OECD E-GOVERNMENT PROJECT

PILOT STUDY ON E-GOVERNMENT IN FINLAND:
MAIN OUTLINE AND PRELIMINARY FINDINGS

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This document is for Committee information and accompanies a short presentation that will be made on the OECD Pilot Study of E-Government in Finland under item 5 of the PUMA Committee Agenda.

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OECD PILOT STUDY OF E-GOVERNMENT IN FINLAND: MAIN OUTLINE AND PRELIMINARY FINDINGS

Objectives

1. In the context of the OECD E-Government Project, the Public Governance and Territorial Development Directorate (GOV, formerly PUMA) is conducting a pilot study of e-government in Finland, with the backing of the Finnish government. The Finnish pilot study serves two purposes – it:

⇒ identifies the challenges facing e-government implementers in Finland and assesses how Finland’s e-government strategies and solutions contribute, and could contribute in the future, to good governance objectives; and

⇒ tests the analytic framework currently being developed in the OECD e-government project and identifies possible refinements for the Secretariat as it writes the flagship report on e-government.

Output

2. The pilot study will result in a report on E-Government in Finland. A first draft of this report was transmitted to the Finnish Ministry of Finance at the end of October 2002. By offering a concrete case, the pilot study has played an important role in testing the assumptions and structure of the final OECD E-Government report which will be published in early 2003.

Structure of the Report

3. The draft report is structured around the notion of a policy cycle in which e-government goals and strategies are developed and diffused centrally, even as individual e-government projects are being initiated at the agency level. How these two impetuses meet and interact leads to a focus on the coordination issues in e-government development and implementation across the central government. This was a recurring issue in discussions with Finnish e-government officials and experts. The report outline is as follows:

PART 1: INTRODUCTION

PART 2: THE E-GOVERNMENT STRUCTURE AND CONTEXT

2.1: E-Government key players and administrative structure
2.2: Public reform imperatives
2.3: “Spillover” from the information society
PART 3: PLANNING E-GOVERNMENT

3.1: Demand for e-government
3.2: Developing a common vision
3.3: E-Government goals and targets
3.4: National e-government implementation strategy
3.5: Funding e-government

PART 4: IMPLEMENTING E-GOVERNMENT

4.1: Implementation of e-services
4.2: Implementation of e-engagement
4.3: Implementation of enablers of e-government
4.4: Challenges to implementation of e-government
4.5: Monitoring and evaluation of e-government

PART 5: THE IMPACT OF E-GOVERNMENT

5.1: Impacts on services
5.2: Impacts on organisation structure and processes
5.3: Impacts on governance
5.4: Overall impact

PART 6: CONCLUSION AND POLICY OPTIONS

PART 7: CASE STUDIES

7.1: G2B broker system for reporting business data to government (TYVI)
7.2: Electronic citizen identification card (Smart card)
7.3: Citizen Portal

PART 8: APPENDIX

8.1: Finland’s political and administrative system
8.2: Organisation of responsibilities and drivers of public administration reform in Finland
8.3: Organisation of e-government in Finland
8.4: Visions, strategies, decisions and acts related to e-government
8.5: Glossary
8.6: Methodology

Preliminary Findings

4. The following are some preliminary findings made by the report. Following comments from the Finnish government and country peer reviewers, the Secretariat will revise the report, develop conclusions and propose policy options to address the issues raised.

5. Finland has a clear vision for e-government. Unlike many OECD countries, Finland has not chosen to set numeric targets for the implementation of e-government (i.e. “all services on-line by 2005”). Instead, it has focused on providing an integrated vision of electronic service delivery in support of public administration objectives. Government documents highlight values such as customer choice, decreasing costs and reforming working methods that provide a common basis for both e-government and public
administration reform. By focusing on modernising the public administration through e-government rather than seeing e-government as a goal unto itself, this vision places an emphasis on increasing benefits to citizens and business whether by putting more services on line or by streamlining some services.

6. **Persuasion rather than command.** The Finnish approach reflects a decentralised administration with a centre that prefers a co-ordination role to a top-down command function. As a result, there are relatively few tools to compel agencies to adhere to the common vision or to translate it into action. This, combined with a lack of targets to assess progress, has meant that not all agencies have made the same progress towards achieving e-government in Finland. The Finland e-government study has shown large disparities between agencies both in terms of the number and complexity of the services that they have put on-line. As in most OECD countries, interactive services remain relatively rare.

