

**DEMOS
HELSINKI** ✓

Empowering Governments to steer the 21st Century

A Vision on Public Sector
Innovation of the Next Era





WRITERS

Mikko Annala

Lari Hokkanen


Jaakko Kuosmanen

Johannes Mikkonen

Katri Sarkia

GRAPHIC DESIGN

Kanerva Karpo



Change is undeniable. We can help your government to adapt.

Demos Helsinki is a Nordic independent think tank working towards more fair and sustainable societies.

We help governments to thrive in the challenging landscape of the 21st Century.

We believe that the future of the Next Era Governments must be co-created with the people. We work together with the governments around the world to make this future happen now.





Content

6	The Context: Navigating with the Lights Out
8	Why Change?
12	The Next Era Government
14	Vision-driven Government
16	Continuously Learning Government
18	Unbounded Government
20	Examples of the Next Era Government
22	How to build the Next Era Government?
	The Governance Innovation Services
24	Long-term Strategic Steering
26	Experimentation
28	Innovation Capabilities
30	From Vision to Action

The Context: Navigating with the Lights Out

The present century can be characterised as a century of complexity, uncertainty, and rapid change. This changing operating context requires new ways of governing and delivering well-being to the people.





Demos Helsinki's public sector innovation work supports governments in reimagining and reinventing governance for the future world.

SITUATION

Governments¹ around the world are muddling through the volatile early decades of the 21st century. The design of policies and services is becoming more and more challenging in the face of interconnectedness and complexity of existing systems.

Multiplying wicked problems such as climate change, conflicts pandemics, poverty and social injustices further complicate public governance². Governments aiming to address the challenges of the 21st Century struggle to get major reforms through conflicted legislative processes, and people's trust in their governments continues to decline in many countries.

The present century can be characterised as a century of complexity, uncertainty, and rapid change. It is becoming increasingly recognised that many of the public governance structures and operating models were designed for the past era and for less complex policy domains.

SOLUTION

What we need now are governments of the next era. These governments are capable of navigating successfully in the post-industrial era and steer societal transformations towards a better and sustainable future for everyone.

Demos Helsinki's public sector innovation work supports governments in reimagining and reinventing governance for the future world.

We provide support in finding **new ways to engage with people as well as in transforming global challenges into long-term policy missions and measurable experiments.**

Bringing this new approach into the core of public governance enables the translation of collective visions about the world of tomorrow into today's concrete actions.

¹ In this paper the term 'government' is used in its broad sense, to encompass four branches: executive, legislature, judiciary, and administration. ² Here, public governance refers to the formal and informal arrangements that determine how public decisions are made and how public actions are carried out.

Why Change?

Trust in governments is in decline in many countries around the world.

The OECD's research, for example, shows that on average citizens' confidence in decision-making in Europe is plummeting.¹

If this trend continues, it can foreseeably contribute to growing instability and further delegitimisation of governments.

¹ OECD (2017), Trust and Public Policy: How Better Governance Can Help Rebuild Public Trust, OECD Public Governance Reviews, OECD Publishing, Paris. [Http://dx.doi.org/10.1787/9789264268920-en](http://dx.doi.org/10.1787/9789264268920-en)





**The 2014 European Parliament Elections
had lowest vote turnout ever with**

43%

of EU28 citizens voting¹

**Since the first European Parliament Elections held
in 1979 the voting rate has gone down nearly²**

20%

Global voter turnout has also gone down about

10%

since the 1980s³

¹ <https://www.euractiv.com/section/eu-elections-2014/news/it-s-official-last-eu-election-had-lowest-ever-turnout/> ² <http://www.europarl.europa.eu/elections2014-results/en/turnout.html>

³ <https://www.idea.int/sites/default/files/publications/voter-turnout-trends-around-the-world.pdf>

Why Change?

Governments possess unique resources and capabilities to promote sustainable, transformative change.





In a world defined by interconnectedness and complex systems of causation, no entity or government can achieve lasting impact alone.

TECHNOLOGIES have sparked substantial disruptions in the past centuries, and new mindsets and philosophies (e.g., secularism and Marxism) have led to radical shifts in public governance around the world. Therefore, turmoil both inside and outside government is not a new phenomenon.

