



The Innovation System of the Public Service of Canada

Highlights of the 2018
OECD Review



The Innovation System of the Public Service of Canada

Highlights of the 2018 OECD Review



This document contains key highlights of the first OECD review of a national public sector innovation system. The review was undertaken by the Observatory of Public Sector Innovation within the Public Governance Directorate of the OECD, and was supported by the Impact and Innovation Unit within the Privy Council Office and by Global Affairs Canada of the Government of Canada.

THE CONTEXT

The Government of Canada has sought to develop a culture and practice of measurement, evaluation, and innovation in programme and policy design and delivery. Ministers have been mandated to ensure there is experimentation to achieve outcomes, senior-level bureaucrats have been directed to explore and engage with innovation, and there is co-ordinated support for the development of innovative

approaches to deliver on government priorities. As part of this agenda of experimentation and learning, the Impact and Innovation Unit (IIU) within the Privy Council Office (PCO) collaborated with the OECD's Observatory of Public Sector Innovation (OPSI) to explore and understand how a systemic approach to innovation can be supported in the Government of Canada.

WHAT IS INNOVATION?

Innovation is the process of implementing novel approaches to achieve impact. As innovation is about novelty, what it is or looks like depends upon the context in which it is being examined. In the Canadian context, some of the shared sentiments about what innovation means revolve around it being:

- A means for creating options and solving problems
- A means for achieving outcomes for Canadians
- Work that involves a focus on impact and measurement
- A process that involves new ways of thinking and questioning of, or reflecting on, the current state.

