OECD Public Governance Reviews

The Innovation System of the Public Service of Brazil

AN EXPLORATION OF ITS PAST, PRESENT AND FUTURE JOURNEY

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Foreword

Innovation is, and always has been, a defining part of the public sector. The public sector needs it to fulfil its obligations to government, to citizens and to service users. As the world evolves faster and faster, the operating context and the needs of citizens are also in flux, making innovation ever more relevant and essential.

Until now, the tendency of the public sector has been to rely upon innovation as a by-product of other processes, rather than to focus specifically upon it. This is no longer tenable. The public sector needs innovation to be a deliberate, continual, consistent and reliable resource, rather than an ad hoc, reactive, opportunistic or serendipitous process. Such a shift demands a systemic approach to public sector innovation.

The OECD's Observatory of Public Sector Innovation (OPSI) has collaborated with a number of governmental actors to explore what a systemic approach to innovation might involve for the Public Service of Brazil. While Brazil has a long history of public sector innovation, there is a clear need for greater innovation to address areas such as rising inequality, combatting corruption, fiscal constraints and enhancing trust in government.

The Government and the Public Service of Brazil have undertaken a range of initiatives to support, encourage or facilitate public sector innovation. These include innovation awards, networks, events, labs, training, leadership development, new legislation and the increased use of new methods and approaches. However, much of this innovation activity is driven by specific contextual factors rather than an underlying systemic approach that factors in collective needs and goals. Innovation is too often reactive rather than deliberate.

This report provides a framework for a systemic approach to public sector innovation, by:

- examining the historical innovation journey of the Public Service of Brazil
- investigating the lived experience of innovation
- identifying what a systemic approach would involve and how existing activity compares
- exploring how the existing system dynamics may play out in different scenarios
- discussing key areas of opportunity for developing a more systemic approach.

Given that the innovation system will continually evolve as Brazil evolves, the report does not provide a set of recommendations, but instead outlines some key issues to help navigate the ongoing journey, no matter where it leads.

This report was conducted in parallel with, and complements, the companion report *Innovation skills and leadership in Brazil's public sector*. Together these works will help Brazil develop a stronger, more deliberate approach to leadership and innovation.

Acknowledgements

This study was prepared by the Observatory of Public Sector Innovation (OPSI) in the Public Sector Reform Division of the Public Governance Directorate of the OECD, under the leadership of Marcos Bonturi. OPSI collects and analyses examples and shared experiences of public sector innovation to provide practical advice to countries on how to strengthen their ability to use innovation to achieve the common good.

Alex Roberts, Innovation Specialist, developed the report under the co-ordination of Marco Daglio, Acting Head of Division. The study involved contributions from Jamie Berryhill, Kévin Kok Heang, Kevin Richman, Piret Tõnurist, Daniel Tostado and Supriya Trivedi. Daniel Acquah, Evidence Informed Policy Making, Reform of the Public Sector, Daniel Gerson and Cristina Mendes, Public Employment and Management, Budgeting and Public Expenditure Division, also contributed to the study. Alessandra Fontana provided additional support with background research. Special thanks go to Liv Gaunt for editorial assistance.

National peers, Victoria Carlan, then Lead for Impact Measurement, Impact and Innovation Unit, Privy Council Office, from Canada, and Pierre Schoonraad, Centre for Public Service Innovation, from South Africa, provided important insights that helped to shape the study and identify the most promising areas of intervention.

The study was informed by the inputs, reflections and contributions of numerous Brazilian stakeholders, obtained through interviews, discussions, workshops and correspondence.

This study was only possible because of the commitment and support of the Ministry of Economy (Ministério da Economia), the National School of Public Administration (Escola Nacional de Administração Pública, ENAP), the Federal Court of Accounts (Tribunal de Contas da União, TCU) and the Federal Justice Council. Special thanks go to Guilherme Alberto Almeida de Almeida (Director of Innovation and Public Management at the National School of Public Administration) and Joelson Vellozo Junior (Director of User Experience at the National Secretary of Digital Government) for their time, insights and explanations of all things Brazil. Additional thanks go to Luanna Sant Anna-Roncaratti (General Co-ordinator of User Experience at the National Secretary of Digital Government) and Manuel Ruas Pereira Coelho Bonduki (Innovation Project Manager at GNova) for their assistance with the project.

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Executive Summary

Governments must innovate if they are to be effective. In a world of change, a government that stands still will soon be overtaken by events and shifting citizen expectations. This is as true for the Government of Brazil as it is for the government of any other country.

This report outlines the need for Brazil to take a systemic approach to public sector innovation, and what such an approach might involve. A range of priorities exist where innovation is, or will be, needed if the country's aspirations are to be achieved.

Yet this truth is easier recognised than realised. There is no set prescription for innovation, let alone for building an innovation system within government to ensure a reliable, consistent, and deliberate approach. Nor is there an optimum level or amount of innovation that must occur. The requirement for innovation is an inherently dynamic and political question, as the desire and appetite for new approaches will continue to change depending on a country's context, needs and ambitions. Any approach to develop an effective public sector innovation system must therefore be built on an appreciation of the country context. It must help to navigate rather than set out precise directions, on the understanding that the desired destination will continually shift over time.

Brazil has made increasing efforts to promote public sector innovation in recent years. It was one of the first countries to establish a national public sector innovation award, and has numerous innovative projects and initiatives that can be learnt from. The country has had a long preoccupation with 'debureaucratisation' and reform efforts, and has experimented with new forms of citizen engagement and societal oversight of government activity. It has developed innovation labs and trained public servants in new methods. It is also pursuing a digital transformation agenda that could help unlock considerable innovation. Despite all of these commendable efforts, however, this report finds that progress to date has not been sufficient.

The gap between the current state of innovation in the public sector and what is needed can be traced to the institutional defaults of the public sector and the characteristics of the Brazilian system, notably a risk environment that proves challenging for innovators. In order to mitigate existing biases against innovation, there is a need for a systemic approach for innovation. Such a systemic approach should include a focus on:

- Clarity – ensuring there is a clear signal for public servants and stakeholders about innovation, what it is, why it matters and how it fits with other priorities.
- Parity – giving innovation equal weight in decision making to counter the bias towards established courses of action.
- Suitability – ensuring that investment and support do not flow only to established practices, and that new options are cultivated before old ones cease to be suitable.
- Normality – aiming to make innovation part of day-to-day practice, rather than being seen as a side-project, unrelated to core business.
- A mixed portfolio – ensuring a mix of innovation-based activities to cater for a range of possible needs and circumstances.

- Stewardship – taking a whole-of-system view to ensure diverse innovation activity supports a coherent public sector rather than its fragmenting.

The Brazilian public service is already implementing a considerable range of activities to support innovation. This report uses three different scenarios to illustrate the different ways in which the system might develop further, and to explore what additional action, if any, might be needed. The scenarios highlight that there is not a perfect set of answers. Instead, regardless of the path chosen, there will be trade-offs among different considerations as the system evolves over time.

Finally, the report identifies a range of options for the development of a consistent, deliberate and reliable approach to public sector innovation in the Public Service of Brazil. These include the following priority action areas:

- Establish an explicit agenda for public sector innovation. Without a vision of what is needed and why, it will be hard to overcome or change the status quo.
- Identify and strengthen structural drivers for innovation. Without structural measures to balance or counter the inertia within the public sector, attempts to try new things will rely heavily on exceptional individuals, crises or political priorities rather than business as usual.
- Establish explicit responsibility for the stewardship of public sector innovation. Without such systemic visibility, interventions will be steered by individual or siloed perspectives that may conflict with collective needs and ambitions.
- Identify and articulate the roles of each of the major players. Without an explicit sense of the roles that exist, it is not possible to identify whether there is agreement about the roles that should be played or whether there are any gaps.
- Articulate the links, overlaps and distinctions between digital transformation and public sector innovation. Without a sense of how agendas overlap, support each other or conflict, the digital transformation agenda will always win out as it is more immediate, tangible and resourced.
- Explicitly identify how control processes such as audit and risk management can support a focus on innovation. Without such guidance and a demonstration of the complementarity of agendas, many public servants are likely to continue to view innovation as an unacceptable or unnecessary risk, regardless of need.
- Provide an annual high-level commentary on the performance of the public sector innovation system at Innovation Week, on behalf of InovaGov, in partnership with other relevant ecosystem actors, such as universities and public think tanks. Without such visible reporting and reminders, it will be easy to lose sight of what has been achieved and what remains to be done.
- Publicise innovation priorities. Without a clear sense of why and how innovation is needed, agencies and their partners, stakeholders and staff will find it difficult to identify shared opportunities and establish where innovative effort should be best directed.

1 Introduction

The OECD has collaborated with the Government of Brazil on a study of the innovation system of the Public Service of Brazil. This chapter explains why a focus on public sector innovation is warranted in general terms, as well as in regard to the specific context of Brazil. It also presents an outline of the methodological steps and structure of the report.

The Federative Republic of Brazil is a large and heterogeneous country. As its name suggests, it is a federal system, with 26 states and a Federal District, and over 5 000 different municipalities. It is one of the world's most populous countries with over 200 million inhabitants, as well as one of the largest global economies. The Government of Brazil must cope with a diverse range of issues and needs, and respond with new and effective solutions. This report examines the public sector innovation system of the Federal Public Service of Brazil, and assesses its ability to help the public sector anticipate and respond to the existing, evolving and emerging needs of citizens.

Why is a focus on innovation necessary?

Governments serve many purposes including economic development, ensuring the health and welfare of their citizens, and supporting and stewarding the cultural, environmental and social systems that underpin a functioning society. For each of these responsibilities, it is crucial that governments deliver the best results they can. In turn, being able to deliver the best outcomes often depends upon the ability to conceive, develop, test, deliver, evaluate and embed new approaches, approaches that go further than those tried before. Innovation, defined as "implementing something novel to context in order to achieve impact" (OECD, 2017a), therefore needs to be a part of the repertoire of an effective government.

Governments now operate in a rapidly changing world where new possibilities emerge and older ones fade at an increasing rate. In this context, innovation is becoming increasingly pertinent. As the rate of change accelerates or shifts in direction or magnitude, existing defaults – whether interventions, practices, processes or preferences – must be reviewed to ensure they remain relevant or appropriate and constitute the best available options.

For instance, the emergence of new possibilities can reveal deficiencies in existing measures, gaps that may previously have been unnoticed because there were no better alternatives at the time. As an example, the introduction of email uncovered the weaknesses of faxes as a communication tool, online dynamic tax returns revealed the limitations of static paper-based forms, and real-time updates exposed the shortfalls of unchanging public transport timetables. While each option sufficed in its time, new advances led to the realisation that better alternatives were within reach. These alternatives must then be explored and engaged with, and their interplay with society and citizen expectations appreciated:

> *The speed and uncertainty of technological change challenge policymakers to exert sufficient oversight of emerging technologies. Governments therefore need to become more agile, more responsive, more open to stakeholder participation and better informed. (OECD, 2018d: 21)*

In an environment of adjustment or disruption, adhering to older solutions will likely result in disappointment as previously reliable strategies cease to work, have a reduced impact or suffer in comparison to newer possibilities. In such circumstances, innovation is often (although not always) needed to respond and to prepare for what might come next.

Of course, innovation is not new to governments. Public sector innovation has occurred, to some extent, ever since public sector organisations have existed. Therefore, it can be said that there has always been a public sector innovation system – the actors, assets, relationships and flows of information, technology and resources that influence or determine whether and to what extent innovation occurs within the public sector. However, innovation has tended to occur as a sporadic, opportunistic and reactive activity in response to particular crises or priorities, or something driven by the passions and whims of individuals willing to go 'above and beyond' (OECD, 2018a). Public sector innovation – innovation that relates to the development and delivery of public policies, processes, services and engagement – has generally been a fortunate by-product of other, specific processes or has required exceptional effort, by individuals and organisations. The public sector innovation systems that have existed, therefore, have tended to be neither sophisticated nor consistent. These systems have not been explicit or deliberate, but rather a side-effect of other systems, structures and strategies and/or reliant upon exceptional circumstances.

In the current context of volatility, uncertainty, complexity and ambiguity (VUCA), increasing technological change, and significant social, demographic, economic and environmental transformation, it is no longer viable to treat innovation as a side effort, a lucky accident or an eventuality that will somehow occur without deliberate support and investment. A more deliberate approach is required if innovation is to be a resource that can be relied upon to contribute to better outcomes in a fast-changing world.

In order to take such a deliberate approach, it is first necessary to identify and make explicit the public sector innovation system, as it is difficult to improve something that remains ambiguous, undescribed or not apparent. Only once the system and its dynamics are understood and appreciated, will a strategic approach become possible. Until then, innovation will remain governed and shaped by factors unknown, and thus seem random or unmanageable.

A deliberate approach must also be a pervasive and ubiquitous one. Every area of government must be interrogated to ascertain whether they are employing the best available approaches, and to ask if other, more innovative options might not be better. And if the need for innovation may strike anywhere, and if no area is immune from having to ask itself whether new options might be better, then individuals and organisations everywhere must have some capacity and readiness for innovation (OECD, 2018a). A deliberate approach should also consider the ecosystem in which innovation takes place, in particular the actors and organisations within or connected to the public sector innovation system, and the ways in which they contribute to generating and implementing innovative outcomes.

In short, there is a need for explicit attention to national public sector innovation systems and their functioning – in other words, the ability of a country to consistently and reliably develop and deliver innovative solutions that contribute to achieving the goals and priorities of the government and its citizens.

Box 1.1. The need for a systems perspective for public sector innovation

Key drivers for why public sector innovation needs to move from a sporadic activity to a systemic resource:

- Changing functions: In an environment of change, governments must also change how they operate.
- Running to stay in place: In an evolving economy, governments have to change policy setting just in order to maintain the same outcomes.
- No room for spectators: In order to remain effective decision-makers, governments have to have experiential knowledge of innovation; they cannot wait for the answers to be given to them.
- We want more: Many politicians, citizens and public servants want and expect things to change.
- Risk of a mismatch: A government that does not innovate is one that is at risk of always being behind, always reacting yet forever disappointing.
- Innovation as a core competency: The need for innovation can strike anywhere, therefore everyone must be ready to play a part.

Source: OECD, 2018a

Embedding innovation as a core capability is thus one of the fundamental challenges facing governments today. New and better ways of doing things are emerging or becoming possible, and citizens have a right to expect that governments will continually search for new and, hopefully, better solutions. Innovation must move from the edge of government, from being seen or treated as an often-serendipitous side-activity, towards the very core of operations where it must become strategic and deliberate.

Why is a focus on innovation needed within the Public Service of Brazil?

> *Brazil has pioneered a variety of public service innovations, in 1936 authoring civil service examinations and becoming one of the first countries in Latin America to establish a merit-based career civil service with tenure and retirement rights. (Majeed, 2010: 2)*

Evidence of innovation within the Brazilian public sector is well-documented. The Federal Management Innovation Award, established in 1996, has catalogued hundreds of cases of innovation (ENAP, 2019). As with most governments, it is possible to point to many innovative projects and highlight significant progress, whether it relates to administrative reforms or progress in digital transformation (OECD, 2018b).

Nonetheless, it cannot be assumed that past successes and existing activity will be sufficient to meet current and future needs. Past performance is no guarantee of future success. A changing environment for the public sector suggests that change within the public sector will also be required to adjust and respond in turn.

In addition, a number of specific challenges suggest that further innovation, and support for greater innovation, is warranted within the federal public sector of Brazil. For instance, a recent OECD *Economic Survey* (2018c: 10-11) noted that Brazil has made considerable progress on a range of policy agendas in recent years, but highlighted a number of areas in need of improvement or enhanced attention:

- Inequality remains high and fiscal accounts have deteriorated substantially.
- Efforts to fight corruption will require continuing reforms to improve accountability.
- Growth, which was supported by a rising labour force over many years, will slow due to rapid population aging.
- Political consensus building has required costly and inefficient expenditures without systematic audits and reduced the effectiveness of the public sector. The need for consensus building has been a key obstacle to passing reforms.

The World Bank (2017: 9) was more succinct in its assessment: “Brazil spends a lot more than the country can afford and on top of this spends poorly.” Additionally, Brazil has had high tax revenues and spending but has failed to convert this into strong levels of trust or citizen satisfaction with government (OECD, 2017b: 18). The Government of Brazil also rates poorly in terms of corruption, ranking 105th on the Corruption Perceptions Index (Transparency International, 2019).

In 2016, the government adopted a constitutional expenditure limit (*teto dos gastos)*, which further complicated the public sector operating environment:

> *Its implementation requires a reduction in spending of around 0.6 percent of GDP every year relative to the current trend for the next decade. This corresponds to a nearly 25 percent cumulative reduction in federal primary expenditure (as a share of GDP), which would reduce the size [of the] federal budget (as a share of GDP) to the levels of the early 2000s. Finding these savings will be challenging as budgetary rigidities, ample spending mandates and budget cuts in the past few years have already greatly reduced discretionary spending. (World Bank, 2017: 9-10)*

This spending cap will likely be difficult to meet, as nearly 90% of expenditure is fixed or tied to inflation or the minimum wage (Bertelsmann Stiftung, 2018: 29). Innovative approaches will thus be needed to address this situation.

While innovation is not a magic cure for all ailments, and cannot (and should not) be the answer to every problem, it is likely that innovative approaches can assist greatly in responding effectively to many of these demands.

An in-depth exploration of public sector innovation is thus warranted to assist the Public Service of Brazil with general demands for effectiveness in a changing world, and preparation for meeting the specific needs of the national context, both known and as yet unidentified. Whether such innovation will be sufficient, and

whether the innovative initiatives that emerge and are adopted will satisfy the context, will depend upon the functioning of the innovation system.

Purpose and methodology of the study

This is the second in-depth investigation of a national government's public sector innovation system by the OECD's Observatory of Public Sector of Innovation (OPSI), following the inaugural study with the Public Service of Canada (OECD, 2018a). The study seeks to:

- Reconstitute the history of the public sector innovation system by determining which events and developments shaped the system, what has been done or tried before, and which factors have shaped current possibilities. Understanding the historical innovation journey (where the system has come from) is essential to establishing what is feasible (where the system can go next and how things are likely to play out). Making this history explicit is essential to recognising and reconciling its influence on the current state and future options of innovation in the public sector.
- Introduce the OECD public sector innovation determinants model and the public sector innovation facets model, in order to support reflection on how and why public sector innovation occurs at a systemic level, and how a systemic approach can be steered within the public sector.
- Reflect the lived experience of innovation and assess whether and to what extent the determinants model is applicable to the context of the Federal Public Service of Brazil. Insight into this lived experience is crucial to establishing the factors currently influencing innovation. In order to understand the factors affecting whether and to what extent innovation occurs, it is necessary to identify the factors affecting whether and to what extent people, organisations and the wider systems are able to innovate.
- Appraise the progress made to date. What are the outcomes of existing activities, interventions, policies and laws? How are they shaping the public sector innovation system (even if they do not directly relate to the system)?
- Highlight and explore the dynamic nature of the system. How might current interventions and new efforts play out in the system over time? Three scenarios (continuing as is, dedicating new effort, and putting innovation at the centre) enable the investigation of different system dynamics and the examination of trade-offs and tensions within the system, and help understand the potential implications of different courses of action going forward.
- Identify potential areas for intervention. A public sector innovation system is dynamic. How it functions is therefore dependent on the interplay of many different factors. Furthermore, the demand for innovation, and thus what is expected and/or needed from the system, will continually shift in response to political requirements and preferences. A public sector innovation system can be understood as the ability of a country to consistently and reliably develop and deliver innovative solutions that contribute to the achievement of the goals and priorities of the government and citizens. As these goals and priorities will continually shift, so too will the elements of the system that support them. Suggestions can be provided to improve the functioning of the system and identify areas where there might be potential value in intervening, but no set prescription can deliver contextually appropriate results.

Box 1.2. Key steps in the study

The study consisted of the following steps:

1. Agreement on the scope of the study (April 2018). The Observatory of Public Sector Innovation (OPSI) reached an agreement with the then Ministry of Planning, Development and Management (Ministério do Planejamento, Desenvolvimento e Gestão) and the National School of Public Administration (Escola Nacional de Administração Pública, ENAP), with the support of the Federal Court of Accounts (Tribunal de Contas da União, TCU) and the Federal Justice Court, to undertake a study of the innovation system of the Public Service of Brazil. The terms of reference for the study are provided in Annex A.
2. Desktop research (April 2018 to March 2019). The second phase consisted of ongoing investigation and analysis of relevant formal literature and documentation relating to the public sector innovation system.
3. First exploratory mission to Brazil (May 2018). This mission involved three teams conducting over 50 semi-structured interviews with public servants and relevant stakeholders (the interviewees are listed in Annex B). The interviews aimed to capture the "lived experience" of innovation in the Federal Public Service of Brazil, including how innovation is understood, efforts to try to introduce new approaches in the public sector and the nature of the system itself. The interviews helped test the OECD's public sector innovation determinants model and its applicability to the Brazilian context. Discussions also took place on mapping the ecosystem and the historical innovation journey of the public service. This mission was undertaken in conjunction with an OECD companion review of innovation skills and leadership in Brazil's senior civil service (OECD, 2019).
4. Analysis of data collected (June to August 2018). The interviews provided a rich source of data for the development of an initial set of observations about the innovation system. These observations were provided to the Brazilian sponsors for comments and feedback in order to elicit further information about the system.
5. Second mission to Brazil (September 2018). The second mission involved further interviews (with over 35 people) and further investigation into issues and facts uncovered in the first mission. A number of cases were explored to help better understand and illustrate the functioning and features of the public sector innovation system. Two workshops with public servants and stakeholders helped to validate the initial findings and further test whether the OECD's framework was suitable and appropriate to the Brazilian context. The mission ended with a tentative exploration of different scenarios, including how the functioning of the system might play out under different settings.

   Peers from Canada and South Africa (selected together with the Brazilian Government) participated in this mission. The role of the peers was to reflect on and help articulate an understanding of the innovation system of Brazil, drawing on experience with their respective public sector innovation systems. This helped to identify particularities of the Brazilian context and to determine which interventions from other contexts might be of relevance.
6. Third mission to Brazil (November 2018). The third mission involved participation in the 2018 Innovation Week, the launch of "Preliminary findings on the innovation system of the Public Service of Brazil" (OECD, 2018e) and a workshop with system participants to explore further how the system might evolve under three different scenarios (continue as is, increased effort and radical emphasis on innovation).
7. Survey of public servants (November to January 2018). The partner review on senior civil service skills and leadership in Brazil undertook a survey of public servants and interested stakeholders (with over 2 500 respondents). The survey included questions on the public sector

innovation system, providing further evidence to support the development of the final report. The questions were:

- What was the most significant innovation in your organization in the last year?
- What are the most interesting things that your organisation is currently working on in the field of innovation?
- How is your organisation exploring emerging needs and new technologies?
- What needs to be changed to make innovation more prevalent in the Brazilian public service?

8. Drafting and validation (December 2018 to June 2019). This final phase covered drafting of the report and liaison with Brazilian sponsors to ensure that the report accurately reflected, summarised and articulated the key issues.

A system is made up of details, but details can distract from seeing the system

Public sector innovation is influenced by any number of policies, procedures, laws, regulations, budgets, human resources, risk management, structures and data, information and knowledge management (OECD, 2017c). Each of these elements interacts to create the public sector innovation system, and is deserving of individual attention, but none of them alone can explain or determine the overall functioning of the system. The whole is greater than its constituent parts.

For instance, the OECD (2019) companion review of innovation skills and leadership in Brazil's senior civil service, which explores the human resources side of public sector innovation, highlights the ways that the Public Service of Brazil can strengthen its leadership capacity and ensure public servants are better equipped to engage with innovation and undertake innovative activity. However, this perspective is limited, both intentionally and necessarily, to one specific part of the system.

The intent of this study, therefore, is to illustrate the underlying dynamics and determinants of the system (i.e. what factors shape whether and to what extent innovation occurs and how it manifests within the context of the Public Service of Brazil). It does not seek to explore or explain all of the specifics that influence the system, but rather attempts to provide a framework for understanding the nature of the system. The aim is to provide those who have an interest in or responsibility for specific issues (e.g. budgeting policies, risk management or knowledge management) with a better understanding of how they can contribute to and shape the broader system, and empower them to reflect on how they enable and constrain innovative practice.

An ongoing journey

Innovation is inherently contextual and relates to what has already occurred in a specific context. What is innovative in one policy domain (e.g. establishing randomised controlled trials within a social welfare context) may not be in another (e.g. such trials have been used for some time in the health sector). Innovation is thus a continually evolving practice. Innovating in 2000, let alone 1900, involved different things to innovating in 2019.

While much of the content of this study describes the past or relates to a specific snapshot in time (primarily the year 2018), it is also intended to be of use for navigating the ongoing innovation journey. Through the use of OECD public sector innovation models and insights from the lived experience of innovation in Brazil, the report aims to provide a means for the different players within the public sector innovation system to adjust and respond to changing circumstances and contexts. Only by seeing the system can actors appreciate, or even recognise, their contribution to the system.

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2 Brazil's historical innovation journey

In order to understand what might be needed now and into the future, it is important to understand how previous developments led to the current context. This chapter explores the historical innovation journey of the Public Service of Brazil, identifying relevant developments and milestones, and looking at themes and common threads that can be gleaned from that history.

This chapter aims to piece together relevant milestones and developments in the historical innovation journey of the Public Service of Brazil.

In order to understand the innovation system of the Public Service of Brazil, it is first necessary to uncover how prior developments and choices shaped the current context. Past experience influences present and future choices, largely because previous decisions, commitments and investments determine what may be considered suitable or feasible. The way forward must therefore build on the historical innovation journey.

The history presented here should not be seen as either definitive or official. The analysis synthesises information from research as well as interviews and workshops, but may contain omissions or misinterpretations. Codifying the history relevant to the public sector innovation system is a fraught exercise. In the absence of an objective measure, it is difficult to state with any certainty which events relate to innovation and which do not.

The greater the capacity to describe and articulate the existing public sector innovation system – including its history – the greater the ability to understand which factors shape the system and how it can be steered. A thorough understanding of the past also provides lessons that can inform future steps.

Without a reckoning of the past, the future risks being guided by things unsaid or unnoticed, rather than by deliberate choices.

Stitching together a fragmented history

Traditionally, public sector innovation has not been the primary concern of governments. While sometimes a common occurrence within the public sector and on occasion deliberately sought, explicit agendas to ensure that innovation happens within the civil service are a relatively recent development. The innovation that has occurred has generally been incidental or a by-product (or in spite) of other processes and agendas. As such, it can be hard to point out specific milestones that are specific to the innovation journey. It is therefore necessary to examine the forces and events that have shaped innovation, and explore when and how it occurs from a variety of perspectives.

In short, the history of public sector innovation needs to be gleaned from other histories. The narrative process of piecing together the major developments and factors that shaped the public sector innovation system is, to some extent, subjective. Innovation involves ambiguity and uncertainty, and describing the journey of innovation involves some arbitration and curation, rather than being able to rely upon objective milestones and markers. This journey can be described in terms of a rough path, rather than a precise road.

In analysing a public sector innovation system, it can be tempting to focus attention on the results of innovation awards – for instance Brazil's longstanding Federal Management Innovation Award (see Box 2.1). While such an approach is both important and valuable, understanding the innovation system requires a broader perspective. Although it is useful to understand the characteristics and determinants of innovation projects, it is perhaps more important to understand the factors shaping the environment in which those innovations arose. The value of understanding these factors is illustrated by the finding that Award winners generally reflect the dominant reform paradigm of the time (Ferrarezi and Amorim, 2007). Specific innovations thus are a product not only of their specific context but also of larger forces.

Box 2.1. Innovation in Federal Public Management Award (CIGPF)

In 1996, ENAP partnered with the Ministry of Federal Administration and State Reform (MARE) to establish the Award of Innovative Experiences in Management of Federal Public Administration (CEIGAPF), now one of the longest running national public sector innovation award schemes in the world. In 2003, the award was rebranded as the Innovation in Federal Public Management Award (CIGPF); and in 2016, the award was widened to accept submissions from state public sector organisations.

The award honours public servants who are committed to achieving better results, who dedicate themselves to rethinking daily activities through small or large innovations that generate improvements in public sector management and policies, and whose work contributes to increasing the quality of public services and ensuring the efficient use of public resources.

The award covers:

- innovation in organisational processes in the Federal Executive Branch
- innovation in services and public policies in the Federal Executive Branch
- innovation in organisational processes, services or public policies in the State/District Executive Branch.

The award process assesses innovation projects on a number of criteria, including results/impact, efficient use of resources, collaboration and the involvement of users, and the degree to which the initiative is sustainable and replicable.

Five winners are recognised under each category at a prize-giving ceremony (e.g. at Public Sector Innovation Week, see Box 5.16). Winners are encouraged by ENAP to explore how the initiatives can be improved and disseminated across the public sector.

The winning initiatives are made available through a database on the ENAP website.

Source: Interviews, https://inovacao.enap.gov.br.

A number of previous studies about innovation in Brazil's public sector (e.g. Cavalcante and Camões, 2017; Sousa et al., 2015; Ferrarezi and Amorim, 2007) have helped to illustrate these larger forces, in addition to providing analyses of award winners. However, in order to fully appreciate the Brazilian context, it is also necessary to understand the broader reform movement, and its ongoing and recurring concentration on "debureaucratisation" – an umbrella term that captures reform efforts aimed at simplification and streamlining of government operations, sometimes incorporating decentralisation, with the implication of improvement.

The extent to which public sector reform and innovation naturally align is debatable. Reform is often directed towards achieving greater efficiencies and ensuring effectiveness, whereas innovation, at least initially, will be in tension with these qualities. Reform may address known problems, whereas innovation will sometimes involve reframing and understanding new problems. Reform may not always involve innovation, as it may focus on existing and understood concepts and practices, though a degree of innovation is likely due to the change in contexts. It is also likely that innovation will prompt or necessitate some degree of reform, as changed processes, services or outcomes will require the adjustment of existing practices.

For the purposes of the report, it is sufficient to acknowledge that, as concepts, reform and innovation have differences, but are indeed related (e.g. see Matei & Bujac, 2015). While this overlap is not perfect, with

reform often involving significant repetition, reform agendas can help understand the story of change, and innovation more broadly within the public sector.

Tracing the innovation journey

Any number of factors can shape and contribute to the innovation journey. Investments and decisions in research, science, education and training are all influential. Circumstances and trends in the private and not-for-profit sectors also play a role, and individual and organisational cases or incidents will have relevance. However, a whole-of-system view of the journey necessarily focuses on certain core issues.

The most relevant parts of the innovation journey are those that have occurred within the living memory of the system (e.g. the last 30 years or so), as current civil servants will either have direct experience of or at least some degree of familiarity with these aspects. A number of relevant agendas have arisen during this time with an increase in the number of initiatives related specifically to encouraging, enabling and undertaking public sector innovation.

The following account of the historical innovation journey takes a chronological view in an attempt to gradually build a sense of the "rhythm" of the system and to illustrate how it has evolved over time. Once the specific details and milestones of the journey are established, it becomes possible to uncover trends and patterns.

The 1930s to the 1980s: An ongoing emphasis on debureaucratisation

In the context of Brazil, it is worth noting two longstanding trends:

- the extent to which concern with excessive bureaucracy has persisted throughout Brazil's history
- the emergence of engagement and innovation in participatory mechanisms.

An early example of the second trend is the first national public policy conference (*conferência nacional de política pública*) on health, held in 1941 (Pogrebinschi, 2012a). National conferences were created in the fields of education and health by Law 378 (Planalto, 1937) to assist with the objective of facilitating knowledge acquisition by the Federal Government regarding activities relevant to public health, and to direct the execution of local health services (Petinelli, Lins and Faria, 2011). However, the only conferences held in the following decades concerned health (Secretaria de Governo, 2018).

The tendency towards excessive bureaucracy is a much stronger trend. Seen over the decades, it helps to illustrate some of the fundamental characteristics and focal points of the public sector innovation system.

For instance, decades of debates, attempts, changes, efforts, advances and setbacks have transpired in relation to the debureaucratisation (simplification/streamlining/improvement) of the Brazilian state (Martins, 2018). Actions that corroborate this view can be seen as early as 1956, with the establishment of the Bureaucratic Simplification Committee, itself a successor to similar previous initiatives:

> *… as in the past, the only products of such endeavors were the reshuffling of boxes on organization tables and the development of new regulations concerning organization structure, again more a matter of controls than reforms. (Siegel, 1966: 51)*

This reform, and others surrounding it during this period, often tended to emphasise central controls (Siegel, 1966: 53).

Then, in 1964, the military seized power and established a dictatorship, a form of government that has a complicated relationship with public sector innovation, decentralisation and public sector controls. However, even under the dictatorship attention was paid to reform initiatives. In 1967, Decree-Law 200 established guidelines for administrative reform (Planalto, 1967), with the purpose of reorganizing the Federal Administration and promoting de-bureaucratisation (Cardim, 2017), as well as decentralising

services (Majeed, 2010: 2). The 1960s also saw efforts towards "informatisation" of the public administration (Filgueiras, Fernandes and Palotti 2019: 6), a trend that helps explain the later extent of the digital achievements of the Federal Public Service.

In 1979, towards the end of the military dictatorship, these efforts were followed by the establishment of an Extraordinary Ministry of Debureaucratisation (*Ministério Extraordinário para a Desburocratização*) and the passing of Decree 83.740, which mandated the creation of a National Program of Debureaucratisation (*Programa Nacional de Desburocratização*). This programme was intended to streamline and simplify the operation of the Federal Public Administration (Planalto, 1979). This development can be seen as the start of a focus on improving the public sector that has been embedded in reform movements in Brazil ever since (Cavalcante and Camões, 2017: 7).

The National Program of Debureaucratisation was intended to reduce interference in the activity of citizens and entrepreneurs, through decentralisation of decisions, simplification of procedures and the elimination of formalities where the cost is greater than the risk. This national initiative involved the abolition of hundreds of formerly necessary documents, significant streamlining processes for citizens and businesses, and was accompanied by a decree that "Until proved to the contrary, people are telling the truth" (Brooke, 1981). This milestone is an early example of a focus on being "citizen-facing", even in the context of a military dictatorship where citizen rights may not have been a paramount concern.