The industrial era was largely based on livelihoods dependent on paid labour, economic growth based on the production of goods, representative democracy based on industrial class structure and a clear division between experts and citizens. Today, these modes of being are becoming outdated.

Rapidly emerging new technologies, and even paradigmatic leaps in various industries and societal sectors are defying the basic perceptions of 20th century governance frameworks, markets, human development, and social interaction.

At Demos Helsinki, we believe that governments do serve a vital purpose in this tumultuous world. They are able to steer the design and pursuit of shared future goals, in protecting the security and rights of people, as well as encouraging and steering people

towards activities that contribute to the common good. They can also help to set the conditions for ensuring that current and future generations have an opportunity to live a dignified life. In the present and near future these goods do not materialise adequately through businesses or civic engagement alone.

The ongoing post-industrial revolution comes with both challenges and opportunities. In the past century numerous technological and social innovations have already been translated into substantial increases in global well-being (e.g., in the form of eradication of infectious diseases as well as reductions in maternal mortality and absolute poverty).

Governments possess unique resources and capabilities to promote sustainable, transformative change. Simultaneously, in a world defined by interconnectedness and complex systems of causation, no entity or government can achieve lasting impact alone.

We believe that three key changes should be brought to the core of the machinery of government. Governments of the 21st Century should be **vision-driven, continuously learning, and unbounded.**

The Next Era Government

**Capability to deliver goes hand in hand
with institutional legitimacy.**

**We believe that a key step in addressing the
declining trust of people in governments is
the updating of the machinery of government
to vision-driven, continuously learning, and
unbounded.**





**VISION-
DRIVEN
GOVERNMENT**

**CONTINUOUSLY
LEARNING
GOVERNMENT**

**THE NEXT ERA
GOVERNMENT**

**UNBOUNDED
GOVERNMENT**

Next Era Government

Vision-driven Government

TRADITIONAL PRESENT-DAY GOVERNMENT

Present day government's programme is linked to election terms

Policy approaches are presently fragmented, siloed and lack alignment

Policy and service design are challenged by increasingly pluralistic and diversifying needs

VISION-DRIVEN GOVERNMENT

Empowers people to co-create shared societal imaginations of the future

Creates policy missions to realise societal visions in the long-term

Enables human-centric delivery of policies and services

Provides direction and legitimacy for governments navigating towards the 22nd Century

Helps governments to address wicked problems by strengthening long-term alignment of policies, missions and programs

Supports equal capability development in environment of intersectional needs



The next era is created by the people and for the people, and vision-driven governments serve a crucial function in steering societal transformation towards a desirable future.

THE NEXT ERA is created by the people and for the people, and vision-driven governments serve a crucial function in steering societal transformation towards a desirable future. The present industrial revolution has brought with it a rapidly changing governing landscape within which the role of government, the direction of transformations in society, and even the whole social contract needs to be reimagined.

A vision-driven government empowers people to co-create shared normative anchors about the future as well as about long-term strategies for achieving them. Its structures and operating models are set to bring about the realisation of these imaginations in a human-centric way, recognising the increasing diversity of needs and intersectional identities emerging in societies across the world.

Fostering a vision-driven government means both improving strategic steering capabilities and increasing legitimacy.

A shared societal vision is a collective imagination of the future, and it can provide a navigating point for long-term steering of transformations. Furthermore, shared societal visions can be under-

stood as *raison d'être* for governments of the future, as they constitute the normative foundation underpinning the design of policy missions and specific policies.

A VISION

“A mental image of what the future will or could be like.”
– Oxford English Dictionary

A vision can provide an imaginary future surface or a touch-point in relation to which activities of public governance can be reflected upon and evaluated. In essence, it is an abstract and vaguely formulated normative idea that can also serve as a foundation for the setting of more concrete policy missions.

Next Era Government

Continuously Learning Government

TRADITIONAL PRESENT-DAY GOVERNMENT

Increasing complexity challenges traditional planning

Low tolerance for failures in public governance

Primary focus on reactivity and updating of existing policies and services

CONTINUOUSLY LEARNING GOVERNMENT

Embraces rapid iterative planning

Turns failures into learnings

Explores the unobvious

Rapid feedback enables better navigation in complex environment

Feedback loop to steering supports the pursuit of societal visions

Opens new pathways for innovation



Many of the challenges in governments' performance are related to the fact that the world has become more complex than before.

