



Impact &  
Innovation Unit

Unité de l'impact  
et de l'innovation

# Annual Report

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## 2017-2018



Government  
of Canada

Gouvernement  
du Canada

Canada

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# Introduction

The third annual report of the Privy Council Office's Impact and Innovation Unit (IIU) focuses on how we are collaborating with departments and stakeholders to help close the gap between policy development and implementation in the Government of Canada.

This report highlights the IIU's efforts in putting in place new systems and projects to accelerate innovation and experimentation, as well as its role in launching signature initiatives to help revitalize the workforce and build new skillsets in government.

# Notable Achievements



## Launched Impact Canada

Launched a whole-of-government effort that aims to apply outcomes-based approaches to address social, economic and environmental issues and improve the lives of Canadians.



## Declaration on Public Sector Innovation

Convened Canada's top public servants to endorse the Federal, Provincial and Territorial Declaration on Public Sector Innovation.



## IIU Fellowship Program

Created the IIU Fellowship Program to recruit experts in behavioural insights, impact measurement and innovative finance to mainstream the use of outcomes-based approaches.



## DM Task Force

Supported the establishment of the new Deputy Ministers Task Force on Public Sector Innovation, focused on deliverable-driven action to accelerate systems change and adoption of disruptive technologies.



## GC Entrepreneurs

Established a leadership development program for public servants to work on cross-cutting priority projects to support the Deputy Ministers Task Force on Public Sector Innovation.



## Impact Canada Web Platform

Developed and launched a centralized, cross-government website for Impact Canada projects.



## Multi-Sectoral Partnerships

Built new multi-sectoral partnerships for priority projects to help ensure that project design is feasible, relevant and impactful.



## CLB Uptake

Leveraged behavioural insights to make GoC correspondence 20% more effective in encouraging Canadians to sign up for the Canada Learning Bond.



## RESP-Birth Bundle Integration

Successful integration of an RESP sign-up service into ServiceOntario's birth registration platform.



## Women in the Armed Forces

Doubled the industry standard for engagement with social media recruitment advertising to help increase the proportion of women in the Canadian Armed Forces.



# Closing the Implementation Gap Through Innovative, Outcomes-Based Approaches

## Innovation and Experimentation in the Government of Canada

The Government of Canada has placed significant importance on using the broadest array of tools possible to achieve better and more meaningful outcomes for Canadians. However, a key challenge is determining how best to unleash the potential of innovation and experimentation to address the real problems facing citizens today. To help overcome this challenge, the IIU's mandate has grown to work more actively with federal departments, other levels of government, and external partners, to support the implementation of inventive programs and services designed to improve social, economic, and environmental outcomes for citizens.

This means taking tangible actions to implement new approaches that:

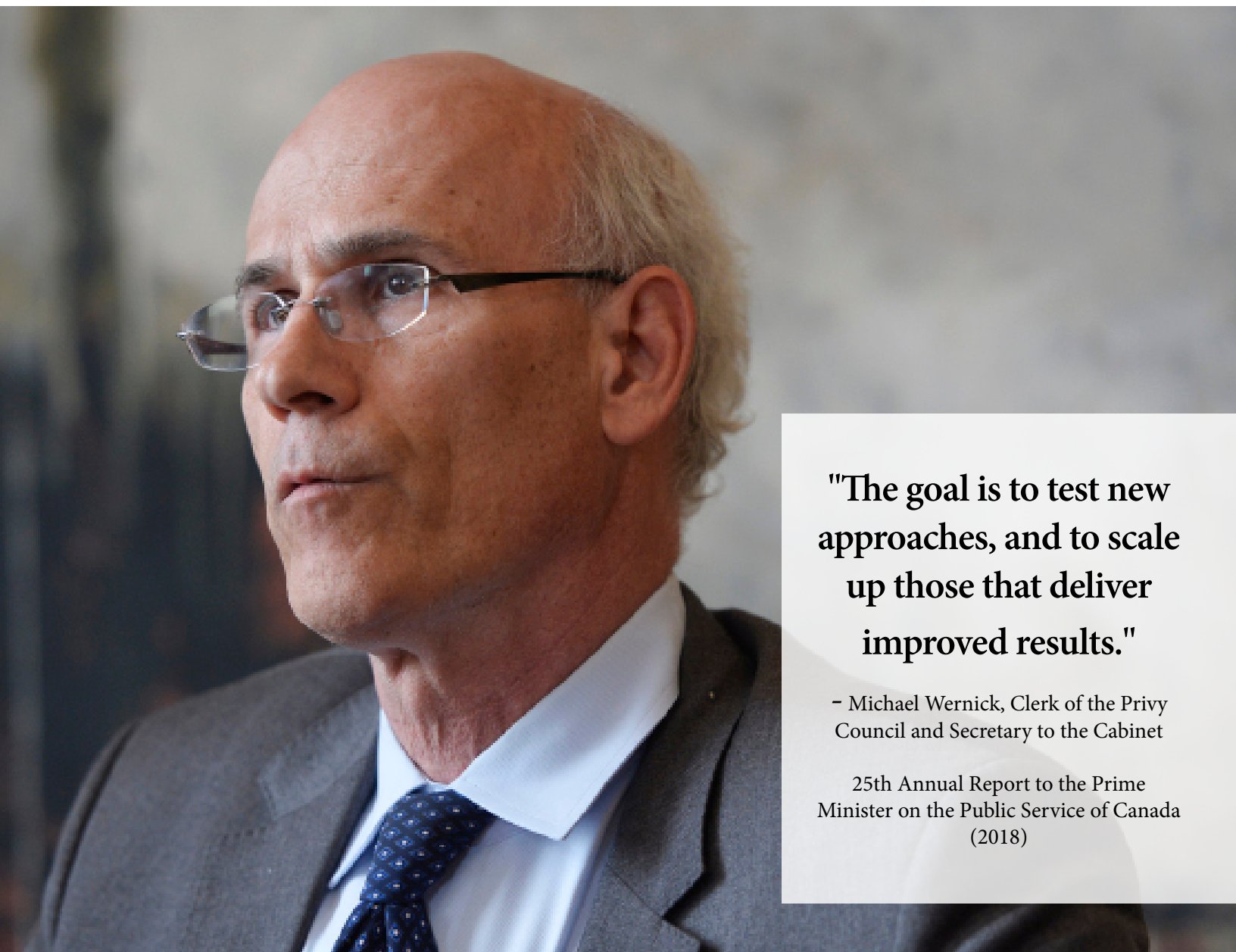
- Open up the problem-solving process to non-traditional stakeholders;
- Strategically use federal funding to incentivize better outcomes;
- Leverage untapped funding sources to maximize impact; and,
- Incorporate emerging technologies and approaches into core functions of the public sector, such as incorporating artificial intelligence into core government operations, and using data to drive policy development and program interventions.

## Improving Results through Outcomes-Based Approaches

Last year's annual report stated: "it's all about outcomes" and this is what guided the IIU's work over the course of 2017-2018. In particular, the team worked to accelerate the use of outcomes-based approaches across the federal government, recognizing that focusing on outcomes increases transparency and accountability for government investments, identifies common areas of interest and shared value to improve engagement with stakeholders, and helps to track what works and what does not.

This third annual report builds on efforts underway to align the IIU's work on outcomes with its broader mandate. In particular, the report highlights:

1. Systems-level actions that are helping to accelerate the adoption of innovative, outcomes-based approaches.
2. Pathfinder projects which address barriers to innovation and experimentation and improve results through a series of targeted initiatives under the Budget 2017 commitment to implement the Impact Canada Initiative.
3. Signature initiatives designed to help revitalize our workforce, build new skillsets, and continue to strengthen leadership at all levels of the public service.
4. A forward-looking discussion on objectives for 2018-2019 and beyond.



**"The goal is to test new approaches, and to scale up those that deliver improved results."**

– Michael Wernick, Clerk of the Privy Council and Secretary to the Cabinet

25th Annual Report to the Prime Minister on the Public Service of Canada (2018)

Photo credits: [iPolitics](#)

# Enabling Innovation Requires Systems-Level Change

Innovation does not happen spontaneously; it needs the appropriate supports to take root and grow. The IIU continues to engage with many stakeholders and other governments to support broader systems change that enables innovative, outcomes-based policy and program approaches.

