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Strengthening the Innovative Capacity of the Government of Romania: Interim Assessment Report

This report provides an **assessment of the innovative capacity maturity of the Romanian Government** (targeting the national government).

It aims at informing actions to improve the Romanian civil service's capacity to use innovation to improve public outcomes.

FOREWORD

The Government of Romania has a challenging task: to design policies and provide seamless and effective services that meet the current and future needs of society. This is not an easy task, particularly in the face of health crises, geopolitical uncertainty, energy insecurity, emerging technology and other evolving and emerging challenges that add complexity and uncertainty to the governance landscape. Moreover, as a relatively young democracy, we have an opportunity to redefine the relationship between government and citizens by engaging citizens in innovative and open ways to ensure that government policies and services meet their needs. Building the innovative capacity of the Romanian Government is crucial to meeting the needs of society and redefining how government engages with citizens to delivery impactful outcomes.

Alongside our European and NATO counterparts we have worked to adopt global best practices to bring Romania to the forefront on ambitious topics such as the SDG 2030 Agenda, autonomous vehicles, technology and more. Membership in the European Union enables us to test new and novel approaches, implement global best practices and build our competence to govern in innovative and increasingly effective ways. However, innovation will not happen on its own.

This report calls for a new approach to building innovative capacity: one that will demand openness to risk, culture change, political and administrative leadership, capacity building and commitment from all levels of the public service. We need to break with our status quo operating methods to work in more innovative ways that showcase government as trustworthy and aimed at serving the public. We need to invest in innovative approaches in the present, sustain innovation over political and institutional cycles and probe into plausible futures to steer towards the best possible outcomes for Romania. This will demand risk taking, courage and willingness to move away from 'how things have always been done'.

Many governments operate in silos, where innovation processes or outputs are undertaken separately from the core of public administration, or efforts are undertaken in a broader public sector system not conducive to contemporary, novel approaches or solutions. Yet, capacity precedes action. Therefore, in order for innovative processes to produce innovations that create lasting impact, the Romanian Government needs to consider how to modernise the overall public sector system in a way which strengthens their *capacity to innovate*. The OECD's evolved approach to strengthening innovative capacity acknowledges that innovating must be undertaken within existing public sector systems, which have certain constraints and requirements.

Maintaining the status quo will not allow us to meet the needs of our population into the future nor enable us to lead at the international stage. Through innovation, we have the possibility to showcase Romania at the global scale, but even more crucial for our citizens, we have an opportunity to set up the country for success as a prosperous, cutting-edge, innovative and equal nation.

I encourage you to see this report as a call for action – to build on the excellent innovative work being done around the SDG 2030 Agenda and the Recovery and Resilience Plan – so that we can together build an innovative, resilient and effective public service.

Marian NEACȘU
SECRETAR GENERAL AL GUVERNULUI



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EXECUTIVE SUMMARY

BUILDING INNOVATIVE CAPACITY TO ACHIEVE BETTER PUBLIC OUTCOMES

The global pandemic, security challenges, energy supply issues and economic fluctuations over the past decade have tested the Romanian Government's capacity to proactively respond and adapt to the needs of citizens. The Government has shown its resilience and desire for change, demonstrating novel responses to recent challenges while investing in building its innovative capacity. Yet, with a complex governance history and persistent challenges, the Romanian public sector will continue to be challenged in meeting national priorities and global goals.

By embracing meaningful innovation, Romania's public sector can work collaboratively to design policies and provide seamless and effective services that meet the current and future needs of society. However, in order to reap the benefits, the Romanian Government needs to strengthen its innovative capacity so that it can use innovation as a strategic function. Understanding and strengthening the innovative capacity of the public sector is crucial in order for the Romanian public sector to meet its ambitions and adapt to emerging challenges.

This report examines the extent to which the Romanian Government has developed its internal capacity to strategically and systemically use innovation to achieve public outcomes. In doing that, it applies the [OECD Innovative Capacity Framework](#) which acknowledges that innovating must be undertaken within existing public sector systems rather than in isolated silos or pockets. Innovative capacity considers the factors that help or hinder governments to use innovation effectively. It reflects on both innovation explicit supports (e.g. innovation strategy, innovation skills training and funding) as well implicit supports (the potential shifts to broader governing mechanisms – such as workforce policies, audit, regulatory frameworks and funding models).

This Innovative Capacity Framework forms the methodology for this report, which explores, through rigorous research methods (desk research, interviews, focus groups, questionnaires), four key questions in the context of the Romanian public sector:



Purpose

What is driving the intent to innovate?



Potential

What determines whether innovative efforts are attempted?



Capacity

What is needed to carry out innovative efforts and integrate them into everyday practice?



Impact

How is the impact of innovative efforts understood and informing future practice?

This report reflects on key ambitions, tensions, challenges and drivers impacting Romania's innovative capacity, considers the strengths and weaknesses in the public governance system and the main opportunities to systemically build and integrate innovative capacity across the public sector system, whilst upholding the integrity of the public sector system. Moreover, it highlights trade-offs, commitments and ambitions required to drive meaningful and lasting change.

This report provides the impetus and foundational understanding for the Romanian public sector to leverage innovation as a means to improve public outcomes, and will be followed by an Action Plan (Winter 2023) and the launch of an innovation lab (2023–2024).

Based on this research, the below visualisation provides a summary of the assessment of Romania's current innovative capacity.

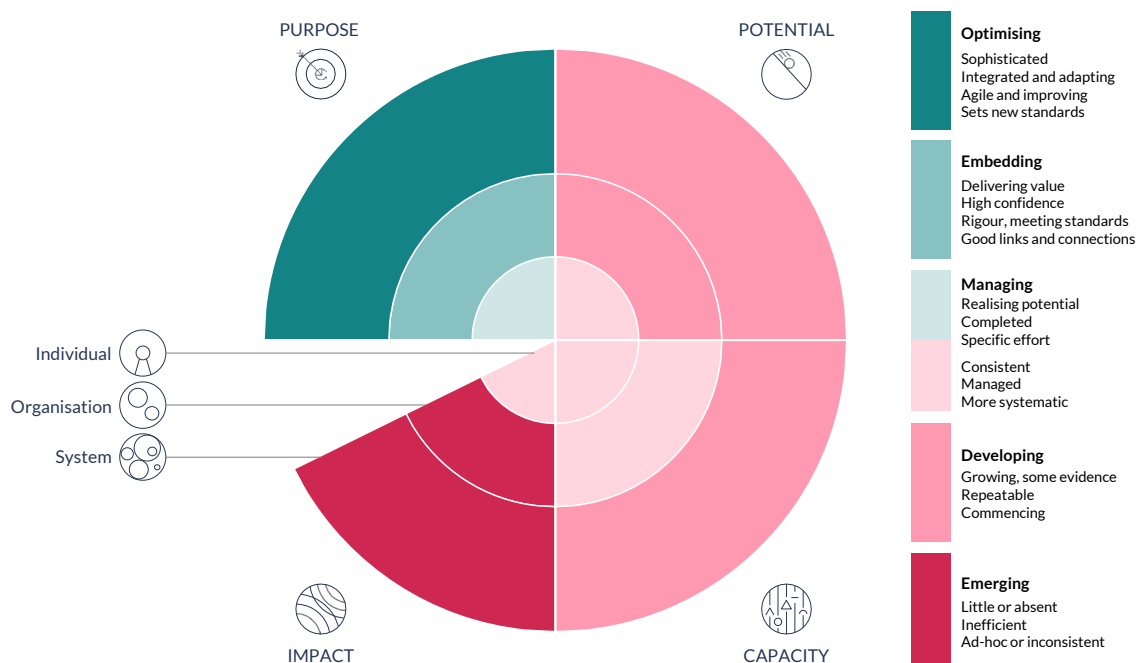


Figure 1. An aggregated assessment of the Romanian public sector's innovative capacity by research question (purpose, potential, capacity and impact) and analysis level (individual, organisation, system)

RESEARCH FINDINGS

The following detailed findings around the purpose, potential, capacity and impact of innovation in the Romanian public sector emerged from this research.



Purpose: What is driving the intent to innovate?

- Romania has strong ambitions to keep pace with international and regional peers: international standards, European Union (EU) agendas, NATO and EU Membership, and the ongoing OECD accession process have been paramount in creating clear goals and driving innovation. In particular, the Recovery and Resilience Plan¹ (RRP) supports the public sector in developing innovative approaches to tackle complex challenges.

¹ European Commission (2021), Factsheet: Romania's Recovery and Resilience Plan: Laying to foundations for recovery, European Union, doi:10.2775/146116.

- Global crises and challenges (e.g. COVID-19, energy security, migration) has led to targeted, discreet innovations, but have not produced systems-wide innovative change.
- Building trust between government and citizens could be a strong driver of innovation, targeted at improving public outcomes.
- Frequent political shuffles, fragmentation in strategy design and accountability structures, and non-systematic use of innovation has limited Romania's capacity to use innovation effectively to address these drivers.
- Few incentives exist at the individual level to encourage innovative behaviour.

Considerations:

- Increasing cohesion in strategies (including legitimising the use of innovation in achieving these) and ensuring these are translated into organisational and individual accountabilities will help to drive more targeted and cohesive innovation efforts.
- Rewarding innovative behaviour through performance management, promotions and innovation awards will help drive individuals to innovative.



Potential: What determines whether innovative efforts are attempted?

- Romania's public sector system prompts discrete innovation efforts, but does not yet systemically encourage innovation or innovative approaches. Barriers exist, such as the current risk environment, accountability structures, extensive approval processes, limited time and a complex legislative environment.
- An explicit and clear vision for the importance of innovation and when and how it should be used for achieving public sector goals is lacking, and consequently, innovation is not normalised nor legitimised. With too many strategic directions and institutional divisions in the strategic planning process, cross-cutting innovative efforts around common challenges and interdisciplinary work areas can remain out of reach.
- Frequent political and institutional changes have led to discontinuity of innovation activities.

Considerations:

- Establishing explicit supports including a nationally recognised innovation strategy and hub to legitimise, steer, monitor and support innovation activities will help to build a public sector system where innovation is valued, encouraged and normalised.
- Encouraging a leadership and staff culture of appropriate-risk taking, experimentation and openness will allow innovative ideas and efforts to be attempted, including incorporating these into job descriptions and performance plans.



Capacity: What is needed to carry out innovative efforts and integrate them into everyday practice?

- Innovative skills and mindsets are not valued nor nurtured in the public sector: recruitment criteria favour legal knowledge over skillsets necessary for innovative efforts, innovation is not explicit in performance frameworks and few professional development opportunities are available to nurture innovative capabilities.
- There is no explicit approach to identify, monitor or manage innovation activities across the public sector, making it difficult to understand and communicate how innovation is being used.
- There is limited dedicated funding, time, space and other supports for innovative activities.

Considerations:

- Romania should incorporate new criteria and techniques into its recruitment processes and performance frameworks.
- Given the challenges of recruiting skilled experts with public sector salaries, and the wealth of expertise in the private and non-profit sectors and academia, the public sector should build collaboration mechanisms to leverage expertise from citizens, non-profit, academia and private sectors to tackle complex problems in innovative ways.
- Innovation supports need to be integrated into the governing of the Romanian public sector. Consideration of the right blend of explicit innovation supports and implicit supports for innovation should be pursued as part of Romania's efforts in strengthening innovative capacity.



Impact: How is the impact of innovative efforts understood and informing future practice?

- There are no explicit system-wide or organisational monitoring approaches for the range of innovation activities occurring in Romania. Further, few learning mechanisms exist to recognise the value of innovation, learn from failures, scale successes, and inform future practice.
- Frameworks and approaches to understand impact of policies and reforms exist, however, there is limited capability to use these effectively to understand the systemic impact of reforms, including specifically how innovation has contributed to outcomes.

Considerations:

- Establishing a monitoring framework, and diffusing lessons learned through this will help the Romanian public service demonstrate value from innovation, recognise successes and learn from failure.
- Understanding how policy innovations or innovative public governing approaches contribute to public sector goals and citizen outcomes will ensure innovation investments are targeted.
- Using innovative approaches to evaluating policies, such as iterative, participatory

and whole of systems analysis will help Romania align their approaches to reflect the complexity of the policy-making environment, and to identify systemic opportunities for innovation into the future.

SYSTEMIC INSIGHTS

This research has surfaced seven key cross-cutting, systemic insights to help guide possible interventions for strengthening the innovating capacity of the Romanian public sector.

- **Strong ambitions for change in Romania do not translate into clear drivers for innovation:** Romania has strong ambitions that should drive a clear purpose for innovation. However, Romania is not currently using innovation systemically or systematically to achieve these ambitions, and discrete innovative efforts do not always translate into action.
- **Individuals are trying to innovate, but the system is hindering them from innovating successfully:** The public sector system in Romania does not easily enable innovation, making it difficult for motivated individuals to innovate meaningfully. Key barriers include a risk-averse culture, a lack of relevant skills, complex legislative frameworks, lacking supports for innovative processes and multi-layered decision-making processes.
- **While sporadic efforts to improve innovative capacity are ongoing, a holistic approach is required:** The Romanian public sector has invested in steps towards building innovative capacity, however, there is room to make these efforts more holistic, intentional and positioned for impact. Explicit innovation supports are needed, paired with the systemic embedding of innovation in the workings of the public sector, to capture the full impact of innovation and transform how the Government supports the population.
- **Capacity for public sector innovation can be enhanced through building its workforce:** Romania's public sector needs to attract, train, retain and leverage talent to build multi-disciplinary teams equipped to innovate. While low public sector salaries present a challenge for recruitment, improved workforce management and holistic capability building efforts for existing staff could help build the capacity of the public service.
- **Cross-sectoral partnerships are under-utilised in a context where they could have great impact:** Cross-sectoral partnerships can be key to knowledge sharing and the co-creation of innovative and citizen-centred solutions to complex challenges. Establishing more effective collaborations with actors from the private sector, academia, non-profit sector and beyond will allow the Romanian Government to leverage diverse knowledge and capabilities of different actors for innovation.
- **Better signals will inform better performance:** Monitoring innovation activities will help legitimise the value of innovation and improve practices around using innovation. Further, using contemporary methods to understand the outcomes of strategies and policies (both innovative and traditional) is crucial for informing decisions and understanding how innovative approaches can lead to greater impact.
- **Stronger capacity is needed to build synergies between technology and innovation:** Capturing the benefits of fit-for-purpose technology and supporting innovative and effective transition to digital government will be key for the Romanian Government to unlock its potential. This will require more than just a focus on technology.

MOVING FORWARD: INSIGHT TO ACTION

Tackling these systemic challenges above will help increase the innovative capacity of the Romanian public sector. The below directional shifts showcase how the public sector environment can transform to systemically support innovation for better outcomes.

While crises and shocks have led to targeted innovative efforts in Romania, systemic conditions hindered the ability for such a shock to result in transformative change to how the Government of Romania serves citizens. At this critical juncture with the influx of funding, ambition and support from the Recovery and Resilience Plan, this report offers a starting point for the Romanian public sector to redefine its approach to public governance to be more innovative, responsive and impactful. Steering these efforts to develop an *innovative public sector that works collaboratively to design policies and provide seamless and effective services that meet the current and future needs of society* will demand leadership support, dedicated action and efforts to ensure that public servants and citizens are at the heart of government transformation.

FROM	>	TO
1 Ambitions without action		Ambitious with impact
2 Innovating against the system		Innovating because of the system
3 Reactive, fragmented short term efforts		Systemic approach for short & long term
4 Traditional skills, intradisciplinary		Contemporary and soft skills, multidisciplinary
5 Informal, ad-hoc partnerships		Diverse, meaningful partnerships and collaboration
6 Managing risk for compliance		Managing impact for improvement
7 Technology as a project and tool		Technology as a systemic pathway to growth

The remainder of the report is structured as follows:

- **Chapter II: Innovation in the Romanian context**: explores what innovation means in the Romanian context as well as key themes and actors that have an influence on innovative capacity.
- **Chapter III: Understanding the innovative capacity of Romania's public sector**: outlines the detailed findings garnered from the research and outlines the cross-cutting system insights resulting from the research.
- **Chapter IV: Moving forward: Insight to action**: outlines the co-created directional shifts and the approach for the development of the action plan to help strengthen Romania's innovative capacity.
- **Chapter V: Conclusion**.

I. INTRODUCTION

This chapter provides an introduction to the report, including background remarks on the importance of building innovative capacity and the purpose of this report.

The modern public governance context is complex and uncertain – riddled with global challenges (such as the COVID-19 pandemic and energy uncertainty) – but also empowered by opportunities, such as those to improve government approaches to tackling climate change, infrastructure and other complex challenges through Recovery and Resilience Plans. In this context, governments around the world have the opportunity to leverage innovative approaches to steer towards better outcomes for today and the future. Through the Romanian Recovery and Resilience Plan, Romania will receive 29.1 billion euros from the European Commission to support investment and reform measures between 2022 and 2026.¹ This influx of funding, with ambitious goals at the forefront on green and digital transition, social resilience, pensions and more, is an unprecedented opportunity for innovation and transformation in the Romanian public sector.

In 2022, the OECD Council opened accession discussions with Romania. Joining the OECD will even further increase Romania's exposure to international best practices, valuable data and standing at the international level. This will help the country to align with OECD instruments and norms and to participate in global performance measures on a range of topics. This includes standards and global comparability efforts on subjects including risk governance, trust in public institutions, youth and intergenerational justice, better regulation, public employment and management, sound public governance, policy coherence, civic space, public integrity, digital government, data ethics and budgeting and public expenditures. This has the potential to increase access to data on a range of policy topics to improve public governance approaches and understand how Romanian approaches compare to those of other countries.

As President's Klaus Iohannis's begins his second five-year term, he leads Romania's Government in a global environment unprecedented in history. Romania, and the global economy, have seen the fastest growth in 50 years, followed by the most rapid slowdown². Romania faces crosswinds from multiple forces. An executive focus group, conducted as part of this project, highlighted a number of political, economic, social, technology and environmental challenges facing the Romanian public sector. This included reflections on how the geopolitical situation in Ukraine, and subsequent implications more broadly across Europe and globally, adds pressure and complexity of interconnections. Paired with rising energy prices and the continuing impact of the COVID crisis, they acknowledged that Romania's public service will be challenged to design policies and deliver services that reflect these new realities. The below insights showcase some of the key concerns raised:

By early 2023, it is likely the world will see new COVID variants or other health threats evading the best vaccines³. With Romania's low vaccination rates and strained health care system⁴, the economic impact will be keenly felt. At the same time, a new wave of COVID lockdowns would likely help break momentum in commodity markets and lower fossil fuel prices.

1 European Commission (2021), Factsheet: Romania's Recovery and Resilience Plan: Laying to foundations for recovery, European Union, doi:10.2775/146116.

2 The Bank of International Settlements (June 2022), "Annual Economic Report", <https://www.bis.org/about/areport/areport2022.pdf>.

3 World Health Organisation (11 January 2022), "Interim Statement on COVID-19 vaccines in the context of the circulation of the Omicron SARS-CoV-2"; Nature, 606, 446–447 (2022), <https://doi.org/10.1038/d41586-022-01466-9>

4 OECD (2021), OECD Economic Outlook, Volume 2021 Issue 2, OECD Publishing, Paris, <https://doi.org/10.1787/66c5ac2c-en>.

The protracted geopolitical situation in Ukraine, and resulting energy shortages, are being met with a fossil fuel ramp-up, increasing inflation and food prices. It re-emphasises Romania's obligations as an EU Member State to meet net zero policy targets.

Romania's European Membership is likely to provide a safety net from the looming global hunger crisis. However, COVID, inflation and climate challenges still exacerbate this concern on the horizon⁵. For Romania, large segments of the population remain vulnerable to food price shocks and, in turn, Romania may experience pressures on its health system due to increased health challenges. At the same time, Romania has commitments to the EU to reduce debt, decreasing fiscal space for public sector spending⁶.

Rising food prices are likely to lead to increased instances of social unrest.⁷ As Romania continues to grapple the trust and accountability gap between citizens and government, Romania's financial risk mitigation may come into tension with the growing demand for domestic social spending.

The above concerns highlighted by Romanian executives showcase areas where innovation is needed to contend with a changing operating environment.

Romania's economic growth has been steady and may not decline. However, emphasis on economic indicators may mask the challenges ahead. Romania may face two opposing visions of the future: one where the population is more secure in their livelihoods, with improving environmental outcomes and with poverty and other insecurities declining; while the alternative is increased inequality, infrastructural inefficiencies, insecurity of employment and over demand on the health system, further exacerbated by geopolitical situations and climate change. The latter vision is a much more likely scenario for governments across the world, as allowing the status quo to prevail is often easier than ambitions, innovative change.⁸ Achieving the former vision requires the Romanian Government to proactively address a number of challenges, including using innovation and innovative practices to deal with longstanding and future challenges.

For Romania to stay ahead and govern in this complex global environment, policy and service design approaches need to directly grapple with complexity, while ensuring that the current and future needs of citizens remain at the centre. This sets a strong impetus for the Romanian Government to use innovation as a strategic lever as part of its governing. However, getting impact from innovation processes requires a broader enabling environment that supports and allows innovations to be well designed, implemented and followed through in order to deliver impact. This is the core of innovative capacity: looking at the innovation explicit supports as well as contemporising and shifting broader governing mechanisms to allow innovation to be used more effectively.

Enhanced innovative capacity will give Romania a new, strategic tool for facing interconnected trade-offs and challenges to maximise outcomes now and into the future. In this era of complexity and uncertainty, strengthening innovative capacity will be key for the Government of Romania to achieve its ambitions and deliver the best possible outcomes.

As such, the purpose of this report showcases the strengths and weaknesses of the Romanian public sector's innovative capacity and highlights opportunities for impactful change.

5 Council of the European Union (20 June 2022), "Team Europe response to global food insecurity", <https://data.consilium.europa.eu/doc/document/ST-10066-2022-INIT/en/pdf>.

6 European Commission (2022), "Romania 2022 Country Report", https://ec.europa.eu/info/sites/default/files/2022-european-semester-country-report-romania_en.pdf.

7 UN Food and Agriculture Organisation (2022), Global Report on Food Crisis, http://www.fightfoodcrises.net/fileadmin/user_upload/fightfoodcrises/doc/resources/GRFC_2022_FINAL_REPORT.pdf.

8 World Bank (2022), "The Future of Government: Reimagining Government for Good", <https://documents1.worldbank.org/curated/en/099720006232225578/pdf/P175467091ace205b0ba840678d6200174e.pdf>.

II. INNOVATION IN THE ROMANIAN CONTEXT

This chapter explores what innovation means in the Romanian context, reflects on key moments and themes that have shaped the innovative capacity of the public sector and maps the range of key stakeholders and actors that play a role in shaping an innovative government.

A. UNDERSTANDING INNOVATION

To begin this journey of developing innovative capacity, it's important to develop a common understanding of what innovative capacity really means and why it matters. Through interviews and focus groups conducted as part of this project, stakeholders were asked the question: *What does being innovative mean to you and your team?* Responses varied considerably, with mentions of change-making, disruptive processes, understanding wicked problems and process innovation, including partnership building and prototyping. There was a common misconception that digitalisation and innovation are synonymous – while these two concepts have synergies, they remain distinct. These responses made clear the need to build a common understanding of what innovative capacity is, and why it's crucial in the Romanian context.

OPSI defines **innovation** as something that **is new or novel to the context, implemented** and aims to **achieve impact** (such as improved outcomes, effectiveness, satisfaction or efficiency).¹ Innovative capacity refers to the holistic ability to leverage innovation to improve outcomes. Innovative capacity is key for governments to design policies, deliver services and address major challenges such as climate change in effective and efficient ways. This is particularly crucial when current approaches are failing to deliver.

Innovation in Romania could lead to an impactful social policy that will allow Romania to grow the prosperity of its society and citizens, coupled with a more innovative government that leverages contemporary modes of administrating, such as developing new forms of participation and modes of governance, governing and regulation, among others.

It is important to consider what innovation means in the real context of Romania's public administration. In order to succeed in achieving the spirit of innovation in Romania, the Government needs to consider who its relevant partners are, what types of innovations are representative of stakeholder's needs or priorities and how to organise different actors in order to improve outcomes.

Enhancing innovative capacity can help governments govern better; and understand and meet the needs of the public more efficiently and effectively to drive the best possible outcomes.

¹ OECD (2017), *Fostering Innovation in the Public Sector*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264270879-en>.

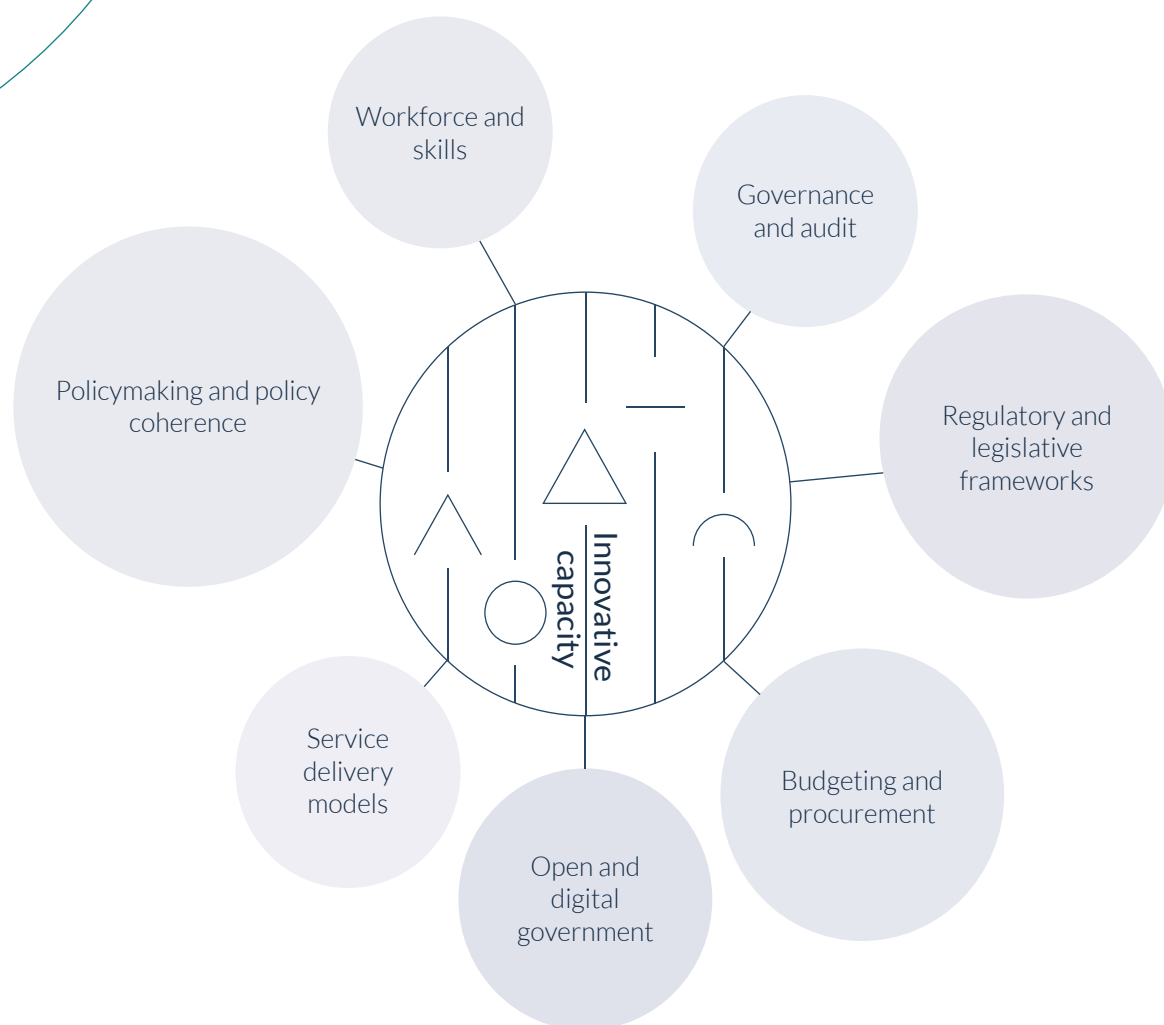


Figure 2. The above figure demonstrates the intersection and embeddedness of innovative capacity in many aspects of public governance.

Romania needs to think holistically about innovating. Firstly, by linking its efforts with its ambitions and goals, and secondly, by fostering a public administration that is innovative: where innovation is a strategic resource for the government to improve public outcomes. **Innovation cannot be seen as a silo on its own**, separate from the day-to-day functioning of government – **such an approach will lead to only incremental improvements and will limit potential benefits in the confines of a narrow scope**. Rather, innovative capacity needs to be embedded in the functioning of the entire public sector system ; intersecting with a range of policy domains and practices including regulation, digital government, procurement, audit, strategic design etc.

Thus, Romania needs to examine and shift the different explicit supports (e.g. skills building, innovation strategy) and embedded governance supports (audit, regulatory) drivers across the civil service system and its organisations and explore how this influences the way in which innovative activity occurs. A holistic approach to building innovative capacity can help to magnify the benefits of small interventions and open up leverage points that can lead to transformative change.

“One of the biggest barriers to innovation, the really basic issue, is the lack of information decision makers have about innovation.”

- Interviewee from this project

B. THEMES AND EVENTS SHAPING INNOVATION IN ROMANIA

Since the first free elections in 1990, the Romanian Government has maintained a consistent, path dependent governance approach, valuing stability over radical change or disruption to the status quo. While prioritising stability in a very unstable context is important, it has also meant that innovation hasn't been a priority throughout its history. Despite this, a number of key themes and events have shaped the evolution of innovative capacity since the beginning of democratic rule. NATO and EU Membership have provided a drive for innovation to meet international standards, and offered best practices and international supports to steer capacity building efforts. Digitalisation has remained a common challenge: encouraging innovative approaches while also providing the tools to make innovation possible. Strategies and reform agendas have showcased ambitions for a more innovative government throughout the last decade. Finally, trust and accountability issues have remained a barrier to innovation (pushing for strict legal compliance as a top priority), but could serve as a key driver for improving government and leveraging innovation to achieve better outcomes.

NATO & EU Membership: Inclusion & spread of international best practices

Innovation is essential for Romania to keep pace with international community and showcase global leadership (see: [Systemic Insight # 1](#)).

In 2004, Romania joined NATO. This was not only a symbolic gesture of inclusion, but also shaped and enhanced interactions with the international community and NATO member countries. The accession also led to an increased adoption of global best practices, particularly in the area of defence and security.

Moreover, in 2007, Romania became a member state of the European Union, a defining and transformative moment for European inclusion. This has led to more recognition and awareness of the Romanian Government in the European context, adoption of international standards, efforts to build on global best practices, increased funding and longer-term policy and project cycle. EU Membership continues to be one of the strongest drivers and supports for innovation, providing an impetus for innovative activities (purpose), showcasing innovative successes of other member states, providing funding, resources and access to relevant expertise (capacity) and incentivising and demanding greater awareness of results of initiatives (impact).

Digital development

Innovative capacity can help enable meaningful digitalisation of the Romanian Public Sector, with digitalisation that is user-centred, supported with agile methodologies, adaptive to evolving realities and conducive to the protection of citizens' rights and interests. Digitalisation can be key to supporting innovative approaches to service delivery and engagement with citizens. However, for this to be possible, Romania needs to build on its historical successes to get ahead of the

technological curve; building on its strengths to capture the benefits of advanced technology (see: [Systemic Insight #7](#)).

Digitalisation remains a key priority for leaders and public servants: innovation will be key to delivering on this priority. Moreover, digitalisation, particularly the introduction of agile and effective tools, will be key to building innovative capacity. In the area of digital development, a number of key moments in history shaped the way that the Romanian public sector engages with technology, including investment in informatics education in the 1970s and the integration of Romanian IT infrastructure into global IT infrastructure in the 1990s. In 2015, the Government launched the *National Strategy on Digital Agenda for Romania 2020*, aimed at upskilling the workforce, improving digital services and broadband and increasing the use of information technology². This was followed by the launch of a Gov IT Hub in 2016. Moreover, 2021 also marked an important moment with the digitalisation of life events (e.g. digital registration at birth) in Romania to improve seamless delivery of government services at key moments in citizen's lives. Technology is a strength of the Romanian private sector, which has shown global leadership in laser technology and autonomous vehicles.

Public sector reform and strategic agendas: A push for change

Unifying the strategic design process and specifically developing a strategy for innovation in the Romanian public sector will enable greater collaboration across the government, innovative approaches such as mission-oriented innovation to tackle complex, cross-cutting challenges and will help ensure cohesion in strategic directions (see: [Systemic Insights #1 and #3](#)).

Since 2010, public sector reform and strategic agendas have demonstrated a key desire for innovation in order to support transformation and change in how government serves its citizens. This included the implementation of a strategic planning component and strategies such as the *National Research, Development and Innovation Strategy (2014-2020)*, the *National Procurement Strategy* and the *Strategy for the Development of the Civil Service*³. While these strategies demonstrate a clear ambition for innovation, to date, they have remained fragmented in organisational priorities and siloes (particularly the institutional strategic planning process). However, these strategies show a clear desire for innovation and efforts are already ongoing to improve the impact of strategies. The March 2022 Government Decision No. 427 aims to improve decision-making and increase the effectiveness, efficiency and transparency of public spending⁴. Moreover, it intends to strengthen the link between public policy planning, budgeting and operationalisation of strategies (see Case Study: [A shift to better measurement and evaluation of strategies](#)).⁵

2 Ministerul Pentru Societatea informațională (2015). *Strategia Națională privind Agenda Digitală pentru România 2020*. <https://epale.ec.europa.eu/sites/default/files/strategia-nationala-agenda-digitala-pentru-romania-20202c-20-feb.2015.pdf>

3 Guvernul României (September 2016), "Hotărârea nr. 650/2016 pentru aprobarea Strategiei privind formarea profesională pentru administrația publică 2016-2020," *Strategie de formare.pdf* (gov.ro).

4 Guvernul României (March 2022), "HOTĂRÂRE nr. 427 din 25 martie 2022 pentru aprobarea Metodologiei de elaborare, monitorizare, raportare și revizuire a planurilor strategice instituționale." <https://legislatie.just.ro/Public/DetaliiDocument/253280>

5 Guvernul României (March 2022), "HOTĂRÂRE nr. 427 din 25 martie 2022 pentru aprobarea Metodologiei de elaborare, monitorizare, raportare și revizuire a planurilor strategice instituționale."

Trust and accountability at the forefront

Working in more innovative ways and building a better understanding of the true impact of policies and services on the Romanian population will help the Government of Romania increase trust levels and redefine the relationship between government and citizens (see: [Systems Insight # 6](#)).

Building trust between citizens and government can be a key driver for innovation. This issue has been on the forefront of the government agenda for decades. The Government of Romania has emerged from a turbulent past – a former communist governance system and dictatorship, followed by recurring challenges with government corruption – have left a legacy of trust and accountability issues for the government of today to grapple with. Throughout its history, citizens have pushed for greater trust and accountability in government. This tension has surfaced in numerous protests and has also been showcased in Eurobarometer data. Spring 2021 Eurobarometer data⁶ showcases that Romanian population's level of trust in the European Union is higher than the EU average, and that trust in the Romanian Government and Parliament is low. The questionnaire indicates 63% of Romanian respondents tended not to trust in the national government and 65% tended not to trust in the Parliament. These trust levels are lower than EU averages (4% lower level of trust in Government and 6% lower in Parliament) and indicates weak trust between citizens and the government.

How much trust do you have in certain institutions?

For each of the following institutions, do you tend to trust it or tend not to trust it? (%)

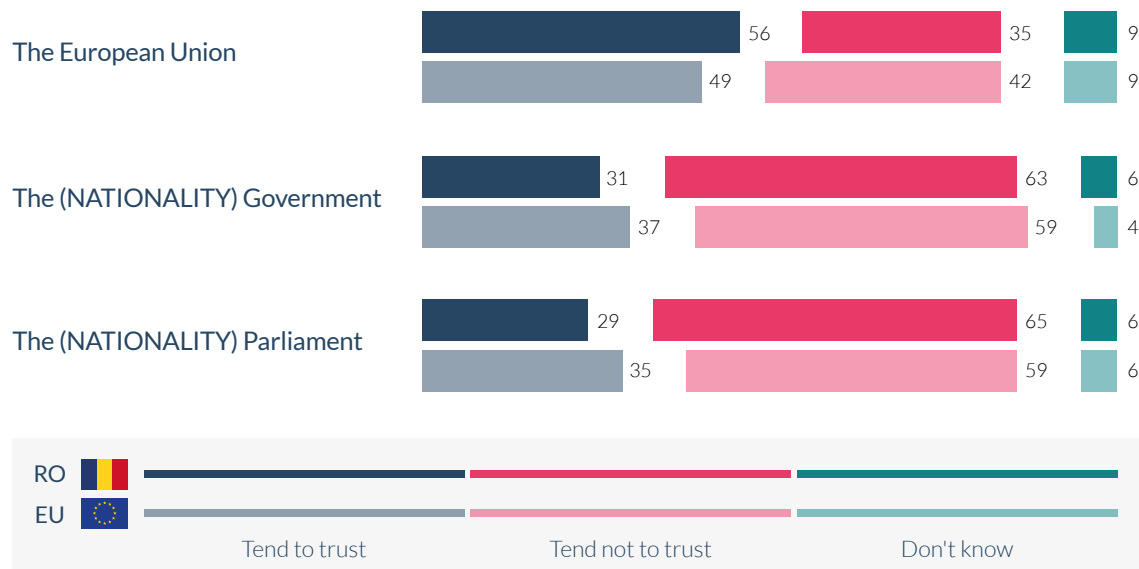


Figure 3. The above figure showcases the Spring 2019 Eurobarometer results on trust in different institutions in percentage

Furthermore, citizen's demands on government and their expectations of what government can do have been growing across the world in the 21st century, which means that Romania has a deeper

⁶ European Commission (Spring 2021). "Standard Eurobarometer 95: The Key Indicators, Romania Factsheet." Accessed 13 May 2022. <https://europa.eu/eurobarometer/surveys/detail/2532>

challenge of both strengthening trust in government while adapting to greater expectations⁷. This fundamental challenge provides a clear impetus for innovation. However, this project revealed that the interpretation by public servants in how to respond to this low level of trust varies considerably: with some promoting strict controls and implementation (with legal proof of good behaviour) as the solution, and others desiring to work differently for improved public outcomes for citizens.

That said, trust in both Government and Parliament has slowly been increasing in recent years (despite a small decline in 2020–2021) around the COVID-19 pandemic, perhaps showing the success of pandemic-driven innovative projects in meeting the needs and expectations of citizens. The below graphs showcase the levels of trust in Government and Parliament based on Eurobarometer survey results.

Trust levels by institution

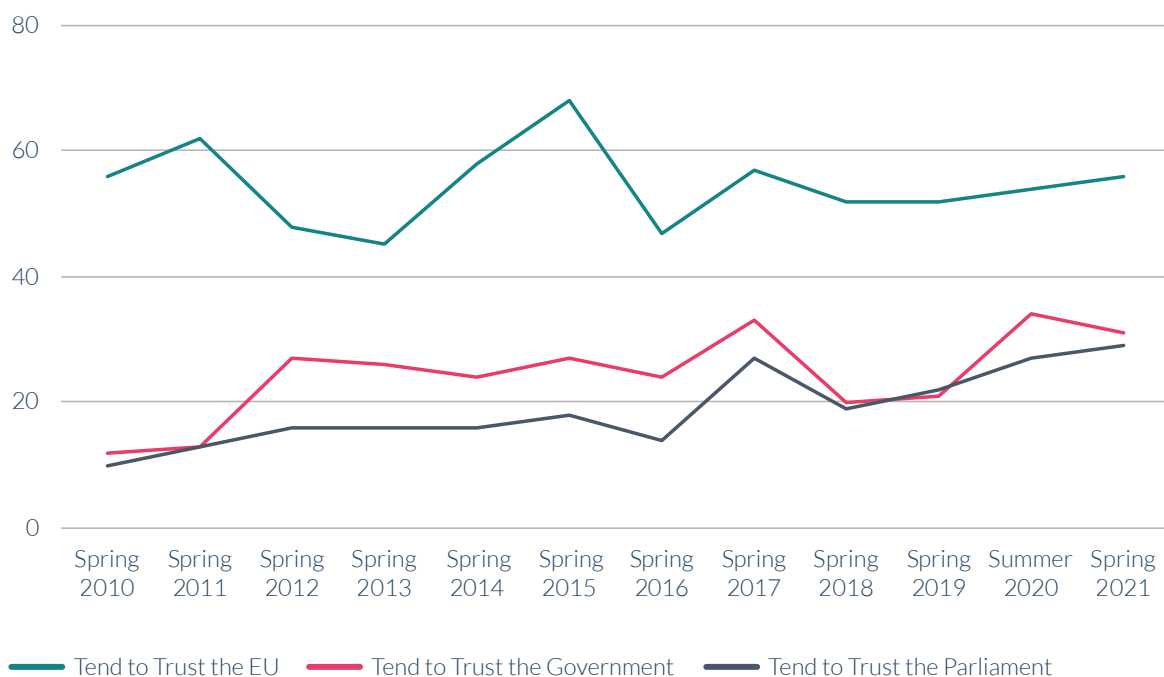


Figure 4. The above graph pictures levels of trust in the European Union, Government and Parliament over the years. Levels of trust in the EU are consistently far above those of the Government and Parliament. However, trust in Parliament has been on the rise since 2018, and trust in Government is generally on the rise compared to past averages (Source: Eurobarometer).⁸

This priority is also outlined in [Component 14: Good Governance](#) of the National Recovery and Resilience Plan, which encourages improved public policy development through stakeholder consultation and increase transparency and trust in the public sector. There is an opportunity to build on this growing momentum, a chance to invest in innovative capacities that can improve an understanding of the impact of public policies on the population of Romania to renew this relationship between the Government, Parliament and the population.

