

## E-Government in Finland: An Assessment

### Introduction

Since the 1990s, Finland has been a leader in exploiting information and communication technology (ICT) to renew its economy and to reform its public administration. Its reputation for successfully providing proactive electronic government services and information has brought officials from around the world to learn from its experience.

While Finland is an e-government pioneer, it continues to face a number of crucial e-government and broader governance challenges such as communicating a clear e-government vision and increasing inter-agency collaboration. Other challenges also include strengthening internal governance structures and ensuring ownership of e-government initiatives.

This *Policy Brief* presents an assessment of e-government policies, implementation and impact in central government in Finland as part of a first comprehensive analysis of e-government implementation within the Finnish central administration. It summarises the main findings of the OECD Report *E-Government in Finland*, a study of e-government in the Finnish central administration carried out by the OECD E-Government Task Force with backing from the Ministry of Finance. This study takes an in-depth look at e-government structures and processes and examines their strengths and weaknesses. ■

### How has Finland organised the development of e-government?

The organisational model for e-government in Finland today is based on central guidance and decentralised responsibilities and implementation. The development of e-government is marked by the relation between the central administration's role in promoting e-government and the local and regional governments' role as the primary service providers. A third set of actors, independent central agencies under parliamentary authority, also provide important services. Input from the private and non-profit sectors, in the form of the Information Society Advisory Board (ISAB) has further helped define Finland's e-government strategy.

Finland has clarified central co-ordination responsibilities for e-government in response to the perception within the central

**How has Finland organised the development of e-government?**

**What are the main drivers of e-government in Finland?**

**What barriers are impeding the development of e-government in Finland?**

**What are the challenges Finland has to face for effective e-government implementation?**

**What are the next steps?**

**For further information**

**For further reading**

**Where to contact us?**

administration that the current level of co-ordination is insufficient. The organisational structure of e-government reflects the involvement and responsibilities of key ministries. The Ministry of Finance has the principal role of policy setting and horizontal co-ordination, while the Ministry of the Interior is responsible for vertical co-ordination and ensuring the diffusion and exchange of standards and good practices at the regional and local levels. The Ministry of Justice sets the main regulatory framework. A number of inter-ministerial and inter-agency bodies complete the e-government co-ordination structure and ensure collective decision-making.

Across government, however, ministries without central co-ordination responsibilities have been passive in developing and encouraging of e-government initiatives in the agencies under them. This reflects limited resources but also a perceived absence of a strategic role. While not all agencies need an additional push, another result of weak ministerial guidance is a lack of e-government collaboration among agencies. While both formal and informal networks ensure the flow of information about IT initiatives and guidance among e-government officials, inter-agency collaboration in the development of e-government plans is relatively rare across levels of government and even less common among agencies and ministries. Ministries could assume a stronger role in helping develop an overall strategy and in guiding their agencies, in particular those that are lagging in developing online services. ■

## What are the main drivers of e-government in Finland?

The development of e-government in Finland has been shaped by overall reforms in the public administration and the development of the information society.

Public management reforms in the early 1990s led to major changes in the Finnish administration in terms of greater responsibility, accountability and flexibility at the agency level and decreased oversight and co-ordination responsibilities at the ministry level. This redistribution of power has freed energies to develop new initiatives throughout government, but it has also drawn attention to the need for improved, central co-ordination in order to

maintain coherence of vision and efficacy of results. As an instrument to increase efficiency, strengthen competitiveness and enhance modernisation, e-government has become an explicit component of public sector reform. Conversely, reform of the public administration in Finland has provided a general framework for defining e-government goals and responsibilities by setting an overall vision and objectives for improving the quality and efficiency of public services.

The constant advancement of the information society in Finland has provided a second impetus for the development of e-government. The government's desire to make the opportunities of the information society available to all and the demonstration effect of ICT use in the economy have provided a strong case for developing e-government and for integrating the e-government strategy in a comprehensive information society vision. As a result of its success in planning the information society, the government has obtained a degree of public confidence, which serves to reinforce its ability to incorporate e-government in its overall ICT strategy.

However, in Finland, as in other OECD countries, little is known about actual citizen demand. While limited e-government surveys indicate citizens' general support for the development of online services, they have revealed little about their specific views. Information on demand for such services is incomplete, despite the government's emphasis on the need to appraise user preferences as a basis for e-government strategies. This reflects the difficulty of collecting useful data and the diffuse nature of citizen demand, as well as the government's approach to developing proactive services and anticipating citizen needs. More could be done to aggregate the information on customer needs currently available in ministries and agencies.

