Rio regeneration
Exclusive interview with the Olympic city’s mayor

Litmus test
Inspiring young citizens with science

Supply chain command
Lessons from the French military

Long road ahead
Solving the migration crisis
How can governments seize the upside of disruption?
Welcome to the latest edition of Citizen Today, EY’s magazine for government and the public sector.

For centuries, globalization, the advance of technology and changing demographics have shaped our world. From the ancient Silk Road trade routes and the industrial revolution to today’s migration patterns, these forces underpin the disruption that spurs human advancement.

A new EY report (see page 37) explores disruption and challenges organizations to embrace it. But what does disruption mean for governments? Inside, we explore one of the greatest disruptive challenges facing leaders around the world: migration. In some parts of the world, people are fleeing war and persecution. Or they are seeking better jobs and higher wages in other labor markets. Our feature on page 6 assesses the handling of the migrant crisis in Europe, and sets out actions to take there and elsewhere to provide safety and opportunity for migrants, as well as security and reassurance for the communities that take them in.

On page 12, we meet a man whose organization has been at the sharp end of the migrant crisis in Europe. Peter Siebers, director of the Netherlands’ Central Agency for the Reception of Asylum Seekers, explains how the agency coped with a seven-fold increase in the number of migrant places it had to deliver.

And what about the impact on migrants themselves? On page 14, we explain what happens when displaced children miss out on formal education. Not only are they exposed to personal danger, but social cohesion and the ability to maintain peace in post-conflict regions are also diminished.

Meanwhile, we hear from the Mayor of Rio de Janeiro, Eduardo Paes, on how the city is using this year’s Olympic and Paralympic Games as a catalyst to develop infrastructure and the local economy (page 19).

Environmental sustainability, technological development and demographic shifts are all highlighted in our feature on page 22. We explain how a new digital education program is helping to inspire young people in the Middle East and elsewhere to take an interest in science, while gathering data to help scientists tackle big issues such as climate change, and preparing for the world of work that awaits.

On page 26, we find out from one of Denmark’s digital government leaders how they are meeting the security challenge posed by the disruptive power of digital technology.

There is nothing like a change at the top to disrupt a government’s thinking. Next year, a new president of the United States will take office. On page 28, we explore the transition process and find out what it takes to succeed as a political executive in the federal government.

Operational, financial and geopolitical forces are encouraging defense ministries to rethink how to run their support operations. On page 33, we meet a general in the French armed forces who is mounting a supply chain revolution.

Disruptive forces are not new. But as we have seen with issues such as migration, automation and climate change, they are changing the world at an unprecedented speed. Understanding these forces, and applying the right policy responses, will help governments to see that disruption can have an upside.
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About EY
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A clear PATH FORWARD

The movement of people from regions scarred by conflict, persecution and lack of opportunity has brought chaos and misery in Europe and many other regions. How can the international community address the migration crisis and develop a sustainable long-term solution? **Marc Andersen** discusses the issues.

It doesn’t seem too much to ask that a family can bring up its children in an environment free from bombs and bullets, where girls and boys can go to school, before getting a decent opportunity to live a productive life.

It also doesn’t seem too much to ask that, if a region offering these conditions is to accept newcomers from other areas, there should be enough houses, schools, roads, hospitals and jobs to keep all members of the community engaged and productive.

Reconciling the need to provide a new home for those fleeing danger and oppression with the requirement to preserve the cohesion of communities that receive displaced people is one of the most pressing policy questions of our time. How we answer this question will affect the lives of generations to come.

In 2015, the number of people worldwide who had been forcibly displaced from their homes exceeded 60 million. In a global context, that means one person in every 122 has been forced to flee his or her home due to conflict or instability.

The total number of refugees alone has increased from 10.4 million at the end of 2011 to an estimated 15.1 million by the middle of 2015 – a 45% increase. Today, it is likely to be even higher. Now in its fifth year of conflict, Syria produces the most refugees. Many Syrians are undertaking hazardous journeys to reach the EU, often resorting to using smugglers. In the EU, a few countries have been particularly exposed.
The current rate of arrivals into Greece is estimated at around 60,000 to 80,000 per month. Unless a major geopolitical shift changes the situation in Syria, Europe may have to prepare itself to host more than a million new refugees in 2016.

But this isn’t just a story about Europe. For some time, Turkey, Lebanon and Jordan bore the primary responsibility for taking in Syrian refugees. By March 2016, the Syrian refugee population in Turkey alone had risen to 2.7 million. And conflicts in other countries such as Afghanistan, the Democratic Republic of the Congo, Somalia and South Sudan have added to the growing number of refugees. Indeed, 86% of the global displaced are in developing countries. Without support, this scale of displacement threatens to erase many of the gains made in developing countries over the last decade.

The sheer volume and complexity of the refugee inflow has put enormous strain on asylum systems. Many frontline countries have reached the breaking point in their ability to manage the unplanned inflow and meet their obligations to refugees under international law. Meanwhile, public opinion toward refugees and those seeking a new life for economic reasons has hardened.

So, how have countries and organizations responded to the crisis so far? Why has it proved so difficult to manage? And what can national governments, supranational organizations, development banks, NGOs and humanitarian organizations do better?

Inadequate response

The collective response of the international community has been slow and ad hoc. Of the 15 million refugees in the world today, only around 100,000 each year are offered resettlement opportunities.

Over the last year, the EU has adopted a number of measures to tackle the crisis in Europe. The European Agenda on Migration set out a comprehensive approach to improve the management of the issue and to prevent and counter human smuggling and trafficking networks in the south-central Mediterranean. In September 2015, the EU announced an emergency relocation proposal for 160,000 refugees, but the process is at an embryonic stage. And according to the United Nations High Commissioner for Refugees (UNHCR), it is not enough to address the scale of the problem.

The EU also announced additional funding to help the most affected Member States; enhance the capacity of relevant EU agencies; contribute to efforts by UNHCR and other aid organizations to provide immediate relief to refugees; and tackle the root causes of the crisis in the Middle East and Africa (for example, in part by boosting socioeconomic development in Syria and specific African regions). A more recent deal to send refugees back to Turkey could be in breach of international law, according to the United Nations.

Meanwhile, the policy of many governments within the EU, as well as non-EU countries, has shifted toward preventing or discouraging people from attempting to reach the EU and rapidly deporting those who do not have a right to remain. The actions of some countries have been in direct breach of international law.

Migrants can boost national economies as workers, taxpayers and consumers

Persistent problems

A number of factors make it hard for policymakers to develop an effective, coordinated response.

There is a significant funding gap and a lack of proper systems and technical support for managing the vast number of migrants flowing into frontline countries. While additional funds have been forthcoming from the EU, NGOs, humanitarian and donor organizations, they are widely thought to be inadequate and, in some cases, ineffectively used.

The industry that has grown up around people smuggling presents enormous challenges for national governments and the EU. Smugglers’ modus operandi is flexible and changes frequently to adapt to market conditions. The crisis only serves to enable their illicit activities.

Almost half of refugees under the care of the UNHCR in 2014 had been displaced for five years or more. Factors such as the rise of the Islamic State and the continuing war in Syria are preventing people who have been displaced from the affected regions returning to their homes.
Migration flows have proved inherently difficult to predict, meaning that few early warning systems are in place to detect mass migration before it happens and allow for time to develop and implement the necessary response in a rapid manner. Data analytics are essential for informing decision-makers and responders.

