wait no more

citizens, red tape, and digital government

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IDB

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PROLOGUE

If we could find a project that could, at the same time, boost competitiveness, increase citizen trust in government, and promote social inclusion, it would be the find of the century. If we could help the government do more with less, it would be a goldmine. Could all of this be achieved through a single reform? Impossible. Or is it?

This book is about such a reform. It is not about a major civil infrastructure project, or a cutting-edge technology. It is about the smallest unit of public policy: the government transaction.

Government transactions—requesting a birth certificate, registering a property, getting a building permit, or starting a business, for example—are what connects citizens and firms with government. It might seem to be a minor matter, but with the thousands of government transactions that public institutions administer and the hundreds of millions of government transactions that people and firms carry out every year, it deserves our attention. Agile government transactions have a positive impact on the business climate, on people's perception of public institutions, and on access to essential public services and programs. When government transactions are efficient, everyone wins.

This seemingly magical reform—the simplification and digitalization of government transactions—should be a top priority for all governments. In our region, however, this is not the case.

In Latin America and the Caribbean, the phrase "government transaction" ("trámite" in Spanish) is synonymous with "headache." And this report tells us why. *Wait No More* shows us that public institutions do not always coordinate well with each other, they still operate using paper files, and they are often more concerned with following bureaucratic rules than providing services. The resources that could be used to finance better public services end up being consumed in the machinery of inefficient bureaucracy, with the all-too-familiar "you need another stamp" and "come back tomorrow." Faced with a difficult government transaction, citizens can choose to suffer (i.e., put up with long wait times and endless complex requirements), pay (i.e., bribe a civil servant to speed up the process), or give up (i.e., give up on the government transaction and, consequently, any benefit it may bring). Furthermore, this inefficiency harms governments themselves, by requiring them to spend inordinate sums of money on manual procedures and by being unable to make their policies reach their target beneficiaries.

Beyond the detailed assessment presented in this report, its main value lies in the roadmap it offers. First, it proposes a reorientation of the state away from bureaucracy and toward the citizen. It urges us to put ourselves in the shoes of the citizens to understand what they need and how they wish to obtain it, leaving aside that which only serves a bureaucratic purpose. Second, it proposes using technology to achieve a strategic objective: making life simpler for citizens and firms.

Wait No More is based on an abundance of new data that confirms a reality that we already knew about from daily anecdotal evidence, but which we had been unable to measure until now. My hope is that it will help countries in the region to better understand their own reality and inspire them to adopt, or reclaim, this agenda, to the benefit of all.

Ana María Rodríguez-Ortiz

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Over 200 talented artists participated in the IDB's "Second Cartoon Contest: Red Tape and Bureaucracy," and some of these cartoons are shown in the book. Fifteen finalists were selected: César Ferrarese and Maximiliano Falcone

(Argentina), Diego Maximiliano Flisfisch (Chile), Oscar Mauricio Castro, Pedro Pablo Enríquez, Elena Ospina, and Raúl Fernando Zuleta (Colombia), Luis Guillermo López and Luis Carlos Ortega (Mexico), Fernando Barrial and Víctor Antonio Ynami (Peru), Jensy Ferreiras (Dominican Republic), and Elio Silva (Venezuela).

Diego Maximiliano Flisfisch (Chile) was the winner selected by the panel, and Fernando Barrial (Peru) was the winner by popular vote. The artists Alberto Montt and Mauricio Parra served as judges of the competition along with IDB employees.

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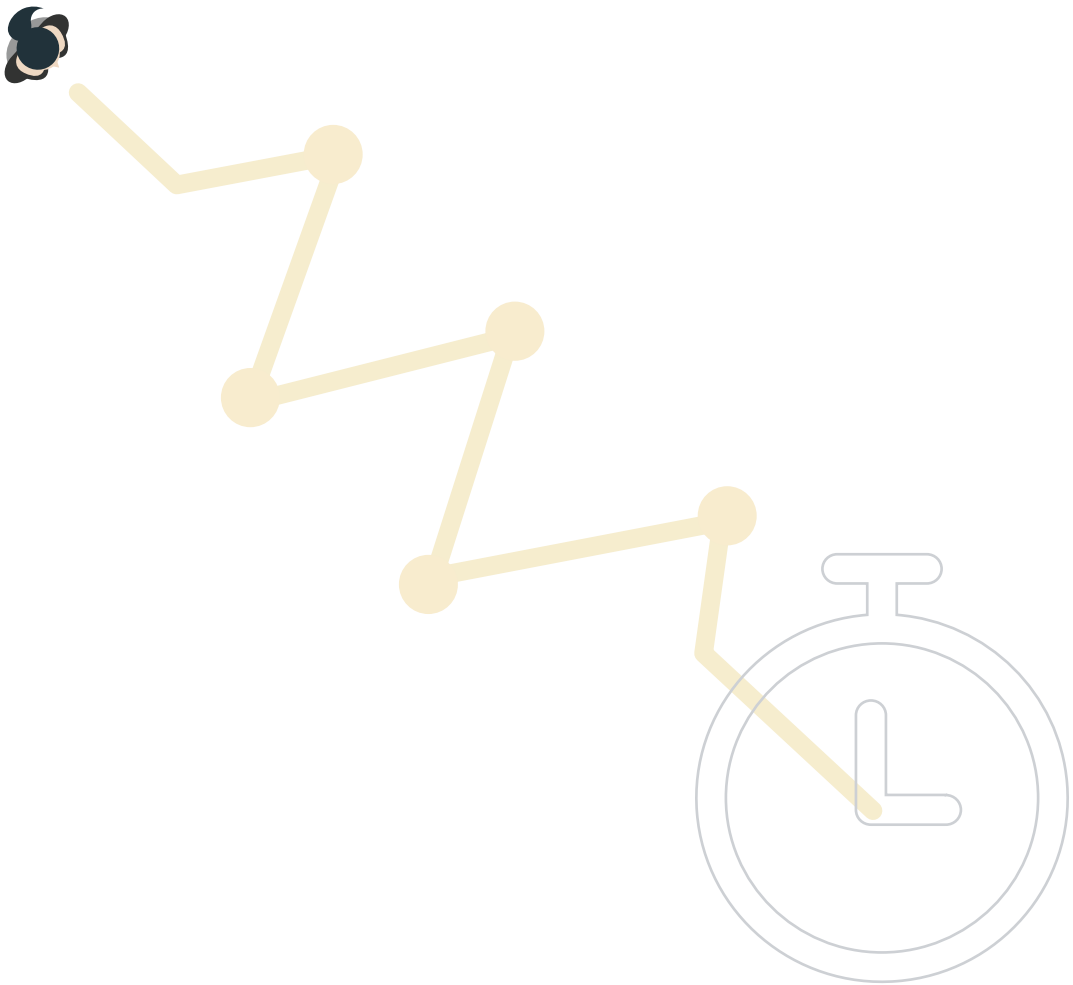

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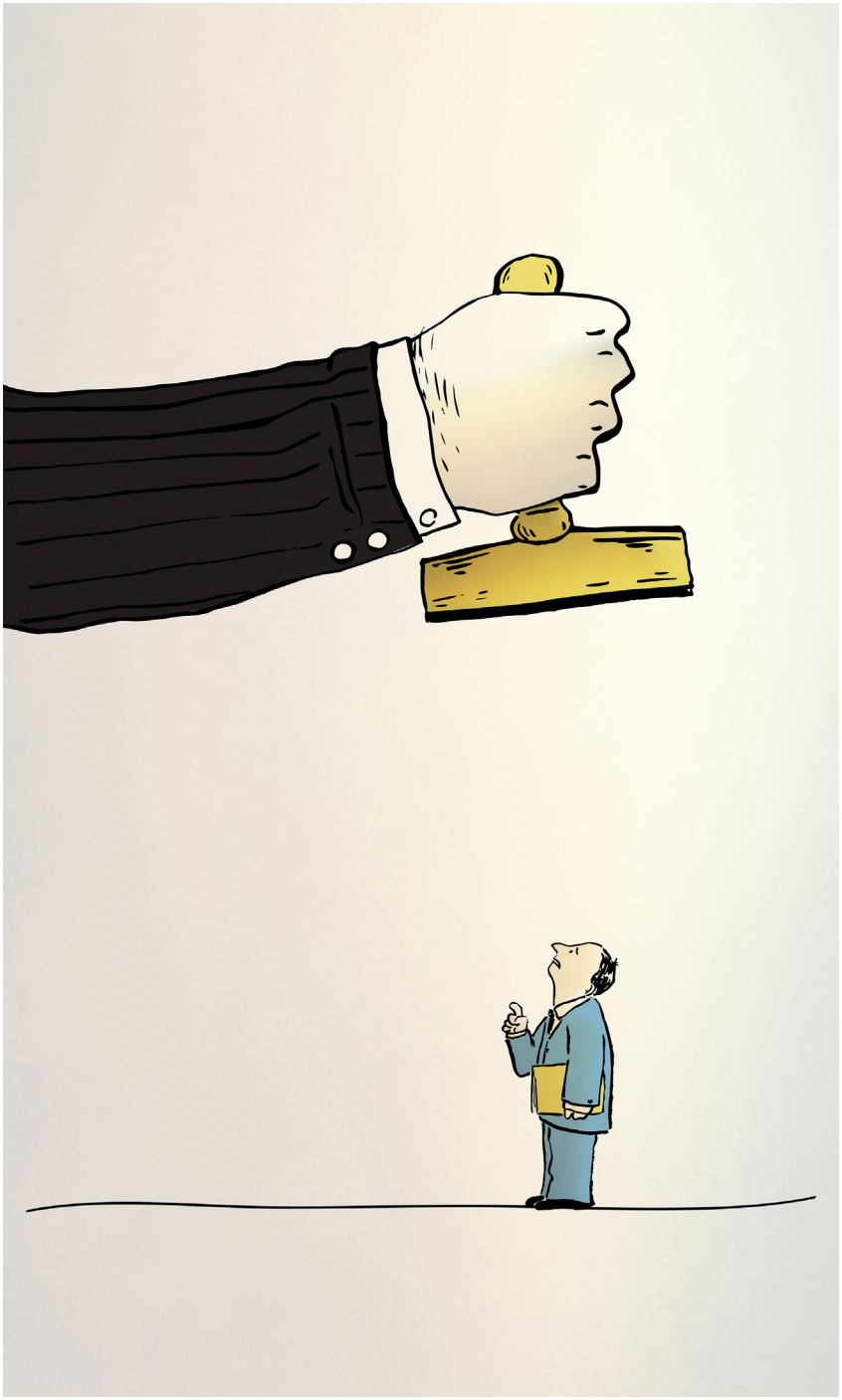


Title: Dolorosos trámites (Painful red tape)
Author: Diego Maximiliano Flisfisch
Country: Chile

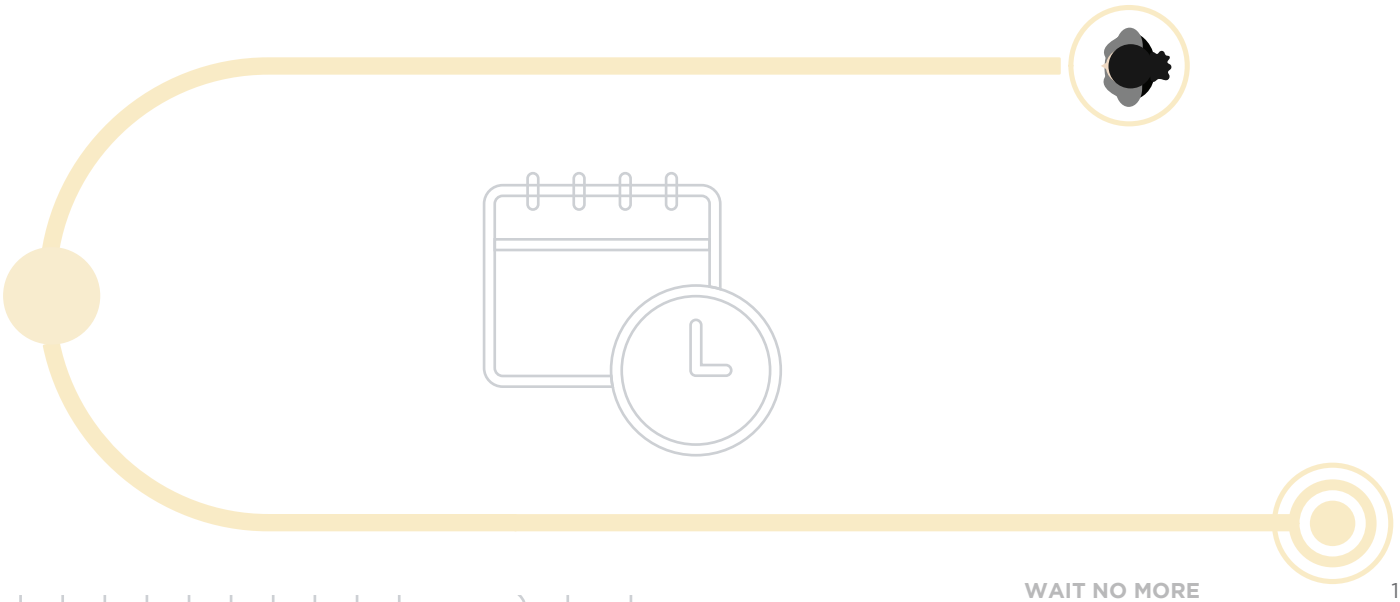
EXECUTIVE SUMMARY

A Book about Red Tape Should Not Have to Exist

Requesting a birth certificate. Registering a property. Paying a traffic ticket. All of these are transactional public services, also known as government transactions. Government transactions fulfill a basic function: to connect people and firms with government services and obligations. In an ideal world, they would be intuitive, fast, and transparent. They would be conducted online. Government institutions would coordinate with each other so that citizens could make the least possible effort. In short, they would be so easy that no one would ever have to write a book about them. That, however, is not the reality in Latin America and the Caribbean.

In fact, government transactions in the region are difficult. They are slow, prone to corruption, and end up excluding the people who are already worst off. Many of them are still carried out in person and on paper. Citizens waste time going from office to office and, in many cases, end up paying bribes to civil servants. Businesses lose productive hours and, with them, their competitiveness. The state gets bogged down in complex manual transactions and fails to connect public policies with target beneficiaries. In the end, when government transactions are difficult, everyone loses.

Why is it like this? What can be done to make government transactions easy and not synonymous with “headache”? What are the best practices in the region and in the world? This book explores the issue of government transactions, how governments can tackle this challenge, and the potential role of digital technologies.



Box ES1

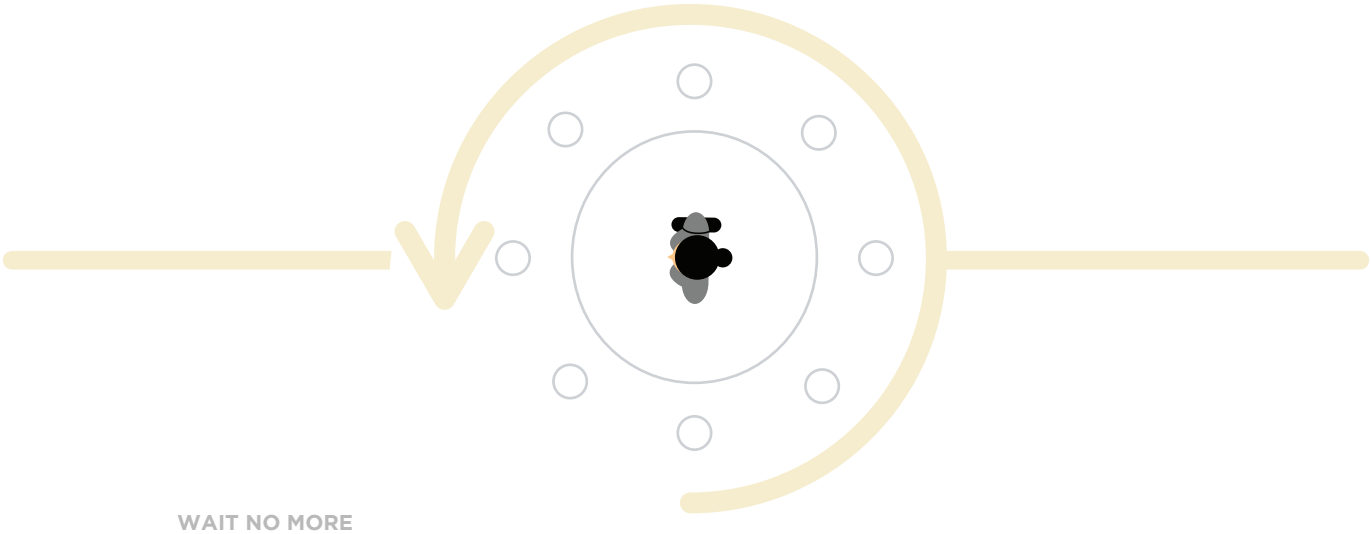
A Test Case in Bolivia

It took Domitila Murillo, a 70-year-old Bolivian citizen, 11 months to renew her identity card. To gather all the necessary paperwork, she had to travel between Oruro, Tupiza, and Potosí, a total distance of 900 kilometers. Each visit to the counter at a government office meant long queues, interminable waiting, and ever more requirements. Each day ended with "there's a stamp missing" or "come back tomorrow." Desperate, she finally agreed to pay a bribe that a police officer solicited to speed up the formalities. Domitila died two weeks after receiving her ID.

The Bolivian government documented this case in 2011 as part of the contest "El peor trámite de mi vida" (The Worst Government Transaction of my Life), organized by the Ministry for Institutional Transparency and the Fight against Corruption (Ministerio de Transparencia Institucional y Lucha contra la Corrupción).

Source:

Charosky, Vásquez, and Dassen (2014).



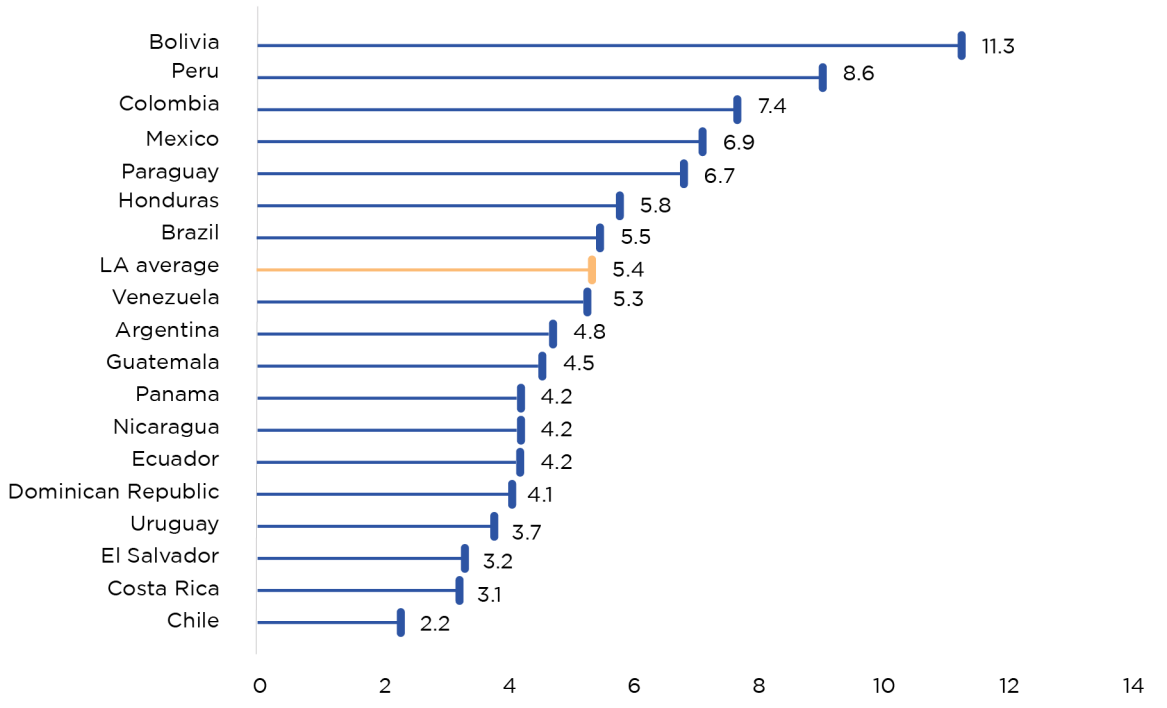
What Are the Problems with Government Transactions?

They Are Slow and Generate Transaction Costs for Both Citizens and Firms

Take the bus, stand in line, wait at the counter, read the instructions, fill out a form, send a letter, or even learn to use a website: carrying out a government transaction can be an extremely cumbersome business. The complexity of bureaucracy in the region is manifested by the fact that completing a government transaction takes an average of 5.4 hours. Differences between countries are notable. For example, whereas in Bolivia completing a government transaction takes more than 11 hours, in Chile an equivalent transaction can be finalized in little more than two (Latinobarómetro, 2017).

Figure ES1

Number of Hours Needed to Complete a Government Transaction, by Country



Source:
Authors' elaboration based on Latinobarómetro (2017).

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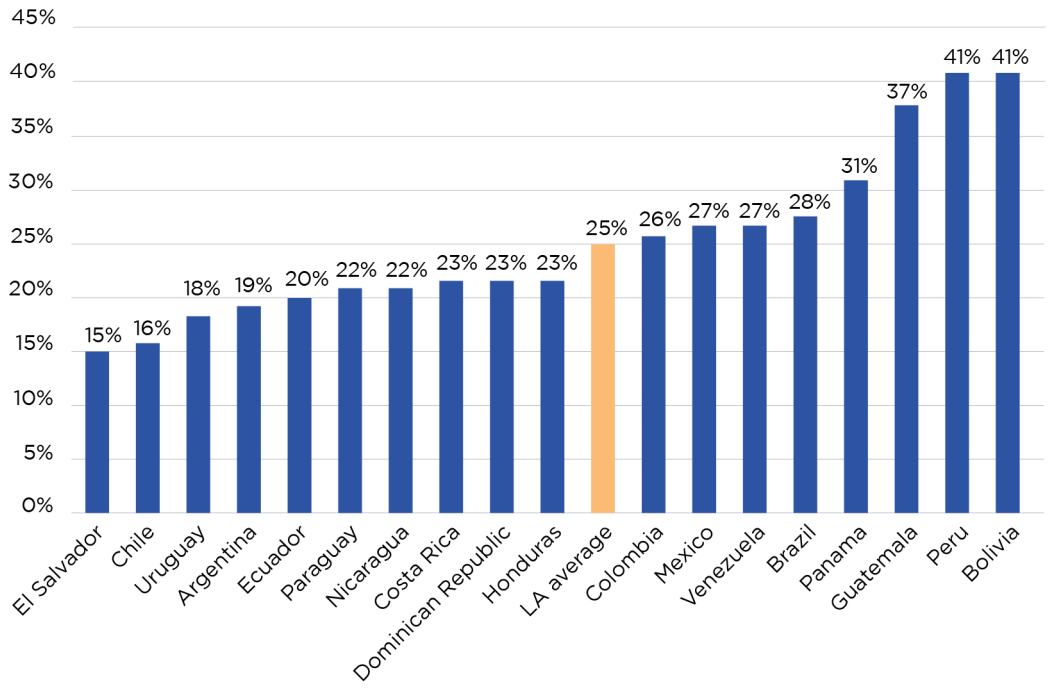
The complexity of a government transaction is derived not only from the hours needed to complete it, but also by other factors, such as multiple requirements, the need to submit paperwork in person, and the lack of clear information. These factors together mean that citizens must go to a government office (or to various government offices) more than once to obtain what they are seeking. This type of situation is not an exception. In the region, on average, a quarter of all government transactions require three or more interactions before they are finalized (Latinobarómetro, 2017).

Figure ES2
Percentage of Government Transactions Requiring Three or More Interactions to Complete



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Source:
Authors' elaboration based on Latinobarómetro (2017).

Box ES2

New Information About Government Transactions in Latin America and the Caribbean

To begin to understand the challenge represented by government transactions in the region, this book is based largely on four new sources of information: three surveys and a comparative case study.

• ***Household survey.*** In 2017 the Latinobarómetro survey included, for the first time, six questions on government transactions. The survey was administered in the 17 Spanish-speaking countries of the region, plus Brazil, and was answered by more than 20,200 people.

• ***Survey of e-government directors and service provider senior managers.*** A survey about government transactions was administered to three groups of civil servants: (i) e-government senior managers (or equivalent authorities) who, in most cases, have been leaders in the reform of government transactions in the region; (ii) senior managers of civil registries; and (iii) senior managers of tax agencies as representatives of institutions that manage important government transactions. In total, 25 e-government directors, 14 senior managers of civil registries, and 10 tax agency authorities completed the survey.

• ***Survey of advanced users.*** Around 1,000 people, mainly college-educated daily internet users, answered questions about their personal experience with digital public services.

• ***Comparative study of the cases of Chile, Estonia, Mexico, and Uruguay.*** For different reasons, these four countries are reference points in terms of simplification and digitization of government transactions. The comparative case study analyzes how these countries have organized and developed themselves from the institutional standpoint to simplify and digitize transactions. This analysis is presented in Chapter 3.

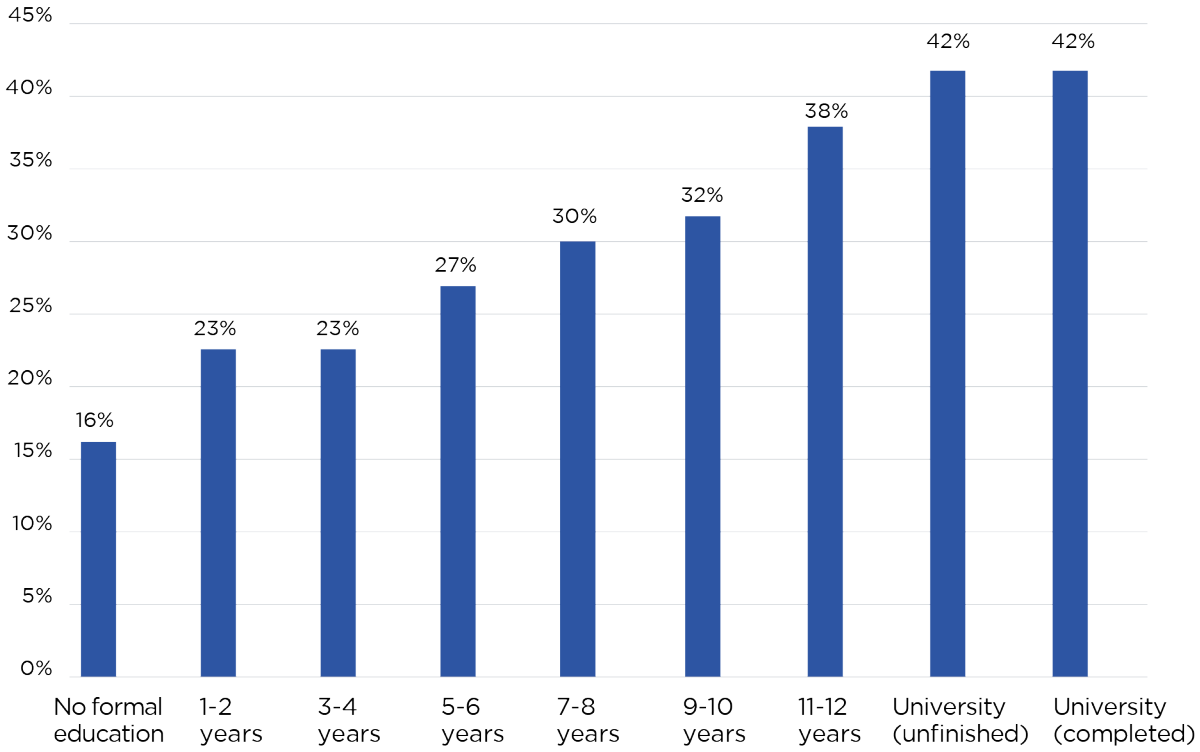
They Are a Focal Point for Corruption

Manual government transactions, face-to-face interactions, and the lack of standardized processes mean that transactions are vulnerable to dishonest behavior. In fact, corruption is everywhere: 29 percent of Latin Americans report having paid a bribe in the context of a public service in the last year, equivalent to more than 90 million people in the region (Transparency International, 2017).

Inefficient Government Transactions Hurt the Poor More

Lower-income people access fewer government transactions than higher-income individuals. Fewer government transactions mean less access to government services and programs, precisely by those who could benefit the most from them. Figure ES3 shows the direct relationship between educational attainment (as a proxy for income) and the percentage of people who completed a government transaction in the last year. Higher-income earners access government transactions far more consistently, even those that are common to all citizens (identification, transport, health, and education), as well as those that should be used to a greater extent by lower-income sectors (such as social services). Specifically, whereas 42 percent of college-educated people report having completed a government transaction in the last 12 months, this percentage falls to 16 percent among people lacking formal education (Latinobarómetro, 2017).

Figure ES3
Percentage of People Who Completed a Government Transaction in the Last Year, by Years of Education



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Source:
Authors' elaboration based on Latinobarómetro (2017).

Note:
This shows the percentage of people who reported having carried out at least one government transaction in the last year. The transactions included were related to identity, social programs, health and education, transport, and reporting of a crime.

The reasons for this phenomenon are manifold. Moreover, the prolonged time and the multiple interactions required to complete many government transactions, combined with the fact that most government offices do not have extended office hours and are not open on weekends, implies that citizens must take time off work to carry out their transactions. Lower-income people tend to have less flexibility in their work schedules, making it difficult for them to request time off and get the hours they need to complete a government transaction. Moreover, taking time off work, added to the transaction costs of the government transaction itself (transport, photocopies, etc.), is harder for those with lower incomes to absorb.

Face-to-Face Government Transactions Are Expensive for Governments

Presently in Latin America and the Caribbean, 89 percent of transactions are carried out face-to-face (Latinobarómetro, 2017), which means that thousands of civil servants are deployed as counter clerks, providing customer service, reviewing applications, and compiling dossiers. The expenditure linked to in-person service provision represents a considerable fiscal burden on the government coffers. For example, in Mexico, the government spends US$9 for each transaction provided in person at a public office. If this cost is assumed to remain constant for the approximately 360 million federal and state transactions carried out face-to-face[1] throughout the country, the resulting bill is nearly US$3.3 billion per year, equivalent to 23 percent of federal expenditures on education.[2]

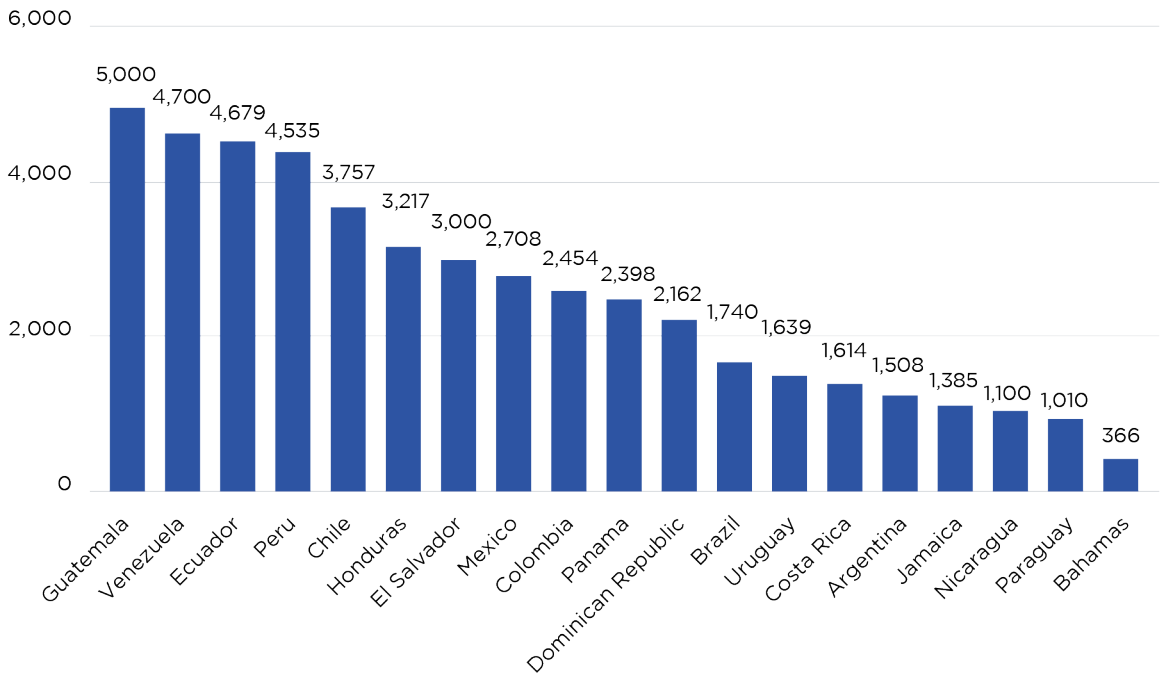
Government Transactions Might Seem to Be a Minor Issue, But There Are So Many of Them

The region's central governments manage up to 5,000 different transactions, and those managed by subnational governments are often even more numerous (IDB-GEALC Survey, 2017). Signing up for just one program, obtaining a permit to start a business, or even reporting a crime—activities that take place on any normal day—might seem to be unworthy of serious study. However, on average, the volume of transactions is high. For example, in Chile, 270 million transactions are managed each year through the citizen service points of ChileAtiende (equivalent to more than 20 transactions per adult).

[1] A total of 400 million government transactions were considered, less the 10 percent of which are partially conducted online (see Chapter 2). This estimate is conservative, since a proportion of the government transactions carried out partially online also includes a face-to-face element, which is excluded from the calculation.

[2] This is based on a Public Education Secretariat (Secretaría de Educación Pública) budget of around MXN 267 billion and an exchange rate of MXN 18.52 per US$ 1. Source: Federal Budget for the Tax Year 2017 (Presupuesto de Egresos de la Federación para the Ejercicio Fiscal 2017).

Figure ES4
Number of Transactions Administered by Central Governments in LAC



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Source:
IDB-GEALC Survey (2017).

Why Are Government Transactions So Difficult?

Ignorance of the Citizen Experience

The region's governments make little effort to understand the citizen experience: out of 25 countries surveyed, only nine conduct exit surveys at service provision points, 10 carry out direct observation of service provision, and only four include questions about government transactions in their household surveys (IDB-GEALC Survey, 2017). In this context, it is hard to expect civil servants who make decisions about government transactions to be aware of citizens' experience. In the absence of surveys, videos, or other sources of information from the citizen perspective, many transactions end up being designed according to administrative needs, making the citizen responsible for many of the intermediate transactions, such as, shuttling documents from one office to another.

High Regulatory Complexity

Regulations are fundamental for a wide range of economic and social purposes. But they can be complex, which generates a high administrative cost of government transactions and their requirements. This is the situation in Latin America: in 2013, Mexico was the only country in the region with a degree of regulatory complexity in the product market below the Organization for Economic Cooperation and Development (OECD) average (IDB and OECD, 2016). It is therefore hardly surprising that the region's countries perform poorly on the Doing Business indicators,[3] which measure the ease of doing business in a country in areas such as obtaining licenses to start a business, obtaining building permits, and registering property, among others. In 2017, of the 189 countries in the world, only one LAC country was among the 50 best in this ranking and only nine were ranked between 51st and 100th.

Scant Inter-institutional Coordination and Collaboration

In most countries of the region, citizens assume the role of messenger when carrying out their government transactions. They must first go to one institution to request a birth certificate, then to another to get a criminal record certificate, and so on until they return to the first institution, where they can finally complete the transaction. In fact, 40 percent of government transactions carried out in the region are related to identity or civil registration (Latinobarómetro, 2017). This occurs to a large extent due to insufficient coordination between government institutions, which fail to communicate among themselves or share the information they already have on citizens.

High Levels of Distrust

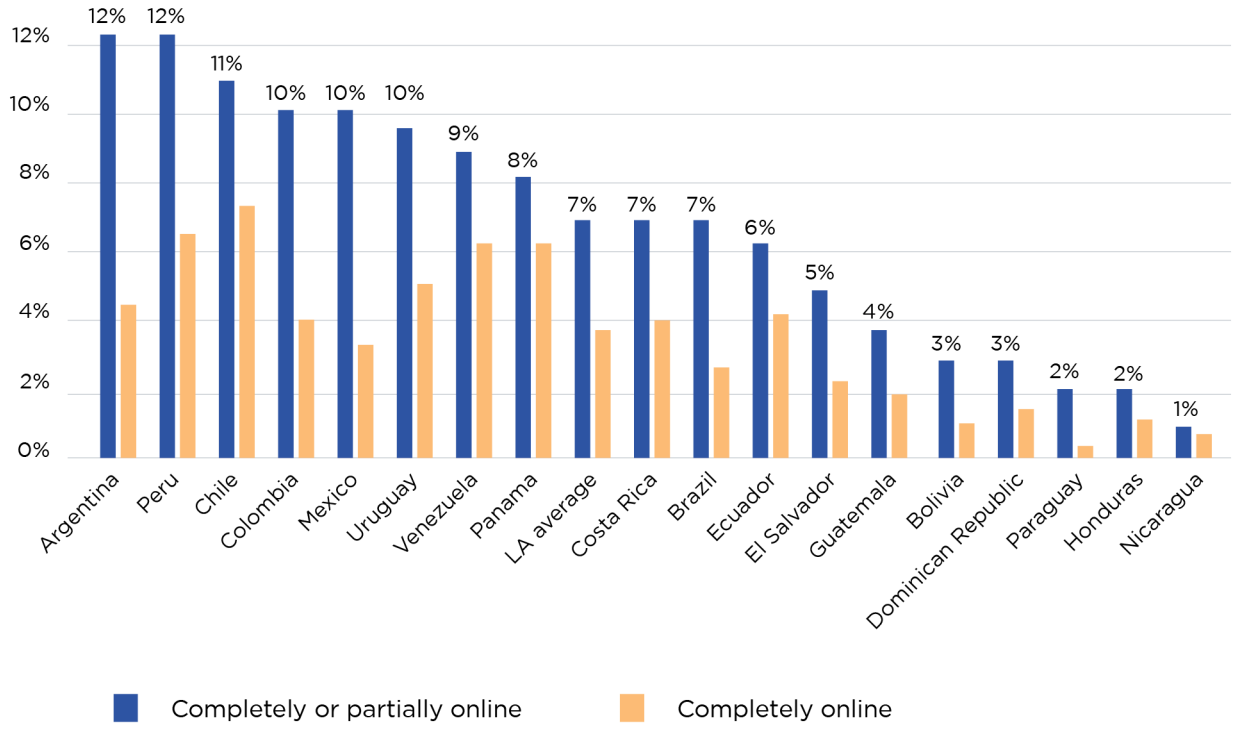
Government transactions are complicated, in part, because the lack of mutual trust between the parties means that security is prioritized above efficiency. This is manifested in three ways. First, 90 percent of the senior public managers interviewed believe that citizens try to access services improperly, and this justifies imposing high barriers to access the services as a way of limiting abuse. Second, 43 percent of senior public managers believe that civil servants who interact with the public are liable to corruption, and it is thus advisable to limit their decision-making powers, which has the effect of extending resolution times for the citizen. Even more curious is that citizens also share the perception of risk: 62 percent of those interviewed consider it necessary for governments to impose high barriers to access in order to avoid the abuse of services by their fellow citizens (IDB-GEALC Survey, 2017).

[3] For more details, see: http://www.doingbusiness.org/rankings.

The Unrealized Potential of Digital Transactions

Digital transactions can solve many of the problems facing modern bureaucracies: they are faster (74 percent on average), cheaper to provide (they cost between 2.35 and 5 percent of the cost of face-to-face transactions),[4] and are less vulnerable to corruption. Unfortunately, their implementation and use in the region is extremely low: only 7 percent of citizens report having carried out their last government transaction online (Latinobarómetro, 2017).

Figure ES5
Use of Digital Channels to Carry Out Government Transactions (percentage of people who completed their last government transaction online)



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Source:
Authors' elaboration based on Latinobarómetro (2017).

[4] See Kernaghan (2012), Local Government Association (2014), Deloitte (2015), and Presidency of the Republic of Mexico (2014).

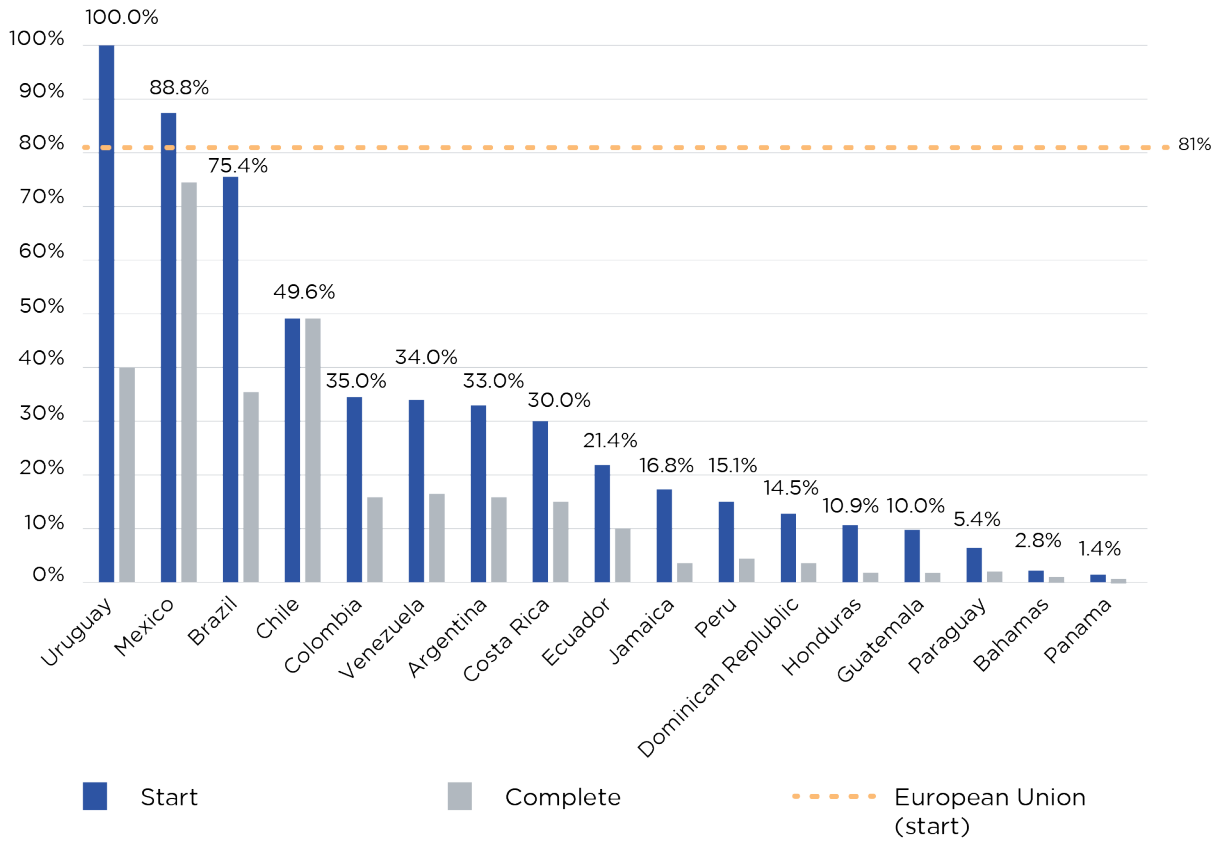
Why Is the Use of Digital Transactions So Rare?

Availability

In many countries, the public does not have the option to complete government transactions online. Only in Brazil, Mexico, and Uruguay can more than 50 percent of the transactions administered by the central government be initiated online. The low availability is explained by the fact that the basic conditions for making online transactions accessible are often absent. For example, seven countries reported not knowing how many government transactions there were, and 10 reported not having a catalog listing them all. On other occasions, the mechanisms are installed, but the government fails to use them. Specifically, although 12 countries have an established interoperability platform, in only three of them (Mexico, Trinidad and Tobago, and Uruguay) are all public institutions of the central government connected to the platform (IDB-GEALC Survey, 2017).

Figure ES6

Government Transactions that Can Be Started and Completed Online



Source:

IDB-GEALC Survey (2017), based on the definition of "transactional service" of each national authority; the National School for Public Administration (Escola Nacional de Administração Pública) (2018); and the European Commission (2017).

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Note:

The calculations for Mexico have been made considering only transactional services (2,708 services), not the total number of entries in the National Catalog of Transactions and Services (Catálogo Nacional de Trámites y Servicios), which includes official information (statistics and calls for proposals and tenders) as well as government transactions.

Capacity

Digital transactions are often made available to a population that cannot access them. These access gaps can be of three types: (i) *connectivity* – only 66 percent of the population has a mobile broadband subscription and only 11 percent has fixed broadband (ITU, 2017); (ii) *legal identification* – nine countries have an adult sub-registration rate above 10 percent, meaning some people have no way of identifying themselves to a public entity to carry out a government transaction (World Bank, 2017); and (iii) *financial inclusion* – only 40 percent of people have a debit card and 22 percent have a credit card, which means that the vast majority have no way of making the online payments that many government transactions require (World Bank, 2014).

Bad Experiences Online

Even if online transactions are available and people can access them, the experience for many is unsatisfactory. Of the advanced users consulted for this report (those with a college education who use a computer every day), 40 percent failed in their latest attempt to complete a government transaction online. The principal cause of failure, applicable in 22 percent of the cases, was technical problems with the website (the download was interrupted, non-working links, etc.) (Advanced Users Survey, 2017).

How Did They Do It? Lessons from Estonia, Chile, Mexico, and Uruguay

Implementing a reform aimed at simplifying and digitizing government transactions is not easy. There are various factors that hamper adoption and implementation of these reforms: (i) *bureaucratic inertia*, which makes organizations resistant to change; (ii) *low inter-institutional coordination*; (iii) *a government removed from its citizens*, with little understanding of people's experience, their needs, or their demands; (iv) *high regulatory complexity*; and (v) *technical complexity*, since digitizing transactions requires the use of technological tools of which many institutions are unaware.

Strong political support is a necessary condition for the success of simplification and digitization efforts.

In an effort to find examples to help tackle these challenges, four countries were analyzed: Chile, Estonia, Mexico, and Uruguay. All have developed strategies, capacities, and governance models to get results in terms of simplification and digitization of government transactions. The lessons learned from these countries can be broken down into three groups of actions. Underpinning all of them is strong political support, a necessary condition for the success of these efforts.

Lesson 1: Promote a Paradigm Shift Toward a Citizen-Oriented State

To break with the stereotype of the state driven by its own bureaucratic needs, the four countries studied undertook a series of actions aimed at orienting the government toward its citizens. They defined a cross-cutting strategy of simplification and digitization for all central government entities, setting a common objective for all of them. They created and promoted the use of shared tools, fostering inter-institutional cooperation. In parallel, they set up single windows (face-to-face or virtual) for citizens. Finally, to achieve much of the above, they sought and incorporated citizen feedback.

Lesson 2: Empower a Lead Agency with the Competencies and Resources Necessary to Drive Forward Changes Throughout the Entire Government

Government transactions are distributed throughout the public sector and improving them often calls for technological, human, and financial resources that the entities responsible for administering government transactions often lack. This dispersion and complexity make it necessary to establish a lead agency to bring together the diverse modernization efforts. In every case studied, such an entity exists and has the expertise and resources to drive cross-cutting changes throughout the central government, manage technical complexity, and promote inter-institutional coordination.

Lesson 3: Establish a Governance Model that Facilitates Effective Implementation

Given the cross-cutting nature of the tasks of simplifying and digitizing transactions, and the potential resistance to change on the part of the institutions that provide the services, it becomes vital to support the lead institution and encourage implementation of the reforms. The models studied all boast a combination of an inter-institutional, executive-level governing body, incentive systems to motivate the different actors implicated in the reform, and rigorous measurement and reporting of progress. In several cases, these structures have been complemented with visible manifestations of political support, which makes it clear that this is a top-priority agenda.

Five Recommendations for Better Government Transactions

1. Study the Citizen Experience with Government Transactions

It is impossible to improve government transactions without first knowing what their reality is. It is not enough to rely on anecdotal evidence from isolated cases or on a single study that loses relevance over time. Objective, precise, and timely information must be gathered about government transactions of various types for different audiences (politicians, digital government policy-makers, service providing institutions, and citizens). This type of useful information can be obtained in various ways, including through administrative sources, surveys, and direct observation, among others. It is equally important to ensure an iterative cycle of learning, involving analysis, adaptation, implementation, and more study.

It is impossible to improve government transactions without first knowing what their reality is.

2. Eliminate as Many Government Transactions as Possible

The best government transaction is the one that does not have to be carried out. Although simplification of government transactions is necessary in many cases and digitization is an effective way of facilitating access, neither is an end in itself. The elimination of unnecessary government transactions cuts their associated costs at the root. Transactions can be suppressed in various ways, including regulatory improvement (the abolition of unnecessary regulations and their associated transactions), interoperability and "once only" rules (connecting different databases of the state so that they share information held about the public, instead of requesting it from the citizen), and proactive service delivery (the state approaches citizens to offer them a service, instead of requiring them to send in a form).

The best government transaction is the one that does not have to be carried out.

3. Redesign Government Transactions with the Citizen Experience in Mind

Once the citizen experience has been understood, and all unnecessary government transactions have been eliminated, the next step is to redesign those transactions that really are necessary so that they are as easy, intuitive, and as fast as possible. This redesign may include a range of approaches, including rethinking assumptions about trust (specifically, starting from the premise that the citizen is not seeking to abuse the system), using interoperability for simplification (e.g., for gathering data from different public entities and pre-populating forms that citizens must return), and implementing the Agile methodology for iterative adaptation of the design (which tests solutions to service provision problems, evaluates them, adapts them, and then tests them again).

4. Facilitate Access to Digital Transactions

Once government transactions have been redesigned with the citizen experience in mind, the next step is to facilitate access through the digital channel. This includes five actions: (i) lay the foundations for digital government to provide online transactions (including interoperability, digital signature, digital identity, electronic notifications, and electronic payments, among other elements); (ii) make online access easy for users with different levels of digital capacity; (iii) guarantee that they work from any device, including mobile telephones; (iv) expand digital literacy programs (including basic education in digital competencies and training in the use of digital services at face-to-face attention points) and citizen services (e.g., through chatbots); and (v) offer payment methods that do not require a bank account (e.g., payments made by mobile telephones).

5. Invest in High-Quality Face-to-Face Government Transactions

Although many countries show an interest in digitizing government transactions, Latin America and the Caribbean continues to be a mainly analog region, where around 90 percent of government transactions are carried out in person. The gaps in connectivity, digital literacy, and financial inclusion, among others, mean that the road to the digital society will be long. Therefore, while progress is being made in digital development, it is vital to improve the most commonly used and, in some cases, most preferred, channel of service provision: face-to-face. Two ways of improving in-person service provision are: (i) invest in staff to provide citizen services and (ii) integrate the provision of services by various entities under one roof.

The gaps in connectivity, digital literacy, and financial inclusion, among others, will mean that the road to a digital society will be long.

Some governments have already incorporated these recommendations, taking significant measures to orient the state toward the citizen, to leverage digital solutions, and to rationalize government transactions. Hopefully, this book will serve as an inspiration to the others, so that we can begin to put an end to the eternal bureaucratic maze.

CHAPTER

1

THE COMPLEX REALITY OF GOVERNMENT TRANSACTIONS, AND THE REASONS BEHIND THE COMPLEXITY

AUTHORS
Benjamin Roseth
Angela Reyes
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CHAPTER SUMMARY

Requesting a birth certificate, registering a property, and paying a traffic ticket are all transactional public services, also known as government transactions. Government transactions connect people to the rights that governments confer and the obligations that they demand. In an ideal world, they would go unnoticed: they would be so easy that no one would have to write a book about them. That is not the reality in Latin America and the Caribbean (LAC), however. Government transactions are difficult. They are slow, susceptible to corruption, and disproportionately affect the poor. Given the thousands of transactions that governments require and the millions that citizens and firms complete every year, these difficulties are multiplied. Why are transactions so difficult? The four main reasons are as follows:

1. Lack of government awareness of the real citizen experience.
2. High regulatory complexity.
3. Scant inter-institutional coordination.
4. Government distrust of its citizens, public managers' distrust of their counter clerks, and the generalized perception that high barriers to access are needed to protect public services against abuse.

CHAPTER 1 CONTENTS

SECTION I
What Are Government Transactions and Why Do They Concern Us?

SECTION SUMMARY

Government transactions connect people to the rights that governments confer and the obligations that they demand. In an ideal world, they would be fast, easy, and mostly invisible. However, this is not the reality in LAC. Government transactions are slow; on average, it takes a citizen in LAC more than five hours to complete a transaction. They require multiple interactions with public institutions: nearly half of all government transactions require more than one interaction to be completed. Furthermore, they are a hotbed of corruption: 29 percent of the region's citizens report having paid a bribe to receive a public service. Moreover, they disproportionately affect the poor: the lower the income level, the lower the use of transactions, even when it comes to accessing education, health, social programs, and identity documents. Finally, they are expensive to provide. None of this would be problematic if there were just a handful of transactions, but that is not the case: most central governments administer thousands of transactions (and subnational governments manage even more in some cases), and people on average complete between five and 20 transactions per year, meaning that the total volume of government transactions in each country is in the millions.

What Is a Government Transaction?

Requesting a birth certificate. Registering a property. Enrolling a child in a public school. Paying a traffic ticket. All these are transactional public services, also known as **government transactions**.

Government transactions are defined as the set of requirements, steps, or actions through which individuals or firms can demand information from, or provide it to, a public entity, with the aim of obtaining a right—a registration, access to a service, a permit—or to fulfill an obligation.[1] Some government transactions provide access to the rights of all citizens of a country, such as possessing an identity document or a birth certificate. Others can be accessed only by those who satisfy certain characteristics, such as a social program aimed at a specific population or tuition assistance for higher education. Some transactions are provided by the state free of charge, whereas others require a fee to be paid. They imply transaction costs (some more than others), but they fulfill a series of functions that are crucial for providing rights and ensuring that obligations are met. Government transactions can be grouped into four general categories: registration, certification, and verification; obligations; services; and permits.

- Government transactions relating to **registration, certification, and verification** aim to make an official entry in a government database or generate a confirmation thereof. This type of transaction includes registering births and deaths, real estate, automobiles, and businesses, as well as obtaining certificates pertaining to criminal records, education, or marriage. These transactions enable individuals to exercise their right to their own identity and to their physical possessions, or to prove that they have completed certain activities.

- Government transactions to fulfill **obligations** are those associated with the duties of all citizens or firms, which are established by law and which lead to negative consequences (such as fines) in the event of non-compliance. Some of these, such as submitting tax returns or making mandatory contributions to the social security system, have fees associated with them. These transactions are fundamental, not only to meet citizens' obligations, but also to prove compliance.

[1] Definition adapted from Mexico's Federal Commission for Regulatory Improvement (Comisión Nacional de Mejora Regulatoria) and Colombia's Civil Service Department (Departamento de Función Pública).

- Government transactions for accessing **services** are those whose result is the provision of a benefit by a public institution to citizens or firms. Examples include enrollment in a conditional cash transfer program, requesting a medical appointment at a public hospital, or soliciting a farm subsidy for agricultural production. The requests made by citizens or businesses to the government are also included in this category. These transactions are important because they enable the government to establish who is receiving the benefits it provides and ensure that the benefits reach only the eligible population.

- Government transactions for obtaining **permits** are those whose result is an authorization to carry out a certain activity, without this requiring the direct involvement of a public institution (as is required in the case of services). Examples include requesting a driver's license or a permit to fell trees or start a business. Many of these permits require individuals or firms to make a payment. These transactions are essential for a variety of purposes, ranging from road safety (ensuring that drivers have at least the minimum required skills and knowledge) to environmental protection (ensuring that anyone felling trees does so within the established parameters).

Who, What, and How Many? A Snapshot of Government Transactions in the Region

Due to the importance of government transactions for obtaining access to multiple services and complying with public obligations, it is worth establishing the number of transactions completed, who performs them, which of them are performed most frequently, and what channels people use most to carry them out. For this purpose, data from the Latinobarómetro Report 2017 will be used, as well as information obtained from a survey conducted of e-government directors in LAC countries (see Box 1.1).

Box 1.1

Three New Surveys on Government Transactions

Latinobarómetro 2017

For the first time, in 2017 the Latinobarómetro Survey included six questions about government transactions. The survey covers the 17 Spanish-speaking countries of the region, plus Brazil, including more than 20,200 respondents (around 1,100 per country). The questions included an identification of the factors that engender trust in public institutions and five questions about the last government transaction that the respondent carried out in the previous 12 months: (i) the type of transaction (if one was carried out)[a]; (ii) the channel used to provide the service (face-to-face, internet, telephone, etc.); (iii) the number of times that the respondent had to interact with the public entity to complete the transaction; (iv) the active time that it took to complete the transaction; and (v) the level of satisfaction with the transaction. The survey has a series of features that limit its usefulness, including the use of general categories for the types of governments (instead of specific government transactions), which limits analytical specificity, and the complexity of the question about times, and introduces a certain degree of variability into the responses. However, it does enable general characterizations and regional comparisons to be made, which is altogether new in this field.

Survey of e-Government Directors and of Service Provider Senior Managers 2017

The IDB conducted surveys of three groups of civil servants about government transactions: e-government directors (or equivalent authorities), who, in most cases, have been leaders in reforming government transactions in the region; senior managers of civil registries; and senior managers of tax offices, as representatives of institutions that administer important government transactions. The survey of e-government directors collected information on a series of objective elements about how government transactions are managed in each country (such as their number and the existence and use of an interoperability platform), as well as the managers' views about the challenges of service provision. The survey of senior managers of civil registries and tax offices used the same subjective questions put to the e-government directors with a view to establishing the degree of concordance or discrepancy with their peers in e-government. Twenty-five e-government directors (from all IDB member-countries except Bolivia), 14 senior managers of civil registries, and 10 senior tax office managers responded to the survey.

The 2017 Survey of "Advanced Users"

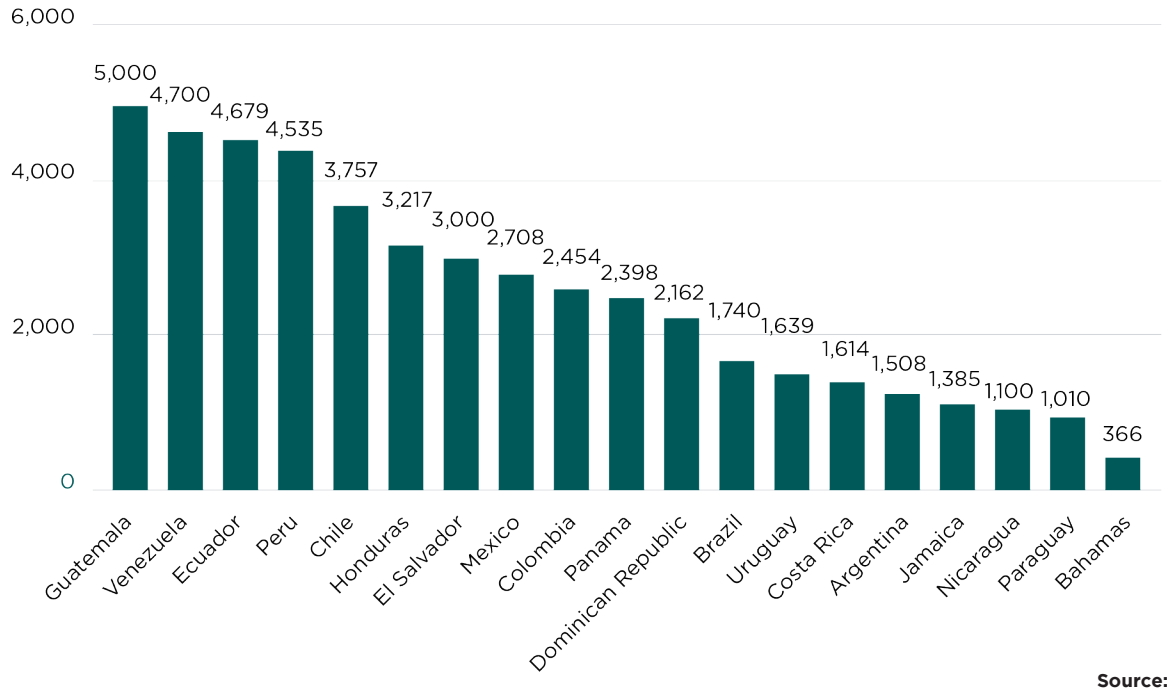
To complement the Latinobarómetro survey, the IDB carried out a poll of approximately 1,000 people, nearly all college-educated and daily internet users. Moreover, it was assumed that they were all well-disposed toward the government, since they were selected for the survey from the register of people who took the IDB's "Management for Development Results" online course. This survey included questions about their experience with digital transactions. In Chapter 2, this survey is used to show the contrast between its respondents and the general population (represented by Latinobarómetro).

[a] The survey included nine options of types of government transactions: (i) request or renew an identity document or civil registration; (ii) access a social program; (iii) access an education or a health service; (iv) register, buy, or sell real estate; (v) start or close a business; (vi) pay taxes, pay medical insurance, or contribute to the public pension system; (vii) report a crime; (viii) request a driver's license or other transport-related transaction; and (ix) any other type of government transaction.

How Many Government Transactions Are Carried Out?

If the transactions that citizens and firms must complete to receive government services or programs were few in number, they would not require so much attention. Alas, this is not the case. The region's governments administer between 1,000 and 5,000 different government transactions, according to the countries' e-government authorities (Figure 1.1). This number excludes transactions managed by subnational governments, which, particularly in countries with high levels of decentralization, can turn out to be many more. Colombia, for example, administers 50,164 government transactions at the subnational level, a figure equivalent to 95 percent of the national total, according to the Civil Service Administration (Departamento Administrativo de la Función Pública, 2018).

Figure 1.1
Number of Transactions Administered by Central Governments in LAC



Source:
IDB-GEALC Survey (August-December 2017).

download data

Notes:
Mexico's total includes only government transactions (2,708 services), not the total number of entries contained in the National Catalogue of Government Transactions and Services (Catálogo Nacional Nacional de Trámites y Servicios), which includes official information (statistics and calls for proposals and tenders) as well as transactions.

The fact that there are so many different transactions to obtain government programs and services suggests that the citizens and firms of LAC carry out many transactions in the aggregate. In Mexico, the Federal Commission for Regulatory Improvement (Comisión Nacional de Mejora Regulatoria, or CONAMER, formerly COFEMER) estimates that citizens and firms carry out almost 172 million central government transactions per year and 228 million transactions pertaining to state governments, for a total of 400 million government transactions per year (almost five transactions per adult, a figure that might possibly be underestimated, as there is no available information about the total number of government transactions carried out at the municipal level). This figure coincides with the findings of the Advanced Users Survey, which indicates that a Latin American citizen completes around five government transactions in any given year. For its part, almost 270 million transactions per year are carried out in Chile at the in-person ChileAtiende citizen service points (around 20 per adult) (Unidad de Gobierno Digital, 2017).

