5 GovTech

While Norway's StartOff program offered a strong approach to GovTech by balancing risk mitigation with innovative procurement, the program has since been discontinued.

Norway could aim to reintegrate GovTech into its public sector to support the development of innovative solutions to public sector challenges, particularly in line with key focus areas like AI and the 'twin transition' of green and digital transformations.

GovTech can be a valuable tool for the public sector – leveraging collaborative and strategic partnerships to help develop solutions to the key challenges that it faces. Looking at Norway's progress to date, its StartOff programme demonstrated strong GovTech maturity – successfully finding a balance between traditional risk management and innovative procurement practices. However, as StartOff's funding has been reallocated to other priority areas, a challenge remains for Norway in how to address some of the key GovTech Buildings Blocks and Enablers to facilitate the reintroduction of a GovTech function, potentially tied to emerging priority areas of AI and the 'twin transition' of green and digital transformations.

Progress to date

In the 2023 DGI, Norway performed strongly on the topic of GovTech, achieving a score of 92% compared to the OECD average of 50%. Norway achieved this by demonstrating a dedicated GovTech practice in the country that was considered as part of Norway's digital strategy and resourced to maximise the potential success of this practice across its public sector.

Norway's results in the 2023 DGI were based on its StartOff programme, which was introduced in 2020 to leverage innovative procurement to work in collaboration with start-up companies to develop solutions for the public sector – particularly across its municipalities. Administered by the Norwegian Agency for Public Management and Financial Management (DFØ), StartOff would guide participants through the programme and provide resources to provide support with project management, defining the need, and providing legal and commercial advice. (DFØ, 2024[1])

The programme was based on a repeatable methodology that would deliver a solution within a defined 6-month process, from defining the challenge through to the delivery of a minimum viable product (MVP) of a solution. A key feature of the programme was its defined procurement processes, which companies are invited to submit idea sketches in response to the client's 'need', with the best 6 sketches progressing to interview and then top 3 of those suppliers progressing to 3-week phase in which to develop a paid solution proposal. Finally, once a preferred supplier was chosen, they were engaged for a further 15 weeks to develop the MVP for a set fee of NOK 450,000. After that, the client could then conduct a standard procurement process to further develop the MVP or to explore other options. (DFØ, 2024[1]) The StartOff model represents an effective approach to GovTech, which many countries could replicate to addresses some of the key challenges that they face in finding a balance between:

- making procurement processes more agile and digital.
- creating space for start-up companies in government procurement by improving access to opportunities and minimising the resource-intensive process of responding to opportunities.
- maintaining the certainty around process, timelines, costs, and ethical procurement processes that is still important for the effective and responsible use of public resources.

The success of this is clear, with 21 projects delivering solutions across the public sectors of both the state and municipalities, with another 4 projects to be delivered in 2024 (DFØ, 2024[1]) According to interviews with Norway's civil servants, this encouraged a culture of innovation, as well as the sharing of knowledge, experiences, and solutions between municipalities, between levels of government, and between administrators and the start-up companies. Norway therefore achieved the programme's objectives to:

- foster public sector innovation.
- increase cost-effectiveness.
- promote a culture of experimentation and collaborative governance.
- facilitate testing and adoption of emerging technologies.

Through the StartOff programme, Norway demonstrated how GovTech can be a valuable tool for the public sector – leveraging collaborative and strategic partnerships to help develop solutions to the key challenges

that it faces. It is used in the early stages of a digital investment as part of the discovery, experimentation, and piloting of potential initiatives. Further, StartOff serves as a case study for other countries on how to innovate their procurement processes to create opportunities to diversify their supplier ecosystem and generate economic opportunities for start-ups and small-to-medium-sized businesses.

Remaining challenges

Despite StartOff's success in recent years, the programme was discontinued in the 2024 national budget, with the Government deprioritising the programme to reallocate resource to other priority areas. Despite this, Norway maintains its focus on innovative procurement, and there are indications that elements of StartOff could be continued or developed further to support priority areas, like sustainability or circular economy (Project interviews (DFØ, 2024[1]) With increased funding being allocated in Norway for research and development of AI, perhaps this too could be an area where the StartOff programme could encourage agile and innovative solution development in collaboration with the private sector.

As the Government considers how best to facilitate the reintroduction of a GovTech function, it could use the OECD GovTech Policy Framework described in Box 5.1 (OECD, forthcoming) to focus its efforts on building maturity in the key GovTech Building Blocks and Enablers to maximise its potential success. At the micro-level, Norway could invest time and resources to ensure that the right GovtTech Building Blocks are in place to get the most out of their GovTech practice going forward, including:

- **Mature digital government infrastructure:** GovTech should aim to build on digital government maturity technology, infrastructure, tools, and data governance. In line with the recommendations in Chapters 6 and 7, maturity in these areas helps to enhance public sector capability, but also enables Norway's suppliers to better address the key challenges that it faces.

- **Capacities for collaboration and experimentation:** successful GovTech engagement requires a capable public sector, which depends on having the right skills; process, tools, and methods; and culture in place. In terms of the process, the Government could leverage the existing StartOff methodology as an example of repeatable process that balances innovation with risk management. However, for the reintroduction of a sustainable GovTech function to be successful, it could be valuable to develop initiatives to build a culture that supports and celebrates the practice, including by appointing key executive leaders and GovTech champions to promote the practice.