The politics of migration is becoming increasingly difficult, especially in Europe. The tide of public opinion has been turning against migration as negative press coverage and, increasingly, the political discourse focus on security issues, social cohesion and pressure on basic public services.

Sustainable solutions

So, what can be done to manage the crisis better? It is clear that overcoming the different challenges requires a fresh approach, which mixes short-term interventions to meet the immediate needs of refugees with a longer-term strategy to support refugees and host communities. Here are eight specific actions to take.

First, improve the efficiency and fairness of the asylum process. This will require more funding and staffing for immigration administrations, better access to information and documentation on migrants, and training so staff can implement procedures and determine cases quickly and accurately. In Europe, the European Asylum Support Office could be given a stronger role, allowing it to help national immigration authorities implement EU rules. A new European Asylum Agency could have powers to make EU-wide decisions on asylum applications. Changes to family reunification rules, extensions of temporary worker programs, temporary protection and humanitarian visa schemes would enable genuine refugees to gain faster entry to their destination. Another important consideration is the fair distribution of migrants across different countries. Meaningful burden-sharing would reduce the pressure on host countries in conflict regions and at the EU’s external border.

Second, make better use of resources. More can be done to ensure that countries are able to provide the proper reception conditions that are required under international law. Through direct funding and operational assistance, national governments, development banks, NGOs and aid organizations could better support the capacity to manage the crisis in those countries with large numbers of migrants. Some countries waste or
misuse funds through bureaucratic inefficiencies and inadequate project management. This is a problem that can be addressed by better management, budgeting and control systems. But it also requires the collection, sharing and analysis of data on refugees living in front line countries to better understand their welfare needs and to create a sustainable system to address them. Bringing to bear analytics is critical to decision-making. Short-term assistance needs to be combined with longer-term development support aimed at both refugees and host communities. We must consider the sustainability and viability of assistance over the long term.

Third, boost efforts to tackle illegal migration. Since the Paris, Brussels and San Bernardino terrorist attacks, the refugee crisis has taken on an entirely new security dimension. Pressure is growing on destination countries to ensure that they manage their borders effectively. Without effective border management, public opinion and political discourse will continue to work against the population. This requires better use and coordination of IT systems and technologies for dealing with asylum administration and visa applications, and for sharing information among national authorities about people or objects that may present a threat. Data must be available for analysis, and border control agencies, police, justice and immigration authorities will increasingly need to analyze data as close to real time as possible. In addition, curtailing human trafficking and smuggling is critical to developing a longer-term solution.

“\r\nThe ability to understand the underlying causes of migration is key to a longer-term solution.”\r\n
Fourth, create a stronger legal framework and policies to manage economic migration. Many developed countries of destination face long-term demographic and economic challenges, including the need to address skill shortages in some key sectors such as science, technology, engineering and health care. While admissions of third-country nationals remain at the discretion of these countries, a clear policy on legal
economic migration could help ensure that countries attract the right talent to meet the collective needs of their economies. Labor laws should permit businesses to get qualified and skilled workers that fit their market needs, when they need them. This means removing barriers that might prevent migrants fully integrating into labor markets.

Fifth, improve communication with migrants and the public in host nations. The EU, UN agencies, NGOs, humanitarian organizations, national governments in host countries and the private sector need to communicate better with refugee communities so they know about their legal entitlements. The use of digital channels is a vital way of reaching migrants, given the presence and use of smartphones. Better communication with the wider public in host countries is also necessary, particularly as public opinion turns against migrants in some countries. Governments could be more proactive in managing the concerns of host communities over jobs and wages, public safety and social cohesion. More research, data and analytics documenting the benefits of migration, framed around a commitment to human rights, could help alter the political discourse and public opinion.

Sixth, introduce measures to accelerate social and economic integration. Investment will be needed to set the right foundations for integrating migrants into workforces and local communities. This includes, for instance, providing the legal means to participate in the labor market; recognizing existing educational and professional credentials; providing further education and training; working with employers to match skills and boost employment opportunities; and help for migrants to learn local languages. For children, it means providing school places and ensuring schools have the resources to help migrant students overcome the trauma of displacement and learn the language of their host country. Together, these measures will reduce the need for state support over time and contribute to long-term economic growth.

Seventh, return third-country nationals to their country of origin. In the EU, this can be achieved by strengthening the implementation of the Return Directive; widening the role and mandate of Frontex, the EU agency that manages cooperation between national border guards; and creating an integrated system of return management. The EU is pursuing Readmission Agreements with several third countries to facilitate the return of people who have entered states irregularly or who have overstayed. At the same time, countries must be careful not to violate the principle of non-refoulement, enshrined in the Refugee Convention: individuals must not be returned “in any manner whatsoever” to places where their life or freedom would be threatened.

And finally, equip the asylum system to better respond to future crises. This means investing in stronger early warning mechanisms and intervening earlier to help alleviate problems and reduce the long-term costs and impact. The ability to understand the underlying causes of migration is key to a longer-term solution. A greater emphasis on economic development and institutional reforms, based on sound data and analysis, could help bring stability and prosperity in countries that currently produce large numbers of migrants.

Global action
Given the complexity of the issues, no single actor can tackle the migration crisis alone. NGOs, aid organizations, development banks, businesses and civil society all have a role to play alongside national governments and international bodies. Policymakers and leaders from all sectors must work together to develop solutions, determine what works and what does not, and adapt their approaches accordingly.

Migrants often fill jobs that are less attractive to domestic workers and the inflow of new talent and skills can stimulate growth in entrepreneurship. They can boost national economies as workers, taxpayers and consumers. By grasping the issue of how to manage migration effectively, developed countries can also benefit.

The conflict in Syria is a main cause of today's crisis. Eventually the war will end. And when it does, somewhere else, other people will cross borders in search of freedom from war and oppression, or simply to seek out better opportunities for themselves and their families. As well as solving the immediate crisis, the international community must develop an effective way to manage migration in the long-term — addressing the needs of those who move into new regions and those who welcome them. The prize is glittering: a set of cohesive, prosperous communities, where migrant ambitions meet local needs. While the rise of populist, nativist parties foretells the dangers of failure. The time for action is now.
When Peter Siebers took office as director of the Netherlands’ Central Agency for the Reception of Asylum Seekers (COA) in March 2013, one of his main tasks was to reduce reception capacity for asylum seekers that the country would take in. Since then, the landscape has changed dramatically. Here, he talks about how Europe's migrant crisis has affected the organization he leads, and how the COA has managed the crisis.

Was the organization prepared for the migration crisis?

We had absolutely no idea of what was ahead of us. We were supposed to reduce reception capacity from 14,000 to 12,000 places. Three years later, there are 50,000 places, and by the end of this year there may be as many as 80,000 or 90,000. The numbers are unprecedented. The process in which we operate involves procedures and policies that are developed according to specific circumstances. They were not intended to address an influx that would increase by as much as four or five times. At a certain point, the only time off I had was Sunday afternoon, which I would spend reflecting on what I had experienced during the rest of the week. Fortunately, we now have four task force managers who, with the management board’s mandate, provide support.

What were the consequences for employees?