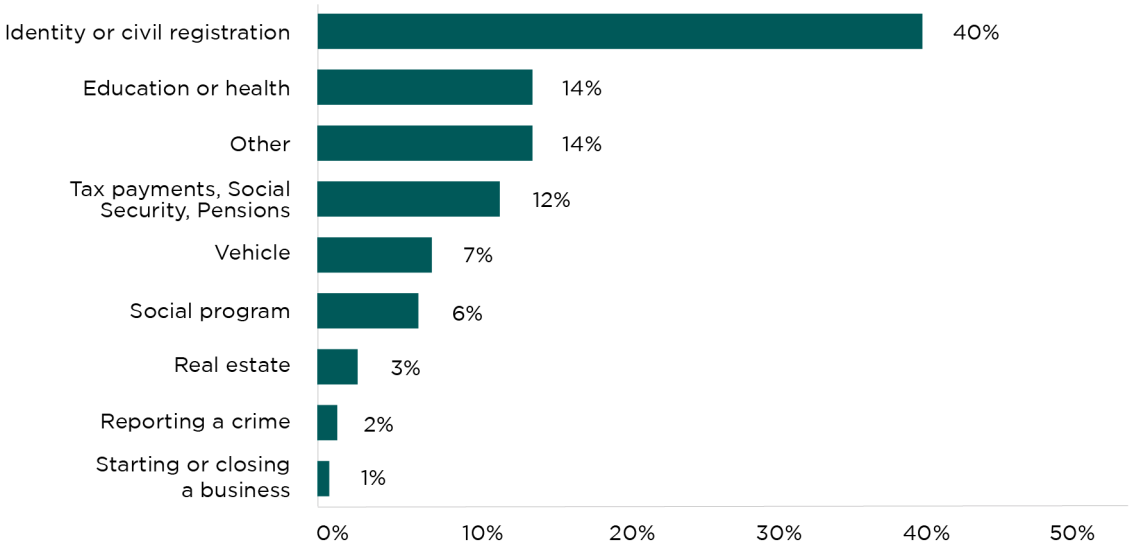
An average Latin American completes around five government transactions in any given year.

What Government Transactions Are Carried Out?

Although there are thousands of government transactions, the majority of those carried out are concentrated in a single category: registration and identity. Region-wide, 40 percent of people reported that the most recent transaction they completed was to request or renew an identity document or civil registration (Latinobarómetro, 2017) (see Figure 1.2). As will be examined in greater depth below, this suggests that these registration documents are often requirements for other transactions, and that the citizen is responsible for obtaining them. In second place are transactions related to education or health (14 percent). Government transactions to set up or close businesses were the least demanded, and only 1 percent of interviewees reported that this had been the last transaction they had completed, a figure below even the reporting of crimes (2 percent).

The percentage of government transactions related to identity or registration varies considerably in the region, as Figure 1.3 reveals, although in all countries except Paraguay, these are the most common. Identity and registration account for 60 percent of all government transactions completed in Venezuela, whereas in Paraguay the figure is just above 20 percent.

Figure 1.2
Government Transaction Most Recently Completed, by Type



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Source:
Authors' elaboration based on Latinobarómetro (2017).

Note:
The interviewees reported the most recent transaction completed in the 12 months prior to the survey.

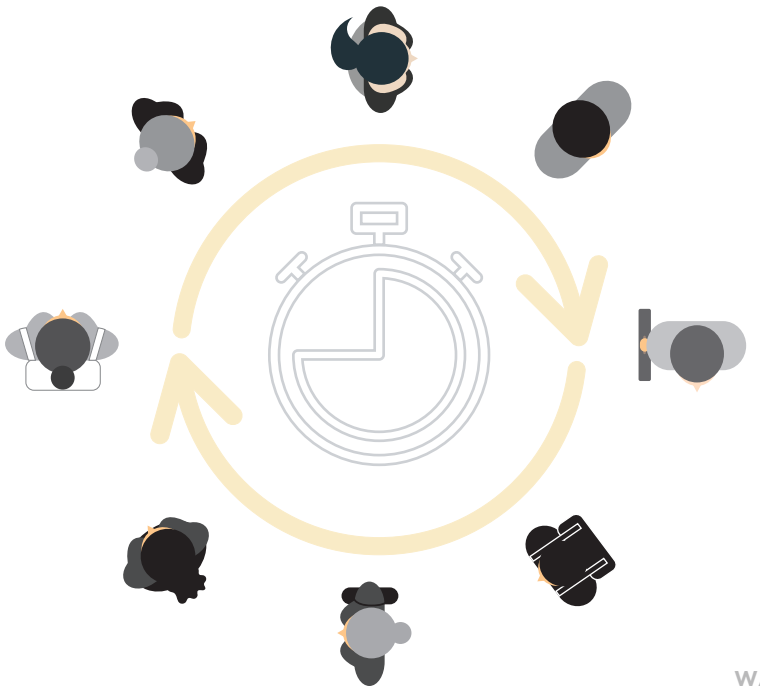
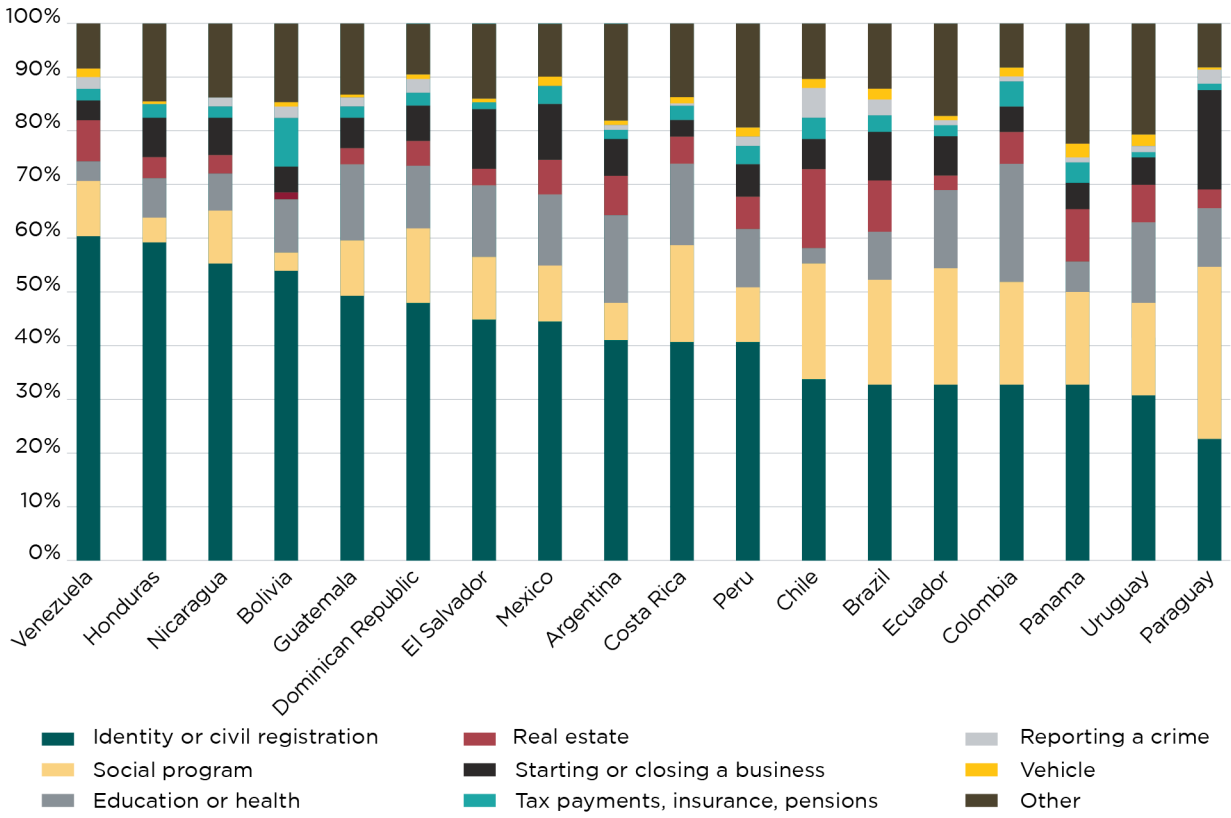


Figure 1.3
Types of Government Transactions Completed, by Country



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Source:
Authors' elaboration based on Latinobarómetro (2017).

Note:
The interviewees reported the last government transaction completed in the 12 months prior to the survey.

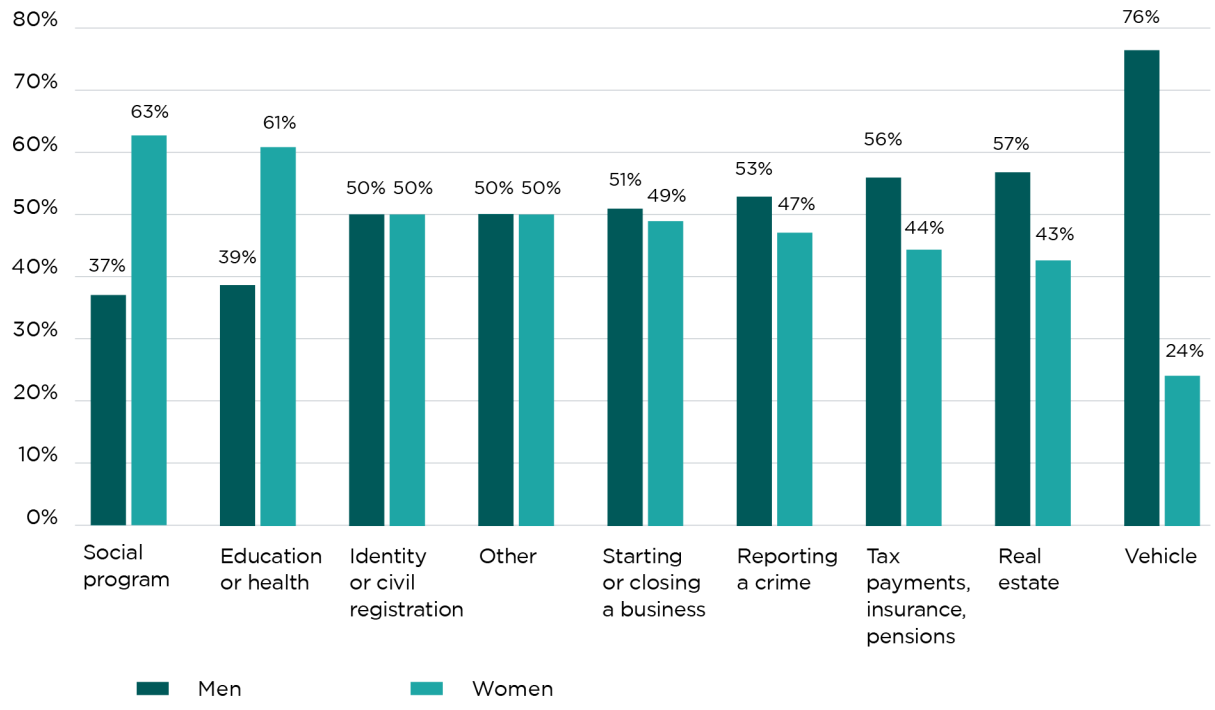
Who Carries Out Government Transactions?

In general, people of different ages, and men and women, carry out government transactions with the same frequency. This can be seen when comparing the age distribution of the people who completed a transaction in the last year with that of the general population: there is no difference (see the corresponding figure in the statistical annex). Similarly, the number of men and women who reported having carried out a government transaction is roughly the same, with some exceptions. Whereas the average distribution between men and women was 50/50 in the region as a whole, in Guatemala, for example, men make up 58 percent of the population that reported having carried out a government transactions, while in Chile this is 42 percent (see the figure in the statistical annex).

There are, however, significant differences in the gender distribution by type of government transaction. As Figure 1.4 shows, only identity and registration transactions, setting up or closing firms, reporting of crimes, and "others" have differences lower than 10 percentage points. In the remaining categories—social programs, education and health, real estate, payments, and vehicle transactions—there are large differences in the distribution between men and women. Government transactions related to social programs and to education and health services tend to be carried out much more by women, whereas those relating to real estate, payments, and vehicles tend to be carried out by men. The most marked difference is observed in transactions related to vehicles, where 76 percent of applicants are men.

Furthermore, there are significant differences in the frequency of the government transactions completed according to income level. These differences will be analyzed below.

Figure 1.4
Completed Government Transactions, by Gender



Source:
Authors' elaboration based on Latinobarómetro (2017).

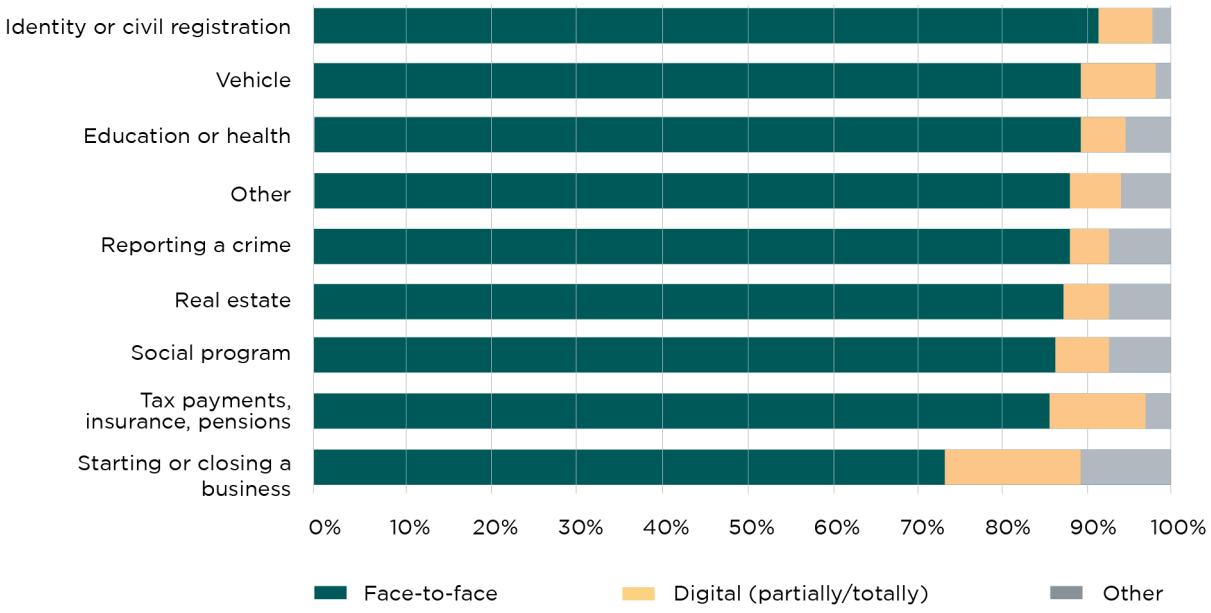
download data

What Channels Are Used to Carry Out Government Transactions?

With regard to the channel used to conduct government transactions, the data show that, region-wide, 89 percent are carried out in person. This figure varies by type of transactions: whereas 73 percent of business transactions are conducted entirely face-to-face, this mode accounts for more than 90 percent of identity and registration transactions.[2] The implications of such high dependence on the in-person channel, as well as the delivery costs for public institutions and wait times that citizens face, will be discussed below.

89% of government transactions are carried out in person.

Figure 1.5
Channel of Service Delivery, by Type of Government Transaction



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Source:
Authors' elaboration based on Latinobarómetro (2017).

[2] There are no noticeable differences by gender and channel of service delivery: men and women use all channels in the same proportions.

“Mejor llévame con el lobo, Caperucita.”

“Social Security”

“Maybe you should just take me to the wolf, Little Red Riding Hood”

Title: *Caperucita* (Little Red Riding Hood)
Author: Victor Antonio Ynami
Country: Peru

The Ideal Scenario with Government Transactions and How Far LAC Has to Go

In advanced countries, there is consensus around the idea that dealing with the state should be easy, quick, transparent, and in accordance with the preferences and needs of each citizen. Specifically, citizens should be able to:[3]

- Receive benefits or services from the state with a minimum of effort (both time and cognitive), regardless of the channel of service delivery, and be invited to participate proactively by the government, or receive the benefit automatically, whenever this is an option.
- Access and complete all government transactions online from any device (except for those that, for reasons of security or sensitivity, require a physical interaction).
- Present their personal information to the state only once and rely on the state to share it whenever necessary to provide access to rights and facilitate compliance with obligations.
- Find information about public rights and obligations—from all entities, and from all levels of government—in a single place, and in an easy-to-understand language and format.
- Be able to get the help they need, according to their particular conditions, to access their rights and obligations.
- Have control of their personal information, to consult it and change it, to know who within the state can see it and why, and to investigate and register a complaint if necessary.

When faced with difficult transactions, citizens have three options: to suffer the difficulties, to pay a bribe, or to give up.

In LAC, this is not the reality. Not only are government transactions difficult to complete, as they demand a lot of time and several interactions to carry them out, they are also numerous, which generates losses for citizens and firms. Furthermore, they can be a source of corruption, undermining citizen trust in the state. The problems with government transactions, moreover, have a regressive character, as their adverse effects are greater on lower-income earners. In short, when faced with difficult transactions, citizens have three options: to suffer the difficulties, to pay a bribe, or to give up. Finally, difficult transactions also generate high transaction costs for the government itself.

[3] Based on the principles promulgated by the European Union's Tallinn Declaration on e-Government (2017). See the link: https://ec.europa.eu/digital-single-market/en/news/ministerial-declaration-egovernment-tallinn-declaration.

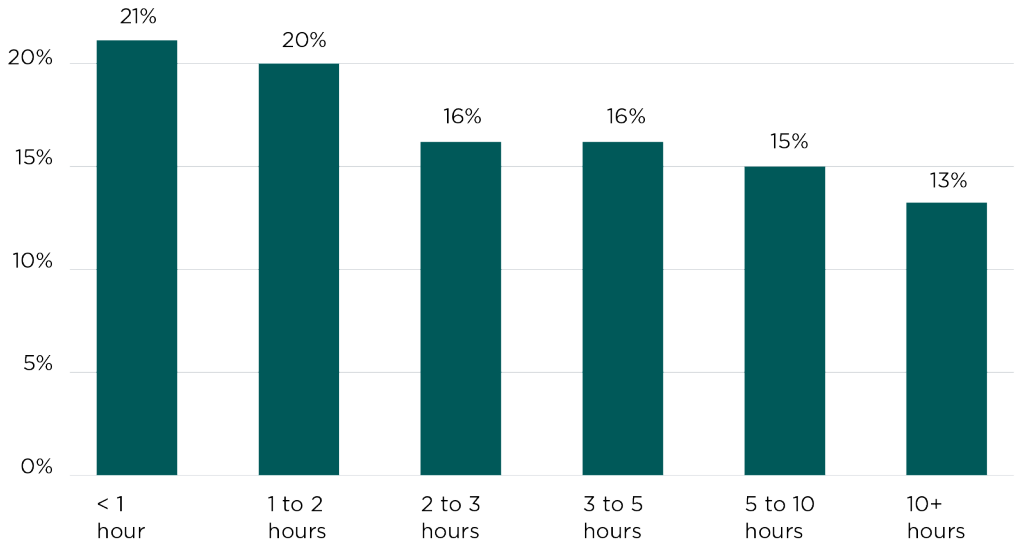
Problem 1

They Are Difficult to Carry Out and Generate Transaction Costs

Completing government transactions requires a lot of effort. Journeys, queues, waiting at the counter, form-filling, reading communications, seeking information, sending letters, or even learning to use a new system or website: in short, a government transaction can be all-consuming. Given this, is it a surpirse that citizens in LAC suffer so much?

The Latinobarómetro (2017) data reflect that the region's citizens spent an average of approximately 5.4 hours to complete their last government transaction, which is nearly a full work day.[4] Although 20 percent of all government transactions in the region were completed in less than an hour, as shown in Figure 1.6,[5] 59 percent required two hours or more for successful completion, 28 percent needed five hours or more, and 13 percent, 10 hours or more.

Figure 1.6
Percentage of Government Transactions Completed, by Time Bands



Source:
Authors' elaboration based on Latinobarómetro (2017).

download data

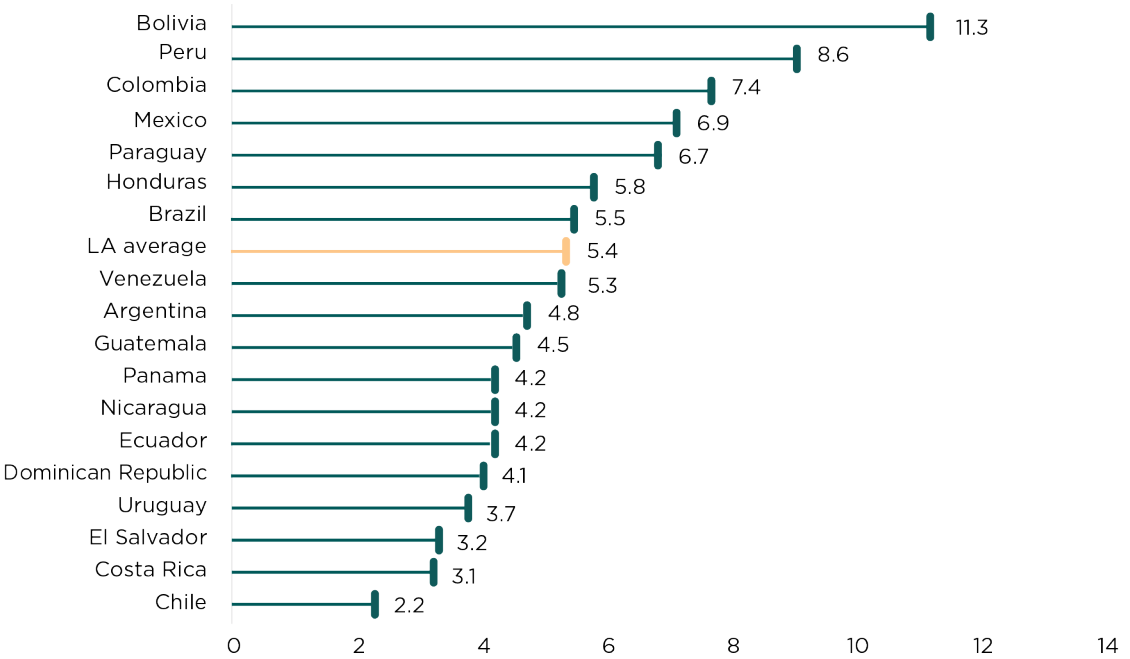
[4] The Latinobarómetro question was: "We would now like to know exactly how much time you spent in total. Calculate all the time you spent until the government transaction was finalized: the number of times you had to visit, the transport, the waiting time, the time spent at the counter if you had to go to an office. Calculate the minutes if you carried out the transaction by internet or telephone. How much time, in total, did you spend on the transaction?"

[5] In the figures that present averages of time and the regressions that consider the time variable, a refined version of the survey results is used to mitigate the distortions that might be generated by a small number of observations with extreme values. The refinement consists of removing the observations whose value for the compound variable "time divided by interaction" exceeds two standard deviations above the median, approximately 16 hours per interaction. Before refinement, there were 8,777 observations, with 8,168 remaining afterwards. For the calculations of ease of completing the transaction (further below), the complete dataset was used, which assumes that the extreme values can be categorized correctly as "difficult" transactions.

Ctizens in the region spend an average of 5.4 hours on each government transaction.

The regional average masks substantial differences between the countries. In Bolivia, carrying out a government transaction took citizens 11.3 hours, that is: nine hours more than in Chile where, on average, a government transaction is completed in 2.2 hours. Countries such as Argentina, Ecuador, and Uruguay are below the average, whereas countries such as Colombia, Mexico, and Peru are substantially above it.

Figure 1.7
Hours Needed to Complete a Government Transaction, by Country



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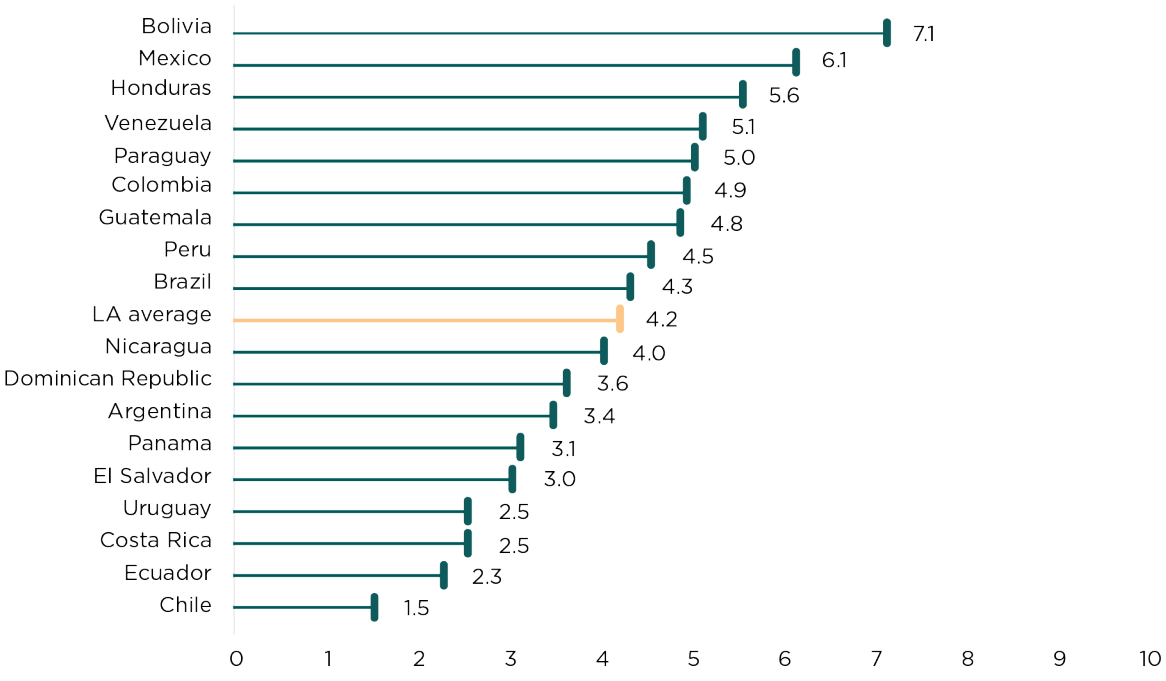
Source:
Authors' elaboration based on Latinobarómetro (2017).

Figure 1.7 presents an overview of the average time required to complete government transactions in the region's countries. However, these comparisons can obscure the fact that the composition of the types of government transactions and channels of service delivery vary between countries, and therefore what is being compared is not exactly the same. Consequently, to find a fairer comparison, Figure 1.8 shows the average times by type of transaction and the most common channel, that is, identity and registration transactions carried out face-to-face (37 percent of all transactions completed). Figures 1.9 and 1.10 present inter-country comparisons of the time needed to complete education or health-related transactions and payments of taxes, public health insurance, and pensions.

Figure 1.8

Hours Needed to Complete Identification and Registration Transactions Using the Face-to-Face Channel



Source:
Authors' elaboration based on Latinobarómetro (2017).

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With respect to in-person registration or identity transactions, there continues to be a wide gap between the country with the fastest government transactions (Chile) and the one with the slowest (Bolivia). The relative position of some countries also changed with respect to the comparison that includes all transactions and channels.

For example, Ecuador is in sixth position of the fastest countries when all government transactions are included, but in second place when only registration or identity transactions by the face-to-face channel are counted. This could reflect the considerable effort that the Ecuadorian government has made since 2007 to reform civil registration and improve the efficiency of service provision to citizens (IDE Business School, 2018). For its part, Chile's Civil Registry and Identification Service (Servicio de Registro Civil e Identificación) has institutionalized a range of practices that incentivize improvement in service delivery, such as annual measurement of citizen satisfaction, which is a factor when determining performance-based payments to civil servants.

Figures 1.9 and 1.10 compare the number of hours required to complete education or health-related transactions and pay taxes in different countries in the region. Some similarities are noted in the three categories: Bolivia is the slowest in all three types of transactions, while Chile is the quickest in registration and payment transactions but not in health or education-related transactions. The positions of other countries vary substantially according to the type of transaction. For example, while Ecuador is among the countries in the region where the least time is required to complete education or health-related transactions, it is among those where more time is required to complete payment transactions.

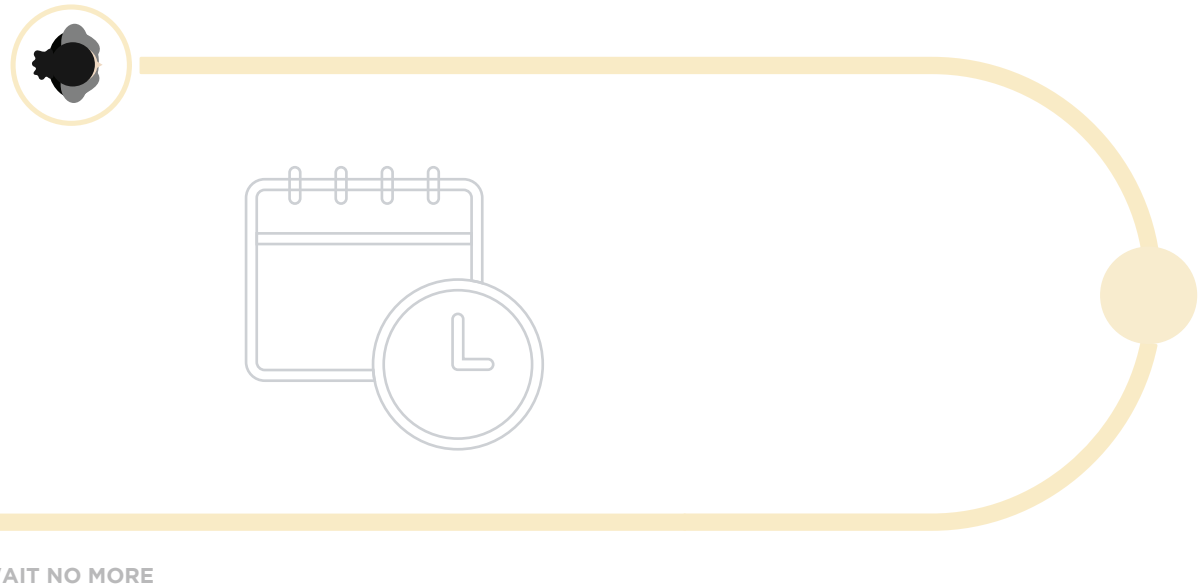

Figure 1.9
Hours Needed to Complete Education or Health-Related Transactions

Source:
Authors' elaboration based on Latinobarómetro (2017).

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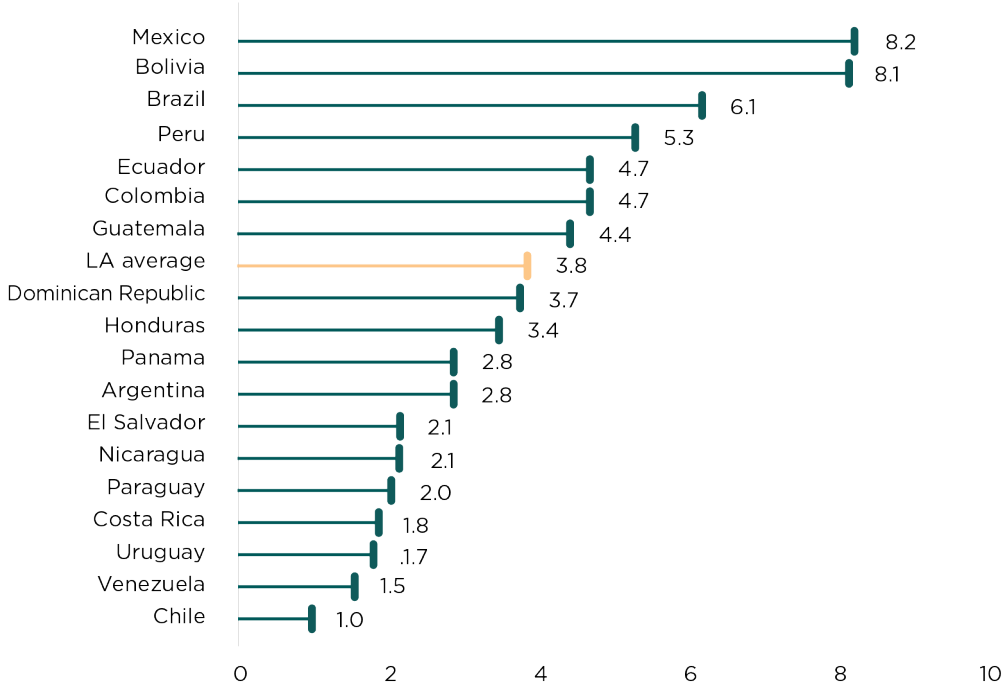
Figure 1.10
Hours Needed to Complete Tax Payment, Public Health Insurance, and Pension Transactions



Source:
Authors' elaboration based on Latinobarómetro (2017).

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Box 1.2

The Cost of Enrolling in Bolivia's National Health Plan (Caja Nacional de Salud de Bolivia) (Standard Cost Model [SCM])

To access short-term health services through an employer in Bolivia, people must first enroll (some 130,000 people do so every year). From the interviews with 30 users of the transaction, it was found to have five requirements and 12 steps (including three different types of medical examinations). It takes, on average, **34.7 active hours** of the citizen's time and **13 separate trips**. The most time-consuming step involves getting the pre-employment exams (9.2 hours on average).

Multiplying the average salary per hour of the citizens who complete the transaction, BOB 36.3 (US$5.30), by the 34.7 hours that it takes to complete the transaction equals an administrative charge of BOB 1,259 (US$182.50). Added to the cost of the time itself are the associated financial costs, which include BOB 39 (US$5.70) for transportation and BOB 131 (US$19) for photocopies. In total, the cost of the transaction is BOB 1,429 (US$207), equivalent to 86 percent of a minimum monthly salary (without including the cost of waiting for the resolution of the transaction, during which the citizen has to pay for health services out of her own pocket).

Source:
Medeiros et al. (2016).

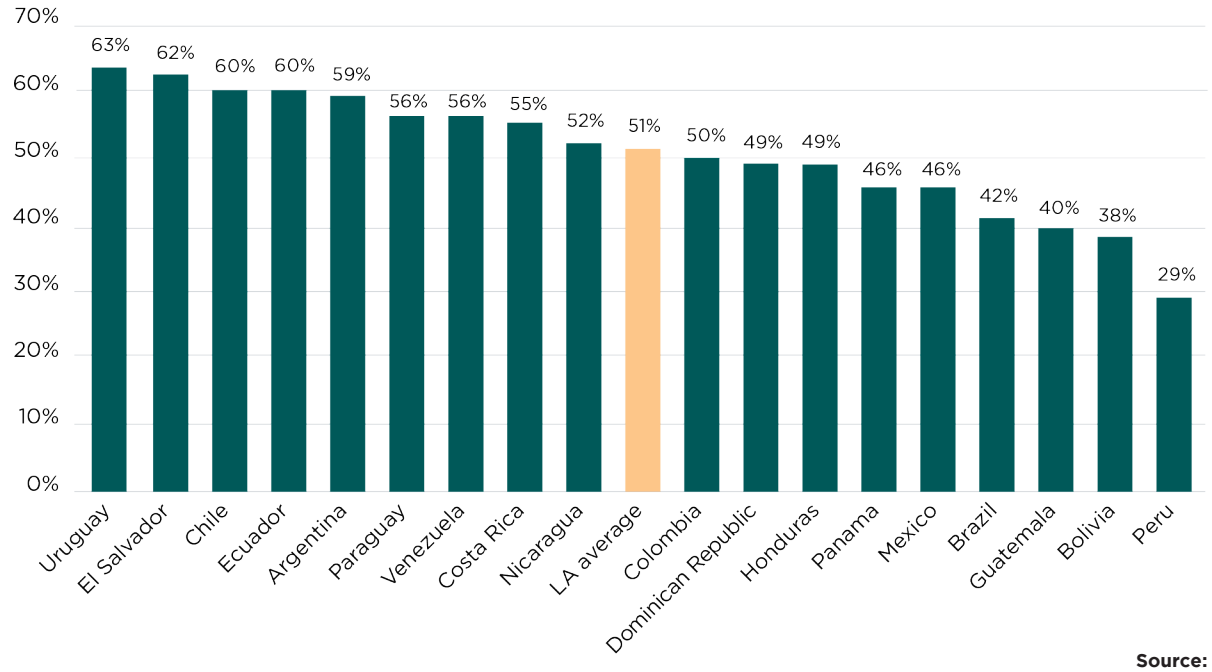
Note:
The SCM is a method for measuring administrative burden arising from government regulations. The application is based on a combination of information obtained directly from the users (through interviews) and information provided by the entities responsible for the government transaction or service analyzed.

The information gathered enables detailed mapping of the information requirements and of each stage or step of the transaction process, from accessing the information, understanding the requirements, to final resolution. Eight standard steps are analyzed: (i) identifying and understanding requirements; (ii) generating new information to complete the transaction; (iii) gathering pre-existing information; (iv) meetings with staff (civil servants); (v) filling out forms and reports; (vi) meetings with external service providers; (vii) generating supporting documentation; and (viii) traveling to governmental offices, wait time, and time spent making the payments. For each step, the exact times and their corresponding costs are determined, calculated on the basis of economic parameters for each context. The economic valuation of the time spent by the users enables the average unit cost of the government transaction to be estimated.

The large amount of time that the region's citizens spend carrying out government transactions may be attributable to various factors. First, individuals appear to be spending a lot of time traveling. This would indicate that there is a deficit of access points in LAC countries, which requires people to travel long distances before arriving at the office where the transaction can be completed. It is also explained, in part, by the fact of having to return to government offices several times to be able to finalize the transaction. A cursory glance at the number of times that the region's citizens must visit offices or communicate with the government reveals that, on average, only half the transactions are resolved in a single visit/interaction (Figure 1.11). This number varies substantially among the region's countries. In Uruguay, more than 60 percent of people are able to complete their government transaction in a single interaction, whereas in Peru only 29 percent of people finalize their transaction in a single visit.

Only half of all transactions are resolved in a single visit.

Figure 1.11
Percentage of Government Transactions Resolved in a Single Interaction



Source:
Authors' elaboration based on Latinobarómetro (2017).

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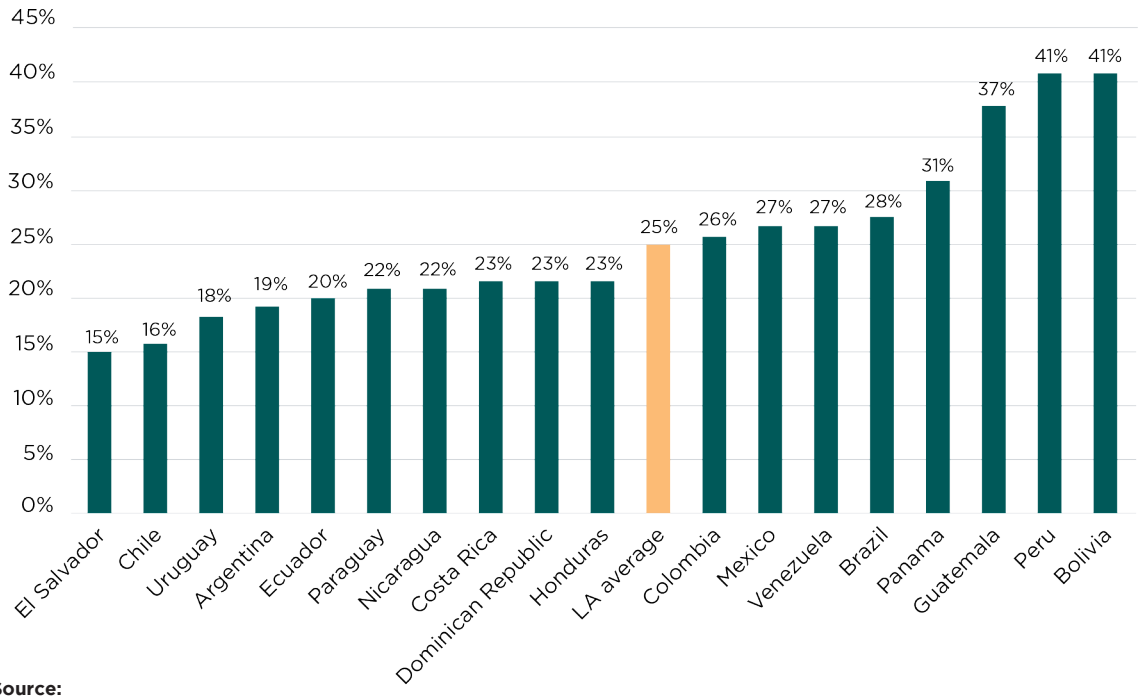
As Figure 1.12 shows, 25 percent of people had to interact with the public institution three or more times to get what they were looking for. In countries such as Bolivia, Guatemala, and Peru, 40 percent of people had to visit or communicate with the corresponding government office three or more times.

Multiple interactions can happen for various reasons. They might be a reflection of problems with the clarity and relevance of the information provided by the government: if people go to carry out a government transaction without having all the required documents or they have to visit different offices due to a lack of information, then finalizing their transaction will require more interactions. Furthermore, they could be pointing to the existence of excessive requirements, which results in the need to carry out additional transactions, creating a "chain of transactions."

Figure 1.12
Percentage of Government Transactions Requiring Three or More Interactions to Complete



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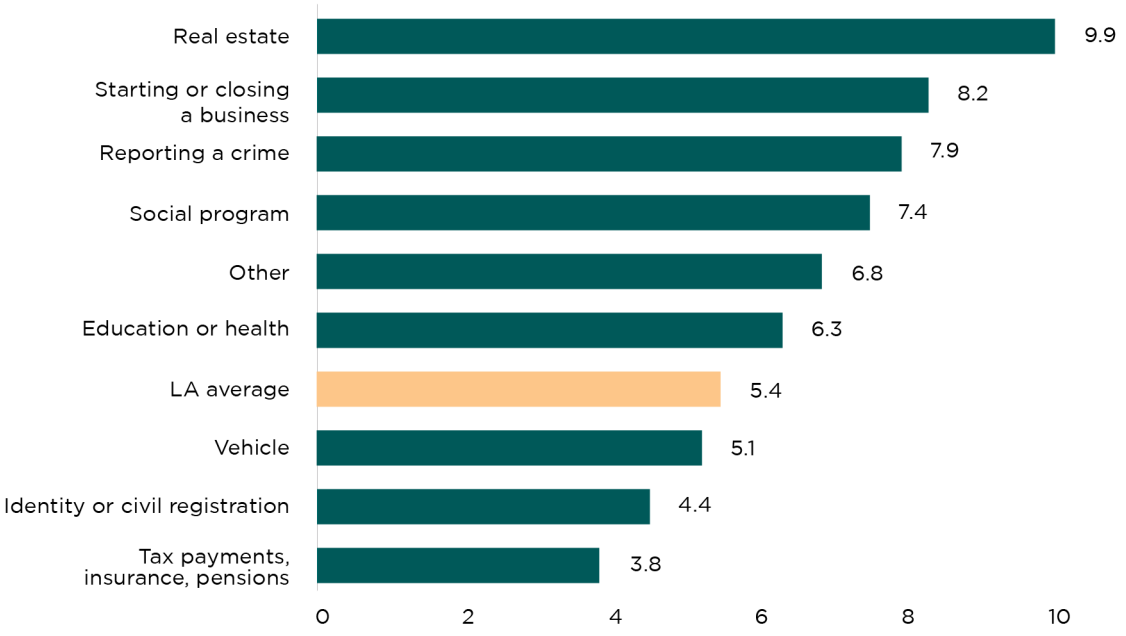
Source:
Authors' elaboration based on Latinobarómetro (2017).

In addition to the difficulties for citizens, these multiple interactions also imply efficiency losses for the government, which is forced to earmark more and more resources for providing citizen services. Finally, it also raises questions about attrition rates: it is plausible that the more interactions that a transaction requires, the greater the probability that people abandon the process (although there is no empirical evidence to this effect).

The time and the number of interactions required to complete a government transaction also vary according to the type of transaction. As Figure 1.13 shows, real estate transactions require on average nearly 10 hours, followed by starting or closing a business (roughly 8 hours), and reporting a crime (almost 8 hours).[6] For their part, transactions related to compliance with an obligation to the government, such as payments of taxes, insurance, or pensions, were the fastest.

Figure 1.13
Hours Necessary to Complete a Government Transaction, by Type of Transaction



Source:
Authors' elaboration based on Latinobarómetro (2017).

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[6] These comparisons are simply of time rather than efficiency. Comparing efficiency explicitly would mean supposing that the composition of the transactions within each category is the same in different countries.

Box 1.3

The Cost of Registering a Property in Bolivia (Standard Cost Model)

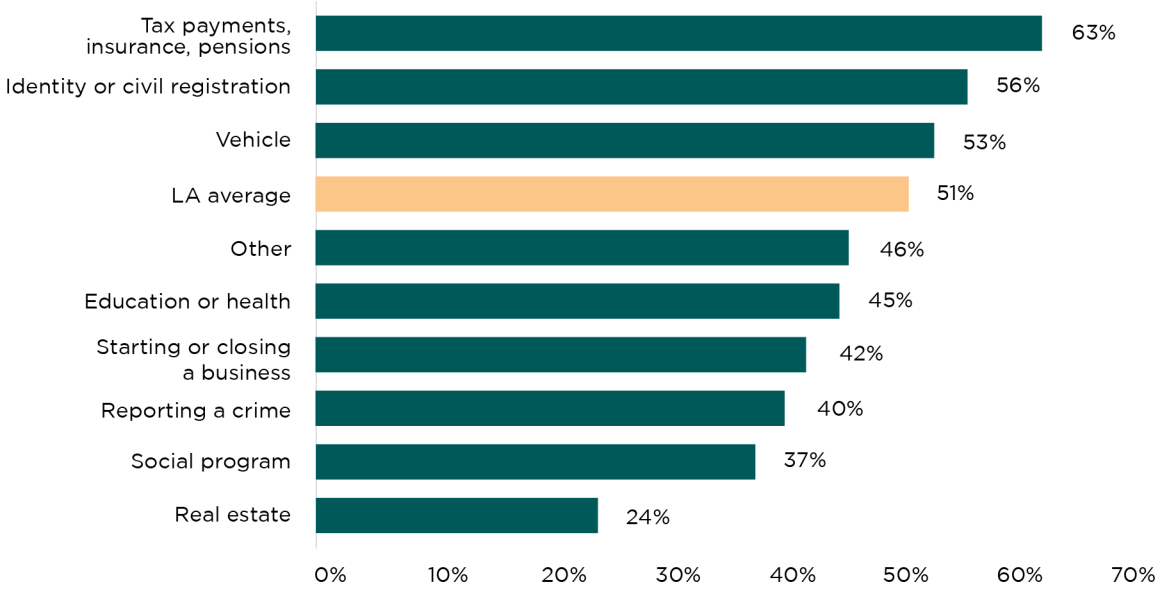
The property registration transaction for purchase agreements is essential for ensuring that Bolivian citizens enjoy legal certainty in real estate transactions. Following 30 interviews, Medeiros et al. (2016) discovered that the transaction has 14 steps, including contracting consultancy services, three separate payments, and obtaining copies certified by a notary. The average active time demanded by the transaction is 317.9 hours, equivalent to 39.7 working days. This time includes almost 52 hours spent obtaining a property registration certificate and 46 hours to obtain the plans of the building. If the active hours that the transaction requires are multiplied by an average hourly wage of those interviewed of BOB 25 (US$3.70), the total cost of the transaction rises to BOB 7,947 (US$1,160), a figure equivalent to nearly five times the country's minimum monthly wage.

Source:
Medeiros et al. (2016).

Note:
For details about the SCM, see the note in Box 1.2.

An examination of the interactions by type of transaction reveals that tax, insurance, and pension payments require the fewest interactions on average (63 percent of the interviewees report that only one interaction was needed to complete their transaction), followed by identity and civil registration (56 percent required only one interaction). At the other end of the spectrum are transactions related to the registration, purchase, and sale of real estate, where only 24 percent of transactions were resolved in one interaction, and transactions related to social programs, where only 37 percent of respondents managed to complete their transactions in a single interaction.

Figure 1.14
Percentage of Government Transactions Completed in a Single Interaction, by Type of Transaction



Source:
Authors' elaboration based on Latinobarómetro (2017).

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Box 1.4

The Complexity of Starting a Business in Paraguay

Evidence from Paraguay indicates that a single-window facility is no guarantee of ease for the future entrepreneur. The Unified Business Start-up and Closure System (Sistema Unificado de Apertura y Cierre de Empresas, or SUACE) integrates forms and information from six public entities with the aim of minimizing the steps needed for starting a business. Research by Rodrigo and Dos Santos (2017) found that, even when using the SUACE, an entrepreneur must complete 14 steps, which include presenting 11 documents and contracting a notary and an accountant. On average, it takes 60 days, starting from hiring the notary to initiating the process until the transaction is finalized by the required registration at the Social Security Institute (Instituto de Previsión Social) and the Ministry of Justice and Labor (Ministerio de Justicia y Trabajo, or MJR).

Although the SCM methodology was used to obtain information for this study, it did not yield an estimate of the integrated cost due to the heterogeneous nature of the businesses and the differences in the estimates that this can cause.

Source:
Rodrigo and Dos Santos (2017).

Note:
For details of the SCM, see the note in Box 1.2.

With a view to integrating the variables of time and interactions, and to establish a complete panorama of the difficulty or ease of carrying out transactions, a variable called "ease of transactions" was created,[7] in which government transactions requiring only one interaction and less than two hours to complete were categorized as "easy." This variable helps establish an overall view of the difficulty of completing a transaction, as the "hours" and "interactions" variables by themselves might be obscuring the full panorama. Analyzing the hours variable alone might hide the costs to the citizen of having to travel multiple times to an office (although the aggregate time employed by the citizen might only be three hours, it could be that she had to go four times to the service delivery point, generating travel costs). For its part, the interactions variable by itself hides the total time spent; a transaction resolved in a single interaction might still have taken eight hours and generated high costs for the individual.

As Figure 1.15 shows, only 36 percent of government transactions carried out in the region were easy, meaning that nearly two-thirds of all transactions required more than two hours and/or two or more interactions to be successfully completed. There is wide variability among the region's countries: Uruguay recorded the highest proportion of easy transactions (53 percent), whereas in Peru only 17 percent of transactions were easy.

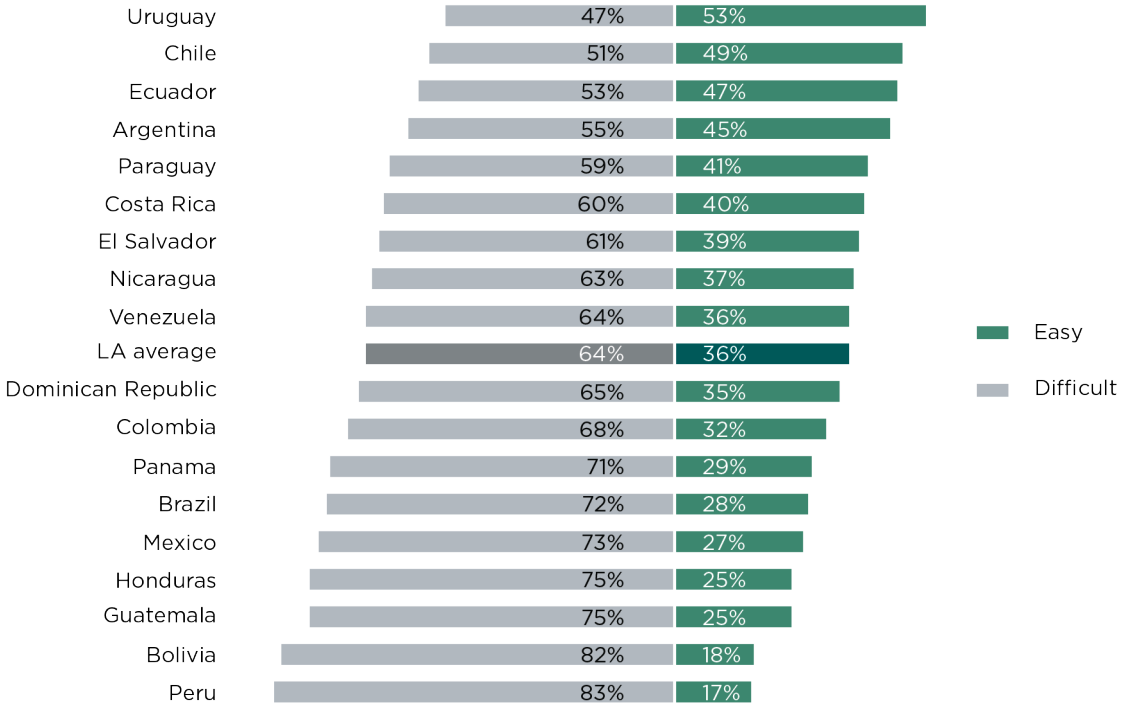
By type of transaction, payments for taxes, insurance, or pensions are the easiest (52 percent). In the case of identity or civil registration, which is in second place, only 38 percent of transactions were easy to complete. One possible explanation—although impossible to verify with the existing data—is that payment transactions are the easiest owing to the state's obvious interest in collecting taxes. By contrast, there are fewer incentives associated with facilitating transactions that imply expenditure or significant additional effort, such as those related to education, health, social programs, and reporting a crime.

By comparing the variable of ease per country with the results of the time variable, it is noticeable that Peru and Bolivia maintain a consistent position, since they are the countries where more hours are required on average to complete a transaction and that have the lowest proportion of easy transactions. By contrast, Colombia, which is in the third-worst position with regard to the number of hours needed to complete a transaction, is situated very close to the regional average in terms of ease, which reflects the fact it scores better with regard to interactions. Costa Rica, which in terms of hours records the second-best place in the region, drops to only the sixth place in terms of ease, which means that transactions require on average more interactions to complete than in the countries that fall above it in the ease ranking.

[7] Variable created by the authors using information from Latinobarómetro (2017).

Figure 1.15

Difficulty of Government Transactions, by Country



Source:
Authors' elaboration based on Latinobarómetro (2017).

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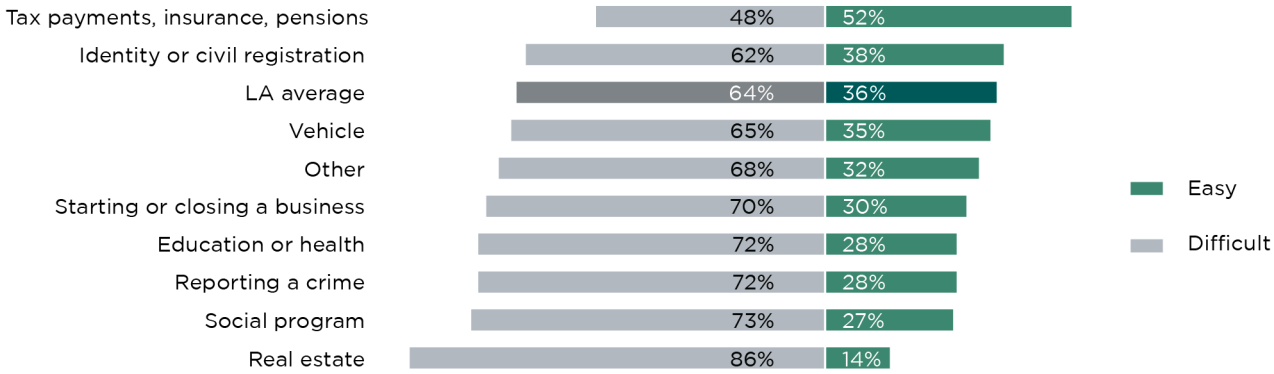
Note:
An easy transaction is defined as one that requires only a single interaction and less than two hours to complete.

Figure 1.16

Difficulty of Government Transactions, by Type



Source:
Authors' elaboration based on Latinobarómetro (2017).

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Note:
An easy transaction is defined as one that requires only a single interaction and less than two hours to complete.

Satisfaction with Transactions

Given the difficulty of carrying out government transactions in the region, it would be natural that the level of citizen satisfaction with transactions is affected. Figures 1.17 and 1.18 provide greater clarity about the factors that affect satisfaction. They show that satisfaction falls as the time spent or the number of interactions increases. This remains constant at the country level, as can be seen in the scatter plot in Figure 1.19, which presents the positive correlation between the percentage of easy transactions (those requiring only one interaction and less than two hours to complete) in a country and the percentage of people who reported they were satisfied with their transactions. In countries with the most difficult transactions, such as Bolivia and Peru, levels of satisfaction are lower than in countries such as Argentina or Uruguay, where a greater proportion of transactions are easy to complete.

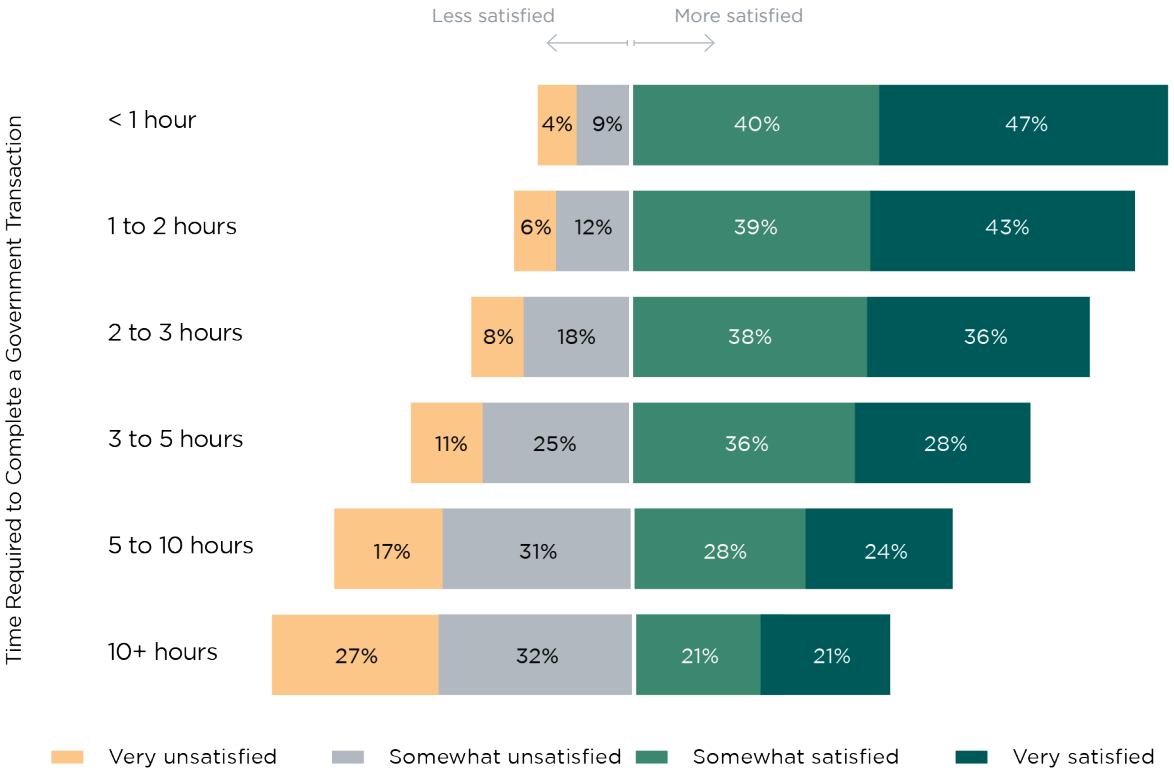
Box 1.5

Regarding the "Satisfaction" Indicator

Measuring satisfaction is complex because it depends on a variety of factors: (i) expectations of the experience before having it (the lower the expectation, the easier it will be to be satisfied), which can vary according to a past experience; (ii) the attitude toward the service sought (one probably feels better about enrolling one's child in school than about reporting a crime); and (iii) the relative importance placed on different aspects of the service, such as efficiency versus treatment (some people might be satisfied with a very slow transaction if, in the end, they are well treated, whereas others might only be bothered by the time spent), among others. For these reasons, interpretations based on indicators that measure citizen satisfaction must be viewed with caution.

Source:
Author's elaboration

Figure 1.17
Satisfaction by Time Required to Complete a Government Transaction



Source:
Authors' elaboration based on Latinobarómetro (2017).

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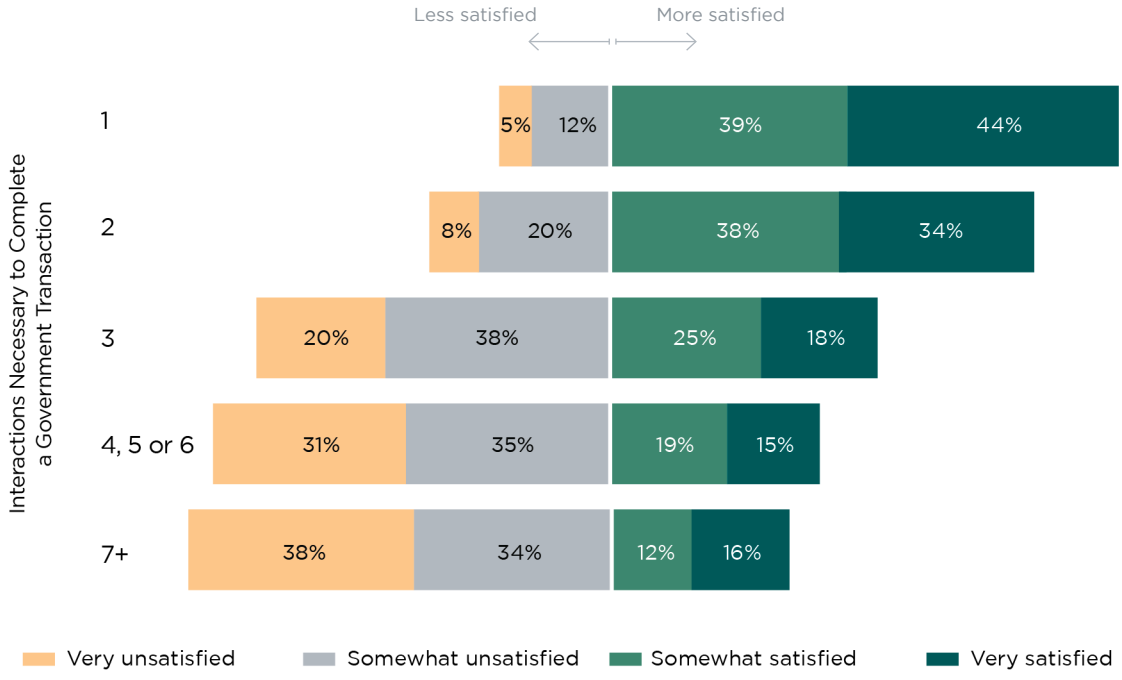
Figure 1.18
Satisfaction by Number of Interactions Necessary to Complete a Government Transaction



Source:
Authors' elaboration based on Latinobarómetro (2017).

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However, when examining levels of satisfaction in greater detail, a surprising observation arises: in general, Latin American citizens are quite satisfied with government transactions. Analysis of the responses to the Latinobarómetro question: "How satisfied were you with the last government transaction that you carried out?" reveals that, on average, 70 percent of people in the region reported that they were "somewhat satisfied" or "very satisfied." In fact, in all the countries, more than half the citizens said they were satisfied with their government transactions, as seen in the Y axis of Figure 1.19. This satisfaction is maintained even in those cases in which people had to tackle difficult transactions. Of the individuals who spent more than 10 hours carrying out their transaction or who had to visit the service delivery point more than seven times, 21 percent and 16 percent, respectively, reported that they were very satisfied with their transaction. This paradox—high satisfaction even when the transaction was very difficult—will be explored in detail below when distrust is examined as a causal factor of difficult transactions.

