Citizen Today
April 2014

The road to police reform
Changes, challenges and choices

Class action
How technology is transforming education

On the trail
Cracking down on corruption

The Italian job
Getting back to work
Government is changing – but you don’t need me to tell you that. You see it in your roles every day. Perhaps deploying new ways to manage budgets is your current priority. Or maybe you’re adjusting policies to help entrepreneurs grow their businesses or embracing the power of digital technology to revolutionize not only your day-to-day activities but also the services you offer to the public. Whatever your current focus, there’s little doubt that today’s business of government is very different to what has gone before.

Digital technology, in particular, is driving fundamental change. Today, more than 30% of the world’s population now uses smart phones, tablets and PCs to access applications and information over the internet – and this is only going to increase. By 2020, there are likely to be more than 50 billion devices exchanging information – a huge step up from the current number of more than 8 billion. In this edition of Citizen Today, we take a look at how technology can change education systems for the better, and how governments can respond to this opportunity. Change, though, is rarely
straightforward — as Arne Røksund has discovered. A former admiral in the Norwegian Navy, his report on the police response to his country’s worst ever terrorist attack recommended sweeping reforms, the bulk of which are yet to be implemented. He tells us about his experiences and sets out his recommendations for effective change management. His Scandinavian colleague, Ann-Marie Orler, has another interesting story to tell — one dominated by her stint as the top police officer at the United Nations and her drive to attract more women officers to join her.

Change is also the enduring theme of our conversation with Giovanni Bocchieri, Director General of Education, Training and Employment in Italy’s Lombardy region. His is a role that places him at the heart of efforts to get more Italians back to work via a new system of lifelong, personalized support.

We also hear from a trio of women leaders about subjects that resonate across borders. Maryam Hussain of EY and Helen Garlick, a former top lawyer for the British Government, focus on the enduring problem of corruption and set out what can be done to prevent its shadow from encroaching even further. And Rula Al Farra, the first woman to be elected to the Jordanian Parliament, tells us about diversity in the Middle East and why society’s view of women in political life is evolving rapidly.

I hope you enjoy this edition, which you can access by downloading our app to your compatible mobile devices. I’d love to hear your feedback and ideas. Please contact me at uschi.schreiber@hk.ey.com. I look forward to hearing from you.
Is there a problem, officer?
Police forces around the world are facing an array of shifting challenges. EY's John Marsh and Susanne Tillqvist chart these changes – and look at how the police are responding.

Developing the digital classroom
Technology is reshaping education systems around the world. With the power to bring positive change to this and future generations, it should be seen not as a challenge but an opportunity, says EY's Uschi Schreiber.

Bringing fraud into focus
The cost of corruption extends far beyond the numbers we see quoted in the media and elsewhere, says EY's Maryam Hussain. She explains why.
In conversation

Out of the ashes
Norway’s worst ever terrorist atrocity proved the catalyst for a sweeping review into the response of the country’s police force. With proposed reforms still pending, we catch up with the report’s author, Admiral Arne Raksund.

On global patrol
Ann-Marie Orler has had quite a career. Fresh from her recent stint as “top cop” at the UN, she is now back in Sweden and continuing to campaign for more women to enter the ranks. We hear about her story and her vision for the police force of the future.

Italy’s work experience
Lifelong personalized support is key to boosting employment, according to policy-makers in Italy’s Lombardy region. We talk to Giovanni Boccieri, its Director General of Education, Training and Employment, about this approach.

Legal eagle
As one of the world’s foremost anti-corruption prosecutors, Helen Garlick has been involved in many challenging and high profile cases. She tells Citizen Today why parliamentarians, those who make the laws and fashion the systems and policies, have such a crucial role to play.

Blazing a trail
As the first woman to be elected to the Jordanian Parliament through competition, Rula al Farra knows a thing or two about breaking barriers and setting agendas. We hear her story.

Regulars

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Introducing a new feature in Citizen Today, we look at how EY is helping governments to foster sustainable, long-term growth. Here, we spotlight how we are helping address Australia’s infrastructure requirements.

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Out of the ashes

A former admiral, Arne Røksund is not one for the quiet life. With his report into the Norwegian Police Force’s response to the country’s worst ever terrorist attack continuing to create shock waves, he tells EY’s Anne Grette about his experiences and why, despite resistance, reform is inevitable.
The Government district of Oslo still bears witness to one of Norway’s darkest days. Ongoing construction work and still dormant buildings are testament to the power of the explosion on 22 July 2011, which shattered the peaceful calm of a country previously unscarred by terror. The car bomb killed eight and left dozens critically injured, but the attack was far from over. The perpetrator continued on who were attending a summer camp.

The ferocity of the attack, which still haunts the country and its citizens, prompted global sympathy and support. And yet questions, particularly surrounding the effectiveness of the police response, soon ricocheted across the country. Why, for example, did the police not have access to a helicopter suitable for transporting groups to the island? Why did it take them so long to locate a boat that would take them there? Could they have done more to prevent the bombing?

Tasked to investigate how to develop the police force for the future was Arne Røksund, a former admiral in his country’s navy. Alongside several other leaders, including Norway’s Chief of Police, he spearheaded a wide-ranging review, examining not only the police response but also the organization as a whole. Their conclusion? Norway’s police force urgently requires radical and sweeping reforms.

Under the microscope
For Røksund, details matter. Without command of the hard data and the facts, any proposals for change will fall apart under scrutiny. “We appointed a small group of people of excellent caliber,” he recalls. “The information was there but it was not being used. It was a lot of work – we went through millions of incident reports, to establish a baseline for how the Norwegian Police was performing. We found that the framework in which the police operate is not satisfactory, and there is also an unclear chain of command.” But that’s not all.

“We also found that there needs to be robust local police forces that are able to take more complicated cases,” continues Røksund. “Crime is now more complicated, more organized. In Norway, we have 27 regional police districts, which is far too many. They are not able to learn well from each other, there are no

“In Norway, we have 27 regional police districts, which is far too many. They are not able to learn well from each other, there are no systems to learn from each other and they operate largely in silos.”
systems to learn from each other and they operate largely in silos without nearly enough integration. This was one of our most surprising discoveries — the lack of integrated systems in what is actually quite a small organization of only about 13,000 personnel. Oslo’s hospital system, by contrast, employs 20,000 staff.”

“Of our 354 police stations, 40% have five officers or fewer, and only 23% have 20 or more employees,” he points out. “In some, there are just two people working there! Not only that, but they have a lot of work that is not strictly police business. One of our core proposals was for the police to focus on their prime responsibility — fighting crime — rather than having to deal with tasks such as issuing passports and dealing with lost and found items. The consequence of these other tasks is that they have to stay at the police station, behind a desk, during office hours. But what happens if crime takes place outside office hours?

“There need to be approximately 18 police officers to ensure a 24/7 police service, which is clearly impossible when there are just two officers in a station,” he continues. “This is why we suggested merging police stations, we suggested reducing the number of police districts in order to improve specialized units by creating critical mass in competencies and capacity. This is particularly challenging as there is prestige attached to having a police commissioner or police station in your town. It’s the power of visibility — just seeing the police sign instils a level of confidence and reassurance, even though there may be insufficient quality behind that sign.”

What I find most surprising is that people are still saying we should keep the status quo.”

In Norway, there is one police force which operates nationwide. The National Police Directorate, which reports into the Ministry of Justice, is responsible for the management and supervision of the regional police districts. Each of these districts is headed by a chief of police who is responsible for all of the police duties, budgets and results, and it is divided into local and rural police station districts. Such a system, says Røksund, is prone to inefficiency.
A catalyst for change
Norway’s system of policing has proved resistant to reform over a number of years – unlike the country’s military, it transpires. “In the armed forces, every four years we took stock of where we were and implanted a new set of reforms to address the changing realities,” recalls Røksund. “In addition, the Balkan conflict meant we had some real – and hard – lessons to learn. For example, we discovered that our long-standing deployment and mobilization plans didn’t work. There needed to be more radical reforms but we had a much more professional army as a result.”