We deliberately placed responsibilities lower down in the organization. We explicitly gave people freedom. I realized how incredibly enterprising the culture is here. On the other hand, they have quite a lot on their plate. And yet, morale has remained high and absenteeism, low. We keep a close eye on individual employees to ensure they monitor their limits and let each other know when they can’t continue without a break.

Can you give an idea of the effects of settling such large numbers of people?

I remember one Saturday afternoon at a municipal council with the State Secretary. We were supposed to create 1,000 reception places in a barracks, which is actually a relatively simple undertaking. We wanted to move in as soon as possible and the buses were already waiting. Although we had the Ministry of Defence’s support, the municipal authorities refused to speed up the decision-making process and insisted on following the regular procedures. The following Tuesday evening, the moment had come: buses carrying 600 asylum seekers departed immediately. Can you imagine what you’re asking of your own people and the local community under these circumstances? Some of my colleagues were still heating up meals into the small hours of Wednesday morning for the newly arrived residents.
What did you do when you noticed how overwhelming it had all become?

In August last year, we escalated the matter and asked for outside help. We were working so hard that we started to reach the limits of our own capabilities – though we actually didn’t notice it much ourselves. You definitely could have compared us to the frog, slowly being boiled alive. I noticed it after coming back from holiday – having briefly had some distance. It is really difficult to admit when you can’t do it alone. In hindsight, we should have indicated earlier that we couldn’t handle it alone anymore, particularly because we sometimes even needed to enlist the army’s help.

Where did you draw the line?

When our people’s physical safety was at stake. We never opened a location without the fire service’s permission. But we didn’t always follow all the other rules to the letter. From a social standpoint, I can convincingly explain why we didn’t always follow the relevant tendering protocols. We always told our people: go there and take care of it, but inform us if it gets risky. From a management perspective, focusing on hard control measures was totally ineffective in this case. This organization focuses first and foremost on soft control measures, which relate to values and trust. That gave us the strength and ability to perform exceptionally under exceptional circumstances. It’s a fragile equilibrium, but I think we did well.

How do you monitor the quality of the information you have to work with?

Our financial agreements are fundamentally sound, which helps. Predictions are another story altogether. There is quite a difference between having 50,000 or 90,000 beds occupied at the end of the year. Then the newspapers say that there is a political agreement and fewer people will come, but will that hold true in practice? Ideally, you want to have some extra capacity, without having to finance too many vacancies. What are you aiming to achieve and what risks do you dare to take? We always face this challenge.

The public and Government have a strong preference for small-scale reception facilities. So why has the COA opted for large-scale reception facilities?

That preference is familiar. In our experience, we are perfectly capable of handling reception centers with 600–1,500 people. Centers with 300 people are feasible, too, but they are about 20% more expensive to run. A center with 50 places could cost up to 150% more.
round the world, 75 million children and adolescents have had their education directly affected by emergencies and prolonged crises, and 37 million have been forced out of school completely. The problem is acute in parts of Yemen, the Central African Republic and the Lake Chad Basin, among others, but has perhaps become most visible in the devastating impacts of the Syrian war. In all these places, the poorest and most marginalized — especially girls and young women — are most affected.

More than 2 million Syrian children have been forced out of school since the conflict began in 2011. Before the war, almost three-quarters of children completed secondary education and primary school enrollment was nearly universal. Now, that progress has been reversed. And as Syrians have fled, the burden to ensure these children have a future is one with which the entire region is struggling.

**Breaking point**

What efforts are being made to provide education for these displaced children? Syria’s neighbors, Lebanon, Jordan and Turkey, have opened the school gates to refugee children. The burden on Lebanon and Jordan has been immense — more than a quarter of Lebanon’s population are refugees. Lebanon has worked to integrate...
When regions are disrupted by war or disaster, children can miss vital years of education. Kolleen Bouchane explores the effects on out-of-school children and their communities.

Syrian refugee children an education crisis

In five years, the Syrian conflict has created the worst refugee crisis for three decades, producing 4.8m refugees from Syria and another 7.6m internally displaced people.

these refugees into the existing school system by developing a double-shift arrangement, with the support of international donors. Lebanese children finish the school day in the early afternoon, and refugee children take over the school for a second shift.

The Lebanese Government has shown extraordinary leadership, but the demands are huge. Schools are educating three times as many children as they were designed to, and there are risks that Lebanese parents may become worried about the impact on the quality of their own children’s education. As no end to the war appears in sight, without significant and sustained international assistance – a shared burden – Lebanon will not be able to cope.

Wrecking lives and economies

So, what are the effects of a lack of schooling in this region and elsewhere – for the individuals themselves, their communities and countries? Children without a safe place to play and learn are more vulnerable to exploitation, including forced marriage, child labor, sexual and domestic slavery and recruitment by extremist groups.

In Lebanon, around 70% of out-of-school children are estimated to be working. The recent Ebola crisis in West Africa forced five million children out of their classrooms and some will never return. Between October 2014 and July 2015, during the height of the Ebola crisis in Sierra Leone, there were at least 14,000 new teenage pregnancies. One teacher...
Over half of Syrian refugees are children under 18. That’s 2.5 million children.

Lack of education also widens inequality between groups and leads to conflict. States with high levels of educational inequality are 50% more likely than other states to have a violent conflict. And, when peace arrives, there is less chance of it holding.

“Children without a safe place to play and learn are more vulnerable to exploitation.”

The average length displacement for a refugee is 17 years – an educational lifetime. In the Syrian case, lack of access to good quality education and skills options leaves millions with no plan for their future and limited
Over half of school-aged Syrian refugee children are out of school. More than 95% of them are in Turkey, Lebanon and Jordan. Meanwhile, more than 2 million Syrian children are out of school in Syria.

Aid and action

What more can be done to tackle the issue? The biggest obstacle is money. While funding needs for education in emergencies have risen by 21% since 2010, donor funding to education through humanitarian response appeals has fallen by 41%, according to an A World at School scorecard. This has begun to change, but slowly.

Earlier this year, on February 4, a Supporting Syria and the Region conference was held in London and education was at the top of the agenda. US Secretary of State John Kerry and Norwegian foreign affairs minister Borge Brende made specific pledges for education. These were the first such pledges at a conference of this type. The Global Business Coalition for Education raised commitments of US$75 million from the private sector in direct funding and in-kind contributions. Private sector funds and other resources such as networks and infrastructure, technical expertise and technology, and other types of core business can contribute to solving the crisis. Private sector leaders have articulated many reasons for getting involved, including the need to demonstrate moral leadership, employee engagement, building future markets, maintaining a skilled labor force and working toward a stable business environment.
A higher percentage of upper secondary school age children are out of school because many have to work or are not qualified to enter the upper secondary level. “I can tolerate that my child is out of school for two years, working in the fields to support the family. But three years? Four years?” — Syrian refugee

One year of schooling for boys makes them 20% less likely to be involved in conflict

Sustainable investments

The Education Cannot Wait fund for education in emergencies was launched at the World Humanitarian Summit on May 23, 2016, to increase political will, raise funds and improve coordination for the provision of education in emergency and crisis. The launch of this fund is the single most important collective move to include education in humanitarian responses.

Representatives from the United Kingdom, the United States, Norway, the European Union and the Netherlands stepped up and pledged US$87.5 million, just over half of the US$150 million needed to fully fund year one.