Figure 1.19
Satisfaction vs. Ease of Completing Government Transactions

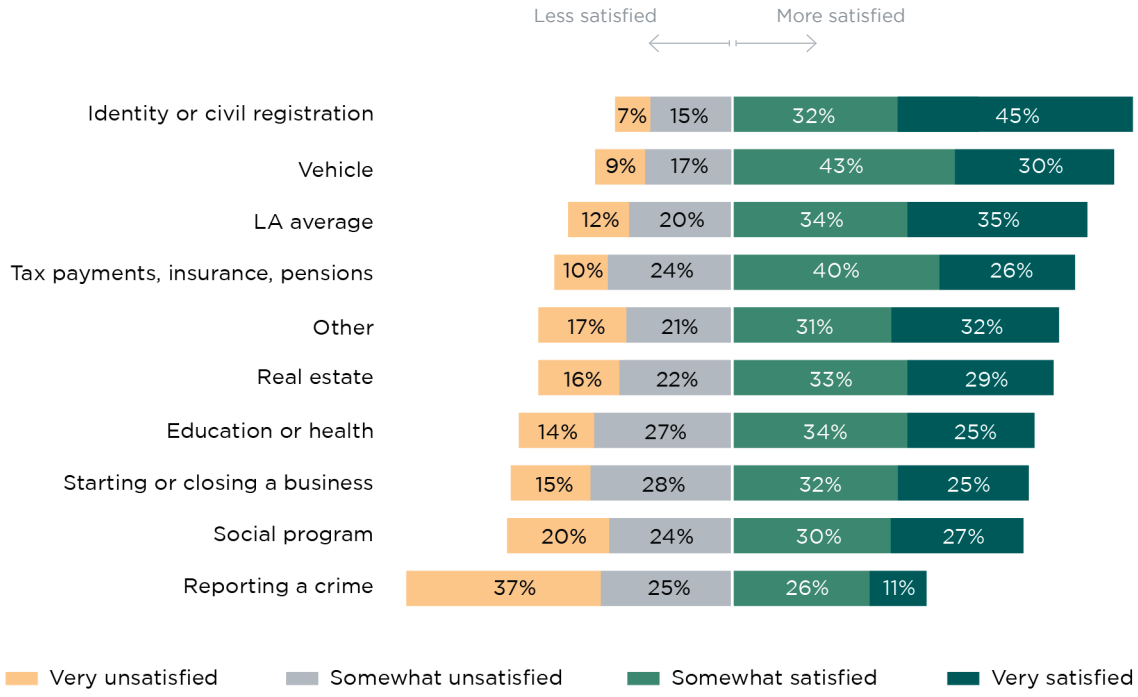
download data

Source:
Authors' elaboration based on Latinobarómetro (2017).

Note:
An easy government transaction is defined as one that requires only a single interaction and less than two hours to complete.

The level of satisfaction varies substantially between different types of government transactions, as can be seen in Figure 1.20. One positive observation is that the most common type of transaction, dealing with identity or registration, produces the greatest satisfaction. Beyond this observation, however, the results challenge the hypothesis that satisfaction is linked to the benefit that one receives from the transaction. If this were true, tax payment would be low on the list, but it is halfway up. The only government transaction that clearly behaves predictably is the reporting of a crime, which is by definition associated with a negative event that has a strong influence on the level of satisfaction with the transaction.

Figure 1.20
Satisfaction by Type of Government Transaction



Source:
Authors' elaboration based on Latinobarómetro (2017).

download data

Note:
Simple average of all the responses.

Problem 2

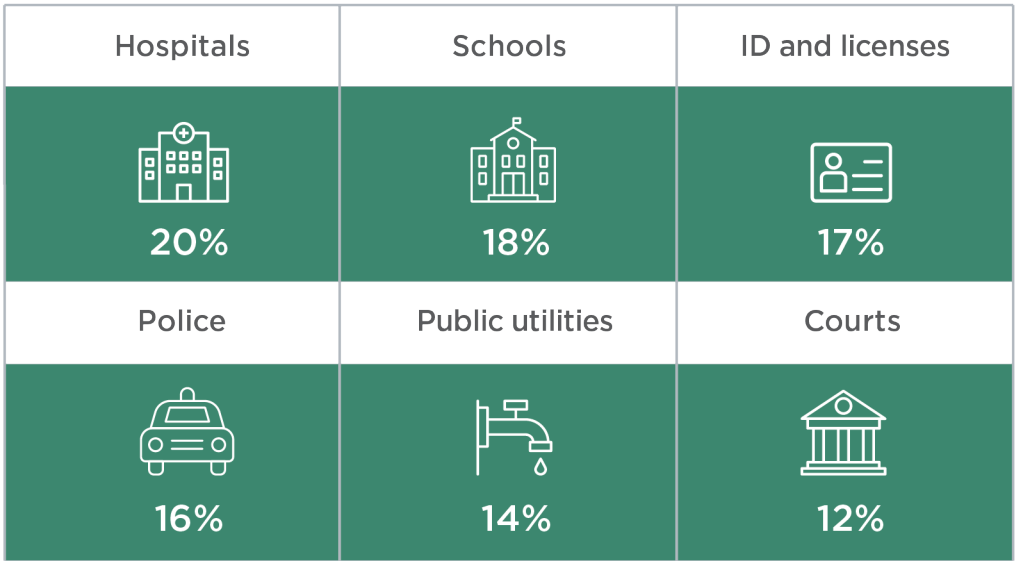
Government Transactions Are a Hotbed of Corruption, Which Affects Trust in Government

According to data from Transparency International (2017), 29 percent of Latin Americans reported having paid a bribe in the context of a public service in the last year, which is equivalent to more than 90 million people in the region. Given that, in many cases, a government transaction must be carried out to access such services, it is likely that in many of the cases these bribes occurred to complete the transaction.

29% of Latin Americans reported having paid a bribe to receive a public service.

Data from this same source shows that paying bribes in exchange for services varies throughout the region: Mexico, Dominican Republic, and Peru record the highest proportions of people who reported having paid a bribe (51 percent, 46 percent, and 39 percent, respectively), whereas Trinidad and Tobago, Brazil, and Argentina report the lowest rates (6 percent, 11 percent, and 16 percent, respectively).

Figure 1.21
Percentage of Citizens Who Paid a Bribe, by Type of Service



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Source:
Transparency International (2017).

These rates also vary according to the service being requested. Transparency International found that health services recorded the highest rate of bribes, in which one in every five citizens reported having paid a bribe to access a service. In the case of identity documents, 17 percent of people paid a bribe to obtain them, whereas for education services, this figure reached 18 percent, as Figure 1.21 reveals.

There is also corruption in business-related transactions. A survey from Mexico shows that firms believe that "speeding up transactions" is the main motive for bribery, and that more than one in every 10 large companies experienced corruption in the context of a transaction in 2016; when all firms are included, the rate was one in every 20 firms (INEGI, 2016b).

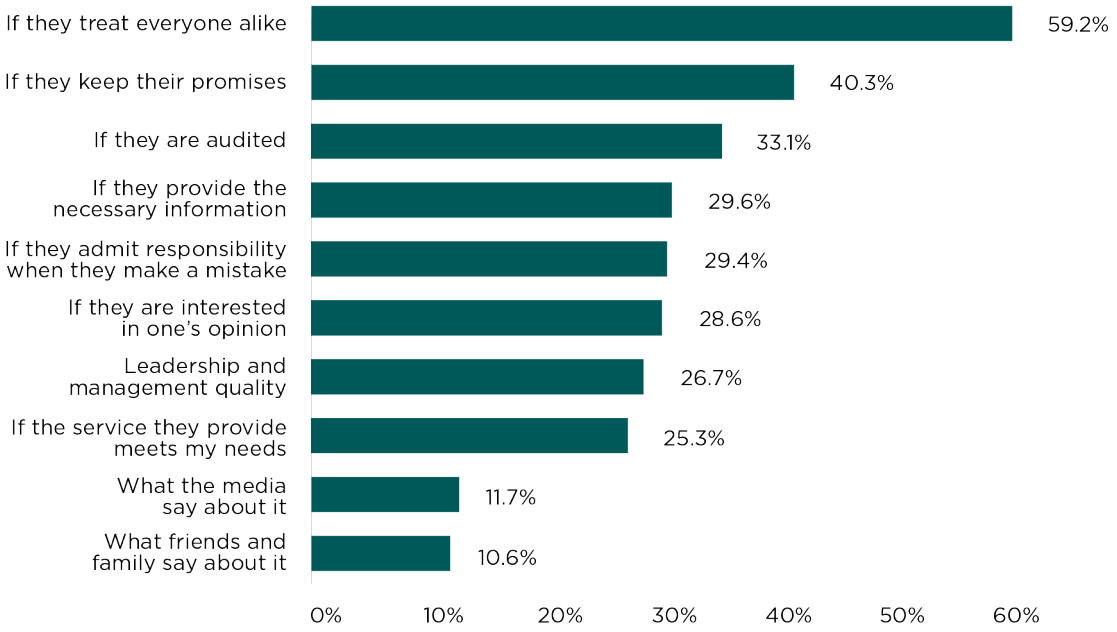
The existence of corruption in public services negatively affects both citizens and governments. In the case of citizens, not only does it have a negative impact in monetary terms, but it can also result in the fact that beneficiaries eligible for some programs cannot access them because resources have run out or the quotas have been filled (Gupta et al., 2000; Shleifer and Vishny, 1993).

Furthermore, because corruption facilitates the abuse of public programs, a vicious circle is created: both the government and citizens may feel it is necessary to impose high barriers to entry and make requirements strict (therefore, transactions need to be difficult) to prevent abuse; but it is this very complexity that creates the space for corruption (too many steps, a lot of personal intervention, a lot of paperwork, too many civil servants involved, and fewer people directly responsible). A study by Awasthi and Bayraktar (2015) demonstrated this relationship in the tax context: any increase in the number of steps to pay taxes was associated with an increase in corruption. Furthermore, using data from Mexico, Morris and Klesner (2010) found that corruption eroded trust in public institutions, which in turn created favorable conditions that generated more possibilities for corrupt behavior.

Corruption has a negative effect for the government, for various reasons. First, it has an impact on the effectiveness of public policies if there are individuals who pay bribes to access services to which they are not entitled. Furthermore, it means that individuals have less trust in the state's capacity to provide services equitably and fairly, which undermines citizen perceptions of the government. Data from Latinobarómetro (2017) confirm that equality of treatment is the most important factor in trusting a public institution (see Figure 1.22). Equality of treatment is, for Latin Americans, a determining factor of trust that is much more important than the quality of the service (see the result for "if the service meets my needs").

The relationship between corruption and the way it undermines trust has been explored in the literature (Anderson and Tverdova, 2003; Chang and Chu, 2006; La Porta, 1997). Using survey data from four Latin American countries (Bolivia, El Salvador, Nicaragua, and Paraguay), Seligson (2002) demonstrated empirically that paying bribes erodes trust in the legitimacy of the political system. This happens because citizens perceive the payment of a bribe to be a negative cost the state imposes on them, and that civil servants are unfairly performing an unproductive activity for their own personal enrichment.

Figure 1.22
Reasons for Trusting a Public Institution



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Source:
Authors' elaboration based on Latinobarómetro (2017).

Note:
Response to the question: "What are the most important reasons that would encourage you to trust a public institution?" The figure shows the percentage of interviewees who mentioned each reason as a factor.

Problem 3

The Costs of Government Transactions Hit the Poor Harder

One of the biggest problems of difficult government transactions is their regressive character: they affect the poor more. People in this segment of the population generally enjoy less flexibility at work, which makes it difficult for them to ask for time off and get the hours they need to carry out a government transaction. Likewise, they are less able to forego lost income and have less resources to cover the costs incurred by carrying out transactions (transportation, photocopies, of hiring a babysitter, etc.).

The complex, hard-to-access information on transaction requirements and specifications, forms that are difficult to fill out, or that are presented in a language hard to understand are factors that also affect, to a greater extent, people with lower educational attainment, who lack the necessary tools to navigate the system. This can make it more likely that they give up on their attempts to claim their rights, or that they hire private help for assistance with their forms, thereby creating an additional cost (although there is no empirical evidence to back up this affirmation).

Data from Transparency International (2017), moreover, show that in LAC, lower-income citizens are more often victims of corruption than higher-income people: 30 percent of low-income individuals reported having paid a bribe to access a public service, compared to 25 percent of individuals with higher incomes.

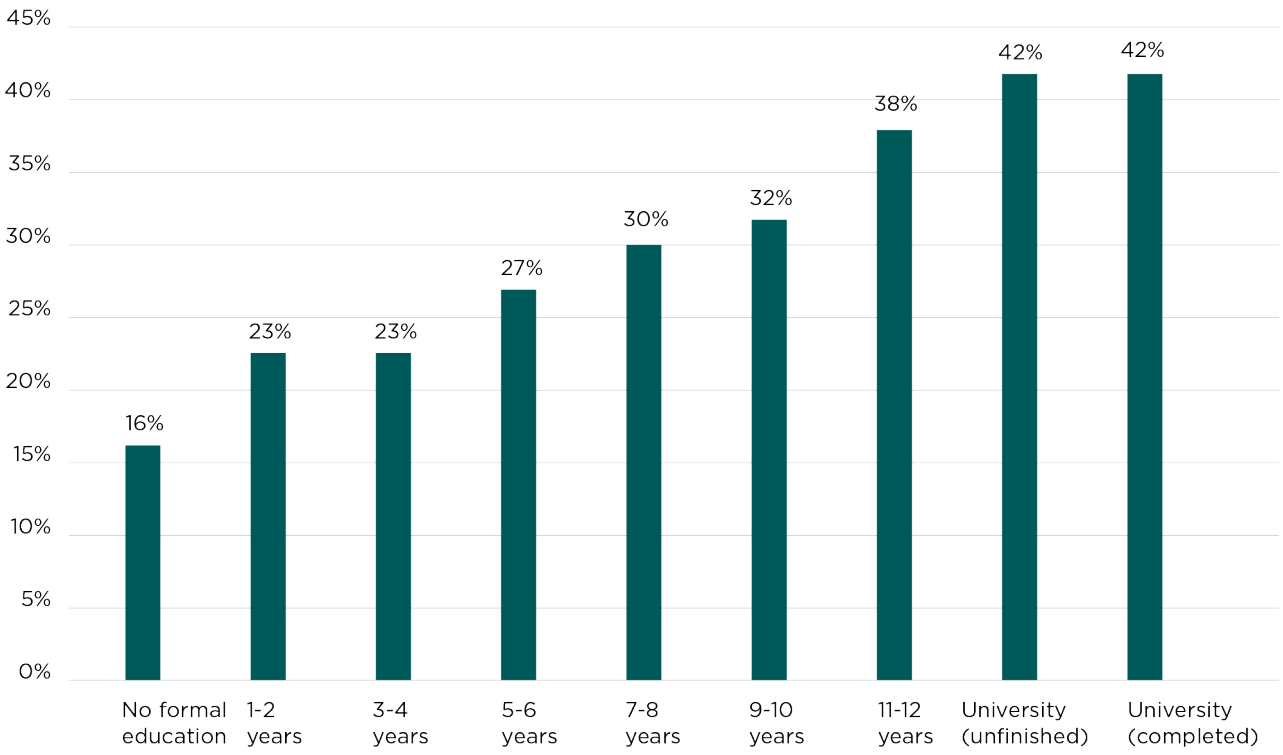
Low-income people complete fewer transactions, which implies that they benefit less from government services and programs.

All of the above means that low-income people complete fewer transactions, which implies that they benefit less from government services and programs. Figure 1.23 reveals that this is in effect the case in the region. Taking educational attainment as a proxy for income, it becomes clear that citizens with less education reported having completed fewer government transactions in the last year (Latinobarómetro, 2017). Only transactions associated with identity, education and health, social programs, and transportation, as well as the reporting of crimes were considered, as these transactions are assumed to have, at the very least, an even distribution among different socioeconomic levels, or an over-representation of lower-income earners.[8] The data show that while 42 percent of university-educated people (completed or not completed) report having carried out a transaction in the last 12 months, only 16 percent of people with no university education, and 23 percent of people with one or two years of schooling, say that they have completed a transaction in the same period.

The fact that low-income people carry out fewer government transactions, even to access services that in theory would benefit them, has negative implications: government programs are not reaching their target beneficiaries, which reduces public policy effectiveness. If a low-income parent is not allowed the time to obtain a birth certificate for his daughter, he will not be able to enroll her in school, generating a negative impact not only for the family, but also for society, in both the short and the long term.

[8] The same relationship is observed when only identity transactions and social programs are selected.

Figure 1.23
Percentage of People Who Completed a Transaction in the Last Year, by Educational Attainment



download data

Source:
Authors' elaboration based on Latinobarómetro (2017).

Note:
Figure shows the percentage of people who reported having completed at least one government transaction in the last year. This includes transactions related to identity/civil registry, social programs, health and education, transport and reporting of crimes.

The literature confirms the link between the difficulty of access—or government transactions—and participation in social programs (Brodkin and Majmundar, 2010; Herd and Moynihan, 2010). Kabbani and Wilde (2003) showed empirically that an increase in the number of requirements to sign up for food stamps in the United States resulted in a decline in the number of low-income households participating in the program. Similarly, a survey by Bartlett, Burstein, and Hamilton (2004) of individuals eligible for food stamps revealed that 40 percent of them had failed to apply owing to the complexity of the forms and requirements, and 37 percent reported that the difficulty of finding the hours needed to complete the application, given their family responsibilities, was a factor.

Box 1.6

Colombia: Clear Language as a Means of Simplification

In 2011, the National Citizen Services Program (Programa Nacional de Servicios al Ciudadano) of Colombia's National Planning Department (Departamento Nacional of Planeación, or DNP) launched its Clear Language Strategy (Estrategia de Lenguaje Claro), with a view to improving communications between government and citizens by simplifying the language used in public documents, forms, and letters. This strategy, which is part of Colombia's commitment to the Open Government Partnership (OGP), has been developed and implemented in 115 of the country's public institutions and has resulted in simplifying more than 100 forms, documents, and letters issued by public entities. With this strategy, the Colombian government seeks to improve the quality of its relationship with citizens and boost their trust in the public sector. It also seeks to promote social inclusion and guarantee that citizens have full access to their rights, increase citizen participation, and promote transparency and access to information.

The strategy comprises a variety of instruments for public institutions at the local, municipal, and national levels, which are facilitated by the DNP:

- **Simplification laboratories** : In these "simplification labs," citizens and civil servants analyze forms and communications in focus groups and propose changes in language, format, and other aspects so that they become easier to understand and more accessible for the average citizen. The documents simplified in the labs are selected through a contest held among public entities, which put forward the communications they wish to simplify, and which are selected according to their impact on citizens. To date, three editions of the contest have been completed; the most recent one, launched in October 2017, will prioritize the "translation" of a clear language of communications for government transactions, services, and programs related to the post-conflict era.

- **Clear language courses and manuals**: A virtual course for civil servants presents the main aspects of clear language, both written and verbal. The manuals (one detailed and another summarized into 10 steps) provide detailed and precise recommendations for communicating in clear language, providing examples, advice, and strategies for language, form, and length, among others, to be taken into account when designing communication materials for interactions with the public.

Source:
National Planning Department of Colombia

Problem 4

Face-to-Face Transactions Generate Costs for Government

Inefficient government transactions create costs for government. The first direct cost arises from service provision, an expense that finance ministries must include in the budget. Inefficient transactions mean that governments must spend resources on civil servants whose job it is to resolve queries, reject applications, and review millions of documents. This could be avoided by demanding fewer requirements, establishing interoperable systems, or having a digital channel to process more transactions. In the current situation in the region, where 89 percent of government transactions are carried out in person, this is particularly important.

Face-to-face transactions are very expensive to administer. Calculations made using information from Australia, Mexico, Norway, and the United Kingdom[9] show that transactions completed through a face-to-face channel are between 20 and 42 times more expensive to provide than through a digital channel. In Mexico, providing a transaction face-to-face costs almost US$9.10 (Presidency of the Republic of Mexico, 2014). Assuming that this average cost was the same for all the approximately 360 million federal and state government transactions provided face-to-face,[10] the total cost of providing face-to-face transactions would reach nearly US$3.3 billion per year, equivalent to 23 percent of federal spending on education.[11] Likewise, a comparison of the costs of providing such services in Mexico, Norway, and the United Kingdom suggests that Mexico (and probably other countries in the region, although there is no evidence that would enable such a comparison to be made) have room to improve their efficiency: while Mexico's gross domestic product per capita is equivalent to 25 percent of the United Kingdom's and 17 percent of Norway's, the unit cost of its service provision is 60 percent and 64 percent of those countries, respectively[12] (Pareja [2017], based on Kernaghan, 2012; Local Government Association, 2014; and Deloitte, 2015).

[9] These data are presented in detail in Chapter 2.

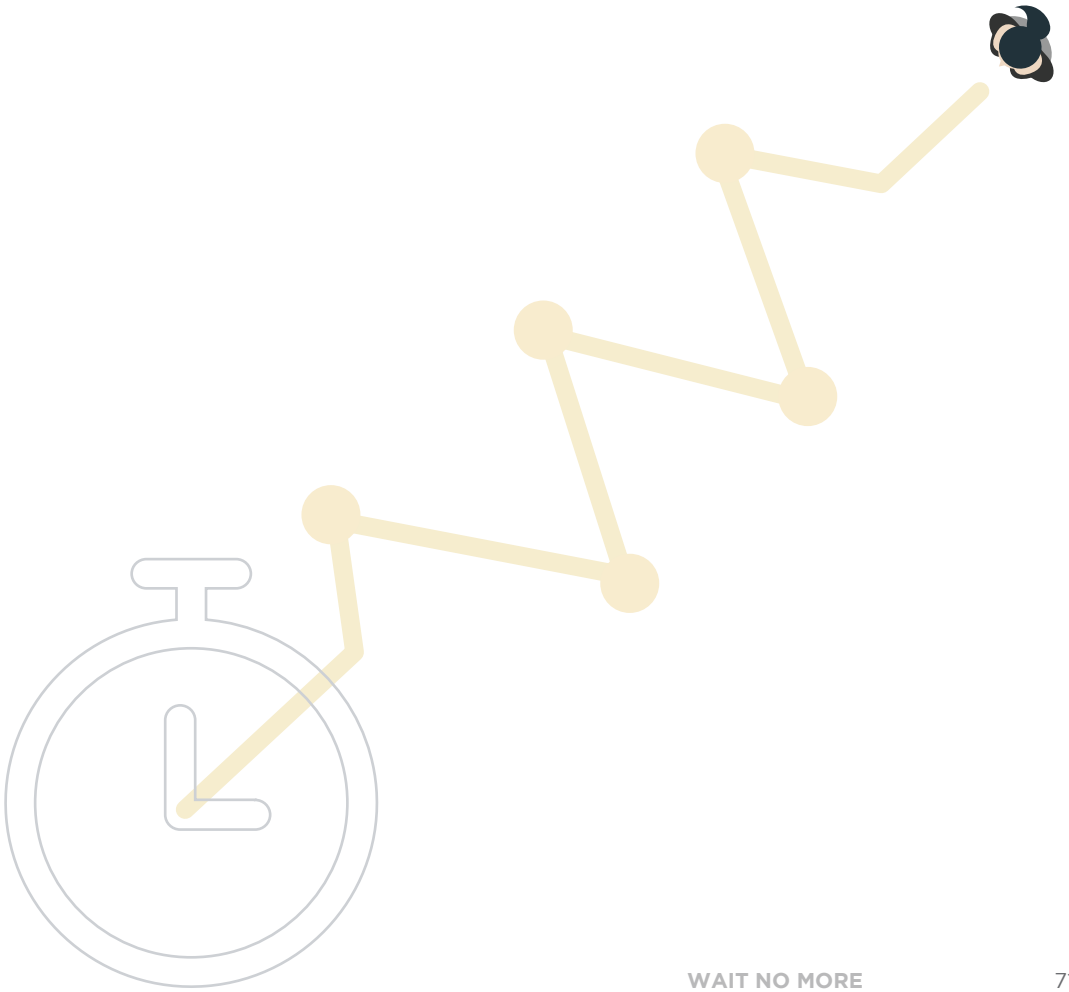
[10] In total, 400 million government transactions were included, excluding the 10 percent of transactions that are partially completed online (see Chapter 2). This a conservative estimate, since a portion of the transactions carried out partially online also have a face-to-face element that is excluded from the calculation.

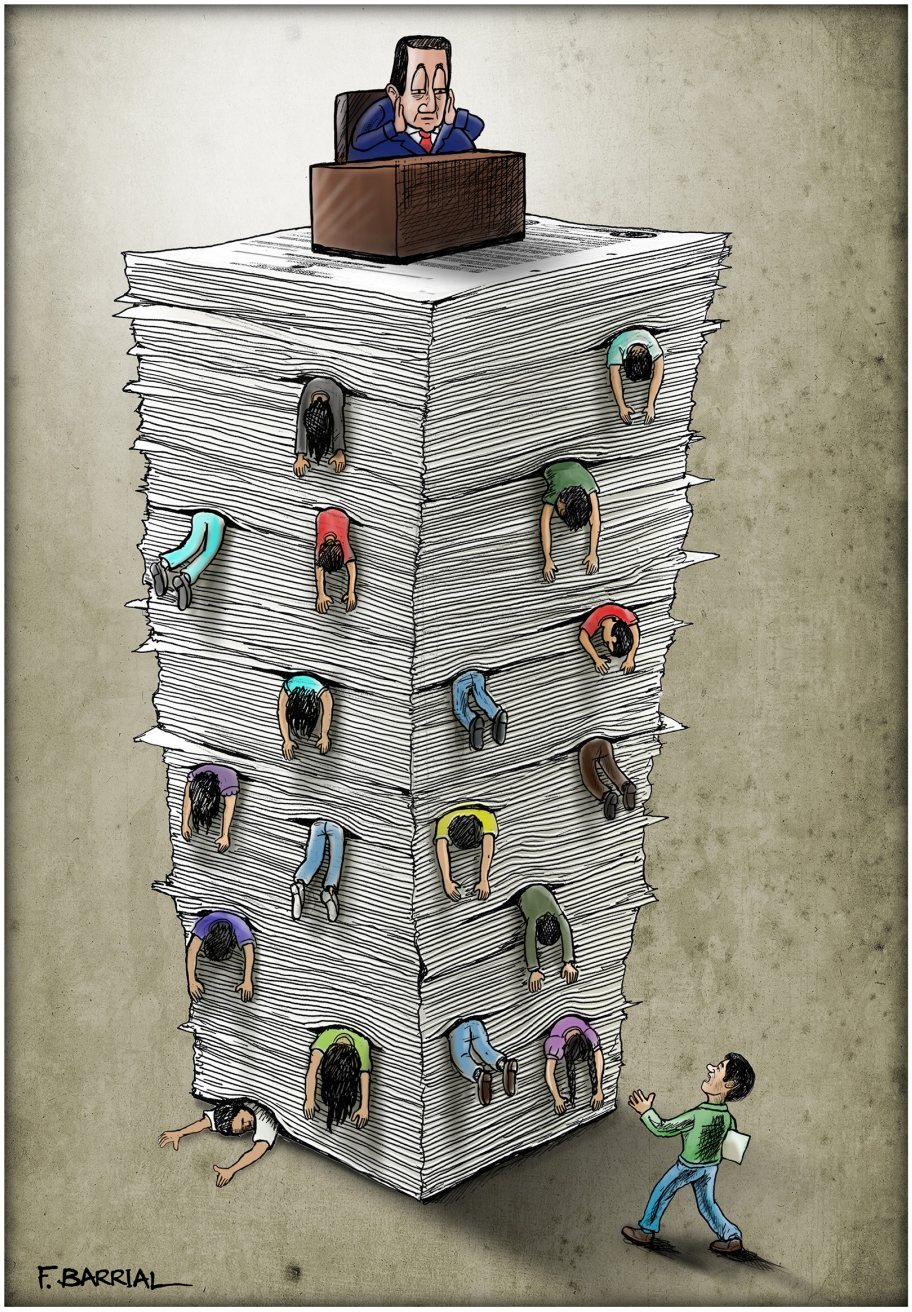
[11] This is based on a Public Education Secretariat (Secretaría de Educación Pública) budget of around MXN 267 billion and an exchange rate of MXN 18.52 per US$1. Source: Federal Budget for Tax Year 2017 (Presupuesto de Egresos de la Federación para el Ejercicio Fiscal 2017).

[12] The average unit cost for service provision in the United Kingdom is US$15.32 and in Norway, US$14.01.

Furthermore, inefficient transactions carry an image cost for government. A bad experience with a transaction diminishes citizen satisfaction and undermines trust in government, generating room for corruption in service provision. This diminishes satisfaction, insofar as the difficulty of completing the transactions increases, leaving individuals with a poor image of the government and a feeling that their quality of life is being diminished.

Finally, government transactions are costly in terms of policy effectiveness. The exclusionary effect, which makes it more difficult for low-income people to carry out government transactions, means that public policies fail to reach their target beneficiaries. A similar phenomenon may be occurring in the context of tax compliance: there is evidence of a positive correlation between the complexity of tax transactions and the tax evasion rate (Cox & Eger, 2006; Pau et al., 2007; Richardson, 2006; Saad, 2014). Likewise, there is literature that proves the link between regulatory barriers to access and business formalization rates, and between formalization and productivity (Djankov, 2009). To summarize, cumbersome transactions result in ineffective public policies, as beneficiaries are either unable to access services or decide against doing so.





Title: *La espera* (The wait)
Author: Fernando Barrial
Country: Peru

SECTION II
Why Are Government Transactions So Difficult?

SECTION SUMMARY

Government transactions are difficult to complete for four reasons: (i) the government's lack of awareness of the real citizen experience, which leads government to not prioritize improving transactions and designing appropriate solutions; (ii) high regulatory complexity, which leads to the existence of many transactions with many requirements; (iii) scant inter-institutional coordination and collaboration, which requires citizens to obtain information from one institution to pass on to another, which increases the number of steps needed to complete a transaction; and (iv) government distrust of its own citizens, which leads to the imposition of high barriers to access transactions; public managers unable to trust their counter clerks, which entails rigidities in service provision and excessively long resolution times; and mistrust among people, which leads citizens to accept a high degree of difficulty in exchange for (perceived) greater protection against abuse by others.

Lack of Awareness About Citizens' Experience

Anecdotal evidence may be abundant, but without hard evidence it is impossible for the government to understand the reality of the citizens' experiences with government transactions and, therefore, difficult to take measures to improve them. Information on various aspects is required to identify the priority areas, size up the problems, and focus on the causes: what the most common transactions are, which of them are the most complicated to carry out, who the users are, and what the main bottlenecks are in access and service provision, among others. In the absence of knowledge about citizens' experience, transactions are likely to be designed according to the needs of public institutions rather than those of the citizens. The necessary information can be gathered in many ways, ranging from household surveys to direct observation, from applying the SCM (see Box 1.2) to analyzing hits on websites.

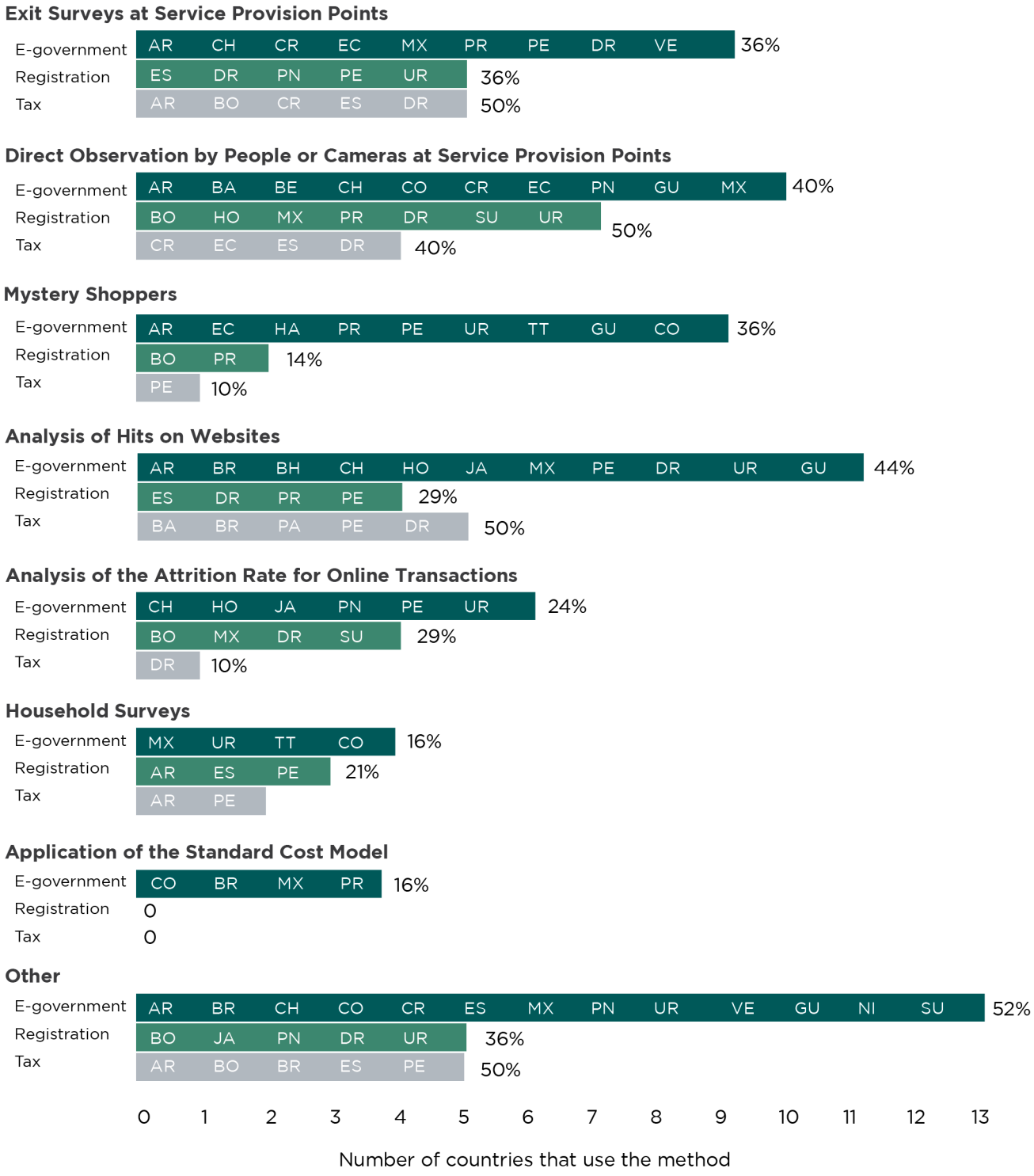
The surveys of e-government directors and senior managers of tax authorities and civil registries indicate that few countries attempt to learn about people's experiences (see Figure 1.24). Evidence of this is that the most common type of analysis region-wide, which consists of counting the number of hits on transaction websites, is only conducted on the small proportion of transactions that are conducted online.

The countries whose e-government agencies report having conducted the most initiatives to learn about people's experiences are Mexico, with six methods employed in the last 12 months, and Argentina, Chile, and Uruguay, with five. There is a concentration of countries with few initiatives in the Caribbean: Barbados, Bahamas, Belize, and Suriname reported having used only one method, and Guyana, none at all.

It is, however, worth highlighting that this is more a sign of good intentions that an evaluation of the quality of information at the disposal of decision makers, because the scope of the initiatives reported is unknown. It is possible that one rigorous and regularly applied method will generate high-quality information, while a range of superficially applied methods will fail to yield any useful information.

Figure 1.24

Methods of Analyzing Citizens' Experiences with Government Transactions Employed in the Last 12 Months



Source:
IDB-GEALC Survey (2017).

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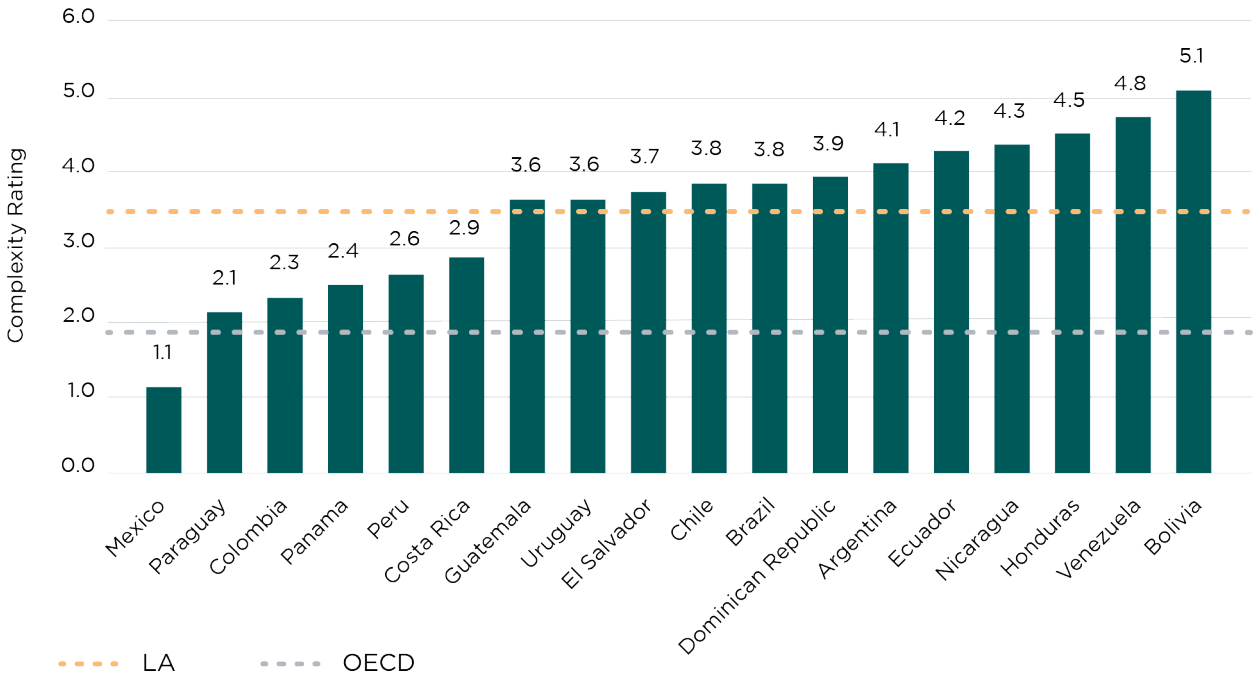
Notes:
Responses were received from 25 e-government authorities, 14 civil registries, and 10 tax offices. The percentages reflect the number of countries that reported carrying out one activity from the corresponding total. The "e-gov" responses include some activities carried out by other central agencies apart from e-government authorities: SCM (Colombia, DNP), CONAMER (Mexico), and Brazil (five states); mystery shoppers (Colombia, DNP), and household surveys (Colombia, DNP).

High Regulatory Complexity

Latin America is a region of high regulatory complexity and, consequently, there are many government transactions with many requirements. Figure 1.25 reveals that, in 2013, Mexico was the only country in the region with a level of regulatory complexity in the product market below the Organization for Economic Cooperation and Development (OECD) average.

In principle, regulation serves many purposes, ranging from protecting citizens, the environment, or social programs to encouraging fair competition. The transactions correspond to administrative actions associated with regulatory compliance. For example, a health certificate for restaurants seeks to protect citizens from consuming food that might make them ill, a license to fell trees can help ensure that this activity is carried out in a controlled manner and without unduly impacting the environment, while a compulsory driver's license mitigates the risk of traffic accidents caused by people who do not know how to drive. Nonetheless, an excessive, complex,

Figure 1.25
Complexity of Regulatory Transactions



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Source:
IDB and OECD (2016).

Note:
The "complexity of regulatory transactions" indicator is a sub-indicator of the OECD's Product Market Regulation (PMR) measure, with data from 2013. This indicator is part of the set of indicators of product market regulation at the economic level and focuses on government transactions related to licenses and permits. The sub-indicator has a scale of 0 to 6, where 6 is the most restrictive. The PMR indicators are based on data related to laws and regulations. It is calculated by aggregating 18 secondary indicators. The aggregate indicator is the simple average of the following modules: (1) state control, (2) barriers to entrepreneurship, and (3) barriers to trade and investment.

and contradictory regulatory framework can mean that there are too many transactions, with numerous requirements that make the processes complicated and inefficient.

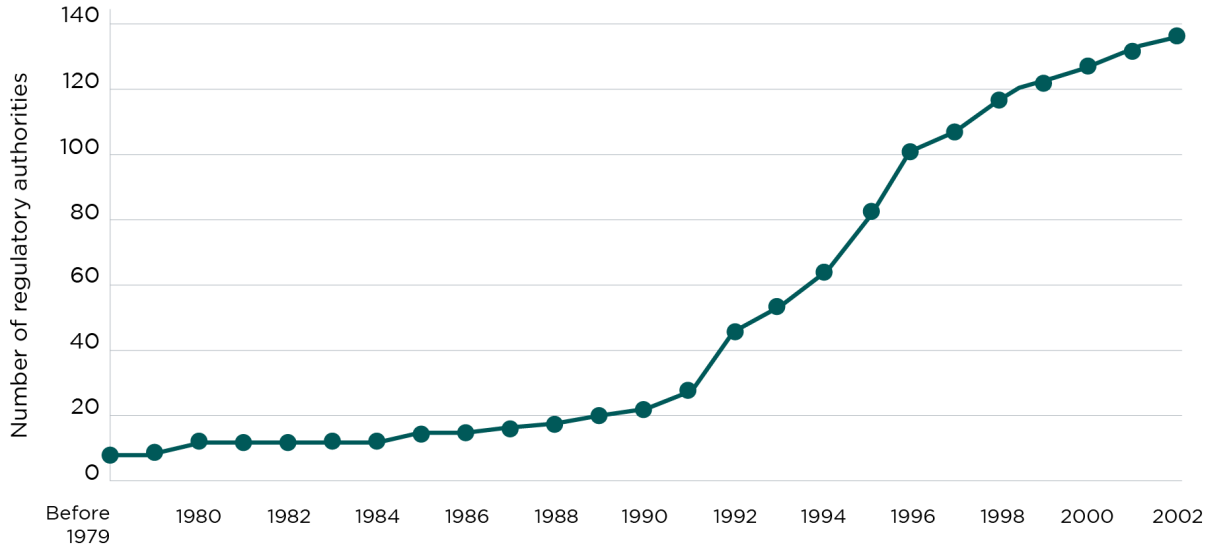
Starting in the 1990s, the number of autonomous regulatory authorities in Latin America has grown exponentially. It rose from 15 entities in 1980 (the majority in the financial sector) to 134 in 2002, in 12 sectors of the economy[13] (see Figure 1.26) (Jordana and Levi-Faur, 2003). The creation of regulatory agencies reflects the expansion of the state's role in the economy, sometimes as a result of privatization processes (UN, 1999) and others as a result of innovation, technological change, and the creation of new sectors to regulate (OECD, 2014). Despite this growth, few countries have undertaken wide-ranging initiatives to rationalize and coordinate existing regulations and regulatory production. Proof of this is that, in 2017, only five countries in the region had entities responsible for regulatory improvement (OECD, 2017).

An excessive, complex, and contradictory regulatory framework can lead to the existence of too many transactions, with numerous requirements that make the processes complicated and inefficient.

An example of this phenomenon can be seen in Colombia, where 77 different entities at the national level issue regulations. At the end of 2017, the implementation of ex ante regulatory impact evaluation was not

Figure 1.26

Diffusion of Autonomous Regulatory Authorities in Latin America (19 countries, 12 sectors)



Source:

Jordana and Levi-Faur (2003).

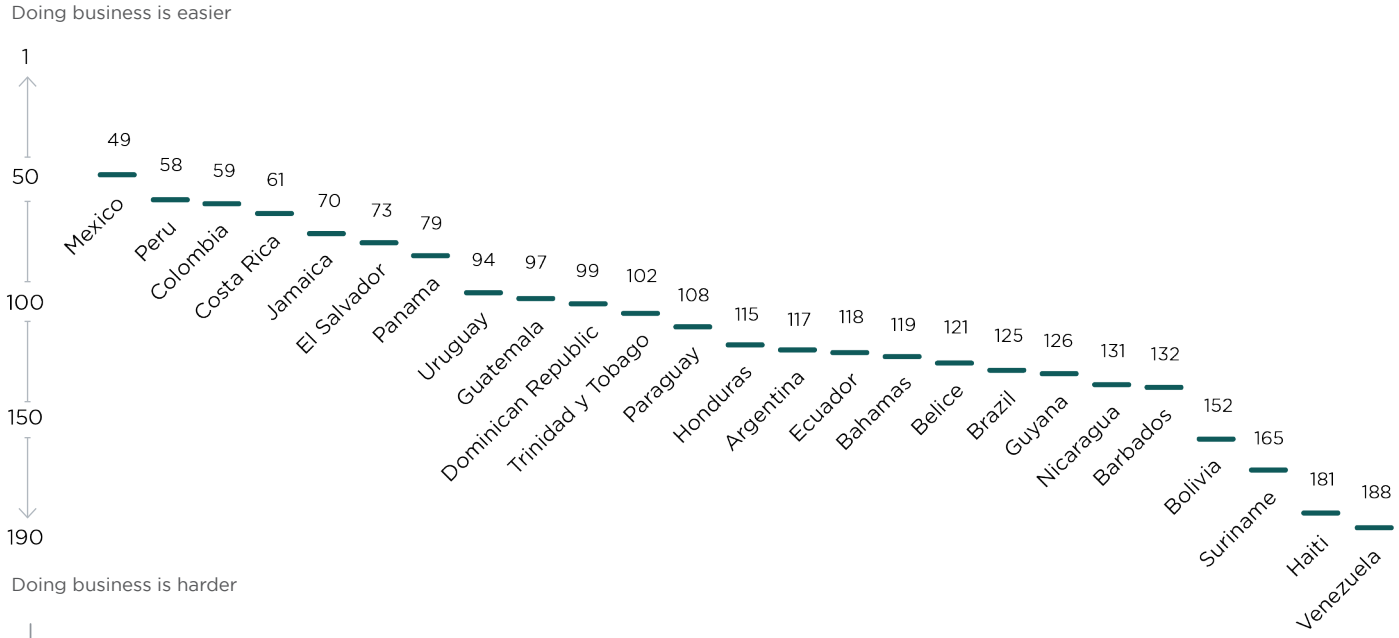
[13] Sectors: competition, telecommunications, electricity, gas, water, post office, central bank, stock markets, financial services, food safety, pharmaceutical, and environmental.

systematic. Starting in 2000, approximately 4,000 new regulations were issued per year and, following constant growth, this number had risen to approximately 9,200 by 2016 (DNP, 2017b).

Apart from the benefits associated with regulation, this dynamic generates additional costs for both citizens and firms. According to the OECD (2010), "the administrative burden has tended to grow in both quantity and complexity in response to government needs to obtain information in order to implement its policies and target its regulations and instruments."

In this context, it is hardly surprising that LAC countries perform poorly on the Doing Business[14] indicators, which measure the ease of doing business in a country in matters such as obtaining permits to start a business, building permits, and registering property, among others. In 2017, of the 189 countries included in the measurement, only one LAC country was among the top 50 and only nine figure among those between 51 and 100. Of the five countries with the least regulatory complexity (from best to worst: Mexico, Peru, Colombia, Costa Rica, and Jamaica), three are also among the five best rated in the Doing Business indicators (Mexico, Colombia, and Peru), which confirms the close relationship between regulation and ease of doing business.

Figure 1.27
Ranking in Doing Business 2017:
Ease of Doing Business (out of 190 countries, where 1 is the best)



download data

Source:
World Bank (2017).

[14] See: http://www.doingbusiness.org/rankings.

Box 1.7

Peru: Simplification Through Regulatory Reform

Excessive state bureaucracy was identified as the foremost impediment to doing business in Peru in 2016 and the second in 2017, after corruption (World Economic Forum, 2016, 2017), and a barrier to citizen satisfaction with the government (Ciudadanos al Día, 2013). To tackle this problem, the Government of Peru decided to embark on a series of ambitious reforms. Some of them attack the inefficiency of government transactions through regulation. Led by the Presidency of the Council of Ministers (Presidencia del Consejo de Ministros), the government issued a series of reforms for simplifying, standardizing, and improving regulatory quality that promote the improvement of transactions in the public sector.

- **Cutting unnecessary red tape:** Decree 1310 (2016) requires the implementation of an analysis of the regulatory quality of all administrative transaction regulations issued by all entities of the executive branch with a view to "identifying, reducing, and/or eliminating those that are unnecessary, unjustified, disproportionate, or redundant." This guideline applies both to existing regulations (the stock) and to those that might be issued in future (the flow). The implementation mechanism is categorical: every administrative transaction regulation whose analysis of regulatory quality is not referred to the Multisector Regulatory Quality Commission (Comisión Multisectorial de Calidad Regulatoria) within three years of its coming into force will be automatically annulled. With regard to existing regulations, a period up to December 31, 2018, was established for validation. In the case of new regulations, or amendments of existing regulations, those that lack regulatory quality analysis will not come into force. Likewise, the Council of Ministers (Consejo de Ministros) must approve all the regulations, and the approvals will have a maximum validity of three years.

- **Limiting requirements and promoting interoperability:** Legislative Decree 1246 of 2016 establishes a package of measures that go to the heart of administrative simplification and the use of digital government for facilitating transactions. Some of the main measures are:

  i) Requiring public institutions to exchange data through the interoperability platform. In the case of data covered by the personal data protection law (No. 29733), the public entity must obtain the explicit consent of the citizen before sharing such data.

  ii) Prohibiting requests for information from the citizen that could be obtained through the interoperability platform.

  iii) Prohibiting requests for documents that could be obtained from public registries, such as the national identity document or copies of the birth certificate.

  iv) Eliminating expiration of the national identity document as an impediment to its use as proof of identity.

  v) Prohibiting the demand for legalization of signatures by a notary. The Decree contains a specific arrangement that describes the disciplinary administrative consequences that will result from non-compliance with these rules by any civil servant.

These regulatory arrangements are part of a coordinated set of actions in the areas of regulation, institution-building, technology, and management, in the context of a project with the IDB: the Project to Improve and Expand Support Services for National Service Delivery to Citizens and Enterprises (PE-L1222).

Sources:

IDB (2017), Legislative Decree 1310 (2016), Legislative Decree 1246 (2016).

Lack of Inter-institutional Coordination and Collaboration

In most countries in the LAC region, citizens play the role of messenger to complete their government transactions. They must go to one institution to request a birth certificate, another to obtain a criminal record certificate, and so on until they arrive back at the original institution where they can finally complete their transaction. This happens, to a large degree, because of the lack of coordination between government institutions, which fail to communicate among themselves and to exchange the information that they already possess about citizens (also known as the "silo culture"). In more advanced countries, the exchange of identity information takes place within the government, not via the citizen (see Chapter 3).

There is a lack of coordination between government institutions, which fail to communicate among themselves and to exchange the information that they already possess about citizens.

The fact that 40 percent of government transactions carried out in Latin America are related to identity seems to confirm this reality (Figures 1.2 and 1.3). Identity and registration documents (e.g., citizenship cards and birth certificates) or copies are required for many transactions, as verifying identity is a precondition for most transactions. One factor that increases the prevalence of registration transactions is the fact that some civil registries issue certificates with expiry dates. Part of the reason for this practice is financial: the fees collected for certificates are often one of the main sources of financing for the registration agencies. This is the case in some Mexican states, where registration certificates are issued by municipal authorities, which depend on the revenues that the certificates bring in.[15]

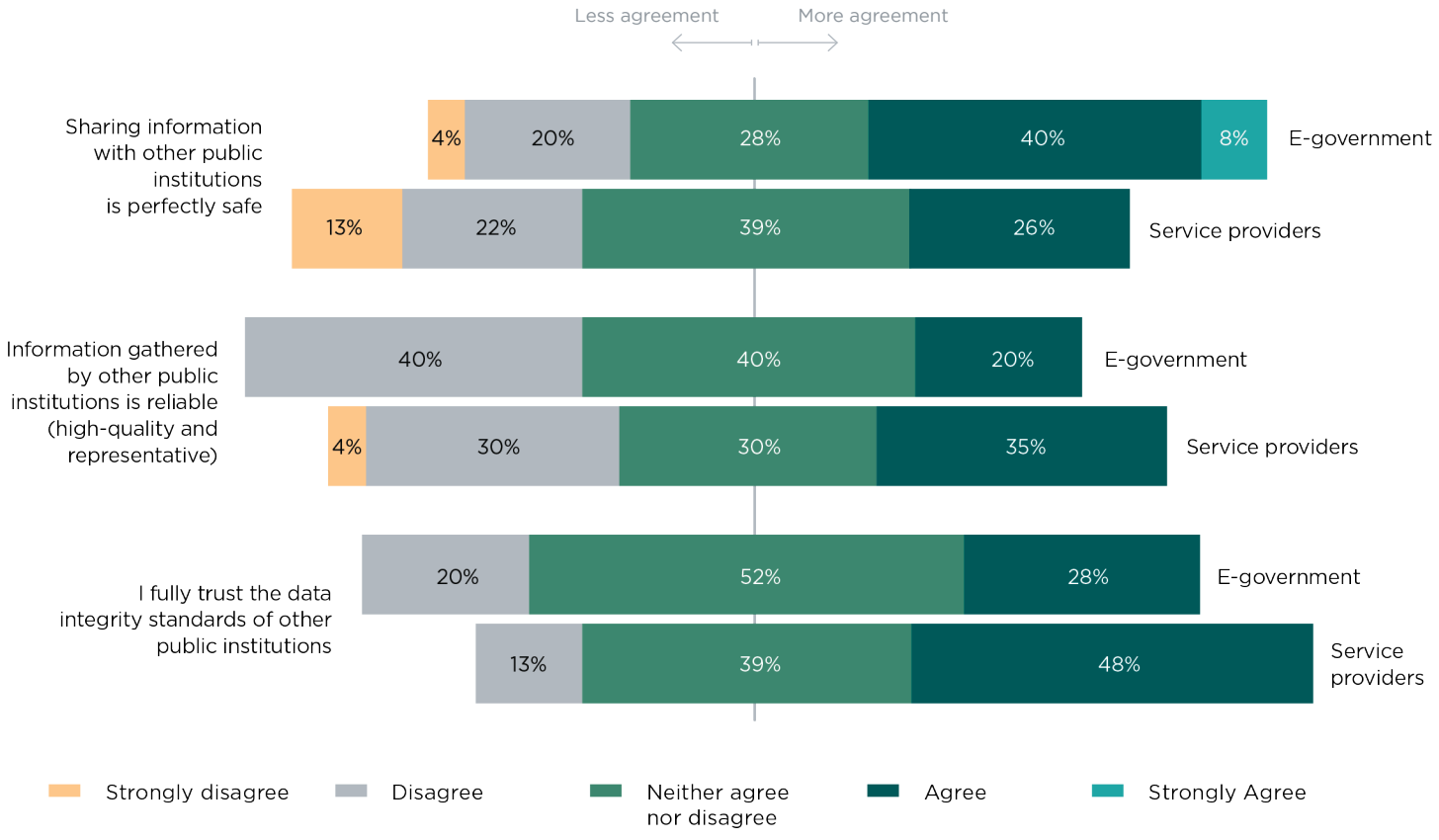
Silo culture also has negative impacts for government. If each entity provides computerized solutions for its transactions, this leads to tremendous inefficiency, as the same functionality can be implemented various times by different departments (e.g., user authentication, scheduling appointments), possibly with different technologies and duplicated data. Moreover, because of this duplication and lack of exchange between institutions, different entities may have inconsistent information about citizens.

[15] In other Mexican states (such as Jalisco, 2017), birth certificates can no longer expire.

Various factors are behind this lack of collaboration. First, there are vested interests, such as those at the registration agencies, which may benefit from the budgetary perspective by charging for certificates. Second, there is a widespread perception that having information gives an institution power and, in many cases, sharing it would imply losing this advantage to other institutions (Gascó, 2011a; Kolekofski Jr. and Heminger, 2003). At the same time, some e-government directors and senior managers of service providers have doubts about the safety of sharing with, and using data from, other institutions (see Figure 1.28).

Chapter 3 explores how some successful countries managed to tackle the silo culture to foster inter-institutional cooperation and improve citizen services.

Figure 1.28
Perceptions About Data from Other Public Institutions and Its Safety
(according to e-government directors and senior managers of service-providing institutions)



Source:
IDB-GEALC Survey (2017).

download data

Box 1.8

Jamaica: Facilitating Coordination and Simplifying Government Transactions by Establishing a Better Identification System

Presently (end 2017), Jamaica does not have a universal and reliable identity document. This has led to a proliferation of functional documents issued by various public entities, with varying degrees of security and coverage. A recent audit revealed that in more than 1 percent of the main registries, the Tax Registration Number might have been duplicated (which suggests that some people had assumed multiple identities to evade paying taxes). Furthermore, no document contains digital information, which means that every identity verification process must be manual. Finally, there is no interconnectivity among the databases that store information about the various identity documents.

This situation leads both public institutions and private firms to demand multiple proofs of identity to carry out transactions. Thus, citizens must first carry out government transactions with the institutions that issue the functional documents before moving on to the transactions they wish to complete. For example, up to three proofs of identity are needed to obtain a passport: a birth certificate, a driver's license, and a voter identification card, in addition to a photograph certified by a local magistrate. The demand for multiple proofs of identity also imposes costs on the public institutions that administer transactions relating to services with a broad scope. The National Insurance System, for example, employs 42 people dedicated chiefly to reviewing proofs of identity and eligibility and to manually entering applicant information into its databases.

To remedy the fragmentation in identity documents, enhance security, and speed up public and private transactions that require verification of identity, Jamaica has embarked on a transition toward a system based on a single, universal identity document, containing the biometric information of its bearers. This transition, and the maintenance of the new document and the new National Identification System (NIDS), will be managed by a new institution, the National Identification and Registration Authority. Likewise, the government will digitalize the entire store of civil registration certificates and train public sector and private sector entities, especially banks, on how to use the NIDS to verify identities.

It is hoped that this transformation will enhance the integrity of identity data, reducing both transactional costs for citizens and operating costs borne by the public and private entities obliged to verify identity before providing a service. The new single identity document, moreover, will form the backbone of the digital services ecosystem, enabling public institutions to provide online services based on a robust system of digital verification and interoperability that facilitates the exchange of data between public institutions to simplify transactions for citizens.

The creation of the NIDS is backed by an IDB loan: Implementation of the National Identification System (NIDS) for Economic Growth (JA-L1072).

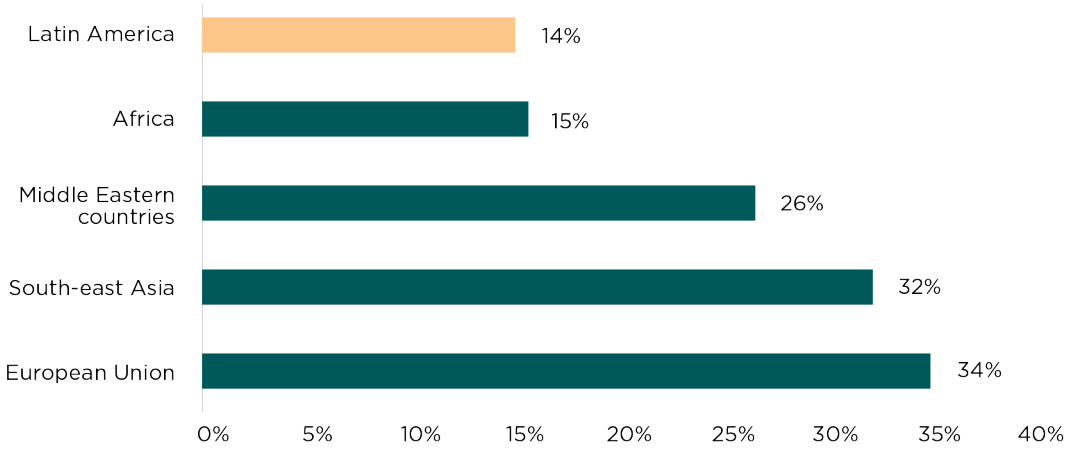
Source:
IDB (2017b).

High Levels of Distrust

Two social characteristics that are endemic in the region—high levels of distrust (see Figure 1.29) and a widespread belief in rules (Figure 1.30)—combine to exacerbate the difficulty of conducting transactions. By believing that rights and responsibilities are susceptible to abuse by citizens, firms, and even civil servants who deal with the public, and that the imposition of rules and requirements can mitigate this risk, public managers tend to make government transactions more complex than they need to be. Furthermore, due to the same mistrust, citizens end up accepting the situation. This section seeks to explore various aspects of this unfortunate equilibrium.

The high levels of distrust lead governments to prioritize protection from abuse over the quality of the citizen experience.

Figure 1.29
Latin America Is the Least Trusting Region in the World
(% of people who said that they trust others)



Source:
Authors' adaptation from O'Donnell (2017), based on data from Eurobarometer (2014); Asiabarometer (2012); Arabarometer (2010-11); Latinobarómetro (2017); Afrobarometer (2011-12).

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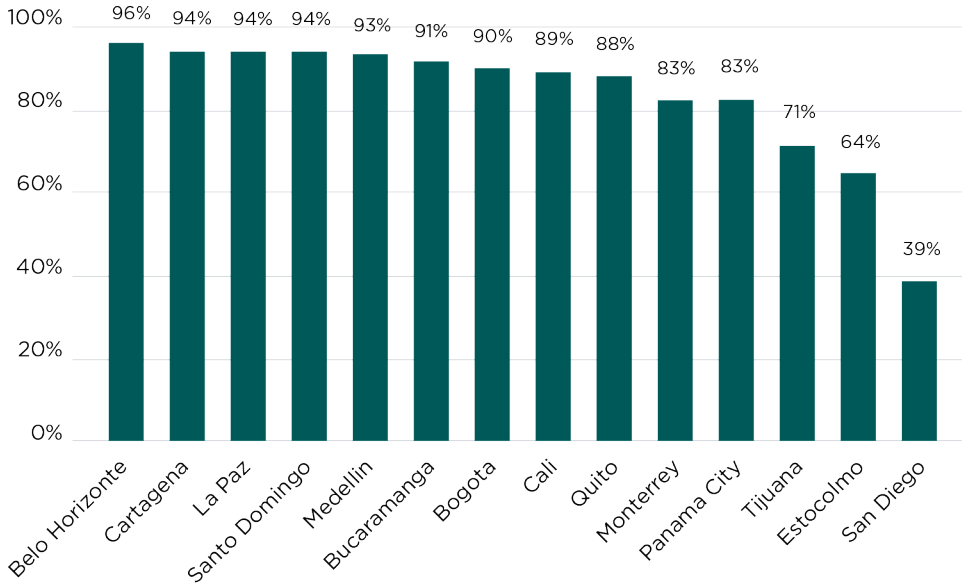
Figure 1.30
Latin Americans Believe Deeply in Rules
Percentage of people who reported that the words "rule" or "regulation" provoked a positive response



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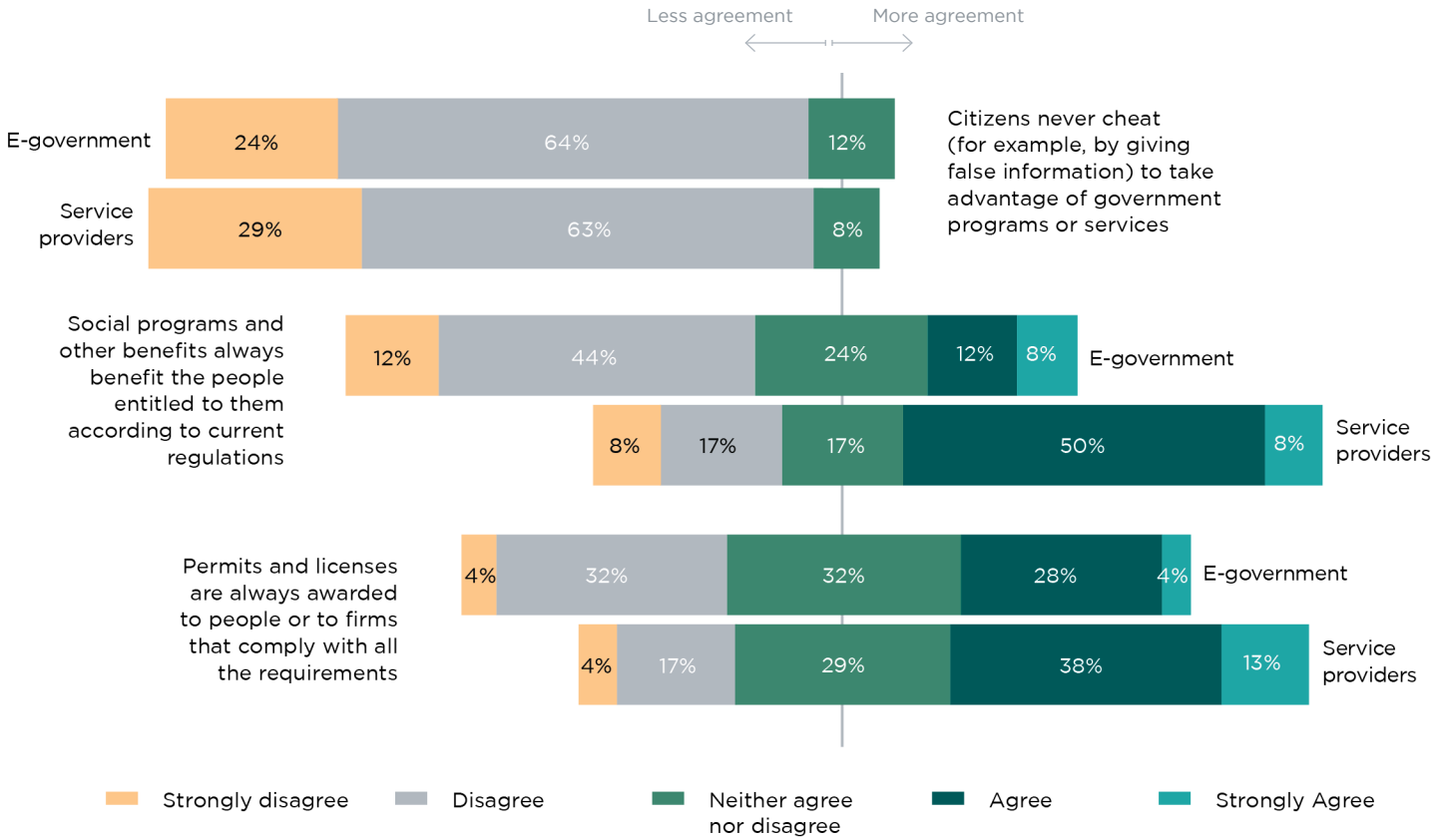
Source:
Murraín (2015).