7. **Not all agencies are created equal.** Differences between the agencies examined in the Finland study seem to be particularly correlated with agency size: the larger the agency, the more likely it is to have the resources and economies of scale to implement e-government. Smaller agencies interviewed by the study have pleaded for additional guidelines, technical assistance and co-ordinated procurement and licensing. In practice, however, this type of assistance, while useful, still may not provide the necessary push to make e-government a priority at the agency level.

8. **Co-ordination does not equal co-operation.** Because of the small size of the Finnish administration, information technology officers at the agency level tend to know what is happening in other agencies, both through formal (i.e. committees, workshops, publications) and informal (i.e. word-of-mouth, networking) channels. This alone, however, is insufficient to promote cross-agency co-ordination. In order to get agencies working together to deliver on the common vision, frameworks and incentives should be put in place for inter-agency co-operation, for promoting risk-taking and innovation and for giving up some agency authority in return for reduced duplication and common technical standards (e.g. allowing agencies to keep some of the savings resulting from consolidating duplicate IT systems). Traditionally, however, ministries have not played a strong co-ordinating role (though with some exceptions such as the initiative by the Ministry of Transportation and Communications to evaluate the e-government progress of the agencies under its authority).

9. **Providing “e-enablers” requires breaking down stove-pipes.** One of the most important roles of the central e-government coordinating body is to provide a framework for e-government functions, including service delivery, data sharing and citizen consultation. Sharing “e-enablers” such as portals, authentification services and metadata definitions makes sense in order to reduce costs and to facilitate the delivery of seamless services. The Finnish government’s experiences with providing e-enablers reveal many of the common pitfalls of trying to work across government stove-pipes:

   1) **Taking demand into account as well as supply.** By approaching authentification as part of the national digital infrastructure (akin to constructing the information highway), a digital citizen identification card was created without developing the accompanying services in the sectoral agencies that would draw users to purchase the card;

   2) **Finding long-term funding for shared services.** One-time “future funds” have financed the creation of an e-government portal. The main problem has not been the creation of the portal, but finding sustainable funding sources to pay for it and other shared services.

   3) **No clear path to shared services.** A new Central IT unit has recently been moved from the Prime Minister’s Office to the Ministry of Finance in order to provide network services within the public administration. This is a step towards strengthening the co-ordination
role of the Ministry of Finance, but the viability (and desirability) of centralising some common services remains to be seen.

10. Governance objective: creating a virtuous circle. Finland, as in the case of many other Nordic countries, may be showing a future path for e-government through better use of data and streamlining of services to eliminate unnecessary operations, for example by using a single set of data for multiple, approved objectives. These types of proactive services, however, require a high level of trust (and assurance) that governments will not abuse their powers.

11. Interviews with information technology officers both at the ministry and agency level in Finland revealed a consensus that citizens’ concerns about their rights and/or privacy in an e-government context seem to have been met by current practices. These views were confirmed by discussions with the Finnish Federation of Employers (the OECD also plans to conduct follow-up interviews with citizens’ groups to further confirm these findings). This seems to show a high level of trust in the credibility of electronic services and the use of personal data, if not in government itself. Of course, other factors such as history, culture, familiarity with e-commerce and national demographics also play an important role in determining citizen trust, but the case of Finland demonstrates that the seamless use of personal data does not always decrease citizens’ trust in government. Ensuring governance arrangements that provide “adequate” levels of privacy protection, preventing abuses and providing channels of recourse can create an environment of trust that allows governments to offer more proactive services without being perceived as overly invasive.

12. Conclusions and Policy Options. The OECD Secretariat will develop, in co-ordination with peer reviewers, policy options as part of the final report on E-Government in Finland. These options will likely involve a greater degree of inter-agency co-operation then has existed to date - a challenge in the Finnish context. Some elements of possible options:

− Funded pilot projects guided by governance committees representing diverse government and user interests to develop common services such as the portal and TYVI projects.

− Structured co-operation among agencies based around common customer groups (e.g. templates for cross-agency agreements and shared financing of common projects).

− Development of operating principles as guidelines to agencies (e.g. guidance on negotiating outsourcing).

− Identification of short-term targets as a catalyst for agency action.

− Common frameworks for procurement and contract negotiation.

− A greater role for ministries to act as catalysts to share ideas across their agencies.

− Development of change managers within agencies to bridge the gap between the central vision and everyday actions.
APPENDIX 1: METHODOLOGY FOR THE FINLAND STUDY

1. Definition of analytical framework. As the first step for the Finland Study, the OECD Secretariat developed an agreement with the Finnish Ministry of Finance concerning the objectives, analytical framework (based on the overall Project) and timeline of the study. The analytical framework sets out the areas to be studied in what is a vast subject area, and structures the issues to provide an overall view of e-government implementation and impacts. The E-Government Project is currently gathering methodologies for indicators as part of its work on the measurement and evaluation of e-government.

