



Innovating to Improve Outcomes for Citizens: the Impact Canada Story

PPX Symposium

May 15, 2019



Government
of Canada

Gouvernement
du Canada

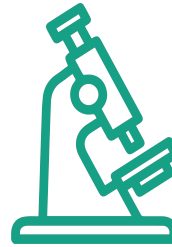
Canada

What is 'Innovation'?



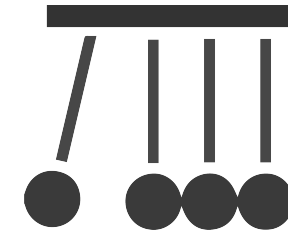
Innovation

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



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**

Institutional Culture

Need to **overcome risk aversion, webs of rules, and other institutional behaviours** that can inhibit uptake of 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**



Introducing Impact Canada

“If we draw attention to a problem that needs solving, communities and innovators can get together and develop solutions that we couldn’t even imagine.

That’s why we launched the **Impact Canada** Initiative earlier this year. This is a new challenge approach that brings together the private sector, small and medium-sized enterprises, innovators, and problem-solvers from all walks of life to compete toward finding better outcomes for Canadians.

This program creates solutions in areas that matter to people — like breakthrough technology to support clean growth and the transition to a low-carbon economy...”

-The Prime Minister of Canada, Boston Globe, May 16, 2018



Policy Objectives

- **Experiment** with new program delivery models and assess whether they deliver better results for Canadians
- Open the problem solving process to a new class of innovators and engage with citizens and non-traditional partners to **co-design solutions** to complex issues
- Build trust that the Government can use **innovative approaches to improve outcomes** on issues that citizens care about
- Drive departments to be more nimble by using flexible rules and applying leading edge evidence to test what works to **deliver more effective programs**

Delivering Meaningful Results to Canadians

- Impact Canada provides a path for departments to pursue outcomes-based approaches that emphasizes accountability, stewardship of public funds, and improving the return on investment of public programs and services. It has built-in features which can be customized to a department's specific needs to implement a solution:

Centre of Expertise in Privy Council Office

- A small team in the Impact and Innovation Unit that works with departments to apply the highest standards of rigour and helps put in place a robust program and service design to support effective implementation - informed by strategic partnerships, international standards and best practices, including a world-class Impact Canada Advisory Committee

Fellowship

- The Impact and Innovation Unit created the Fellowship Program to recruit specialized external talent in support of its work under Impact Canada as part of the government's broader efforts to accelerate the use of novel outcomes-based program approaches. Under the Fellowship, subject-matter experts are recruited and paired with a department or agency in need of expertise in behavioural insights, innovative finance, impact measurement, challenge prizes, or data science

Terms and Conditions (Ts & Cs) for Outcomes-Based Funding

- Offers a flexible, whole-of-government set of Terms and Conditions (championed by the Minister of Democratic Institutions) to allow funding to be linked to outcomes achieved (challenge prizes, pay-for-success) as well as funding rigorous, research-based evaluations (note: where required – not all Impact Canada initiatives require access to Ts & Cs). Departmental Minister and implementing department remain accountable over project's duration

Interactive Digital Platform

Impact Canada provides an interactive and engaging platform to launch Challenges and Initiatives, develop partnerships, interact with stakeholders, and crowdsource solutions from citizens

Federal Partners

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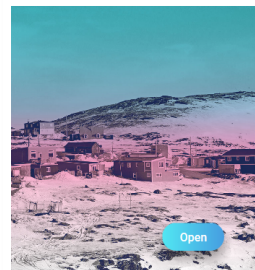
Challenges & Initiatives

12

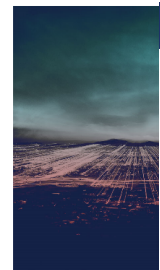
Interactions with Potential Applicants

>1K

*As of April 25, 2019

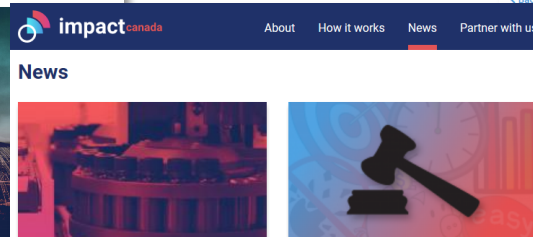


Natural Resources Canada
Indigenous Off-diesel Initiative



Natural Resources Canada
Power Forw Challenge

Challenge Hub



Drug Checking Technology Challenge
Video Blog: The Evolution of a Chall...
January 28, 2019