The State Distrusts the Citizen and Protects Itself by Imposing Requirements

In many countries of the region, government leaders believe that people who apply for services or programs try to abuse the system and obtain benefits undeservedly. This risk of abuse, consequently, creates a justification for imposing tougher barriers and more requirements as a way of ensuring that citizens who receive benefits are the ones targeted and that public resources are not spent on those who are ineligible. This distrust may apply to only a few people, but if the government builds controls into its programs to protect itself from the most extreme cases, it ends up being applied to all citizens.

According to a survey of senior managers of e-government agencies, civil registries, and tax authorities, there is general suspicion that citizens try to access services improperly at least some of the time (IDB, 2017a).[16] Around 90 percent of those interviewed hold this opinion, which is shared among representatives of the three types of institutions, without major variation between them (Figure 1.31). In general, they perceive that there is more vulnerability in the case of social programs than in those pertaining to permits and licenses.

Figure 1.31
Senior Managers Believe that Citizens Cheat and that Government Programs Are Vulnerable



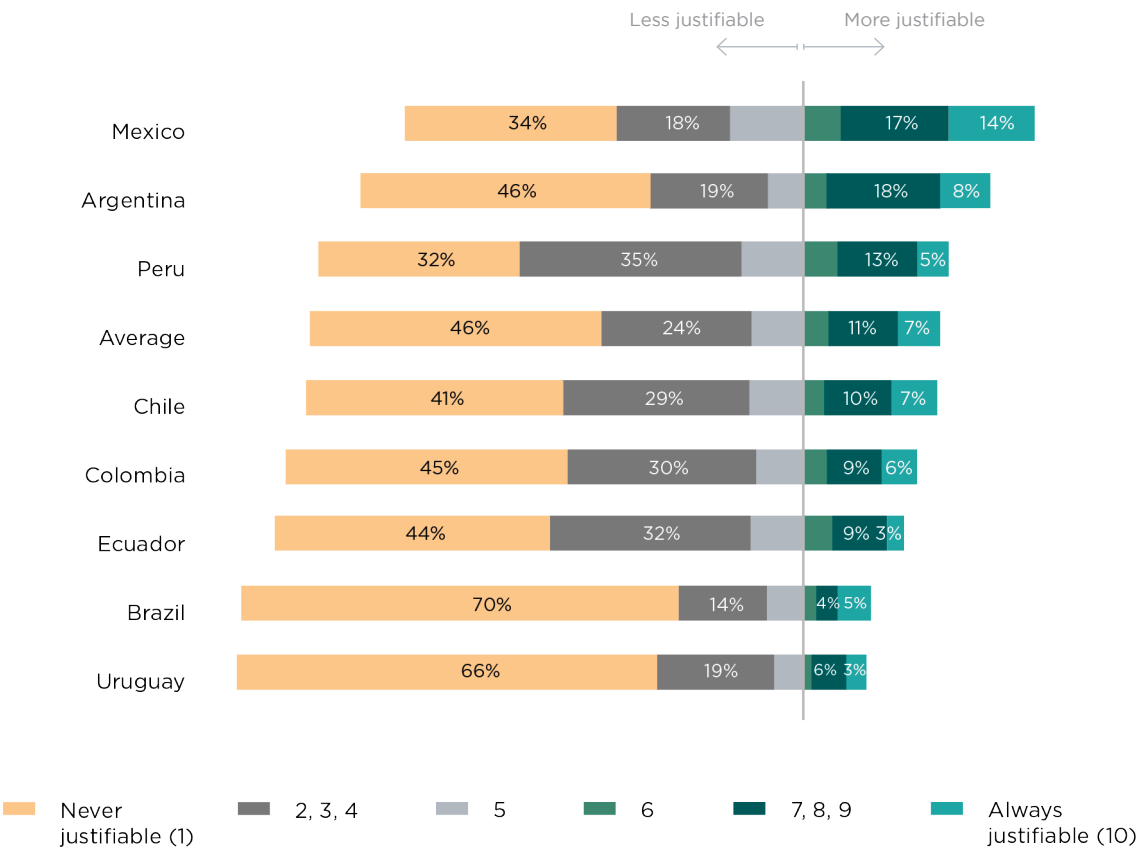
Source:
IDB-GEALC Survey (2017).

download data

[16] Responses were received from 25 e-government agencies or equivalent authorities, 14 civil registries, and 10 tax institutions.

The beliefs of public managers with respect to the citizens' inclination to cheat coincide with the beliefs of a considerable segment of the population. When citizens from nine of the region's countries were asked if they thought it justifiable to claim services from the government to which they had no right, 7 percent responded that it is always justifiable, and 22 percent considered it justifiable to a certain degree (Figure 1.32). However, in all the countries, the proportion of individuals that considers it justifiable to cheat is always a minority.

Figure 1.32
Do You Think It Is Justified to Claim Services from the Government to Which You Are Not Entitled?



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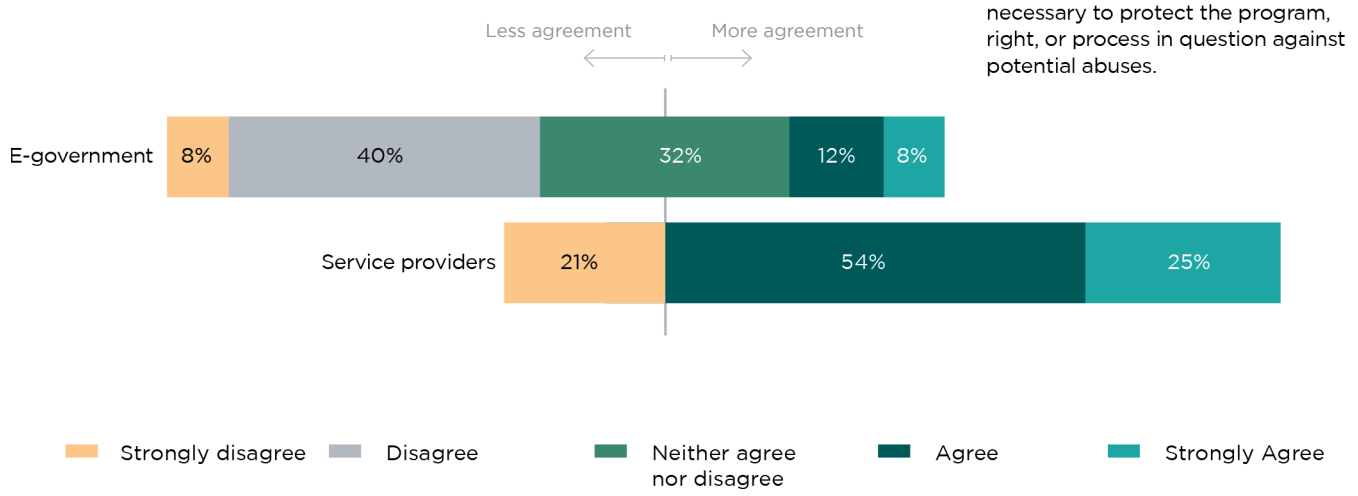
Source:
World Values Survey (2014).

With regard to the perceived usefulness of the requirements to protect government programs against fraud, there is a big difference between service providers and e-government agencies. Whereas 80 percent of senior managers of service providers consulted believe that requirements are necessary to guard against fraud, only 19 percent of e-government managers share this opinion. This difference might be due to the fact that e-government directors are aware of digital solutions that obviate the need for in-person support and at the same time offer greater levels of security.

Figure 1.33
Perception of Senior Managers with Respect to Requirements for Government Transactions

The requirements set for completing government transactions exist because they are absolutely necessary to protect the program, right, or process in question against potential abuses.



Source:
IDB-GEALC Survey (2017).

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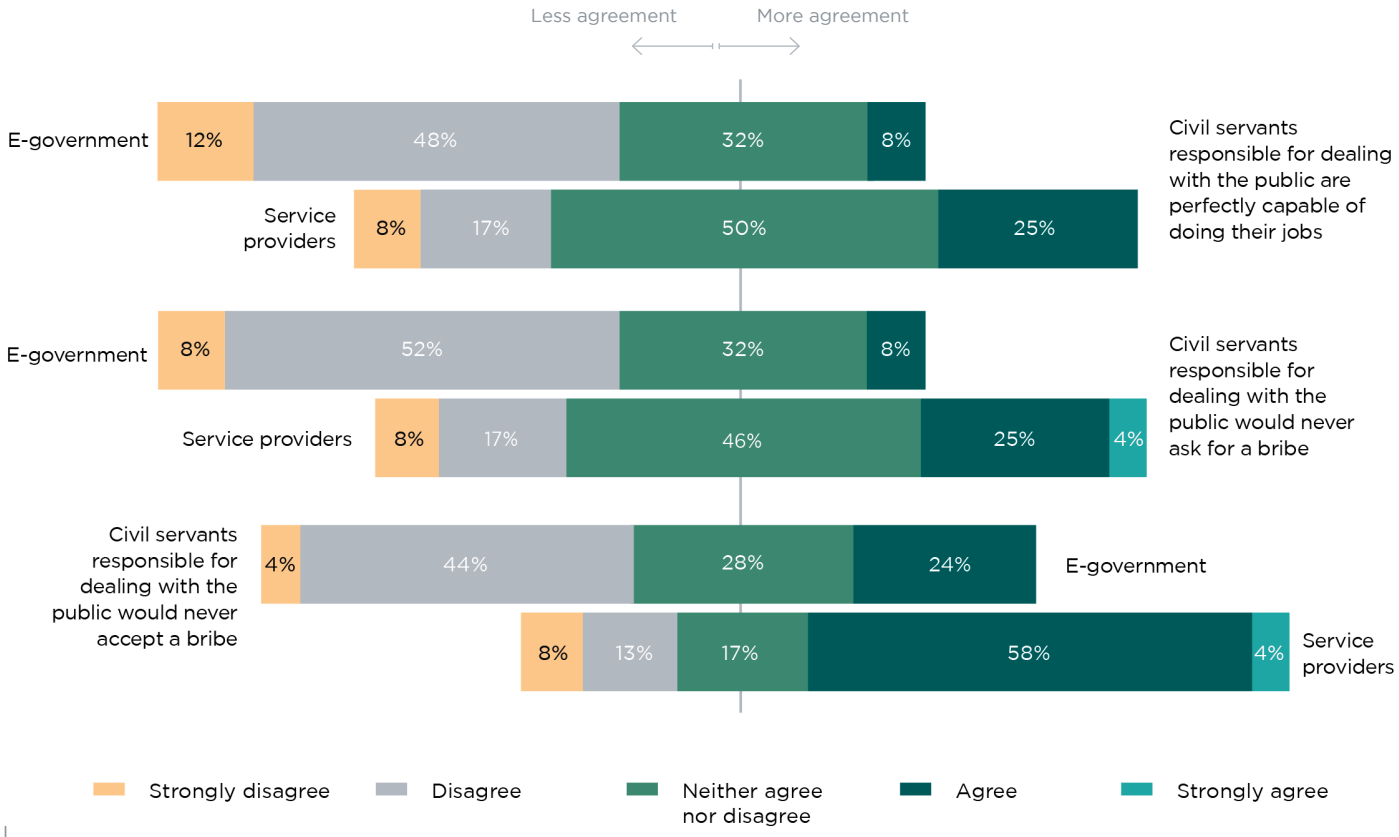
Senior Managers Distrust Counter Clerks

The government not only distrusts its citizens, senior managers also distrust the counter clerks responsible for administering government transactions (who are commonly selected with minimum training or specialization requirements). Of the public managers surveyed, 43 percent believe that counter clerks are susceptible to corruption, according to data from the IDB-GEALC Survey 2017 (see Figure 1.34). There are significant differences between institutions: whereas 59 percent of e-government directors admitted believing that civil servants responsible for serving the public are likely to demand or accept a bribe in the performance of their duties, only 24 percent of senior managers of civil registries and tax authorities share this opinion. Moreover, according to the survey, there is some doubt (more among e-government directors than among senior managers of registries and tax offices) about the capacity of frontline civil servants to do their jobs properly.

43 percent of public managers believe that counter clerks are susceptible to corruption.

Figure 1.34
Distrust of Counter Clerks



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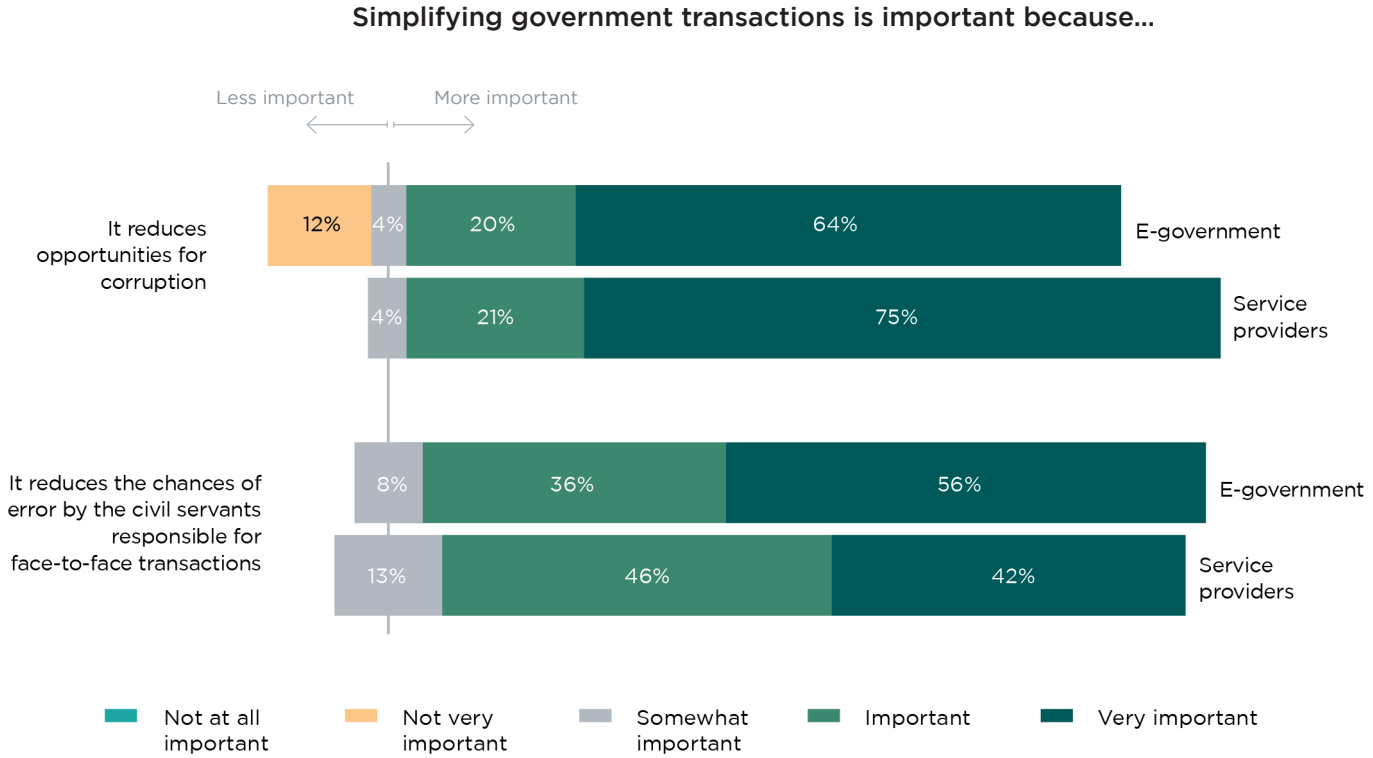
Source:
IDB-GEALC Survey (2017).

In this case, lack of trust would be a justification for various rigidities, including the limits placed by senior managers of institutions on counter clerks' decision-making powers and authority. This would explain, in part, the large number of instructions and requirements that counter clerks must follow when serving citizens, as well as the need for various levels of review for transactions. The chief negative consequence of this rigidity for the citizen would be that it lengthens the time they spend waiting at the counter and, in particular, waiting for a resolution. Kauffman (1977) argued that, if there were greater trust in public civil servants, then the government would be less inclined to limit their discretion through exaggeratedly detailed indications and prescriptions and that, in turn, much of the bureaucratic burden could be avoided if governments were ready to reduce the controls placed on civil servants.

The senior managers surveyed tend to believe that simplification would be an effective measure for remedying shortcomings in terms of both capacity and integrity (Figure 1.35).

Figure 1.35
The Potential of Simplification for Addressing Integrity and Capacity Gaps



IDB-GEALC Survey (2017).

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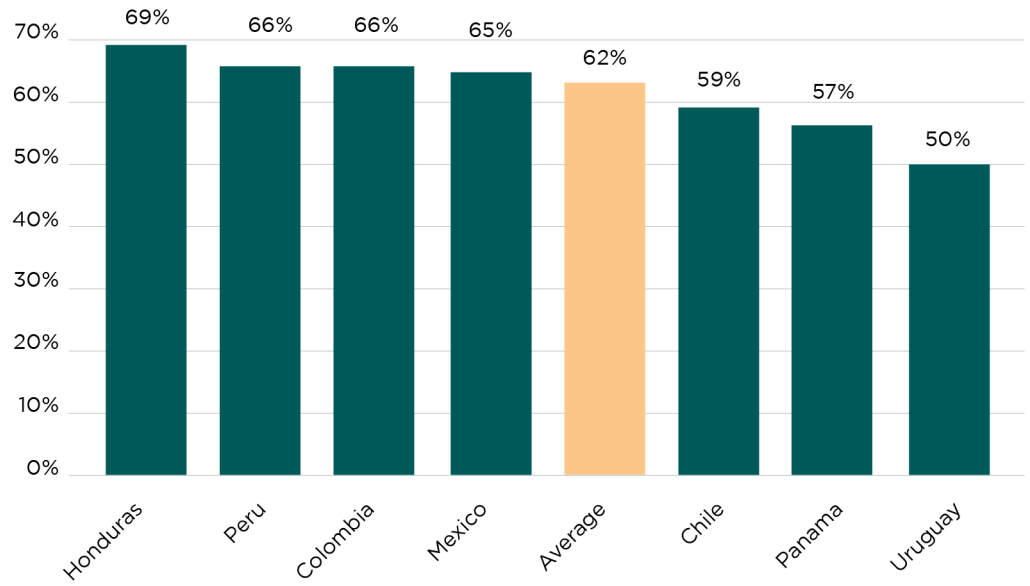
Inter-personal Trust and the Paradox of High Satisfaction

Faced with the difficulties with government transactions described above related to long wait times, multiple interactions, corruption, and social exclusion, low levels of satisfaction with transactions might be expected. However, the reverse is true: even people carrying out the most difficult transactions report that they are satisfied (including the 38 percent of people who had seven or more interactions in their last government transaction, and the 42 percent of people whose transactions took 10 hours or more to complete) (Latinobarómetro, 2017). This apparent paradox of high satisfaction, or acceptance of the high costs of access, might be attributable to people's mistrust of other citizens. In societies where the level of trust in others is low, people feel more vulnerable to violations of their rights by other citizens, which leads them to agree with the government that it should establish many requirements and make government transactions difficult. Keefer et al. (2017) found evidence that points in this direction: 62 percent of people from seven countries in the region believed that the government should impose high barriers to avoid fraud in access to services.

62% of people from seven countries in the region believe that the government should impose high barriers to avoid fraud in access to services.

Figure 1.36
Citizens Believe that Barriers to Access Are Necessary
(% of people who believe that the government should make access to services difficult)



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Source:
Keefer et al. (2017).

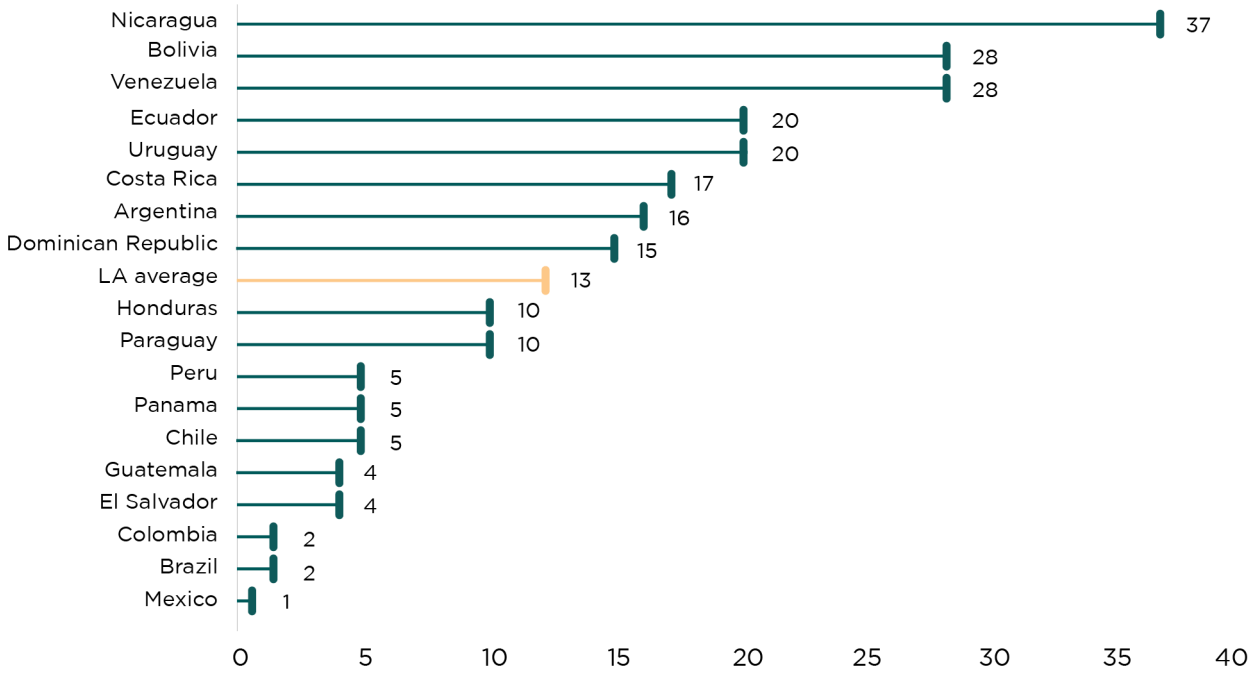
Note:
The full question was: "Do you believe that it is necessary for some government transactions to be complicated to ensure that nobody receives benefits to which they are not entitled?"

People may think that barriers to access are an effective measure of protection because, in all the region's countries, they trust more in their government than in their fellow citizens, according to Latinobarómetro data (2017) (see Figure 1.37). This difference, in turn, might be due to a positive attitude toward rules in general (mentioned above), in the sense that it is believed that rules imposed by government institutions mitigate the poor behavior of citizens. Therefore, citizen satisfaction would not be so affected by a difficult experience if individuals believe that the difficulty is part of protecting their rights. Consequently, popular demand for simplification would be limited, given that at least one set of citizens perceives the difficulty as an advantage rather than a disadvantage.

Figure 1.37

In All Countries, People Trust the Government More than Their Fellow Citizens

(percentage point difference in the proportion of people who trust government versus those who trust fellow citizens)



Source:
Authors' elaboration based on Latinobarómetro (2017).

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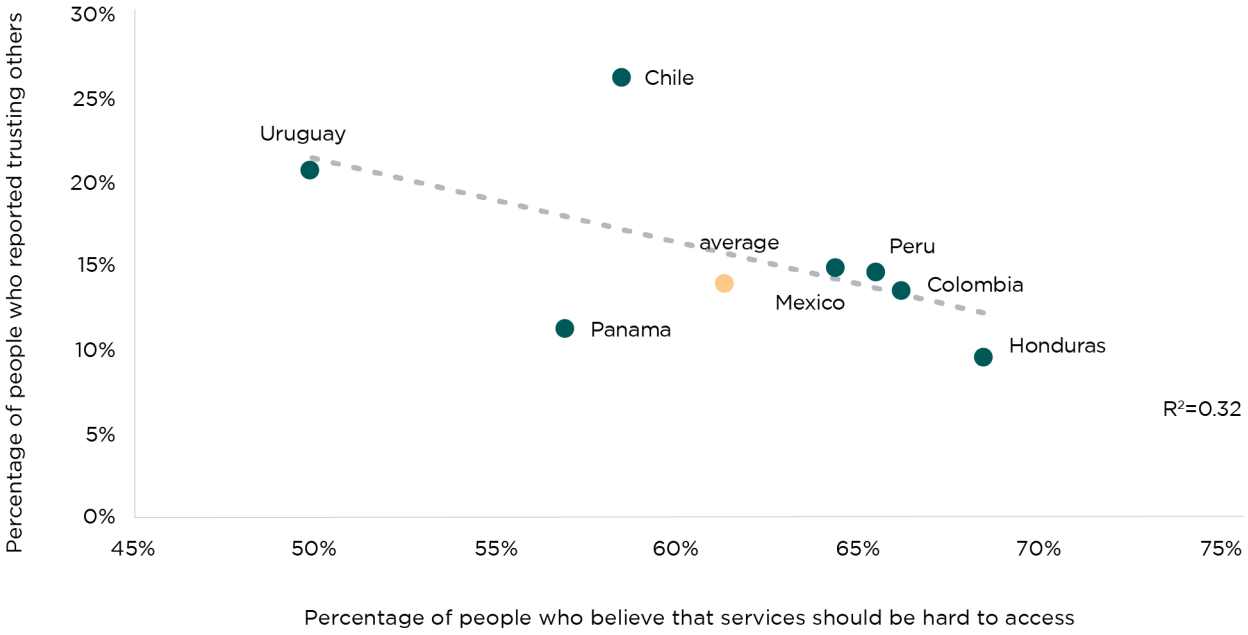
Figures 1.38 and 1.39 reveal a strong correlation between interpersonal trust and the perceived need for high barriers to access, on the one hand, and the perceived need that high barriers to access are necessary and the difficulty of the transactions, on the other. The combination of these correlations suggests that, in effect, there is a connection between interpersonal mistrust and the difficulty of conducting transactions (Figure 1.40). Nevertheless, it is worth highlighting that these are correlations and that a causal relationship has yet to be demonstrated.

Figure 1.38

Interpersonal Trust and the Perceived Need for High Barriers to Access to Government Transactions



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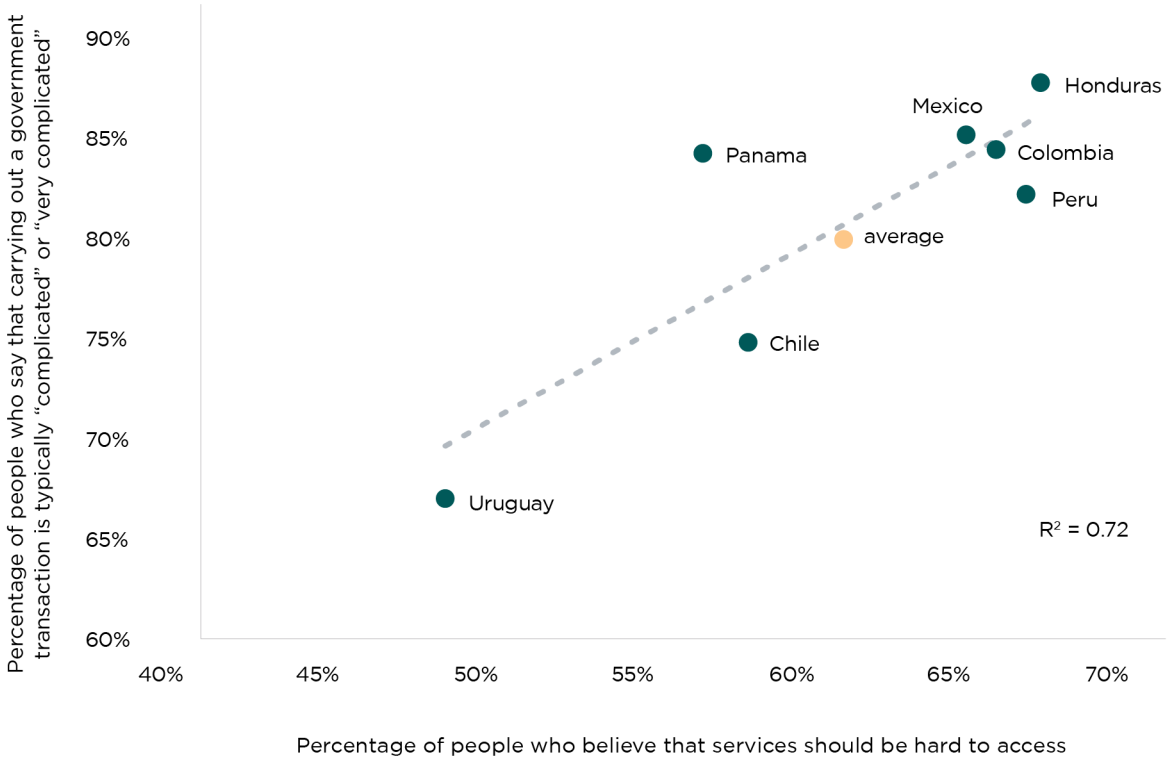
Source:

Authors' elaboration based on Keefer et al. (2017).

Figure 1.39

Perceived Need for Government Transactions to be Difficult vs. Existence of Difficult Transactions



Source:
Authors' elaboration based on Keefer et al. (2017).

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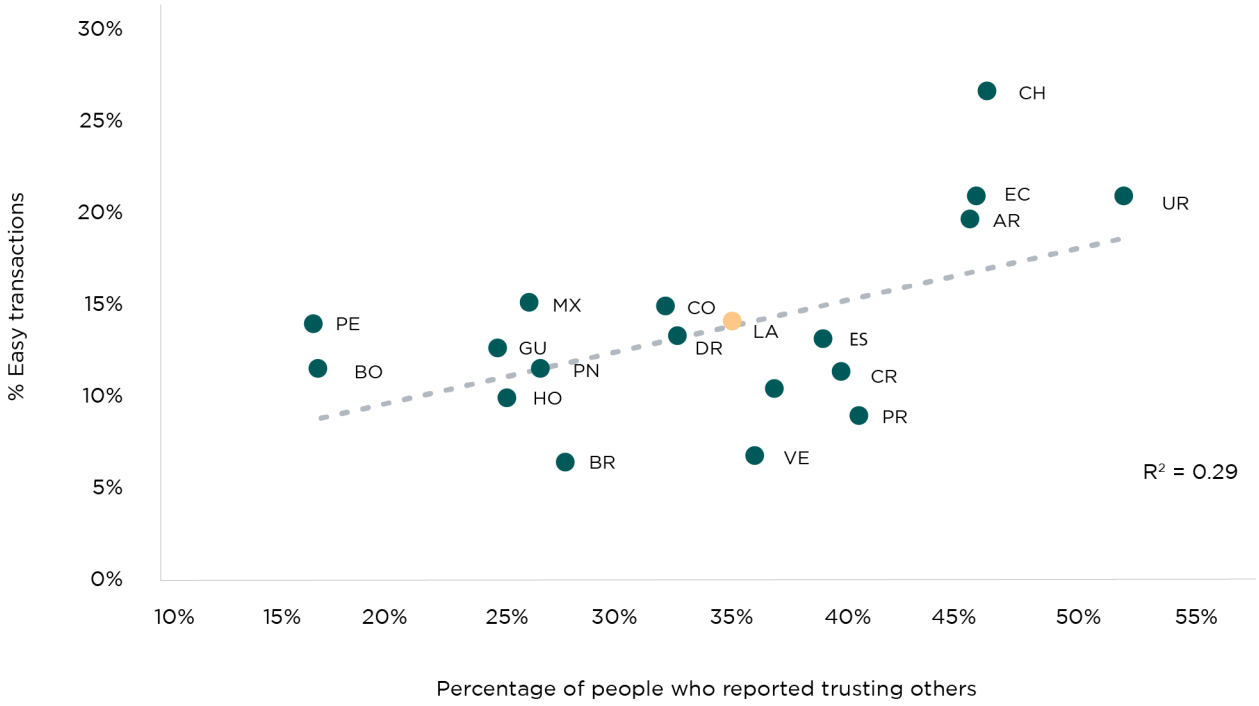
Note:
The question for the Y axis was: "According to your experience, would you say that carrying out a transaction in a government office is often: (complicated/very complicated)?"

Part of this relationship between trust and difficulty was empirically demonstrated by Aghion et al. (2010), who evaluated the relationship between the regulatory burden of starting a business and social trust for a sample of 57 countries. The authors observed that in countries where the level of mistrust of society is greater, regulatory barriers to new firms starting up are also higher. After controlling for factors such as income, education, ethnicity, and democracy, they concluded that social mistrust explains around a third of the variation in the regulatory burden for new firms among countries.

Figure 1.40

Trust and Ease of Government Transactions



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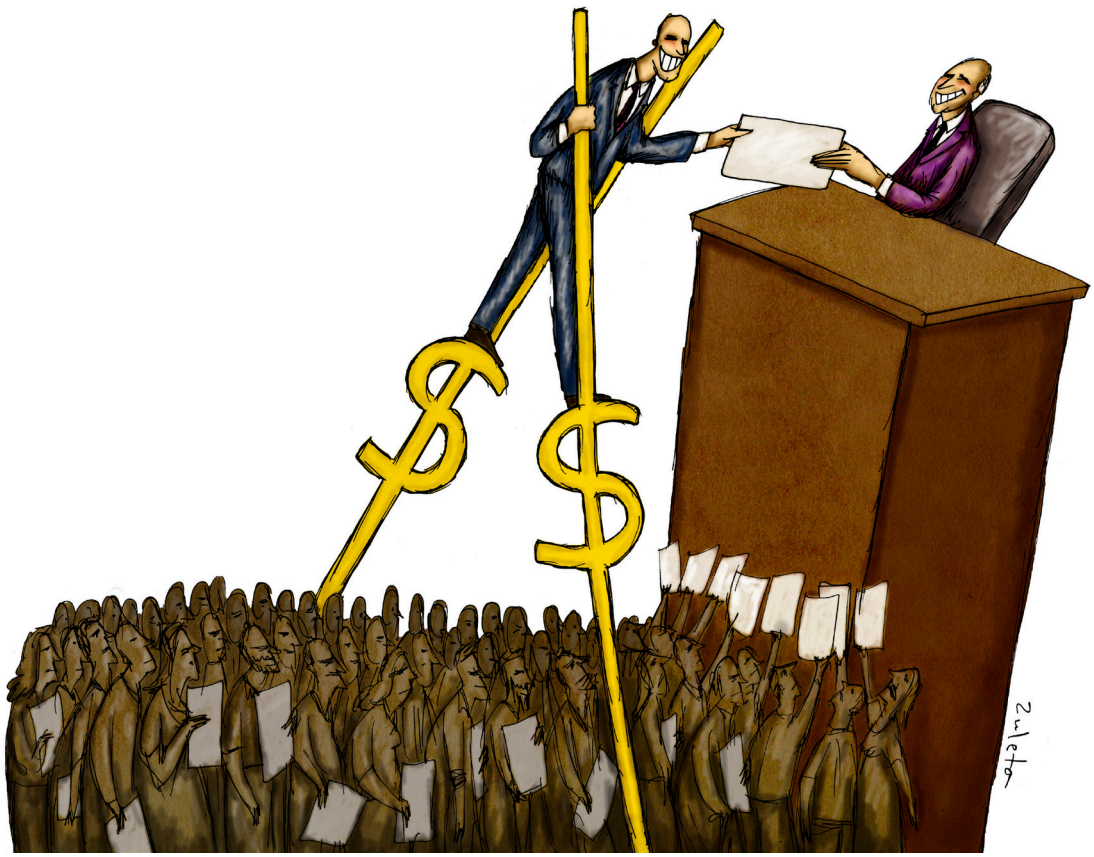
Source:
Authors' elaboration based on Latinobarómetro (2017).



Title: *Corrupción burocrática* (Bureaucratic corruption)
Author: Raul Fernando Zuleta
Country: Colombia

CHAPTER

THE UNREALIZED POTENTIAL OF DIGITAL GOVERNMENT FOR ADMINISTERING GOVERNMENT TRANSACTIONS

AUTHORS

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Harold Villalba
Norma Peña
Sebastián Acevedo

CHAPTER SUMMARY

The use of the digital channel can help solve many of the problems associated with government transactions: in general, digital transactions are faster, cheaper to provide, and less vulnerable to corruption. However, the use of the digital channel is still incipient in the region: only 7 percent of people carried out their last government transaction at least partially online, and just 4 percent conducted their last transaction online from beginning to end. What explains this underuse of digital transactions? In this chapter, four possible explanations are analyzed.

1. **Low availability:** Only 3 of 25 of the region's countries have made more than 50 percent of their government transactions available to be at least started online, and many lack the basic tools that would facilitate digitization of transactions, such as interoperability and digital signatures.

2. **Capacity gaps:** Many citizens are unable to access available digital transactions due to a lack of legal identity, low broadband connectivity, or low banking penetration (no debit or credit card to pay fees online), and low digital literacy.

3. **Bad experiences online:** Although some government transactions are available online and people can access them, they are poorly designed and lead to unsatisfying experiences.

4. **Preference:** Many people still prefer the face-to-face channel, in part due to the three impediments mentioned above and in part to the desire to deal with a person.

CHAPTER 2 CONTENTS

SECTION I
The Potential of Digital Transactions

SECTION SUMMARY

In the previous chapter, it was suggested that some government transactions may be unnecessary: better inter-institutional coordination and regulatory improvements, among other solutions, would eliminate the need for them. However, for government transactions that are truly indispensable, digital transactions offer solutions to the problems associated with in-person transactions: they are faster, cheaper to provide, and limit opportunities for corruption.

Digital Transactions Are Faster

The main benefit of digitizing government transactions is that it would save citizens' time. The fully digital transactions—those requiring no physical interaction—currently functioning in Latin America and the Caribbean (LAC) take on average 74 percent less time than face-to-face government transactions (according to the results of a regression that controls for the type of government transaction, the country, and individual characteristics).[1] This difference is fundamental because, as Pareja (2016) suggests, time is the most important aspect of a transaction for citizens.[2] A survey carried out by Colombia's National Citizen Service Program (*Programa Nacional de Servicio al Ciudadano de Colombia*) in 2015 came to the same conclusion: in the 11 cities in which the survey was conducted, citizens cited "speed of service" as the most significant factor for determining their satisfaction.

Faster digital transactions lead to greater citizen satisfaction.

The difference between the speed of digital and face-to-face transactions (74 percent) should be considered as merely a starting point for the region. As will be argued in the following section, the digital transactions currently available suffer from both design and operational problems, which results in lengthy completion times. With more user-friendly designs and more functional websites, coupled with rationalization of the requirements, completion times would be even shorter, and there would be an even more marked difference between the digital and in-person channels.

Faster digital transactions lead to greater citizen satisfaction. A regression exercise[3] that sought to identify the determining factors of satisfaction found that time is the chief factor: on average, an increase of 1 percent in time is associated with a decrease of 0.11 percentage points in the probability of being satisfied with the government transaction. There is no statistically significant effect of the channel per se on the probability of being satisfied: all of the satisfaction derived from using the digital channel is related to the time saved.

[1] Authors' elaboration. The statistical annex includes the equations utilized and a table of results.

[2] In five of the six countries studied, time was the most important aspect, according to the citizens consulted. In the sixth country, in which time is not cited as the main attribute, it was the second most important aspect ("diligence" was the first).

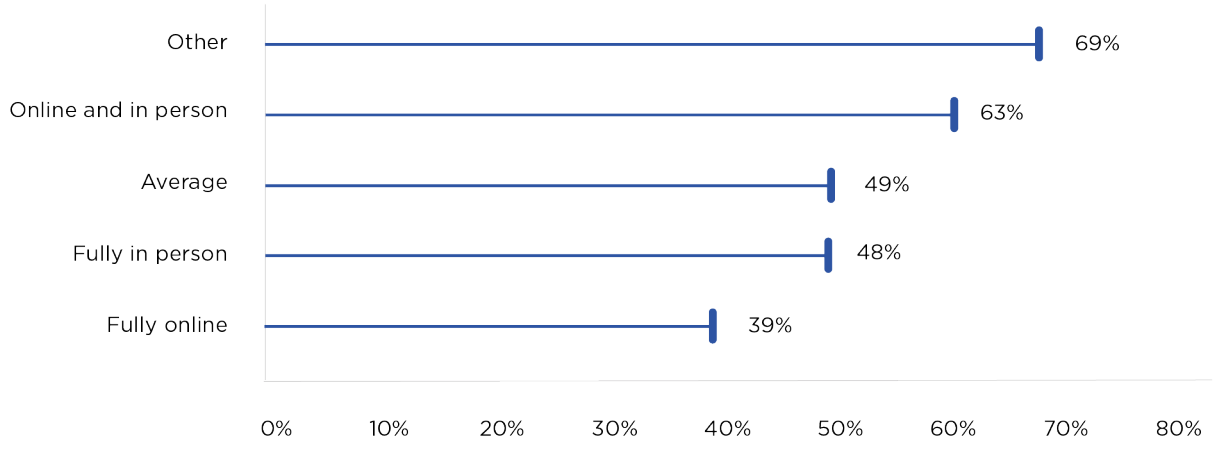
[3] Idem as in footnote 1.

A related benefit is that digital transactions typically require fewer interactions with service-providing institutions. Figure 2.1 presents the proportion of government transactions carried out through different channels that require multiple interactions. It is noteworthy that whereas nearly two-thirds of in-person transactions require two or more interactions, only a third of government transactions completed entirely online are as burdensome. This may be due to the common practice of re-engineering processes as part of digitization of transactions, which leads to a faster resolution.

The combination of reducing time and interactions means that the total cost of carrying out government transactions, including the time-related costs and the direct costs, such as transport, is much lower for the online compared to the in-person channel. In this regard, a study by the OECD (2016) using the Standard Cost Model estimated that the digitization of transactions for starting businesses and requesting building permits in the Mexican states of Jalisco and Colima could reduce transaction costs by 66 percent and 44 percent, respectively. In addition to the reduction in time, travel, and waiting costs resulting from digitization and automation of transactions, savings related to simplifying requirements as a result of digitization were included.

Figure 2.1

Percentage of Government Transactions Resolved in Two or More Interactions, by Channel



Source:

Authors' elaboration based on Latinobarómetro (2017).

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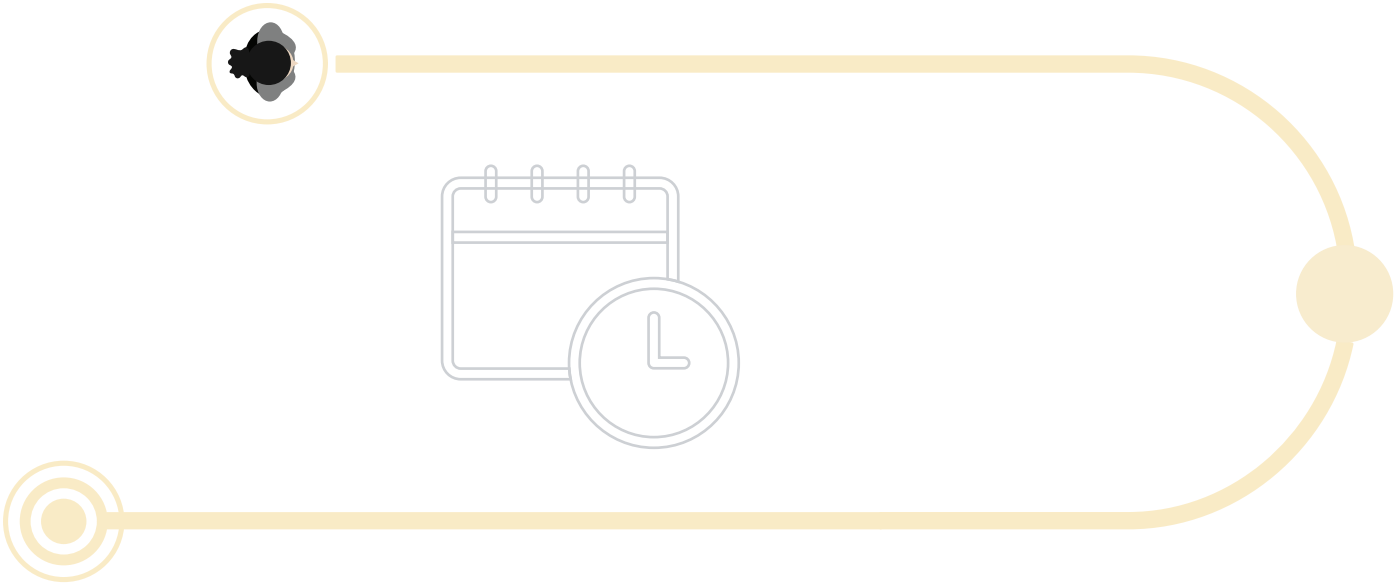
The government of Colombia conducted a study that combined waiting time with the costs to service-providing agencies (mainly in staff hours) to measure the combined cost of government transactions (MinTIC, 2014). According to this study, which analyzed nine government transactions in different public entities[4] at the national and municipal levels, digital transactions were observed to be between 53 and 89 percent cheaper than in-person transactions.

Although fully digitizing government transactions yields many benefits, partially digitizing them generates much less significant time savings (see the statistical annex). This finding is important since in most LAC countries, the number of government transactions that can be carried out online from beginning to end is small compared to those that can only be initiated online. There is a pressing need to make progress toward full digitization of transactions. This will depend to a large extent on the degree of automatic exchange of information among public entities that can be achieved through interoperability. In many LAC countries, however, interoperability is still incipient.



[4] Payment of real estate tax at the Office of the Mayor in Medellín, registration and enrollment in the National Apprenticeship Service (*Servicio Nacional de Aprendizaje*), social security payments (various entities), legalization of documents at the Ministry of Foreign Affairs (*Ministerio de Relaciones Exteriores*), requests for grants from the Colombian Institute for Student Loans and Technical Studies Abroad (*Instituto Colombiano de Crédito Educativo y Estudios Técnicos en el Exterior*), health certificates from the National Food and Drug Surveillance Institute (*Instituto Nacional de Vigilancia de Medicamentos y Alimentos*), building permits from the Office of the Mayor of Bucaramanga, payment of income tax at the National Tax and Customs Directorate (*Dirección de Impuestos y Aduanas Nacional*), and setting up a business in Confecámaras.

Digital Transactions are Cheaper to Provide

In addition to the advantages it offers to citizens, the digital channel offers potential advantages to governments. Specifically, under certain assumptions, it can be a significant source of savings. As Pareja (2017) observes, the operating cost of administering a digital transaction ranges between 2.35 and 5 percent of the cost of administering a government transaction face-to-face. Bearing in mind the huge number of government transactions carried out (e.g., more than four per adult in Mexico), the aggregate savings could be considerable. If the 400 million federal and state government transactions carried out in Mexico each year were finalized online (using the unit costs in Table 2.1) rather than face-to-face, the country would realize savings of US$3.5 billion. These calculations and those described below consider mainly costs associated with direct service provision (front-office) rather than the support and management (back-office) functions that enable service provision.

Table 2.1

Cost of Administering a Government Transaction, by Channel, in Selected Countries (in US$)

Channel	United Kingdom	Norway	Australia	Mexico
In-person	15.32	14.01	19.61	9.10
Telephone	5.89	7.01	7.66	2.30
Digital	0.44	0.53	0.46	0.45

Source:
Pareja (2017), based on Kernaghan (2012); Local Government Association (2014); Deloitte (2015); and Presidency of the Republic of Mexico (2014).

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Although different methodologies were used to calculate unit costs, the estimates are similar. For example, for the nine government transactions in three of the entities that were included in the calculations for Mexico, three main expenditures were assessed for each channel: salaries of civil servants directly involved in service provision, considering the proportion of time that they devote to the task; spending on general resources to enable service provision (e.g., water and electricity, among others); and spending on technological resources (e.g., cloud space and hardware). In the United Kingdom, the calculation also includes the total salaries of the employees that provide the service in person, real estate or rental costs, equipment and spending on technology, and other general costs or overhead associated with the channel.

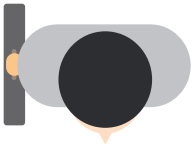
Some countries have documented the significant savings that using the digital channel can yield, taking into account the high volume of services provided. In the United Kingdom, the Digital Efficiency Report estimated that a transition toward digital services could save the government up to US$2.51 billion (£1.8 billion) annually, mainly by reducing the time that staff spend on processing transactions; office space and storage; postage stamps, packaging materials and dispatches; and the cost of ad hoc computerized systems (Government Digital Service, 2012). For its part, the Spanish government estimated that a 1 percent increase in the use of digital services reduced operating costs by US$36.4 million (€ 40 million) (de la Nuez et al., 2015).

Although these numbers are striking because of the enormous potential savings that they reveal, such savings are not, for the most part, immediate. On the contrary, the initial expenditure on the infrastructure needed to administer online transactions will lead to a deficit before the use of the digital channel begins to rise. The savings realized by the government will probably be of two types: (i) *marginal savings* at the unit level (because the marginal cost of processing a request for a birth certificate, for example, is lower online than it is via a face-to-face channel), and (ii) *savings through structural changes* gained when the ratio of the digital channel to the face-to-face channel shifts enough to warrant elimination of certain components of in-person service provision, such as citizen service points, or the human resources dedicated to in-person citizen services.

The Digital Channel Limits Opportunities for Corruption

Providing online transactions helps eliminate various opportunities for corruption that exist in face-to-face service provision. Specifically, it limits the discretion of civil servants and the possibility of bribe-seeking in exchange for access, faster access, or other kinds of preferential treatment. A digital transaction is the same for all users; it is rule-based, easily traceable, and impersonal. In some cases, the use of advanced technologies such as blockchain can help mitigate the risk of falsification or illegal modification of important documents, as the Republic of Georgia has attempted to do with its property registries (see Box 2.1).

At the aggregate level, implementing digital services can reduce corruption: this is evident in the econometric studies of Kim (2013) and Anderare (2009), which analyze country-level statistics to determine levels of e-government and corruption. However, it is worth highlighting that providing the ability to carry out government transactions online does not entirely preclude the possibility of corruption. A study conducted in India (Bhatia et al., 2009) found that providing some online transactions reduced the rate of bribery from 30 percent to less than 1 percent in some cases. In others, however, the reduction was practically non-existent due to failures in the computer system, which led citizens to seek out civil servants in person to offer them bribes to speed up their transactions.



Box 2.1

Blockchain Land Registration: The Case of the Republic of Georgia

Toward the end of 2017, the Republic of Georgia began developing a pilot project for blockchain land registration. Because of its struggle against corruption and its history of the threat of warfare with its neighbors, the qualities of immutability, traceability, and transparency offered by some blockchain technologies seemed particularly valuable for the country.

The National Agency for Public Registration, with the support of the blockchain technologies business Bitfury, is testing out a dual system. First, registrations are stored in a private distributed network administered by the government. Then, a cryptographic code that represents each property registration in the first network is published in the bitcoin network, which is public and cannot be controlled by the government or—given certain conditions—any other individual actor.[a] The role of this second network is to attest to the validity of government registrations and to hamper fraudulent alterations by enabling anyone to check their validity in the network.

Although these changes affect only the back end of the platform and do not alter the transactions that citizens must carry out, a central advantage of the system is that it enhances trust in the registry entries, thanks to the difficulty of forging them, their immutability in the blockchain, the traceability of the history of the entries, and auditing.

Although blockchain technologies are useful in verifying that the data has not been corrupted after registration, they cannot resolve the central problems related to the quality of the registry entries themselves, such as the formalization of property rights, the quality of the data when they are registered, and the existence of effective updating mechanisms. Digitized, correct, and up-to-date data registration is, rather, a central precondition for successfully implementing a blockchain system capable of ensuring information integrity and reducing the risk of fraud (Graglia, 2017). Georgia occupied third place in the land administration quality ranking in the World Bank's Doing Business Report when the project got underway, and had a centralized digital system, digital maps and a high-quality dispute resolution mechanism.

Sources:

Pisa and Juden (2017), Graglia (2017) and Shin (2017).

[a] The validators of the bitcoin network (known as bitcoin miners) must be distributed to ensure the network's security mechanisms are preserved. If a single actor managed to amass more than 50 percent of the mining power, they could impede new registrations and amend their own past registration entries.

Title: SOS Form
Author: Maximiliano Falcone
Country: Argentina

SECTION II
The Incipient, and Unequal, Use of Digital Transactions

SECTION SUMMARY

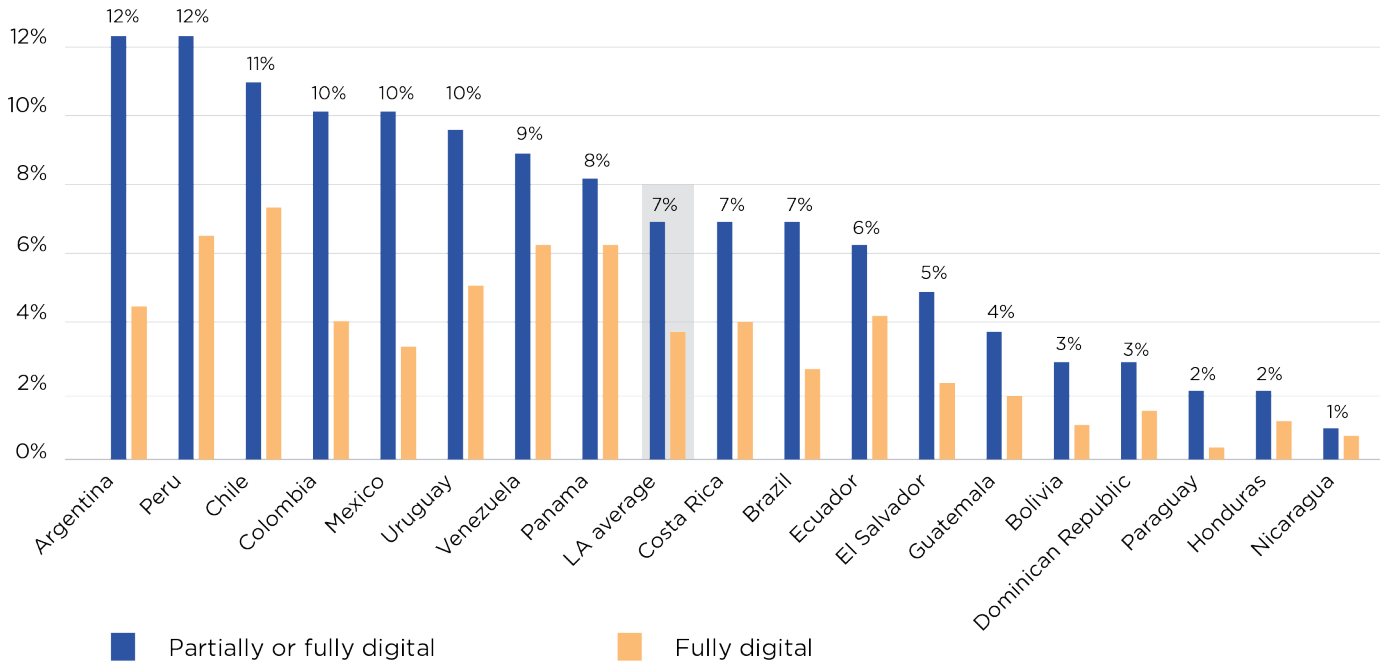
Despite its immense potential for saving time, reducing operating costs, and limiting opportunities for corruption, the digital channel is still in its infancy in the region: only 7 percent of people carried out their last government transaction at least partially online. There is a direct correlation between income and use of the digital channel, and there is greater use of the digital channel for business transactions and payments, compared to other types of transactions. Highly educated people who use the internet daily are much more likely to carry out a transaction online that the average citizen.

Very Few Government Transactions Are Completed Online

According to the Latinobarómetro (2017) survey,[5] only 7.4 percent of Latin Americans carried out their last government transaction—of any type—at least partially online. This includes those who had to combine channels to complete the transaction by, for example, starting the transaction online and subsequently visiting a government office in person. Only 3.7 percent carried out their last government transaction completely online, by computer or by mobile phone, without accessing the public entity by any other channel. These figures denote a wide gap with the OECD countries where, in 2016, 36 percent—including 25 percent of low-income individuals—completed a government transaction online in the previous 12 months (OECD, 2017). The LAC region was even behind with respect to 2006 levels in the OECD countries, when 12 percent of the population had carried out a transaction online in the previous 12 months.[6]

As can be seen in Figure 2.2, the use of the digital channel varies widely among LAC countries. The figure measures the percentage of people who, for the last government transaction they carried out, completed some part of it or finalized it online. The countries with the highest use of the digital channel are Argentina, Peru, and Chile, whereas countries such as Paraguay, Honduras, and Nicaragua have made less progress in this area.

Figure 2.2
Use of Digital Channels to Carry Out Government Transactions
(percentage of people who carried out their last transaction online)



Source:
Authors' elaboration based on Latinobarómetro (2017).

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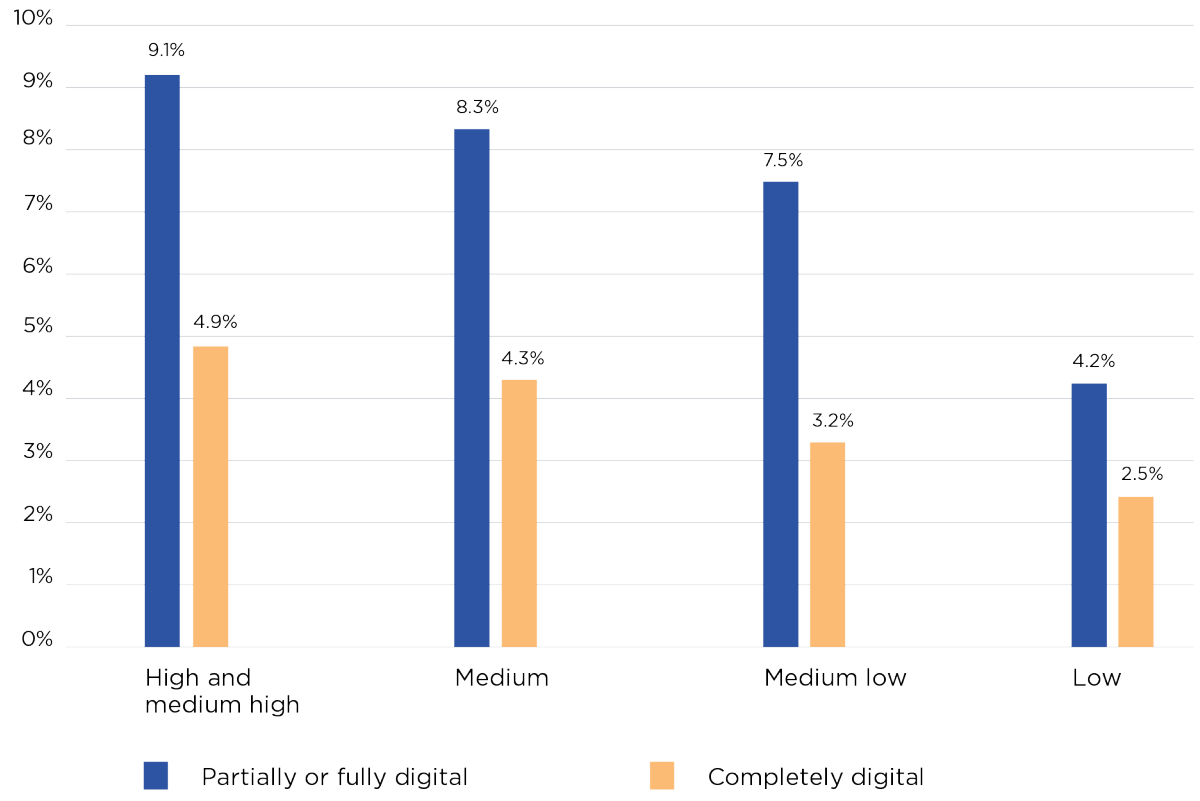
[5] Regional survey that includes representative samples at the national level of the 17 Spanish-speaking countries of the region, plus Brazil.

[6] The indicator measured by the OECD is whether the respondent carried out a government transaction using the internet in the previous 12 months, whereas the Latinobarómetro indicator measures internet use for the most recent transaction. Naturally, in the same country, the OECD indicator would be higher than that of the Latinobarómetro (e.g., in Mexico the two indicators score 22 percent and 10 percent, respectively). The main significance of the Latinobarómetro indicator compared to the OECD indicator is that, assuming that the moment in which the transversal section is made is representative, it shows the proportion of all transactions that are carried out online.

High-Income and Highly Educated People Complete More Government Transactions Online

The use of the digital channel for government transactions in Latin America is not evenly distributed within the countries. First, there are large differences in use by people according to their socioeconomic stratum. Figure 2.3 shows that lower-income people tend to use the digital channel less frequently. Whereas approximately 9 percent of those who identify themselves as upper class used the digital channel to complete at least part of their most recent transaction, only 4 percent of those who identify themselves as lower class did so.

Figure 2.3
Use of the Digital Channel by Socioeconomic Stratum (percentage of people)



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Source:
Authors' elaboration based on Latinobarómetro (2017).

This finding reveals that, if the socioeconomic distribution of use remains the same, the benefits of using the digital channel identified above (particularly, fewer interactions and less time spent) will mainly affect people who already have the most advantages in life. Therefore, public resources allocated to digitization will have the perverse effect of widening social inequality.

In terms of gender equality, the region presents a well-balanced panorama in the use of the digital channel. With the exception of Chile (where 57 percent of digital users are women and 43 percent are men) and Peru (68 percent men and 32 percent women), there are as many women digital users as men throughout the region (Latinobarómetro, 2017).

To complement the analysis derived from the regional Latinobarómetro survey, which includes a representative sample of adults at the national level, an additional survey was conducted of a contrasting group of people in the region: all have higher education (a bachelor's or master's degree), use the internet daily, and have interest in public sector management issues. This group is made up of students who have taken the IDB "Management for Development Results" online course.[7] In the following analyses, their responses are used to represent a specific segment of the Latin American population, which might be considered a best-case scenario with regard to educational attainment, digital capacity, and attitude toward government. This group's experience with digital transactions, which for simplicity's sake will be referred to as the "advanced users" group, is significantly different from that of the general population.