Over the long term, e-government requires the continued support of citizens and business. Finland could reinforce citizen support by better marketing e-government and demonstrating how it meets areas of immediate citizen concern including service delivery, efficiency, security and privacy, and the accompanying reforms. This is particularly true in the case of back-office reforms that have an important impact, but which are not immediately visible in citizens' day-to-day lives. ■

## What barriers are impeding the development of e-government in Finland?

Another OECD report, *The e-Government Imperative*, on the opportunities and challenges of e-government implementation in OECD countries, identifies four main external obstacles to e-government: 1) legislative and regulatory barriers; 2) budgetary barriers; 3) technical barriers and 4) the digital divide. Finland has overcome many of these barriers, though challenges still remain.

### *Legislative and regulatory issues*

The Finnish government has taken major steps to set the regulatory framework for ensuring the full equivalence of electronic and paper processes by enacting legislation on electronic identification, data exchange and authentication. Existing guidance provides technical “how to” support for ministries and agencies already engaged in new initiatives, but does not provide many incentives or a “push” to launch initiatives. Agencies are increasingly asking for guidance on implementing the vision for e-government.

With regard to policy orientation, agency demand for more central guidance in order to move forward may reveal 1) a tendency to rely on external direction rather than developing internal capacities, 2) a lack of ministerial leadership to promote e-government and 3) insufficient internal governance structures (i.e. regarding the relationship among different government organisations). The solution is not necessarily more regulations, but rather a governance system that ensures accountability while empowering agencies to take action within broad regulatory frameworks.

With regard to technical standards, the government is providing the necessary guidance, but there is also a need to clarify and better diffuse existing regulations in order to avoid duplication and unnecessary regulation. Fragmented regulations, in fact, have resulted in confusion and uncertainty over their content. The result, in some cases, has been inertia while agencies wait to be told what to do and/or receive clarification over what they are allowed to do.

A closely related regulatory issue is the need to deal effectively with concerns about privacy of personal data. In Finland, privacy and security remain

a high priority in order to maintain current levels of citizen trust. The use and delivery of data are protected by law and an independent authority ensures the respect of privacy rules, though confidence remains weak in the ability of ministries and agencies to develop technical solutions to deliver secure services. The Finnish case shows that maintaining citizen trust is an on-going process, and not a final result that is achieved and then taken for granted.

### *Budgetary barriers*

The Finnish budgetary context for e-government is characterised by a tight fiscal environment and a decentralised system of IT spending with central monitoring of resources. Central one-time funds have been crucial for developing electronic service delivery frameworks (“e-enablers”) and may provide a model for setting up new incentive funds to foster innovation. Although insufficient funding for ICT purchases did not appear to be a major barrier for developing e-government to date, costs related to the back office implementation of e-government, such as for training and change management, are likely to make up an increasing proportion of e-government costs, and have not been counted as part of total e-government expenditures. An important challenge in Finland is the use of budgetary processes to enhance the availability of cross-agency funding in support of integrated online services.

### *Technological barriers*

Technological progress has created opportunities to improve administrative efficiency and advance e-government initiatives. Technical issues regarding privacy and security, the need to account for rapid technological change, the lack of standards and internal integration have all been recognised as important challenges for ministries and agencies, but also as a secondary challenge relative to the need to develop e-government capacities in the public service.

Technical solutions should follow rather than anticipate demand for services. For example, the Finnish government introduced an electronic citizen identity card without adequately analysing market demand or developing the advanced services that would use such a card. As a result, it has created a secure solution and a national authentication infra-

structure, but has not met usage targets or stimulated new services. In particular, ministries and agencies have been reluctant or unable to make use of this common system. If the government believes that “e-enablers” are needed, it should show how it plans to promote accompanying services.

### The digital divide

Finland is doing well in terms of providing access to ICT and in particular the Internet, although access to and possession of information technology still differ markedly across generations, family types and regions. Rural connectivity projects have strengthened collaboration among municipalities and fostered partnerships between public and private actors.