- **Resources and implementation support:** GovTech should be considered as both a method to help deliver digital investments and as a digital investment itself to be realised. StartOff was already proven to be a sound procurement process that had the capacity to scale solutions across levels of government. The main gap then under this Building Block would be to address the funding issue, which could be addressed by aligning the GovTech function with a key area of future investment, as with AI and the 'twin transition' of green and digital transformations.

- **Availability and Maturity of suppliers:** governments could take measures to ensure that there is a mature and capable ecosystem of GovTech suppliers ready to support co-creation. While the StartOff model improves access to improvements, the Government could consider whether to take additional measures, like acceleration programs or venture capital funding, to further invest in building the capability of the start-up ecosystem in Norway.

At the macro-level, Norway could also address the GovTech Enablers to ensure the GovTech ecosystem operates in a coordinated manner and progresses in a unified direction, including at the:

- **strategic layer:** governments could use GovTech strategies and champions in senior leadership positions to mobile support around and set a clear direction for the use of GovTech. Norway could develop a dedicated GovTech strategy, potentially aligning with other strategy objectives or priority areas, like for AI and the 'twin transition' of green and digital transformations.

- **institutional layer:** governments could seek collaboration and knowledge-sharing across institutions at the national, regional, or policy levels. While a dedicated GovTech team could be valuable at the national level to drive the practice and coordinate opportunities, it could still be valuable to have counterparts in different levels of government or policy areas to enable the use of GovTech more comprehensively across Norway's public sector.

- **network layer:** both governments and GovTech actors could seek to mobilise the network collectively to strengthen the practice and garner broader support. By creating communities-of-practice for GovTech in Norway's public sector, the Government could demonstrate the value of the practice, encourage best practice, and generate potential opportunities for additional funding as different agencies or levels of government explore their own projects.

Box 5.1. OECD GovTech Policy Framework

The OECD's forthcoming GovTech Policy Framework outlines the key GovTech Building Blocks and Enablers on which governments could focus their efforts in order to build their capacity for GovTech – ensuring that they continue to engage GovTech actors in the right way and maximise the impact of their collaborations. This GovTech Policy Framework is detailed below:
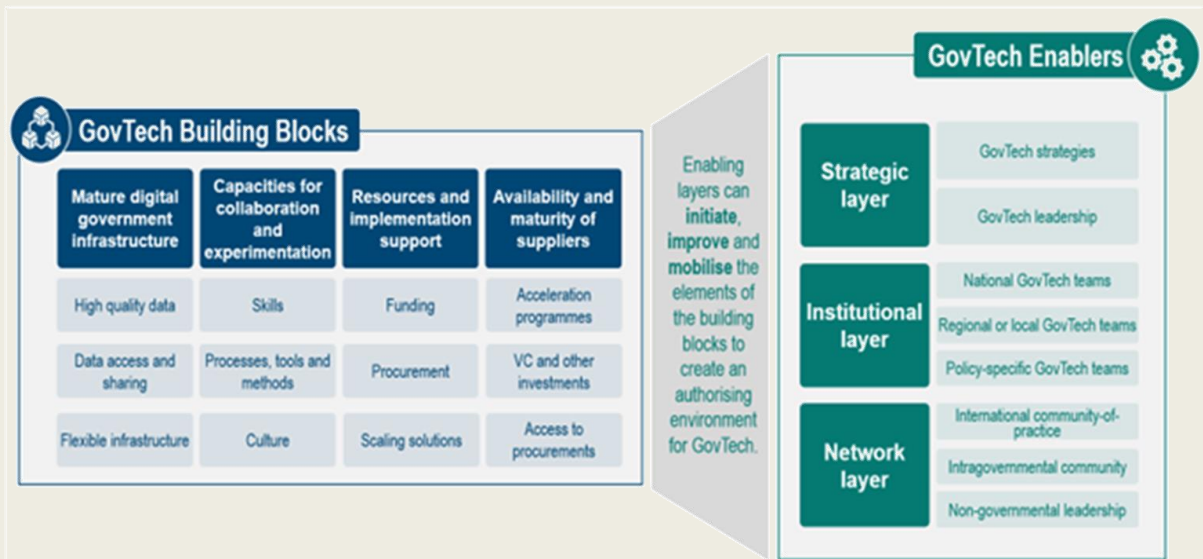
Source: (OECD, forthcoming[2])

Recommendations

Based on these findings, the Government could consider incorporating the strategic objective below into its new digitalisation strategy, which could be achieved by addressing the associated recommendations:

Strategic objective: GovTech

Norway could aim to reintegrate GovTech into its public sector to support the development of innovative solutions to public sector challenges, particularly in line with key focus areas like AI and the 'twin transition' of green and digital transformations.

- **Recommendation 7:**

  The Government could consider how elements of the StartOff programme could be continued or developed further to support key focus areas for digital government to maximise its impact and return-on-investment.

- **Recommendation 8:**

  The Government could address the GovTech Building Blocks and Enablers to facilitate GovTech collaborations across Norway's public sector, particularly around the capacities for collaboration and experimentation and the resources and support needed for implementation.

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