⁷ World Bank (2022), "The Future of Government: Reimagining Government for Good".

⁸ European Commission (Spring 2021). "Standard Eurobarometer 95: The Key Indicators, Romania Factsheet."

C. ACTORS IN THE SYSTEM

As highlighted in the previous section, innovation is not a new concept in Romania, nor is it trapped within the confines of one institution or ministry. European agendas, digitalisation, strategic directions and efforts to build trust span across the entire public sector, and as such, many actors across the system play a key role in leveraging innovation to deliver on cross-cutting ambitions. An understanding of the actors within the system, and the flows of resources, power or information between them, can help inform where and how the Romanian Government can work to leverage an ecosystem of actors to build the innovative capacity of the public sector. It is the inclusion of all these actors, engaged to collaborate and share their perspectives, that brings about meaningful change in a complex governance context.

Innovation does not result from one actor itself. Instead, it occurs throughout the interplay, co-operation and collaboration between various actors in the system, in the public sector and beyond. Each actor brings different agendas, context, experiences, levels of influence or power and resources. The interviews and workshops identified key actors in the innovative capacity system. By using a systems approach and visualisation, the below section identifies how these stakeholders intersect with innovation in the system.

In the visualisation below of actors in the system, key actors relevant to the innovative capacity are represented (see [Figure 5](#)). The role of citizens includes their influence in selecting the democratically elected government, secondly to the public sector Ministries that serve citizens and finally to the broader civil society of which citizens are part and interact with. Romania's European Union Membership is an inter-governmental influencer, an influence for civil society and enabler is highlighted through its connections to the Government and ministries.

Budget and financial flows tend to move top to bottom in the public sector.

Information flows between all actors in the system, however, the General Secretariat and Chancellery play an important co-ordinating role in this regard.

When looking at innovative capacity of public sector system, not all ministries have the same level of influence.

- The Ministry of Finance and Ministry of Justice are two central advisory and regulatory ministries that have the potential to influence at scale across the system, particularly in their approach and implementation of budgetary and legal processes.
- There are many ministries that support key innovative agendas and innovative capacity development, for example, the Ministry of Innovation and Digitisation is highlighted for their technical expertise as well as their alignment to improving innovative capacity vision.
- The Ministry of the European Union Investments and Projects is specifically mentioned for its role in supporting European projects and funding that have been key to producing more innovative outcomes. This Ministry could be a point of influence and leverage to the broader public service.
- The National Institute of Administration plays an important role in equipping public servants with the knowledge and skills to perform their duties. They will prove essential in developing innovative skill sets.
- The public sector engages regularly with civil society, the private sector and academia to support innovative efforts, despite the fact that formal mechanisms for collaboration are lacking.
- The Court of Accounts also has considerable influence as it has a direct reporting line to Parliament, but also have the potential to provide meaningful impact signals and evaluation advice to the public sector through audits and other evaluation practices.

Romania's citizens are central to the three levels of actors represented in the diagram below. Citizens democratically elect the government, engage and receive public services, and are both participants and beneficiaries of civil society, the private sector and academia.

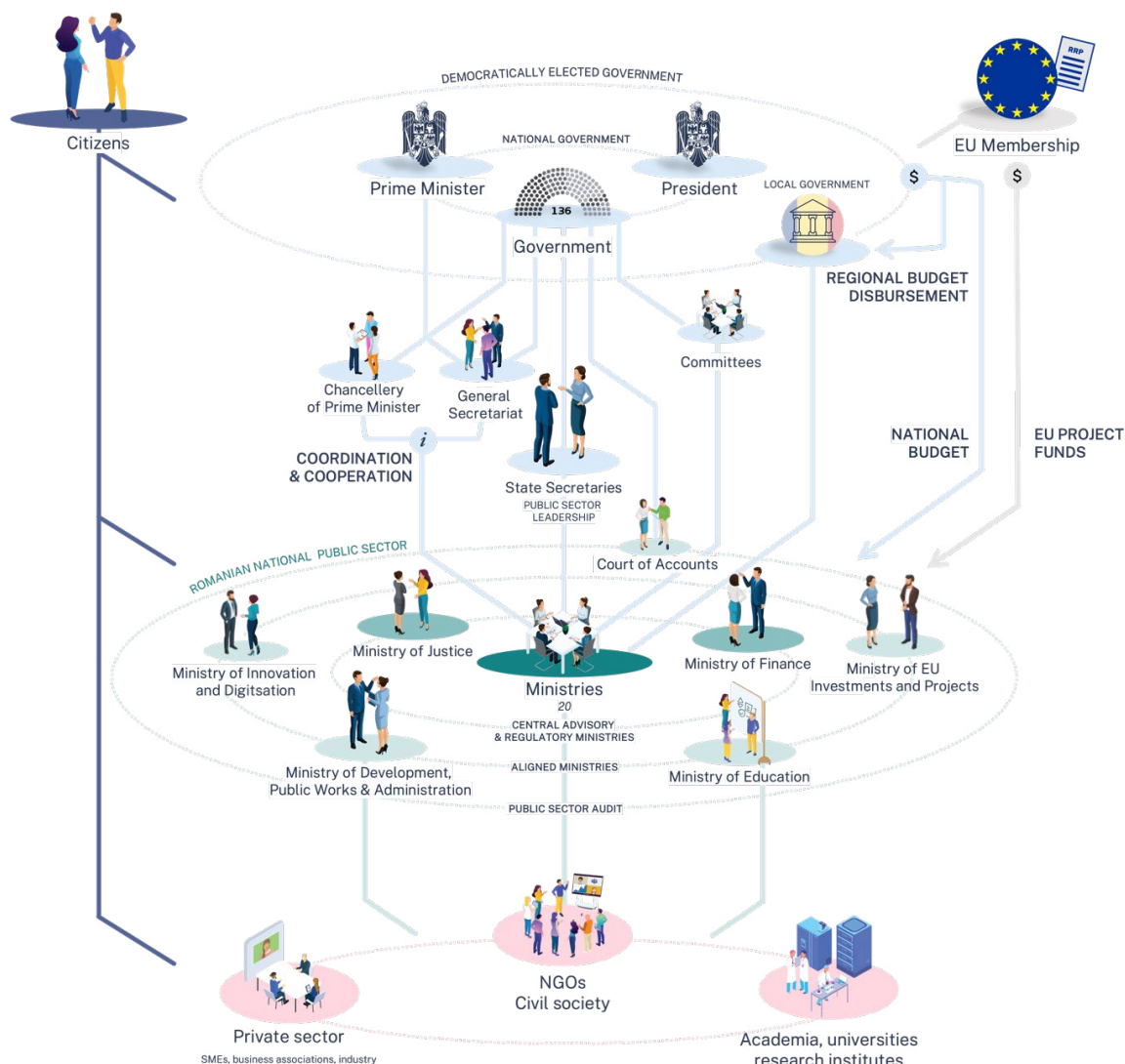


Figure 5. This visual showcases the connections between different actors in the Romanian public sector.

As this diagram demonstrates, innovation cannot be siloed into one body or organisation for its impacts to be scaled, nor is it immune to fluctuating and shifting information, power and funding flows. Building innovative capacity across the public sector system will require the engagement of all actors, involving them in the co-creation of actions, ensuring the transfer of knowledge across organisations and sectors and actively engaging them in innovative activities.

III. UNDERSTANDING THE INNOVATIVE CAPACITY OF ROMANIA'S PUBLIC SECTOR

This chapter outlines the detailed findings and maturity heat map on Romania's current innovative capacity, derived from the research. Subsequently, a systemic analysis of the detailed findings against the Innovative Capacity Framework surfaced seven cross-cutting themes, which form the basis of the desired directional shifts and development of the action plan in the next chapter.

The Romanian public sector is ripe for innovative transformation – the Romanian Government has declared innovation as a key priority through adhering to the OECD's Declaration for Public Sector Innovation¹. Now it is time for Romania to use innovation as a strategic function of its governing. In order to do this effectively, a systemic approach is needed that blends holistic systems-change with quick wins at individual and organisational levels; building ongoing support and skills for innovative efforts.

The detailed findings below explore the specific factors which influence Romania's innovative capacity; noting how a range of factors – from job descriptions to institutional strategic planning – can have a considerable impact on *whether* and *how* innovative efforts are being developed, implemented and evaluated. The systemic insights which follow highlight key systems-level intervention areas to help the Romanian Government reach its potential. Transformation will demand a blend of systems-level efforts with tactical adjustments to enhance the use of innovative approaches.

A. DETAILED FINDINGS

Based on the Innovative Capacity Framework (see: *Methodology*) the following section outlines detailed findings on each of the factors and how they are currently enabling or hindering the innovative capacity of the Romanian public sector. The below findings are triangulated from a comprehensive research approach, including questionnaires of Romanian public servants and stakeholders, interviews, literature reviews and focus groups².

1 Romania adhered to the OECD's Declaration on Public Sector Innovation in 2019.

2 Note: Data from interviews and focus groups are not explicitly cited to protect anonymity of sources. Questionnaire data is based off of the OECD questionnaire shared openly with a diversity of public servants by the General Secretariat of the Government.

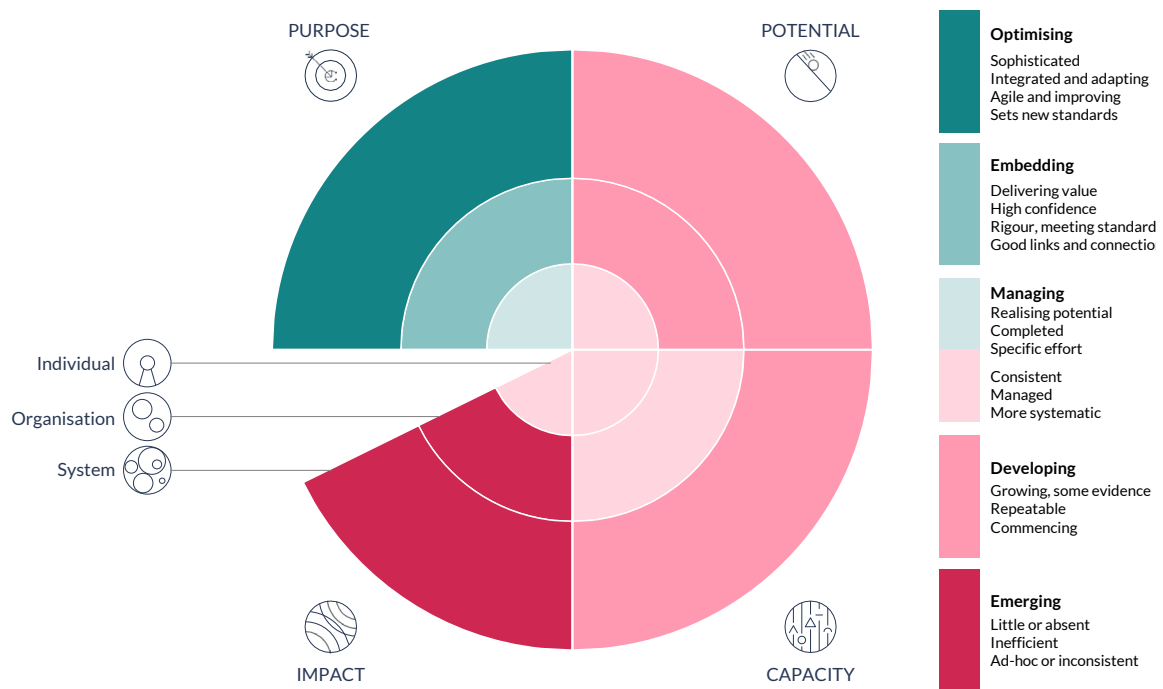


Figure 6. This figure showcases the aggregated assessment of Romania's innovative capacity (purpose, potential, capacity and impact) at three levels of analysis (individual, organisation and system).



Purpose for Innovation: What is driving the intent to innovate?

Purpose - Individual level

Factors from the Innovative Capacity Framework: Individuals need to have a clear purpose and motivation to innovate. A clear purpose not only drives an understanding of what to innovate for, but also encourages motivation to innovate. This is particularly important since innovation demands going beyond the status quo, individual effort, as well as effective engagement with risk and constraints. Ideally, public sectors should provide a workplace environment where individuals are self-motivated, feel fulfilled from their work (including innovative efforts), desire to work for a greater purpose (e.g. delivering better outcomes to the public) and desire to advance their careers. Moreover, extrinsic motivators, such as performance management incentives, awards, promotional opportunities and encouragement from leaders and managers should promote and recognise innovative behaviour; thereby motivating individuals to be innovative in their work.

Summary of findings: In Romania, while some individuals are motivated to deliver better outcomes to citizens, many have lost fulfilment in their work and are disconnected from the impact of their efforts due to the strict legal frameworks, hierarchical and multi-layered decision-making procedures and lacking knowledge of impact. Extrinsic motivators, such as performance management frameworks, tend to favour strict legal interpretations and application over innovative behaviours. Other motivators for innovative behaviour, such as incentives (e.g. awards or promotional opportunities) or recognition (from managers or colleagues) are largely absent in Romania. Moreover, lines of accountability at the technical level are unclear, meaning that staff have limited ability to link their tasks and efforts to ministerial objectives.

Considerations: Romania would benefit from prioritising explicit innovation supports such as rewarding innovation through performance management plans, innovation awards and other incentives. At the same time, Romania should consider how to encourage self-drive and motivation for using innovation in daily work by helping individuals to see the value of their work and how it links to the overall purpose and ambitions of the Romanian Government.

Intrinsic and extrinsic motivations

Extrinsic motivators, such as clear direction, recognition, or incentives, are important for encouraging employees to use new approaches given that new approaches demand different ways of working, risk-taking and influencing others.

Intrinsic motivators such as satisfaction in work, individual career goals, self-efficacy and desire to serve others can set a clear purpose and drive for individuals to innovate in their daily work.

Research findings

Workshops, focus groups and interviews from this project showcased a desire of individual Romanian public servants to deliver better public outcomes to citizens. However, the research equally demonstrated that these intrinsic motivations are often stifled by the lack of extrinsic motivators, such as recognition for innovative work. Performance management in Romania is often perceived as a

formality, rather than a motivator, for performance, and few career incentives and rewards are offered to those who propose new, innovative ways of doing things³. For example, performance management in Romania does not explicitly recognise employees' roles in proposing new innovative solutions or challenging inefficient processes⁴ and performance management rarely informs career development (see examples of other countries' approaches to this in [Case Study: Innovative performance management](#)).⁵ Moreover, similar to many countries around the world, the lifelong contracts of most public servants, paired with few promotion opportunities for those who assume risk tend to stifle innovative and experimental culture.

"We are not asked to be innovative – we just apply what comes from leaders"

– Interviewee from this project

Furthermore, the Romanian public sector has been fairly path dependent over the last 30 years. More specifically, the status quo is typically seen as superior to new approaches (despite the fact that participants believe that new approaches could be more effective), and individual desire to do things differently is often crushed by the system that favours continuity over change (see: [Systemic Insight #3](#)). Public servants face frustration and lose purpose due to the constraints that the system places on them such as complicated procedures, complex legal frameworks and management reluctance to risk and change.⁶ Lines of accountability are often blurred under an extensive approval process where individuals are rarely explicitly responsible for decisions or implementation of certain strategies, making it difficult for staff to feel empowered and motivated to innovate within unclear areas of responsibility.⁷

Participants interviewed for this study noted that this challenge is further compounded by a lack of understanding of the clear purpose and intent of their organisations since there is limited involvement of individuals in institutional strategic design (see: [strategy design approaches](#)) which results in disconnecting them from organisational priorities. Consequently, they don't always see how their actions contribute to delivering on organisational objectives nor do they understand the circumstances where they should be pushing boundaries and innovating.

Case Study 1: Innovative Performance Management

The [Objectives and Key Results \(OKRs\)](#) approach is a performance management method that helps teams collectively create measurable objectives in an agile work environment. This approach helps to avoid rigid, top-down processes for setting indicators, replacing this type of performance management and evaluation system with an approach that is transparent and co-created which enhances accountability. This approach, often leveraged in the private sector, is used by the [UK Government](#) and [LabX Portugal](#) amongst others.

Establishing performance management systems where individuals have influence over their goals and where they are evaluated on their efforts to achieve those goals can help incentivise them to perform better. Including specific goals and objectives around innovation can prove key to motivating individuals to innovate and acknowledging them for their efforts.

3 World Bank (2019), Advisory Services on Developing a Unitary Human Resources Management System Within the Public Administration: Output 1: Deliverable 1.3 Recommended options for Romania, https://sgg.gov.ro/1/wp-content/uploads/2010/01/Livrabilul-1.3-Public-Policy_recommended-options-for-Romania.pdf.

4 Participants in focus groups noted that performance management frameworks offered them few incentives for innovation and were more of a formality than a relevant tool.

5 World Bank (2019), Advisory Services on Developing a Unitary Human Resources Management System Within the Public Administration: Output 1: Deliverable 1.3 Recommended options for Romania.

6 Noted in focus groups, interviews and workshops.

7 OECD (2016), OECD Public Governance Reviews: Romania Scan 2016, OECD Publishing, Paris, public-governance-review-scan-romania.pdf (oecd.org).

Despite these barriers, there are cases in the Romanian public service where motivations are strong enough that employees are dedicating their own energy and time to look for solutions to push back on, or circumvent, constraints in the system (see examples from Case Studies: [Crises and innovation and 2015–2020 Procurement Strategy in Romania](#)). This has shown to be more likely and successful in contexts where a political leader or European Commission (EC) projects can provide support and advocacy for such efforts (e.g. SDGs, RRP activities, COVID-19 responses). A questionnaire conducted as part of this project highlighted that three out of five respondents agree that public servants want to try new solutions, even though there's a risk that they may not work (see: [Systemic Insight #3](#)). This showcases the presence of intrinsic motivations, despite system conditions.

Case Study 2: Innovation Awards

In governments around the world, Innovation awards are used to provide public servants, teams and organisations well-deserved recognition for their role in leveraging innovative projects, working methods and approaches. They serve as important motivators, while also helping to surface best practices and inspire others to replicate successful projects. Global examples include the [European Public Sector Awards](#), [Open Government Partnership Local Innovation Awards](#), [Brazil's Innovation Awards](#) and the [Irish Civil Service Excellence and Innovation Awards](#).

The City of Louisville, USA, uses a [badge program](#) to reward staff for innovative tasks such as crowdsourcing, participating in hackathons, data sharing, collaboration on projects and challenges, digital inclusion and citizen engagement initiatives.

Explicitly rewarding innovation can help create purpose and drive for innovative behaviour; leading to cultural change around innovation and providing earned recognition for employees' efforts.

Considerations

Romania could look at extrinsic motivators such as innovation awards or other forms of rewards as quick wins to provide explicit recognition for innovative efforts and showcase those efforts broadly across organisations and systems (see [Case Study: Innovation Awards](#)). This can help provide momentum and signal these efforts and connected behaviours as legitimate.

Yet, at a larger scale, human resource reform, particularly around performance management frameworks, will be a key opportunity for Romania to advance their use of incentives for driving innovation outcomes. Currently, there is an absence of a strong performance management system (see: [Workforce Planning](#)).⁸ This could be coupled with considering how to enhance Romania's workforce management system in a way that encourages individuals to develop their own objectives to increase motivation, create values in the civil service that place importance on innovative thinking, improve lines of accountability and better incentivise successful delivery on objectives⁹; all of which have the potential to create a desire to innovate at the individual level (see [Case Study: Innovative Performance Management](#)).

⁸ World Bank (2019), "Output 1: Deliverable 1.3 Recommended options for Romania", from project Advisory Services on Developing a Unitary Human Resources Management System Within the Public Administration, [Livrabilul-1.3-Public-Policy_recommended-options-for-Romania.pdf](#) (gov.ro). This finding was reinforced in our research, where there was a notable absence of performance plans.

⁹ Ibid.

Yet, research demonstrates the equal importance of hiring for, and building intrinsic motivation for enhancing innovation¹⁰. Intrinsically, increasing knowledge on the impact of individual's work will help civil servants in Romania see how their work contributes to the goals of their organisations and how they are meeting the needs of citizens¹¹. This will in turn, provide further reinforcement to perform better and try new innovative approaches in order to increase impact and effectiveness. Such an approach will also demand more effective evaluation frameworks, deliberate learning loops and involvement of employees in strategy design and evaluation.

Purpose - Organisational level

Factors from the Innovative Capacity Framework: *Organisational strategic plans, goals and objectives, paired with change drivers such as global challenges, legislation, audits and citizen pressures are key to setting a clear purpose for innovation efforts inside an organisation. Achieving organisation goals, or ensuring a proactive response to external changes, often calls for innovative responses. To steer meaningful innovation, there needs to be clarity in mandates, employee-buy-in for strategies and new directions coupled with leadership communication on the need for innovation to achieve objectives.*

Summary of findings: *As is the case in most countries, Romania's responsiveness to the COVID-19 pandemic has been strong and has led to considerable innovation to adapt government structures and delivery mechanisms to new circumstances. Going forward, a more intentional focus on public sector innovation is needed to build on the initial innovative efforts occurring during the crisis. Institutional Strategic Plans (ISPs) which are key strategic guidance documents that set the priorities and directions for organisations, offer the opportunity to introduce innovative approaches as part of the strategic steering of organisations, yet so far they have been under-utilised due to fragmentation in strategic agendas, frequent political turnover and a lack of employee involvement in the design and implementation of ISPs.*

Considerations: *With increased buy-in from departmental staff who are implementing ISPs, better complementarity between ISPs and European and public sector reform agendas, and improved co-creative processes when establishing strategies, the potential for ISPs to spur innovation in organisations will be unleashed. Moreover, establishing better mechanisms for understanding citizen and industry needs will be crucial to driving innovative efforts to improve how public sector organisations meet those needs. Finally, crises and shocks are likely to continue to prompt innovative efforts, however, without systemic supports for innovative capacity building and deliberate learning from and scaling of innovative initiatives, public sector organisation won't be able to capitalise on investments, learn from early efforts and deploy innovative responses to future crises.*

Institutional drivers

Institutional drivers, such as strategic plans, ministerial mandates, organisational missions and accountabilities can be strong drivers of innovative activities at the organisational level.

¹⁰ For example, a report on public sector innovation outlines that intrinsic motivations (including the drive to get better at something and the feeling individuals are contributing to a purpose greater than themselves) are fundamental to a sense of satisfaction for humans.

¹¹ OECD (2016), Engaging Public Employees for a High-Performing Civil Service, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/9789264267190-en>.

Research findings

Strategic documents, including Institutional Strategic Plans (ISP) and the Romanian Government Programme set ambitious goals and visions for the Government of Romania, that could, if designed and implemented effectively, spur considerable innovative activities. ISPs, designed within each ministry, set a multi-year mission, vision and plan for institutions in Romania, provide a roadmap for enhanced performance and offer indicators to measure results in relation to key objectives¹². ISPs explicitly offer the space for innovative approaches to be introduced in areas such as human resource management, data gathering, understanding impact, measurement and policy design.¹³ ISPs could pave the way for Romania to leverage innovative approaches to meet key priorities and understand the impact of activities through evaluation since they explicitly and implicitly reference the need for innovation.¹⁴ Unfortunately, implementation and buy-in issues have consistently prevented ISPs from translating into concrete, innovative action. This challenge is currently being tackled by the General Secretariat of the Government who are seeking to improve prioritisation, collaboration and planning around key agendas to better support pan-governmental efforts and strategic planning capacities across the entire public sector.¹⁵

"It's not just about the strategy, the vision, or the principles, but rather, actually thinking about how it comes to life"

- Interviewee from this project

Furthermore, the Government Programme¹⁶ (GP), the key strategic document which outlines priority areas for the government of the day, includes references to the need to boost innovation in the public sector and to achieve broader policy goals. In many cases, there are strong synergies in the Government Programme (GP) and EU agendas, as the GP explicitly discusses European funds, legislation and projects.¹⁷ The 2021–2024 GP mentions innovation 83 times, specifically in conjunction with ambitions on energy, health, digital government, de-carbonisation and the circular economy, all of which align with EU objectives in the RRP.¹⁸ While this creates a clear impetus for innovation, the extent of the Government Programme's ability to drive innovation efforts is often lessened by a lack of employee buy-in and shifting political priorities, which hinders continuity.

Furthermore, the goals of the GP and strategic objectives laid out in ISPs (which are often similar, but not directly aligned in part due to different planning periods) are not reflected in the performance management plans of senior public service leaders, creating a gap in clarity about who is accountable to execute on the goals of the Government Programme and ISPs. This provides fewer explicit motivations for leaders to take an active role in promoting innovation and working in innovative ways to achieve

12 World Bank (2016), "Note providing input into the Government Decision for Establishing a Planning and Policy Monitoring Process in the Government of Romania", from project Advisory Services Agreement on Strengthening Planning and Budgeting Capacity and Supporting the Introduction of Performance Budgeting. <https://documents1.worldbank.org/curated/zh/764381591360938888/pdf/Output-1-Note-providing-input-into-the-Government-Decision-for-Establishing-a-Planning-and-Policy-Monitoring-Process-in-the-Government-of-Romania.pdf>

13 World Bank (2016), "Note providing input into the Government Decision for Establishing a Planning and Policy Monitoring Process in the Government of Romania."

14 The World Bank (2020), "OUTPUT NO. 7: Final Report Presenting the Results of the Reimbursable Advisory Services" from project Reimbursable Advisory Services Agreement on Strengthening Planning and Budgeting Capacity and Supporting the Introduction of Performance Budgeting (P156889), https://sgg.gov.ro/1/wp-content/uploads/2016/04/Output-7-Final-Report_en.pdf.

15 Government of Romania (2020), National Reform Programme 2020, Bucharest, PNR 2017 (europa.eu).

16 Guvernul României (2021), "Programul de Guvernare 2021-2024", <https://gov.ro/ro/obiective/programul-de-guvernare-2021-2024>.

17 Ibid.

18 Ibid.

those objectives.¹⁹ Consequently, leaders are not explicitly rewarded for supporting and steering innovative efforts to achieve key priorities and are less motivated to pursue activities that require risk.

"[Performance plans] don't really exist. In the case of the Government, the performance of ministers is assessed, at most, in an unstructured manner, by the Prime Minister or the political party that supports the respective minister... there are no structured plans for evaluating their performance."

– Interviewee from this project

This issue is representative of a broader challenge facing Romania's Government. Currently, Romania has a lack of accountability frameworks that link key strategic priorities to the mandates and responsibilities of public servants. This includes a lack of accountability mechanisms to promote integrity, reward effective leadership and provide explicit permission for innovative behaviours and collaboration.²⁰ Without clear lines of accountability, individuals lack explicit incentives to take concrete action (including leveraging innovation) to achieve objectives.

In addition, organisational leaders and political officials are also influenced by past scrutiny processes as a result of corruption allegations from the public²¹. This tends to block a shift to bolder, future-focused practices and instead results in prioritisation of risk-averse tasks with immediate results rather than prompting new, innovative governance approaches.²²

Considerations

Institutional strategic planning could be much more effective in driving innovative efforts in Romania if co-created²³ amongst stakeholders, explicitly linked to performance management (for enhanced accountability) and built with stronger synergies across ministries. Encouraging greater collaboration and stakeholder engagement in the ISP development process will help increase buy-in for strategies and awareness around their benefit and knowledge on how they can be implemented; scaling their potential for prompting innovative efforts to achieve ISP goals. Moreover, building synergies and collaboration across ministries in the strategy design process can allow for sharing of best practices and expertise (for example in indicator development for ISPs) and alignment on common goals and objectives (e.g. collaborative approaches to building data infrastructure or overarching public sector reform strategies) (see: [strategy design approaches](#)). If leveraged effectively, ISPs can drive innovation to break with status quo organisational operating methods that favour continuity even when processes and practices are illogical or ineffective.

A key opportunity for Romania will be considering how they can establish more effective accountability structures, for example one that better demonstrates alignment to the OECD's Recommendation on Public Integrity.²⁴ Highlighting specific elements of the recommendation that are pertinent to strengthening innovative capacity, Romania should consider accountability frameworks that allow for leaders and organisations to collaborate effectively with each other, enable clarity of responsibilities

19 OECD (2020), OECD Public Integrity Handbook, OECD Publishing, Paris, <https://doi.org/10.1787/ac8ed8e8-en>.

20 Ibid.

21 Bertelsmann Stiftung (2020), BTI 2020 Country Report – Romania, Bertelsmann Stiftung, Gütersloh. BTI 2020 (bti-project.org).

22 Bertelsmann Stiftung (2022), BTI 2022 Country Report – Romania, Bertelsmann Stiftung, Gütersloh. BTI 2022 (bti-project.org).

23 Co-creation is a highly participative process of decision-making and design or delivery of a service or product with stakeholders. This can considerably enhance collaboration and positive outcomes. Jones, P. (2018), "Contexts of co-creation: designing with systems stakeholders", University of Toronto, OCAD

24 OECD (2017), Recommendation on Public Integrity, OECD-Recommendation-Public-Integrity.pdf.

for staff and leaders, provide meaningful participation of staff stakeholders in the development of strategies and policies, and enable mechanisms to understand performance and to reinforce good practice.

Furthermore, greater alignment between the Government Programme and key EU and institutional agendas will help create a stronger, cohesive impetus for cross-cutting innovative efforts that span the public service. The current organisation-specific drive for innovation arising from ISPs risks that innovation remain within organisational silos, rather than promoting collaborative innovative efforts around complex challenges that face the public sector today.

Change Drivers

New or changed legislation, global events or shocks, evolving demands from citizens, business or the media, audits, future uncertainty and key organisational challenges often serve as change drivers; making clear the need for innovative approaches.

Case Study 3: Crises and Innovation: Innovative approaches in the era of COVID-19

Crises can be strong drivers of innovation, particularly prompting enhancement-oriented or adaptive innovation in the face of changing circumstances.¹

COVID-19 resulted in many innovative initiatives within the Romanian Government. The below examples showcase the adaptability and innovative competencies of the Romanian public sector when a strong purpose for innovation is present.

Reaction for Education: This initiative was launched by the Ministry of Education and Research with the support of Narada (non-profit) and Cora Romania (private sector) as an effort to ensure access to quality education for all in the context of evolving COVID-19 health measures and the shift to online education. This initiative aimed at empowering students and teachers with digital learning tools and educational delivery supports through an online learning platform that collated and provided free resources for supporting distance learning. The rapid launch of this platform, collaborative design and extent of the resources provided showcase the capabilities of the Romanian public sector in innovating in the face of challenge or service delivery barrier.

Source: Ministry of Education and Research and General Secretariat of the Government

Real-time data on the impact of COVID-19 on industry: The National Institute of Statistics launched a number of experimental surveys to understand the real-time impact of the COVID-19 pandemic on industry, imports and exports. These surveys aimed to inform policy decisions and responses to support businesses in this precarious operating environment. These surveys broke with the typical survey cycles to help inform more iterative and reactive policy and service delivery decisions.

Source: National Institute of Statistics and General Secretariat of the Government

Volunteer Promoters in Romania: This initiative arose in response to a need to increase the operational capacity of non-governmental organisations in response to COVID-19. The initiative was led by the General Secretariat of the Government and used educational and collaborative tools to support volunteering of public authorities and collaboration across sectors by directly placing public sector volunteers into non-profit organisations. From 2020–2022, the programme brought together stakeholders from across ministries alongside local public authorities to support the operational capacity of approximately 50 non-profit organisations. This initiative helped encourage collaboration across levels of government and improved outcomes to local communities.

Source: <https://sgg.gov.ro/1/programul-promotorii-voluntariatului-in-romania-2/>

25 Tönurist, P. and A. Hanson (2020), "Anticipatory innovation governance: Shaping the future through proactive policy making", OECD Working Papers on Public Governance, No. 44, OECD Publishing, Paris, <https://doi.org/10.1787/cce14d80-en>.

Research findings

Change drivers, particularly global shocks such as the COVID-19 pandemic and geopolitical situation in Ukraine provide a strong impetus for innovative efforts in Romania (for example faster delivery of services, longer-term resilience and adaptation planning, or new policies to address energy and food crises or the impacts of displaced persons²⁶). COVID-19 already prompted organisations to pursue more innovative approaches (see Case Study: Crises and Innovation: Innovative approaches in the era of COVID-19), typically aimed at enhancing and adapting service delivery in response to changing circumstances. However, it should be noted that most innovations prompted by COVID-19 were short-term or focused on small refinements to the current services or ways of working, rather than prompting systemic and transformational change (see: Systemic Insight #1). The Ukrainian refugee influx has also prompted an increase in pan-governmental innovative solutions (e.g. government-wide meetings to develop government-wide response). Questionnaire respondents from this work indicated that 32.6% of innovations they were involved with worked specifically at adapting to changing circumstances or pressures (See Figure: Goal of Innovations).

"I think the Romanian government is innovative, but not innovative enough for the complex times we are living now. I mean, we have recovered a lot from the past, we had a lot of gaps, but there's a lot of processes that need to be fixed or transformed sooner than then we are doing it."

- Interviewee from this project

Moreover, legislation and government decisions also drive innovative approaches forward in Romania (for example Government Decision No. 427 and Law 52/2003 introduce a requirement to consult stakeholders in Case Study: Public Participation and Consultation and requirement to measure and evaluate results in a consistent and deliberate manner, see Case Study: A shift to better measurement and evaluation of strategies). New legislation has directly been impacting the enabling conditions for innovation (e.g. legislation for the interoperability of data which is currently under development). While audits could prompt innovation, by generating evidence of service underperformance or disruption, there is limited conclusive evidence of this occurring in Romania. Instead, media and citizen scrutiny seem to be stronger change drivers.²⁷ Participants noted that audit is currently seen to be a control mechanisms rather than an opportunity for learning and enhancing better practice²⁸. Few organisations are compelled to be innovative because of uncertainty around the future. Questionnaire respondents indicated that only 17.4 % of innovative efforts aimed at exploring and responding to future trends, falling far below innovation aimed at developing and improving future practice (see Figure: Goals of Innovations). Yet, some positive advancements in the futures space can be observed. In the face of more complex operating environments, future uncertainty and technological advancement, some Romanian public sector institutions (e.g. Ministry of Defence and Ministry of Research, Innovation and Digitalisation) have used uncertainty to prompt future-oriented innovation efforts including futures exploration and engaging with uncertainty. For example, the Ministry of Defence has worked with international partners to build modern defence capabilities, gathered and adopted global best practices on future-focused capability building and learned strategic foresight practices from NATO and international cases.

26 ACAPS (2022), "Webpage: Romania Displacement from Ukraine Conflict", <https://www.acaps.org/country/romania/crisis/displacement-from-ukraine-conflict>, (accessed 12 July 2022).; As at 23 May, over 966,000 people entered Romania after fleeing Ukraine. Romania is also a transit country for many more Ukrainians fleeing the country.

27 British Broadcasting Corporation (2021), "Romania country profile", Romania country profile - BBC News, (accessed January 2022).

28 A functional review of Romania's central audit agency is currently being undertaken to improve its reputation, perception and effectiveness in improving public sector administration performance.

"We have to predict trends and future possibilities... we have to anticipate."

- Interviewee from this project

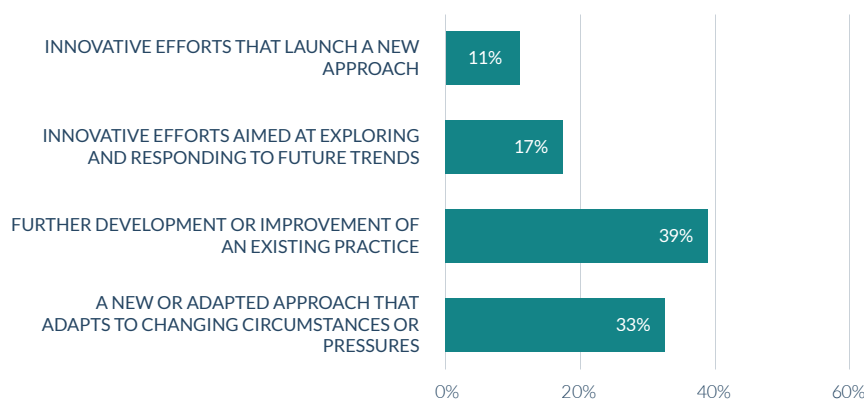


Figure 7. Goal of Innovations: Questionnaire respondents that were directly involved in innovations indicated that the largest volume of innovations aimed at further developing or improving existing practices, while innovative efforts that launch a new approach

Considerations

Crises and shocks are likely to continue prompting innovative change into the future both in Romania and around the world (see: [Figure 7](#)); targeting innovative efforts that are proactive and create impact will prove essential. Romania will thus need to build integrated innovative capacities in the public sector that can grapple with future challenges and uncertainty (e.g. building learning mechanisms and systemic capabilities to scale innovations across the public sector, supporting innovation networks for sharing and scaling of innovative projects). Challenges, such as fluctuating economic growth, pandemic-induced economic pressures, aging populations, pension pressures and fluctuating exchange rates, place pressures on the Romanian Government and could provide an impetus for innovative action in the public sector.²⁹ Romania would benefit from more explicit outlining of why, when and how to use of innovation to deal with these unprecedented trends and disruptions in their national and organisational strategies.

Given the strong reliance on legal frameworks in Romania and the likelihood of a full transformation of the legislative system, legal frameworks may be key to creating a consistent and deliberate mandate for innovating. This is particularly relevant for when systems wide transformations such as those provoked by global and national change drives, are required, as such changes usually require new legislation in Romania.

Audit findings, citizen pressures and media criticism could also prove to be a strong driver of innovation now and into the future. The OECD outlines how audit plays an important role in promoting public sector innovation while maintaining high levels of accountability. Specifically, the OECD notes that auditors can play a key role in facilitating learning that comes from innovation, both regarding improvements to the process of innovating and engaging with risk, as well as how innovation affects outcomes.³⁰ Given the key role audit plays in Romania, as well as current steps already taken to review and improve the audit function, it is timely for Romania to consider how their audit function supports innovation. Audit in Romania could provide more insights into policy issues given their central role,

29 OECD (2021), OECD Economic Outlook, Volume 2021 Issue 2, OECD Publishing, Paris, <https://doi.org/10.1787/66c5ac2c-en>.

30 OECD (n.d), "Auditing for Innovation", OECD Auditor's Alliance, Auditing for Innovation – OECD Auditors Alliance (oecd-auditors-alliance.org).

as well as systemic issues regarding public sector governing and performance, as well as into the effectiveness of innovation processes. In order to do this, audit as a function will need to be modernised and use new ways of working. For example, the OECD suggests that audit functions can change the way that governments work with their clients or communicate their findings³¹.

Finally, uncertain futures and long-term complex challenges will continue to provide an impetus for future-focused innovative efforts in the present. To capture this impetus, Romania could consider a longer-term action of developing institutional structures that are future-fit and capable of revealing opportunities for longer-term policy innovations, such as longer-term planning and foresight capabilities³². It should be noted that effective foresight capacities are generally seen in countries with very high levels of innovative capacity maturity, for example in Finland where foresight is embedded into the legislature and governance.³³

Purpose - Systems level

Factors from the Innovative Capacity Framework: Global agendas, centralised reform efforts, key public sector priorities, trust in government and key societal needs and priorities are common and impactful drivers of innovation across the entire public sector. To do this, these drivers need to be effectively steered at a national level through cohesive and clear strategies that are supported by stakeholders and explicitly identify when and how to use innovation.

Summary of findings: Global agendas, such as ambitions to achieve the SDGs, meet treaty or European Membership commitments and implement global best practices, provide a strong impetus for innovation in Romania. The Government Programme states the importance of innovation, particularly in relation to meeting key ambitions (digital government, de-carbonisation). However, the GP has limited influence in driving innovative efforts, unless aligned with EU agendas. Audit, citizen scrutiny, media pressures and ongoing trust challenges are not yet providing a strong impetus for innovation, as these are typically leading to legal rigour and strict procedure rather than creating a flexible institutional context for innovation to flourish.

Considerations: Buy-in for strategic agendas and alignment of the GP with ISPs and EU priorities is key to sustainability of buy-in for innovative efforts. In the face of audit and scrutiny, citizen concerns and media pressures, a mentality shift is needed to see trust challenges as an opportunity for innovative approaches to be leveraged to improve public outcomes and increase the responsiveness of government to citizen needs.

Political and government agenda

Political directions and government priorities (e.g. reducing budget deficits, eliminating corruption, meeting climate targets etc.) set key focus areas and provide impetus for the use of innovative approaches to achieve the ambitions of government.

31 OECD (n.d), "Auditing for Innovation", OECD Auditor's Alliance, Auditing for Innovation – OECD Auditors Alliance (oecd-auditors-alliance.org), 27.

32 The OECD's Strategic Foresight capability is a structured and systematic way of using ideas about the future to anticipate and better prepare for change. It is about exploring different plausible futures that could arise, and the opportunities and challenges they could present. It helps better anticipation, policy innovation and future-proofing current decisions.