As in other countries with high ICT penetration, closing the digital divide in Finland now seems to depend increasingly on citizens’ own choices. In addition to improved access and cost, computer and Internet use will depend on citizens’ perceptions of the value-added of online services, thereby further raising the stakes for improving e-government. ■

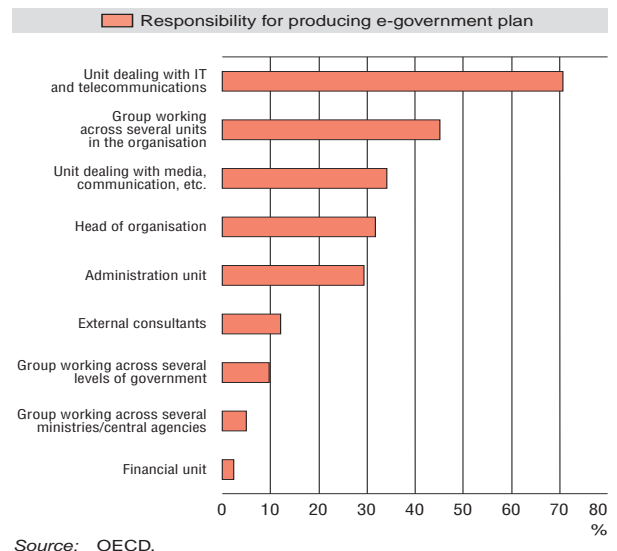
## What are the challenges Finland has to face for effective e-government implementation?

### Vision and planning

Finland’s national e-government vision, initially formulated in the 1990s, is well-integrated with its administrative reform and Information Society agenda and results from a successful collaboration among top decision-makers in the public and private sectors and civil society. However, the government has been less successful in effectively informing and mobilising government employees around its central vision. The lack of wide ownership of the e-government vision has resulted in confusion at the agency level over their role and the actions required to move forward the overall government agenda. In addition, the government has not set clear responsibilities for e-government implementation. As a result, some agencies have failed to translate the broad vision into concrete objectives and action plans.

Ministries and agencies also experience confusion because the government has been reluctant to pro-

Fig. 1. Responsibility for producing e-government plan



vide quantifiable national targets to achieve its e-government goals and objectives. This shows some foresight given the difficulty other OECD countries have experienced in meeting what are sometime arbitrary national targets. The lack of explicit targets *within* agencies and ministries, however, has decreased accountability and makes it more difficult to establish internal milestones by which agencies and ministries can judge their own progress.

The existence of a plan influences the degree and level of implementation of online services within the Finnish central administration. E-government planning has been promoted as a way to increase the taking of responsibility and encouraging organisations’ commitment to the e-government vision (see figure 1). However, planning for e-government at the organisational level was not required until 2001, nor were any guidelines available for agencies who wished to do so. The level of success of the new planning requirements will depend on technical assistance to get the plan right and the level of oversight, accountability and feedback. This is the responsibility of the Ministry of Finance and is a key component for the continued success of e-government in Finland.

### Online services

As figure 2 shows, nearly all Finnish ministries and agencies responding to an OECD survey reported

providing information (Stage 1 services) as part of their online e-government services.

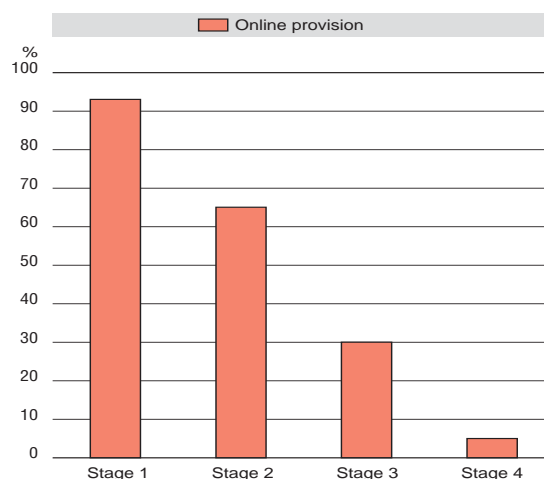
More than half offer interactive information (Stage 2 services), while almost a third propose transactions (Stage 3 services) and relatively few engage in data sharing with other agencies (Stage 4 services). Provision of online information (Stage 1 and 2 services) is an initial effort to better inform the public and promote services. In many cases, services are sufficient at this level of complexity. The realisation of more advanced services, where appropriate, will require improved cross-agency collaboration for seamless services and the exchange of personal data.