The 22 July attacks had a similar effect on the police, underlining the need for sweeping changes. “Unfortunately, nearly three years on, what I find most surprising is that people are still saying we should keep the status quo,” observes Røksund. “This is because the reforms that we have proposed impact local communities. They want their police stations to stay open and, from the police perspective, it is sometimes tempting and reassuring to stick with what they know, rather than go through a process of change. As a rational person it has been hard for me to understand their objections – they would prefer to have an empty police station in their district rather than be able to phone them and have someone come to their assistance any time, day or night.”

Partly, this is because Norway’s localized system is hardly the most conducive to reform. For example, for a merger of police stations to go through, there needs to be unanimous support from the local authorities. There is normally one police station in each mayoral district but given that each mayor in practice has power of veto over how the national police are organized, it makes it much harder to implement change, even with the brutal lessons of 22 July remaining so vivid in the country’s collective memory.

Winning over the skeptics
Røksund was determined to construct a case for change that was as thorough as possible. “The opponents of our proposals forget that our police force, as it currently stands, doesn’t work very well,” he says. “Although there are no arguments about the data as the evidence is too...
convincing, they say that the proposed districts are too large and the distances are too great. I know from past experience that when it comes to closing down offices it is very difficult. The quality of the arguments can sometimes be lost.”

Røksund, who admits his naval ranking has helped

shield him from personal criticism – “the title gives an automatic level of respect that is higher than average” – says that it is crucial to fully involve all the stakeholders in any change process. “The value of traveling and visiting all the police districts and involving everyone is extremely important,” he says. “What we need to get across is the fact that merging police stations and units doesn’t mean less coverage. On the contrary, it would enable more police officers to be released from their lives behind a desk and get back out on patrol, to be able to react and prevent crime.”

He also says that it was hugely beneficial to have the National Police Commissioner and the head of the country’s Special Branch on the review team. While it is unusual to have such high-profile leaders involved, he says that it has enabled greater ownership of what in the end were unanimous proposals. “They now know all the arguments and have been fully involved from day one,” says Røksund. “From an early stage we also had regular meetings with the unions, which proved instrumental in creating an understanding of the need to change. And we also had a reference group, consisting of key commissioners at the level below the top commissioner, who are now advocates for the proposals. When leading a commission like this you have to establish good relations and establish a common link and understanding. It is very unusual to have a unanimous report but it takes a lot of work to establish understanding and consensus.”

Moving forward
Although no police stations have yet closed, nor districts merged, Røksund nonetheless remains optimistic that change is unavoidable. This confidence stems largely from the scale of the police failures on 22 July, and from his experiences of heading change programs at the Ministry of Defense, where he worked for seven years.

“You need to start thinking about the implementation at the start of the process,” he says. “Although I have been surprised by the level of local opposition, the golden rule is to establish a common understanding of the problem, and get people to understand we cannot continue as before. You need really smart people to work the problem and then you need to have good communication skills to present the proposals and be a convincing advocate.”

Røksund is currently serving as Deputy Secretary General in the Ministry for Trade, Industry and Fisheries. And although he admits to an element of frustration that he is not in a position to oversee the implementation of the report’s recommendations, he remains convinced that the reforms will happen, perhaps not in as radical a form as was originally proposed.

“There will likely be compromises along the way because politicians need room for compromise in a process like this,” he says. “When I think back to my experiences in the armed forces, I remember that we never regretted implementing a reform, only that we didn’t do it earlier. I suspect this will be the same with these police proposals. I certainly wouldn’t have done anything different – I am proud of our report, and always will be.”

Reform recommendations

- Reduce the number of Norwegian police districts from 27 to 6
- Reduce the number of local police offices from 354 to 210 — only 20% of local police stations are able to offer emergency service 24/7
- Reduce the number of police chiefs by 220
- Transfer current police responsibilities such as issuing passports and handling immigration procedures to other state agencies
- Clear priority to core tasks. Transfer administrative and civil law tasks to other governmental bodies.
- Increase shared services
- Clearer division of roles and responsibility
- More authority delegated to the National Police Directorate
- Reform existing management and leadership practice
- Implement systems for performance management and organizational learning
Is there a problem, officer?

The presence of a professional, well-functioning police force is integral to any free and democratic society, suggest EY’s John Marsh and Susanne Tillqvist. But challenges abound nonetheless.

Let’s face it, we have all been, or will be, victims of crime at one point. Whether this involves a robbery, online fraud or something more heinous, one of the very first instincts is to contact the police. It’s a basic human reaction. But while such a response is deeply rooted in the values and tenets of life in a free and democratic society, policing — perhaps inevitably — is changing.

Technology to the fore

In our globalized world, it should come as little surprise that crime increasingly extends across borders. Technology, too, is playing its part. With intelligence and information gathering and analysis now at the core of crime prevention and investigations, the available software is now so advanced that months and even years of police time can be saved on complicated investigations. The police’s ability to adapt and learn faster will determine their success or failure.

Citizens’ use of technology is also propelling change. There is no doubt that many benefits have been reaped from the click of a mouse or swipe of a tablet but not all the effects have been positive. Cyber-crime — which ranges from identity theft to computer viruses to much else — is just the start. Often directly linked to the prevalence of such activity is the insidious presence of organized groups, adding a further layer of complexity to the task facing police. Crimes such as human and drug trafficking are just two examples of how organized crime is harnessing the power, and decentralized and anonymous nature of the internet, to further their nefarious goals. Addressing these issues is far from easy,
but increased collaboration across a country’s individual police forces and across borders is clearly a prerequisite.

At the same time as confronting this new wave of cyber-crime, many police forces around the world are having to adjust to reduced resources – in terms of both funding and workforce numbers. These changed circumstances – often arising from the lingering repercussions of the financial crisis – mean that the police now need to find new ways of operating.

For example, despite the enduring popularity among citizens of a visible presence of officers on patrol in and among communities, such activity may now no longer be feasible. Here, technology will again have a role to play, connecting officers to headquarters that may in the future be more geographically dispersed than before. For example, one police force in the UK has saved an average of 18 minutes per incident through the installation of touch pad tablets in cars, allowing police officers to complete essential paperwork without having to return to the police station. There is also an increasing focus on implementing efficiency reforms in support services such as HR, Finance and IT. Moving resources from support functions to core police business will enable police officers to spend less time on administration and more time walking the beat.

These times are changing
Performance management is also crucial. There is often a need to move away from focusing on volume rather than cause. For example, in Sweden the police have a target to conduct 2 million drink-driving tests a year. This creates a hunt for volume rather than addressing on the actual problem. Policy makers, the media and citizens themselves will have important voices in these reforms. Remember that crime levels in many countries have been falling in recent years – if these trends begin to reverse, those voices will be raised in protest.

Another quiet revolution impacting the police in recent years has been that of diversity. This is not just about diversity of gender and racial background, which are nonetheless crucial. After all, diverse approaches, points of view and thinking help produce better decisions and results. But for the police, it is also about shifting away from the traditional split between police officers and civilian staff within their ranks. Today, they are more likely to take a more inclusive approach, one that focuses on encouraging different specializations to develop, irrespective of civilian or officer status.

However, police forces need to be cautious about these specializations inadvertently impacting the status of a core police officer. Today, many new specialist functions (which often involve sitting behind a desk) have higher salaries and a higher status. Previously you needed to have been out on the streets for up to 10 years before becoming a specialist. Now, some police officers are less than a year on the beat before specializing in a particular area. Such changes do not necessarily chime with what citizens expect – a police force that they have confidence in, and that is present both physically and also through other (digital) channels.

Confidence in question?
The principle of “policing by consent” is something that underpins the policing systems of many countries, including the UK, Australia and Canada. Established by the 19th century British politician, Sir Robert Peel, who set up London’s first professional police force, this principle is based on the understanding that police operate with the implicit consent of their fellow citizens and need to be trusted, accountable and transparent in what they do. In today’s world, this isn’t always the case. Recent years have seen riots across the UK and in Stockholm, for example, which were triggered by protests against perceived police brutality. Such incidents demonstrate that the police must never waver in their determination to preserve the confidence of the public they serve.