33 The Finnish legislature has a Committee for the Future which considers future trends and responds to the Government's Future Report produced by the civil service each term. In Finland, Sitra is a futures organisation and fund that is responsible for promoting the wellbeing of Finland. It reports directly to Parliament.

Research findings

The Government of Romania has strong goals and plans, outlined in the Government Programme³⁴ (e.g. delivering good quality medical services to all, pension reform), that include specific references to using innovation and are tied to some of most complex national and global challenges. However, Romania's goals and plans regularly shift based on frequent cabinet shuffles and changes in political leadership. As a result, participants remarked that government priorities are often focused on politically beneficial goals with a short term focus. This is a common challenge across countries. For example, a recent publication on [Anticipatory Innovation Governance in Finland](#) noted short-termism, often due to party politics and politicians and political turnover, to be a major challenge to future oriented innovation in Finland. Consequently, even when government goals and plans are linked to organisational and individual work plans, they still tend to drive innovative efforts focused on short-term outputs, or efforts are interrupted before coming to fruition.

"When there's new leadership, there's a tendency to start over again, to reorganise priorities. This is affecting work at the ministry level, work of the technical operatives and everything else."

- Interviewee from this project

Politicians in Romania have to grapple with a wide range of complex problems, and consequently, innovation is not often high on the political agenda. As is common in most countries, political priorities and dynamics in Romania often take priority over introducing innovative public governance approaches. The [2022 BTI Transformation Index Report](#) concluded:

*"Policy learning at the top is limited, because vested interests and party-political calculations take precedence over the sober assessment of the effectiveness and net results of policies."*³⁵

- Interviewee from this project

Moreover, government agendas are not always in clear alignment with European agendas, causing fragmentation of efforts or overabundance of priorities and innovative efforts. While the Government Programme showcases ambitious innovative aims, this is rarely translated into action due to lack of buy-in from staff and time and knowledge constraints that hinder implementation (see: [Institutional Drivers](#)).

Considerations

To enhance the effectiveness of system level drivers for innovation such as the Government Programme, Romania should consider how to better align these agendas with EU agendas as well as organisational plans. For example, in striving to achieve the sustainable development goals, Canada released a federal implementation plan to support the national strategy that included actions to address alignment and coherence, such as mechanisms required to integrate this agenda into existing plans

³⁴ Guvernul României (2021), "Programul de Guvernare 2021-2024".

³⁵ Bertelsmann Stiftung (2022), "BTI 2022 Country Report – Romania, Bertelsmann Stiftung, Gütersloh. BTI 2022 (bti-project.org).

across the civil service³⁶. Taking a similar approach would provide Romania coherence in key objectives and goals in Romania; creating a purpose for innovative efforts and synergies on mission areas and challenges that enable cross-cutting innovative projects. Without this alignment, priorities in the Government Programme are vulnerable to low public sector budgets, limited buy-in and inconsistent follow-through on budget commitments.³⁷ When European projects and the Government Programme are aligned, they can create synergies and drive that is less vulnerable to political shocks.

Secondly, building political and longer term ownership over the Government Programme and key cross-cutting priorities will be key to sustaining drive for innovation, success of innovative efforts and continuity.³⁸ Romania should consider how it can incorporate the OECD's principles³⁹ on policy coherence to promote reform agendas within government structures that outlive electoral cycles and changes in cabinet compositions, for example, by designing this into the role of their audit function.⁴⁰

Global challenges, missions and international standards

International treaties (e.g. Convention on Biological Diversity), global economic and health crises, commitments (e.g. Paris Agreement), global challenges (e.g. climate change), shared goals (e.g. SDGs) and international standards (e.g. EU and NATO norms) are often key drivers of innovative activities in government, particularly when countries seek to perform well at an international stage.

Research findings

European and international agendas provide a strong impetus for innovation in Romania, particularly demonstrated by efforts to achieve the SDGs and climate goals. Such agendas (e.g. UN 2030 Agenda, European Digital Agenda, RRP etc.)⁴¹ are driving more sustainable innovative efforts than the COVID-19 pandemic, which served more as a "focusing event"; favouring ad-hoc innovative efforts and policy resets rather than sustained innovative change.⁴² European agendas and missions in Romania are typically coupled with European funding, time, explicit goals, multi-year planning cycles and dedicated supports – all of which are necessary ingredients for long term, integrated change as well as sustained drive (e.g. Romania's Sustainable Development Strategy 2030).

36 OECD (2021), Implementing the OECD Recommendation on Policy Coherence for Sustainable Development: Guidance Note, pcsd-guidance-note-publication.pdf (oecd.org); In February 2021, the government of Canada released Canada's 2030 Agenda National Strategy. Based on this progress, the government will release a new Federal Implementation Plan, based on five core objectives for engagement and action. Among these, the first objective is fostering leadership, governance and policy coherence. This includes the need to "align federal reporting mechanisms and support the integration of the SDGs into new and existing strategies, policies and programs across federal departments and agencies to increase policy coherence". In fact, the government recognises the importance of enhancing policy coherence across departments and agencies and it is working to integrate the SDGs into federal strategies, policies and programmes.

37 European Commission (2022), Country Review of the Romanian Research and Innovation System, Luxembourg, Publication Office of the European Union. PSF-RO-Final-Report_03.06.2022.pdf (europa.eu); and The World Bank (2020), "Output 7: Final Report Presenting the Results of the Reimbursable Advisory Services", from Reimbursable Advisory Services Agreement on Strengthening Planning and Budgeting Capacity and Supporting the Introduction of Performance Budgeting (P156889), Output-7-Final-Report_en.pdf (gov.ro).

38 OECD (2016), OECD Public Governance Reviews: Romania Scan 2016, OECD Publishing, Paris, public-governance-review-scan-romania.pdf (oecd.org).

39 OECD (2021), Implementing the OECD Recommendation on Policy Coherence for Sustainable Development. See action: Engage with Supreme Audit Institutions (SAIs), or – as in some countries (e.g. Argentina) – Internal Audit Institutions, to ensure monitoring and reporting that goes beyond electoral cycles and that public finances are managed appropriately.

40 Ibid.

41 Guvernul României (2021), "Programul de Guvernare 2021-2024."

42 Tönurist, P. and A. Hanson (2020), "Anticipatory innovation governance: Shaping the future through proactive policy making", OECD Working Papers on Public Governance, No. 44, OECD Publishing, Paris, <https://doi.org/10.1787/cce14d80-en>.

"Within these kind of European projects we are trying a lot of new innovative methods to produce better results

- Interviewee from this project

In addition to driving innovation within organisations, COVID-19 prompted many innovative projects across the entire Romanian public sector system, as discussed earlier. Some examples include frequent ministerial meetings to support a government-wide response, temporary telework, introduction of wage subsidies, tax deferrals and an extensive fiscal package to support businesses – all produced in response to citizen needs.⁴³

However, the public sector of Romania remains intently path dependent and what changes were made during the COVID-19 pandemic have largely reverted back to the status quo rather than leading to systemic, lasting change (see: [Systemic Insight #2](#))⁴⁴. Moreover, while COVID-19 brought some efforts for digital innovation, much of the digitalisation that resulted brought paper projects online without questioning value and purpose, sometimes resulting in duplication (manual and digital processes remain in tandem) or further embedding of poorly organised systems (see: [Systemic Insight #7](#)).

The research process demonstrated a strong appetite in Romania to keep up to international best practices and standards; leveraging the best practices of neighbouring countries and gathering expert advice from the World Bank, OECD and others provides an impetus and inspiration for innovative approaches. Joining NATO and the EU were two crucial defining moments in the history of Romania, leading to innovations in the areas of security, procurement, data protection, climate and more. Romania is also going through the accession process to become a member of the OECD to continue to increase its presence in international space and gain even further access to global expertise that could prompt innovation.⁴⁵

Considerations

Strategic use of global agendas, international co-operation and international memberships (EU, NATO, OECD accession etc.) already play a key role in setting a strong purpose for the Government

Case Study 4: Recovery and Resilience Plan for Romania: A key to long-term innovative efforts?

The Recovery and Resilience Plan (RPP) outlines the reforms and investments planned for implementation by 2026. This 29.2 billion Euro package will support crucial investments and reforms to enable Romania to emerge stronger from the COVID-19 pandemic – a key opportunity for building innovative capacity as the country emerges from crisis. This includes measures on green and digital transition, market cohesion, social and economic resilience and job creation.

Given the multi-year time horizon and cross-cutting challenges it addresses, the RRP can serve as a key mechanism for driving collaborative, pan-governmental and cross-sectoral innovative approaches, particularly around complex topics such as de-carbonisation, e-health and digital skills. The RRP creates a clear purpose for innovation: showcasing how innovative approaches will be crucial to achieve meaningful change in the public sector and necessary for tackling complex challenges over long-term time horizons.

Source: European Commission (2021), *NextGenerationEU: European Commission endorses Romania's 29.2 billion Euro recovery and resilience plan*, https://ec.europa.eu/commission/presscorner/detail/en/ip_21_4876 (accessed on 20 June 2022).

43 Vasile, Boboc and Ghiță (2020), "Industrial relations and social dialogue Romania: Working life in the COVID-19 pandemic 2020. Eurofund. <https://euagenda.eu/upload/publications/wp21029.pdf>.

44 This observation was made in numerous focus groups and showcased in particular by a lack of change to human resource management.

45 OECD (2022), "Roadmap for the OECD Accession Process of Romania." Meeting of the Council at Ministerial Level: 9-10 June 2022. <https://www.oecd.org/mcm/Roadmap-OECD-Accession-Process-Romania-EN.pdf>

of Romania. Explicit use of this clear purpose will help Romania to drive system-wide innovative efforts, particularly around key missions (large-scale ambitions that require a portfolio of initiatives to achieve) that can outlive frequent cabinet shuffles. The combination of the strong global agendas and international memberships, coupled with explicit mandate to use innovation by politicians and senior leaders can push the public sector to challenge the status quo, incubate new projects and use innovative methods.

Leveraging the Recovery and Resilience plan, (see Case Study: [Recovery and Resilience Plan for Romania – A key to long-term innovative efforts?](#)), which came out of the COVID-19 crisis era, will also continue to be a key lever and driver for innovation. It is already demonstrating positive efforts towards driving long term, co-ordinated and lasting change due to its long-term budget and cross-cutting approach to tackling complex challenges.⁴⁶ The RRP is starting to introduce future-focused and systemic innovative efforts, for example participatory approaches to designing solutions and the design of long-term foresight and systems-based capacities into the establishment of their anticipated centre of excellence. This is different to other global shocks, which have largely resulted in incremental and narrow innovations in Romania. Building explicit mandates and permission for using innovation to achieve the strong international, focused and transformational international agendas will better service as a strong purpose and driver for civil servants to innovate to achieve public outcomes.

Domestic dynamics and pressures, public value, democratic principles and ethics

Domestic pressures, such as media and citizen scrutiny, trust, polling and democratic values, such as protecting human rights and responding to public values and needs, can be a strong impetus for innovation which aims at improving public outcomes.

Research findings

Fostering trust in citizens and demonstrating the integrity of democracy and government institutions was consistently raised as an important issue by research participants. However, innovation was not readily identified as an opportunity for achieving this. Rather, the desire to build trust between government and citizens and responding to scrutiny from media and citizens often results in reliance on, and rigid application of, the law.⁴⁷ Historical challenges discussed earlier, such as cases of corruption, have led to a trust gap between citizens and government, one which is often the focus of the political agenda.⁴⁸ Interviews and focus groups conducted through this project highlighted a perception that leaders and politicians prefer to emphasise transparency and accountability by strict application of the law, with a mentality focused on *do no wrong* in order to serve the public in the most accountable way. The possibility of addressing trust issues by working to improve public outcomes (ie. finding innovative ways to delivery public services and design policies to better meet citizen needs) is rarely considered as a solution. With this current approach of emphasising the law, trust issues continue to create a legalistic, strict operating environment that ignores the opportunities that innovating could offer.

Conversely, little mention was made throughout this research process of the overall social wellbeing of citizens and topics such as equality, employment outcomes or inclusivity as drivers or rationales for innovation. The real-time priorities and needs of the public are not always known due to a lack of real-time data capabilities or citizen dialogue opportunities and, when known, the government has few mechanisms to understand whether policies and services are meeting their needs. Consequently, there is a gap in knowledge and therefore uncertainty regarding whether government is actually delivering in

46 European Commission (2021): NextGenerationEU: European Commission endorses Romania's €29.2 billion recovery and resilience plan. https://ec.europa.eu/commission/presscorner/detail/en/ip_21_4876. Accessed 20 June 2022.

47 European Commission (2020), "Public Administration and Governance: Romania". <https://ec.europa.eu/info/sites/default/files/romania-ht0921318enn.en.pdf>.

48 Romania country profile - BBC News and Bertelsmann Stiftung (2020), "BTI 2020 Country Report – Romania."

ways that meet the public's needs.

"We need to better respond to expectations of citizens because government is, or should be, serving citizens. In order to meet their increasing expectations, we need to innovate and be prepared to tackle the issues that are more and more sensitive and increasingly normative or challenging."

- Interviewee from this project

Considerations

The issue of trust is likely to remain on the forefront of the Government agenda for decades to come. Rebuilding trust and the relationship between government and citizens can be a strong driver for innovation in Romania. The OECD has produced a Drivers of Trust Framework which states the need for an "an innovative and efficient civil service that responds to user needs" as a key competency.⁴⁹ The other drivers also prompt innovative methods, including future-oriented policy making and citizen and stakeholder engagement, balanced with maintaining integrity. Given the Romanian Government's strong desire to build a trusting connection with citizens, Romania should prioritise innovative efforts to complement their focus on integrity. By doing this, Romania will be able to better understand their needs, develop and monitor novel policy solutions; key components to building a public service that is responsive to the public and, in turn, fostering trust.

As a longer-term consideration, Romania could also consider capitalising on their digitalisation and data interoperability priorities⁵⁰ by pursuing channels to gain real-time data on citizens' needs and lives and by opening up data to citizens to enable them to use evidence to influence policy making⁵¹. For example, Romania could expand the use of digital feedback inboxes to gain citizen feedback earlier in policy design, undertake citizen surveys or dialogues on various topics or utilise crowdsourcing or workshopping techniques for exposing needs and policy solutions (for example, Finland has a range of digital tools for citizens to participate during the law-drafting process, user surveys, civic councils on how democracy could be strengthened and crowdsourcing of policy ideas⁵²).

Public Sector Reform Agendas

Cross-cutting reform agendas in the public sector are an opportunity to drive systems-wide innovative change. Such efforts can prompt innovative approaches to the operations of the public sector, tackling issues in interdisciplinary ways, and increasing interoperability to enhance the design of policy and delivery of services.

Research findings

Despite numerous attempts at public sector reform, fragmentation of reform and strategic efforts have hindered the impact of strategies that have the potential of driving innovative change, such as the

49 OECD (2021), "Framework on Drivers of Trust in Public Institutions", OECD Framework on Drivers of Trust in Public Institutions.

50 For example, Romania is currently developing legislation for data interoperability and sharing, and has a strong digitalisation agenda as seen in the RRP, in their Government Program and in through the current review by the OECD.

51 A report by the World Bank on Citizen driven innovation highlights different opportunities to understand citizen needs and co-create solutions with citizens.

52 OECD (2021), Civic Space Scan of Finland, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/f9e971bd-en>.

Public Administration Development Strategy.⁵³ While innovative approaches are often encouraged in institutional strategic plans, the institutional strategic planning process remains fragmented and often detached from the whole of public sector level. Thus, there is a lack of a cohesive strategic agenda across the entirety of the public sector to support innovation and ensure strategic alignment of public sector ambitions, values and challenges. To date, strategies tend to be fragmented in each ministry rather than building on synergies with one another across the system including on cross-cutting agendas such as the SDGs.⁵⁴

Moreover, frequent political turnover has threatened the longevity of reform efforts and corresponding innovative activities. This, paired with the sheer volume of strategic directions, reform efforts and ISPs makes it difficult for politicians to buy into these efforts and pursue innovative approaches to deliver on them (e.g. Human Resource Reform, Public Administration Development Strategy 2014–2020, Strategy for consolidating public administration activity etc.).⁵⁵

Furthermore, limited involvement of stakeholders in the design of reform efforts has resulted in low buy-in.

“If we speak about reform, we have to bring everybody to the table, to brainstorm on the ideas and try to have a plan for the long term, because you cannot speak about changing something without a long-term plan.”

- Interviewee from this project

Considerations

Focus group participants from this project noted the potential that key reform agendas offer to help drive innovative efforts and promote cohesion across the public sector system. To improve the effectiveness of reform agendas in driving innovation, these agendas need to be co-created with stakeholders (particularly those involved in delivering the agendas), and they need to build on synergies with ISPs and European projects. Political buy-in for reform efforts will also be key for socialising strategies, supporting their dissemination and adoption across ministries and encouraging innovative methods for delivering on strategies.⁵⁶

53 European Commission (2020), “Public Administration and Governance: Romania”, and OECD (2016), OECD Public Governance Reviews: Romania Scan 2016.

54 A lack of institutional anchorage of reforms, as well as difficulties in finding synergies and connecting reform projects were both highlighted as key challenges in OECD (2016), OECD Public Governance Reviews: Romania Scan 2016.

55 OECD (2016), OECD Public Governance Reviews: Romania Scan 2016.

56 The World Bank (2020), “Output 7: Final Report Presenting the Results of the Reimbursable Advisory Services”, from Reimbursable Advisory Services Agreement on Strengthening Planning and Budgeting Capacity and Supporting the Introduction of Performance Budgeting (P156889), Output-7-Final-Report_en.pdf (gov.ro).



Potential for Innovation: What determines whether innovative efforts are attempted?

Potential - Individual level

Factors from the Innovative Capacity Framework: *Fostering staff autonomy and discretion over their work, the ability and opportunity to take ownership over tasks and a forum to work creatively, play a key role in shaping an ideal environment for individuals to work in innovative ways and put forward innovative ideas. This can be addressed in both job design (such as job descriptions) and building organisational environments that enable employees to work independently, collaboratively and to challenge the status quo (e.g. delegation of authority, discretion over tasks, opportunities to exercise creativity).*

Furthermore, innovative principles, practices and approaches need to be embedded into every day workflows, strategies and guiding documents. Innovation hinges on staff feeling free, safe and in a trusted environment to challenge the status quo, surface new proposals and experiment with new solutions. Staff need to be provided the time and space to innovate and should be able to see how their work connects to organisational goals and objectives.

Summary of Findings: *Individual public servants in Romania often perceive limited autonomy over their work as they are subject to strict laws, abiding by job descriptions (which don't explicitly name innovative tasks) and hierarchical structures. Moreover, multi-layered decision-making structures blur lines of accountability, exacerbated by a lack of communication between decision makers and technical staff. Innovation is far from normalised in the public sector culture, despite the fact that strategic directions state the importance of innovation. Individuals are not granted the time nor space to innovate and experiment.*

Considerations: *Leaders need to play an important role in providing staff permission and opportunities to innovate: showcasing that staff are welcome to challenge the status quo and bring forward new ideas. Moreover, emphasis needs to be placed on building a collaborative culture and engagement between leaders and public servants to provide opportunities for ideas to surface and for staff to feel involved in the decision-making process.*

On a tactical level, job descriptions should be improved to include explicit mention of innovative practices and critical thinking to explicitly create opportunities for these activities. Moreover, individual tasks and job descriptions should be aligned to operational demands, key government strategies and ambitions to help improve lines of accountability and showcase to individuals their role in delivering on these ambitions.

Individual Job Design

The autonomy of staff over their work can help motivate optimal effort, including finding new innovative approaches to current challenges. Moreover, ownership and accountability can help encourage staff to work efficiently and effectively to find and deliver solutions. Furthermore, job descriptions and design should explicitly include innovation tasks to provide permission and opportunity to innovate.

Research findings

In the Romanian context, job descriptions (tasks, duties etc.) strongly emphasise the importance of legal compliance, administrative tasks, implementation and comprehension of laws and regulations.⁵⁷ Little mention is given to innovative skills and qualities including collaboration, problem solving, experimental mindsets and behaviours as well as specialised skills such as strategic foresight and behavioural insights that are needed for innovative workplaces.⁵⁸ Moreover, there is a general tendency of public servants to stay strictly within their job descriptions and conduct the exact tasks outlined in their roles, even if these tasks are not necessarily aligned with the current needs, as this is what is expected of them by management. Given these constraints, staff are often working in strict constraints rather than exercising creative freedom and pursuing innovative approaches in their subject areas.

“Romanians are afraid, the public sector is frightened to bits of trying to do anything because they are afraid of the law.”

– Interviewee from this project

Individual public servants often experience limited autonomy over their decisions due to limited direct accountability for their work and extensive approval processes which detach technical experts from the decision-making layer. Moreover, public servants are constricted by legal frameworks: for example, there are currently 27 relevant legal frameworks that govern public servants, oftentimes causing confusion, duplication and misunderstanding on what is “allowed”.⁵⁹ In the case of European projects, individuals are given more autonomy and influence over their work, project design and implementation. Outside of these European projects, individuals lack empowerment to try new things. Instead, they are constrained under the burden of the law, strict job descriptions and internal approval processes leaving little room to adapt day-to-day work to modern realities, where the tasks and duties of each job should evolve in relation to changing priorities and operating environments.

Case Study 5: Innovation and Design Positions in the Latvian Government

In recognition of the need to recruit and retain skilled employees to lead and support innovative efforts, the Latvian Government has introduced a job family specifically targeting individuals with experience in innovation areas such as service innovation, design, co-creation, design thinking, agile project management, experimentation and beyond. By recruiting and integrating staff with specialised innovation skills across the public sector, innovative activities are better supported, institutionalised, recognised and normalised.

Recognising innovative skills in job descriptions, and recruiting staff with specialised skills can help increase the capacity of the public sector of Romania to innovate.

Source: Cabinet of Ministers, Republic of Latvia.

57 European Commission (2020), “Public Administration and Governance: Romania”; also found in sampling of job descriptions provided by General Secretariat of the Government.

58 NESTA (2019): “Skills, attitudes and behaviours that fuel public innovation.” *Nesta_CompetencyFramework_Guide_July2019.pdf*.

59 Guvernul României (September 2016), “Hotărârea nr. 909/204”, *strategie_adm_publica__1_.pdf* (gov.ro).

"People are very, very reluctant to adopt new ideas. They don't want to make changes in their current tasks. They want to do the same task every day with the same technologies and with the same methodology and so on."

- Interviewee from this project

Considerations

Employees in Romania need to understand how their jobs align with broader priorities and be provided with clear permission and opportunities to use innovative approaches to address challenges and increase the effectiveness of their day-to-day work. Given that the tasks in job descriptions are typically reflective of individual's daily work, an easy improvement is to ensure that job descriptions include innovative skills and identify when to use innovation in their tasks (see [Case Study: Innovation and Design Positions in the Latvian Government](#)). Moreover, involving technical level staff in decision-making, in particular, ensuring that their perspectives are heard, will be key to building trust and accountability and creating an environment where technical level staff can surface innovative ideas to management.

The [OECD Study on the Future of the Public Service](#) notes the importance of developing a sense of purpose for employees to align their work with key missions, impact and values of their organisations. In Romania, this can be done through alignment of job descriptions to these goals, leaving individuals the autonomy to work in effective ways, building trust between employees, and prompting a shift "away from jobs defined by rules towards jobs defined by objectives, autonomy and accountability for results" towards a context "where employees feel empowered to test new approaches and innovate."⁶⁰

2 in 5
questionnaire respondents felt
supported by a culture of innovative
thinking and doing.

Work environment and perception of work environment

Trustful, collaborative, flexible and open work environments are key to enabling innovative behaviours.

Research findings

"It's quite unusual to be very innovative without working together, because you could be a dreamer in your corner, but I'm not quite sure these dreams will be harmonized with the dreams of others."

- Interviewee from this project

Many interviewees and focus group participants perceived that innovation is not possible nor accepted in their teams and organisations. They noted that they can feel highly constrained by law and strict procedures with few explicit opportunities and limited time for creativity and experimentation. A small fraction of participants noted willingness to challenge existing legal frameworks and work within the flexibilities that exist to be innovative.⁶¹

⁶⁰ OECD (2021), *Public Employment and Management 2021: The Future of the Public Service*, OECD Publishing, Paris, <https://doi.org/10.1787/938f0d65-en>.

⁶¹ Based on interviews and focus groups.

"When I came here in 2014, there was one procedure. Now there are several, let's say four or five procedures for the same kind of paperwork that we are doing"

– Interviewee from this project

While innovation principles appear in key strategic documents such as ISPs and the Government Programme, interviewees and focus group participants noted that they are not yet embedded in the everyday life of the Romanian public sector, despite adherence to the [OECD Declaration on Public Sector Innovation](#) (see [Case Study: The Declaration on Public Sector Innovation](#)). While some teams are supportive of innovation, staff are not systematically encouraged to bring forward new ideas and individuals are not empowered by strategy, limiting the potential for innovation⁶². In addition, collaboration and working across teams is inconsistent and further constrained by staff workloads, limiting the conduciveness of the work environment to undertaking innovation or dealing with systemic and cross-cutting issues.⁶³

Case Study6: Challenging the status quo in Portugal

The **"Right to Challenge"** within the Government of Portugal enables public servants to signal and intervene when they identify a problem or gap in the government's approach to a problem or a specific legislative issue. Once the problem is identified, public servants are supported in developing experimental projects to develop an innovative solution to the problem or gap. The "right to challenge" mechanism enables a temporary suspension of existing legal regimes for the duration of the project to enable creative solutions to be developed.

The **Right to Challenge** provides public servants the autonomy to take action and disrupt the status quo when processes, legislation and policies are mismatched with modern contexts. Moreover, offers a cultural shift in what is perceived as possible. This type of mechanism could be very effective in Romania to break with the tendency of sticking with the status quo, even when inefficient or lacking effectiveness.

Source: OECD Observatory of Public Sector Innovation (2022), [Innovation Playbook](#).

62 Focus group participants indicated that strategies are limited in meaning as they are often not deliberately implemented and supported.

63 This observation came up frequently in focus groups and workshops.

"We are sometimes suffocated because of the procedures... everybody is covering themselves with procedures, so that no one should be responsible."

- Interviewee from this project

However, in some cases, such as in the EC funded projects, the inverse can be observed; individuals and teams are empowered with greater autonomy and flexibility to achieve larger goals due to extra funding and flexibility provided by EC project frameworks.

There is limited ownership and direct accountability over work due to extensive approval processes (which are time consuming and stifle innovation), and limited interaction between management and technical levels in decision-making. Technical experts sometimes feel unheard by management and have the impression that knowledge in the relevant subject matter is limited at the management level.⁶⁴ This can complicate knowledge sharing between technical level staff and decision makers, cause trust issues and hinder dialogue around innovative solutions.

When staff are exposed to new approaches and methodologies, there is often a desire to learn. However, currently there are few exposure opportunities for them to learn and develop skills (see: Practical Ability). Limited exposure to innovative methodologies such as behavioural insights, strategic foresight, agile project management etc. means that the potential of innovative approaches is not always known. While not always recognised for this, technical level public servants tend to be quite adaptable as they are accustomed to dealing with frequent leadership and institutional changes. This adaptability can be nurtured for innovation to take shape.

Considerations

Firstly, leaders should play an important role in recognising innovative work of individuals and inviting technical level staff into discussions so they feel heard, acknowledged and recognised for their work.⁶⁵ Building a trusting relationship between leaders and staff will help create a safe space for new ideas to surface and for staff to challenge status quo operating procedures and policies that may need overhaul. Furthermore, for innovation to take shape, it's crucial to foster collaborative team environments⁶⁶ and dedicate team time to innovation (particularly discussion, testing and experimenting with new approaches). Building opportunities for staff to be creative, reflect and learn, and enhance their innovative behaviours (curiosity, insurgency etc.) – while ensuring that there is trust and collaboration for meaningful interactions across teams – will help create a work environment where individuals feel empowered and encouraged to innovate. This type of work environment can be fostered naturally with strong leaders, or can be supported more deliberately by formal mechanisms to challenge the status quo and surface new ideas (see Case Study: Challenging the status quo in Portugal). Romania also needs to design work environments that encourage middle managers innovate as they often do have more autonomy and ability to absorb risk than the technical level staff. Research has shown that in addition to the items listed above, managerial innovation is also linked with how well their teams are operating, higher management support, a feeling of job security and personal ability to manage work stressors⁶⁷.

On a larger scale, strategies which propose innovative principles and actions need to be socialised across ministries and linked to individual accountabilities (e.g. through job descriptions and

64 This observation came up frequently in focus groups and workshops.

65 Gerson, D. (2020), "Leadership for a high performing civil service: Towards senior civil service systems in OECD countries", OECD Working Papers on Public Governance, No. 40, OECD Publishing, Paris, <https://doi.org/10.1787/ed8235c8-en>.

66 Ramos, et al. (2018), "Antecedents of innovation in industry: The impact of work environment factors on creative performance", Antecedents of innovation in industry: The impact of work environment factors on creative performance | Emerald Insight.

67 Alabduljader, Salah (2019), "The effective role of work environment and its influence on managerial innovation", Management Science Letters. 9. 91-104. 10.5267/j.msl.2018.10.013.

performance management frameworks) in order for them to prompt action.⁶⁸ Engaging staff in strategy design processes and working with staff to help them understand innovative strategic directions (e.g. the Declaration on Public Sector Innovation) and exposing them to new approaches (e.g. change management, behavioural insights) will prove essential to creating an environment in which innovation can flourish. Further, using job descriptions to give individuals ambitious and challenging work and freedom or autonomy to consider how to carry out and achieve this work⁶⁹.

Potential - Organisational level

Factors from the Innovative Capacity Framework: Leaders play an important role in opening up opportunities for staff to innovate. This includes fostering an environment of mutual trust, collaboration, supporting innovative efforts, openly discussing and learning from failure, encouraging work across silos and communicating effectively with staff across organisations. Institutional factors, such as clear roles and responsibilities and the extent to which institutions are resilient despite political turnover, can also play a key role in carving space for innovative efforts and ensuring continuity.

Summary of Findings: ISPs and the Government Programme showcase a clear desire for innovative approaches. However, leadership and political support for innovation remains scattered throughout their implementation. Fear of public scrutiny in the event of failure (which is more common in innovative projects), as well as competing priorities politicians and leaders are juggling often leads to de-prioritisation of innovative efforts in relation to other organisational activities. Furthermore, institutions have been vulnerable to regular shifts in institutional structures and political priorities: causing disruption in ongoing innovative initiatives and difficulty building buy-in for new strategies and priorities with each new change; limiting the possibility of strategies to result in innovative efforts.

Considerations: Leadership needs to play an active role in supporting innovation and normalising failure and learning across organisations; leading both in words (ie. through ISPs) and action (supporting risk-intensive projects, promoting discussion around failures). This will require leadership training and effort to socialise a future innovation strategy amongst leaders to build buy-in and support. Furthermore, in a context of frequent institutional changes, developing and supporting key reform efforts and long-term strategies (e.g. innovation strategy) will be key to providing a consistent enabling environment for innovation.

Leadership decision-making, practice and style

Leaders play an important role in providing permission for innovation and stewarding a collaborative and innovative environment on teams.

50%
of questionnaire respondents agree that their leadership has good frameworks for finding solutions, creates a culture that puts citizens first and fosters a work environment that is trusting and open.

68 The World Bank (2020), "OUTPUT NO. 7: Final Report Presenting the Results of the Reimbursable Advisory Services", and OECD (2021), Public Employment and Management 2021: The Future of the Public Service.

69 Ramos, et al. (2018), "Antecedents of innovation in industry: The impact of work environment factors on creative performance".

Research findings

"When top management doesn't have the vision, on what to do and what's going to happen around us, it makes it very complicated for the rest of the administration."

- Interviewee from this project

To date, leadership and political support for innovation, while present on paper in ISPs and the Government Programme⁷⁰, is perceived as limited amongst staff. Only 50% of questionnaire respondents agreed that leadership clearly communicates the need to do things in new, better or different ways, and 49% agreed that leadership appropriately weighs innovative opportunities against risk and current needs, signalling an overall perception that leaders are not strong advocates of innovation⁷¹. Focus group participants noted that the greatest innovative successes they observed were when key leaders were supportive of innovation (e.g. Procurement Strategy). In the absence of supportive leadership in Romania, appetite for innovation at the technical level is stifled.⁷²

This research revealed a wide range of experiences, capacities (e.g. experience in public administration, innovation etc.) and mindsets (insurgency, openness etc.) of leaders within Romania. While some leaders, such as state secretaries recognise the need for innovation and are champions of this work, many leaders, particularly middle managers, are challenged by competing priorities and a fear of failure (and associated public scrutiny) when championing innovation. At times, even when leaders state they are supportive of innovation, in reality, fear of scrutiny stifles their ability to follow through on this statement in their actions, decision-making and management of teams.⁷³

For example, during interviews, one senior executive shared:

30%

of questionnaire respondents indicated risk tolerance and openness of leadership to be a barrier to innovation. The questionnaire surfaced attitudes toward leadership and the extent they weigh innovative opportunities against risk and current needs. Only half agreed that their leadership did this.

"What I try to transmit to others is that every day we can change things, of course, step by step, small improvements, but it depends on us and it's very important to work in a team. When you have an idea, it's very important to discuss it with your superior. I also encourage staff to take risks, and when failure or mistakes happen, it's just the reality of trying new things. So for me, it's more important to try to do it and to have innovative activities than not doing anything."

- interviewee from this project

70 Governul România (2021), "Programul de Guvernare 2021-2024", <https://gov.ro/ro/obiective/programul-de-guvernare-2021-2024>; innovation is mentioned 83 times in the Government Programme, while sometimes referring to RDI areas, it is mentioned many times in conjunction with government operations, digital government etc.

71 Based on questionnaire responses from this project.

72 This was a common observation amongst interviewees and focus group respondents.

73 Noted in focus groups.

This contrasts with the perspective of another decision maker who observed the importance of legal abidance to be paramount:

"We have to respect the law, even if that law is not, let's say, reflective of reality, we have to respect the law, because it is written."

- interviewee from this project

Some managers and leaders are fearful of taking ownership over decisions and unwilling to assume risk or change due to fear of scrutiny and may even delegate risk to other signatories. This is influenced by the history of corruption allegations and distrust in government which encourages emphasis on the importance of abiding by the law (to prove accountability) and demanding many signatories (to divide responsibility) on documents.⁷⁴ This permeates into the public service culture: creating a culture fearful of risk and lacking openness to change⁷⁵. Consequently, while middle managers have some opportunities to influence decision-making, they rarely use these opportunities. Technical level staff sometimes feel that management does not engage meaningfully in discussion and consequently, few forums exist to propose innovative ideas or solutions.

Case Study 7: Learning from failure in the Netherlands

The **Institute of Brilliant Failures** in the Netherlands was established out of recognition of the importance of embracing risk-taking activities and experiments, showcasing learnings and experiences and learning from failures and successes. The Foundation runs an annual "Brilliant Failure" award for projects that were well prepared but resulted in unexpected outcomes. The Foundation ultimately seeks to shift attitudes towards risk and failure and create opportunities to learn to lead to better outcomes.

Changing the culture around risk, experimentation and failure is a necessary step on the journey to building innovative capacity – learning from risky projects, which sometimes fail, is critical for any government to achieve its full innovative potential. Leadership openness to failure and risk-taking is an essential first step.

Source: Institute of Brilliant Failures (2022): <https://www.briljantemislukkingen.nl>. Accessed 20 June 2022.

"I think the best advice that can be given [to leaders] is to talk more to the people under you to, to discuss and even to their desks unannounced and ask them: what can we do to improve your work and the work that we are doing for the citizens? If you do this, you will come up with more good ideas that you could ever imagine."

- Interviewee from this project

Considerations

Creating an environment conducive to innovation will depend on leadership culture and recognition that innovation is key to meeting organisational priorities and delivering better outcomes. While

74 Noted in interviews and focus groups.

75 Noted in interviews and focus groups.

strategies are a starting point, leaders need to drive the implementation of strategies and foster a workplace culture where innovation is encouraged and failure is normalised and learned from (see Case Study: Learning from failure in the Netherlands). Key to this is building leadership capacities and awareness of the need for innovation, how to influence organisational culture and how to manage failure and evaluate projects in the context of innovation (see Case Study: Senior Leadership Development Programme in Latvia). A coherent leadership approach to innovation over time will shift social norms and values in organisations that promote and organisational culture of trust, collaboration, high performance and innovation. Leaders need to set the tone in their organisations to one where innovation is seen as an essential practice to deliver efficiently and effectively on organisational objectives.⁷⁶ This can be explicitly supported through performance management and accountability frameworks for leaders linked to organisational goals as well as by advancing missions, building trust and improving government performance.⁷⁷

"The main values promoted by the public administration are obedience and loyalty not professionalism nor competence."

- Interviewee from this project

Case Study8: Senior Leadership Development Programme in Latvia

The Latvian Government, with the support of the European Commission, introduced a training programme for leaders to build leadership capacity in areas such as cross-sectoral collaboration, innovation, communication and strategic human resource management amongst others. This training programme aims at strengthening leadership skills across policy areas and increasing communication between ministries to promote whole-of-government and systemic approaches. Furthermore, it focuses on changing attitudes, behaviours and habits of public administration, specifically around:

- Entrepreneurial thinking and behaviour
- Empathetic leadership, particularly towards entrepreneurs/ innovators
- Changing habits towards user-oriented approaches
- Implementation of user-oriented public services and policies

Through personalised leadership training plans, this programme blends training on topics such as organisational performance with conferences and annual events to promote collaboration and learning across the entire government. For example, the focus of the 2019 annual conference of this programme was on *Innovation and Experimentation*; including reflection on management's role in innovative activities, practical workshops to build skills and designing an innovation manifest for senior leaders. To date, the programme has involved 71 institutions and 1,041 professional development activities.

While leadership training can be costly, this project showcased the importance of shifting the focus on leadership from thinking of "management" towards a focus on strategic leadership that can drive innovation and transformation in government. This includes how leaders champion and support innovative and change management activities, including those that involve additional risk.

Source: European Commission (2020), "ESF project "Senior leadership development programme in public administration", <http://bit.ly/PAPA-PPMI>. and Reinholde, Iveta (2019), "Senior leadership development programme in public administration: Case study of a Latvian ESF project under the study 'Progress Assessment of ESF Support to Public Administration' (PAPA)".

76 OECD (2021), Public Employment and Management 2021: The Future of the Public Service.

77 Ibid.

Institutional settings and positioning

Institutional stability, including consistency in roles and responsibilities, structure, levels of trust and insulation from the political cycle are key to continuity of innovative initiatives.

Research findings

One key challenge blocking the potential of innovative efforts at the organisational level is the vulnerability of institutional structures to political cycles and change. Interviewees noted frequent changes in the role and structuring of institutions and regular cabinet and leadership shuffles that hindered the continuity of initiatives and made it difficult to back the changing strategic vision of different institutions and leaders. When innovative initiatives are launched with the support of politicians, leaders or a strategic plan, they are vulnerable early termination due to a change in leadership or strategy – causing individuals and teams to be progressively less interested in attempting new innovative projects. An exception can be observed in European projects which provide longer-term funding and clear project timelines that remain regardless of political or priority changes – these provide an ideal environment of stability for innovation to occur.⁷⁸

“Because of management instability, or constant changes in management, sometimes you just need to start over to just keep starting over.”

- Interviewee from this project

Interviewees and focus group participants noted that institutions in the Romanian public sector are largely independent from each other in the execution of their duties. As such, innovation can be pursued within institutional boundaries. However, norms that go against collaboration often interfere with cross-cutting innovative efforts. Participants in focus groups noted that there is a limited collaborative culture within many public sector organisations and individuals are rarely encouraged to work across teams and silos to tackle problems and challenges.

Considerations

In a context where institutional structures and leadership shift frequently, supporting continuity through public sector wide reform efforts and strategies (such as an innovation strategy) will be key to enabling innovation. Moreover, encouraging institutions to work across structural lines to collaborate on cross-cutting innovative efforts such as mission-oriented innovation and systemic approaches to innovation will be needed to break through the current siloed approach (e.g. working groups on key topics, or missions that span across government departments).

Potential - Systems level

Factors from the Innovative Capacity Framework: Building a deliberate and consistent enabling environment for innovation demands political signalling that innovation and risk-taking is expected and normalised, as well as strategies that make clear the need for innovation to achieve key public sector goals and priorities (including an explicit innovation strategy and mention of innovation in larger strategies). Furthermore, governance dynamics between levels of government should enable cross-cutting innovation (e.g. clear communication, clarity on distribution of budgets, collaboration mechanisms).

78 Noted by interviewees and focus group participants.

Summary of Findings: *Strategies in Romania demonstrate a clear desire for innovative approaches. However, without consistent political support for innovative principles, and prioritisation of these principles at the strategies' implementation phase, strategies are not supporting an environment conducive to innovation. Furthermore, limited involvement of staff in the creation of strategies, lack of time for implementation and lack of understanding of their meaning is hindering their effectiveness. Finally, collaboration between levels of government and ministries continues to fall short in providing an optimal environment for cross-cutting innovative efforts.*

Considerations: *The strategy design and implementation process needs to be reformed in Romania to place co-creation at the centre and increase the normalisation and dissemination of strategies across the entire public sector system. Strategies need to be disseminated widely amongst staff to showcase their value, build buy-in and support systemic implementation. Furthermore, political support for innovation remains sporadic, building political-buy in for innovative initiatives will be crucial to their success. Finally, collaboration structures need to be formalised and enhanced to support innovative efforts that span across government, including the implementation of key reform agendas and the RRP.*

Strategy design approaches

Embedding innovative principles into strategies (including balancing current and future priorities, continuity and disruption, user-centred design and co-creation) is key to establishing a context where innovation can flourish.