Non-state pledges for the first year included a US$2.5 million contribution from Dubai Cares to support the set-up of the fund’s secretariat, bringing the total to more than US$90 million. The Global Business Coalition for Education also committed to begin work across the private sector to mobilize US$100 million in financial and relevant in-kind contributions from interested businesses and business leaders.

Although the challenges are large and the situation for these children is dire, there is also a tremendous opportunity. We’re at a moment when, with the right leadership, we can fundamentally transform the way we respond to tragedy and violence. It’s only hopeless if we do nothing. 

Koleen Bouchane is Director of Policy and Research at the Global Business Coalition for Education (GBC-Education)
Eduardo Paes has been mayor of Rio de Janeiro since 2009. His time in office has been dominated by preparations for this summer’s Olympic and Paralympic Games. Here, he tells Citizen Today what it is like to have the world watching your city, and explains how the Games will leave a lasting legacy for the people of Rio.

What did Rio learn from the experience of hosting the Pan American Games in 2007?

It’s a much smaller event than the Olympics, but I think the Pan American Games were very important for Rio. It was like a test event for the Olympics. It was an amazing experience, but when you get to the Olympics it’s a completely different event. Nothing compares to the Olympics. It’s like a war in peace time.

How did it feel when Rio received the Olympic flag from London back in 2012?

The day you win the bid, you feel a huge responsibility. But when you get the flag, after the previous Games, you know that everybody is going to be looking at what you are doing – how the construction is going, how the organization is going. Organizing the Olympics brings a mix of feelings. It’s a great opportunity, but at the same time it’s something that makes you worry and gives you a lot of work.
Hosting the Games offers a city great opportunities for development. How can city mayors make sure that the city takes these opportunities?

When we bid for the Games, we were competing against cities like Madrid, Tokyo and Chicago. These cities had much better infrastructure than us. But we turned that problem into an asset. We got the Games not because we had better infrastructure, but because we lacked it. Our pitch was that if the Games are about bringing change and making people’s lives better, you’ve got to come to Rio. I remember just after we won the Olympic bid, I went to Barcelona, and spoke with the city’s former mayor, Pasqual Maragall. He said there are two kinds of Olympic Games: the ones where the Games uses the city and those where the city uses the Games. So Barcelona was a great example for us. They used the Games as a reason to get things done, and we’re doing the same in Rio. The Games are about sports, entertainment, fun, and the gathering of people and nations. But they can bring great change, such as new infrastructure and a better life for the city.

Once the Games are over, what will be the next stage of development to boost Rio’s economy?

The Olympics in Rio are about legacy. If you look at the figures, the biggest budget is the legacy budget. For example, we are building new train and metro lines and renovating the port area. I’m not saying Rio is going to be perfect, but it is going to be a better city, with better infrastructure. Tourism is one of our greatest assets, and the Games have helped us almost double the number of hotel rooms in our city. We are looking to build a more integrated, more equal city, where people have a better quality of life. The Olympics have helped us to advance this agenda a lot in a short period of seven or eight years.

How did you approach the task of building an Olympic legacy?

It is a challenge, because for the Olympics you build more venues than is necessary for your city. So we are using public private partnerships to adapt and maintain sports arenas. For example, one is going to become a school, another a training center and another will make money for the private sector.
You are the current chairman of the C40 Cities Climate Leadership Group. What perspective has this given you on the sustainability issues facing large cities?

Cities have a major role to play on climate change. Because mayors are closer to the people, the actions that they can take are faster. They can deliver things much quicker than the international organizations, such as the UN. With more than half of the world’s people living in cities, the actions taken by mayors to address climate change are so important. Organizations like C40 help cities to share experiences. In Rio, we have an operation center that gathers data from a bunch of departments and uses lots of technology to get things done in a smart, sustainable way.

You will leave office at the next city election. What advice can you offer to your successor and, indeed, other city leaders?

First of all, love the city, and don’t let people say too many bad things about it. If you don’t believe in your city, you will never be able to change it for the better. Second, wake up early, go to sleep late, work seven days a week. Third, gather a great team around you. And finally, think about the people that need the most help. When you run a city, it’s like raising a family. You love all of your children the same way, but there might be one who is a little weaker, or shyer, and you need to pay more attention to them. So always pay more attention to the citizens that need help the most.

“We are looking to build a more integrated, more equal city, where people have a better quality of life”
Future in the palm of their hand.
In all parts of the world, skills in science, technology, engineering and mathematics are crucial to sustainable economic, social and environmental development. **Will Cooper** introduces a new innovative solution to enhance STEM learning that benefits young people, schools, scientific researchers, businesses and governments alike.

It’s graduation day 2033. A group of young people collect their degree certificates, hug their proud parents and celebrate with friends. It’s a day of joy. The end of a journey in formal education that has lasted for most of their young lives. Among the congratulations and promises to keep in touch, some of the graduates may contemplate the road ahead.

The world’s center of economic gravity has shifted decisively to the east and south. Almost two-thirds of the planet’s people live in cities. The effects of climate change are being felt across the globe, and governments and scientists are working together to forge technologies and solutions that drive sustainability. In parts of the developed world, aging populations are forcing new approaches to health care. And automation and increased productivity have brought about the loss of millions of manual and low-skilled jobs in rich and poor countries alike, creating even greater stresses on education, labor and social welfare systems.

These graduates of 2033 will join a working world that is very different from that of 2016 – the year in which they started school. It is a world of work that demands new skills. Science, technology, engineering and mathematics (STEM) are in greater demand than ever before, as organizations and societies seek innovative ways to overcome our planet’s greatest challenges.

New horizons

The boundaries of science and technology are being stretched and redefined like never before, due to scientific breakthroughs, rapidly emerging technologies and the way younger generations learn and apply skills.

Investment in education and learning must respond accordingly. New technologies such as advances in cognitive and quantum computing, robotics and synthetic biology, together with a global priority to develop greener economies and align education with the sustainability agenda, require a step change in what STEM means for our children. This will affect every education system in the world, from developed to emerging economies.

While these changes provide huge opportunities for growth, innovation and development, we must prepare now. And that means ensuring that today’s children – the people who will solve tomorrow’s problems – are equipped with the right skills and motivations.

A new solution has been developed to do just that. Citizen Science is a mobile platform that enables STEM learning both inside and outside of the classroom. It encourages young people of all ages to learn about the power of science through experimentation and play on a mobile device. Learning content is provided through collaboration with the world’s most advanced scientific institutions, private sector companies, and entertainment and sports celebrities.

**Turning a mobile phone into a pocket laboratory**

How does Citizen Science work? It contains a range of experiments and challenges that encourage young people to collect data and share it with leading scientific research institutions. Content is designed to be fun, engaging and age appropriate. It is aligned to local school curricula to enhance the learning experience both inside and outside of the classroom.
Excited about STEM

What are some of the benefits of Citizen Science?

For young people, simply put, it creates opportunity. Education systems are typically not equipped to get young people truly excited about STEM. Citizen Science makes STEM learning fun. It is engaging, not only enticing young people to pursue careers in STEM-related fields, but also helping them develop broader 21st century skills relevant across all labor market sectors.