And perhaps this is where the fundamental nature of policing rests. Maintaining the confidence of citizens will involve a combination of changes, both large and small. Citizens need the reassurance that for all the shifting challenges, overall crime in their community is under control and, hopefully, on the way down. Similarly, their own individual interactions with the police will be crucial. How the police respond to their needs will inevitably have a huge impact on how they view the police as a whole. This means that police officers, regardless of their rank, must never lose sight of the fact that they are there to serve the public.

“Despite the enduring popularity among citizens of a visible presence of officers on patrol in and among communities, such activity may now no longer be feasible.”

In her interview below, Ann-Marie Orler makes a similar point, stressing the need for the police to be seen as a “service” and not as a “force.” She’s quite right. In the final analysis, the effectiveness of the police response to this underlying requirement will shape their role not only today, but well into the future.

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Not content with a career focused purely on fighting crime, **Ann-Marie Orler** has used her influence as a senior police officer to push for more women to enter the ranks and progress upward. Here, she tells *Citizen Today* about her experiences as the UN’s “top cop” and the evolving nature of police service.
A quiet side street in Stockholm is a long way from UN headquarters in Manhattan, let alone post-conflict countries such as Rwanda, Liberia or the Democratic Republic of Congo. For Ann-Marie Orler, however, the address of Stockholm’s Police Headquarters is just another place of work, the latest calling point in a policing career that has embraced global and local with equal passion.

Orler has been back in her native Sweden for a relatively short time. Previously, she was based in the UN’s headquarters in New York, where Secretary-General Ban Ki-Moon frequently described her as his “top cop” – which he preferred to the more prosaic “Police Adviser.” Regardless of the title, it was a job she relished.

“I tried to do my best and I really tried to make the most of the opportunity to make a positive difference,” she says. “I became aware that I was a role model and who were under my command. International work enables you to expand your outlook. It gets boring if you just stay in the same position for a long time – there are always new things to learn, exchange and new people to meet. It’s a big world! It was a real privilege to work with so many people from all over the world and it made me realize we’re not that different: we all want the same kind of thing.”

Women on the move

Founded in 1945 by 51 countries, the UN seeks to maintain international peace and security, develop friendly relations among nations and promote social progress, better living standards and human rights. Police have long been an important component of the UN’s peacekeeping forces: the first deployment was to the Democratic Republic of Congo in 1960, and now more than 17,000 international officers serve with the UN. Their mandates, too, have become more multi-dimensional. In addition to their traditional peacekeeping duties, UN police officers are now increasingly called upon to reform national police services, as well as offer support in areas such as crowd control, securing political rallies and safeguarding the integrity of elections. Another key priority is to strengthen the response to sexual and gender-based violence, an issue that was pivotal in Orler’s determination to ensure that more women officers would be made available for deployment.
“Very often a tactic of war is to rape and abuse women and children – crimes often committed by men in uniform,” she points out. “To ask another man in uniform to go and see these women and ask for their stories is just going to scare the victims again. Women stand a much better chance of getting their stories and protecting them, and so we need women out there working on the front lines. It’s also easier for them to be accepted into the communities and find out what’s really going on.”

And so in 2009, with Orler having been in post for a little over a year, the UN launched an initiative known as the “Global Effort” to increase the number of female police officers in its ranks to 20% by 2014. Keen to ensure that this would be more than just another campaign that would be rapidly forgotten, Orler and her colleagues asked member states to examine their recruitment systems and identify what might be an obstacle for a woman to apply. “In general, we received lots of positive responses,” she recalls. “If they did it just to be politically correct, I don’t know and I don’t care – I just wanted the women to come through as a result. The numbers did improve – not as much as I wanted – but they still went up. From just under 7% the rate very quickly went up to 10%, and then up to 11½ but then back to about 10% again.”

That the rate has not increased further can be attributed to a number of different factors, she continues. “In some countries, going on a UN mission is like winning the lottery, primarily because you have a much higher salary than back home. So it is highly competitive already and some men wouldn’t welcome even more competition from women as well. And in most places around the world, women tend to be the main homemaker – taking care of the kids and so on – and it might well be difficult for a woman to be away for a year-long deployment.”

The reason why deployments are so long is that integrating into a community is crucial in any mission – and this takes time.

“I became aware that I was a role model and had to set the right tone and example to all the officers who were under my command.”

Life on the road

Orler spent five years in total at the UN. Originally appointed as Deputy Police Adviser – a post she held for two years – she was promoted to the “top cop” role in 2010 (on International Women’s Day) and stayed in post for three years. During that period she made every effort to get out and about to spend time with her officers on deployment, rather than staying behind her desk at headquarters.

“Our places of deployment were mainly in Africa in countries such as Darfur, the Democratic Republic of Congo and Sudan,” she says. “I went to virtually every mission at least once. The UN is a political organization and I really enjoyed my time there but it was sometimes a little frustrating when confronted with the bureaucracy. It took some time to learn how things worked and make sure all the member states were happy – you had to take your time and respect everyone’s perspectives – but I think I got pretty good at getting things done.”

Seeing her teams hard at work in some of the world’s most challenging environments was crucial in broadening her horizons, it transpires. “Every time I went out to see my colleagues it reminded me of the importance of the work we do and how it can really make a difference,” she says. “For example, I never say we are a ‘police force’ – always a ‘police service’. This is a small difference in that it is just a change of just one word, but it is so important in the sense that the main role of a police officer is to serve the public. I want a police officer to wake up and go to work at their police ‘service’, not their police ‘force’ as it changes the mind-set and sometimes it is the small things that make the big changes. And remember, the vast bulk of what a police officer does is about providing a service, not deploying force.”
A life in policing

Her approach at the UN was based on her experiences as a senior police officer in Sweden for almost 20 years. “To be honest, I originally wanted to be an actress,” she admits. “But I got my law degree and then joined the police after my father saw an advert. I got into a three-year leadership training program which gave me experience of working with prosecutors, patrolling on the beat and much else. It was very good at giving me a wide range of experiences. You come out as a chief of police. I have never regretted joining the police as it has given me so much. Everyone has an opinion about the police and if I can help build trust among people I’m happy to do so. Police are such an important part of a democratic society, so it means you’re really in the heart of things and have a real opportunity to make society better for most people.”

Her final role before moving to the UN was as County Commissioner for Västmanland, a county west of Stockholm. “I had a visit from some people from headquarters and they were asking about how to improve the process for Swedish police officers to work abroad and then return,” she recalls. “As we were talking they asked why I hadn’t applied for the post in the UN, which I hadn’t known about. The deadline was the next day so I stayed up until gone midnight completing the very complicated application form. A member of the delegation who visited me was traveling to New York the next day and so I gave him the papers and he hand-delivered them on my behalf.”

Since moving back to Stockholm last year, Orler has been much in demand by her country’s police service. Shortly to become the Chief of Staff for the National Police Commissioner, she has been focusing on coordinating the liaison between the current police organization and the ongoing reforms to evolve from 22 police districts into one national police service. “The aim is to be operational January 1, 2015,” she says. “It’s challenging. People are often not against change unless it affects them personally. But, hopefully, the staff will see this as a positive change. The public don’t really care – as long as they have police still on the beat is the main thing – but the main thing about this reform is to start building the organization from the bottom up. It doesn’t necessarily mean more police stations but more power is being planned to devolve to local police chiefs. No one will lose their job but the chain of command may end up being different. One thing we’re keen to address is that younger recruits these days tend to not commit to the police as a long-term career. They often move onto other jobs and leave the service. Obviously it’s good to move around and experience different jobs and responsibilities but it is noticeable how recruits born in the 1980s and 1990s, and those who have an academic degree, are much more willing to leave the service than their older counterparts. Hopefully these changes will encourage them to stay longer and put down some roots.”

These domestic concerns will naturally be Orler’s immediate priority. But she is keen not to rule out another international job in the future. “Move abroad again? While I’m happy to be back in Sweden, I definitely wouldn’t rule it out if the right opportunity presented itself!”

“Very often a tactic of war is to rape and abuse women and children – crimes often committed by men in uniform. To ask another man in uniform to go and see these women and ask for their stories is just going to scare the victims again.”

