

Chapter 4: Improving innovative capacity in the Latvian public sector: From insights to action

This conclusion highlights how the above findings on public sector innovation can be translated into action through the upcoming Action Plan and Innovation Strategy, to be co-created as part of this project.

Shifting the direction of the public sector system

The public sector of Latvia is in an important moment where transformation is at its fingertips. With the launch of the National Recovery and Resilience Plan (RRP), Modernisation Plan and a number of extensive EU supported projects, there is a significant influx in funding and appetite for change. The RRP offers 1.8 billion euros of grants targeting digital transformation, green transition, economic and social resilience and more (European Commission, n.d.^[1]). Furthermore, the Modernisation Plan has the potential to have transformative impacts on the effectiveness of the public administration, public sector workforce, quality of public services, innovation and decision-making structures (Latvian State Chancellery, 2023^[2]). This marks a key opportunity to drive a systemic approach to innovation in order to address complex challenges, transform the public sector and find ways to deliver greater impact to citizens.

This assessment report has detailed a number of challenges across each of the four areas included within the OECD Innovation Capacity Framework: purpose, potential, capacity and impact. While the considerations section of each component details specific actions that could be taken, the shifts presented below take a systemic perspective, proposing **directional shifts** to move from the **current state** of the **public sector system** to a **possible future state**. To steer the current system towards the desired future

state, a number of ‘**how might we**’ statements have been included to support the development and prioritisation of concrete actions and interventions throughout future phases of this project.

Table 4.3. Prompting directional shifts in the public sector system

From [current state of public sector system]	To [envisaged state of public sector system]	How might we [prompting questions for the development of an action plan and innovation strategy]
Public sector is focused on immediate functioning in a challenging operational environment: often short staffed, suffering from recruitment and retention issues and with limited time and funding to enhance skillsets	Public sector workforce is equipped with the necessary skills and personnel to deliver public services effectively	<ul style="list-style-type: none"> ensure public servants have the opportunities and funding to access effective and relevant training and upskilling programmes that can enable them to work in new and more effective ways? ensure continuity and institutional memory within the public sector workforce?
Innovative efforts are focused on efficiency and cost cutting	Innovation used as a strategic resource to tackle challenges, steer towards better futures and improve public outcomes	<ul style="list-style-type: none"> shift the focus on innovation to improve efficiency to innovation to improve the effectiveness of government? diversify the portfolio of innovative activities to include initiatives addressing longer-term challenges and complex issues with a higher degree of uncertainty? reduce administrative burden to create more space and staff time for innovation?
Strategies and priorities are fragmented drivers of innovative activities	Strategic agendas and EU funded projects are steering a directed portfolio of innovative efforts and capacity building across the public sector system	<ul style="list-style-type: none"> unify the visions and ambitions of public sector reform agendas, sectoral strategies and European projects to drive innovative approaches, translating strategies into clear implementation plans and accountability measures? use a diversity of innovative approaches to deliver on key government strategies and ambitions? build political awareness and ownership around the need for innovation to deliver on key government agendas?
Public governance frameworks, particularly regulatory, legislative and procurement are perceived as incompatible with innovation	Public governance frameworks enable innovative activities to occur, and public servants understand how innovation is possible within the parameters of public sector rules	<ul style="list-style-type: none"> create transparency and forums for discussion between legislators, regulators, procurement specialists and the larger public service to help all public servants understand where, when and how, innovative initiatives are possible, and when not possible, to work collectively to shift public governance frameworks to be more conducive to innovation? leverage the Innovation Network to build relationships between policy, technical level and sectoral representatives to understand how to make innovation possible? leverage and improve data interoperability, IT interoperability and data sharing infrastructure to enable cross cutting and evidence informed innovations?
Fear of risk and punishment, paired with a lack of explicit supports make it difficult to innovate	Risk tolerance is encouraged in the public sector with safe spaces established to test higher risk initiatives in controlled environments	<ul style="list-style-type: none"> ensure accountability frameworks are designed to enable rather than hinder innovation, making clear the responsibilities for implementing strategies and key innovative initiatives? establish environments to prototype, test and evaluate new innovative solutions in contexts where failures and unexpected results are controlled before scaling and spreading solutions?

