccupy all kinds of countries, as both Kong and Grant emphasised. The developing world may be concentrating on building roads and mobile phone networks, but the developed world is just as eager to roll out broadband and high-speed mass transit systems.

Democratic engagement

Here, challenges cover a broad spectrum. “After the civil war, the main objective is to strengthen security – and then we try, step by step, to increase democracy,” said Kong. But even countries with far better-entrenched democratic systems are struggling to maintain public trust and to engage



people in shaping service delivery. Here, said Grant, digital technologies can help “create the horsepower to solve problems that citizens want solved.”

Skills and capabilities

One huge challenge facing governments is that of recruiting and retaining the right leaders and technical experts to reform their systems and make use of digital technologies: “the human capital equation”, said Grant, is rising up governments’ agendas around the world.

It was curiosity about how others are tackling these global challenges that drew delegates to the Summit. “I’ve been in public service for 25 years: I want to serve the people, and wondered what other people are doing on public administration,” explained Kuntoğlu. In Cambodia, said Kong, “we are introducing many reforms – producing new policies and programmes, and developing new mechanisms to implement them; to reform our structures; to build capacity. So I wish to learn new strategies for developing the country.”

Public sector productivity

It is normal, after a recession, for private sector productivity levels to grow rapidly as slack in the economy is taken up – as under-employed workers and assets become busy again, and business owners make investments that drive down the costs of production. “But coming out of this particular recession, productivity growth is lower than it’s ever been before,” said EY’s George Atalla. This makes workers relatively expensive and profits slimmer, depressing employment and reducing public revenues.

In the public sector, the dynamics are quite different – but here too, productivity levels appear to be flatlining; and with public sector revenues squeezed whilst demand for spending continues to rise, governments find themselves caught uncomfortably in a closing vice. But it’s hard to measure public sector productivity, said Atalla – and Singapore’s Peter Ong pointed to wide variations in the metrics across different service areas. “Some services are quite easy to measure,” he said. “In transport, we know the number of people per square metre on every train at any one time. But in healthcare, after people have left the hospital, we can only measure the outcomes by the number of people coming back, and by surveys”.

Delegates had taken different approaches to measuring public sector productivity. In Cambodia, Kong Sophy has championed the introduction of monitoring and evaluation systems – his challenge, he explained, is to help departments develop the skills and capacity to report on programmes’

achievements against the KPIs established at their launch. In Turkey, said Özer Kuntoğlu, the government produced a “service inventory, so we could see which department was doing what, how it was doing it, and how many people were employed.” A 2003 law requires departments to produce annual audited budgets and strategies, and the government has published service standards – increasing transparency around output and performance.

The delegates also suggested a range of ways to increase public sector productivity. One approach, said Atalla, is for civil servants to withdraw from areas of activity that others would be willing to take on. “There are projects that the government shouldn’t even consider doing, because they’re simultaneously of high social value and profitable to the private sector,” he said, citing power plants as one example.

In the field of IT, on the other hand, governments may sometimes improve productivity by taking back services currently delivered by private contractors. To reform services for digital delivery, explained McKinsey’s Martin Lundqvist, governments need to retain enough expertise and control to redevelop their systems: some countries have “given away a bit too much, so the architectural knowledge and software ownership are no longer in government,” he commented. “That has to change to get innovation going: you need control over the system environment and the software.”

Peter Ong commented that Singapore’s leaders are “asking ourselves which are the critical X

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EY’s George Atalla



percent of jobs we should do in-house because they're mission-critical and help us to retain our IT engineering capabilities – which will help us to become better buyers.” Yet this desire to retain skills and ownership must be balanced with a willingness to buy products off the shelf when that's a better option than developing a bespoke solution: “Rather than trying to adapt everything ourselves, let's see if there's something out there already that does the job,” said Lundqvist.

Lundqvist also highlighted one broader approach to driving up public sector performance: make a public commitment to achieving a stretching objective within a realistic but challenging timescale, then let professional pride, personal accountability and inter-departmental competition do the rest. When Denmark announced in 2011 that 80% of citizen transactions would be online within five years, he added, it looked very ambitious; but they got there.

