



Government
of Canada

Gouvernement
du Canada

Driving Public Sector Innovation for Impact

The Impact and Innovation Unit
at the Privy Council Office

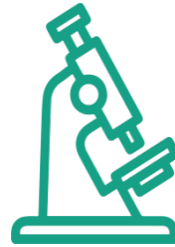


What is Innovation?



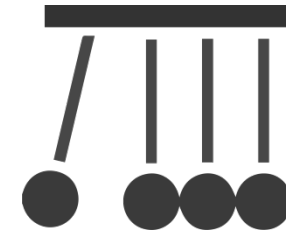
Innovation

Applying new insights, resources or approaches that can be demonstrated to improve outcomes for the public compared to the conventional ways of doing things



Experimentation

Testing new approaches to learn what works and what does not work using a rigorous, ethical, method/design and impact assessment



Impact

Executing on policy objectives designed to improve Canadians' quality of life and being able to demonstrate and measure their effects

Imperative for Public Sector Innovation



“We must equip ourselves with modern tools, processes and organizational structures while stripping away unproductive and unnecessary bureaucracy. **We must be able to measure how we are working and the outcomes we are achieving, so we can learn.** We need to be open to new ideas as we collaborate with communities and Canadians to serve them better.”

Michael Wernick - Clerk of the Privy Council and Secretary to the Cabinet



“Policy development and implementation of policy are unavoidably linked. **Organizations succeed when policy and implementation are linked** through their connection to a shared set of values, and a clear mission or purpose.....What we should be aiming for, rather than a ‘set and forget’ linear approach to policy making and implementing, is a **continuous and adaptive feedback loop between policy design and implementation.**”

Martin Parkinson - Secretary of the Department of the Prime Minister and Cabinet (Australia)



“And what about programs that are managed to accommodate the people running them rather than the people receiving the services? **What about programs in which the focus is on measuring what civil servants are doing rather than how well Canadians are being served?**”

Michael Ferguson — Auditor General of Canada

The Diagnostic

Persistent Problems

Government spending and programs to address **persistent public policy challenges** are not keeping pace with constantly changing environment.

Inconsistent Measurement

Government programs face challenges in implementing standardized, **evidence-based** innovative and experimental **approaches at scale**.

Implementation Gap

Gap between policy development and program **implementation**.

Internal Barriers

Need to **overcome risk aversion** and organizational culture that can inhibit new approaches.

Capacity

Need to develop **modern skillsets** across government to ensure sufficient capacity to execute initiatives that will disrupt traditional ways of working.

Federal landscape that is enabling innovation

Ministerial Mandate Letters

GoC commitment to devote a **fixed percentage of program funds** to experimenting with new approaches and measuring impact

Results and Delivery Agenda

Sustained attention on implementation and being purposeful about **measuring results** and tracking progress

Declaration on Public Sector Innovation

In 2017, Canada's top public servants came together to endorse the **Federal, Provincial and Territorial Declaration on Public Sector Innovation**

Social Financing Strategy/ Innovative procurement

New authorities and enhanced capabilities to pursue **outcomes-based approaches** to both grants and contributions funding as well as federal procurement

Deputy Ministers Task Force on Public Sector Innovation

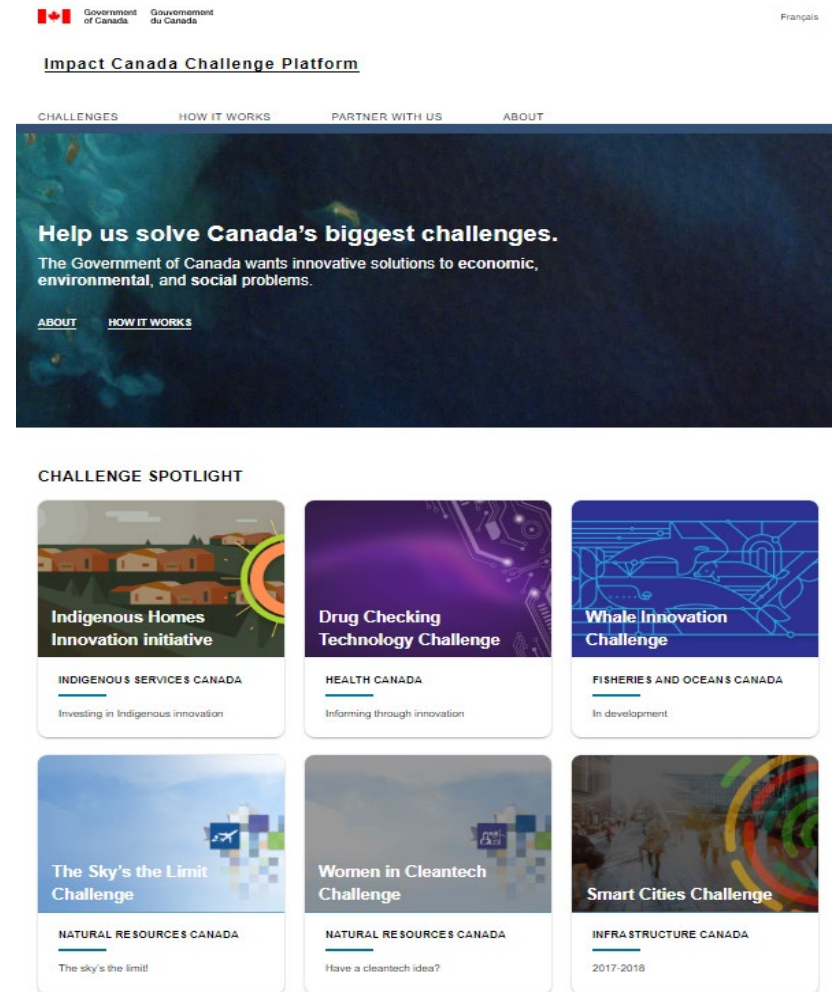
Task Force of senior public servants focused on **government systems transformation** and the application of new technologies to improve practices and processes within departments