Research findings

Strategies should play an important role in setting a clear purpose and direction for innovation, but also in providing opportunities (including a framework and mandate) for innovative approaches to be leveraged to achieve goals and agendas. To date, strategies (such as the Public Administration Development Strategy, Strategy for the Digital Agenda in Romania, overarching Government Programme etc.) across the Romanian public sector demonstrate a clear desire for innovation – this is a major opportunity to propel innovative change. To date, however, strategies are fragmented and aren't co-created with stakeholders to reflect stakeholder perspectives. Moreover, many strategies suffer at the implementation phase, including issues with measuring indicators. This hinders the potential to turn the innovative ambitions that are communicated in strategies into concrete innovative action. Moreover, there is limited ownership over strategies, both at the management and technical levels, impacting the ability of strategies to translate into innovative

Case Study 9: The 2015–2020 Procurement Strategy in Romania

The 2015–2020 Procurement Strategy was developed in response to two key drivers: firstly, the need to confront the domestic challenge of slow procurement procedures hindering the absorption of EU funds and discouraging private sector collaboration with the state, and secondly, to transpose the new EU directive on procurement into Romanian legislation. Under the umbrella of the Prime Minister, the Minister of EU funds co-ordinated an interministerial committee gathering key stakeholders from across the public sector as well as private actors to develop the 2015–2020 Procurement strategy, which is currently in the process of renewal. This innovative strategy was made possible through extensive co-ordination, monitoring from the Centre of Government, a management performance framework adopted by the delivery unit, the determination of stakeholders to improve the system and the supervision of the EC.

The Procurement Strategy showcased the importance of collaboration, engagement and innovation when tackling complex challenges and improving the way government collaborates across sectors. It demonstrated the possibilities that come from engaging a wide ecosystem of actors in delivering procurement solutions and developing strategic direction. Unfortunately, the five-year time frame has hampered the continuity of these efforts. However, great potential could come from these types of collaborative strategic approaches.

Source: Romanian General Secretariat of the Government (2022).

action.⁷⁹ These challenges can be observed with the creation of institutional strategic plans as well as public-sector wide strategies. One exception can be observed in the 2015–2020 procurement strategy which was co-created with stakeholders, supported by strong, innovative leadership and emphasised collaborative approaches (see Case Study: 2015–2020 Procurement Strategy in Romania).

“Too many strategies and plans were developed with different kinds of assistance, and different silos in government.”

- Interviewee from this project

There is demand on the centre of government to work in more cross-cutting and collaborative ways to support key systems-wide strategies and goals. In 2018, a National Reform Program on strengthening the strategic management function of General Secretariat of the Government (GSG) aimed at increasing the role and capacity of GSG to support ministries in strategic planning.⁸⁰

“Ministries are normally on board when we promote something, but then people change or people are replaced, or ministries are reshuffled, or they become just a department within another ministry.”

- Interviewee from this project

Considerations

The strategy design and implementation process in Romania presents a key strength and opportunity for innovation but needs a major overhaul to ensure that the innovative ideas mentioned in strategies can translate into concrete action. To date, lacking capabilities in strategy design, implementation and evaluation often block innovative ideas from translating from a strategic plan into reality.

An overhaul of strategy design processes would be beneficial to support the use of innovation to achieve better outcomes. Notably, this could include:⁸¹

- Co-creation of strategies (strategic plans should gather the perspectives of many stakeholders to ensure they reflect user needs and are meaningful to those implementing them). Potential for this is outlined in Government Decision no. 379 (see Case Study: A shift to better measurement and evaluation of strategies).
- Improved linkages between design of strategies and design of key performance indicators (KPIs) of public sector, organisational and individual performance.
- Better integration of impact analysis and regular re-iteration to adapt to the changing environment or lessons learnt, including from experimentation.
- Greater strategic cohesion across ministries that offers potential for cross-cutting, systemic innovation and missions (currently, there are many strategies, but limited co-

79 OECD (2016), OECD Public Governance Reviews: Romania Scan 2016.

80 General Secretariat of the Government, (n.d.). “PLANUL STRATEGIC al Secretariatului General al Guvernului pentru perioada 2007-2009 Componenta de Management”, http://www.sgg.ro/docs/File/UPP/doc/Planuri_strategice/Secretariatul_General_al_Guvernului/Plan_strategic_SGG.pdf

81 OECD (2020): Romania: Institutional scan to enhance policy coherence for sustainable development: Highlights. <https://www.oecd.org/gov/pcsd/romania-institutional-scan.pdf>; this Implementation problem also noted in OECD (2016), OECD Public Governance Reviews: Romania.

ordination across government in delivering on these strategies and limited opportunities to link ISPs and larger reform strategies).

Without these elements, and in a context of political and institutional flux, strategies are not enabling transformational change.

The Government decision no.427, adopted in March 2022, should also serve as an important tool for improving the development, implementation, monitoring, evaluation and overall effectiveness of government strategies (see Case Study: A shift to better measurement and evaluation of strategies).⁸² An analysis on the *Identification, planning and implementation of actions for reducing and eliminating the malfunctions within ministries* provided similar recommendations on overhauling the strategic design approach to improve implementation and effectiveness.⁸³ This further includes linking ministerial budgets to indicators, implementing programme budgeting and allocation resources directly to evolving strategic priorities. Moreover, they noted the need for professional training in designing, implementing and monitoring strategic plans.⁸⁴

"In the context in which strategic 'meat' is missing and there are no clear indicators, anticipated outputs, synergies etc., the work of a public servant is rather a jungle than a framework."

- Interviewee from this project

Political signalling

The political layer plays a key role in signalling support for innovation. This can include explicit support such as declarations on innovation or manifestos, or more implicit supports such as stewarding innovative culture and favouring innovative solutions over the status quo.

40%
*questionnaire respondents found
political attitudes to be a barrier to
innovation.*

Research findings

In a highly politicised public sector context in Romania, the potential for innovation depends heavily on political support for innovative initiatives. Where political support is available (e.g. COVID-19 responses, procurement strategy), innovation has flourished. Obtaining political support for innovative initiatives remains an ongoing challenge in the Romanian public sector context, particularly in terms of gaining the support of ministers (interviewees noted gaining state secretary support has been more obtainable). Moreover, the volatility of the political cycle is a significant barrier to continuity – even when political support exists, it is likely to be lost with ministerial changes following cabinet shuffles and elections.⁸⁵ There is limited evidence on whether a consistent and empowering relationship exists

82 Guvernul României (2022). METODOLOGIE din 23 martie 2022 de elaborare, implementare, monitorizare, evaluare și actualizare a strategiilor guvernamentale. <https://legislatie.just.ro/Public/FormaPrintabila/00000G0RVYI3C4CEF632A2BPGBA9FYBT>

83 Guvernul României (n.d.), Analiză Privind Acțiunile De Control Și Audit Public Extern La Nivelul Curții De Conturi A României, 2021-0412-AnalizaActiuniControlAuditPublicExtern-CurteaConturi.pdf (acad.ro).

84 World Bank (2019), "OUTPUT NO. 6 Institutional Strategic Plan 2019-2022 for the Ministry of Health" from project Advisory Services Agreement on Strengthening Planning and Budgeting Capacity and Supporting the Introduction of Performance Budgeting (P156889), <https://documents1.worldbank.org/curated/en/891441591356255503/pdf/Romania-Advisory-Services-Agreement-on-Strengthening-Planning-and-Budgeting-Capacity-and-Supporting-the-Introduction-of-Performance-Budgeting-Output-No-6-Institutional-Strategic-Plan-2019-2022-for-the-Ministry-of-Health.pdf>.

85 Noted in interviews and focus groups.

Case Study 10: The Declaration on Public Sector Innovation

The Government of Romania is an adherent of the [OECD Declaration on Public Sector Innovation](#), a soft legal instrument that articulates a commitment to support and improve the innovative capacity of governments to better meet the needs of citizens. The Declaration can serve as a key driver, strategic intent (purpose) and enabler of innovation (potential) in Romania that can span across public sector systems.

The Declaration embodies five key principles for action:

- Embrace and enhance innovation within the public sector.
- Encourage and equip all public servants to innovate.
- Cultivate new partnerships and involved different voices.
- Support exploration, iteration and testing.
- Diffuse lessons and share practices.

The [Declaration](#) is accompanied by an interactive and actionable [Innovation Playbook](#) which offers public officials concrete diagnostic questions, actions, best practices and global examples to translate the Declaration into concrete action to solve local, national and global challenges.

Source: *OECD Observatory of Public Sector Innovation (n.d.), "Work Areas: OECD Declaration on Public Sector Innovation" (accessed 21 June 2022).*

between the political and administrative interface of government, which can be further complicated by cabinet shuffles.

"If we had a leader, a political leader, that would stay longer than six months we might actually have time to change procedures, because everyone is complaining, even at the political level about these procedures. But in order to change some normative frameworks and procedures, it takes time."

- Interviewee from this project

In a context where strategies, public policies and high impact projects depend on political will and direction, the volatile political environment and ongoing lack of consistent support of ministers for innovation is a significant barrier to innovative ideas.

Considerations

There is an opportunity to build political support for innovation through the [OECD Declaration on Public Sector Innovation](#), to which the Romanian Government has adhered in March 2020 (see [Case Study: The Declaration on Public Sector Innovation](#)). Encouraging awareness of the commitments of the Declaration could be a mechanism for building political support for innovative activities and normalisation of innovation across the civil service system. Adherence demonstrates an international commitment, agreed to at the political level that could enable Romania to showcase its strengths at a global stage. Furthermore, a future innovation strategy will need to be socialised at the political level to build support.

Contextual factors and governance dynamics

Decision-making structures and balance of centralisation vs. decentralisation of government (e.g. distribution of power, role of central government) can play a key role in supporting innovative activities, with some that tend to be driven more from the bottom-up and others from the top-down.

Research findings

"You've got ministries that are working as if they are alone. And very seldom do they co-operate. I mean, they do co-operate, when it's absolutely necessary, when they need to get endorsement from others... but it's seldom the case that ministries meaningfully co-operate, not only at the top, but also at the middle management. It's simply not in the DNA of how administrative work is being done."

- Interviewee from this project

Governance structures in Romania are top-down with strong resistance to change in a path dependent context that tends to block innovative approaches from taking shape. While there are forums for cross-cutting conversations and national reform plans, the overall governance and performance approach (largely siloed into institutional strategic planning) creates a tendency for ministries to work in silos. Furthermore, the focus tends to be on delivery, rather than collaborating or pursuing long-term opportunities, or innovating to address complex challenges. Central Government structures have been subject to various organisational reshuffling, hindering their co-ordination capacity and ability to support reform efforts and implementation.

Regional and local governments have a relative low share of fiscal spending compared to the Central Government (30% local; 70% central), noting Romania has some of the smallest public sector spending in the EU (GDP 36.2%)⁸⁶. While the impact of this needs to be examined further, such statistics suggests a challenge in optimising centralisation and decentralisation. It further creates resource issues that limit the ability of local governments to innovate locally, provide place-based solutions or engage with stakeholders in a more meaningful way.

Considerations

To deliver on cross-cutting strategies and innovative initiatives, strong leadership and political support and backing as well as behaviour change will be needed across the entire public sector system. Public servants need to be equipped with an understanding of such strategies and the time to implement them in innovative ways. Furthermore, a strengthening of co-ordination functions around key strategies and RRP and mission areas such as SDGs, climate goals etc. will help lead to greater success on innovative efforts and avoid duplicative efforts.⁸⁷

Working relationships, both between ministries and levels of government, stand to be optimised with greater transparency, communication, data sharing and collaboration. Centralisation efforts could help drive greater purpose and potential for innovation, while using decentralisation to implement, diffuse and gain impact for innovation. Efforts are ongoing with the support of the European Commission to steer decentralisation efforts with a focus on quality public service delivery and supporting development.⁸⁸

86 European Committee of the Regions (n.d.), "[Decentralisation Index](#)".

87 World Bank (2019), "Institutional Strategic Plan 2019 – 2022 for the Ministry of Regional Development and Public Administration", <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/923851591332887737/institutional-strategic-plan-2019-2022-for-the-ministry-of-regional-development-and-public-administration>.

88 Government of Romania (2020), National Reform Programme 2020.



Capacity for Innovation: What is needed to carry out innovative efforts and integrate them into everyday practice?

Capacity - Individual level

Factors from the Innovative Capacity Framework: The success of innovation depends heavily on whether people have the right skills, capabilities and resources to innovate, and whether innovation is integrated into the everyday practices of their work. People are at the heart of innovative capacity. Building diverse teams with a wide range of skill sets, backgrounds and innovative mindsets is a key starting point for stewarding an innovative culture and encouraging innovative ideas. Furthermore, public servants need to be equipped with the skills and capacities (e.g. user-centred design, behavioural insights etc.) to implement innovative approaches, as well as the time and space for experimentation and iteration to carry ideas into fruition. Further, individuals also need to be able to access the right resources, funding and have structures to innovate.

Summary of Findings: The enabling environment of the Romanian public sector is not geared towards innovation. Innovation is not integrated into everyday practice, making it difficult for individuals to innovate. Further, there are inconsistencies across the public sector regarding the ability for individuals to carry out innovation. Current hiring and operational contexts tend to favour hard-skills and competencies such as legal interpretation, rather than encouraging soft skills and nurturing innovative mindsets. Due to hiring criteria, teams tend to be relatively homogenous rather than valuing diverse backgrounds and skill sets. There is a will to learn and use innovative methods and capacities. However, opportunities for skills-building and learning are often undertaken as a discrete activity and not embedded into the daily life of public servants. Lastly, few explicit opportunities exist to incubate new innovative initiatives (ie. no incubator or accelerator programmes) and iterative policy cycles are rare (e.g. strategies are not revisited or re-iterated once published).

Considerations: Pockets of success in change management that are already occurring in Romania should be scaled across the entire public service system; including training in change management and innovative skills. Furthermore, hiring criteria and competency frameworks are in urgent need of update to reflect the soft skills and mindsets needed for a modern governance context: including insurgency, creativity and openness to collaboration. In addition, investing in a comprehensive approach to skills building and learning can help enhance the capacities of the existing public sector workforce. Finally, the right spaces, structures, funding and resources need to be created to incubate new ideas. This can occur through explicit structures, such as innovation labs or hubs, but still needs to be supported by appropriate funding, project management and regulatory framework models.

Mindsets

Research findings

The current Romanian public sector system tends to emphasise the importance of staff dependability, consistency, attention to detail and risk management⁸⁹. Participants in focus groups noted that their willingness to innovate is often dampened by a pervasive culture of risk avoidance and continuity over change. While opportunities may exist to challenge the status quo, they are rarely embraced. Mental models and skill such as insurgency (challenging the status quo) and curiosity (seeking out and trying new ideas and ways of working) are not nurtured nor prioritised.⁹⁰ Furthermore, hiring criteria favour hard skills rather than soft skills and mindsets – making it difficult to hire staff for the unique perspectives they may bring to a topic as well as key competencies required for the modern working environment.⁹¹

Considerations

With current efforts to improve change practices and build innovative capacities (including support for this project as well as the [Case Study: Change Management in Romania's National Agency for Fiscal Administration](#)), Romania should continue to invest in culture change and training to help shift mental models and mindsets required to sustain them. This means both removing outdated or impractical mindsets and linking innovative mindsets and mental models to action (see examples of skills and mindsets from [OECD](#) and [Nesta](#)). Without this, old mental models will prevail and act as a barrier. This is also true for middle managers and senior leaders, where mindsets around how the public sector operates, aversion to scrutiny and fear more broadly need to be shifted or changed. In sum, work attitudes such as curiosity, reflection, imagination, courage, resilience, agility and action-orientations need to be nurtured.⁹² Efforts to shift mindsets can include leadership and technical staff training, innovation networks, innovation champions (see examples of innovation training, innovation ambassadors and innovation community in Slovenia from [Case Study: Building innovative capacity in Slovenia](#)). The World Bank (2020) has produced a recommended competency

Case Study 11: Change Management in Romania's National Agency for Fiscal Administration

Since 2018, ANAF, ([National Agency for Fiscal Administration](#)) delivers Change Management trainings to increase middle management's capabilities to navigate change (including organisational culture, combatting resistance to change, implementation, monitoring and evaluation of change & more). Given the complexity of modern governance, ANAF needs their leaders and managers to be agile and prepared to accept and implement change. Resistance to change is a natural human reaction, as such, this training aims at building the capacity of middle managers to communicate, explain the reason behind the change and support their staff by practicing active listening, feedback and assertiveness. Furthermore, the 2022 Change Management structure intends to support training at the project team level to help technical staff understand the change process and get acquainted with specific instruments such as: stakeholders analysis, change management plans, communication and training plans.

Changing the culture of the Romanian public sector to encourage openness to new ideas and change will be crucial to creating space for innovation, scaling change management trainings such as that offered at ANAF could help support public servants to take an active role in this process.

Source: ANAF (2022)

89 Noted in interviews and focus groups.

90 OECD (2017), "Core skills for public sector innovation: a beta model", https://www.oecd.org/media/oecdorg/satellitesites/opsi/contents/files/OECD_OPSI-core_skills_for_public_sector_innovation-201704.pdf.

91 World Bank (2020), "Deliverable 3.2: Draft of the Competency Framework", <https://sgg.gov.ro/1/wp-content/uploads/2010/01/Livrabilul-3.2-Draft-of-the-competency-framework.pdf>, Deliverable 1.3: Recommended Options for Romania: Advisory Services on developing a Unitary Human Resources Management System with the Public Administration.

92 NESTA (2019): "Skills, attitudes and behaviours that fuel public innovation." and OECD (2017), "Core skills for public sector innovation: a beta model."

framework, including key behaviours that can help innovation come to life, such as grappling with change, seizing opportunities, agility in change implementation, organisational transformation and proposing new methods and approaches.⁹³

"I think it's about a mentality shift. That's the main blockage, at least this is what I consider because even if sometimes the instruments are close and available to be used, sometimes the leaders are not providing a good example on how to use them in beneficial ways."

- Interviewee from this project

Practical ability

Innovation requires a range of knowledge (of innovation theory as well as different policy domains and government legislation), soft skills (teamwork, problem solving) and specialised competencies (strategic foresight, user-centred design, behavioural insights etc.).

Case Study 12: Building innovative capacity in Slovenia

Within Ministry of Public Administration of Slovenia, the project group [Inovativen.si](https://www.inovativen.si/) seeks to support the government in creatively resolving challenges and supporting employees in building competencies to work in more innovative ways. This group builds partnerships across sectors to develop user-friendly, impactful solutions. It selects key ideas coming from public administration bodies and works with them to find solutions and produce prototypes to address complex challenges. The work of Inovativen.si combines a number of key components:

A **Social Platform** that matches complex public sector challenges with facilitators to navigate the co-creation process to move towards better outcomes. To date, the group has implemented 14 challenges related to education, green transition, circular economy, state modernisation and others.

An **Innovation Training Programme** aimed at building skills sets and improving the independent use of innovative methods and techniques. Over 1,400 public servants have gone through the training programme. The project group selects key ideas coming from public administration bodies and works with them to find solutions and produce prototypes to address complex challenges.

An **Innovation Community** that meets monthly to network and transfer best practices aimed at improving the quality of life of citizens and businesses. This network offers training, produces reports and uses methods such as workshops, hackathons and design sprints amongst others to tackle complex problems. The community houses over 400 members from across public, private and academic sectors.

Innovation Ambassadors which have been appointed across all ministries, government services and many agencies to take an active role in the innovation community and in their own workplaces. These 76 ambassadors serve a crucial role in promoting innovation and co-creation; actively participating in trainings, meetings and spreading ideas across their teams and ministries.

There is no single solution to improving the innovative capacity of a Government. A multi-faceted approach, as showcased in the Slovenian context, can help Romania to target specific elements required for building innovative capacity, including establishing clear drivers (purpose), enabling environments (potential), skills building (capacity) and better learning environments and understandings of impact (impact).

Source: Inovativen.si (2022), <https://www.gov.si/zbirke/projekti-in-programi/inovativnost-v-javni-upravi-inovativen-si/>.

93 The World Bank (2020), "Deliverable 3.2: Draft of the Competency Framework".

Research findings

"There is a lot of appetite for innovative, creative ways of doing things. But there is an even greater lack of knowledge."

- Interviewee from this project

There are a number of challenges in Romania that impact the practical ability of organisations to meet their objectives and perform in innovative ways, including recruitment issues⁹⁴, competency frameworks⁹⁵, job design, career development and training opportunities⁹⁶. In a 2019 study, the World Bank notes that "Current HR planning processes do not determine personnel needs based on skills and competencies needed to achieve institutional mandates."⁹⁷

1 in 2
of all questionnaire respondents identified capability and knowledge as a barrier to innovation.

While there are training opportunities available to public servants, many of the opportunities are focused on traditional skills rather than cutting-edge innovative methodologies suited to modern governance contexts.⁹⁸ Some foresight training is available, although not well known nor embedded into working practices. Furthermore, employees are not often provided with the time and space to reflect and learn from their behaviours and iterate on their own mental models, practices and capacities. Limited emphasis is placed on embedding professional development into core of learning, career journeys or everyday work. As a result, skill sets become outdated (see: [Systemic Insight #4](#)).

"There are many people who, when they were hired had some skill sets. But basically, you lose them. Once you get into an institution you lose them either because you have much more work than you bargained for, or you don't use them."

- Interviewee from this project

Focus group participants noted that there tends to be some reluctance to gathering knowledge from other sectors. External consultants from the World Bank, OECD and other organisations are heavily relied upon, and consequently, internal competencies aren't always built to sustain efforts. This is particularly challenging when external bodies produce strategies but internal capacity to implement them is limited.

94 Institutional Strategic Plan 2019-2022 of the Ministry of the Environment, Institutional Strategic Plan 2018-2021 for the Ministry for Business Environment, Trade and Entrepreneurship.

95 OECD (2016), OECD Public Governance Reviews: Romania Scan 2016.

96 Noted in interviews and focus group.

97 The World Bank (2019), Advisory Services on Developing a Unitary Human Resources Management System Within the Public Administration: Output 1: Deliverable 1.3 Recommended options for Romania.

98 The World Bank (2019), Advisory Services on Developing a Unitary Human Resources Management System Within the Public Administration: Output 1: Deliverable 1.3 Recommended options for Romania notes the importance of skill sets in managing networks, commissioning and contracting, service delivery and citizen engagement, policy advice and analysis, digital skills (e.g. iterative delivery, understanding user needs), cognitive, social and emotional skills, values based leadership, open inclusion, organisational stewardship and networked collaboration.

“There is a gap between the elaboration [of a new strategy] and putting into practice, because civil servants in ministries, they don’t understand actually what the consultant meant, for example, when writing the strategy.”

- Interviewee from this project

There is acknowledgement of the need for agile and reflexive managers who can support good change management. Change management projects have been piloted (see [Case Study: Change management in Romania’s National Agency for Fiscal Administration](#)) but have yet to be embedded into the system, individuals’ performance plans and job design. Limited career-based capability development exists in areas such as engaging with risk, storytelling and behavioural insights (see: [Systemic Insight #4](#)).⁹⁹

“Even if we have good staff in the public administration, they need to be trained. And they need to be trained seriously, not just to have a diploma or certificate or whatever, they really need the skills to adapt to the new realities. And unfortunately, that is not happening.”

- Interviewee from this project

Case Study13: Cluj Innovation Fellowships

This Fellowship Programme was established to improve public / private collaboration and increase Cluj’s ability to withstand, adapt and recover from future shocks. These Fellowships were designed to provide grants, mentorship, support and training to systemic innovators working on challenges around collaboration, open data, public procurement and solutions journalism. Through the Programme, fellows were empowered to set up collaboration methods between public and private entities, gain innovative skills to address key stakeholder challenges, develop long-term plans and solutions for their challenges and disseminate lessons learned from the process. Crucial to each project was the use of testing and experimentation methods with public sector institutions, developing common understandings of motivations, visions and challenges of stakeholders, and building long-term collaboration and resource sharing with stakeholders.

Key success factors for these fellowships included:

- Willingness to adapt and pivot approaches
- Willingness to shift interventions based on the complexity of systems that fellows were seeking to change
- Focus on trust-based collaborations
- Support systems and skills building to fellows
- Flexible and adaptable funding to match the fluid dynamics of the systems

These innovation fellowships showcased a format for engaging across sectors to tackle complex challenges in flexible and adaptive ways, while also providing skill development and learning opportunities for innovation fellows. These types of arrangements can help develop new skill sets, collaborate around new approaches and build deliberate learning processes.

Source: Cluj Urban Innovation Unit (2022): <https://cccluj.ro/urban-innovation-unit/>.

⁹⁹ A study on competencies required in the Romanian Public Sector has been conducted by the World Bank: The World Bank (2020), “Deliverable 3.2: Draft of the Competency Framework”, <https://sgg.gov.ro/1/wp-content/uploads/2010/01/Livrabilul-3.2-Draft-of-the-competency-framework.pdf> and The World Bank (2019), Deliverable 1.3: Recommended Options for Romania: Advisory Services on developing a Unitary Human Resources Management System with the Public Administration. https://sgg.gov.ro/1/wp-content/uploads/2010/01/Livrabilul-1.3-Public-Policy_recommended-options-for-Romania.pdf.

Considerations

Overall, in order for Romania to reap greater benefits from capability building investments, a cohesive approach to promoting new innovative skills is needed (this could be supported by the National Institute of Administration or an innovation hub). In addition, for public servants to apply new knowledge, Romania needs to ensure that professional development is prioritised and linked to individual job design and work tasks, and is subsequently embedded into the system. Moreover, individuals and organisations need to understand which types of capabilities, tools, approaches and innovation methods best suit the problems and challenges they are aiming to tackle.¹⁰⁰

Formal linkages and collaboration mechanisms need to be put in place between sectors to enable knowledge transfer (see [Case Study: Cluj Innovation Fellowships](#); and [Enabling cross-sectoral collaboration in Slovenia](#)). In such instances, knowledge transfer happens informally rather than being strategically supported and enabled (see: [Systemic Insight #5](#)). Implementation of innovative initiatives will benefit considerably from investment in individual skills and learning. Individuals need to be equipped with the skills and capacities to transfer ambitious innovative goals, strategies and plans into action. Training and capacity building is particularly important in the Romanian context, where it is difficult to retain highly-qualified talent on public sector salaries¹⁰¹. Building internal skill sets will prove crucial to implementing innovative projects.

1 in 2

respondents rarely or never use new forms of partnerships or collaborative governance; strategic foresight or anticipatory innovation; experimentation, taking risks on new ideas and prototyping; collective intelligence or participatory approaches with citizens; new funding models or procurement models; behavioural sciences; AI, machine learning or other data sciences; and gamification.

Continuous learning and iteration

Innovation projects are rarely a one-shot activity. Individuals need to be granted time and space for experimentation, opportunities to learn (particularly from failures), be encouraged to reflect on their work and its impact and make dedicated learning plans to build competencies and translate learning into action.

Research findings

In Romania, limited time and effort is dedicated to building spaces for experimentation, testing and iteration of new approaches and learning from innovative projects and initiatives. Lack of time is repeatedly cited as an issue – public servants are overworked, tired and burnt out, a situation which is particularly difficult when current processes are often inefficient and ineffective.

"A lot of inefficiency has been accepted the level of the public sector."

- Interviewee from this project

100 OECD (n.d.), "Web page: Innovation Management", <https://oecd-opsi.org/work-areas/innovation-management/> (accessed on 10 August 2022); The World Bank (2019), Deliverable 1.3: Recommended Options for Romania: Advisory Services on developing a Unitary Human Resources Management System with the Public Administration.

101 This was noted in multiple focus groups, workshops and interviews.

Considerations

Given innovative initiatives often require testing and iteration, it will be key to build iterative policy cycles (where policies are tested for effectiveness and revised accordingly) and innovation incubators (where ideas can be tested, piloted, iterated and scaled). Moreover, existing innovative initiatives need to be considered as opportunities for learning, with reflective processes and policy networks established to enable learning from failure, scaling of successes and spreading of new ideas. By targeting digitalisation and business improvement processes to reduce inefficiencies, and reimagining burdensome practices such as decision-making and paper processes, Romania could open up time and capacity opportunities for staff to dedicate to learning, reflection, experimentation and higher-value innovation activities.

Diversity

Diversity of teams (including demographics, skill sets, backgrounds, culture and experiences) can provide an opportunity for innovative ideas to surface, rather than a homogenous context which is vulnerable to group think.

Research findings

Diverse teams, both in demographics and skill sets, are important for enabling and succeeding at innovative activities.¹⁰² Actors participating in this study noted that in their perspectives, demographic diversity is not a major issue in the Romanian public sector but that there remains area for improvement. The main diversity challenge faced is in skill sets (there is a bias towards legislative knowledge and traditional governing techniques). Stringent job descriptions and hiring criteria tend to favour recruitment of candidates with similar legal competencies.

Considerations

Hiring staff with diverse demography, professional backgrounds, experience, skills, mindsets and ways of solving complex problems¹⁰³ will help provide an environment where the status quo can be challenged and where innovative ideas are more likely to be discussed and pursued than in a homogeneous team context. Skills and capabilities has been a historical challenge, and continues to be a challenge for achieving an innovative public sector, and thus, is a key priority that Romania needs to address (see: [Systemic Insight #4](#))

Capacity - Organisational level

Factors from the Innovative Capacity Framework: *The success of innovation depends on whether innovation is integrated into the everyday practices of the organisation, including broader governing mechanisms, funding and project management models and rules or other frameworks. Dedicated funding, that can be used in flexible ways, is needed for innovative efforts that often require greater risk and iteration, and where impacts are less immediate. There needs to be appropriate and explicit resources, funding, training and time for innovating that is clearly linked to government priorities and the broader policy-making process. Furthermore, innovative activities should be stewarded that range on goals from tackling short term challenges to shaping better futures, this often demands flexible and dedicated funding, agile project management and innovation portfolio management.*

102 OECD (2021), Public Employment and Management 2021: The Future of the Public Service.

103 Ibid.

Summary of Findings: *The enabling organisational environment does not enable innovation by default. As innovation is not consistently defined in strategies and accountabilities, there remains an absence of funding, structures and dedicated resources for innovating. Managing innovation efforts as a portfolio is not common in Romania, consequently enhancement and adaptive innovations tend to be more common than anticipatory and mission-oriented efforts. While European budgets tend to be key to funding innovative activities, domestic budgets remain tight, making it difficult to invest in more risk-intensive and long-term focused innovative efforts.*

Considerations: *The Romanian Government will be better positioned to follow through on innovative efforts by integrating innovation into their organisational structures and practices. By increasing explicit funding for innovative efforts that can be used iteratively and for experimentation, and introducing an approach to understand and monitor innovation activities, Romania will be able to better guide, action and gain impact from innovating.*

Portfolio and diversity of innovation activities

Stewarding innovation portfolios helps governments ensure that innovative activities serve a range of purposes, including addressing needs for enhancement of existing approaches, adapting to new circumstances, tackling complex challenges and missions and anticipating to steer towards better futures.

Research findings

This research revealed that currently, innovation is not well defined or a default function within the Romanian public sector, meaning that very few organisations use portfolio approach to monitor their innovation projects or investments (see [Case Study: Innovation Facets Model](#)). Romania does not currently have a consistent understanding of the forms innovation can take, including when and how to use it. Thus, many innovation activities happening in the civil service do not have a clear purpose, and the civil service is not investing across the range of purposes that innovation can serve (ie. across the innovation facets) (see [Systemic Insight #2](#)).

By using a portfolio approach to innovation, which deliberately stewards different types of activities (see [Case Study: Innovation Facets](#)), Romania can gain an understanding of what innovation projects or efforts are happening, and start to steward a balance of innovative activities including efforts

Case Study 14: Innovation Facets Model



OPSI's Innovation Facets Model presents four types of innovation types that can be leveraged and supported by the public sector, based on different circumstances. A balanced portfolio of innovative activities can help to ensure that the Romanian Government is prepared to face current challenges, tackle complex missions and steer towards preferred futures.

Enhancement-oriented innovation: Innovative activities that focus on upgrading existing practices, structures and processes and achieving efficiencies and improved results (e.g. E-signatures).

Mission-oriented innovation: Innovation focused on a clear overarching goal to be achieved, requiring mobilisation of new approaches and resources (e.g. innovation to achieve CO2 emission targets).

Adaptive innovation: Focuses on responding to a changing environment with new approaches (e.g. Iterative strategy design, responding to COVID-19 crisis).

Anticipatory innovation: Engages with new shifts and possible futures before they become established (e.g. leveraging strategic foresight scenarios to help plan for the public sector of the future).

Source: OECD (2019), *The Innovation System of the Public Service of Brazil: An Exploration of its Past, Present and Future Journey*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/a1b203de-en>.

focused on enhancement (improvement), adaptation, and more comprehensive efforts around complex missions (ie. major challenges), and future oriented efforts.

Innovations in the area of adaptive innovation are relatively common in Romania (e.g. [Case Study: Crises and Innovation – innovative approaches in the era of COVID-19](#)) as well as enhancement-oriented measures (e.g. [Case Study: Change Management in Romania's National Agency for Fiscal Administration](#)).

Innovative efforts are ongoing in the area of [enhancement-oriented](#) innovation. For example, the [Electronic Point of Single Contract Platform](#) provides a centralised platform for users to find e-government services. This enhances their access to and awareness of government services that may be relevant to them. [Adaptive innovations](#) were also common in the COVID-19 era, where a number of quick innovations were implemented to respond to the modern operating environment, such as changes to labour inspection rules, the emergence of a [Diaspora Hub](#) for Romanians abroad to obtain information and assistance on consular services, air traffic, email submission of railway requests and distributions of authorisations and emergency situation certificates to improve the pace of production of sanitary equipment and medical devices.¹⁰⁴ Efforts in the mission-oriented area and anticipation remain lacking.

Considerations

Stewarding innovation portfolios will help the Romanian Government ensure a balance of innovation activities that focus on shorter-term priorities (often enhancements and adaptations aimed at improving efficiency or effectiveness) with more complex and future-focused efforts such as complex mission-oriented innovation projects (e.g. tackling specific SDGs or climate goals) and anticipatory efforts to strategically engage with the future and steer it in preferred directions. Introducing a portfolio approach in the future can help monitor and ensure that innovation efforts are tied to broader policy making and governing processes.

In particular, there remains a strong opportunity to build [mission-oriented innovation](#) capabilities alongside efforts of the RRP. A mission-oriented approach would blend policy and regulatory measures, with tailored innovation activities, co-developed objectives and clear time frames to work towards concrete impact¹⁰⁵. For example, the RRP commits 885 million Euros to clean energy production:¹⁰⁶ this would be a well-suited challenge for a mission-oriented approach as it would

demonstrate clear, tangible goals, clear time frames, and is tied to explicit funding mechanisms. Romania is already considering the use of foresight in the achievement of its RRP plans, and has an opportunity to expanding training for capabilities related to [anticipatory innovation](#), such as strategic foresight and sense-making practices, into the curriculum of the National Institute of Administration. [Innovation portfolio management](#) should be embedded as part of a broader organisational, and even whole of public sector, portfolio approach to strategically balancing investments, risk and efforts to support innovation.

1 in 3
questionnaire respondents identified funding mechanisms a barrier to innovative capacity in the workplace.

¹⁰⁴ Source: Collated list of COVID-19 intervention provided by the General Secretariat of the Government.

¹⁰⁵ OECD (2021), "Public Sector Innovation Facets: Mission-oriented innovation", <https://oecd-opsi.org/publications/facets-mission/>.

¹⁰⁶ Next Gen EU (2021), "Laying the foundations for recovery: Romania", <https://mfe.gov.ro/wp-content/uploads/2021/09/89a22729ab84c1f9b42c85ae7eb498f3.pdf>.

Portfolio, programme and project management and funding

Innovation often requires dedicated funding, as it tends to support activities that span beyond the scope of day-to-day implementation, typically requires multiple iterations of projects and demands greater risk. Furthermore, innovative project management approaches, such as agile project management and change management initiatives, are often needed to support innovative initiatives through ideation, piloting, scaling, evaluation etc.

Research findings

The core budget of the Romanian public sector is generally low, with the largest funding sources coming from EU projects rather than a significant ratio of GDP expenditure spent on the public sector.¹⁰⁷ Participants from this research noted that base funding a challenge and typically tied to fixed business cases and operations. Moreover, the annual nature of budgetary cycles limits the possibility of funding innovative initiatives that span multi-year cycles. The result is that tight annual budgets leave little space to fund initiatives that span beyond immediate implementation and results. For example, experimental, future-oriented and multi-year innovative initiatives, necessary to a balanced innovation portfolio, receive limited funding.

To date, EU funding has been a strong supporter of innovation efforts in Romania for a number of reasons:

- Considerable funding allocations (e.g. 14.2 billion Euros of grants through the Recovery and Resilience Plan¹⁰⁸ and 940 million Euros for social inclusion and fighting poverty from the European Social Fund)¹⁰⁹ which provides money for activities that scope beyond day-to-day operations and continuity to enable future planning, capacity building and strategic research and development.
- The multi-year project cycles which allow for long-term innovative initiatives.

Case Study 15: Health Investments Resulting from the COVID-19 Response in the Romanian Public Sector

One example of longer-term funding and investment that came out of the COVID-19 crisis has been the sustained longer-term investments in the healthcare system, supported by an innovative approach to multi-year contract procurement. This includes financing of investments designed to strengthen the Romanian healthcare sector and to improve preparedness and responsiveness to the COVID-19 pandemic and similar threats. The project concerns the modernisation of healthcare infrastructure and equipment in several Romanian hospitals. The project is expected to substantially improve the quality of public medical services offered to citizens, at a time when the Romanian healthcare system is under considerable pressure from the ongoing COVID-19 crisis.

Source: European Investment Bank (2020): Covid-19 Response in the Romanian Public Sector. <https://www.eib.org/en/projects/pipelines/all/20200654>.

107 European Commission (2020), "Overall Performance and Major Reform Initiatives", PUBLIC ADMINISTRATION AND GOVERNANCE (europa.eu).

108 European Commission (2021), Factsheet: Romania's Recovery and Resilience Plan: Laying to foundations for recovery, European Union, doi:10.2775/146116.

109 European Commission (n.d.), "Funds for migrant integration in Romania", European Website on Integration, https://ec.europa.eu/migrant-integration/funding/national-level/funds-migrant-integration-romania_en (accessed on 29 July 2022).

- The intent of activities which typically demand innovation as they cannot be completed using status-quo operating methods (e.g. tackling grand societal challenges such as migration, poverty, climate change) as well as deliberate emphasis on innovation (e.g. Horizon 2020 funding¹¹⁰).
- The requirement to demonstrate impact and report on performance indicators to ensure follow-through on initiatives.
- The use of innovative indicators that aren't concrete quantifiable outputs (e.g. creation of indicators around capacity building and future goals aimed at building the resilience and strength of the Romanian Government into the future).

Core funding in the Romanian public sector is minimal and spans only annual planning cycles. Therefore, public sector funds are typically used to ensure continuity of policy and service delivery. Moreover, the lack of multi-year funding, lack of flexibility to shift resources based on evolving priorities, lack of financial backing for strategies and mandates and discrepancies between planned and delivered budgets are all problematic when financing innovative activities.¹¹¹ However, with the support of the EC, Romania is working towards implementing a functional strategic planning and programmes-based budgeting system that can enable innovation to deliver on strategic priorities.¹¹²

Exceptions can be observed in some organisations and units, including the Ministry of Internal Affairs, which finances experimental development and innovation in higher education and training, new methods and work procedures and the exploration of new equipment and resources that can lead to more innovative and effective work.¹¹³ The Ministry of Research, Innovation and Digitisation also finances bottom-up projects aimed at fostering innovative initiatives.¹¹⁴ Furthermore, longer-term investments in health, including innovation in healthcare, was prompted by the COVID-19 pandemic (see [Case Study: Health Investments Resulting from the COVID-19 Response in the Romanian Public Sector](#)).

Case Study 16: Accelerating Ideas

Within ANAF, business cases are developed internally based on Prince 2 methodology with centralised support within the organisation. This process begins with the collection of possible project ideas from across the organisation. These project ideas are analysed and evaluated based on efficiency, effectiveness, coherence and possible impact. The selected projects are then worked on by expert groups who help case owners in conducting public consultations, stakeholder analysis, SWOT analysis and setting objectives. These cases then go through a project management committee and if selected, are developed into a full project.

This project management and idea / project development format enables synergies across the department, incubates creative ideas and provides individuals and teams across the department with specialised expertise in project management and business case development. (Source: ANAF 2022)

Accelerators and project incubators are often established to incubate ideas and support teams in helping them come to fruition. Global examples include [AccelerateEstonia](#), [UNDP Accelerator Labs](#), [Reto Mexico](#), [10x in the United States](#), [InnovandoPY](#), the [UAE](#),

110 European Commission (n.d.), "Horizon Europe", European Commission, https://ec.europa.eu/info/research-and-innovation/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe_en (accessed on 29 July 2022).