Such efforts initially affected the work of *despachantes*, or professional intermediaries or expediters who (for a fee) help to navigate bureaucratic hurdles. *Despachantes* are a longstanding feature of Brazil's society and economy (Brooke, 1981), and are still a common feature today, assisting people in overcoming local, state and federal red tape and bureaucratic procedures (e.g. see Campbell, 2016). Their existence highlights just how entrenched excessive bureaucratic elements are within the Brazilian public sector.

Initially very popular, the Ministry of Debureaucratisation later fell into disfavour as it was gradually perceived as adding another layer of bureaucracy, and was subsumed within another Ministry in 1986 and subsequently remembered in broader society with some ridicule (e.g. see Pearson, 2013; Ellsworth, 2011; Rohter, 2010).

In 1985, a new government created the Secretariat of Federal Administration "to administer human resources policy and improve bureaucratic efficiency." (Majeed, 2010: 3). Efforts to improve efficiency and reduce bureaucracy thus appear to be a regular and engrained feature of the system.

In 1988, another key milestone occurred with the development of a post-dictatorship constitution. The 1988 Constitution has a very strong focus on articulating and codifying rights (unsurprising in the shadow of the military dictatorship) and spelling out the state's involvement in the economy.

> *The other important issue was the fact that after the 1964-1984 military dictatorship, Brazilians may have become afraid of not only having their rights disrespected, but also of having them suddenly changed. Consequently, the general social thought was that if rights were thoroughly present in the Constitution, that fear could be minimized. This perspective is clear in the Constitution of 1988, which was the first one since Brazil started developing a democratic regime. The members of the 1988 National Constituent Assembly, reflecting the same social fear, decided to bring many issues to the shelter of the Constitution. Due to social demands, they wrote the longest constitution ever and probably the longest among contemporary constitutions all over the world. (de Almeida, 2000: 16)*

In the effort to protect the rights of the country's citizens, the Constitution was very detailed. A consequence of this approach, however, was a public administration that was "rigid and inflexible" (Majeed, 2010: 1-2).

Even with its attention to detail, the Constitutional process received some criticism in regard to its extensive development, "with an infinite number of articles that somehow left some loopholes" (Menezes, 2015: 173). The detailed nature of the Constitution also contributed to a continual process of constitutional amendment (de Almeida, 2000).

Nonetheless, the ideas of decentralisation and debureaucratisation which underpinned the reform agenda of the 1988 Constitution, coupled with greater efforts at government transparency, were expected to expand "social control" over public management (Ferrarezi and Amorim, 2007). The concern with social control reflects an undercurrent of concern about the overly bureaucratic and unresponsive nature of the public sector, as well as a strong desire to avoid repeating the experiences of the military dictatorship.

Box 2.2. Key players within the system

Major institutional actors in the historical public sector innovation journey of the Federal Public Service of Brazil (and their key associated responsibilities)

- Casa Civil/Civil House of the President of the Republic of Brazil (co-ordinates whole-of-government/cross-government priorities and policies)
- Comptroller General of Brazil (CGU) (responsible for internal audit, lead agency for fighting corruption, open data/open government policies and enforcing the Freedom of Information Act, and performs the role of Ombudsman (ouvidoria) for the Brazilian government)
- Council of Federal Justice (CJF) (responsible for budgetary and administrative supervision of the Federal Courts, including promoting strategic alignment and measuring outcomes for all federal courts)
- Brazilian Federal Court of Accounts (TCU) (responsible for external audit of the executive branch of the Brazilian Government)
- National School of Public Administration (ENAP) (the central school of government for the Federal Brazilian Government, responsible for promoting, developing and delivering human resources training programmes for the federal public administration)
- Secretariat of Information and Communication Technologies/Secretariat of Information and Communication Technologies (responsible for the digital transformation agenda)
- InovaGov (branding for a co-operative agreement executed by and between the then Ministry of Planning, TCU and CJF to establish a network of public sector innovation. Nearly 100 government, academic, third-sector and business organisations have since joined the initiative)
- Inova/Department of Modernisation of Public Services and Innovation of the Secretariat of Management (with responsibility for the improvement and innovation of the management of federal public administration organs and entities) (Former body)
- Ministry of Federal Administration and State Reform (Ministério da Administração Federal e Reforma do Estado, MARE) (a dedicated ministry for the reform of public administration) (Former body)
- Extraordinary Ministry of Debureaucratisation (Ministério Extraordinário para a Desburocratização) responsible for administering the National Program of Debureaucratisation) (Former body)
- Ministry of Planning, Development and Management (Planejamento, Desenvolvimento e Gestão, MPDG) (Former body, now subsumed within the Ministry of Economy, Ministério da Economia).

Sources: http://www.planalto.gov.br/ccivil_03/_ato2019-2022/2019/decreto/D9678.htm, http://www.planalto.gov.br/ccivil_03/_Ato2019-2022/2019/Decreto/D9681htm, http://www.planalto.gov.br/ccivil_03/_Ato2007-2010/2008/Lei/L11798.htm, http://www.planalto.gov.br/ccivil_03/_ato2019-2022/2019/Decreto/D9680.htm, http://www.planalto.gov.br/ccivil_03/_Ato2015-2018/2017/Decreto/D9035.htm, http://www.planalto.gov.br/ccivil_03/_Ato2019-2022/2019/Decreto/D9745.htm#art13.

The 1990s: A period of reform influenced by New Public Management

> *During 90s a comprehensive reform was undertaken in order to transform public sector's responsibilities and means, specially, focused on privatization, downsizing and transfer of social policies to the third sector. (Cavalcante & Camões, 2017: 8)*

In 1990, the government created the Program of Quality and Productivity with a subcommittee for Public Administration (Grin, 2015: 10). The aim was to expand the quality and productivity of public bodies, in order to make them more efficient in terms of resource management and more geared to meeting the demands of society rather than perpetuating bureaucratic processes.

The same year also saw the establishment of the Federal Deregulation Program through Decree 99.179 (Planalto, 1990). This programme, among other things, aimed to reduce state interference, promote greater efficiency, and reduce the costs of services and ensure that they better met the needs of users. This reform also loosened controls, providing more freedom for administrators.

In 1991, the government introduced a national programme of privatisation (*destatization)*. Between 1990 and 2002, 165 enterprises were privatised (Musacchio and Lazzarini 2014: 20).

A law on procurement was established in 1993 (Planalto, 1993) that set out the rules for bids and contracts. This effectively outlined how and to what extent the public sector could work with private sector suppliers, an aspect often critical to innovation projects requiring or involving new technologies.

In 1995, the government established a dedicated ministry to pursue reform, the Ministry of Administration and State Reform (*Ministério da Aministração Federal e Reforma do Estado* or MARE). It also introduced a Master Plan for State Reform (*Plano Diretor da Reforma do Aparelho do Estado*).

This Master Plan was informed by an assessment of the civil service as highly inefficient (Bresser-Pereira, 2003: 90). The plan included a mix of approaches including:

- decentralising social services to the subnational level
- clearly identifying the area of state action/responsibility
- articulating the core responsibilities of politicians and senior officials
- shifting to management by objectives (rather than outputs/procedural steps).

The Master Plan was influenced by the ideas of New Public Management, which "placed a premium on performance, efficiency, outputs, and results" (Majeed, 2010: 5). The Plan linked these reforms with the ability of the state to meet citizens' needs, seeking to "deploy participatory, transparent and results-oriented public administration" (Grin, 2015: 10).

The MARE "introduced regular merit examinations for core civil service positions, rolled out new training programs, computerised payment controls, centralized databases, proposed flexibility in tenure and retirement, cut payrolls strategically, and initiated organizational changes." (Majeed, 2010: 2).

In line with this desire for a more results-oriented approach, the Master Plan introduced a Program of Quality and Participation in Public Administration (PAQP):

> *The seeking for quality come to be a goal and managerial tool to modernize the state apparatus according to national and international parameters of public and private management. (Grin, 2015: 10)*

The year 1995 and its associated reforms also represent the beginning of a collaborative effort to understand and implement digital connectivity (OECD, 2018: 38).

These reforms also played an important role in ensconcing the national school of public administration, ENAP (*Escola Nacional de Administração Pública*) as a key part of the fabric of the public sector innovation system. From 1994 to 1997, as a result of the reforms, the number of public servants trained yearly by ENAP increased from around 2000 to 16 000. In 1996, ENAP created the award for innovation in public

administration, “designed to inspire creative ideas for enhancing service delivery” (Majeed, 2010: 10) (see Box 2.1). The award not only helped to disseminate innovative practices across the public service and promote promising initiatives, it also constituted a source of data on innovation in the public administration of Brazil (Cavalcante and Camões, 2017: 20).

The year 1996 saw the creation of the Congress of Information Technology and Innovation in Public Management (CONIP) Excellence Award, indicative of a more explicit focus on innovation, as opposed to more general reform efforts. It was followed, in 1998, by two relevant constitutional amendments:

- Amendment 19 implemented some of the above public administration reforms and codified efficiency as one of the core principles for public administration (Planalto, 1998a)
- implemented social security reforms and revised limits to public servant benefits (Planalto, 1998b).

This particular reform approach was not sustained, however, and in 1999 MARE was absorbed into the then Ministry of Planning and Budgeting. This reflects an apparent tendency of reform efforts to have a limited lifespan, whether for political or other reasons.

The 2000s: Modernisation and eGovernment

In 2000, a new modernisation agenda was introduced under the Advance Brazil Plan (*Plano Avança Brasil*). This programme covered four areas: debureaucratisation, public service quality, entrepreneurial public management and the valorisation of public servants (Ministry of Planning, Budget and Management, 2001).

The debureaucratisation component was codified in Decree 3.335 (Planalto, 2000a) with the resumption of a National Programme of Debureaucratisation, connected with an Interministerial Committee on Debureaucratisation and the Sectorial Executive Committees on Debureaucratisation. A renewed emphasis was placed on simplification and streamlining, and the review of processes that might impact the quality and responsiveness of public services.

In the same year, Decree 3.507 (Planalto, 2000b) required agencies to establish standards of quality of care and a national system for evaluating the satisfaction of users of public services. The latter mechanism can be a useful source of intelligence for identifying where innovation may be required, though its existence is no guarantee of innovation occurring.

The year 2000 also marked the passing of the Fiscal Responsibility Law (Complementary Law 101), which revised budgetary and expenditure frameworks to implement codes of conduct concerning expenditures for public officials.

Finally, 2000 saw the launch of a strategy for building digital government (Filgueiras, Fernandes and Palotti, 2019: 6), demonstrated in part by the creation of the Executive Committee for Electronic Government, which brought together representatives from several ministries to steer the development and implementation of e-government (OECD, 2018: 48). Electronic procurement was introduced for the first time, including the establishment of “Comprasnet”, a portal enabling electronic reverse auctions.

The year 2002 saw the creation of the e-Gov Award, an additional public sector award of relevance to innovation.

The following year was marked by the launch of the benefits programme “Bolsa Familia”, one of the more well-known cases of public sector innovation from Brazil (see Box 2.3). This case illustrates not only a significant innovation, but also how innovation can be sustained in a specific programme over a considerable period of time.

Box 2.3. Bolsa Familia

An ongoing story of innovation

Bolsa Familia was launched in 2003 as a bundle of conditional cash transfer programmes designed to address issues such as improving food security, reducing the impact of rising prices of gas and providing access to education. The mission of Bolsa Familia was in itself innovative, as conditional cash transfer was a fairly unused and untested concept both in Brazil and elsewhere. Starting with 400 families in 2003, Bolsa Familia's programmes now deliver benefits to 14 million families, representing 22% of the Brazilian population, making it one of the biggest cash transfer programmes in the world.

This success has not come easily. The organisation was given the mandate to assist families in need; however, Brazil lacked certain enabling conditions necessary for Bolsa Familia to succeed unless it took significant action. This need sparked a number of innovations. For instance, Brazil lacked a unified register to help identify those in need of its services. About 60% of Brazilians were not accounted for in any federal electronic records system – the majority of whom constituted the poor population that Bolsa Familia was designed to help. To address this, programme staff rationalised many different federal systems and mapped out areas for manual data collection where their target demographic was most likely to be found. In doing so, Bolsa Familia created the government's first unified registry, which is now used by 27 federal programmes and hundreds of sub-national programmes.

A similar set of circumstances catalysed innovation in Bolsa Familia when the Brazil Extreme Poverty Plan was launched in 2011. This very ambitious plan mandated that no Brazilian should have an income under a certain threshold and gave a four-year deadline for eliminating extreme poverty. The plan also expanded Bolsa Familia's mission and scope. This forced Bolsa Familia to revise its benefits structure to provide non-cash assistance, and to find ways to identify and service specific groups (e.g. smallholding farmers, descendants of slaves and indigenous persons).

Finally, financial tightening in recent years has triggered innovation in Bolsa Familia. In order to continue to achieve their mission, they achieved savings by leveraging data analytics to find efficiencies. These analytics also helped them to attain greater precision in targeting specific groups who need benefits the most.

Bolsa Familia has demonstrated considerable results and impacts over its storied 16 years of existence. It is responsible for eliminating extreme poverty and providing broad access to health and education. It is unlikely that its efforts would have succeeded without the organisation's focus on innovation and its ability to react to external pressures in an agile way. Programme officials also cite the importance of high-level political support, dedicated and passionate civil servants, and the ability to demonstrate tangible results as key factors in its success.

Source: Interviews

The year 2003 also saw the beginning of a consistent uptick in the previously sporadic use of national public policy conferences, covering varied policy domains such as education, culture and rural development (Secretaria de Governo, 2018). The conferences were designed from the ground up to ensure that issues were discussed at local, state and regional levels before reaching the forums, and involved equal participation from government and civil society, leading to guidelines for public policy design (Pogrebrinschi, 2012b).

In 2004, the Comptroller General (CGU) established the Transparency Portal, a whole-of-government tool designed to increase the fiscal transparency of the Brazilian Federal Government, and encourage public oversight (and control) of public spending (Open Knowledge International, 2019).

The same year saw the enactment of a law (10.973) on innovation which provided a legal framework for science, technology and innovation (Planalto, 2004). While primarily oriented towards the private sector, the law still related to the public sector's ability to engage with the private sector around innovative technologies.

Additionally, 2004 saw the creation of a further innovation award, Innovare, for practices in the justice system.

In 2005, the government established a further reform plan entitled GesPública:

> *Its mission was to promote the excellence in public management aiming at contributing to improve the quality in public services offered for citizens, and to increase the competitiveness of the country. The program also presents itself as a powerful instrument of citizenship for citizens and public officials the practical exercise of an ethic, participatory, decentralized, promoter of social control, and results-oriented public administration. (Grin, 2015: 11)*

GesPública was designed to be relevant and applicable to all levels of government, not just the federal public sector. While in many ways the key emphases of the plan resonate closely with earlier reform agendas, this plan was argued as being innovative (Grin, 2015: 11).

GesPública emphasised the importance of a focus on the citizen, with particular attention to empowering people to undertake social control through ensuring sufficient transparency and mechanisms for participation.

Guidance was produced for agencies in order to help them entrench these reforms. The Administrative Simplification Guide (2005) was intended for use by organisations to help think through streamlining and simplification, with guidance on simplification planning, process mapping, analysis of process improvements and the implementation of improvements (Gespública, 2005). The agenda was significant, but somewhat intricate:

> *Gespública outlines 13 management principles: systemic thinking; organizational learning; innovation culture; leadership and constancy of commitments; orientation by processes and information; vision for the future; generation of value; commitment to people; focus on citizens and society; development of partnerships; social responsibility; social control; and participatory management.*
>
> *The model uses eight management assessment criteria for public organizations: leadership; strategies and plans; citizens; information and knowledge; people; processes; and results. These principles and criteria are measured and analyzed using standards set out in the Instrument for the Assessment of Management and Management Practices. Every excellence criterion contains descriptions of recognized management practices, such as the state of the domain of public administration.*
>
> *These criteria are distributed across four blocks. The first block (leadership, strategies and plans, citizens and society) is termed planning. The second block (people and processes) represents the execution of planning. The third block (results) symbolizes control. The fourth block (information and knowledge) represents the organization's intelligence to correct or improve management practices and consequently, its performance. (Resende, 15: 613-614)*

The agenda envisioned a systemic approach to reform, an aspect of which was explicit mention of the development of an innovation culture. It introduced a number of elements of relevance to innovation practice, including learning organisations, mistakes as educational tools and a culture of continuous managerial innovation (Grins, 2015: 16). While this agenda shared some of the concerns of earlier reform efforts, it appears to have been the first to pay explicit attention to public sector innovation as a means to achieve other reform goals.

There was a further attempt at streamlining and simplifying public services in 2009, with the Citizen's Decree (6.932) (Planalto, 2009). This established, through a Charter of Citizen Services, that the public

service should reduce the paperwork required to be provided by citizens, and that the government should use electronic means to provide information (Filgueiras, Fernandes and Palotti, 2019: 7).

The same year also saw the introduction of Decree 6.944 which sought to strengthen the capacity of the public service. Among its administrative reforms, it included a "System of Organization and Institutional Innovation of the Federal Government (SIORG)" (Planalto, 2009b).

Other notable developments in 2009 included the release of a National Agenda for Public Administration (*Agenda Nacional de Gestão Pública*).[1] The Agenda, developed by the Secretariat of Strategic Affairs (*Secretaria de Assuntos Estratégicos*), outlined different themes or issues for public administration (e.g. quality of public policy), and the associated problems, solutions and challenges. The declaration of 2009 as the National Year of Public Management reflected increased attention to sound management practices, and there were also a number of formalised social participation elements to draw in public perspectives. These included the first collaborative law-making consultation process in the Executive Branch ("Marco Civil da Internet"); the establishment of Culturadigital.br, a social network created for the discussion of cultural policies; and the creation of E-Democracia, the social participation portal of the Chamber of Deputies (*Câmara dos Deputados*). Such developments illustrated a growing awareness and ability to use new channels to engage with citizens, with the potential for innovative outcomes.

The 2010s: A growing emphasis on innovation

Over the last decade, innovation has become more explicit in agendas relevant to the Federal Public Service of Brazil, albeit often with a strong technology or digital flavour.

In 2011, the enactment of Law 12.527 regarding access to information emphasised once more the value and importance of transparency and social control (Planalto, 2011). This coincided with Brazil's decision to become one of the founding partners of the Open Government Partnership (OGP) (OECD, 2018: 129).

The following year saw two initiatives build on this renewed concern with transparency. The Public Services Portal brought together all digital services in one place, and the Open Data Portal provided a centralised forum for government datasets.

In 2013, a series of demonstrations (the "Confederation Cup riots") made manifest visceral citizen discontent. While the concerns were primarily political, the protests also served to highlight the need for change, and provided a window of opportunity for public sector innovation.

The year 2013 also saw the establishment of possibly the first public sector innovation lab within the context of the Public Service of Brazil – the "LabHacker" innovation lab (authorised under Resolution 49/13) in the Bureau of the Chamber of Deputies (Chamber of Deputies, 2013).

In 2014, the government introduced a National Policy of Social Participation and a National System of Social Participation (Decree 8.243). These were intended, among other things, to strengthen and promote public participation, including by respecting diversity, valuing civic education and promoting social control as a core part of the operation of government (Planalto, 2014).

The same year also bore witness to "Operation Car Wash" (*Operação Lava Jato*), an extensive political corruption scandal. While not explored in depth here, this example functions as a useful illustration of the ongoing concern with corruption evident in Brazil's history.

> *The number of public servants and elected officeholders suspended or removed from office by the courts or by government agencies responsible for oversight of the bureaucracy has increased tremendously in recent years. (Bertelsmann Stiftung, 2018: 10)*

Corruption, or even the perception of corruption, can often lead to significant emphasis on compliance, detailed documentation and rigid processes. While such corruption scandals may not even relate directly to innovation, they do tend to reinforce concerns with due process and ensuring that procedural steps are

appropriately followed. Such concerns can sometimes be in tension with innovative initiatives with their associated uncertainty and unpredictability.

The following year was particularly significant in regard to public sector innovation, marking a genuine turning point in attention and interest. In 2015, the then Ministry of Planning established Inova, a functional area with a focus on modernisation and fostering innovation in the federal administration. The same year also saw the launch of the first Public Sector Innovation Week, a forum for bringing together experts, practitioners, public servants and stakeholders interested in innovation, to share knowledge, experiences and lessons. Another series of events entitled *Brazil 100% Digital*, was also started this year, and involved a joint effort between a number of government bodies. Additionally, the then President of the Federal Court of Accounts (*Tribunal de Contas da União*, TCU), the external auditing body of Brazil's federal public sector, created the Colab-i innovation lab.

Decree 8.414 established a further programme of simplification and streamlining (*Programa Bem Mais Simples Brasil*), again emphasising simplification of access to services and the provision of information by electronic means, as well as encouraging the introduction of digital services (Planalto, 2014).

Additional evidence of growing innovation practice was provided by the Association of Audit Courts of Brazil, which ran a hackathon inviting app developers, civil society organisations and member of Brazil's local supreme audit institutions to discuss how open data could contribute to the work of the audit institutions (OECD, 2018: 133).

In 2016, the focus on public sector innovation ratcheted up further with the creation of the InovaGov network, a public sector innovation network established through a partnership of TCU, the Ministry of Planning, and the Council of Federal Justice (*Conselho da Justiça Federal*) (CJF), representing the different divisions of the public sector.

During the same year, ENAP collaborated with the then Danish innovation lab MindLab to establish the GNova innovation lab.

The year also saw notable advances in the digital transformation agenda, with Decree 8.936 establishing the Platform for Digital Citizenship, which set out expectations with regard to digital services, including simplification and user experience, and efforts to facilitate the monitoring of public services (Planalto, 2016a). Decree 8.777, issued the same year, establishing an Open Data Policy which, among other things, emphasised transparency, and promoted social control and the importance of innovation within the public and private sectors (Planalto, 2016b). Most importantly, Decree 8.638 launched the Digital Governance Strategy (see OECD, 2018), which represented a milestone in the digital agenda (Planalto, 2016d).

The year 2016 also saw the law in relation to innovation updated (Planalto, 2016c). While this revision again related primarily to the private sector, it also covered the use of public procurement to stimulate innovation and the ways in which the public sector can collaborate with the private sector.

Finally, 2016 saw the introduction of constitutional amendment 95 which, among other things, capped public expenditure growth for the following 20 years (Planalto, 2016d). As discussed in Chapter 1, the financial constraints it provides are likely to provide an incentive for innovation (although successful innovation often requires initial investment before leading to improved outcomes).

In 2017, the publication of Decree 9.203 provided public governance principles and guidance, including on finding timely and innovative solutions to deal with resource constraints and changing priorities; and promoting administrative simplification, the modernisation of public management and the integration of public services, especially those provided by electronic means (Planalto, 2017c).

In the same year, Law 13.460 and Decree 9.094 established basic rules for participation, protection and defence of the rights of users of public services, and for the simplification of public services (Planalto, 2017a, 2017b). (While the history provided here has not detailed the various ways that each law and decree

have interrelated or replaced each other, it should be noted that each may incorporate, revoke or replace parts or the entirety of previous laws and decrees).

A further addition in 2017 was Efficient Brazil (*Brasil Eficiente*), a modernisation programme that sought to improve the lives of citizens by reducing red tape. Under the programme, it was possible for members of the public to challenge procedural steps through the Simplifique initiative run by CGU. These initiatives were co-ordinated by a National Debureaucratisation Council.

Informal networking nights, known as "iGov nights", were started for federal public servants situated within the capital city of Brasilia to discuss innovation and digital transformation matters.

In addition, a survey of all public services was undertaken, "mapping the responsibilities, the target audience, the touchpoints of each service in the interaction between users and bureaucracy, costs, processes and types of deliveries" (Filgueiras, Fernandes and Palotti 2019: 10). This first such survey provided a base for assessing the potential for digital transformation, although the information is likely to be useful for understanding the potential for services innovation.

In 2018, the Digital Governance Strategy was revised:

> *Grouped around three main pillars (access to information, service delivery and social participation), the revised Digital Governance Strategy defines five strategic objectives, namely: 1) promoting open government data availability; 2) promoting transparency through the use of IC; 3) expanding and innovating the delivery of digital services; 4) sharing and integrating data, processes, systems, services and infrastructure; and 5) improving social participation in the lifecycle of public policies and services. (OECD, 2018: 51)*

This revision occurred in line with the publication of Decree 9.319, which set out a National System for Digital Transformation and a Brazilian Strategy for Digital Transformation, although the system and strategy had an economy-wide focus. The digital transformation agenda within Brazil provides an opportunity for public sector innovation, though innovation is viewed in broader terms than digital transformation.

Law 13.276 emphasised red tape reduction (Planalto, 2018a), while Law 13.655 attempted to ensure that audits and evaluations of government activities considered the real-world context of public servants, rather than adhering to abstract legal principles that may not always be feasible or reasonable (Planalto, 2018b).

Lastly, 2018 saw the creation of yet another public sector innovation award, the Public Spirit innovation award (sponsored by Agenda Brasil do Futuro and Instituto República). A number of public agencies also established innovation labs during this year.

At the beginning of 2019, Decree 9.723 (Planalto, 2019a) was issued to reduce bureaucracy and provide a ranking of public entities in response to complaints and issues with user satisfaction (de Castro, 2019). Additionally, Decree 9.739 reorganised the System of Organization and Institutional Innovation of the Federal Government (Planalto, 2019b), although it is not evident how the previous system had been functioning since its establishment in 2009.

A timeline of key milestones

Box 2.4 provides a chronological timeline of elements discussed in the previous section, to illustrate the spread of relevant initiatives, and to better highlight the growth in innovation-related activity in more recent years.

Box 2.4. A timeline: Key milestones and developments in Brazil's historical public sector innovation journey

1937

- Law 378/1937 establishes the Ministry of Education and Public Health, including the creation of National Conferences on education and health to facilitate government learning about relevant activities to these two sectors.

1941

- The first National Conference is held on health.

1956

- Creation of the Bureaucratic Simplification Committee.

1967

- Decree-Law 200/1967 provides for the organisation of the Federal Administration, and establishes guidelines for Administrative Reform, among other measures.

1979

- Creation of an Extraordinary Ministry of Debureaucratisation (Ministério Extraordinário para a Desburocratização) and the National Programme of Debureaucratisation (Programa Nacional de Desburocratização) (Decree 83.740).

1985

- Secretariat of Federal Administration is created with oversight of human resources policy and responsibility to improve bureaucratic efficiency.

1986

- The functions of the Ministry of Debureaucratisation are folded into another ministry (Decree 92.486/1986).
- Creation of ENAP, the National School of Public Administration (Escola Nacional de Administração Pública).

1988

- The post-dictatorship Constitution is enshrined.

1990

- Launch of the Program of Quality and Productivity, including the Sub-committee for Public Administration, to expand quality and productivity of public sector bodies and increase efficiency, with a greater emphasis on societal rather than bureaucratic needs.
- Establishment of the Federal Deregulation Program (Decree 99.179/1990), which is concerned, among other things, with reducing state interference, achieving greater efficiency and reducing service costs, and ensuring that services better meet the needs of users.

1991

- Launch of the National Program of "Desestatization" (NPD) and commencement of the privatisation of many state-owned enterprises.

1993

- Enactment of the Procurement Law setting out rules for bids and contracts of the Public Administration and other provisions (Law 8.666/1993).

1994

- Creation of the Court of Accounts corporate school (Instituto Serzedello Corrêa, ISC).

1995

- Release of the "Plano Diretor da Reforma do Aparelho do Estado" Master Plan for State Reform / Reform Plan of State Apparatus.
- Creation of the Ministry of Administration and State Reform (MARE).
- Establishment of the Program of Quality and Participation in Public Administration (PAQP) established.

1996

- Creation of the Federal Management Innovation Award (ENAP).
- Creation of the Congress of Information Technology and Innovation in Public Management (CONIP) Excellence Award created.

1998

- Constitutional amendment (19/1998) implements public administration reforms and introduces efficiency as one of the principles for public administration.
- Constitutional amendment (20/1998) implements social security reforms and revises limits to public servant benefits.
- Privatisation initiatives are implemented at the subnational level.

1999

- Abolition of the Ministry of Administration and State Reform (MARE).

2000

- Launch of the Advance Brazil Plan (Plano Avança Brasil) Modernisation Program.
- Introduction of electronic procurement, including the establishment of "Comprasnet", a portal for electronic reverse auctions.
- Enactment of the Fiscal Responsibility Law (Complementary Law 101), which revised budgetary and expenditure frameworks to implement codes of conduct concerning expenditures for public officials.
- Resumption of a National Program of Debureaucratisation and establishment of the Interministerial Committee on De-bureaucratisation and the Sectorial Executive Committees on De-bureaucratization (Decree 3.335/2000).
- Introduction of Standards of quality of care (Decree 3.507/2000), including a requirement for agencies to establish standards of quality of care, and establishment of a national system for evaluation of public service user satisfaction.

2002

- Creation of the e-Gov Award (ABEP and MPDG).

2003

- Creation of the innovative Bolsa Familia benefits programme.

2004

- Establishment of the Transparency Portal.
- Enactment of Law 10.973/2004 creating an innovation/legal framework for science, technology and innovation (primarily oriented towards the private sector).
- Creation of the Innovation Award, "Innovare", for practices in the justice system (sponsored by the Innovare Institute).

2005

- Establishment of Gespública (National Programme for Public Management and Debureaucratisation), to improve the quality of management practices in public sector organisations (amalgamating/replacing the National Programme of Debureaucratisation and the Quality Programme in Public Service) (Decree 5.738/2005 which revoked Decree 83.740).

- Publication of the Administrative Simplification Guide (Guia “d” Simplificação Administrati*va*).

2009

- Enactment of the “Citizens Decree” (6.932/2009), promoting public service simplification and integration.
- Enactment of Decree 6.944/2009 for the improvement of public administration, rules for recruitment tenders and public sector innovation.
- National Year of Public Management / National Public Management Agenda.
- First collaborative law making consultation process in the Executive Branch (Marco Civil da Internet).
- Culturadigital.br, a social network created for the discussion of cultural policies.
- Creation of Culturadigital.br, a social network for the discussion of cultural policies.
- Enactment of complementary Law 131, which amended the Fiscal Responsibility Law to include transparency and social participation obligations.

2011

- Enactment of the Law of Access to Information (12.527/11).
- Launch of the National Open Government Action Plan.

2012

- Establishment of the Brazilian Open Data Portal.
- Creation of the Public Services Portal.

2013

- Creation of the “HackerLab” innovation lab (Resolution 49/13) in the Bureau of the Chamber of Deputies.

2014

- Launch of the National Policy of Social Participation and National Social Participation System (Decree 8.243/14).

2015

- First Public Sector Innovation Week held.
- Start of the Brazil 100% Digital event series.
- TCU establishes Colab-i innovation lab.
- MPDG establishes Inova, a functional area with a focus on modernisation and fostering innovation in the federal administration.
- Launch of the further simplification programme (Decree 8.414/2015) to simplify and streamline the delivery of public services and improve the business environment and efficiency of the public administration.
- The Association of Audit Courts of Brazil runs a hackathon to explore how open data could contribute to the work of the audit institutions.

2016

- Creation of the InovaGov public sector innovation network.
- Establishment of the Digital Citizenship Platform (Decree 8.936/16).
- Release of the Digital Governance Policy (Decree 8.638/16).
- ENAP creates the GNova Innovation Lab in partnership with Denmark’s MindLab.
- The Innovation Law is updated (13.243/2016).
- A Constitutional Amendment (95/2016) caps public expenditure for the next 20 years.
- Publication of the Open Data Policy (Decree 8.777/16).
- Launch of the ANVISA pilot project on innovation.

2017

- Enactment of Law 13.460 and Decree 9.094 establish basic rules for participation, protection and defence of the rights of users of public services, and for the simplification of public services. Decree 9.094 repeals Decree 5.378/2005 and restores the "presumption of good faith", in addition to other principles established by Decree No. 83.740 of 1979.
- Launch of Efficient Brazil (Brasil Eficiente), a programme to improve the lives of citizens using public services and to reduce red tape.
- Publication of the code of defence of the rights of users of public services (Law 13.460/17).
- Establishment of iGov Nights to help innovators network.
- Launch of the Govdata Platform.
- Provision of services using a "Single Sign-on" solution for authentication.
- ANAC establishes an innovation lab.
- DNIT creates n3i – the Nucleus of New Businesses and Innovation.
- The Ministry of Planning and ENAP partner to carry out the first ever Public Services Census in the Federal Government in Brazil.

2018

- Creation of the Public Spirit innovation award (Agenda Brasil do Futuro & Instituto Republica).
- The Central Bank (Banco Central) creates LIFT, a laboratory for financial and technological innovation.
- The Federal Prosecution Attorney's Office (Ministério Público Federal) creates an advisory unit on sustainability and innovation.
- ANVISA creates a programme on innovation management and transforms its prior pilot project (Fábrica de Ideias) into a lab (Lab-i-Visa).
- Launch of the National System for Digital Transformation and the Brazilian Strategy for Digital Transformation (E-Digital) (Decree 9.319/18).
- Introduction of Law 13.655/18 to provide greater guidance to courts and auditing authorities around action by civil servants.
- Launch of the first chatbot to help citizens navigate the Service Portal.
- Release of the first broad quality management research in federal public services by INOVA.
- Enactment of red tape reduction legislation (Law 13.726).

2019

- Publication of Decree (9.723/2019) to reduce bureaucracy and provide a ranking of public entities in regard to complaints and user satisfaction issues.
- Publication of Decree (9.739/2019) reorganising the System of Organization and Institutional Innovation of the Federal Government.

Source: Interviews, workshop and research.

Patterns and trends in the historical journey

The following section examines some of the patterns and trends that appear from the historical innovation journey of the Public Service of Brazil.

A legalistic system

As in other countries with a civil law system, the context of the Brazilian Public Service is highly legalistic. Change initiatives are consistently set out in laws or in Presidential Decrees, rather than in policies or soft agendas as might be seen in other countries (e.g. see Government of Canada, 2017, 2013; Australian Government, 2011, 2010). The intersection of different laws and decrees appears to be quite complicated, especially as they each build upon preceding ones over time, with varying degrees of overlap or revocation.

