
Policy Brief #27

Portugal: Leapfrogging digital transformation

Digital Government
and Public Innovation

A study produced by CAF – Development Bank of Latin America.
Director of Digital Innovation in Government
Carlos Santiso

This note is based on a study on “Portugal: leapfrogging digital transformation” conducted by Elsa Estevez, UNESCO Chair on Knowledge Societies and Digital Governance, Universidad Nacional del Sur, Argentina. The study is available [here](#).

Reviewed by: María Isabel Mejía Jaramillo, Nathalie Gerbasi, Alejandro Sabarich, Carlos Santiso and Pablo Sanguinetti.

Editorial coordination: Nathalie Gerbasi

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Summary

- *Digital transformation in government promises to deliver better public services and to increase efficiency in government operations, among other outcomes (Mergel, 2019). The Portuguese digital transformation efforts show that these promises are achievable.*
- *Key lessons from Portugal's digital transformation journey include: the value of establishing a robust governance model upfront and sustained over time, the design of public services based on users' participation through co-creation, the relevance of whole-of-government technical solutions, the need to build human capacity in government and society, complementing the national strategy with sectoral ones.*
- *This policy brief is based on the case study "Portugal: leapfrogging digital transformation" (CAF, 2020) that documents the drivers for embracing digital transformation, the strategy for sustaining it, the governance model adopted to drive it, some of the major challenges faced to implement it, and some of the strategic initiatives. It also seeks to capture the return-on-investment for government of going digital, as well as lessons learnt of relevance to Latin America.*

Context

According to the ITU (ITU, 2018), Portuguese society has good levels of access and adoption of Information and Communication Technologies (ICT), higher than the averages of European and LAC countries. Particularly in digital government development, Portugal has been recognized with high capacity and one of the global leaders, providing secure sites, and transactional and authentication services already in 2001 (UNDPEPA, 2001). Since then, it has always ranked among the 40 top performers from 2003 to 2020 in the UN e-Government Survey (UNDESA, 2020).

For the last 15 years, Portugal has invested continuous efforts in digital transformation, mainly motivated by two major aspects.

- First, the need to reduce public expenditures in the wake of the 2010-2014 financial crisis that demanded to reduce the fiscal deficit and to balance the government budget. This gave a strong impetus to the administrative modernization process.

- Second, the pressure to provide better services to citizens and businesses, forcing the government to consider opportunities to improve the way services were designed.

The need of a common strategy driven from and by the center of government was the main motivation for defining the governance structure. This led to the creation of the Council for Information and Communication Technologies (CTIC). Created in 2016, CTIC is the institutional committee in charge for the operationalization of the digital transformation strategy. It is composed of a Technical Committee comprising representatives from all government areas and an Advisory Board involving five independent experts in the area of administrative modernization and ICT. In addition, the **Agency for Administrative Modernization (AMA)**, an autonomous agency located at the very center of government, has the coordination role as the operational agency in charge of the implementation of the strategy.

Portuguese Digital Transformation Strategy

When defining a digital transformation strategy, the Portuguese experience constitutes an inspiring example of a comprehensive set of interventions knitted together in an overall strategy driven from the center of government and with a strong political backing. The **“ICT Strategy 2020 – Public Administration Digital Transformation Strategy”** (Strategy) (Government of Portugal, 2018) comprises a four-year plan for the period 2017-2020, developed by the CTIC. It aims at implementing profound transformations in the way the public administration operates and in the design of public services. Its vision is **“to provide better public services to citizens and businesses focusing on the digital transformation of public administrations and using ICT as a catalyst of public sector modernization”**.

The Strategy defines three main goals: 1) **making digital services simpler, more accessible and inclusive**; 2) **fostering the adoption of digital services by citizens and businesses**; and 3) **contributing to sustainable development through digital transformation**.

The definition of the Strategy was guided by three principles: 1) data security, resilience and confidentiality to protect the private information held by the public sector; 2) public services usability and inclusion to improve access and ease of use; and 3) public administration employees’ digital competences and resource sharing to improve efficiency.

To achieve its vision and fulfil the goals, the Strategy is structured in three main pillars: 1) **integration and interoperability**, 2) **innovation and competitiveness**, and 3) **resource sharing**.

A comprehensive legal and regulatory framework facilitates the implementation of the Strategy, providing the needed foundations

for administrative simplification and digitization processes, while ensuring data protection, cybersecurity, and citizen participation.