In conversation | On global patrol
I grew up in Germany. My first school was in a small village in Northern Germany and I can still remember the name of my first teacher. Today, I’m based in New York but I have lived, worked and studied in Asia and Australia over the last 20 years, including a period working on education reforms in Australia.

These international experiences, together with my global leadership role at EY, give me good insights into the role that higher education plays and the changing needs of students and employers in our interconnected world.

It’s a world underpinned by a digital ecosystem that already supports 10 billion connected devices and will be a primary driver of change and economic growth. But this digital revolution isn’t just about connecting devices to the internet, it’s about working differently. What we need now is so obvious that it almost goes without saying. In a digital world, we need digitally proficient people – people who are intuitive in their use of technologies, not just trained to use them.

Help wanted

In the 21st century, public and corporate sectors need people who can think, people who can take information from other parts of the world and apply it locally, people who can discover and locate knowledge and discern what’s useful in an ocean of availability, people who can contextualize knowledge to a range of industries and who can present knowledge and solutions with authority. Open education resources today focus primarily on technical knowledge – but we need to think more broadly – we need to produce...
people who are digital naturals, who have strong technical skills AND who can think critically and innovatively.

Would it not be desirable for the higher education sector to take advantage of digital technologies to increase these wider skills and fast-track the delivery of experience to make students more work ready? It’s happening in many parts of the world already. For example, a primary school in Singapore now applies game-based learning and provides an experiential platform for students to collaborate and engage with each other. Their 4 Dimensional Immersive program features projections of virtual worlds on 14 screens, creating a 360-degree, 42 square meter interactive touch screen. A secondary school features a state-of-the-art two information and communications technology (ICT) experiential studios, an ICT-enabled library, a mathematical modeling studio, and two design and technology studios. Just imagine the approach of students who have grown up in these kinds of learning environments when they hit higher education: they will be discerning consumers and seek out the best and most digitized education resources in the world.

Another need in government and the corporate world is for information. We need access to existing and emergent knowledge and we need reputable sources. We must be able to easily discover the knowledge we need and contextualize it to industries and sectors, as well as being able to pose new questions and get them answered in cost-effective ways.

Higher education organizations are ideally placed to meet this wider need for information. They could add value to their knowledge creation activities, allowing external users to outsource some knowledge discovery functions and focus on activities of higher value to the market. A key question is whether universities’ knowledge management systems are currently geared to this end or whether their processes are just designed for internal purposes.

After all, the traditional channel for research output, and the method that features highly in university rankings, is publication – an intrinsically slow, lagged and highly structured model – that requires corporations and governments to do their own contextualization and evaluation, and to sift through huge quantities of documents in search of gems of insight. These same resources and delivery channels could be repackaged to meet additional market needs and to move the boundaries between higher education organizations and external users such as public and corporate sectors. Policy-makers also need to consider whether they are realizing the highest possible rates of return on public investment in knowledge creation in and through their higher education organizations.

People on the move

Global mobility is another priority. Despite the recession, companies are increasingly moving people around the world, and this trend is predicted to rise over the next 10 years. This means we need qualifications to be relevant to multiple destinations and to be accepted in those destinations. We also need people who can function in different cultures and value systems and move seamlessly between mature and fast-growth societies, as well as people who can recognize that there are things to be learned from emerging and fast-growth economies as well – not to think that all the answers come from Europe or the US.

Students recognize this – the number of students going abroad for education has grown by more than three times in the last three decades. In 2013, we saw huge increases in students going to world-renowned universities in the US (Open Door). At the same time traditional source countries such as China, Malaysia and South Korea are also becoming destination countries.

This means we need the offerings of the higher education sector to be both more globally and culturally aware. We need people who have experienced cultures fundamentally different to their own and who are adaptable because of that experience. The digital world is a fundamental enabler of this. Importantly, qualifications need to be easily portable, accredited from one country to another.

Finally, given labor market trends, we need people who are engaged in lifelong learning. Today, US workers stay at each job for an average of 4.4 years, but the expected tenure of the workforce’s youngest employees is about half that. According to Forbes research, 91% of millennials (those born between 1977 and 1997) expect to stay in a job for less than three years. This means they would have between 15 and 20 jobs over the course of their working lives. For them that means constant renewal and for employers it means we need to ensure our people are never disconnected from new learning.

Moving the dial

So, how do we use open education to change the paradigm, from a drop-in model of higher learning at discrete points when the cost-benefits to students tip in favor of study, to an “always on” model, discovering and adapting to these alumnis’ changing needs throughout a working life. How do we use digital learning to enroll for life?
I am constantly advising governments and university leaders that while to date the market has primarily employed digital adaptees, those days are over. We need digital naturals, and both the content of education and its means of delivery contribute to honing the skills and knowledge of digital natives. In every part of life, students are cloud and device connected. That’s part of who they are. They will not attend institutions nor work with employers who require them to suspend that part of themselves. Well-versed in navigating a global, virtual world, they will instead find alternatives elsewhere and outside of country boundaries.

We also need educators who can deliver both technical expertise — gleaned from wherever it resides in the world, not just from one place — and the complementary cultures, skills and experience that enable graduates to apply those skills in the workplace. Digital technologies have much to offer, both to the technical and non-technical, as well as helping facilitate lifelong learning. Higher education organizations need to connect to students for life — alumni are mobile in many different ways and open education is key to staying connected. Global accreditation is also not just an option but a necessity, given the globalization of the labor market.

In the final analysis, the impact of technology should be viewed not as a challenge but as an opportunity. Digital has the power to bring positive change to this and future generations — the task now for policy-makers is to make this vision a reality. In this and future editions of Citizen Today, we look forward to sharing examples of where such activity is already under way.

EY advice to policy-makers

- It’s a rapidly changing world. Moving now is essential. This needs to be decisive and not just incremental.
- Remember the first rule of quality management – it’s the user who defines quality not the supplier.
- Don’t wait – your competitors in other parts of the world are moving fast and the next generation of students are behaving like global customers.
- It’s important to develop a strategy for rapid digitization of all aspects of higher education – not just adding a digital channel which repackages what already exists.
- Directly address the barriers (e.g., history, culture, assessment methods, infrastructure such as broadband access, well-resourced learning support and funding systems.
- Build deeper relationships with industry. Ask employers – not just the educators and accreditors – what they want from course accreditation. Ask what industry can contribute to the establishment of the requisite infrastructure.
- Finally, build a model for lifelong enrolment through open education.

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Policy-makers around the world are seeking to find new ways to boost employment. In Italy’s Lombardy region, the focus is on lifelong, personalized support. Here, Giovanni Bocchieri tells Tamara Trento about this pioneering approach.

Like many countries in Europe, Italy in recent years has not escaped the shadow of high unemployment, particularly among its young people. A jobless rate of 13% and 42.3% for young people in February 2014 tells a story of dreams dashed and poverty unleashed.

Even in the region of Lombardy, home to the urban powerhouse of Milan, as well as numerous big businesses and financial institutions, unemployment has cut across the generations – a grim fact not unnoticed by its government leaders, including Giovanni Bocchieri, Lombardy’s Director General of Education, Training and Employment. His is a role that, while challenging, offers an opportunity to make a real difference to the region’s citizens. His determination to succeed is obvious.

“Our approach is one grounded in reality,” he says. “It’s not ideological. In Italy, the welfare state has historically been all about pensions. In their state pensions at the age of 50. We can’t do that anymore. Our priority now is to focus on getting more people back in the labor market as people will have to work for longer and not retire so early.”

Work, not words

To achieve this transformation, Bocchieri and his colleagues, with the support of EY, are overseeing a new program, “Dote Unica,” designed to integrate employment and training policies across the region in an innovative way. Dote Unica offers personalized and lifelong support to every citizen throughout their working life. “We are paying for training and employment services,” explains Bocchieri. “But we pay only if after the service there is a job – it is public money after all. For us, the priority is always for the citizen to find a job.”

The program has a multitude of aims but prime among these is to address effectively the high number of Italian people who only of people who started working were hired on a temporary basis – which is far too high,” says Bocchieri. “We also have too many people who don’t look for a job, as well as the high number of young people out of work.” So, how does Dote Unica work?