Recently published research by the Smithsonian Institution has demonstrated that improvements in mathematical literacy – the language of science and technology – has a direct impact on general literacy. Citizen Science helps to develop skills, such as critical thinking and problem solving, which are vitally important to young people as they progress through education and into employment. It connects young people around the world to each other and to their environment, makes them better and more responsible citizens and deepens their awareness of topics such as climate change and sustainability.

Citizen Science helps teachers by enhancing the classroom experience and bringing science to life through the mobile device as part of experiments and activities that are aligned to curricula. The link between out-of-classroom learning activities and in-school performance is proven, and encouraging young people to use Citizen Science in their free time will directly improve STEM grades and general literacy.

The benefits for governments and wider society include the development of a more creative, innovative and resourceful population that is better equipped for the future.

There are also clear benefits for scientific research communities. Scientists need localized data to conduct research into topics like the impact of climate change. This is both time consuming and expensive. Citizen Science allows scientists to design data crowdsourcing experiments within the platform that encourage children to act as a global network of science data gatherers. So children around the world play a role in some of our planet’s most urgent research programs.

Businesses that work with Citizen Science connect to young talent by providing, for example, scholarships and work experience programs – helping them to address longer-term challenges over the acquisition of talent. It connects companies to young people at a much earlier stage of their lives and gets young people thinking about their career options much earlier in the education cycle.

The Middle East and beyond

EY and Tribal Planet Inc., the developers of the Citizen Science platform, have formed an exclusive collaboration to bring Citizen Science to the Middle East region. Initially piloted with schoolchildren from the United Arab Emirates in March 2016, the global unveiling of the platform was held in Abu Dhabi on 25 April 2016 at an event delivered in collaboration with the Abu Dhabi Education Council (ADEC).

His Excellency, Dr. Ali Al Noaimi, Director General of ADEC, spoke of the importance of STEM education in achieving the vision of Abu Dhabi and the UAE. Scott Kelly, a former US astronaut, endorsed the importance of STEM and Citizen Science. They were joined by Dr. Carol O’Donnell of the Smithsonian Science Education Center; Jeff Martin, Founder and CEO of Tribal Planet; and Stephen Farrell, MENA Partner and Head of Advisory Markets, Ernst & Young Middle East (Abu Dhabi).

EY and Tribal Planet Inc. are now working together to enable the rollout of the Citizen Science platform to young people across the Middle East. The region is on the cusp of significant change, underpinned by the need to diversify economies and reduce reliance on oil. These governments have prioritized the importance of STEM as a key development strategy for innovation and future
Vehicles submerged in flood waters in the United States. Climate change brings many challenges, and the world needs more people equipped with scientific and engineering skills to help combat them.

Economic growth, and are investing heavily in education systems to bridge the gap between education and employment.

Employers in the region, particularly in the private sector, struggle to find the skills they need, especially from young nationals leaving education. Young people in schools, colleges and universities are unclear about their career options and pathways. And educators lack information about the true skills and capabilities needed by a rapidly changing labor market.

To solve the world’s greatest problems, our planet needs millions of scientists, engineers and technologists.

As a result, governments are facing significant challenges in delivering the outputs from the education system that are fundamental for private sector growth, innovation, entrepreneurship and social cohesion. Future balancing of market demand and labor supply will require much closer collaboration between all the players, and innovative solutions to ensure that the generation now coming through school is equipped and motivated to compete.

Citizen Science shows how this can be achieved. But these challenges are not restricted to the Gulf states. They are global. Hence the vision over the next five years to make Citizen Science available to 500 million young people around the world.

**Voyage of discovery**

Science is the greatest equalizer for mankind, creating unbounded opportunities for young people. It creates a generation of inquisitive thinkers, motivated to be innovative and creative. Never before has the prioritization of STEM learning at the very earliest stages in our children’s education been more important to our world.

To solve the world’s greatest problems, our planet needs millions of scientists, engineers and technologists. Our challenge is not finding them. They already exist. They are in communities across the Middle East. They are in cities in Africa, towns in the United States and rural villages in China. Our challenge is how we connect them to knowledge, each other and scientific research facilities around the world – and motivate them to learn on their terms. And that means embracing digital as the medium of choice for young people.

As they contemplate their future, the STEM graduates of 2033 will have a good idea of where they are going. Citizen Science will have already taken them on the early part of their journey. They will have learned through self-discovery, connecting with their peers, communicating with some of the greatest minds on the planet and supporting global research into some of the world’s most important challenges. That is quite a platform on which to build.

**Stephen Farrell, MENA Partner and Head of Advisory Markets, Ernst & Young Middle East (Abu Dhabi)**

“The Citizen Science platform is primarily about youth development. This is incredibly important for children’s advancement through their education and careers, but also to ensure that they find a productive and valuable place in wider society.”

**Ross Maclean, MENA Advisory Digital Lead Partner, Ernst & Young Middle East (Dubai)**

“We are proud to be working in collaboration with Tribal Planet to bring Citizen Science to the Middle East and North Africa region. Tribal Planet shares EY’s vision of building a better working world, by tackling some of societies’ greatest challenges through the power of digital. It is the first in a series of innovative digital services that EY and Tribal Planet will jointly bring to market in the region.”

Will Cooper is Advisory Middle East & North Africa Government Social Infrastructure Lead Partner, Ernst & Young Middle East (Abu Dhabi) will.cooper@ae.ey.com
Trust is one of the most important commodities for any organization, especially governments. They can only be effective if there is broad trust in their ability to keep people safe, uphold the law and provide public services. However, around the world, trust in government is low and falling. Across the Organisation for Economic Co-operation and Development countries, just 40% of people trust their government.

This has important implications in the area of data and privacy. Governments around the world are providing more services through digital platforms. Renewing a driver’s license, registering with a doctor or filing a tax return involves giving a government agency some valuable personal data. These agencies are collecting and storing vast amounts of information on citizens. In the context of declining trust, it is crucial that the agencies make sure that this data is properly collected, stored and used.

Denmark is an example of a country that is assessing how its government bodies manage data. In recent years, the country has sought to make its public services more efficient and responsive, in part by digitizing administrative tasks and processes. Therefore, Danes have handed over more of their personal data to public bodies. New EU regulations governing data protection are
coming into force in 2018, and public debate about the security of data is growing louder in Denmark. Therefore, in order to build trust and confidence, Denmark’s digitalization agency decided to work with EY to test the current data capabilities of the country’s public sector organizations, identify the barriers they face and explore ways in which they can improve the handling of data in the future.

Cecile Christensen is Head of Office for System Administration and Security at the Danish Agency for Digitalization, a government organization under the auspices of the country’s finance ministry. For her, trust is vitally important: “In order to benefit from digital solutions, we need to make sure that people feel safe using them. They must trust that their data will be kept in a good way. Therefore, focusing on trust is a very important aspect of the digitization agenda.”

The EU General Data Protection Regulation (GDPR) comes into force on May 24, 2018. Any organization that processes personally identifiable information on EU residents is compelled to comply with its terms. Cecile sees this as the continuation of the prevailing direction of travel, rather than a new turn: “It’s the same legislation, just with a twist I think. It’s more documentation, more security analysis, more risk analysis, some sharper deadlines and more requirements.”

For Denmark’s public sector, the biggest impact of the regulation is to raise public and media awareness on data protection and privacy issues. And Cecile acknowledges: “It’s safe to say that we are not all where we should be, in order to be compliant with this legislation.”