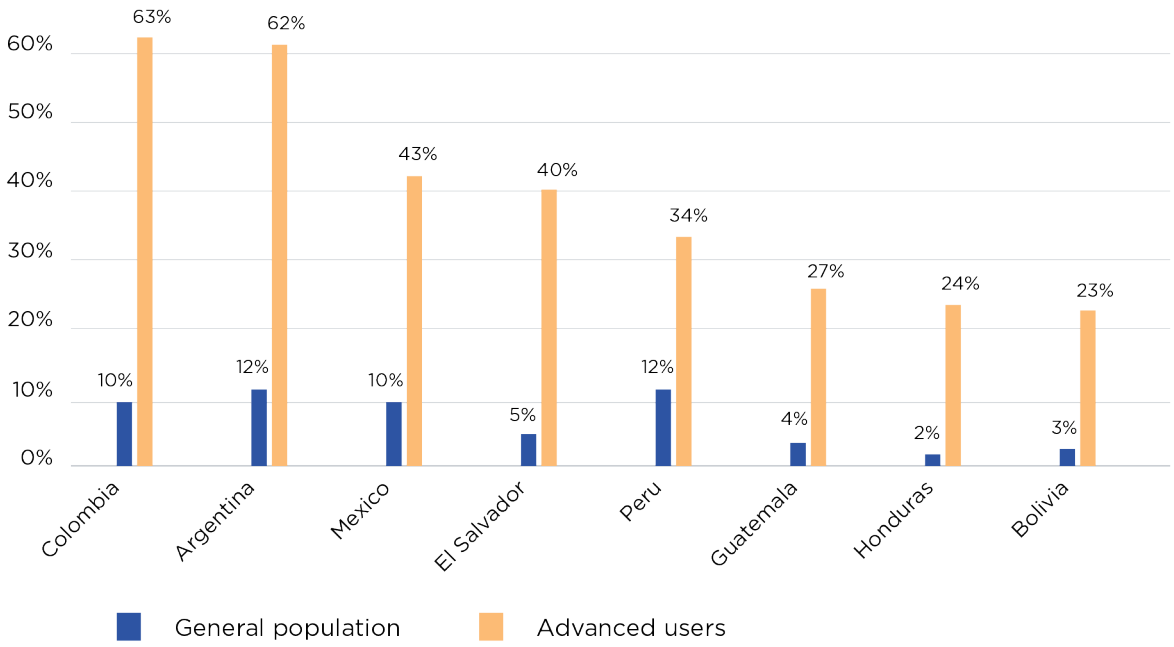
First, it is noticeable that the use of online transactions varies radically between the general population and advanced users: 45.3 percent of advanced users carried out their last government transaction at least partially online and 27.1 percent completed it entirely online (compared with 7.4 percent and 3.7 percent among the general population) (see Figure 2.4). This shows that other citizen-related factors beyond socioeconomic status affect the choice of channel to carry out government transactions. These factors are discussed in the following section.

Figure 2.5 presents a deeper examination of the variation in prevalence of the digital channel. Business transactions and tax payments have a big advantage with regard to the use of the digital channel compared to other channels used to carry out government transactions. The categories of transactions that score lowest with respect to use of the digital channel are education/health and crime reporting.

[7] Survey carried out online and answered by 1,035 people from 18 countries in the region. The figures showing the results by country are limited to the countries with at least 50 responses.

Figure 2.4

Use of Online Channel for the Most Recent Transaction, General Population versus Advanced Users



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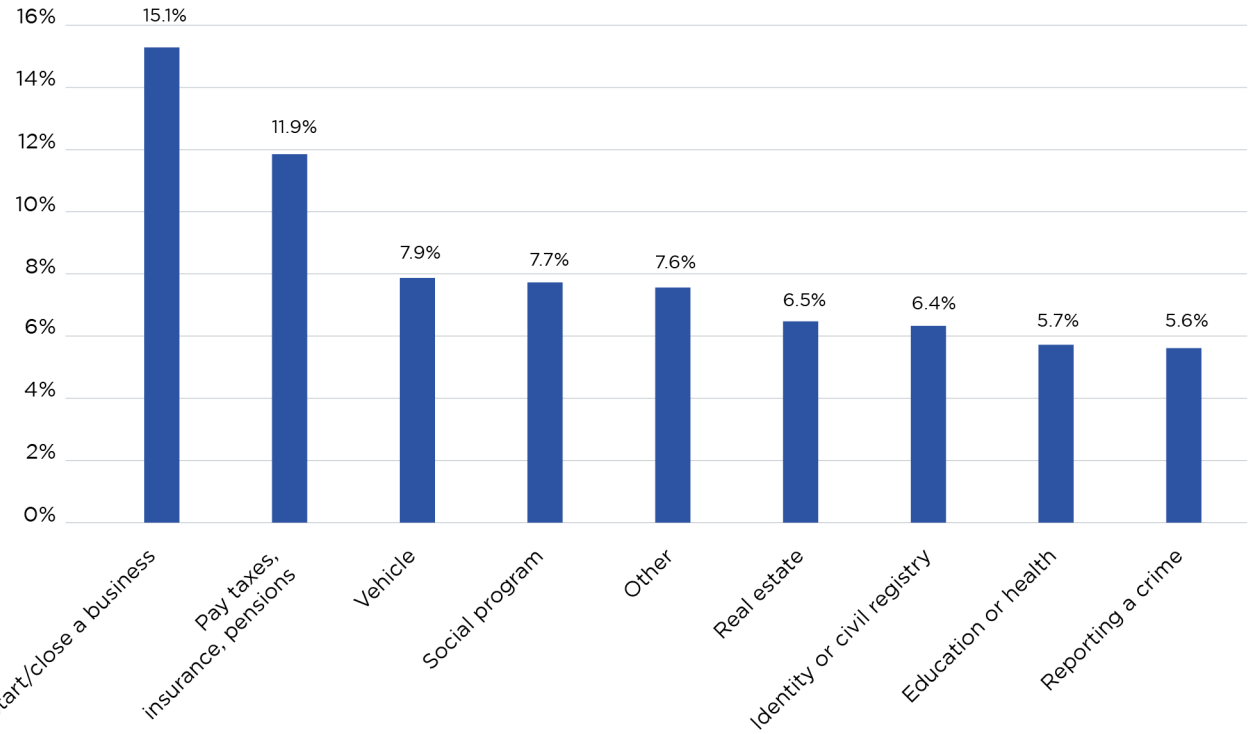
Source:
Authors' elaboration based on Latinobarómetro (2017) and IDB-MfDR Survey (2017).

Figure 2.5

Use of Digital Channel by Type of Government Transaction (percentage)



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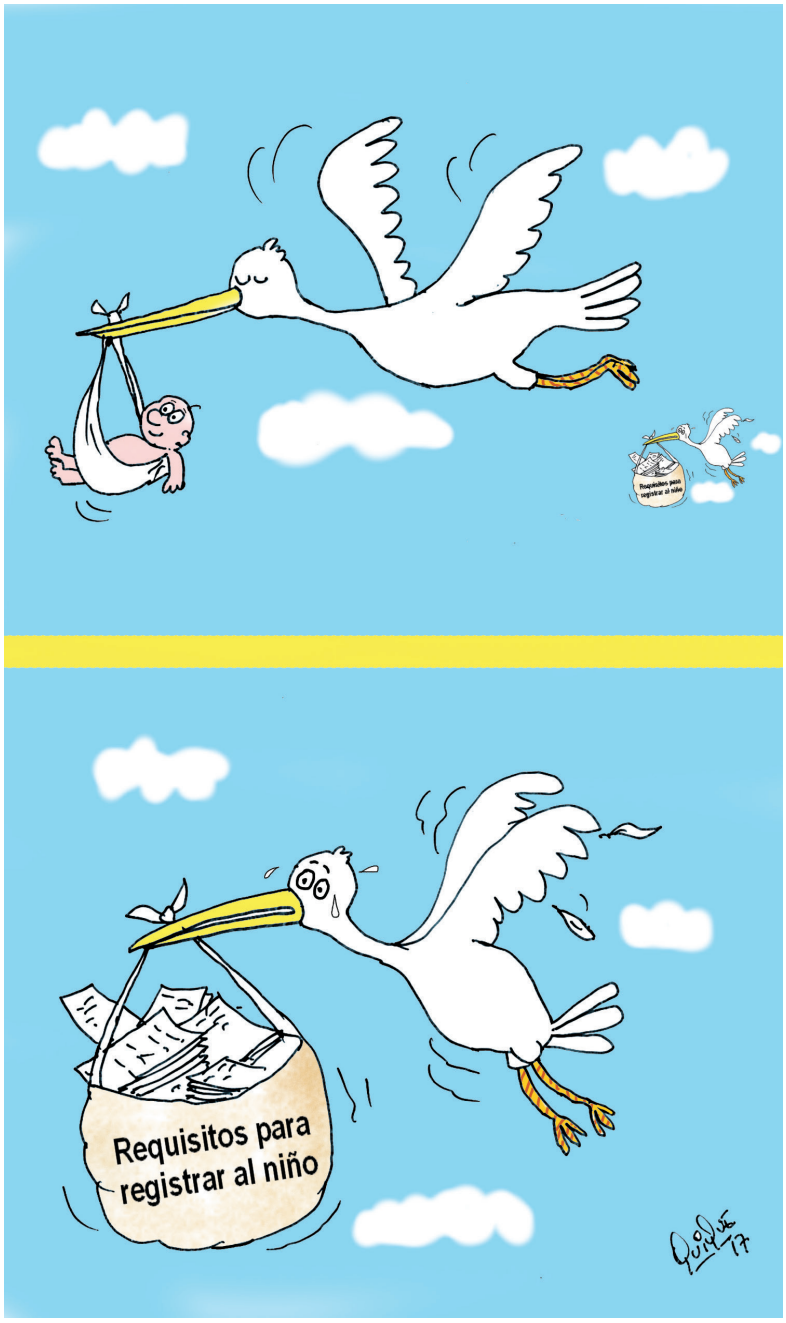
Source:
Authors' elaboration based on Latinobarómetro (2017).



"Requirements for registering the baby"

Title: *Desde la cuna* (From the crib)
Author: Pedro Pablo Enríquez
Country: Colombia

SECTION III
Factors that Explain the Limited Use of Digital Transactions

SECTION SUMMARY

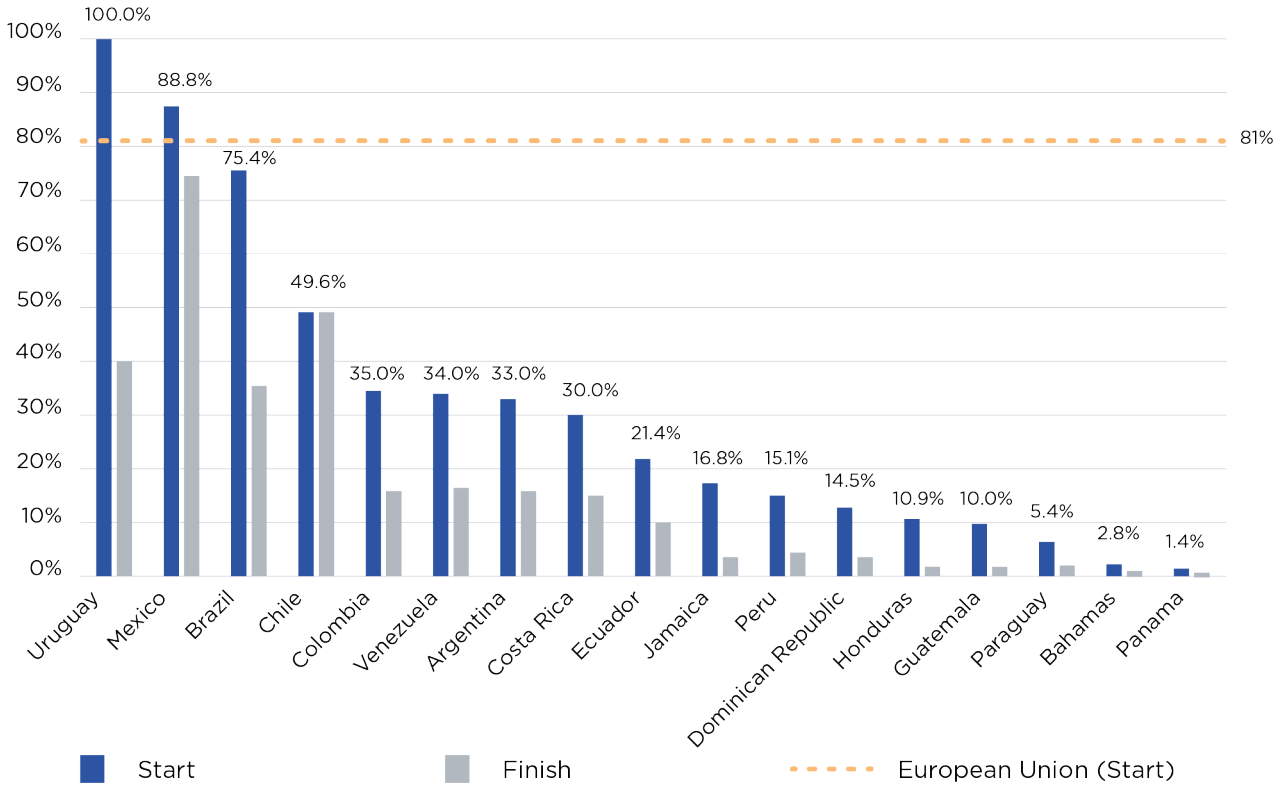
The data presented above raises a series of questions: Why do so few people in the region conduct transactions online? What accounts for the wide discrepancies between countries and different socioeconomic conditions? Four explanations are proposed:

1. **Availability:** In most LAC countries, few transactions can be conducted online. This is partly because governments lack the basic preconditions to digitize them. E-government directors perceive significant barriers to future digitization.
2. **Capacity:** Many citizens fail to access digital transactions simply because they cannot due to shortcomings in legal and digital identification (i.e., the ability to identify oneself to the service-providing entity that administers the transaction), connectivity (access to the internet), digital literacy (i.e., knowing how to use the websites) or banking penetration (i.e., having a method of payment that enables people to pay for transactions online).
3. **Experience online:** Citizens do not use online services because their prior online experience has been negative: websites have technical problems and are difficult to use. At the same time, the experience is negative because many governments do not fully take advantage of the transition to the digital channel.
4. **Preferences:** It has been documented in various countries that most people still prefer the face-to-face channel. However, it is unclear whether this reflects an endogenous preference for face-to-face encounters (preference for human contact) or if it is a function of shortcomings in availability of online transactions, capacity, and the online experience itself.

Availability: There Are Few Online Transactions and Many Unmet Prerequisites for Digitization

Few Online Transactions: According to a survey carried out among e-government directors in LAC, which covers 25 of 26 IDB borrowing countries, the majority of countries have online transactions (IDB-GEALC Survey, 2017). Figure 2.6 presents the percentage of all transactions administered by central governments that can be started and finished completely online.[8] However, with the exception of Uruguay, Brazil, and Mexico, no country in the region makes more than 50 percent of its transactions available to start online, a figure well below the European Union

Figure 2.6
Transactions that Can Be Started and Finished Online



Source:
IDB-GEALC Survey (2017) based on the definition of "transaction" or "transactional service" of each national authority, and the European Commission (2017).

download data

Note:
The calculations for Mexico have been made considering as the total only the transactions (2,708 services), not the total number of entries in the National Catalog of Transactions and Services (*Catálogo Nacional de Trámites y Servicios*), which includes official information (statistics and calls for proposals and tenders) as well as transactions.

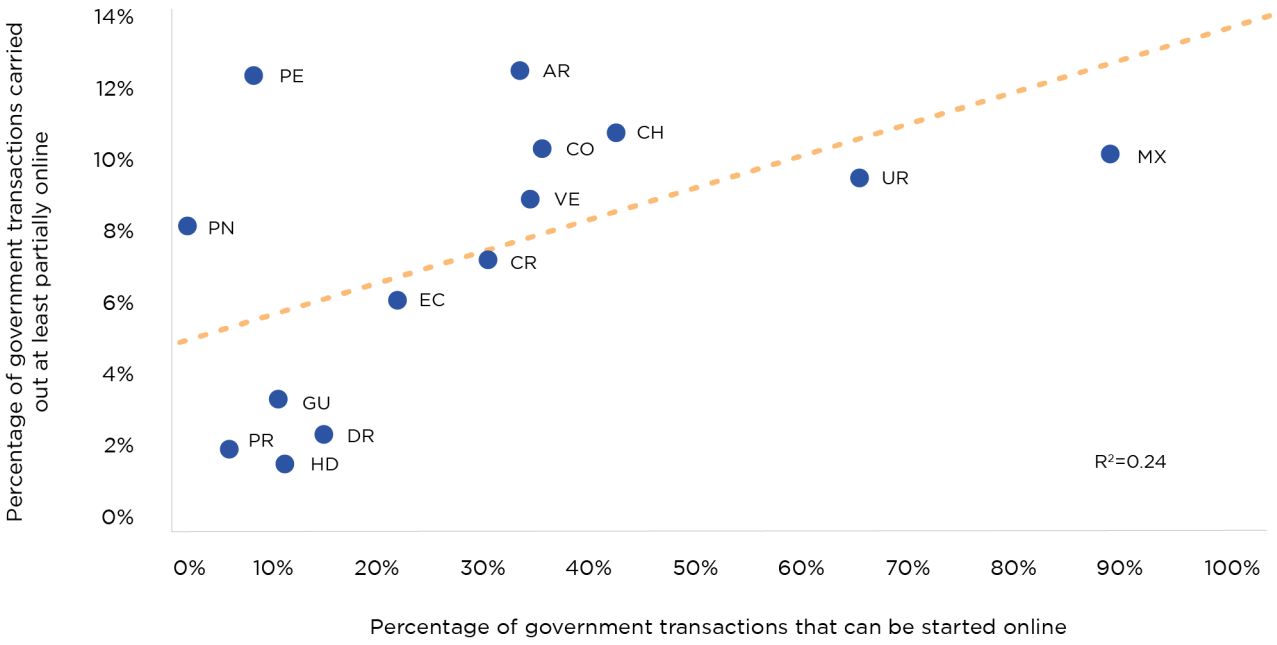
[8] In many countries, a high proportion of the most common transactions are administered at the subnational level. Thus, the figure does not entirely portray the reality of transactions in the country. It is likely that national transactions appear to be performing better in terms of efficiency, standardization, and digitization, since subnational governments often have less administrative capacity than their central government counterparts and that, in some cases, they have the autonomy to administer transactions according to their own criteria.

average (81 percent). Even countries with a high degree of development of digital government in other areas, such as Chile, Argentina and Colombia, still have a long way to go on this front.

Furthermore, the figure illustrates that in the majority of the countries there is a significant gap between the transactions that can be started online and those that can be fully completed online. This difference can be explained by the greater complexity of digitizing transactions from beginning to end: to consolidate the entire experience in the digital channel, all of the steps required in the in-person transaction must be provided, including verification of identity and/or eligibility, presenting information from other public entities, signing the application, or processing payments, among others; or simplifying the process so that these steps become unnecessary. As will be seen below, in many cases governments lack the full range of tools necessary to make all of these actions available.

Figure 2.7 shows that, although there are few possibilities to carry out digital transactions in most of the region, there is a limited correlation between the number of transactions available and the level of digital channel use.

Figure 2.7
Availability versus Use of Digital Channels



Source:
Authors' elaboration based on Latinobarómetro (2017) and IDB-GEALC Survey (2017).

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Box 2.2

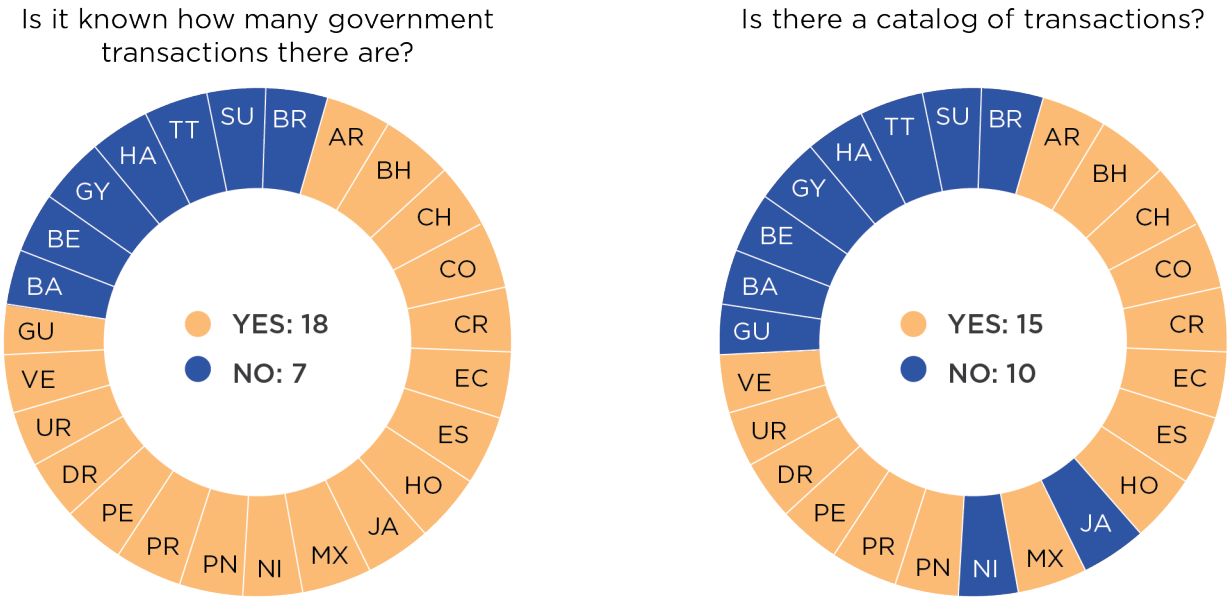
The Challenge of Measuring the Digitization of Government Transactions

The indicator of the percentage of government transactions that can be started or completely finished online is complex for a variety of reasons. First, it is a moving target: the denominator (the total number of transactions) changes constantly. Simplification processes often imply eliminating some transactions (in the case of Uruguay, for 2016, around 20 percent of the transactions originally identified in 2011 were eliminated), thanks to interoperability or the identification of duplication. Moreover, digitization efforts often begin by creating an inventory of existing government transactions, which is not finished before digitization rates begin to be measured. Second, "digitized" can have different meanings, from sending an email with a PDF attachment to request a certain action, to using digital identification to access and carry out a transaction in which personal data are preloaded, with a high degree of security. Third, it can be more productive to digitize a government transaction with a high volume of transactions, in terms of saving time for citizens and reducing operational costs for public entities, than digitizing 100 little-used transactions.

Many Unfulfilled Prerequisites for Digitization: Digitizing government transactions, in particular digitizing an entire process—not just the beginning—requires a series of tools. The following section describes the four basic aspects that facilitate the digitization of transactions, in which many of the region's countries reveal significant shortcomings: (i) **knowledge of the existing body of government transactions**, essential for prioritizing their digitization and understanding which steps to digitize or redesign; (ii) **interoperability**, which connects different databases within the government and minimizes the need for paperwork; (iii) **digital identity**, which facilitates verification of identity and eligibility in a digital context; and (iv) the **digital signature**, which eliminates the need to submit a form signed in person.

The first requirement is **knowledge of the existing body of government transactions**. It is complicated, if not impossible, to effectively make government transactions available online without knowing exactly which transactions are managed by which government entities and the characteristics (purpose, requirements, costs) of each. Of the 25 countries consulted, 18 reported knowing how many government transactions existed and 15 reported having a catalog of transactions. In this area, the Caribbean countries are furthest behind: Barbados, Belize, Guyana, Haiti, Suriname, and Trinidad and Tobago reported not knowing the total number of government transactions, and Guyana, Barbados, Belize, Guyana, Jamaica, Trinidad and Tobago, Suriname, and Bahamas reported not having a catalog. Figure 2.8 presents the full results.

Figure 2.8
Knowledge of Existing Government Transactions and Catalog of Transactions



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Source:
IDB-GEALC Survey (2017).

Box 2.3

Ecuador: Establishing the Institutional Foundations for a Citizen-Oriented State

Toward the end of the 2000s, Ecuador faced an array of challenges: a macroeconomic scenario affected by fluctuations in the global commodities markets, growing criticism of the quality of public services, especially the bureaucracy, which was seen as inefficient and corrupt, and marked technological backwardness. Citizens rated the quality of public services 5 points out of 10, according to a survey carried out by the National Institute for Statistics and Census (*Instituto Nacional de Estadística y Censos*). Within the public sector, there was neither the legal mandate nor the institutional capacity to tackle the problem of service quality. Faced with this scenario, the government undertook a series of reforms that oriented the state toward the citizen, ranging from constitutional reform to the overhaul of the institutional structure of the executive branch.

The transformation began with changes to the Constitution and continued with the passage of a series of complementary laws. The Constitution of 2008 established efficiency, quality, and citizen satisfaction as the parameters for service administration. In 2009, the Statute of the Legal and Administrative Regime of the Executive Function (*Estatuto del Régimen Jurídico Administrativo de la Función Ejecutiva*) (Decree 109) was approved, which, among other principles, established that the purpose of public sector entities, agencies and enterprises was to facilitate public service provision. In 2013, the most significant regulatory step toward simplifying transactions was taken, with the approval of Decree 149. This Decree mandated that the public sector should focus on simplifying government transactions, progressively proposing the reduction or elimination of requirements for citizens. It also established obligatory compliance with simplifying transactions for all entities of the central government, and appointed the National Public Administration Secretariat (SNAP) (*Secretaría Nacional de Administración Pública*) to be the lead agency for efforts to simplify government transactions. SNAP reported to an Inter-institutional Simplification Committee (*Comité Inter-Institucional de Simplificación*), presided over by the president or his delegate.

Moving from the regulatory plane to the institutional plane, and using its powers to the fullest, SNAP promoted the creation, structuring, and/or modification of administrative units in government, in order to have institutional counterparts that would help it to drive forward the simplification reforms that it was leading. This reinforced the position of SNAP as the lead agency of a decentralized system in which each entity was ultimately responsible for its own simplification actions.

Based on this institutional structure, SNAP embarked on an even larger task: compiling an inventory of all the services provided by the public entities and all the associated transactions, information that previously only existed in a fragmentary and partial form. This inventory took the form of a new computer system (called results-based management, or RBM), a digital platform that documents the macro-processes and processes of each entity, its projects, and expenditures, along with government services and transactions. By 2017, SNAP had identified and registered 4,111 transactions using the RBM tool, which corresponded to 92 public institutions in the executive branch.

Based on the information gathered, SNAP proceeded to design and execute the National Plan for Simplification of Government Transactions (*Plan Nacional de Simplificación de Trámites*). Through this plan, 446 transactions were simplified in 2015, and 410 more in 2016. In both years, significant improvements were achieved, including the reduction of the number of requirements per transaction, which fell from seven to three in 2015, and from six to three in 2016.

Source:

García et al. (2018).

The second requirement is **interoperability**. According to The Economic Commission of Latin America and the Caribbean (ECLAC, 2007), interoperability is defined as "the ability of information and communication technology systems, and of the business processes that they support, to exchange data and enable information and knowledge to be shared." With respect to digitization of transactions, interoperability enables the state to establish the necessary coordination that makes it possible for information on citizens it already possesses to be shared so that applicants (citizens or firms) do not have to resubmit it. Thus, interoperability not only facilitates full digitization of government transactions, but also has the potential to simplify processes carried out by citizens. For example, with a fully functional interoperability system it is possible that a citizen requesting a driver's license does not have to submit the results of a vision test to the transit authority if this authority can access the results already in possession of the health ministry. An example related to pensions is that, in many countries, pensioners must visit the office of the corresponding entity in person to demonstrate that they are still alive. Interconnection between the pension agency and the registry office, which receives death notifications from the morgues, could eliminate the need for this transaction entirely by providing the same information that citizens present by their presence.

Most of the region is at an incipient stage with regard to interoperability. The main challenge lies in effective adoption. The data listed below indicate that it is easier to create standards and implement platforms than to ensure adoption of the standards and the use of the platforms.

- **Existence of interoperability standards.** Standards determine the format in which the data must be stored to make them freely exchangeable by the platform. There are 15 countries with standards and five more with plans to create them. The Caribbean countries account for a large proportion of those that have yet to record progress in this matter: Bahamas, Barbados and Jamaica do not have interoperability standards or plans to create them.

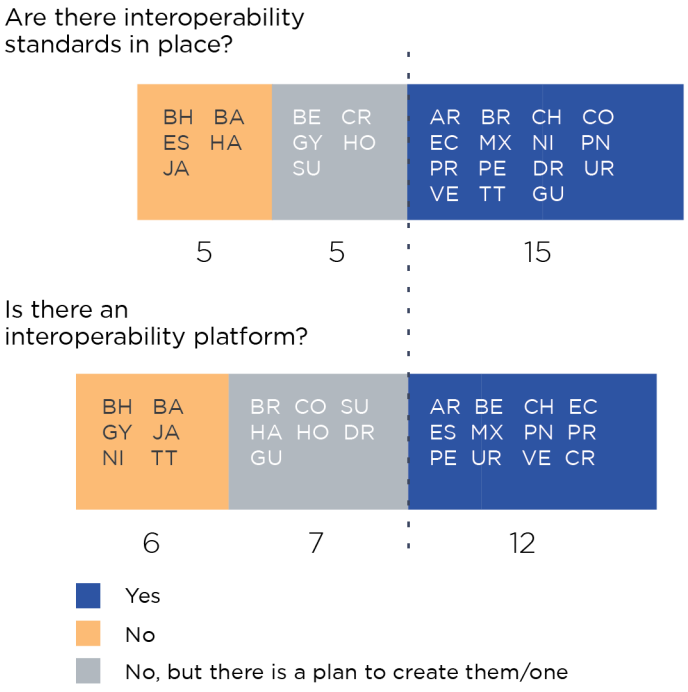
- **Percentage of national public entities that have adopted such standards, where they exist.** The standards gain importance only insofar as government entities adopt them, since data uniformity is an essential condition for fluid data exchange. In only three countries (Ecuador, Mexico, and Uruguay) have all public institutions of the central government adopted the standards.

- **Existence of an interoperability platform.** This is the tool through which institutions (in principle, both public and private) are connected, information is exchanged, the exchanges are tracked, and in some cases the visualization of data and other services is facilitated. There are 12 countries that have such a platform, seven with plans to create one, and six with no plan. Once again, the countries of the Caribbean reveal significant shortcomings in this aspect.

- **Percentage of national public entities connected to the platform.** The benefit of the platform increases to the extent that the different entities are connected to it and, therefore, can exchange their data and avoid having to ask the citizen for it. In only three countries (Mexico, Trinidad and Tobago, and Uruguay) are 100 percent of central government institutions connected to the platform. In Argentina, there are more institutions connected to the platform than those that have adopted the standards, which indicates that the standards are a step that does not necessarily precede connection.

- **Number of government transactions carried out daily on the platform.** Use of the platform, even when it exists and the institutions are technically connected, is not automatic. This measure provides a proxy for frequency of use and, therefore, of accruing the associated benefits. Of the nine countries with data about the number of government transactions carried out on the platform, Uruguay makes the most intensive use of it proportional to the country's population.

Figure 2.9
Existence of Interoperability Standards and Platform



Source:
IDB-GEALC Survey (2017).

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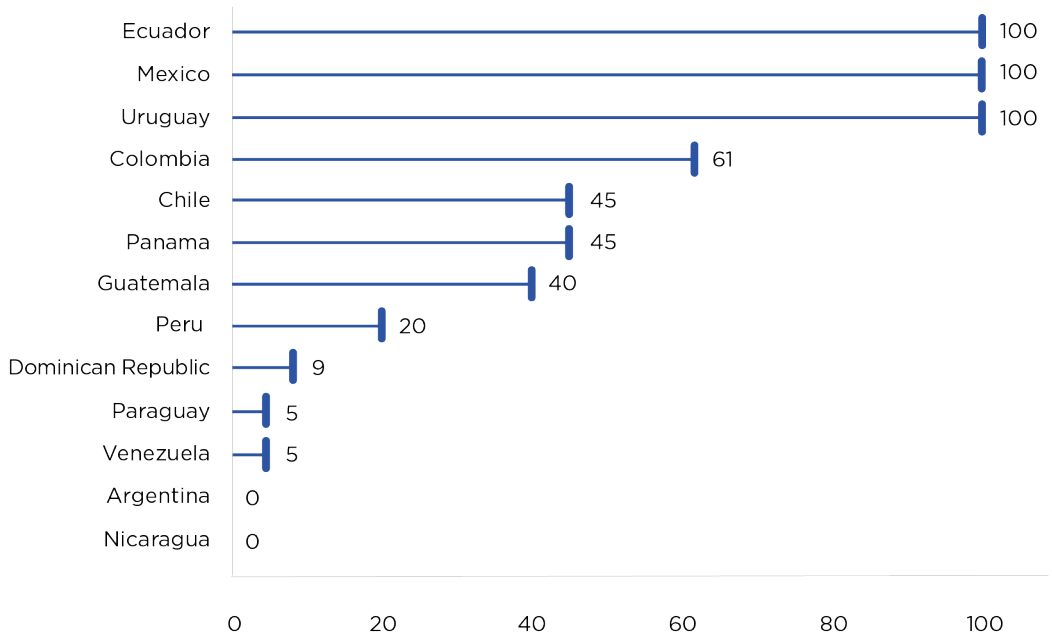
Figure 2.10

a) Institutions that Have Adopted Interoperability Standards *(percentage)*



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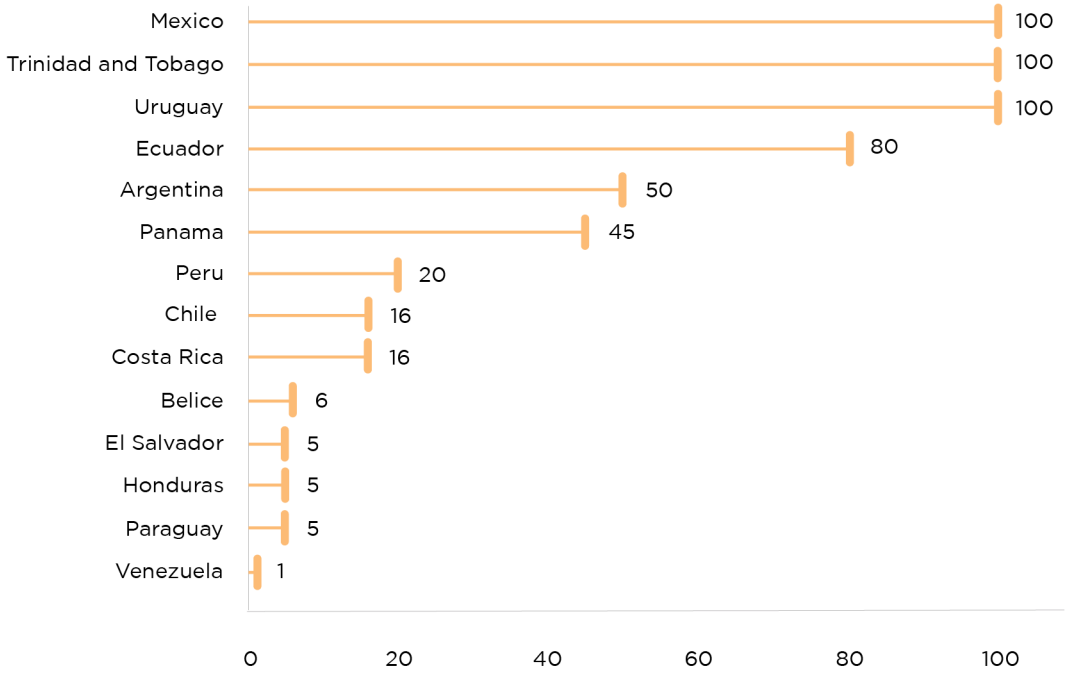
Source:
IDB-GEALC Survey (2017).

b) Public Entities Connected to the Interoperability Platform *(percentage)*



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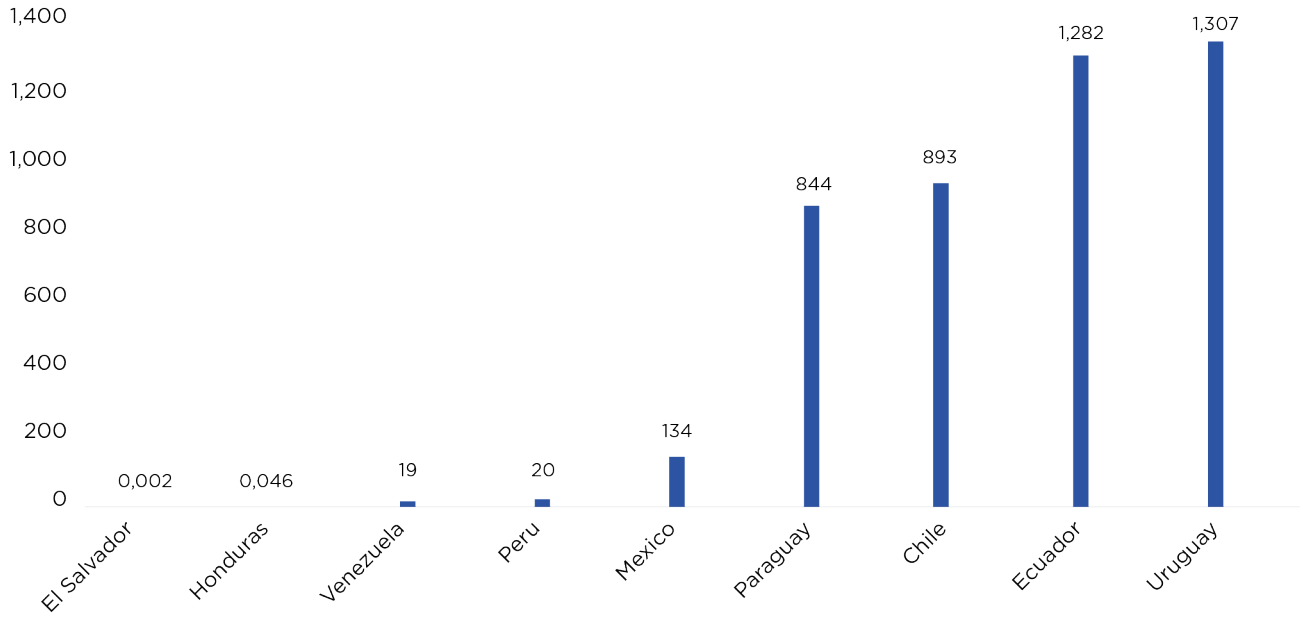
Source:
IDB-GEALC Survey (2017).

Figure 2.11

Number of Government Transactions Using the Interoperability Platform *(per 100 inhabitants)*



Source:
IDB-GEALC Survey (2017).

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The third prerequisite is the **digital signature**, which in most cases employs asymmetric cryptography, also known as public key infrastructure (PKI), to verify that the signatory is who they say they are, enables applicants to sign documents or forms online without having to submit a physical copy, and thereby potentially reduces the number of visits to a government office. Without the digital signature, there are many government transactions that—despite being digitized in everything but the signature—still require an in-person visit to comply with the latter requirement. In Estonia, it is estimated that use of the digital rather than a physical signature alone has saved an amount of time whose value is equivalent to 2 percent of gross domestic product (Astok, 2017). In this aspect, at least with respect to regulation, there has been significant progress in the LAC region: 20 of 25 countries have a law establishing the legal validity of the digital signature. All the countries that lack such laws are in the Caribbean: the Bahamas, Belize, Guyana, Jamaica, and Trinidad and Tobago. Trinidad and Tobago, however, reported that at the time this information was gathered, draft legislation was being prepared.[9]

[9] No information was gathered about the frequency of the use of the digital signature by service-providing entities or of its use by citizens or business owners.

There are other elements that facilitate the provision of online transactions about which there is a lack of information available at the regional level. Electronic payment, for example, is a key tool. The potential to make a payment from a computer or smartphone eliminates another physical step common to many government transactions, one that is often the cause of the greatest delays, since making payments at a bank frequently implies having to wait in line. Another useful tool for digitizing transactions is an electronic notifications system, by which the government entity can communicate with citizens regarding the status of their transactions. Chapter 3 analyzes a series of fundamental elements for simplification and digitization related to institutional factors.

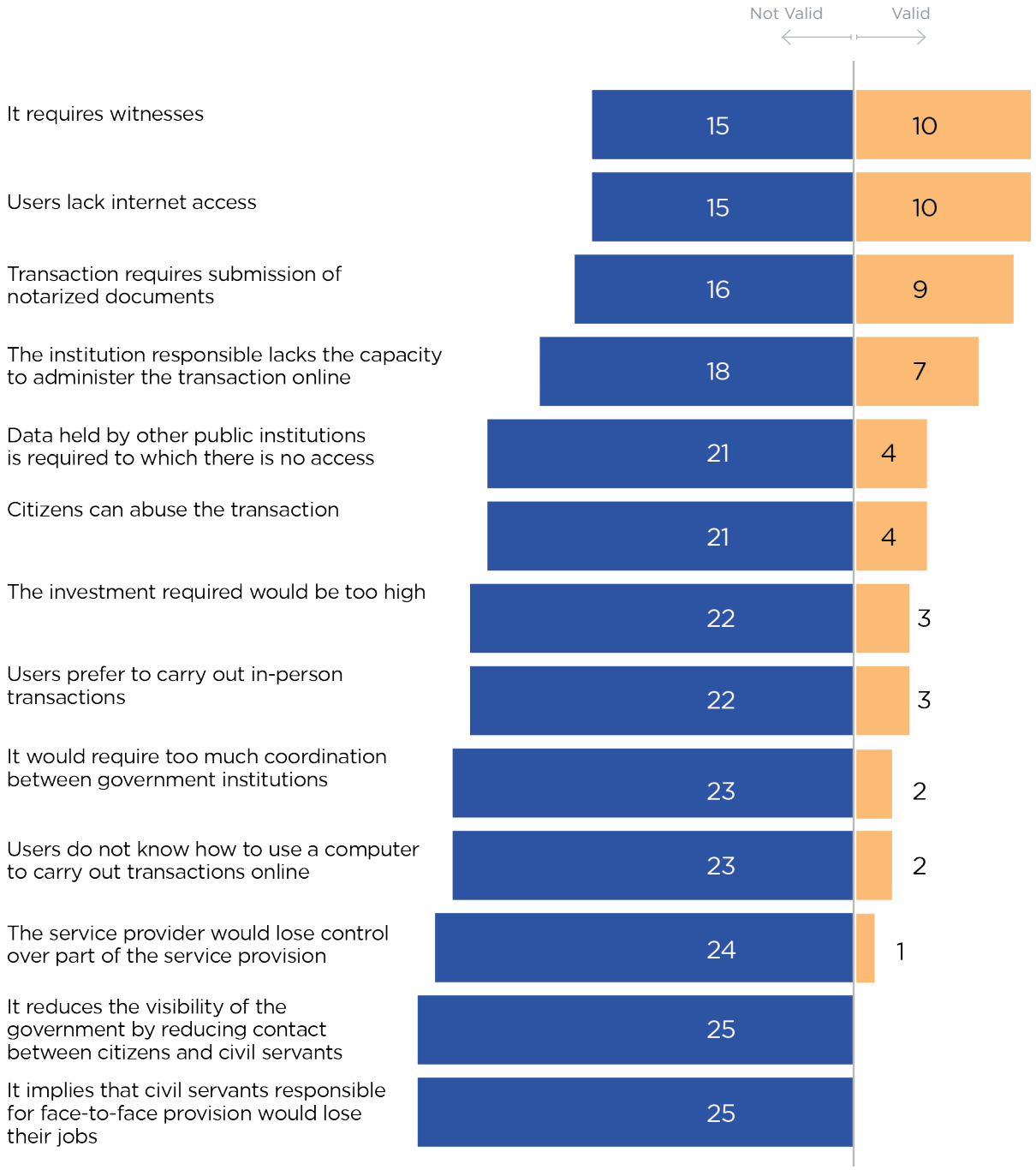
The Perception of Barriers to Future Digitization: A considerable number of e-government directors perceive that insurmountable barriers to digitization of transactions persist. In effect, 15 of 25 e-government directors stated that there was at least one transaction that should never be digitized. Examples given were the initial request for a citizen ID card, requesting a firearm license, and the issuance of a marriage certificate. On average, according to the directors who responded that some transactions should never be digitized, the percentage of transactions in this category was approximately 20 percent.

As can be seen in Figure 2.12, the main arguments against digitization, according to e-government directors, are the demand for the submission of notarized documents, the need for witnesses, and the lack of user connectivity. The main argument against digitization—notarized documents—has solutions that have already been implemented in other parts of the world. Since 2000, Spain has had a network of "e-notaries" who carry out their functions electronically.[10] Likewise, since 2015, Bitnation has worked with the government of Estonia to provide notary services using a blockchain platform.[11]

[10] For further references, see: http://www.notariado.org/liferay/es/web/notariado/e-notario.

[11] For more details, see: https://bravenewcoin.com/news/bitnation-starts-offering-blockchain-public-notary-service-to-estonian-e-residents/.

Figure 2.12
Do You Consider the Following Reasons Valid for Not Making a Transaction Available Online?



Source:
IDB-GEALC Survey (2017).

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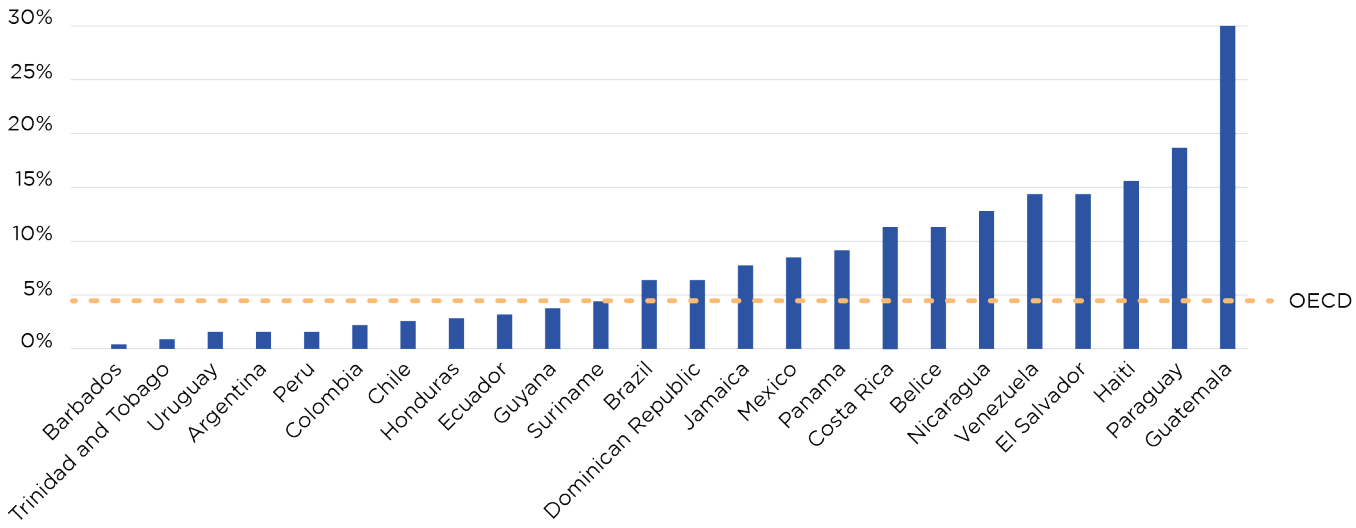
Note:
Figure shows the number of countries that gave one the above responses, from a total of 25 e-government senior managers that answered the survey.

Capacity: Significant Gaps Persist in Legal and Digital Identification, Connectivity, Banking Penetration, and Digital Literacy

There Are Shortcomings in Legal Identity and Incipient Progress in Digital Identity

Being able to identify oneself to the public institution that provides a service is an essential requirement of access in all channels of service provision. Even in this basic foundation of the state-citizen relationship, there are gaps in LAC: although 11 of the region's countries have an under-registration rate below the OECD average, seven have rates of between 10 percent and 20 percent, and one is above 30 percent (Guatemala) (see Figure 2.13).

Figure 2.13
Under-registration, LAC versus OECD, 2016



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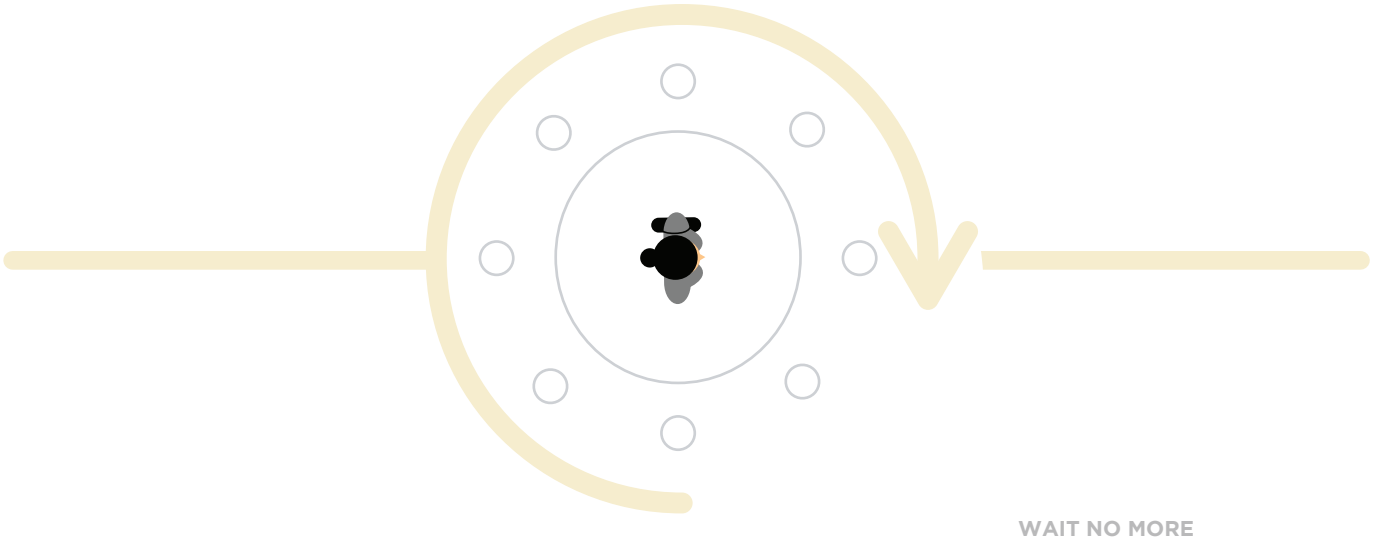
Source:
World Bank Group Identification for Development (ID4D) (2017).

Note:
The Bahamas is excluded due to uncertainty about its under-registration rate. Its calculation is complicated by the lack of national universal identification.

Identifying oneself online presents a series of challenges unique to the digital world, in addition to depending on the traditional legal identity system. On one hand, simultaneous processes must be established to verify and authenticate the identity of the person carrying out the transaction. On the other, there must be adequate mechanisms of control and privacy regarding the use of such information. Digital identity, in its various forms, helps overcome these challenges. Ranging from lower to higher security, some examples of different forms of digital identification include: (i) username and password; (ii) identity card or token (cryptographic key); and (iii) ID card with biometric information (digital fingerprint or facial recognition).

Digital identity can facilitate access to digital transactions by eliminating the need for people to submit proof of identity in a physical format. This is particularly important given the prevalence of identity and registration transactions (approximately 40 percent of all the transactions in the region), a large proportion of which are probably requested as a requirement before moving on to another transaction. Moreover, according to the degree of interoperability, digital identity can also eliminate the need to request proof of eligibility for government transactions by linking the person's identity to personal data that public institutions already have.

Few countries in the region can claim progress on this front: only Argentina, Chile, Costa Rica, Mexico, Peru and Uruguay (six countries) reported having a national digital identity. However, there is a significant group of countries that reported having a specific plan to create one, which has already been presented to a minister, the cabinet, to congress/parliament or to the president/prime minister. These include Belize, Brazil, Colombia, Ecuador, Guatemala, Honduras, Jamaica, Panama, Dominican Republic, and Suriname (10 countries).

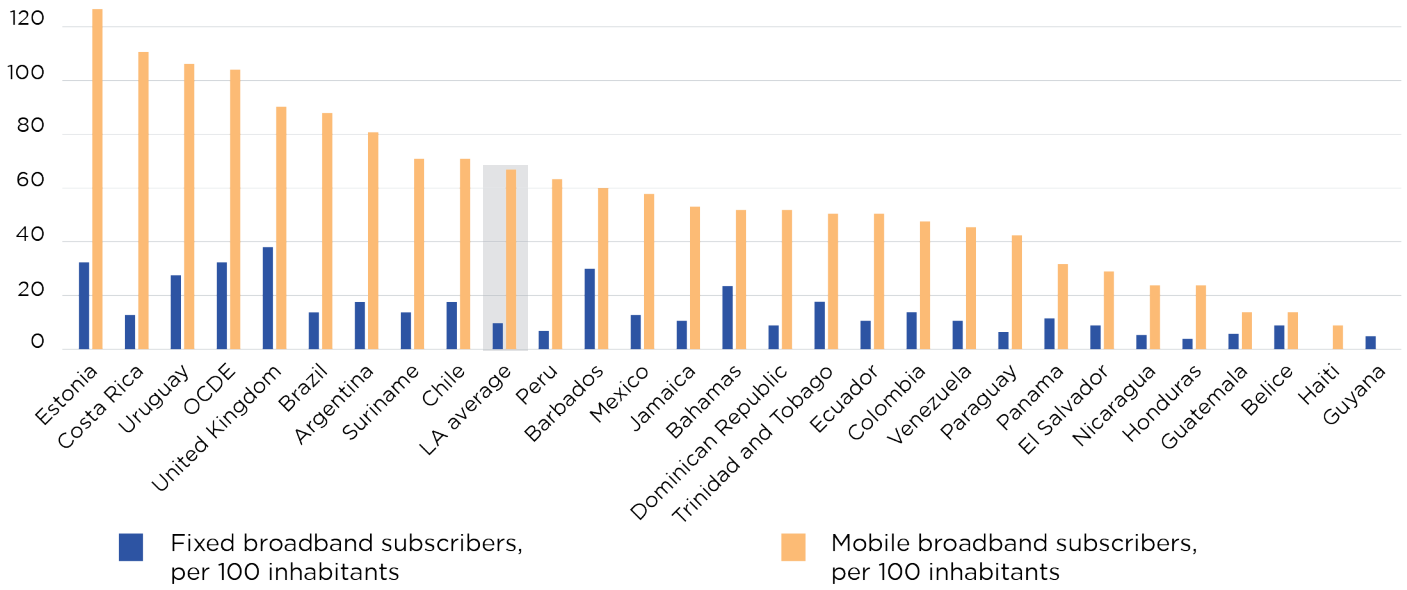


Connectivity Continues to Be Partial, Although Better for Mobile Telephones

Being able to connect to the internet is another essential condition when it comes to using digital services. Doing so through a high speed connection is often a requirement if the government transaction website is to function successfully (e.g., so that it does not crash while a user is downloading or sending a form). Nonetheless, the region continues to suffer from connectivity gaps, as shown in Figures 2.14 to 2.17.

Figure 2.14 shows that, whereas in the OECD there are more subscriptions to mobile broadband networks than people, the LAC average is 66 percent. With regard to fixed broadband subscriptions, the OECD records an average of 29 percent of the population, and LAC, just 11 percent. The figure shows, moreover, the wide gap between mobile and fixed connectivity: on average, there is a difference of 55 percentage points between mobile and fixed connectivity in the region, and this pattern is repeated in all the countries.

Figure 2.14
Mobile and Fixed Broadband Connectivity in Selected Countries, 2017



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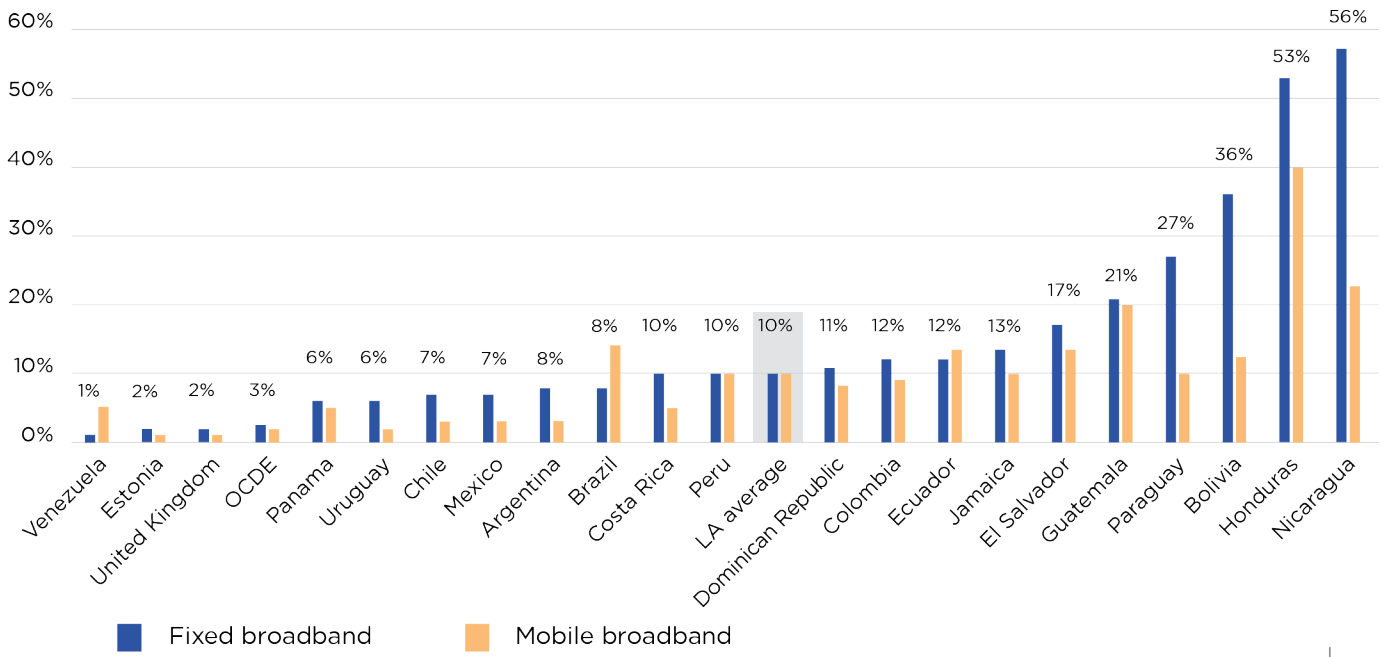
Source:
DigiLAC-ITU (2017).

One explanation for the lack of connectivity is the cost. In some parts of LAC, it is extremely expensive to get basic fixed broadband or mobile broadband. Figure 2.15 presents the price of the subscription as a percentage of the average wage of the poorest 40 percent of the population. For example, in Honduras, the price of a basic subscription to a fixed connection represents more than 50 percent of the average wage for a person in the poorest 40 percent of the population. In all the countries, subscriptions are more expensive than the OECD average, which costs 3 percent of the average wage of the poorest 40 percent in the case of a fixed broadband subscription and 2 percent in the case of mobile broadband (the only exception is Venezuela, where fixed broadband is strictly regulated by the government).

Figure 2.15

Affordability of Mobile and Fixed Broadband, Selected Countries, 2016

(price of subscription as a percentage of average wage of the poorest 40 percent of the population)



Source:
DigiLAC-BID (2016).

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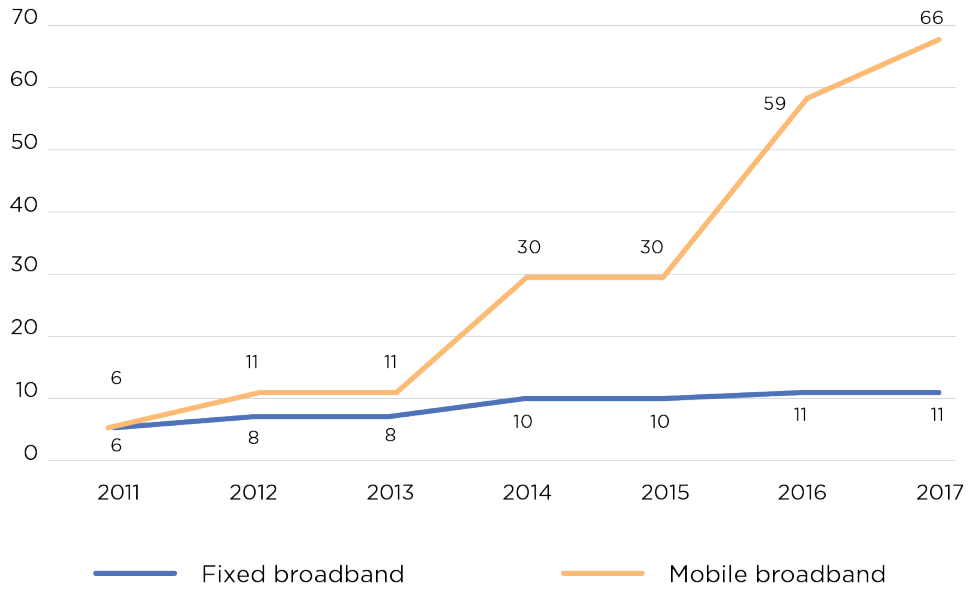
Figures 2.14 and 2.15 show the proportion of people with internet coverage through mobile versus a fixed connection and suggest that there are more barriers to access than just cost. In most countries, the cost of the subscription to mobile broadband is nearly as high as that of fixed broadband (in Brazil it is higher, while in Bolivia and Nicaragua it is considerably lower), but the levels of mobile connectivity are much higher. Consequently, the main barrier to access must be what differentiates the two types of connection: the device. Whereas many people get a smartphone as part of a package with their mobile service provider, or buy the telephone independently, a computer represents too big an outlay (or an unprofitable investment) for many. Aware of this challenge, various governments in the region have invested in public spaces with internet access, such Panama's Infoplazas, or the Community Technological Centers (*Centros Tecnológicos Comunitarios*) in the Dominican Republic.

The growth of mobile connectivity points to an important task to maximize the scope of digital transactions: optimize them for use by cell phone. Until now, a very small percentage of digital transactions are carried out using cell phones: only 0.5 percent of those consulted by Latinobarómetro (2017) at the regional level carried out their last government transaction exclusively using a mobile phone. From the supply-side perspective, 18 of 22 e-government directors from countries with online transactions reported that not all of them can be completed by cell phone: on average, only 23 percent have this option (IDB-GEALC Survey, 2017).

Since internet connectivity in the region continues to be patchy, mobile broadband is more affordable than fixed, and low-income people tend not to use the digital channel, aiming to optimize cell phone use would seem to be a viable strategy for expanding the use of digital transactions to a broader range of income levels. This point is even more relevant when examining the trends of mobile and fixed broadband lines in the region: while the number of fixed broadband users has remained relatively low and constant at around 10 percent of the population, mobile broadband users have grown by 883 percent in the past five years, rising from 6 users per 100 inhabitants in 2011 to 66 users per 100 inhabitants in 2017.

Connectivity gaps clearly persist in the region, and Figure 2.17 shows that there is a relationship between connectivity rates and the level of uptake of digital transactions.

Figure 2.16
Mobile and Fixed Broadband Lines per 100 Inhabitants, Latin America



Source:
ITU (2017).

