

Unclassified

GOV/PGC/RD(2004)5



Organisation de Coopération et de Développement Economiques  
Organisation for Economic Co-operation and Development

06-Oct-2004

English - Or. English

**PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE  
PUBLIC GOVERNANCE COMMITTEE**

GOV/PGC/RD(2004)5  
Unclassified

**OECD e-GOVERNMENT STUDIES: NORWAY  
HIGHLIGHTS**

**30th Session of the Public Governance Committee**

**28-29 October 2004  
OECD Headquarters, Paris**

*This document is being provided for information to the PGC. It provides the highlights of an OECD country review of e-government. An earlier version of this document was discussed at the Third OECD E-Government Symposium which took place in Seoul, Korea on 14-15 July 2004. These preliminary findings will be further developed in an OECD report that will be published in early 2005.*

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**JT00170883**

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**TABLE OF CONTENTS**

Background .....	3
Introduction .....	3
e-Government Structure and Context.....	4
The Case for e-Government .....	5
Information Society.....	6
Barriers to e-Government.....	7
Organisational Change/Skills.....	8
Common Frameworks/Collaboration.....	8

## OECD e-GOVERNMENT STUDIES: NORWAY

### HIGHLIGHTS

#### Background

At the request of the Norwegian government, The OECD is undertaking a peer review of e-government in the Norwegian central government. The objectives of the peer review are to: 1) identify the challenges facing e-government implementers in Norway and to assess how Norway's e-government strategies and solutions contributed, and could contribute in the future, to good governance objectives and 2) provide a basis for future comparisons with other OECD countries participating in the Peer Review process.

The Review of E-Government in Norway uses the OECD analytical framework for E-Government Peer Reviews in seven main areas, which considers e-government in the context of government reform and modernisation. The report covers the case for e-government, barriers to e-government, planning and leadership, organisational change, collaboration, customer focus and responsibility. It will also provide recommendations for future action.

This document provides highlights of the report which will be published in early 2005 under the title: "OECD e-Government Studies: Norway".

#### Introduction

Norway has long been active in using ICT in the public sector, which has provided it with an important tool for enabling gains in government efficiency, for improving the quality of public services and for modernising government. This is supported by a high level of Internet penetration in Norwegian society and a burgeoning information society. In recent years, Norway has made progress in adapting government to the use of the Internet as suggested by its rank of 7<sup>th</sup> in the eEurope benchmarking exercise measuring the provision of advanced online services (Denmark is 1<sup>st</sup>, Sweden 3<sup>rd</sup> and Finland 4<sup>th</sup>).

This, however, only provides part of the picture of the overall impact that ICTs have had on the public sector. While Norway is 'in the middle of the pack' in terms of the delivery of electronic services in the front office of government (in comparison with EU countries), e-government has also had strong impacts in the back office of government organisations in terms of process efficiency, inter-organisational data sharing, and ability to deliver services through a variety of channels. Much of this was already achieved during the 1980s, at an early stage of e-government development, and has established a foundation for yet more improvements in both the front and back office. The challenge for Norway is to find a path that best exploits the well-integrated government use of technology, while respecting the tradition of a decentralised, consensus-based government.

The potential of e-government is well understood in the Norwegian government. This is demonstrated through Norway's e-government strategy<sup>1</sup> that is closely aligned with *e-Norway*, the Norwegian vision for the development of the information society. This strategy is not confined simply to the use of ICTs in government. It links e-government to the information society and economy and reflects broader Norwegian objectives for public sector reform, emphasising the role of e-government in making government a better user of information, enabling simplification through delegation and decentralisation (at both the central and local level) and permitting more efficient user of taxpayers' funds.

These goals are supported by a good environment for implementation of e-government in Norway. One positive aspect is the legislative and regulatory environment, which has been updated to account for many of the legal requirements related to the operation of government in the digital environment. Another is the existence of some common ICT infrastructure, standards, and applications (most notably the system of public registries), largely developed and put into use across government in the 1980s, which has made many internal electronic transactions commonplace and well-accepted. Also, Norwegian government organisations have generally accepted e-government as being relevant to themselves and their stakeholders, and are looking for ways to implement it. Finally, Norwegians have a high degree of trust in government, and confidence in providing it with their personal information in exchange for better services.

