

PUBLIC-SECTOR INNOVATION

Rationale and objectives

Innovation in the public sector refers to significant improvements to public administration and/or services. Drawing on definitions adopted for the business sector (*Oslo Manual*) and their adaptation in the Measuring Public Innovation (MEPIN) project, public-sector innovation can be defined as the implementation by a public-sector organisation of new or significantly improved operations or products.

Today, increasingly sophisticated public demand and new challenges due to fiscal pressures require innovative public-sector approaches. However, knowledge about public-sector innovation, and its results, costs and enabling environment, is fragmented. Public-sector innovation is rarely institutionalised in government budgets, roles and processes, and there is limited knowledge and awareness of the full range of tools available to policy makers for accelerating innovation.

The OECD is currently working on developing analytical and measurement frameworks to understand and foster public-sector innovation. This includes developing an Observatory of Public Sector Innovation that will build a classification of the components of the innovation process with a view to understanding the factors that support the development of innovations, and their results, in order to map existing innovation approaches and policies.

Major aspects

Public-sector innovation involves significant improvements in the services that government has a responsibility to provide, including those delivered by third parties. It covers both the content of these services and the instruments used to deliver them. OECD countries pursue various types of innovation in public service delivery. Many of these approaches create services that are more user-focused, are better defined and better target user demand. Innovation can alter both the supply of services, by improving their characteristics, and demand for services, by introducing new ways to articulate demand for and procure them.

Recent policy trends

Countries have adopted various approaches at national level to foster public-sector innovation. They range from developing whole-of-government innovation strategies that address the role of the public sector as innovator (*e.g.* Finland) to creating structures to support individual organisations in their innovation processes (*e.g.* Denmark). There are also dedicated strategies and action plans for innovation in public services, such as Australia's Centrelink Concept Lab which enables the testing and evaluation of potential service delivery improvements in actual workplace conditions. Innovation strategies can also be adopted in individual public-sector organisations, but tend to be driven by individuals with sufficient vision and determination to push the innovation process (Koch and Hauknes, 2005).

Some innovative approaches in service delivery found during initial research (OECD, 2012, forthcoming) include:

Digital technologies (web 2.0): Information and communication technologies (ICTs) enable governments to meet new demand for online services, to tailor services to individual needs through service personalisation, and to reduce transaction costs.

Governments use ICTs to transform service delivery and engage users in the planning or delivery of services through the use of web 2.0 tools. The US Federal Emergency Management Agency uses Twitter to share information with citizens during crises. Mexico has explicitly named ICTs as a key component of their strategy to modernise public service delivery.

Partnerships with citizens and civil society: The engagement of individual citizens and civil society organisations as partners in the delivery of public services (also known as co-production) can lead to higher user satisfaction and may reduce costs. Partnerships that offer greater user control and ownership can transform the relationship between users and service professionals. Such practices are still mainly at the developmental stage, but pilot programmes in the United States and the United Kingdom have shown promising results in terms of increased satisfaction and value for money, for example in health and social protection (OECD, 2011). The UK Expert Patient, the US Diabetes Self Management Program and the Canadian Chronic Pain Self Management Program are examples of co-production practices in which peers help other patients.

Partnerships with the private sector: Commissioning or partnering with the private sector can reduce the costs of service provision to government and provide innovative approaches. Public-private partnerships (PPPs) are increasingly used for services traditionally obtained through public procurement. They can offer innovative ways to manage risks and improve efficiency in designing and procuring public services. Australia, France, Germany, Korea and the United Kingdom increasingly rely on PPPs to provide capital for construction, maintenance and provision of infrastructure projects (e.g. hospitals).

Solutions to improve access condition: Some approaches to innovation in service delivery focus on bringing the service closer to the user by improving access conditions. Examples include changes to the physical location of services, such as multi-service centres that provide one-stop shops for users and integration of different channels of service provision to provide greater choice and personalisation. For example, the mission of Shared Service Canada is to consolidate IT infrastructure, including email, data centres and networks, across 43 departments and agencies.

The choice of the solution depends on external as well as internal factors such as the country's system for service delivery (rules and regulations, financial frameworks, organisational settings) and the extent of involvement of external actors in the delivery process. Different approaches have also been combined (e.g. the use of ICT in coproduction approaches with service users).

References and further reading

- Bloch, C. (2010), "Measuring Public Innovation in Nordic Countries: Final Report", (MEPIN), February.
- Koch, P. and J. Hauknes (2005), "On Innovation in the Public Sector", *Public Report D20*, December.
- OECD (2011), *Together for Better Public Services: Partnering with Citizens and Civil Society*, OECD, Paris.
- OECD (2012, forthcoming), *Innovation in Public Services: Context, Solutions and Challenges*, OECD, Paris.