THE GROWTH of the role of expertise following the cumulation of scientific knowledge and technology has equipped us with novel ways of understanding the world and engaging with it. Yet, governing of whole systems is still difficult in various policy domains.

Many of the challenges in governments' performance are related to the fact that the world has become more complex than before. Existing systems are considerably more open, global and more effectively connected compared to the heyday of the nation-state¹. We believe that too often governments

are still approaching design and implementation of policies and services in a linear manner and with assumptions about predictability.

Digitalisation, continuously in progress, offers significant opportunities to organise public administration in a completely new way that serves citizens, more inclusively, and more safely than today, simultaneously improving the effectiveness of government.

We believe that governments embracing the ideas of ineradicable uncertainty and continuous learning are more equipped to steer societies towards shared purposes.

¹ Y. Bar-Yam, Complexity rising: From human beings to human civilization, a complexity profile, Encyclopedia of Life Support Systems (EOLSS UNESCO Publishers, Oxford, UK, 2002); also NECSI Report 1997-12-01 (1997).

Next Era Government

Unbounded Government

TRADITIONAL PRESENT-DAY GOVERNMENT

Planning and execution happens predominantly in departmental siloed structures

Limited utilisation of knowledge networks

Civil servants plan and execute their daily work with traditional policy tools

UNBOUNDED GOVERNMENT

New strategy-centred structures enabling the pursuit of cross-organizational policy missions

Operates in open networks and uses effectively external knowledge partners

Civil servants have the mindset, tools, and space to steer away from linear planning and execution

Large-scale societal transformations can be steered to desirable direction

Improved collaboration enables governments to deal with complexity and co-create better, evidence-informed policies

Supports the emergence of innovative pathways to change



Administrative boundaries serve only an instrumental function. They should be adjustable and fit-for-purpose.

FUTURE happens in networks. Those organisations able to utilise the power of networks will be the makers of the future.

Governments of the past have relied heavily in rigid bounded rationality of the decision-makers and administrators. These delineated capabilities in receiving and processing information, and formulating solutions to complex societal and global problems are increasingly being challenged by the changing global information landscape.

The rise of networks, and the blurring of boundaries between numerous social and technological systems entails that the idea of a government as clearly bounded source of rationality is becoming outdated.

The rise of PPPs, social impact bonds, innovation labs, and challenge competitions are just few examples of ways in which governments are expanding their informational and problem-solving capabilities and becoming “unbounded”.

Unbounded governments can be understood as governments that become integral parts of broad stakeholder networks, and their operating logic is centrally based on policy outcomes.

UNBOUNDED GOVERNMENT

From bounded rational agents to unbounded governments

SITUATION: “Boundedly rational agents experience limits in formulating and solving complex problems and in processing (receiving, storing, retrieving, transmitting) information.” – Herbert A Simon

SOLUTION: Unbounded governments understand that world has become excessively complex for even the most powerful government to steer.

RESULTS: These governments create new administrative capabilities by becoming integral parts of broad stakeholder networks, and they are able to align cross-sectoral activities towards desirable societal transformations.

Examples of the Next Era Government

Agenda 2030 is a set of goals agreed on by 193 UN member states in 2015. It is built around 17 sustainable development goals (SDGs) that aim to eradicate global poverty, provide quality education worldwide and promote climate action, among other things. In 2018 Canada announced it will provide

49.4

million dollars over 13 year to establish a national SDG unit, which will help coordination among all levels of government, civil society and the private sector regarding Agenda 2030 efforts. The SDG unit is a strong case embodying vision-driven governance.

Source: https://international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/agenda-programme.aspx?lang=eng





99%

of all public services in Estonia are served online 24/7. Flexible e-solutions have increased the modernization and renewal of existing information systems. This saves also approximately 800 years of working time and increases transparency in the public sector.