Although the share of advanced services in all online services provided by the central administration is quite low, Finland has early on put in place a system of national data registers: shared nationwide databases that have the potential to greatly improve government efficiency in areas of authorised use. Register-based data collection for statistical purposes has been used by Statistics Finland since the 1980s, for example, to take the national census without additional data collection. Some basic applications of the registers have demonstrated the potential of exploiting data sharing for more advanced and efficient services while preserving citizens' trust in public institutions by protecting privacy. This system should be further exploited in order to develop additional service.

Rather than focusing on the overall number of online services available, Finland has focused on service quality, relevance and access in its e-government programme. This reflects, in part, Finnish attention to meeting specific policy objectives through e-government such as decreasing the cost of data collection, improving service quality and increasing access to services, rather than simply attempting to put all services online, whether or not value is added.

The Finnish experience also shows that the expectation to improve services to citizens can be met, not simply by providing more services, but also by doing away with some unnecessary services. There

Fig. 2. Online service provision by stage of service (2002)



Source: OECD.

is no need to put census reporting online because the need to report has been eliminated.

The Finnish approach of persuasion rather than obligation within the administration, combined with highly independent ministries and agencies has promoted agency ownership in established online services. On the other hand, considerable potential clearly remains for putting many more services online, in particular services involving transactions and data sharing. Agency independence, however, means that the central government currently lacks the tools to encourage and guide additional e-government development in areas where agencies need assistance.

In Finland, businesses have more online presence, are more frequent users of government services and have greater financial incentives to use e-government. Finnish e-government services provided to business are more advanced than those provided to citizens. The business orientation of service delivery seems, however, to have helped to advance the development of online services generally. Possibly indicative of a more general trend in OECD countries, government to business services (G2B) tend to be more customer-oriented than government to citizens services (G2C).

## E-Engagement

E-Engagement is an important dimension of e-government, and Finland has integrated activities into its e-government programme aimed at improving online access to information and citizen consultation and participation in policy-making. Ensuring equal opportunities to access public information and easing the sharing and exchange of national public documents became priorities of the government's information management strategy in the 1990s. Finland's commitment to openness and citizen' participation in public affairs has also been a fundamental aspect of the national information society strategy. As a result Finland is at the forefront in the development of e-engagement. More lessons could be drawn, however, from the many experiments in e-engagement by improving co-ordination and structured sharing of good practice.

## Portals

National government Web portals were created in response to public demand for easy access to a complex set of services across government. A national portal, along with other thematic and regional portals, has been launched in Finland with a view to creating a seamless interface between government and citizens and businesses.

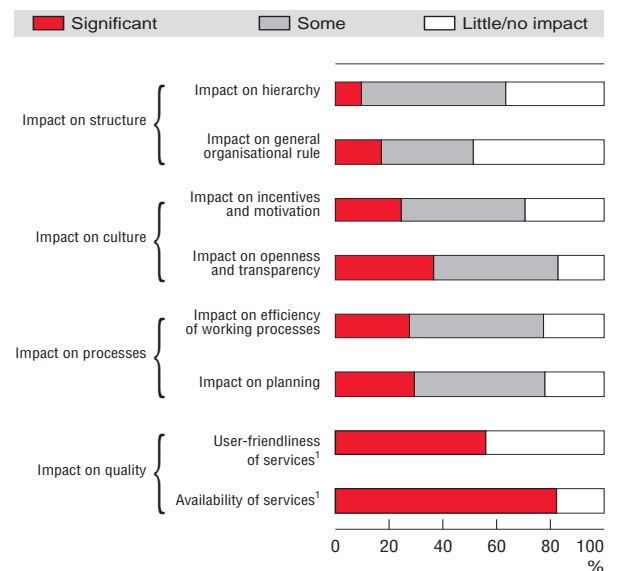
The high rate of connectivity between agency websites and government portals, including the Citizen Portal, indicates the popularity of portals (four-fifths of an OECD survey respondents are connected to some kind of portal). Portal development has paid attention to providing solutions to problems related to the quality and accuracy of information, service integration and ease of use.

## Back-office changes

Five aspects of back-office changes are related to e-government implementation in Finland: 1) promoting internal change, 2) providing leadership, 3) ensuring co-ordination, 4) managing public-private partnerships and 5) improving skills.

The reform of the back office is rapidly becoming one of the main challenges to e-government implementation in OECD countries. In Finland, back office changes related to e-government have been slow to take place. A few agencies are only now beginning to rethink their back office structures and processes as part of the implementation of e-government. Respondents to the OECD survey

Fig. 3. The impact of e-government activities



1. This indicator only shows "increase" in the variable and not whether there is a "significant" or simply "some" impact.  
Source: OECD.

reported that the impact of e-government is highest in the areas of service quality and government processes. In general, respondents saw much less impact on the underlying culture or structure of the administration (see Figure 3).