## Introducing the Impact Canada Initiative:

The Impact Canada Initiative is part of a comprehensive set of initiatives launched by the Government of Canada in Budget 2017 aimed at supporting innovation in the economy and in the public sector.

The Impact Canada Initiative focuses on accelerating outcomes-based approaches across government. This includes supporting the adoption of new tools like prizes/challenges and pay for success instruments, as well as providing departments with access to key resources that help to enable this work, like a flexible set of [Terms and Conditions for Grants and Contributions](#), and the [Impact Canada Challenge Platform](#), a prominent, centralized website for Impact Canada initiatives.

## Federal, Provincial and Territorial (FPT) Declaration on Public Sector Innovation:

In fall 2017, the highest ranking federal, provincial and territorial public servants [came together](#) to endorse the [Federal, Provincial and Territorial Declaration on Public Sector Innovation](#). This Declaration signals a shared vision to work together to modernize and improve public service policies, programs and services and provides a pathway for public servants to

“The Government is committed to taking an innovative approach to solving difficult public policy challenges. This includes opening up the problem-solving process to Canadian and global innovators, who can bring fresh perspectives and new ideas to Canada’s big challenges.”

Budget 2017 proposes to create a new initiative, the Impact Canada [Initiative], to introduce a new mission- or “challenge”-based approach for the federal government and help focus and accelerate efforts toward solving Canada’s big challenges.

## Budget 2017

drive innovation within their respective organizations. It is also being used to target specific interjurisdictional collaboration on specific projects under the Impact Canada Initiative.

## DM Task Force on Public Sector Innovation:

The IIU manages the Secretariat for the [refreshed Deputy Ministers Task Force on Public Sector Innovation](#). The Task Force is playing an increased role in initiating and coordinating deliverable-driven action across the federal system to promote system change in key government operational areas, such as grants and contributions programming, procurement, and human resources. In addition, the Task Force promotes the integration



of disruptive technologies, including the use of artificial intelligence and blockchain technology, into government practices and processes. The Task Force also established the Government of Canada Entrepreneurs, a new leadership development program for public servants.

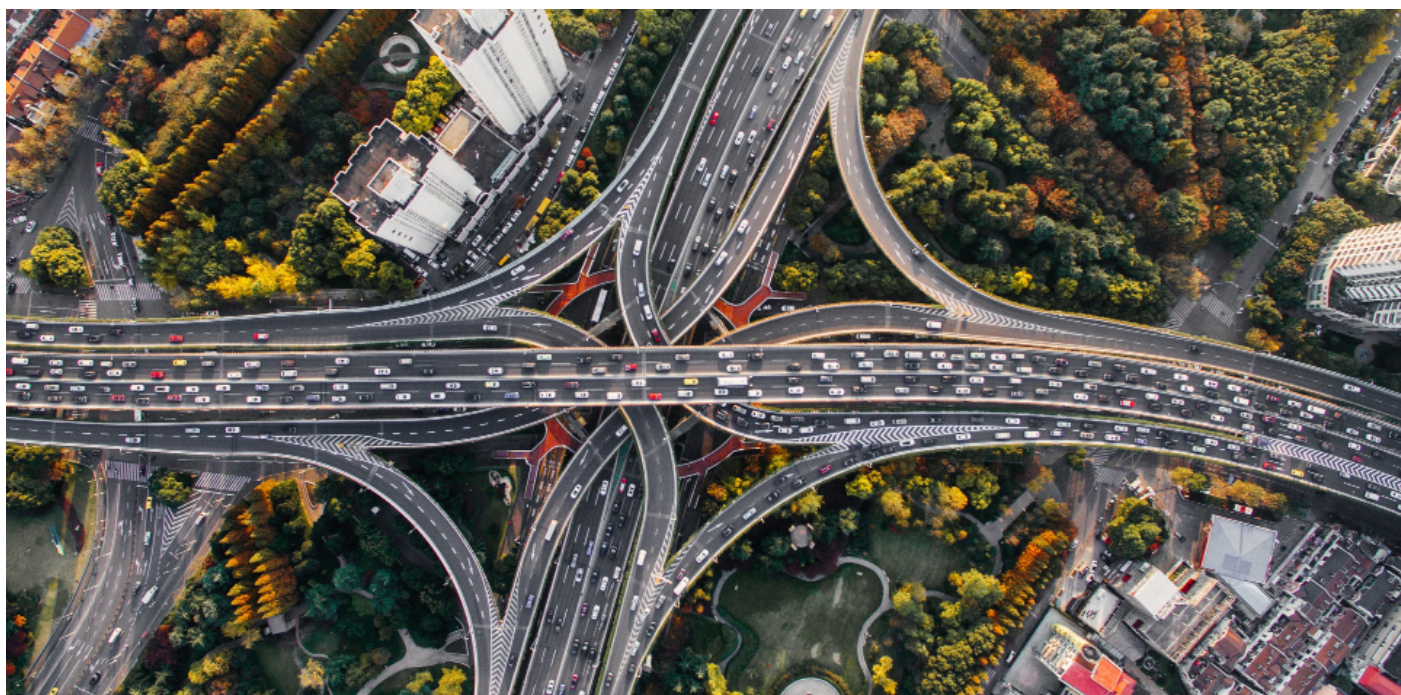
### Launching the IIU's Innovative Staffing Strategy:

The IIU implemented [a new staffing strategy](#) in January 2018 to help bring new skills from outside government and deploy skills better from within to address topline priority issues. The Strategy is working to build organizational capacity in four key areas of specialization: Behavioural Insights, Innovative Finance, Impact Measurement and Data Science.

As part of this effort, three new staffing initiatives were launched: the IIU Fellowship program, the GC Entrepreneurs, and the IIU Affiliates program.

### Growing the team:

Turning ideas into action requires recruiting the right people. A new investment in Budget 2017 to establish the Impact Canada Centre of Expertise saw the team more than double in size and organize around four main areas of expertise: innovative funding, multi-sectoral partnerships, impact measurement, and behavioural insights. The Innovation Hub was also rebranded to the Impact and Innovation Unit in November 2017 to reflect an evolving mandate and expanded portfolio of expertise.



# Using Pathfinder Projects to Generate Evidence of What Works and What Doesn't

In partnership with a range of departments, the IIU's project work is helping to build the evidence base and strengthen efforts to improve program results, support broader systems change, and promote engagement with stakeholders and other governments.

Projects supported by the IIU range from using prize/challenges as incentives to drive innovation in the application of clean technology, to looking for better ways to incent new partnership models in the design and delivery of infrastructure. This also includes efforts to continue to advance the use of behavioural science to identify, test and implement insights and innovations that can improve people's lives.

## Smart Cities Challenge:

Led by Infrastructure Canada, the [Smart Cities Challenge](#) is one of the flagship Impact Canada Initiative programs.

Launched in November 2017, the Challenge offers a new way for the Government of Canada to help communities of all sizes to improve the lives of their residents through innovation, data and connected technologies.

Open to all municipalities, local, or regional governments across Canada, the Smart Cities Challenge is designed to empower communities across the country to use local solutions for local problems by encouraging new partnerships and using a smart cities approach. Finalists have [been announced](#) and winners will be identified in summer 2019.

## CleanTech Impact:

Delivered by Natural Resources Canada, [CleanTech Impact](#) is one of the Impact Canada Initiative's flagship programs and focuses on unlocking breakthrough solutions to complex and persistent problems in developing clean technology.

In 2018, a series of prize-based challenges will be launched in collaboration with the private, academic, and non-governmental sectors to significantly advance a range of clean technology applications and accelerate our journey towards a low-carbon economy and a cleaner future.

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The first of these challenges – the Women in CleanTech challenge – launched in May 2018 and is designed to help more women launch clean technology businesses in Canada.

### Improving Canada Learning Bond (CLB) Outcomes:

The IIU is supporting an integrated suite of initiatives informed by behavioural insights to boost uptake for and access to the Canada Learning Bond – a grant offered to eligible Registered Education Savings Plan (RESP) holders, designed to help lower-income families save for post-secondary education (e.g. college, university, apprenticeships).