In Singapore, the Ministry of Finance has driven innovation and efficiency by imposing some discipline on the resources and staffing levels of departments, even as demands grew. “For every one percent of GDP growth, the ministries' budgets grow at significantly less than that,” explained the ministry's Thia Jang Ping. “The same principle is used for head count: we don't allow the ministries' head counts to rise as fast as the resident labour



force.” These constraints are put in place alongside policies and systems that help departments to improve productivity, he explained – coordinating services to minimise duplication, introducing automation and digital services, and improving data so that resources can be more closely targeted.

Summing up, EY's Atalla explained the risk that, keen to save money in the short term, governments make cuts that further weaken productivity – and thus prove counterproductive. When the USA's Inland Revenue Service reduced the number of tax audits, he pointed out, its revenues fell by more than the amount saved. Organisations perform at their best under a certain amount of pressure, he said; but when those pressures grow too great, productivity and quality begin to dip again. And he highlighted the need to resource the big, technical jobs required to undertake major reforms: “It's okay to pay more, to guarantee that people want to work for you,” he argued. “Attracting people with good salaries makes sense.”

So sometimes it's necessary to invest in order to save: governments need the skills to transform their operations. These days, many such projects are built around the use of digital technologies – and the moves towards service digitisation and analytics technologies lay at the heart of the day's discussions.

Digitisation and analytics

Digital services and the innovative use of data present huge opportunities for the public sector to save money whilst generating better outcomes for the public – and here Singapore is a world-leader. The nation's educated population, city-state scale, modern infrastructure, respect for authority and passion for technology make it a relatively straightforward place in which to introduce digital reforms, and some years ago its government began using technology to achieve its goal of – as Peter Ong put it – becoming “one trusted public service with citizens at the centre”.

As a result, Singaporean citizens already have a single log-in for all government services – and as Thia Jang Ping explained, companies will soon receive the same unified service: “Government agencies will put [company] data into a single place and they will all have access to it, so they don't need to make multiple requests for the data or repeatedly fill in forms.” To drive down delivery costs, robotics and automation are being introduced into frontline services such as border controls and libraries. And to make services more convenient and match service provision to demand, data is being gathered and published: “Right now, you can get not only the arrival and departure times of buses at each stop, but also the occupancy rate of each bus,” he explained.

Most ambitiously, the government is gradually building up a network of sensors to make its services much more responsive and targeted. “We're slowly putting into place the software, the

grid, the people to get the whole island connected up,” said Thia Jang Ping. Soon, traffic lights will be able to change automatically for approaching ambulances; waste bins will call for the dustbin lorry only when they're full; blocked drains will send an alarm call to the maintenance crews. In short, services will respond to demand in real time – ensuring that money is only spent where it is needed.

The use of data can even enable governments to get ahead of real time – predicting and averting complex problems. Analytics technologies are racing ahead, said McKinsey's Andrew Grant, “and whilst we want to give you some confidence in digital, where we feel that governments are mostly holding their own, in this field we feel that governments are somewhat behind.”

Grant pointed to new developments in analytics technologies: the introduction of SQL databases, he said, means that data can be stored much more quickly and cheaply; new algorithms can “scrub” data from different sources to make it compatible and comparable; and “genetic algorithms” evolve to tackle new problems – they are “learning, self-calibrating”. Finally, there's the development of “decision-support tools” which enable people to “interact with the data; to hybridise their human intelligence and the machine learning.”

Pulling information from government databases and internet sources, Grant explained, such tools can help identify emerging threats by, for example, tracking the activity of ISIS recruiters, predicting public demonstrations, or identifying jailed gang

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Thia Jang Ping



members to avert disturbances. “The use of data analysis to deliver public services and to track suspects is very useful, very powerful,” commented Kong Sophy.

Systems like these represent the cutting edge of applied technologies – but many governments are making good progress on digital services. “Our justice system works online in every sphere,” explained Turkey’s Kontoğlu. “We have a central network project that includes all courts, other judicial institutions, public prosecutors and other government departments – so citizens or attorneys can open a case online.” And Kong pointed out that Thailand has a digital passport application system that massively cuts down on the paperwork and time required on both sides of the service desk. “Our people love to be online,” commented Kontoğlu. “Every bank operation can be carried out online in Turkey, and we’re trying to do the same in the public sector – you should be able to do everything online.”

Bringing delegates back to the main goals, Peter Ong listed Singapore’s guiding principles: “Creating ‘oneness’; building trust; and putting citizens at the centre.” This first point, he explained, means “trying to ensure that the delivery of different services around a life event is managed better” – minimising the number of interactions required to, for example, register a birth or death.