Given these advantages, Norway could achieve even more through e-government, especially in terms of delivery of user-focused public services and the use of ICT to improve public engagement with government. As in many other OECD countries, challenges today include understanding public demand for online services and participation in government, developing across-government frameworks for monitoring and evaluation of e-government and responding to agencies' need for more central guidance. On top of this, government agencies are fragmented, and their capacity to use ICT is limited by factors such as size, low levels of staff with relevant technical and contractual expertise, and lack of support from a trusted internal advisor in these areas.

### **e-Government Structure and Context**

The structure of responsibilities on e-government reflects the decentralised structure of government in Norway. Like other Nordic countries, Norway is characterised by a relatively small, homogeneous and consensus-oriented central government composed of small policy ministries, and strong independent agencies. Norwegian government is relatively decentralised, with the central government having a very limited role and capacity to act as an e-government co-ordinator. For example, Norway has not chosen to create the type of centralised coordination and leadership function provided in other jurisdictions by an all-of-government Chief Information Officer. Responsibility for ICT strategy, development, and spending sits with the directors general of individual ministries and agencies, while the IT directors in these organisations are usually only responsible for implementation.

At the central government, two key ministries have shared responsibilities for e-government co-ordination and development. The Ministry of Trade and Industry (MTI) has been responsible for *eNorway* – the overall framework and vision for the development of the information society in Norway. The Ministry of Labour and Government Administration (MLGA) has led the development and co-ordination of the Government's public sector ICT strategy. Each ministry and agency is responsible for implementing its own e-government plans that translate the government ICT strategy into concrete planning and objectives.

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<sup>1</sup> 'Strategy for ICT in the Public Sector, 2003-2005, MLGA, February 2003. The strategy focuses on improving user orientation, strengthening data interchange, setting up common infrastructure for digital signature (PKI) and improving knowledge management.

The recent reform in government (June 2004) that established a Ministry of Modernisation that focused the responsibilities of the former-Ministry of Labour and Government Administration on the public administration reform portfolio and reinforced its role as the co-ordinator of ICT policies across government. The reform, which brought a reallocation of strategic resources on ICT and e-government from MTI to the MLGA, focuses on making better use of ICT as a catalyst and tool for government reform. As a restructuring of the MLGA is taking place at the time of writing, the OECD is still waiting to receive full details of this change in order to analyse its impact on e-government development in Norway.

Additionally, local government plays a major role in delivery of services and information, including those provided online. The small population of the country, its geographical configuration, and the relatively low density of population in remote areas provide both a constraint and an opportunity for e-government in Norway. Local government has provided leadership on certain aspects of e-government, (for example in the development of the public sector portal [www.norge.no](http://www.norge.no)) and in the take-up of the e-procurement system developed by central government. The Association of Municipalities and Regional Government is an important e-government actor and resource for advice and consolidated action. It has helped small and isolated municipalities that have found e-government to be a challenge because of lack of know-how.

## **The Case for e-Government**

### ***e-government and public administration reform***

Decentralisation of public management, which has been going on since the 1970s and is currently a key element of the public sector reform agenda, has had an impact on e-government implementation in Norway.

However, within this general approach there have been some significant swings toward and away from centralising certain elements of ICT use in government. From the late 1970s into the 1980s, there was a move to more centralised development of shared ICT infrastructure, software applications and standards across government, most notably around the public data registries that are very important to the operation of government today.

Later in the 1980s, in accordance with public sector reform inspired by New Public Management, there was a return to decentralisation as the preferred mode for managing ICT in government. Then, in the 1990s there was another change, with the Government realising that maintaining a framework of common technical standards enabling interoperability could allow further administrative development without sacrificing policy decentralisation. The late 1990s and early 2000s saw the development of three all-of-government ICT policies and strategies<sup>2</sup> leading directly to the current strategy. Each called for, and created, a greater role for the central government in e-government implementation and coordination – all linked to the agenda for government modernisation. Then, in 2001 a change in Government returned the focus to a decentralising agenda that saw the e-government co-ordination role of the centre greatly curtailed.