Drug Checking Technology Challenge
What are we looking for?
January 17, 2019

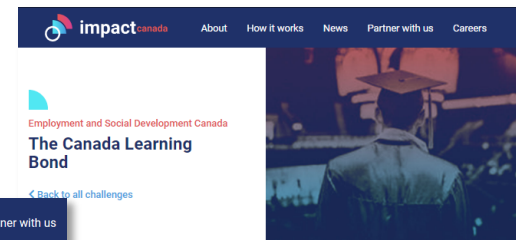


Drug Checking Technology Challenge
What is Drug Checking?
January 9, 2019



Women in Cleantech Challenge
Women in Cleantech Challenge
December 17, 2018

News

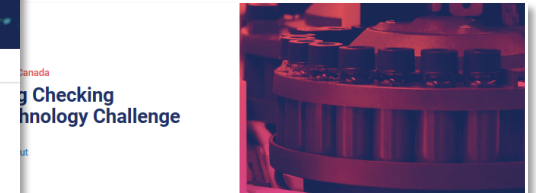


What is the Canada Learning Bond?
Canada Learning Bond (CLB) is an educational savings incentive that helps Canadian families save for their children's education. However in 2016, only about 1 in 3 eligible children registered for the CLB, meaning approximately 1.81 million children able to participate not receiving the bond. Increasing uptake of the CLB, particularly for low-income families key priority for the Government of Canada. Impact Canada, in collaboration with Employment and Social Development Canada (ESDC), has been involved in a series of visual insights projects in response.

City of Toronto
We are working with the City of Toronto to design behaviourally-informed interventions to ease uptake of the CLB. An upcoming trial will test how to augment the role of a principal-level organization in encouraging clients to open a Registered Education Savings Plan (RESP) and receive the CLB. The trial - set to run in January 2019 - will apply behavioural insights to understand how to most effectively leverage this new and innovative touchpoint.

Newborn Bundle
Using off behavioural science research that demonstrates the effectiveness of bundling service offerings, we have partnered with ServiceOntario to pilot a Registered Education Savings Plan (RESP) referral service into ServiceOntario's 4-in-1 Newborn Registration Service. The service allows parents of newborns in Ontario to set up an appointment to open an RESP already using the online service bundle to register their child's birth, request a birth certificate, apply for a Social Insurance Number, and apply for other social benefits. This makes