Under this new system, every person is able to access personalized services in relation to their specific situation, age and needs. For example,
young people will receive initial support around their training requirements, focusing on boosting core skills and competencies, as well as assistance relating to internship placements. Older people who are unemployed receive services such as job placement assistance, wage subsidies and training support. And those in employment are not left out; they, too, can access support such as lifelong training advice. “Dote Unica helps people move from job contract to contract,” adds Bocchieri. “There is a high turnover of people who have short-term contracts – the average temporary contract in Italy is 45 days – the incentive under the program is to extend this to 180 days. So, it also helps a person get a longer short-term contract, if that is all that is available.”

The practicalities

Bocchieri is keen to stress his belief that the public and private sectors share the same goals. “The organization of the labor market in Lombardy is based on the cooperation between both sectors,” he says. “For me, it is not important if people are supported by the public or private employment services, much more important is for people to work. This is the fundamental principle and it is important to establish a consensus between the people, the region and the public and private organizations that operate here.”

With this in mind, Dote Unica offers incentives to the region’s network of accredited employment agencies, both public and private. Having consulted with the individual to develop a personalized plan of employment and training services, each agency has a budget that will increase or decrease according to its performance. To underline the focus on results, job placement services are reimbursed by the regional government following the successful job placement of the individual in a contract lasting more than 180 days. If the agency fails to provide a job, then the individual concerned can switch agencies.

“Dote Unica is a challenge,” admits Bocchieri, “but it is a good challenge. Its success helps prove that the region is well organized and ready to deliver its services. Every morning I receive a detailed report on the latest number of people who are in training or who have found a job thanks to the program. Without this level of daily monitoring, I cannot put pressure on the various stakeholders to keep up the momentum.” It appears to be working – over the last 100 days more than 15,000 citizens of Lombardy joined Dote Unica.

Looking to the future

Faced with their country’s fluctuating economic fortunes of recent years, Italian policy-makers, much like their counterparts around the world, are seeking to maximize the effectiveness of their limited financial resources. But working out the greatest bang for your buck is hardly straightforward, Bocchieri points out.

“In Italy, the current focus is looking at those sectors requiring high-skilled jobs,” he says. “But I’m not sure about whether we should concentrate our policies on supporting new sectors of the economy at the exclusion of more traditional areas. Others also say that we should spend money to support our manufacturing sector because it is an area of traditional strength for us as country. My personal opinion is that it is important to incentivize all sectors – both traditional and new.”

That Lombardy has the strongest economy of all the Italian regions is a fact that surely offers a level of comfort and reassurance to its citizens, but Bocchieri is also keen for complacency to be avoided. “It is true that Lombardy is a very strong region in Italy,” he says. “Milan is also a good city for new companies in the services sector and there is also a strong education system, with 11 universities here. So there is a good base here from which to work. But there is always room for improvement.”

For example, he goes on to cite the importance of entrepreneurs in delivering economic growth and creating new jobs. “We have to do more to support the work of entrepreneurs and those wishing to start a new company. In the US, a student thinks about having their own business. In Italy, we don’t have that mindset. People are less likely to take risks and instead want a more stable and safe contract of work. In the aftermath of the financial crisis, it is understandably difficult to be optimistic, but there needs to be greater attention paid to this sector.”

For now, though, his primary focus is reversing the steady growth in the number of unemployed people in Italy. “We want to have people who wake up every morning, rain or shine, and go to work or, if currently unemployed, go out and look for a new job,” he says. “But I am very optimistic – while there is still much more to do, we’re starting to make a difference encouraging a new approach to job matching and creating new and concrete opportunities for all people.”

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EY’s The power of three: G20 Entrepreneurship Barometer: 2013 examines how governments, entrepreneurs and corporations together can spur growth across the G20. Check it out at www.ey.com
There’s a familiar story in the headlines. “Missing millions”... “modest salary accompanied by palaces and life of excess”... “questions to be answered by banks, governments, etc.”. The latest name in the headlines is Viktor Yanukovych, whose annual salary of approximately US$100,000 funded a 140 acre state, a luxury car collection and private zoo to name a few.

The names that feature in these stories are interchangeable: Yanukovych, Ben-Ali, Gaddafi, Ceauşescu... This is the simple story of grand corruption: one man and his cronies looting a nation. The complex story is one of fraud and corruption that is present from senior levels to grass roots in both the public and private sphere – and those who are working every day to fight it and bring about lasting change.

One such group of women parliamentarians from Europe, the Middle East, Africa and the Americas met in November 2013 at the European Parliament, as part of the first summit of over 200 women ministers from 90 countries, to discuss their practical challenges and successes in the fight against fraud and corruption.

Fraud and corruption are about far more than just numbers, says EY’s Maryam Hussain. Although they cause enormous damage, practical solutions do exist.
The challenges which they shared were practical and complex. For example, one parliamentarian faced the prospect of being asked to pay a bribe to join her parliament’s public accounts transparency committee. She posed the question “where do you start when corruption is so endemic that government officials have to bribe each other to get government business done?”. At the other end of the spectrum a senior Parliamentarian from Latin America spoke of a dramatic change in the political will with the appointment of a new President who was all action and little talk “he is acting against corruption and letting the results speak for themselves”.

**Follow the money**

We are constantly learning about how corruption works in practice, both at grassroots and at senior levels. The common thread in the discussions at the European Parliament was the necessity of treating the disease and not the symptoms. This means understanding the types of corruption and the sectors and institutions involved at country level. Not all battles can be fought at once. A practical approach can be to start by following the major sources of funds – ie. “following the money” by introducing oversight mechanisms over major areas of government revenue and expenditure. These oversight mechanisms need to be transparent, independent and
Not all battles can be fought at once. A practical approach can be to start by following the major sources of funds. There are networks of civil society, press, regulators and industry associations forming across the world and exchanging information to combat fraud and corruption.

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The consequences can be deals which are advantageous to companies or individual officials, but not always advantageous to the citizens of a country. The Extractive Industries Transparency Initiative (EITI) – a global coalition of governments, companies and civil society – exists to address this challenge. The EITI operates by a simple principle – the government publish what they have received in revenues, and the company publishes what they have paid and an independent auditor verifies the accuracy of these figures. There are currently 26 countries which are EITI compliant, with the reports serving to both highlight issues and success stories. For example, the recent EITI report for Mozambique shows only a 0.4% difference between taxes and other payments received by the state from mining and hydrocarbon companies and the amounts reported by the companies. EITI is just one example of many organisations with a mission to improve openness and accountable management of public finances. There are networks of civil society, press, regulators and industry associations forming across the world and exchanging information to combat fraud and corruption. And there lay the answer for the Parliamentarian who faced the challenge of a parliamentary mechanism closed to her – the alternative of an overseas regulator who was very interested in evidence of a company in its jurisdiction paying bribes overseas.
"I've been a prosecutor all my life," says Helen Garlick. "Prosecution is not the answer to everything but there are some cases that have to be prosecuted – if only to show that the law applies to everyone."

This approach has seen Garlick through a 30-year legal face down numerous foes, the most prominent of which was former Italian Prime Minister Silvio Berlusconi – a case that lasted several decades and only concluded with his ejection from the Italian Senate after his conviction for tax fraud. This success, while long in coming, relied not only on the stamina and focus of Garlick and her colleagues, but also the efforts of Italian policy-makers.

"As a prosecutor, it is the parliamentarians who make the laws and fashion the systems and policies – that’s all I have to work with," she says. "Parliamentarians need to give us modern and up-to-date rules that criminalize laundering. We need the powers to restrain assets before Governments also need to invest all the money they can prepare laws which are watertight and able to resist the attempts of wealthy individuals to find loopholes."

"The passage of time should make no difference to bank statements and email records. Unfortunately, statutes of limitations are one of the biggest obstacles that corruption prosecutors have to face.