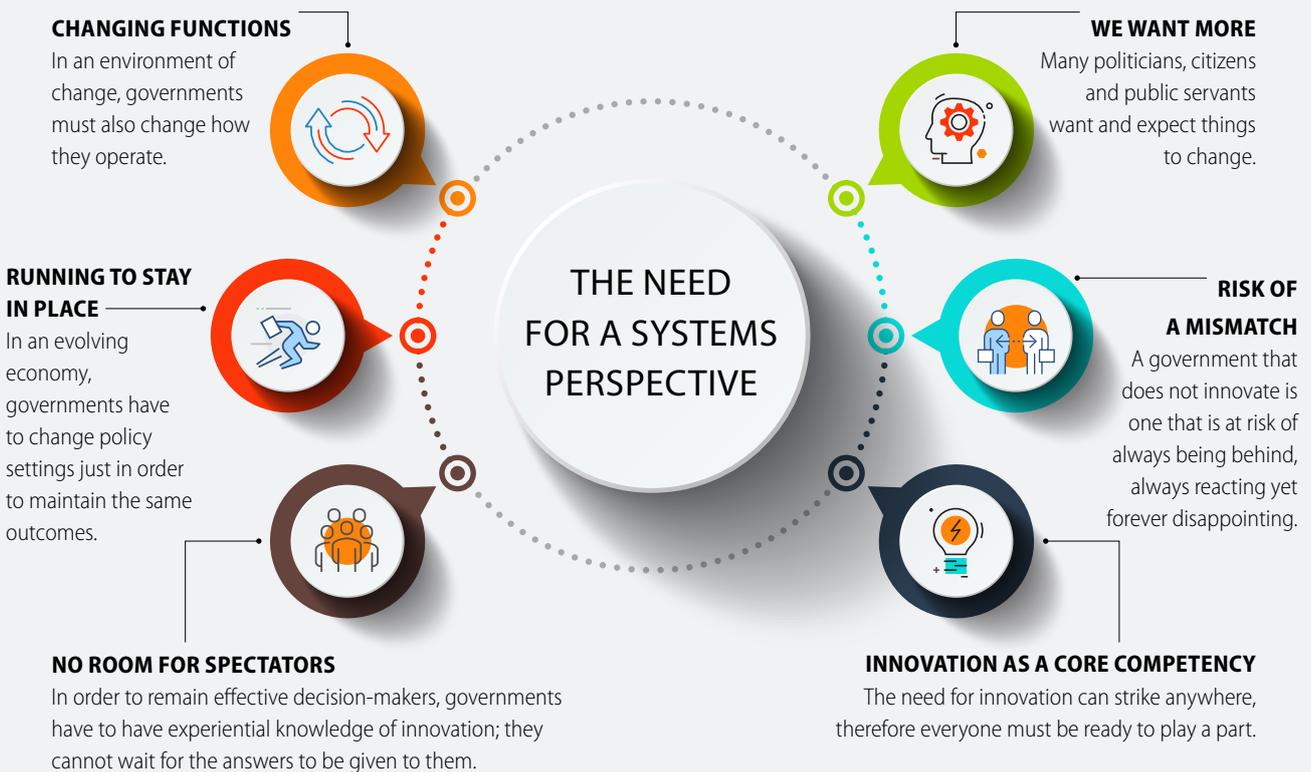


THE ISSUE

The Government of Canada, like others, is confronted with a complex array of interconnected problems, increased citizen expectations, and fiscal constraints. Technological, geopolitical, economic, social, and environmental changes mean that the operating context for the public sector

is changing dramatically. In this context, the default assumption should not be that existing policies and programmes are still the most suitable or effective for today, or that they will suffice for the challenges and needs of tomorrow.

Governments operate in an environment of increasing change. This requires moving innovation from the sporadic to the systemic. Innovation needs to be a resource that governments can reliably and consistently draw on. The following are some of the key drivers for change.



This environment demands more than occasional flashes of innovation; it demands more discipline, more routine, more reliable and more consistent innovation. Yet such innovation will not arise if there is a reliance on sporadic and disconnected activity driven by isolated priorities or by crises that necessitate change. Canada needs innovation to become part of the core business of government, so that it can be drawn upon when and

as needed. For this to happen, a systemic approach to public sector innovation is required, one that appreciates the fundamental drivers for innovation. By introducing such an approach, the Canadian public sector will be able to be confident in its abilities to consistently and reliably develop and deliver novel solutions for government priorities that meet the existing and emergent needs of citizens.

A HISTORY OF INNOVATION

The Government of Canada starts with a strong history and culture when it comes to innovation, thanks in part to having strong support over time from senior leadership. This practice continues in the present, and the review examined a number of recent cases of public sector

innovation, ranging from the very practical to the more radical, demonstrating that there is a continuing interest in, and capability for, innovation.

BOX 1. SOME INNOVATION HIGHLIGHTS FROM THE PUBLIC SERVICE OF CANADA

Impact Canada Initiative

The Impact Canada Initiative is a whole-of-government effort that helps departments to accelerate the adoption of outcomes-based approaches to deliver meaningful results to Canadians. It provides a prominent example of efforts to highlight the need for and value of innovation in achieving government priorities. The Initiative is working on matters including:

- A Smart Cities Challenge to empower communities to improve the lives of their residents
- Clean Tech Impact, seeking breakthrough technology solutions to support clean growth and the transition to a low carbon economy
- Responding to Canada's opioid crisis, to accelerate action on innovative approaches to harm reduction and treatment
- Improving Indigenous outcomes, to improve service delivery through the co-creation of new and meaningful partnership models with indigenous communities and civil society.

Office of Energy Efficiency Social Innovation Lab

The Social Innovation Lab within the Office of Energy Efficiency (OEE) at Natural Resources Canada works to co-create service transformation by applying new policy methods and approaches. The lab avoids putting a methodology at the centre of its work, and instead places a lot of emphasis on the "human" element and understanding the context, the relationship and how the lab can best add value. Only through understanding the people involved and the context can the lab's team begin to understand the needs and then the possibilities for change. Among its projects, the lab has:

- Worked to engage Canadians through their smartphones on energy efficiency awareness and action
- Taken a cross-jurisdictional approach to improving the uptake of EnerGuide labelling and reporting in the housing sector
- Worked to improve awareness and uptake of fuel-efficient vehicles.

Free Agent Programme

Free Agents are people within the Public Service of Canada who possess successful innovator and problem-solver attributes, and wish to work in a project-based manner. They are able to choose their work and undertake project-based opportunities across the Public Service. They have the freedom to select work that matches their skills and interests which allows them to make a contribution that they find meaningful.



In addition, it is apparent that there has been a long-standing awareness and appreciation for the need for innovation. Statements from the successive Clerks of the Privy Council (the Head of the Public Service of Canada) have continually spoken about the circumstances and drivers that require a more sophisticated and developed approach to innovation.