Four enablers contribute to achieve the Strategy goals:

- 1) **Common solutions** – AMA developed three technical solutions to be used government-wide as foundations for the implementation of digital services, namely, the digital identity, the digital mobile key, and the interoperability platform.
- 2) **Supporting strategies** – associated strategies, like the Open Government Strategy, the National Cyberspace Security Strategy, and sectoral strategies, such as in the Judicial and Health sectors, complement and serve to leverage the efforts.
- 3) **New technologies** – Portugal has proactively sought to integrate new technologies, e.g. artificial intelligence, big data, and data analytics in the public administration.
- 4) **Human-capacity** – the Government has launched several initiatives for building human capital in the public sector and in the society at large.

Building on the Strategy, in March 2020, the Government adopted a new action plan for the transition towards Portugal Digital (Government of Portugal, 2020). The vision is that **“Portugal Digital is the country’s transformation engine. Its purpose is to accelerate Portugal, without leaving anyone behind, and to project the country into the world”**.

The action plan is defined based on six principles: 1) *Crosscutting focus* – considering citizens, businesses and the State as structural dimensions of the digital transformation; 2) *Ambition* – establishing Portugal as an international reference; 3) *Pragmatism* – capitalizing

on various existing programmes; 4) *Engagement* – involving public and private actors; 5) *Communication and promotion* – building the brand “Portugal Digital”; and 6) *Monitoring and accountability* – implementing a transparent model for monitoring results and impact. The strategic initiatives are structured on three pillars: 1) **training and digital inclusion of people**, 2) **digital transformation of the business fabric**, and 3) **digitization of the State**.

Digital Transformation Flagship Initiatives

A digital transformation requires defining and implementing a set of interrelated efforts that comprehensively contributes to building different types of digital capacities in government and society. Main initiatives of the Strategy which are considered good practices include the following:

Interoperability Platform - is a service-oriented platform providing shared tools for interconnecting systems, including the Integration Platform, the Authentication Provider, the Payment Platform, and the SMS Gateway.

e-Portugal – a platform providing the digital single point for accessing all public services to citizens and business. It also provides a service catalogue; a directory of public websites; a directory and an interactive map for locating all available places for face-to-face access to public services; a reserved area, where citizens can access personalized information and services related to their finances and health; and a single access point for submitting complaints, suggestions, and compliments to the government. It offers virtual assistance through a chatbot.

SIMPLEX Program - an administrative simplification and modernization program involving all government levels and sectors. It focuses on improving service delivery and public administration efficiency, reducing administrative burden, enhancing regulations, dematerializing bureaucratic procedures, and adopting new government practices. It follows a citizen-driven approach relying on participation and service co-creation.

Citizen Card – the national identity card representing a certificate of citizenship that takes two forms - a physical document that visually identifies the citizen and a digital document allowing citizens to electronically identify themselves and to authenticate and sign in the acts in which their signatures are needed.

Digital Mobile Key - an authentication mechanism relying on authenticating citizens using their mobile number, the PIN code associated to the citizen card, and a security code sent by SMS.

Citizen Shops, Citizen Spots and Business Spots – a revolutionary approach to deliver face-to-face public services. They comprise a physical space where public entities (from national and local governments) deliver public services, working over an extended schedule. The spaces are shared with private sector companies who cover about 33% of the total expenditures, contributing to the sustainability of the model. They represent a good practice of collaboration between national and local governments.

Change of Address Service – a fully automated service allowing any Portuguese citizen, through secure authentication with the Citizen Card or Digital Mobile Key, to change their address simultaneously in several entities, very easily and in few steps.

LabX – is the government laboratory for experimenting innovation in the public sector. It serves as an incubator for testing innovative projects proposed by public entities, research centers, private businesses or social actors.

AMA Academy – a program aiming at encouraging new forms of participation of civil servants, promoting their achievements, and developing digital skills and new abilities of civil servants.

Ticapp – a government center responsible for building digital skills and competencies in the public administration. It manages a group of experts working with AMA, who are temporarily assigned to agencies who lack the capacity for implementing specific projects.

INCoDe 2030 – an interministerial program of the Administrative Modernization; Science, Technology and Higher Education; Education; Planning and Infrastructure; and Labor and Economy areas aiming at developing digital skills for the Portuguese society.

GovTech – a public challenge program for entrepreneurs and citizens, aiming at supporting

innovative products and services, created by startups, that address one or more of the United Nations' 17 Sustainable Development Goals.

Closer Justice Program – a sectoral strategy for the judicial area for the period 2020-2023. Its vision is “an agile, transparent and humane justice that is closer to the citizen”. It builds upon the previous plan and defines four pillars – Efficiency, Innovation, Proximity and Humanization. It includes 140 measures. Among other results, the previous plan delivered an integrated portal offering valuable information concerning legal aspects related to a wide range of judicial services. Judicial services are classified into seven categories – civil, nationality, identification, buildings, commerce, vehicles, and industrial property.

Zero Licensing – a service facilitating and making more efficient the process for issuing certain business licenses, through the dematerialization of the administrative procedures.