A life in the law

Hearing spent much of her career working as a prosecutor in the UK’s Government Legal Service, Garlick joined the Serious Fraud Office (SFO) – an independent government department that investigates and prosecutes serious or complex fraud, and corruption – when it was created in 1988. Specializing in extradition and mutual legal assistance, Garlick spent 20 years at the SFO as an investigating lawyer, as well as leading an operational division responsible for the investigation and prosecution of a number of high profile and complex fraud cases.

"I worked with colleagues and countries all over the world to tackle these grand corruption cases," she recalls, "and I soon learned that we need efficient procedures in place. “For example, there are many cases in the Caribbean countries in particular where, up to six years on, the cases have still not got through the preliminary stages. We need to be able to fast-track these types of cases into court so that they can be dealt with as fast as possible.”

Speed is so important because many countries have a statute of limitations, which means that cases run out of time before they get to court. “We do not need arbitrary time limits,” adds Garlick. “Let’s remember, the evidence is there in paper – the passage of time should make no difference to bank statements and email records. Unfortunately, statutes of limitations are one of the biggest obstacles that corruption prosecutors have to face.”

Now a partner at Fulcrum Chambers in London, which she helped to found, Garlick's time in the arena is very much current. Her many cases include her ongoing stint as Special Prosecutor to the Government of the Turks and Caicos Islands, heading a team of investigators..."
Legal eagle

Few lawyers are as globally renowned or as successful as Helen Garlick in cracking down on corruption. Here, she tells Citizen Today about her experiences and why policy-makers are so important to her work.

and lawyers investigating allegations of government corruption. She has recently been appointed to the board of Transparency International UK and is also a member of the Corruption Hunters’ Network, an international group of current and former senior prosecutors and heads of anti-corruption bodies, sponsored and funded by the Norwegian Government. But she is also increasingly focusing on education, particularly helping prosecutors to gain more experience and insight through interactive learning sessions.

“There is so much money wasted on the wrong sort of training,” she says. “Prosecutors and investigators should not be sent to sit in enormous auditoriums where they are lectured and given ring bound folders and CDs. They come back having learned nothing. I refuse to take part in those events. The only ones I attend, and I give my time to, are small groups of prosecutors along with me, and we give them real-life examples, making them play the part of investigators, interrogators and the advocates in court. This is the only type of training that is worth it.”

Some free legal advice

Her emphasis on education stems, in part, from the fact that prosecution is, and always will be, a blunt tool. “They take a long time and there is no prize for second place – you either win or you lose and the consequences of losing can sometimes be devastating to a society.” The presence of the best and the brightest on the prosecutor’s side of the aisle is therefore clearly a prerequisite.

So, too, is an understanding from government that its commitment to such prosecutions needs to be firm and unremitting. “These types of cases are expensive and sometimes the assets have been dissipated over time so, post-conviction, there may be no prospect of recovery,” she points out. “Politicians need to be committed to these prosecutions, wherever they may take them.” In addition to this assurance, Garlick also believes that politicians – wherever they are in the world – have a huge opportunity to create and tailor institutions that can make a real difference in the fight against corruption.

“Consider the value of a proper integrity commission that has the power to insist on comprehensive annual returns and assets of all public servants and their close family members, as well as the power to prosecute over inadequate or misleading submissions,” she says. “Much more important in many cases than having prosecutions that come and go, is having that sort of institution embedded in a country’s national life. Politicians also need to consider the regulation of their accountancy and legal professions. Time after time it is these professions which are responsible for either giving the wrong advice or acting as facilitators or money launderers. Judicial appointees also need to be of people who have the highest intellectual caliber as well as being of proven integrity.”

The successful application of such approaches perhaps rests on the type of relationship, or partnership, which exists between a country’s prosecutors and politicians. “We need proper dialog with politicians,” says Garlick. “We need politicians to understand how difficult it is to prosecute these cases. They mustn’t be fought to achieve political aims but instead seen through to the end, win or lose. If they lose they must support their prosecutors, provided they are sure they have done a good job. We’re all public servants at the end of the day and, win or lose, we mustn’t lose sight of that fact.”

Helen Garlick

Few lawyers are as globally renowned or as successful as Helen Garlick in cracking down on corruption. Here, she tells Citizen Today about her experiences and why policy-makers are so important to her work.
Jordan’s Parliament may house more political parties than many of its counterparts around the world – more than 30 were registered at the last count – but “Stronger Jordan” stands out for a number of reasons. Founded only in 2012 – many parties were formed in the aftermath of the Arab Spring – it is the only one that fights for a more equal society, one in which men and women share equal rights and status. It is also led by a woman, Rula Al Farrah, who was the first woman to be elected to the Jordanian Parliament.

“When I was a little girl, my grandmother constantly reminded me that I was not a boy,” she recalls. “It was all about ‘be quiet, sit still, don’t talk’ and so on. Luckily, my mother was not on the same track, or else I wouldn’t be here.” And certainly, it’s clear that her path to political power has rarely been smooth. “Some people said: ‘You don’t have a chance as this is a male-dominated society’,“ she continues. “But more people said: ‘Go ahead – you will break the rules.’ And here I am, the first woman to be elected to the Parliament through competition and on a national list in Jordan. My story reveals that our society is progressing, although there are still some voices from the past.”

Working for women

Queen Rania of Jordan once said: “Do not judge a woman by what’s on her head. Judge her by what’s in her head.” While she was referring to discrimination against women because of religion, Al Farrah says that much more needs to be done to deliver truly equal rights for women.

“When male politicians talk about our rights, they often mention that we women are half of society,” she says. “Well, we are not. We are all of the society because we raise the other half. When women are marginalized all of society is marginalized. It cannot fly with a broken wing. It needs both wings healthy to rise to the sky.” Democracy, she believes cannot exist without women because women’s rights equate to basic human rights – but that’s not all.
“There is no governance without women for we are the least corrupt and least inclined to trade public interest for our own,” she adds. “There is no peace without women, for we take social, emotional and moral considerations into account. There is no future without women, for we are the agents of development. This logic needs to be made obvious, but unfortunately for many societies, it isn’t.”

Al Farrah’s passion is obvious but she remains hopeful that times are changing for the better. In part, this is due to the increasing opportunities wrought by globalization, as well as other systemic trends such as changing demographics and the economic shifts from north to south and east to west which are reshaping societies. “Industrial, technical and IT developments are opening up new avenues of development,” she says, “Women are now steering economies, making policies, and transforming societies through creative leadership.”

A manifesto for change

However, it’s not all good news. Despite the Millennium Declaration and many other UN resolutions and conventions, in many societies women are unable to pass their citizenship to their spouses and children, some are denied the right for education, and some are not allowed to choose their husbands or where to live or how to move around. Some are also not allowed to vote or run for elections, and some marry at the age of nine. “What’s to be done?” asks Al Farrah. “We need to change constitutions to overtly state equality, and place international accords related to human rights in a position higher than constitutions if necessary, and laws concerning marriage, divorce, custody, petition and inheritance need to be revised to achieve equality and endorse women as full citizens.”

Likening the journey ahead to a local road with many bumps and traffic lights rather than a highway, she says it is also important to encourage more women role models all over the world to step up. “We need more successful women in the tough fields traditionally dominated by men,” she says. “I’m not automatically against a quota system but we need to modify them in order to bring through quality women, for their performance is our sole guarantee for change.”

Poverty, too, is a key area of focus. “Poverty is women’s biggest foe,” she says. “It is the iron barrier that blocks our capabilities and diminishes our rights. It prevents us from being the catalysts of sustained development, which takes us back to a lower status that we are fighting to change. Why not establish a world fund for the economic empowerment of women and the reduction of poverty? This fund could deal with both organizations and individuals, on big, medium and small level businesses. It is also about time we counted home economy as a real part of the official economy. Women are heavily involved in non-structured, non-organized economic activities, and neglecting our productivity in those areas is yet another act of discrimination.”

Similarly, she believes that policy-makers need to do more to eliminate all kinds of violence against women. “This can be achieved through specific legislation that is rigorously applied, and we need to change the stereotype depicting women as a source of physical pleasure, not a source of mental challenge,” she says. “We need more women to win the Nobel Prize and other global honors. For this to happen, we need to allocate funds to support female researchers and for educational curricula to be restructured to promote gender equality through teaching success stories for women as much as men and changing stereotype roles.”