111 World Bank (2020), "Institutional Strategic Plan 2019-2022 for the Ministry of Regional Development and Public Administration".

112 Government of Romania (2020), National Reform Programme 2020.

113 Noted in interviews and in direct correspondence with officials from the Ministry.

114 Government of Romania (2021), "DECISION no. 371 of March 29, 2021 on the organisation and functioning of the Ministry of Research, Innovation and Digitisation". http://www.cdep.ro/pls/legis/legis_pck.http_act?ida=175391.

Programme and project management approaches in Romania are often layered in strict legal procedures and hierarchical approval processes that tend not to favour iterative design and agile working methods. For example, in most cases indicators are set at the beginning of a project and strategy and are not revisited throughout a project cycle to ensure that they are still relevant and meaningful as the project evolves. In some agencies, such as the National Fiscal Administration (ANAF), agile methods, such as re-iterating goals, design and evaluation criteria of projects, are starting to be introduced in project management, encouraging public servants to take responsive and flexible approaches to project management and programme design and implementation (see [Case Study: Accelerating ideas](#)). This will hopefully lead to greater ability for civil servants to undertake smaller, more experimental work, as well as shift or iterate on current projects as context changes, or lessons are gained.

Moreover, efforts are being introduced in some ministries, such as ANAF, to implement change management efforts (See [Case Study: Change Management](#)). ISPs have explicitly mentioned the importance of process improvements such as “*developing, updating and streamlining work procedures, implementing managerial control standards, introducing new methods and streamlining internal communication, including through the use of digital media and adoption/development of IT tools.*”¹¹⁵

Case Study 17: Experimentation in Canada

Given the risk-intensive nature of innovative initiatives and the fact that results are not always immediately observable to justify investments, explicit requirements on funding innovation are often needed to ensure ministries invest in innovation that could improve their efficiency and effectiveness into the future.

The Canadian Government's [Experimentation Direction for Deputy Heads](#) requires senior leaders to dedicate a percentage of funding to experimentation and innovation. It aims at shifting the public sector culture to encourage risk-taking, better measurement and evaluation and innovation. This includes encouraging:

- ethical and empirical experimental design;
- impact measurement;
- user-centred design, co-creation and behavioural insights;
- gamification, data analytics and modelling;
- funding for scaling.

Funding innovative initiatives, including risk-intensive projects is essential for tackling persistent problems, challenging traditional methods and achieving greater impact in the near and long term. Requiring funding for innovation and leadership support for innovative efforts may be key shifting the culture around innovation and normalising innovative activities in the Romanian public sector.

Source: Government of Canada (2016), “[Experimentation direction for Deputy Heads](#)”, (accessed on 8 August 2022).

¹¹⁵ World Bank (2019), “Output No. 6: Institutional Strategic Plan 2019 – 2022 for the Ministry of the Economy”, from Advisory Services Agreement on Strengthening Planning and Budgetary Capacity and Supporting the Introduction of Performance Budgeting.

Considerations

Examples of funding of innovative initiatives (including future-focused efforts) from the Ministry of the Interior and Ministry of Research, Innovation and Digitalisation showcase that despite tight budgets, funding can be carved out from annual budgets to dedicate to innovative efforts. This approach to funding should be scaled across organisations, requiring funding to be dedicated to experimentation and innovation (see [Case Study: Experimentation in Canada](#)). More broadly, shorter-term, iterative funding models could help all projects incorporate more experimentation, or pivot and change with more agility.

To follow through on the goals of ISPs around streamlining procedures and introducing new methods, investments should be made in building skills in agile project management to increase the capacity for organisations to implement innovative projects that span multiple iterations. Specifically, innovation management practices, agile project management or systemic portfolio management can be key to supporting systemic approaches to innovation within institutions.¹¹⁶

Capacity - Systems level

Factors from the Innovative Capacity Framework: Integrating innovation into the everyday practices of public sectors demands frameworks (e.g. regulation, audit, IT management, procurement) that are conducive to innovation (i.e. flexible, encourage collaboration). Furthermore, innovation needs to be embedded in systems-wide public sector strategy, institutional structures and daily practice. To tap into the full potential of innovation, capacities need to be drawn from across the public, private, academic and non-profit sector to capture a diversity of knowledge and perspectives through cross-sectoral partnerships. Technology is a key tool that can make innovation more convenient, efficient and normalised in everyday work. Finally, meaningful data gathering and sharing across the public sector can help support the development of impactful innovative initiatives.

Summary of Findings: Legal and regulatory frameworks are perceived by many public servants to be one of the biggest challenges when innovating as they are often convoluted, multi-layered and the direct implications on innovative efforts is often difficult to understand. Procurement policies have been improving to increase cross-sectoral collaboration, but at times remain a barrier to capturing the innovation value chain and building ecosystems for innovative activities. Furthermore, while data sharing platforms exist, IT infrastructure and skills remain common challenges to public servants who are trying to innovate. While innovation is often mentioned in strategic guidance (ISPs and Government Programme), it is far from normalised and institutionalised in the public sector. Improved workforce planning remains a key priority area for the government, but action is lacking in equipping the workforce with the skills and competencies needed.

Considerations: Establishing an explicit innovation strategy and supports (such as a lab, hub etc.) will prove essential to normalising and integrating innovation into the everyday practice of the public sector. Implementing recommendations from the World Bank and European Commission on human resource management and workforce planning can help to equip the Romanian public service with the people and competencies necessary to carry out innovative efforts. Greater clarity is needed for innovators to understand how laws and regulations can enable innovative initiatives, and where incompatible, to challenge laws and regulations to make them more conducive to innovation. Approaches to procurement

116 OECD Observatory of Public Sector Innovation (n.d.), "Work Areas: Innovation Management <https://oecd-opsi.org/work-areas/innovation-management/> (accessed on 21 June 2022).

should enable the government to capture the potential and knowledge of actors across sectors to expand the capacity for innovative activities (e.g. through expanded cross-sectoral partnerships). Effort should also be committed to increasing the interoperability of data infrastructure and providing tech solutions that enable public servants to work in innovative and effective ways. Finally, while collaboration exists, largely informally, between the public sector and private sector, formalising collaborations across sectors will help to capture the knowledge and capacities needed to implement innovative initiatives.

Public governance frameworks

Rules and regulatory processes need to be adaptive, iterative, flexible and conducive to innovation.

Research findings

Overall, public governance frameworks in Romania (related to regulations, procurement, audit), are often perceived as a hindrance to innovative activities rather than a key support. However, many recommendations are available from existing studies to inform improvements¹¹⁷.

Legal and regulatory frameworks in Romania at times explicitly call for innovative approaches such as innovative measurement approaches and engagement with stakeholders (see Case Study: [A shift to better measurement and evaluation of strategies](#)). However, at times, the multi-layered nature of laws make it difficult to know the range of what is possible within legal frameworks. It can be difficult to understand how these frameworks intersect and impact specific innovative efforts that public servants want to attempt.

Participants from this project found that regulatory and legal frameworks incompatible with innovative activities; hampering the ability of organisations, and capacities of individuals across the public sector, to conduct innovative activities. These frameworks tend to be inflexible¹¹⁸, making it difficult to adapt them to the evolving needs of innovative projects. In the regulatory realm, the [Better Regulation Strategy 2014–2020](#) aimed at some improvements, however its impact has not been measured. The World Bank continues to provide advice and support in the regulatory realm, including through the project on Impact studies for a better regulation¹¹⁹. Implementing these recommendations should improve transparency of regulatory frameworks and increase opportunities for engagement between policy makers, service designers and regulators to find opportunities for innovative activities within existing regulatory frameworks, and forums for discussion in realms where regulatory frameworks may need to be revisited to allow innovation to occur.

Work is ongoing to implement the new approach on strategic planning and programmes-based budgeting, supported by the European Commission, however, weak linkages remain between planning, operationalisation and budget, compounded by issues related to meaningful and effective budgeting.¹²⁰

117 World Bank (2021), "Output 2: Final functional review report comprising inter alia a functional gap analysis and a comparative analysis of good practices from several EU countries in selected thematic areas", from project Reimbursable Advisory Services Agreement on Strengthening the Institutional Capacity of the Romanian Court of Accounts (P171014), [Functional review of the Romanian Court of Accounts.pdf](#) (curteadeconturi.ro).

European Commission (2022), Country Review of the Romanian Research and Innovation System, Luxembourg, Publication Office of the European Union. PSF-RO-Final-Report_03.06.2022.pdf (europa.eu); World Bank (2020), "Output 7: Final Report Presenting the Results of the Reimbursable Advisory Services", from Reimbursable Advisory Services Agreement on Strengthening Planning and Budgeting Capacity and Supporting the Introduction of Performance Budgeting (P156889), [Output-7-Final-Report_en.pdf](#) (gov.ro).

The World Bank (2019), Advisory Services on Developing a Unitary Human Resources Management System Within the Public Administration.; Government of Romania (2020), National Reform Programme 2020.

118 World Bank (2019) "[Institutional Strategic Plan 2019-2022 for the Ministry of Internal Affairs](#)".

119 Government of Romania (2020), National Reform Programme 2020.

120 Ibid; OECD (2020): Romania: Institutional scan to enhance policy coherence for sustainable development: Highlights. <https://www.oecd.org/gov/pcsd/romania-institutional-scan.pdf>

Procurement has become increasingly diverse with the 2015– 2020 procurement strategy (see Case Study: [2015–2020 Procurement Strategy in Romania](#)). Diversity in procurement allows for increased competition, cross-sectoral collaboration and provides a strong foundation to support more explicit value chains and ecosystems for innovative activities and outputs across the system (see Case Studies: [Procurement strategy](#) and [Health Investments Resulting from the COVID-19 Response in the Romanian Public Sector](#)).

Audit approaches were viewed by focus group participants as a punishment or control mechanism, rather than a strategic tool to improve how organisations operate and respond to different challenges. Consequently, organisations aim to conform to rules, rather than finding innovative ways to achieve outcomes. While representatives of the audit office participating in this project indicated a clear desire to be supporters of innovative efforts, some people are afraid of audits and see it as a barrier when attempting innovative activities.¹²¹ Few mechanisms exist to challenge rules and change default settings unless absolutely essential (see examples of how Portugal has approached this challenge in [Case Study: Challenging the status quo in Portugal](#)).

While legislation was often discussed, there was no single, consistent policy-making framework guidance that was identified by research participants. Therefore, different approaches to policy making is undertaken, often without consideration of how to use innovative methods in policy making.

Considerations

Regulatory reform continues to be on the agenda for the Romanian Government. Improving these key governance aspects will be challenging and long-term aspirations, but will prove essential to allowing innovative activities to be used. In addition, developing a centre of expertise to give public servants clarity on how different laws and regulations intersect with the development of innovative initiatives could help public servants to navigate through confusion in the legal system¹²². In the area of procurement, an evaluation of the public procurement system is ongoing, the outcomes of which may help improve the conduciveness of procurement policies to innovative activities.¹²³

Further, there continues to be an opportunity for Romania to capitalise on their current efforts to reform the audit function, so it can be a strategic, systemic body that is used by the Parliament to improve practices across the public sector. The relationship needs to be rebuilt between audit and the rest of the Government in order for the Court of Accounts to be perceived as an advisor, source of examples and expertise (further recommendations are noted in the [Peer Review of the Court of Accounts](#)).

Finally, Romania could consider establishing a practical, accessible policy-making framework guidance that incorporates innovative methods such as user-centric techniques, foresight, design thinking and systems thinking (for example, the UK Government has now released a policy-making framework that embeds systems thinking¹²⁴, while Australia has a framework, guiding principles, toolkits and a team that all agencies can access¹²⁵). This would help to integrate innovation in the core functioning of the government, and help policy makers use more contemporary methods of policy making that are more reflective of today's challenges.

121 Noted in focus groups and interviews

122 Some agencies in other countries, such as in Australia, have specialised legislation central teams to help interpret and advise on the impacts or requirements from legislations and regulatory frameworks. For example, Australia has a new area aimed at reducing regulatory burden and helping civil servants better use regulatory requirements to inform policy making Regulation | Department of the Prime Minister and Cabinet (pmc.gov.au).

123 Government of Romania (2020), National Reform Programme 2020.

124 UK Government Office for Science (2022), "Systems thinking for civil servants", accessed on 2 September 2022, <https://www.gov.uk/government/publications/systems-thinking-for-civil-servants>.

125 Department of the Prime Minister and Cabinet, "RIAMOOC", Government of Australia, <https://www.pmc.gov.au/ria-mooc/agrp/overview/australian-government-10-principles-policy-makers>.

Workforce planning

Workforce planning – in particular, talent management, strategic human resource management, learning and development and diversity – also impact how innovation is embedded into everyday practice. A diversity of talents and capabilities, built in mechanisms for learning and flexible and inclusive HR systems are important to supporting innovative efforts and providing the needed capacities.

Research findings

Institutional Strategic Plans set strong ambitions for workforce improvements, including efforts such as “developing the human capital by ensuring proper training, supporting the attraction and retention of personnel and improving the organisational culture.”¹²⁶ Considerable funding and effort has been dedicated to improving the human resource management system in Romania, including developing a unitary human resources management system with the support of the World Bank¹²⁷ and studies from the European Commission.¹²⁸ This includes a call for strategic workforce planning around linking personnel needs to institutional strategic planning, structuring workforce plans are institutional needs and recruiting on specialised competencies beyond purely legal requirements.¹²⁹ Furthermore, in Component 14 of the recovery and resilience efforts, objectives are defined around coherence in public sector pay and efficient management of human resources.¹³⁰ While annual workforce planning occurs through annual civil service reports, there is a lack of strategic effort around strategic planning and the capacity to implement changes in human resource management is limited.¹³¹ For example, workforce planning does not appear to consider how the workforce will fulfil current and future complex challenges or how to leverage the mix of skills, knowledge and capabilities in a way that can lead to innovative, transformational outcomes.¹³² Further, while Romania is seeking to deepen their digital foundations, little consideration is given to how this changes workforce strategies, mixes or skill sets into the future.

Considerations

Strategic workforce planning, particularly around recruitment, retention, job satisfaction and capacity building will be key to building a future-fit, innovative public service in Romania. The [OECD Future of the Public Service Report \(2021\)](#) notes a number of recommendations for workforce planning that are highly relevant to the Romanian context, notably:

- Assessment of workforce needs, particularly to implement transformational strategies and objectives of specific organisations (including around skills, diversity, motivation and engagement of employees).
- Awareness to workforce gaps, including areas where key skills are lacking or others where certain profiles are overrepresented.
- Concrete action to address workforce gaps, in particular, a whole-of-government approach to workforce planning, recruitment and transformation.

126 World Bank (2019), “Output No. 6: Institutional Strategic Plan 2019 – 2022 for the Ministry of the Economy”, from Advisory Services Agreement on Strengthening Planning and Budgetary Capacity and Supporting the Introduction of Performance Budgeting, <https://documents1.worldbank.org/curated/ar/121921591332231402/pdf/Institutional-Strategic-Plan-2019-2022-for-the-Ministry-of-Economy.pdf>.

127 The World Bank (2019), Advisory Services on Developing a Unitary Human Resources Management System Within the Public Administration: Output 1: Deliverable 1.3 Recommended options for Romania.

128 Government of Romania (2020), National Reform Programme 2020.

129 Government of Romania (2020), National Reform Programme 2020.

130 Monitor PNRR (n.d.), “Componenta 14. Buna guvernanta”, Componenta 14. Buna guvernanta – Monitor PNRR

131 Government of Romania (2020), National Reform Programme 2020.

132 Government of Romania (2020), National Reform Programme 2020.

To address the need to retain diverse talent on public salaries, the OECD Recommendation on Public Service Leadership and Capability notes the importance of¹³³:

- Promoting an employer brand which appeals to candidates' values, motivation and pride.
- Determining what attracts and retains skilled employees – using this to inform policies.
- Providing adequate remuneration and equitable pay.
- Proactively attracting under-represented groups and skill sets.

Furthermore, while efforts are ongoing to improve competencies of public servants and leaders, such as the pilot of the Leadership Academy Programme,¹³⁴ an overhaul on the public sector training opportunities and career development processes is needed to introduce innovative skill sets. Increasing the competencies of public servants and building career management programmes will help ensure the public service workforce is equipped to design and implement innovative initiatives that meet current and future needs. Studies from the European Commission and World Bank, referenced above, provide targeted advice on where to begin in developing a workforce equipped for the future and able to deliver innovative approaches.

Institutionalisation of Innovation

Embedding and normalising innovation in the public sector often demands explicit innovation strategies or supports (such as innovation hubs or labs, innovation champions, innovation networks).

Research findings

Despite explicit mention of the need for innovation in institutional strategic plans in Romania and individual efforts to innovate, the public sector does not have a cohesive, systemic approach to building innovative capacity and institutionalising innovation into the daily life of the public sector. While Romania has adhered to the Declaration on Public Sector Innovation, innovation is not yet entirely recognised as a strategic function of government, nor is it given the same weighting and recognition as other governing forms. There has been limited success in embedding the principles across the public sector to turn this commitment into a reality (see Case Study: Declaration on Public Sector Innovation). Formal bodies to support innovative activities, such as innovation labs or hubs do not exist.

Considerations

There are many opportunities to institutionalise, normalise and embed innovation into the public sector system of Romania, this could be supported by an innovation strategy, innovation

Case Study18: A strategic approach to innovation in Ireland

Innovation strategies can serve as a crucial tool for setting a clear strategic direction for innovation, providing leadership support and laying out explicit mechanisms to enable innovative capacity to be developed. An innovation strategy could help provide strong direction and an enabling environment for innovative capacity building in Romania.

The Irish Innovation Strategy: Making Innovation Real – Delivering Today, Shaping Tomorrow, provides a strategic vision to translate concrete public sector goals into innovative action. This strategy aims at building an innovative public sector culture, scaling up innovation and transforming the public sector. It offers strategic direction paired with concrete supports and guidance for ministries, teams and individuals to translate the innovative strategic direction into action.

Source: Government of Ireland Department of Public Expenditure (2020).

133 OECD (2019), "Recommendation of the Council on Public Service Leadership and Capability", OECD/LEGAL/0445, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0445>.

134 Government of Romania (2020), National Reform Programme 2020.

hub, and innovation champions to help embed innovation into daily life.

An innovation strategy (see [Case Study: A strategic approach to innovation in Ireland](#)) would serve as an excellent tool to drive the intent, mandate and permission for innovation, and to promote innovative capacity building and its integration into public sector work. This strategy could be supported by key innovation champions and funding and provide a strategic vision that creates purpose, opportunities and aims at building capacities for innovation activity. Moreover, the strategy could support a diversity of innovation activities (see: [Innovation Facets Model](#)) and a better understanding of the concrete impact of such initiatives. An innovation strategy can help ensure that innovative capacities and activities become core to the functioning of Romania's civil service (see example: [A strategic approach to innovation in Ireland](#)).

Case Study 19: Chile's Government Lab – Learning, understanding impact, building expertise and providing advice

The Government Lab “Laboratorio de Gobierno” is an agency of the State of Chile, dependent on the Ministry of Finance, which aims to accelerate the transformation of public services and enhance the relationship with citizens. Created in 2014 as the first government innovation lab in the Latin American region, the agency has evolved to be the core agent implementing the public sector reform and modernisation strategy. As an experimental space in the government, the Lab holds a three-component service model that comprises:

Agile Consulting service: which supports exploration and co-creation of solutions to priority problems for public institutions using agile and people-centred innovation methodologies and embedding these into the broader public administration.

The Public Innovators Network: a community and training forum to spread innovative practices and capacities among civil servants and other society stakeholders.

The Public Innovation Index: an annual measuring and monitoring service to guide institutions on the development of their public innovation capacities.

The Lab's position in the centre of public reform is key to connecting innovation and innovative capacity development with the government's strategic priorities and ensuring that the Lab's efforts are implemented and directly embedded into the broader priorities and policy making of government. The team comprises 28 professionals in service design, public policy and administration, engineering, economics and data.

The Government Lab has transversally supported 170 public institutions, primarily public services, including 28 implemented projects related to health, social protection, state modernisation and others. The Public Innovators Network has more than 20,000 members, and nearly 60% of them have received formal training in innovation. The Public Innovation Index has led two annual innovation measurements, giving guidance and advice to 37 public services. The Lab has identified four key areas of change: Strategy, Service, Operation and Organisation, aiming to generate sustainable transformation over time when working with institutions.

This type of Lab model helps to build systems-wide innovative capacity, including deliberate networks for learning and best practice sharing, indicators of impact and performance and opportunities to build innovative skill sets across the service.

Source: Laboratorio de Gobierno (2022): <https://www.lab.gob.cl/>.

Furthermore, there is a key opportunity to build formal bodies for innovative activities such as experimentation accelerators or incubators, forums and networks for collaboration (see [Case Study: Building innovative capacity in Slovenia](#)) and specialised expertise in innovation to support the entire public sector's capacity for innovation through an innovation lab (see example: [Chile's Government Lab](#)).

Ecosystems, partnerships, value chains and connectedness

Cross-sectoral collaboration and knowledge sharing is crucial to carrying out innovative activities, particularly in the face of capability and knowledge gaps in the public sector.

Research findings

“What we found was, in our experience, is that precise focus and actually engaging people in impactful transformation in a policy area is crucial.”

- Interviewee from this project

50%

of questionnaire respondents found that partnerships and external engagement support their innovative capacity in the workplace.

There is an extensive ecosystem of knowledge in Romania, including private sector leaders in technology and academic institutions. However, interviewees and focus group participants noted a reluctance from the part of the public sector to invest in lasting and meaningful partnerships across sectors that would allow the public sector to leverage a diversity of knowledge and perspectives to develop impactful innovative solutions. OECD work on civic space has uncovered that collaborations tend to be rules-based without recognising mutually beneficial value creation, with engagement often happening to little, too late.¹³⁵

Case Study 20: Public Consultations and Partnerships: ANAF (National Agency of Fiscal Administration) Unit for Public Consultation

For policies and processes to have meaningful impact, users need to be involved in their design, implementation, evaluation and re-iteration.

The ANAF Public Consultation Unit has established a number of mechanisms to gather the input and perspectives of stakeholders:

- A Consultative Council comprised of experts from academia, private sector, trade unions and beyond to discuss complex problems, strategic directions etc., acting as a council and advisory group for top management.
- Annual surveys aimed at helping the organisation understand taxpayer satisfaction.
- The development of a survey on taxpayer compliance.
- Public engagement (using the ANAF website) that enables stakeholders to comment on draft legislation.
- Consultations with trade unions on work arrangements.
- Internal surveys to gather feedback of staff.

Input gathered through all of these mechanisms goes into reports to top management to inform strategic decisions program, policy and service design and improve approaches to tax compliance and user satisfaction.

Source: ANAF (2022)

135 Forthcoming report from the OECD Observatory of Civic Space.

This lack of collaboration is causing capacity gaps when creating, designing and implementing innovative projects.¹³⁶ Romanian legislation provides immense opportunities for consultation – sometimes explicitly requiring consultation by law (e.g. Law 52/2003). While consultations are often happening in the process of creating laws (although it is observed that these consultation processes are often not effective due to short deadlines and little outreach), and at times through policy and process design (see Case Study: Public Consultations and Partnerships), there are opportunities to build more extensive co-ordination mechanisms to build ecosystems in specific policy or challenge areas and improve the value chain for innovation.¹³⁷ Potential for this is shown in European projects, such as the RRP, Horizon Europe and Green Deal projects which often demand collaboration between sectors in order to improve the likelihood of success.

“I mean, we’re talking about this type of declining trust, in government services, or in government, or together in many other countries. And I think that one way to tackle this is to actually make the government understand that they’re not the only player at stake.”

- Interviewee from this project

Case Study 21: Enabling cross-sectoral collaboration in Slovenia

The **Partnerships for Change** Programme in Slovenia is an innovative platform aimed at strengthening partnerships between the public sector and government and involves a wide range of stakeholders including economic associations, municipalities, non-governmental organisations, public institutions, private institutions, public administration bodies, educational and scientific institutions and more. It aims at enhancing understanding about different goals and perspectives, to establish knowledge transfer between organisations and to build a strong partnership for addressing common challenges. It is co-ordinated by the American Chamber of Commerce in Slovenia and the Ministry of Public Administration.

This Partnership has enabled 90 mentorship pairs and the exchange of 350 employees in public administration and companies, with the participation of 55 companies, almost all Slovenian Government ministries as well as some local institutions. The Partnership has worked together to solve 10 major challenges, with three additional challenges in progress. The Partnership uses an agile approach to continuously learn from best practices across sectors, particularly focused on communications, soft skills and emotional intelligence and is working to improve creativity, openness, trust and implementation speed and effectiveness.

Concretely, the project enables collaboration on drafting legislation, development activities, creation of new concepts and solving specific problems and challenges on systems level. It increased motivation and engagement of employees on both sides and raised significant interest from top-level managers and leaders (government and business).

This partnership offers an example on how cross-sectoral collaboration can address complex societal challenges by collectively developing innovative approaches and solutions. The partnerships expands the capacity to address these challenges by blending internal public sector capacities with diverse knowledge, expertise and skills from across sectors – such an approach could prove to be very effective in Romania with a rich ecosystem of specialised knowledge across sectors.

Source: Slovenian Ministry of Public Administration (2022).

136 Noted in interviewees and focus groups

137 OECD (2020), “OECD Report on SDG Budgeting in Romania”, <https://www.oecd.org/gov/budgeting/oecd-review-of-sdg-budgeting-in-romania.pdf>.

Collaborations are occurring sporadically and lack continuity due to changes in leadership and a lack of effective institutionalised partnership arrangements and formal collaboration mechanisms (e.g. MoUs and ecosystems). This gets in the way of the innovation value chain. Private sector actors have demonstrated interest in collaborating, but are often disappointed when projects are cancelled and efforts discontinued because of leadership or management changes.

"I would say that authentic co-operation between the public and the private sector in Romania is something quite rare."

- Interviewee from this project

To date, successes in building partnerships and collaboration opportunities can be observed in the Parliamentary realm (through working groups), but not frequently in the bureaucracy. Working groups focused on specific policy and challenge areas have been particularly successful, although the high volume of parliamentary working groups is demanding extensive time and resources of those involved.¹³⁸

"Ideally we would work well together, we would be at the same table more often and be able to have conversations that feel more peer to peer."

- Interviewee from this project

Formal interchange opportunities between academia, private sector and the Romanian Government are lacking (see [Case Study: Public-Private Talent Exchanges](#)).

Case Study 22: Public Participation and Consultation

Consultation and participatory approaches are not only "nice to have" but rather, explicitly called for in Romanian legislation. This formality should be leveraged deliberately to build consultation into the norms of policy and service delivery cycles.

[Law 52/2003](#) formalises two public participation avenues for the general public to inform legislation. The first is a consultative process for draft laws (e.g. Ordinance, ministerial orders, government decisions and emergency ordinances) whereby drafts are posted publicly and citizens and organisations are invited to submit suggestions and proposals on the draft legislation.

Secondly, upon request of civil society organisations or public authorities, ministries are required to organise a public debate on laws allows civil society and authorities to engage, debate and dialogue around the draft law and express their opinions on how the law could be modified to better fit the needs of the public. Input from these two stages of consultation is reviewed and when deemed applicable, integrated into new iterations of the draft. Additional mechanisms such as online tools and methods, online petitions, public consultations and open data sharing are also leveraged to ensure transparency and openness in the development of policies and legislation.

In addition to these law-based consultation activities, the Ministry of Internal Affairs uses online tools such as online petitions and other feedback mechanisms to facilitate the sharing of information and engage stakeholders in participatory consultation processes.

Source: Ministry of Internal Affairs (2022) and Law 52/2003.

¹³⁸ The use of interministerial working groups was also recommended in the OECD Scan of Institutional mechanisms to deliver on the SDGs: OECD (2020): [ROMANIA: OECD Scan of Institutional Mechanisms to Deliver on the SDGs](#).

"I would say, constant discussion with the private sector [is crucial for innovation]. Open and transparent discussion must be, really an attitude and habit from both sides. There are a lot of examples of moments when the public sector directly implemented a measure or adopted something, and only after could the private sector react."

- Interviewee from this project

Beyond the legal requirements (see [Case Study: Public Participation and Consultation](#)), consulting users and stakeholders (including citizens and businesses) should become a standard and continuous practice across the entire public sector to ensure the effectiveness of innovative initiatives and help develop innovative initiatives that can meet citizen needs.

"Sitting at your window, and looking down at people – you certainly don't understand their problems - because you're looking at them from the top."

- Interviewee from this project

Case Study 23: Leveraging innovation ecosystems to drive change

Innovation ecosystems can prove to be an effective model for cross-sectoral collaboration around specific policy areas and / or key mission-oriented challenges (e.g. Clean Oceans) relating to societal goals. This intentional collaboration model accelerates knowledge sharing, common value generation and collective efforts to drive and steer innovation in a sustained manner. Innovation ecosystems can be spearheaded by governments, and public sectors can use them to help achieve innovations for policy challenges.

The OECD identifies four key success factors for the use of innovation ecosystems to drive and support innovative solutions:

Engagement of diverse stakeholders (diverse knowledge and perspectives enable ecosystem members to identify a wider range of opportunities and access the resources and expertise they need)

Orientation around shared goals (building goals together helps to co-ordinate members efforts around objectives that deliver shared value that individual organisations cannot otherwise generate)

Capacity to learn and adapt (ecosystems can provide a forum for collective learning; crucial in rapidly evolving topic areas)

Capacity to co-operate (ecosystem success depends on sustained co-operation, often demanding strong ecosystem governance, shared standards, common values and trust)

An orchestrating organisation, commonly led or funded by the government, is important to manage these factors and promote engagement.

OECD OPSI has been working with the Investment and Development Agency of Latvia (LIAA) to support the development of anticipatory innovation ecosystems in the country's existing areas of advantage such as Photonics and Smart Materials, Biomedicine, and the Bioeconomy. This novel approach brings together stakeholders from the public sector, academia, industry and civil society to explore future trends and threats, the potential of emerging technologies in the area, the need for policy and regulation reforms and much more. Through structured collaboration and the application of anticipation methods such as strategic foresight, it aims to leverage the collective intelligence and resources of members to enable them to identify opportunities for innovation and collaborate to create new value.

Source: OPSI, OECD

"I would like to see an administration which is more flexible and open to the external side, and which hears taxpayers and talks to taxpayers and takes into account their needs and expectation and not in a formal way, but really just working with taxpayers ideas."

- Interviewee from this project

Considerations

Focused, cross-sectoral and inter-ministerial working groups could be an effective mechanism for building formal collaboration in key innovation focus areas (around specific SDGs or migration). These types of groups should be driven by a co-created vision, collaboration principles and should deliver common benefit to all involved (see [Case Study: Enabling cross-sectoral collaboration in Slovenia](#)). Working groups do not need to involve state secretary participation (as expected by many in the Parliamentary realm), but instead can focus on convening technical level experts to collectively develop innovative solutions in their relevant policy domains. Global examples include the [Open Government Working Group](#) in Canada and the [Estonian Working Group on Nuclear Energy](#). Within the public sector, there are opportunities to build collaboration, working groups and networks on specific governance challenges that span across multiple departmental responsibilities.

Furthermore, leveraging interchanges could help expand the public sector capacities in terms of new knowledge, tools, resources and approaches to innovation (see [Case Study: Public-private talent exchanges](#)).

Governments can also spearhead and help to establish innovation ecosystems could help expand formal cross-sectoral collaborations around common innovation challenges in a forum that benefits both the public sector and participating parties from academia, private sector and beyond. In this regard, particularly for key RRP areas (e.g. health), considerable funding is available for building and sustaining the research and innovation ecosystem. However, there is again a need for better strategic direction, co-ordination and multi-year internal funding streams to support research and innovation activities.¹³⁹ Examples of, and best practices for, innovation ecosystems can be found in OECD (2021): [Collaborative platforms for emerging technology](#).

Continuing to advance the mechanisms for citizen engagement (beyond the required engagement activities in law creation) can help enhance the effectiveness of innovative initiatives in meeting citizen-needs. Open government approaches can help¹⁴⁰:

- Establish greater trust in government
- Ensure better outcomes at less cost
- Raise compliance levels

1 in 4
of questionnaire respondents
believe they do not systematically
incorporate citizen and/or
stakeholders perspectives into work.

¹³⁹ Specific recommendations for R&I governance have been suggested in the Horizon Europe Report: European Commission (2022), Country Review of the Romanian Research and Innovation System.

¹⁴⁰ OECD (2010a), "Background document for Session 1 of OECD Guiding Principles for Open and Inclusive Policy Making", Expert Meeting on Building an Open and Innovative Government for Better Policies and Service Delivery, OECD, Paris, 8-9 June 2010, www.oecd.org/gov/46560128.pdf.

- Ensure equity of access to public policy making
- Foster innovation and new economic activity
- Enhance effectiveness by leveraging knowledge and resources of citizens who otherwise face barriers to innovation.¹⁴¹

The area of open government is a key priority area for the Government of Romania, and is also being tackled under another component of this Norway Grants project.

Data sharing, data and knowledge management and IT Technology

Technology and data can be key tools for innovation. Capacity for innovation can be greatly enhanced through effective data sharing and digital interoperability across the public sector.

Research findings

Lack of suitable IT infrastructure and policies was cited by many interviewees and focus group participants as a key challenge when carrying out innovative efforts, exacerbated by the challenging privacy and data protection implications of different technology tools and platforms. This was also a key concern of executives during the executive focus group and workshop conducted as part of this project and was raised frequently as an area for improvement in Institutional Strategic Plans. Effectively leveraging existing IT infrastructure as a means to streamline processes and improve efficiency remains a common challenge. Digitalisation efforts have not always been accompanied by re-thinking of processes to ensure efficiency nor are evaluation mechanisms in place to understand the impact of policies and feed that into future digital transformation efforts. Moreover, while data sharing platforms, such as data.gov.ro, exist, public servants are not adequately trained in how to meaningfully leverage this in their work¹⁴². This barrier to innovative capacity is high on the agenda of many public servants and leaders who acknowledge the need for technology tools and upgraded technological infrastructure.

> 50%
of those that responded to the questionnaire indicated that they find data and knowledge management supports innovative capacity in the workplace.

There is a strong recognition of the need for improved IT technology, digital interoperability, data gathering and data sharing to provide public servants with the necessary tools to work in innovative ways and implement innovative projects¹⁴³. Through funding from the Administrative Capacity Operational Programme 2014–2020, considerable financing has been provided to strengthen the interoperability of e-government services.¹⁴⁴ This includes projects to improve the use and infrastructure for big data, improve technological resources to deliver electronic public services, electronic data management systems and centralised software and platforms to ease the delivery of government services¹⁴⁵. These projects could help enhance interoperability across the entire public sector system in how data is gathered, shared and leveraged and how services are delivered in co-ordinated, accessible and coherent ways to citizens.

141 OECD (2010a), "Background document for Session 1 of OECD Guiding Principles for Open and Inclusive Policy Making."

142 Noted in focus groups and interviews

143 Noted in interviews and focus groups and in Government of Romania (2014), "Strategia Națională De Cercetare, Dezvoltare Și Inovare 2014 – 2020", https://www.edu.ro/sites/default/files/_f%C8%99iere/Minister/2016/strategii/strategia-cdi-2020_-proiect-hg.pdf.

144 Government of Romania (2020), National Reform Programme 2020.

145 Ibid.

Data gathering, sharing and management is a common priority in institutional strategic plans. However, given the siloed nature of these plans, data sharing and gathering structures tend to be focused on gathering and sharing data within organisations, rather than building common platforms for data sharing across the public sector. Innovative initiatives typically demand cross-cutting, evidence-informed approaches where data is not necessarily falling within the boundaries of one institution's purview. European data infrastructure, recommendations and strategies (such as the General Data Protection Regulation¹⁴⁶, the upcoming Data Governance Act¹⁴⁷ amongst others) offer the potential for improved data protection and sharing. However, despite efforts to develop innovative IT strategies and infrastructure, knowledge gaps and a lack of fit-for-purpose technology and data gathering solutions make it difficult to understand the real-time needs of citizens and share data across ministries – both of which are crucial to developing impactful innovative solutions. While the National Institute of Statistics does provide data to ministries, this data isn't always fit for purpose (ie. relevant or important for informing or evaluating policy interventions), and ministries don't always know what to do with the data.

Participants in this research noted that a disconnect between indicators and policy design and delivery sometimes stands in the way of leveraging data to design and understand the impact of innovative initiatives. Lack of competencies and investments in the data and IT management areas are serious barriers to the public sector's ability to leverage data effectively to inform, design and deliver innovative solutions. The public sector struggles to retain IT specialists since they are better compensated in the private sector¹⁴⁸. Although the ICT industry is growing at a fast pace, and Romania is increasingly regarded as a European IT hub, central and local governments are lagging behind in delivering digital services to the population and businesses.¹⁴⁹ Current digital investments are lacking when it comes to developing digital platforms and data infrastructure do not enable individuals to understand real-time needs of citizens.

Considerations

There is a recognition of the need to enhance collaboration on data gathering and sharing and technological development across ministries and sectors, particularly to support the development of innovative solutions. In recent years, the Government has issued a number of new decisions and agreements to improve open data and data sharing, such as the EU Directive on Open Data and the re-use of public

Case Study 24: Law and Technology Collaboration

Cross-sectoral partnerships are already occurring and showing success in Romania. At the parliamentary level, a public-private advisory working group entitled the Law and Technology Lab was organised by the Information Technology and Communications Committee of the Chamber of Deputies. This group of experts from the private and public sectors worked through regular meetings to inform meaningful, applicable and practical legislation in the technical domain to ensure that legislation created by Parliament would meet the needs of impacted actors. This Lab was created through an official Memorandum of Partnership between the Chamber of Deputies and several business organisations. This Lab serves as an example of how collaboration across sectors can be institutionalised to improve the impact of policy and legislation.

Source: Romanian Business Leaders (2022).

146 EUR-Lex (2016), Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, EUR-Lex - 32016R0679 - EN - EUR-Lex (europa.eu).

147 European Commission (2022), "European Data Governance Act", European Data Governance Act | Shaping Europe's digital future (europa.eu) (accessed on 11 August 2022).

148 Noted in focus groups.

149 Noted in focus groups.

sector information¹⁵⁰ and a MoU with the Moldovan Government to work collaboratively on digital transformation.¹⁵¹ Moreover, the database data.gov.ro could be a very effective platform for data sharing if public servants are equipped with the skills for understanding and leveraging diverse datasets to inform innovative projects.

Across the system there is a very strong focus on technical aspects of data and knowledge management and technology. Effective practices, changes to working models, tools and capacities need to be integrated into this thinking in order to allow investments in this space to achieve their full potential (see: [Systemic Insight #7](#)). The area of data sharing and IT infrastructure remains a key priority area and is being tackled in the Digital Government component of this Norway Grants project - further insights are shared under [Systemic Insight #7](#). Improving data interoperability and increasing access to technological solutions may lead to greater efficiencies to open up more time and resources for innovative activities, including experimentation.

150 European Commission (2022), "Press Release: Open data directive: Commission calls on Romania and Slovenia to comply with EU rules open data and public sector data reuse", Open data directive: Commission calls on Romania and Slovenia to comply with EU rules open data and public sector data reuse | Shaping Europe's digital future (europa.eu).

151 IPN Press Agency (2022), "Moldovan-Romanian commission for digital transformation starts work", https://www.ipn.md/en/moldovan-romanian-commission-for-digital-transformation-starts-work-7967_1090476.html (accessed on 11 August 2022).



Impact of Innovation: How is the impact of innovative efforts understood and informing future practice?

Impact - Individual level

Factors from the Innovative Capacity Framework: Knowing how innovative activities contribute to public sector goals can help encourage and motivate staff to motivate in the future. Employees need to be provided feedback on the impact of their innovation and the process they have used. Furthermore, staff motivation can be supported if employees are provided recognition for their work and validation on their contributions. Finally, individuals need to be equipped with time and resources to ensure that innovating is a positive experience, rather than a challenge.

Summary of findings: The individual experience of innovating is often challenging as individuals are frequently required to push boundaries, dedicate their own time and energy and receive limited support for their efforts. Furthermore, due to a lack of understanding of the impact of activities, it's difficult to understand how those efforts are contributing to larger goals (e.g. organisational priorities, increasing public value). Staff are not always consistently provided with performance feedback or feedback on innovation activities.

Considerations Continuing the efforts to develop meaningful and effective indicators and measures of the impact of initiatives, and feeding those into performance management frameworks will help individuals understand their role in shaping improved outcomes through innovation. In addition, providing time and resource supports to public servants for innovation will help to enhance the experience of innovating.

Individual experience

Individual's personal experience with innovating has significant influence over their desire to innovate in the future. This includes how easy it was to innovate, the value they got out of doing it and the perception of making a difference.

Research findings

Focus group and interview participants noted different experiences with innovating: while some felt satisfaction from innovative efforts, many noted frustration and fatigue fighting against the rules and hierarchy of the Romanian public sector, with limited recognition for their work. At times, those involved in innovative projects were disappointed by the lack of political continuity and institutional fluctuations which disrupted ongoing projects, resulting in the considerable loss of individual time and effort on projects that never made it to fruition. Finally, few explicit learning opportunities exist for individuals to learn and reflect on their experience of innovating.

Considerations

Improving the experience of innovators will be key to continuity of innovative initiatives. This will demand greater support, dedicated time and resources for innovation so that it is not an individual burden. Furthermore, supporting the continuity of innovative projects beyond political cycles will help increase the satisfaction of individuals involved in innovative initiatives. Finally, learning should be built into the innovation cycle.