Experimentation Guidance

Context and direction for Deputy Heads on how to **implement** the mandate **experimentation commitment**

Impact Canada

- Impact Canada is part of a comprehensive set of initiatives launched by the Government of Canada aimed at **supporting innovation in the economy and in the public sector**
- Horizontal initiative that introduced a **unique governance structure** and **tailored outcomes-based approaches**, like prizes, social impact bonds, and behaviourally-informed interventions to help solve policy challenges
- Supported by a Centre of Expertise in the Privy Council Office's **Impact and Innovation Unit**
- Emphasis on **co-designing** initiatives with stakeholders and citizens, and integrating **impact evaluation** methods



Core Design Elements

- 1** **Horizontal Terms & Conditions for grants and contributions**
with enhanced flexibility for departments to pursue challenges and outcomes-based programming with IIU's advice & support
- 2** **Embedding impact measurement and knowledge sharing**
to build a better understanding of "what works" in advancing solutions to persistent social, environmental, and economic policy issues
- 3** **Impact Canada Challenge Platform:** a common website (impact.canada.ca) for departments to post challenges to open-up the problem-solving process to non-traditional partners (encouraging partnerships with other jurisdictions, as appropriate)

Outcomes-Based Funding Approaches

Outcomes-based funding approaches incentivize novel solutions and shift the emphasis in programs to funding results rather than expenditures linked to outputs

Category	Objectives
Pay-for-Results Funding	<ul style="list-style-type: none">• Align incentives and adjust risk to place emphasis on improving outcomes rather than managing process• Maximize impact of grants/contributions by leveraging private & philanthropic investment
Prizes and Challenges	<ul style="list-style-type: none">• Open-up problem-solving process/crowd-source solutions (e.g., from non-traditional partners)• Create a set of incentives and appropriate prize and challenge structures (e.g., “pure prize”; “stage-gated” models) to accelerate innovations that can achieve impact• Generate innovative solutions to some of the biggest issues that face Canadians and their communities
Enhanced Program and Service Delivery	<ul style="list-style-type: none">• Shift incentives and improve program design and service delivery to enhance uptake and impact using behavioural principles and evidence to existing authorities

Current Areas of Focus

Smart Cities Challenge: Top-20 first round finalists were announced June 1, 2018 and grand prize winners will be selected in 2019 – awarding the best ideas from communities across Canada that improve the lives of their residents through **innovation, data and connected technology**

Clean Tech Impact: Five challenges will be launched in 2018-19 to find breakthrough **technology solutions to support clean growth** and the transition to a low-carbon economy

Responding to Canada's Opioid Crisis: These efforts aim to accelerate action on innovative approaches to **harm reduction and treatment** (e.g. developing challenges to improve opioid testing technology for harm reduction, and developing impact bond concepts for treatment options). The Drug Checking Technology Challenge was launched in October 2018

Current Areas of Focus

Indigenous Homes Innovation Initiative: Improving outcomes through the co-creation of new and meaningful partnership models with Indigenous communities and civil society to **address infrastructure issues** for Indigenous peoples. Challenge to be launched in mid-late November

Whale Innovation Challenge: In partnership with Nesta, a challenge is being designed to accelerate the development of technologies and innovative solutions to **facilitate the real-time detection and location of whales** (i.e. to help protect endangered species like the North Atlantic Right Whale and Southern Resident Killer Whales in Canadian waters)

Improving Canada Learning Bond Outcomes: Using experimental approaches and exploring FinTech solutions informed by behavioural insights to boost uptake for and access to the Canada Learning Bond – a grant designed to **help lower-income families save for post-secondary education** (e.g. college, university, apprenticeships)

Key Take Aways

Times are changing: Society is changing rapidly and government approaches to address societal challenges (including key enabling functions) also needs to change.

You are a strategic partner: Experimental approaches will require strategic input from the finance function throughout the design process. Take on the challenge and help find the solution!

You will need to challenge the status quo: Innovation and experimentation does not always fit within existing departmental financial processes. Be flexible, redesign internal processes, and re-evaluate risk all while ensuring legal and policy requirements are satisfied.

You are critical in supporting a culture of experimentation: Be open to new ideas, mistakes are inevitable and an opportunity to learn, experimentation and innovation goes beyond just program delivery.



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