

# The Innovation System of the Public Service of Latvia

## Highlights of the 2020/21 country scan



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A country scan is a holistic analysis of the supports, challenges, and opportunities for innovation in a country's public sector, designed to support a common understanding of the system currently in place and possibilities for future action.

Governments, including the government of Latvia, have been developing supports for innovation through a range of reforms, investments, strategies, and capacity-building initiatives. The role of the OECD Observatory of Public Sector Innovation (OPSI) is to collate and analyse innovation efforts across the world to:

1. Uncover emerging practice
2. Turn the new into the normal
3. Provide trusted advice

OPSI does this through a systems approach. The extent, and direction, of public sector innovation is invariably influenced by an interrelated set of capacities, cultures, structures, policies, laws, processes, organisations, and actors. As well, many of these influences exist outside organisations and mandates designed for innovation.

### Overview

Latvia has an opportunity to build on a number of promising investments, including the Innovation Lab and design thinking training programs, as well as to expand further to close system gaps and promote innovation as a reliable, government-wide, strategic asset.

Innovation is a core capacity for public sectors. Governments have both the opportunity and the responsibility to make the most of limited public resources, to adapt to continuous and often unpredictable change, and to support and enable the functioning of society. Increasingly, governments are recognizing that the pursuit of these goals is characterised by experimentation, testing, learning, and adjusting rather than simple answers. Modern public administration requires navigating complexity, often working with actors across multiple sectors and across multiple government mandates. Working in this way and developing approaches that are new to the context, and that create impact, is the field of public sector innovation.

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## Analysis

OPSI took a multi-pronged approach in Latvia, involving:

- Desk-based research, including previous OECD research on Latvia, grey literature on innovation and innovation systems, Latvian government reports on public administration reforms, national development plans, and documentation about the Innovation Laboratory
- A survey of example innovation projects from across the government of Latvia sent to top-level managers of 71 public sector institutions
- Interviews with ~30 practitioners, experts, observers, and stakeholders across sectors to understand the system elements, timeline, key players, and lived experiences of actors within the system
- Analysis against OPSI frameworks and tools to situate Latvia's system against patterns and experiences that commonly appear across international contexts, captured in three OPSI frameworks:

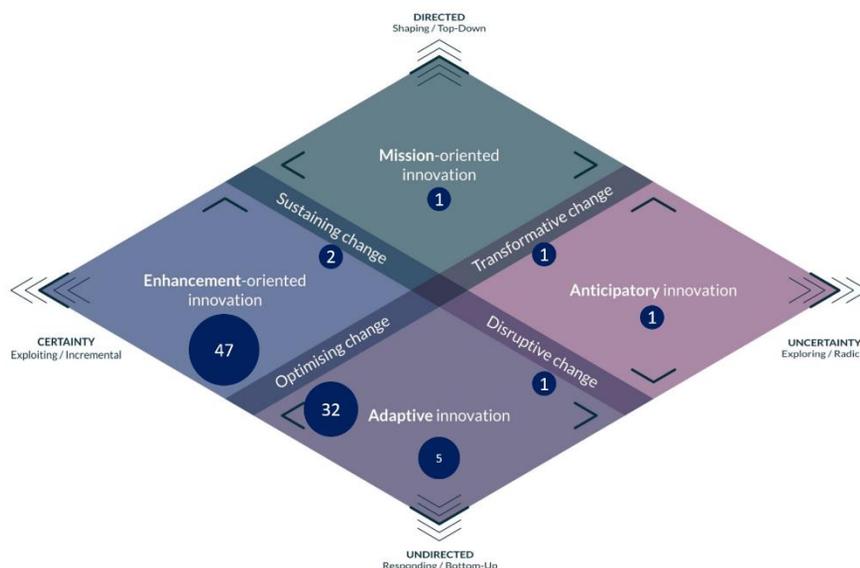
The **Innovation Determinants** model assesses conditions for innovation: whether individuals, organisations, or systems have the reason, possibility, capability, and experience necessary to innovate. **Stewardship** assesses the extent to which there is system-wide support and alignment of innovation.

## Latvia's promising investments

- Training the leadership cadre on innovation concepts and thinking
- Endorsement of the OECD Declaration on Public Sector Innovation and the Innovation Manifesto
- Training on design thinking and experimentation from the Latvian School of Public Administration
- The Innovation Lab to help introduce the application of new methods, building of capability and providing a nexus point
- Informal innovation enthusiasts network
- Ongoing efforts by leadership to encourage and support innovation as a part of the identity and culture of the Public Service of Latvia
- A strong foundation in digital infrastructure, including digital identity

The **Innovation Facets** model, below, describes different innovation types and intents, which require different approaches.

- *enhancement-oriented innovation*, focused on improving existing practices and processes
- *mission-oriented innovation*, designed around a central, clear, and bold goal
- *adaptive innovation*, which responds to a changing environment
- *anticipatory innovation*, which is about proactively engaging with possible futures



A survey of 90 example innovation projects revealed that most were clustered in the *enhancement* and *adaptive* innovation facets, representing an opportunity for future *mission-oriented* and *anticipatory* innovation.