Overall, aside from the late 1990s/early 2000s, the central government has played a limited role in ICT use across government. Instead, ICT has been developed relatively autonomously by agencies, which have used it mainly to support their own internal administration and/or service delivery processes, and

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<sup>2</sup> The Norwegian way to the Information Society - Bit by Bit. Report from the State Secretary's Committee on ICT, 1996; Electronic Government, Cross-sectoral development of information technology in the central government administration, Action Plan for 1999-2001. MLGA; 24/7 Public Administration Strategy, MLGA, 2001;

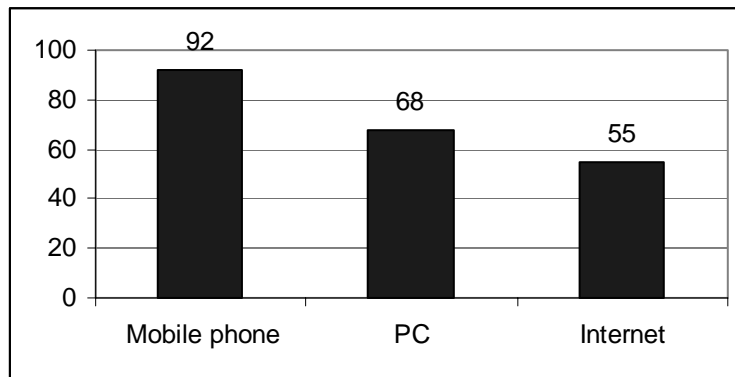
achieve technical goals, including output efficiency. The focus on internal efficiencies has been a constant feature of government use of technology and remains a strong internal driver for agencies.

Although existing (but declining) Norwegian oil endowments and the absence of a recent economic downturn have diluted urgency in terms of achieving government-wide e-government savings, there is continued pressure to improve efficiency. This may be due to the need to finance a generous welfare state and to enable the Norwegian economy to face increasing international competition. Reflecting this, positive cost-benefit analyses have been increasingly required to justify investments in large public sector IT projects.

**Information Society**

Norway has a high Internet, PC, and mobile phone penetration relative to other OECD countries.

**Fig.1 Access to mobile phone, PC and the Internet in Norway, 2003 (in %)**



Source: Statistics Norway

A government-sponsored survey carried out in 2003 showed that Norwegians are very likely to be online (71%) and that those online are highly likely to use e-government (85%)<sup>3</sup>. Forty percent of those surveyed also felt that it is safe to use the Internet to interact with government. Coupled with Norwegians’ willingness to provide personal information to government, these figures suggest considerable further potential exists for development of online services, levels of which may currently be lagging behind levels of public access to, and readiness for, e-government.

E-government development in Norway has been strongly influenced by EU initiatives. Even though it is not an EU member, the *eNorway* action plan (the Norwegian strategy to promote the information society and the use of ICT) was strongly influenced and inspired by the eEurope strategy. At the agency level, collaboration across agencies often takes place in the context of large EU initiatives. Given the importance of European directives, particularly in the area of the information society, additional directives on the reuse of data could act as a further catalyst for agencies to work together, while taking into account privacy concerns.

<sup>3</sup> Government Online Study 2003, TNS Global, 2003.

## Barriers to e-Government

In terms of regulations covering the conduct of public administration, there are few regulatory barriers to e-government in Norway. The Norwegian Government has taken an active role in setting up a legal framework for e-government implementation by breaking up legal and regulatory barriers to the provision of online services. For example, legislation on electronic communication and privacy is in place, and legal issues in new policy areas such as public key infrastructure (PKI) for electronic authentication have been addressed through inter-governmental working groups. These initiatives anticipate the needs of the information society and build on a tradition of rigour in legislative simplification and extensive review and repeal of regulations in order to simplify and reduce administrative burdens imposed on citizens and businesses. The resulting regulatory environment is one that enables rather than impedes e-government action. While there is an enabling legal framework, there may nevertheless be a need to provide government organisations with more guidance and support in its implementation.

Another potential barrier to e-government can be the design and application of budget rules to the ICT expenditure of government organisations that block collaboration, innovation, flexibility and accountability. Given its decentralised nature, the Norwegian government does not keep statistics on government-wide IT spending, which makes it difficult to measure at national level. At the individual organisational level, the OECD review has not identified that any major funding barriers exist for large government ICT investments in Norway. In general, agencies report having access to sufficient funds and adequate flexibility in using those funds (for example a “spend forward rule” allows agencies to use a portion of their following year’s budget allocation for IT investment, within specified limits). While there has been limited central oversight of expenditures, following some well-publicised IT project failures in the 1990s, the Ministry of Finance now reviews very large projects in terms of viability and expected returns, and, in doing so, has significantly reduced IT failures.

Budget rules, however, may pose a barrier for collaborative projects, as there seem to be few mechanisms for shared funding for joint ICT or service delivery initiatives. By the same token, as measurement and evaluation develops further, identifying the share of individual agencies in the costs and benefits of IT investments will become increasingly important.