Source: <https://e-estonia.com/solutions/e-governance/>

Participatory budgeting was first introduced in Brazil in 1989. It is a way of deepening democracy, increasing open governance and building stronger communities by allowing the people to decide directly how public money is spent. There are various forms of participatory budgeting, which have been adopted in more than

3000

cities around the world including New York, Dakar, Kerala and Helsinki.

Source: <https://www.nytimes.com/2015/04/19/nyregion/participatory-budgeting-opens-up-voting-to-the-disenfranchised-and-denied.html>, <https://www.hel.fi/helsinki/fi/kaupunki-ja-hallinto/osallistu-ja-vaikuta/vaikuttamiskanavat/osallisuus-ja-vuorovaikutusmalli/osallistuva-budjetointi>, Nelson Dias (2014), Hope for Democracy: 25 years of Participatory Budgeting worldwide. http://www.in-loco.pt/upload_folder/edicoes/1279dd27-d1b1-40c9-ac77-c75f31f82ba2.pdf

How to Build the Next Era Government?

**Demos Helsinki provides governance
innovation services to help governments
update their systems for the 21st century.**





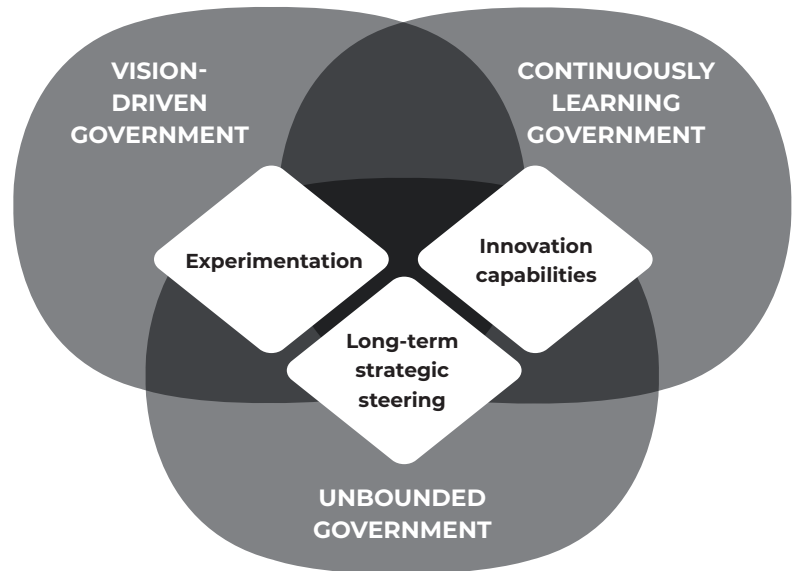
Governments that are able to successfully become vision-driven, continuously learning, and unbounded will thrive in the future.

GOVERNMENTS that are able to successfully become vision-driven, continuously learning, and unbounded will thrive in the future. They are not only able to adapt to the ongoing radical changes the world is facing. Instead, they will be the creators of the next era in which the existing megatrends are turned into well-being of the present and future generations. Bringing these changes to the machinery of government is not a utopia.

Demos Helsinki is already helping governments around the world in future-proofing their existing capabilities and developing new tools and operating models.

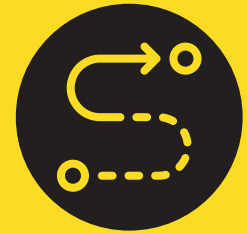
Our governance innovation work aims towards the creation of a new fit-for-purpose government focuses on three key domains:

policy experimentation, long-term strategic steering, and innovation capabilities.



The Governance Innovation Services

Long-term Strategic Steering



DEMOS HELSINKI SUPPORTS GOVERNMENTS WITH

Scenarios

Exploring alternative – even unthinkable – future societies.

Provides a foundation for a dialogue about shared visions.

Co-created shared visions

Participatory development of future policy anchors.

Serves a unifying function as well as constitutes a basis for strategic steering.

Backcasting

Building alternative policy pathways from shared visions to the present.

Assists in breaking away from linear thinking and path-dependencies.

Long-term roadmaps

Creating strategic roadmaps to a desirable future.

Provides continuity and direction over electoral cycles.

We at Demos Helsinki support governments in elevating beyond electoral cycles and ensuring the long-term well-being of the people.