Some possible repercussions for the public sector innovation system include:

- a lack of a clear message about what is expected
- a significant transaction cost for those within the system trying to understand what is actually required under the law at any one time.

A recurrent focus on debureaucratisation

There have been clear and consistent repeated efforts at debureaucratisation and administrative simplification since at least 1979 (Coimbra and Xavier, 2017), if not reaching back to the 1950s. This suggests that a tendency towards being overly bureaucratic is heavily integrated into the operations, traditions and practices of the Public Service of Brazil, with the result that new bureaucratic additions are created when older ones are removed. A likely explanation of this tendency is a structural driver within the system, a probable candidate being the legalistic system, as complex arrangements of laws are matched by complicated bureaucratic responses from the public service.

Attempts to articulate the relationship between debureaucratisation and innovation have begun only recently, thus it is still unclear to what extent the agendas are complementary.

An ongoing emphasis on the citizen

There has been an ongoing emphasis on the citizen (and the service user), and concern with their rights. This may actually reflect an inbuilt tendency within the system to *not* appreciate the citizen perspective. If the citizen perspective and their rights were well integrated into the workings of the system, it is likely that such attention would not be required. That this emphasis has continued before, during and after the military dictatorship, suggests that it may be an engrained feature, again indicating underlying contributing structural factors.

The emphasis on the citizen has been accompanied by a growing interest in understanding the actual results and outcomes for citizens and service users, as witnessed by the introduction of quality management, a results orientation and, more recently, greater efforts to actually track and compare satisfaction among differing services.

While this trend is likely to complement innovation – in that intelligence about where things are working or not can provide a useful spur for innovation – this is not guaranteed. A results focus, for instance, may concentrate attention on current performance, rather than what might work in the future.

A strong emphasis on controls and corruption

There are strong control or audit elements built into the Public Service of Brazil, reflecting a concern with corruption, the potential for corruption or with ensuring quality public administration (or possibly all three). However, control mechanisms can have an uneasy relationship with innovation. While an audit or evaluation often makes comparisons against a standard or an ideal benchmark, innovation represents novelty, and therefore may have no comparable benchmark. Innovation is uncertain and involves significant learning, and thus has a high potential for outcomes that, in retrospect, can easily be called mistakes but that at the time may have been the most justifiable course of action.

A focus on social control and citizen participation

There has also been an ongoing preoccupation with social control. This is the notion that engaged and empowered citizens and service users can and should play a crucial role in the oversight of public services. The hope or aspiration is that such a role will lead to services that are more attuned to needs, as well as ensuring that those services are also appropriately managed and implemented. Such a trend is likely to be conducive to creating a climate and desire for innovation. However, this focus does not necessarily imply

a high degree of competence from such actors; instead it implies that the natural tendencies of the broader system are deficient.

The existence of Policy Conferences also demonstrates a longstanding practice of civic engagement across a range of policy domains, a practice also likely to be complementary to an interest in innovation, as well as being innovative in and of itself:

> *NPPCs [National Public Policies Conferences] are a national-level democratic innovation. Their impact is expected mostly at this level, either in the shape of policies formulated and enacted by the national legislature or designed and implemented by the federal public administration. (Pogrebinschi & Ryan, 2017: 138)*

Attention to digital transformation

As identified by the OECD, there have been significant and increasing efforts in regards to ICT and the digital transformation of public services:

> *Digital technologies are being mobilised to rethink services, re-engineer business processes and simplify procedures to make sure they are up to the expectation of digital economies and societies. (OECD, 2018: 43)*

A focus on the digital transformation is likely to drive innovation; however, this may take particular directions, rather than being broad-based or necessarily engaging those outside of (or who see themselves as outside of) the technology space.

As an agenda, innovation has gained momentum but has not yet integrated into the narrative of the Public Service of Brazil

As the historical journey demonstrates, innovation has been a longstanding concern of the Public Service of Brazil, with added emphasis from 2015 onwards. However, as can also be seen from the historical record, innovation does not yet appear to be fully integrated into the narrative of the Public Service. The various reform agendas have either intimated or explicitly mentioned innovation, but innovation does not appear to be a central focus nor an integrated component of how those (or any) reform agendas may be achieved. This suggests that while the trend is moving in favour of public sector innovation, and that the environment as discussed in Chapter 1 will likely call for and require innovation, more needs to be done if innovation is to become a resource that can be drawn upon by government when and as needed.

There is complexity in a dynamic context

There is considerable complexity within the context of the Brazilian Public Service. This likely derives from the evident tensions between:

- ensuring appropriate controls, and repeated efforts to decentralise, simplify and streamline processes
- individual attempts to provide legislative clarity and mandate, and a legalistic system where each additional element contributes to a sense of confusion, as each piece adds further intricacy
- an ongoing ambition or desire to consider the citizen, and a bureaucratic inertia that appears to continually result in overly complicated procedures
- specific reform agendas and a clear sense of what the state apparatus is meant to be.

Implications of the historical journey

The historical journey provides a number of insights into the current and future public sector innovation system of the Public Service of Brazil. The following are some of the implications of the historical journey:

- While interest in innovation has persisted for some time, increasing recognition of the value and necessity of innovation, and subsequently more effort and experimentation to support innovation, is a relatively recent phenomenon.
- Innovation cannot be simply mandated. While directives that emphasise innovation are likely to be helpful, the evidence thus far suggests that they are inadequate to inculcate a deep practice of innovation.
- Likewise, to make substantial progress on innovation, a focus on legal instruments is probably going to be necessary but insufficient. The journey thus far suggests that more is needed. Repeated attempts at laws and decrees on similar topics suggest only a partial ability to achieve systemic change within Brazil's public sector.
- The strong bureaucratic elements of the Brazilian context, matched with a strong institutional leaning towards control, suggest that innovation is likely going to need embedded structural support to counter the default biases within the system.
- Existing tendencies and strengths, such as emphasis on the citizen and social control and participation, while not necessarily always successful, are likely to be conducive to innovation and can be leveraged for any systemic innovation agenda.
- The successes within the digital transformation agenda and the transparency agenda may provide a model for engendering a more supportive environment for public sector innovation. However, these need to be assessed in the light of lived experience and consideration of whether the same structural forces are at play in relation to both the digital agenda and innovation.
- Similar to the reform journey, the innovation journey is ongoing, with no single "answer" but rather a continuing series of steps. Each step will provide new insights and lessons about what works and what does not, as well as unexpected or unforeseen developments. The journey also takes place in a shifting context, as political aims and expectations of the public sector change, sometimes abruptly. What is needed and sought from the public sector innovation system has and will continually change.

Integrating innovation

The historical journey suggests that more still needs to be done to integrate public sector innovation if it is to be relied upon to address the existing, evolving and emerging challenges faced by the Public Service of Brazil. Additional and novel interventions are likely to be needed to meaningfully alter this situation.

The next section thus introduces models to help consider what a more deliberate approach to public sector innovation might look like. These models can then be used to make sense of the current lived experience of innovation and to appraise whether current interventions may be sufficient to tackle what might come next.

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Note

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3 National public sector innovation systems

This chapter examines the reasons why an innovation “shortfall” might exist within the public sector and the consequent need for a deliberate and systemic approach to public sector innovation. It introduces the innovation determinants model which provides a framework for ensuring sufficient innovation, and the innovation facets model which provides a framework for ensuring a suitable mix of innovative activity. Finally, the chapter explores the need for system stewardship.

Brazil's historical innovation journey, as explored in the previous chapter, describes a country where increased attention has resulted in concerted efforts towards innovation. The journey suggests a growing need for innovation and an evolving awareness that more can (and should) be done to foster, encourage and support an innovative public service. In the context of a clear national need for greater innovation (see Chapter 1), the situation appears ripe for a more coherent approach to public sector innovation in Brazil.

This chapter outlines some of the reasons behind the persistent shortfall in innovation and the consequent need for a deliberate approach to public sector innovation. It introduces models to guide a systemic approach and explores what these might look like in practice.

What might cause a public sector innovation shortfall?

Chapter 1 has identified a gap between the current state and what is desired. Chapter 2 has outlined the historical journey and the case that reform efforts have struggled to achieve their ambitions. Why might this be the case? What factors might contribute to a "shortfall" in public sector innovation, resulting in a gap between innovation happening and the needs and expectations of citizens for better outcomes?

This situation can be partly attributed to a range of "defaults" or inherent biases that exist within the public sector, which can constrain any reform or innovation agenda. These include:

- **Stability and dependability**. The public sector has a responsibility to be reliable. This arises from its duty to protect vulnerable population segments (e.g. children, the elderly, and the disadvantaged), safeguard particular functions vital to society and the economy (e.g. the legal system or the financial system), and protect national and intergenerational interests. Accordingly, the public sector often (but not always) needs to be relatively cautious when introducing changes, innovative or otherwise.
- **Risk aversion**. This societal safeguard requires democratic governance systems to have accountability, audit and transparency measures in place to ensure the proper workings of government and the public sector administration including support institutions (OECD, 2017). Such mechanisms help ensure public integrity and address core concerns related to effective risk management and safeguarding key institutions. However, such mechanisms traditionally draw attention to failures or (perceived) inappropriateness, even while identifying successful and less successful practices. Defects in the system are of particular concern, whereas positive results are, to some extent, simply expected. This tendency to focus on the negative is often exacerbated in adversarial political environments, where mistakes can be used for political advantage, and encourages a degree of risk aversion in the system.
- **Feedback loops**. Similarly, public sector feedback loops tend to focus on avoiding the negative, rather than concentrating on the positive. Positive results are often simply expected or quickly become the norm, whereas negative results become embedded in the institutional memory as lessons on what to avoid. This tendency has driven the widespread development of public sector awards for excellence and innovation, as a means to counteract the focus on the negative.
- **Organisational divisions and operational separation**. Such feedback loops tend to entrench a focus on explicit accountabilities. Organisations with clear responsibilities, and the resources necessary to support them, are likely to innovate on a range of fronts in order to meet their obligations. There are numerous examples of public sector organisations that meet this description (e.g. see OECD, 2019a) and are achieving success in this regard. However, many situations where innovation might be required or desired fall into the "white space" between organisations, where ownership is unclear or responsibilities cut across organisations, resulting in multiple potential owners. The need for innovation in such situations may not be met, or it may be hard for those advocating innovation to gain traction against more readily understood and agreed agendas. Yet this is

exactly the domain of systemic innovation – novel initiatives relating to cross-organisational needs and demands.

- **Complexity of public sector challenges**. This "white space" is a consequence of the fundamental complexity of many of the issues dealt with by the public sector. Such issues are much harder to effectively address with innovative responses, due to the need to meet competing demands and balance different forces in tension with each other. Long-lasting innovation in response to such matters is unlikely to come from short-term fixes or fast timeframes. Rather, it requires sustained investment, deep understanding, a developed ecosystem of partners and a range of interventions over time.

This is not to say that governments and the public sectors underpinning them cannot or do not innovate. Indeed, a fundamental purpose of government is to change things, to steward society from one state of affairs to another. The purpose of outlining these defaults is to recognise that, all other things being equal, there are systemic biases in the way that democratic governance systems currently operate that lean against innovation. In exceptional circumstances – such as a revolution or a crisis situation – these biases may be more easily overcome or even abandoned; however on a day-to-day basis the regular workings of the public sector are weighted against innovation.

Contributing to the impact of these biases is a reality that the "doing of" innovation is simply difficult (OECD, 2018c). This is because innovation:

- involves challenging the status quo, and all the associated existing procedures, interests and investments
- is continually changing, as what constitutes innovation shifts, builds upon and transcends what has gone before, and thus always involves new challenges
- is multi-faceted and multi-natured, involving different purposes, different processes, different skills and different mind-sets
- is uncertain, as it is something that has not been done before in that context and therefore carries no guarantees as to whether it will succeed, for how long or to what extent
- introduces change that will often instigate or require further change or adaptation, and is thus uncontrollable and, as such, is in tension with hierarchical and bureaucratic structures
- has immediate impacts and long-term effects, which may differ completely and be hard to assess, as previous measurements were, by definition, developed for a pre-existing state of affairs, making innovation a difficult activity to cost/or value.

All these characteristics contribute to an overarching innovation shortfall in the public sector.

How might a public sector innovation shortfall be addressed?

Analysis of the Public Service of Brazil highlights both systemic defaults or biases that might hold back or limit public sector innovation, and systemic drivers and contextual needs that require more or greater innovation (as discussed in Chapter 1).

That these two conditions coexist suggests that drivers – the forces pushing for more innovation – alone are not sufficient to spur the needed or expected innovation. A need *for* innovation is no guarantee *of* innovation, or the right form or type of innovation. Additional interventions are therefore required.

Innovation must be seen as an ongoing capability

New innovative initiatives do not come out of nowhere; rather, they build on previous experiences, lessons, resources and investments, as well as prior knowledge, technologies and capabilities. This means that innovation is a difficult thing to manipulate or to provide "on-demand", as previous decisions and efforts matter and shape what is possible. Reactive innovation, occurring in response to specific triggers such as

a crisis, certainly takes place, but is severely constrained by pre-existing capabilities. Therefore, the first component of any additional intervention required to meet an innovation shortfall is to treat innovation as an ongoing capability, rather than as a resource to be drawn upon without prior effort or acknowledgement.

Even if some support does exist for innovation as an ongoing capability, it may be treated as specialised or seen as the remit of particular functions (e.g. an innovation lab). However, in a fast-changing, interconnected and interdependent world, the need for innovation may arise anywhere without notice; it may affect a frontline service, the policy development process or an operational support area. Even then, it may be possible to address the situation in a traditional manner by empowering people, providing resources and capabilities, or by bringing in or leveraging external expertise or capabilities.

As society often expects government and public institutions to safeguard and protect their interests (and sometimes anticipate difficulties), it may be unwise to rely on a reactive approach to innovation. This is because the options may be limited in such an eventuality. For instance, they are likely to revolve around:

- increasing the necessary resources in order to continue delivering existing strategies
- outsourcing or procuring external capabilities to compensate for any deficiencies
- reacting to a temporary crisis by unlocking or accessing new resources, capabilities and approaches in an attempt to address the issue at hand
- overseeing a systemic failure characterised by an ongoing inability to address the issue or shift perspective, despite extra resources that might be made available.

Therefore, it will often not be sufficient to invest only once there is clear evidence that the status quo is unsatisfactory and that a new approach is necessary. Such a strategy might be expensive and demanding without guaranteeing the availability of options and desirable choices, or be otherwise reliant on luck and having made the right choices beforehand.

In short, in order for the public sector to successfully provide innovation when needed or wanted, the underlying capabilities must be invested in and maintained, even when innovation may not be explicitly sought or desired.

A deliberate and self-sustaining approach to innovation

Ensuring that innovation is an ongoing capability requires a deliberate approach. In the absence of such an approach, innovation – because of systemic biases – will be primarily reactive (with the costs that this approach entails). Moreover, barriers or requirements for innovation (e.g. a procurement issue or a skills gap) will likely be addressed on an ad hoc basis, rather than in a holistic or systemic fashion.

While reform agendas and plans, whether in Brazil or elsewhere, often attempt to provide more comprehensive platforms for change, failure to address the underlying systemic factors may result in limited effects.

This is complicated for innovation because supporting and enabling innovation is a continual process of discovery. Each adjustment or response put in place in order to enable further innovation, whether it be about changing procurement requirement, amending legislation or boosting leadership, will reveal new limiting factors or new trade-offs that need to be considered. For instance, if the barrier to innovation is a lack of skilled leadership, and then there is an adjustment to improve leadership competencies and capabilities, it is likely that a new issue will become apparent as the thing that is holding innovation back, such as the need for organisational structures and processes to support innovation. In this way, reform can become a never-ending effort, involving a continual series of change efforts with each simply creating the need for further changes and further decision-making and dedicated effort. Therefore, in the absence of a systemic approach, it is likely there will be a continuing need for intervention. A symptom-by-symptom response will demand ongoing political and senior leadership attention and effort, effort that could otherwise have been focussed on delivering for citizens, and will thus be unsustainable.

If a deliberate and ongoing approach to innovation by the public sector is necessary to better address societal needs, is there already an emerging consensus within Brazil as to what form such an approach could or should take?

Existing knowledge about the innovation system of the Public Service of Brazil

> "Regarding the Brazilian literature, although innovation has recently become a trending topic, few relevant studies have been undertaking the challenge of mapping its determinants."(Cavalcante & Camões, 2017: 19)

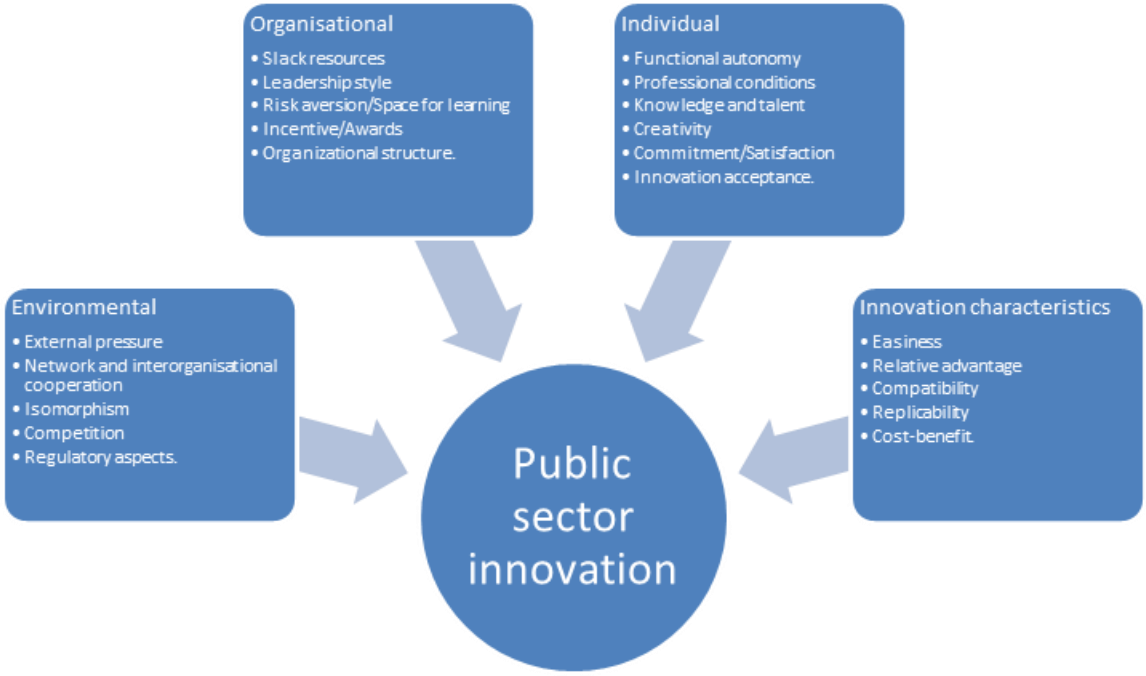
While most of the existing research has been heavily case-based, rather than examining the underlying drivers of innovation, much can be learnt from this analysis.

Perhaps of most relevance is the meta-analysis of Cavalcante and Camões (2017: 30) which highlights recurrent factors from successful innovations. These include the relative advantage of the innovation (over existing interventions), the cost-benefit, the availability of slack resources to introduce the innovation, and network/co-operation and leadership.

The authors also note that public sector agencies tend to generate or adopt innovations "in response to the constant economic, political, social and technological changes in a more globalized and networked world, constrained by rising citizen expectations, complex problems and tight budgets" (Cavalcante and Camões, 2017: 7).

Figure 3.1 identifies some of the key factors influencing innovation at the environmental, organisational and individual levels in relation to the characteristics of the innovation.

Figure 3.1. Levels and influential factors for public sector innovation



Source: ENAP, from Cavalcante & Camões, 2017

These are all helpful insights into the process of innovation and supporting the innovation process. However, without dismissing important existing lessons from history, practice and research, the question remains open as to which levers can easily be manipulated by, or within, government to drive public sector innovation at a systemic level.

> *"Overall, our results suggest that there is not so much a lack of innovation in the public service as a lack of adequate theories to explain such innovation and of methods and metrics to measure it. Our finding provides strong support for the view that public services innovation does exist, but that its characteristics, determinants and consequences are not the same as they are for either innovation in industry or innovation in services in the private sector." (de Moreas Sousa et al., 2015: 472)*

The innovation determinants model

If a deliberate and systemic approach to public sector innovation is needed, and existing practice within the public sector of Brazil does not appear to provide it, then what form might such an approach take?

In its inaugural public sector innovation system study of the Public Service of Canada, the OECD (2018c) introduced a new model for understanding the underlying determinants of innovation. This "determinants model" provides a framework for understanding the forces that shape whether and to what extent innovation occurs and, in turn, how those forces may be influenced. The model thus contributes to building a public sector innovation system that can consistently and reliably develop and deliver innovative solutions that contribute to the achievement of the goals and priorities of the government and its citizens.

A multi-layered perspective

The determinants model distinguishes between innovation activity at three different levels (OECD, 2018c).

- **The individual**. Individuals, on their own or with others, can undertake innovation activity. Often individuals are better attuned to changes in the environment or new possibilities or issues arising where innovation may be needed, and are better able to shift their perspectives than organisations. Innovation at this level will often be, to some extent, personally driven, and will require individuals to draw upon their own energy, resources and time. Such innovation will often focus on specific projects.
- **The organisational**. Organisations often have a range of innovative initiatives underway simultaneously. They can marshal resources and co-ordinate efforts in ways that individuals only rarely can, and are generally centred around specific purposes such as health or education. Innovation at this level refers to the orchestration of innovative approaches across multiple people and groups, albeit from a particular sectoral or siloed perspective. As such, innovation at this level is more a matter of process.
- **The system**. The public sector as a whole involves multiple government agencies and interactions with citizens and businesses. Innovation at this level relates to meeting collective aims and needs by ensuring diverse activity involving different parts of the ecosystem. Activity at this level is not necessarily about directing activity towards specific aims, but rather ensuring that the aggregate impact of all of the parts addresses societal needs. Innovation at this level relates to collective needs and ambitions.

These three differing levels of the model clarify how innovation as a process and activity plays out differently depending on the scale at which it occurs. Innovation undertaken by a single person is very different to that conducted at a whole-of-country level.

Additionally, these frames of reference can help identify where the focus for innovation activity may lie within a public sector.

For instance, in the case of a formalised system of public sector innovation (where innovation is embedded within the processes, structures, knowledge and operations of the public sector), innovation will likely be a relatively routine activity that is supported as part of the normal way that things are done.

However, if the innovation system is not explicit, and innovation occurs as a by-product of other systems or as a matter of chance, then the focus of innovation will shift to the organisation. In other words, innovation will be driven by particular organisations, either in reaction to crises or as a means of pursuing particular organisational priorities. In such cases, innovation is inherently shaped by a siloed perspective, rather than being driven by collective aims or needs.

In the cases where there is not even a deliberate approach to innovation by organisations, then the focus of innovation will fall to the individual. While individuals are likely to be better able to detect and act upon shifts in the environment, their ability to meaningfully address those shifts will be limited, and reliant upon their ability to convince others. In such cases, individuals will often have to go above and beyond their formal role, dedicating exceptional effort in order to make change happen. A reliance upon individuals being prepared to go above and beyond is a reliance upon luck, as it depends upon the right person being in the right place at the right time. This is the opposite of a deliberate and systemic approach to innovation.

Core determinants of innovation and their manifestations at the different levels

The determinants model outlines four core determinants of innovation – the factors that affect whether and how innovation occurs:

- **Reason**. Innovation acts against the status quo and incumbent options, which are usually well entrenched or established. Therefore, there needs to be a reason for innovation to occur, whether it be a specific problem or opportunity, a crisis, a disruption, or a change in context.
- **Possibility**. Even if there is a reason for innovation to happen, this does not mean that it will be possible, as existing practices and interventions carry a degree of inertia, and are thus hard to shift to create room for the new. Therefore, there needs to be an opening, a possibility for innovation to occur, such as new resources being made available, or existing resources being removed and thereby making the current option unfeasible. There could also be a political commitment to try something new.
- **Capability**. While the possibility of innovation happening may exist, this does not mean that the necessary capability is available, as innovation involves doing something new or doing something differently. Therefore, the capability for innovation needs to be present, whether in the form of technological options, expertise or skills, the processes and structures necessary to enable or support it, or the relevant systems and infrastructure.
- **Experience**. While the capability for innovation might exist, this does not mean that it will automatically succeed or become embedded into, or integrated with, other programmes, policies and processes. There needs to be some form of reinforcement or payoff. Therefore, a positive experience of innovation helps to reinforce innovation, whether that experience takes the form of feedback loops that help support the relevant innovation, insight into how to improve the innovation, or progress in scaling an innovation.

The interactions between the different levels of analysis (individual, organisational and system) and the core determinants (reason, possibility, capability and experience) are detailed in Table 3.1 (OECD, 2018c).

Table 3.1. Public sector innovation: determinants of innovation at the individual, organisational and system levels

What level of analysis is the focus? **Core determinants of innovation**	**Individual (individual effort)**	**Organisation (collective/shared effort)**	**System (intersection and aggregate of multiple efforts)**
Reason for innovation: What is driving the intent to innovate?	**Motivation** to innovate (e.g. I need or want to solve a problem/try something new; stand out from the crowd/differentiate myself from others; innovate as part of my job/role/identity)	**Problem identification/Ideas generated** (e.g. we have to or want to fix policy or service delivery challenges; respond to crises or political priorities; meet stakeholder expectations; achieve/work towards a mission)	**Clarity** about innovation (e.g. it is clear that things need to change; innovation makes sense and is a priority; innovation is a responsibility)
Possibility of innovation: What affects the likelihood of innovation being attempted?	**Opportunity** to innovate (e.g. I can work on a project where innovation is appropriate or wanted; apply a new technique or approach in my work; try, or be exposed to, something different)	**Ideas generated/Proposals developed** (e.g. we have identified options for how we might solve a problem in an innovative way; processes are open to doing things differently; approval exists to try something differently where appropriate)	**Parity** of innovation (e.g. default settings can either be challenged, or are open to doing things differently; system-wide rules or processes do not unfairly bias against innovative proposals)
Capability for innovation: What is needed to carry out the attempt at innovation?	**Ability** to innovate (e.g. I have the tools, skills and resources to undertake the innovation)	**Project implementation** (e.g. we have what we need to undertake the project(s), including the relevant skills, systems, technologies and resources)	**Suitability** for innovation (e.g. the infrastructure, investment, and commitment exist to ensure that general systems are suitable for innovative endeavours, even when they may not have been anticipated)
Experience of innovation: What affects whether innovation continues?	**Learning** from innovation (e.g. I learn about how people and things react; what it is possible to achieve and whether that change is valued)	**Evaluation/Lessons diffused** (e.g. we know what effects occurred as a result of the innovation and have used this knowledge to inform other projects; this helps shape the organisation's culture and attitude about innovation)	**Normality** around innovation (e.g. innovation is not seen as an aberration, an oddity or a frolic, but rather as something that is integrated and built upon)

What the determinants look like at the system level

Given the focus on systemic innovation, it is necessary to pay particular attention to how the determinants manifest themselves at the system level. Table 3.2 illustrates this by:

- highlighting the relevant characteristic of innovation that underpin the relevant manifestation (i.e. why is it that the determinant reveals itself in that particular way at the system level)
- explaining the system determinant (i.e. what this implies about a systemic approach)
- using the example of a crisis situation, which can often spur innovation, as a device to illustrate the determinant (i.e. highlighting the determinant in a situation where innovation tends to occur more easily)
- showing how the determinants are interlinked and reinforce each other (i.e. why each determinant shapes its successor and is dependent upon its predecessor).

Table 3.2. Understanding the determinants of public sector innovation at the system level

Characteristic of innovation	What this implies for the systemic support of innovation	Illustration of the determinant in a crisis situation (e.g. responding to a humanitarian disaster)	How each determinant builds upon the previous one
Innovation is ambiguous and uncertain Innovation is inherently unclear, and so, all other things being equal, it will come second to any other agenda that is more clearly understood, communicated or measurable.	**Clarity** Additional clarity is required in order to help innovation be seen as a priority. This clarity needs to cover the role, importance and purpose of innovation, and how innovation fits with everything else.	In a crisis there is a clear understanding that things must change quickly, an associated expectation that all the relevant players will play a role in whatever way they can, and consensus that responding is necessary or unavoidable.	If there is a clear sense of why innovation matters, it is more likely that innovation will be given equal attention and consideration when deciding how to proceed.
Innovation is counter to the status-quo Innovation is new and so, all other things being equal, it will be at a disadvantage in bureaucratic decision making processes that will favour what is known and has already been invested in.	**Parity** Innovative options need to be given extra weighting in decision making in order to discount or mitigate the bias towards status quo options that have already benefited from investment, time and learning.	In a crisis the status quo is unacceptable, and therefore existing options are unlikely to seem the best or most appropriate choices. New ideas are welcomed, as long as they help meet the present need, and senior leaders prioritise responses.	If innovation is granted attention and consideration equal to that given to status quo options, investments and allocations of resources and priorities are more likely to be oriented towards future needs, and underlying systems will be better suited to new possibilities.
Innovation requires new capabilities Innovation is about doing new things or doing things in new ways and so, all other things being equal, it will not be as well supported by core operations as existing activities.	**Suitability** The bias of core operating systems towards existing practices needs to be counterbalanced if new capabilities are to be explored, tested and developed before they potentially become the new core operating systems.	In a crisis existing separations of responsibilities may be blurred as resources, people, skills and capabilities are brought in from across the system and new methods are tried, as it is acknowledged that existing ones may not be sufficient.	If underlying systems are better suited to new possibilities, the realisation and enactment of new possibilities will not be deemed as unusual or as costly, and innovation will be more easily integrated into core practices.
Innovation is unusual Innovation is unlike current practice and so, all other things being equal, it will not be considered normal, unlike processes that are already underway.	**Normality** Innovation must be actively integrated and linked with core business in order to overcome the default normality of the existing culture and associated behaviours and practices related to current ways of doing things.	In a crisis many habitual and formal processes and expectations are weakened or abandoned, as reliance on them in the face of a disaster is likely to run counter to need. Mistakes are tolerated and even defended as long as they are appropriate to the context.	If innovation is integrated into core practices, it is likely that there will be a much greater understanding of innovation, and why it is important and how it can contribute.

Source: Adapted from OECD, 2018c

The determinants in practice

While each of these determinants can provide an insight into the underlying forces shaping whether and to what extent innovation occurs, the question remains as to what this might mean on a practical level, and how each determinant might be influenced in a deliberate fashion. The following section (drawing on OECD, 2018c) describes some key points of intervention for each determinant.

Clarity – "the quality of being certain or definite"

Are system actors receiving a clear signal about innovation and how it fits with other priorities?

Practical elements of clarity include whether the actors within the system:

- understand what innovation means from talking about it, seeing it or experiencing it first-hand
- know why, when and how innovation is a priority, and can situate it in relation to other priorities
- know how (if) they can contribute to innovation and what role others play
- see how innovation fits with their shared history and their own context.

Some guiding questions to help illustrate the degree to which clarity exists include:

- What signal is being sent about innovation?
- What story is being told about innovation?
- Is there sufficient clarity about innovation, its value, and what is expected, to ensure that it is a focus?

It is important to note that too much clarity is likely to be as detrimental to the performance of the public sector innovation system as too little (see Table 3.3)

Table 3.3. Finding a balance between too little and too much clarity

Too little	Balance	Too much
System actors question why they should participate or engage with doing things differently ("that isn't my job").	Actors have a broad sense of what innovation means in the context of the system, how it fits, why it is needed, what their role and that of others is, and know what innovation looks like in practice.	A prescriptive certainty around innovation removes much of the ambiguity, tension, negotiation, and push/pull of innovation, and thus actually inhibits innovation (the asking of "what if?").

Parity – "the state or condition of being equal"

Does innovation have equal standing with other considerations when it comes to proposed courses of action?

In practice, parity would depend on the degree to which:

- processes are open to challenge
- information and decision-making bottlenecks can be circumvented
- it is easy to find and build a coalition of the willing around shared issues
- different types of risk can be distinguished, and the difference between risk and uncertainty is appreciated.

Some guiding questions to help consider the extent to which parity exists between innovation and the status quo include:

- Are existing processes and practices inimical or open to doing things differently?
- Do those putting forward new ideas feel challenged to improve and develop their innovative proposals through their interaction with the relevant processes and practices, or do they feel exasperated, exhausted and worn down by them?

- Do those in middle management positions feel able, equipped, empowered and ready to engage with new ideas and innovative possibilities?
- Do the relevant processes and practices encourage a healthy engagement with risk? Do they generally encourage consideration of the risks of *not* innovating?

Again, a situation where it is too easy to consider new alternatives may be as harmful as not being able to consider different options (see Table 3.4).

Table 3.4. Finding a balance between too little and too much parity

Too little	Balance	Too much
System actors question why they should give any attention to new ideas ("that's not how we do things").	Business-as-usual options are not automatically deferred to, but nor is every idea seen as equally meritorious.	Every idea is considered to have equal merit, even where established practice is performing well, leaving decision making and prioritisation bogged down in process and debate.

Suitability – "the quality of being right or appropriate for a particular person, purpose, or situation"

Are the capabilities, systems and infrastructure appropriate and sufficient for the available options?

In an operational sense, the degree of suitability could be influenced by the extent to which:

- learning occurs from areas that are already matching the external rate of change
- technologies and their implications are socialised in government
- new operational models are engaged with and tested and tried in government
- changing expectations are understood, and any trends and signals that existing capabilities are insufficient are identified.

Some key questions to guide thinking about suitability include:

- Are the underlying systems of government seen as being calibrated for innovation?
- How are new technologies socialised and introduced into government?
- Is there a clear understanding of citizen expectations of government in an environment of high rates of external change and innovation?
- Does the commitment to and investment in innovation match the rhetoric about the need for innovation?

As with clarity and parity, too much suitability will be as bad as too little (Table 3.5).