The study undertaken with EY showed that most government agencies have the basics in order, but there’s also more work to do. One way to do more is to ensure that systems and solutions are designed from the outset with data protection in mind. This would be better than the current approach where privacy “fences” have to be retrofitted.

“In the public sector, we have a tradition of building large IT systems where we have gathered a lot of data, and we have a traditional way of thinking about privacy. We should look at new models for privacy, and new ways of segmenting the systems and using encryption models.”

To prepare for the new EU regulation, the justice ministry and the digitalization agency are working together to interpret the legislation and to design manuals and guidance to make sure that public sector organizations comply. “It’s very interesting to have the background knowledge from the study, on where we are and how to proceed with the work,” says Cecile.

One of the aims of Denmark’s digitization agency is to improve the experience of the individual or organization that gives a government agency their data. A way to do this is to ensure that they only give their data to a single agency, instead of giving it to every government entity with which they deal. This would, of course, require agencies to share data more than they have done in the past. However, regulations only allow organizations to use data for the purpose for which it was gathered.

Cecile says: “We will look into solutions where people make an acceptance of data being shared, as long as it is being used in their interest. The government sector can use data in some ways that the private sector cannot because, most of the time, it is used for the benefit of citizens and because there often is a legal basis for this.”

Public sector organizations in Denmark are working hard to comply with the new regulations. But compliance must go hand-in-hand with efficiency. “We will do it in a pragmatic way, so we can find the right balance,” says Cecile. “For a small municipality, or a small agency, does it make sense to have one dedicated person who should only focus on this area? Does each agency need a data protection officer?”

“Does each municipality need one? Can we split the roles somehow? There are a lot of questions to be answered,” says Cecile.

Answers come in the form of sharing and working together across agencies, and conducting risk assessments to inform decision-making. And it’s not a game by numbers. A small agency or municipality might hold very important data, and a large one may have lots of data that is less critical. Capabilities must be matched carefully to need.

Data security is now a universal issue. All citizens, and businesses, have important personal data that they share with public and private bodies. At the same time, criminals are acting on the internet, trying to steal this data. Government should help drive awareness of the importance to people and organizations of treating their data carefully. And it must make sure that it not only complies with regulations, but also uses these regulations to help it think harder and more strategically about how it captures, stores and uses data.

Denmark has shown that it is rising to this challenge. And by doing so, it is taking great strides toward renewing and building trust with its people.”
The president is sworn in at the US Capitol

Prepa for
When a new president takes office in the United States next year, an army of 8,000 political executives will accompany the person to the nation’s capital. What do these appointees do, how do you become one and what does it take to succeed in the role? George Atalla finds some answers in a new book for political executives and talks to a seasoned Washington insider about what is being done to improve transition planning in the US.
Who are these political appointees? How do you get to become one? What's in store for them once they assume office? And how can they make an impact? These are some of the questions addressed in a new book, *Succeeding as a Political Executive: 50 Insights from Experience*, written by Paul R. Lawrence, a leader in EY's government and public sector practice, and Mark A. Abramson, President of Leadership Inc.

This is the fourth book in a series that began in 2009, at the beginning of President Barack Obama’s Administration. The authors started out by interviewing political appointees in positions such as deputy secretaries and heads of agencies within departments. They interviewed the executives every six months for the first two years of the Administration. First, they explored how the executives got started in their role and set their agendas. Next, they discussed how they were progressing, before speaking again after another six months to establish what they had accomplished. The first three books profiled these executives and set out the different types of political executive in the federal government. The fourth book brings the story together, setting out the whole journey of the political executive, from the point when an individual thinks they might want to become one and deciding whether to apply; through the confirmation process, starting out and succeeding in the role; to building a legacy and deciding when to quit.

“The book is for people who are thinking about becoming political executives and the people who select them – the White House Office of Presidential Personnel,” says Paul Lawrence, one of the books authors. “It helps them to think about how they choose the right people.”

**Delivery mechanism**

The 8,000 or so political appointees are a small percentage of the federal government workforce. But many owe their position to the president, and therefore are key personnel. The direction of the administration is set by the president, members of his cabinet and his closest advisors, and these political appointees are charged with managing federal government agencies effectively so that policy is turned into action.

Incoming administrations, with a fresh mandate and a thirst for action, tend to concentrate on ideas and policymaking. But, according to Paul, it is just as important to get the management and delivery of policy right. And that means getting the right political appointees into the right roles.

President Obama's flagship health care reforms were hit by problems with the website that was crucial to the delivery of the policy. The health care reform policy was hugely controversial and attracted vast amounts of attention. In contrast, the practical application of the policy got very little coverage, until things started to go wrong.

“There is this tension between the excitement of creating policy, and the rather mundane work of actually managing, executing and delivering that policy,” says Paul. But it is crucial to get delivery right.

**Life in the fishbowl**

For those who wish to take on responsibility for policy delivery, the decision to seek a political executive role should not be taken lightly. *Succeeding as a Political Executive* helps prospective applicants to decide if they are really ready to take on the task.

Dan G. Blair is President and CEO of the National Academy of Public Administration (NAPA). He has 26 years' experience in the federal government and is a prominent leader in public service management. What advice does he have for those who have decided to pursue a role as a political executive? “This is a brave new world for many people who have come into government for the first time,” he says. “There are multiple pitfalls and, if you're not careful, you could find yourself in a difficult situation due to the intricacies of the rules of operating in a federal government environment.”

Understanding the ethics, federal government rules on hiring and contracting, the roles of the White House and Congress, and what you can and cannot say during your confirmation process are all vital.

The confirmation process can present a huge hurdle to overcome. It can become lengthy, intrusive and painstaking, Dan received successive presidential appointments, to the Office of Personnel Management and the Postal Regulatory Commission. “My recollections are probably the exception to what many have experienced recently. I had two very smooth confirmations,” says Dan. “You’re asked whether there is anything in your background that could embarrass the president, so you have to think hard. Depending on the level of the role, they’ll go back 7, 10, 15 years, maybe until the age of 18. So be prepared to discuss what you did when you were in college. And you must make sure that you prepare your family for any surprises that might be out there. It’s really a question of exposing your life to the fishbowl that Washington has become,” he says.
Congress and the White House have taken measures to improve transition planning. This is welcome news for Dan Blair. “We have seen since 2000 an increased emphasis on better transition planning. The 2000 transition was difficult. Not only was it truncated because of the disputed election, but also I don’t think that the incoming administration had exercised the proper planning necessary to transfer a new administration – from the opposition party – into power.”

President George W. Bush was committed to ensuring that whoever succeeded him did not have the same experience. The 2008 transition is held up as a prime example of how to make an effective transition, and the Obama Administration readily credits its predecessor for helping it prepare for government.

In turn, the Obama Administration is using its experience to ensure that it is providing the same level of continuity and service to whoever takes over. “Not only has legislation passed that qualified many practices, but we are also seeing coordinating councils popping up not just at the White House but also in the agencies. And the agencies have their own transition officers,” says Dan.

NAPA has mounted an ongoing project called Presidential Transition 2016, to which EY is contributing. What are the project’s aims? “We want to make sure that if there are good management practices, they are institutionalized,” says Dan. “We want those practices preserved, protected and enhanced so that the new administration won’t see them as stamped with the Obama Administration. We want them to be seen as good government practices that can be enhanced by whoever takes over the White House.”