On this basis, OPSI identified 15 observations, covered in detail in the full scan. For this summary we will focus on 3 high-level themes, which largely summarise and in many senses connect the full set of observations:

1. A fragmented system
2. Partial and incomplete drivers
3. Directionality

### A fragmented system

Latvia's system was characterised by pockets of innovation, but an absence of widespread awareness, limited sharing of practices and lessons learned, and variation in understandings of innovation and flexibility within the legal and policy environment. This means that the system can derive additional value from existing work: connecting the community, building an innovation culture from pathfinder initiatives, and disseminating practices and knowledge.

### Partial and incomplete drivers

In all systems there are both supports and challenges. The Innovation Lab effectively supports crucial innovation projects with Ministry partners, and acts as a practice and knowledge hub. Design thinking training will have cultural and capacity benefits.

However, these supports have not reached across the public sector, and are limited by a set of counterbalancing forces including an administrative legacy focused on efficiency and accountability, and real or perceived legal and policy restrictions. The desirability of administrative reforms represents a value judgment; however, if innovation is stifled due to perceived barriers, the government can employ communications and capacity-building to bring behaviours closer in line to desired outcomes.

### Directionality

Interviewees reflected a remarkably consistent sense of uncertainty about the goals or direction for innovation. While Latvia has developed a set of long-term roadmaps for national development, interviewees felt that these were too broad – and in some cases too uncertain over time – to translate into confidence that innovation in a particular direction would be necessary, fruitful, or rewarded. OPSI increasingly sees mission-oriented innovation, or well-communicated but flexible principles for innovation, as structural supports for connecting many actors in working towards common goals through many unique contexts.

## 15 observations

The system is at an early stage	A variety of partial and incomplete drivers of innovation	A lack of a clear sense of mission in relation to innovation
A fragmented system	There are as many barriers as drivers (real or perceived)	The public sector is capable of change (but not always enthusiastic)
A disconnect between strategic intent and activity on the ground	A highly legalistic system	A nascent understanding and appreciation of the Innovation Laboratory
Mixed performance across the system	An administrative context not aligned with innovation	Innovation in a crisis
An interconnected system of influences on innovation prospects but without defined roles	Innovation efforts tend towards improving existing programs, services, and processes rather than exploring the new	Emerging promise but much more to be done

## Potential courses of action

Based on OPSI's research and analysis, we have identified ten potential action areas. However, first and foremost the recommendation is that Latvia convene key actors to appreciate the existing system, contextualise the research and analysis within priorities and plans, and establish a common understanding and goal for public sector innovation as a foundation to build on.

There are two sets of five complementary actions areas: one focused on supporting existing promising investments, one focused on expanding depth and breadth to connect the system.

### Supporting and ensuring impact of existing investments

1. Formalise the innovation network
2. Convene the major actors in the innovation system to discuss their roles within the system
3. Help politicians and senior leaders explore and understand their role in shaping the public sector innovation system
4. Ensure that the Innovation Lab has the resources and support required to deliver pathfinder successes and influence the rest of government in its early stages
5. Continue to expand training in innovation and innovation methods

### Add depth and breadth to public sector innovation capability as a strategic asset

6. Create an explicit public sector innovation strategy
7. As part of that strategy, introduce a cross-agency innovation portfolio approach
8. Identify a high-level ambition that will drive system-wide innovation efforts
9. Support the ambition with a central capability
10. Create a capability for anticipatory governance

## Principles

Regardless of the interventions that are considered or that take place, the following principles can help guide action and reflection.

1. Look at public sector innovation as a system, recognising that investments and projects are strongly subject to context. Organisations, structures, policies, practices, protocols, traditions, cultures, capabilities and capacities – including many that do not include innovation as a goal – will influence efforts and outcomes.
2. Recognise the system as a dynamic one, with innovation being an ongoing journey.
3. Strive for consensus and definition on Latvia's goals for innovation capacity, engaging core organisations and actors in supporting the system.
4. Equally, strive for consensus and definition on the barriers, challenges, and limitations.
5. Recognise the value of innovation processes in areas of complexity and uncertainty, and how experimentation and structured learning can be a strategic support to achieving the government's priorities.
6. Ensure that efforts are guided by the best available knowledge and promising practices in innovation stewardship and management.

## Summary

It is clear that Latvia has undertaken a number of important steps and investments to ensure a more sophisticated and deliberate approach, in line with its adherence of the OECD's Declaration on Public Sector Innovation. Yet, innovation is an ongoing journey, and there is opportunity to do more to ensure that innovation is a reliable, consistent and strategic capability for the Public Service of Latvia to deliver on its ambitions, goals and needs.

A scan serves as a reflection of the public sector innovation system of Latvia, drawn from the collective insights and experiences of Latvian government officials, stakeholders and observers. This is a necessary starting point for understanding and deliberately improving the system for individual, organisational, or system-level innovation.