Canada Learning Bond
Behavioural Insights Trial



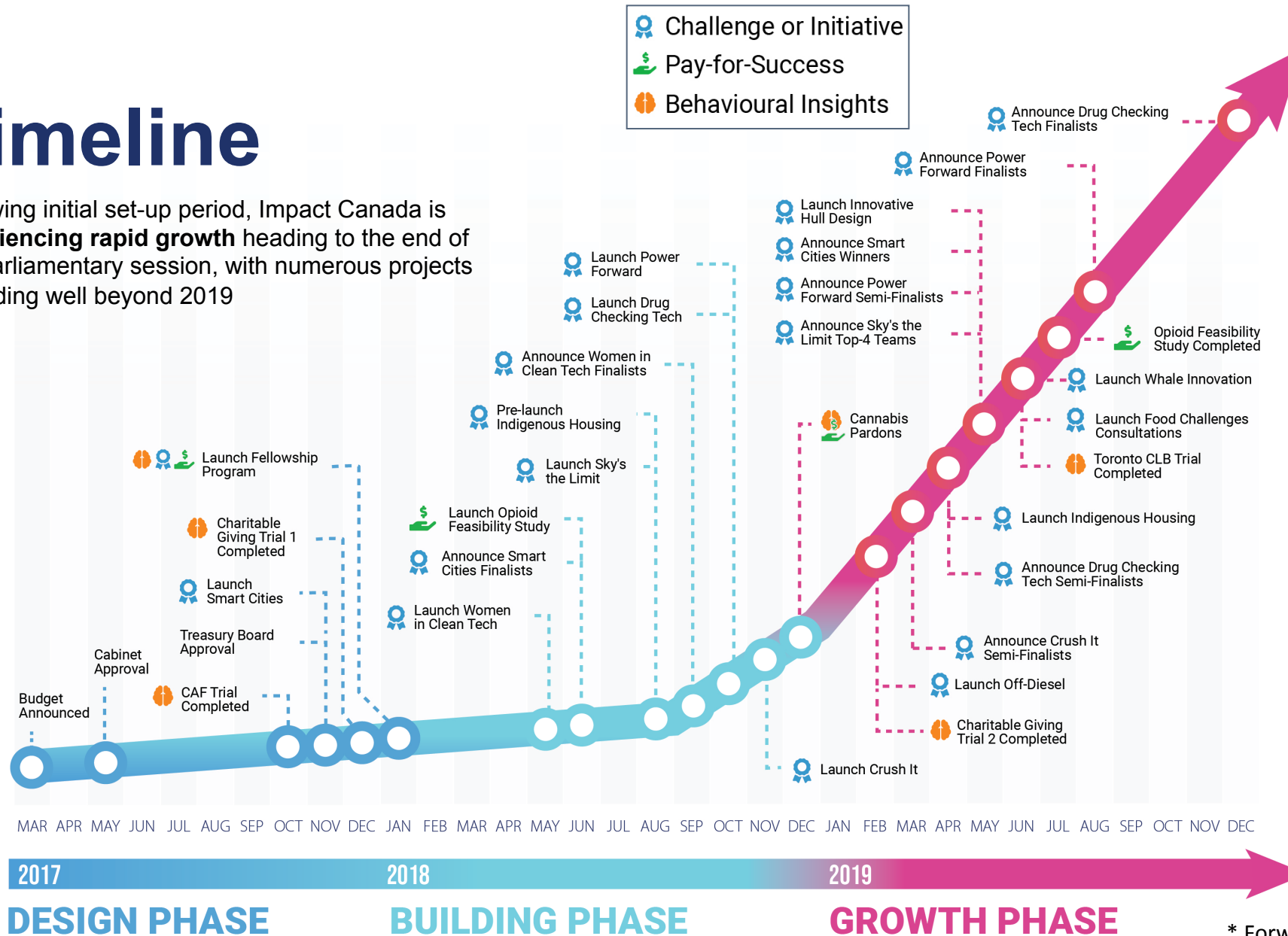
CHALLENGE APPLICATIONS TO REVIEW

DC010.docx	211 KB
DC011.docx	215.5 KB
DC012.docx	210.5 KB
DC013.docx	212 KB
DC013-translated.docx	213 KB
DC014.docx	217 KB
DC016.docx	211.5 KB
DC017.docx	219.5 KB
Applicant-DC018.docx	212.5 KB
Applicant-DC019.docx	216.5 KB

Challenge Juror Portal

Timeline

Following initial set-up period, Impact Canada is **experiencing rapid growth** heading to the end of the Parliamentary session, with numerous projects extending well beyond 2019



LOOKING AHEAD

Announced in Budget 2019

- \$300 Million for **Housing Supply Challenge** with INFC and CMHC
- \$20 Million for **Food Waste Reduction Challenge** with AAFC
- Outcomes-based initiatives to address **Food Security** with AAFC and CanNor under Canada's proposed new Food Policy
- Outcomes-based initiatives as part of the new **Anti-Racism Strategy** with Heritage Canada

* Forward dates based on current best estimates

Our Impact Measurement approach

Are prizes and challenges effective as an instrument?



What are the impacts of Impact Canada supported interventions?



What are the social returns on investments in Impact Canada supported interventions?

- We are developing an Impact Measurement Strategy which covers Impact Canada's core business in an incremental fashion.
- This includes analysis of:
 1. The impacts of prizes and challenges as an instrument;
 2. The impacts of the technologies or interventions that result from prizes and challenges, and other pay-for-success initiatives like social impact bonds.
 3. Social/environmental returns on investment of Impact Canada interventions.

Are prizes and challenges effective as an instrument?

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What are the impacts of Impact Canada supported interventions?



What are the social returns on investments in Impact Canada supported interventions?

- We issue challenges to Canadians and global innovators to generate innovative solutions to some of the biggest issues that face Canadians and their communities.
- They are agnostic about both the ‘solvers’ and the solutions themselves, recognizing that ideas can come from a diverse group of innovators.
- **Do they draw in new solvers, and encourage innovation as we expect?**
- Working with Statistics Canada, we are using unique identifiers like business or charitable registration numbers to link to existing administrative data
- This tells us who challenge participants are, and how they evolve as organizations over time as our challenges unfold. It enables us to compare the characteristics of our participants with a similar ‘matched’ sample of non-participants, giving us a counterfactual scenario.

What are the impacts of Impact Canada supported interventions?

Are prizes and challenges effective as an instrument?



What are the impacts of Impact Canada supported interventions?



What are the social returns on investments in Impact Canada supported interventions?