Ways to make a mark in 100 days

Once appointees have been confirmed in their role, they can start to make a mark. As the book explains, how they set about the task depends on the circumstances of the appointment. Does the appointment come at the beginning of an administration, when ideas of renewal and innovation are fizzing around the department or agency? Or does the new executive come in later, with the task of pushing a complicated policy through a tired and reluctant government machine?

Dan Blair has some advice that is common to all circumstances: “You have such an opportunity to make a difference,” he says. “In the first 100 days, you set the tone.” This is a time in which you get to know who the employees are within your office, “Pay special attention to the career civil servants, especially the senior executives. Understand what they need from you in order to accomplish things. They will be one of the most important keys to success.”
Building and maintaining contacts outside your agency is also crucial. “You need to be the consummate networker in order to be successful,” says Dan. “Build personal relationships with key senators and staff. Make courtesy calls with House members. They should know who you are before you get confirmed. But you need to be prepared to go up to the Hill on a regular basis and talk to members and staff.”

It is also important to reach out to other stakeholders, such as the private sector and labor unions, so they understand your agenda and know that there are open lines of communication. “You may not always agree with them, but you must communicate effectively and make sure you listen to them,” says Dan.

The context of the appointment is not the only key differentiator. Not all political executive roles are the same. You could be a deputy secretary, a producer, a regulator or have a number of other functions. Success in each different type of role requires a different set of skills. The book takes each role in turn and examines the factors that determine success.

The right fit

Although Paul Lawrence is very experienced in the machinations of Washington, DC, his research for the book uncovered some valuable new insights. “I thought that the folks who got these jobs had a wider range of discretion, as to what they could do,” he says. “But if you’re a bureau head in a department, say, then the department secretary has a plan and the president has a plan for the department. If you think you’re going to come in and enjoy an entrepreneurial environment, it’s definitely going to be unsatisfying.”

He also learned just how much experience, and getting people in the right place, really does matter. “A lot of people in the Obama Administration had served in the Clinton Administration, eight years before. Coming back to government, they were able to draw on their networks and their understanding of things such as the relationship between the different parts of our government.” The book’s research finds that those with prior experience of government were significantly more productive than those who were coming to it for the first time. “I’m not saying experience is always better, but you can see how it plays out.”

Having relevant nongovernment experience also led to better prospects of success as a political appointee. He cites the example of Federal Student Aid. “This agency provides loans to college students and essentially acts as a bank. The person who they appointed to do this job had been working in a bank and really understood what it took to run the agency. With this kind of perspective, such people are able to understand the organization and the risks, and know how to be more effective. I could really see that in a way that I hadn’t really appreciated before.”

“ You need to be the consummate networker in order to be successful”

But don’t take it just from Paul and Dan. The real value of Succeeding as a Political Executive: 50 Insights from Experience is that the insight comes straight from a group of people who have done these political executive jobs. Their views are contemporary, candid and benefit from lacking hindsight. Much mainstream reporting of government concentrates on the political heat of crises, personality clashes and the day-to-day battle to keep the show on the road. What Paul Lawrence and Mark Abramson have accomplished here, through considered and well-targeted research, is to shed light on what it actually takes to succeed in government.

Succeeding as a Political Executive: 50 Insights from Experience, by Paul R. Lawrence and Mark A. Abramson, is published by Rowman & Littlefield Publishers, Inc. For more information, or to obtain a copy, please visit rowman.com. For more information on the National Academy of Public Administration’s Transition 2016 program, visit napat16.org

The book also contains insights from political appointees in France and Germany. With national elections due in 2017, Citizen Today will feature the key findings from these countries in a future edition.
Demand a better supply chain

Valerie Laine meets Richard Bienfait, General de Division in the French armed forces, and asks how he has set about the task of getting equipment to troops who need it, when they need it.
As the saying goes, an army cannot march on an empty stomach. A country could have the largest number of combat personnel and the most expensive and powerful weapons. But without effective support—from food supplies and training to the supply and maintenance of equipment—it’s forces cannot perform to their maximum capability.

Armed forces around the world are making increasing efforts to make sure that service support is provided as efficiently as possible. In part, this is driven by the increased scrutiny and pressure that has been attached to defense budgets in recent years. And effective combat service support depends on effective supply chains.

France’s defense ministry is making a concerted effort to improve its supply chains. In recent years, the country’s armed forces have seen active duty in North Africa and Middle East theaters. This, combined with funding pressure and the effects of an official defense white paper Livre Blanc sur la defense et la sécurité nationale de 2013, has driven the defense ministry to look at how it can make supply chains more efficient at the best price. The ministry asked EY to help.

The task was to improve the operational availability of equipment without any additional investment of money or personnel. The ministry started its supply chain project in late 2013. EY joined the effort a year later, developing a transformation project that gathered solutions in supply chain, organization, HR, financial forecasting, operational excellence, communication and change management. The project is due to continue through to 2017. But, as General de Division Richard Bienfait, the project director, says, improvement of the supply chain is an ongoing project, and the task is being ingrained into the ministry’s culture.

What were the reasons for launching this assignment?

We have to go back to 2013. That was the moment when three phenomena occurred. The first was the General Review of Public Policies. For the Ministry of Defense, this translated into a significant decrease in personnel of approximately 54,000 people. The second was the leveling off of the defense ministry’s budget. And the third was President Hollande’s decision to maintain all the capabilities of the armed forces. Therefore, the French Chief of Defense Staff asked us to propose solutions to meet these three imperatives. In response to this request, I suggested launching a supply chain project in order to improve effectiveness and efficiency by basing our methods on those in use in civilian life, which applied perfectly to a military environment.

Is the supply chain project a response to current geopolitical or strategic threats, or does it meet purely economic requirements?

The project should be seen as one that makes it possible to improve the effectiveness and efficiency of the armed forces’ logistics. It will contribute to maintaining, or even increasing, the operational capacity level of the forces—if only by improving the technical availability of the equipment needed for operational missions.

What is different about this project?

I think we must look at the supply chain project not as a miracle solution, but as a change in approach from what we had been doing. Until now, we have moved from one reform to the next. Each time, we never even had the time to complete the previous reform before starting on the next one. The supply chain project not only applies to physical logistics or transport. It involves strategic inventory planning, and the design and organization of processes, competencies and functions. Each part of the project is driven by an operational excellence approach that demands innovation and continuous improvement. Indeed, this project is not another reform that will be completed. It is a program for continuous improvement. Once the movement has begun, it never stops. That’s why this is different from what we’ve done up to now.
Why did the Ministry of Defense call on outside providers to help with this change? Why not do it internally?

The complexity and scope of this project was extensive enough to require outside expertise. We needed people who were thoroughly familiar with supply chain issues and had implemented improvements. We did not have all of the skills needed within the ministry.

The project ran into strong resistance from the start. So it was essential to explain it effectively to people. EY was a real driver for this because it helped us to bring stakeholders onboard, and there were a lot of them for this project. For some, this took nearly two years. So the process was relatively long. EY brought techniques and tools we didn’t know existed, such as Lean Management and Six Sigma, which were used in civilian life.