This has involved organisational change, such as the setting up of Singapore’s new Municipal Services Office – charged with catching the issues that tend to slip down the cracks between delivery agencies – and the creation of dedicated agencies working on early childhood development and cybersecurity.

On building trust, Ong highlighted the government’s efforts to consult more and stimulate a national conversation. “We will be doing a lot more to enable citizens to participate: we want them to contribute, and to harness the energies of our people,” he said. And on putting citizens at the centre, he noted that “with a more mature and educated population, we need to start delivering policies with the citizens’ needs in mind rather than the government agencies.” The creation of single portals is part of this work: providing a single point of access requires compromise on the part of government agencies, but it makes services more convenient for citizens.

The organisational, cultural and systemic changes required to create these kinds of transformations in public services are, of course, difficult to plan and deliver. But the delegates had a host of ideas for how to drive innovation within the public sector – and hence how to turn high-level ambitions into substantive reforms that improve outcomes and cut costs.

Driving innovation

To realise the potential benefits of digital services, Martin Lundqvist explained, civil servants need to change their mindset – approaching problems from a different direction. Digital technologies can, for example, enable citizens to receive services without ever having to communicate with government – something that most people would welcome. Look at Singapore's tax authority, Peter Ong said: “Recognising that people don't want to interact with the authority, it has as its mantra: ‘No need for service is the best form of service’. They pre-fill all your tax forms, so if you don't have extraordinary income it's all done for you.”

The trick, argued Lundqvist, is to start from first principles – what are the government's and citizen's aims? – and rethink from scratch how best to realise them, given the new capabilities provided by digital technologies. “It's not about starting with what you have today and incrementally improving on that... It's about reimagining what the process or life event should look like, and then crafting the journey backwards from that.”

This takes officials straight into process and system change – and Lundqvist urged delegates to be ready to reform their business processes and organisational responsibilities, even when this means changing legislation or policies. “In nine

out of ten of the government projects I've been involved in, the regulations and policy have been seen as a boundary condition – and that's not the way to think about it,” he said. “It has to be allowed and encouraged to challenge those conditions.” Producing big savings and service improvements, he said, “often means challenging policy; working across agencies; going into your legacy services and re-architecting the way they're delivered. It's a tricky one, but that's where the big impacts lie.”

This kind of reform requires close cross-departmental working and top-level leadership. “Often the answer is a small team with the right mandates across the various silos and the right empowerment to take decisions,” said Lundqvist, adding that such teams should include a powerful figure tasked with speaking up for the citizens' interests. “We're all human, and by nature we'll optimise the solution for our different agencies or functional responsibilities,” he noted. “This is about having someone who'll take the customer view – and that role is often missing when you set up the organisation and the funding.” Having recently moved Cambodia's civil service payroll into the digital world, Kong Sophy had learned the same lesson: “If you don't streamline the process and identify clear lines of accountability and responsibility, then you can't digitise it,” he commented.

To champion this kind of change across government, many administrations are setting up central digital teams able to oversee departmental

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Martin Lundqvist

projects, provide advice and support, foster collaboration, and recruit senior leaders. “One of the challenges with digital is how much you get the old CIO [chief information officer] community to own it, and how much you build ‘special forces,’” said Grant. “My own view is that you need both, but it needs to be very thoughtful.” One delegate pointed to the example of the UK and its Government Digital Service, arguing that the country “led the world, but kind of overdid it with the ‘special forces’: they really got the back up of the CIOs, and – surprise, surprise – there was a lot of organ rejection and passive aggression.”

Peter Ong asked how this relationship between the centre and departments is best managed: “Typically, the people at the centre of government tend to want to set an over-arching strategy that’s bold and ambitious, and the line agencies tend to say: ‘Please moderate your expectations, we’ve got work to do,’” he said. “How do you bridge this gap so that there’s alignment between the people thinking strategically and the departments that need to get things done?” Denmark has got it right, replied Grant: “The reason is that the digitisation department is within the Ministry of Finance’s Modernisation Unit: its ability to align digitisation with funding is blunt, but it’s clean and seamless.”