**Promoting internal change.** Organisational change in Finland has benefited from continuous interaction between the planning and development of public administration reform and e-government objectives. IT officials in Finland report that e-government has helped to improve planning, increase efficiency of working processes, enhance a customer-focused orientation and assist in the application of good governance principals of transparency and accountability. In most cases, it has reinforced existing values. For example, respondents reported that e-government has provided the tools for the administration to better implement transparency values already held prior to the introduction of ICT. Efficiencies arising from e-government, for the most part, have been channelled towards improvements in the quality and availability of online services rather than being recouped as cost savings. This is consistent with the Finnish government's service orientation.

For now, it seems that e-government has had only a minimal impact on organisational structure. E-government structures and policy in Finland reflect current governance arrangements within government. This could lead to an under-exploitation of the full potential of e-government as a facilitator for the transformation of government structures. Further cultural change in the Finnish administration, as in most OECD countries, is required to maximise e-government benefits. This includes the willingness to collaborate across agencies. While the Finnish public service seems relatively open to change, internal organisational change requires greater staff involvement in and ownership of reforms.

**Providing leadership.** As in the case of other countries which early on began putting services online, the initial experience of establishing e-government in Finland has shown success in organisations with extremely innovative and motivated lower-level managers, without necessarily the involvement of top management. It is not clear whether this lesson can be extended to organisations with few resources or expertise, or to the next stage of e-government implementation which demands a broader, whole-of-government perspective in order to deliver seamless services. Enhancing leadership at all organisational levels is a priority for the development of e-government in all OECD countries, and top management leadership for e-government initiatives remains an important way to ensure support and resources and to motivate staff.

**Ensuring co-ordination.** The dilemma of e-government implementation is to balance the need to ensure that responsibility remains at the agency-level where most implementation takes place, with the need for common decisions on some horizontal issues by the central government. Co-ordination does not equal collaboration, however, and both formal and informal co-ordination have been insufficient to promote cross-agency collaboration to provide seamless services or to encourage agencies to work together to find common solutions.

**Managing public-private partnerships.** The rise of e-government partnerships in Finland is linked to the liberalisation of the telecommunication sector in the 1980s and the privatisation and decentralisation reforms that followed in the late 1990s. Partnerships have brought in needed expertise and

helped to spread the risk of e-government-related initiatives. At the operational level, however, managing private sector contractors has required the establishment of specific skills and capacities, particularly in smaller agencies in order to negotiate, monitor, manage and evaluate IT projects. The government has found some innovative ways to partner with the private sector (for example, the TYVI project – a broker system that streamlines businesses reporting to the administration) so as to simplify administrative processes for both the administration and for users at a relatively low start-up cost to the administration. It would be beneficial for the government to continue to foster its close working relationship with the private sector.

**Improving skills.** The ability to design, create and implement an effective e-strategy is increasingly linked to the development and enhancement of specific skills at both the organisation and the personnel level. The OECD surveys shows that the administration is more concerned with improving project management and change management abilities, owing to the growing trend towards contracting out of IT projects, than enhancing the technical skills of personnel. Both types of skills are needed. ■

## What are the next steps?

The first phase of e-government development in Finland has shown a solid implementation of the early stages of online services on an agency-by-agency basis, adequate resources for ICT investments, and the establishment of some common and necessary e-government enablers such as the Citizen Portal.

The next phase will be more difficult requiring, in addition to the continued development of systems applications, an improved knowledge of user demands, increased inter-agency collaboration and additional investments in re-engineering processes and change management. Finland's decentralised governance structure has shown quite a bit of flexibility in meeting the needs of citizens and business. Implementing e-government raises questions of how this structure can be adapted to reinforce planning and accountability, impetus for agencies lagging behind, mechanisms for pooling agency expertise and resources, and incentives for collaboration across agencies. ■

## For further information

The report on which this *Policy Brief* is based, *E-Government in Finland*, will be published this year and may be purchased from the OECD Online Bookshop ([www.oecd.org/bookshop](http://www.oecd.org/bookshop)). The report was commissioned by the Finnish government to the OECD Secretariat and was prepared by the OECD E-Government Task Force. It draws upon the OECD report *The e-Government Imperative* (2003) and on

interviews with Finnish officials, a survey of ministries and agencies and an extensive review of legislation, research and background documents.

