WHY AND WHAT KIND OF INNOVATION IS NEEDED IN THE PUBLIC SECTOR?

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Public Governance and Territorial Development

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Public Sector vs. Private Sector Innovation
Overcoming Barriers: OECD focus on public sector innovation
Barriers to Innovation

• Public servants are not good at identifying and managing risks.
• Innovators are neither recognised nor rewarded.
• Internal regulations can have unexpected costs in terms of limiting innovation.
• Traditional problem-solving structures are not adapted to the complexity of today’s issues.
• Lack of flexibility in allocating and managing financial resources.
### Ways of working: the role of dedicated units in supporting innovation

<table>
<thead>
<tr>
<th>Location of Units, Teams and Funds Supporting Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prime Minister Office</strong></td>
</tr>
<tr>
<td>Futurs Public, France</td>
</tr>
<tr>
<td>Slimmer Network (Smarter Network), Netherlands</td>
</tr>
<tr>
<td>Central Innovation Hub, Canada</td>
</tr>
<tr>
<td>Mindlab, Denmark</td>
</tr>
<tr>
<td>Ministries, Departments, Agencies</td>
</tr>
<tr>
<td>Office of Citizen Services and Technologies, USA</td>
</tr>
<tr>
<td>Innovation and Policy Co-ordination team, Australia</td>
</tr>
<tr>
<td>State and Local Government</td>
</tr>
<tr>
<td>Quality Institute of the Dutch Municipalities, Netherlands</td>
</tr>
<tr>
<td>NYC Innovation Zone, USA</td>
</tr>
<tr>
<td>Beyond public sector</td>
</tr>
<tr>
<td>Sitra, Finland</td>
</tr>
</tbody>
</table>
Rethinking regulations and procedure

“The largest percentage of obstacles were internal to the bureaucracy, encompassing more than 50% of all obstacles…”
Sandford Borins, 2014

- Phantom rules and procedures
- Unwritten rules and conventions
- Unexercised discretion
- Inertia

- Red tape reduction
- Rule exemptions
- Innovation delivery teams
- Behavioural science
- Culture change
Optimising investment and resource allocation

- Government officials’ misunderstanding of rules may lead to unnecessary risk aversion, while altering regulations can change incentives and ability to innovate.
- Budget rigidities can limit flexibility and horizontal collaboration.

**Fig. 6.6 Type of approval of reallocations (Q72b)**

- Ex-ante approval
- Ex-post approval

<table>
<thead>
<tr>
<th>Year</th>
<th>Approval of Ministry of Finance/Economy</th>
<th>Approval of legislature</th>
<th>Approval of both MoF and Legislature</th>
<th>Other type of approval</th>
<th>No approval needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>50%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>2007</td>
<td>50%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Note: Percentage of participating OECD countries (33 in 2012 and 33 in 2007). In this graph, "Other type of approval" in 2012 is recognised only when neither MoF nor legislature is required to approve.
Managing risk and uncertainty

Example: (Re)designing a hospital
Knowledge: capturing the value of data and building evidence for decision-taking

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The 2015 OECD OGD pilot Index

The Open-Useful-Re-Usable Government Data Index (OURData Index)

[Bar chart showing data availability, data accessibility, and government support to re-use across different countries, with Korea, France, and United Kingdom having the highest scores.]
Q129. Is public sector innovation (or a related concept) included in:

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government-wide strategic objectives</td>
<td>26.1%</td>
</tr>
<tr>
<td>Training and development</td>
<td>26.1%</td>
</tr>
<tr>
<td>Leadership development</td>
<td>22.9%</td>
</tr>
<tr>
<td>Competence framework</td>
<td>22.9%</td>
</tr>
<tr>
<td>Performance assessment criteria</td>
<td>19.6%</td>
</tr>
<tr>
<td>Workforce development strategy</td>
<td>17.5%</td>
</tr>
<tr>
<td>Recruitment strategy / guidelines</td>
<td>14.7%</td>
</tr>
<tr>
<td>Promotion criteria</td>
<td>14.7%</td>
</tr>
<tr>
<td>Employee surveys</td>
<td>11.2%</td>
</tr>
<tr>
<td>Other</td>
<td>8.3%</td>
</tr>
</tbody>
</table>
Mapping innovation skills and competencies in the public sector
Research

System thinking and systemic innovation
Innovative cities: clean and inclusive
lifecycle analysis

Platform & Networks
Co-creation space
Network of Innovators
Innovation toolbox

Skills & capacities
Building innovation capacity

Framework for action and case studies
Innovation Scan, Case studies and Diffusion Study
Indicators, methods for impact assessment evaluation
Collaborative tools and "spaces"
Innovation Single Contact Points and practitioners
Guidelines for public sector innovation
Training curricula / modules for civil servants
Skills inventory
Toolkit to navigate the innovation lifecycle

**Identifying issues**
- Needs assessment
- Horizon scanning

- Data analytics
- Journey mapping
- Ethnography

**Generating ideas**
- Sourcing
- Selecting

- Idea Contests
- Hackathons, Trials
- Jams, tournaments

**Developing**
- Making the case
- Risk assessment

- Cost-Benefit analysis
- Human-centred design

**Implementing**
- Resourcing
- Knowledge flows

- Stage-gate systems
- Pilot and trials
- Innovation units
- Innovation Networks

**Evaluating**
- Impact assessment
- Capacity assessment

- Evaluation metrics
- User feedback
- Diagnostics tools
- Innovation Funds

**Diffusing**
- Growing
- Scaling

- Innovation Awards
- Promotion
Thank you!

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https://www.oecd.org/governance/innovative-government/