Table 3.5. Finding a balance between too little and too much suitability

Too little	Balance	Too much
The ability of government to engage with new issues and technologies is likely to be limited as it will not have the requisite understanding or experience, and this will hamper its relevance, appropriateness and effectiveness.	Emergent needs are identified, considered and monitored to track their implications, and system actors have a clear sense of where and when to make investments and commitments so that they will fit their context.	System actors invest too much too early for initiatives that are still going to require significant development/are speculative, or have numerous systems still in development/being refined despite citizen expectations of stability/ consistency of service/experience (e.g. the "bleeding edge").

Normality – "the condition of being normal; the state of being usual, typical, or expected"

Is innovation seen as integral, rather than as an occasionally accepted deviation from the norm?

Normality in practice might mean:

- Identifying the behaviours to support innovation
- reinforcing the links between innovation and regular business
- socialising innovation
- upholding innovation.

Some key questions to guide thinking about normality include:

- Is there a set of identified and demonstrated behaviours for supporting innovation?
- Is innovation (and the associated breaking with convention/questioning of current practices) valued in regard to career progression?
- What happens in the event of public criticism of something seen (mistakenly or otherwise) as being innovative? Is the default response defensive or openness?

Table 3.6 considers the right 'balance' of normality.

Table 3.6. Finding a balance between too little and too much normality

Too little	Balance	Too much
Innovation is seen as a frolic, as something that is not serious or *really* supported, and will be marginalised instead of integrated.	Innovation is seen as integral to achieving the best outcomes, and default behaviours are supportive of innovation.	Optimisation and efficiency may suffer due to tension between new and existing options. Stakeholders may disengage or become alienated, and change exhaustion may occur.

Ensuring that innovation not only occurs, but that it occurs in a suitable mix

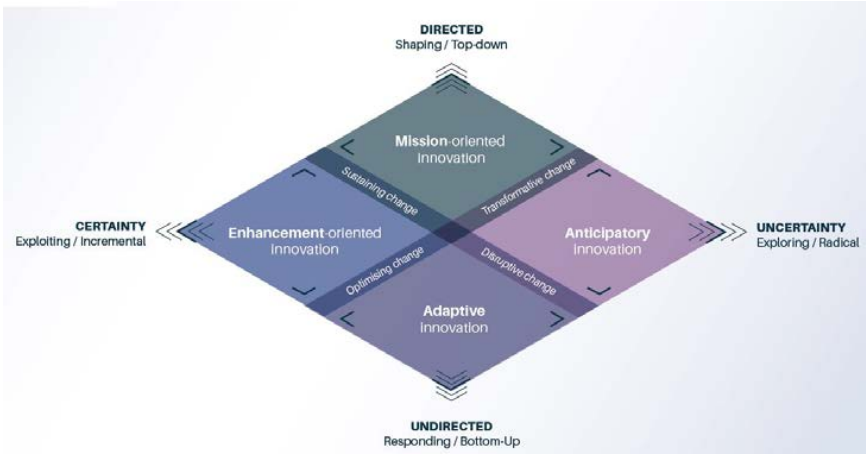
The determinants model and the associated framework for action provide some concrete steps and elements with which to appraise the performance of the system and consider opportunities for innovation. However, while the determinants model allows for insight into whether, and to what extent, innovation is likely to occur within the public sector, it does not necessarily divulge much about the nature of the innovation that might arise. While the system may produce innovation, what guarantee is there that the innovation in question will be socially desirable and suitable to the goals at hand or those yet to emerge?

For instance, innovative activity can be undertaken for a range of purposes, each of which will shape the resultant innovation outcomes (OECD, 2018d). These purposes include

- enhancement-oriented innovation, where the focus is on upgrading practices, achieving efficiencies and better results, and building on existing structures
- mission-oriented innovation, where there is a clear goal to be achieved, requiring new approaches and responses
- adaptive innovation, which focuses on responding to a changing environment with new attempts
- anticipatory innovation, which is about engaging with new shifts before they become established.

This multi-faceted nature of innovation is presented in Figure 3.2.

Figure 3.2. OECD Public Sector Innovation Facets Model



The facets model can help consider the mix of innovation activity taking place and whether there is a sufficient diversity of approaches. Given that innovation is inherently uncertain with no guarantee as to what will succeed, multiple "bets" need to be made to ensure alternative options even if the favoured interventions fail to obtain the desired or needed results. A portfolio is therefore required to reduce risk.

The facets model can also help reflect on the forms of support and investment required by differing forms of innovation activity (OECD, 2019b).

How much innovation?

Even with a framework in place to understand how to act to ensure a more deliberate systemic approach to public sector innovation, the question remains: How "much" innovation is right? If innovation is being performed in pursuit of a range of aims (e.g. increasing efficiency, responding to citizen needs, working towards societal goals or engaging with new emerging technologies) across an entire system, what useful guidance exists to help the public sector assess whether the right "level" of innovation is taking place?

The Public Service of Brazil has clearly been innovating, as illustrated by the Innovation Award and the multiple studies based on the submissions and winners (e.g. see Camões, Severo and Cavalcante, 2018). However, Chapter 1 identifies a range of matters where further innovation would be welcomed or where it may even be essential to the continued successful functioning of the state of Brazil. Economic, social and political concerns all indicate that regardless of the progress thus far, "more" innovation is warranted. In addition, new societal and political priorities, goals and needs will emerge, and unexpected developments and opportunities will arise, each of which will require new ideas, responses and actions to some degree.

However, what "more" innovation might look like is an open question. Three reasons can be given for the difficulty in identifying or quantifying an answer to this question:

- The impact of any one innovation is hard to quantify.
- Innovation is a dynamic process.
- There is no optimal amount of innovation.

The impact of any one innovation is hard to quantify

It is extremely difficult to quantify the amount of change originating from a single innovation, whether it takes the form of the introduction of the smartphone or the creation of an administrative reform that dramatically simplifies how much time someone spends completing their tax assessment. Due to dynamic effects, it is also often impossible to say what the counterfactual would have been in the absence of the innovation. Furthermore, individual innovation initiatives and projects are rarely static in their own right, and the changes they instigate fluctuate over time, whether because of resulting efficiencies or unexpected consequences.

Innovation is a dynamic process

Innovation changes the context in which it occurs. Innovation in one part of the system will, in turn, lead to or require innovative responses in other parts of the system (e.g. see Potts, 2009). Institutions, structures and processes will naturally evolve in relation to innovation, whether they are reacting, preparing or combining with other innovations that occur across the system (e.g. see Juma, 2016). Automobiles changed the market for horses, and transport regulators in turn had to react to and shape the automobile industry. These dynamics created flow-on effects across society, encompassing health, industry and urban planning.

There is no optimal amount of innovation

The “amount” of innovation needed will change continually in tandem with the political, economic, social and environmental context. A major national priority one day may be overtaken the next by an entirely different concern. Equally, a widespread appetite for change may reverse once the costs of that particular direction become clear and the status quo suddenly seems more acceptable. How much is too much or too little will continually evolve as demands and expectations shift.

System stewardship

This inherent uncertainty about the optimal or desirable quantity or quality of innovation points to the need for ongoing stewardship of the public sector innovation system. If there is no inherently optimal amount or type of innovation, the system cannot self-optimise to provide the right amount of innovation in the right forms. It requires ongoing active stewardship.

Stewardship of some form or another is likely needed on a range of fronts:

- **The fragmentary nature of innovation.** As innovation is a context-driven activity, it will tend to pull in different directions. For instance, an innovation in one city might look different to an innovation in another city, because of the different specificities of their contexts. Over time, this tendency can fragment the broader regional or national system. While a range of processes (e.g. standardisation, budget processes, etc.) have traditionally reconciled this tendency of divergence, as the rate of innovation increases, it is likely that a more concerted approach may be necessary.
- **Whether the mix of activity being undertaken is appropriate**, all other things being equal. Structural drivers and characteristics within the system are likely to push innovation activity in certain directions by default, which may not best serve the overall needs.
- **Harvesting and reflecting on core lessons.** As different experiments and innovative attempts occur across the system in different contexts, those involved will learn much about how to support innovation to obtain better outcomes. However, these lessons are unlikely to translate easily between different organisations and settings, and the implications might not be easily understood when viewed from the perspective of a specific context. Stewardship can assist in pooling and distilling the importance of those lessons.

It is an open question as to what such stewardship of the public sector innovation system should look like or how it should function in practice. Traditionally, such stewardship has not been necessary to achieve sufficient results. Therefore, there is little evidence yet as to what such a function should look like. In short, because it has not been needed, it has not happened, so it is speculative to say what it would, could or should look like. However, as the requirement for a more deliberate and systemic approach to public sector innovation continues to present itself, so too will the need for an explicit stewardship function of some description.

The need for a deliberate approach

An ongoing deliberate and systemic approach is needed for innovation to ensure that suitable innovative responses can be generated as and when needed, despite any inherent defaults within the public sector that can, rightly, push against or inhibit innovative activity. Such a deliberate approach needs to answer three questions:

- Is innovation occurring to the extent needed?
- Is the innovation likely to provide the right mix of options and choices for the context?
- Is some form of stewardship present to ensure that the innovation system delivers as hoped?

The next chapter explores the lived experience of the Public Service of Brazil in order to assess how the proposed models suit the Brazilian context.

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4 The lived experience of innovation within the Brazilian civil service

How does the “lived experience” of innovation in the Public Service of Brazil fit with the identified theoretical frameworks? What does the innovation process currently look and feel like within the context of Brazil? This chapter explores the experience of innovation and examines the extent to which it is congruent with the theoretical model outlined for understanding what drives innovation at a systemic level.

As described in previous chapters, a need for innovation does not automatically produce innovation. Necessity alone does not lead to appropriate responses. Many other structural and contextual factors shape the innovation process in myriad ways, and affect whether or how innovation occurs, and to what extent. These factors are not always explicit; they may be implicit qualities such as culture, values, beliefs, perceptions or relationships. When trying something new, trust and confidence can matter more than formal rules and requirements. It is important, therefore, to appreciate the "lived experience" of innovation, and to understand how the process unfolds in reality. This chapter examines what it looks and feels like to innovate within the Public Service of Brazil.

Making observations of the "lived experience"

Innovation in the public sector is often a contextual process, driven by specific needs and issues that may require or permit a new approach. How then can generalised observations be made about a practice that will differ to some extent by temporal and spatial context?

To address this challenge the OECD used a design-led approach to gain insight into the characteristics of innovation as it occurs within the Public Service of Brazil. Semi-structured interviews with a variety of actors were used to identify patterns and commonalities across the varied experiences, and to help build a picture of what it "feels like" to innovate in Brazil's public sector. Further case study research and investigation helped to validate these observations. Responses to a survey (OECD, 2019) provided additional validation in terms of data points about the lived experience of innovation.

What does innovation look and feel like in the Public Service of Brazil?

Building on the models outlined in Chapter 3, four questions can be used to make sense of the varied experiences of innovation:

1. Is innovation primarily driven by individuals acting on their own, organisational priorities and agendas, or systemic-level concerns?
2. Does the lived experience support a focus on identified determinants of public sector innovation?
3. What is the current mix of innovative activity?
4. What stewardship currently exists across the public sector innovation system?

Is innovation in the Public Service occurring at the individual, organisational or systemic level?

As noted earlier, considerable innovation activity is taking place within the Public Service of Brazil. Whether this innovation is being driven by individual, organisational or systemic concerns is an open question, however. To help answer this question, the report identified three case studies to help exemplify innovation driven by concerns at differing levels:

- ENAP's 'Coursera for government'
- Electronic voting and the Superior Electoral Court (TSE)
- Digital transformation of services offered by the Public Service of Brazil.

The first case is a vivid example of how individuals can make change happen and play a significant role in the public sector innovation system, as well as bringing about value that can benefit the whole of the public service (and others).

Box 4.1. ENAP's 'Coursera for government' (Escola Virtual de Governo)

A case of innovation led from the individual level

This is the story of how ENAP developed the idea of a 'Coursera for Government', a shared platform for different parts of the public sector training ecosystem to make available their online training for civil servants and others.

ENAP, as the National School of Public Administration, plays a major role in training civil servants to develop their skills. Over the last few years, online training has become a focus of attention, and the school developed an infrastructure to host its own courses.

In 2012, an external speaker introduced the concept of federated IT systems – architecture that allows different autonomous areas to have interoperable systems and share information, without necessarily being on the same network. What might this look like for ENAP and the wider ecosystem of training organisations?

This idea sparked thinking about what this might mean for online education. Over time, the idea was developed, but it was not until later that there was the opportunity to put the thinking into practice, as the relevant area of ENAP did not have the necessary skills to explore the option. In 2016, there was the opportunity to engage someone with the right IT skills, and to have them as part of the relevant operational area rather than based in the IT area. Having them as part of the relevant team meant there was greater opportunity to explore possibilities and to get into the specifics of how such an idea might work.

With access to the right skills, exploration of the possibilities began. The project started small, building on the concept of a common platform for different training organisations to host and operate their online courses (e.g. a Coursera for government). The first step was to create a domain and to iterate and learn from there. Initial questions like "What constitutes a course?" and "What data do we need?" led to realisations, such as "If that is the data we need, then that is the data that we need to collect during the subscription process". Initial work led to a more tangible proposal for how ENAP could act as a platform for courses (Massive Open Online Courses, or MOOCs) from different schools at marginal cost through the use of existing infrastructure and associated economies of scale.

The project has grown over time and now involves a number of different institutions, with the platform receiving an average of 3 000 subscriptions per day. Courses are made available to anyone (not just civil servants), and ENAP hosts the service, performs data management and acts as the secretariat system for subscribers. Individual institutions are responsible for managing the remainder of the process, and can use the data generated to refine and improve their offerings over time. Further innovative elements are being developed relating to educational methods and content management, as well as the ability to automate customised messages to students.

While this example of innovation highlights the value that can come from thinking differently, the journey was not always a smooth one. The idea of sharing resources across public institutions might seem obvious in retrospect, but the idea was often not clear to others during the development process. Because of the novelty, there was no easy reference point for people to connect with and they did not necessarily understand what was involved. "People just don't see it happening. They don't really understand what you're saying.

The project was also driven by key people at the "individual" level who saw a possibility and found or facilitated the necessary institutional openness. If the relevant people had not been there, it is unlikely that the project would have occurred in those terms. While the project has clearly been beneficial at an organisational level for ENAP, it that it did not start as an organisational project. This meant that those

involved needed to have a lot of belief in the idea and the passion to keep it going even when inevitable hurdles arose. “The small problems, they are so small, but they are so annoying, and they are so frequent that they are dangerous to an innovation project.”

The project was dependent on those involved having good relationships with different parts of the system, and being able to carve out the necessary organisational space, and navigate existing formal and informal channels to seek institutional approval and support. Given the sometimes clear downsides (e.g. demands for IT skills and changes to workflows for round-the-clock hosting and servicing), perseverance was required to reach the longer-term benefits that were not as immediately apparent.

This highlights a strength – that individuals can make a difference and introduce valuable new ideas and practices – and a weakness – that individuals often have to go ‘above and beyond’ in order to make change happen. Such innovation is often driven more by chance and circumstance, than systemic considerations.

Source: Interviews, http://escolavirtual.gov.br.

Innovation will often arise from the individual level. This should be valued as a feature of the public sector innovation system. Individuals, including leaders, will often be better placed to see emergent opportunities or challenges than slower-moving organisations or systems. Innovations led at the individual level play a vital role in any public sector innovation system.

However, efforts at the individual level should not be relied upon as the sole means of meeting and addressing changing societal needs and concerns. Individually driven innovation is naturally going to be driven by individual concerns.

The second case is a good example of a situation where innovation has been driven by organisational concerns, which are generally of a greater scale and scope than individual motivations.

Box 4.2. Electronic voting and the Superior Electoral Court (TSE)

A case study of innovation led at an organisational level

Voting is mandatory in Brazil, and in 1996 the country became one of the first to introduce electronic voting. While this represented an innovation in and of itself, the process did not stop there. Every election brings additional considerations and innovative aspects as the technology evolves, while maintaining an ongoing effort to ensure the system is secure, transparent and auditable.

The Superior Electoral Court (TSE) is responsible for the running of federal elections, which take place every four years. These involve over 100 million voters spread across almost 5 600 municipalities. The TSE is also responsible for supervising state and municipal elections (through regional courts). The TSE, thus, oversees elections using electronic systems every two years. The elections themselves are significant events, and the TSE undertakes substantial preparation to ensure that everything runs smoothly.

Part of this preparation involves being open to new technologies and possibilities, such as the introduction of biometric elements for voter identification. Additional activities include training and preparation to support voting by Brazilian citizens overseas, and ensuring that the voting process is accessible for blind and deaf people. Other initiatives include educating children about the voting process.

In the lead-up to the elections, the TSE runs field tests and simulated electoral tests across all states to ensure readiness and to identify and address potential issues. They conduct hackathons and public

testing of the voting system (and the supporting source code) with the involvement of universities, the public prosecution office, and the National Brazilian Intelligence Agency, in order to detect issues or mistakes.

Given the clear need to avoid mistakes during the election, there is extensive testing beforehand – "We commit a lot of mistakes so we can make it right."

Ongoing innovation clearly forms part of TSE practice as it works to ensure the electoral process runs smoothly and is efficient and trustworthy. Innovation is focused on a particular priority – efficient and trusted elections – which has led to a range of innovative activities over a 20-year period. The innovative activities involved are somewhat wide-ranging, and are visible throughout the electoral process, affecting how it is conducted and supported. And, indeed, the innovation has had wider effects across the system, as the use of biometrics for the electoral process has demonstrated their use-case for other applications. As a result, the Superior Electoral Court has now become involved in citizen identity matters external to the electoral process.

Yet, despite these wider flow-on effects, the innovation that has occurred is clearly driven from an organisational perspective. The benefits of the innovation that has occurred have been recognised at a wider level, but the driving force behind the innovation has been primarily reactive to a distinct organisational perspective. Ongoing innovation exists, but it is tied to a particular set of activities or a particular priority.

In this manner, the innovation is dependent upon a particular organisational mandate with a clear sense of the consequences that might occur if the organisation does not innovate and ensure that processes are up-to-date (e.g. loss of faith in the electoral process).

This underscores two points: 1) innovation can and does happen across the Public Service of Brazil; and 2) where it is not promoted by particular individuals, it is often driven by specific and pressing organisational concerns, rather than more systemic considerations.

Source: Interviews.

Oftentimes innovation will naturally be led by individual organisations pursuing particular priorities or taking advantage of opportunities that have arisen. However, the nature of such innovation is that it will inevitably involve organisational rather than system-wide or societal concerns. Public sector organisations will naturally seek to address their own priorities, as these are their primary responsibility, and to do otherwise (including being too ambitious) can even be inappropriate.

The third case presents an example of innovation being driven by system-level concerns (and ambitions).

Box 4.3. Digital transformation of the services offered by the Public Service of Brazil

A case study of innovation undertaken from a systemic perspective

Brazil is a country with longstanding experience in eGovernment and digital government initiatives. As outlined in the OECD Digital Government Review (2018b), co-ordinated efforts in this regard have been underway since 2000, when the E-GOV policy was launched. The Digital Citizenship Platform is one of the most recent developments, and has been instrumental in helping the digital transformation of federal government services.

The ongoing process of digitisation of services is led by the Secretariat of Digital Government (SGD) and the Secretariat of Management (SEGES), within the Ministry of Economy (formerly the Ministry of Planning, Budget and Management). From an analysis undertaken through the "Censo de Serviços", by SEGES and ENAP in 2017, it was identified that there were 1 740 federal government services.

Initially, the Ministry of Planning assisted government agencies with the digitisation of their services through a multi-pronged approach. SETIC (the Secretariat of Information and Communication Technologies, now SGD) centralised and streamlined the contracting process for relevant services and processes that agencies might need to access when digitising their service (although government agencies are not obliged to use SETIC for such contracting). SETIC provided access to software tools to assist with digitisation, a single sign-on solution, and SEGES provided methodologies to help agencies consider the costs and benefits of digitisation (e.g. the standard cost model), and tools to help agencies simplify and transform their services such as design thinking. In short, the Ministry offered a one-stop-shop for government agencies that are seeking to digitally transform their services quickly and efficiently, working with service owners by matching the particular tools and offerings available to the outcomes desired.

The transformation has been a gradual process, and commenced with targeted agencies who had a clear desire to transform their services. The first such service came online in January 2018. As the process has been refined, more services have come forward to explore digitisation. As of September 2018, 110 services were undergoing digital transformation in 25 different departments.

Each government agency has differing levels of maturity and different levels of IT investment. The hope is that over time the work involved in digital transformation will lift more agencies up to a level closer to that of leading agencies.

The digital transformation process also provides richer data and intelligence for both the Ministry of Economy and the agency responsible for the relevant service. Digitisation provides feedback from citizens about their service experience, which can be used by agencies to consider how to improve their performance and practice. In addition, a public performance panel provides information about the services, such as how long it takes to receive a particular service or how services are performing on a range of metrics.

When a new service is created, the relevant agency can work with SGD to ensure that the service is "digitally native" or digital by default. As with the rest of the process, however, government agencies are not obliged to work with the Ministry of Economy, and can choose their own path if they think this is most appropriate.

SGD is undertaking ongoing reflection about their work to ensure that new lessons learned from implementation inform the broader push towards digital transformation.

This case illustrates how systemic and scalable change can happen in the Government of Brazil. It is foreseeable that, as more and more services are digitised and the benefits better understood and demonstrated, the Government of Brazil will have access to significantly richer information about how

services are used and the associated citizen experience. Such data will help send signals about potential areas for improvement or opportunities for further innovation.

It also suggests a range of preconditions necessary for such systemic change, including:

- a clear mandate – in this case in the form of the Digital Citizenship Platform and a range of other digital transformation measures across government
- available resources – in that agencies are not bearing the full cost of the digital transformation process themselves
- available expertise and support – in the form of a team at SGD with the necessary skills to help service owners navigate the digitisation process and think through the different tools and options available to them
- a clear sense of benefit – in that agencies can readily see the value offered by digitisation
- a low level of contestability or potential for controversy – in that the benefits of digitisation are clear and are not likely to receive significant scrutiny, as it is something understood as a clear public good.

Source: Interviews.

This last case involves a very particular set of circumstances, and the relevant preconditions that enabled it (a clear mandate, additional available resources, dedicated expertise and support, a clear business case, a low degree of controversy) are not likely to be common. This suggests that systemic innovation will be rare in the absence of additional factors that make the case for innovation clearer and more pressing.

These three cases help to illustrate the differences in innovative activity that is led at the individual, organisational and system levels:

- Innovation can be led by individual efforts, as people seek to achieve particular goals, solve specific problems or respond to a changing context. Individuals are often better able to identify emerging issues or needs, and thus will often be the "first line" of response to a shifting environment.
- Organisational-level innovation can mobilise more significant efforts and resources. Innovation at this level will often have more legitimacy and be more sustainable. As organisations have more structured responsibilities and relationships, innovation is, however, more likely to occur in response to pressing concerns, such as delivering on organisational priorities (e.g. organisational missions) or responding to particularly pertinent problems (e.g. crises).
- System-level innovation is the most powerful category as it can lead to widespread change with great effect, but it is also the most challenging, as it requires greater co-ordination, alignment of interests and favourable preconditions or structural drivers.

The analysis of the Public Service of Brazil found that systemic innovation appeared to be a rare exception, rather than a standard feature.

The lived experience and the determinants of innovation

When viewed through the lens of the determinants of innovation at a system level (clarity, parity, suitability, normality), what can be seen? Do these frames of analysis make sense for the lived experience in Brazil?

The following section provides a discussion of system-level determinants (clarity, parity, suitability and normality) and observations of the lived experience, as gained through interviews, workshops and surveys. It explores whether these frames of analysis function as useful lenses to interpret the lived experience of

innovation in Brazil. Some of the observations are illustrated by quotes from interviews to help highlight the relevant sentiment or issue and to convey the "voice" of the system.

Clarity

Is there sufficient clarity within the Public Service of Brazil about what is needed and how innovation fits in with other priorities? Without clarity – that is, an explicit signal as to the value of and need for change – innovation will likely always come second to other, better understood agendas, or alternatively be driven by individual motives, the needs of individual organisations or external events. Clarity might take the form of explicit strategies, identified expectations or goals for innovation, or articulated roles that people can play within the innovation process.

Investigations revealed broad conceptual agreement around the core elements of what innovation means, however it was less clear what this looked like in practice. In addition, the term and concept of "innovation", as currently understood in the Brazilian context, is invested with different and overlapping meanings (see Box 4.4).

Box 4.4. What is public sector innovation?

Views from across the Public Service of Brazil

Innovation is about difference:

- Doing something different or doing something you are already doing differently.
- Something new that generates results, has practical application and impact.
- Distinct from discovery (knowledge), it is something that must be applied.
- Distinct from invention (prototype), it must be useful/ respond to someone's needs.

Innovation is a process:

- A systematic process that can be managed, not waiting for luck.
- Innovation is work, it is a process, it is a method.
- Being able to make mistakes in order to learn, and then to transform.
- Innovation has to do with the way we operate, but also the way we conceive our solutions.

Innovation is used to solve a problem / to achieve a purpose / to transform:

- Innovation is a new way to solve a problem.
- Creating value based on new business models, to overcome our current challenges.
- A tool to achieve transformation.
- Innovation is a tool for change and therefore, for our government's improvement.
- The transformation of a good individual idea into the solution of many people.

Innovation is about the citizen/public good:

- Finding new ways to solve people's problems, or attending to their needs, attending to their needs in a way that is either more efficient for them, or more efficient for the state.
- Centred on citizens.
- It is to create solutions for and with the citizens as opposed to bureaucratic insulation.
- An opportunity for Brazil to finally leave behind the 20th century agenda.

- To do government services better and more efficiently.
- Empowering the citizen and private sector.

Innovation is a spectrum/multi-faceted:

- Ranges from continuous improvement to something that is disruptive.
- Disruptive innovation where you can put some more effort to have to do with the risks and it has different whole process of managing it.
- Can result in new procedures, processes, functionalities, and characteristics to things that already exist.
- Something that will sustain any entity today. Innovation means something sustainable.

Innovation is a necessity:

- The ability to respond to the emerging demands of a rapidly changing society.
- Necessary to change constantly, just to stay in the same place.
- It is survival.

Innovation is sometimes difficult:

- Difficult to be understood and measured.
- A rupture with what has been done before.
- A change in mindsets.
- It is to face a culture of "it has always been like this", of risk aversion to making mistakes, of making "more of the same".
- It involves challenging / questioning the things that have always been done, the way it has always been done and the why.
- "I sometimes hear people talking about innovation in such a broad way that it almost becomes like senseless".

Source: Interviews and workshops

It is also clear that there is innovation happening. The investigation surfaced numerous instances of innovation in the Public Service of Brazil, with varying degrees of project formality. There is also evidence of a history of innovation (as documented by the winners of the longstanding innovation awards). However, there does not appear to be a collective sense of that history, nor of how innovation fits with the broader "story" and identity of the Public Service of Brazil.

There also does not appear to be agreement about the extent to which the Public Service is innovative, or a shared view as to what extent the public sector actually needs to be innovative (or even, in some instances, whether it has the social licence to innovate).

> "All I hear is, we have problems, huge problems, and the government can't give us the solutions."

There is also no common consensus regarding key drivers for innovating within the Public Service, or reasons why the public service could and should innovate.

Box 4.5 identifies some of the structural forces and drivers for innovation within the Public Service of Brazil.

Box 4.5. What helps drive innovation within the public service of Brazil?

Structural forces within the Brazilian context that encourage innovation

Debureaucratisation/red-tape reduction push

There have been multiple attempts to debureaucratise throughout the history of the Public Service of Brazil (see Chapter 2). However, the latest efforts were instigated by the Council of Social and Economic Development and are supported by the National Committee of Debureaucratisation and Decree 9094/2017 (and Laws 13460/2017 and 13726/2018, which require the simplification of public services).

Digital transformation

A number of initiatives are pushing for digital transformation of the Brazilian economy, including the civil service (e.g. see OECD, 2018b). While digital transformation can be an opportunity for innovation, this is by no means guaranteed, as digitisation can also result in standardisation. Digital transformation, therefore, is a somewhat inconsistent force for innovation in and by the Public Service.

Financial pressures/constraints

A budgetary ceiling has been mandated which came fully into effect in 2018. However, fiscal constraints are not a reliable driver of innovation, and the effect on innovation will depend on how the fiscal constraints are managed (e.g. what is shielded from fiscal consolidation and what is not).

Citizen agitation and citizen-centred government

There is a growing development of a citizen-centred focus within the public sector (e.g. the National System of Social Participation platform participa.br, the creation of the Department of User Experience within the Digital Government Secretariat) alongside a clearer sense of a responsibility to deliver better results, including through Law 13 460/2017, which provides for the participation, protection and defence of the rights of the user of public administration services. However, it is not entirely clear if there are sufficient feedback loops to entrench this development and create an ongoing structural focus on citizen expectations.

Experience gap with the private sector

Citizens and public servants are increasingly aware of a gap between what is happening in the public sector and what is happening in the private sector. This gap is somewhat acting as an impetus for change, as it helps lead to a realisation that there are new possibilities on offer.

Open and transparent government/greater government integrity agendas

A range of initiatives are focusing on increasing public sector transparency and opening up government practices and performance to public scrutiny, with a view to improving performance and ensuring greater levels of government integrity. These efforts will likely boost consideration of innovative options, although this is by no means certain.

Source: Interviews and workshops.

There also does not appear to be a common understanding of the value of innovation, what types of innovation are required, nor a clear understanding of when, or under what circumstances, innovation is most appropriate (or even allowed). There is a sense that the government is required to do more with less, yet this is no guarantee that innovation will be the result.

> "I think there is a space for innovation, but there's a lot of space for no innovation"

Without clarity about why innovation is important and how it can contribute to the workings of the public sector and its offerings to citizens, there is a risk that innovation will come second (or third or fourth) to other priorities, or that it may not even be recognised as a priority at all. If the reasons for innovation are not tangible or meaningful, if there is a sense of uncertainty about innovation (and thus insecurity) as to whether it is allowed, wanted, needed or expected, then it is just as reasonable to not innovate.

> "And every time you have insecurity in Brazil, we usually don't do anything."

Interviews provided a glimpse into a highly educated workforce, with many of those interviewed possessing relevant skills or qualifications that would support their contribution to innovation efforts. However, the interviews did not reveal any clear and articulated expectation as to what role civil servants should play in regard to innovation, or any sense of the different roles that people could play when participating in innovative efforts. This lack of role clarity extends even to uncertainty over who can be, or is able to be, innovative.

> "Because for a very simple public servant in general, they don't believe they can be innovative. They think innovation is just for, you know, very creative brilliant people, the smartest. It's one of the work we do in this public innovation network, is to change this idea. Everyone can innovate somehow, at some level."

There are a number of opportunities open to interested civil servants, including labs, training, courses and networks, to gain experiential knowledge and understanding of innovation. However, these options do not yet appear to be matched by any systematic sense of how that experience can be drawn upon or best used, or under what circumstances. There is no clear overarching narrative about innovation.

> "I think that there's no clear policy to foster innovation within the government."

This situation risks an environment where those with interest and/or capability can become demotivated or habituated to a non-innovative environment. In the absence of a clear signal, it is likely that any innovation agenda will join other, past agendas in not having the hoped-for effects or transformational outcomes.

> "… but if that communication is not there, I don't think there is going to be any kind of recognition and then the agenda may die just as others have died."

Parity

Does innovation enjoy parity with business-as-usual approaches in the Public Service of Brazil, such that it is placed on an equal footing? Without parity between innovation and default options, innovation will occur primarily as a result of exceptional efforts on the part of individuals ("going above and beyond") working to surmount the obstacles that arise, and organisations responding to external drivers for change or pursuing narrow agendas. The pursuit of parity in practice will relate to the ease of challenging the status quo (e.g. existing options defending themselves), or ensuring that risk calculations consider both the costs of acting *and* the costs of inaction.

The innovation environment is clearly a challenging one. The risk environment in the Public Service of Brazil is particularly noticeable, given a context where individual public servants can be held personally accountable for decisions. The absolute risk of an individual public servant being accused and sanctioned or penalised may in reality be relatively low; for example, in 2017 only 2 706 people, including individuals from outside the Brazilian Public Service, were sanctioned in some way by the TCU. However, the perceived, and thus felt, risk environment was strongly evident as being much more severe. In addition to the observed reality from interviews, workshops and discussions, this perception is supported by commentary by the TCU Observatory, a research project of the Public Group of FGV Direito SP, in partnership with the Brazilian Society of Public Law. The project noted (SBDP, 2018) that TCU communications tend to emphasise and reinforce the perception that public servants will be held accountable, and thus may unintentionally feed a wider belief that innovation is a risky activity within the Public Service. Given that innovation concerns different possibilities, perception is crucial.

In a private sector setting, a challenging risk environment may still be functional, as the potential for rewards can be high. However, in a public sector setting such a potential payoff will (and should) rarely be the case, therefore those undertaking the risks involved with public sector innovation will generally require motivations other than possible extrinsic reward. Even a small chance of negative outcomes may be sufficient to deter innovation in the absence of any belief of a positive payoff.

> "I mean being innovative excites me. So there is an internal natural process inside me. I like innovation. I want to be innovative for the rest of my life. So I have internal motivation to face all these obstacles."

In a context where the sentiment "the only risk you have is if you do something" is commonly held, there are nonetheless many people are nonetheless trying to innovate, and introduce new ideas and new approaches. While this may be admirable, in effect it means that individuals are taking on risks that should otherwise remain with the system. If those undertaking innovation need to personally accept risk, there is a natural inclination for them to favour more incremental opportunities where the risks can be better managed, where risk mitigation strategies can be used, and where the risk can be assessed as being proportional to the possible outcomes.

> "Usually, doing nothing is more secure than doing something."