## Planning/Leadership

The Ministry of Labour and Government Affairs, and the Ministry of Trade and Industry, with their complementary and overlapping e-government roles and responsibilities, seem to have worked well together. They do not, however, have a strong co-ordinating mandate and their roles have not appeared clear from an agency and local government perspective. This appears to be due to several factors, including changing institutional responsibilities and policy portfolios, lack of clear external communication on e-government responsibilities and/or the absence of a highly visible leadership and co-ordination function for e-government in Norway<sup>4</sup>.

At the sectoral level, the ministries’ role in planning and launching e-government initiatives is relatively weak. Many initiatives are first developed in agencies and adopted by a ministry only after successful take up. Within individual organisations, e-government leadership is again decentralised and, while officially a top-level responsibility, e-government is often driven from the bottom-up. Strategic guidance, planning and co-ordinating functions are often dispersed and not well-connected. Innovative solutions are often pushed by small groups of IT people, and are not entirely shared within or between organisations.

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<sup>4</sup> NB: recent changes in the government portfolio have consolidated responsibility for information society and e-government with the MLGA.

An internal debate on the leadership and co-ordination role of e-government is underway, with officials asking questions about 1) the extent to which decentralisation should be accompanied by co-ordinating efforts from the central government; and 2) the areas where co-ordination is most needed. At the same time, government agencies are voicing a demand for more central guidance and government-wide initiatives, for example in areas such as development of common public sector ICT infrastructures and arrangements for the reuse of data. There seems to be both demands for guidance on how to implement e-government (e.g. good practices, technical requirements, skill development and technical solutions) and for strategic guidance (what to do). One area where the Government has allowed a more active approach to implementation of e-government is PKI<sup>5</sup>, where it has established a cross-Ministerial PKI Working Group to look at requirements for transparent and technology-neutral solutions for both citizens and businesses.

The main tool that ministries have for guiding the direction of e-government in the agencies under them is the annual budget negotiation process, in which agencies are required to present their plans and objectives. Despite pressure from some agencies, however the Ministry of Finance (MoF) does not play a co-ordination role in using the budget as a tool to achieve overall e-government policy goals. This is a policy decision that reflects not only the role of the MLGA as the primary e-government co-ordinator, but also the MoF's concern that adding additional policy oversight responsibilities (i.e. for monitoring the development of electronic services) would dilute its effectiveness in meeting its core responsibility for the development and production of the annual budget.

### **Organisational Change/Skills**

Norway's early application of ICT to the back office functions of government (such as financial, public record, payroll, and personnel systems) has brought changes and benefits in terms of back office management which are now taken for granted and not considered as "e-government" *per se*. This 'mainstreaming' of ICT in government processes underlines the fact that government transformation is a constant process. These benefits are real, and provide an important basis for the future development of front office services, for example for electronic case handling.

In addition, being a small country with relatively fragmented and small government agencies, there is a corresponding lack of capacity in Norway for ICT project and/or contract management in many organisations. Overall, the central government's analytical capacity around ICTs is low and unevenly diffused among agencies. This situation has potentially been compounded by the recent transformation of Statskonsult (formerly the agency at the central government with lead responsibility for advising on matters of public management development) into a public owned enterprise. This has, at least in the short-term, reduced the central government's role and capacity to provide strategic ICT guidance to government agencies, which are now required to seek it out from one another or the private sector.

Finally, to the extent that public-private partnerships are important to e-government, their rarity in Norway poses challenges. Some publicly owned corporations have been created to help manage service delivery – for example TELENOR, the Norwegian telecommunication company.

### **Common Frameworks/Collaboration**

At an all-of-government level in Norway, frameworks of standards for interoperability and management of some data exist and continue to be developed through inter-agency working groups (e.g. in the area of archiving see the Norwegian Archive Standard). Collaboration among agencies for shared service delivery so far tends to be based, however, more on the joint use of the data registers developed in

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<sup>5</sup> Public Key Infrastructure (PKI) is a method for authenticating a message sender or encrypting a message, therefore securing the exchange of data and information between users of public networks.



the 1980s than on initiatives arising from current e-government strategy. For example, the Directorate of Taxes and the Directorate of Customs and Excise share information contained in their registers with a number of other authorities, thereby reducing the need for these agencies to re-request this data from the relevant individuals. Looking forward, these registers can potentially provide the basis for new services and the framework for future collaboration.

