MECHANICS FOR THE FUTURE: HOW CAN GOVERNMENTS TRANSFORM THEMSELVES?
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MECHANICS FOR THE FUTURE: HOW CAN GOVERNMENTS TRANSFORM THEMSELVES?
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**PROGRAM OVERVIEW**

Governments worldwide are under pressure to meet complex needs as populations age, countries urbanize, and technology transforms lives and work. They have lead responsibility to prepare their societies for a radically changing world, yet face shrinking budgets and declining trust in the public sector.

The *Public Sector Strategy Network*, launched in partnership between the Abu Dhabi Crown Prince Court, Salzburg Global Seminar and Apolitical, helps governments tackle complex challenges through better foresight, innovation and implementation. Co-created with senior leaders around the world, the Network is building a mutually-supportive coalition of engaged individuals and institutions on the frontline of digital, financial and societal disruption, promoting effective public leadership and strategic communication.

The Network’s annual invitation-only retreat at Salzburg Global Seminar’s historic home in Schloss Leopoldskron, Salzburg, May 13-15, 2018, included 27 participants from 16 countries – predominantly senior officials from governments and multilateral institutions. This year’s program, entitled *Mechanics for the Future: How Can Governments Transform Themselves?* supported interactive debate and hands-on problem-solving. It provided a rare opportunity for senior officials to engage informally with a select group of dynamic peers, away from media and gatekeepers, and test out ideas for immediate follow-up at the technical level.

The following topics represent key priorities identified at the meeting. As the discussions at Salzburg Global Seminar took place under the Chatham House Rule, they have been further illustrated here by specific publicly-available examples provided by the Apolitical team.
INTRODUCTION

The Salzburg Global Fellows (as participants of Salzburg Global Seminar programs become) underscored that the public sector must go beyond relying on a singular charismatic leader to inspire change and “incorporate innovation into the DNA of every civil servant.” Fellows further identified two pressing areas for public sector innovation:

CREATING A NEW SOCIAL CONTRACT

New technology and changing social dynamics have resulted in the need for public sector entities to reassess their relationships with their respective constituencies. The demands, preferences and expectations of populations throughout the world are no longer aligned with established public sector institutions. In order to maintain an engaged citizenry and ensure a new generation of inspired civil servants, these institutions must rethink the existing covenant with their constituents in order to retain citizen trust.

RESPONDING TO EXTERNAL FORCES

Changing population trends and the arrival of the digital age challenge the public sector status quo. In order to respond effectively, governments must simultaneously regulate, encourage and incorporate rapidly changing technology. The dynamism of these changes requires flexible and nimble public sector institutions.

Within broad ranging discussions encompassing both of the major areas for innovation, technology acted as a unifying thread. Fellows engaged with both how technology impacts the role and behavior of the public sector, and how the public sector can utilize technology to transform itself.

APOLITICAL RESOURCES

Róbert Bjarnason, Over half of Reykjavik residents steer policymaking – here’s how (September 28, 2017): apolitical.co/solution_article/half-reykjavik-residents-steer-policymaking-heres

Anoush Darabi, UK ranked first in the world at bringing AI into government – here’s why (January 3, 2018): apolitical.co/solution_article/uk-ranked-first-world-bringing-ai-government-heres

Angela Hanson, It’s time to move beyond the innovation toolkit (May 25, 2018): apolitical.co/solution_article/its-time-to-move-beyond-the-innovation-toolkit
CREATING A NEW SOCIAL CONTRACT

“We need to change the process as a re-invention of democracy.”

Throughout the world, the public sector is experiencing a loss of citizen trust in its traditional institutions, coupled with increased trust in new institutions. Citizens view local institutions and the private sector in particular as better able to deliver value. Fellows identified the primary cause for this shift in trust as a disconnect between constituents and traditional public sector institutions, indicating a need to create “virtual closeness” in order to restore trust. Several Fellows described decentralization and a shift towards increasing the prominence of local governance as effective tools to increase the frequency and quality of institution-constituent interactions. Participants examined a number of practical innovations by some governments, which focused on re-engaging their citizenry and setting a framework for citizens. These examples might be replicated or adapted for use elsewhere. In that sense, these reforms were not necessarily viewed as “best practices” but rather alternative practices that have shown success.

