

Annex A. List of considerations to improve the innovative capacity of the Latvian public sector

The below list combines all of the considerations listed in the chapters of this report, including both national and municipal level considerations.

National level recommendations

Purpose:

- **Establish an Innovation Strategy**, under the purview of the Director of the State Chancellery, that embeds the principles of the Modernisation Plan into concrete action. Pair the strategy with measurement indicators and clear accountabilities and responsibilities at the organisational and individual levels. (e.g. combining measurement approaches such as the [Innovation Barometer](#), Key Performance and Results planning or key success factors, such as those shown in the [Irish Innovation Strategy](#)).
- **Engage politicians on the need for innovation** to cope with a rapidly changing governance environment, era of crises and shocks and to engage with uncertainty in the present and future. This could include: collaboration between innovation specialists and the Prime Minister's office on how to work in innovative ways to deliver on key priorities nominate a political champion of the work, work alongside executive committees and task forces to support innovative initiatives (e.g. Cross-Parliamentary Group for Innovation such as [that of the UK](#)).
- **Align EU, reform, strategic and innovation agendas clearly to the Modernisation Plan** to ensure a clear narrative and understanding of how each element contributes to innovative public governance and individual public servants' responsibilities (see Box 2. *Innovation and the Latvian Modernisation Plan*).
- **Innovative initiatives (including the innovation strategy) should be aligned to key government priorities such as fighting corruption, the stability programme, key government missions, the priorities of the modernisation plan;** shifting the rhetoric around innovation beyond a purely financially efficient focused narratives to one which considers how innovation can enable improved outcomes and achieve difficult objectives such as establishing a comprehensive and integrated healthcare system, supporting a green and fair economy and supporting social fairness ((European Parliamentary Research Service, 2023^[1]) (European Commission, 2022^[2]).
- **Work with talent management and human resource experts to recognise the individual contributions of public servants in proposing, spearheading and implementing innovative initiatives** through informal and formal recognition such as promotions, innovation awards and performance assessments. Similarly, recognise and disseminate the work of public sector organisations that are on the forefront of innovative practices.

Potential:

- **Leverage the Innovation Network** founded in 2018 alongside the Innovation Laboratory to continue the **spread of innovative culture** while providing consistent resourcing to support the management and sustainability of the network (e.g., offering training to equip them to innovate in their organisations, using the network to disseminate innovative initiatives and lessons learned).
- **Establish domestic budgetary allocations specifically for a diversity of innovation activities;** encouraging innovative efforts that go beyond cost-savings (e.g., Funding innovation accelerators, prototyping or experiments).
- **Foster an environment where innovation is expected of employees and organisations through a clear innovation strategy tied to organisational and individual responsibilities and accountabilities for innovative behaviours** (e.g., ministerial mandates and individual performance objectives). At the individual level, this could be enabled by explicitly identifying ‘innovation activities’ – such as prototyping, piloting or impact measurement – within job families.
- **Create safe spaces for experimentation** where individuals do not need to bear the responsibility that may come from innovations that do not go as planned. Such spaces could include project incubators, innovation labs or innovation accelerators. The [Experimentation Guidelines for the Latvian Public Sector](#) can help to provide an initial framework on how to set up and execute experiments.
- **Build awareness at the political level of Latvia’s adherence to the [OECD Declaration on Public Sector Innovation](#)** as well as the need for innovation in order to keep up to international norms and standards.

Capacity:

- **Link the work of the Innovation Laboratory to the Government’s key strategic priorities,** including the Modernisation Plan and develop a strong communication, engagement and dissemination approach for the Laboratory which engages relevant stakeholders and communicates clearly the impact of the Laboratory’s work (e.g., innovation demonstration cases for key modernisation plan areas, flagship projects linked to Government priorities).
- **Increase dedicated funding and resourcing for the Innovation Laboratory** to ensure its sustainability, ability to deliver on key objectives and priorities and capacity to support the innovation agenda in alignment with key Government priorities.
- **Leverage the role of the Innovation Laboratory as a training body and convener to enhance relationship between auditors, regulators, procurement specialists and public servants** and educate them in finding opportunities and flexibilities for innovation in these frameworks (e.g. through mechanisms such as working groups, workshops and opening of communications channels, exposure and training on international best practices).
- **Create interdisciplinary teams and working groups** that blend knowledge in procurement, regulation, policy and service design to identify how innovations can be implemented within existing public governance frameworks and to identify where frameworks need to be changed.
- **Support employees’ desire to learn and build their skillsets by enhancing training opportunities available through the Latvian School of Public Administration and Innovation Laboratory** (including providing sustained resources to these organisations), ensuring that training opportunities are regularly assessed to ensure their impact (e.g. training to technical experts, policy designers, procurement specialists on topics such as user-centred design, innovative workforce management, innovative procurement).
- **Build on workforce development opportunities stemming from the remuneration reform, forthcoming competency framework and creation of innovative job families** to build a diverse

public sector workforce: recognizing that a net-zero approach risks leading to work overload, burnout and retention issues.

- **Develop and test experimental funding mechanisms** to fund experiments and prototypes in a safe space to diversify the innovation portfolio and close the gap on financing for innovative initiatives (see Box 4. *Innovative pilot projects and sandboxes*). Support projects that go beyond enhancement and cost-cutting, such as implementing the experimentation guidelines and creating specific spaces for new ideas to be developed, tested and implemented.
- **Continue efforts in the area of data interoperability, IT interoperability and data sharing** to enable cross-cutting innovations.