As referenced in Budget 2018, the IIU worked with the Province of Ontario to integrate RESP referrals into the Ontario online birth registration service. The service went live in March and preliminary results have been very positive.

This model has the potential to be scaled-up in other provinces and territories to make it easier for parents to access the incentive and save for post-secondary education. In addition, the IIU conducted a randomized controlled trial to help increase the uptake of CLB among the eligible population.

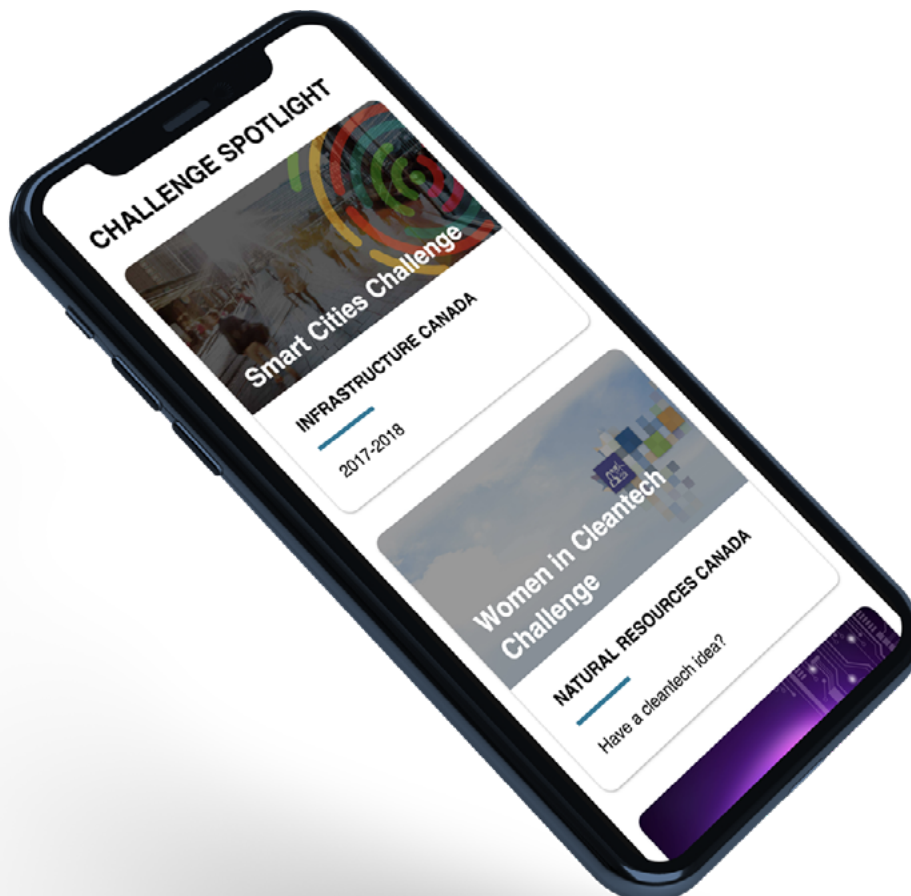
Letters were sent to more than 40,000 primary caregivers of CLB-eligible children, and the best performing letters resulted in uptake rates up to 20% higher [than the control group](#).

### Increasing Gender Diversity in the Canadian Armed Forces:

In partnership with the Department of National Defence, the IIU is working to apply behavioural approaches to increase the number of women recruited into the Canadian Armed Forces (CAF).

Building off of an extensive [research study](#) completed in 2016, the IIU conducted a marketing trial aimed at generating interest in CAF careers among women aged 18 to 34. The trial used Facebook and Instagram advertisements with images, text, and links to the CAF website to engage the target population.

The ads were viewed more than 2.5 million times, and the best performing ads more than doubled the industry standard in terms of driving traffic to the CAF website and challenged misconceptions about women in the military. Read the complete report [here](#).