Under the influence of several significant trends – globalisation, new information technologies, fiscal pressures and the changing fabric of society – governments are confronted by ongoing changes to their political, social and economic environments. Because of the sweep of their impact and the type of change they represent, these trends are forcing governments to redefine the way they interact with citizens and even the organization of political systems. (Bourgon, 1995)

Values endure, but our world is changing. Wherever you work in the Government of Canada today, you can feel the forces compelling change in the Public Service: the recent financial and economic crisis, and the Government’s response; the demographic

transition occasioned by retirements and the arrival of a new generation of public servants; the growing diversity of our workforce, reflecting an increasingly diverse Canadian population; and, the revolution in technology that has made the Internet a primary working tool and the BlackBerry a near-universal way to connect with others. The cumulative impact to date has been profound, and these forces will continue to have an effect on the Public Service for many years to come. (Wouters, 2010)

Over the last thirty years there have also been numerous initiatives undertaken to help support or foster innovation in (or with) the civil service, including the introduction of innovation awards, attempts to reduce the barriers and hurdles to innovation, the introduction of new innovation tools and structures, and most recently the establishment of a structural driver for innovation (the experimentation mandate commitment and supporting directive).

In summary, the Public Service of Canada has a long history of innovation. It also has a lengthy tradition of engaging with active efforts to foster, support and stimulate innovation.



STILL FURTHER TO GO

Accompanying this history of innovation, however, has been an ongoing recognition that the Public Service of Canada needs to continue to adapt and be responsive. Clerks have consistently identified the need to go further.

We have begun the transformation to a modern, people-centred Public Service of Canada, one which is more flexible and responsive, adaptive and innovative. But the transformation is taking place too slowly. Current laws, rules and structures for managing people in the Public Service are neither flexible nor responsive enough to allow us to compete for talent in a knowledge economy. As well, the industrial era mindset and culture is still alive in many parts of today's Public Service. (Cappe, 2001)

To meet the rising expectations of Canadians, we need to accelerate the pace of modernization and renewal. (Wernick, 2016)

More efforts are also needed to make successful and innovative practices the norm. (Wernick, 2017)

There is an ongoing awareness that more innovation is required; that previous efforts to encourage, allow and support innovation have not been enough; and that many public servants also actually want to innovate. The Public Service of Canada has had, and continues to have, both an *expectation* and a *desire* for more innovation, as a means to achieve better results, meet rising expectations and to continue to be a Public Service that strives for excellence.

DEVELOPING A SYSTEMIC APPROACH TO PUBLIC SECTOR INNOVATION

Innovation is inherently complex, varied and cannot be understood or supported through any one single approach. There are no easy answers or ready-made solutions. The ongoing attention and myriad efforts of various governments, including the Government of Canada, illustrates this point – if someone had mastered it, it is likely that others would have followed.

The challenge of supporting public sector innovation at a system level is further exacerbated by the lack of existing relevant guidance in a public sector context, with most



resources aimed at individual practitioners or viewed through an individual organisation lens. Further, most of the existing innovation system models are derived from private sector practice, which cannot be assumed to be relevant or appropriate for the differences inherent in the public sector context.

If governments are to avoid piecemeal responses that address symptomatic issues, then a model to inform a systemic and systematic approach is needed to support innovation (i.e., one that allows for delivering on today, delivering for tomorrow and ensuring innovation readiness).

LEARNING FROM THE CANADIAN CONTEXT

In order to build a model, it is first necessary to truly understand the lived experience of public sector innovation and what factors are shaping the innovation system. The review involved extensive research and engagement with actors from across the Canadian civil service.

In summary, the review found that there is considerable activity taking place, supported by many passionate people trying to achieve better outcomes for Canadians. However, the overall picture of the public sector innovation system shows that it is still relatively fragmented, in that most actors are experiencing the same

system in different ways. There is a lack of consistency in how innovation is understood as a concept, a process and an outcome. While there has been a notable rise in the sophistication and co-ordination of activity, this has yet to broadly penetrate the core operations of government.

The review arrived at four major understandings concerning the lived experience:

1. While increased attention has been paid to innovation, the Public Service's relationship with innovation is still unsure and there is uncertainty about the nature of this relationship (e.g. the role and place of innovation).
2. Innovation is happening across the Public Service, however it is often a by-product of other processes or of determination on the part of particular individuals, rather than the quality or merit of an idea, or the underlying need for innovation.
3. While government is changing how it operates, there is a mismatch at present between what can be done inside and outside of government, risking a public service that becomes unsuited to its context.
4. The practice of innovation has developed significantly, however it often remains a marginal activity and is not viewed as part of core business or the way that things are done.