Where the risk/benefit calculation falls to the individual level (rather than being borne by the organisation or even at a wider system level), individuals will either exploit the opportunities they have at hand and feel comfortable with (those highly dependent on their personal scope of autonomy, authority and ability) or be reliant on persuading others. Interviews revealed a number of potential bottlenecks for anyone seeking to attempt something different, including legal issues, risk governance, spending co-ordinators, managers, and control authorities. One respondent noted that "70% of the time is convincing, 30% is executing",

pointing to a high, and possibly frustrating, burden for any individual innovator. Organisations are unlikely to be confronted directly by the downsides of these efforts, as they will often be concealed as transaction and opportunity costs, rather than being seen as direct costs.

> "We cannot jeopardize good solutions because we want to stick to formalities."

Much of the risk environment stems from the legal context. A common refrain was that "in the public sector you can only do what the law says government can do, whereas in the private sector the legal parameters are only what you cannot do". However, the examples found clearly demonstrate that much can still be done within the existing scope of the law.

> *"Brazil appears to be characterized by a significant legalistic culture and regulations are regularly pointed to as the most important policy levers to make change happen in the country. Whether to promote the exchange of data within the administration, allow for more agile procurement processes or promote digital inclusion, the stakeholders interviewed during the peer review mission frequently raised the need for new or updated legislation and regulations as the top priority for areas requiring public sector attention and intervention." (OECD, 2018b: 116)*

However, the intersection of different decrees and laws is not always clear, and nor is the interpretation of the limits of these different laws (or their aggregate impact). This lends itself to a situation where a significant degree of technical familiarity with the law is required. It also relies on people being able to assure themselves that their decisions meet the test of reasonableness, which can involve a significant burden in terms of generating an evidence trail to prove that their actions were above board. Innovation can certainly happen, but where the risks of doing are perceived as potentially very high, and where the experience and expertise required to do so is also potentially high, it is likely that a lot of bottom-up innovation that might otherwise have emerged will not occur.

> "We innovate a lot, but it's not forbidden … when we innovate, we don't necessarily break the laws, we have to innovate with the laws, just solve a problem a different way. But I think the majority of our public managers are thinking about law as a kind of obstacle, as a kind of barrier to innovate. And it's not true …"

Part of the current dynamic around innovation and risk is the relationship with control organisations (primarily the TCU). As is common in many countries, there is clear evidence of an ongoing movement between different ends of a control-empowerment spectrum. Many clearly feel that the control emphasis is currently too rigid and too strong, and is inhibiting much-needed innovation.

> "… they mine and suck the courage of the organisation to do anything that is not in the status quo."

This is not to suggest that the relationship with control organisations is always hostile or negative. The TCU and CGU both contribute in different ways to the innovation environment. For instance, the TCU has created an innovation lab of its own. External audit can also be a valuable instigator for innovation and act as a legitimiser of change, by pointing out better practices, identifying opportunities and highlighting

instances of useful innovation. The TCU and CGU, like other organisations, are also potential innovators themselves.

> "They never remember when TCU promoted innovation, innovated something, but they always remember when they are punished."

However, given the inbuilt defaults (risk aversion, unclear legal environment, and high potential costs for individual innovators if they are subject to audit, even if they are not found to have done anything wrong) it is not clear that there are sufficient structural drivers for innovation to drive more concerted efforts outside of specific, explicit and time-limited agendas (e.g. digital transformation). Without such drivers, the natural tendency of any control organisation is likely to focus on ensuring compliance with the law, resulting in a tendency among organisations to avoid doing anything that could be interpreted as wrong.

> "They are obsessed with the idea of protecting. It's like telling your kids, 'Don't go out.' 'But I'm going to have fun.' But maybe you're going to be robbed. And they like to be mums, and sometimes it's not helpful. Sometimes the kids need to go out and see the world."

With regard to "parity" between innovation and the status quo, the following potential biases are apparent:

- There is a bias towards incrementalism or windows of opportunity (identified times where an agenda can be pursued), as there are significant hurdles to getting entirely new ideas (outside of technology) on the agenda for consideration and endorsement. This bias risks losing opportunities to pre-empt potentially significant shifts that will require investment, forethought and experimentation.
- There is a bias towards innovation from middle management or experts rather than bottom-up innovation, while significant obstacles hinder those who are not technically knowledgeable about the legal framework, who lack the autonomy or confidence to decide what will be regarded as reasonable, and who are not well connected. This bias risks missing out on opportunities for more adaptive innovation based on emergent evidence from on-the-ground experience.
- There is a bias towards digital innovation because it is likely to be less contentious and it is easier to see the gap between what is and what should/could be in terms of service experience for citizens and users.

Overall, there appears to be an over-reliance on individual innovators being willing to "go above and beyond" and making exceptional efforts to propose and pursue innovative proposals.

The introduction of new legislation (Law 13.655/18) on the obligations of auditors to consider the context of innovation and whether any serious mistakes have been made may help to mitigate some of these issues. However, this is by no means guaranteed and it will likely need to operate for some significant time before the intent and reality of the law is trusted or believed.

Suitability

Does the requisite suitability exist to engage with new ways of working, so that new opportunities can be feasibly undertaken? In the absence of suitability (of technology, infrastructure, systems, and capability matched to the operating context), individuals and organisations will face a range of increased costs when innovating. In practice, suitability might be a matter of ensuring that external developments are monitored,

that citizen expectations of government are understood and inform the work of government, and that senior leadership is familiar with new technologies and the associated possibilities.

This also raises the question of whether the Public Service is well placed to take advantage of innovative ideas that reach the stage of being actively considered. Initial impressions reveal a civil service that possesses some of the ingredients necessary to engage with new possibilities, but does not appear able to take advantage of all of them.

There is a clear emphasis on training within the civil service and growing offerings regarding innovation, but there appears to remain a widespread lack of confidence regarding the practical side of innovation and how it works in a complex and legalistic environment.

> "It's not only that it's not easy, we don't know how to do it. Many people don't know how to do it. For example, 'I have a good idea. This is my good idea, it's here.' But how to sell your good idea. Do you know how to have the ability? Do you really see the benefit? So I think this is one of the problems within us. I just cannot blame the administration."

Given the legal context and the default requirement for public servants to be technically competent in terms of interpreting legislation, there are likely to be significant system hurdles to more consistent and widespread innovation efforts. If individuals have to be able to navigate complex settings in order for innovation to occur, then it is not going to happen on a regular basis.

> "This kind of simple reading of a law, they have to be trained, they have to be trained to innovate, they have to be trained how to understand their problem, and how to understand better the law that supports that problem, and try to get some creative solution. In my opinion, we have a major problem about capabilities of our public managers to understand the problem and the law around the problem."

There is evidence of a range of innovation labs and efforts to explore new methodologies and technologies. However, there is a question about the what extent to which some of these emerging practices (e.g. design thinking) have been integrated with traditional approaches, processes and structures.

> "So how do you integrate methodologies? How we, how do we establish a framework where everything can cope together? And I, as a professional, I have the ability to point out which is the best way for each kind of context that I have. There is no miraculous solution for everything."

While labs are likely providing a structural space for some exploration and experimentation, there is a larger question as to whether this will be sufficient given their level of maturity and the scope of the challenges and opportunities facing the Government of Brazil.

> "This is not in our culture. To experiment. To experience. If you invest, it has to work. It's not allowed to fail."

As the OECD has observed in other public sector innovation systems (e.g. OECD, 2018a), there is unevenness in the expertise and experience of innovation. There are often pockets of innovation, surrounded by areas that may not be engaging in the issues, may face pressing business-as-usual responsibilities, or that are oblivious to the need for innovation.

> "You have islands of excellency. But you have places where you can't find a single soul to help you, you have to do the job yourself."

Discussions revealed a degree of focus on digital transformation and digitalisation of government services. While skilled and experienced individuals are clearly involved, the extent to which a wider digital or technological literacy exists across the Public Service was not clear. It was also unclear how newer technologies are being socialised.

Due to concerns around corruption, it appears that the procurement and partnership environment for government agencies is quite cumbersome and sometimes fraught. Despite these potential constraints, however, there are clear signs of the public sector attempting to engage with outside actors in new and innovative ways.

There does appear to be a general sense that things are moving in the right direction, and that the appetite for innovation is greater than before. There was also a contention that Brazil is used to adapting to changes.

> "What I see right now is at least there is more openness and real projects going on with this sort of assistance of interdisciplinary mindset and more sharing and more support from most organizations."

Despite significant, and sometimes longstanding, efforts to better engage the citizenry in policy making and to increase transparency and social accountability, it is not yet clear whether there are tangible and meaningful links between citizen experience and the appetite for innovation. The connection between any citizen dissatisfaction and a need for innovation does not appear to be well established.

Normality

Is there a sense of normality around innovation in the Public Service, such that it does not seem unusual, different or expected? If innovation is not viewed as part of day-to-day business, it will be perceived as an occasionally useful aberration, rather than a something that everyone should participate in, in order to achieve better outcomes. Normality of innovation would be seen if innovation is widely practised, expected and defended as part of regular operations and core business.

Innovation does not yet appear to be a 'normal' feature of the Public Service of Brazil, despite innovation clearly happening across the service. Engagement with innovation as a topic or concern appears to be

quite mixed. This is problematic from a systems perspective, because if there is limited implementation, then there will be limited learning, and thus limited engagement.

> "Because if you talk to people 'Are you against innovation?' 'No I am not'. But to engage, it's difficult."

There are a range of perceptions as to how innovators are regarded within the public sector. Some thought "We sound like crazy people" and thought themselves perceived of as dreamers. Others thought there was little, if any, stigma associated with those undertaking innovative efforts. And others believed that those associated with innovation were often looked up to, well regarded, or that it was a means of differentiating themselves and raising their profile. Such variation in views often depended on the beliefs or attitudes of managers or the leadership around innovation.

> "I think the person who is doing innovation in general is well regarded. The problem is when it affects the person and then get reaction, but the reaction I think is mostly against the innovation, specifically not the person who is trying to lead the change"

This variation also suggests that innovation is not normalised, as differing areas experience innovation quite differently. It may also suggest a degree of indifference, as innovation has not yet permeated core work for many people, and is thus not seen as either remarkable or a threat. This lack of normalisation means that innovation can often be quite demanding

> "… if I was not so resilient, and love what I do, I would have given up like two years ago."

The lack of normality around innovation is also visible in the varied approach to innovation taken by organisations.

> "I don't think many organizations are putting bets on innovation."

An overview of Brazil's lived experience of innovation through the lens of the innovation determinants model

The observations of the Public Service of Brazil support the innovation determinants model as a valid model for understanding public sector innovation in the context of Brazil. For instance, the issues identified as holding back or hindering innovation, can be categorised against the determinants (see Table 4.1).

Table 4.1. Identified systemic barriers to innovation

Barriers to innovation matched to the most relevant determinant of innovation.

Clarity	Parity	Suitability	Normality
Lack of understanding of what innovation is or what it involves	Risk aversion	Civil servants being in a 'bubble'/ removed from problems and possible solutions	Lack of recognition and valuing of innovative civil servants / Incentive structures
Lack of continuous sponsorship / management discontinuity	Legal restrictions	Low capacity to innovate / lack of capacity building	Gaps in diffusion of innovative experiences and practices between agencies
Lack of legal certainty around innovation	Corruption / Concern with corruption	Lack of autonomy for tests and experiments	Culture of avoiding errors and mistakes
Difficulty of gaining leadership support	Lack of an evaluation culture	Legacy management	Civil servant complacency/"it was always like this"
Challenges in cross-agency collaboration	Limited resources	Conflicting legislation	Resistance to innovation
		Rigid hierarchies	Significant potential scrutiny for 'failures'
		Difficulties in public procurement of innovative products and services	

Source: Interviews, workshops and research.

Viewed through the perspective of the innovation determinants model, the following observations can be made about the current lived experience of the public sector innovation system of the Public Service of Brazil:

- There is a growing awareness and understanding of the "what" of innovation, even if this is not always matched by first-hand experience. The degree of clarity about the "why" of innovation (why it is needed and why it is important) is much lower.
- The Public Service of Brazil has a pronounced tolerance of ambiguity, perhaps driven by its complex legalistic context where clarity can be difficult to obtain. This suggests that clarity is not the most important determinant in the Brazilian context.
- There is a strong degree of risk aversion, due in part to deeply held beliefs that control bodies sometimes accuse individual public servants of mistakes or inappropriate behaviour when they are trying to do something new. While the reality of this can be debated, this is an issue where belief matters as much as reality, as it concerns people's willingness to take risks, which depends on their perception of the risk environment.
- There is a lack of clear and consistent counter-acting or mitigating drivers or structural forces to match the structural forces and contextual factors that may inhibit innovation. Therefore, where innovation does occur, it is often channelled into safer forms that have less chance of being criticised.
- There is a growing practice of innovation, alongside experimentation with new methods and structures such as innovation labs, and significant investment in digital technology to improve the capabilities of the Public Service.
- Normality appears to be the keystone innovation determinant for the Public Service of Brazil. What is accepted as normal is much easier to do, and if innovative activity feels normal, this provides cover for innovation more broadly. As yet, innovation

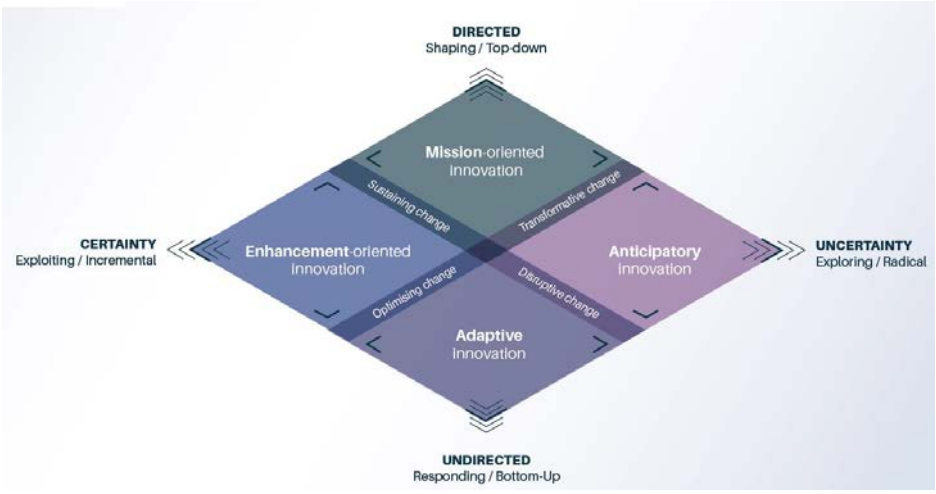
does not feel "normal" as a general practice, although it has started to become more routine within some of the islands of innovation activity.

A tentative portfolio perspective

The innovation facets model was developed at the same time as this study was underway in Brazil, and was therefore not used as a formal analytical device. It is therefore inappropriate to give a hard and fast categorisation of the innovation activity occurring across Brazil's system. Nonetheless, by drawing on the observed cases and insights into the underlying system dynamics at play within the context of the Public Service of Brazil, some limited observations about the portfolio of innovation activity can be made as a prompt for further conversation and investigation by system actors:

- Risk aversion is pushing innovation activity towards areas where there is less contestability – for example, where there is a clear case that the innovation offers improvement over the status quo (e.g. digitisation/digital transformation) or where there is a high degree of technical knowledge or expertise (e.g. investigation of the application of Artificial Intelligence or Blockchain technology).
- Much of the innovation activity occurring is currently being driven by individual efforts. As such, most of the innovative initiatives that result will be in response to specific pain points or issues, and are therefore likely to be closely linked to efficiency and getting existing things to work better (enhancement-oriented innovation), a reaction to cases where on-the-ground experience indicates that things are not working as hoped (adaptive innovation). Where organisational mandates and delineated responsibilities are clear and organisations have a degree of innovation maturity, there are cases of contained mission-oriented innovation (e.g. the work of the electoral court (Box 4.2) or activity around digital transformation (Box 4.3).
- Little activity was observed within the anticipatory innovation space, although this may be due to other reasons, such as the challenge of identifying such activity, or because such activity may be cloaked so as not to draw unnecessary attention which might lead to efforts being stopped or otherwise reduced.

Figure 4.1. OECD Public Sector Innovation Facets Model



Further investigation of the portfolio of innovation activity, at a whole-of-system level and/or within particular segments, would be advisable before taking definitive action based upon these observations. At this point they are provided as an illustration of how the facets model might be used to reflect on the current mix of innovation activity in the system, why this might be the case and whether this is the desired outcome.

Stewardship of the innovation system of the Public Service of Brazil

A number of players are leading particular initiatives, playing supporting roles or co-ordinating with one other through the InovaGov network (Box 5.13). However, interviews, workshops and discussions revealed only a patchy sense of governance or key players in the public sector innovation system.

Summary

The lived experience of innovative activity in the Public Service of Brazil provides a number of insights useful to understanding the innovation system:

- Much of the innovative activity occurring is driven by individual or organisational perspectives, rather than systemic ones
- The innovation determinants model provides a helpful framework for understanding the tensions and issues within the system
- There appears to be a lack of clarity, parity, suitability and normality in regards to innovation, which is contributing to a lack of systemic innovation activity
- The current structure of the system is driving innovative activity in particular directions, namely towards more incremental and uncontroversial innovation, despite a likely need for exploration and experimentation with other forms of innovation activity in order to meet existing, evolving and emerging needs
- Existing stewardship of the system is not yet readily recognised or seen as official.

What impact have existing interventions had?

The observations of the lived experience represent a snapshot in time, obtained through interviews, workshops, discussions and survey responses. They provide some insight into the current state of innovation in the Public Service of Brazil, but are not sufficient to appraise prior interventions or recently introduced initiatives that may address the observed issues. A number of the interventions or changes relevant to the functioning of the public sector innovation system have been introduced only relatively recently. A more formal appraisal of those efforts is therefore required to understand the workings of the public sector innovation system, and where, if anywhere, further effort is needed to address issues. The next chapter provides an appraisal of existing initiatives in regard to the innovation determinants and the question of stewardship.

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5 Appraising the progress to date

This chapter appraises current activity within the Public Service of Brazil as to how it contributes to or detracts from a sense of clarity, parity, suitability, normality and stewardship of the public sector innovation system. It explores whether the necessary ingredients for innovation are already in place, or whether additional action may be required to achieve the level of sophistication necessary to meet the needs of the Public Service of Brazil and the government and the citizens that it serves.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

As the previous chapters have demonstrated:

- There are a range of agendas or issues where Brazil would either benefit from or requires greater innovation (Chapter 1).
- The historical innovation journey of the Public Service of Brazil demonstrates progress across a range of agendas, but highlights repeating concerns with certain core issues suggesting limitations with previous change efforts (Chapter 2).
- A more systemic approach to innovation is thus required, involving active consideration of the fundamental determinants of innovation, the mix of innovation activity taking place and stewardship of the public sector innovation system (Chapter 3).
- However, the reality on the ground is that innovation is led primarily by individuals or organisations, rather than existing as an integrated component of the system. This implies a number of possibilities for improvement if innovation in the Public Service of Brazil is to be consistently relied upon to achieve better outcomes (Chapter 4).

Yet this is not say that the Public Service of Brazil has remained static when it comes to innovation. Greater attention and effort has been paid to enabling, encouraging and supporting innovation, especially in recent years. How, then, are the various initiatives and interventions placed to address the underlying determinants of innovation at a systemic level? Does anything further need to be done or are these elements sufficient to address the gaps that exist within the system?

This chapter provides a brief appraisal of activity being undertaken today across the public sector innovation system through the lenses of the public sector innovation determinants model. It considers existing measures and stewardship, and whether any gaps or areas are likely to require further support to be effective. Specific examples from other national governments are provided to help illustrate what such support might look like (although caution should be exercised in attempting to directly translate such approaches from one country context to another given the differing specifics).

This exercise is by no means exhaustive. The Public Service of Brazil is a large, diverse and dispersed entity with extensive activity occurring in many different areas involving a variety of actors. It is not possible to consider every single initiative that may have a bearing or relevance on innovation. Similarly, the intent of the appraisal is not to be prescriptive or to measure progress against any identified benchmark, which would be inappropriate given the uncertainty still associated with public sector innovation and the variance in country contexts and ambitions. Rather, the intent is to provide a sense of how some of the most significant initiatives are contributing to the functioning of the system, and to provide a template for system actors to appraise system performance on an ongoing basis.

Five lenses for appraising existing initiatives

Building on the theoretical models for understanding public sector innovation, five lenses are used to appraise the contribution of existing initiatives:

1. **Clarity**. Are existing initiatives helping to provide a clear signal for system actors with regard to innovation and how it fits with other priorities?
2. **Parity**. Are existing initiatives helping to ensure that system actors give equal weight to innovative options as they do to existing or traditional courses of action?
3. **Suitability**. Are existing initiatives contributing to ongoing renewal and investment such that core government capabilities, systems and infrastructure are suitable for emerging options and opportunities?
4. **Normality**. Are existing initiatives helping to ensure that innovation is seen as an integral part of the identity and activity of the Public Service of Brazil?

5. **Stewardship**. Are existing initiatives contributing to the development of stewardship of the public sector innovation system?

Lens 1: To what extent do existing initiatives contribute to clarity about innovation?

Is a clear signal being sent to system actors about innovation and how it fits with other priorities?

A clear signal can be aided by efforts to help:

- actors understand what innovation means
- actors understand innovation in relation to other priorities and agendas
- actors understand the roles played in the innovation system
- actors see how innovation fits with the shared history and context.

Actors understand what innovation means

A number of initiatives currently underway are likely to assist public servants better understand the concept of public sector innovation, including training being offered by ENAP (Box 5.1) and informal and formal networking (e.g. iNights and Innovation Week (Box 5.16). The various innovation labs that have arisen are also likely to help a growing number of practitioners gain practical as well as theoretical knowledge about public sector innovation. Innovation awards also provide a ready resource to help illustrate what innovation looks like in practice, although knowledge of award winners (as opposed to the awards themselves) or the implications of the activities being recognised seems patchy.

Box 5.1. Innovation training offered by ENAP

ENAP has a number of structured trainings on innovation-related competencies. The following are some of the courses relevant for public servants:

- Innovation, Leadership and Digital Governance
- Agile Project Thinking
- Agile Method for Creating and Testing Innovative Solutions
- Ethnographic Design Applied to Public Policy
- Speculative Futures
- Open Government
- Innovation Cases
- Data Science
- Public Sector Risk Management (online)
- Behavioural Economics Applied to Public Policy
- Construction of Prospective Scenarios.

In addition, ENAP has worked with SGD to establish a digital transformation capacity-building programme focused on developing technology skills for a wide range of civil servants (including senior leaders, IT managers, and others).

Source: ENAP

Actors understand innovation in relation to other priorities and agendas

As observed, there has been an increasing emphasis on innovation within the Public Service of Brazil, through legislation and activities. The formation of InovaGov has been an important milestone in formalising innovation as a key element for many important players. This included the development of a "Public Sector Innovation Manifesto" (Box 5.2), which outlined some key principles underpinning the shared attitude towards innovation.

Box 5.2. InovaGov Public Sector Innovation Manifesto

"We are a group of innovators from diverse sectors of society (public, private, academic and third sector) that works for the continuous improvement of public services. We have the following principles to guide our actions:

1. Impact: we innovate to improve people's lives and positively impact society.
2. Focus on people: the users and beneficiaries of services are key to building and redesigning policies, programs and services, based on their wants and needs.
3. Connection: We encourage the building of partnerships and the co-creation of solutions by agents from different sectors. We believe that innovation must happen in a network.
4. Agility: We understand that small short-term deliveries add value and valuable learning to new steps.
5. Experimentation: We value prototyping, experimentation and measurement of results. We recognize our right to fail and the obligation to learn from our mistakes.
6. Collaboration: We share our experiences of successes and failures to learn together. We will seek to share people, tools, systems and other ways to solve public challenges.
7. Finally ... we believe that innovation only exists if our ideas and intentions are transformed into action and results for citizens!"

Source: InovaGov, http://inova.gov.br/quem-somos.

However, as also noted, innovation efforts are somewhat fragile, as the innovation agenda is often likely to come second to other agendas that are more tangible or definitive. When or if innovation comes into tension with other agendas, it is likely to lose out. Greater clarity about why innovation is needed and what it is for would likely assist in giving greater prominence to innovation. This should be explicit, rather than potentially relying on other agendas that will be generally complementary with innovation (e.g. digital transformation), as such agendas are likely to favour particular facets of innovative activity.

Given this, a more explicit innovation agenda (e.g. see Box 5.3), in addition to any necessary and relevant legislation or decrees, may be advantageous in helping to cement innovation as something that matters.

Box 5.3. French manifesto for public sector innovation

Articulating why innovation matters

"The quest for new solutions has now become a necessity for the French public sector. It is a financial necessity: the situation of public accounts puts pressure on our public administrations to innovate. It is a social necessity: between millennials and seniors, the diversity of social needs calls for a range of policy responses. It is a moral necessity: public institutions must regain the full trust of citizens. It is a democratic necessity: citizens increasingly aspire to having a say in public decision-making. It is a structural necessity: as for all living things, evolution is the prerequisite to survival for public sector organisations."

The "French manifesto for public sector innovation" (2017) provides a formal and high-level clarion call to public servants: one that says innovation matters, that it is needed, and that it is expected.

The manifesto outlines seven principles for embedding innovation as part of the culture of the French public administration:

- User first: define practices based on user needs and habits.
- Openness: break silos within organisations and between methods.
- Co-construction: involve stakeholders in creating real solutions.
- Action: focus on "doing".
- Agility: move quickly to the prototype stage.
- Experimentation: recognise the right to fail.
- Impact: innovate for a purpose.

Source: Interviews, Government of France, https://www.modernisation.gouv.fr/sites/default/files/french_manifesto_for_public_sector_innovation.pdf.

Actors understand the roles played in the innovation system

Given the inevitable difficulties faced in trying to introduce new ideas and approaches, especially in a highly legalistic environment, innovation activity will be limited unless people understand their own role in regard to it. Some will understandably ask why they should do something perceived as risky if it is not even clear that they are expected to do it or that others want them to do it.

A range of initiatives are likely to assist on this front over time:

- Innovation training helps people realise what they are capable of.
- Innovation awards help to demonstrate that innovation is sought and respected.
- Innovation Week helps to highlight the realm of the possible.
- Various innovation labs showcase different ways to engage with innovation.

However, it is questionable whether these and other relevant initiatives will be sufficient to help a critical mass of public servants comprehend the role they should or need to play. There is also a potential lack of clear signals being sent to actors external to government about the roles they can play in enabling and supporting innovation in the public sector, and how they can contribute.

Actors see how innovation fits with the shared history and context

The longstanding public sector innovation awards in Brazil provide a powerful illustration of how innovation is, and has been, an ongoing part of the Public Service of Brazil. However, as demonstrated in Chapters

2 and 4, it would be generous to say that innovation is currently seen as a natural and integral part of the Public Service narrative. While innovation is starting to receive greater attention – and it can be expected that the narrative will start to shift over time to reflect this – additional support would likely be beneficial. A key absence in this regard is the lack of a coherent story about how innovation matters, and specific interventions likely to contribute to such a story.

Summary

The Public Service of Brazil operates in an environment with a relatively high-level of background ambiguity and competing signals for public servants. The legalistic setting provides a multi-layered context where it is not always easy to understand how overlapping laws and decrees complement or conflict with each other.

Given what has been observed of initiatives most likely to relate to clarity about innovation within the public sector, it is questionable whether enough is being done to produce a rigorous and ubiquitous sense of why innovation matters, what is expected of public servants (or others) when it comes to public sector innovation, and how innovation is a core part of the identity of Brazilian public servants.

Lens 2: To what extent do existing initiatives contribute to parity of innovation?

Does innovation have equal standing with other considerations when it comes to proposed courses of action?

Parity between innovation and existing courses of action can be aided by ensuring that:

- processes are open to challenge
- information and decision-making bottlenecks can be circumvented
- it is easy to find and build a coalition of the willing around shared issues
- different types of risk can be distinguished, and the difference between risk and uncertainty is appreciated.

Processes are open to challenge

The legalistic nature of Brazil's public sector means has created in-built difficulties for challenging existing processes – or at least a higher bar – as many processes or steps are outlined in laws or decrees as opposed to "soft" policy or procedures. Nevertheless, there have been attempts to provide mechanisms of challenge Box 5.4). Perhaps due to the legalistic nature of the system, numerous reform agendas also provide windows of opportunity to challenge and change processes that may be unnecessarily constraining.

Box 5.4. Simplifique

A platform for challenging bureaucratic processes

Launched in 2018, Simplifique is an open digital platform that allows any member of the public to lodge complaints about bureaucratic processes and to request that the government take action to simplify them. The same tool can be used to make requests regarding any services provided by the executive branch of the federal government. The government receives requests centrally and then relays them to the appropriate agency to evaluate and make decisions. Upon receipt of a request, the federal agency has a deadline of 30 days to formally respond, with the possibility of extending the deadline for an additional 30 days. As a result, requesters generally receive a reply within 60 days explaining the simplification actions the government intends to take in response to the request. All complaints are published publicly, and complainants can track the progress of their complaint. Simplifique requests have already resulted in improvements to government operations. For example, documentation requirements for passport applications have been significantly reduced by better linking information systems.

The impetus for developing Simplifique was a series of studies from international institutions that found the Brazilian federal government to be overly bureaucratic. In fact, the rules regarding de-bureaucratisation themselves were fragmented, with about seven different legal instruments enacted since the 1970s. To address this, government leaders sought to reduce barriers to the Brazilian economy and passed a decree (No. 9 094, 17 July 2017) to harmonise existing rules, mandate the development of Simplifique and establish rules stipulating how the programme would be administrated (e.g. deadlines, roles and responsibilities, etc.).

The decree also states that any public servant failing to comply with the provisions of the decree will be subject to penalties (e.g. fines, suspensions, loss of position). It charges the Ministry of Transparency and CGU with developing accountability measures for public servants and their supervisors who fail to adequately achieve the provisions of the decree.

As a one-stop-shop for citizens and residents to request simplification, Simplifique is an innovative tool to promote a more efficient and effective government that is more responsive to the public's needs. However, the issue of personal liability for individual civil servants may prove challenging. For the most part, challenges related to overly bureaucratic processes, which programmes need the involvement of numerous stakeholders from multiple offices and even agencies to overcome. Holding individual civil servant liable for lack of progress could have the unintended effects of de-motivating staff and minimising innovation. In addition, by focusing on the individual level, the rules may be missing opportunities to promote innovation from the individual level to the organisational level, which would facilitate a systems-wide transformation.

Source: Interviews, Government of Brazil.

It may be advantageous to explore a more structured and consistent approach to challenging processes. For instance, Canada's Experimentation Direction (Box 5.5) an example of a structural driver that focuses on the question "Is what we're doing the best we could be doing?" By providing a structured prompt for experimentation, the direction some consideration of different ways of doing things, of which some will likely clash with existing processes. This provides a spur for discussing whether the processes in place are still the most appropriate. Such a mechanism can provide a driving force for serious questioning, rather than expecting those who wish to challenge the processes to make a case for change.

Box 5.5. Canada's Experimentation Direction

Fostering a structural driver, and appetite, for innovation

In December 2016, the Treasury Board Secretariat and the Privy Council Office issued a directive reinforcing the government's commitment to devote a fixed percentage of programme funds to experimenting with new approaches to existing problems and measuring the impact of their programmes. This directive also provided context and directions for the Deputy Heads of agencies on how to implement the commitment.

Under the directive:

- Deputy Heads are expected to identify a percentage of programme funds that their organization is currently devoting or plans to devote to experimenting with new approaches and to report on their experimentation efforts.
- Departmental managers are expected to foster work environments that are conducive to experimentation, innovation and intelligent risk-taking so that public servants try new approaches and are not reprimanded for well-managed risks that fail to produce improvements, so long as lessons are captured and reflected in subsequent plans.
- Departments are expected to share the results of their experiments, positive, negative or neutral/null, as broadly as possible, with a strong default to public release.
- Deputy Heads are expected to establish evaluation and impact measurement strategies to strengthen the experimentation evidence base.
- Central agencies and enabling departments are responsible for establishing or providing access to experimentation training and resources for public servants.
- Departmental managers should consider establishing clear processes that will allow them to systematically integrate the lessons from experiments into their programs and course-correct on an ongoing basis.
- Central agencies will work to help create the conditions for implementing rigorous experimentation approaches into the core business of departments and agencies. This includes working with departments to that the enabling authorities (e.g. rules, procedures, reporting) are in place to support experimentation, helping to build capacity, providing practical tools and resources, and leveraging existing platforms and reporting structures to enable departments to track and share experiences and showcase success.

An interdepartmental committee on experimentation consisting of senior leaders (Assistant Deputy Ministers) supports the directive and the work that falls under it.

Source: Interviews, OECD 2018a, Government of Canada

Bottlenecks can be circumvented

What is being done to enable those with ideas or issues to pursue them? The innovation process will often involve hurdles and bottlenecks, and the value of innovative activity is hard to quantify, whereas established activity is easier to understand and to prioritise. Empowering people and providing mechanisms to circumvent bottlenecks can help in this regard.

In this spirit, the InovaGov network (Box 5.13) is a useful platform for flagging issues that might be acting (intentionally or otherwise) as bottlenecks. It may be useful to explore slightly more formalised mechanisms through which cross-cutting ideas can be flagged and discussed by the InovaGov network, with a view to identifying shared priorities for change.

Simplifique also serves as a possible model for circumventing bottlenecks, albeit for actors external to the system rather than those internal to government.

A possible model for consideration is that of Canada's GC Platforms (Box 5.6). Such government-wide discussion platforms provide an alternate mechanism to more formal channels for issues to be flagged and discussed.

Box 5.6. Canada's GC Platforms

Shared platforms

The Public Service of Canada has established a number of platforms for internal information sharing and collaboration. These include GCconnex and GCcollab.

GCconnex is an internal government platform for networking, sharing information, collaboration and a range of functional matters. GCcollab is an outwards-facing version of the platform that provides a forum for sharing, connecting and collaborating with external stakeholders.

Source: OECD (2018a)

Allies can be found

The InovaGov network also offers an important channel for those in the Public Service to find like-minded allies who share issues or interests and are keen on pursuing common objectives. Events such as Innovation Week also serve to help in this regard.

However, much of the current ability to locate allies seems to be limited to informal (and personal) networks. While this may have sufficed in the past, this is unlikely to be the case now, particularly for those working with issues on the "edge" where innovative responses may be required but the ability to draw attention to them is sometimes limited.