WE AT DEMOS HELSINKI support governments in elevating beyond electoral cycles and ensuring the long-term well-being of the people. Governments harnessing the power of long-term strategic steering utilise foresight tools together with people to co-create visions of desirable futures and action plans turning these visions from intent to action.

Instead of adopting a reactive approach to public governance, these governments are aware of the opportunities and challenges brought by 21st Century megatrends. Further, they utilise the capabilities of wide stakeholder networks to steer systems transformations in the long-term.

Our approach to long-term strategic steering is unique, as we also assist governments in linking this domain of work to policy experimentation. Successful system transformations are achieved when a government is able to steer a wide range of societal experimental activities towards a set future goal, and when it learns and readjusts its policies in light of experimental evidence.

DEMOS HELSINKI CASES: LONG-TERM STRATEGIC STEERING

Vision 2030 for Higher Education and Research in Finland

SITUATION: Ministry of Education wanted to draft a shared vision of higher education system in Finland.

SOLUTION: Demos Helsinki supported the creation of a guiding future vision for the development of internationally competitive system of higher education. Demos Helsinki used its expertise in co-creation and strategic work with the Ministry of Education and higher education institutions to support the development of a shared vision. The vision document was created with bottom-up approach including a series of co-design workshops and online forums.

RESULTS: Ministry of education published an ambitious vision document for the purposes of steering political discussions relating to higher education. Presently, a roadmap is being drafted for realising the goals set in the vision document.

Tanzict - Foresight Development Project for Tanzanian Planning Committee

SITUATION: There was a need to include more systematic futures approach in the formal planning work in Tanzania.

SOLUTION: Demos Helsinki's experts ran an intensive capacity-building training on foresight to regional governments and Tanzanian and Zanzibar Planning Committees. Including methodologies in environmental scanning, scenario work and Delphi process.

RESULTS: The government officials gained deep understanding on the value of foresight methods in the long-term planning. In addition, a manual 'Complementary approach to planning' was developed for the use of the authorities.

The Governance Innovation Services

Experimentation



DEMOS HELSINKI SUPPORTS GOVERNMENTS WITH

Policy experiments

Participatory design of policy experiments

Enables governments to build co-ownership towards policies and test their feasibility

Experimentation program

Pathway for taking government employees from ideas to experiments and results

Encourages employees to start using experimentation and learn fast from testing

Explorative experiments

Design and support of innovative experiments

Accelerates the innovation capacity of government by enabling it to test radical ideas with low risk

Experimentation framework

Systems or models for systematizing the use of experimentation

Unlocks truly radical benefits of experimentation by making it serve the core objectives of the government

Experimentation is not a mere tool for reinvigorating existing policies, but it co-creates new beginnings.

WE AT DEMOS HELSINKI believe that in the context of policy-making the potential of experimentation has been under-utilised. Experimentation can not only help governments to find out what works and what does not. When done right, it can also improve citizen participation, increase trust between governments and people, accelerate learning and innovation, and help governments to test human-centric policies through exploring the sphere of unknown.

Demos Helsinki's approach to experimentation is co-creative: experiments and policy recommendations are defined together with people. From this perspective, experimentation is not a mere tool for reinvigorating existing policies, but an approach that co-creates new – sometimes radical and risky – beginnings and tests their feasibility.

Experimentation provides a safe space in which leaders and civil servants can test promising changes before any potentially misconstrued large-scale implementation.

DEMOS HELSINKI CASES: EXPERIMENTATION

Design for Government – Experimentation Model for the Finnish Prime Minister's Office

SITUATION: Prime Minister's Office of Finland requested Demos Helsinki to research, how the Finnish government could utilise the method of experimentation in its policy-making processes.

SOLUTION: Demos Helsinki created an operational model and guide¹ for translating selected policy objectives into experiments.

RESULTS: After the project, Finland became the first country to elevate experimentation to the highest political agenda, the Government Programme. Prime Minister's Office established an Experimentation Office which constitutes the central platform for supporting experimentation in the government. The Finnish experimentation model is highlighted by the OECD as one of the world's key examples of system level innovations.

Experimentation Framework – Towards Purpose-driven Government

SITUATION: United Arab Emirates identified that rapid change and increasing complexity are creating new challenges. Government rolled out a new innovation strategy i.AE and decided to employ experimentation in its implementation.