INTRODUCING A NEW MODEL FOR PUBLIC SECTOR INNOVATION

Building on the four understandings reached about the nature of public sector innovation systems, four factors are identified for consideration:

- **Clarity** – is there a clear signal being sent to system actors about innovation and how it fits with other priorities?
- **Parity** – does innovation have equal standing with other considerations when it comes to proposed courses of action?
- **Suitability** – are the capabilities, systems and infrastructure appropriate and sufficient for the available options?
- **Normality** – is innovation seen as integral, rather than as an occasionally accepted deviation from the norm?

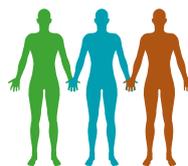
Combined with existing research and previous OECD work, this provides a model for understanding the fundamental drivers of public sector innovation at the levels of the individual, the organisation, and the system.

This model helps illustrate the importance of supporting innovation at the system level. It suggests that where the focus of innovation is not at the system level (i.e. not at the level of intersecting activity and processes across multiple organisations, actors and structures), then it will fall to organisations.

In other words, if the innovation system is not sufficiently developed and innovation is not guided at a systemic level, the locus of innovation activity will lie with organisations, which are unlikely to have the necessary whole-of-system perspective to ensure the right overall level, nature and impact of innovation. Where organisations lack sufficiently developed innovation processes, the responsibility (or rather, the burden) of innovation falls to individuals. Where this occurs, innovation will effectively be driven by and dependent upon the needs, beliefs, opportunities, abilities and lessons of individuals.



Individual



Organisation



System

	Individual	Organisation	System
Reason for innovation	Motivation to innovate	Problem identification	Clarity about innovation
Possibility for innovation	Opportunity to innovate	Ideas generated Proposals developed	Parity of innovation
Capability for innovation	Ability to innovate	Project implementation	Suitability for innovation
Experience of innovation	Learning from innovation	Evaluation Lessons diffused	Normality around innovation

This is a recipe for relying on innovation as a sporadic and spontaneous activity driven by external events, rather than one that is systemic and systematic and driven by collective needs and goals. If the public sector is to have a sustainable approach to innovation, then it must look to the system elements.

APPRAISING THE INNOVATION ACTIVITY OF THE PUBLIC SERVICE OF CANADA

Given current activity across the civil service, the following broad assessments can be made against the four elements of the model:

- **Clarity:** Important steps have been taken that are contributing to a stronger sense of clarity about innovation and its importance. However, there is less clear evidence that these steps will be sufficient in order to help fully integrate innovation into the broader 'story' of the Public Service of Canada and how people understand it.
- **Parity:** Significant efforts have already been made in regard to parity, and these should be recognised (and learned from). More might need to be done to raise awareness of what is now possible, in order to combat legacy perceptions and defaults that presume something cannot be done. In other respects, there is still opportunity to do more to help challenge the dominance of the status quo in terms of what is considered possible/appropriate.
- **Suitability:** In many ways, the issue of suitability is the area where the least is known about what works, and thus what needs to occur. The activities already underway may be sufficient, but this is an area that will need to be observed and tracked over time to see whether sufficient steps are being taken.
- **Normality:** This is an area where central initiatives can set the parameters/provide the license, but much of the responsibility will need to be reinforced across the system, in different agencies and by different actors. Various elements are in place, but their effectiveness will need to be observed over time.



A LOOK AT DIFFERENT SCENARIOS

Many of the developments within the system (e.g. the Impact Canada Initiative) are quite recent. The system is evolving quickly and there is significant uncertainty about how things will play out, as much remains to be learnt about the system and what works. Given this, there are limitations to what an overview of the system, taken at one particular time, can teach about what needs to happen next.

Given this, the system is considered through three differing scenarios to examine different pathways that the system could move along.

- **Scenario Zero** explores the current ability of the system itself under the existing reality, if nothing additional happens (i.e. the system continues on from the existing starting point).
- **Scenario One** proposes some key policy changes within established functioning areas of government and explores the extent to which they can correct and improve the public sector innovation system (i.e. additional interventions are made to the system).
- **Scenario Two** builds a narrative around a total system transformation with a radical change process and vision for the future, as well as a potential upgrading of the overall system in terms of public sector innovation (i.e. radical changes are made to the system).

The aim of the scenarios is to provide clues about important drivers of change, early warning indicators and strategies that may be robust enough to deliver in the face of future challenges. None of the scenarios are intended as predictions or prescriptions, but are instead prompts to think about the future direction of the system, designed to challenge existing, often unstated, assumptions about how events will play out.