Individual performance approaches

Performance management and evaluation assessments should reflect on individuals' role in innovating, and how innovating contributes to individual and organisational outcomes. Regular conversations on such issues will help build civil servants' understanding of the impact of their innovation efforts, and how they and their managers can work together to develop their innovative capabilities into the future.

Research findings

Few mechanisms exist for individuals to reflect on their role and performance in innovative activities. In a recent study of [Human Resource Management in Romania](#), the World Bank noted "Performance management practices do not adequately distinguish between high and low performers and are not used to motivate staff or inform their career development."¹⁵² Focus group participants from this project unanimously noted that performance management assessments do not reflect on innovative behaviours of staff and their contributions to innovative activities. Employees rarely receive concrete feedback on their role in innovative programmes, approaches and actions, limiting their drive to change behaviour and be innovative in the future. Innovating is not explicit in performance plans, and therefore does not shed light on an individual's performance, behaviours or development goals related to innovation (see: [Individual Job Design](#)). Individuals rarely receive concrete input on how they could be more innovative in the future.

Considerations

Integrating innovation skills, competencies, mindsets and behaviours into performance assessment and evaluation cycles could help encourage individuals to understand the impact of their role in spurring and supporting innovative initiatives, and how they could improve their performance into the future.

Knowledge of results and impact

Staff need to be able to evaluate the impact of innovative activities and understand how innovative work contributes to organisational goals, political objectives and public outcomes to see the value of their contributions.

Research findings

An overall lack of understanding on the impact of innovative initiatives in Romania (see: [Systemic Insight #6](#)) makes it difficult for individuals to observe how their contributions to innovative efforts are impacting the lives of citizens and stakeholders. As a result, they are not able to see the difference they are making and resulting outcomes of taking an innovative approach rather than continuing with status quo working methods. There is a strong desire amongst public servants to better understand the broader impact of their work and how it contributes to the public good. Similarly, across the management level, there is a desire to have better indicators to measure the impact of initiatives, policy, legislation and strategies.

< 50%

of questionnaire respondents reported that they systematically examine whether new approaches or solutions are useful and impactful.

However,

3 in 4

reported that they systematically work to learn and shift practices from mistakes.

¹⁵² The World Bank (2019), Advisory Services on Developing a Unitary Human Resources Management System Within the Public Administration: Output 1: Deliverable 1.3 Recommended options for Romania.

"We are lacking in impact analysis, this is done at the early stage as a rough estimate."

- Interviewee from this project

Without knowledge of impact, individuals will be less likely to want to undertake innovative projects in the future, and it will be difficult for them to build the business case and gain management support for innovative ideas in the future.

Case Study 25: A shift to better measurement and evaluation of strategies

The March 2022 [Government Decision No. 427](#), released in calls for improved development, monitoring, reporting and revision of institutional strategic plans. This provides a key mechanism to shift the approach to strategy design in the Romanian Government to provide stronger, co-ordinated and user-informed strategic direction.

The accompanying methodology ([Decision no. 379](#)) includes key principles:

- **Participation:** consulting stakeholders from across sectors in the strategy development
- **Responsibility:** clear aim to achieve results within specific periods of time
- **Substantiation:** needs to be based on data
- **Sustainability:** needs to include key actions to work towards the fulfilment of the 2030 agenda for sustainable development
- **Predictability:** contributes to key strategic objectives and results
- **Transparency:** involving public consultation, informing citizens, and active participation of citizens in the decision-making process.

These government decisions have the potential to guide a more cohesive strategic design approach involving co-creation, impact analysis and strategic synergies across government.

Source: Guvernul României (March 2022), "HOTĂRÂRE nr. 427 din 25 martie 2022 pentru aprobarea Metodologiei de elaborare, monitorizare, raportare și revizuire a planurilor strategice instituționale." <https://legislatie.just.ro/Public/DetaliiDocument/253280>.

Considerations

Leveraging the management desire and legal requirement (see Case Study: [A shift to better measurement and evaluation of strategies](#)) to develop better indicators will be key to helping individuals and organisations better understand the value of contributing to innovative efforts in relation to status quo operating methods. Furthermore, if indicators are linked to specific organisational goals, political goals and public values, staff can observe their contributions to those objectives and find meaning and value in their innovative work; making them more likely to innovate in the future and providing insights on the most effective methods for the future. To leverage indicators effectively, staff will need the skills for measurement, evaluation and understanding data connected to indicators.

Impact - Organisational level

What the Framework tell us: Evaluation, impact assessments and learning loops are crucial to developing and refining innovative approaches that meet the needs of stakeholders and support organisations in achieving their goals and priorities. Furthermore, understanding impact of innovative efforts can help reveal the benefits of leveraging innovation, relative strengths and areas of improvement around innovative capacity. Using innovative approaches to evaluation more broadly, that incorporates iteration and a whole of systems perspective can help government's better monitor and pivot on complex policy solutions.

Summary of Findings: Many efforts are ongoing to improve indicator development and performance of policies and strategies based on indicators. However, a lack of capabilities on contemporary evaluation methods, coupled with siloed policy evaluation, prevents Romania from systemically and iteratively evaluating policies. Further, there is no explicit organisational approaches to evaluating innovation. Thus, to date, measurement and indicators have had minimal influence over future practice, including when and if innovative approaches are leveraged rather than traditional approaches. Furthermore, stakeholders and citizens are not consistently engaged in innovative efforts to help showcase their impact and ensure that efforts are delivering on expectations.

Considerations: Continuing efforts to develop meaningful indicators that can be iterated based on changing circumstances and informed by perspectives from users and stakeholders will help improve an understanding of the impact of innovative initiatives and improve future efforts. Furthermore, engaging stakeholders and citizens around the purpose, impact and results of innovative initiatives can help improve an understanding of expectations and manage backlash in the event of failure. Introducing innovation measurement approaches can help reveal organisational strengths and weaknesses in the area of innovative capacity and reveal how innovative efforts achieve a range of goals. As a longer-term ambition, Romania could consider using iterative and systems-based approaches to evaluation as part of their policy-making cycles.

Organisational performance monitoring and evaluation

Organisational performance monitoring, evaluation and measurement of innovative activities is key to understanding how innovation can increase effectiveness of organisations and how innovation can be used to achieve organisational ambitions.

Research findings

There is limited organisational performance monitoring and evaluation occurring in the Romanian Government. While there is a push towards better performance indicators, these are sometimes seen as a formality rather than an effective tool to understand the impact of initiatives and performance of organisations. Learning from evaluation of these indicators is not always feeding into future practice to improve and refine efforts.¹⁵³ For example, ISPs outline comprehensive frameworks for monitoring and evaluation, including specific indicators and targets, outputs and impacts. However, there is limited practical experience in the implementation of these monitoring and evaluation frameworks as these activities have yet to be embedded in the day-to-day operations of organisations.¹⁵⁴

153 World Bank (2019), "Institutional Strategic Plan 2019-2022 for the Ministry for Research and Innovation", https://sgg.gov.ro/1/wp-content/uploads/2019/11/MEN_EN.docx.

154 World Bank (2019), "Output no. 6: Institutional Strategic Plan 2019-2022 for the Ministry of the Economy."

"We don't have performance indicators, or intermediary indicators: if we set and agree on a strategy in a certain field, we don't have progress or performance indicators to say, this is to be done during year one, this has to be done during year two, and so on."

- Interviewee from this project

No explicit innovation measurement system, such as the Innovation Barometer is used to measure institutional performance in innovation areas. Consequently, there is no simple mechanism for comparing year to year performance on institutions in the area of innovation, nor is it possible to compare performance from one institution to the next. Moreover, lessons learned within one organisation are unlikely to be shared with others. In addition, evaluation is typically done through ex-post assessments, rather than throughout the innovation process to ensure iterative and impactful design.

2 in 3

questionnaire respondents find it easy to reuse good ideas from other workplaces, despite this, there is limited evidence of this happening.

Considerations

Establishing an organisational performance monitoring system for innovation in Romania would help organisations understand the value of innovating, and allow Romania to use recognition and rewards to encourage learning from innovations. Performance monitoring and evaluation of innovating also enables critical reflection on the innovative capacities of organisations as well as the impact of all projects, including the comparative benefit of leveraging innovative approaches rather than status quo working methods. Introducing explicit innovation measurement tools, such as those that evaluate specific projects or that evaluates broader innovative capacity, could enable comparative performance assessments of organisations in the area of innovation. They could also reveal key drivers of innovative efforts, results of innovative initiatives in achieving key goals and priorities and reveal barriers experienced by staff when conducting innovative efforts.

Finally, as a longer-term ambition, Romania should consider lifting policy evaluation capability to allow them to execute on their evaluation frameworks more effectively. Separately, Romania should consider incorporating more iterative and holistic methods to policy evaluation that include citizen and participant feedback. Other countries have started to incorporate such methods: for example, Singapore is using real-time citizen data to monitor and evaluate their services¹⁵⁵, Australia has a regular whole of government citizen experience survey which provides a cross-sectional view of public policies and services experience¹⁵⁶, and the UK recently implemented an iterative model to improve public policy delivery¹⁵⁷.

Perceived impact

Understanding impact of initiatives, both innovative and traditional, is key to continuity of initiatives and refinement of further efforts. The reaction of stakeholders, the public and media to innovation is

155 Singapore Government Developer Portal (n.d.), "Wogaa", <https://www.developer.tech.gov.sg/products/categories/analytics/wogaa/overview.html> (accessed on 18 August 2022).

156 Australian Government Department of the Prime Minister and Cabinet (n.d.), "Citizen Experience Survey", <https://www.pmc.gov.au/public-data/citizen-experience-survey>.

157 Haynes et. Al, (2012), "Test, Learn, Adapt: Developing Public Policy Trials with Randomised Controlled Trials", Cabinet Office: Behavioural Insights Team, <https://www.bi.team/publications/test-learn-adapt-developing-public-policy-with-randomised-controlled-trials/>.

also particularly crucial as this tends to influence political support for innovative efforts, particularly in a context of high risk initiatives.

Research findings

Current efforts to understand user experience and impact of policies and services in Romania are sporadic. Consequently, ineffective policies and processes remain in force even when inefficient and delivering poor results. Considerable overhaul is ongoing on evaluation techniques, including user experience, particularly connected to work that is laid out in institutional strategic plans (see Case Study: [A shift to better measurement and evaluation of strategies](#)). This should help develop an understanding of the true value and impact of initiatives and encourage engagement of stakeholders in understanding the impact of initiatives and whether initiatives are meeting their expectations. Furthermore, EU projects are encouraging greater involvement of stakeholders and increased efforts to understand impact of initiatives. For example, through the RRP, communications channels such as social media and other forums are being used to increase engagement and understanding of the work.

Media and citizen scrutiny on government remains particularly strong, and consequently, if innovative initiatives fail, public backlash may result, potentially impacting the likelihood of innovations being attempted again in the future.

Considerations

Given the types of challenges and ambitions the Romanian Government tackles (e.g. advancing their SDG goals, infrastructure reform and health system transformation), and the importance placed on citizen trust and perceptions, Romania needs to implement innovative evaluation approaches that are user-centred, systemic and iterative to understand impact. Furthermore, given that innovations could result in failure (and associated public criticism), understanding the impact of initiatives and showcasing the positive impacts of innovation to the public can help build public support for innovative activities, which typically feeds into political support. Gathering data on the impact of innovative initiatives and showcasing results, informing future practice, building future innovation cases and publicly demonstrating the value of using public funds for innovative initiatives can help improve and increase innovation into the future.

Impact - Systems level

What the Framework tell us: Understanding the impact and value of innovation across the entire public sector system, particularly around public goals, challenges and ambitions, is key to building the business case for innovation and informing future efforts. Furthermore, discussing failures of innovative projects as well as spreading and scaling successes can help improve future practice, minimise duplicative efforts and scale impact.

Summary of Findings: Similar to experiences at the organisational level, systems wide impact assessments and evaluative approaches for innovation stand to be improved. Furthermore, no formal innovation networks or learning loops exist to spread information about innovative initiatives.

Considerations Measuring the impact of innovative activities, particularly around key RRP goals, SDG implementation and government programme priorities, can help when building business cases for innovative efforts in the future, refining efforts and promoting continuity of initiatives. Furthermore, establishing networks for learning and sharing around the experience of innovating and result of initiatives can help scale successes and improve learning from challenges.

Performance, evaluation and legitimacy mechanisms

Systems-wide performance management, quality, evaluation and audit frameworks – including approaches to public integrity, audit and accountability – can provide important systems-wide measurement and comparison tools to understand the systemic performance of the public sector, and help to identify when to use innovative methods or approaches. Further, evaluating innovative capacity and impact of innovations of the entire public sector can help governments more effectively learn from, and improve their innovation approaches to achieve better outcomes.

Research findings

The research demonstrated that in Romania, there are no specific innovation evaluation practices across the system to measure performance of individual innovation projects or broader institutional performance that allows for identification of when and how to use innovation.

Audit is currently viewed as a formal process, with the audit office perceived as the “police” or controllers, rather than the guiders or helpers.¹⁵⁸ The Court of Accounts conducts an annual activity programme of financial, compliance and performance audit which varies depending on requests from Parliament, emerging emergencies and issues highlighted through petitions by media and the citizens.¹⁵⁹ They also audit the use of EU funds and specialised audits at the request of the Chamber of Deputies and Senate.¹⁶⁰ Audit and evaluation, as currently designed and perceived, are not seen as opportunities to learn at local or systemic levels. As such, auditors don’t play a key role in helping to systemically enhance innovative capacity, and current approaches to audit and performance management tend to be transactional, rather than focused on transparency, citizen involvement and systemic views.

Few accountability mechanisms and performance reporting frameworks exist to create direct accountabilities for innovative activity and assessment of innovative performance. The new public accountability and performance framework in Romania¹⁶¹, which requires clear plans and annual reports, could prove effective in improving lines of accountability and understanding performance. However, there are capacity and capability gaps around meaningfully using these frameworks, including implementing theories of change, systems shifts, impacts or outcomes vs. outputs and processes. Further, there are no mechanisms to undertake evaluations across agencies for cross cutting work.

The primary mechanism used by the Office of the Government – primarily through the DCPG – to ensure that government policies are implemented by line ministries is the Annual Working Plan of the Government (AWPG), an electronic database established in 2014. All line ministries announce planned legislative initiatives for the year and the approximate adoption date. The AWPG has fostered discipline and predictability. However, monitoring and evaluation of government policy is reported to be challenging given historical fragmentation amongst line ministries and between line ministries and the Centre of Government. The number of strategies, institutional division of the strategic planning process, as well as limited focus on implementation beyond the approval of a legislative initiative and limited capacities in this area, limit the overall policy monitoring and evaluation capacity. In 2020, the World Bank noted the need to link Institutional Strategic Planning Processes with the AWPG and preparation of cross-cutting public sector strategies¹⁶². This linkage should go hand-in-hand with cross cutting evaluation, accountability and monitoring mechanisms that reward actors across the public

158 International Bank for Reconstruction and Development / World Bank (2021), [Final functional review report](#) comprising inter alia a functional gap analysis and a comparative analysis of good practices from several EU countries in selected thematic areas.

159 Curtea De Conturi A României (2020), [Activity Report : Year 2020](#).

160 Ibid.

161 Government of Romania (n.d.), “PROGRAM DE GUVERNARE 2021–2024, [Coaliția pentru reziliență, dezvoltare și prosperitate](#)”.

162 The World Bank (2020), “Output 7: Final Report Presenting the Results of the Reimbursable Advisory Services”, from Reimbursable Advisory Services Agreement on Strengthening Planning and Budgeting Capacity and Supporting the Introduction of Performance Budgeting (P156889), [Output-7-Final-Report_en.pdf \(gov.ro\)](#).

sector for pursuing innovative approaches in the delivery of such strategies.

Considerations

The Court of Accounts could play an important role in identifying systems-wide opportunities to improve innovative capabilities as well as identify policy areas across the civil service that may require more systemic and innovative approaches. Moreover, the Court of Accounts could showcase the impact of innovative efforts within their annual audit scope to inform future practice across the entire public sector. For audit to become a strategic body for understanding the impact of innovation, and thereby helping the public sector understand how innovative efforts can be improved in the future, a shift in the perception of the Court of Accounts and culture around audit will be needed.

The RRP could provide an opportunity to build evaluation and impact assessment capabilities for cross-cutting innovative efforts that span beyond an individual organisation's area of responsibility. Overarching strategies, including a possible innovation strategy, should not be seen as the end goal, but rather, should be supported by implementation and evaluation capacities¹⁶³.

Learning impact and continuity of efforts

Supporting the transfer of knowledge related to innovation, discussing failures and spreading and scaling successful innovative initiatives across the public sector can help encourage continuity and scale the impact of innovation.

Research findings

The Romanian public sector system is subject to political and institutional volatility and change. As such, ensuring knowledge transfer and the diffusion of lessons learned from innovative initiatives is crucial. Challenges of institutional memory have been raised in strategic planning processes.¹⁶⁴

Few long-term reform efforts exist outside of a few EU projects (e.g. SDGs) and the RRP. In these examples, efforts to drive and promote innovative practices and innovation outcomes and outputs over a long-term period are visible. However, in the majority of cases, there is limited multi-year comparisons on the impact of reform and transformation initiatives. This makes it difficult to use impact measures of innovative initiatives to justify long-term innovation investments, particularly in risk-intensive, multi-year innovation projects that may outlast political cycles.

From a learning and continuity perspective, while there are pockets of learning across the civil service system that can be observed, systemic mechanisms to identify and diffuse learnings across the Romanian public sector system are not observable. For example, no innovation network exists for innovation practitioners, and only a few policy-specific networks exist to share best practices across the system (see Case Studies: [Chile's Government Lab and Building innovative capacity in Slovenia](#)).

Further, many lessons-learned and best practices are being gleaned from the international community and copied in the Romanian context. Some organisations (e.g. Court of Accounts) search for common mistakes and develop solutions to correct those mistakes with leaders and stakeholders. However, the solutions don't always match the problems and the problems aren't always well understood.

Considerations

Deliberate approaches to learning, built into programme and project cycles, are essential to ensuring that new approaches or innovative efforts are tailored for the context. Building mechanisms for knowledge transfer and learning, for instance, through innovation networks will help to support the continuity of innovative initiatives (see Case Studies: [Chile's Government Lab and Building innovative](#)

163 OECD (2016), OECD Public Governance Reviews: Romania Scan 2016.

164 World Bank (2020), "Institutional Strategic Plan 2018-2021 for the Ministry for Business Environment, Trade and Entrepreneurship"; World Bank (2019), "Institutional Strategic Plan 2019-2022 for the Ministry of Economy".

capacity in Slovenia). Furthermore, innovation networks can help encourage sharing around failed innovation projects, as well as spreading and scaling of innovative successes.

System level innovative evaluation capacity

Undertaking impact assessments at the systems level, particularly around how innovation is used to achieve key government goals and objectives can help improve future practice, scale successes and learn from failure.

Research findings

The Government of Romania has a strong footing to establish a systemic approach to innovative governance. There is a large wealth of studies that provide systemic examinations of governance competencies specifically pertaining to the policy areas such as audit¹⁶⁵, research and innovation,¹⁶⁶ strategic planning and budgeting¹⁶⁷ and human resources¹⁶⁸ as well as the National Reform Programme¹⁶⁹. These studies provide excellent indications of systems-wide strengths, weaknesses and recommendations pertaining to the indicated policy areas, offering a useful launchpad for steering meaningful and innovative change and informing future efforts. However, no national approach utilising centralised models (such as audit, courts, finance or treasury) and undertaking whole of portfolio evaluative practices of outcomes and issues at a systems level, including to understand how innovation is impacting public outcomes exists. Similarly, there are no consistent organisational practices that allow comparability and consistency, or individual capabilities that allow people to meaningfully utilise common frameworks for evaluation and performance to evaluate and inform innovative efforts.

Considerations

Leveraging the extensive recommendations and insights from these key studies¹⁷⁰ (including the World Bank and European Commission study above as well as this report) and results of cross-cutting evaluations can help to inform future government practice and improve the use of innovative approaches to increase impact. Furthermore, improving measurement and evaluation systems across the public sector will help enable a systemic approach to understanding the impact of government activities. This can also help Romania to identify where and when to use innovative projects, or where policy domains need new solutions.

Summary

The detailed findings summarise the analysis of the extensive range of research and data against the factors and signals/indicators outlined in the Framework. They allowed a more systemic synthesis to be undertaken, which surfaced the seven key systemic insights and the production of a heat map to visualise the current innovative capacity of Romania.

165 The World Bank (2021), "Output 2: Final functional review report comprising inter alia a functional gap analysis and a comparative analysis of good practices from several EU countries in selected thematic areas".

166 European Commission (2022), Country Review of the Romanian Research and Innovation System.

167 The World Bank (2020), "Output 7: Final Report Presenting the Results of the Reimbursable Advisory Services."

168 The World Bank (2019), "Advisory Services on Developing a Unitary Human Resources Management System within the Public Administration: Output 1: Deliverable 1.3 Recommended options for Romania."

169 Government of Romania (2020), National Reform Programme 2020.

170 Mentioned above.

B. SYSTEMIC INSIGHTS

How the systemic insights were identified and validated

The following systemic insights highlight the crosscutting themes that have emerged from the basis of the analysis outlined above in the detailed findings. The systemic insights are broader themes that span across the whole system (including the individual, organisational and system levels) and the four themes (purpose, potential, capacity and impact), rather than focusing on a specific part of the Framework (see: [Detailed Findings](#) for an assessment of these).

OPSI tested the initial systemic insights through a virtual workshop with almost 40 civil servants from Romania, then further validated and refined them through three in-person workshops with over 50 civil servants at various levels, including senior executives. Finally, they were additionally validated through a second literature review process, in particular of previous review reports undertaken in Romania.

The executive workshop also focused on the link between these systemic insights and the desired directional shifts for improving the innovative capacity of Romania's public sector system, which will be further developed into specific actions (see chapter: [Moving Forward](#) for an explanation on how this will occur).

Systemic Insight #1: Strong ambitions for change in Romania do not translate into clear drivers for innovation

Romania does not yet use innovative approaches to translate public sector goals into action. Innovating is a strong opportunity and a key missing link in translating the ambitious agendas of government into impact.

The Romanian Government has strong ambitions which call for innovative approaches. These include building a trusting relationship with citizens, is a similar ambition and challenge facing governments across the world¹⁷¹. For Romania, building trust with citizens is particularly important given recent challenges around the relationship between citizens and government, including reported political instability (for example the political crisis in 2021) and corruption (for example, citizen distrust and dissatisfaction resulted in the anti-corruption protests in 2017 which spurred a strong anti-corruption agenda and led to interruptions in policy agendas)¹⁷². A second key ambition for Romania is to progress key EU prompted reform agendas, including the attainment of the UN SDGs¹⁷³ and broader initiatives under the RRP¹⁷⁴. Other more specific policy goals were also noted in interviews and literature including enhancing the healthcare system, digitalisation, education system reform, and infrastructure effectiveness.

171 OECD (2022), Building Trust to Reinforce Democracy: Main Findings from the 2021 OECD Survey on Drivers of Trust in Public Institutions, Building Trust in Public Institutions, OECD Publishing, Paris, <https://doi.org/10.1787/b407f99c-en>.

172 British Broadcasting Corporation (2021), "Romania country profile", Romania country profile - BBC News, (accessed January 2022).; A political crisis in 2021 resulted in several changes to Romania's government, which ended in November 2021 when the members of parliament approved a new coalition government.

173 Romania has committed to supporting the Sustainable Development Goals, with specific measures outlined in their 2030 Sustainable Development Strategy. See <http://dezvoltaredurabila.gov.ro/web/wp-content/uploads/2019/03/Romanias-Sustainable-Development-Strategy-2030.pdf>

174 European Commission (2021), Factsheet: Romania's Recovery and Resilience Plan: Laying to foundations for recovery, European Union, doi:10.2775/146116.; Romania's recovery and resilience plan outlines initiatives to support Romania emerge stronger from the COVID-19 pandemic. Specifically, reforms and investments included in the plan are expected to contribute in the areas of sustainability of public finances and the pension system, healthcare, public administration, business environment, education, and green and digital transition.

While the Romanian Government has made several improvements across a number of areas, including its short term political stability¹⁷⁵, SDGs¹⁷⁶, and various areas of the RRP, several complex challenges remain.¹⁷⁷ The research exposed several, long-term, complex and difficult to tackle challenges, such as insufficient transport infrastructure, social and health services, employment gaps, and issues exacerbated by the war in Ukraine (energy crisis and rising food prices). The EC noted that novel solutions are required to increase efficiencies in a struggling health system, increase home care coverage and to ensure equal access to healthcare.¹⁷⁸ This creates a continued impetus for Romania to work in new and novel ways, and to use innovation to identify more impactful, systemic and user-centric policy solutions.

Yet, the Romanian public sector does not yet fully capitalise on using innovation as a mechanism for achieving its ambitions. The challenge is twofold: firstly, that the Romanian public sector does not systematically use innovation as a means for achieving outcomes, and secondly, even when local innovation efforts are commenced or pursued, they often do not “stick” or translate into action and impact.

Romania does not yet use systemically and systematically use innovation to achieve outcomes

The research showed that innovation efforts are currently localised or spearheaded by specific individuals, rather than seen and used systemically and systematically as part of the Romanian public sector's suite of governing mechanisms. Positively, evidence of local or specific innovation efforts can be identified and are clearly contributing value to achieving outcomes. For example, the use of systems approaches, foresight and user-engagement in achieving the sustainable development goals, regulatory changes to incentivise zero-emission road transport and digitalisation of a range of public services¹⁷⁹. These examples demonstrate the value that the EU and NATO memberships have provided to Romania; both have provided some of the strongest opportunities for innovation in the Romanian public sector. Both have provided the public sector with international partnerships and expertise, funding, international positioning and opportunities to pursue innovative approaches to tackle Romania's key goals and challenges (for example, the collaborative approaches and use of foresight to achieving the SDGs). EU Membership and potential OECD accession provide further motivation for Romania to be competitive in the global landscape and encourages the implementation of innovative and contemporary practices in the Romanian context. For example, modernising public governance mechanisms (such as agile regulation, iterative project management and funding) and using contemporary approaches (such as behavioural insights, systems approaches and citizen engagement) to policy administration.

However, such innovation efforts continue to be localised rather than explicitly part of national reform strategies. Conversely, Romania has possible too many strategies and plans for achieving these goals (for example the National Reform Programmes¹⁸⁰, Romania's Sustainable Development Strategy¹⁸¹,

175 Economist Intelligence Unit (2022), Country Report Romania, http://www.eiu.com/FileHandler.ashx?issue_id=1352279118&mode=pdf.

176 Ibid.

177 Ibid.

178 European Commission (2022), “Commission Staff Working Document: 2022 Country Report – Romania”, 2022-european-semester-country-report-romania_en.pdf (europa.eu); Romania has one of the lowest levels of Home Care coverage in the EU, as well as disparities in health care access – 11% of the population are uninsured. The RRP proposed some solutions to these issues.

179 See other examples in 2022-european-semester-country-report-romania_en.pdf (europa.eu)

180 The National Reform Programmes are an EU based frameworks for defining reform measures that meet the priorities set at EU level. For example: PNR 2017 (europa.eu).

181 Romanian Department of Sustainable Development (2018), “Romania's Sustainable Development Strategy 2030”, Strategia 2030_Romania_en_v2.indd (gov.ro).

the Romanian Government Program¹⁸², and ISPs). However, content is often duplicated across multiple strategies, or national strategies are not clearly connected to organisational ISPs¹⁸³ (the primary document outlining multi-year work plans that are reported against each year), and priorities are often absent from leadership performance plans¹⁸⁴. Innovation is called out at times, but does not clearly explain the purpose of innovating, when to use innovation or how to use innovation to achieve the strategies. Thus, efforts tend to be carried out by individuals who are motivated to innovate, or undertaken just for a specific project or problem, or when innovation is not used in circumstances where it could prove useful (for example, in proactively designing the response to the impacts of Ukraine's geopolitical situation, or to formulate a long-term design of the cities or infrastructure reform and adaptation plan).

From an internal public administration reform perspective, there is no consistent or coherent vision or single reform agenda for the Romanian public sector either and, therefore, no overall concrete mandate around using innovating to reform the public administration. Further, the Romanian public sector has borrowed many governing models from different countries without tailoring each model or considering how to bring the models as a coherent whole. This means that while some innovating is occurring, it is being done haphazardly and often incoherently. In addition, it creates a gap between Romania's ambitions outlined earlier, and the necessary changes required to their public administration (such as being more innovative but also to address other reviews by the OECD, for example the public governance review¹⁸⁵, SDG budgeting review¹⁸⁶ and current reviews related to digitisation, public integrity and policy coherence), and the importance of a cohesive agenda to execute on these changes.

Without alignment between EU priorities, Romania's national priorities, and organisational and individual plans, there is a risk that the civil service will continue to not use innovation when it could be useful, or use innovation in a fragmented way.

Innovation efforts do not always 'stick' or translate into action and impact

As outlined above, the Romanian public sector does use innovation at specific times, by specific people or for specific challenges. However, research participants reported that even when this is being done, such efforts do not always "stick" or translate into action and impact. To highlight some example, the RRP and SDGs efforts are being hindered by over burdensome project management structures and complicated legal frameworks for the procurement of expertise. Attempts to bring users earlier into the discussion are quickly hampered by risk-aversion or a lack of meaningful mechanisms to gather user-needs data and use this to inform policy in a timely manner. Digitalisation is not often coupled with an entire redesign of the system, resulting in duplication of processes or unnecessarily complex processes. Further changes to ways of working, such as flexible and teleworking arrangements, were stopped quickly after the peak of the COVID-19 pandemic, rather than considered as part of longer-term plans.

Many reasons are detailed further in [Systemic Insight #2](#) and [#3](#) and throughout detailed findings for why efforts are not translating into impact. However, a few of the systemic issues are highlighted here. First, as already discussed above, is the lack of a long-term cohesive vision for national priorities and public administration reform, which also translates into a lack of a clear and coherent purpose and plan for using innovation. The challenge of needing a long-term vision is also highlighted in the

182 The Government Programme sets out the priorities for government for a four year period.

183 The Public Governance Review of Romania by the OECD also noted that the Romanian public sector currently deals with a multitude of strategies, which are not clearly connected, and that a long-term strategy for the country is lacking.

184 Research participants noted that performance plans for leaders and staff were not always developed or available, or did not specify clearly accountabilities linked to organisational, national or international plans.

185 A list of studies conducted on Romania by the OECD can be found here: <https://www.oecd.org/gov/bycountry/romania/>.

186 OECD (2020), "OECD Report on SDG Budgeting in Romania".

OECD's Policy Coherence for the Sustainable Development Goal's self-assessment for identifying strengths and gaps in mechanisms for achieving the SDGs, where long-term vision was reported as Romania's lowest score¹⁸⁷. Second, the lack of alignment across organisational priorities and even of investments within an organisation means that policy efforts, at times, conflict with each other or there is duplication of efforts (Romania is currently testing a portfolio approach in the ANAF as a result¹⁸⁸). A third contributing factor is that the civil service does not utilise strong mechanisms to identify future trends or gather and assess real time citizen-needs. This means that innovation efforts are often dealing with short term issues that offer little time to develop novel solutions or are at risk of being stopped following a cabinet reshuffle, or that innovation efforts are not in line with user and citizen needs and therefore do not turn into action or make desired impact. A range of other challenges in the system are presented later, in the detailed findings.

Without being able to innovate systematically or effectively, the Romanian Government will continue to struggle to take action on their most systemic reforms, or will continue to make small efforts that do not achieve lasting impact. The overall impact is that without innovating, Romania will not be able to achieve its ambitions, particularly those requiring longer-term, systemic efforts.

By innovating, Romania's public sector can accelerate action toward the country's ambitions; by using longer-term and more cohesive approaches to strategy and planning, systems approaches to complex issues such as infrastructure and climate change, more participatory policy making to meet user needs and digitalisation of end-to-end public services. Thus, delivering on Romania's key ambitions will demand innovation to be used as a strategic function, both in novel solutions and in new approaches to policy administration.

In light of this, Romania should make systems-wide innovation a priority, and consider how to best build a public sector that can use innovation to achieve its ambitions. Over time, innovating needs to be built into all elements of Romania's public administration: in its direction setting and strategy development, governance and accountability mechanisms, and in the design, implementation and evaluation of policies and services. Identifying and prioritising a clear path to do this is a key consideration in the future development of the action plan (*see chapter: [Moving Forward](#)*).

187 Borbély, László (n.d.), "From vision to reality Romania's road to achieving SDGs", Department of Sustainable Development, https://www.oecd.org/gov/pcsd/László_Borbély_From_vision_to_reality_Romania's_road_to_achieving_SDGs.pdf.

188 The ANAF is testing the use of a portfolio function to help align, write and develop business cases for priorities, projects and investments across the agency.



Figure 8. This visual compares Romania's ability to achieve its ambitions by contrasting the current public sector with one that has additional innovative capacity.

Systemic Insight #2: Individuals are trying to innovate, but the system is hindering them from innovating successfully

Romania's public sector system is not explicitly enabling impactful innovation, making it difficult for motivated individuals to use innovation for better outcomes. Key barriers include risk management approaches, legal and regulatory frameworks and working norms and expectations.

Overall, the research process and participant responses indicate that Romania's public sector system is not yet systematically prompting and enabling improved impact through innovative efforts. Thus, while some individual public servants have tried to undertake innovative efforts, the overall public sector system, including the organisations within it, does not enable innovation. This makes it difficult for individual efforts to succeed and even more difficult for successful ones to be scaled.

Innovation is not yet formalised (explicit in structures, processes or investment decisions) or normalised (integrated into everyday practices and used as a tool in the same way as other governing mechanisms such as audit) in the Romanian public sector. To date, there is no nationally endorsed innovation strategy, formal innovation processes or structures, portfolio of innovation projects or evaluation methods.

Given this context, and as the Framework emphasises, it is important to understand where the broader governing mechanisms in the public sector system enable or hinder innovation to be used. The Romanian public sector system currently has many factors hindering innovation (see: [Detailed Findings](#) for an assessment of each of these), however, the most cross-cutting and key issues derived from the research is highlighted below.

First, Romania's civil service does not yet engage with risk in a manner that is conducive to innovating. *Engaging effectively with risk* is an important element in using new and novel approaches or solutions¹⁸⁹

189 Giedraitytė, Vidmantė & Raipa, A. (2012), "Risk management in the public sector innovation processes", Public Policy and Administration, 11. 607-618, Risk management in the public sector innovation processes | Request PDF (researchgate.net).

as these are often pursued for the first time and may require many attempts or iterations to succeed. The Romanian public sector is characterised by a risk-averse work environment that acts as a constraint, not an enabler, for innovation due to several reasons, including an absence of clear accountability structures, media scrutiny, and lack of leadership stability resulting in frequent reshuffles of senior political and civil service members. Romania does not yet have a risk-management system that capitalises on recent techniques such as risk appetite statements, which are statements that outline an organisation's strategic approach to risk and where they might have more or less appetite or tolerance for risk (countries such as the UK¹⁹⁰ and Australia¹⁹¹ utilise risk appetite statements to help them make more informed risk decisions), which can be tailored to improve innovation. The current risk-management approaches focus on controls and approvals, which limits exploration, experimentation and incubation of new ideas where failure is possible. This is further exacerbated by the Government's focus on building trust with citizens through transparency and accountability as this approach at times causes further scrutiny or a desire to ensure controls and procedures are met rather than striving for outcomes. Further, the lack of clear alignment between strategy and individual tasks, and the lack of clear accountabilities (individual or shared), limits the ability for individuals to know what they have influence over and their role in decision-making. This makes it difficult for public servants to propose new ideas that may require greater risk-taking or effort. Consequently, the burden of innovating is falling on few individuals who are willing to assume greater risk.

"I would like to have a system... that is not afraid to understand and recognise mistakes, and works with a community, with stakeholders to make things right, as much as possible."

- Interviewee from this project

Second, *legal and regulatory frameworks around public sector practices or adoption of new products* in Romania do not allow for iterations and the adoption of new approaches and solutions that may contain elements of risk. While achieving this remains a challenge for most OECD countries, Romania's risk aversion and focus on strict adherence on the law, and yet, multiple interpretations of legislation, adds specific complexities in pursuing change. Participants noted that in this context, it is not just difficult to create or change legislation due to the extensive approval processes, but also that every policy, operational change or decision requires new legislation or legal frameworks¹⁹². In sum, doing anything can take a long time and a lot of effort. This is coupled by extensive, multi-layered approval processes within organisations that are often done manually and with paper documents.

Third, the research demonstrated that the broader *working practices* in the Romanian civil service are not conducive to innovation. There is a lack of consistency on messaging and support for the use of innovative approaches, with some leaders strongly encouraging innovation and others focusing on maintaining current practice and quick outputs. This makes it difficult for individuals to know if they have permission to innovate. This is further compounded by the weak collaboration, sharing of information and linkages across the public sector. Collaboration leads to a range of benefits including a more holistic view of problems, novel solutions as a result of bringing in multiple perspectives, sharing of learnt resulting in less duplication of efforts, better adoption and support for identified solutions and ensuring coherence across different work areas. Romania does have some formal structures to build in alignment and co-ordination across organisations, for example, the Strategy Unit in the Directia

190 UK Government Finance Function (2021), "Risk Appetite Guidance Note v.2.0", Risk Appetite Guidance Note (publishing.service.gov.uk).

191 Each government organisation in Australia has a risk appetite statement to demonstrate how risk can be used to enhance performance and where levels of tolerance may be lower or higher for better-informed decision-making.

192 As an example, Romania needed to establish a new legal framework before establishing procurement documents or contracts in order to procure advisory services on small projects.

Coordonare Politici si Prioritati (DCPP) and Policy Units, and the Annual Working Plan for Government. Yet, there still remains fragmentation around alignment and monitoring of cross-cutting policy issues across line ministries, challenges with sharing of information, and non-utilisation of informal and formal collaboration mechanisms (for example, cross-agency taskforces, inter-departmental committee units, communities of practices or networks). Culturally, teams and organisations generally work in silos as a default, rather than leveraging the knowledge, practice and efforts of each other through collaboration.

Other issues were identified through the research and are explained in further detailed in the subsequent [Systemic Insights](#) and [Detailed Findings](#).

Overall, the current innovative capacity of Romania means that innovating is a difficult task that has to be undertaken despite the barriers in the system. Few individuals (those with the right skills and who are willing to take on the extra risk and put in extra effort) are taking on the responsibility and burden of innovating, despite the lack of system incentives and supports for innovation. Even when these efforts occur, many do not come to fruition or are limited in their success because there are no pathways in the system for them to be implemented effectively. Some participants highlighted that these challenges can be demotivating and dampen their desire to innovate and achieve better public outcomes.

A Romanian public sector system with a strong innovative capacity will help achieve their ambitions to produce better outcomes for citizens and positioning on an EU and global level. However, transforming the public sector system to one that can use innovation requires a systemic approach that considers both the explicit innovation supports as well as shifts to the broader public governing system. This is at the core of the OECD's Innovative Capacity Framework.

Systemic Insight #3: While sporadic efforts to improve innovative capacity are ongoing, a holistic approach is required

Strengthening Innovative capacity requires a systemic approach to achieve optimal impact. One that combines **innovation explicit supports** (e.g. an innovation strategy, innovation hub, innovation methods and innovation funds) with the **broader embedding of innovation (innovation implicit supports)** into the core workings of public administration, including aspects such as workforce management, regulation, audit, accountabilities, data management and other governing mechanisms.

Romania has started making progress on strengthening their public sector's capacity to use innovation meaningfully. As an important step in legitimising the importance of innovation, Romania has adhered to the OECD's Declaration on Public Sector Innovation¹⁹³. Since then, Romania has advanced many efforts to advance their innovative capacity, including:

- Working with expert partners to build and use innovative methods to support the achievement of the SDGs (for example, to build specific capacities in foresight and scenario modelling, strategic policy analysis and evaluation).
- Committing to various innovation explicit supports (for example, the design and establishment of an innovation lab, national innovation strategy and a new website to promote awareness of the value of being innovative).
- Using digital innovation to improve public administrative processes (for example use of E-signatures for internal procedures and the recent development of a legislation to enhance interoperability of data across the public sector).

193 The Declaration was co-created as a critical document that legitimises innovation as a core strategic function of public sector organisations offers principles to inform and enhance the systemic use of innovation in the public sector to achieve policy goals. OECD Declaration on Public Sector Innovation - Observatory of Public Sector Innovation (oecd-opsi.org)

- Piloting innovative methods of working with citizens (e.g. email inbox to receive feedback from citizens on digital platforms, using social media and other communications channels etc.).
- Implementing capacity building programmes including in change management
- Investing in projects with the OECD, such as this research project, to assess and improve their innovative capacity (including related specific reviews on digital capacity, participatory approaches, policy coherence etc.).