2. As part of Finland survey (see ‘Inputs’ below), the Secretariat also provided common definitions of terms such as ‘e-government’, ‘electronic services’ and ‘portal’, as well as terms based on other PGTD work, such as ‘information’, ‘participation’ and ‘consultation’.

3. The draft report is structured around the notion of a policy cycle in which e-government goals, strategies and initiatives are developed and diffused centrally, even as individual e-government projects are being initiated at the agency level. How these two impetuses meet and interact leads to a focus on the coordination issues in e-government development and implementation across the central government. This was a reoccurring issue in discussions with Finnish e-government officials and experts.

4. Inputs. The Finland study is primarily qualitative in nature, presenting a combination of observations and judgement gleaned from interviews, survey responses, reports and official documents. The study has four major inputs:

   - **Background research, Finnish policy documents**: The study brings together a wide range of government documents across sectors and competencies which may lead to further insights into how various planning processes are co-ordinated within Finland (i.e. how do strategic documents on information management and e-government interact?). It also draws on academic research and journal articles on public management reform, e-government and the information society in Finland. This broad approach is based on the notion that e-government cannot be addressed in isolation of other issues.

   - Information exchanged with OECD teams conducting reviews of regulatory reform and public budgeting in Finland: by sharing information with PGTD colleagues, the study is able to both avoid duplicative data gathering and to gain further insights into how regulatory and budgetary systems impact e-government initiatives.

   - A survey of 68 ministries and agencies in the Finnish central government (with a 65% response rate) which focuses on the implementation and impact of e-government to date. The survey is provided in a multiple-choice format to maximise the ease of response. It looks at ministry/agency characteristics and allows them to self-classify the progress of their e-government initiatives according to the scale developed by the Australian Audit agency.
The Secretariat has also conducted a statistical analysis of survey findings. This information, while primarily descriptive, also includes a cross-tabulation of survey results to look for correlations between agency characteristics (i.e. size, existence of an e-government implementation plan, indicated priorities) and the level of progress made in implementing e-government initiatives. One of the primary values of the survey is to allow the OECD to look at how far e-government rhetoric – as indicated in strategic plans and documents – has penetrated into the awareness and actual practice at the agency level.

A series of in-depth interviews with government officials that took place 13-17 May 2002:

Two teams from the OECD (2 staff, a consultant, and one of the peer reviewers -- the Deputy Director General of the Swedish Student Loan Agency) conducted over 20 interviews. Interviews covered all of the ministries, plus a cross-sample of agencies chosen to represent advanced, average and lagging e-government performance. The Finnish employers’ federation was also interviewed for the study. The interviews were based on the survey structure, but also focused on more informal judgements of priorities and challenges that cannot always be captured by a written survey.

5. Independence and neutrality and verification of inputs. Within the framework approved by the Finnish government, the OECD has conducted the study with its own staff and independent consultants with no ties to the Finnish government. The study has been conducted with guidance and financing from the Finnish Ministry of Finance, but the Ministry has only explained the aspects of e-government in Finland that it wants the study to cover. It has neither tried to influence the final conclusions or bias the study regarding its own role in e-government design and implementation in Finland.

6. With the approval of the Finnish government, the OECD will share the draft text of the report with at least two peer reviewers, including one who participated in the in-depth interview process. The first draft of the report will also be shared with the Ministry of Finance and other relevant ministries for review. The final conclusions will be drawn by the Secretariat and reviewed by the E-Government Working Group and then sent for information to the Finnish government. Publication of the report, however, will be the decision of the Finnish Ministry of Finance.

7. Transparency of procedures. The OECD has regularly briefed both the Finnish Ministry of Finance and the OECD E-Government Working Group on the progress and procedures of the Finland study. The written survey was shared with the entire Working Group for comment.

8. Challenges. As the first pilot study on e-government, the Finland project has had the opportunity to set priorities for studying a relatively new and complicated phenomenon. A new methodology, however, also means that there are few baselines (both internal and external) against which to compare the observations made by the project. The report therefore focuses on qualitative analysis and, where possible, cross tabulation of survey results which permit comparisons while controlling for a variable such as agency size or whether or not an agency has a strategic plan. While recognising the inherent limits of benchmarking, the project will also continue to look for individual points of comparison and proxy indicators that can assist countries that desire it to compare themselves with their peers.