MOVING INNOVATION FROM THE SPORADIC TO THE SYSTEMIC

In a dynamic innovation system, there will always be new “problems” or factors impacting the ability to consistently and reliably draw on innovation as a resource. As soon as one problem is tackled, another weakness with the innovation system will reveal itself or unintended side effects will emerge, as the performance of the system will always be limited by its weakest link(s). Given this, a traditional central command and control approach of identifying and responding to each problem in turn is both unsustainable and infeasible.

Rather, the underlying drivers and factors for innovation need to be understood, and this act of understanding needs to involve a wide range of actors within the system, so that as and when issues arise, they can be collaboratively responded to in a more decentralised but still collective fashion. Not everything will need to be signed-off on from the “top” – a true bias to action can only be enabled if there is a collective sense of what is needed.

The ability for this to happen, however, will be limited by the extent to which there is a collective vision and purpose for the system, and one that has wide buy-in. In the absence of such a vision, the system will continually fragment, as sub-parts of the system, organisations or individuals respond to its more immediate needs. Individual and organisational priorities, which by definition will be divergent, will dominate over system-wide priorities.

Given this dynamic, it is not the aim of this review to provide discrete static recommendations that may (or may not) be enacted, and that would regardless soon be overtaken by events and thus no longer reflective of the context, or suitable. There is no single prescribed state for the innovation system of the Public Service of Canada; therefore, there is no one set of answers for what needs to be done. There can only be guidance.

An innovation system is made up of many parts and contributed to by many actors. While the Impact and Innovation Unit within the Privy Council Office plays an important role, the success of the innovation system – i.e. its ability to consistently and reliably develop and deliver innovative solutions to meet the goals and priorities of the government – will depend on collective effort, involving action from different actors at the individual, organisational, and system levels.

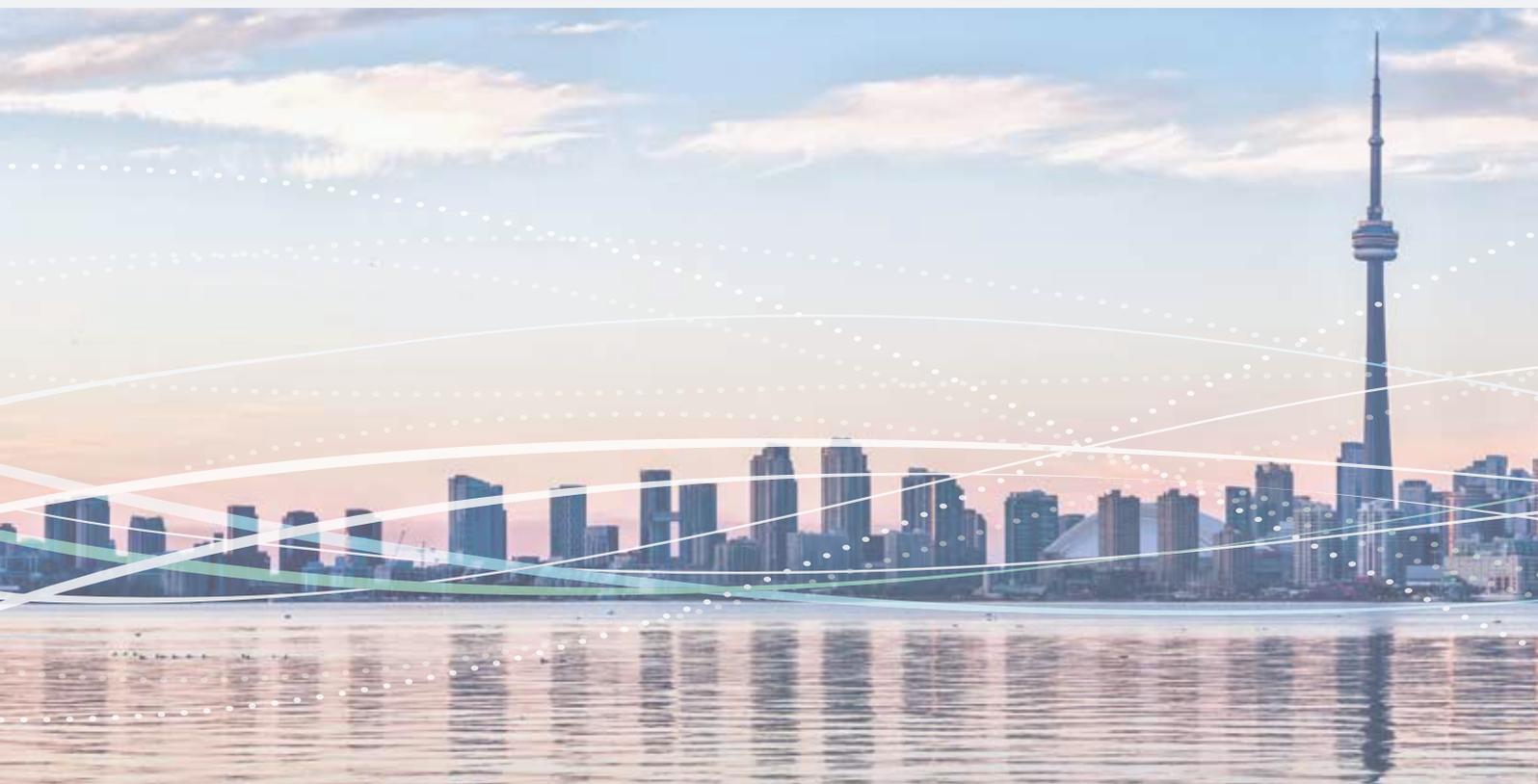
While a range of opportunities are put forward, the aim of this review, and the guidance included within it, is to help provide a reflection of the system so that all actors can see themselves within it. This can provide a contribution to the ongoing discussion and deliberation about what the collective aim for innovation is within the Public Service of Canada, and how everyone can play a part, and be supported in that. This will help the Government of Canada to achieve the best outcomes that it can for Canadian citizens.