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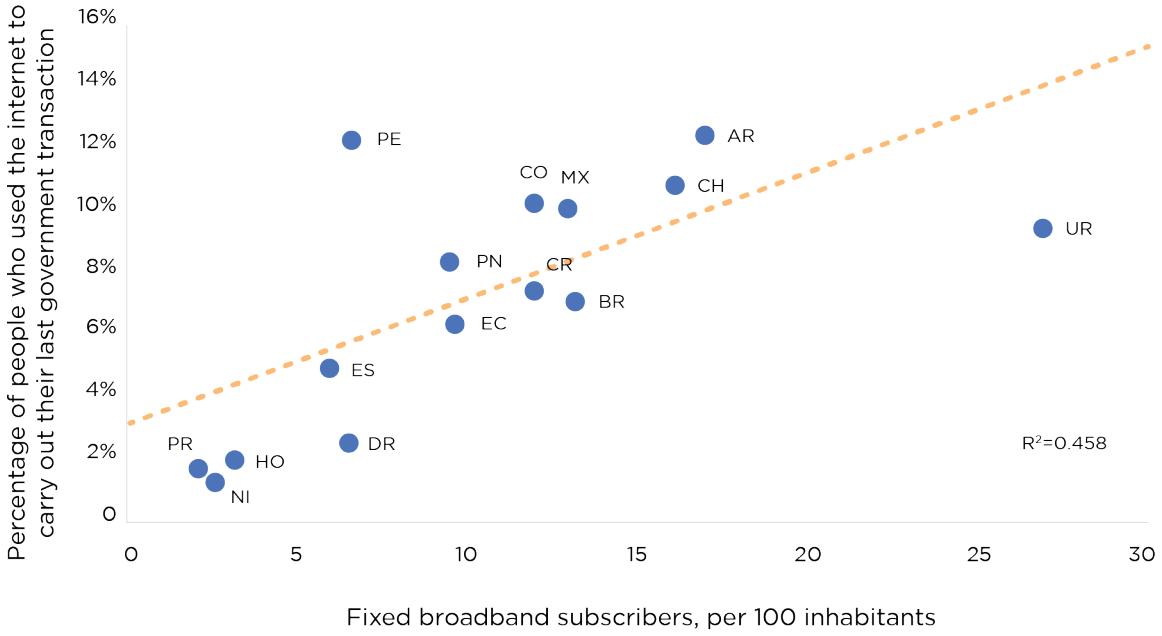
Figure 2.17
Connectivity versus Use of Digital Channels for Transactions, Latin American Countries



Source:
ITU; Authors' elaboration based on Latinobarómetro (2017).

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Many People Lack the Necessary Skills to Carry out Online Transactions, and Governments Know It

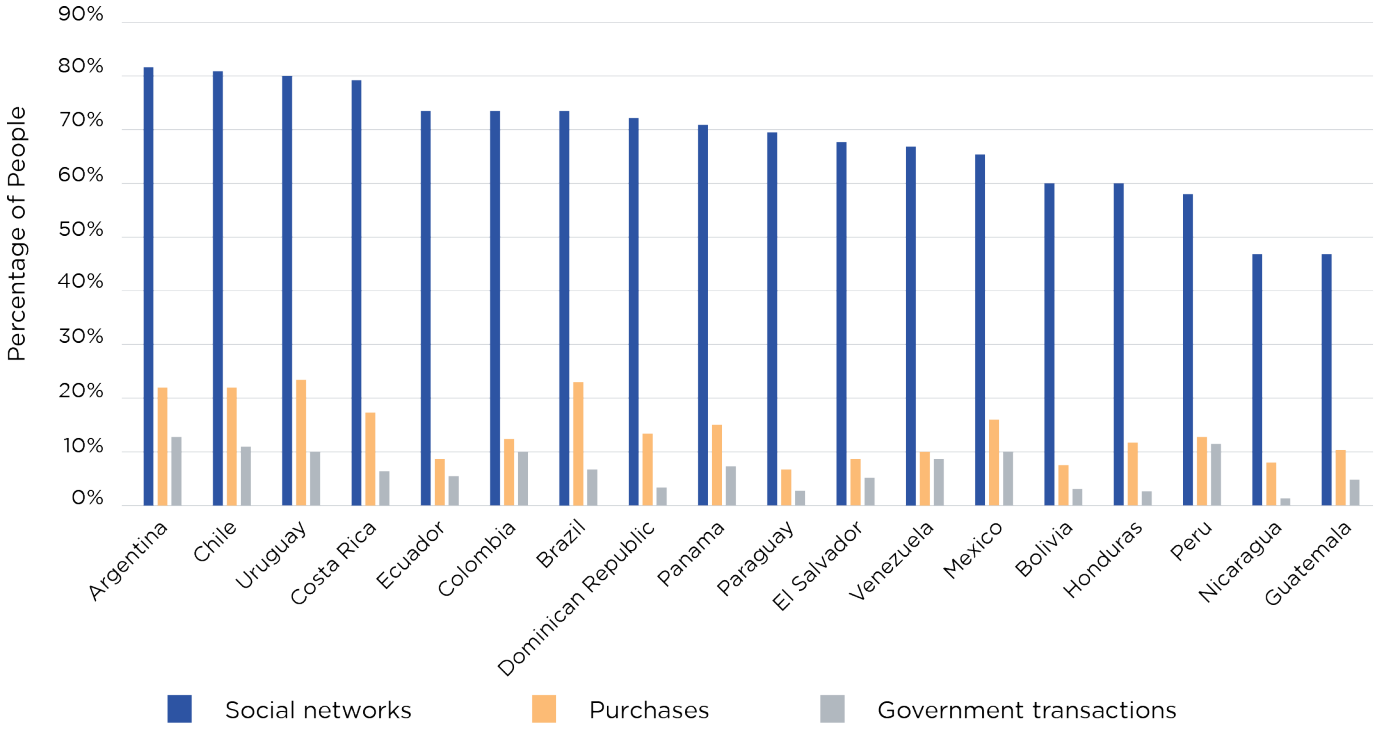
Digital literacy—understood as basic competency for the use of information and communication technologies (ICTs), particularly using a computer and navigating the internet[12]—is also a key aspect for the use of digital transactions: if citizens lack the skills to use a computer (or a smartphone), navigate the internet and fill out the forms necessary for the transactions, they will be unable to take advantage of online services. Even in advanced countries, digital literacy is a challenge. In 2014, the UK government discovered that 21 percent of the population lacked the basic skills needed for internet use (Government Digital Service, 2014). Its digital inclusion strategy sought to expand the use of the internet for all, even by providing in-person or telephone assistance, to facilitate the use of the digital channel. In Estonia, starting in the 1990s, the government has trained approximately a sixth of the population (around 200,000 people) in the use of digital technology through public-private partnerships (Sikkut, 2017). The challenge of "digital literacy" for carrying out government transactions is still more complex, since completing a government transaction online requires skills that can go beyond basic computer use.

There are two main approaches to measuring digital literacy—through gaps in use and capacity—and in both, there are shortcomings in LAC countries.

Use. The statistics for internet use for three different activities—social networks, purchases, and government transactions—suggest that there is high capacity to conduct simple activities such as those related to social networks, but much less for activities such as e-commerce (Figure 2.18). However, this measurement is strongly influenced by at least two additional factors. First, supply: whereas Facebook and YouTube are everywhere in LAC, few countries of the region have developed e-commerce ecosystems (Giordano, 2017) and, as mentioned above, the availability of digital transactions is partial. Second, trust: although the opportunity is there, citizens may still prefer to do their shopping or conduct government transactions in person for fear of being cheated or having their personal data abused online.

[12] Definition adapted from Colombia's Ministry of Information and Communications Technologies, available at: http://www.mintic.gov.co/portal/604/w3-article-5447.html.

Figure 2.18
Use of Internet for Social Networks, Shopping, and Transactions



Source:
Authors' elaboration based on Latinobarómetro (2017).

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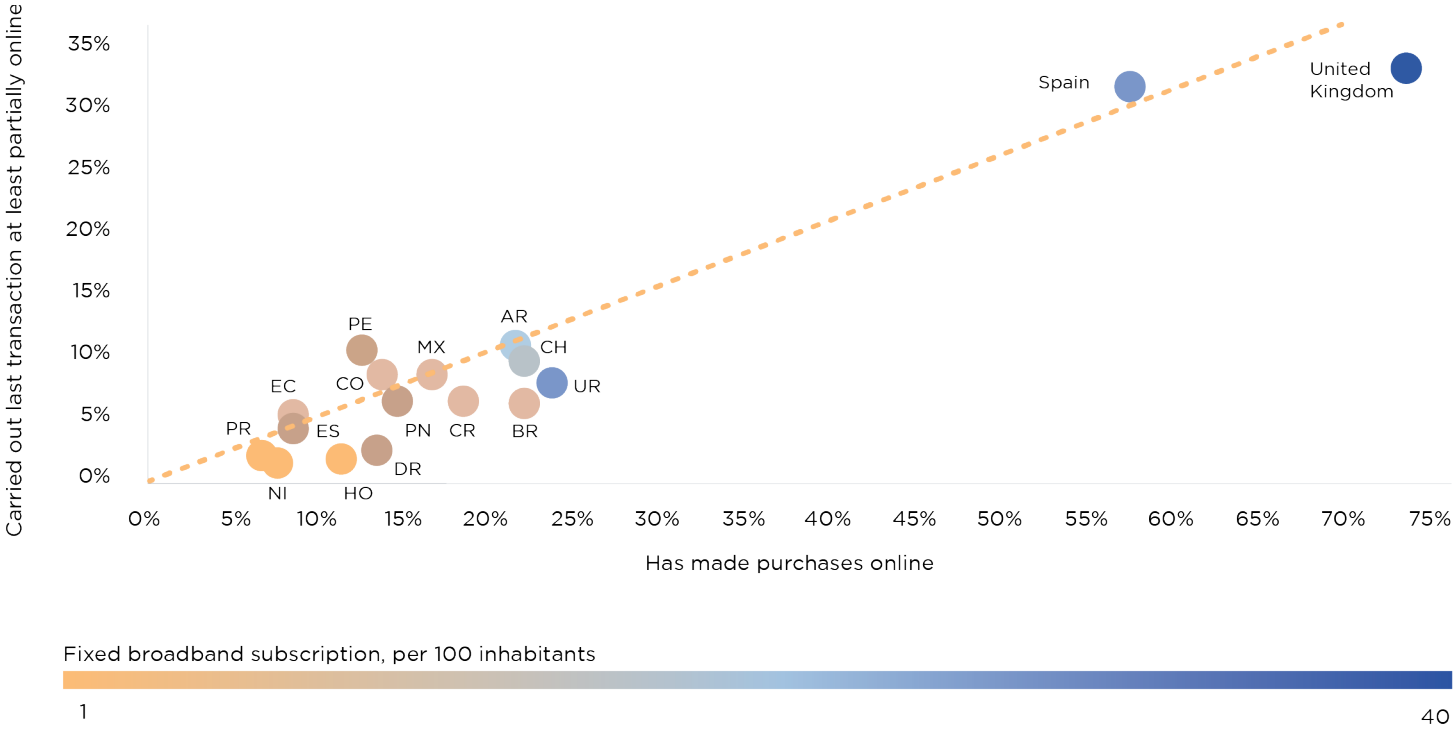
Figure 2.19 maps out the levels of use of digital transactions, e-commerce, and connectivity, comparing Latin American countries with two leading countries with respect to digital literacy: Spain and the United Kingdom. The figure clearly demonstrates that the entire digital ecosystem in Latin America is still underdeveloped.

Age difference in the use of computers. A study by the World Bank (Roseth, 2016) shows that young people tend to make much more intensive use of computers than elderly people, but that this difference is mitigated by the higher the level of education. The two panels of Figure 2.20 present data for Bolivia and Colombia, the only two LAC countries included in the study. These data indicate that, for young people, familiarity with computers does not depend on formal schooling. The data also suggest that—if this phenomenon is the same in the other countries of the region—with the passage of time, people's capacity to use computers will increase naturally, even where educational attainment remains unchanged. However, this does not guarantee that when the young people of today reach an advanced age, they will continue to be able to manage the advanced technologies of the moment.

Figure 2.19
Connectivity, Shopping, and Transactions, Latin American Countries versus Spain and United Kingdom



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Source:
Authors' elaboration based on Latinobarómetro (2017); World Bank (2017); OECD (2017).

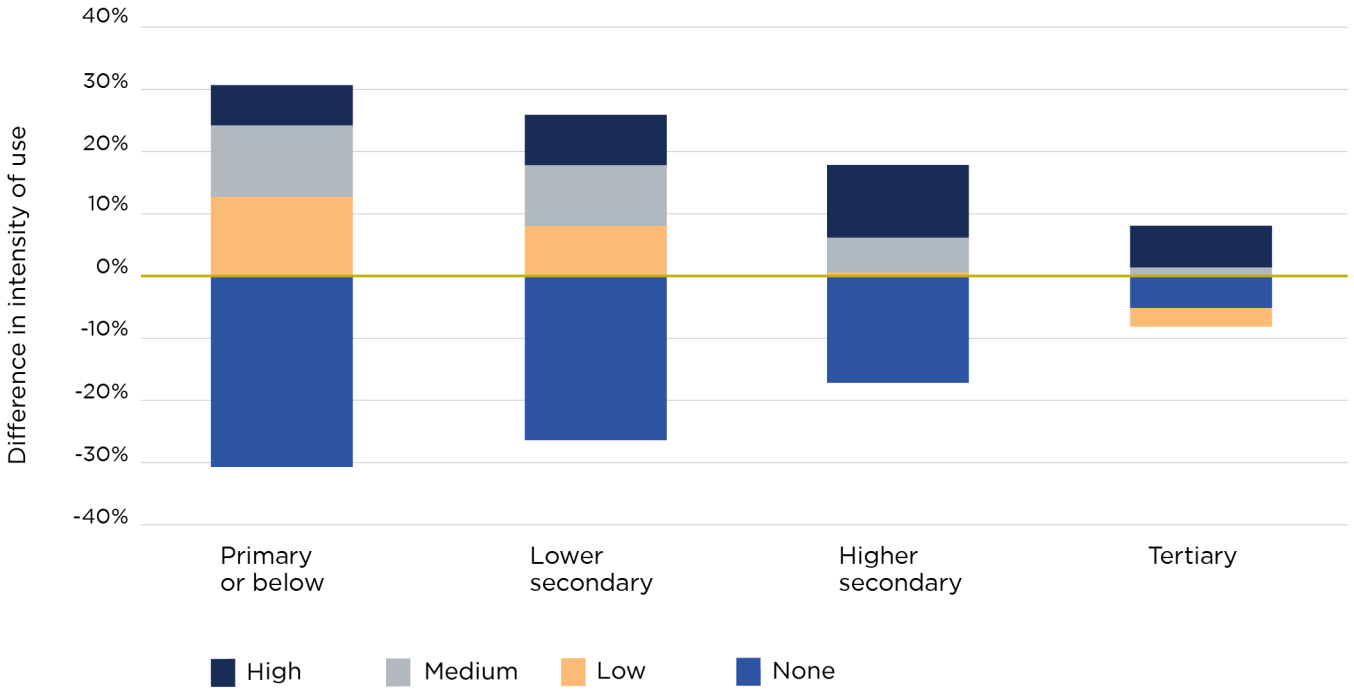
Note:
The statistics for the use of digital transactions in Spain and the United Kingdom reflect whether the respondent has completed a digital transaction in the previous 12 months, while the statistics for Latin America reflect whether respondents carried out their last transaction online. This difference in measurement means that the gap between Spain/United Kingdom and Latin America could be slightly exaggerated.

Capacity. The results of the PISA tests show that the students of Brazil, Chile and Colombia (the only three LAC countries included) have a "digital reading"[13] capacity (which measures the ability of 15-year-old students to read, navigate, and evaluate the reliability of information found on websites) significantly below that of students in European countries. Of the 31 countries included in the 2012 measurement, Brazil, Chile, and Colombia (the only LAC countries included) rank 27th, 29th, and 31st, respectively (OECD, 2015). Since Chile is one of the countries with the highest levels of education in the region (OECD, 2017), and the PISA tests show a strong correlation between traditional illiteracy and digital literacy, it is likely that the rest of the region may experience similar or more severe deficits.

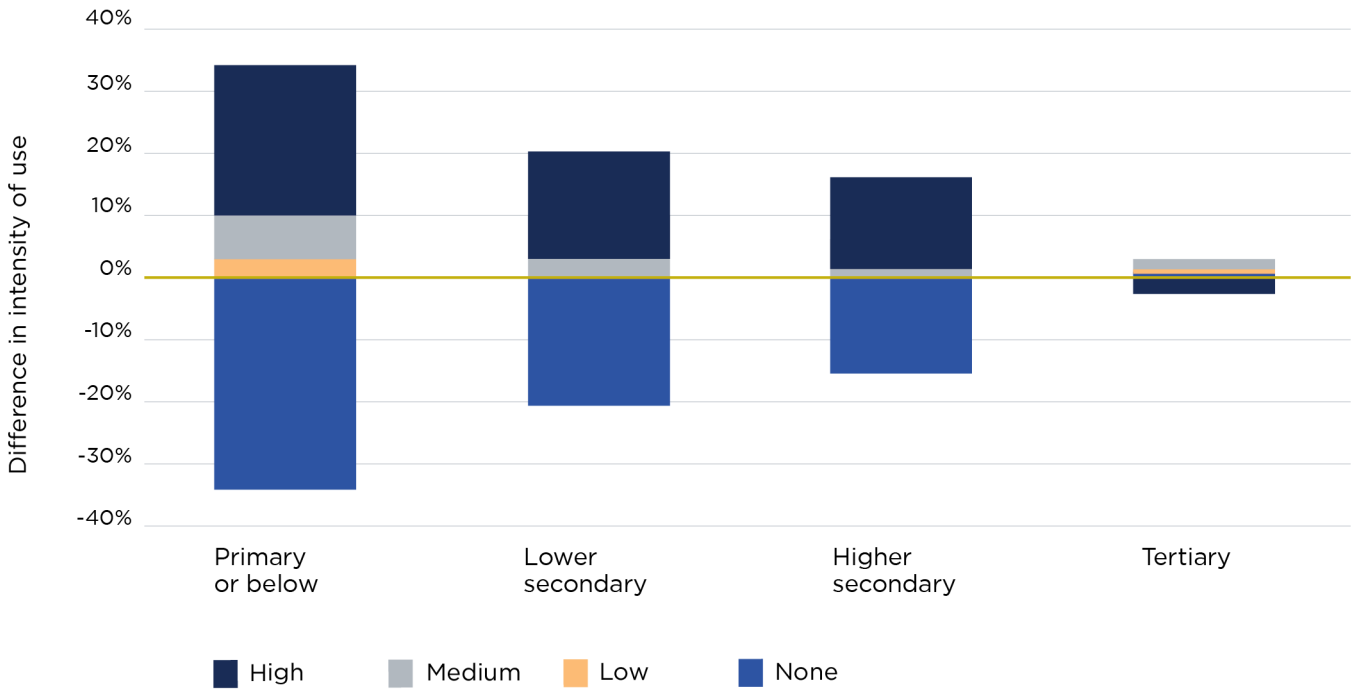
[13] Digital literacy capacity was measured through 29 different tasks applied during three sessions of 20 minutes each, which tested the student's ability to navigate around a range of digital scenarios, including dynamic icons, hyperlinks, multimedia, and social networks. See UNESCO (2016).

Figure 2.20

a) Bolivia: Intensity of Computer Use, Young People versus Adults, by Educational Attainment



b) Colombia: Intensity of Computer Use, Young People versus Adults, by Educational Attainment



Source:
Roseth et al. (2016).

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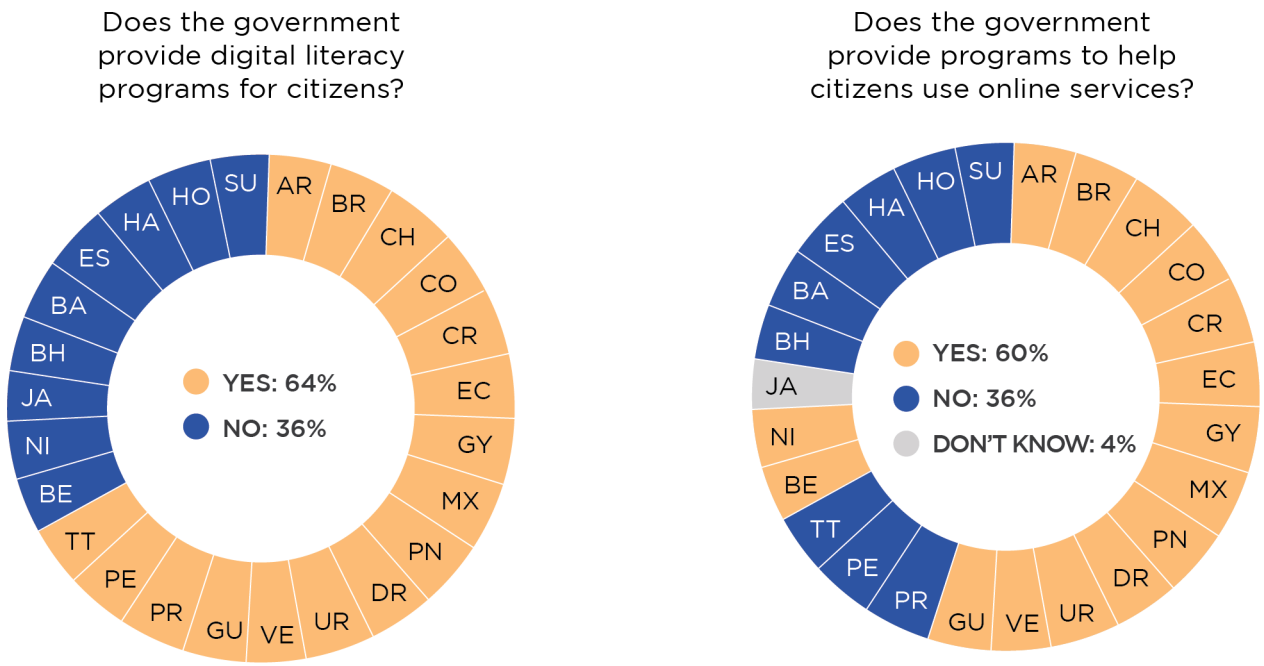
Note:
Shows the difference in the percentage of young people versus adults who use the computer, by different levels of intensity (color) and educational levels (column).

Government literacy and digital training programs. Faced with the challenges of digital literacy, and the importance of being able to navigate the internet for a range of educational, work, and social purposes, most of the region's governments have created programs to train citizens either in the general use of computers and the internet, or the specific use of digital services. Figure 2.21 shows that approximately two-thirds of the 25 digital government agencies consulted have implemented both types of programs. The over-representation of Caribbean countries in the category of those that lack both types of programs is notable: Bahamas, Barbados, Belize, and Jamaica have no digital literacy programs, and Bahamas, Barbados, Jamaica, and Trinidad and Tobago lack training programs on the use of digital services. It is worth highlighting, however, that these data are more an indication of intentions than a measurement of effectiveness given that there is no information available regarding the scope of these programs.

Figure 2.21
Government Management of Digital Literacy Programs



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Source:
IDB-GEALC Survey (2017).

Box 2.4

Closing Supply- and Demand-Side Access Gaps: The Case of Government Transactions for Women

Some of the region's countries have adapted government transactions to the needs of specific users, training women on internet use so that they can access transactions and use ICTs more comprehensively for social and professional purposes.

In Argentina's Digital Literacy Educators Network (*Red de Alfabetizadores Digitales*, or Rad.ar), students from public universities all over the country train vulnerable segments of the population in internet use, which includes how to access information, complete transactions, and find a job. One of the beneficiary groups of Rad.ar are the women from the "Ellas Hacen" (They Do) program, which offers work and training opportunities to women who have been victims of gender-based violence, mothers with disabled children, and mothers with large families. This digital inclusion program takes place in universities and public spaces with free public WiFi and is led by the Ministry of Modernization with the support of the Ministry of Education.

For its part, Bogota, Colombia, has 15 Digital Inclusion Centers for women, located in the Equal Opportunities for Women Centers. These centers are spaces for exchange and training in the access and use of ICTs, with a focus on women's rights. The centers offer tools for digital security, digital citizenship and also promote entry into the job market and entrepreneurship. They are promoted by the Ministry of Information and Communications Technologies, and the Mayor of Bogota's District Women's Secretariat.

In Uruguay, the Electronic Government and Information and Knowledge Society (*Agencia de Gobierno Electrónico y Sociedad de la Información y del Conocimiento*, or AGESIC), through its online government transactions program *Trámites en Línea*, seeks to identify and resolve the difficulties of some specific groups in their relationship with the state, and thereby guarantee that the entire population enjoys access to digital services. The barriers associated with e-government and digital transactions have been tackled from the gender perspective, identifying the restrictions related to people, processes, and technology. Specifically, the program examined the transactions related to prevention, care, complaints, and protection for victims of gender-based violence, along with the processes and challenges associated with the voluntary termination of pregnancy.

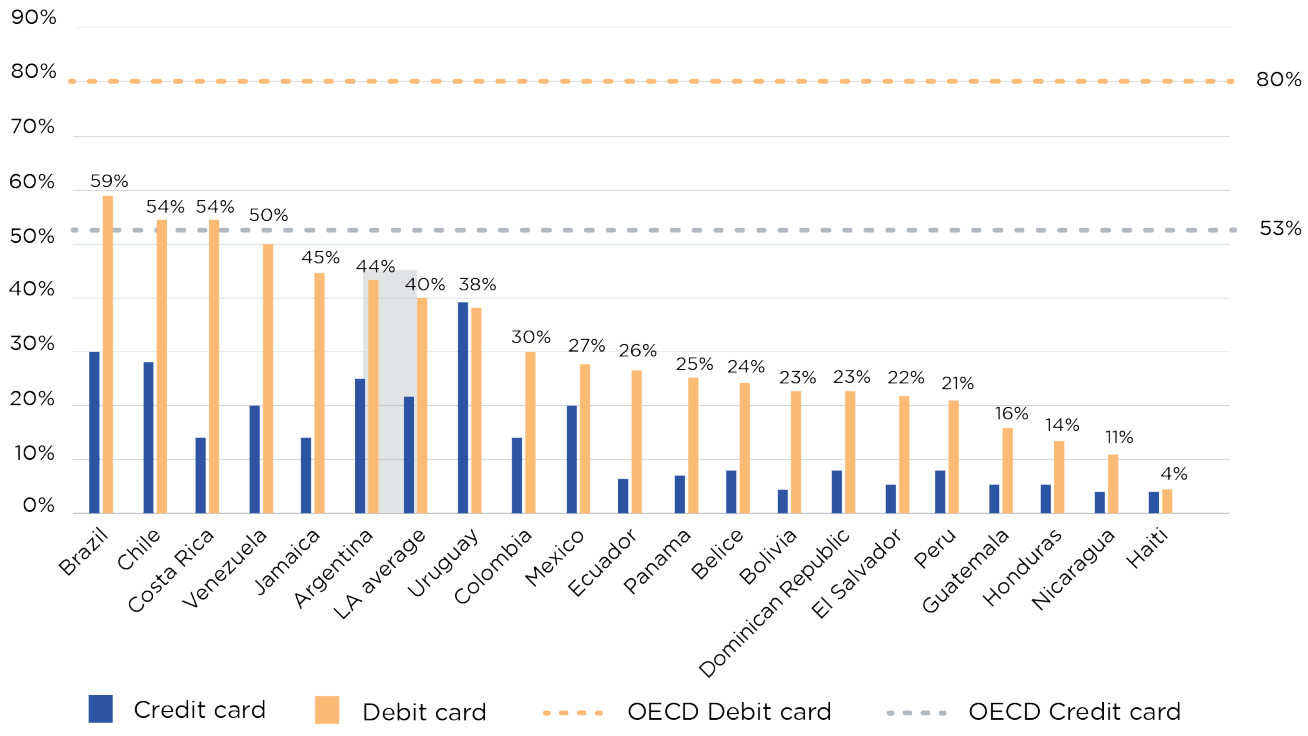
Sources:
AGESIC; District Women's Secretariat, Bogota, and Argentina's Ministry of Modernization.

Many People Have No Way of Paying Online

Some government transactions require a payment (e.g., obtaining a duplicate identity document). Thus, to carry out transactions that demand online payment, it is essential that citizens have a method of digital payment. On this front, the region presents significant challenges and wide inequalities. As shown in Figure 2.23, on average, less than half (49 percent) of adults in the richest 60 percent of the population have a debit card. Among the poorest 40 percent, this figure falls to 28 percent. Access to a credit card is even more restricted: among the richest 60 percent, 28 percent of people have a card, and among the poorest 40 percent, only 12 percent of people have one. Again, the disparity between socioeconomic segments represents a challenge when it comes to expanding digital services throughout the population. Faced with these gaps, governments must adopt strategies to expand financial inclusion, including through alternative methods of online payment (i.e., through mobile telephones).

The averages for LAC countries are in stark contrast with those of OECD countries, where 82 percent of the richest 60 percent and 70 percent of the poorest 40 percent of people have a debit card, and 61 percent of the richest 60 percent and 43 percent of the poorest 40 percent have a credit card.

Figure 2.22
Access to a Means of Payment: People in LAC Who Have a Debit or Credit Card *(percentage)*



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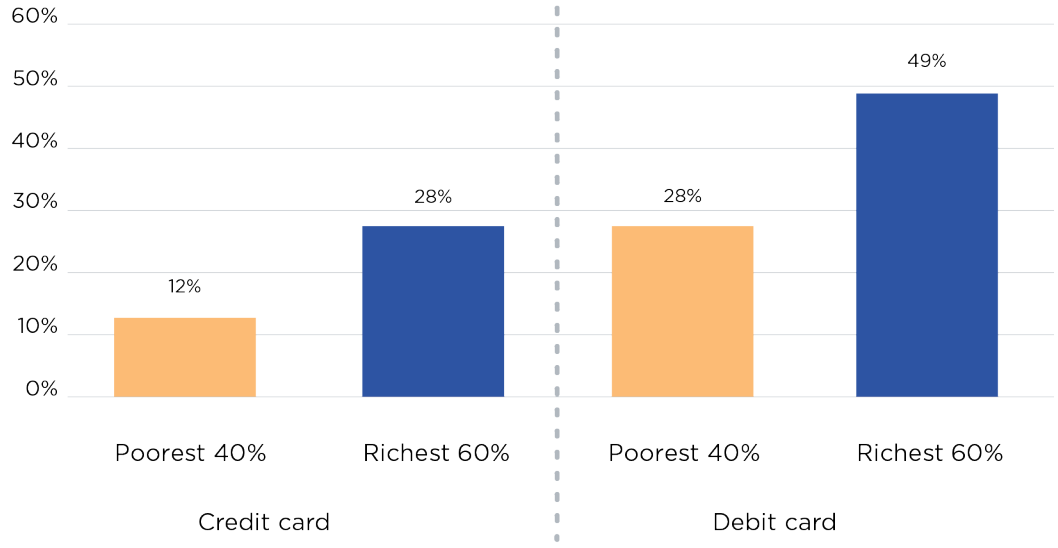
Source:
World Bank Global Financial Inclusion Database (2014).

Figure 2.23
Access to Debit and Credit Cards by Level of Income, Latin America and the Caribbean *(average)*



Source:
World Bank Global Financial Inclusion Database (2014).

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Online Experience: Governments Are Not Investing in the User Experience and Users Suffer as a Result

Citizen Online Experience Is Negative

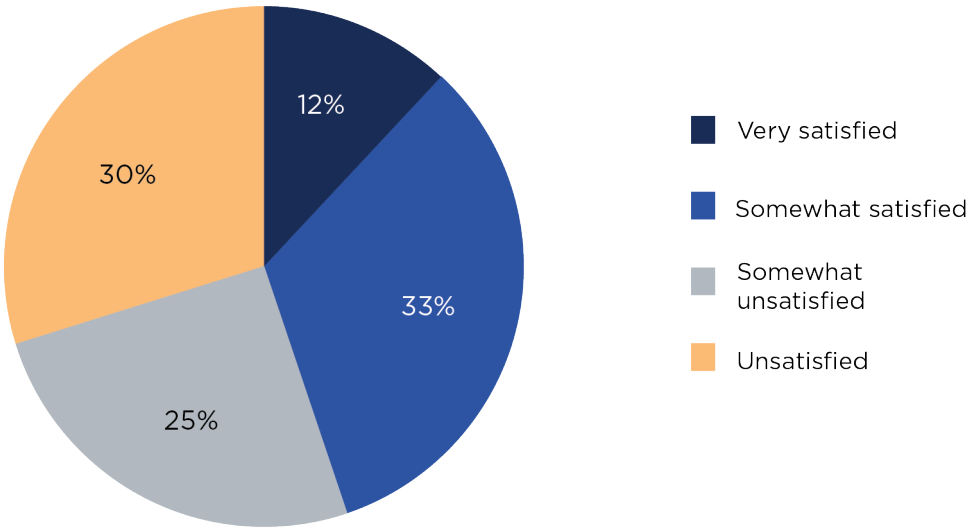
None of the above—online provision of services, connectivity, digital literacy and more—will be sufficient to convince citizens to use digital transactions if these fail to offer a positive experience to the user. Studies show that internet users are extremely demanding: if they do not find what they are looking for within 20 seconds, many of them simply go to another website (Nielsen, 2011).

LAC governments are failing the users of digital transactions. One survey of approximately 1,000 people in the region, nearly all of them with university educations (masters or higher)[14] who use the internet daily, revealed extremely low satisfaction with digital transactions. One clear explanation is that they simply do not work well. These results are worrisome given that this specialized public—called "advanced users" for the purposes of this report—is much better positioned to use digital transactions than the general population.

[14] These were students from the 18 Spanish-speaking countries of the region who took the IDB online course "Managing for Development Results."

Figure 2.24 shows that 55 percent of advanced users were unsatisfied with their attempts to complete online transactions. Pareja et al. (2016) confirm this finding: in two of the three countries that compared satisfaction rates by channel (Ecuador and Uruguay), satisfaction with the virtual channel was lower than with the face-to-face channel (in Panama, satisfaction with the digital channel was slightly higher than with the face-to-face channel). Likewise, a 2017 study by ChileAtiende confirms that, in general, citizens are more satisfied with the face-to-face channel than with the digital one (Datavoz, 2017).

Figure 2.24
User Satisfaction with Last Attempt to Complete a Transaction Online *(percentage)*



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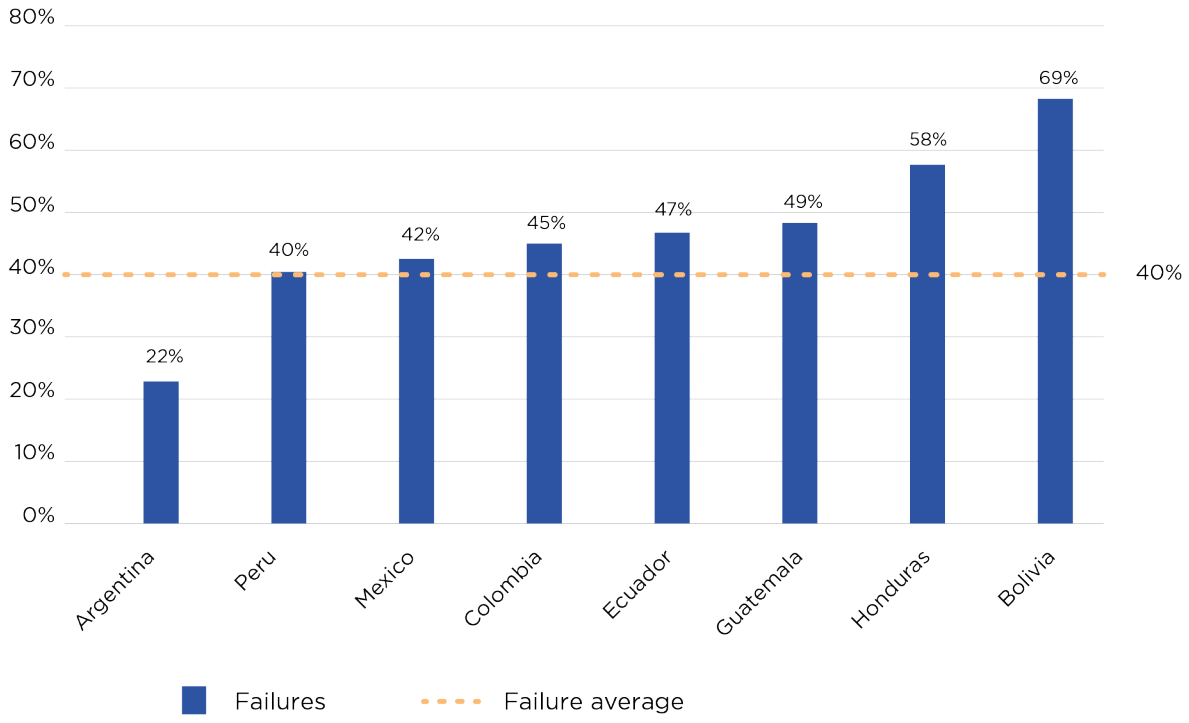
Source:
IDB-MfDR Survey (2017).

Figure 2.25 helps explain the root of this immense dissatisfaction: a high percentage of the attempts to complete online transactions end in failure. On average, 40 percent were unsuccessful in their efforts to carry out a transaction online. Argentina appears to offer a better user experience than others, while Bolivia is at the other end of the spectrum.

A high percentage of the attempts to complete online transactions end in failure.

Figure 2.25
Failed Attempts with the Last Online Transaction, Selected Countries



Source:
IDB-MfDR Survey (2017).

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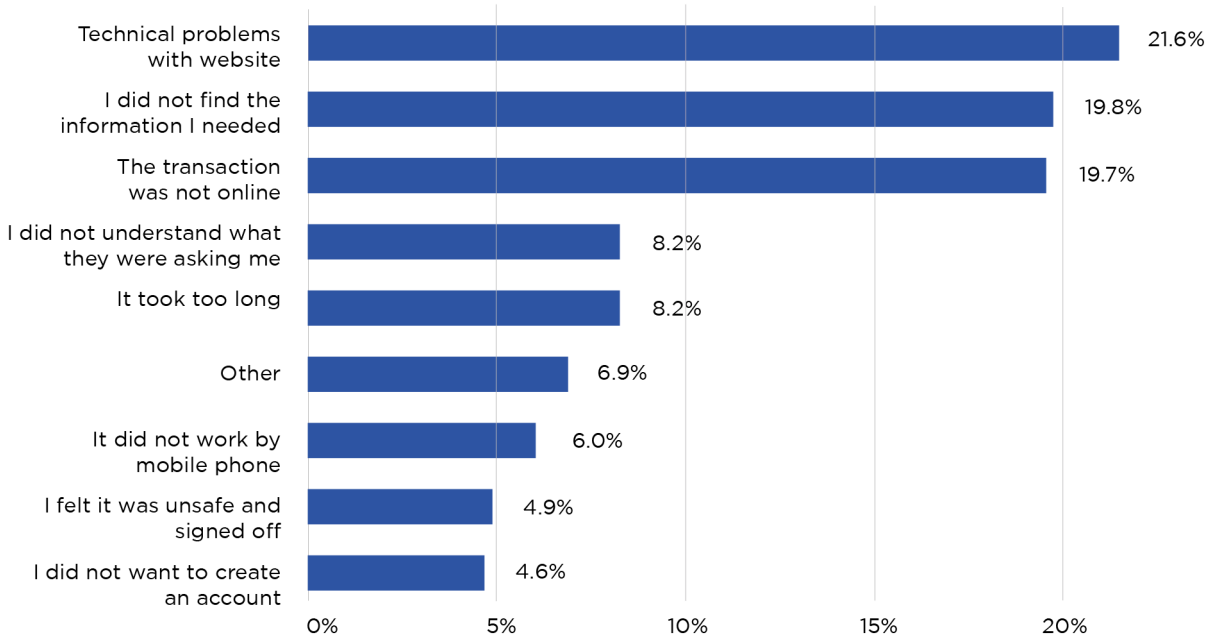
Figure 2.26 shows the reasons behind the failed attempts to access online transactions: the main cause is technical problems with the website (e.g., the webpage fails to load, it crashes, or the links do not work). The second and the fourth causes also point to website design shortcomings: citizens (despite being highly capable) do not find what they are looking for or they fail to understand exactly what the entity is asking from them, so they abandon the attempt. The third cause, in which the transaction was not available online, reveals a gap in expectations and communication: people expected to find their transaction online, but it was unavailable. Next to last in the list is the perception of insecurity, which suggests that, in most cases, either security is not a concern, or any worry about security chiefly affects the decision to choose a particular channel of attention, rather than the process of carrying out the transaction.

Figure 2.26
Reasons Why Digital Transactions Fail (percentage)



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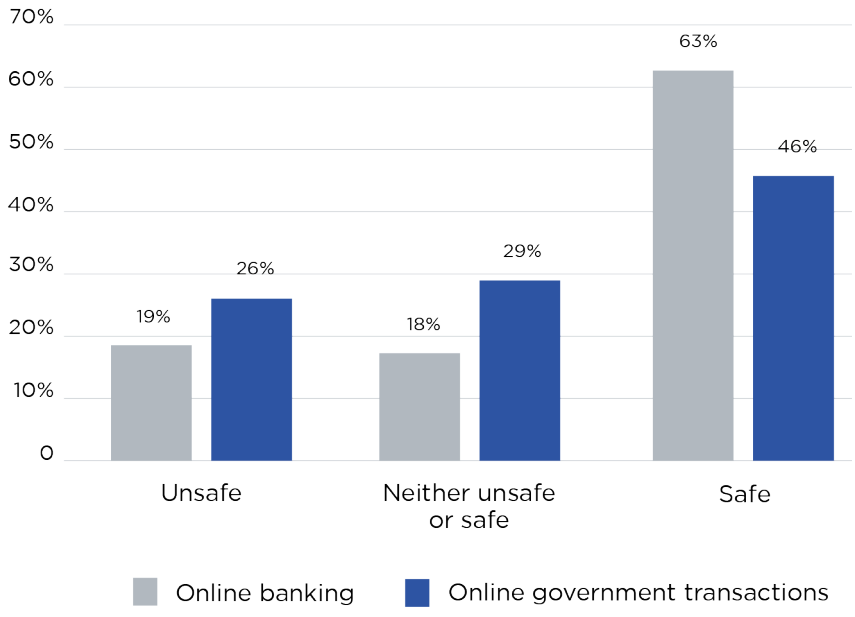
Source:
IDB-MfDR Survey (2017).

One positive surprise for governments has to do with the perception of security. Figure 2.26 shows that security concerns do not feature among the most important reasons for giving up on an online transaction. Furthermore, Figure 2.27 shows that, in general, advanced users have perceptions of security that are similar for digital transactions and online bank transactions. This is consistent with literature that affirms that online security is not the principal concern for citizens when it comes to carrying out transactions; other factors, such as user-friendly websites and trust in the government in general or in technology in general, also influence decisions about online transaction use (Bélanger and Carter, 2008; Chee-Wee et al., 2008; Khasawneh and Abu-Shanab, 2013; Srivastava and Teo, 2009).

The positive results about the perception of security should be interpreted with caution, particularly since there are various studies that prove that personal data protection is a worry for most citizens. A study by Spain's Sociological Research Center (Centro de Investigaciones Sociológicas) in 2017 revealed that 76 percent of citizens are very concerned about protecting their personal data and the possible use that the public and private institutions might make of them. Likewise, a survey carried out by Mexico's National Institute of Statistics and Geography (Instituto Nacional de Estadística y Geografía, or INEGI) (2016) highlights the fact that 84 percent of Mexicans are concerned about the incorrect use that could be made of their personal data by public or private institutions. At the same time, there is a marked contrast in the region: in Uruguay, around 70 percent of people believe that data protection regulations are adhered to (AGESIC, 2017).

Figure 2.27
Perception of Security with Regard to Banking versus Online Government Transactions (percentage)



Source:
IDB-MfDR Survey (2017).

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Many Governments Are Not Investing in Improving the Online Experience

With respect to online transactions, there are a series of actions that governments should put into practice to improve the user experience. These range from re-engineering the transaction for the digital interface to implementing a once-only initiative to avoid requesting information from citizens that the state already possesses. The following section shows that, in general, governments are not taking advantage of all the opportunities to provide a fluid digital experience, which might explain the poor citizen ratings shown above. Information is provided here about six aspects: (i) studying the citizen online experience; (ii) simplifying before digitizing; (iii) having a central transactions portal; (iv) having a style guide for government websites; (v) having and applying an initiative to request citizen information once only; and (vi) having a single entry/single key to government websites.

Study the citizen online experience. Less than half of the region's governments take action to find out how citizens experience their digital transactions. Only 11 of 25 governments analyzed the clicks on their websites using instruments such as Google Analytics, and only six studied the bounce rate (rate at which users leave websites at different stages in the process) (IDB-MfDR Survey, 2017).

Figure 2.28
Bounce Rate and Click Analysis, Latin America

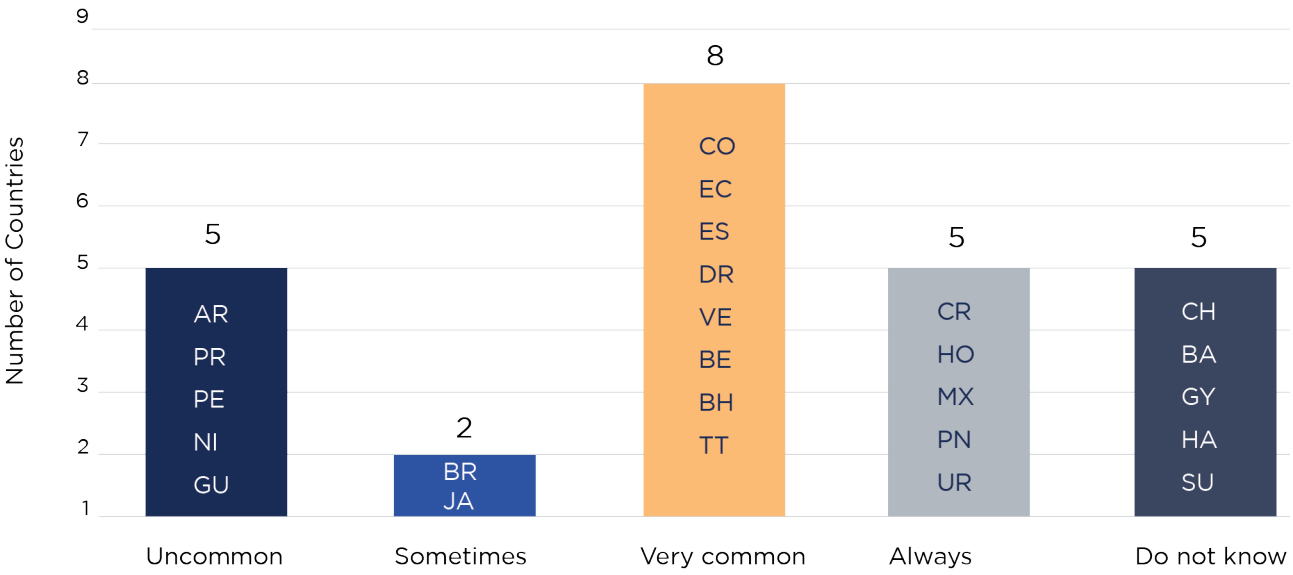
download data

Source:
IDB-GEALC Survey (2017).

There are various government actions that influence the user's online experience. These are described below.

- **Simplification before digitization:** When providing services online, the administrators of the process decide—actively or passively—if they are going to make any changes to the government transaction in question. At one extreme, the transaction can be left exactly as it was in its physical version, with all the fields of information and requirements. In this case, the only difference for the citizen is to carry out the government transaction online, or at least the part that has been digitized (perhaps also having to submit a physical requirement to complete it). At the other extreme, there may be a total process re-engineering, ranging from legal aspects (eliminating unnecessary requirements or adapting the regulations to the digital context), to inter-institutional aspects (to verify the information that the state already possesses and thereafter ensure it is not requested again as part of the transaction), to the language and the format. The IDB-GEALC Survey (2017) asked how common it was to carry out process re-engineering before digitizing the transactions. There is a broad spectrum: 12 of 25 countries do not know how common it is, they report that is "quite uncommon" or that it is done only "sometimes," whereas 13 of them confirm that it is "very common" or that it is done "always."

Figure 2.29
Frequency of Process Re-engineering Prior to Digitization



Source:
IDB-GEALC Survey (2017).

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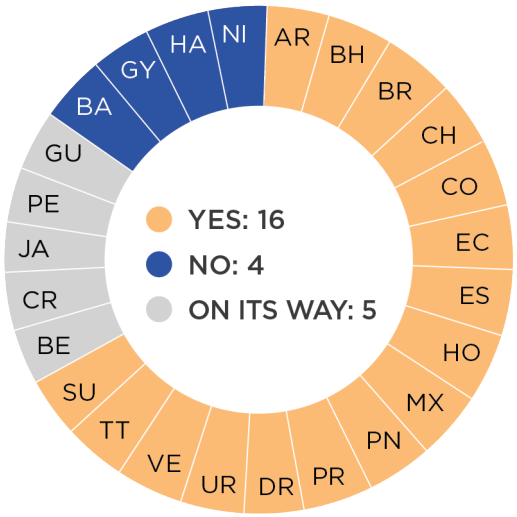
- **Central transactions portal:** A transactions portal is a website where any citizen can find at least basic information about the transactions from different government entities, such as the name of the transaction, the name of the institution responsible for administering it, and instructions on how to complete it. The term "central" refers to the portals that present transactions administered by the different institutions of government. This tool can help to overcome communication problems between the public sector and the citizens by providing a single source of information about the transactions. The region has many portals: only four of 25 countries (Belize, Guatemala, Guyana, and Haiti) lack them.

  A more advanced version of this same concept is the "single website," in which all government websites are integrated under a single domain. A pioneer example of this model is the United Kingdom's website, gov.uk. In the LAC region, countries such as Argentina (www.argentina.gob.ar), Mexico (www.gob.mx), Peru (www.gob.pe), and Uruguay (alfa.portal.gub.uy) are heading in this direction.

- **Style guide:** Many governments have hundreds of websites. If they each have their own designs, with the icons in different places and different sources, a user can become confused when navigating among them and may doubt their authenticity. A style guide—a tool that offers guidelines so that the state websites share a single format—helps to avoid these problems. The region has made substantial progress on this front, as only four of 25 countries lack a style guide or similar tool.

Figure 2.30
Existence of a Style Guide for Online Transactions



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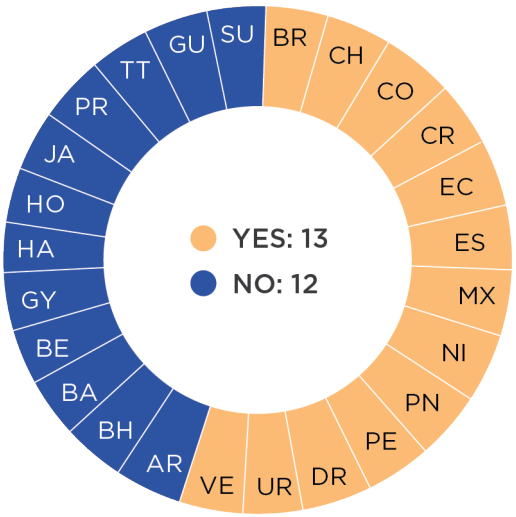
Source:
IDB-GEALC Survey (2017).

- **The once-only information principle:** In some countries, there is a law that prohibits a state agency from asking the citizen to provide information that is already held by another agency. This provides a strong incentive for using the interoperability platform to maximize coordination among government agencies. A key result of this coordination is the possible improvement of the citizen's experience by limiting the multiplication of forms and the amount of information (and, therefore, supporting documents) requested. There is much interest in this practice in the LAC region: 13 of 25 countries report having once-only initiatives (whether a program or a law). However, only four of those 13 reported knowing how many entities were complying with their initiative (Ecuador, Mexico, Peru, and Venezuela), and only two (Ecuador and Mexico) reported 100 percent participation by national-level entities.

- **Single sign-on:** This tool enables citizens to have a single username and password for various government services. In the United Kingdom, the Government Gateway[15] tool permits registrations by individuals, organizations (including enterprises), and agents (e.g., accountants). In this regard, the LAC region can claim less progress: only three countries (Uruguay, Chile, and Trinidad and Tobago) offer this facility.[16]

Figure 2.31
Existence of a "Once Only" Initiative



Source:
IDB-GEALC Survey (2017).

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[15] See the link: www.gateway.gov.uk.

[16] Consult the following websites: https://www.agesic.gub.uy/innovaportal/v/6317/1/agesic/introduccion-al-sistema-de-clave-unica.html; https://www.agesic.gub.uy/innovaportal/v/6741/38/agesic/crea-tu-id.html?idPadre=6724; https://claveunica.gob.cl/; and www.ttconnect.gov.tt.

BOX 2.5

Web Accessibility: The Challenge of Inclusion

Without the right adaptations, disabled people can be excluded from access to the internet, and thus from the benefits it brings. To enhance website accessibility for people with visual, auditory, motor, cognitive, or neurological disabilities, the World Wide Web Consortium (W3C) has issued the Web Content Accessibility Guidelines (WCAG) for suitable website design. These guidelines concern aspects that range from presentation in multiple formats of the same information (e.g., video and text) to the color contrast and compatibility with different web browsers.

Various LAC countries have already incorporated the WCAG accessibility guidelines into the designs of their websites. In 2009, Uruguay approved Decree No. 450/009 on Network Governance (*Gobierno de Red*), which incorporates the principles of equality of online access and promotes the adoption of the WCAG principles. In 2010, Argentina approved Law 26.653 on Web Content Accessibility (*Accesibilidad de la Información en las Páginas Web*). For its part, Gob.mx, the Government of Mexico's single website, contains a declaration of accessibility that covers the central website and government transactions and services files, reflecting what is stipulated in the Telecommunications Law (*Ley de Telecomunicaciones*). Finally, Chile has approved a series of laws in this area, the latest of which was issued in 2015, and Colombia also published its standards via the Statutory Law on Disability (*Ley Estatuaria de Discapacidad*) in 2013.

Source:
W3C, AGESIC, gob.mx, Colombia's Civil Service Department (*Departamento de Función Pública*).

Preferences: Many Citizens Still Prefer the Face-to-face Channel but the Reasons Why Are Unclear

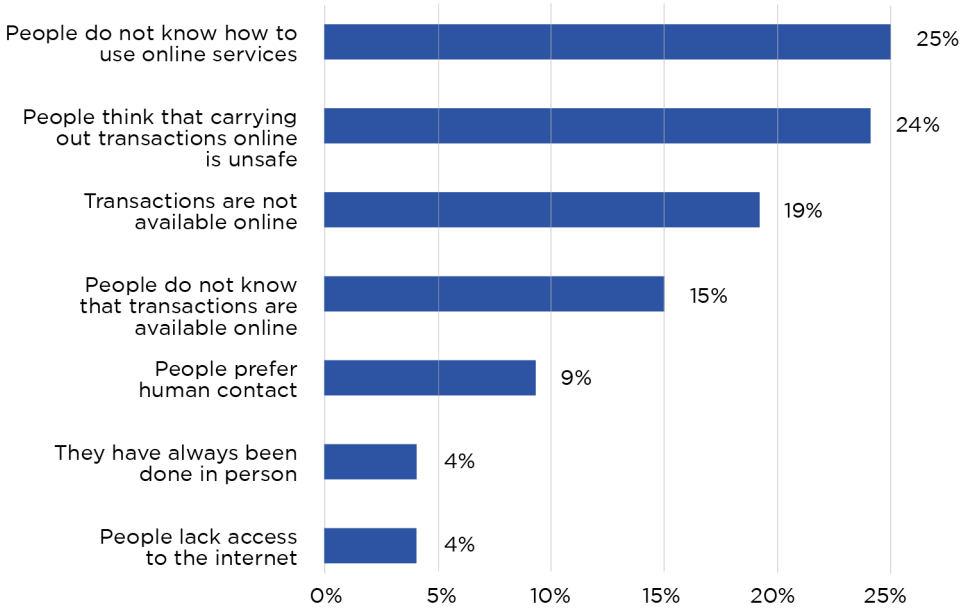
In many parts of the region there is a strong preference for the face-to-face channel. In Colombia, the National Citizen Services Program (2015) found that 65 percent of people prefer carrying out their transactions through the entity's offices or face-to-face attention points, compared to 15 percent who prefer the entity's website (a setback with respect to 2013, when this percentage was 17 percent). In Chile, a study of the ChileAtiende model (University of Santiago, 2015) observed that 84 percent of users of the in-person counter service would prefer to carry out their transactions in the branch again, even if they had the option of other channels. In Uruguay, 26 percent of people prefer to find out about a transaction directly in the government office (AGESIC, 2017a).

Are these preferences due to an endogenous preference for in-person contact, or are they are a result of low availability, capacity gaps, and the bad online experiences that have been discussed in previous sections? The initial evidence indicates that it is a combination. One qualitative study carried out by AGESIC (2017b) found that the only reason for not preferring the digital channel that is a fundamental facet of online transactions is that it is impersonal. All the other reasons have solutions within the digital context, such as uncertainty about transaction resolution (solution: communicate with the user on the website itself, or by an email or a text message), users' inability to clear up doubts (solution: incorporate a helpline via chat or telephone), and the lack of website uniformity (solution: make sure the style guide is followed more closely).

The survey of advanced users found that the main reasons for the aforementioned preference were people's low digital capacity, a perception of insecurity, and the lack of availability. Preference for human contact was only the fifth most important reason.

Additional evidence from Uruguay indicates that whatever the real reasons for not using the digital channel, many people's preferences are flexible: in 2017, 26 percent of users reported preferring to find out about a transaction in person at the government office, a figure that is considerably below the 2016 result, when this preference was reported for 43 percent of those consulted (AGESIC, 2016). Among the possible explanations for this change (which could not be corroborated empirically) are the greater availability of online transactions, greater digital transaction usability, and more familiarity with the transactions among the public.

Figure 2.32
Why Do People Prefer the Face-to-Face Channel? Opinions of Advanced Users



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Source:
IDB-MfDR Survey (2017).

Box 2.6

Reasons for the Underuse of Digital Channels for Government Transactions: Qualitative Findings from Uruguay

Why do you dislike the digital channel for carrying out government transactions?

- Uncertainty about whether the transaction has been completed correctly.
- Inability to clear up doubts.
- If your internet connection crashes halfway through the transaction, you do not know if you have to go back to the beginning.
- If the internet connection is very slow, problems may arise while the transactions are being carried out.
- It is very impersonal.
- There is no uniformity among government websites regarding their speed, content, or presentation. This means that you have to start from scratch when learning how to use each website.

Source:
AGESIC (2017b).

"Don't look at me like that, it's not my fault"

"Take a number"

Title: *No me mires así, no es culpa mía* (Don't look at me like that, it's not my fault)

Author: Jensy Ferreiras

Country: Dominican Republic

CHAPTER

5

HOW DID THEY DO IT? LESSONS ON SIMPLIFICATION AND DIGITIZATION FROM CHILE, ESTONIA, MEXICO, AND URUGUAY

AUTHORS
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CHAPTER SUMMARY

Implementing a reform to simplify and digitize government transactions is not easy. A number of factors hamper the adoption and implementation of such reforms, including: (i) bureaucratic inertia, (ii) poor inter-institutional coordination, (iii) a government that is far removed from its citizens, (iv) regulatory complexity, and (v) technical complexity.

Chile, Estonia, Mexico, and Uruguay have developed strategies, capacities, and governance models to meet these challenges, managing to obtain outstanding results from their simplification and digitization efforts. The lessons learned from these countries can be divided into three groups of actions:

Lesson I: Promote a Paradigm Shift that Orients the State Toward Citizens

The countries studied promoted a paradigm shift, putting the state at the service of the citizen through cross-cutting strategic guidelines, tools that foster inter-institutional cooperation, integrated and simplified interfaces, and citizen participation in order to incorporate their needs into the improvement of government transactions. In this way, they were able to tackle bureaucratic inertia and institutional fragmentation, thereby bringing government closer to the citizen.

Lesson II: Empower a Lead Agency with Sufficient Competencies and Resources to Drive Change Throughout the Government

The four countries all have a lead agency that has sufficient competencies, authority, and resources to drive cross-cutting changes throughout the government, manage technical complexity, and promote inter-institutional coordination.

Lesson III: Establish a Governance Model that Facilitates Effective Implementation

Governance models facilitated coordination and effective implementation of simplification and digitization of government transactions. These rely on the existence of a governing body that supports the agenda, the use of incentives to motivate the different actors, and rigorous progress monitoring. By these actions, they managed to promote the cultural change necessary among civil servants and public sector institutions to ensure that the strategy was fully adopted.

CHAPTER 3 CONTENTS

If the Benefits Are So Obvious, Why Don't All Governments Simplify and Digitize?

Simplifying and digitizing government transactions would seem, at first glance, an obvious objective for all governments. As has been seen throughout this book, having simpler government transactions and making them available online generates significant benefits for both the citizen and the government. Savings in time and money for citizens, greater satisfaction with the service and with public entities, increased administrative efficiency, and fiscal savings for public institutions are just some of the advantages. Nonetheless, simplification and digitization efforts are complicated to implement for a number of reasons:

- **Bureaucratic inertia:** Simplifying and digitizing government transactions implies changing the processes whereby many institutions provide services. This requires efforts by institutions, civil servants, and public employees that go beyond their day-to-day functions (Seliger, 2010), as well as demanding a cultural change within these institutions. Such changes are traditionally resisted by institutions and by their personnel, who resist getting on board unless they can see the immediate benefits (Deloitte, 2015).

- **Poor inter-institutional coordination:** In many cases, public sector institutions operate independently, fulfilling their mandate without interacting with other entities. This phenomenon is known as "silo culture" (Seliger, 2010). Government transactions to access rights and obligations of the state often involve several entities; simplifying and digitizing them requires such entities to coordinate their activities and share data, obliging them to work together in new ways (Dawes, Cresswell, and Pardo, 2009).

- **Government that is far removed from citizens:** In their customary operations, public institutions are not generally well equipped to know what citizens need or demand, and much less to know what their experience is when accessing public rights or obligations. As the motivation to simplify and digitize comes mainly from the desire to improve the conditions whereby citizens access services, it is essential to know what their needs and preferences are when they interact with the state (OECD, 2014b).

- **Legal/regulatory complexity:** Changing the way the state operates sometimes requires creating or amending laws or regulations. This means that the reform has to undergo the requisite legislative process, which is complex in itself (Dyson, undated; OECD, 2003).

- **Technical complexity:** Government transactions are heterogeneous, which means that simplifying and digitizing them requires first knowing the processes and characteristics of each one. Furthermore, digitizing government transactions implies the use of modern technological tools of which many institutions may be unaware, or for which they lack the necessary technical competencies (Gascó, 2010; Janssen, Estevez and Janowski, 2014).

Achieving successful reform to simplify and digitize government transactions requires addressing each of these challenges. This chapter examines the experience of four countries: Chile, Estonia, Mexico and Uruguay. They each developed strategies, capacities, and governance models to tackle these obstacles, and managed to obtain outstanding results from their simplification and digitization efforts. The aim here is to show the lessons learned, both positive and negative, to provide a guide for countries interested in carrying out similar initiatives. Though these examples are from a very small number of cases, none of them perfect, they nevertheless illustrate valuable lessons for understanding the keys to the success of simplification and digitization reforms.

It is worth highlighting that the lessons analyzed here do not constitute a strict and specific recipe for simplification or digitization, and that not all the strategies used by a country work in all cases and under all conditions. These lessons regarding simplification and digitization must be adapted to the particular contexts of each country to guarantee their success. Likewise, there may be useful lessons learned by other countries that are not presented here.

The lessons learned from these cases can be broken down into three groups of actions carried out by the governments of the four countries selected. The countries studied all promoted a **paradigm shift, putting the state at the service of the citizen** through strategic guidelines or tools that foster inter-institutional cooperation, among other measures, as a way of combating bureaucratic inertia and bringing government closer to the citizen.