Medical e-Prescriptions – a solution enabling fully digitized medical prescriptions.

Results

- The annual impact of 40 measures implemented as part of the 2017 SIMPLEX Program produced **savings equivalent to 0.08% of the country GDP, representing**

a Gross Value Added (GVA) of 0.04% of the GDP and total benefits of 0.12% of the GDP. The concrete benefits are shown below (E&Y, 2019).

BENEFICIARY	NET SAVINGS (EUROS)	TIME SAVED (HOURS)	GROSS VALUE ADDED (EUROS)
Citizens	€ 66.500.000	8.142.000	
Companies	€ 82.700.000	6.302.000	€ 89.400.000
Public Admin.	€ 20.800.000	560.000	
Total Impact	€ 170.100.000	15.003.000	€ 89.400.000

- The Zero Licensing initiative improved the process for opening a beverage and food establishment reducing by half the required documents and enabling applicants to **complete the process online and in less than 48 minutes**. Previously, the process required visiting three government agencies and the completion time was uncertain.
- The *Medical e-Prescriptions* system **contributed to reduce the fraud** associated with medical prescriptions **by 80%**.
- The *Interoperability Platform* **facilitated 2.671.848 authentications** during the first quarter of 2020 – 25% using the citizen card, and 58% the digital mobile key.
- Example benefits of concrete initiatives (GSEMA) (E&Y, 2019) are shown below, including cost effectiveness benefits.

INITIATIVE	BENEFICIARIES			PUBLIC ADMINISTRATION			NET SAVINGS (EUROS)	EFFECTIVENESS (0-100)	EFFECTIVENESS (0-100)
	ANNUAL SAVINGS		ECONOMIC IMPACT IN GVA (EUROS)	IMPLEMENTATION COSTS (EUROS)	ANNUAL SAVINGS				
	COSTS (EUROS)	TIME (HOURS)			COSTS (EUROS)	TIME (HOURS)			
Mobile Digital Key	4.704.044	297.363	N/A	N/A	131.769	24.985	4.835.812	79	81
Entrepreneurs' Desk	673.737	53.561	1.064.215	N/A	712.302	138.198	1.386.039	31	30
Customs Simple Declarations	11.973.035	802.018	15.935.414	49.986	1.340.283	108.419	13.263.332	75	56
Single Report to Social Services	12.411.337	1.165.011	23.147.761	106.638	3.210	428	12.307.909	52	53
New Pension Simulator	2.482.277	245.981	N/A	20.000	128.539	24.312	2.590.816	73	75
Medical Digital Prescriptions	2.316.849	122.558	2.435.112	N.D.	16.716.322	N/A	2.435.112	67	75
Driving License Fast Track	7.587.194	389.489	N/A	28.600	263.637	49.494	7.822.231	56	64

Conclusions and Recommendations

The Portuguese experience constitutes an inspiring example of a comprehensive set of interventions knitted together in an overall strategy driven from the center of government and with a strong political backing. In particular, the measures include the institutionalization of a governance structure, the provision of innovative services, the adoption of a multi-channel approach for service delivery, the provision of common technical, the adoption and promotion of participatory practices, the creation of a public innovation lab, and the

building of digital skills and capabilities in government and society.

Portugal digital transformation strategy provides main lessons for policy-makers considering the adoption of a similar strategy:

- **Approach** – 1) The Strategy core pillar is **citizen-driven by design, based on civic participation** (facilitated through the SIMPLEX Program), complemented with supporting measures for building human capacity and promoting innovation, as well as with sectoral action plans; 2) it is **strongly focused on administrative simplification, de-bureaucratization and digitization**; 3)

it is **based on an institutionalized and empowered governance structure**; 4) it **has adopted new methodologies for service design and implementation**; and 5) it is **backed-up with sufficient resources from a central budget** managed by AMA, used to fund agency projects.

- **Governance** - The institutionalization of a governance structure at the center of government with cross-governmental functions is a critical success factor and should be considered upfront.
- **Implementation agency** - The empowerment of a central digital agency, such as AMA, responsible for the coordination of the strategy and the provision of the resources needed is key for the successful implementation of a whole-of-government digital transformation strategy.
- **Common solutions** - To facilitate the implementation of the strategy and the delivery of integrated services, the provision by the digital agency of common technical solutions to be used by public entities, such as digital identification, the interoperability platform, payment gateway, and others, is key.
- **Opportunity** - The Portuguese experience shows how embracing administrative modernization efforts at the time of financial crisis is a major opportunity for improving public administration efficiency and service quality. It also produced a good readiness for rapidly coping with the challenges posed by the COVID-19 pandemic in terms of access to public services and government operations.

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