One Fellow reflected that citizen dissatisfaction stems from lack of institutional engagement with the general population. Governments “are fundamentally wrong in not starting with public attitudes and values in policymaking.” Rather than impose on citizens policies derived from professional civil servants, policy should be formulated by incorporating the needs and expectations of the constituency. Fellows shared how their respective institutions fundamentally need to “leverage civil society to get the best possible added value.” Technology is one useful tool for redefining the way in which governments and citizens interact.

EDUCATING TO IMPROVE CIVIC ENGAGEMENT

“The original purpose of education was to produce not only better workers, but better citizens...in our [education systems] we need to leave space for creative thinking and liberal arts, which build skills for good citizenship.”

The public sector in many places has incorporated citizenship as a pillar in public education systems, recognizing civic engagement as something that can and should be learned. In one breakout session, Fellows discussed the possibility of re-emphasizing the use of public education systems to engage citizens in governance early on. Some governments have also tapped into social gaming trends to explore the gamification of citizenship. For example, in one country, there is a government-created app in which the user acts as mayor, making tradeoffs and compromises that result in praise or backlash from virtual constituents. The effect was to increase understanding of the governance process and reduce frustration with public sector methodologies.

INVOLVING THE PUBLIC IN POLICYMAKING

“Governments need to engage with citizens better and figure out what citizens want from government rather than relying on the traditional risk calculus through which governments do not trust their people.”

Policy has traditionally been the process by which professionals impose laws and regulations on the public. Career civil servants engage with evidence-based decision-making and effectuate their policy judgments on grounds of expertise. However, there is a growing recognition that professionalization results in a disconnect between policy and the people.
One effect of this recognition is that public sector institutions around the world are exploring co-design with citizen input, involving the people directly in policymaking. Participatory budgets, where citizens directly influence government spending, have been successful at the local and, increasingly, at the national level in Portugal and Iceland. Some countries, including Australia, have incorporated “citizens’ juries” into policymaking, a process through which ordinary citizens engage with complex policy challenges to provide a recommendation to the public sector. Additionally, some cities have created applications to improve the ease with which citizens can interact with government institutions on a daily basis, for example, an app through which individuals can directly report infrastructure defects.

Underlying the discussions regarding citizen participation was a concern about whether citizen involvement in issues requiring expertise is desirable. There is a need for balance between public participation and evidence-based policymaking.

**ENGAGING THE NEXT GENERATION OF CIVIL SERVANTS**

“We need to redesign jobs and it will only work if the leader puts their skin in the game.”

In order to thrive, existing public sector institutions must recruit and retain future leaders and innovators. The primary mechanism for doing so is re-designing civil service to align with the expectations and preferences of potential employees. Focusing on implementation, valuing functional leadership, incorporating a “start-up mentality” and shifting away from traditional hierarchical structures have effectively created work environments that more closely track sought-after attributes of employment in the private sector.

Additionally, participants recognized the need for the public sector to create pathways to public service while avoiding the “professionalization of politics.” National and local governments, as well as intergovernmental organizations, have had success with gender budgeting programs that facilitate the entry of women into high level public service positions. Successful efforts include setting targets or quotas as well as passing equal pay laws and shifting from maternity leave to family leave. One city government has focused on recruiting individuals from fields not traditionally associated with government service, resulting in a diverse public sector that generates new ideas and is more connected to the constituent base.

**APOLITICAL RESOURCES**

- Jennifer Guay, *New Zealand is giving public servants job tips for better policymaking* (May 9, 2018): apolitical.co/solution_article/new-zealand-is-giving-public-servants-job-tips-for-better-policymaking

**APOLITICAL RESOURCES**

Anoush Darabi, *With political apps, civic chatbots and digital forums, citizens are speaking out* (March 1, 2018): apolitical.co/solution_article/political-apps-civic-chatbots-digital-forums-citizens-speaking


**LEVERAGING THE PRIVATE SECTOR**

“We underestimate the extent to which people are socialized by the private sector.”

