MacDonald Room, 10.15-11.00

Results and Delivery in the Science Eco-system

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AESIS

Driving Public Sector Innovation for Impact
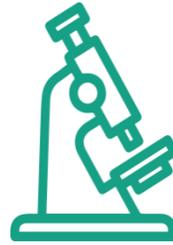
The Impact and Innovation Unit
at the Privy Council Office

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
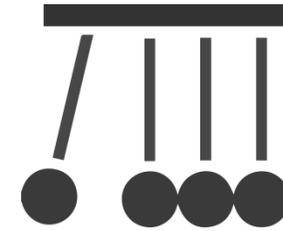
Impact

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

Federal Provincial Territorial Declaration On Public Sector Innovation

> To achieve meaningful and lasting results for the people we serve, governments need to work in new and inventive ways with a greater focus on what works and what doesn't. Innovation can do more than just drive strong economic growth. It has the potential to solve the big challenges that we face as Canadians.

The Diagnostic

Persistent Problems

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

Implementation Gap

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

Capacity

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

Inconsistent Measurement

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

Internal Barriers

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

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

Experimentation Guidance

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

## 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.

Announcing Impact Canada

BUDGET 2017

- Horizontal initiative that applies innovative programming approaches to improve social, economic, and environmental outcomes in top-priority areas

- Led by the new Impact and Innovation Unit (IIU) in the Privy Council Office

- Partners with departments and stakeholders to apply new funding models to solve policy challenges

Grounded in Best Practices

UNLOCKING
INNOVATION TO DRIVE
SCALE AND GROWTH

ADVISORY COUNCIL ON ECONOMIC GROWTH
February 6, 2017
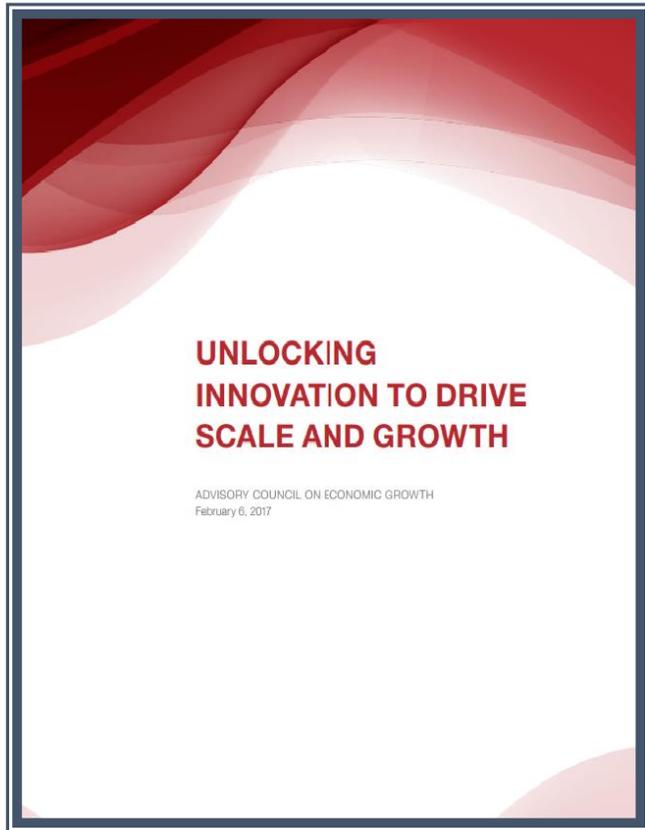
The Government of Canada should use "challenge-based or outcomes-based funding models to foster cross-sector collaboration and reward results."

The Advisory Council on Economic Growth's Second Report to the Minister of Finance (2017)

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)

Role of the Privy Council Office's Impact and Innovation Unit

We provide advice to departments to help design programs and projects that use novel and innovative funding approaches. Our staff draws on its experience in the following areas:

Innovative Funding and Partnerships

Experience in developing social impact bonds, impact investing and other multi-stakeholder partnerships, and launching large-scale challenges to crowd-source solutions from non-traditional partners

Impact Measurement

Experience in working with partners to co-develop evidence-based approaches that use leading-edge evaluation and impact measurement methods to demonstrate the achievement of desired outcomes

Behavioural Insights

Experience in supporting the application of behavioural science to policy development and running both small and large scale experiments in support of core government commitments

Innovative Funding Approaches:
A brief overview

Category	Objectives	Applications
Innovative financial instruments for public good e.g., blended/social finance, shared-value, impact investing)	• Maximize impact of grants by leveraging private investment • Help shift private capital to address market gaps • Create enabling infrastructure to support new market actors	• Special purpose vehicles to target social & environmental benefits • Risk mitigation/return enhancement mechanisms • Measures to allow and support new fields (e.g., policies, incubators)
Pay-for-results funding and competition – based awards	• Open-up problem-solving process/crowd-source solutions (e.g., from non-traditional partners) • Align incentives and adjust risk to place emphases on improving outcomes rather than managing process	• Prize and challenge funds ("pure prize"; "stage-gated" models) • Milestone-based contributions; financial instrument with returns linked to performance (e.g.Impact Bonds)
Enhanced program delivery	• Shift incentives and improve program design and administration to enhance uptake and impact	• Incorporation of behavioural and user-centric design principles into programs and aligning funding • Micro-grants (up to $25,000)

Smart Cities Challenge

Overview of the Challenge

- Focused on helping communities in Canada of all sizes improve the lives of their residents through infrastructure projects that incorporate innovation, data and connected technology

- Delivered by Infrastructure Canada.

Key Elements of the Challenge

Open challenge using a stage-gated approach

$300 million
over 10 years

Over **$80 million**
In prizes for the first phase
(2017 – 2019)

Potential Solutions
(based on international precedent)

- Deploying smart street lights
- More efficient truck traffic
- Managing extreme rainfall

Eligible recipients

Municipalities
Regional governments
Indigenous communities

Clean Technology Challenges

Overview of the Challenge

- Focused on driving toward new solutions in areas such as climate change, green growth, and applying new technologies to reduce negative environmental impacts

- Delivered by Natural Resources Canada.

Potential Focus

(preliminary concepts)

- Producing bio-jet fuel
- Reducing diesel as power source in remote areas

Series of thematic challenges

$75 million
over 4 years

Open to Canadian and global innovators, according to the parameters of each challenge

Forward Plan

1.

- Smart Cities Challenge launched in November 2017 and first of Clean Technology Challenges in winter/spring 2018

- Engagement with Indigenous Services (Mandate Letter)

2.

Engage with departments, including through DM Task Force on Public Sector Innovation, to discuss priority projects to pursue in 2018-2019

CONNECT WITH US

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Impact & Innovation Unit