One area offering a potential platform for finding allies is digital transformation. The community of practice is growing along with a shared understanding of possibilities across ministries. This work may provide a useful avenue to explore ways to facilitate informal collaboration, enabling those who have uncovered potential problems or opportunities to locate each other more easily.

The potential may also exist for more formal collaborative "architecture" and infrastructure. Such structures enable collaboration around innovative initiatives to occur in a more routine fashion, without the need to establish a case every time. An emerging example of such collaboration architecture and infrastructure is the London Office of Technology and Innovation (see Box 5.7).

Box 5.7. London Office of Technology and Innovation

The London Office of Technology and Innovation is a collaboration between the different boroughs of London, whose mission it is to foster radical and effective ideas for the benefit of citizens, communities and businesses. Initial projects launched by the Office include:

- Digital apprenticeships. This project scales the digital apprenticeships model pioneered by Hackney Council, which recruits local residents into apprenticeships focused on digital work.

- Pipeline adoption. This project speeds up opportunities for collaboration and through the adoption of the LocalGov Digital platform, Pipeline, which provides a single online source for all council projects, enabling the market to understand council needs.
- Information sharing framework. This project promotes the innovative use of data to tackle major social and public services challenges, by developing a framework for safe, ethical and secure data sharing between London boroughs.
- Developing the London Data Store. This project improves trust, transparency and greater collaboration with citizens, public agencies and the private sector through the development of the London Data Store.

The Office provides a structure and process that can underpin collaboration between the different systems actors.

Source: https://www.londoncouncils.gov.uk/who-we-are/london-office-technology-and-innovation-loti/press-release.

Risk and uncertainty can be navigated

As noted in Chapter 4, the risk environment of the Public Service of Brazil is relatively severe, with potentially significant (personal) costs to the incorrect assessment of risk.

The TCU is conscious of this issue and is working to provide solutions, as evidenced by its partnership in the InovaGov network and its establishment of the Colab-i innovation lab (Box 5.8). In addition, the TCU has made some significant investments and has applied more innovative methods internally, including in its strategic planning (see OECD, 2017: 24-25).

Box 5.8. TCU's Colab-i innovation lab

The aim of the Colab-i lab is to promote innovation across the TCU's external control/audit functions, for the benefit of society, through research, communication, networking, training, challenge design/problem framing and prototyping.

The lab partners with others across the system to investigate how new technologies can be used in the process of audit. It learns from testing and prototyping new technologies before exploring how they can be scaled more widely.

The lab also seeks to:

- encourage the use of data and collaboration with experts
- use challenges and hackathons to tackle agency-wide issues
- conduct training on the use of new technologies of potential relevance
- seek to build public engagement with the work of the TCU.

The lab serves not only as a way for the TCU to engage with innovative approaches, but also as a means to demonstrate to the rest of the system that the TCU believes in the promise and necessity of innovation.

Source: Interviews, Government of Brazil

There may be opportunities for the TCU to provide more explicit guidance on innovation in regard to audit activity. While the TCU has frameworks in place for audit teams on cross-cutting subjects (OECD, 2017: 34), further work may be wise given the particular nature of innovative projects (e.g. they tend to have

poorer performance in the initial stages as learning occurs, before it can be consolidated and leveraged). Indeed, an explicit focus on innovation within audits may be advantageous, as projects without innovative elements are likely to carry a higher risk as they are unlikely to be suited to their context.

The Office of the General Comptroller of the Union (CGU) (*Controladoria-Geral da União*) also plays an important role in shaping the risk environment of the Public Service of Brazil. The CGU supports the President and the Executive Branch in regard to internal control activities, anti-corruption and public audits. Part of the function of this internal control role concerns "Verifying the lawfulness and evaluating the results, as to effectiveness and efficiency, of the budgetary, financial and property management in the agencies and entities of the federal administration, as well as the use of public funds by private legal entities" (OECD, 2017: 95).

In accordance with the internal control standards published by the Ministry of Planning (now the Ministry of Economy) and CGU, each ministry should have a Governance, Risk and Internal Committee, which assists with "institutionalising the internal control system, ensuring compliance with laws and regulations, setting policies, supervising risk assessment activities and making recommendations to improve internal control and risk assessment" (OECD, 2017: 95). This contributes to a clearly articulated risk focus, which may be in tension with innovation efforts, especially where there is a high degree of uncertainty and where new risks may present themselves, or old ones manifest in new ways.

A new law (13.655/18, which modified decree-law 4.657/42) has been introduced to help ameliorate the risk environment for public decision-makers, allowing personal responsibility for public servants only in situations where negligence or wilful misconduct is demonstrated. In addition, the law requires audit agencies to consider the contexts in which decisions were taken as well as the risk and consequences of not taking action. Although it is too early to observe any evidence of impact, the law and the associated decree (9830/19), which defines the rules of application, seem to reflect a shift in the risk environment to one that allows responsible risk-taking.

Given the particular nature of the risk environment surrounding and within the Public Service of Brazil, this area will likely need ongoing attention. It may be advisable for the TCU and CGU to continue exploring ways to promote accountability and good management, while also enabling innovative initiatives that may initially be administratively "messy" and conflict with traditional risk assessments, strict processes and precise reporting.

More structural interventions, above and beyond laws and decrees, may also be necessary to help ensure that the risk and uncertainty of "the new" are counterbalanced by attention to the risks and uncertainty of remaining with the status quo.

Summary

There are a number of structural and default settings in any public service that provide a degree of inertia for existing initiatives and practices and a degree of inbuilt resistance to innovative approaches. This makes it hard for innovation to get an "equal seat at the table" when it comes to decision-making, prioritisation, and resourcing.

In the context of the Public Service of Brazil, it is clear that there is ongoing action that will help to address this. However, it is less certain that this action is sufficiently structured, formalised, or embedded to counter the inertia within the system.

Lens 3: To what extent do current initiatives contribute to suitability for innovation?

Are the capabilities, systems and infrastructure appropriate and sufficient for the available options?

Suitability can be influenced by the extent to which:

- learning occurs from areas that are already matching the external rate of change
- technologies and their implications are socialised in government
- new operational models are engaged with and tested and tried in government
- changing expectations are understood, and any trends and signals that existing capabilities are insufficient are identified.

Learning from those keeping pace with external change

The digital transformation agenda is one of the strongest cases of where the Public Service of Brazil is positioned to learn from those keeping pace with external change. By helping agencies connect and learn about new practices related to the digitisation of services, the transformation will provide a useful spur for system-wide learning.

There has also been significant efforts to improve procurement processes, including attempts to make it easier to engage with start-ups, which could also assist in government agencies learning from the external world at a faster rate.

However, all agencies across the system will need to consider whether they are either keeping pace with external change, or whether they have identified peers, partners, stakeholders or suppliers from which they can learn. Each agency has a responsibility to consider whether it is learning fast enough to stay attuned to its individual operating environment.

One opportunity from an overarching perspective may be to examine how the work of InovAtiva (see Box 5.9) could be leveraged to help government learn from cutting edge practices in industry.

Box 5.9. InovAtiva

During 2010-11, the Government of Brazil observed a number of challenges in sparking economic development among start-ups and other small businesses. The first challenge was that the government was funding the equivalent of billions of US dollars in science and technology research at public universities, but the results were doing little to kickstart entrepreneurship and economic development in the private sector and broader economy. A second challenge was that Brazilian venture capital (VC) firms had significant funds at their disposal, but were struggling to find good ideas, products and talent at the national level in which to invest. The government believed that there was a disconnect between these groups and sought to address it by creating an innovative initiative: InovAtiva.

InovAtiva is a public sector accelerator and mentorship programme launched in 2013 for private sector start-ups in Brazil. As part of the design process, programme leaders travelled to a number of countries to meet with incubators and accelerators in order to learn about their success factors. Their findings were embedded into the design of InovAtiva; however, the programme leaders also noted the lack of organisations seeking to bridge the gap between the public and private sectors. This observation drove the decision to create an entirely new type of entity.

Creating something entirely new is always challenging, and the InovAtiva team faced a number of hurdles along the way. First among these was the reluctance of senior leadership to create a new entity

that had no precedent. This exposed InovAtiva to greater potential risk and the team had to work harder to secure buy-in from others in government. A second key challenge was the lack of programme resources with only three staff members and a budget of USD 300 000 – a challenging budget for what they wanted to achieve.

The InovAtiva team had to be very creative and entrepreneurial to overcome these challenges. They developed a pitch deck and travelled between government offices seeking additional partners; however, none of those approached agreed to collaborate due to the unproven nature of the concept. The team used the same approach for businesses and non-governmental organisations (NGOs), this time acquiring a key international NGO partner, able to contribute technical skills and knowledge. Their assistance enabled InovAtiva to design and test a beta version with a website, training course videos and a mentorship programme. The team then sought start-ups to test and validate the beta programme. Interest was much higher than they expected, with 2 000 start-ups volunteering to test and validate the programme – an early indication of success.

Through testing and validation, the InovAtiva team determined that the beta version was too complex, and that the programme needed to be streamlined. A large, global consulting firm offered free advice on the next iteration after being convinced of the uniqueness of the programme and how it could be applied in other contexts.

Finally, to scale the retooled programme beyond a beta version, InovAtiva found willing partners in a major university in the United States who offered to assist by providing an online platform to house the InovAtiva components, and a Silicon Valley start-up capable of developing the mentoring network. Both offered to work at a significantly reduced rate because of the future potential of InovAtiva. However, the team encountered challenges here as well, as Brazilian procurement law prevented them from entering into an agreement with these organisations. Thinking creatively once again, InovAtiva negotiated with a large international intergovernmental organisation to broker the agreement and process the payments.

Although the programme has enjoyed significant successes, staff generally characterise these as occurring in spite of current the innovation system of Brazil, not because of it. They describe the innovation system as unstructured and note that, in general, only pockets of innovation exist, often with low budgets and few staff, hindering their innovative ideas and processes from permeating other parts of government.

In spite of these challenges, the team's efforts have paid off. InovAtiva is now the largest start-up accelerator in Latin America, and recently received an award for the best business accelerator, facing fierce competition from some of the world's largest companies. Over 2 000 start-ups have now passed through the InovAtiva accelerator (out of 10 000 applicants) impacting over 30 000 entrepreneurs, who have consistently given InovAtiva excellent satisfaction scores. The success rate of InovAtiva start-ups is 80% better than the average Brazilian start-up. These impressive results continue to spur increasing interest in InovAtiva, and in 2017, a spin-off programme was launched: Inovativa de Impacto (Impact Inovativa) focuses on accelerating start-ups that generate positive social or environmental impact.

While the results and successes are clear, InovAtiva best represents successful innovation at the individual level, and from there maturing to the organisational level. Without the relentless drive of a handful of individuals, InovAtiva would likely have succumbed to the challenges and roadblocks that constitute features of the broader innovation system of Brazil. Innovation at a large scale is thus possible within the Brazilian Public Service, but InovAtiva remains an outlier in achieving this goal.

Source: Interviews, Government of Brazil.

Socialising technologies (and their implications)

The digital transformation agenda is working to promote greater take-up of digitisation, and therefore is likely to help familiarise people, including leaders, with some of the newer capabilities on offer. In addition, a number of projects are experimenting or engaging with novel technologies and new possibilities. The training courses offered by ENAP are also a likely source of help with socialising technologies and their implications.

Historically, however, there has been a lack of formalised socialisation of technologies with senior leaders on a consistent basis, or in a manner likely to lead to a shared understanding of the potential consequences of these technologies for the Public Service of Brazil and more broadly. ENAP has recently launched a new programme entitled "Frontiers and Trends" (*Fronteiras e Tendências*) which may provide assistance in this regard; however, more time is needed to evaluate its sufficiency. The course provides a series of interactive conversations with high-level specialists, focused on senior leaders, in order to promote discussion on current and relevant government topics, including: geopolitical trends, new technologies, innovation, public entrepreneurship, effective communication, behavioural insights, compliance and change management, among others.

While there is reportedly some foresight activity going on in specific ministries or agencies, this appears to be fairly contained and has not yet permeated the broader discourse across the Public Service. As part of its role, the TCU provides insight and foresight to help anticipate vulnerabilities, challenges and opportunities for the Brazilian government, so as to address integrity risks and systemic vulnerabilities (OECD, 2017: 92). There may be a further role for TCU to strengthen this agenda and to work with other agencies to have a more systemic approach to understanding the implications of what may be coming.

This would appear to be an area ripe for additional attention and effort, perhaps building on some of the existing infrastructure (e.g. InovaGov network, ENAP course offerings, and the digital transformation agenda) to provide senior leaders with more opportunities to become familiar with the changing technological landscape.

Exploring new operational models

> *"Although Brazil should prioritise keeping its digital government legal and regulatory framework updated, the government should also complement the observed legalistic culture with the promotion of a more innovative, piloting and agile-oriented policy mindset, allowing the public sector to better address the digital transformation without permanently considering legal and regulatory actions as the first steps to be taken. An innovative and action-oriented culture, sustained by the permanent involvement of the ecosystem of stakeholders to ensure synergies and joint ownership, is critical to seize the benefits of a transformational context where public sectors and permanently challenged to adapt, manage and lead change." (OECD, 2018b: 116)*

The creation of innovation labs across the Public Service has provided a valuable opportunity to explore different ways of working and different ways of collaborating with stakeholders, both external and internal. The example of GNova (Box 5.10) for instance, shows how labs are enabling cross-agency, multidisciplinary approaches. Work in the digital transformation domain has also helped to explore what digitisation means for the Public Service, including how it operates and what it offers.

Box 5.10. GNova innovation lab

GNova was one of the first public sector innovation labs to be created in the Brazilian federal government. The lab is the result of a partnership in 2016 between the National School of Public Administration (ENAP), the then Ministry of Planning, Development and Management (MP) and the Danish government to create a space for developing solutions with less bureaucracy and more efficiency for public services.

The lab promotes a vision of innovation as a systemic and transformative practice in the public sector. Its mission is to develop innovative solutions with federal government institutions to enable the Public Service to respond more effectively to the demands of citizens.

The lab's strategy includes exploring new technologies, trends and methods for public sector innovation; experimenting with those methods through projects with other government institutions; and registering, organising and disseminating the knowledge generated through exploration and experimentation. Accordingly, lab has consolidated guidebooks and toolkits adapted to the Brazilian public sector reality on topics such as design thinking, behavioural insights and ethnographic design applied to public policies.

GNova also plays a role in bringing an experimental, citizen-centred approach to the course offerings of ENAP, as well as making use of ENAP's key position in the Brazilian federal Public Service to "spread the word" about the lab's innovative experiences.

Source: Interviews and http://gnova.enap.gov.br/sobre/quem-somos

While there are many innovative initiatives that can be pointed to in the public service, it is less evident that there are many initiatives examining fundamental shifts in how the public sector may need to operate. For the projects (e.g. 'Coursera for government', Box 4.1) of relevance that are happening, these appear to be often driven by specific contextual needs.

The risk environment and procurement processes of the Public Service also constrain the ability for radical experimentation or investigation of truly new models for how government might operate. The ability to engage with external actors to test new approaches, and thus reduce the risk of running experiments within government, appears to be fairly limited. While there have been alterations to the procurement framework (e.g. the amendments to the Innovation (R&D) Legislation in 2016) to allow for technology risks in commissioning new technology, the possibility of testing entirely new ways of thinking underpinned by new technologies will likely require further changes. Additionally, while certain functions of government are likely to have more freedom to experiment (e.g. regulatory agencies), these are not necessarily well placed to function as test-beds for the rest of government, given the differing operating parameters.

Even with action to mitigate the extremes of the risk environment, the conditions do not appear to be present for more significant experimentation with new operational models for government. In the current environment, the answer to "where might the development of entirely new delivery or policy models come from, if needed?" is unclear. It may, then, be advantageous to give consideration to alternate arrangements, such as a separate structure, to undertake such experiments and investigations (e.g. see JDC Israel, Box 5.11). This may be difficult to achieve given existing budgetary constraints, so there may also be a need for creative thinking to establish how such an arrangement might work within the current Brazilian context.

Box 5.11. JDC Israel (Joint Distribution Committee)

Partnering to test new innovations for the public sector

JDC Israel is a not-for-profit philanthropic organisation that partners with the government in working to be a leading incubator of social innovation in Israel.

Through this collaboration, JDC Israel develops innovative solutions to national social challenges, such as chronic unemployment and the working poor, child poverty, the exclusion of people with disabilities and elder care. It also develops new ways to serve vulnerable populations from all sectors of Israeli society, and runs pilots of research-backed social experiments in key locations to test and optimise the initiatives.

Once the pilot programmes have been deemed successful, they are handed over to the Government of Israel for scaling-up and broader delivery, which may then run them nationwide.

Through its Leadership and Governance Institute, JDC Israel also works to understand and develop solutions for any systemic failures across the social policy and service offerings of the Israeli public sector. Its current focus includes the following issues:

- digitalisation of public services
- cross-sector collaboration
- accessing funds and regionalism
- quality assurance of public services.

The Institute then works to provide a cross-sectoral, multi-ministry platform to examine and enact possible solutions to the identified systemic failures.

JDC Israel helps to lower risk for Israeli government ministries by providing a streamlined and agreed platform for the exploration of identified social problems, where innovative initiatives that might fail can be appropriately tested. Such a partnership helps to remove some of the risks for government agencies that come with experimentation with novel approaches.

Source: JDC https://www.jdc.org/our-work/empowering-all-israelis/ and interviews

Keeping track of changing expectations

As expectations of government change, so too will the Public Service of Brazil need to change in order to maintain trust and legitimacy. It is therefore important for the Public Service to know how expectations are evolving or shifting.

The government's work in the digital transformation domain will assist greatly in this regard, by providing a rich source of intelligence and real-time data about the use of government services by citizens. Additionally, platforms such as Participa Brazil, an online consultation and engagement platform, can help provide insights into the perspectives of citizens who choose to participate. Other participatory mechanisms, whether it be things such as the National Conferences that have previously been used, can provide valuable 'thick' data that may not be picked up in the more quantitative data that digital platforms will naturally collect. Digital infrastructure allows new possibilities for real-time intelligence about what citizens think or what their views are (see Box 5.12).

Box 5.12. Carrot Rewards

Building a richer real-time picture of citizens

The Carrot Rewards app was an "AI-driven public engagement platform that leverages behavioural economics and nudge theory to motivate Canadians to make better everyday lifestyle choices." The app was a public-private collaboration run by the private sector company Carrot Insights.

Carrot Rewards users earned points from popular loyalty reward programmes by completing activities such as walking a designated number of steps or filling out quizzes or surveys. The original focus was to encourage and reward healthy living; however, over time it expanded to include topics such as financial literacy and energy usage, thereby promoting a more holistic and interconnected understanding of healthy living.

By rewarding users for engaging with awareness-raising content, surveys and quizzes, the app became a platform for governments to obtain real-time insights into citizen knowledge and understanding about issues. Such data about current trends and what works or resonates with people could then inform policy and service design.

While Carrot Rewards announced its closure in June 2019, it nonetheless serves as a powerful illustration of the possibilities for government arising from digital technologies and business models.

Source: Interviews; OECD (2019a).

This represents an area of opportunity to consider how the Public Service of Brazil can better understand and engage with shifts in citizen expectations.

Summary

If the Public Service of Brazil is going to take advantage of new opportunities and be prepared for shifts in how it might need to operate, then it will need to build on work already underway to gain better information about how its services are being used. A number of opportunities are open to the Public Service of Brazil to engage with the changing world, to learn about what might be possible and what this might mean, and to prepare to take advantage of new options.

Lens 4: To what extent do current initiatives contribute to normality around innovation?

Is innovation seen as integral, rather than as an occasionally accepted deviation from the norm?

Normality around innovation can be assisted by:

- identifying the behaviours to support innovation
- reinforcing the links between innovation and regular business
- socialising innovation
- upholding innovation.

Behaviours to support innovation

At present there does not appear to be an explicit and agreed set of behaviours around innovation. This situation will evolve over time assisted by elements such as ENAP's training curricula and actions being undertaken in regard to skills and leadership for innovation (see OECD, 2019b). InovaGov (see Box 5.13)

will also help in this regard as a community for public servants (and stakeholders) interested in how the Public Service of Brazil can be more sophisticated in applying new approaches for public value.

Box 5.13. InovaGov

Brazil's public sector innovation network and collaborative forum

InovaGov is a Brazilian public sector innovation network and collaborative forum launched in 2015 as part of preparations for the inaugural Public Sector Innovation Week. It now has the official support of over 100 public sector, private sector, third sector and academic organisations. The shared aim is to stimulate and support innovation in the public sector.

"We want to revolutionize the way the public sector conducts its projects and offers services. We seek to stimulate the generation of creative ideas and solutions, promote more human and user-centered approaches, integrate and articulate the efforts of different sectors that result in improvement of processes and services and promote in a systemic way a culture of innovation in the public sector."

InovaGov's website and newsletter provide members with relevant information, news and events. The network also acts as a forum for collaboration on identified priority areas and projects. One such initiative is IPEA LabGov, an online platform for disseminating experiences and sharing knowledge and information on innovation in the public sector.

Source: Interviews, Government of Brazil.

There may be value in each ministry and agency considering its expectations of leaders in regard to innovation, and thus what behaviours should be modelled for others. This could be supported by the TCU and CGU being more explicit about their expectations of public servants in terms of innovative activity, and how (or if) innovation in the long-term can support better management, accountability and performance, despite short-term tensions. In the absence of deliberate intervention, it is likely that general behaviours will continue to reflect beliefs or attitudes that risk avoidance is better than engaging with innovation.

Linking innovation and regular business

Unless innovation feels like a part of normal practice, it will remain unusual and therefore relatively uncommon.

Innovation awards are a helpful way of contributing to this sense of normalcy around innovation, as they help to demonstrate that innovation is a regular and celebrated part of business. However, awards may inadvertently contribute to a sense of "specialness" around innovation, segregating it from regular, day-to-day business.

Innovation labs can help to demonstrate how innovation contributes to uncovering new ways of looking at problems and developing new solutions. Again, though, they can contribute to a sense that innovation is something separate from normal business, with the lab being perceived as something different or unusual, although this perception may change over time.

Laws and decrees may be helpful in cementing a connection between innovation and regular business, as can important work related to the digital transformation agenda, where there is a clear link between results and doing things in new and different ways.

However, it may be necessary and advisable to actively consider ways to help public servants feel like innovation is a part of their day-to-day business, rather than something exceptional. An as example, Canada's "Experimentation Works" (see Box 5.14) provides an illustration of an initiative working to build

comfort and familiarity with innovation as a core part of delivering on the agenda of the government. An alternative model is that of Finland (see Box 5.15). These contrasting approaches highlight the need for a contextual approach that is tailored to the setting and expectations.

Box 5.14. Experimentation Works, Canada

Integrating experimentation into government – "Getting better at getting better"

The Innovation and Experimentation team within the Government of Canada's Treasury Board of Canada Secretariat and the Impact and Innovation Unit within the Government of Canada's Privy Council Office support the implementation of the Experimentation Direction (Box 5.5). Experimentation is seen as a means to:

- Enable innovation, by de-risking the unknown
- Allow government to improve, by data-enabled testing
- Enhance evaluation, by using data and measurement and new approaches to know what is working and what is not.

In 2018 the Innovation and Experimentation team established Experimentation Works, a whole-of-government initiative designed to build public servants' capacity in experimentation skills and practice through a learning-by- doing approach, with a view to supporting and showcasing small-scale experiments. The initiative sought to generate practical examples of federal experiments and ensure open access to related learning materials, progress updates and results for broad impact.

It aimed to do this by:

- building public servants' capacity in experimentation by showcasing three to five small-scale experiments, and providing a cohort to build learning and relationships across the experimentation ecosystem
- documenting and sharing experimentation development, deployment, results and initial impacts (if any)
- focusing on a variety of methodologies and policy areas (policy design, delivery, and back office experimentation).

Projects included in the first cohort included efforts to:

- increase reporting of product safety issues under a consumer product safety programme
- better understand how to improve energy efficient behaviours
- establish the effectiveness and broader potential of a new type of micro-grant in the area of multiculturalism.

The initiative led to significant learning about how to best support and foster experimentation across government departments. Lessons included the importance of ensuring that projects are "experimentation-ready", that the right experts are matched to the right project, and thinking about how to use the insights from these lessons to establish generalised lessons or principles for the broader public sector.

Source: Interviews, Government of Canada.

Box 5.15. Finland's Experimentation Platform

Building an experimentation culture across different strategic policy levels

At the beginning of the decade, the Finnish government was looking to introduce new ways of doing policy systematically within the public sector and speed up feedback loops between policy evaluation and policy design. As part of this effort, the Ministry of Finance and the Government Office, in partnership with SITRA (the fund for innovation operating directly under the Finnish Parliament), launched a new project on the Government of the Future. The project was designed to discover new ways to undertake significant reforms of state administration. In parallel, the government also initiated the OHRA Project (2014), a steering framework to prepare recommendations for the next parliamentary term after the elections in the first quarter of 2015, with a view to improving the impact and effectiveness of government actions. These initiatives led to the development of a new framework for experimental policy design.

The Government Office of Finland employed a combined systems and design thinking approach in order to develop the new policy framework, which aimed to carry out experiments in government. Experimentation was incorporated into the strategic government programme ("Finland, a land of Solutions") in May 2015 and an experimental policy design programme was set up. The Government Office then assembled the Experimental Finland Team to support the programme.

The new approach to policy design allowed both broad "strategic experiments" (formalised policy trials) – for example, the basic income experiment – and grassroots experiments designed to build up an "experimental culture" in the public sector in Finland. It also involved pilot pools/partnerships (regionally relevant or sector-specific experiments).

The different types of experiments increased the government's understanding of the many levels of experiments and their respective value within the experimental "ecosystem". Six large-scale strategic experiments were undertaken by the previous government and numerous pilots and grassroots experiments followed across the public sector.

To support the process, the Finnish government launched a digital platform called Kokeilun Paikka (Place to Experiment) in 2017. The platform is designed to promote useful initiatives and new practices by supporting small trials initiated by citizens. The project relies on semantic web technologies, which use an algorithm to gathering information about experiments (in Finnish and English) from the Web. The platform enables users to obtain evidence on how initiatives work in practice and helps to disseminate their benefits more effectively. It functions as a toolbox, an evidence base and as a crowdfunding tool for experimentation.

The Experimental Finland Team operated with a de facto "sunset clause" – they had until the end of the next government term to carry out their activities and plant seeds for further experimentation in government. Thus, by design, they had to disseminate as much of the knowledge they gathered on experimentation as possible within ministries and other public sector organisations. They worked to achieve this goal by creating networks of experiment enthusiasts in government (including "Kokeilukummit", the "godparents of experimentation") and building co-operation projects with other parties. They also assembled a guide for experiments in the public sector (How to support Experiments?) to codify some of their learning. Their approach describes a strong top-down push for experimental culture with a specific focus on how experimentation fits in with the broader policy-making system.

Source: OECD (2017b) and interviews, Government of Finland, https://www.kokeilunpaikka.fi/en, https://kokeilevasuomi.fi/documents/1777665/1915666/Kokeilujen_tukijan_opas_ENG.pdf.

Socialising innovation

The Public Service of Brazil, through its public sector innovation awards, has long socialised specific cases of innovation. This has helped not only to ensure an awareness that the Public Service can and does innovate, but also provides a significant resource that can be studied for insights into the innovation process.

Innovation Week (see Box 5.16) is also an important means by which the Government of Brazil helps to socialise innovation. Not only does it help to attract attention to innovation cases, it also brings together practitioners and experts who share experiences and lessons about the practice of innovation and how it can add value to the work of the public sector.

Box 5.16. Brazil's Public Sector Innovation Week (Semana de Inovação)

Building and validating a community of innovation practitioners and supporters

The first Public Sector Innovation Week (Semana de Inovação) was held in 2015. Since then, it has grown to become a large and high-profile collection of events that bring together public servants, academics, international experts and practitioners, stakeholders and partners.

In 2018, the theme was "A Public Service for the Future". Over 1 500 participants took part in 80 events with over 100 speakers during the week. These included workshops on public sector innovation, and leadership and skills for innovation.

The annual event provides an important forum to showcase and share innovative initiatives taking place within the Public Service of Brazil, as well as to connect practitioners from different levels of government and different nations.

Source: Interviews

Innovation labs and the work of ENAP, InovaGov and the Secretariat of Management also contribute in important ways to ensuring that public sector innovation is showcased and introduced to public servants, stakeholders, partners and citizens.

Upholding innovation

If, or more likely when, an innovative government initiative goes awry, will the Public Service of Brazil still uphold and defend innovation?

While the Public Service's control functions (the TCU and CGU) have undertaken important work, and public sector innovation is growing in practice and visibility (through innovation awards, InovaGov, innovation labs, Innovation Week and so on), it is an open question as to whether these bodies will act to defend innovation in the face of displeasure or ridicule when an activity perceived as innovative does not perform as hoped.

Given the strong perception that the control bodies lack tolerance for innovation, more might be done to distinguish between "blameworthy failure" and "praiseworthy failure" (Edmondson, 2011).

The key players involved with the innovation agenda could also undertake low-key war-gaming to prepare for situations where a legitimate and justifiable attempt at innovation, or innovative activity, is held up for critique. Such approaches may prompt consideration about how to maintain the broader narrative of public sector innovation when a specific innovation is accused, fairly or unfairly, of being in the wrong (e.g. labelled as corruption).

Summary

Considerable activity is taking place to help ensure innovation is seen as a more normal part of the operations of the Public Service of Brazil, underlining the importance of the "normality" determinant in the Brazilian context. However, further work is likely to be needed to help innovation feel "normal".

Lens 5: To what extent do current initiatives contribute to stewardship of the innovation system?

> Brazil's bureaucratic nature of public administration, and diffused power, promotes siloes and provides little incentives for entities to co-ordinate with one another. (OECD, 2017: 47)

As the review of the historical journey of innovation (Chapter 2) showed, recent years have seen no shortage of reform agendas and efforts in the Public Service of Brazil. Innovation as an agenda is somewhat different in that it cannot be simply dictated or directed, even more so than other agendas. As Chapter 3 outlined, innovation relies on contextual factors and capabilities that are more important than whether innovation is simply required or demanded. A mix of support and push, direction and guidance is needed, and stewardship is required.

Many of the relevant actors within the ecosystem of the Public Service of Brazil have already started to work together to examine how they can each contribute to a more sophisticated and mature approach to public sector innovation. The InovaGov network and partnership is a key manifestation of such efforts.

Nonetheless, it would appear that much of the stewardship occurring at the moment is relatively implicit, without any explicit roles or formal understanding of how different players work together to help shepherd the system.

As the practice of innovation within the Public Service of Brazil matures, and more innovation occurs with potentially greater impact, the importance of ensuring stewardship will correspondingly increase.

What a formalised sense of stewardship should look like, and how it might operate, is something that will need to be decided upon by the relevant actors (e.g. the Ministry of Economy, ENAP, TCU, CGU, the Brazilian Presidency, CJF) in the light of their respective strengths and capabilities. Given the specifics of the context, and the early stages of stewardship of public sector innovation systems globally, there are no prescriptions for what stewardship should look like. However, an example from the United Kingdom (see Box 5.17) helps to illustrate some of what might be involved in oversight and stewardship of a public sector innovation system.

Box 5.17. Public sector innovation in the United Kingdom

A distributed approach to oversight and stewardship

Instead of a single body providing central oversight for public sector innovation, the UK government employs a distributed approach with loose co-ordination between the different components. The Cabinet Office, the UK ministry at the centre of government, is responsible for co-ordinating the work of government. As a result, it often acts in areas where there are gaps between traditional organisational boundaries. Consequently, it plays a crucial role in identifying emergent policy concerns and rallying

stakeholders from across the system to take action. This includes incubating new approaches and promoting the development of new capabilities within line ministries and their agencies.

Some of the key components of relevance to oversight and stewardship of the public sector innovation system include the following:

- Policy Lab. The Policy Lab team uses design, data and digital tools to act as a testing ground for policy innovation. The Lab can undertake projects from anywhere across government, often focusing on complex, systemic policy problems. This approach allows it to help build capability across the public service, and to feed the learning and insights from projects back into the central oversight function of the Cabinet Office in which it is located.
- Open Innovation Team. This team acts as a broker between academic expertise and policy makers. It helps policy makers connect and collaborate with academics and academic institutions, whether for research purposes or developing policy proposals. This enables the team to gain insights into capability issues and ways to best enable effective cross-sectoral collaboration for the development of new, potentially innovative, responses.
- What Works Network. This initiative aims to improve the ways in which government and other organisations create, share and use (or "generate, translate and adopt") high-quality evidence for decision-making. Seven What Works Centres and three affiliates cover areas such as health, education, economic growth and wellbeing. The initiative helps to test and evaluate new and existing interventions, and urges the cessation of approaches that do not work. The network also builds capability within the civil service to create and effectively use evidence, which supports the innovation process by allowing for a more sophisticated understanding of what and when to measure.
- Horizon Scanning Programme Team. This team co-ordinates horizon scanning work across departments and with external experts. It helps to identify and socialise emerging issues with senior management, and can also undertake exploration of areas of interest. This work feeds into a committee of senior officials chaired by the Cabinet Secretary to help with system-wide consideration of potential implications for policies and to explore possible future threats or scenarios.
- Future Policy Network. The Network is a cross-government group of teams that focus on innovative approaches to delivery and policy making. It aims to unite innovation teams, encourage cross-team collaboration and establish a common purpose. Under the Network, teams collaborate on major policy and service design problems. The Network offers a forum for bringing together the insights of different components of the UK public sector innovation system, allowing for better consideration and reflection of the implications for the functioning and needs of the public sector.
- Government Digital Service (GDS). GDS works on the digital transformation of government. It aims to be a centre of excellence in digital, technology and data, and collaborates with departments to help them with their own transformation. GDS works with other government agencies to build platforms, standards and digital, and acts as the central body for digital technology within the civil service. It is therefore well positioned to identify, assess and advise on capability issues, investment needs, and the adoption of new approaches across government and by service users and citizens.

Source: UK Government.