# Increasing Impact by Working With Others

Recognizing that government alone does not hold all of the expertise or ideas to solve some of society's greatest challenges, the IIU established deep and broad networks to advance the public sector innovation agenda. Highlights of this work include:

- Throughout 2017-2018, the IIU supported the stakeholder engagement efforts of federal departments to help inform and advance the design of outcomes-based approaches. For example, the IIU participated in stakeholder workshops convened by Natural Resources Canada, which helped refine the design of its CleanTech Impact challenges. Similarly, the IIU worked with Health Canada and the National Research Council to convene a stakeholder workshop that explored the risks and opportunities for a challenge-based approach in the context of the opioid crisis. This workshop, along with key informant interviews, is helping to inform and advance decision-making on challenge priorities and areas of focus.
- Inspired by other centralized challenge platforms, the IIU worked with the Treasury Board Secretariat's [Canadian Digital Services](#) team to develop and launch the [Impact Canada Challenge Platform](#). The Platform is a cross-government website that is available to all federal departments to post their Impact Canada initiatives, including prizes and challenges, and provides a single focal point for engaging a broad range of diverse innovators and problem solvers to help improve outcomes for Canadians.
- The IIU is working closely with Nesta, a UK-based global innovation foundation, to support the successful early implementation of the Impact Canada Initiative, and the larger Government of Canada commitment to innovation and experimentation. In particular, [Nesta's Challenge Prize Centre](#) will be providing support

and capacity for prizes and challenges. Nesta will also be launching one of the first cohorts of its [States of Change](#) learning program for the GC Entrepreneurs with the support of the IIU.



## Bringing Stakeholders Together

In 2017-2018, the IIU helped to organize two high-profile events:

- The Third Annual Clerks and Cabinet Secretaries Conference on Policy Innovation (November 14, 2017)
- The first ever pan-Canadian behavioural science conference, Behavioural Insights in Canada Conference (March 1, 2018)

# Moving Forward

## Initial areas of focus for the upcoming year include:

- **Supporting outcomes-based programming approaches (grants and contributions):** For example, the IIU will continue to support its flagship initiatives, the Smart Cities Challenge (led by Infrastructure Canada), and the CleanTech Impact challenges (led by Natural Resources Canada). The team will also collaborate with other federal departments to design and launch new challenges that help to address Government of Canada priorities, such as scaling up innovative approaches to address critical infrastructure gaps in Indigenous communities, addressing Canada's opioid crisis, improving the detection and tracking of endangered species, and harnessing innovative approaches to promote access to perishable foods in Northern Canada.
- **Using experimentation to improve outcomes in key areas:** The IIU is focused on using behavioural insights and rigorous experimentation to improve outcomes in key priority areas for the Government of Canada. These areas include improving financial literacy and inclusion among lower income Canadians and building the middle class, encouraging behaviour that protects the environment and fights climate change, ensuring public safety and security, and increasing diversity and inclusion in the public service. The IIU will continue collaborating with departments and agencies in these areas to deliver improved outcomes for Canadians. For example, the IIU will work with Employment and Social Development Canada to build on the success of last year's efforts to explore new ways to use experimental approaches informed by behavioural insights to boost uptake for the Canada Learning Bond (CLB). The IIU will also expand its work on recruitment and diversity with the Canadian Armed Forces through additional behavioural informed social media trials.
- **Advancing systems-level transformation:** Through its innovative staffing strategy and its ongoing support of the Deputy Ministers Task Force on Public Sector Innovation,

the IIU will continue to experiment and test innovative approaches at an organizational level. The IIU will also remain focused on working with central agencies, departments and external organizations to enable systems-level change, where and when needed, by reducing barriers to innovation inside government; promoting, enabling and delivering experimentation throughout government; and bringing in the perspectives and expertise of those outside government.

- **Strengthening Impact Canada through Advice and Strategy:** A major initiative of the IIU for 2018-2019 will be establishing a new Advisory Committee. The Impact Canada Advisory Committee will play a critical role in the development of a strategic plan that will guide our future work and in identifying trends that the IIU can take into consideration as it continues its work to support departments across the Government of Canada.

Please continue to check out new projects and initiatives as they launch on the [Impact Canada Challenge Platform](#), the [Impact and Innovation website](#) and connect with us:



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