In some agencies there is a clear separation of marketing and service delivery operations from supporting back office business systems. This is the case, for example, in the Mapping Authority, the Business Register and the PKI initiatives. This functional separation is aimed at ensuring the independence and integrity of databases and therefore privacy protection. It also allows the concentration of some key databases in a few organisations, leading to some efficiency savings.

Inter-agency collaboration can also help to reduce costs, for example in the area of procurement. In the past, government has used framework agreements for major IT purchases. This has allowed small agencies to benefit from economies of scale and simplified procurement, while eliminating the need to negotiate prices on multiple levels. The current Government has taken a different view of the costs and benefits of this type of approach, and has started to eliminate these agreements. In one instance, citing competition concerns and the need to create an environment in which open source solutions can develop, the Government eliminated a major agreement. To date, anecdotal reports are that this has not increased competition or innovation, but instead raised costs for agencies purchasing this particular product. The Association of Regional and Local Authorities has played an innovative role in negotiating its own agreement on behalf of local governments, and some central government agencies have expressed an interest in joining the agreement.

As in many other OECD countries, the question of how to establish PKI is a major issue of debate and concern in Norway that raises questions about the need for a central government role. Agencies view the absence of PKI solutions as a barrier to developing online services requiring strong authentication and security, and would like the Government to facilitate and co-ordinate PKI initiatives in a more hands on way than is currently the case. Ministries, on the other hand, are more sceptical about the need for this type of central co-ordination and direct government intervention.

The Government has taken a pragmatic approach to PKI. It seems to have “learnt the lesson” of avoiding playing the pioneer when it comes to the use of new technologies, instead waiting for private actors such as Telenor or the banks to act to take the risk in developing and supplying government with requisite solutions. At the same time, however, there is the question of who will act to create an efficient market for supply of PKI, in order to ensure that it meets stringent public sector requirements, and in order to avoid creating unnecessary barriers to data and service integration when implementing PKI across government.

Finally, the government has developed a solid e-procurement solution, but take up at the ministry and central agency level has been lower than expected. It is surprisingly most used by local and regional authorities. This shows that e-government change is not just about finding good technical solutions but also getting organisational buy-in. There is a need to better communicate to agencies the benefits of e-procurement and to justify the return on investments for joining the national e-procurement system. A recent focus on getting ministries to support agency adoption of the national system may build take up.

### **Customer Focus**

In common with most OECD countries, a real understanding of user demand has not yet become a major driver for e-government development. In Norway, e-government solutions seem to be more targeted to businesses than citizens. This may be due to the Ministry of Trade and Industry’s complementary role in

leading e-government. This may also be due to the fact that privacy issues are less complex for private sector businesses than for individual citizens, and that authentication is still relatively underdeveloped in Norway (creating particularly acute barriers in areas such as health and education, for example). In OECD countries in general, businesses have been better than citizens at articulating the demand for electronic services in a systematic and coherent way, and so absent a strong government focus on the development of citizen-focused services, a stronger focus on business would be expected.

In terms of development of simple one-way electronic data reporting systems, Norway has made significant progress in developing common solutions for serving both citizens and businesses (e.g. ALTINN, the business data reporting system). However when it comes to the provision of advanced interactive online services, development has been less rapid. The impact of electronic service delivery on the front office of government is relatively new, and few evaluations have so far been done to measure its impacts and benefits.

In contrast to other Nordic countries, there are relatively few projects on improving citizen online consultation and participation in policy-making in Norway being undertaken by central government. Most of the e-government initiatives that do exist are targeted to providing information to citizens, rather than engaging them in e-consultation or e-participation. As in most other OECD countries, there seems to be a low level of civil society organisation around e-government issues, though ICT and the Internet is used as an organising tool by civil society.

### **Responsibility/Monitoring and Evaluation**

Few organisations in the Norwegian government have set up frameworks for monitoring and evaluation. Agencies' results and achievements are often incorporated and described in annual reports but they are de-linked from discussion on targets and goals. Justifying returns on investment has become a key issue for agencies in order to get funds and as part of the overall push for greater efficiency, but, as elsewhere, the methodology is only now being developed. The challenge is how to share the frameworks that have been implemented and the lessons learned. While e-government was not previously cost-driven, new financial pressures have made cost/benefit analyses of e-government investments a new priority.