Additionally, in all cases there was a **lead agency** with sufficient competencies and financial resources that was responsible for driving cross-cutting changes throughout the government, managing technical complexity, and promoting inter-institutional coordination. Finally, the countries analyzed all established **governance** models that facilitated coordination and implementation, achieving the change in culture among civil servants and public sector institutions needed for full adoption of the strategy.

One factor of considerable importance for the success of these initiatives is the political support that the simplification and digitization strategies received, which was a necessary condition for the success of all the actions presented in this chapter. Political support for these reforms from the highest authorities was manifested in many ways: setting a goal for improvement accompanied by a strategy to achieve it; giving a lead agency the mandate, the authority, and the resources it needs to lead implementation; and creating a model of governance that gives strong support to the simplification and digitization agenda and to the lead agency. Political support permeates all the lessons discussed in this chapter, as well as having an impact on a specific action mentioned in Lesson III regarding channeling support and political monitoring to ensure that simplification and digitization are a priority for the public institutions and that visibility is maintained.

Why Are Chile, Estonia, Mexico, and Uruguay Cases Worth Analyzing?

The three Latin American countries stand out for having made simplification and digitization of government transactions an important aspect of their political agenda over the last 15 years. Furthermore, they are leaders in the development of e-government and can boast many achievements and innovations, which are presented below and throughout the chapter.

In Uruguay, the digitization and simplification strategy was born in 2006 alongside the Electronic Government Agency and Information and Knowledge Society (*Agencia para el Desarrollo de la Gestión Electrónica y Sociedad del Conocimiento, or AGESIC*), thereby laying the cornerstone of integral development of the digital government ecosystem. AGESIC's vision has been long term, and it has built the foundations for the digitization of services, with an approach that has included actors from the public and private sectors as well as citizens. The necessary infrastructure and capacities, both technological and managerial, were put in place to implement the digital strategy, and the required climate was created to guarantee that progress in terms of e-government was sustainable over the long term. This vision has enabled Uruguay to achieve solid, sustainable, and coherent growth in digital government, and has led to results that are unprecedented in the region. One of them is the fact that, by December 2017, 100 percent of government transactions could be started online and 34 percent could be fully completed online.

In Mexico, the first steps toward digital transformation were taken in 2003 with a reform of the Organic Law of the Federal Public Administration and the granting of faculties to the E-Government and Information Technology Unit, within the Civil Service Secretariat to coordinate and implement e-government strategies (Pérez Zúñiga et al., 2015). In 2005, the governance structure was created to support this unit: the Inter-ministerial Commission for the Development of Electronic Government (*Comisión Intersecretarial para el Desarrollo de Gobierno Electrónico, or CIDGE*), and e-government good practices were put into place to promote access and inclusion[1] (UNDESA, 2005) and to combat corruption using a public procurement portal[2] (UNDESA, 2008). In recent years, the National Digital Strategy (*Estrategia Digital Nacional*, or EDN), presented by President Enrique Peña Nieto in 2013, has consolidated prior simplification and digitization efforts. Its objective is to create a digital Mexico in which technology and innovation help to achieve the country's development goals.

As such, the digital agenda complements the regulatory reform initiatives that CONAMER (previously COFEMER) has promoted since the 1990s. COFEMER was recognized as a world leader in regulatory reform. In a 2015 study by the OECD, Mexico was awarded the highest composite score on three good practices: participation of involved parties in the regulatory process, regulatory impact measurement, and ex-post evaluation.

[1] There were three complementary portals: (i) www.tramitanet.gob.mx, a single window for services for citizens and firms; (ii) www.e-mexico.gob.mx, a website with online information and services for specific communities (women, elderly people, immigrants, business owners, and students), and (iii) www.foros.gob.mx, a website for citizen discussion groups on laws and policies.

[2] Government of Mexico, Government Electronic Procurement System (Compranet).

The Mexican model is characterized by accompanying simplification and digitization with initiatives that seek to make regulation and the regulatory framework more efficient, taking a holistic approach to simplification.

Mexico has also achieved notable results with regard to digitization: 89 percent of central government transactions can be started online and 74 percent can be finalized completely online. Likewise, simplification and digitization have enabled the administrative and opportunity costs of government transactions to be reduced from 4.3 percent of gross domestic product in 2012 to 2.7 percent in 2017 (CONAMER, 2017).

Chile has been undertaking efforts to simplify and digitize government transactions for more than 15 years. The initiatives began in 2002, with Trámite Fácil, continued in 2008 with Chileclic and in 2012 with ChileAtiende, and then were expanded in 2014 with ChileAtiende Digital. Moreover, in the Digital Agenda 2020, the government sets forth its aspiration to evolve toward more efficient digital government, which focuses on greater integration of services and greater digitization for the citizens' benefit. Chile has been on the vanguard of digital government in Latin America and the Caribbean (LAC) for many years, and the results are evident. By 2017, 49.6 percent of all national government transactions could be carried out completely online.

It has been estimated that, with the use of digital services in Estonia, an average of 30 minutes per transaction per citizen are saved, which amounts to 5.4 working days per year per person and seven million days per year for society.

Included in this selection is an analysis of the case of Estonia, a country outside of the region, which is presented as a challenging comparator. Estonia represents a kind of ideal model to emulate, insofar as this country has achieved digitization of almost 100 percent of its services and exemplary use of technological and management tools. Estonia defined digital development in the public sector as a state policy more than 25 years ago, with the aim of driving its economic development. This led all public institutions to adopt digitization as the basis for their operation. Presently, it is a leading country, recognized internationally for its achievements in digitization of services and the digital society, and LAC countries have adopted many of its technological and regulatory tools. It has been estimated that, with the use of digital services in Estonia, an average of 30 minutes per transaction per citizen are saved, which amounts to 5.4 working days per year per person and seven million days per year for society (World Bank Group, 2016).

The following sections describe the three main lessons learned from the four countries that have helped them overcome the challenges mentioned above: (i) promote a paradigm shift that orients the state toward the citizens; (ii) empower a lead agency with sufficient competencies and resources to drive changes throughout the government; and (iii) establish a governance model that facilitates effective implementation.[3]

[3] The cut-off date for the information presented is December 2017.

Title: *El sentimiento de la burocracia* (The feeling of bureaucracy)
Author: César Ferrarese
Country: Argentina

Lesson I
Promote a Paradigm Shift that Orients the State Toward Citizens

LESSON SUMMARY

Going from office to office to complete a single government transaction, dealing with diverse requirements and formats, presenting the same information several times to different public entities are all symptoms of a state organized according to bureaucratic logic, rather than to an ideal of serving citizens. In a citizen-oriented state, all public entities work in a coordinated fashion and function as a single organization that facilitates access to rights and compliance with obligations for citizens and business owners. To achieve the paradigm shift from a bureaucracy-oriented state to a citizen-oriented state, the cases studied undertake four actions:

1) Define a strategic objective related to simplification and digitization that includes the entire government.
2) Provide shared IT tools that facilitate inter-institutional coordination and standardization.
3) Offer integrated and simplified interfaces for citizens.
4) Incorporate citizen participation in the improvement of government transactions.

Define a Cross-Cutting Strategic Objective for the Entire Government

In silo culture-based public administration, each entity works to achieve its own strategic objectives with little consideration for issues external to its own organization. When the entities are organized hierarchically into areas of authority and responsibility, and its senior managers are responsible for what happens within their organization, their vision of how decisions affect other areas is limited (OECD, 2014a; Weber and Henderson, 2012). In this context, and in the absence of a uniform strategic objective for the entire government, each entity makes decisions that, although in themselves correct, are not necessarily right from the perspective of the government as a whole, and much less so for citizens who must interact with multiple public entities.

To make the state more citizen-oriented, public sector institutions must work collaboratively based on common objectives.

To make the state more citizen-oriented, public sector institutions must work collaboratively based on common objectives. For this reason, an important starting point is to define a strategic objective related to the simplification and digitization of government transactions that includes the entire government. The four cases studied have different versions of strategic cross-cutting goals (all linked more to digitization that to simplification), which are often complemented by decrees that give them a strong legal basis. It is worth highlighting that the strategy by itself is only a piece of paper: without the accompaniment of the other elements addressed in this chapter, it will not lead to change.

In Chile, a combination of strategic plans and executive decrees ushered in a process of simplification and digitization. Digital Agenda 2020,[4] for example, includes a "digital government" pillar whose primary objective is "to achieve massive use of online services and to guarantee their quality" (Government of Chile, 2016). This plan is underpinned by a series of laws that date back to 2003, the most recent of which, passed in 2016, establishes a commitment to digitize government transactions for all the agencies of the central government as a component of the Management Improvement Program (*Programa de Mejoramiento de la Gestión*).[5]

[4] Developed mainly by the General Secretariat of the Presidency, the Ministry of Economy, Development and Tourism, and the Ministry of Transport and Telecommunications.

[5] Government of Chile, Decree 290/2016.

In Uruguay, the Digital Government Plan 2020 establishes "friendly government" as the first of its five pillars, which in turn has as a primary objective of putting all transactions of the central government online: by 2016, the aim was to make 100 percent of government transactions available to at least begin online, and by 2020 they are expected to be able to be completed online. The other two objectives of the same pillar are also related to government transactions: (i) facilitate integrated and unified access for people and firms to central government services through a single portal by 2020, and (ii) promote the transformation of public services to develop new, citizen-based national information systems (AGESIC, 2015c). These objectives are backed by presidential decree.[6]

In Mexico, the objectives related to the digitization of government transactions are framed within the National Digital Strategy under the objective of "government transformation" and the secondary goal of "implementing the national single window for government transactions and services" (whose creation was established by presidential decree).[7] The strategy includes drawing up a national catalog of government transactions and services on a single digital platform; standardizing procedures and regulation of government transactions and services in all levels of government; accelerating the adoption of standards in all government departments through manuals, digital tools and training; and using the advanced electronic signature as a means of authentication for government transactions and services. With regard to simplification, the Program for a Close and Modern Government for 2013–2018[8] contains an objective to "improve the quality of regulatory arrangements to simplify the operation of department and entity processes."

In the case of Estonia, because of the high degree of digitization already achieved, its current objectives are focused more on harmonizing quality and improving the user-friendliness of public services taking into consideration the interests and needs of the users. The goals defined include that 100 percent of public services must share the common quality requirements established in terms of citizen experience, and that 85 percent of the population between 16 and 74 years of age must be satisfied with public services by 2020 (Ministry of Economic Affairs and Communications, 2014).

[6] Government of Uruguay, Decree 184/015, 14 July 2015.

[7] Government of Mexico, http://www.dof.gob.mx/nota_detalle.php?codigo=5380863&fecha=03/02/2015. In May 2018, a new General Law on Regulatory Reform was passed. Among other measures, this law created the National Catalog of Regulations, Transactions, and Services. Compliance is mandatory for all public institutions from all three levels of governance, thus promoting the consolidation of the catalog.

[8] Government of Mexico, Program for a Close and Modern Government, 2013–2018, http://www.dof.gob.mx/nota_detalle.php?codigo=5312420&fecha=30/08/2013, 27-10-2017.

Provide Shared Information Tools that Facilitate Coordination and Standardization

As shown in the previous section, in a state organized to serve the bureaucracy rather than citizens, agencies frequently operate independently, with little coordination between them and little standardization of their interactions with the citizens. Therefore, a fundamental part of the change in orientation of the state is the creation (and use) of technological tools that enable these obstacles to be overcome. These shared tools permit the creation of integrated and simplified interfaces for citizens, which are analyzed in the following section. The key word is "shared"; most of the tools presented below may exist at the level of each individual entity, but greater coordination or standardization will not be achieved unless they are shared.

Some of the most important shared tools are: the interoperability platform (which connects different sources of information), digital identity (that verifies online that someone is who they say they are), the digital signature (which replaces the physical signature for authentication of documents or procedures), the payments engine (enabling payments to be made online), and a basic graphics style for websites for all government transactions, among others. All the countries studied have most of these tools, although with different priority areas and different degrees of implementation.

Diagram 3.1
Shared Tools for Coordination and Standardization

Digital identity

Reference:
https://claveunica.gob.cl/.

Digital signature

Reference:
https://www.agesic.gub.uy/innovaportal/v/6315/13/agesic/nueva-plataforma-de-firma-electronica.html?idPadre=4474.

Interoperability platform

Reference:
https://www.ria.ee/en/x-road.html.

Basic graphics for the single window

Reference:
https://www.gob.mx/guias/grafica.

In Estonia, digitization got underway with the construction and use of two important reusable tools: digital identity and the X-Road interoperability platform, which connects both public and private institutions. Every citizen on average utilizes the e-ID in 62 transactions each month, more than half of them through mobile devices (Rikk et al., 2017). X-Road, which has been in operation for more than 15 years, is used by more than 900 organizations on a daily basis (including the private sector, which is interconnected with more than 1,200 IT systems and processes more than 500 million exchanges of information each year [E-Estonia.com]).[9]

In Uruguay, the main tools are digital identity, the digital signature, the interoperability platform, and common components for government transactions, grouped into 11 different types of transactions. These are the fruit of a gradual process of digital development that started in 2005 with the creation of AGESIC. Key milestones in the process of laying the foundations for digital government include: the creation of the interoperability platform (2009), the electronic notification system (2014), and implementing the electronic identity card with digital signature included (2015) (AGESIC 2009, 2014, 2015b). Presently, these tools enjoy a high level of adoption: for example, 100 percent of public entities of the central government have taken the interoperability standards on board and are connected to the interoperability platform (IDB-GEALC Survey, 2017).

In Mexico, there is a digital signature, digital identity, the methodology and the tools developed to build the single window and a payments engine, among others. Their use has been formally encouraged since September 2011, when an agreement was made to establish the Interoperability and Open Data Scheme of the Federal Public Administration.[10] As in Uruguay, mid-way through 2017, 100 percent of central government institutions had adopted the interoperability standards and were connected to the platform (IDB-GEALC Survey, 2017).

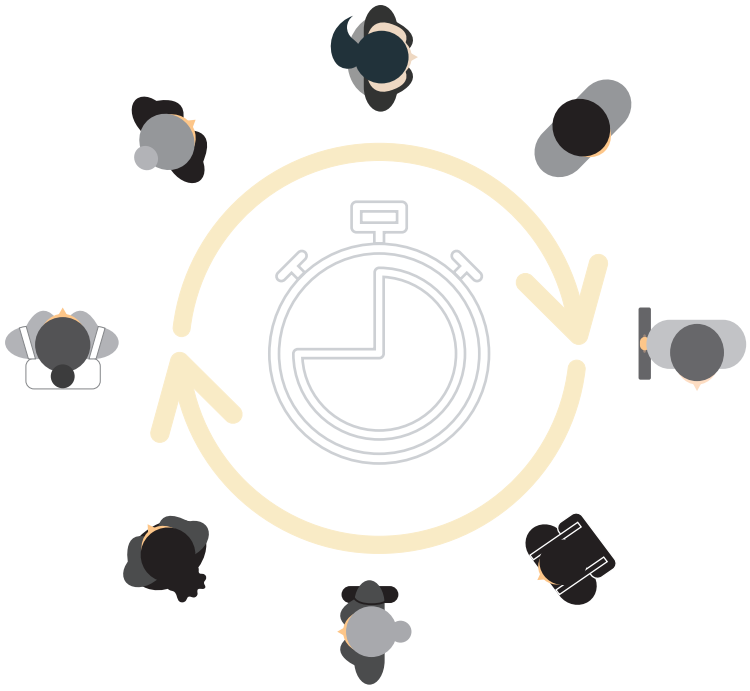
[9] See: https://e-estonia.com/solutions/interoperability-services/.

[10] Government of Mexico, agreement that establishes the Interoperability and Open Data Scheme of the Federal Public Administration, September 6, 2011. Available at: http://dof.gob.mx/nota_detalle.php?codigo=5208001&fecha=06/09/2011, 27-10-2017.

In Chile, although many of the shared tools exist, not all entities use them. For example, the interoperability standards have been adopted by only 45 percent of central government institutions, and only 16 percent of them are connected to the platform (IDB-GEALC Survey, 2017). Moreover, some entities use the digital signature solution provided by private firms instead of the one provided by the government itself, and only 6 percent of the total of state government transactions (13 percent of digital government transactions) can be initiated with a single sign-on created by the Modernization and Digital Government Unit.[11]

An important benefit of shared tools is scalability.

One important additional benefit of shared tools is scalability. Once the tools have been tested and refined, they can be implemented repeatedly for a high number of government transactions, accelerating the pace of digital transition. Thanks in part to the generalized use of shared tools, in Mexico and Uruguay it was possible to drive the massive digitization of government transactions forward in a relatively short time (around three years following establishment of the goal) in both cases. In Estonia, in only two years (2000–02) the entire tax system was digitized; this change was in turn the biggest driver of the use of digital identity for the remaining services (Rikk et al., 2017).



[11] See the webpage: https://claveunica.gob.cl/.

Provide Integrated and Simplified Interfaces for Citizens

The best evidence for the state's orientation is its interaction with citizens: this can either be complicated, unpredictable, and opaque, or it can be agile, standardized, and transparent. The provision of integrated and simplified interfaces for citizens, using in-person or digital channels, helps ensure that it is the latter.

A synthesis of the four cases yields three principles that help create more user-friendly interactions with the citizens:

1) Simplify the requirements for carrying out government transactions. For example, avoid asking for data that the state already possesses and that can be obtained through interoperability between the systems of different agencies.

2) Ensure standardization in the look and feel of the interfaces and the interactions. For example, use the same design for the citizen service points and the websites, and standardization of the forms of data capture, citizen service protocols, and website functionality.

3) Facilitate accessibility for people with disabilities. For example, in-person windows should facilitate physical access; for online windows, the potential of access for those with different visual, auditory, or cognitive abilities, should be maximized.

Providing integrated and simplified interfaces requires complementary efforts that affect front office processes, such as digitizing government transactions and implementing a single window, and back office processes, such as re-engineering and standardizing processes, interoperability, and regulatory improvement for administrative simplification, so that interactions with citizens are effectively integrated and simple.

With regard to efforts at the front office level, ChileAtiende provides a clear example of the integration and simplification of in-person service provision. Set up in the period 2010–14, ChileAtiende began by using the more than 200 citizen service centers belonging to the Social Security Institute distributed throughout the country and began gradually to integrate the government transactions of 20 public institutions. To maximize usability for citizens, a call center was also set up alongside a fleet of mobile offices that could visit areas that lacked the accessibility needed to get to an office. As a result of these initiatives, ChileAtiende enjoys a high degree of citizen approval. Nonetheless, civil servants and public employees have faced serious complications in carrying out their tasks, since they initially lacked the adequate technological development to integrate management. For example, they were required to access systems corresponding to different government transactions through the websites of multiple institutions using different login credentials.

Mexico represents a good example of integration in the digital front office.

Mexico represents a good example of integration in the digital front office. Launched in 2015, the National Single Window (www.gob.mx) is the portal where a range of functions are concentrated: government transactions, services, citizen participation, and government information. This portal, which follows the gov.uk model, the United Kingdom's government transactions and services portal, consolidates the services and information of more than 18 secretariats, 299 government entities, and 32 Mexican states, gathering into a single place that which was previously dispersed in more than 5,000 different internet websites. Furthermore, by allowing users to carry out some government transactions completely online, it promotes interoperability between government entities to reduce the requirements and requests for duplicated information. The website has a simple design and standardizes the structure of the contents of the different entities, guaranteeing that users can easily access all the information, government transactions, and services available on the website. Moreover, the system has AA accessibility certification for giving people with visual, hearing and motor disability access to the website homepage, as well as to the files containing information on government transactions and services.[12] The portal has received more than 726 million visits since its launch in 2015, and has around 272 million different users who have visited around 2,000 million websites (cut-off date: February 2018).

[12] Accessibility guidelines: https://www.w3c.es/Divulgacion/GuiasBreves/Accesibilidad, 25-10-2017.

In Uruguay and Chile, various integrated access portals are also offered. In Uruguay, there is www.tramites.gub.uy, which permits access to all central government transactions, and also to the single window for international trade (vuce.gub.uy), which consolidates the information and government transactions specifically related to foreign trade. In Chile, there is ChileAtiende Digital, and the Integrated Foreign Trade System (*Sistema Integrado of Comercio Exterior*, or SICEX). This system integrates the authorizations by the Public Health Institute, including for psychotropic drugs and narcotics, requested electronically by SICEX. It has helped reduce average shipping time from 22 to 17 days.[13]

The case studies revealed that simplification of interactions with the citizen from the back office can be driven by digitization, regulatory reform, or a combination of the two. In all four cases, the "once only" rule applies, which stipulates that no public entity can request data from the citizen that are already in the hands of another public entity. In Estonia, this regulation has existed since 2001 in the context of its Public Information Act.[14] A 2007 amendment to this law prohibits the establishment of a separate database to compile the same basic data, which strengthens coordination between entities through interoperability.[15]

Back-office simplification can be driven by digitization, regulatory reform, or a combination of both.

Mexico provides interesting examples of how simplification efforts can be complemented through either digitization or regulatory improvement. For its part, the Digital Government Unit (*Unidad de Gobierno Digital*, or UDG) drives the simplification of interactions and digitization of government transactions through standardization. The digital services standard is comprised of different elements. It is based on the extent to which government transactions are digitized. Level 1 includes the information file, which contains recommendations for generating content and criteria for data capture. Level 2 comprises a technical standard for downloadable formats, while Level 3 includes the web format, interoperability, and the digital signature. By February 2018, there were more than 5,405 standardized information files, more than 600 standardized downloadable formats, and more than 948 standardized online forms.

[13] Government of Chile, Integrated Foreign Trade System: https://www.sicexchile.cl/portal/documents/10180/319528/PPTSICEX_27M.pdf/43237dd2-98c4-410f-94e1-087098f61070.

[14] Government of Estonia: https://www.riigiteataja.ee/en/eli/516102017007/consolide.

[15] Government of Mexico, Standardization of Services: https://www.gob.mx/estandar.

Mexico's Federal Commission for Regulatory Improvement (CONAMER), through its Regulatory Improvement Program, is dedicated to promoting regulatory simplification by analyzing government transactions and issuing recommendations to simplify them. The results of these efforts are significant. They saved 1.6 percent of gross domestic product by lowering the cost of government transactions for citizens between 2012 and 2017 (measured using the Standard Cost Model, which considers administrative and opportunity costs).

Incorporate Citizen Participation into the Improvement of Government Transactions

Making the state more citizen-oriented requires knowing the needs and opinions of citizens with respect to government transactions, so that any changes are aligned with their needs, rather than those of government institutions or the people that run them. The four cases studied incorporate participation in a variety of ways.

Citizen participation enables information to be obtained that helps to identify problems such as inefficiencies in the management of government transactions, unsatisfactory provision of service to citizens, or even corrupt practices by civil servants. It also identifies solutions based on positive experiences or suggestions for improvement. Furthermore, involving citizens at differnet points of the reform of government transactions demonstrates that the state listens, understands, and considers people's needs.

Involving citizens at different points of the reform of government transactions demonstrates that the state listens, understands, and considers people's needs.

There are different forms of citizen participation. Among the examples suggested by the experiences of the countries analyzed, the following are worth mentioning: (i) a survey enabling citizens to indicate which government transaction they would like to be able to access digitally (see below for the examples from Chile and Mexico); (ii) experiences in innovation laboratories, where citizens design their ideal interactions for carrying out a government transaction (see the experience of Uruguay); (iii) a system of requests, complaints, and claims (see the experience of Mexico); and (iv) an open window allowing citizens to contribute their ideas (see the case of Estonia).

One example from Chile illustrates how citizens can participate in prioritizing the government transactions to be digitized. The ChileAtiende Digital government transactions portal includes a red button at the end of the informative web pages of each government transaction that is still not totally available online, which asks "Would you like this government transaction to be available online?" The information on the government transactions voted by the citizens is presented in an online dashboard. Following its launch in September 2013, 20,000 responses were received in three weeks, and the total figure exceeded 200,000. Thus, government entities were submitted to public scrutiny, specifically the priority that should be given to digitizing government transactions. The impact was positive, given that citizens used the dashboard information to report the entities that failed to digitize the most demanded government transactions via the social networks. Public pressure also provided a political incentive for senior managers to prioritize digitization of those government transactions most voted for by the citizens (Valenzuela, 2015).

Mexico has also carried out online citizen participation exercises to identify government transactions that might be digitized. From November 16, 2016, to April 30, 2017, the Civil Service Secretariat and the Business Coordinating Council (*Consejo Coordinador Empresarial*, or CCE) consulted business owners on government transactions and services that were open to review as part of the efforts to prevent and combat corruption in the public and private spheres. The initial list contained 115 government transactions within 12 federal institutions.[16] Of the universe of government transactions analyzed, the 29 that were prioritized have already met the digital services standard, while the remaining 86 were included in the 2017 plan.

Also in the case of Mexico, two experiences show how citizen participation can encourage continuous improvement in making government transactions available online. The first approach consists of carrying out a user satisfaction survey that permits the quality of government transactions to be evaluated, a requirement for every digital government transaction to be certified with the Seal of Excellence. The survey is simple: the user only has to click on one of the three available images (happy face, indifferent face, or sad face) indicating their degree of satisfaction. The ultimate aim of this survey is to detect which government transactions failed to achieve the level of quality expected by the citizen.[17] For its part, CONAMER conducts public consultations in the context of its Regulatory Reform Programs and its Regulatory Impact Assessments.

[16] Government of Mexico, in collaboration with CCE: https://www.gob.mx/consultatramites.

[17] The four countries carry out different types of surveys regarding government transactions. An example from Uruguay is the *Encuesta of Ciudadanía Digital*; Chile regularly conducts satisfaction surveys for ChileAtiende; Mexico's INEGI conducts the *Encuesta Nacional de Calidad e Impacto Gubernamental*.

The second approach consists of an easy access channel for requests, complaints, and claims related to government transactions and service provision. It allows government entities to know the public's opinions and informs citizens about where to go to voice their opinions. The single window has a help desk comprised of a telephone helpline, e-mail, and mailbox, coordinated with the Citizen Service System, which enables complaints about government transactions to be reported. All complaints reported reach the Office of the President every day and, according to the type of complaint, are passed on to the responsible party. Likewise, there is the Integrated Citizen Complaint and Reporting System which enables citizens to anonymously report cases of unacceptable behavior by civil servants. Regardless of the type of complaint, the Internal Monitoring Units of each department review citizen complaints periodically.

The experience of Uruguay's Public Social Innovation Laboratory, initiated in 2015, illustrates how citizens can become more involved in the redesign of government transactions. For a set of 35 government transactions from eight ministries, 83 invited citizens participated for two working days in an analysis of the current scenario regarding how government transactions are made available (day 1), and the ideal scenario (day 2). Civil servants involved in administering government transactions also took part in the sessions, alongside psychologists, sociologists, and lawyers. The results of these exercises enabled simpler interfaces to be designed for government transactions to be digitized. Analysis of the experience led to the conclusion that greater participation by the staff responsible for technology would have helped to understand the feasibility of implementing the new requirements, since three of the 35 proposed solutions could not be implemented. Chile also has a Public Social Innovation Laboratory, which contributed to the citizen-based design of ChileAtiende Digital.[18]

In Estonia, citizen participation is decentralized to the level of each institution. The Office of the Government Chief Information Officer (GCIO) issues guidelines for empowerment of citizens, in an attempt to encourage government institutions to implement citizen participation initiatives. However, there are no regulations that define how this is to be carried out. In practice, the way that the solutions are implemented at the ministerial, program, or service level depends on the service managers. The chief centralized citizen participation forum, not limited to government transactions, consists of a platform called Osale,[19] which has tools that enable citizens to make proposals, share their opinions about government proposals, and search for information about legal acts.

[18] See the link: http://www.lab.gob.cl/.

[19] Government of Estonia, see: www.osale.ee.

Title: *La burocracia de emigrar* (The bureaucracy of emigrating)
Author: Elio Silva
Country: Venezuela

Lesson II

Empower a Lead Agency with Sufficient Competencies and Resources to Drive Change Throughout the Government

LESSON SUMMARY

Having a citizen-oriented strategy that is cross-cutting for all government entities is the first step in simplifying and digitizing government transactions. However, implementing this strategy requires technological, human, and financial resources that in many cases the entities responsible for government transactions do not have. Given the complexity of carrying out the efforts, and the fact that they affect entities from all areas of government, a lead agency is needed that can direct the efforts and that has the capacity to mobilize the necessary resources. With a view to establishing the institutions required to lead the paradigm shift, the sample countries: (i) have clear leadership assigned for simplification and digitization efforts, (ii) empower the lead entity so that it can drive forward actions in others, and (iii) ensure the financial resources are available to cover the costs of investing in information technology (IT) and executing cross-cutting projects.

Designate a Lead Agency that Promotes Inter-institutional Coordination and Adoption of the Cross-Cutting Strategy

Implementing a simplification and digitization strategy presents significant challenges, especially with respect to coordinating efforts that cut across government. Even if there is a national plan that dictates the strategy, without an entity to drive the activities, coordinate the other entities, and provide the necessary tools (technical and, in some cases, financial), it is not feasible to expect that a cultural change can be achieved, and that the government can function as a single institution when it comes to providing government transactions for citizens.

The experience of these countries shows that there is no single way of defining leadership or of structuring a lead agency.

The four countries analyzed have one or more lead entities that have guided the simplification and digitization strategies, which have been mentioned throughout this chapter. The experience of these countries shows that there is no single way of defining leadership or of structuring a lead agency, and that the competencies and authority that such an institution has are more important than its location within government or its internal organization. In Mexico, three entities lead and coordinate simplification and digitization; Estonia and Uruguay have one, and Chile has two.

The four countries have achieved significant advances in digitization and/or simplification thanks to the coordination role played by these lead agencies. However, it is notable that the more consolidated the leadership function, as in the cases of Estonia and Uruguay, the simpler coordination efforts become. Interaction of the competencies of digitization and simplification in a single lead agency creates optimal conditions for implementation, as it enables digital tools to be used to drive more coherent simplification.

The birth certificate example is illustrative. In Estonia and Uruguay (where the competencies of simplification and digitization are integrated), birth certificates are no longer requested through a central government transaction: it is enough to identify the user to obtain information through interoperability. By contrast, in Mexico and Chile, obtaining a birth certificate is a digitized service, but it is the user who must provide it when other government transactions require it. It is worth highlighting that Estonia and Uruguay are countries with centralized administrations and that the smaller size of these administrations facilitates the consolidation of functions.

In Mexico, three institutions lead this agenda. On one side is the office of Coordination of the National Digital Strategy (*Coordinación de la Estrategia Digital*, or CEDN), which falls under the Office of the President of the Republic. Alongside the president and the ministers, this office is responsible for formulating, discussing, and monitoring the National Digital Strategy (EDN). There is also the Digital Government Unit (UGD), which is responsible for the operational coordination of the policies defined by the CEDN, elaborating and implementing the specific components of the EDN, and coordinating the digitization of government transactions and services, among others.[20] This unit reports to the Civil Service Secretariat. Finally, there is CONAMER (formerly COFEMER), a deconcentrated agency (that reports to the Ministry of Economy), which is responsible for reviewing the national regulatory framework and, with respect to government transactions, putting forward a regulatory redesign to simplify and enhance efficiency.

Coordination between digitization and simplification of government transactions in Mexico is manifested in two ways. First, the criterion used by the UGD to define the government transactions to be digitized includes the government transactions of CONAMER's Biannual Regulatory Improvement Program with the aim of digitization. Second, CONAMER defines within its model for prioritizing government transactions those that are considered priorities to be digitized, in accordance with the criteria used by the CEDN and the UGD. However, the existence of three separate entities leads to potential duplication of effort. One example of this is that there are two different catalogs of government transactions: the national catalog, administered by the CEDN and the UGD and available in the National Single Window, and the Federal Register of Government Transactions and Services, managed by CONAMER.[21]

In Uruguay, AGESIC, which falls under the Presidency of the Republic and enjoys technical autonomy, is responsible for leading the country's e-government implementation strategy, the government transaction digitization strategy, and the associated simplification throughout the public sector.

[20] Government of Mexico, Reglamento Interior de la Secretaría de la Función Pública, Diario Oficial de la Federación: 19/07/2017: http://dof.gob.mx/nota_detalle.php?codigo=5490821&fecha=19/07/2017.

[21] The General Law on Regulatory Reform (May 2018) unifies the two catalogs.

In Estonia, the Deputy Secretary General for Communications and State Information Systems (within the Ministry of Entrepreneurship and IT, which falls under the Ministry of Economic Affairs and Communications) acts as GCIO.[22] This office is responsible for coordinating the digitization-driven simplification efforts throughout the administration.

In Chile, until December 2017, these tasks were the responsibility of the Modernization and Digital Government Unit (*Unidad de Modernización y Gobierno Digital,* or UMGD) and of the Modernization of the Public Sector Program. As part of the recent restructuring, the Digital Government Division (*División de Gobierno Digital*, or DGD)[23] was created within the Ministry General Secretariat of the Presidency. The mission of the DGD is to coordinate and advise the public sector on an inter-sectoral basis in the strategic use of digital technologies. It is responsible for proposing the digital government strategy and coordinating its implementation, ensuring that an integrated approach to government is taken.

The DGD replaced the UMGD, which was responsible for coordinating digitization efforts and supporting them by defining standards and providing reusable tools. The rest of the document takes the UMGD to be the unit of analysis, with information updated to December 2017. At the same time, the Modernization of the Public Sector Program (*Programa de Modernización del Sector Público*, or PMSP),[24] which falls under the Ministry of Finance, is responsible for managing special projects to simplify and digitize government transactions.

One important point that is often associated with leadership capacity is the location of the lead authority within the government. In this aspect, there is no single model. In the countries analyzed, some lead agencies answer directly to the country's presidency (Mexico [CEDN], Uruguay, Chile [UMGD]), and others to a ministry (Chile [PMSP], Estonia, Mexico [CONAMER]) or a secretariat (Mexico [UGD]). The evidence confirms that more important than location within government are the delegated competencies, the authority that these entities hold, and the way in which they use them, as will be explored in the following section.

[22] Government of Estonia, Ministry of Economic Affairs and Communications: https://www.mkm.ee/en/ministry-contact/management.

[23] Government of Chile, announcement of the creation of the Digital Government Division: http://www.gob.cl/ministerio-secretaria-general-la-presidencia-anuncio-la-creacion-la-division-gobierno-digital-firma-electronica-estado/. This division was set up by UMGD, which answers to the Ministry General Secretariat of the Presidency, http://www.modernizacion.gob.cl/. The division is set up based on OECD recommendations, and its objective is to take on the leadership role and establish the institutional structure for digital government in Chile. Its creation was announced on December 28, 2017.

[24] Government of Chile, Modernization of the Public Sector Program, which falls under the Treasury: http://modernizacion.hacienda.cl/.

Empower the Lead Agency to Mobilize Other Entities

The lead agency must have competencies that enable it to coordinate actions with other entities, and must have the authority to ensure that those entities follow its orders. Only in this way can it effectively fulfill its mandate.

Of the cases studied, Mexico and Uruguay have lead authorities responsible for the digitization of government transactions throughout the central government, with broad cross-cutting powers over the rest of the institutions. The most important authorities delegated to these lead agencies include: (i) deciding on IT procurement carried out by the entities; (ii) providing common tools for the rest of the entities (described in Lesson I) and enforcing their adoption; and (iii) monitoring compliance with agreed actions by the entities and taking actions in the event of noncompliance (this latter point is explored in greater detail in Lesson III). These authoritiess have enabled Mexico and Uruguay to drive forward massive digitization of government transactions in relatively little time (around three years from when the decision to digitize 100 percent of all government transactions was made).

In Mexico, for example, the power delegated to the UDG to intervene, approve, or reject the other entities' IT procurement enables it to take advantage of economies of scale, to negotiate a single price for the entire federal government with suppliers, and ensure that procurement is carried out at the best market price. This approach has led to savings of MXN 17,000 million (around US$913 million) in the period 2013–17. These savings have been invested in developing shared tools that support the massive digitization of government transactions.

In Uruguay, AGESIC[25] has the authority to lead and intervene in public bidding processes aimed at achieving the goal of putting 100 percent of government transactions online. It also has the capacity to establish mandatory technical regulations for the entire public administration in pursuit of this objective.[26] AGESIC led the public bidding process to procure the resources needed for the simplification and digitization of government transactions throughout the public sector.

AGESIC used its authority, throughout 2016 and 2017, to hire various consulting firms that supported the processes of simplification and digitization of government transactions in a uniform and standardized way throughout the public sector. For implementation purposes, the institutions appoint a cross-cutting team responsible for carrying out tasks in the entity according to indications of the consulting firm, and a coordinator that acts as a link between the team, the consultant, and AGESIC. AGESIC thereby defined and administered a standard methodology applicable to all entities and government transactions, which enabled it to achieve its goal of 1,063 government transactions (100 percent) that can be started online, in a period of two years.

The powers delegated to the GCIO enabled it to enforce the adoption of the X-Road platform to interoperate within the state, today used by 960 public and private entities.

In the case of Estonia, the Office of the GCIO has the authority to issue mandatory technical regulations for simplification and digitization of government transactions, and the authority to audit and impose sanctions in matters of cybersecurity, interoperability, and data exchange, the latter via the State Information Systems Authority. Likewise, it intervenes and makes decisions regarding the investment plans and ICT procurement for the entire central administration. This is possible despite the fact that the simplification and digitization of government transactions are carried out with each department's own funds. The powers delegated to the GCIO enabled it to enforce the adoption of the X-Road platform to interoperate within the state, today used by 960 public and private entities, as mentioned in Lesson I.

Thanks to the use of the platforms and to interventions by the Office of the GCIO, the entities have shown initiative in implementing their own services, such as parking payment systems using mobile devices (2000), tax payments (2000), personalized public transport tickets (2002), the police (2007), healthcare (2008), and medical prescriptions (2010), among others (Rikk et al., 2017).

[25] Government of Uruguay, Decree 184/015, Establishing the mission, objectives and commitments legally attributed to the AGESIC: https://www.impo.com.uy/bases/decretos/184-2015.

[26] Government of Uruguay, Decree 184/2015, Articles 3 and 4.

The main difference between the use of such authority in Estonia compared to Mexico and Uruguay, where the lead agencies also have broad authority to mobilize the actions of the entities, is that the culture of digitization in Estonia is deeply assimilated in the public sector after being declared a state policy in 1991. Thanks to this, the entities simplify and digitize their government transactions, even though the office does not require them to do so directly. Due to the marked difference in Estonia's level of readiness (digitization of the state and society, and organizational capacities) compared with the LAC region, there is no evidence suggesting that this model would be effective in LAC countries.

This is demonstrated by the case of the former UMGD of Chile, which also followed a decentralized implementation model, but lacked the authority to influence the actions of other entities. In this case, with the structures that existed before the restructuring of December 2017, neither of the two entities (the unit or the program) had been delegated the responsibility to digitize and simplify government transactions throughout the government as a whole (in particular, the central administration). For example, with regard to IT procurement, although there was a centralized portal for suppliers to the state and procurement had to be authorized, coordination was not centralized. Neither of the two entities had this authority, which meant that they were unable to obtain the previously mentioned economies of scale. Likewise, although there are shared tools (such as the PISE interoperability platform), the mechanism through which the entities could be forced to use them was lacking and, consequently, these tools were not used.

Ensure Financial Resources to Mobilize Actions

Considerable financial resources are required to digitize and simplify government transactions, specifically, to hire the staff needed, purchase or develop technological tools, formulate standards and regulations, make an inventory of the existing processes, train staff to use the new tools, organize citizen participation efforts and communicate such efforts to stakeholders, and others. However, government financial resources tend to be limited, and in general the entities' IT budget is used almost entirely to cover recurrent operating costs, leaving no funds for IT investment projects. Another common challenge is that simplification and digitization require inter-institutional efforts, but it can be difficult to convince entities to invest their own funds in projects with multiple beneficiaries.

The financial resources available are very uneven among the countries, as shown in Table 3.1. It is notable that the budgets of Estonia and Uruguay are much higher in both absolute and relative terms (bearing in mind that these are smaller countries). This means that these countries have a more powerful mechanism of influence to: (i) drive cross-cutting and strategic projects in other institutions; (ii) ensure a higher degree of implementation of their plans, with greater uniformity in all areas of government; and (iii) finance investment projects for other entities. In other words, they have more ability to overcome the three budgetary challenges previously mentioned.

Evidently, there is also a relationship between the budget and the number of staff that countries can deploy to implement the digitization and simplification strategy. This is seen in the case of Uruguay and Estonia, where the total number of employees is much higher, and there is a wider range of experience among the personnel (see Table 3.1 and Box 3.1).

Table 3.1
Human and Financial Resources

		Total Employees	Recruitment	Workforce Stability	Approximate Annual Budget (in US$ millions)
ESTONIA	Office of the GCIO	160	Merit-based competition	50% permanent staff	120
CHILE	UMGD	44	Ad hoc	100% temporary, except the senior manager	4
	PMSP	9*	Ad hoc	Temporary	8.3
MEXICO	CEDN	33	Ad hoc	30% permanent staff	3.5
	UGD	122	Ad hoc	70% temporary	
	CONAMER	118**	Merit-based competition and direct recruitment	89% permanent staff, 11% temporary contracts	4.2
URUGUAY	AGESIC	330	Merit-based competition	50% permanent staff, 50% temporary contracts	38

Source:
Authors' elaboration.

Notes:
*Corresponds to the Coordinating Unit.
** Not all the staff are involved in activities related with the simplification of government transactions.

Box 3.1

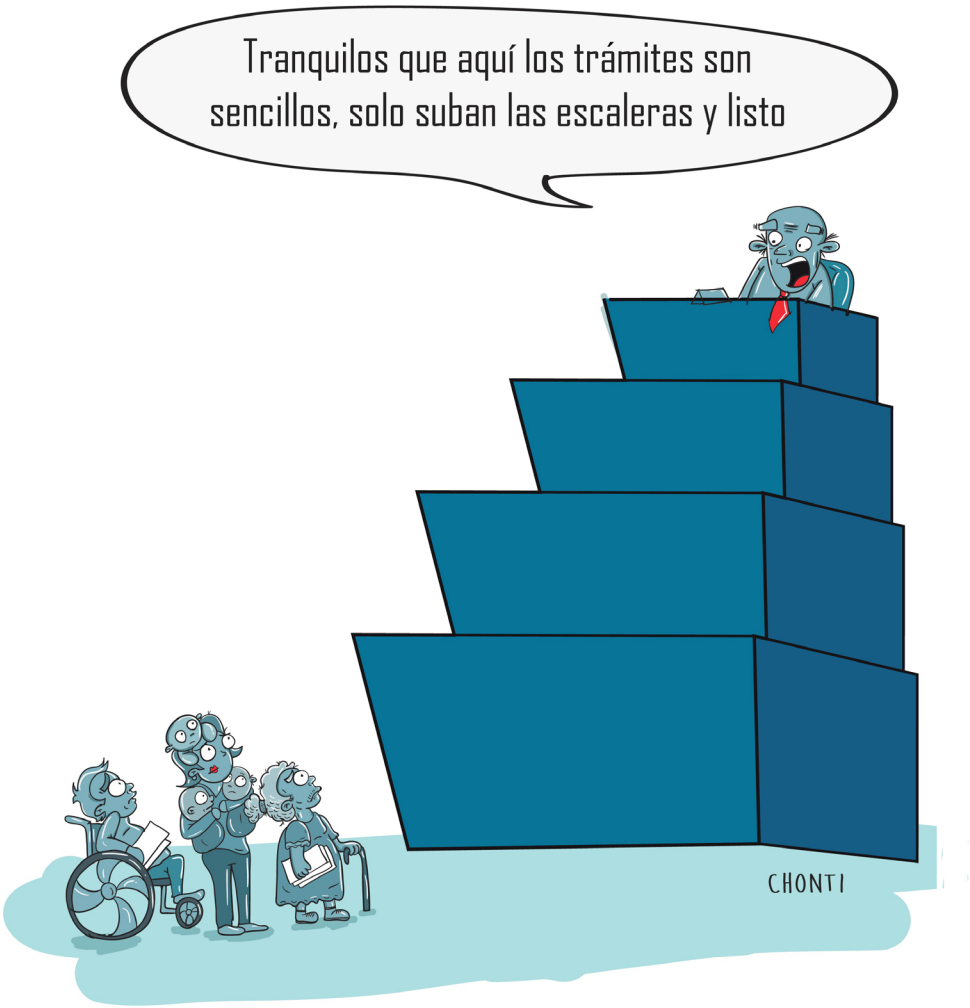
The Most Important Investment: Human Resources

The tasks to be carried out to simplify and digitize government transactions are highly complex. For this reason, investment in human resources is crucial in view of the need for: (i) multidisciplinary teams that can analyze the existing processes, provide technical solutions, formulate policies and regulations, resolve matters of cybersecurity, and communicate with stakeholders; and (ii) sufficient staff to drive activities in all the entities, which depends on the extent of the competencies delegated to the lead agency.

Thus, a team is needed that includes specialists from different disciplines, such as computer programming, public management, law, economics and communications, in both the lead agency and in the associated offices within the institutions. This staff must be highly qualified and committed to their missions. In the four cases, and with only minor exceptions, all have teams dedicated to the following five areas: (i) *strategies* and *policies* (standards for simplification and digitization); (ii) *tool provision* (developing or providing services, applications and information systems); (iii) *cybersecurity* (defining policies and IT security standards); (iv) *customer service* (channels of service to respond to requests, complaints and claims by citizens and users); and (v) *encouraging demand* (analyzing the needs of citizens, promoting connectivity and digital literacy).

Staff numbers at the lead agencies of Estonia and Uruguay allow the wide range of competencies that these entities possess to be implemented. The difference in the number is justified by Estonia's decentralized implementation model, where each agency is responsible for carrying out its own simplification and digitization initiatives. In Chile and Mexico, the budgets are mainly earmarked for recurrent costs to cover operational management, salaries, and administrative costs. In particular, in Mexico, because of an austerity policy, it was decided that no additional resources would be devoted to simplifying and digitizing government transactions. The resources came from savings in IT procurement and other measures that achieved savings of public resources, which are reinvested in tools to strengthen the strategy. These savings were considerable, amounting to US$913 million between 2013 and 2017. In Chile, it is assumed that the funds devoted to investment in IT are financed with loans from the IDB. In this sense, it is understandable that a large part of the implementation tasks are the responsibility of the entities.

"No worries, transactions here are easy, just come up the stairs and you're all set"



Title: *Sencillez* (Simplicity)
Author: Oscar Mauricio Castro Parra
Country: Colombia

III

Lesson III
Establish a Governance Model that Facilitates Effective Implementation

LESSON SUMMARY

Even if a paradigm shift has been promoted to orient the state toward citizens and a lead agency has been established with strong competencies and resources, effective implementation of simplification and digitization can fail unless a governance model is in place to support it. One of the main challenges is that, naturally, improving government transactions is a cross-cutting effort, where the principal stakeholder (the lead agency) is not the owner of any of the government transactions subject to reform, and the "beneficiary" institutions of the reform do not count simplification and digitization among their priorities. Different aspects of the model of governance can help to overcome these coordination and prioritization challenges. Four practices can be highlighted from the cases analyzed: (i) create a governing body that supports the simplification and digitization agenda; (ii) use political support to boost the visibility and prioritization of the reforms; (iii) employ incentives to motivate the different actors; and (iv) rigorously measure and report progress.

Create a Governing Body that Supports the Simplification and Digitization Agenda

One key challenge of simplification and digitization is that it is a cross-cutting issue, which affects and requires the participation of many entities to effect a change. The purpose of the governing body, which can take various forms, is to encourage corporate (whole-of-government) vision and action, wherever decisions are taken and backed by a combination of influential people from different areas, legitimizing the decisions that may affect stakeholders in different ways. The governing body provides the lead agency with an ally (the person that represents the area in the governing body) in each of the principal areas for which implementation is promoted, to regularly monitor implementation in all the areas, and to make decisions and make adjustments in the event that there are deviations from the established plans. The importance of the governance structure has been cited among the guides to best practices for IT program management.[27]

Governance structures can take various forms and have diverse functions. It may be an inter-ministerial or intersecretarial committee, with representatives exclusively from the public sector (which, in turn, could have representation from both national and subnational levels of government), or mixed committees, with members from the public sector and civil society. In the experiences analyzed, the governance structures function differently and have different scopes. As in the case of the other aspects analyzed, the form in itself is no guarantee of change, unless it is accompanied by functions that are exercised effectively.

These structures facilitate decision making, which affects stakeholders from different areas, by achieving a consensus facilitated by the coordination mechanisms of the structure itself. In principle, governance structures with representatives from different sectors, such as those of Uruguay and Estonia, help to give voice to a wider diversity of independent opinions, as well as generating social accountability mechanisms. In cases where simplification and digitization of government transactions are high priorities on the agenda, as in Mexico and Uruguay, there are structures devoted exclusively to this matter. This allows for more direct monitoring and ensures that the issue does not lose priority in competition with others in higher-profile agendas.

In Estonia and Chile, the governing bodies advise on the digital agenda rather than specifically on matters of simplification and digitization of government transactions. Estonia's e-Council[28] directs the development of the digital society and e-governance, especially implementation of the national digital agenda.

[27] The creation of a structure of governance is a practice recommended as part of the governance processes of COBIT 5: (http://www.isaca.org/COBIT/Pages/COBIT-5-spanish.aspx) and PRINCE 2: (https://www.prince2.com/uk).

[28] Government of Estonia, the prime minister presides over the e-Council of Estonia. It comprises three ministries (Entrepreneurship and IT, Education and Research, and Public Administration) and five representatives from the IT sector and civil society experts: https://riigikantselei.ee/en/supporting-government/e-estonia-council.

Chile's Ministerial Committee for Digital Development[29] advises the President of the Republic on the formulation of the National Digital Development Policy, as well as on the programs and actions necessary for its implementation, within its jurisdiction. It is made up of seven representatives, all from the public sector and all at the ministerial level. The committee meets every six months and has the authority to monitor implementation of the digital agenda, including digitization of government transactions.

One interesting aspect of this model is that, although the committee exists to give the digital agenda a cross-cutting nature, its three main pillars are the responsibility of specific entities. The digital government pillar, which contains the objectives corresponding to digitization of government transactions, is the responsibility of the General Secretariat of the Presidency. The PMSP has narrower governance, with more specific functions: its strategy committee[30] comprises professionals from Finance and the Budget Directorate, which is responsible for the program's strategic direction. Alongside the IDB, the main responsibility of this committee is to approve the sector-based projects that are financed by the program.

In Uruguay, AGESIC has several high-level committees with different purposes. With specific relevance to its digital agenda in general, there is an Honorary Management Board,[31] whose mission is to design the strategic guidelines for AGESIC and supervise their execution. It comprises five members, including the director of AGESIC, a representative of the Presidency of the Republic, and three members designated by the President of the Republic. The board meets weekly and presently has multi-sector representation. For public sector matters in particular, such as simplification and digitization, AGESIC has an Honorary Advisory Board. This board has seven members, nominated each year by AGESIC's Board of Directors from among those responsible for IT in the entities and appointed by the President of the Republic. The mandate of this board is to advise the executive branch on technical matters.

In Mexico, CIDGE has a wide range of functions with respect to the digital agenda. This collegiate organization was created by Presidential Agreement in 2005 to promote and consolidate the use and exploitation of ICTs in the public sector. Its mission is to support and guide actions to foster the development of e-government. Specifically, it has to determine and advise on the annual program of activities carried out by the UDG to develop e-government, establish the IT needs of the public sector and recommend actions for their development, support agreements that seek

[29] Government of Chile, the Ministerial Committee for Digital Development is presided over by the Ministry General Secretariat of the Presidency and is made up of the following ministries: Interior and Public Safety; Treasury; Economy, Development and Tourism; Education; Health; and Transport and Telecommunications. See the website: http://www.agendadigital.gob.cl/#/quienes-somos/comite#top-page.

[30] Government of Chile, Strategic Committee of the Modernization of the Public Sector Program: http://modernizacion.hacienda.cl/programa/comite-estrategico.

[31] Government of Uruguay, Honorary Management Board of AGESIC, https://www.agesic.gub.uy/innovaportal/v/56/1/agesic/ consejo-directivo-honorario.html?padre=57&idPadre=57.

to provide financial resources to implement the projects, and propose the establishment of a technological architecture and interoperability mechanisms, among others. CIDGE plays a direct role in digitizing government transactions: it meets twice a year to analyze progress on the digitization of government transactions; in the first meeting it approves the plans for the current year and in the second it evaluates compliance with them.

The governance structure of CONAMER is the National Regulatory Reform Council. Its functions include establishing policy for regulatory reform, transactions, and services for the federal government. It is led by the Ministry of Economy, the Ministry of Public Administration, and CONAMER, and its membership includes other representatives from the three levels of government, the private sector, and occasionally international organizations.

The composition of the governance structures is shown in Annex 3.2.

Secure High-level Political Support to Enhance the Visibility and Priority of the Efforts

Political support—essential for any deep public sector reform initiative—is also crucial for simplification and digitization. It is manifested through many concrete actions, such as the delegation of authority and competencies, the allocation of resources, and the establishment of governance structures. In this section, a key additional function is analyzed that only political support can fulfill: ensuring that simplification and digitization becomes a visible issue and a priority for sectoral entities. This role is important for overcoming the challenge that such a cross-cutting effort is not considered a priority by the entities in charge of government transactions.

The four cases studied constitute examples of how political support has been used to publicize simplification and digitization efforts, and to ensure that the matter is a priority for public entities. Specific actions range from electoral commitments to the creation of specific agendas and initiatives, to dismissing public officials for noncompliance (although this has occured only in Estonia).

Estonia is among the most advanced countries in the world in terms of digitization. To achieve this, it is hardly surprising that digitization had to become a political priority of the government. This political support was manifested in a clear mandate on behalf of digitization by the entire state since its creation in 1991, and it gained traction with the approval of the e-governance program of Prime Minister Mart Laar (1992–94).[32] This program, and its continuation under subsequent administrations, generated keen interest in the digital agenda among the public, leading to various cases in which citizens publicly expressed their displeasure with politicians because a particular government transaction was not digitized, and politicians in turn pressured the authorities into improving the government transaction in question. This political support, backed by citizen demands, was so strong that some public officials were even dismissed for failing to take notice or putting up resistance to the popular mandate.[33]

In Estonia, high-level public officials have been dismissed for not supporting the digital agenda.

In the LAC region, a direct correlation can be observed between strong political support given by a president and the progress achieved by the administration during the term of office.

In Chile, President Ricardo Lagos (2000–06) offered strong political support for simplification and digitization, helping the country to lead the development of e-government in the region under his management (UNDESA, 2003, 2004, 2005). Lagos created the Reform and Modernization of the State Program, under the General Secretariat of the Presidency, and this secretariat assumed responsibility for developing e-government in the country. The president's strong backing was seen in the definition of an e-government strategy that was established by presidential decree in 2001 (Valenzuela, 2015). Years later, the tremendous support given by President Piñera in his first term for the simplification of government transactions helped establish and extend the in-person single window through the ChileAtiende program.[34] In January 2012, President Piñera announced the multi-service network called ChileAtiende, which consisted of putting into operation more than 200 personal service branches throughout the entire country, enabling government transactions from nine public institutions to be carried out in a single place. This was one of the central commitments of government policy in terms of state modernization, whereby the president called on public institutions to build a state that was 100 percent at the service of its citizens.[35]

[32] Mart Laar was the Prime Minister of Estonia from 1992–94 (at the age of 32) and from 1999 to 2002. His administration was characterized as having helped to drive the country's strong economic development throughout the 1990s.

[33] Personal interviews with civil servants from the e-Governance Academy, 15-08-2017.

[34] Government of Chile, "ChileAtiende is the multi-service network of the state, which seeks to bring the benefits and services of public institutions closer to people, through three channels of attention: more than 200 citizen care points throughout the country (...), the Chile Atiende portal (...), and the call center." See the website: https://www.chileatiende.gob.cl/.

[35] Chile, La Tercera newspaper:http://www2.latercera.com/noticia/pinera-lanzo-red-chileatiende-como-parte-del-plan-de-modernizacion-del-estado/.

In Mexico, President Enrique Peña Nieto (2012–18) also showed strong support for digitization efforts. Fulfilling his campaign promises, in November 2013 he announced the National Digital Strategy and located coordination of the strategy within the Office of the Presidency of the Republic, answering directly to the president. In February 2015, by presidential decree, the National Single Window for Government Transactions and Information, was established.[36]

In Uruguay, political support for the digital agenda has been constant under successive administrations. Under the current administration, President Tabaré Vásquez made a public commitment in his inaugural address on March 1, 2015, which was broadcast simultaneously on radio and television. In it, he promised that "by 2016, 100 percent of government transactions will be available to be started and tracked by the internet and even by cell phones, which it will also be possible to use to make corresponding payments."[37] This commitment, combined with very efficient implementation, has ensured the stability of the director and the senior management teams at AGESIC, which has helped to consolidate the efforts and has resulted in Uruguay's position of leadership in the region.

Use Incentives to Motivate Actors

Motivating the various entities, and the people within them, to agree to simplification and digitization can be complex due to the challenges mentioned above. As this is a cross-cutting matter, it might not be anybody's priority, and it requires investment in cross-cutting projects that no entity administering government transactions has the resources to make, and changes in deeply rooted ways of working. To overcome these challenges, the four countries analyzed have employed a series of incentives—both positive and negative—that complement the structures and actions documented in the rest of this chapter. These incentives have recognized the leaders of the change, given visibility to their achievements, won more allies, and kept motivation levels high for those working in implementation, as well as sanctioning staff in the event of failure to achieve the stated goals.

Estonia and Uruguay employ a specific type of incentive,—competitive funds—, to promote the digital agenda through projects to invest in technology. In Estonia, the entities compete to obtain these funds, which are added to their budgets and only received if they fulfill certain conditions, such as presenting a convincing business case and that the initiative is aligned with the government's strategic objectives. The competitive funds, administered by the Office of the GCIO,[38] are another mechanism through which this office can influence the other entities.

[36] Government of Mexico, official gazette, February 3, 2015, creation of the national single window, http://www.dof.gob.mx/nota_detalle.php?codigo=5380863&fecha=03/02/2015.

[37] Uruguay, possession speech of President Tabaré Vázquez, March 1, 2015, https://medios.presidencia.gub.uy/jm_portal/2015/noticias/NO_P212/cadena.pdf.

[38] Government of Estonia. The OGCIO provides financing from the government budget or from European Union structural funds.

In Uruguay, the competitive funds—also known as e-funds—helped lay the foundations of the digital culture and the capacities needed for digitization.[39] The projects are chosen by the Project Selection and Evaluation, which comprises AGESIC (Planning and Budget Office) and the Ministry of Economy and Finance (National Budget Unit). From 2013 until the end of 2015, 24 e-funds projects were implemented, five of which included processes of digitizing government transactions, while the rest were dedicated to improving the institutions' internal management and capacities. Toward the end of 2016, 100 e-funds had been awarded. The e-funds were an efficient mechanism for strengthening the internal management processes of the public administration, motivating the entities to sign up for simplification and digitization processes, and for enabling AGESIC to achieve quick wins and gain allies in the public sector.

Estonia and Chile incorporated the aims of digitization into their staff evaluation schemes. This served to motivate the personnel to try harder to achieve compliance with the goals, since the result directly affected their promotion and remuneration. However, in Chile, this represents an example of a formal incentive structure that in theory supports digitization of government transactions, but in practice was an ineffective way to motivate employees. The Public Management Improvement Program (*Programa de Mejoramiento de la Gestión Pública, or PMG*) is a public sector performance evaluation mechanism by which the agencies pay cash bonuses for good performance (both collective and individual),[40] and one of the indicators measures the number of government transactions digitized. Designing the program framework and its evaluation is the responsibility of a ministerial committee (comprising the Ministries of the Interior, Finance and the General Secretariat of the Presidency). For monitoring purposes, a shared platform was set up in which the agencies must report their achievements and progress and, as much as possible, document them (with images, screen shots, documents, etc.). Despite this organized structure, a study by Zaviezo et al. (2016) found no empirical evidence to prove that these cash bonuses lead to an improvement in management. At the same time, they found that the agencies define indicators for easily achievable goals they know beforehand that they will obtain (gaming).[41] It was also observed that it can cause unintended negative effects, by increasing the attention placed on the indicators and losing sight of the wider mission. In fact, with reference to the digitization indicator, there have been cases in which the various steps of a single government transaction were broken down into independent government transactions, with the sole objective of formally complying with the commitment and ensuring that the bonus was received.[42]

[39] At the time this study was written, 72 projects had been implemented by the e-funds since they began, only 13 of which involved the digitization of government transactions for citizens.

[40] Government of Chile. Since 2010, the PMG collective cash incentive, formally named "variable component for modernization achievement," corresponds to 7.6 percent of the basic annual salary if the institution achieves a degree of compliance equal to or above 90 percent of the agreed annual objectives. This incentive falls by half (to 3.8 percent of the basic annual remuneration) if compliance is below 90 percent, and to zero if compliance falls below 75 percent. The payment is made quarterly, since it is considered variable remuneration, thereby discouraging recipients from thinking of the bonus as permanent income.

[41] Government of Chile. The average percentage of institutions that received the maximum bonus after achieving their targets was 86 percent. This means that the agencies think of the bonus as an acquired right and conflicts arise when this incentive is withdrawn. In other words, a culture of "I'll pretend I'm assessing you, and you pretend to be complying," had been created (Zaviezo et al., 2016).

[42] Chile, personal interview with a civil servant from the Government of Chile.

In Mexico the possibility exists for both positive and negative incentives, but until now only positive ones have been employed. The CIDGE Interoperability Subcommittee grants a certification entitled the Seal of Excellence in Digital Government (*Sello a la Excelencia en Gobierno Digital*), which seeks to give visibility and public recognition to the public entities that achieve their digitization goals. By December 2017, eight services of the Mexican Social Security Institute (*Instituto Mexicano del Seguro Social*, or IMSS) had been awarded the Seal; the IMSS was the first institution to receive the distinction. Likewise, there are sanctions for staff for noncompliance, which coincide with the general sanctions expressed in the Civil Servant Responsibility Act (*Ley General de Responsabilidades de Servidores Públicos*), (reprimand, suspension, dismissal, or temporary disqualification). This also includes the actions of the Internal Control Units that monitor compliance with the improvements to regulations, services, and transactions included in CONAMER's Regulatory Reform Programs. However, thanks to its monitoring methodology (which is addressed in the following section), recourse to this option has so far been unnecessary. This pressure mechanism also exists in Chile, where the UMGD can send an official warning to the Internal Monitoring Unit of the corresponding department, expressing the possibility of a sanction, which acts as a motivator to ensure compliance with the goals agreed by the entity.

In Uruguay, other forms of recognition are used, both internal and public, to motivate partners of AGESIC. One is the "bugle system": every time an entity communicates the digitization of the beginning of a government transaction, a civil servant of that entity blows a small bugle, and when the entity completes digitization of the full service, it earns the right to sound an even bigger bugle. When this happens, recognition is given to the institution and to its management; members of the press are called in and the results are publicized. As a further incentive, at the end of 2016, end-of-year events were held in each ministry during which the authorities explained the goals achieved to the press. This kind of incentive helps to enhance the idea of public service by achieving a personal commitment to create public value. Finally, although AGESIC has the authority to impose sanctions for noncompliance, it prefers not to use them and instead takes a softer approach by accompanying and supporting the institutions.

In Uruguay, every time an institution announced the digitization of the beginning of a transaction, an employee blew a small bugle.

Rigorously Measure and Report Progress

"What gets measured, gets done": this popular refrain applies to simplifying and digitizing government transactions in three ways: (i) the exercise of compiling information and monitoring progress acts as a "soft" incentive to comply with planned goals and helps ensure that simplification and digitization remain among the priorities of the different entities; (ii) sharing information on progress helps both the lead agency and the governing body to identify and remove bottlenecks; and (iii) making the progress achieved known to the public enables citizens to monitor and drive the reform process.