Such blunt instruments are sometimes required to overcome departments’ reluctance to accept the compromises and risks of collaboration – particularly over sharing data, which emerged as a hot topic. “Often there is almost zero incentive for agencies to collaborate, because the reward system for collaboration doesn’t exist,” commented one speaker. And even when departments are willing



to pool data, there are technical challenges around how to do so.

These days, said Grant, experts recommend leaving data in situ instead of trying to create a single central pool: “Rather than trying to centralise then analyse, the analytics teams should go to source, because data is always more secure there.” Where there’s a need to exchange data between departments, said Lundqvist, they can build secure links between their databases and “get the standards in place that enable you to retrieve and push data between agencies”. And if those data connections need to be constant and widespread, it makes sense to build a central “mirror”: a copy of the various datasets which acts as “the first point of access and update”, with data amendments feeding back into the departments’ own systems.

These solutions help avoid complications over the ownership of data. “As soon as you create a disconnect between who owns the data and where it’s stored, you get into trouble,” said Lundqvist

“Rather than trying to centralise then analyse, the analytics teams should go to source, because data is always more secure there.”

Andrew Grant



in answer to a question from Kong Sophy; and if central government insists that departments place their data into a central system, “you’re creating an asymmetry in accountability between owning the data and managing the data depository.”

As Kong pointed out, this lack of central control can allow departments to collect data in different formats, undermining attempts to combine datasets for use in analytics projects or digital services. This is best addressed by first putting in place a handful of common definitions, said Lundqvist, then expanding them over time – many major data projects have gone awry because people tried to align every data standard, leading to endless wrangling over definitions. Best to agree a partial solution quickly, then build on that: “When we look at risk in projects, one of the myths is that big projects are more risky,” he said. “It’s not true: long projects are more risky.”

Managing this kind of project is not straightforward – in part, as Peter Ong pointed out, because of “a divide between senior management, who know the policy and strategic questions they want answered, and the analysts and more technical people who know what technology can offer”. The solution, said Grant, is “a category of people that we call translators: people who can bridge that divide, framing the problem and creating milestones. We think translators will be



really critical, and we’re urging governments to grow their own.”

With such skills increasingly in demand across the sectors, governments will have to grow many of their own technical specialists. Some successful digital entrepreneurs enter public service after making their millions, providing a trickle of senior leaders. But for the most part, said Lundqvist, it will be down to governments to train and develop digital wizards – often in their centres of digital innovation. “That’s the only way we can solve this problem in the long term,” he said.



Conclusions

As the delegates considered their day's conversation, Özer Kontoğlu explained why it's becoming ever more important for the world's top civil servants to talk to one another: because its people are already doing so. "With globalisation, the world is becoming a big village," he said. "In every part of the world, everybody knows what is happening elsewhere – so our people demand digitisation and online public services, and we must try to implement them."

Forums such as the Global Government Summit, added Kong Sophy, help top officials not only to pick up helpful ideas, but also to develop their broader strategies. "In Cambodia we try to introduce IT, IT, IT – but in what way, and how to build the capacity of civil servants to reach for those things?" he said. "I go home with a long-term vision for reform and the improvement of public services. Step by step, process by process, we will do it."

Kong Sophy had also noticed a challenge facing governments everywhere: "I observed the same problem about public service: people are never satisfied; the demand increases from one day to another, and we need to increase our capacity to deliver", he said. This is certainly true in Singapore,

Top row from left to right: Kevin Sorkin, Derrick Cham, Liu Feng-Yuan, Joan Moh, Zaqy Mohamad, Mildred Tan, Martin Lundqvist, Sing Hwee Neo, Lien Chong Luen, Bin Eng Tan, Vidhya Genevan, Chris Punch, Thia Jang Ping, Matt Ross, Gemma Williams

Bottom row from left to right: George Atalla, Kong Sophy, Peter Ong, Özer Kontoğlu, Andrew Grant, Prak Pranitha

said Peter Ong, pointing to "rising citizen expectations against the resource envelope that we have to operate within."

"Digitisation can help us to operate in that sweet spot," Ong continued. "A digital strategy should enable us to have one trusted public service, with citizens at the centre."

"The conversation today has been very involved, very intense, and the amount of understanding and experience of the issues has been really impressive," Singapore's Head of Civil Service concluded. "It's our third time hosting this event, and each time we take away a lot. And the conversation will keep evolving, because the work of governments will continue to evolve."