The media, too, has an important role to play. All too often coverage of Angela Merkel’s necklace, or Michelle Obama’s dress, takes precedence over weightier matters of state, she argues. “It is about time that female parliamentarians pushed for a global accord that criminalizes all acts against women, including distorting our image in the media and using our body as a tool for marketing,” she says. “Parliamentarians should adopt such measurement into national laws to restore women’s dignity. After all, over centuries women learned to conform to societal norms and were taught to be dependent and submissive. They learned to be followers, not leaders. Ministries of health and education need to educate and train the new parents on how to enforce gender neutral behaviors, games and social activities.”

Such a program of activity and reform, she believes, will result in a gender-equal world, one that benefits both men and women. Underpinning her agenda, though, is the basic belief that we can all learn from each other. And it is particularly important for women to learn from other women’s experiences.

“When a woman hits a rock, she often turns around, because that is what she had been taught, and that is why we don’t have many women in politics, for politics is a giant rock,” she says. “We need to listen to each other’s experiences and let them inspire and motivate us, and we have to pass on our wisdom to young girls to build on the foundations we have laid.” Al Farrah, though, shows no sign of stopping any time soon. Watch this space.
In the first of a regular series about how we are helping build a better working world, EY’s Bill Banks focuses on increasing infrastructure investment in Australia.

Australia is a wonderful country in many ways. I speak from experience – I was born and raised in Scotland but have lived in Sydney for many years. But the sunny climate, spectacular natural landscapes and relaxed lifestyle – while understandably popular with residents and visitors alike – should not obscure the challenges which continue to exist from coast to coast.

While our recently elected Government is focusing on issues such as creating jobs and addressing the high cost of living, another challenge is looming concerning the country’s aging infrastructure. Like many other countries around the world, the long-term issue of who will pay, and how we pay, are becoming hugely important questions. And certainly, anyone unfortunate enough to be trapped in unremitting traffic in Australia’s major cities or enduring a prolonged commute on aging trains or metro systems will need little persuasion concerning the urgency of the problem. It’s not just about transport in our cities, though. For example, ensuring sufficient water supplies in our water-scarce continent is another problem to address.

That such challenges exist in a country that emerged relatively unscathed from the financial crisis – certainly when compared to other developed economies – and has enjoyed 20 years of strong economic gains and low unemployment underlines the scale of the problem. If the problem can happen here, then it can happen, and is happening, anywhere. So, what can be done about it?

**Hunger pains**

EY recently completed a report on infrastructure investment on behalf of Australia’s Financial Services Council. We found that despite a significant appetite for investment, a lack of suitable infrastructure projects acts as a significant barrier to investment in infrastructure by superannuation (pension) funds.

That’s not to say this A$1.75 trillion industry doesn’t make a significant contribution to Australia’s infrastructure – it does. A broad estimate is that around A$45 billion in total is already invested by Australian superannuation funds in infrastructure. Projections are that this could rise by A$100 billion in the near term if state governments commit to privatization of public assets, and to as much as A$200 billion by 2025 on the basis of likely asset allocations. But it’s also clear that much more can be done.

After all, as Australia’s population ages and more people begin to draw on their superannuation, demand for stable long-term returns to fund retirement incomes will grow. If structured correctly, infrastructure is the perfect asset to meet this demand. Industry rationalization has also resulted in a substantial number of larger funds which are able to invest.
in large infrastructure assets without creating a liquidity risk. This is because superannuation funds, with their reliable and growing capital base, have the capacity to prudently manage and invest in the asset over the long term, while still meeting the legislated requirement for superannuation funds to maximize returns to members.

We found that unlocking greater investment will require a clear, committed pipeline of projects and greater long-term certainty on tax and regulation. Certainly, the list of barriers to investment in infrastructure is long and varied. Issues such as a lack of suitably structured projects for institutional investment and greenfield project risks were twinned with problems that include inconsistent, complex and expensive bidding processes and unfavorable Australian banking terms.

Government to the rescue?

Australian policy-makers can help in several ways. A good starting point would be to focus on their role in recycling capital – i.e., selling brownfield assets to super funds to release capital for much needed greenfield infrastructure. This type of action is ideal because not only does it reduce the budget burden for the public sector, but it also offers superannuation funds the type of assets they require for infrastructure investment. It’s important to note, though, that some progress has been made already.

For example, our report found that there has been improvement in the performance of state governments as they plan, develop and implement infrastructure projects as potential private sector investment opportunities. There has also been an increasing focus on the available funding for the mooted project pipelines and continued progress in line with announced timetables for major projects such as the North West Rail Link and the East West Link road project. This has increased institutional investor confidence and encouraged investors to devote the extensive time required to appropriately assess these types of complex projects.

Additionally, the recent early introduction of federal legislation to fundamentally reform and strengthen Infrastructure Australia – the national body tasked with developing a strategic blueprint for unlocking infrastructure bottlenecks and modernizing the nation’s transport, water, energy and communications assets – is seen as a positive step change to addressing the issue of national project pipeline uncertainty. This reform is expected to provide a clearer structure and will place greater focus on advancing projects and reforms in partnership with the state governments.

Building a better working world

The recommendations in our report provide the basis to build on the already large infrastructure investment made by Australia’s superannuation industry. This funding will lead, one step at a time, to stronger economic growth and will be crystallized in the form of new road, rail and subway projects and much more. It is also a good illustration of how EY is helping build a better working world by working with governments and businesses to foster sustainable, long-term growth.

We believe that in a better working world a number of positive things happen: trust increases, capital flows smoothly, investors make informed decisions, businesses grow sustainably, employment rises, consumers spend, and governments invest in their citizens. A better working world also develops talent in all its forms and encourages collaboration. We want to build a better working world through our own actions and by engaging with like-minded organizations and individuals. This is our purpose – and why we exist as an organization. Helping develop and renew Australia’s infrastructure is just one of many examples.

Bill Banks is EY’s Government & Public Sector Infrastructure Leader
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Read our report, Superannuation Investment in Infrastructure – Steps to further efficiency on www.ey.com
Infrastructure 2014: Shaping the Competitive City

Infrastructure quality emerged as the top factor driving where real estate development occurs, with 88% of survey respondents rating it as a top or very important consideration when determining the location of real estate investment, said Rajiv Memani, Country Managing Partner at EY India and EY Global Chair of Emerging Markets. “2014 will be decisive for new players as the election results come in and expectations are formed in terms of sustaining the pace of reforms and deregulation,” said Rajiv Memani, Country Managing Partner at EY India and EY Global Chair of Emerging Markets. “Investors are considering India for both their services and manufacturing supply chain, but for investments to materialize the environment must be more enabling and measures on other competitive issues, including currency stability and ease of doing business, must be implemented.”

The survey highlights the fact that while India captures investor attention it is increasingly facing competition from new markets. China remains India’s main competitor for FDI as both economies are strongly competing to obtain a greater share of world trade and investment. However, new destinations such as Indonesia, the Philippines and Vietnam are also emerging as competitors. The Philippines is competing with India in the outsourcing industry whereas Indonesia and Vietnam are also gaining significance due to their huge domestic market.

Looking ahead, only 5% of respondents believe that India will be surpassed by strong competition from more dynamic countries compared with 11% in the 2012 survey. However, in order for India to continue to compete on this stage and realize its FDI potential, it needs to improve its operating environment and further develop its infrastructure. Other priorities should include boosting production, improving the taxation system, easing FDI regulations and increasing awareness about emerging cities.

Download the full report at www.ey.com
**Private sector’s contribution to K-12 education in India**

The current K-12 school system in India—children aged between 3 and 17—is one of the largest in the world with more than 1.4 million schools and over 250 million students enrolled.

However, this new report suggests that the Indian K-12 system is facing two major challenges: access and quality. While the dropout ratios in senior classes is still fairly high, there are also issues due to lack of proper infrastructure facilities, high pupil-teacher ratio and lack of trained teachers which are impacting the quality of education imparted to students.