In general, monitoring efforts focus on the countries' digital agendas, with the exception of Mexico's CONAMER. All carry out periodic measurement of the goals set and agreed with the bodies of governance, which are used in the regular dialogue between the lead agency and the counterpart entities, and are reported by the lead agency to both the body of governance and to the public through the web portals or reports.

In Uruguay, every six months, the Honorary Information Society Advisory Board[43] is convened to assess progress in executing the actions. Likewise, the Information Society and Knowledge Observatory, which is responsible for compiling statistics for monitoring the Digital Agenda (2015–20), and the National Citizens' Observatory,[44] charged with carrying out studies that focus on citizen services and user experience, cost saving and e-participation or digital citizen participation, were also established.

Estonia's monitoring efforts are simple: they consist mainly of annual reports drafted to measure progress toward the goals established by its Digital Agenda 2020. These reports are submitted to the Information Society Council, headed by the prime minister and comprised of the Ministry of Economy, other ministries responsible for different aspects of the digital agenda, and IT sector representatives.[45]

[43] Uruguay, comprised of the rectors of the University of the Republic and private universities, the President of ANTEL, and the President of the Uruguayan Chamber of Information Technologies.

[44] Uruguay, National Citizens' Observatory: https://www.agesic.gub.uy/innovaportal/v/3358/1/agesic/observatorio-de-la-ciudadania.html.

[45] Government of Estonia: https://www.mkm.ee/sites/default/files/digital_agenda_2020_estonia_engf.pdf.

Chile and Uruguay provide examples of how progress on digitization can be disclosed to the public. In Chile, the monitoring results for the Digital Agenda[46] and the projects implemented by the PMSP[47] are available online, with easy-to-read graphs, to facilitate citizen oversight. In particular, for each action on the Digital Agenda, the degree of progress is shown, alongside the goal, the territorial scope, the budget, the time period, and the targets. For each target, the start and end dates, the progress achieved, and a document that accredits it are shown. For each project under the PMSP, the objectives are displayed online, alongside the progress, the achievements to date, the execution of expenditure, and the project start and end dates, alongside information on the project targets. Indicators, documents, and related studies are also available. Uruguay has a digital portal[48] that presents a dashboard for each of the Uruguay 2020 Digital Agenda goals, including those referring to digitization of government transactions.

Mexico provides an example of a strict scheme for monitoring the digitization goals, including a protocol that specifies the formal consequences of noncompliance. The UDG carries out monthly monitoring of the implementation plans of each entity committed to the digitization goals. In the event that a department fails to achieve its monthly goal, five days after noncompliance the UGD sends an email; after 10 days, the head of the UGD calls the entity manager by telephone; and, after 15 days, official notice is sent to the entity's Internal Monitoring Unit. The UGD reports the results of this monitoring to President of the Republic through the CEDN. As of December 2017, the UGD had yet to contact an Internal Monitoring Unit to enforce compliance with a digitization goal.

Mexico's CONAMER is the only example among the cases studied that analyzes simplification separately from digitization. As part of its Regulatory Improvement Program, it measures the changes in the administrative cost of government transactions with respect to the 2010 baseline (when all government transactions were first measured), whether due to the creation of new government transactions, or to the amendment or elimination of existing ones. These measurements are reported to the Director General of CONAMER and to the Secretary of the Economy. Moreover, the aggregate reports are included in its annual reports, which are publicly available. CONAMER promotes measuring the economic costs of transactions and services by subnational governments through a tool dubbed Simplify.

[46] Government of Chile, Monitoring of the Digital Agenda: http://www.agendadigital.gob.cl/#/.

[47] Government of Chile: Metrics from the Modernization of the Public Sector Program, http://modernizacion.hacienda.cl/programa/metricas-del-programa

[48] Government of Uruguay, http://uruguaydigital.gub.uy/.

Annex 3.1
Competencies and Powers of the Lead Agencies

Type of Competency	Competency	Estonia	Chile	Mexico	Uruguay
Regulatory Simplification	Pursue a regulatory improvement policy			CONAMER	
	Improve the impacts that regulation has on the economy or specific sector			CONAMER	
Digitization	Improve public service delivery by using digital technologies	OGCIO	UMGD PMSP	UGD	AGESIC
	Coordinate implementation of strategic digitization projects	OGCIO	UMGD	UGD CEDN	AGESIC
	Organize the basic technological infrastructure and data exchange	OGCIO		UGD	AGESIC
	Draft and propose rules, standards, and technical manuals for digitization	OGCIO	UMGD	UGD	AGESIC
Provision and Management of Shared Tools	Implement and manage electronic identification	OGCIO Ministry of the Interior	UMGD	UGD	AGESIC
	Provide mechanisms for using the digital signature	OGCIO Ministry of the Interior	UMGD	UGD*	AGESIC
	Implement tools for the digitization of government transactions	OGCIO	UMGD	UGD	AGESIC
	Set up and manage the interoperability platform	OGCIO	UMGD	UGD	AGESIC
	Provide, maintain and promote the government portal	OGCIO		UGD	AGESIC
Cybersecurity Management	Implement security measures to protect information systems	OGCIO		UGD	AGESIC
	Manage security threat incidents in information systems	OGCIO		***	AGESIC
Citizen Service	Provide customer service			UGD	AGESIC
Administration	Coordinate implementation of a strategy and/or action plans	OGCIO		CEDN CIDGE	AGESIC
	Coordinate implementation of strategic projects	OGCIO	UMGD PMSP	CEDN** UGD	AGESIC
	Carry out monitoring and evaluation of goals	OGCIO		CEDN UGD	AGESIC
	Offer assistance to subnational governments	OGCIO		UGD CONAMER	AGESIC

Source: Authors' elaboration.

Notes: * Three agencies are responsible for providing the digital signature in Mexico: the Tax Administration Service (SAT) (*Servicio de Administración Tributaria*), the Secretariat of Economy (SE) (*Secretaría de Economía*) and the Civil Service Secretariat (SFP) (*Secretaría de la Función Pública*), under the auspices of the UGD.
** The CEDN monitors and evaluates the 68 Lines of Action (*Líneas de Acción*) of the National Digital Strategy (*Estrategia Digital Nacional*), some of which are related to the digitization of services. The UGD monitors and evaluates the digitization of services plan.
*** Responsibility of the Scientific Police Division (*Policía Científica*), a division of the Federal Police force.

Annex 3.2
Empowerment Through Governance Structures

	Name	Headed by	Periodicity	Members
ESTONIA	E-Council	Prime Minister	Biannual	4 ministers, 1 ICT business representative and 3 experts
URUGUAY	Executive Board	AGESIC	Weekly	1 academic, 1 ICT business representative, 4 experts
	Information Society Council (CSI) (*Consejo para la Sociedad de la Información*)	AGESIC	Biannual	Rectors of public and private universities, the president of ANTEL, and a representative from the technology business association
	Public Sector Advisory Council (*Consejo Asesor del Sector Público*)	AGESIC	Biannual	Heads of IT at the state agencies
	Information Security Advisory Council (*Consejo Asesor de la Seguridad Informática*)	AGESIC	Biannual	Undersecretariat of the Presidency, National Ministry of Defense (*Ministerio de Defensa Nacional*), Ministry of the Interior, ANTEL and the University of the Republic
CHILE	Interministerial Committee for Digital Development (*Comité de Ministros para el Desarrollo Digital*)	SEGPRES	Biannual	6 ministers
MEXICO	Interministerial Commission for the Development of E-Government (CIDGE) (*Comisión Intersecretarial para el Desarrollo del Government Electrónico*)	Civil Service Secretariat CEDN	Biannual	Ministers and CEDN

Source:
Authors' elaboration.

"Are you the father of the child?"

"No, he is the notary. I wanted to take care of all the paperwork for registering the baby, that's why I invited him to the birth."

Title: *Agilizando* (Speeding up)
Author: Oscar Mauricio Castro
Country: Colombia

CHAPTER 4

FIVE RECOMMENDATIONS FOR BETTER GOVERNMENT TRANSACTIONS

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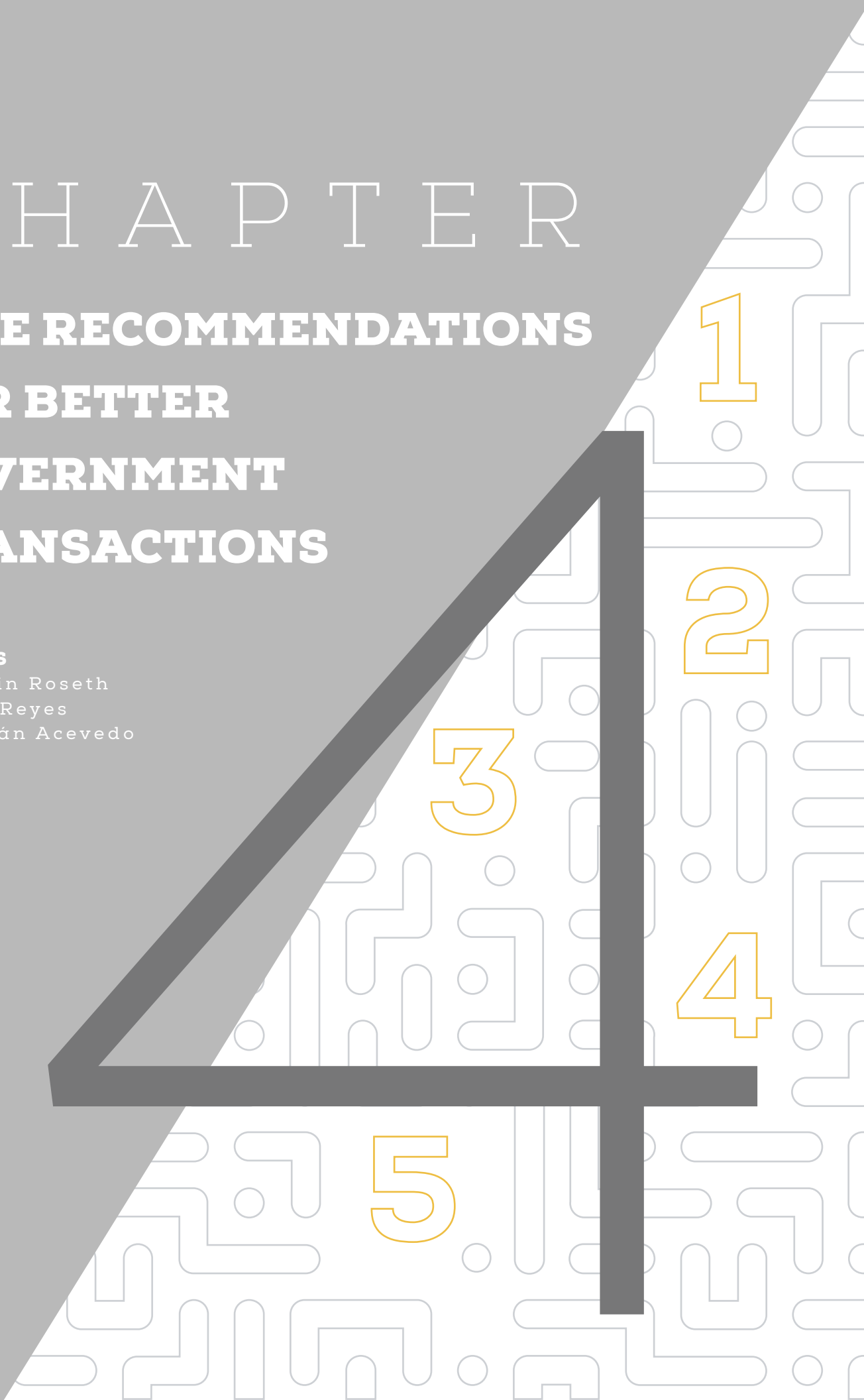


CHAPTER SUMMARY

Chapter 1 discusses the difficulty of conducting government transactions in the Latin American and Caribbean (LAC) region and the many problems that they cause, ranging from wasting citizens' time, enabling corruption, and perpetuating social exclusion to squandering public resources. It argues that these difficulties are due to a combination of lack of knowledge of the citizen experience, high regulatory complexity, low inter-institutional coordination, and distrust, which is endemic in the region. Chapter 2 shows that, although in theory digital transactions can solve many of the problems related to government transactions, for citizens as well as for governments, the LAC region is just beginning this digital transition. The availability of digital transactions is still limited; connectivity, identity, and capacity gaps remain; and citizens have bad experiences with government transactions that are available online. Chapter 3 presents three key lessons on simplification and digitization arising from the case studies of Chile, Estonia, Mexico, and Uruguay: (i) promote a paradigm shift toward a citizen-oriented state, (ii) empower a lead agency with sufficient authority and resources to drive changes throughout the government, and (iii) establish a governance model that supports effective implementation.

Based on the above, this chapter makes five general recommendations for improving people's experiences with government transactions:

1. Learn how citizens experience procedures.
2. Eliminate procedures whenever possible.
3. Redesign procedures with the citizen experience in mind.
4. Facilitate access to digital procedures.
5. Invest in high-quality in-person service provision.

1. Learn How Citizens Experience Government Transactions

It is impossible to improve government transactions without first understanding how they are conducted in the real world. It is not enough to depend on anecdotal evidence from isolated cases, or on a single study that loses relevance over time. As described below, objective, precise, and timely information must be generated for different audiences about different types of government transactions.

Policymakers need information about the citizen experience with government transactions to understand the scale of the issue, identify its roots, and prioritize its reform alongside other government objectives. **Government officials who make digital policy**, or the equivalent authorities and institutions that **administer government transactions**, need to know where (sector, institution, and/or specific government transaction) the problems are the most egregious and what their immediate causes are. **Citizens** need information about government transactions as both users (to understand the situation they are going to face) and constituents (to demand improvements from the responsible institutions and policymakers). All three of these groups require information about progress on the proposed reforms, to push for their full implementation, identify barriers, and propose adaptations.

It is impossible to improve government transactions without first understanding how they are conducted in the real world.

Information on people's experience with government transactions can be generated in many ways. A variety of them should be employed, as no single method can paint the full picture.

- **Administrative data:** This is compiled by the agencies responsible for government transactions on aspects such as the volume of government transactions provided, profiles of the individuals or firms that use the services, and processing times.

- **Surveys:** In situations where administrative information is incomplete or cannot be shared due to system incompatibility, surveys can be a complementary source of data to provide an overview of government transactions. They can also collect information on aspects such as wait times, interactions, the requirements presented, and customer satisfaction. In designing surveys, however, their potential drawbacks must be borne in mind. These include: (i) the tradeoff between breadth and depth (the more subjects addressed, the harder it is to gain in-depth knowledge) and (ii) their reliance on people's imperfect and biased recollections.

- **Standard cost model (SCM):** The SCM has two main uses. First, it can be used to measure the administrative burden imposed by the entire range of government transactions. This helps governments prioritize efforts to reduce this burden. In 2010-11, Mexico's Federal Commission for Regulatory Improvement (CONAMER) made exhaustive efforts to measure the administrative burden of all federal government transactions and thereby establish a baseline. As government transactions are reformed, CONAMER measures them again, and in this way keeps a record of the total administrative burden that they imply. A second use of the SCM relates to individual government transactions, in cases where governments wish to analyze bottlenecks in service provision. Because the SCM implies mapping out all the processes associated with a government transaction and compiling the costs of each, is it useful for pinpointing specific improvements.

- **Direct observation:** Some aspects of the citizen experience cannot be detected with any of the aforementioned instruments. These range from the confused expression on a person's face or the counter clerk's tone of voice to the notices written in legalese hanging on the walls of government offices. There is no substitute for direct observation, which is as important for citizen satisfaction as it is for efficient service provision. Observation can be carried out in several ways:

    i) Visits by staff from the reforming institution to the point of service delivery. This is what the United Kingdom's Government Digital Service did during the period 2012-16. It recommended that each team responsible for reforming a service carry out least two hours of direct observation every six weeks (Government Digital Service, 2015).

    ii) Mystery shopper exercises, in which civil servants or external consultants posing as ordinary citizens carry out a government transaction and record the experience, including with cameras. This method is used by Colombia's National Citizen Service Program (see Box 4.1).

    iii) Online tracking tools. Citizens using digital government transactions can be "observed" with tools that track elements such as the amount of time citizens spend on each webpage, what part of the page they click, and at what point in the transaction they abandon the process.

For all of these options, it is important to ensure an iterative cycle of study, analysis, adaptation, implementation and, further study: information on the citizen experience is compiled, it is analyzed to identify the changes needed, the government transaction is modified according to the analysis, the changes are implemented, and the cycle begins again.

Box 4.1

Colombia: Evaluating Citizen Experience Using the Mystery Shopper Method

The National Citizen Service Program (*Programa Nacional de Servicios al Ciudadano*, or PNSC), led by Colombia's National Planning Department (*Departamento Nacional de Planeación*, or DNP), carried out more than 300 mystery shopper exercises between 2015 and 2017, distributed among the face-to-face, telephone, and virtual channels of service delivery, for more than 50 national entities and around 15 municipal governments and governorships. The results of these exercises are part of a service provision advisory package that the PNSC offers to public entities.

An example of how the mystery shopper exercise is carried out for the in-person channel is presented below. The experience was recorded with special glasses that had a built-in, high-definition camera.

The government transaction evaluated was the Postgraduate Education Loan Program (a loan that covers enrollment in higher education programs), provided by the National Savings Fund. The mystery shopper method revealed some important aspects of the government transaction that could lead to changes in the way services are provided:

i) The citizen's first contact in the office is with the security personnel (and not, for example, with agency staff there to offer guidance).

ii) At least one of the agency civil servants was not particularly friendly to the mystery shopper.

iii) Citizens had to stand in a line to be given their turn (instead of having an automatic queuing system).

iv) The user had to wait two and a half hours before being served.

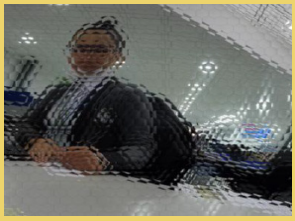
Minute 1:
The citizen's first contact is with the security staff, at 11:45am.

Minute 3:
An unfriendly attitude from the counter clerk when registering the request.

Minute 5(a):
There is a line to request a turn.

Minute 5(b):
Turn requested to ask for information about a postgraduate education loan.

Minute 6:
The wait begins for the MS's turn to come up. Total wait time = nearly 2.5 hours.



From minute 160 to 173:
The MS is served. The counter clerk is eager to deal with the request, has good knowledge of the government transaction, and can access complete and pertinent information. The MS obtains the form that must be filled out to request the loan; details on the requirements and the length of the process are provided. The interaction lasts 13 minutes.

Source:
DNP of Colombia (2017). MS = mystery shopper.

2. Eliminate Government Transactions Whenever Possible

The best government transaction is the one that does not need to be carried out. Even though simplification of government transactions is necessary in many cases and digitization is an effective way of facilitating access, these are not ends in themselves. Eliminating unnecessary government transactions cuts their associated costs at the root. There are various ways to eliminate government transactions. Three examples are provided below:

The best government transaction is the one that does not need to be carried out.

- **Regulatory improvement:** Regulatory improvement processes often include eliminating unnecessary government transactions. For example, as shown in Box 1.7 of Chapter 1, Peru implemented automatic elimination of all regulations that are not duly justified (and their associated government transactions along with them). Regulatory reform can help eliminate duplicate, excessive (when the requirement is not justified by the service provided), or unnecessary government transactions.

- **Interoperability and "once-only":** Connecting government databases enables the information that citizens share with one public entity to be transferred, as needed, to another entity. Thus, citizens must submit it only once. As explained in Chapter 1, the most common transactions in the LAC region have to do with registration and identity, to a large extent because proof of identity is required to complete other government transactions. Simply enabling institutions to share birth certificates would eliminate a large number of government transactions. Another example of a government transaction that can be eliminated thanks to interoperability is the requirement for pensioners to present themselves at a government office simply to prove they are alive and, therefore, entitled to receive their pension. If the pension agency were connected to the civil registry, which in turn is connected to the morgue, it could be informed immediately when a beneficiary dies, obviating the need for pensioners to appear in person.

- **Proactive service delivery:** Once the state has implemented interoperability in many government agencies, it will no longer be necessary to ask citizens to fill out forms to access services. Some countries, such as Canada (see Box 4.2), are already experimenting with proactive social benefit delivery. This approach has the potential advantage of expanding the coverage of public programs among the eligible population, since participation does not depend on the beneficiary's knowledge or time investment. Moreover, it would enable those who would participate anyway to save time.

Eliminating government transactions, whether through regulatory improvement, interoperability, or proactive delivery, is a valid objective even in a scenario where analog technology still dominates: a citizen need not be connected to the internet to benefit from a government transaction that is no longer requested, a service offered via text message, or even a letter.

Box 4.2

Automatic Application of Benefits for Canadian Children

When a person's birth is registered in Canada, the government allows the registration to be automatically shared with the Canada Child Benefit program, a federal government tax credit program (GST/HST), and other provincial and territorial programs.[a]

To activate the application, the child's mother must grant permission at a civil registration office for the data to be shared by the corresponding Vital Statistics Agency in her province with the Canada Revenue Agency. Following this exchange, eligibility for these programs is analyzed and the benefit is activated automatically. According to the Canadian government, the payments or notifications start arriving in eight weeks from the date of the birth registration.

Source:

Government of Canada (www.Canada.ca).

[a] Although the application of these benefits is automatic once the exchange of data has been activated, the programs also require beneficiaries to be up to date with their tax returns and, in some cases, to have shared their bank account details. The tax credit program GST/HST is also distributed automatically according to the income tax return.

3. Redesign Government Transactions with the Citizen Experience in Mind

Once the citizen experience has been understood and all unnecessary government transactions have been eliminated, the next step is to redesign the remaining government actions to make them easier, more intuitive, and as fast as possible for the citizen. This redesign may include, for example, re-conceptualizing the assumptions of trust or distrust, using interoperability to simplify government transactions, and implementing the agile methodology for iterative adaptation of designs.

Trust and distrust: Chapter 1 analyzes how concern about the abuse of services accessed through government transactions encourages some senior government managers to impose additional requirements. Distrust should not determine how a service is provided (see Box 4.3 for an example from Portugal called Zero Licensing). Likewise, erecting barriers to access is not the only way to protect against abuse. There are at least two other ways:

a. *Using triage: Adaptive forms with integrated decision trees to separate cases by level of risk.* Triage enables all potential program beneficiaries to answer the same initial questions and, if no risk factor is detected, they move on to finalize the request. If a risk factor is detected, then another round of questions is activated to investigate further. In the final instance, if the questions cannot resolve the security concerns, a personal interview may be required before the person is registered. In the United Kingdom, this strategy has been adopted to implement several social programs (Greenway, 2017).

b. *Establishing more ex-post controls.* Even with a single format for all applicants, the risk factors can be identified and used to conduct audits or other types of reviews of individual cases. Provided the public is aware of them, these controls can act as a disincentive for anyone contemplating abusing the system.

Box 4.3

Trust by Default: Portugal's Zero Licensing Initiative

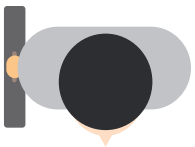
The Zero Licensing Initiative, established in 2013 by the government of Portugal, is based on trust. This initiative eliminated the licenses previously required for starting or modifying a business and replaced them with prior notification to the authorities. Under this program, entrepreneurs do not have to wait for government authorization to open a business; rather, they can simply fill out a form and pay the corresponding fees through a single entry point to which everyone has access via the internet. Thus, a government transaction that once required a long wait time to obtain the necessary authorizations can now be completed in a matter of minutes.

The Zero Licensing Initiative reduces transaction costs for entrepreneurs by simplifying the processes to establish, open, modify, or close businesses such as restaurants or bars. It also reduces the cost of trading goods and providing services. All interactions between entrepreneurs and the government now take place via the Entrepreneur's Desk, a website where entrepreneurs can complete all the government transactions necessary to start up or modify a business. By reducing time and travel costs, this initiative seeks to boost the competitiveness of new firms and facilitate their interactions with the state. The initiative replaces pre-opening mechanisms of control with more solid post-opening mechanisms of verification and monitoring, using tougher inspections and sanctions in the event of noncompliance.

Source:
OECD, Administrative Modernization Agency (see the websites: https://www.oecd.org/governance/observatory-public-sector innovation/innovations/page/zerolicensinginitiative.htm#tab_description and https://www.ama.gov.pt/web/agencia-para-a-modernizacao-administrativa/licenciamento-zero).

Interoperability: Interoperability also facilitates simplification of government transactions. By reusing existing data on citizens, government entities can pre-populate forms and speed up application processes. One example of this is the partial automation of tax transactions. Chile and Ecuador already employ versions of the suggested tax return, incorporating information already obtained in previous tax exercises and from other data sources (such as property or automobile registries) to pre-populate the required forms. Another example is fast-track eligibility for enrollment in Medicaid and the Children's Health Insurance Program in the United States (Box 4.4).

Agile methodology: Originally designed for software development, agile methodology consists of segmenting a large project into various parts, testing solutions, evaluating them, and then moving on to the next problem and the next proposal of solutions in an iterative fashion. Applied to government transactions, agile redesign consists of diagnosing the problems faced by citizens and then testing and evaluating solutions for those problems as rapidly as possible, re-evaluating them, and repeating the process. A crucial part of this methodology is awareness of the citizen experience (Recommendation 1): observing the citizen experience determines the degree of success of the solutions implemented and the need for further adaptations.



Box 4.4

Fast-Track Eligibility: Facilitating Enrollment in Medicaid and the Children's Health Insurance Program in the United States

To reduce the number of children who are eligible but not registered for health benefits, in 2009 the U.S. government approved the *Children's Health Insurance Program Reauthorization Act.* The law permitted state governments to implement fast-track eligibility, which consists of reusing eligibility data from other government programs to identify potential beneficiaries and facilitate their application or renewal processes, even when the programs that provide the data use different selection criteria. The law enabled the states to access data from 13 public agencies and from state income tax returns.

By January 2017, eight states had activated fast-track eligibility to facilitate enrollment in Medicaid and/or the Children's Health Insurance Program, and seven use it to facilitate re-enrollment. Some of them, such as Iowa, use the fast track to determine children's eligibility and/or facilitate communication with the parents. Others use it to reduce the steps in the application process or to eliminate this process completely. Louisiana, for example, inaugurated the fast track in 2010 by automatically enrolling more than 10,000 children eligible for Medicaid, reusing the data from the Supplemental Nutrition Assistance Program (specifically, income, residence, social security number, and identification number). Thanks to this initiative, the state saves US$1 million annually in administrative costs, and the percentage of uninsured eligible children eligible fell from 5.3 to 2.9 percent.

Using data from the period between 2007 and 2011 for all the states that implemented fast-track eligibility, Blavin, Kenney, and Huntress (2014) estimate that the measure helped boost the rate of Medicaid enrollment by between 4 and 7.3 percent.

Sources:
Kaiser Family Foundation (2017); Commonwealth Fund (2010); Noveck (2015); Blavin, Kenney, and Huntress (2014).

4. Facilitate Access to Digital Government Transactions

Once government transactions have been redesigned with the citizen experience in mind, the next step is to facilitate access through the digital channel. As analyzed in Chapter 2, the digital channel possesses several qualities, ranging from time-saving for citizens to limiting opportunities for corruption and generating fiscal savings for the government. However, the region's countries face barriers that impede effective adoption of the digital channel. Five actions are recommended to reduce these barriers:

i) Lay the foundations for digital government to make government transactions available online.

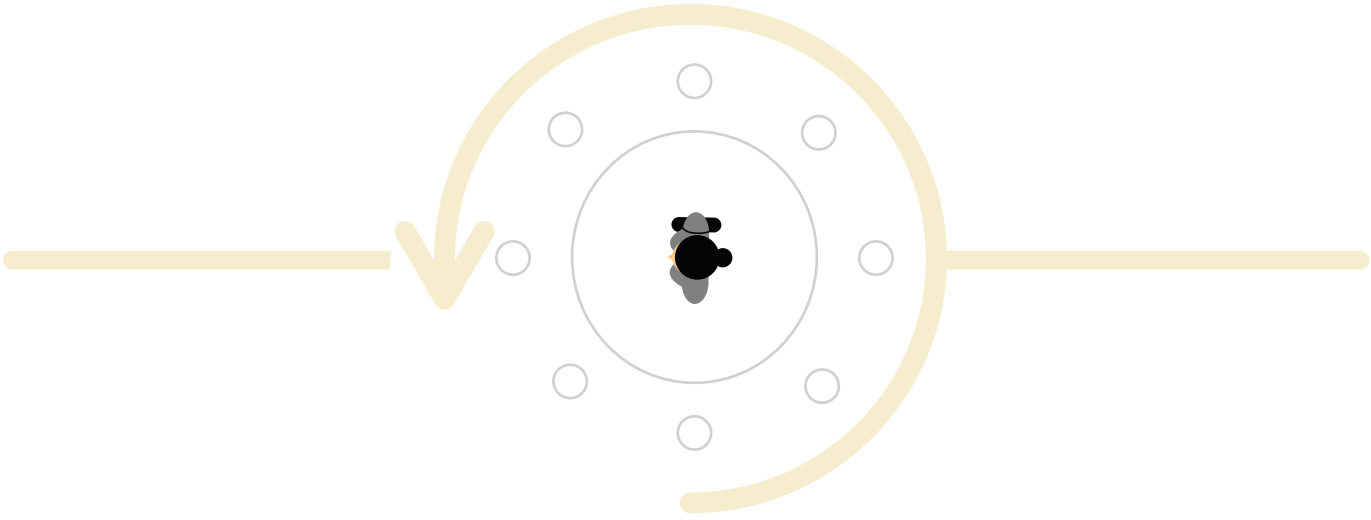
ii) Make them user-friendly.

iii) Guarantee that they work from any device.

iv) Expand digital literacy and citizen service programs.

v) Offer payment methods that do not depend on a bank account.

i) Lay the foundations for digital government to make government transactions available online: Chapter 2 illustrates the usefulness of various digital government tools for putting government transactions online. Interoperability (including standards and platforms), digital signature and digital identity, electronic notifications, and electronic payments, among other tools, make it possible to administer a government transaction entirely through the digital channel. Moreover, they enable citizens to manage their relationship with the state in an integrated way, as the example of Spain's "citizen folder" shows (see Box 4.5). However, there has been scant progress on implementation in the LAC region. To expand the provision of digital government transactions—especially those that can be carried out completely online—it is recommended that more investment be made in these tools, and that they be adopted by the agencies that administer online government transactions.



Box 4.5

Spain's Citizen Folder

A "citizen folder" offers a single point of access to information about the processes and government transactions of concern to citizens. Through it, users can review any files they have open in any government agency, the registry records kept at government offices, and their personal data gathered by public sector agencies. This platform makes the data transmitted among the different agencies transparent.

Administered by the Ministry of Finance and the Civil Service and Digital Secretariats, the system itself does not store information; rather, it facilitates the link with each agency's electronic headquarters. The information can be consulted in real time as the public demands, and it is updated with notifications to follow up on the requests of each citizen.

By integrating the information, the need for citizens to present documents that the administration already has is reduced, which in turn reduces the number of in-person government transactions and saves time. In some cases, documents are issued with verification codes so that they can be presented as "originals" for government transactions with other institutions.

The citizen folder has been well accepted: in November 2017 alone, it received 144,000 online visits from citizens.

Source:

Ministry of Finance and Public Administration of Spain (2017)

ii) **Maximize the user-friendliness of government transaction websites:** One of the causes of the low uptake of digital government transactions is that many of the websites on which they are found are not user-friendly. If the most skilled people who make up 40 percent of society cannot carry out the digital government transaction they need to complete (as illustrated in Chapter 2), the chances of adoption by the general public will be minimal. If the design is complicated or if the websites suffer from technical difficulties, even those citizens most interested in carrying out government transactions online will lose trust and opt to continue using the face-to-face channel. To reiterate Recommendation 1, the citizen online experience must be constantly monitored, the websites regularly adapted, and different solutions tried.

iii) **Design services that work on any device:** In the LAC region, more and more people connect to the internet via their mobile phones rather than computers. This difference is particularly marked among low-income sectors. It is therefore crucial that digitized services function in a way that is optimal for mobile phone use. The mobile phone, however, is only the technology of the moment: other ways of connecting may gain popularity in the future. Thus, designs should be able to work on any device.

iv) **Expand digital literacy and citizen service programs:** Ideally, websites that provide access to services would be very user-friendly and would not require any special training. Nonetheless, governments can accelerate the adoption of digital government transactions, particularly among low-income individuals, those with lower educational attainment, and the elderly, by implementing a variety of training and citizen service strategies. The following are examples of these activities:

   a. *Basic instruction in digital literacy.* These programs are often designed for educational, work, and social purposes in general, rather than government transactions specifically. In Argentina, for example, participants in the Digital Literacy Network are trained to teach low-income people to use the internet. In the Dominican Republic, the Ministry of Education offers courses at its Community Technology Centers, which have specific programs for women and the disabled. It is important to design programs targeted at the elderly since, as shown in Chapter 2, there is a technological age gap that particularly affects people with low educational attainment.

b. *Individual in-person assistance in the use of digital services.* If there is a single online interface for service provision, then the role of the civil servant providing customer service will consist of filling out the same form that the citizen would complete online. This model helps share the process with the citizen—for example, by using two screens—thereby facilitating passive learning. It strengthens citizens' confidence in their ability to carry out the next government transaction online.

c. *Digital helpdesks.* Through the digital channel, the government can offer a variety of options to help citizens carry out government transactions. One is to employ staff responsible for citizen services who can be contacted by clicking on an icon installed on the website. Another option, implemented by the City of Buenos Aires (see Box 4.6), is to create a chatbot that uses artificial intelligence, learning from each consultation and thereby improving the quality of its responses over time.

v) **Offer payment options that do not depend on having a bank account:** Most people in LAC do not have debit or credit cards, and low-income people are even less likely to have them. To enable people without bank accounts to access digital government transactions that require payments, the two solutions are to provide them with banking facilities or offer them an alternative payment method. Given the region's high mobile phone penetration, an attractive option is to activate payment for government transactions using the mobile phone. Based on the experience of African firms such as Kenya's M-PESA, Paraguay and the Tigo company have experimented with mobile payments, as described in Box 4.7. However, resolving the difficulty of how to pay for digital services requires an additional step: allowing payments for digital government transactions by mobile phone, for example by entering the telephone number, a password and a temporary key (which is sent to the mobile phone) to activate a payment using the money held in the mobile phone account.

Box 4.6

The Citizen Services Chatbot of the City of Buenos Aires

In July 2013, the City of Buenos Aires made available a virtual intelligent assistant (chatbot) to respond to citizens' queries regarding access to public services and government transactions, which directs them to sources of information or to human agents. The system also constantly reports data that the government can use to optimize the citizen experience.

Incorporated on the government website and in Facebook Messenger, the chatbot utilizes artificial intelligence tools such as machine learning algorithms and natural language processing to understand and interpret citizens' queries and respond autonomously. According to Aivo, the company that developed it, between November 2016 and November 2017, the chatbot has had more than 1.6 million conversations, of which only 8.5 percent were transferred to human agents. The average time per conversation is one minute.

The virtual assistant takes eight weeks to be trained to classify questions and respond autonomously, incorporating capacities to comprehend natural language and regionalisms. Once in operation, the system continues improving its precision through citizen feedback and use and through monitoring by those in charge of its maintenance. To optimize the user experience, the chatbot gathers information including the number of conversations that have taken place, the topics most consulted, the number of conversations transferred to human agents, the number of interactions, and feedback from citizens.

Presently, the virtual assistant is able to help with the following:

- Birth certificates
- License renewals
- Claims, queries, and online payment of fines
- Hospital appointments
- Tracking claims
- Queries about news and activities in the city
- Online enrollment in public schools

Source:
Government of the City of Buenos Aires, Aivo.co.

Box 4.7

Mobile Payment Systems in Paraguay

Paraguay has a financial inclusion challenge, which hampers transfers and online bill payment. While 42 percent of wealthiest quintile of the population use banking services, only 21 percent of those in the poorest quintile have a bank account. Likewise, 41 percent of the country's 250 districts lack a conventional bank branch, which leaves 23 percent of the population without access.

The telecommunications company Tigo developed a mobile payments application called Tigo Money, a digital wallet for sending money, paying bills, charging mobile phone accounts, making in-person payments in stores, and receiving remittances. To register their accounts, Tigo customers only have to send their identity card number and their date of birth.

To facilitate adoption and use of the new platform, Tigo Money operates with a dual interface: the virtual wallet is complemented by a network of more than 3,000 agents distributed throughout the country that offers deposit and withdrawal services as well as transfer and payment services. With these agents, Tigo has built the largest physical network of access to financial services in the country and is responsible for 56 percent of the total access points, which serve 98 percent of the population.

The platform reached 1 million active users in 2013 and managed to equal the traditional financial system's level of penetration in 2015, when it reached 1,250,000 active users (27 percent of the adult population).

Source:
Arabéhéty et al. (2017).

5. Invest in High-Quality In-Person Service Provision

Although many countries show an interest in digitizing government transactions and digital government in general, the LAC region continues to use mainly analog technologies, and approximately 90 percent of government transactions are still carried out face-to-face. Connectivity, digital literacy, and financial inclusion gaps, among others, mean that the digital society is still a long way away. It is therefore essential to improve the most frequently used and, in some cases preferred, channel of service provision: face-to-face. Two ways of improving in-person service provision are:

i) investing in staff who provide customer service and

ii) integrating service provision by several entities under one roof.

i) Invest in staff who provide customer service: In face-to-face service provision, the counter clerks are the face of the state. Therefore, it is essential to invest in them, ensuring they are selected through merit-based competition, are well paid and regularly trained, and have a vocation for public service. Having good-quality customer service staff brings many benefits: (i) they can be given more leeway in decision making so that they do not have to rely excessively on higher-level staff; (ii) they can help train citizens by assisting them with their government transaction using the same interface that the citizen would use at home; and (iii) they are also a good source of feedback about people's experiences with services.

ii) Integrate services provided by several entities under one roof: Integrated service centers—also called citizen service centers or one-stop shops—seek to improve public service provision by co-locating government transactions required by different government agencies in the same physical space. These spaces seek to accommodate the needs of citizens and firms, preventing them from traveling long distances or having to visit several offices to carry out government transactions, while at the same time centralizing information and providing guidance to people who need help to complete them.

These centers often include innovations designed to improve the citizen experience with in-person government transactions, such as intelligent turn management systems to make customer service more efficient, specifications on how to organize the physical space of the centers, location in central areas to facilitate access, training for civil servants on customer service, extending office hours and access to banks to facilitate payments, and others. Many of these initiatives include mobile citizen service centers that offer some or all government transactions. This enables the state to reach regions that are difficult to access. Some countries also offer self-service kiosks in strategic locations that provide access to the highest-volume transactions.

There are also components for improving the efficiency of back-office processes using interoperability systems, which seek to integrate information from the different entities present in the center. Box 4.8 presents some examples already underway in the region.

Box 4.8

Innovation in In-Person Service Provision: Integrated Service Centers

There are various examples of integrated service centers in the LAC region. Uruguay has 127 Citizen Service Centers located throughout the country that offer personalized services to users, information about all government transactions, and assistance in carrying out government transactions online, among others. In Brazil, the State of Bahía created the Citizen Service Center, comprising 63 service centers and three mobile units that centralize more than 800 services from 32 institutions and serve an average of 620,000 requests each month in all the municipalities of Bahía.

In Colombia, the National Planning Department provides technical assistance and a standardized methodology to establish Integrated Service Centers, providing guidelines to the country's departments and municipalities for constructing, implementing, and operating the centers. This model is based on the District Specialized Service Centers and Super Specialized Service Centers established in Bogotá, which provide around 200 public services offered by municipal- and national-level institutions.

In Lima, there are presently five Better Attention for Citizens Centers (*Centros de Mejor Atención al Ciudadano*, or MAC) in which the 50 most highly demanded government transactions from 15 state entities are centralized. The MACs are outsourced and operated by private firms, but they follow the guidelines provided by the government for service provision. In Chile, ChileAtiende has more than 200 service centers throughout the country, where nearly 220 government transactions from 17 public institutions can be carried out. Finally, in the Dominican Republic, the PuntoGOB facility offers 50 government transactions from 12 government institutions in a megacenter located in Santo Domingo, which receives nearly 700 visitors every day.

Sources:

DNP of Colombia; the Dominican Republic's Presidential Office of Information and Communication Technologies; Peru's Presidency of the Council of Ministers; ChileAtiende; Government of Bahia

Title: *La burocracia es un infierno* (Bureaucracy is hell)
Author: Elena Ospina
Country: Colombia

STATISTICAL ANNEX

Table A1
Survey Scope, by Country

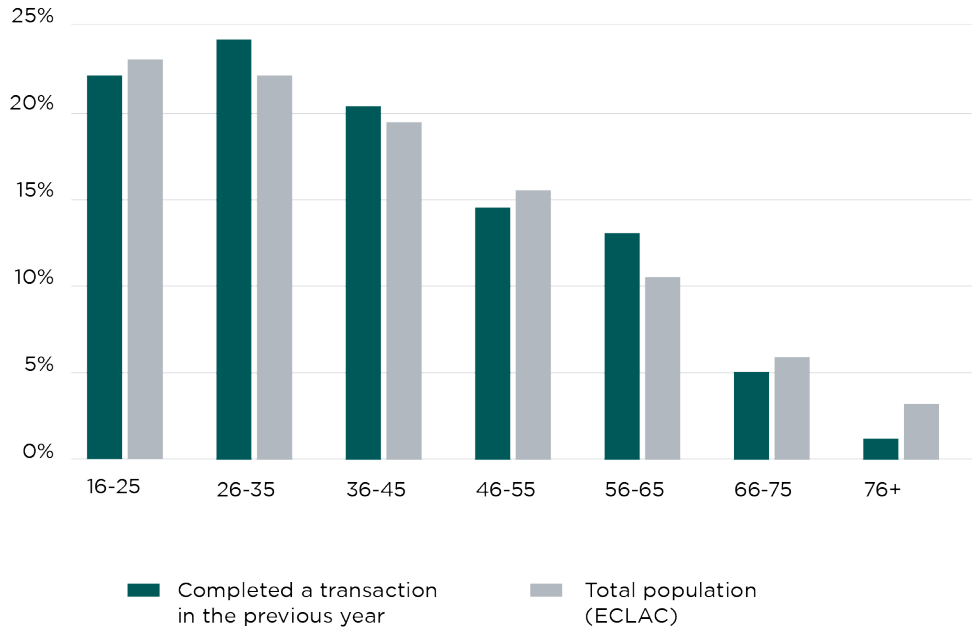
	Number of Responses to Each Survey				
	E-government directors IDB-GEALC	Senior managers registry offices	Senior managers tax offices	Latino-barómetro 2017	Advanced users IDB-MfDR 2017
Argentina	1	1	1	1,200	80
Bahamas	1				
Barbados	1		1		
Belize	1				
Bolivia		1	1	1,200	45
Brazil	1	1	1	1,200	11
Chile	1			1,200	39
Colombia	1			1,200	105
Costa Rica	1		1	1,000	34
Dominican Republic	1	1		1,000	16
Ecuador	1		1	1,200	64
El Salvador	1	1	1	1,000	31
Guatemala	1			1,000	51
Guyana	1				1
Haití	1				1
Honduras	1	1		1,000	51
Jamaica	1	1			
Mexico	1	2		1,200	115
Nicaragua	1			1,000	13
Panama	1	1	1	1,000	3
Paraguay	1	1		1,200	29
Peru	1	1	1	1,200	259
Suriname	1	1			
Trinidad and Tobago	1				
Uruguay	1	1		1,200	19
Venezuela	1			1,200	45
TOTAL	25	14	9	20,200	1,012

Figures mentioned in Chapter 1:

"The Complex Reality of Government Transactions, and the Reasons Behind the Complexity"

Figure A1

Distribution of People Who Carry Out Government Transactions versus Distribution of Total Population, by Age



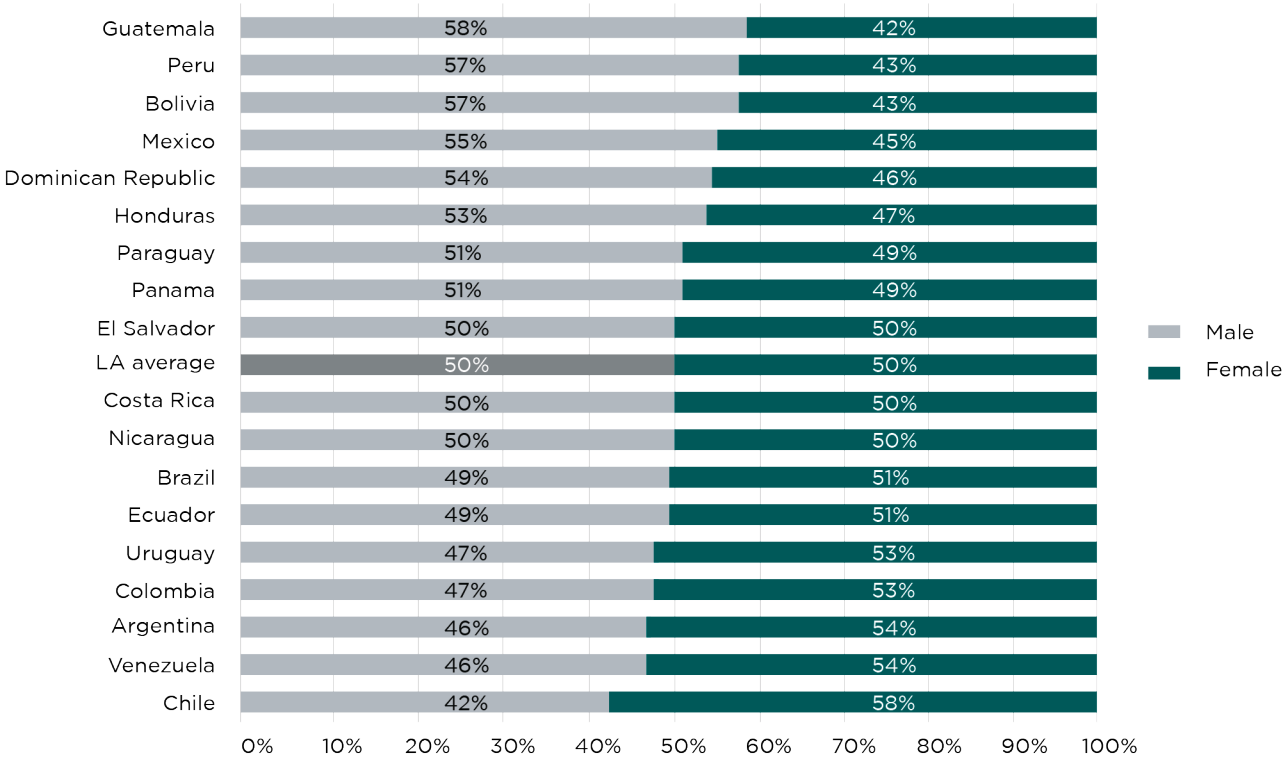
Source:

Authors' elaboration based on Latinobarómetro (2017) and ECLAC (2018).

download data

Figure A2

Percentage of People Who Carried Out a Government Transaction in the Last 12 Months, by Gender



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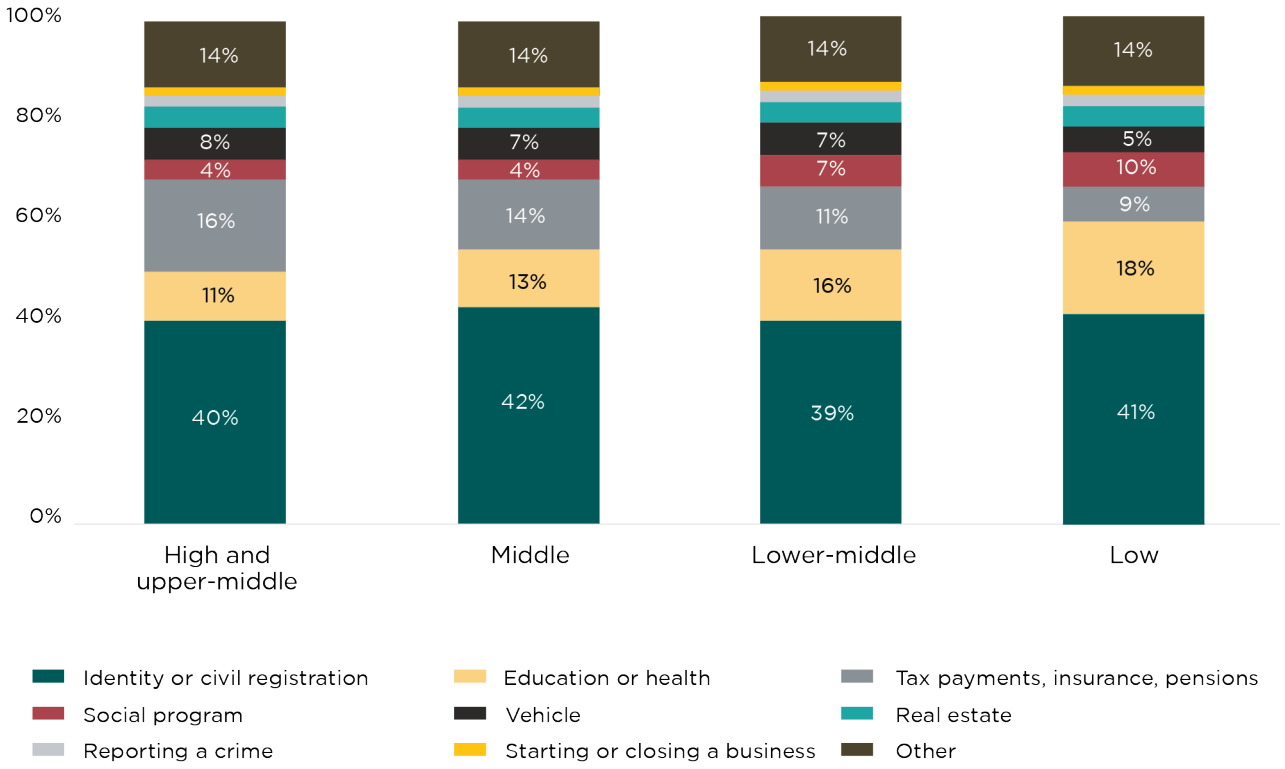
Source:
Authors' elaboration based on Latinobarómetro (2017).

Figure A3

Last Government Transaction Carried Out, by Type of Transaction and Socioeconomic Stratum

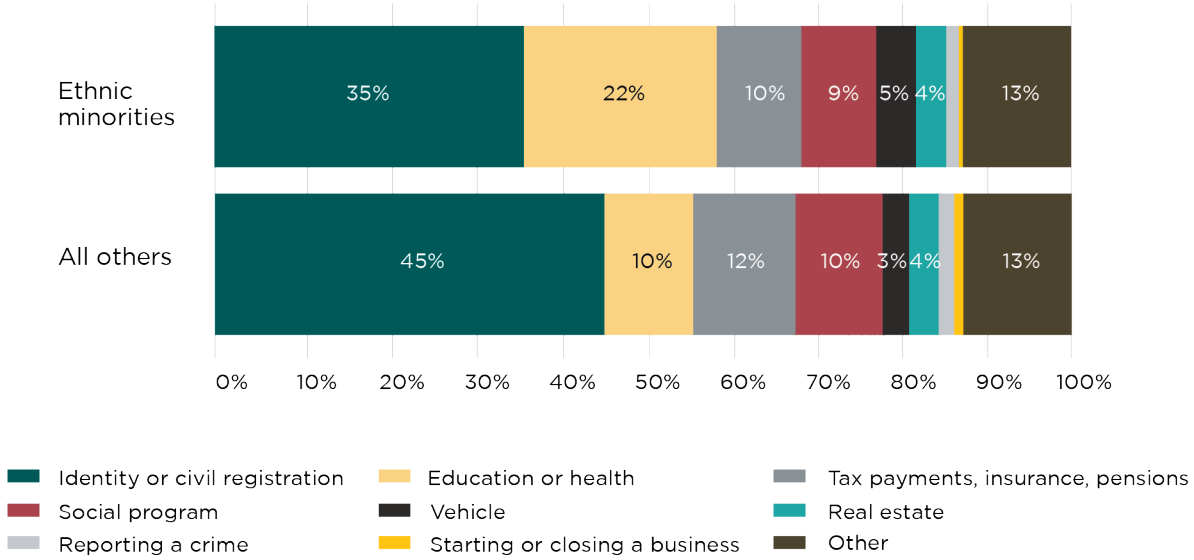


Source:
Authors' elaboration based on Latinobarómetro (2017).

download data

Figure A4

Last Government Transaction Carried Out, by Type of Transaction and Characteristics of the Population



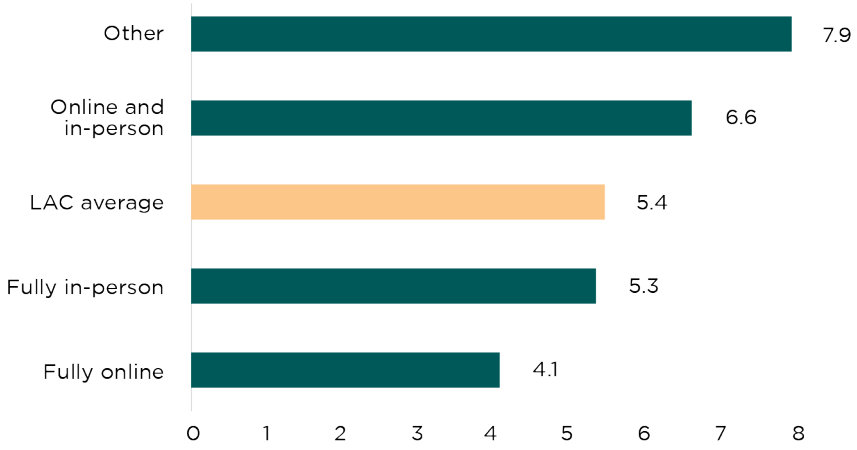
Source:
Authors' elaboration based on Latinobarómetro (2017).

download data

Note:
Only those persons who self-reported that their race was indigenous and/or that their mother tongue is an autochthonous/indigenous language were considered to be members of an ethnic minority. For the purposes of this analysis, only those countries were included in which the proportion of ethnic minorities (self-reported in the Latinobarómetro survey) was less than 10 percent of the total population. These countries are: Bolivia, Guatemala, Mexico, Nicaragua, Paraguay, Peru, and the Dominican Republic.

Figures mentioned in Chapter 2: "The Unrealized Potential of Digital Government for Administering Government Transactions"

Figure A5
Time Needed to Complete a Government Transaction, by Channel



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Source:
Authors' elaboration based on Latinobarómetro (2017).

Regressions mentioned in Chapter 2

Determining factors of the amount of time it takes to complete a government transaction

Estimated equations

$$\ln(total\ time)_i = \beta_0 + \beta_1 Fully\ online\ channel_i + \beta_2 Type\ of\ transaction_i + \beta_\alpha Country_i + \delta_k \beta_1 Fully\ online\ channel_i * Type\ of\ transaction_i + \gamma_k Fully\ online\ channel_i * Country_i + \theta_k Type\ of\ transaction_i * Country_i + \beta_k X_i + \varepsilon_i \quad (1)$$

$$\ln(total\ time)_i = \beta_0 + \beta_1 Partially\ online\ channel_i + \beta_2 Type\ of\ transaction_i + \beta_\alpha Country_i + \delta_k \beta_1 Partially\ online\ channel_i * Type\ of\ transaction_i + \gamma_k Partially\ online\ channel_i * Country_i + \theta_k Type\ of\ transaction_i * Country_i + \beta_k X_i + \varepsilon_i \quad (2)$$

Table A2

Marginal Effects on the Total Time of a Government Transaction (statistically significant effects)

	Ln total time (1)	**Ln total time (2)**
Fully online process	-0.7423*** (-3.47)	
Partially online process		-0.259** (-2.93)
Taxes[a]	-0.304*** (-5.46)	-0.340*** (-6.27)
Education/health	0.342*** (6.60)	0.358*** (6.94)
Age	-0.00345** (-2.72)	-0.00327** (-2.63)
Observations	5,168	5,359
t statistics in parentheses *** p<0.01, ** p<0.05, * p<0.1		

[a] Base category: identity and registration.

Factors that Determine Satisfaction

Estimated equations

$$\text{Prob}(satisfied = 1|X) = \beta_0 + \beta_1 \ln(total\ time)_i + \beta_1 Fully\ online\ channel_i + \beta_2 Type\ of\ transaction_i + \beta_\alpha Country_i + \delta_k Fully\ online\ channel_i * Type\ of\ transaction_i + \gamma_k Fully\ online\ channel_i * Country_i + \theta_k Type\ of\ transaction_i * Country_i + \beta_k X_i + \varepsilon_i \quad (1)$$

$$\text{Prob}(satisfied = 1|X) = \beta_0 + \beta_1 \ln(total\ time)_i + \beta_1 Partially\ online\ channel_i + \beta_2 Type\ of\ transaction_i + \beta_\alpha Country_i + \delta_1 Partially\ online\ channel_i * Type\ of\ transaction_i + \gamma_1 Partially\ online\ channel_i * Country_i + \theta_1 Type\ of\ transaction_i * Country_i + \beta_k X_i + \varepsilon_i \quad (2)$$

Table A3
Marginal Effects on Average Satisfaction with a Government Transaction (statistically significant effects)

	Satisfaction (1)	**Satisfaction (2)**
Ln Total time	-0.111*** (-22.45)	-0.111*** (-22.02)
Partially online	0.0464 (1.90)	
Fully online		-0.07075 (1.61)
Taxes	-0.165*** (-8.78)	-0.165*** (-8.57)
Education	-0.140*** (-7.53)	-0.145*** (-7.60)
Middle-low socioeconomic stratum	-0.0934* (-2.31)	-0.0952* (-2.36)
Low socioeconomic stratum	-0.132** (-3.15)	-0.136** (-3.24)
Observations	5,344	5,153
t statistics in parentheses *** p<0.01, ** p<0.05, * p<0.1		

Factors that Determine the Service Channel

Estimated equations

$$\text{Prob}(fully\ digital\ channel = 1|X) = \beta_0 + \beta_1 trust_i + \beta_2 Type\ of\ transaction_i + \beta_k X_i + \varepsilon_i \quad (1)$$

$$\text{Prob}(partial\ digital\ channel = 1|X) = \beta_0 + \beta_1 trust_i + \beta_2 Type\ of\ transaction_i + \beta_k X_i + \varepsilon_i \quad (2)$$

Where the *Trust* variable takes the value of 1, the person manifests that other people can be trusted and 0 if otherwise; *type of government transaction* is a categorical variable that includes the types of procedures, and Xi refers to a vector of socioeconomic variables regarding the individual.

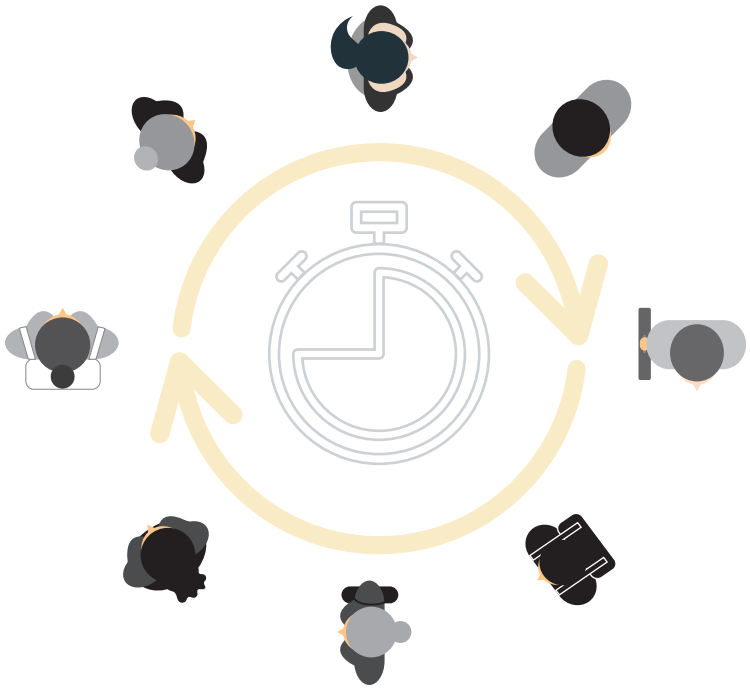

Table A4

Estimate of the Model of Choice of Government Transaction Channel

VARIABLES	(1) Fully online process	(2) Partially online process
Trusts others	0.0132 (0.00883)	0.0210* (0.0114)
Age	-0.000576*** (0.000165)	-0.000749*** (0.000220)
Taxes	0.0548*** (0.00962)	0.0512*** (0.0112)
Education	-0.00116 (0.00550)	-0.00711 (0.00777)
Sex (1=Man)	-0.00216 (0.00524)	0.00230 (0.00691)
Socioeconomic level = Middle high	0.0131 (0.0214)	0.0304 (0.0259)
Socioeconomic level = Middle	0.00782 (0.0174)	0.0201 (0.0208)
Socioeconomic level = Middle low	0.00376 (0.0176)	0.0224 (0.0211)
Socioeconomic level = Low	-0.000663 (0.0174)	0.00135 (0.0207)
Educational level = Elementary not completed	0.0124 (0.00799)	0.0228** (0.0101)
Education level = Elementary completed	0.00517 (0.00777)	0.0108 (0.00973)
Education level = Secondary not completed	0.00304 (0.00824)	0.0309*** (0.0109)
Education level = Secondary completed	0.0125 (0.00839)	0.0280*** (0.0104)
Education level = Higher not completed	0.0326*** (0.0116)	0.0743*** (0.0151)
Education level = Higher completed	0.0649*** (0.0123)	0.112*** (0.0151)
Constant	0.0260 (0.0192)	0.0326 (0.0233)
Observations	5,348	5,547
R squared	0.029	0.033
Robust standard errors in parenthesis *** p<0.01, ** p<0.05, * p<0.1		

Title: *Primero el café* (First, coffee)
Author: Luis Guillermo López
Country: Mexico

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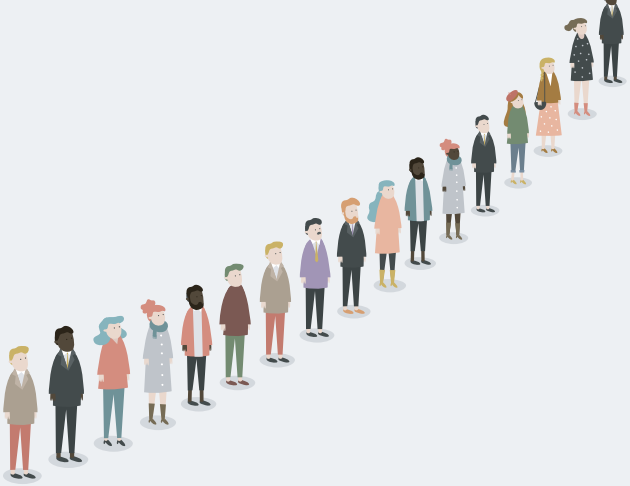

This book is about the smallest unit of public policy: the government transaction. Government transactions—for example, requesting a birth certificate, registering a property, or opening a business—are the way that citizens and companies connect with the government. Efficient transactions enhance the business climate, citizen perception of government, and access to crucial public programs and services. In Latin America and the Caribbean, however, government transactions are often headaches. Public institutions rarely coordinate with each other, still rely on paper, and are more concerned about fulfilling bureaucratic requirements than meeting citizens' needs. *Wait No More* empirically confirms a reality known anecdotally but previously unquantified and offers a path to escape the bureaucratic maze.

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