Impact:

- **Introduce trainings and capacity building activities on how to design and implement policy evaluations and targets in performance-based budgeting processes** to ensure public servants have the necessary competencies to create meaningful and measurable impact targets that balance achievability with ambition.
- **Integrate user and stakeholder perspectives in the design, implementation and evaluation of innovations to ensure they are meeting user needs and that the impact of innovations is clearly measured and communicated.** This may require more training and tools for public servants to gather and analyse user data.
- **Enhance collaboration, communication and relationships between the state audit office and public servants** to enable audit to be perceived as an identifier of where innovation is needed, rather than a strict control mechanism.
- **Strengthen communication around innovations to build public awareness, spread learnings and spread and scale solutions** (e.g., can leverage the Innovation Network, Lab and potential innovation awards).

Municipal level recommendations

Purpose:

- **Co-create municipal-focused components of a country-wide public sector innovation strategy**, engaging stakeholders across municipalities to define common, goals, objectives and measures and understand how municipal innovation can be best driven, steered and supported by a national public sector innovation strategy.
- **Establish clear goals and priorities for innovation at the municipal level** in alignment with the strategy and government priorities and linking goals and priorities with clear lines of responsibility and measurable targets. Link projects from external funding sources to those key goals and priority areas.
- **Reward individual innovative efforts with recognition and rewards** (e.g., recognition from leaders, explicit indicators and scoring in performance management assessment, innovation awards).
- **Facilitate more intermunicipal cooperation and exchange of practice on innovation** through Latvian Association of Local and Regional Governments or other less formal bodies (e.g., expansion of the Innovation Network) to activate municipal political leaders in promoting innovation.
- **Build innovation literacy among citizens and key stakeholders to accept and demand new and improved ways of delivering public value** (e.g., engaging students through innovation

competitions for primary, second and tertiary students, engaging ecosystems in the development of innovative initiatives, communicating about innovative initiatives through all stages of development).

Potential:

- **Establish nation-wide initiatives to encourage and enable bottom-up innovative initiatives** (e.g., a national innovation fund, innovation competitions, innovation awards).
- **Fully implement the pilot project on Public Sector Innovation Awards** (due to be completed through the RRP funding of the Innovation Laboratory) **and integrate specific categories for municipal innovation.** Consider organizing an event, such as a Festival of Innovation for showcasing winners, sharing lessons learned and presenting the awards. Refine and adapt the initiative for future years based on an evaluation of its impact.
- **Establish a network or working group to exchange best practices on implementing innovations through externally financed initiatives** (e.g., network or working group for exchange on innovation practices between municipalities who already benefit from EU funding and those looking to apply for EU funding to increase the number of applications from Latvian municipalities and the effective use of funds to support innovative efforts).
- **Consider areas where municipalities could be key partners in delivering innovative initiatives**, including those originally hosted at the national level (e.g., running citizen labs to understand user needs, finding new ways of delivering services on the ground to citizens).
- **Extend the Innovation Network operating at national level to Municipalities** to enhance exchange between public servants at multiple levels of governance and provide financing for collaborative projects.
- **Consider measures to alleviate the pressure of audit and regulations in municipalities in a safe and controlled manner**, such as conduct an impact assessment of the temporarily suspend fines from the National Audit for individual civil servants to explore their impact on innovation capacity or introducing an initiative similar to the [Danish Free Municipality Experiment](#).

Capacity:

- **Explore options to build the Innovation Laboratory's municipality-focused package of work** (e.g., adding targeted trainings on design, prototyping, systems thinking, innovation measurement and guiding municipalities through the use of innovative procurement solutions, creating toolkits for navigating procurement, legislative and regulatory systems).
- **Pilot an Innovation Exchange program** for national and municipal civil servants and expand the national Innovation Network to include municipal colleagues in to address the lack of collaboration identified by participants.
- **Implement short and accessible courses on innovation methods** across all municipalities through the School of Public Administration (VAS) or Innovation Laboratory such as on Systems Thinking, Big Data, User-centred Design, Foresight, Agile. This should be based on a gap analysis of what training is most needed.
- **Establish common tools, processes, and guidelines for innovation** and consider where the best repository might be, such as, the Innovation Lab.

Impact:

- **Establish a case study library of innovative initiatives** (including process, best practices and lessons learned) on the Innovation Laboratory website to enhance institutional memory and record lessons learned (e.g. [The OECD's Innovation Case Study Library](#)).
- **Ensure that monitoring, evaluation and reporting requirements focus on impact indicators** as well as operational outcomes (for example, using a 'Theory of Change') (see Box 12. *Examples of approaches to objective setting, measurement and accountability*).
- **Foster a more constructive and supportive approach to state audits and anti-corruption controls**, emphasizing their role as opportunities for improvement rather than punitive action and adding the need for innovation as a specific assessment criterion. Provide innovation guidance and training to auditors and set up collaborative sessions between auditors and innovators to understand and identify opportunities for innovation.
- **Develop capacity for gathering feedback systematically and ensuring that it is effectively used to inform current and future initiatives and services.** (e.g., developing a cyclical policy design process that includes input gathering through multiple project stages, using citizen labs, building capacity for data sharing and data analysis).



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