- Impact Canada is premised on improving outcomes (social, environmental and economic) for Canadians.
- **Do Impact Canada Initiatives (prizes/challenges, pay-for-success) achieve impact in attributable ways?**
- *Measuring Impact by Design* is our guideline for impact measurement which provides an overview of methods (experimental and quasi-experimental) which can be used for rigorous impact measurement.

What are the “social returns on investments” in Impact Canada supported interventions?

Are prizes and challenges effective as an instrument?



What are the impacts of Impact Canada supported interventions?



What are the social returns on investments in Impact Canada supported interventions?

- Innovation is about more than creating economic benefits. It can also create public (social, environmental) value.
- In the longer term, Impact Canada will support analyses to understand the social returns on investments in interventions.
- **Do Impact Canada supported interventions generate positive social, environmental and/or economic returns?**
- Advances in thinking about how to quantify and assign value to intangibles like social or environmental outcomes provide opportunities to improve cost-benefit and social return on investment analyses.

Measuring Impact by Design



- ***Measuring Impact by Design*** is our guide for impact measurement, published in April 2019.
- Intended for non-specialist policy and program staff, the guide describes in an accessible way:
 - Key concepts related to impact measurement;
 - The main set of impact measurement methods.
- It establishes a basic standard for impact measurement that supports our growing portfolio of pay-for-success projects under Impact Canada.

Key Lessons Learned from Stakeholders

- **Impact Canada's focus on partnerships leads to innovative collaborations:**

“WestJet is proud to support The Sky's the Limit Challenge and the Cross-Canada Flight Competition, bringing together innovators, industry and government to work together to develop cleaner, affordable biojet fuel to help our industry continue to reduce its carbon footprint” (*Westjet, Impact Canada Sky's the Limit Challenge/Natural Resources Canada*)

- **Outcomes-based projects and the Impact Canada platform enable efficient program delivery:**

“The [challenge is] not full of red tape... I think the Minister took a really good approach” (*Steve Cody via CBC, chair of selection committee for Impact Canada Drug Checking Technology Challenge/Health Canada*)

- **Federal leadership on citizen-centred program design can foster experimentation across Canada:**

The Smart Cities Challenge is a “catalyst to help drive innovation” and is helping to “develop a culture of innovation in our cities” (*J.W. McConnell Foundation article discussing Impact Canada Smart Cities Challenge/Infrastructure Canada*)

- **Behavioural insights research is helping build an evidence-base for what works in improving outcomes for Canadians:**

“Behavioural insights can help us understand why people give, and how we can apply that knowledge to encourage a culture of giving in Canada. Experimenting with new strategies – and testing them in the field – is work that the Rideau Hall Foundation is proud to support in partnership with Impact Canada” (*Teresa Marques, President and CEO at Rideau Hall Foundation*)

Key Lessons Learned on Implementation

- Impact Canada is helping the Government to **build the evidence base and strengthen efforts to improve program results**, support broader systems change, and promote engagement with stakeholders and other governments. A strong appetite exists to co-create experimental delivery models. Key lessons learned include:
- **Early engagement with PCO Centre of Expertise is critical:** The PCO Centre of Expertise brings needed value to program design
- **Building effective implementation teams is essential:** Departments should have an appropriate level of dedicated analysts working on initiatives to more effectively identify problems, work towards solutions, and learn over time. Dedicated program stream delivery teams have proven successful (e.g. Natural Resources Canada, Infrastructure Canada)
- **Investing in training and skills building within departments builds long-term capacity:** While not every public official needs to be well-versed in outcomes-based programming, hiring and investing in skills development within Impact Canada partner departments will be critical to allow the PCO Centre of Expertise to more efficiently allocate its time
- **Building in behavioural approaches from the start:** An understanding of human behaviour should be incorporated in program and policy design in order to ensure that public policy outcomes and return on investment for taxpayer funds are maximized

Spotlight: Smart Cities Challenge

- Impact Canada allows departments to experiment with innovative funding approaches in two main ways – to set up a “program stream” to manage an ongoing innovation program/fund, or to run “individual projects” to access its Terms and Conditions to test an innovative approach within existing programs

Current Program Streams

- **Smart Cities Challenge Program Stream:** A ten-year, \$300 million Impact Canada program stream designed (in partnership with PCO) and delivered by Infrastructure Canada. Designed to be rolled out in three rounds so lessons learned can be incorporated into future phases

Top-20 first round finalists were announced June 1, 2018 and grand prize winners will be selected on May 14, 2019 – awarding the best ideas from communities across Canada that improve the lives of their residents through **innovation, data and connected technology** (options are currently being considered for the launch of the second competition)