SOLUTION: In collaboration with the Mohammed Bin Rashid Center for Government Innovation, Demos Helsinki started to develop a national framework and methodologies for experimentation.

RESULTS: Demos Helsinki and MBRCGI have helped horizontal government teams to define long-term purposes and human-centric missions which aim for creating societal transformations. Experimentation is aimed to be used in testing different actions that aim for realization of societal missions. Demos Helsinki has helped to link experimentation to the national innovation strategy.

¹ <http://vnk.fi/julkaisu?pubid=8310>

The Governance Innovation Services

Innovation Capabilities



DEMOS HELSINKI SUPPORTS GOVERNMENTS WITH

Innovation skills

Capacity building modules

Teaches 21st Century skills for government employees

Innovation culture

Support in shifting the mindset of government employees

Creates social environment that welcomes innovative ideas and new approaches

Innovation infrastructure

Code of conducts, guidelines, and other elements that help governments to set up and run innovative practices

Serve as essential building blocks for 21st Century government's new practices

We help governments in reviewing their existing innovation capabilities and in designing next generation capabilities.

WE HELP GOVERNMENTS in reviewing their existing innovation capabilities and in designing next generation capabilities.

Great benefits from public sector innovation can be unlocked only when innovation is taken from pockets of success and it is turned into a new normal. Mainstreaming new operational models and practices requires enhancing and even transforming many parts of the current models of governance.

At Demos Helsinki we believe that an important part of a government's innovation capabilities are the skills and mindsets of its employees: they need to be the ones that are able to utilise new methods and take ownership of the work done with new approaches.

Innovation capabilities of a government also extend beyond skills towards the basic elements of governance: regulatory and legislative frameworks, financing models, procurement practices, and many other domains.

DEMOS HELSINKI CASES: INNOVATION CAPABILITIES

Enabling Future Government – Changing the Mindset and Improving Innovation Skills

SITUATION: Governments around the world have identified that government employees need new skills to be able to cope with 21st Century challenges.

SOLUTION: Demos Helsinki has worked for the governments of Latvia, Estonia, Finland, and Australia with projects that aim for changing the mindset of government employees towards innovative, creative and risk taking. These innovation camps and capacity building sessions have taken from 1 day to two weeks.

RESULTS: The emphasis is firstly, on inspiring the government employees to transform into changemakers by showing that big changes are not only possible, but required. Secondly, the sessions simulate real life government challenges and help in answering to them with Demos Helsinki's experimentation, long term policymaking, and co-creation tools.

Assam Innovation Lab Blueprint

SITUATION: Demos Helsinki was commissioned by UNDP India to design innovation lab blueprint for the government of Assam, and to organise a second capacity-building session for top-level civil servants.

SOLUTION: Demos Helsinki introduced global benchmarks in an innovation summit attended by the Chief Minister, and provided a simulation to innovation work and essential innovation toolkits. Demos Helsinki conducted interviews with top-level government officials, and organised co-creation sessions in which the blueprint for the lab was drafted.

RESULTS: The co-created blueprint provided the government a framework for continuing planning for the innovation lab. Further, it helped in creating a shared understanding of the potential operational remit of the lab.

From Vision to Action

**The future is created today.
We look forward to building the
Next Era Government with you.**





Once we abandon the idea of the government that has persisted throughout the 20th Century we are able to change the world of governance and steer towards a flourishing next era.

THE RAPID CHANGES in the present governing landscape signal urgency for governments. Delaying reforms required for navigating societies and the whole humanity successfully towards the 22nd Century increase risks for governments.

Governments can be vehicles for positive change, but with outdated machineries they may become irrelevant or possibly even reactive forces. Once we abandon the idea of the government that has persisted throughout the 20th Century we are able to change the world of governance and steer towards a flourishing next era.

As the future is yet to arrive, this era still needs to be created. But more importantly, it can be created.

The promise of hope lies in reimagining governance both within the backdrop of the ongoing changes as well as the future we want. Governments have the transformative power to solve the wicked problems of the present era and to usher in an era of unprecedented well-being. But before this turns into a real possibility, governments need to transform themselves.

Pathway to the future begins from within.