Summary

The Public Service of Brazil should be recognised for the progress it has made in its efforts to ensure the application of a more sophisticated and mature approach to innovation, in aid of delivering better results and outcomes.

Nevertheless, given the clear need for a more deliberate, strategic and reliable public sector innovation system, as outlined in Chapter 1, it is not yet clear from the interventions already put in place that enough is being done to achieve what is wanted and needed. While existing interventions will likely continue to develop and settle over time, there would appear to be some missing gaps where supplementary efforts are required.

The functioning of a dynamic system can only truly be appreciated over time

As the history of the public sector innovation system highlighted, the system is never static. There will always be new interventions or developments that will to shape the innovation system, even if they are not specifically related to innovation. In addition, many of the interventions that have taken place are relatively recent, and their full impact will take time to assess.

It is therefore difficult to state exactly what might be needed, given that the system will continue to evolve and change. In order to advise on what should happen next, it is necessary to have an appreciation of the system dynamics – not just how the system has evolved up until now, and the actions taking place today, but also how the system may change over time. In order to decide what should be done now, assumptions about the future, and the system dynamics need to be tested.

The next chapter employs different scenarios to illustrate how these system dynamics might play out under different settings.

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6 Using scenarios to help guide an evolving system

Innovation is a continual journey of discovery – of venturing into the unknown. There can be no certainty as to what should be done when it comes to innovation, as it will depend upon an ever-changing context. The need for innovation in Brazil will continually adjust as the context evolves – as new needs and issues arise and old ones change. This chapter explores three different scenarios to better illuminate the dynamics of the Brazilian system. Each scenario presents a different pathway illustrating how events in the Public Service could unfold, making explicit the underlying assumptions about what could happen and why.

Public sector innovation can occur for a range of reasons and for a range of purposes. Each of those reasons and purposes will reflect to some extent the context that they occur within. A focus that may be appropriate at one moment, such as digital transformation, may become less so as the process takes hold and new priorities or needs arise. Innovation occurs within a dynamic, ever-changing system, rather than one that is static; therefore, what is needed or wanted will continue to shift over time. As such, any take on a public sector innovation system needs to:

- build on the past in order to understand where the system has come from and what is possible within that context (see Chapter 2)
- appreciate the lived experience and the current state of the system in order to understand where the situation and strengths and opportunities of the system (see Chapters 4 and 5)
- recognise that the future innovation journey may progress in multiple directions, and that interventions and investments need to be appropriate for a range of possible scenarios.

This chapter engages with this third element, exploring different potential futures as a means to test current assumptions, and ensure that identified opportunities for intervention are appropriate for a changeable future.

Scenarios of what could be

Rather than an act of forecasting or prediction, the scenarios presented here are a speculative extrapolation of particular pathways, each chosen to help consider how the system dynamics may unfold over time given different settings. Each of these pathways is a device to explore those different settings and their implications, and to consider what they might mean for current actions. These scenarios are deliberately designed as a means to test assumptions by making them explicit, not as an attempt to identify a preferred future. They act as both a caution against certainty about how the future may unfurl, and as an aid to avoid possible options where intervention is too tightly dependent on any one potential future.

Based on the analysis of the innovation system of the Public Service of Brazil, three scenarios have been developed:

- The "**Zero Scenario**" explores how the system dynamics might play out if the present situation remains essentially the same. How might the system evolve if it continues broadly "as is"?
- **Scenario One** explores what might occur if added attention, emphasis and resources were provided for public sector innovation, but without any drastic interventions. How might the system evolve if it builds on and expands existing activities?
- **Scenario Two** illustrates a more radical possibility involving a dramatic transformation of the system such that public sector innovation is placed at the centre, and there is concerted and overarching effort to prioritise greater innovation in the pursuit of government and societal aims. How might the system look following radical transformation with innovation given priority over existing measures?

Again, the intention is not to predict or to prescribe, but rather to let the dynamics of the system play out through a range of possible scenarios, in order to make explicit potential assumptions about how the future might unfold.

As a starting point for the scenarios, Box 6.1 provides a critical review of the current state of affairs.

Box 6.1. A critical review of the current state of affairs

There have been repeated efforts to achieve debureaucratisation within the Public Service of Brazil, sometimes aligned with other contemporary reform agendas, such as New Public Management. In a post-military dictatorship context with concerns about corruption, there has also been repeated efforts to ensure that citizen rights are made explicit, that the public can play a role in oversight and input into government, and that there is a capable, but controlled, public service. While each of these differing concerns has touched on or shaped the environment for public sector innovation, there is as yet no consistent, cohesive or integrated narrative about why innovation matters, what it is needed for, or what role is expected of public servants and partners or stakeholders. Specific legislation, decrees and initiatives (such as InovaGov and ENAP training courses) have encouraged or built upon nascent appetite and capability for innovation within the public sector, but have yet to explicitly crystallise a sense of how innovation fits with the identity and story of the Public Service of Brazil.

A risk environment where individuals often perceive themselves as being personally accountable if innovation goes wrong has created a context where innovation is often directed into 'safer' spaces, where improvements are applied in controlled environments, and are largely incremental. These safer spaces include:

- digital transformation, where the benefits of intervention are clear and the business case is relatively uncontroversial
- activity where there is a clear mandate or functional responsibility indicating how innovation can add value, such as within state-owned enterprises or agencies with a clear and uncontroversial mission
- areas that align with crises or government priorities where novel responses are required.

As previous reform efforts plateaued and the need for further reform became clearer (whether due to fiscal constraints or the insufficiency of existing measures), greater attention has been paid to innovation across the system. This included addressing a number of obvious limits within the system, such as capability gaps (e.g. skills and leadership), the information and confidence to innovate (e.g. networks, events, innovation labs and efforts to ensure compliance empowers rather than admonishes innovation), and system limitations (e.g. legislation and decrees to address procurement, risk environment and process issues). Each of these efforts has had a varying amount of influence on the system. As some of the efforts are in tension with the core characteristics of the public sector (e.g. attempting to modify the risk appetite in a system with powerful control authorities), it will likely take time before they are believed and perceived as sincere.

In addition, despite the gains made, innovation would appear to be driven more often by individual concerns and specific organisational priorities rather than underlying structural drivers or systemic perspectives. As a consequence, the innovation process is subject to siloed concerns rather than of whole-of-system needs. While a number of innovation labs and people are increasingly knowledgeable about innovation and the techniques and methods that can enable it, innovation has yet to be structurally integrated as a core responsibility or function at a widespread organisational level. This leaves it vulnerable to the movements of key people, and the strength of their motivations within a system sometimes hostile or inimical to innovation.

Where reform has experienced notable success at a whole-of-system level (e.g. the digital transformation agenda), this has driven particular types of innovation activity, such as enhancement-oriented and adaptive innovation, within limited, and likely hard to replicate, circumstances (e.g. dedicated resources, expertise, process enablers, clear mandate and expectations).

However, it is not yet apparent that digital transformation work is driving a diversity of innovation efforts (e.g. ensuring anticipatory or mission-oriented innovation), in order to address current needs and ambitions (e.g. the intersection of digital and equality), or those that might yet arise (e.g. how AI might change the public service as an institution). For instance, new operational/business models may be needed within government, yet the necessary experimentation will likely prove difficult in a risk averse environment with few slack resources or in the absence of mandates that are sufficiently loose to enable significant exploration of new approaches.

Public sector innovation as an agenda has been aided in particular by efforts from the Ministry of the Economy (formerly the Ministry of Planning, Development and Management) and ENAP, although others (such as TCU) have also made important contributions. However, the lack of a consistent, coherent and integrated narrative about public sector innovation is paralleled by a corresponding absence of clear stewardship. Different actors play important parts in regard to the functioning of the public sector innovation system, but discrete roles have not yet been articulated, and there is no overarching sense of what is needed. This state of affairs leaves innovation vulnerable to the whims of individual leaders and shifting organisational priorities.

In this environment there is an ongoing supply of innovative initiatives, as demonstrated by various innovation awards, yet no real sense of whether the innovation occurring is addressing the most pressing concerns. There is also no consensus as to whether the innovative projects that emerge are the best possible options, or whether the portfolio of innovative activity will be sufficient or appropriate to address issues yet to emerge. While channels exist to obtain citizen input, these are likely to be dominated by existing concerns, as opposed to newly emerging views or considerations that might arise in the future.

In such a setting, innovation is often driven by contextual factors, such as opportunities or problems identified by individuals, or in response to particular organisational missions, priorities or crises, or where there are resources, support and a clear mandate for tackling a specific issue (e.g. digital transformation). Such innovation may often be beneficial, addressing as it does specific issues or concerns; however, without more overarching oversight it is hard to identify the aggregate impact and interplay of specific innovations and whether they align with broader needs or concerns.

The “Zero” scenario: The system continues “as is”

Building on the elements described in this critical analysis, the Zero Scenario assumes that the system will continue “as is”, in the absence of any concerted effort to better embed or integrate public sector innovation as an agenda or function. Box 6.2 outlines the scenario.

Box 6.2. The “Zero” Scenario

Under this scenario, continued attention is paid to debureaucratisation, building upon the lessons of the multiple previous attempts. The digital transformation agenda assists in many ways, as the digitisation of services forces simplification for end users, and provides greater intelligence about how services are used and issues for citizens. Increased efficiency and transparency provide greater ease of use, but do not necessarily lead to greater trust in government. More avenues for citizens to critique the work of the public sector allow for greater identification of opportunities for innovation, but may lead to mixed signals about where innovation is appropriate or needed.

Fiscal constraints function as a clear driver over time, with increased effort around enhancement-oriented innovation that can improve efficiency and reduce costs, although at times this provokes

tension within the public sector as it suggests the potential for job losses. In alignment with this, digital transformation enables the exploration of new business models for the public sector; however, these efforts, where they succeed, are heavily dependent upon consistent leadership from the top.

The introduction of new laws and decrees support or explicitly encourage public sector innovation. However, the time needed to penetrate and take effect results in a consistent lag between introduction and impact. As a result of previous reform efforts, system actors understand that any conflicts between new rules and other parts of the system will take time to be resolved, and that the decrees or laws may themselves soon be replaced with new ones. Nonetheless, such efforts help to lay the groundwork for further improvements and adjustments within the system, even if they do not provide an overarching narrative about why innovation matters, where it is most wanted or needed, or how public servants are expected to incorporate innovation as part of their identity as public officials.

Over time the efforts of the TCU gradually help people understand the complementarity between audits and innovation, both of which aim to do things better and improve results for citizens. Consistent attempts at “myth-busting” help system actors feel a little more confident about innovation, however audits sometimes blur the line as individuals are held to account for situations that others perceive, mistakenly or otherwise, to be related to innovation.

More training and the growth of innovative activity as a regular practice increasingly normalise innovation, with numerous examples of innovation contributing in useful and valuable ways to the work of the public sector. Loose networks become more sophisticated, and practitioners become better connected across the system, with lessons and the potential implications of innovation flowing more easily around the system. In combination with innovation awards, these networks increase the potential for replicating promising initiatives, though where there is an absence of clear mandates or permissions, this falters over time, as enthusiasm proves gradually insufficient in the face of structural barriers.

While some procedural barriers or hindrances to innovation, such as procurement difficulties, are gradually reduced or mitigated, their resolution begins to reveal other limiting factors, such as budgeting procedures and project management requirements, each of which requires further dedicated effort.

As the skills and leadership for innovation develop (spurred in part by the OECD review *Innovation skills and leadership in Brazil’s public sector*) innovation is better integrated into leadership competencies. However, a gap remains in terms of the structural integration of innovation as a core organisational function, leading to “islands of success”. Innovation labs continue to develop, but have difficulty advancing their agendas and are limited in their ability to influence the core business of the Public Service.

Some of the agendas in place help drive innovation activity but direct it in particular ways, resulting in a portfolio of innovation activity that may concentrate on certain forms of innovation. Other agendas that arise may, unintentionally, be in conflict or in tension with innovation, and will usually win out over innovation, as they are more concrete, tangible and measurable, whereas innovation, while increasingly understood, will remain inherently ambiguous and contextual.

The risks of the "Zero" Scenario

While some form of austerity or fiscal constraints arising from the constitutional expenditure cap will provide a platform for innovation, cost-cutting favours particular forms of innovation (e.g. efficiency seeking), at the cost of more radical forms that might provide more substantial transformation appropriate to a changed operating context. Relying on fiscal constraints to drive innovation, or attaching innovation to other agendas (such as digital transformation), risks leaving innovation vulnerable to the success of other reform agendas. Such an approach fails to shift the focus of innovation activity away from the individual and organisational levels, meaning that innovation continues to be driven by partial perspectives, rather than system-wide needs.

Box 6.3. A "Zero" Scenario wild card

Digital transformation success in an environment of complex policy issues

Under this "wild card" scenario, the work of the Public Service of Brazil gradually succeeds in transforming most services into truly digital services. These services are welcomed by citizens and the government begins to be perceived as a digital leader, rather than a follower. Increased real-time information about service performance, usage and the concerns of citizens empower the Public Service to react faster and better anticipate some potential issues. The example and influence of the federal government helps to encourage state and municipal governments to digitise more of their service interactions with citizens. Digital channels enable greater transparency and the possibility of more direct and specific feedback from citizens.

At the same time, inequality remains a dominant concern within Brazilian society. Real-time information provides a stark reminder of gaps in citizen experiences (e.g. health outcomes, safety and security, incomes and benefits) between different geographic regions and economic strata. Sophisticated digitised services are still matched with siloed bureaucratic structures constrained by a need for legislative clarity, despite heavily interlinked policy issues cutting across jurisdictional boundaries. In reaction to citizen dissatisfaction about the results of a number of policy agendas, the government increasingly responds with machinery of government reorganisations, attempting to match structures to the problem areas, and a specific ministry to pursue specific results. These responses continue not to meet expectations, and more radical interventions are called for in an effort to find a way for government structures and processes to better match complex policy concerns.

Outside of specific reform agendas, individual practitioners continue to be reliant on personal networks, skills and resilience to drive system change. While more people receive training in innovation, many do not experience opportunities to use these skills and techniques, while others risk outpacing their context, pursuing ideas that their institutional environment is not ready for or for which their colleagues do not yet see a need. While the financial benefits of the Public Service mean that many people will stay rather than leave to look for other opportunities, some will disengage from their work due to the gap between what may be possible and what they feel they have the permission or remit to do.

Audit activity increasingly identifies and codifies the gap between what is being done and what could be done, helping to encourage a pro-innovation bias. While there is a growing expectation that emerging issues should have been engaged with and anticipated, the structures and procedures of government do not facilitate this process. As a result, there is an ongoing emphasis on enhancement-oriented innovation and efficiency, with the side-effect of reinforcing existing approaches rather than allowing for new ones to arise.

Box 6.4. A "Zero" Scenario wild card

Creation of a strategic foresight lab

Under this "wild card" scenario, a new structure is created within the Ministry of Economy to assist with strategic foresight across the Public Service of Brazil, in order to better anticipate potential policy issues and demands. This strategic foresight lab brings in expertise from different domains, including industry and the academic sector. The lab not only looks at possible futures, but also conducts experiments to engage with weak signals regarding the changing operating context. While it receives some senior leadership support, the lab's novel nature attracts particular attention from external stakeholders and the TCU.

The lab's work to explore possible futures and question the fundamentals of the status quo increasingly finds itself in tension with many traditional features of the Public Service. Due to its involvement with issues that are yet to fully emerge and are thus impossible to describe or delineate in detail, it often comes up against existing processes and procedures. The lab's staff spend increasing amounts of time navigating procedural issues and managing concerns about engagement with external stakeholders (e.g. the private sector), rather than undertaking core work. A change in senior leadership at the Ministry results in loss of sponsorship, and the lab soon becomes integrated into another functional area.

The implications of the "Zero" Scenario

This scenario helps to illustrate some of the likely limitations of the current settings. While it is likely that some or many of the existing interventions will have beneficial outcomes and continue to evolve into the future, it is also probable that they will be insufficient to elevate innovation to become a core reliable function of the Public Service of Brazil.

The scenario also helps to highlight some potential areas of concern going forward:

- Legislation and decrees are likely to be a necessary but insufficient tool for long-term cultural change
- Current "buy-in" to the innovation agenda is relatively weak, therefore maintaining engagement if and when settings more hostile to innovation arise may be optimistic. Support for innovation may dissipate outside of isolated areas where there is a sufficiently clear mandate and need for innovation
- Exploration of new business models and experimentation for big shifts is limited and may leave the Public Service of Brazil at risk of being caught out by unanticipated shifts in expectations or needs
- An articulated agenda around innovation would be beneficial in helping public servants assess how innovation fits with any other stated agendas of government
- The risk environment means that innovation is unlikely to be normalised without some investigation of how it fits with existing processes, working methods and behaviours, including in relation to procurement and compliance issues.
- The digital transformation will generate a lot of data about existing needs and issues. This may need to be complemented with "thick" qualitative data about emerging needs and unstated concerns shaping the upcoming or evolving expectations of government.

Scenario One: Building on and extending the system

Scenario One (Box 6.5) expands upon the elements in place and takes them further. Innovation receives more attention than it does under Scenario Zero, but not to the extent that it is radically prioritised.

Box 6.5. Scenario One

Under this scenario, the Public Service of Brazil formally adopts a narrative of the public service moving to a "start-up" culture, emphasising the need for greater risk tolerance, and the introduction of structures and processes allow public servants to work with external stakeholders and citizens. Formal mechanisms are introduced to enable greater experimentation, and budget and compliance processes are examined to assess how they might support rather than hold back exploration of new approaches. Digital transformation continues apace, resulting in greater performance data.

Debureaucratisation processes, such as gaining citizen and industry input into potentially overly bureaucratic procedures, are expanded, as are mechanisms for gaining richer insight into the experiences and needs of citizens and industry. It becomes easier for citizens and public servants to identify processes that may be holding back innovation, and to insist upon considered responses. A decree is introduced to link together other relevant decrees, and to make the agenda for public sector innovation more easily understood and its scope clearer. Certain pieces of legislation are reviewed to enable the Public Service to better work with external partners on priority areas.

Leadership competencies articulate clear expectations around innovation, and more agencies create specific roles or explicit governance around public sector innovation, including linking innovation labs more closely with core business and organisational priorities. Audit functions explicitly emphasise innovation as an expectation. There is a growing maturity in the practice of innovation, and different methods and disciplines are brought to bear in varying ways depending on the nature of the problem or the innovation being pursued.

Innovation week is expanded, with the annual headline event in Brasilia matched by events around the country, often organised in conjunction with state and municipal public sector agencies. The InovaGov network grows and is better integrated with the innovation training offerings of ENAP, innovation labs and other partners, providing a rich forum for informal learning and sharing. The network helps to connect practitioners with others, either as mentors, advisors or partners, to assist in pursuing cross-cutting ideas. Projects that win the innovation award receive formal support to explore how their projects might be scaled up or replicated across the Public Service, and to consider the possible ramifications.

Cross-government experiments in a small number of areas are commissioned to explore how ministries might better collaborate on cross-cutting issues. Waivers are introduced to allow the Public Service to work more closely with private sector providers, including start-ups and not-for-profits, without jeopardising compliance concerns on commercial neutrality.

Stewardship of the public sector innovation system is recognised as an explicit need, as diversified increased innovation activity gives rise to a growing number of experiments and approaches, risking coherence across the public service. ENAP, the TCU, the Ministry of Economy and others relevant bodies partner to develop some rudimentary, but explicit, forms of stewardship. Differing responsibilities for effective stewardship are identified and allocated between the different parties. The partnership includes the introduction of a portfolio approach to innovation across the system. This ensures a diverse mix of innovation activity (despite the default biases that promote activity in certain areas), as well as shared learning across the system that informs investment and practice, in order to avoid fragmentation from too many different projects.

The risks of Scenario One

This scenario examines the potential for a more explicit and emphatic approach to innovation, without fundamentally integrating innovation as a core ongoing function of the Public Service.

Debureaucratisation and digitisation improve the citizen experience in many arenas, however many of the more regular interactions with citizens become impersonal. Input channels for citizen engagement tend to favour issues that are more easily articulated or that reflect existing concerns, making it harder for the Public Service to understand more marginal or edge perspectives that are difficult to encapsulate into a neat case for change.

An increased focus on innovation leads to an expectation of greater results. This is sometimes in tension with the exploratory nature of innovation, where projects may not be able to prove a direct return on investment, especially if viewed as individual projects rather than as part of a portfolio. This is particularly the case where engagement and experimentation with start-ups leads to a range of high-learning but low-performance cases. Defences based on “we learnt a lot” fail to satisfy the demands of senior sponsors for proven results, particularly in an environment of increasing fiscal constraint.

Where innovation does have an impact, resulting in improved services and outcomes, this is likely to be insufficient to meet ever-changing expectations of government capabilities. The government’s ability to consider the implications of particular innovative steps, while improved, is limited, and the flow-on effects will often not be thoroughly thought through.

Box 6.6. A Scenario One wild card

Citizen demand for harmonised services across the country

Under this “wild card” scenario, ongoing inequality and policy failures at all levels of government result in widespread protests and an insistence on greater harmonisation of services and citizen outcomes across the country. This constitutes a considerable challenge for the constitutional federal system, and requires significant innovation and rethinking from all levels of government. While the federal bureaucracy has built up its innovation competency, this is not matched in every state and municipal government, implying considerable effort on the part of the federal government to achieve this transformation. Demand for innovation skills and training grows dramatically, and standard procedures are seen increasingly as being unfit for an environment of continual innovation.

Greater clarity about the agenda helps to empower leading practitioners, however this is not matched by the ability of government systems to engage and make use of the resultant innovations. While innovations relating to specific challenges are adopted and adapted, those that are more far-reaching or visionary often become stalled. Where these cases do proceed, the teams behind them outpace their agencies and surpass general readiness, leaving them vulnerable to scrutiny and loss of support.

Inevitably, an unanticipated policy challenge will demand a whole-of-government response. While traditional patterns of response may have often sufficed, some situations will require a collective approach to innovation that will stretch still-evolving governance arrangements and understandings between the key system actors.

Box 6.7. A Scenario One wild card

Breakthrough technology for human augmentation

Under this "wild card" scenario", a Brazilian biotechnology start-up achieves a breakthrough enabling limited safe human augmentation, including health benefits and small but significant improvements to cognitive capacity. The technology is prohibitively expensive for the average Brazilian, but in reach of the well-paid, including senior federal public servants. The breakthrough provokes widespread social concerns, including apprehension from both liberal and religious conservative factions about how it fits with core Brazilian values. The technology is ruled as being safe in principle; however, it also raises concerns on a range of fronts relating to health, education, social cohesion and industry policy. The ability of the government to engage with this issue is limited, leaving the public sector open to criticism regarding its lack of attention to disruptive technologies and their implications at a whole-of-government level. The federal Public Service is perceived as favouring outcomes beyond the reach of most citizens and regarded with distrust.

The implications of Scenario One

This scenario demonstrates some of the potential issues that may arise as the sophistication of innovation grows, and its practice starts to more obviously clash with existing procedures, practices and behaviours. This eventuality includes several considerations:

- As the level of innovation activity and support increases, the tensions with existing performance management and reporting will become clearer. For instance, demand may increase for developmental evaluation, which is more suited to dynamic, high-learning processes, than traditional post-hoc evaluations and reviews that presuppose a knowable preferred outcome.
- Competency in innovation, whether at an individual, team or organisational level, is not the same as integrating innovative activity into core structures and processes, which involves adjusting some fundamental elements of the Public Service as an institution, such as planning, budgeting, management, reporting and compliance.
- As innovation becomes more common, and more projects potentially interact with each other, the ramifications for the broader Public Service and its operations will require more active contemplation. The aggregation and interplay of differing innovations will have unexpected consequences that will require monitoring, management or mitigation.
- Competence in innovation will likely vary significantly across the Public Service, with some areas achieving greater sophistication than others. However, citizen and government expectations are unlikely to include a nuanced appreciation of varying capabilities.
- Governance of the public sector innovation system will need to prepare for crises requiring innovative responses, as well as potential push-back where innovation is felt to have surpassed citizen or government needs or expectations.

Scenario Two: Radical transformation of the system

Scenario Two (Box 6.8) envisions an abrupt break with the current state of affairs, where public sector innovation is elevated to centre stage in the public administration, supported by a belief that innovation will be essential in addressing the majority of policy and service delivery demands.

Box 6.8. Scenario Two

A series of new laws and decrees explicitly spell out innovation as a core enabling activity of the Public Service of Brazil to achieve political and societal objectives. This legislation is supported by the creation of a dedicated function, the Secretariat for Public Sector Transformation, located within the Ministry of Economy. The Secretariat is mandated to support government agencies in building their innovation excellence as well as providing stewardship and oversight of the public sector innovation system. This includes explicit attention to ensuring a diverse innovation portfolio across the sector.

The Secretariat works closely on matters related to the digital transformation, but its mandate is far more broad-ranging. It works with all support functions (e.g. HR, finance, procurement, budgeting, audit and evaluation) to stocktake existing processes and procedure, in order to assess how existing processes affect the ability of the Public Service to introduce new approaches. The Secretariat is also resourced to fund experiments for radical exploration of new approaches across the system, informed by performance information from digital services and debureaucratisation initiatives regarding the greatest potential for a new approaches. It pays specific attention to potential changes to business models needed to allow the Public Service to effectively engage with and respond to disruptive shifts, technological and otherwise.

As part of this role it works closely with innovation labs in different agencies, encouraging each ministry to have at least one such lab. It also works closely with ENAP on ensuring that all public servants receive some training, in person or online, on different elements of the innovation process. Specific training sessions are established to introduce and socialise disruptive technologies to senior leaders, and to help them become familiar with potential sources of disruption and innovation for the Public Service.

A priority for the Secretariat is the establishment of structural drivers for innovation. As a starting point, the Secretariat works with the control agencies to build in an explicit “risk of not innovating” component to their assessments, with a clear understanding that innovation is an integral and expected part of the delivery of any core public services. Any project unable to demonstrate that it has examined new alternatives is censured.

Over time, the Secretariat establishes more active and self-sustaining prompts within the system to spur innovation. These include a radical sunset clause on major processes requiring them to be reinvestigated every three years or be disbanded, as well as the creation of regulatory sandboxes to allow novel approaches to be trialled within the Public Service. These prompts spur much greater experimentation; however, fatigue and resistance increases over time as people begin to tire of continual change and have to continually relearn how core parts of the system actually work.

InovaGov becomes a formal platform for co-ordination and collaboration. Ministries and agencies use it to share lessons about what works and what does not, to collaborate on shared priorities, and to partner on specific projects examining ways to work differently in order to achieve better outcomes. Agreements are made between ministries to allow for cross-agency teams on a rolling project basis, entrenching whole-of-government approaches in priority issues.

Recognising the constraints of the existing system, a separate, semi-public body is established to investigate truly radical alternative approaches in collaboration with the private sector, not-for-profits and academia. Projects include an exploration of a possible future for the Public Service where 50% of the work is automated. While such work enables significant learning, many of the insights gleaned from experimentation are challenging to integrate back into the Public Service, as there is a gap between the innovation process and the current position of most public servants and organisations in their respective innovation journeys. There is also discomfort at what these radical visions of the future might mean for existing public servants.

The digital transformation work is used as inspiration to enable other platforms for state and municipal governments to innovate and use this process to better identify promising initiatives that could be replicated in other jurisdictions through shared infrastructure (e.g. digital platforms).

In keeping with the longstanding focus on debureaucratisation, any and all new services are required to be co-designed with citizens, and also involve methods such as speculative design and experiential futures to ensure they are mindful of a fast-changing environment.

This provides the starting point for much greater citizen engagement about current preferences, needs and desires, as well as active deliberation of potential future needs and wants.

Legislation allows for much greater engagement with the private sector in advance of formalising bids and contracts, enabling much deeper investigation of needs and potential solutions.

The risks of Scenario Two

Increased attention to innovation will bring into stark contrast tensions with previous ways of working, established behaviours and vested interests. Radical pursuit of public sector innovation as a means of achieving political and societal ambitions is likely to spur reaction and push-back from those who believe that the current system is sufficient or from those who are invested in the way things are currently done.

A more centrally overseen approach to innovation will sometimes sit uncomfortably with a more bottom-up approach spurred by individual agency contexts. Encouragement of innovation will spur many more ideas than the system will initially be able to deal with, making it difficult to maintain engagement, as traction with ideas may appear patchy to those attempting to contribute. Some actors in the system will be uncomfortable with the transformational approach and may either resist elements or take a “wait and see” approach, believing it will dwindle over time without requiring them to change what they do or how they do it.

Greater experimentation will inevitably result in more failures, which will require active defence and proclamation of innovation as beneficial and a source of rich learning. However, this defence may be used by underperforming areas when their failures relate to other, more conventional management issues. This can muddy the waters about what counts as real innovation or not. Corruption concerns may be exacerbated by this issue, along with closer engagement with the private sector, complicating the work of control bodies seeking to ensure appropriate oversight and not unnecessarily constrain innovation.

Box 6.9. A Scenario Two wild card

Radical transparency

Under this "wild card" scenario, a new social movement arises in response to continued concerns with corruption and bureaucratic dysfunction, demanding not just open government, but a completely transparent government. The government is forced to make transparent all its entire workings, including the development of services and the provision of advice. Such an environment unintentionally makes innovation more challenging in some ways, as the case for change is not always easy to articulate, sometimes being a matter of judgement rather than established fact. This inevitably forces a more explicit, process-oriented approach to public sector innovation, and eventually ensures that citizen voices and perspectives are brought in to help defend choices regarding which innovative projects or avenues should proceed.

While training is provided, the ability of core systems and processes to match the drive for innovation will initially be lower than needed. Experimentation will challenge budget, reporting and other processes, and time will be required to build up sophistication and adapt existing structures. This will likely result in missteps along the way, which could potentially undermine support for a concerted effort for innovation.

Extensive innovation is also likely to run afoul of Brazil's highly legislative approach to the workings of government, where many functions need to be explicitly articulated in law. New approaches will often exceed permissions that are naturally built around what is known, thus requiring more novel approaches. They may also run into constitutional limits when the detailed codification of government comes into tension with the unknowable consequences of system-level innovation, which unlock new possibilities and engender new forms of working and relationships.

Box 6.10. A Scenario Two wild card

Competing states

Under this "wild card" scenario, a neighbouring country in the region pursues a strong digital transformation agenda and begins to make digital government services increasingly available to those in other countries at zero marginal cost. Aided by sophisticated automated translation and advanced machine learning, this government can provide citizens of other countries with a range of services once considered integral to the nation state. This spurs competition between governments, as well as some political discomfort. Even where citizens do not take advantage of the competing services (e.g. education and health, where national loyalties remain), growing realisation about these new possibilities results in greater demands of government.

The implications of Scenario Two

This scenario involves more uncertainty, as radical transformation will unlock previously inconceivable possibilities. The implications of Scenario Two include the following:

- The core systems of government are often going to be slower to adapt than those at the edge. Accordingly, there is an ongoing risk that the overarching implications of individual innovations will be missed.
- Governance and stewardship of the public sector innovation system will have to incorporate processes for deliberating over and managing competing visions of the

future that underpin differing innovations. Experimentation and congruence will be in tension, and the centre will need to monitor this situation.

- Individual innovations, either externally generated or internally created, will sometimes require radical rethinking of how government works. However, as these initiatives or projects will often emerge from line areas focused on specific contexts rather than the whole system, support for such radical rethinking will often need to come from elsewhere, including the centre.
- Maintaining engagement in the agenda will be challenging, particularly in the context of individual project failures or sub-optimal results, even when these are a necessary part of the portfolio learning required to make progress.

Whatever the future, there will be trade-offs

The scenarios provided here are intended to test and expose underlying assumptions about how the system might unfold under different settings. It is not intended to prescribe or advocate a particular path or to suggest that any of these scenarios are likely futures. Any of the features currently considered fundamental to the system could change as a result of political, economic, social, environmental or technological changes, so there is no particular advantage in focusing on any one detail. The innovation journey will be unpredictable and changeable as events unfold in a dynamic system. The aim is therefore to ensure that the next steps in the journey are taken with an awareness that they could lead to very different ends.

The different scenarios do indicate that no future will be easy when it comes to innovation. Each will involve some degree of trade-offs or challenges. Whatever the path taken, the public sector innovation system will require ongoing active consideration and deliberation. The scenarios presented here are a tool to assist in navigating the future innovation journey as it unfolds, rather than providing a map of where to go next. The following chapter builds on this by considering some of the steps that might be taken, including for very different levels of ambition for public sector innovation in Brazil.

7 Conclusion: Moving innovation from the sporadic to the systemic

This chapter outlines relevant lessons from the preceding chapters and considers their implications for the next steps on the innovation journey of the Public Service of Brazil. As the journey will need to reflect the context, the chapter avoids specific recommendations and notes that any proposals will need to be tested and trialled. Nonetheless, the chapter identifies areas of opportunity for different sets of system actors, drawing on the case for a systemic approach to public sector innovation, the historical innovation journey of Brazil, the OECD's models for public sector innovation, the lived experience of innovation in the Public Service of Brazil, the appraisal of progress to date, and the differing scenarios used to highlight system dynamics.

What should the innovation system of the Public Service of Brazil look like? Given what has been outlined in the previous chapters, what steps should be taken to equip the Public Service so that it can consistently and reliably develop and deliver innovative solutions that contribute to the goals and priorities of the government and citizenry of Brazil?

A public sector innovation system – the actors, assets, relationships and flows of information, technology and resources that influence or determine the ability to generate innovation within the public sector – is complex and dynamic. For such a system, there are no easy answers as to what should be done. The system will continually evolve and adjust to a changing context and changing needs and ambitions; thus, a rigid prescription of what the system should look like would be unwise, as it would soon be overtaken by circumstances. New issues will continually arise as more information and new possibilities become available and old ones become either untenable or obsolete.