Low learning level across elementary and secondary has seen an increase in the need for paid supplemental help by students. The contribution of the private sector to increase the standards has been significant. As a result, 25% of all schools in India are private schools accounting for 40% share in enrolment. The number of private schools has grown at a much higher rate than that of private schools.

In this paper, we focus on the contribution of private schools toward K-12 education with respect to access and quality and challenges faced by the private sector operating schools in the K-12 segment. The focus, until now, has been on inputs such as infrastructure, fee levels and teachers’ salary to enable good quality education. While these are important, there is a need to focus on measures to increase participation of private schools in K-12 education. These would require easing of entry barriers, right policies and regulations that will enable expansion of private schools.

K-12 private schools operate across a vast range of curriculums and boards. Key indicators that make them preferential today are the process of ongoing and continuous evaluation, comprehensive curriculum and syllabi based on practical applications, assessments based on interactive, skills- and fun-based learning which has led to better learning levels and quality of school education. The public and the private sector can work together effectively and support each other in contributing to the growth and quality of the Indian school system in the future.

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**Trade Secrets**

**ASEAN economic community and inward investment**

**The voice of business**

The ASEAN Economic Community (AEC) — made up of Indonesia, Malaysia, the Philippines, Singapore and Thailand, Brunei, Myanmar, Cambodia, Laos, and Vietnam — aims to achieve regional economic integration by 2015. Yet, achieving full integration is complex, and it is clear that many initiatives will miss this deadline.

There is much work to be done: the most recent targets had been met. Little progress has been made in eradicating some of the acknowledged trade barriers. And there have been delays in resolving crucial issues, such as national domestic laws. While there are many factors that determine the success of an economic pact, such as the AEC, EY believes the ability to attract FDI is critical, akin to a continued supply of steam that drives the locomotive that pulls forward a series of other developments. By focusing on FDI, we recognize its vital role in driving the economy.

In this report we examine procedural issues countries, before turning to cross-border trade promotion and issues of documentation and procedures. Non-tariff barriers arising out of administrative practices also fall under our spotlight, as well as the functions of various investment promotion bodies and the lessons to be learned from countries where these organizations play a vital role in attracting FDI. After we have identified typical issues and possible solutions at the implementation level, we consider what should be done to improve various treaties and agreements, especially those governing the free movement of funds and people.

“Achieving regional economic integration in ASEAN by 2015 is not just a grandiose vision or mission statement,” says Mildred Tan, EY’s Government & Public Sector Leader, Asean. “In fact, it is critical to the future of our region and its 600 million citizens. Becoming truly economically integrated is inevitably complex, but also holds the key for ASEAN to realize its full potential.”

Download the full report at www.ey.com/SG
EY in the Baltics

EY is the leader of professional services in the Baltic states. Our goal is to be a part of the development of our clients and the countries we work in. Our teams in Estonia, Latvia and Lithuania are equipped with deep industry knowledge in various market sectors and the best practice tools to deliver seamless, consistent and high-quality professional services to public and private sector clients and NGOs. We continuously introduce and launch cross-border, market-leading service offerings that help us to address our clients’ business issues and facilitate their business growth and development.

Our Government & Public Sector (GPS) practice in the Baltic states was launched seven years ago and has rapidly expanded. Based in our offices in Vilnius, Tallinn and Riga, our team of more than 70 professionals offers services that extend further than traditional EY financial services into areas that include education and e-Government strategy and development. These solutions can be applied across a range of traditional and non-traditional areas and can be used as new entry into other markets and rolled out on a larger scale. This has helped propel us to a leadership position in GPS services across the region.

Our growth has also reflected the opportunities wrought by EU accession and membership. EU membership confers many responsibilities but also unparalleled potential to grow and develop. Joining the EU meant that the region’s governments had to transform and evolve in order to converge with its institutions and sister economies. In addition, the region received a significant proportion of EU structural funds in order to catalyze growth. This enabled our governments to develop a procurement culture that had been previously absent, akin to countries such as the Netherlands and Belgium.

Examples of our work include:
- Introduction of International Public Sector Accounting Standards in Lithuania – from early diagnostic and feasibility and standards creation to accounting manuals, IT system requirements and vendor supervision
- Transformation of Latvia’s Ministry of Justice – a program of change that included strategy, processes, people and information systems
- Assistance with e-Government strategy as well as separate e-services design, functional requirements, vendor supervision, testing and acceptance assistance (health, agriculture, municipalities, business services, citizen services and education) in all three countries

Over the horizon

Looking ahead, the region is well placed for further economic growth and increased competitiveness. In part, this stems from the fact that a rapid pace of reform is continuously required in order for small liberal economies such as ours to stay competitive. This position is recognized by our political parties, all of which understand the importance of staying competitive in a globalized economy.

Of course, recent events in Ukraine have demonstrated that predicting too far into the future is hardly an exact science. Such issues – especially when so close to home – underline that geopolitical instability can all too easily spill across borders. However, we remain optimistic. Ours is a region that has emerged stronger from the financial crisis. Our attractiveness to foreign investors, together with growing economies and free and liberal societies, mean that we can continue to look to the future with confidence.
At their core, governments are focused on putting in place a policy and regulatory environment delivery, and this is the area that I think is undergoing the most change. This is because citizens are receiving services in all other aspects of their lives in an online, personalized and mobile way. So, when they look at how they want to receive services from government, they expect similar standards of quality, flexibility and choice.

This is not easy for governments as they have traditionally been organized in silos with very hierarchical structures. While citizens want to receive end-to-end seamless service, governments aren’t organized that way, and this means they need a big change in their business model and the infrastructure that supports their service delivery, which in more mature markets are very often a collection of different systems.

Overcoming these challenges is not only expensive but it is complex too. It requires massive change management upgraded technology systems, and for individual ministries and departments to relinquish some of their areas of responsibility in order to be more collaborative.

What are the key challenges faced by governments when confronted with a major transformation project? At their core, governments are focused on putting in place a policy and regulatory environment that encourages economies and citizens to flourish. Their other big job is service delivery, and this is the area that I think is undergoing the most change. This is because citizens are receiving services in all other aspects of their lives in an online, personalized and mobile way. So, when they look at how they want to receive services from government, they expect similar standards of quality, flexibility and choice.

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Have governments improved how they undertake these types of transformation projects? I think they are changing their approach. One of the challenges they face is the restrictions around procurement, which can really get in the way of more innovative or creative ways of doing things. One of the big things we’ve seen in Canada – and this is one of the things I dealt with when I was a deputy minister – is being more collaborative around procurements, as opposed to the more rigid processes of the past. I think there is also more willingness to hire people who haven’t worked in government before – bringing in talent who have worked on transformations elsewhere, such as in financial services.

Are any countries leading the way on this agenda? Governments are increasingly looking around the world to what has worked well in order to tailor these solutions to their local circumstances. In terms of service delivery transformation, the UK, Australia, the Nordics and Singapore stand out ahead of many others. The Nordics, in particular, are countries that are highly digitally enabled and have a strong focus on the social infrastructure. It also helps that these are relatively small countries geographically, so it makes it easier to roll out cross-country standards for service delivery.

You’re based in Vancouver – what are the current major policy issues facing Canada? Canada has been one of the leaders in public sector transformation for quite some time. In infrastructure, for example, along with the UK I think we have been one of the world leaders in creative use of public private partnerships. Increasingly, it’s not just roads, bridges or hospitals, but much more complex projects including information technology and so on. It’s just the way that Canada does business now. This has allowed us to leap ahead in terms of replacing some of our ageing infrastructure.

Canada also has a strong health care system which is always evolving. For example, we are setting national standards for electronic health care delivery. This means that wherever you are in the country, there are uniform standards to allow for interoperability between different health care systems across our different provinces.

There is also a substantial degree of shared services in our Government, in areas like procurement of pharmaceuticals and payroll systems for employees. This saves money – billions of dollars – that can then be redeployed into education, health care and so on.
In today’s market, growth can be hard to find

Join us in Shanghai for the EY Strategic Growth Forum™, where a stellar group of the world’s top CEOs, entrepreneurs, influential business and government leaders, investors and advisors will gather on 22–23 May 2014.

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