Spotlight: Clean Tech Impact

- **Clean Tech Impact Program Stream:** Five challenges have been launched between 2018 and 2019 designed (in partnership with PCO) and delivered by a dedicated implementation team at Natural Resources Canada to find breakthrough **technology solutions to support clean growth** and the transition to a low-carbon economy:
 - **Women in Clean Tech Challenge:** Incubating clean tech businesses led by women entrepreneurs
 - **Sky's the Limit Challenge:** Producing biojet fuel and powering a low-carbon cross-Canada flight
 - **Power Forward Challenge:** A joint Canada-UK prize to design better and smarter power grids
 - **Crush-It Challenge:** Improving crushing and grinding process in mining to reduce pollution
 - **Indigenous Off-Diesel Initiative:** Reducing reliance on diesel as a power source in Indigenous remote communities

Spotlight: Canada Learning Bond

- Impact Canada also works to enhance existing programs and services using outcomes-based methods like the application of behavioural insights
- For example, under Impact Canada, the IIU is using experimental approaches and exploring solutions informed by behavioural insights to **boost uptake for and access to the Canada Learning Bond (CLB)** – a grant designed to **help lower-income families save for post-secondary education** (e.g. college, university, apprenticeships) through Registered Education Savings Plans (RESPs):
 - **‘Nudging’ through ESDC Communications:** The IIU has applied behavioural science principles and experimental methodologies to maximize the effectiveness of ESDC’s letters to eligible primary caregivers. The randomized controlled trial found that the addition of a mock cheque or a checklist of steps increased take-up by 15-20% compared to the standard letter alone
 - **Bundling with Government Services:**
 - Partnering with ServiceOntario, an RESP referral service has been added to the Ontario Birth Bundle service. As a result, approximately 70-75% of new parents are taking advantage of this service
 - Partnering with the City of Toronto, the IIU is testing various interventions aimed at increasing CLB uptake among the city’s social assistance recipients. Results to follow in Summer 2019

Current Areas of Focus: Social

- **Responding to Canada's Opioid Crisis:** In partnership with Health Canada, PCO is working on projects to accelerate action on innovative approaches to **harm reduction and treatment** – including launching a Drug Checking Technology Challenge in October 2018 to improve opioid testing technology for harm reduction, and developing pay-for-success approaches for treatment options (feasibility work to be completed June 2019)
- **Indigenous Homes Innovation Initiative:** In partnership with Indigenous Services Canada, PCO is working on a challenge prize to improve outcomes through the co-creation of new and meaningful partnership models with Indigenous communities and civil society to **address infrastructure issues** related to housing

Current Areas of Focus: Environment

- **Whale Innovation Challenge:** In partnership with Fisheries and Oceans Canada, PCO is supporting the design of a challenge prize 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 support more effective solutions for marine vessel and fisheries restrictions)
- **Improving Hull Design of Fishing Vessels:** In partnership with the Atlantic Cooperation and Opportunities Agency and the National Research Council, PCO is helping design a challenge prize to encourage Atlantic innovators to design hulls for fishing vessels that can **improve fuel efficiency** and reduce GHG emissions per nautical mile travelled



Areas of Growth

- PCO is engaging with a range of Government of Canada departments on implementing Budget 2019 announcements and is exploring preliminary concepts for other potential Impact Canada projects to address top Ministerial priorities

Budget 2019 Announcements Under Development

- The **Housing Supply Challenge** with CMHC and INFC
- The **Food Waste Reduction Challenge** with AAFC
- Outcomes-based initiatives and behavioural insights approaches to address access to **perishable foods in the north** with a number of partner departments under Canada's proposed new Food Policy
- Outcomes-based initiatives as part of the new **anti-racism strategy** with Heritage Canada, to be supported by behavioural insights approaches

Annex A: Made in Canada Outcomes-Based Funding Approaches

Impact Canada has created a way to allow programs to use novel outcomes-based funding approaches that were previously not permitted under traditional funding rules – shifting emphasis in programs to funding results rather than expenditures linked to outputs

Instrument / Funding Approach	Objectives / Advantages
Pay-for-Results	<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
Challenge Prizes	<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 challenge prize 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
Behavioural Insights	<ul style="list-style-type: none">• Use behavioural principles and evidence to shift incentives and improve program design and service delivery to enhance uptake and impact• Use experimental design to test behaviourally-informed interventions ahead of rolling out on a larger scale (preference for randomized controlled trial methods)