Another benefit was the approach of integrated teams in which people work together. These teams carried out the project through practical, concrete actions, using a highly pragmatic approach. That’s important because it can convince people of the progress the project is making. We benefited from a learning-centered approach. Ideas were put into practice and always followed up by on-the-ground testing; this means that we can test on a limited scope and see whether the model under consideration is the right one. I’ve always been results-oriented. EY provided me with the means to achieve those results, and that’s important.

What tangible results of the project can you identify today?

The first result I can name is designing a model in a year-and-a-half, which is pretty impressive. Why is that? Because the model simultaneously involves the armed forces and the directorates and departments. It’s like being confronted with eight large companies. We apply the same supply chain model to them, but not at the top – everyone has their own part of the supply chain. I wanted to focus on the results I had fixed, which was timeframes for filling orders. We were taking about a month and I decided that the goal would be only four days. That is what I asked EY for. I told them, “I don’t see why Amazon can deliver within a week and we can’t. We should be able to do the same thing.” On the basis of this objective, EY provided me with solutions and we tested them to prove that it was possible.

The other significant result is in warehouse functioning. Our warehouses used to operate using fairly old methods. We observed that we were capable of having an order on the loading dock within a day, when it used to take seven days or more. This raised awareness about excessive inventory. Every year we recommend a certain number of refills. We were spending our time renewing these excessive inventories, while it is better to consume them in an ongoing process. This inventory calculation approach is something that we had lost sight of and which is now being put back in place.

Do you think that the supply chain will continue to be a priority issue or will other major challenges arise?

Our supply chain work is just getting underway and will continue into the future. There is a risk that, after summer 2017 when everything is really in progress, a certain inertia may set in. We must not miss our chance – we must continue to make progress. The supply chain is becoming a factor that will enter people’s mindsets. We have begun to set up training in supply chain skills. That’s one way we plan to keep the momentum going.

Are there other challenges? Certainly. Once we take an operational excellence approach, of course there are challenges. This is not the first, but it is perhaps the first that we have tackled in a different way. Up to now, our approach was more one of reducing personnel and cutting costs. This current approach builds something new, which translates into improved effectiveness and efficiency, and reductions in costs and personnel numbers. But that was not the main objective. The main objective was to improve effectiveness and make the system perform better. 

Valerie Laine is a partner at Ernst & Young Advisory, France, and a member of the EY Global Defence Network. Elise Chavigny Colmant also contributed to this article.
How do you seize the upside of disruption?

That’s the question addressed in a new EY report that explores the megatrends that are shaping the world today and in the future. Disruption is fundamentally changing the way the world works. Today’s businesses, government and individuals are responding to shifts that would have seemed unimaginable even a few years ago. Artificial intelligence and robotics are reinvigorating the workforce. Drones and driverless cars are transforming supply chains and logistics. And changing preferences and expectations – most notably in the millennial generation – are altering consumption patterns and demand for everything from cars to real estate.

The report studies the root causes of these transformative trends and identifies three primary forces behind this current wave of disruption: technology, globalization and demographic change. By analyzing the interaction between these forces, the report identifies eight global megatrends. These are large, transformative trends that define the present and shape the future by their impact on businesses, economies, industries, societies and individual lives.

When responding to disruption and these megatrends, organizations cannot afford to fall back on old solutions. Embracing creativity, entrepreneurial spirit, diversity and inclusivity will enable businesses to challenge prevailing thinking and create new business models. By building robust and responsive ecosystems and driving collaboration in previously unexpected places, they can meet the evolving demands of customers. Innovative practices such as these will be key to revealing the upside of disruption.

To read more, visit ey.com/GL/en/Issues/Business-environment/ey-megatrends.

Europe attracts record FDI despite shadow of crises

Last year, Europe achieved a record level of 5,083 projects (up 14%) and 217,666 jobs (up 17%) created by foreign direct investment (FDI), according to EY’s Europe attractiveness survey 2015.

This was at a time when Europe was facing the migration crisis, the ongoing tension involving Russia and the Ukraine, Greece’s possible exit from the euro, sluggish economic growth and terrorist attacks in France and Belgium. In part, the numbers reflect the share of capital allocated to developed markets over emerging markets. But they also reflect an increased focus by national policymakers on FDI as a route to economic growth.

Together, the top three countries in terms of FDI project numbers – the UK, Germany and France – account for 51% of all FDI projects and a third of all jobs created, finds the survey. Western Europe continues to dominate FDI projects with a 77% share (81% in 2014). Key FDI destinations, such as Spain, the Netherlands, Belgium and Ireland, all posted positive growth in 2015. But countries in Central and Eastern Europe grew almost four times as fast as their counterparts in Western Europe.

Central and Eastern Europe saw the creation of half of all FDI jobs in Europe, thanks to the strength of the region in manufacturing, which accounted for 69% of the FDI projects in the region. Poland, Russia and Romania achieved the highest number of jobs created.

The report contains insights on digital development, innovation, taxation and the pipeline for future FDI projects. To read more, visit ey.com/attractiveness-europe.
Despite current uncertainties regarding growth prospects in many African economies, it is our view that the longer-term outlook for economic growth and investment in Africa remains positive. The next few years will be tough – partly, even largely, as a result of a fragile global economy. But many African economies remain resilient, with two-thirds of Sub-Saharan African economies still growing at rates above the global average this year. Structural evolution will continue and, when global conditions improve, much of Africa will be well positioned to accelerate the growth momentum once again. We’re excited at the prospect of working with governments and public sector organizations across Africa as they implement their programs and initiatives. Here are some examples of work that EY has been undertaking on the continent.

**Internal audit**

EY has worked with a state-owned utility company in a large west African country. The company required an internal audit to be carried out by an independent consultant for the purpose of compliance and objective reporting. EY assembled a multidisciplinary team that included business risk and technology services
professionals. Our report highlighted system and control weaknesses that were unknown to senior management. EY’s work helped the company to document and standardize business processes and improve operational effectiveness.

**Digital**

The state-owned energy supplier of a country in southern Africa has worked with EY to strengthen its IT delivery capability. The energy supplier required a strategy to inform the standardization and governance of its technology initiatives. EY consulted widely with the executive management and key stakeholders to understand the current state of the business environment. We then designed and delivered an ICT strategy that defined the desired role of ICT, set out the required capabilities and set the direction and timing for future ICT investments. This included an Enterprise Architecture framework that drives business, information systems and technology standards, and a detailed three-year road map to guide business transformation.

**Transformation**

EY was engaged by a power utility in a southern African country to assist with its finance transformation program. The program covered finance, human resources and procurement processes, policies and procedures; controls and reporting; and optimizing the use of SAP. EY helped standardize work processes to eliminate waste; develop enterprise-wide software systems architecture; build competencies in services, engineering, operations, maintenance, outages and capital project management; optimize capital and human productivity; reduce overall operating and capital costs; and establish a platform and culture for continuous improvement.

**Risk management**

A commercial bank in a small east Africa country, with a large government stakeholding, appointed EY to review and update its risk management framework. This was followed by subsequent appointments to develop a financial manual, and review and update operational procedures. As a result, the bank developed frameworks and standard policies that facilitate better management.

Discover more about how EY is working with government and public sector organizations to deliver better services at ey.com/government.

For more information on EY’s government and public sector work in Africa, please contact:

Joe Cosma
EY Africa Advisory Sector Leader,
Government & Infrastructure
joe.cosma@za.eay.com
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