Private sector companies have increasingly improved convenience and efficiency for their customers. As a result, the baseline for constituent expectations for public sector services has been raised. In order to retain citizen engagement and approval, the public sector must adjust to changing expectations. Two mechanisms for adaptation include:

- Partnering with private sector entities and reformulating the public sector to achieve private sector benefits, including consolidation, achieving economies of scale, and
- Changing the mechanisms and process of government procurement.
Ultimately, the goal is for public sector institutions “to be seen as a deliverer of services” in parallel to the private sector. The public sector should aim to maximize consumer satisfaction and promote use through achieving efficiency and convenience.

At the same time, however, the public sector needs to recognize when private sector approaches are incompatible with the public sector mission. In particular, the private and public sectors differ with respect to those who do not “buy in” to their goods and services. A private sector entity “can ignore” those uninterested in their products. For the public sector, however, the individuals unwilling to “buy in” to government services “are their main audience.” For effective governance, the public sector must maximize citizen approval, in particular earning the trust and respect of those skeptical of public sector institutions.

**APOLITICAL RESOURCES**


Jay Nath, *US cities are bringing tech startups into city hall to take on social issues* (December 22, 2017): apolitical.co/solution_article/us-cities-bringing-tech-startups-city-hall-take-social-issues
RESPONDING TO EXTERNAL FORCES

“The future is not what it used to be. More and more in the policymaking environment, decision-making is less linear.”

One of the primary drivers of innovation is responding to external pressures – in other words, not just transforming the internal workings of government for the citizens, but engaging in strategic foresight to spot growing trends coming from outside the control of individual governments. Participants highlighted the need for public sector creativity and adaptability in dealing with two major external forces currently compel public sector adaptation: technology and population swings.

USING AND REGULATING TECHNOLOGY

“Technology is agnostic: it is what we make it.”

Any regulation or use of technology by the public sector must balance the benefits of the new technology with its risks, acknowledging the limitations of technological innovation. Security and data privacy concerns were at the forefront of hesitation regarding incorporating technology into the public sector and regulating the use of technology in the public sector. With respect to security, Fellows repeatedly reminded their peers the need to “recognize that there are real tradeoffs” in utilizing technology. Digitalization brings with it the possibility for security breaches and stolen information. Algorithms need to be transparent to promote trust and ensure validity, but opaque to ensure security. Fellows demonstrated how public sectors around the world are balancing these concerns through both using and regulating technology.

In working towards improving public sector service and constituent engagement, public sector institutions have been utilizing technological innovation “to create an agile government.” Governments such as those of Denmark and Argentina are shifting to paperless governance and artificial intelligence is in the process being adapted to respond to constituent concerns to free up personnel. Additionally, public sector institutions have created mobile applications for sexual harassment reporting, tracking government expenditures, and identifying faults in infrastructure. However, so far, efforts by public sector institutions have had limited success with digitalization. Digital government infrastructure often fails, and there are high rates of dissatisfaction among citizens. One Fellow pointed out the need for more tech-minded people in government, citing their absence as “a real barrier to thinking creatively,” especially with respect to how governments can employ technological innovations.

As a part of incorporating technological innovation into the public sector, “the government needs to figure out how to leverage data as an asset.” Governments obtain and retain large amounts of data on citizens and projects and have done so for long periods of time. Fellows identified two major areas in which public sector data can advance effective governance:

- Evidence-based policymaking
- Behavioral insights.

One primary concern of the public sector when considering whether to utilize citizens’ data is how government institutions can ensure data protection and privacy of citizens. For example, there were serious concerns regarding consumer intent: determining whether and to what extent citizens anticipate their data to be used by both the public and private sectors. Specifically, representatives from European states were focused on complying with European Union’s General Data Protection Regulation (GDPR), enforceable as of May 25, 2018, shortly after the conclusion of the Salzburg program. For this to be effective, the private sector, particularly large technology companies, would need to commit to working with the public sector in furtherance of government goals rather than the two sectors working perpendicularly.