These are clearly positive efforts for improving innovative capacity. However, participants noted that they are not currently progressed cohesively, instead they are managed in a fragmented way by different work areas and are not always visible in broader strategies and plans. Further, there is no single national plan to coherently drive this work forward and accountabilities around innovation efforts are unclear. Yet, public sectors are complex systems, meaning they are systems that adapt, can be unpredictable and are made up of many actors (individuals), structures and other elements that are interconnected and need to be considered as a whole¹⁹⁴. This means that efforts to improve innovative capacity sustainably also needs to be holistic, systemic and intentional. Otherwise, a range of risks will prevail: no clear vision resulting in individuals working towards different goals or working on efforts that are not aligned with governmental priorities or Romania's context, disparate projects that may conflict with each other or risks duplication of efforts, lack of a monitoring approach resulting in the inability to shift or change approach when required, or lack of implementation and follow through of key initiatives.

A single national plan would help ensure a clear vision, create clear accountabilities required to drive the work through to implementation, and ensure coherence and prioritisation across efforts. Taking a systemic approach means blending innovation explicit supports with innovation implicit supports. The specific supports to address the findings from this assessment will be identified and detailed through the subsequent process to develop the action plan. The following examples illustrate this.

Innovation explicit supports could include:

- Establishment of a nationally endorsed innovation strategy;
- Implementation of capability building innovative skills or capacities;
- Establishing an intentional portfolio of innovation projects (for example, identifying and monitoring innovation projects or efforts using a portfolio approach such as the [OECD's Innovation Facets Model](#) that helps agencies ensure they have the right mix of innovation projects tied to an overall strategy¹⁹⁵;

194 Complex systems are systems with: (1) relationships between individual components of any system can be understood by isolating the interacting parts, (2) there is a predictability to the relationship among the parts, and (3) the result of interactions and the working whole might eventually be understood by simply summing the parts". Sowers, N. (2021), "A brief introduction to complexity theory in managing public services", French journal of British studies. (21-2), <https://journals.openedition.org/rfcb/8103>.

195 Portfolio approaches help reveal, connect and orient diverse innovation activities according to an overall strategy. Based on years of learning and research, OPSI's Innovation Facets Framework identifies four facets: enhancement-oriented, mission-oriented, adaptive and anticipatory. Innovation Portfolios - Observatory of Public Sector Innovation (oecd-opsi.org) The research demonstrates that Romania's current efforts primary sit within: Adaptive (Examples include cross-sectoral collaboration and digital platform development to adapt to educational delivery challenges and changes in data gathering approaches to be more responsive to the needs of industry during the COVID pandemic see case study: Crises and innovation), and enhancement-oriented (such as ANAF's use of Prince 2 methodologies to develop business cases and accelerate new projects [case study: Accelerating ideas](#)). Romania may need to also focus on ambitious goals (including mission-oriented innovation) and those aimed at proactively investing in longer-term changes (eg. anticipation). These types of efforts are important, given that Romania's public sector operates in a fluid and unstable environment, with constantly emerging crises, shifts, institutional restructuring and changing political priorities. Romania is dealing with a pandemic and geopolitical situations while struggling to maintain employment outcomes, quality education and health service delivery and international recognition at the EU level on topics such as green governance and procurement, among others.

- Establishment of innovation awards and networks;
- Embedding an innovation hub; and
- Creation of an innovation fund

Innovation implicit supports: Embedding innovation into the public administration could look like:

- Reimagining workforce, recruitment and talent management policies and frameworks;
- Refining legislative and regulatory frameworks;
- Ensuring harmonisation between the national innovation strategy (mentioned above) and other relevant strategies (e.g. digital government, procurement, public engagement etc.)
- Embedding systems thinking and collaborative approaches into policy-making and evaluation practices;
- Implementing shared-accountability or cross-policy governing mechanisms;
- Normalising innovation efforts into the broader portfolio of projects;
- Redesigning data practices and strengthening interoperability; and
- Revising approval and delegation mechanisms.

The list above is far from exhaustive, but highlights a range of examples of actions that need to be considered together. For Romania, specific supports will be explored further as part of the development of the action plan, informed by the assessment contained in this report (see chapter: [Moving Forward](#) for further details).

By taking a systemic and holistic approach Romania will be better positioned to create positive impact from current and future efforts to improve and modernise their public administration. This approach also ensures the best use of limited resources and funding (a key challenge facing public sectors and even further exacerbated since the COVID-19 pandemic)¹⁹⁶. Further, it will provide Romania with more comprehensive information to monitor and make decisions on future investments or to pivot or stop current efforts, for example, when there is evidence to show current efforts are not leading to benefits, or if further disruptions or contextual changes occur.

Case Study 26: Leadership Styles and Innovation

Leaders play an important role in driving innovation and fostering a culture that is conducive to innovation. Sorenson & Torfing (2015) highlight leadership approaches that can be conducive to innovation, including deliberate risk taking and learning required for innovation to succeed:

Adaptive leadership: deliberate reflection on which public activities need to be adapted and transformed and testing and prototyping new solutions and practices. (DESIGN: Footnote, see more in: Heifetz, R. A., Heifetz, R., Grashow, A., & Linsky, M. (2009). *The practice of adaptive leadership: Tools and tactics for changing your organisation and the world*. Harvard Business Press.

Pragmatic leadership: focused on cultural transformation, building learning loops and using existing tools to solve problems and changed practices. (DESIGN: Footnote, see more in: Argyris, C., & Schon, D. (1978), *Organisational learning: A theory of action perspective*. Reading, MA: Addison-Wesley; and Mezirow, J. et al. (2000), *Learning As Transformation: Critical Perspectives on a Theory in Progress*. San Francisco, CA: Jossey-Bass.

¹⁹⁶ The OECDs Government at a Glance 2021 Report highlighted that public sector finances are under pressure from COVID-19 and government responses. In 2020, expenditures rose as a share of GDP in all 26 countries for which data are available, due to COVID-19 responses and falling GDP. Deficits and debts have risen as a result of COVID-19 responses.

“What I would actually like to see is a public sector that is not solely reacting, but rather, predicting changes and adapting coherently...”

- Interviewee from this project

The commitment by Romania to co-create and establish a national public sector innovation strategy - following this report and subsequent action plan will outline a clear purpose for innovating, and set out a systemic approach and plan for strengthening the innovative capacity of the civil service. This will be a crucial and important step for Romania to create a public sector that uses innovation as a strategic function to build trust in citizens and meets its ambitions.

Systemic Insight #4: Capacity for public sector innovation can be enhanced through building its workforce

Romania has the opportunity to build on current efforts to increase the skills and capabilities of civil servants so they know when, why and how to innovate for better outcomes. In order to maximise this opportunity, Romania will also need to consider the challenging tasks of modernising its recruitment and talent management practices as well as more effectively leveraging the diversity of skills and knowledge.

Romania's public service needs to attract, train, and leverage the contemporary and multi-disciplinary skills that are essential for innovation. Doing this requires the identification and fostering of the right skills and capabilities, as well as continuing to enhance the broader workforce policies and management system within the civil service to attract, retain and better leverage these skills.

Case Study 27: Innovative practices in public policy design and implementation

Innovative skills and practices are being leveraged globally to improve public outcomes through enhanced delivery of public policies. Building capacities in innovative skills will be crucial to the success of innovative projects.

The Behavioural Insights Team, which emerged from the UK Government, recently conducted a study on how behavioural insights can reduce commuting emissions. This includes a variety of behavioural nudges that can encourage workers to choose climate-friendly commuting options, including public transit.

In 2020, the Australian Tax Office began the implementation of a systems-led design framework to improve the organisation's impact and effectiveness. The Design Model includes four key components:

- Understand the system
- Design the change
- Experiment and interact
- Embed and influence

Source: Kaur, M. (2021). *Systemic design in the Australian Taxation Office – Current practice and opportunities*. *Aust J Publ Admin*, 80, 1017– 1031. <https://doi.org/10.1111/1467-8500.12516>.

Skills and capabilities

The first issue to address for Romania is to a need to identify and build skills and capabilities that support innovation. This research identified skills gaps in specific innovation methods, engaging with citizens and stakeholders, more forward-looking and systemic strategic planning and policy making and better use of data and digital technologies for better outcomes (see: [Detailed Findings – Individual Capacity](#) for further details). These specific skills identified through the research process were reinforced through the World Bank's 2010 work with Romania on developing a competency framework¹⁹⁷.

Based on an analysis of the identified skills gaps from this research and the OECD skills frameworks¹⁹⁸, the recommended priority skills for supporting the Romanian public sector to deliver on priorities through innovation are listed below:

- **Innovation skills for designing and implementing public policy:** Building skills in systemic policy design, behavioural insights and experimentation in governance and policy making (OECD, 2017). Such skills and competencies will help Romania to more proactively consider and adapt to emerging issues and citizen needs¹⁹⁹, bring cohesion and alignment across policy domains and ministerial portfolios, consider the effects of portfolios of innovations or policies and, finally, drive advocacy and buy-in from stakeholders and users – all of which are critical to the success of policy making. (See these skills in practice in [Case Study: Innovative practices in public policy design and implementation](#)).
- **Innovation skills for leaders on risk and accountability**²⁰⁰: The Romanian Government needs to build skillsets for risk management in experimentation, innovative leadership styles²⁰¹ (see [Case study: Leadership styles and innovation](#)), accountability frameworks that encourage innovative behaviours and the use of innovative financial models to enable Romania to leverage its procurement and accountability frameworks while contributing a culture that more courageously engages with risk. This focus will enable leaders to more effectively assess and unblock organisational barriers to innovation, while promoting and communicating work and aligning it to government priorities.
- **Core innovation skills:** In the Romanian context, the following three innovation skills have been identified as highest priority areas to develop: **user-focus, insurgency and data literacy**²⁰². First, a focus on user-centricity – as part of the values, attitudes and mindset in all operations – is crucial given Romania's historical issues and current focus on the relationship between citizens and government. Second, is a focus on soft skills, such as insurgency, specifically related to knowing how to influence new ways of doing things, including challenging the status quo, experimentation, working with different actors and

197 World Bank (2020), "[Deliverable 3.2: Draft of the Competency Framework](#)", Deliverable 1.3: Recommended Options for Romania: Advisory Services on developing a Unitary Human Resources Management System with the Public Administration; The World Bank competency framework highlights a range of specific competencies that were identified in this research process as well. For example, the need to pursue longer-term anticipation and planning and translating longer-term visions into work planning, taking a systemic approach to policy making and evaluation that allows for understanding effects across different policy domains, better facilitating partnerships across different sectors, strategising novel directions for missions, and in better anticipating and working with citizens.

198 OECD (2017), Skills for a High Performing Civil Service.

199 Brezzi, M., et al. (2021), "An updated OECD framework on drivers of trust in public institutions to meet current and future challenges", OECD Working Papers on Public Governance, No. 48, OECD Publishing, Paris, <https://doi.org/10.1787/b6c5478c-en>.

200 DESIGN: Please note footnote additions pertaining to the case studies.

201 Sorenson, E. and J. Torfing (2015), "Enhancing Public Innovation through Collaboration, Leadership and New Public Governance", in Nicholls, A., J. Simon and M. Gabriel (eds), *New Frontiers in Social Innovation Research*, Palgrave Macmillan

202 OECD (2017). "Core Skills for Public Sector Innovation."

building alliances. This is particularly important for Romania in the short-term where the public sector system often acts as a barrier to innovation, and where therefore an individuals' ability to influence innovation becomes even more important. Finally, a focus on data literacy and storytelling. As Romania focuses on its digital and data advancement, the workforce literacy rates will need to increase in order to use data for evidence-based and human-centred public services, using different kinds of data for sense-making, decision-making and creating narratives to help inspire others and explain changes.

Case Study 28: Innovation Skills-Building Around the World

Governments around the world have a range of approaches to building skills for innovation that integrates training as a holistic part of a broader strategy or programme. While many do this by integrating competency frameworks into public sector schools and learning programmes, others leverage cross-sectoral partnerships to encourage capacity building and skills development (see [Case Study: Public-Private Talent Exchanges](#)).

For example, the [Swedish Association of Local Authorities and Regions](#) developed an [Innovation Guide \(learning lab\)](#) aimed at building public servants' innovative skills for enhancing public services grounded in users' needs. Such training opportunities are clearly linked to the work of civil servants.

The Canadian Government's [Digital Academy](#) aims to equip public servants with the mindsets, knowledge and skills for the digital age, including skills in data literacy, agile project management, cloud computing and cyber security. The Academy is informed by a whole of government strategy.

Building such skills and capacities need a holistic approach to training. The World Bank highlighted that Romania's current approach to training did not yet ensure the strategic and targeted development of the skills needed for a modern public administration due to fragmented training implementation and poor co-ordination²⁰³. This project reinforced these findings, with research participants noting that training is often delivered without consideration of how it fits into their work, training is not always delivered consistently or to all employees who need it, and there is no follow-up or monitoring on how employees use newly acquired skills. Skills and capability training need to be supported through broader structures, such as learning plans and professional development goals and need to be supported by the appropriate time and resources (see [Case Study: Innovation skills-building around the world](#)). Furthermore, any learning curricula needs to be monitored, and thus, indicators for assessing the effectiveness of training on innovation efforts should be considered.

Enhancing the broader workforce management system

Identification of the right skills to support innovation outcomes will only be useful if Romania can also considers its broader workforce practices. Specifically, by considering its workforce practices to better attract, retain and leverage relevant skills – through recruitment, retention and development (OECD, 2016).²⁰⁴ Currently, research participants emphasised that it is difficult to recruit and retain highly skilled talent due to current workforce practices, limited talent pool and contextual challenges such as salary levels.

203 The World Bank (2019), Advisory Services on Developing a Unitary Human Resources Management System Within the Public Administration: Output 1: Deliverable 1.3 Recommended options for Romania.

204 OECD (2016). "Skills for a High Performing Civil Service."

Current recruitment policies and job description documents portrays that current hiring criteria favours legal and administrative competencies²⁰⁵. Specifically, Romania's recruitment procedures focus on legislative knowledge, rather than a diversity of skills and knowledge required for the public sector. This has led to the creation of homogenous teams with limited diversity of skill sets that are often not well aligned with the interdisciplinary skill sets and mindsets needed to use innovation meaningfully. Contextually, Romania's human capital index is lower today than it was 10 years ago. The education system is struggling to produce enough graduates with the desired skills. While public sector jobs can be attractive, with good conditions and benefits, in a tight skills market the public sector is struggling to compete with local and regional job markets where salaries tend to be higher. Recent destabilisations due to the COVID-19 pandemic and the geopolitical situations could position the civil service to be a more attractive employer due to the stability.

Furthermore, participants outlined that the performance management frameworks are often not used meaningfully, with many employees noting that performance management reviews were not taken seriously and that performance agreements did not reflect their roles or development goals. Research participants noted a lack of incentive for using new or novel approaches at an individual level, as well as a lack of organisational or public-sector wide recognition for successful or positive innovative efforts. The World Bank 2010²⁰⁶ report findings supported these observations, noting that current performance management practices (both formal and cultural) do not adequately motivate staff or inform career development effectively.

Outside of skills training or recruitment, broader workforce practices, incentives, or ways of working can limit innovation potential. Public administrations, including Romania's, have traditionally had higher penalties for failed innovative efforts than rewards for successful ones²⁰⁷ due to public scrutiny, accountability frameworks or audit and control processes. In Romania this is at times also overshadowed by a fear of risk taking, siloed ways of working that do not leverage the mix of skills and knowledge and a lack of explicit supports to use new capabilities in policy-making and or public administration tasks.

Romania can also consider how it leverages external skills more effectively. Romania has some examples of working across sectors through working groups (see [Case Study: Law and Technology Collaboration](#)). However, more intentional skills transfer between

Case Study 29: Public-private Talent Exchanges

A number of countries have introduced public-private talent exchanges where public sector employees trade workplaces with private sector employees for an established time frame to facilitate skills development, best practice sharing and the bringing in of new perspectives. This is particularly useful in work areas that are constantly evolving and adapting such as technology and security, where participants can engage with emerging approaches and techniques and share best practices across sectors.

One example is the [US Department of Defense's Cyber Information Technology Exchange Program \(CITEP\)](#). This programme provides an opportunity to build shared understandings of key tech and cybersecurity challenges, build competencies and technical skills in key work areas and exchange best practices between the public and private sector.

Source: Department of Defence Chief Information Officer, "[Cyber Information Technology Exchange Program \(CITEP\)](#)" (Accessed 22 June 2022); Amante et. Al (2021), "[Challenges and Potential of Federal Public-Private Talent Exchanges](#)" Partnership for Public Service & EY Building a Better World (accessed 22 June 2022).

205 World Bank (2019), Advisory Services on Developing a Unitary Human Resources Management System Within the Public Administration: Output 1: Deliverable 1.3 Recommended options for Romania; the World Bank report also reinforces this finding, noting that a strong emphasis on memorisation of legal texts limits the usefulness of current recruitment practices in Romania regarding attracting the right people into the right jobs.

206 Ibid, page 224.

207 Mulgan, Geoff and Albury, David.(2003), "Innovation in the Public Sector." http://www.sba.oakland.edu/faculty/mathieson/mis524/resources/readings/innovation/innovation_in_the_public_sector.pdf

sectors and through partnerships with other sectors would greatly benefit Romania's innovative capacity (see: [Systemic Insight #5](#); and [Case Study: Public-private Talent Exchanges](#)).²⁰⁸

Romania has already been investing in reforms across their workforce system, such as reviewing performance management frameworks, introducing competency-based management frameworks, and creating programmes for recruiting and training young graduates in the public administration²⁰⁹. Yet the research from this project has shown that such efforts have not yet lead to better innovative capacity. Individuals continue to report that there is little use of innovation practices and methodologies – like human centred design and behavioural sciences – and have demonstrated a desire for greater access to professional development opportunities. This is exacerbated by challenges in the educational and training systems in Romania, which are rarely connected with direct vocational training.

Romania would benefit from both specifically building innovation-related skills and competencies as well as enhancing broader workforce practices in order to better retain and leverage such skills for improving public sector outcomes. Furthermore, greater collaboration between public authorities, educational institutions, research and technological institutes and private sector enterprises could help increase the capabilities of the public sector.

Systemic Insight #5: Cross-sectoral partnerships are under-utilised in a context where they could have great impact

The Romanian public sector cannot innovate effectively without collaborating across sectors, particularly when dealing with ongoing public sector skills shortages and recruitment challenges. Romania has a wide ecosystem of private sector, academic, civil society, non-profit and other actors that excel in different areas such as policy domain knowledge, digital and data and in providing the voice of citizens. Engaging these actors is crucial to building and implementing an innovative agenda²¹⁰ with citizen outcomes at its core.²¹¹

Romania has an extensive range of ambitions reform and innovation priorities that traverse a wide range of policy domains (for example, across health care, infrastructure and sustainable development) as well as that emphasise the use of digital and data technology advancements (for example, digitalisation of, and digital innovation in, the Romanian civil service is one of the key measures under the Recovery and Resilience Plan²¹²). Furthermore, the Romanian National Reform Program 2020 emphasises the need for Romania to continue to invest in activities that strengthen private sector research and innovation²¹³. Achieving such priorities requires partnerships with different actors; for example, with healthcare providers to achieve health reforms, schools and education authorities for education reforms, academics for up to date knowledge on any policy domain area, and the private sector to leverage their digital products and capabilities and with citizens in order to understand their needs and desires. Furthermore, achieving ambitions missions such as the Sustainable Development Goals not only requires cross-sectoral partnerships nationally, but also across the EU and globally.

208 European Training Foundation (2020). "Public-Private Partnerships for Skills Development: A Governance Perspective." Volume 1: Thematic Review. https://www.etf.europa.eu/sites/default/files/2021-01/ppps_for_skills_development_volume_i.pdf

209 See OECD 2016 Governance Scan public-governance-review-scan-romania.pdf.

210 OECD (2019), Declaration on Public Sector Innovation, OECD Publishing, Paris, <https://legalinstruments.oecd.org/en/instruments/oecd-legal-0450>; the third principle of the Declaration specifically emphasises cultivating partnerships and involving different voices.

211 OECD (2016), Open Government: The Global Context and the Way Forward, OECD Publishing, Paris, <https://doi.org/10.1787/9789264268104-en>.

212 European Commission (2021), Factsheet: Romania's Recovery and Resilience Plan: Laying to foundations for recover.

213 National Reform Program 2020 specifies a series of key direction related to private-public partnerships to stimulate research, development and innovation in Romania - https://ec.europa.eu/info/sites/default/files/2020-european-semester-national-reform-programme-romania_en_0.pdf

Romanian civil servants have a strong desire to cultivate such partnerships, and as a result, the public sector has made efforts towards building cross-sector partnerships to support innovation on policy issues and achieve better outcomes. For example, through working groups (see [Case Study: Law and Technology Collaboration](#)), volunteer efforts (see [Case Study: Crises and Innovation: Innovative approaches in the era of COVID-19](#)), consultations (see [Case Study: Public Consultations and Partnerships](#)), advisory groups (e.g. advisory group to inform national audit priorities), through social media (e.g. in the co-creation activities related to the RRP) or engagement globally (through conferences, EU and other global memberships).

While these are positive efforts, research participants both from within the Romanian civil service as well as external stakeholders reported a range of issues that are hindering Romania from gaining greater impact from cross-sectoral partnerships. A key issue raised was that there was often a lack of continuity of cross-sectoral partnership mechanisms or initiatives due to changing political priorities or senior leadership staff, which leads to unrealised outcomes and frustrations from stakeholders. This is compounded by instability in funding for such partnerships, and in slow or ineffective implementation of innovations identified through research and innovation partnerships with the private sector²¹⁴. Furthermore, civil servants reported that while there are transparency and accountability mechanisms within policy and law making processes to consult with citizens, this is often done just to serve the process, rather than as a meaningful engagement throughout the entire policy cycle²¹⁵. More specifically, such consultations are often done after policy solutions have been decided upon or when there is not enough time for feedback to be incorporated into the legislative process. The current Civic Space scan being undertaken by the OECD will soon be finalised and provide further details related to this issue.

Understanding the needs of stakeholders will help inform policy directions and support the creation of more impactful, innovative policies. Romania could consider mapping out its entire stakeholder ecosystem to identify the specific stakeholders and actors required to achieve certain goals (for example, the actors required to achieve health reform may include citizens, national and local health providers, not for profit health authorities and providers, health technology private sector providers, and health experts from academia). Doing this will allow Romania to create more formal partnership mechanisms and ecosystems for priority areas. Such mechanisms could then comprise of more informal or formal structures such as: working groups, personnel exchanges between sectors, Memorandums of Understanding and innovation ecosystems²¹⁶, among others. However, regardless of the method, to ensure that partnerships are meaningful and valued, it's crucial to nurture and support collaborations over time, and ensure that goals, objectives and values are collectively established.

One particularly ambitious area where partnerships could be leveraged in Romania is in relation to the Sustainable Development Goals or European Commission key missions. Romania could utilise the [OECD's mission-oriented innovation frameworks](#) in considering how to develop their own mission-oriented approaches²¹⁷. Mission-oriented innovation aims to tackle key challenges and missions by engaging a multiplicity of actors around actions and goals.²¹⁸ In recent years, the European Commission

214 The Country Review of RDI of Romania by the EU Country review of the Romanian research and innovation system - Publications Office of the EU (europa.eu) highlights several issues related to cross-sectoral partnerships capacity of the public sector, including specifically funding continuity, implementation capacity and a lack of vision around such partnerships.

215 These findings have been reinforced through the Civic Space scan currently being undertaken between the OECD and the Romanian civil service.

216 Innovation ecosystems are not solely a topic for the public sector, however, can be one approach that the public sector drives for achieving policy outcomes. Innovation ecosystems are groups of actors from across sectors that collectively define action, goals and a vision in a key topic area to allow for cross-sectoral, systems-oriented and co-creative approaches to tackling complex challenges. Examples of innovation ecosystems include those in the area of bioeconomy, wireless technology and health amongst others. These types of innovation ecosystems Such an approach could benefit Romania, particularly in focus areas such as autonomous technology, green energy and more.

217 OECD Observatory of Public Sector Innovation (2021). "Public Sector Innovation Facets: Mission-Oriented Innovation." <https://oecd-opsi.org/wp-content/uploads/2021/10/OECD-Innovation-Facets-Brief-Mission-Oriented-Innovation-2021.pdf>.

218 Ibid.

along with many countries around the world has been pushing for mission-oriented approaches to complex challenges, this includes a number of EC Horizon missions relating to adaptation to climate change, cancer, restoring oceans and water, climate neutral and smart cities and healthy soil.²¹⁹ Complex missions or challenges cannot be tackled by a single actor – the ambitious goals of the Romanian Recovery and Resilience Plan and SDG 2030 agenda would benefit from a mission-oriented approach that drives and supports co-operation across sectors.

There is an imperative for the Government of Romania to meaningfully engage actors from across sectors to better understand citizen and stakeholder needs, to use collective expertise more effectively, to leverage new products or technologies in policy solutions or to co-create novel solutions to complex challenges. However, for such collaboration to work, it needs to be sustained, supported and developed with a common vision of all stakeholders to ensure that all participants benefit. To achieve ambitious goals and missions including the SDG 2030 Agenda and the RRP, deliberate and intentional approaches to creating and leveraging cross-sectoral partnerships will be crucial.



Figure 9. A visualisation of cross-sector partnerships that come together to work towards a common goal in a mission.

Systemic Insight #6: Better signals will inform better performance

Governments need to understand the impact of their innovation efforts to know how to improve and make decisions into the future. Romania currently does not have a practice in place to monitor or evaluate innovation efforts. As a further ambition, Romania should innovate their current policy-making evaluation frameworks to address gaps in understanding impact made from investments.

Responsible spending of taxpayer money is a core part of governing. To maintain citizen approval and

219 European Commission (n.d.), "EU Missions in Horizon Europe", EU Missions in Horizon Europe (europa.eu) (accessed on 18 August 2022).

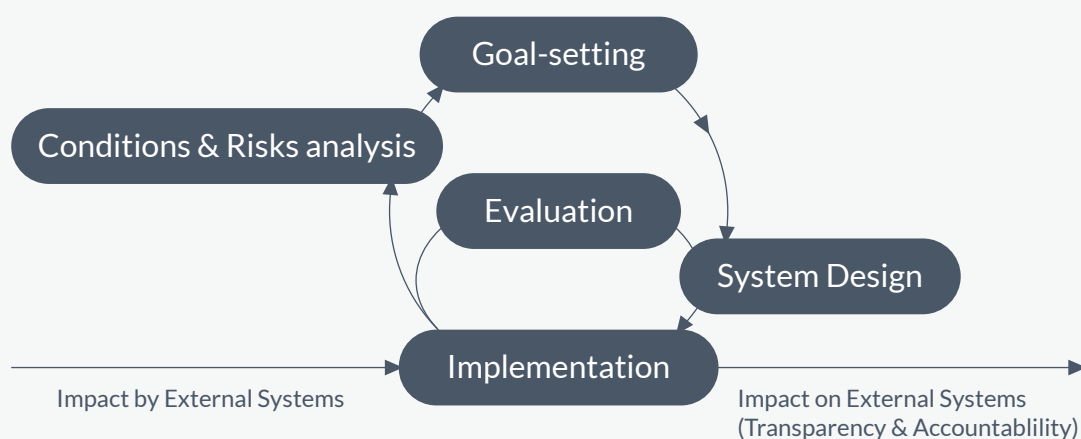
trust, and the integrity of the public sector, governments need to demonstrate accountability and value for money spent. Due to cases of corruption and other challenges in Romania's public sector history²²⁰, the need to demonstrate value for money is compounded by existing trust issues. Participants from the project highlighted the continued pressure from citizens for public sector transparency and integrity. In this context, measuring outcomes and demonstrating impact is crucial to supporting future investments, particularly when testing new innovative approaches and using experimental methods. Moreover, when building the business case for innovative initiatives (which often come with additional risk and costs), showcasing results and impact is crucial for future continuity and investment.

Case Study 30: Cyclical Policy Design - Understanding i mpact to improve policy

There is a need to introduce a more iterative approach to strategic design (particularly the institutional strategic planning process), policy making and service delivery in Romania where there are constant feedback loops to gather information on user input and refine or develop new approaches based on that input. This will require new skills and approaches for evaluation, impact analysis and strategic design.

One global best practice in this area comes from Japan – which has introduced an iterative and reflective agile innovation model across their public sector system. Out of recognition of the complex issues that society is facing, including income disparity, urbanisation, aging, and global pandemics, the Japanese Government has worked to establish a new Agile Governance model that places the human at the centre. This new model, with the goals of governance for innovation, places immense importance on gathering iterative feedback on policies and services to constantly make improvements to better meet citizen needs.

This approach notes six key stages in an iterative cycle of policy and service design: goal-setting, system design, operations, explanation, evaluation and improvements.



During the evaluation phase, actors evaluate whether the initial goals have been met and then seek to re-design policies to meet those that have not yet been met (including bringing in evaluations from stakeholders themselves). Moreover, evaluators assess whether new governance goals need to be set to best meet user needs. Based on this evaluative process, improvements are made with new systems designed and implementation approaches. Through these combined efforts the government seeks to work towards the goals of happiness, liberty, human rights, economic growth, fundamental institutions and sustainability.

Source: Japanese Ministry of Economy, Trade and Industry (2021): *"Governance Innovation V. 2.: A guide to designing and implementing agile governance"*.

220 See section on context for examples of cases of corruption in Romania.

This research has demonstrated an absence of approaches to systematically identify, monitor and understand the value of innovative efforts that occur, making it difficult for individual actors to demonstrate value and diffuse successes or failures for future action. Further, innovation is not monitored or evaluated across the whole public sector system, making it difficult to legitimise the value of innovation, including amongst political officials. It also prevents Romania from using success stories to celebrate positive policy decisions and solutions with citizens. For innovation to flourish, understanding impact is crucial: both understanding the positive and negative consequences of innovative efforts will assist Romania in refining their processes, linking innovations to broader policy goals, and using failures or negative impacts to help improve when and how they take risks when innovating or experimenting.

Thus, as Romania continues to strengthen its explicit innovative capacity – for example through the establishment of strategies, the foreshadowed innovation lab, processes or awards – it must also systematically measure and evaluate innovative capacity and outputs.

More broadly, Romania does not have a consistent, systemic and contemporary evaluation approach in place across the public sector system. Currently, several different approaches exist, for example, EU projects are evaluated based on the EU requirements. However, some project managers of such projects admitted they did not feel confident in their skills to fulfil the requirements meaningfully. Other initiatives and projects do not consistently rely on evaluation frameworks, and participants noted that most of the indicators are based purely around outputs and do not account for other related initiatives that may contribute to or inhibit success of their project.

A specific example includes Romania's indicators related to digitalisation. In the push to digitise processes, some measures of success are simply whether the new digital output was delivered. However, meaningful digitisation – that improves processes and delivers better outcomes across different portfolios and user experiences – requires an understanding of whether the output was adopted successfully and/or helped contribute to better outcomes or user-satisfaction.

Given Romania's ambitious goals around complex policy issues such as pensions, pressures on the healthcare system, growing inequality, educational outcomes and climate change issues²²¹, the Romanian public sector needs to modernise its evaluation approaches. They need effective feedback loops and deliberate, systemic action based on learning, to improve the status quo. As a longer-term ambition, it will be important for Romania to take a systems view and ensure that direct and indirect benefits, trade-offs or implications across policy domains are considered.

An example of how to do this is to integrate **iterative learning cycles** that are aimed at understand whole of systems issues, into government's processes for delivering public services and policy. Iterative learning cycles have two key requirements: First, government must collect robust data on what public services and policies are delivering; and second, a similarly robust system to use this data to implement improvements must be in place.

In recent years, iterative approaches to improving public delivery have seen extensive discussion in the public sector. One example is the "developmental evaluation" approach, which embeds evaluators directly into implementation teams. The aim is to make evaluation and understanding of impact a continuous activity and encourage regular, evidence-based decisions and updates to policies and programmes.²²² Other iterative learning cycle approaches include "problem-driven iterative adaptation"²²³, which focuses on building state capacity and "adaptive programming", which focuses on better programme delivery in complex contexts²²⁴.

221 Romania's 2020 National Reform Programme (PNR 2017 (europa.eu)) along with Romania's government programme highlights many of these policy areas.

222 USAID (2019): "Implementing Developmental Evaluation: A practical guide for evaluators and administrators".

223 Andrews et. Al, (2015), "Building capability by delivering results: Putting problem-driven interactive adaption principles into practice", OECD Development Assistance Committee.

224 Valters et. Al, (2016), "Putting learning at the centre: adaptive development programming in practice".

Iterative learning can be implemented using many types of evidence, including formal evaluations, population surveys and administrative data. Japan's "Agile Governance Model" is a key examples of iterative adaptation approaches being operated for the public sector as a whole (see Case Study: Cyclical policy design – understanding impact to improve policy). Others include:

- **Singapore's Whole of Government Analytics Application**, which monitors the performance of government websites and digital services in real-time and presents key information, such as website traffic and user feedback. This allows public officers to conveniently access the information they need so that they can make effective data-driven decisions and proactively improve their services²²⁵.
- **Australia's Citizen Experience Survey** is a regular, national survey measuring public satisfaction, trust and experiences with Australian public services. The Survey offers a cross-sectional view of service experience²²⁶. A feedback loop is in place with findings regularly presented to senior decision-makers and follow-ups focusing on understanding the issues faced by lower-satisfaction groups.
- **The UK Government's Behavioural Insights Team** has implemented a "Test, Learn and Adapt" model to improve public service delivery²²⁷. This model is based on delivering services in unique ways to different segments of the population and then rigorously measuring which services deliver better outcomes (i.e. randomised control trials).

Romania has demonstrated a strong drive to use innovation to deliver on its ambitions and to tackle the most complex challenges. Without an explicit approach to monitoring and evaluating innovation efforts, Romania will face difficulties in demonstrating value for investing in using innovation and in connecting the impact of such efforts to broader policy goals. As a longer-term goal, as the country continues to tackle more complex policy issues and strive to achieve ambitious goals such as the Sustainable Development Goals, Romania will benefit from incorporating innovative techniques such as iterative learning and systems thinking into its evaluation approaches.

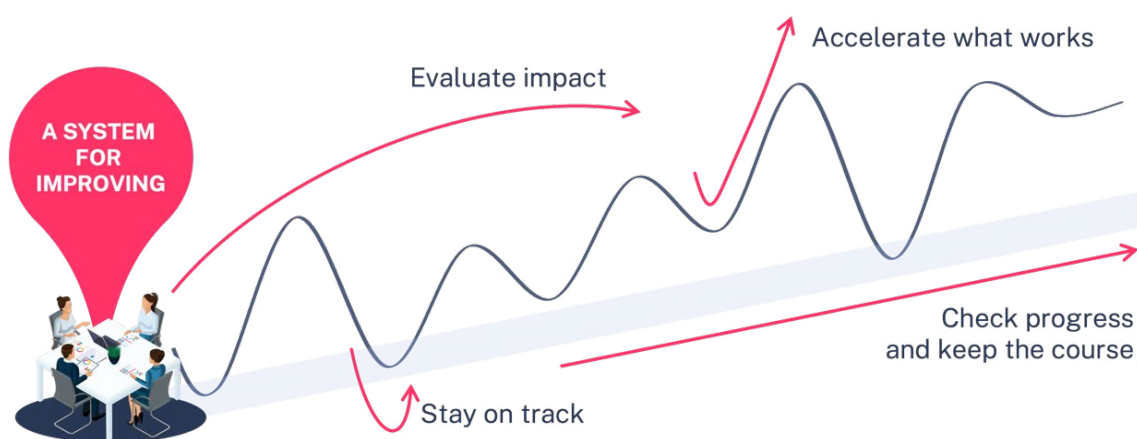


Figure 10. This figure showcases how a system for learning and improving can benefit decisions and management to achieve outcomes.

225 Singapore Government Developer Portal (n.d.), "Wogaa", <https://www.developer.tech.gov.sg/products/categories/analytics/wogaa/overview.html> (accessed on 18 August 2022).

226 Australian Government Department of the Prime Minister and Cabinet (n.d.), "Citizen Experience Survey", <https://www.pmc.gov.au/public-data/citizen-experience-survey>.

227 Haynes et. Al, (2012), "Test, Learn, Adapt: Developing Public Policy Trials with Randomised Controlled Trials", Cabinet Office: Behavioural Insights Team, <https://www.bi.team/publications/test-learn-adapt-developing-public-policy-with-randomised-controlled-trials/>.

Systemic Insight #7: Stronger capacity is needed to build synergies between technology and innovation

Digitalisation was noted as one of the strongest innovation priorities from participants throughout the research project. Romania is not capturing the benefits of technological innovation to reach its full potential. The journey to a digital government and in the provision of seamless and innovative digital services to the public needs to be supported by the right skills, culture and infrastructure.²²⁸

Technology advancements will continue to influence citizen lives, and therefore public sector governing in Romania. The Romanian public sector needs to get ahead of the curve on technology: To anticipate and adapt to the changing technological environment to ensure that citizens are at the heart of the technological transformation. Romania has the potential to excel in this area and accelerate the pace of digital innovation. Romania made significant investments in its IT education that has delivered benefits to them, evidenced by the many multi-national companies that use Romanian IT graduates (it should be noted, however, that many IT graduates leave Romania for better salaries in other countries²²⁹). Recently, Romania has been the first among European countries to test autonomous vehicles in real life conditions. However, the Romanian Government does not have a clear vision of how to use research and development, coupled by instability in research funding and challenges around public-private partnerships²³⁰, which hinders Romania's ability to capitalise on digital advancements²³¹.

From a public service perspective, Romania's RRP includes a strong focus on digitalisation of the public sector and of its public services. Romania currently scores lower than the EU average on the availability of digital public services²³². However, participants highlighted strong ambitions to address this gap, while also using digital innovation to modernise the public sector. Digitalisation was one of the strongest responses concerning innovation priorities provided from participants throughout the research project.

The research from this project highlights three key issues: First, there is a tendency in the Romanian Government to overemphasise digital outputs without consideration of the broader supports or innovating of broader processes and services. Second, data collected by the government will not inform better decision-making without an innovative and human-centred approach coupled with the ability to combine and synthesise data. And finally, leveraging technology for innovation outcomes will require Romanian civil service to build digital and data skills and broader supports.

Embracing digitalisation is an important tool for innovating, and is key to developing broader structures to ensure that digitalisation leads to better outcomes. At times, the Romanian Government uses digitalisation without redesigning the broader processes or using it as an opportunity for more user-centred design (for example, simply exchanging an outdated paper process with a digital process, or at times, even maintaining a requirement to complete the paper process in addition to the digital process). Digital government is user-centred and considers the entire citizen experience, including the opportunities and challenges provided by data and digital tools²³³. Romania needs to couple new digital outputs with innovating and redesigning processes or services at the same time. By doing this, Romania can better use transition to digital government as an opportunity for meaningful innovation that leads to better outcomes.

228 OECD (2020), Digital Government in Chile – Improving Public Service Design and Delivery, OECD Digital Government Studies, OECD Publishing, Paris, <https://doi.org/10.1787/b94582e8-en>.

229 For example, see article - Over 37,000 Romanian IT specialists left the country in 20 years, 30% went to US and Canada, 13% to UK | Romania Insider (romania-insider.com)

230 2022-european-semester-country-report-romania_en.pdf (europa.eu)

231 Government of Romania (2020), National Reform Programme 2020, Bucharest, PNR 2017 (europa.eu); RDI continues to be a strong focus in the Romanian priorities under a range of EU programmes, such as the National Reform Program.

232 Ibid 249

233 Ibid.

Secondly, the Romanian public service recognises that data can serve as an important informer, enabler of innovating and achieving public outcomes. However, data is not being used to its full potential in Romania due to the lack of interoperability across data sets, a lack of real-time or systemic data collection approaches across policy domains and a lack of skill sets related to using data to produce systemic insights and to inform decision-making. The available data was reported to not always provide a clear picture of whether policies and services are meeting user needs (see: [Systemic Insight #6](#)). Strengthening data gathering activities and enabling the use of public data to produce and understand real-time impact of government service on citizens can help the Romanian public sector to innovate and adapt approaches based on citizen needs. Showing responsiveness to those needs will also help the government re-build the trust between citizens and government and ensure that efforts are directed to activities with the highest possible impact.

Thirdly, like other innovation methods or techniques, using digital and data technology to innovate demands the same broader supports, such as innovative mindsets, skills, processes and evaluation techniques. This will likely demand skill building of the existing public service, such as those showcased in the [OECD Framework for digital talent and skills in the public sector](#) (see: [Systemic Insight #4](#)), new methods such as design thinking and service re-design, as well as the establishment of strong networks and collaborative infrastructure across sectors (see: [Systemic Insight #5](#)).

Action now will play an important role in ensuring Romania's public sector performance into the future. The [OECD's Digital Government Policy Framework](#) provides key guiding principles for digital transition: Digital by design, data-driven, government as a platform, open by default, user driven and proactive. These principles, along with the [accompanying guidance](#) can help the Romanian Government guide a digital transformation that moves beyond silos, bureaucratic legacies and hierarchies and towards co-ordinated, integrated and synergic governance.²³⁴ Effective digitalisation and fit-for-purpose technology offers the potential to integrate and improve the delivery of services to make them more accessible to citizens. This can completely change the perception of government and the quality of services delivered to citizens.

These systemic insights showcase the interplay of innovation across the Romanian public sector. Improving innovative capacity will require working with levers and opportunities in the system to prompt change, paired with explicit innovation support.

234 OECD (2020), "The OECD Digital Government Policy Framework: Six dimensions of a Digital Government", OECD Public Governance Policy Papers, No. 02, OECD Publishing, Paris, <https://doi.org/10.1787/f64fed2a-en>.