KEY AREAS OF OPPORTUNITY

The following options are not intended as prescriptions, but rather as starting points for discussion about how to best support the evolution of the system to help deliver on the expectations of the Government (and citizens) of Canada.

Central agencies as stewards

- Develop a living history and narrative of innovation in the Public Service of Canada.
- Formally identify, map or otherwise make explicit the various roles the actors involved play or can/could fulfil in the innovation system, and the different capabilities they are best placed to offer.
- Develop a collective purpose-driven vision for the innovation system, building on the work presented in this review.
- Develop mechanisms (including reporting instruments potentially through a dashboard approach) of key innovation projects and initiatives, to help ensure a balanced portfolio of innovation.
- In conjunction with existing events and activities (e.g. the Innovation Fair, Policy Community Conference, etc.), undertake short exercises to gather a sense of the lived experience of innovation in order to help identify emergent issues or trends in the practice of innovation that might require intervention or monitoring.
- Encourage, support, build on and learn from the areas of strength and positive deviance within the system.
- Recognise and make accessible “day-to-day” stories of innovation.
- Engage with key international partners to aid ongoing learning about the international practice of public sector innovation.
- Building on initiatives such as *Canada Beyond 150*, continue to find ways to provide public servants with greater opportunities to engage in the practice of innovation.



Central agencies as administrators

- Encourage agencies to incorporate innovation as an explicit element in departmental planning and reporting processes.
- Investigate and introduce further structural drivers, similar to the experimentation commitment, which can help mediate or mitigate the structural forces that promote (unnecessary) risk aversion.
- Encourage departments to explicitly identify peer organisations they can learn from/with about keeping pace with external changes.
- Undertake activities (such as scenario-based simulations) to explore potential responses to possible high-profile innovation-related failures that are inherent to experimentation, so as to help ensure that resulting incidents are minimised/contained and do not jeopardise the wider agenda.
- Engage in proactive communication of the work of the Public Service of Canada to help contribute to citizen trust in the public sector, and to ensure that the Public Service is seen as a competitive and interesting employer when competing for skills and capabilities.

Cross-agency leadership

- Formally identify and make explicit the different mechanisms or avenues by which new projects can be undertaken within the Public Service.
- Consider how the changing expectations of citizens can be better understood, and how those insights can be made meaningfully tangible in order to be used as drivers for change.
- Assign clear functional responsibilities to a horizontal structure (such as the Deputy Minister Task Force on Public Sector Innovation), and identify how other parts of the system are expected to support or link into the group and the broader innovation agenda.
- Embed the established rotational basis for the leadership of the Deputy Minister Task Force on Public Sector Innovation and continually rejuvenate the membership to ensure that collective decisions are not unduly shaped by unchallenged conventional assumptions & informal power structures.