APOLITICAL RESOURCES

One of London’s poorest boroughs is showing the rest how to do data (February 7, 2018): apolitical.co/solution_article/one-londons-poorest-boroughs-showing-rest-data

Anoush Darabi, Government by numbers: how data is damaging our public services (February 13, 2018): apolitical.co/solution_article/government-numbers-data-damaging-public-services

Anoush Darabi, Amsterdam and Barcelona are handing citizens control of their data (May 22, 2018): apolitical.co/solution_article/amsterdam-and-barcelona-are-handing-citizens-control-of-their-data
ANTICIPATING POPULATION SWINGS

“As we demand that people work longer, the question arises: what will they do?”

Aging populations in many developed countries result in immense pressures on pension and social security systems. Solutions include adapting pension systems and increasing retirement ages. However, in order to make these changes, the public sector needs to think creatively about ensuring their success. Innovations include lifelong learning to prepare older generations for new working environments as well as economizing artisanal hobbies. Youth bulges, occurring in many developing countries present the opposite problem, but with the potential for resolution through similar innovations. The goal in both contexts is to use public sector resources to prepare citizens for economic success and societal contribution. Lifelong learning focused on adapting to a changing economy are powerful tools to achieve that goal.

In addition to changing age dynamics within populations, there is a global trend towards an expanding middle class. The primary effect of this trend is increased expectations for public sector institutions, including faster service and improved efficiency. The growing middle class relies little on public sector services, while being simultaneously dissatisfied with those services, resulting in a disconnect between experience and opinion that the public sector must resolve.

CONCLUSION AND NEXT STEPS

The Public Sector Strategy Network has steadily expanded since its founding as the International Public Sector Strategy Round Table in 2010. At its 2017 meeting in Salzburg, Fellows identified twin priorities concerned with the future of government in the face of massive disruption. Discussions highlighted the critical need and opportunity for a foresight retreat for those at the cutting edge of public sector innovation across the world. Looking forward, the Network will therefore focus its vision and value-add to create a high-level network of government leaders working together to understand the major disruptive forces confronting governments over the next 10-20 years, and how they can respond to and plan for them effectively.

The Public Sector Strategy Network will address a small number of concrete topics that will become issues, and issues that will become disruptors. It will progressively build a core group of country partners and regular participants, centered on high-level government officials interested in forging dynamic ongoing collaborations, and enriched with perspectives from subnational governments, the private sector, and philanthropy. The Network’s annual meeting in Salzburg will stimulate ideas, insights and exchange around policy and the machinery of implementation. Year-round, engagement and strategic communication will be supported by the partners’ online resources as well as selected in-region events and activities that provide new openings for Network members.

APOLITICAL RESOURCES

Sam Blundy, Machine learning model can rate thousands of pensions for risk in one day (September 5, 2017): apolitical.co/solution_article/machine-learning-model-can-rate-thousands-pensions-risk-one-day

Godfred Paul, Senior citizens taught business skills to beat rural poverty (April 18, 2017): apolitical.co/solution_article/senior-citizens-taught-business-skills-beat-rural-poverty
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Salzburg Global convenes outstanding talent across generations, cultures and sectors to inspire new thinking and action, and to connect local innovators with global resources. We foster lasting networks and partnerships for creative, just and sustainable change.

Over 36,000 Fellows from more than 170 countries have come together through our work, with many rising to senior leadership positions. Our historic home at Schloss Leopoldskron in Salzburg, Austria – now also an award-winning hotel – allows us to welcome all participants in conditions of trust and openness.

The Public Sector Strategy Network helps governments tackle complex challenges through better foresight, innovation and implementation. Co-created with senior leaders from around the world, it is building a mutually-supportive coalition of individuals and institutions on the frontline of digital, financial and societal disruption, promoting effective public leadership and strategic communication.

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