IV. MOVING FORWARD: INSIGHT TO ACTION

This chapter outlines the next steps following the assessment of Romania's innovative capacity to ensure insights turn into action. It starts by recapping the ambitions of Romania given that this serves as a key basis for a clear purpose to innovation and then moves into the contextual tensions in the system that will need to be considered when identifying and pursuing actions. Finally, this chapter outlines how the key directional shifts that have been co-created to address each systemic insight, followed by an explanation of the systemic approach that will be taken in achieving these directional shifts through the development of the action plan.

A. AMBITIONS SET A CLEAR PURPOSE FOR INNOVATION

While the primary focus for increased innovative capacity in Romania is currently on dealing with unexpected disruptions and meeting the needs of citizens right now, the benefits of decisive commitment to innovation will be felt in Romania for decades more to come. Strengthening innovative capacity in Romania will not only help it to achieve its ambitions, it will also help Romania reimagine its public governing to more effectively realise the hopes and needs of its citizens into the future.

The capacity to innovate and build a trustworthy and high performing public sector has the power to bring a nation together and fuel benefits to future generations. Civil servants and leaders in government have the power to drive this, and in doing this, to boost the national economy and enhance its presence regionally and on a global stage. More broadly, a government that delivers value and impact through innovating will encourage commercial and business investment in research and development, support better productivity and provide an opportunity to redefine government as responsive to citizen needs. Specifically, to create *an innovative public sector that works collaboratively to design policies and provide seamless and effective services that meet the current and future needs of society*¹.

However, for Romania to create a public sector that is conducive to, and reaps the benefits from, innovating, it needs to consider the explicit innovation supports as well as broader system enablers.

Throughout the research process, it is evident that Romania has already started to implement projects that will increase their innovative capacity. This report, along with aligned reports on Digital Government, Civic Space and Open Government, capitalises on those efforts and is a starting point for a more intentional and cohesive systems change to enhance the innovative capacity of the Romanian Government: the upcoming action plan, and execution of those actions, will be instrumental in transforming Romania's ambitions into reality.

1 This is the vision statement for this project.

B. EXPLORING TENSIONS IN THE PUBLIC SECTOR SYSTEM

As emphasis shifts from understanding to action, it is important to recognise the push and pull tensions within the public sector system. Understanding system tensions allows for deeper awareness of the challenges individuals and organisations face when pursuing change. For example, trust issues push public servants to be innovative when improving public services, while also pushing them to work within strict legal frameworks in order to ensure accountability. Moreover, innovation is often understood as synonymous to digitalisation, with technology playing the most crucial part, and contrasting with the need for innovative approaches to digitalisation where humans are at the centre of digital transformation.

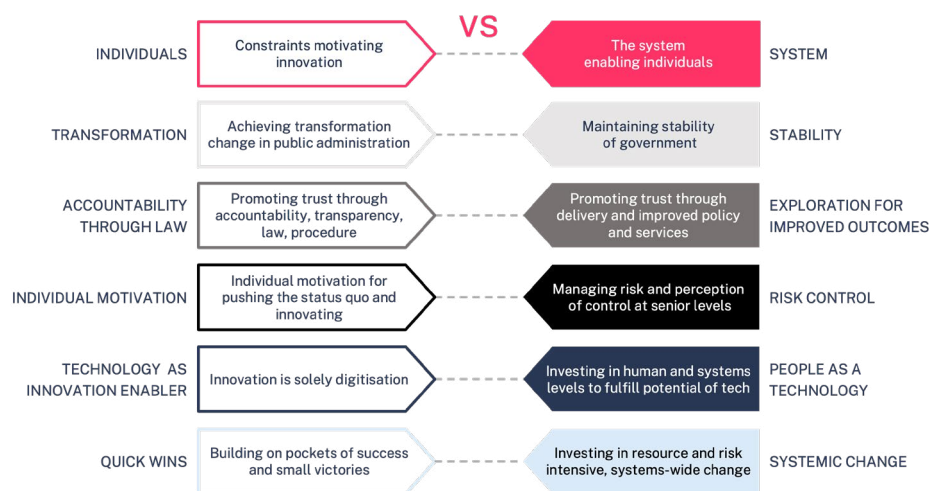


Figure 11. This figure demonstrates the system dynamics that create tension in Romania's public sector.

As trade-offs and decisions emerge for how to increase the innovative capacity Romania's public sector, the relationship and interconnections of these tensions should not exclusively focus on a single dimension. It's not a zero-sum game – where more of one means less of another. Instead, consideration needs to be given on how these tensions can be managed and balanced to create an optimal environment for innovation to occur.

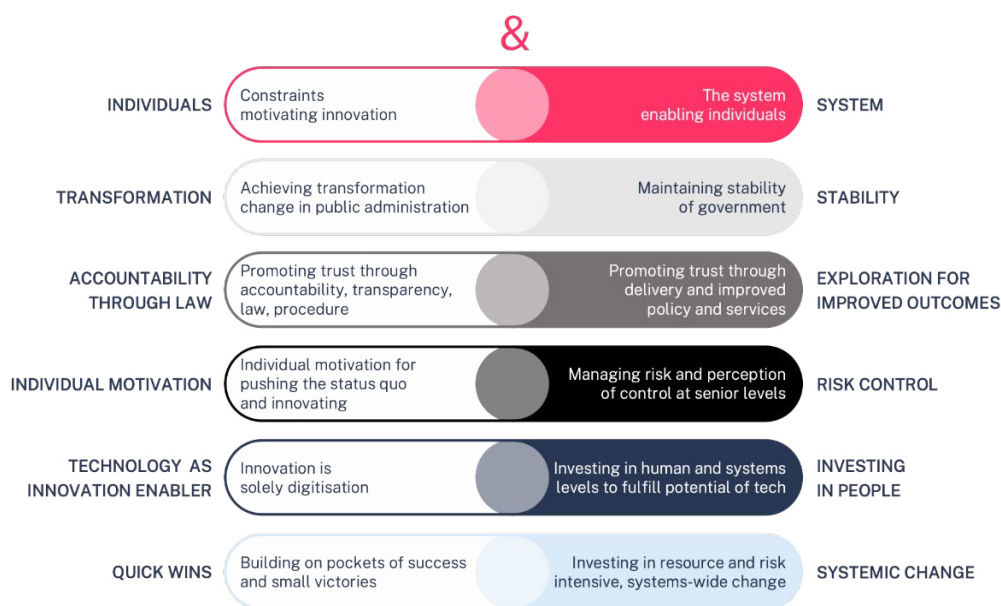


Figure 12. A visualisation of the solution space that works with tensions and respects the dynamics of a system. It is this common space that “how might we” questions (See: *How might we systemically improve innovative capacity*) explore novel pathways through the system.

The innovative capacity of the Romanian public sector has been shaped and informed by a history of trust challenges, reform agendas, international commitments and memberships and the country’s digital development. In this complicated context, pursuing a systems approach to building innovative capacity, which actively engages the range of actors of the public sector system, is crucial to enabling the public sector to deliver meaningful outcomes to citizens. And so, thinking shifts to “**how might we**” find novel ways forward that meet the needs and deep-rooted context of the system and yet breakthrough barriers.

C. HOW MIGHT WE SYSTEMICALLY IMPROVE INNOVATIVE CAPACITY?

The report outlined seven key **systemic insights** of Romania’s current innovative capacity. They demonstrate Romania’s strong commitment to leveraging innovation as a means to achieve better outcomes and a range of strong foundations and current investments to enhance innovative capacity. The report, however, also highlights key areas across the system that need to be shifted and optimised for Romania to achieve its ambitions. The journey towards this desired future is not uniform across countries. Romania’s roadmap needs to be co-created, tailored and contextualised.

Thus, seven **directional shifts** that complement each of the seven systemic insights for Romania have been co-created from the systemic insights. These shifts will help Romania make decisions on how to proceed with enhancing its innovative capacity, including setting priorities, determining investments and establishing actions. The directional shifts are not end-points, rather they are directions to help frame how Romania needs to shift the system so they retain relevance and adaptability if the context in Romania evolves. They are aligned with other OECD reviews currently occurring in the Romanian context.

Each of the seven directional shifts surfaces a gap between the current public sector system and a system that would represent a higher level of innovative capacity. These gaps can be best framed as “**how might we**” questions: intended to provoke new ideas and approaches to guide further enquiry

and design of actions to address the gaps. For the development of the action plan, asking and answering these questions will go a long way in ensuring proposed ideas and actions have clarity of purpose and are grounded in context.

The below visual showcases how the Romanian public sector could move from the current state to an ideal state where innovative capacity is systemically supported. The questions posed in the “how might we” section, outline exploration areas for the action plan following this report.

From	To	How might we
<p>Ambitious goals demanding an innovative, contemporary public sector without the capacity for action.</p> <p>Ambitions without follow through.</p>	<p>Innovation used as a key function for achieving ambitions.</p> <p>Cohesive purpose, strategy and actions to implement, iterate and gain impact from ambition and agendas.</p> <p>Ambitious with impact.</p>	<p>Ensure that innovation is used a strategic function to support achievement of ambitions?</p> <p>Equip the public service to use innovation to execute on key strategies?</p>
<p>Absence of systematic and impactful innovation. Public sector system that can stifle innovation efforts, and individual motivation for innovation.</p> <p>Innovating against the system.</p>	<p>Civil servants are encouraged, expected and incentivised to use innovation where it is appropriate. The public sector directions, culture and supports drive and enable innovation.</p> <p>Innovating because of the system</p>	<p>Build culture, practices and supports that are conducive to innovation?</p> <p>Create an environment where civil servants are encouraged, expected and incentivised to innovate in their daily work?</p>
<p>Ad-hoc, singular or discreet innovation projects rather than an intentional portfolio of improvements and innovation for a targeted range of purposes.</p> <p>Reactive fragmented short term efforts.</p>	<p>Holistic, continuous drive toward innovative capacity.</p> <p>Stewarded innovation portfolio that supports innovation to meet current needs, medium-term needs and future-oriented innovation. Innovation strategy, governance mechanisms and funding to support diverse innovation portfolio.</p> <p>Systemic approach for short and long term.</p>	<p>Steward a portfolio of innovative activities that balances immediate priorities with the need to steward long-term, future-oriented change?</p> <p>Identify and pursue the right balance of short term and long-term. innovation explicit and innovation implicit efforts?</p> <p>Build on short-term efforts to gain momentum for more difficult systemic changes?</p>

From	To	How might we
<p>Pockets of mindsets, knowledge, skills and practices that support innovation. No common aligned approaches or communities of practice to learn, develop and adapt. Job design focused on traditional skills and legal competencies. Diversity in knowledge and skills are not brought together to leverage multidisciplinary working.</p> <p>Traditional skills, intra-disciplinary.</p>	<p>Diversity in knowledge, skills and capabilities is encouraged and developed. A focus on soft and transferable skills that enables individuals to innovate meaningfully is explicit in the system.</p> <p>Contemporary capabilities, multidisciplinary.</p>	<p>Recruit, retain and leverage diverse talent?</p> <p>Build the capacities of the existing workforce to enable them to know when and how to innovate, so they can identify, design, implement and evaluate innovative efforts?</p>
<p>Few processes and pathways to consistently leverage the broader ecosystem of actors to expand knowledge and realise the benefits of innovations. Partnerships with private sector, NGO's and universities are under-utilised, strictly in the Parliamentary realm or bilateral only.</p> <p>Informal, ad-hoc partnerships.</p>	<p>The public sector system and organisations build intentional partnerships across sectors and with citizens to innovate and achieve systems change and impact. Citizens are engaged meaningfully from the beginning.</p> <p>Diverse, meaningful partnerships and collaboration.</p>	<p>Build meaningful and effective partnerships to leverage the knowledge and experience of all sectors?</p> <p>Know which actors need to be involved in innovative efforts and how to mobilise them in order to achieve impact?</p> <p>Ensure meaningful engagement occurs at all stages in the policy cycle?</p>
<p>Focusing on constraining signals that emphasise non-systemic understanding of impact, conformity and justify status quo.</p> <p>Absence of explicit system to understand the impact of and improve innovation processes and efforts.</p> <p>Managing risk and emphasising compliance.</p>	<p>Information and data is created, embraced and used in an integrated way for understanding impact of systemic issues and iterating. Learning loops and networks to use lessons-learned to inform future practice. Explicit approach to understanding the impact of, and improve upon, innovation efforts.</p> <p>Measuring and communicating impact for constant improvement</p>	<p>Understand the impact of innovation projects, effectiveness of innovation processes and usefulness of innovation supports?</p> <p>Use lessons learned to inform future decisions and practice, and communicate these across the whole public sector?</p> <p>Use systemic and iterative approaches to better evaluate and improve policies?</p>

From	To	How might we
Pockets of innovative technology adoption and experimentation without broader system changes.	A public sector workforce equipped for harnessing technological advancements in digital and data.	Ensure that digitalisation efforts achieve their purpose and systemic goals?
Absence of broader supports for meaningful digitalisation.	Technology is used as a tool as part of the overall agendas to innovate or reform.	Leverage digitalisation as part of the broader portfolio of innovation efforts?
Technology as a project and tool.	Technology supporting systemic effort for change and growth.	Build the right foundations to harness digital technology as part of innovation?

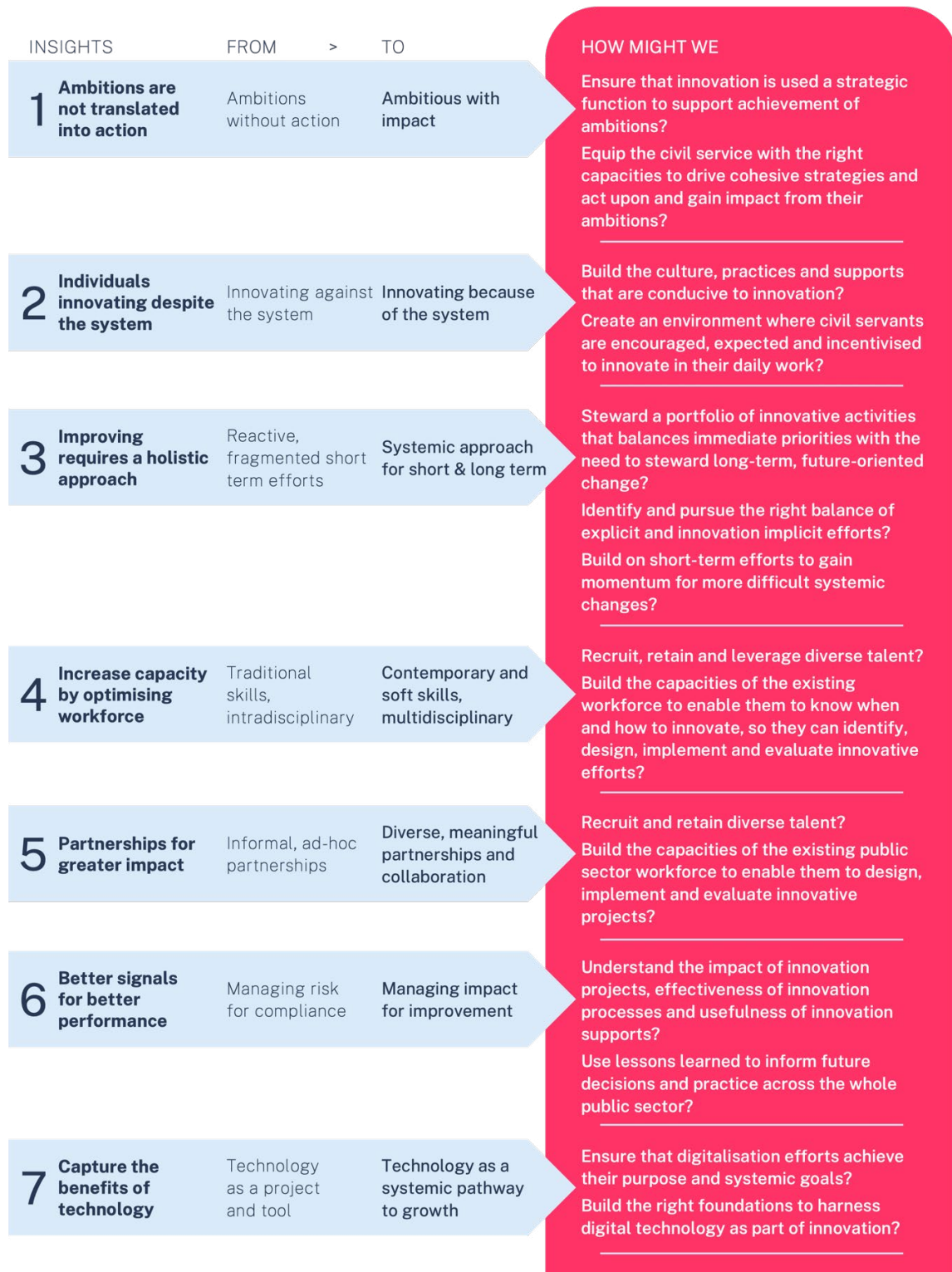


Figure 13. A visualisation of the connection and logic between the system insights, directional shifts and how might we questions.

D. DRIVING A SYSTEMS APPROACH TO STRENGTHENING INNOVATIVE CAPACITY: TARGETING LEVERAGE POINTS

The next step of the project will be to co-create a practical, action-oriented plan that enables Romania to make decisions and investments to lift their innovative capacity maturity and appropriate execution and monitoring. This requires outlining the necessary changes and defining the actors that would be responsible.

The Action Plan also needs to acknowledge and reflect the complexity of public sector systems and of shifting such systems to lift innovative capacity maturity. Shifting the system in a sustained and impactful way requires different actions to come together in the right way. Given that the Romanian public sector, like any public sector, works in an environment where resources are limited, the action plan needs to ensure that Romania optimises resources and efforts to maximise impact.

Thus, the action plan will interrogate the “how might we” questions and identify leverage points. **Leverage points** are based on contemporary theories of systems thinking and shifting complex public sector systems and are changes or actions that in combination will make the biggest impact on the system. However, not all leverage points have the same impact. Some focus on short-term wins, or optimising existing processes, rules or structures, while others will replace old approaches or even create new social norms and value models needed for longer-term systemic change. A key mistake many governments make is to opt for only the short-term, easy or tangible changes such as creating a strategy or a new digital platform, when really what is needed to complement this are more deep-rooted, intangible leverage points. For example, leverage points could include a change to paradigms (such as a shift in the perception of risk-taking), value models or the implicit interactions (such as trust) between actors in the system. It is by ensuring that the right mix of leverage points are used that will help Romania shift their public sector system in a way that is lasting and impactful.

While the combinations of actions may vary, the figure, below, demonstrates examples of types of leverage points (in light blue boxes) that may be required to achieve directional shifts. These leverage points will form the next steps in the development of the action plan. Each directional shift will be matched with key leverage points and actions.

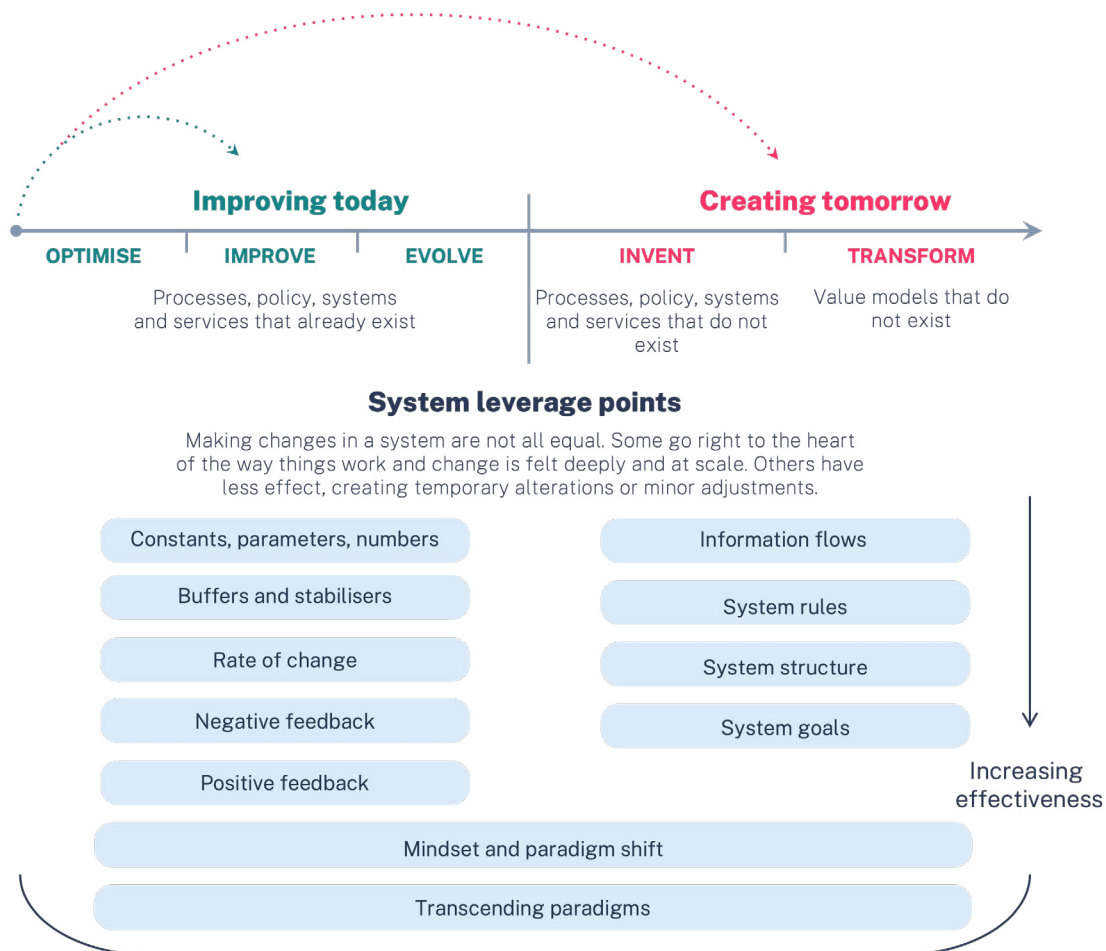


Figure 14. A comparison of the different impact of innovation on a public sector system and the types of levers available to achieve that impact.

E. BALANCING INVESTMENTS: BUILDING THE RIGHT SUPPORTS

There are many leverage points at Romania's disposal to lift innovative capacity across the four areas of purpose, potential, capacity and impact. The actions taken will be mapped onto a two-dimensional matrix:

Innovation explicit vs innovation implicit: Innovation explicit signifies the explicit innovation actions, outputs or supports that could be taken. These may include the development of a national innovation strategy and the establishment and integration of an innovation lab, innovation awards, innovation training or innovation forums. While these are important for driving innovation and increasing awareness, legitimacy and normalisation of innovation, innovative capacity also relies on broader enablers or barriers in the governing mechanisms of public sectors. These are part of the innovation implicit actions, and may include a shift towards agile project management practices, new digital platforms, contemporary evaluation approaches, cross-agency task forces, new forms of policy making or changing regulatory frameworks.

Quick wins vs systemic change: Quick wins and incremental changes are important for several reasons: They can build momentum, offer quick benefits with less effort, allow iteration or faster

learning cycles and demonstrate value before investing in longer-term changes. Quick wins could cover both innovation explicit approaches (innovation awards, or appointment of an innovation chief officer) and innovation implicit mechanisms (task-forces, training in agile project management or testing of a new platform for information sharing). Nonetheless, it is important for Romania to invest and tackle longer-term, more complex changes. These will be paramount for a genuine transformation of the system. Systemic changes often require sustained leadership and advocacy, greater risk-taking, more intense and longer-term resource investments and more effort and involvement of a greater amount of stakeholders. Systemic changes could cover both innovation explicit efforts (co-creation and agreement of a long-term National Innovation Strategy with all sectors and layers of government or embedding an innovation lab into the broader public service governing) or innovation implicit efforts (re-designing centralisation or decentralisation models, redesigning legislative frameworks, embedding systems-thinking into policy making, strengthening data interoperability or refining of national workforce strategies and policies).

Acknowledging the importance of balancing the spectrums of both dimensions is critical when building innovative capacity. Consideration of these dimensions will also support decision-making on investments, balancing priorities in the short, medium and long-term and identifying and matching actors to actions.

The co-creation of the action plan will be a challenging and important task: It will pave the way for the Romanian Government to leverage innovation as a strategic function to address complex challenges and achieve its ambitions for its country and its citizens.



Figure 15. A visualisation that highlights the benefits of different approaches to innovation, those that are implicit vs explicit and those that seek to change the system or achieve improvements rapidly.

V. CONCLUSION

Innovating can be a strategic lever for the Romanian Government to use to achieve its ambitions and tackle some of the most complex challenges facing Romania now and into the future. However, for innovation processes to be meaningful and effective, and for innovation outputs to have impact, public sectors need to also consider the explicit innovation supports as well as broader system enablers that will create a public sector system that is conducive to innovation. This is at the core of strengthening innovative capacity.

“We can’t impose our will on a system. We can listen to what the system tells us and discover how its properties and our values can work together to bring forth something much better than could ever be produced by our will alone.”

- Donella Meadows

From January to July 2022, this project undertook an extensive literature review and desktop analysis process and convened close to 200 stakeholders (through questionnaires, interviews, focus groups and workshops) who conveyed an undeniable desire: a more innovative Romanian public sector, prepared to meet complex national and global challenges and deliver increased value for citizens. Innovation motivations further include the need to move beyond the status quo to improve the public service, be actively involved in change and navigate meaningful paths forward, embrace challenge and redefine the Romanian Government in the post-communist era. These value-oriented ambitions can drive a meaningful purpose and direction for innovation and provide strong impetus for strengthening innovative capacity.

However, building the innovative capacity of the Romanian public sector is not an easy task. Trust and corruption issues are a resounding legacy from an era of dictatorship and communist rule. These challenges tend to dominate political agendas and citizen focus, diverting attention from steering meaningful impactful change in government. A systems approach that balances idealism and pragmatism will be needed to steer innovation-explicit efforts and embed innovative capacities into the frameworks, culture and processes of government.

The launch of the Romanian Recovery and Resilience Plan in 2020 offers an ideal opportunity to push a systemic approach to innovation. With 29.1 billion Euros of dedicated funding and an explicit focus on key challenges such as green transformation, infrastructure modernisation, strengthening territorial cohesion and strengthening resilience of health and administrative systems¹, the RRP provides a unique opportunity to take innovative, systemic approaches to problems that would be impossible to address through traditional policy-making methods. Now is the chance for the Romanian Government to redefine how it engages citizens, demonstrate how to work collaboratively across sectors and leverage innovative ways to develop new approaches and understand the impact of its activities on the lives of the population.

This report has provided a systems-perspective of the current state of the Romanian public sector’s innovative capacity. The systemic insight and directional shifts outlined in this report have been co-created to reflect the realities of the Romanian public sector and encourage knowledge and awareness of the transformative change needed to improve public outcomes. The OECD will be working with

1 European Commission (2021), Factsheet: Romania’s Recovery and Resilience Plan: Laying to foundations for recovery.

the General Secretariat of the Government of Romania to develop an action plan to transform these insights into concrete action. The plan will outline practical actions, such as spearheading a national innovation strategy and the creation of an innovation hub to build capacity and drive public sector innovation. Civil servants, leaders and politicians are at the forefront of driving and implementing change; their inclusion in the development of the action plan will be paramount to its overall success.

This report is a starting point for transforming the Romanian public sector into one able to leverage innovation as a strategic function to govern better, strengthen trust and improve outcomes for citizens.

VI. DEFINITIONS

Digitisation: the conversion of analogue data and processes into a machine-readable format.¹

Digitalisation: the use of digital technologies and data as well as interconnection that results in new or changes to existing activities.²

Digital transformation: refers to the economic and societal effects of digitisation and digitalisation.³

Innovation: Something that is new or novel to the context, implemented and aimed at achieving impact

Innovative capacity: The holistic ability to leverage innovation to improve outcomes, typically aided by explicit supports (e.g. innovation strategy, innovation skills training, innovation funding) and supports for innovation in the broader governance environment (e.g. workforce planning, audit, regulatory frameworks).

Innovative Capacity Framework: Available [here](#), is a practical and systemic framework that guides governments in leveraging

1 OECD (2019), Going Digital: Shaping Policies, Improving Lives, OECD Publishing, Paris, <https://doi.org/10.1787/97892264312012-en>.

2 Ibid.

3 Ibid.

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ANNEX A: RESEARCH DESIGN AND METHODOLOGY

RESEARCH DESIGN

This assessment of Romania's innovative capacity report captures extensive research findings involving over 115 stakeholders from across the Romanian civil service, the private sector and beyond, as well as the responses of 150 questionnaire participants from the public sector and key stakeholders from the private sector, academia and non-profit sector. This comprehensive **research and engagement process** captures insights from actors interacting with the public sector system to ensure that this **report is reflective of the public sector reality**. The report serves as a **launchpad for action**, including the development of an Action Plan (Winter 2023) and an innovation hub (2024) with strategic support from the OECD. Co-creation remains a fundamental principle of this study: To ensure that research is practical, actionable and reflective of the public sector context and needs of public servants. The full research process and methodology can be found in Annex A.

The research process involved:

- A **comprehensive literature review** of over 150 documents, including key government strategies and studies from the World Bank, the OECD and other key international thought leaders, as well as peer-reviewed academic literature and a range of official documentation (e.g. key government decisions, competency frameworks, institutional strategic plans, audits and more).
- A general **questionnaire** on the innovative capacity of the Romanian public sector, which received 82 full responses and 98 partial responses, as well as a questionnaire of non-governmental actors, which received 15 full responses and 20 partial responses. The general questionnaire was used to validate and test specific observations from interviews and focus groups (see data boxes throughout), while the non-governmental questionnaire served to inform and refine initial findings.
- A series of **32 interviews** with actors across the Romanian public sector (including state secretaries, technical officials and key innovation champions, amongst others), private sector, civil society and local government.
- Four **focus groups** involving officials from across technical levels (HR, procurement, audit and more), innovation communities (digital champions, private sector leaders in R&D, innovation lab leaders etc.) and government executives.
- A **virtual workshop** to test detailed findings and initial systemic insights mapped to the OECD OPSI's [Innovative Capacity Framework](#).
- Three **systemic insights, direction setting and co-creation workshops** to explore tensions in the public sector system, probe key directions and test initial findings with both technical level experts and executives from across the Romanian public sector system.

Insights from these research components were mapped to OPSI's [Innovative Capacity Framework \(the Framework\)](#), a rigorous model which supports understanding of the innovative capacity of public sector systems. The Framework seeks to understand innovative capacity through four key perspectives and questions (see: *Methodology*). While the insights presented in this report are aimed to inform the Romanian Government's understanding and action to support innovative capacity, the findings will inform global research and the building of global best practices in the field of innovative capacity.

METHODOLOGY: THE INNOVATIVE CAPACITY FRAMEWORK

The Innovative Capacity Framework is a practical and systemic Framework that guides governments in leveraging innovation as an integral part of policy making and public administration. This methodology showcases that innovation should not be seen as a silo in and of itself, but rather, embedded into the everyday functioning of public sector systems. Public sectors attempt to drive policy outcomes within existing, and often constrained, governance systems that cannot just be removed or deleted. As such, the Framework shifts the focus away from the idea of a public sector innovation system as the object of analysis and instead looks at how innovative capacity is nurtured in the entire public sector system. This shift comes from the recognition that if innovation is to become more deliberate and systematic, it needs to be embedded in the operating environments of policy systems to become a normalised and routine resource; encouraging public servants to innovate in their daily work. The Framework helps to enhance the innovative capacity of governments in order for them to build more holistic, impactful and sustainable solutions that improve the lives of citizens.¹

To better understand innovative capacity, this Framework explores key drivers, enablers, barriers, capacities and impacts of innovative capacity through **four key research questions**:

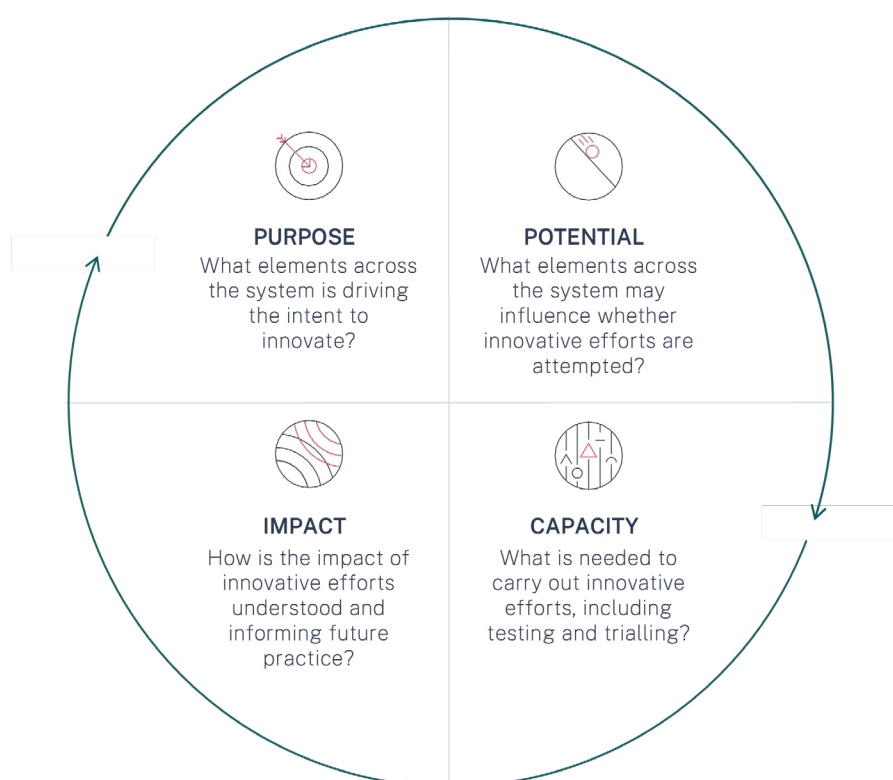
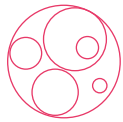


Figure 16. The framework has four focusing research questions to explore and understand the innovative capacity of a public sector.

These questions are explored across the entirety of the Romanian public sector system, with a specific focus on the national level, including consideration of the implications at the systems, organisational, individual and team levels.

¹ Kaur, Buisman, Bekker and McCulloch (2022), "Innovative capacity of governments: A systemic framework", OECD Working Papers on Public Governance, No. 51, OECD Publishing, Paris, <https://doi.org/10.1787/52389006-en>.



System

Exploring system level dynamics related to government and public service reform agendas, as well as broader global and domestic challenges and pressures, international standards and public values and principles that shape the environment of government (including social, legal, economic and political environment).



Organisation

Exploring the institutional and change drivers as well as the leadership and organisational culture.



Individual

Exploring the intrinsic and extrinsic factors related to individual (civil servants) motivation to innovate, such as individual aspirations, external significance and engagement and external recognition

Figure 17. The research questions can be targeted at three levels of analysis: individual, organisation and system.

The four research questions are posed to guide measurement of innovative capacity. Each research question is further understood and tested through factors that have targeted data – or indicators – to enable the assessment of capacity. These indicators provide a systematic framework for evidence to be assessed against. The framework has a total of 39 factors and 86 indicators, below Table 1 sets out one example of the research logic.

Research question	Factors	Indicator	Data source
How is the impact of innovative efforts understood and informing future practice?	Performance evaluation frameworks across departments and agencies (integrity, accountability, system outcomes and performance reporting approaches), scrutiny, evaluation and audit, effectiveness of outputs, quality of governance and internal processes and its impact on the system.	<p>The extent to which consistent leadership commitment and funding exists to understand the impact and value of innovation</p> <p>The extent to which public value/impact or public goals are considered in evaluation processes</p> <p>The extent to which the interests of diverse stakeholders are represented in evaluating value of services, policies etc.</p> <p>The extent to which public institutions are able to ensure continuity of policy objectives beyond electoral cycles</p> <p>The extent to which institutional performance management and evaluation regimes promote innovative approaches</p> <p>The extent to which systematic monitoring and evaluation of innovative efforts, missions and policies occurs (and in what forms) and is supported</p> <p>The extent to which lessons from evaluations are informing future decision-making.</p>	<p>Desktop research and contextual inquiry:</p> <p>Historical progression of innovation debate/ reforms (rhetoric, narrative, political priorities)</p> <p>System-wide strategic documents and white papers</p> <p>(External) evaluations of government performance</p> <p>Independent government audit body reports and overarching audit policies.</p> <p>Interviews, focus groups and surveys.</p>

Table 1. An example of the research methodology to systematically evidence innovative capacity.

ASSESSMENT METHODOLOGY

OPSI has adopted a five-point scale to evaluate innovative capacity. The research is used as the basis for assessment of the current state against qualitative benchmarks. Below each point on the scale is characterised with evaluation descriptors that can be applied to the indicators that give evidence to the current state of the four research questions. The model also provides an opportunity to identify desired future capability that can be tracked.

Emerging 0 – 1	Developing >1 – 2	Managing >2 – 3		Embedding >3 – 4	Optimising >4
Little or absent Inefficient Ad-hoc or inconsistent	Growing, some evidence Repeatable Commencing	Consistent Managed More systematic	Realising potential Building systemic capacity	Delivering value High confidence Rigour, meeting standards Good links and connections	Sophisticated Integrated and adapting Agile and improving Sets new standards

Table 2. The five-point scale maturity model for assessing innovative capacity with the descriptive qualitative criteria and assigned numerical value range.

Each indicator is investigated, and using evidence from the research, a qualitative assessment is formed. Where not enough evidence is available, a rating of Nil is assigned. This methodology provides a highly granular understanding of each of the 86 factors that combined, enable an assessment of innovative capacity.

To create a more complete view of the system, an aggregate view of the research is needed. The qualitative assessment for each indicator is assigned a numerical rating that allows an average to be established for each research question at the three levels of analysis. The models of exploratory research and evaluation and analysis come together in a 12-part map.

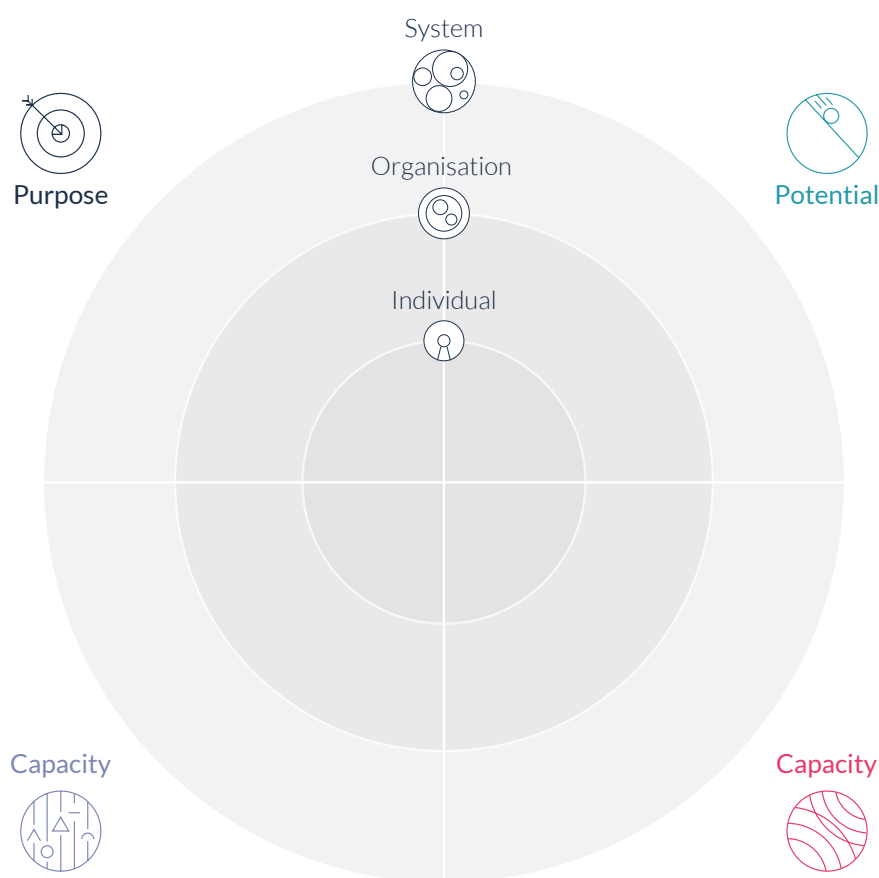


Figure 18. A blank map of innovative capacity using the four research question (purpose, potential, capacity and impact) and three levels of analysis (individual, organisation and system) creates an aggregate view of the evidence.

This Framework guided this study and supported the uncovering of systems-wide levers and tensions as well as detailed findings on how innovation interacts with different areas – such as regulatory policy, human resources, performance management and audit – while revealing systems-wide tensions and barriers that hinder and/or enable innovative approaches.

Note: The majority of findings in this paper are derived from extensive interviews and focus groups, triangulated across multiple sources. As such, findings produced from focus groups and interviews are not explicitly cited to protect the anonymity of sources.

ANNEX B: PARTICIPANTS IN INTERVIEWS AND FOCUS GROUPS

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Strengthening the Innovative Capacity of the Government of Romania:

Interim Assessment Report

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Questions regarding this project can be directed to opsi@oecd.org. Further information about the project and the work of the OECD Observatory of Public Sector Innovation can be found at <https://oecd-opsi.org/> and on the OECD OPSI's [Twitter](#) and [LinkedIn](#) pages.