Other agencies (both as system actors and as individual organisations)

- Undertake a joint exercise to contribute to building a renewed narrative of how the Public Service of Canada sees itself and its innovation journey.
- Identify how the innovation agenda, and its intersection with other existing agendas of the Public Service of Canada, can be better communicated, including to external actors.
- Investigate the potential for more open and deliberate processes, such as explicit mechanisms of challenge, which would allow for unexpected issues to be identified and considered.
- Encourage existing communities of practice or cross-agency networks to identify their role, if any, in surfacing ideas and issues that might otherwise be likely to encounter bottlenecks.
- Facilitate the finding of allies/building of coalitions around emergent issues, particularly at a cross-agency level.
- Concretely connect innovation efforts with explicit aims and strategic interests, in part to try and avoid unnecessary innovation theatre, including through agency planning and prioritisation.
- Identify the organisation's relationship with the broader innovation system and consider what roles are wanted in the system (e.g. acting as a source of excellence in a particular methodology, engaging with particular disruptive technologies, exploring particular methods of delivery), then reflect on whether existing decisions and priorities align with them.
- Make innovation explicit in performance management, with a positive failure component, and steward and evaluate the practice.
- Assess whether existing practices and processes contribute to responsibility for innovation residing at the individual level, or whether the organisation helps contribute to a collective innovation process that is informed by more than immediate organisational priorities.

Senior leaders

- Ask to be surprised – encourage staff, through whatever means deemed most appropriate, to provide briefings or advice about new things that are either being done in the agency or that have been identified as potentially impacting the work of the agency, and that you would not be expected to know about.
- Invite in esteemed external stakeholders or experts to share leading edge developments in other sectors or similar organisations, and then ask for specific proposals from staff about how such experiences might be relevant to the agency.

Middle managers

- Ensure that your appetite for risk is clearly communicated and clarify what can be done without the need for permission.
- Request staff to test and workshop innovative ideas and proposals with their peers, so that scarce decision-making time is limited to concrete and tangible proposals.
- Identify and communicate the priority business areas where change is needed and new approaches are sought.

Innovation cohorts (such as GC Entrepreneurs)

- Act as ambassadors for the innovation system review to help socialise its findings, and use that experience to feed in to certain stewardship responsibilities (e.g. mapping of actors and responsibilities).
- Examine additional possible ways to better socialise new technologies (and their implications) within the Public Service of Canada.

Other interested individuals

- Reflect on what innovation means to you and to your work.
- Look for opportunities, small or otherwise, to engage in new practices, to use new methods or tools, or to try different things in your current role.
- Consider how to best access and share learning about innovation.



OPSI

Observatory of
Public Sector Innovation

 **OECD**
BETTER POLICIES FOR BETTER LIVES

ABOUT THE REVIEW

Public sector innovation systems are an area of recent explicit interest, and thus much is still being learnt about them. In order to provide guidance that was grounded both in reality and theory, OPSI had to undertake an exploratory process for this inaugural review of a national public sector innovation system.



From May 2017 to March 2018, the OECD spoke or interacted with almost 200 Canadian civil servants and stakeholders through interviews, online forums or workshops. They described in their own words the nature of the innovation process in the Canadian context, the underlying history, the actors involved and the experience of innovation in the Canadian Public Service.

The review combined this exploratory approach with desktop research and other investigations to build a complete picture of the activity, actors and ambitions involved in innovation. It should be noted that while innovation has been a significant focus in the Public Service of Canada for some time, this attention has been ramped up only recently. Accordingly, a number of relevant interventions are still quite new and cannot be judged until their impacts are observed over a longer timeframe. The aim of this review then is not to critique, but rather to uncover what has happened, and to appreciate the present state of innovation in the Public Service of Canada, why it matters and what it might mean for the future.

It is intended that this inaugural public sector innovation system review will provide a significant contribution to the understanding of such systems, and aid other countries as they navigate their own innovation journeys.

Note: This text is not an official part of the publication *The Innovation System of the Public Service of Canada* (OECD, 2018). Rather, it provides a summary of the main ideas of the report for instructional and communications purposes, and, as such, should not be used as a formal reference or for citation.



OPSI Observatory of
Public Sector Innovation

 opsi@oecd.org

 <https://oecd-opsi.org>

 @OPSIgov