		<ul style="list-style-type: none"> relieve public servants of individual responsibility for failures that may occur in the innovation process? establish dedicated funding mechanisms for innovation?
Measurement and evaluation of public services focuses on operational outcomes and outputs rather than impact	Iterative evaluation, measurement and learning loops enable constant evaluation of the impact of public services	<ul style="list-style-type: none"> blend more realistic KPIs focused on operational outcomes with ambitious measures aimed at understanding and improving the impact of government services? enhance the sharing of learnings from evaluation and measurement activities, institutional memory and culture of sharing and spreading solutions? continue to support a culture where discussions of failures and lessons learned is normalised without risk of punishment? develop and implement an innovative capacity monitoring framework to understand the government's overarching capacity to work in new and novel ways to improve impact?
National and municipal levels of public service do not coordinate in ways that effectively enable innovation	One civil service effectively communicating and collaborating to innovate in the face of common challenges and goals	<ul style="list-style-type: none"> empower municipalities to innovate, while respecting the autonomy of municipal government? develop a vision for innovation that spans across levels of government?

Looking forward

This assessment report is the first key deliverable of a larger project aimed at strengthening the innovative capacity of Latvia's public sector system. Such efforts will help support the country to remain competitive, improve social and economic outcomes and contribute to strengthened resilience and recovery from recent crises and shocks (OECD and European Commission, 2022^[3]). The upcoming project activities will help move from insights to action, such activities include:

- A proposal for an action plan to support better innovative capacity awareness, co-ordination, and collaboration
- Development of a national innovation strategy proposal for strengthening the public sector's innovative capacity
- Innovative capacity building projects that include collaboration across the central and regional levels
- An innovative capacity monitoring framework to track progress and increase awareness in Latvia

The above activities will be designed in a consultative manner to ensure that the action plan, strategy, capacity building initiatives and monitoring framework are fit for purpose, user-centred and developed with a keen awareness of sustainability and implementation requirements.

Latvia's innovation journey has already been ongoing for decades and steps have already been taken to support innovation such as the introduction of an Innovation Network, adherence to the OECD's Declaration on Public Sector Innovation and the creation of the Innovation Laboratory. Continuing this journey will require a balance of quick wins to mark progress and maintain momentum (e.g., additional staff in innovation lab, launch of innovation awards) with more systemic changes (e.g. introduction of an innovation strategy, overhaul and improved engagement around procurement and regulatory approaches). Without efforts to steer systems change, transformation in the public sector will be unlikely and a continued emphasis on incremental efficiency improvements will remain. This project, paired with the RRP and

Modernisation Plan prevent a clear opportunity to take a systemic approach to public sector innovation and transformation in Latvia.

References

- European Commission (n.d.), *Latvia's Recovery and Resilience Plan*, [1]
https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/latvias-recovery-and-resilience-plan_en.
- Latvian State Chancellery (2023), *Valsts pārvaldes modernizācijas plāns 2023-2027*, [2]
https://tapportals.mk.gov.lv/legal_acts/c1b4cf3e-5320-4b7e-8e88-8c47b4288553.
- OECD and European Commission (2022), *Detailed project description: Further development of the innovative capacity of the public sector of Latvia*. [3]



From:
**Strengthening the Innovative Capacity of the
Public Sector of Latvia**

Access the complete publication at:

<https://doi.org/10.1787/8d3102d9-en>

Please cite this chapter as:

OECD (2023), "Improving innovative capacity in the Latvian public sector: From insights to action", in *Strengthening the Innovative Capacity of the Public Sector of Latvia*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/04530a1c-en>

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.