Instead of specific technical fixes that may soon be made redundant or replaced by new problems and issues, the focus should be on ensuring the system includes a capacity to self-resolve issues. i.e. when new issues arise, how can they be assessed, prioritised and addressed without always needing specific and additional intervention? Discrete reform agendas are likely to still be necessary, but if the system has to rely on such agendas for action, then public administration will often remain in 'catch-up mode', rather than engaging with issues proactively. A more pre-emptive approach, whereby the system can collectively identify new blockages, limiting factors or gaps and attempt to address them, is needed if the public sector is to be effective and fit for a continually changing operating environment. This study has identified a framework to assist the Public Service of Brazil in its ongoing innovation journey – one that can help it learn from the past and build on its strengths. This framework includes:

- Exploring the underlying determinants of innovation, and the ways in which they can be influenced in a deliberate fashion at a systemic level to drive a more consistent, reliable and deliberate approach to innovation
- Understanding the mix of innovative activity occurring, and considering what the right portfolio mix might be
- Recognising that innovation will pull activity in different directions and have unintended consequences and ramifications, and thus there is a need for ongoing explicit stewardship of the system.

This chapter identifies the relevant insights from each of the preceding chapters and consolidates them into identified areas where intervention should aid a more deliberate and strategic approach to the innovation system of the Public Service of Brazil. In keeping with uncertainty about what the system *should* look like, these actions are not proposed as formal recommendations. Rather, they are suggested as areas of opportunity, as prompts and conversation starters, with the caveat that the specifics will need to be tested and trialled, and integrated with other ongoing agendas.

That said, action must start somewhere. A systemic approach to public sector innovation will not be realised instantaneously – it must be built up over time, with the first interventions setting the path for those that follow. Therefore, the chapter prioritises the suggested actions, highlighting those that are likely to be most promising and/or will enable or facilitate other interventions.

The story so far

How can the Public Service of Brazil take a more deliberate, consistent and systemic approach to public sector innovation, so that it can better meet existing, evolving and emerging needs in a changing operating environment? Each of the chapters of this report contributes relevant insights drawn from looking at differing aspects of this question.

Chapter 1 identified a gap between the current state of public sector innovation and what is wanted and needed. It outlined why a systemic approach to public sector innovation is needed within the context of the Public Service of Brazil, including a number of specific issues or policy domains where greater innovation is required or will be useful in meeting societal priorities and achieving political ambitions. It recognised that public sector innovation is taking place, demonstrating the existence of a public sector innovation system, but noted that it has thus far not delivered on expectations.

Box 7.1. Key implications of Chapter 1

A systemic approach to public sector innovation is required, given the gap between the current state of affairs and what is wanted and needed. Significant needs and demands of the public sector warrant or demand innovation, which will only be met by a deliberate focus on the public sector innovation system.

Chapter 2 explored the historical innovation journey of the Public Service of Brazil, and identified the following system characteristics from patterns and rhythms of activity over the preceding decades:

- a legalistic system
- a recurrent focus on debureaucratisation
- ongoing emphasis on the citizen
- a strong emphasis on controls and corruption
- a focus on social control and citizen participation
- attention to the digital transformation
- complexity in a dynamic context
- despite increasing momentum, the innovation agenda has not yet been integrated into the narrative of the Public Service of Brazil.

In short, the historical journey suggests that despite the innovation that has occurred, there has not been a particularly systemic approach taken towards public sector innovation. The public sector innovation system in its current form is a by-product of other agendas, although innovation is increasingly the object of explicit attention. The lessons from the history outlined in Chapter 2 are as follows:

- Innovation cannot be simply mandated through legislation and decrees, it also requires ongoing and active support and investment. Legal instruments are a default response within the system due to its legalistic nature, and will be necessary, but are likely to be insufficient to achieve a more innovative public sector.
- In particular, the strongly bureaucratic elements of the Brazilian context, matched with a strong institutional leaning towards control elements, mean that innovation is likely to need active structural support, such as clear drivers for innovation, to counter the default biases within the system.
- Innovation efforts should build upon existing tendencies and strengths and link with complementary agendas, such as emphasis on the citizen, social control and participation, and digital transformation, as these are likely to be conducive to innovation.
- Innovation will require ongoing attention as the practice and nature of innovation continue to evolve, and as new lessons are learnt.

Box 7.2. Key implications of Chapter 2

Despite the need for innovation, it will not occur simply by fiat. The inertia and inbuilt biases of the public sector context have repeatedly demonstrated their constraining effect on the innovation that can occur. Public sector innovation (as an activity, process and system) requires additional structural support if it is to become a reliable and consistent feature of the Public Service of Brazil, even though a number of existing agendas and traditions lend themselves to a more sophisticated approach to innovation.

Chapter 3 outlined public sector structural characteristics that may contribute to a shortfall in public sector innovation. It also identified the need to establish innovation as an ongoing, deliberate and self-sustaining capability. It noted that existing research and practice in the Brazilian context did not suggest a preferred model for such a systemic approach, and thus presented OECD models that might be appropriate. These included a model for understanding the underlying determinants of public sector innovation and how they manifest and can be influenced at a systemic level, and a model for considering the possible mix of innovation activity and why stewardship of a public sector innovation system is needed and what it might involve. The main lessons of Chapter 3 are as follows:

- Any initiatives or interventions undertaken should consider their impact upon whether innovation will be driven at the individual, organisational or system level. Reinforcement of activity at an individual or organisational level is likely to result in innovation continuing to be primarily driven by immediate contextual concerns and priorities, rather than overarching and collective systemic needs and ambitions.
- There is value in taking a portfolio perspective to public sector innovation, and assessing activity through the lens of different innovation facets (enhancement-oriented innovation, mission-oriented innovation, adaptive innovation and anticipatory innovation).
- Deliberate stewardship of the system is needed. While this may not have been necessary previously, when innovation was primarily a background or occasional activity, oversight of the system becomes more important as innovation is integrated increasingly into the practices of the public sector, and more innovative initiatives arise.

Box 7.3. Key implications of Chapter 3

For innovation to be a sustained and pervasive activity and capability across the Public Service of Brazil, such that it can be relied upon to address the existing, evolving and emerging needs of government and citizens, it:

- must not be solely dependent on the right individuals being in the right place at the right time
- should involve a portfolio with a mix of different types of innovation activity to enable different types of learning, provide different options, and mitigate uncertainty
- requires some form of deliberate and explicit stewardship.

Chapter 4 examined the lived experience of innovation within the Public Service of Brazil in order to better understand the reality on the ground and to assess the extent to which OECD models fit and apply to the Brazilian context. It noted that a large proportion of innovation activity within the Public Service of Brazil

takes place at the individual and organisational levels, rather than at a systemic level. The chapter also confirmed the applicability of the models.

The lessons of Chapter 4 are as follows:

- Particular attention needs to be paid to the determinant of normality within the Brazilian context, as it appears to be the keystone variable. If innovation feels normal for public servants, other aspects related to supporting innovation will be easier. Currently, there is significant apprehension or concern about the risks of innovating, including fear around being targeted or accused by control agencies.
- There is a need for ongoing monitoring and appreciation of the lived experience of innovation, as the context will continue to change and new issues will arise. The lived experience can provide insights into not concerns or problems, and also help to identify underlying contributing factors or difficulties that may need to be resolved.
- Existing structural forces and defaults are channelling innovation activity in particular directions that may not suit a more deliberate approach focused on achieving collective needs and ambitions. Ongoing monitoring of the mix of innovation activity will be necessary.

Box 7.4. Key implications of Chapter 4

The current lived experience of innovation in the Public Service of Brazil supports a systemic focus on the determinants of innovation (the forces shaping whether and to what extent innovation is occurring). However, this should be the subject of ongoing monitoring and exploration to understand how, where and why innovation activity is being channelled.

Chapter 5 appraised existing activity and initiatives through the lenses of the determinants of innovation (clarity, parity, suitability, normality) at a systemic level, in order to assess how they contribute to stewardship of the system. The lessons from Chapter 5 are as follows:

- Clarity
  - Existing activity such as the iNights, Innovation Week, InovaGov, the innovation awards, the innovation training of ENAP and the various innovation labs that have been established are all helping to build a clearer sense of what innovation is and why it matters.
  - The longstanding innovation awards are a valuable component of the public sector innovation system, although there may be potential to consider how to extend upon the achievements of the innovation award winners, including reflection on the implications of winning innovations and how they might inspire other parts of the Public Service.
  - While innovation has received increasing attention over recent years, there is still a lack of an explicit agenda to clarify why it is needed, why it matters to the Public Service of Brazil (and Brazil more broadly) and what is expected of public servants and external stakeholders. The InovaGov manifesto represents a valuable contribution in this regard, but more could be done to help public servants (and stakeholders) understand why continuing to rely on innovation as an ad hoc and reactive practice will be insufficient to meet the expectations of government and citizens.
  - Public sector innovation (or the lack of it) affects and involves all parts of society. However, there does not seem to be a clear signal to external

stakeholders about how they can or should be involved, or how they might support the Public Service of Brazil in its efforts to find new approaches to achieve better results and outcomes.

- Parity
  - Given the defaults of the public sector context, innovative options are at an inherent disadvantage when compared to existing measures and practices. Structural forces are therefore necessary to mitigate these tendencies. While some experimentation has been conducted with mechanisms of challenge (e.g. Simplifique), which can help to contest existing processes, it may be time to explore the benefits of a more integrated structural driver, such as Canada's Experimentation Direction.
  - Existing issues are generally well-served by existing structures, whereas opportunities for innovation are unlikely to fit neatly with existing mandates or lines of responsibility. As a result, innovation can face bottlenecks, as business-as-usual work is prioritised, being more immediate and tangible. InovaGov provides one possible forum for bottlenecks and issues to be flagged and discussed.
  - Digital infrastructure offers an opportunity to make it easier for those across the system to connect on shared issues and problems.
  - The control bodies within the Public Service of Brazil have a powerful influence on the innovation process. There is an opportunity for the TCU and CGU to consider how to use their control processes to deliberately drive the search for new and better approaches, and thus innovation.
- Suitability
  - The digitisation of services will likely provide extensive data about the usage of government services, but these data might only provide limited intelligence about how expectations are changing unless considered carefully. Digital technology offers the opportunity to help more easily supplement this "big" quantitative data with "thick" qualitative data that can give an insight into the shifting needs and wants of citizens and service users.
  - Existing work being done to improve procurement processes and enable engagement with start-ups plays an important role in helping the Public Service of Brazil learn from innovative areas of government.
  - It may be valuable to consider ways to support senior leaders in becoming familiar with new technologies, as well as their possible implications.
  - The digital transformation and a changing world offer possibilities for entirely new ways of working and operating. The Public Service of Brazil may need to reflect upon how and where radical exploration of new operational models might can occur within the Public Service of Brazil or with its partners.
- Normality
  - Each ministry and agency should consider whether or how their corporate practices are supporting behaviours that are open and encouraging of innovation.
  - The control bodies (TCU and CGU) could consider whether they are clear in their expectations of innovation as a part of regular business.
  - More could be done to help familiarise public servants with the ways in which innovation can be used to achieve better outcomes. A relevant inspiration might the Experimentation Works efforts of the Public Service of Canada.

  - It may be advantageous for the central system actors to undertake pro-active war-gaming about how to deal with any high-profile failures that are linked, fairly or not, with the broader innovation agenda. This may help to ensure ongoing trust in the innovation efforts of the Public Service of Brazil, despite any failures, crises or scandals that might arise around specific projects or initiatives that happen to also be labelled, accurately or not, as innovative.

- Stewardship
  - There is a need for active and explicit stewardship of the system. However, the respective roles of the central players in regard to the public sector innovation system are currently implicit and somewhat informal.

Box 7.5. Key implications of Chapter 5

Existing activity within and by the Public Service of Brazil is contributing to a more sophisticated and mature approach to public sector innovation. However, it is unlikely to be sufficient to achieve a public sector innovation system that can consistently and reliably develop and deliver innovative solutions that contribute to the achievement of the goals and priorities of the government and citizens.

Chapter 6 takes a longer-term view to consider how the dynamics of the system may play out over time through the lens of three differing scenarios: the system continuing "as is", increased effort and attention to innovation, and a radical transformation based on prioritising innovation as a core capability. The three scenarios, which are not intended as forecasts or prescriptions, help to highlight the trade-offs and tensions that will occur regardless of the path taken. The lessons of Chapter 6 are as follows:

- To be sustainable, a public sector innovation agenda needs to be connected to underpinning structural drivers, as legislative solutions are unlikely to be sufficient and any buy-in and engagement achieved may dissipate as and when more tangible and pressing agendas arise.
- Digital transformation will generate significant data about existing needs and issues. These data may need to be complemented with "thick" qualitative data about emerging needs and unstated concerns that may be shaping the expectations of government.
- As the level of innovation activity and support increases, tensions with existing processes, practices and structures are likely to become clearer and more frequent. A dedicated voice for public sector innovation may be necessary, organisationally and systemically, to help counteract the default biases of the system towards existing, well-understood processes that may no longer be as appropriate.
- One necessary aspect of stewardship will be a form of oversight and identification of emerging issues in relation to how innovations play out in aggregate. As innovation becomes more common, and as more projects potentially interact with each other, the ramifications for the broader public service and its operations will require more active consideration, as the aggregation and interplay of differing innovations may have unexpected consequences that will need to be identified and managed (or mitigated).
- Different agencies will learn at different speeds, and the varying degrees of sophistication in regard to public sector innovation are likely to become more distinct. This innovation differential may be confusing to stakeholders and partners who will likely expect uniform experiences from government. Deliberate support may be needed to help government agencies learn from each other.

- During periods of significant experimentation there will be competing (and thus mutually exclusive) visions and pathways to the future (e.g. particular technical standards or ways of engaging with citizens). Any form of stewardship will need to allow for both divergence (when learning about different possibilities) and convergence (as investment requirements increase and choices need to be made).
- The more ambitious the agenda, the greater the likelihood of push-back, resistance or scepticism, and the larger the possibility that mistakes, failures or sub-optimal results may be pointed to as reasons to scale back those ambitions.

Box 7.6. Key implications of Chapter 6

The public sector innovation system is a dynamic one and therefore impossible to predict. Given this uncertainty, care needs to be taken with any assumptions about how things should or must unfold over time. Continual learning and adjustment will be needed.

Acknowledging what has been achieved

This report highlights the need for a more systemic approach to public sector innovation. It identifies very real gaps which unless addressed are likely to ensure disappointment with the Public Service of Brazil and the wider public sector. Innovation is needed, and without a systemic approach to public sector innovation, the current shortfall of innovative responses to the existing, evolving and emerging needs of citizens will likely continue.

However, it must be remembered that innovation is difficult. It involves doing what has not been done before on a continual basis, and therefore cannot be mastered. With such a continual focus on the new, it also can be easy to forget, miss or dismiss what has already been achieved.

Before looking at the opportunities for improvement, it is worth recognising that those possibilities build on what has been achieved so far. This report should therefore be read as both a call for action and as an affirmation of efforts to date to promote and pursue public sector innovation as a means to improving the public sector. The following are some of the key highlights:

- **Innovation awards**: the awards provide a rich source of insight into innovation in Brazil. They underscore the value and importance of public sector innovation in delivering on the work of the public service, and function as an inspiration for others of what can be done.
- **Establishment of InovaGov, iNights and Innovation Week**: these initiatives have proven to be an important mechanism for helping to socialise innovation and connecting and empowering individuals and others across the system.
- **Collaboration between the major actors**: there is already a track record of collaboration between many of the major players within the system. By pooling efforts, they are helping to identify potential barriers, leveraging opportunities and working together to strengthen the innovation capacity of the public sector.
- **Innovation labs**: the various labs across the system have provided an important platform for testing new approaches and new thinking, exploring different ways of working, and building innovation sophistication and practice.
- **Digital transformation agenda**: the digital transformation has played an important role in highlighting the value that innovation can bring, as well as providing a model for the public sector of how system-level transformation can occur.

Key areas of opportunity

The investigation and analysis of the past, present and future innovation system of the Public Service of Brazil has produced a variety of insights, lessons and implications. Based on these, what actions could be taken to help strengthen the capacity of the Public Service to continually and consistently identify, test, apply, embed and learn from innovative approaches that meet the needs and ambitions of Brazilian citizens and the Brazilian government?

It should be clear from the preceding discussion that there are no 'silver bullets' or easy prescriptions as to what should be done. No set package of answers will meet all of the present needs, let alone those of a dynamic and unpredictable future. The ambitions for and expectations of the public sector will be ever-changing, and therefore so must be the innovation system.

The following identified areas of opportunity can be considered as educated suggestions for starting points, and should be regarded as prompts for richer conversations about:

- what the Public Service of Brazil needs innovation for
- how innovation can/should be supported at a system level
- how innovation could become a consistent, deliberate and reliable resource that can contribute to better outcomes.

Actions for the whole-of-system

The following proposals are aimed at the whole of the Public Service of Brazil. For each proposal it may be appropriate to appoint a particular lead agency. However, all will require consultation, engagement and buy-in from across the system if they are to be successful.

1. Establish an explicit agenda for public sector innovation – what does it mean for the Public Service of Brazil, why is it needed and why does it matter, and what is expected of public servants and others in regards to innovation? This could build on the many previous initiatives, but consolidate a concise and meaningful narrative about public sector innovation.
   (Suggested lead: Brazilian Presidency)
2. Commit to a systemic approach to public sector innovation, recognising that it is not something that can be mandated or dictated by laws and decrees alone, but requires ongoing investment, support and learning across the whole of the work of the Public Service of Brazil.
   (Suggested lead: Brazilian Presidency)
3. Build on the existing strengths and complementary agendas within the Public Service of Brazil (e.g. digital transformation agenda, open government agenda, the focus on social control and the citizen) to illustrate how innovation is a natural and necessary part of how the public sector can deliver on stated priorities, social aims and citizen expectations.
   (Suggested lead: Ministry of Economy)
4. Identify and strengthen structural drivers for innovation that help to ensure that the downsides and risks of innovation are balanced with the costs of not exploring new alternatives. This might include the introduction of an approach similar to the experimentation commitment used by the Government of Canada, which commits government agencies to spending a proportion of their administered funding on experimentation.
   (Suggested lead: Ministry of Economy)
5. Adopt a portfolio management approach to public sector innovation, recognising the value that diversity of innovation activity can bring, by providing a variety of options in the face of uncertainty.
   (Suggested lead: Ministry of Economy)

6. Establish an explicit responsibility for stewardship of the public sector innovation system, to assist with oversight and learning about whole-of-system issues and developments that are beyond the purview of any one ministry or agency. This stewardship responsibility should evolve over time as more is learnt about the functioning of the public sector innovation system, its strengths, and where active monitoring and shepherding may be particularly required.
(Suggested lead: Brazilian Presidency)
7. Encourage use of the determinants model to reflect on the contributions of new and existing rules, processes and activities, for example, do current or new interventions contribute to or detract from:
    a. a clear signal being sent to system actors about innovation and how it fits with other priorities? (clarity)
    b. innovation having equal standing with other considerations when it comes to proposed courses of action? (parity)
    c. the capabilities, systems and infrastructure being appropriate and sufficient for the available options? (suitability)
    d. innovation being seen as integral, rather than as an occasionally accepted deviation from the norm? (normality)

    (Suggested lead: Ministry of Economy)
8. Investigate how, where and under what conditions the exploration of radical options can occur in the Public Service of Brazil, noting that as digital transformation and other disruptive shifts occur, the more that existing operating models of the public sector are unlikely to be suited or able to cope with new demands and expectations. For instance, such exploration might include issues such as what the 'gig economy' can teach the public service or what tailoring services to individuals might look like in a digital public sector.
(Suggested lead: TCU)

Box 7.7. Priority action areas for a whole-of-system approach

Three priority areas are suggested to ensure that public sector innovation takes hold as an agenda and is recognised as a tool that can help the Public Service achieve its aims and deliver desired outcomes for the government and citizens:

- Establish an explicit agenda for public sector innovation: without a vision of what is needed and why, it will be hard to overcome or change the status quo.
- Identify and strengthen structural drivers for innovation: without structural measures to balance or counter the inertia within the public sector, attempts at trying new things will rely heavily on exceptional individuals, crises or political priorities rather than business-as-usual.
- Establish an explicit responsibility for the stewardship of public sector innovation: with a visible authority to ensure the functioning of the system as a system, interventions will be steered by individual or siloed perspectives that may be in tension with collective needs and ambitions.

Actions for central actors as a group

The following proposals are targeted at the central actors (Brazilian Presidency, Ministry of Economy, ENAP, TCU, CGU, CJF) for them to consider as a collective.

1. Identify and articulate the roles of each of the major players in regard to the public sector innovation system and its functioning.
2. Reflect on how existing rules, processes and activity are shaping the existing innovation activity, using the innovation facets model to consider where innovation activity is currently weighted, why that may be the case and whether this is the desired mix.
3. Empower InovaGov as a formal mechanism for cross-agency bottlenecks and issues relating to the pursuit of new ideas, where issues can be discussed and assessed in terms of how or if they may be unnecessarily constraining innovation activity. InovaGov could even become a formal part of the collaboration infrastructure, providing a forum and a process to enable collaboration between different system actors on specific projects, to tackle shared challenges and bottlenecks, or to act as a broker for organisational innovation capabilities and competencies.
4. Request agencies to self-identify and share their innovation strengths, including their expertise or capabilities in regard to particular methods, approaches or projects, so as to help them learn from each other.
5. Undertake pre-emptive war-gaming to explore what might happen in the event of a high-profile innovation "failure", and to help prepare for the inevitable public criticism, fair or unfair, in order to mitigate damage to the broader public sector innovation agenda (or related agendas, such as digital transformation).
6. Investigate the potential of regulatory sandboxes within the public sector as a means to assist with the careful experimentation and exploration of new practices and approaches, without ignoring or overstepping Brazil's legalistic context.

Box 7.8. Priority action area for central actors

In order to ensure collective ownership and engagement with public sector innovation as an agenda by central system actors, the priority focus should be to identify and articulate the roles of each of the major players. Without an explicit sense of these roles, it will not be possible to determine whether there is agreement about what roles should be played or whether there are any gaps.

Actions for the Ministry of Economy

The following proposals are for the Ministry of Economy to consider.

1. Articulate the links, overlaps and distinctions between the digital transformation and public sector innovation, in order to help clarify the dependencies and differences between the agendas.
2. Expand support functions for the digital transformation agenda to public sector innovation more broadly, enabling them to act as a source of support and advice on how ministries and agencies can engage with public sector innovation in a deliberate and structured fashion, and as a broker for relevant capabilities and expertise inside and outside of the Public Service of Brazil.

3. Ensure that 'big data' is matched with 'thick data', so that the digital transformation agenda can also keep track of how citizen expectations and needs may be shifting, in addition to tracking the use of existing services.
4. Examine how the digital transformation agenda can empower public servants to better collaborate through the use of shared platforms, in order to connect across agencies and issues with others who may be facing similar problems or interested in similar challenges and opportunities.

Box 7.9. Priority action area for the Ministry of Economy

To ensure the agenda resonates, the suggested priority focus for the Ministry of Economy is to articulate the links, overlaps and distinctions between the digital transformation and public sector innovation. Without a sense of how the agendas overlap, support each other, or conflict, the digital transformation agenda will always win out, as it is more immediate, tangible and better resourced.

Actions for control bodies

The following proposals are for the control bodies (primarily the TCU and CGU) to consider.

1. Emphasise and illustrate how innovation is part of regular business for the Public Service of Brazil, in that it is a necessary and appropriate activity if the public sector is to deliver on government priorities and meet citizen expectations.
2. Explicitly identify how control processes such as audit and risk management can support a focus on innovation, noting that for any complex or complicated project, potentially better ways of doing things will likely exist and should be considered and investigated, and recognising that there are risks both to not trying new approaches as well as to doing things differently.
3. Continue to explore and implement mechanisms to leverage social control, as such mechanisms can help involve other perspectives, question the status quo and identify opportunities for improvement and innovation.

Box 7.10. Priority action area for control bodies

To ensure that innovation is not unnecessarily deterred and that public servants understand how innovative activities and audit and risk management can be complementary, it is suggested that the control bodies explicitly identify how processes such as audit and risk management can support a focus on innovation. Without such guidance and evidence of the complementarity of agendas, many public servants are likely to continue viewing innovation as an unacceptable or unnecessary risk, regardless of need.

Actions for ENAP

The following proposals are for ENAP to consider.

1. On behalf of InovaGov, partner with relevant actors across the ecosystem to develop an annual high-level commentary and sets of observations on the performance of the public sector innovation system at Innovation Week. This will help identify gaps and weaknesses in the system, priority areas where action or assistance is needed, and strengths, progress and successes. Relevant partners would include the Institute for Applied Economic Research (*Instituto de Pesquisa Econômica Aplicada* (IPEA)) as well as civil society groups.
2. Socialise new technologies with senior leaders in the Public Service of Brazil, building upon existing training and working to help decision makers reflect on the implications of new technologies, including for the work and practices of the public sector.
3. Further leverage innovation award winners, including by reflecting on the implications of the winning innovations and how they might inspire or be used in other parts of the Public Service.

These suggested action areas supplement the important role that ENAP plays in regards to capacity building for the public sector innovation system. This role is considered by the companion OECD review on leadership and skills for innovation, which makes separate relevant recommendations in this regard.

Box 7.11. Priority action area for ENAP

To ensure that any innovation agenda maintains momentum, the suggested priority focus for ENAP is to provide an annual high-level commentary on the performance of the public sector innovation system at Innovation Week, on behalf of InovaGov, in partnership with other relevant ecosystem actors, notably IPEA. Without such visible reporting and reminders, the public sector could easy lose sight of what has been achieved and what still remains to be done.

Actions for other individual agencies as system actors

The following proposals are for other individual organisations in the Public Service of Brazil to consider in their capacity as system actors.

1. Reflect on whether their corporate practices are supportive of behaviours that are open to and encourage innovation.
2. Consider their contribution to the broader innovation system, including their strengths and weaknesses related to innovation, and explore where they may be able to learn from others inside and outside the public sector.
3. Identify where innovation is needed in their operations or remits, and publicise their innovation priorities.
4. Continue to experiment with and adopt, as appropriate, new approaches and structures (e.g. innovation labs) that demonstrate promise in enabling innovation.

Box 7.12. Priority action area for individual agencies

To ensure that innovation is recognised as a system-wide concern, it is suggested that individual agencies in their capacity as system actors publicise their innovation priorities. Without a clear sense of why and how innovation is needed, agencies, their staff and their partners and stakeholders will find it difficult to locate shared opportunities and know where innovative effort is best directed.

An ongoing journey

Public sector innovation is not a static field of practice or domain of knowledge. Public sector innovation, whether a specific act, a result, a process or a facilitating activity, changes as new things are learnt, and as the context changes and previous innovations become established. There is therefore no definitive recipe for any one innovation – how it will look, where it will take place or what will be needed to support it. Instead, innovation is an ongoing journey of discovery.

This report has attempted to provide insight into the public sector innovation system of the Public Service of Brazil, and outline models and specific practices that may assist as the journey continues. It does not provide set prescriptions, but rather sets out a means to understand the system, now and into the future, and establish where key points of influence might lie. In this way, the intent of this work is to help those within the system to be able to adjust course as the context changes, as new problems come to light and as new ambitions arise.

The OECD, through the Observatory of Public Sector Innovation and its work with countries, will continue to explore and learn more about public sector innovation systems. It is to be hoped that the next steps of the Public Service of Brazil will act as a source of rich learning for others on their innovation journeys.

Annex A. Terms of reference

The aim of the project was to help address the question of "How can the Public Service of Brazil strengthen its capacity to continually and consistently identify, test, apply, embed and learn from innovative approaches that meet the needs and ambitions of Brazilian citizens and the Brazilian Government?"

The study aimed to:

- Map the current state of and relevant actors within the innovation system(s) operating in the Public Service of Brazil, and how they intersect with systems of delivery, performance management and accountability
- Understand the characteristics, including strengths and weaknesses of the system, including identifying key enablers and barriers along the different stages of the public sector innovation life-cycle
- Give insight into the current narrative(s) around public sector innovation from across (and beyond) the Public Service of Brazil, and how this is affecting the practice of innovation
- Suggest a framework for understanding the different components of the innovation system(s) operating in the Public Service of Brazil, and how they relate to each other and generate a dynamic effect in the system
- Identify areas where innovation effort has been undertaken, and point to priority areas for action that are likely to offer the best starting points for further intervention into the system.

The key research questions guiding the study were:

1. *How is innovation understood within the Public Service of Brazil?* Is there a common definition of innovation? How is innovation referred to and described in official statements and policies? How is innovation understood and formally articulated within and across central government functions?
2. *What is the lived experience of innovation in, and by, the Public Service of Brazil?* What is it actually like to participate in the innovation process in (or with) the Public Service of Brazil? What is the context of those innovating (or not innovating) and, what are some of the lessons and continuing issues, enablers and barriers, successes and failures?
3. *Who are the key actors and what are their roles?* Who are the major players in the innovation system, what roles do they play, how do they interact, and through what channels, mechanisms, structures and practices? How discrete are the roles and how well are the respective roles and contributions understood?
4. *What are the current perceptions, hopes and concerns about innovation?* How is innovation perceived by those in, and those outside of, the Public Service of Brazil, what are the beliefs and attitudes, and what might that mean for the practice of innovation? What do people believe their role is and what their contribution should be?
5. *What is working, and what has been achieved?* Where has the innovation process delivered value? How has this value been assessed or understood?

6. *Where are the gaps and unmet need?* Where is it agreed that innovation is needed but have not been occurring? Where are there consistent gaps or issues in the innovation process? Are there any unmet needs that are holding back the innovation process?
7. *What might be changed to support a more effective innovation system?* What might an effective innovation system for Brazil look like? Which would be the most appropriate for what Brazil wants to achieve? What are the possible actions (systemic, organisational, and individual) that could contribute to that?
8. *Where are the best places to act first?* Which of the many likely possible options are most appropriate for the Brazilian context and how can they be sequenced for maximum impact? What are the specific factors that might be relevant or considered in how they are implemented?

Annex B. Study participants

The following people were interviewed for this review. Many more people contributed, however, either through their involvement in workshops, through discussions, or through their participation in a survey jointly run with the companion OECD review of leadership and skills for innovation.

Guilherme Alberto Almeida de Almeida, Mariana Olivieri Caixeta Altoé, Antonio Augusto Ignacio Amaral, Helena Kerr do Amaral, Paulo Henrique Alves Araújo, Wagner Silva de Araújo, Deborah Virginia Macedo Arôxa, Patrícia Souto Audi, Ciro Pitangueira de Avelino, André Anderson de Oliveira Barbosa, Gilberto Porto Barbosa, José Henrique de Lima Correa Dieguez Barreiro, Alix Birche, Ivan Gomes Bonifácio, Claudio Souza Castello Branco, Mariana Botão, Isabella von Muhlen Brandalise, Soraya Monteiro Brandão, Delenda Assunção Araújo Bruno, Renato de Oliveira Capanema, Pedro Luiz Costa Cavalcante, André Gustavo César Cavalcanti, Rafael Rosa Cedro, Nicir Maria Gomes Chaves, Augusto Akira Chiba, Marco Bruno Miranda Clementino, Claudio Silva da Cruz, Alex Canuto de Sá Cunha, Bruno Queiroz Cunha, Guilherme Dominguez, Rafael Ramalho Dubeux, Walter Shigueru Emura, Tiago Falcão, Cristiano Ferri Soares de Faria, Ciro Campos Christo Fernandes, Marília Nunes Fernandes, Antonio Isidro da Silva Filho, Marcelo Sampaio Cunha Filho, Paulo Sérgio Vilches Fresneda, Francisco Gaetani, Natália Massaco Koga, Antonio Carlos Bezerra Leonel, Sephora Lillian, Virginia Bracarense Lopes, Heber Maia, Paulo Marques, Rudinei dos Santos Marques, Antônio Paulo Vogel de Medeiros, Camila de Castro Barbosa Medeiros, Fernando Augusto Pereira Mendes, Ana Cláudia Mendonça, Camile Sahb Mesquita, Luis Felipe Salin Monteiro, Vânila Cardoso André de Moraes, Miguel Ragone de Mattos, Rodrigo Mota Narcizo, Erika Melissa Oliveira França Nassar, Igor Manhães Nazareth, Otávio Moreira de Castro Neves, Márcio Luiz de Albuquerque Oliveira, Pedro Lucas de Moura Palotti, Bruno Carvalho Palvarini, Ana Virgínia de Araujo Pinto, Marcos Pinto, Bruno Monteiro Portela, Kalina Ramos Porto, Daniela de Franco Ribeiro, Luiz Carlos Miyadaira Ribeiro Jr., Christiane Coêlho da Rocha, Luanna Santa'Anna Roncaratti, Bárbara de Alencar dos Santos, Erick Muzart Fonseca dos Santos, Fernando Dall'Onder Sebben, Gustavo Henrique Trindade da Silva, Jean Paulo Castro e Silva, Manuel Augusto Alves Silva, Vinicius de Faria Silva, Michelle Morais de Sa e Silva, Wesley Vaz Silva, Aline Ribeiro Dantas de Teixeira Soares, Marcus Vinicius de Souza, Juliana Akiko Noguchi Suzuki, Natalia Mota Teles, Felício Ribas Torres, Joice Toyota, Caio Castelliano de Vasconcelos, Joelson Vellozo Jr., Grace Porto dos Santos Veras, Fabiana Ruas Vieira, Renata Maria Paes de Vilhena, Gilberto Waller, Maurício de Albuquerque Wanderley, Luciana Ortiz Tavares Costa Zanoni.

Annex C. Further information

Additional information developed in the preparation of this study has been made available on the website of the OECD's Observatory of Public Sector Innovation:

- A timeline of the major developments in the historical innovation journey of the Public Service of Brazil
- Preliminary findings of the study that were published in November 2018
- A highlights document, summarising some of the key takeaways from this report.

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The Innovation System of the Public Service of Brazil

AN EXPLORATION OF ITS PAST, PRESENT AND FUTURE JOURNEY

Governments must innovate if they are to be effective. In a world of change, a government that stands still will soon be overtaken by events and shifting citizen expectations. This report explores the past, present and possible future journey of the innovation system of the Brazilian public service. It outlines a systemic approach for innovation to mitigate existing biases, and identifies a range of options for the development of a consistent, deliberate and reliable approach to innovation in the public service of Brazil.

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