Additional information on this topic can be obtained from: Edwin Lau; tel.: (33-1) 45 24 80 36 [email: [edwin.lau@oecd.org](mailto:edwin.lau@oecd.org)]. For more information on the OECD E-Government Project contact: Christian Vergez; tel.: (33-1) 45 24 90 44; [email: [christian.vergez@oecd.org](mailto:christian.vergez@oecd.org)]. ■

## For further reading

- **The e-Government Imperative**, 2003  
ISBN: 92-64-10117-9, €35, 204p.
- **E-Government in Finland**, 2003 (*forthcoming*)  
ISBN: 92-64-10259-0, €35, 152p.
- **OECD Policy Brief: The Hidden Threat to e-Government**, 2001- *Available at* [www.oecd.org/pol\\_brief/](http://www.oecd.org/pol_brief/)
- **OECD Policy Brief: The e-Government Imperative: Main Findings**, 2003 - *Available at* [www.oecd.org/pol\\_brief/](http://www.oecd.org/pol_brief/)
- **OECD Policy Brief: Engaging Citizens Online for Better Policy-Making**, 2003 - *Available at* [www.oecd.org/pol\\_brief/](http://www.oecd.org/pol_brief/)
- **OECD Policy Brief: Checklist for e-Government Leaders**, 2003 (*forthcoming*) - *Available at* [www.oecd.org/pol\\_brief/](http://www.oecd.org/pol_brief/)
- **OECD e-Government Seminar Proceedings** (*forthcoming*)
- **Promise and Problems of e-Democracy: Challenges of Online Citizen Engagement**, 2003 (*forthcoming*)

OECD publications can be purchased from our online bookshop [www.oecd.org/bookshop](http://www.oecd.org/bookshop)

OECD publications and statistical databases are also available via our online library [www.SourceOECD.org](http://www.SourceOECD.org)

The OECD Policy Briefs are prepared by the Public Affairs Division, Public Affairs and Communications Directorate.

They are published under the responsibility of the Secretary-General.

## Where to contact us?

### FRANCE

OECD Headquarters  
2, rue André-Pascal  
75775 PARIS Cedex 16  
Tel.: 33 (0) 1 45 24 81 81  
Fax: 33 (0) 1 45 24 19 50  
E-mail: [sales@oecd.org](mailto:sales@oecd.org)  
Internet: [www.oecd.org](http://www.oecd.org)

### GERMANY

OECD BERLIN Centre  
Albrechtstrasse 9/10  
D-10117 BERLIN  
Tel.: (49-30) 2888353  
Fax: (49-30) 28883545  
E-mail: [berlin.contact@oecd.org](mailto:berlin.contact@oecd.org)  
Internet: [www.oecd.org/deutschland](http://www.oecd.org/deutschland)

### JAPAN

OECD TOKYO Centre  
Nippon Press Center Bldg  
2-2-1 Uchisaiwaicho,  
Chiyoda-ku  
TOKYO 100-0011  
Tel.: (81-3) 5532 0021  
Fax: (81-3) 5532 0036/0035  
E-mail: [center@oecdtokyo.org](mailto:center@oecdtokyo.org)  
Internet: [www.oecdtokyo.org](http://www.oecdtokyo.org)

### MEXICO

OECD MEXICO Centre  
Av. Presidente Mazaryk 526  
Colonia: Polanco  
C.P. 11560  
MEXICO, D.F.  
Tel.: (00.52.55) 5281 3810  
Fax: (00.52.55) 5280 0480  
E-mail: [mexico.contact@oecd.org](mailto:mexico.contact@oecd.org)  
Internet: [www.rtn.net.mx/ocde](http://www.rtn.net.mx/ocde)

### UNITED STATES

OECD WASHINGTON Center  
2001 L Street N.W.,  
Suite 650  
WASHINGTON D.C. 20036-4922  
Tel.: (1-202) 785 6323  
Fax: (1-202) 785 0350  
E-mail: [washington.contact@oecd.org](mailto:washington.contact@oecd.org)  
Internet: [www.oecdwash.org](http://www.oecdwash.org)  
Toll free: (1-800) 456 6323

The OECD Policy Briefs are available on the OECD's Internet site  
[www.oecd.org/publications/Pol\\_brief](http://www.oecd.org/publications/Pol_brief)