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# FRAMEWORK FOR EXPERIMENTAL GOVERNMENT: CASES OF FINLAND, CANADA AND ESTONIA

Master's thesis

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I hereby declare that I am the sole author
of this master's thesis and it has not been
presented to any other university for examination.

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# Abstract

Policy experimentation is on the rise all over the world. Governments are interested in the topic and trying to create a policy framework to promote the uptake of experimental approaches to tackle complex policy problems and drive for better policy outcomes. This theses analyses Finnish, Canadian and Estonian experimental government frameworks and looks for answers to questions like what have been the main drivers to promote experimental government policies; what is understood as experimental government; which policies are employed to promote experimental government; what are the strengths and weaknesses of these policy frameworks; and which lessons could Estonia draw from Finland and Canada when developing its experimental government framework further. Each country has its own main driver for emergence of the topic. The scope of experimental government is rather broad and confusing. There is quite an elaborate policy framework and support system created for the promotion of experimental government in both Finland and Canada. In Estonia most of the elements of the support system are still being developed and the other two cases form a good source of learning.

**Keywords:** Finland, Canada, Estonia, Experimental Government, Experiments, Public sector innovation.

# Table of contents

# Introduction

Policy experimentation is on the rise all over the world (Bouwman & Grimmelikhuijsen, 2016). There has been growing interest and increasing uptake of experimental methods. More and more governments are interested in the topic and trying to create a policy framework to promote the uptake of experimental approaches to tackle complex policy problems and drive for better policy outcomes. (Christiansen, et al., 2017) In some countries like Finland and Canada, experimentation has been elevated to official policy priority (Canadian Privy Council Office, 2016; Prime Minister Juha Sipilä's Government, 2015).

There is little research done about how governments understand the notion of experimental government, how deeply rooted is experimentation in different countries, what governments do to promote experimenting and have the interventions been successful and brought about changes that were hoped for. The thesis in hands contributes to the field by describing policy frameworks for experimentation of three countries and explores:

- What have been the main drivers to promote experimental government policies?
- What is understood as experimental government?
- Which policies are employed to promote experimental government?
- What are the strengths and weaknesses of these policy frameworks?
- Which lessons could Estonia draw from Finland and Canada when developing its experimental government framework further?

Theoretical Framework of this theses looks at the history, definitions and scope for experimentation and experimental government. It is followed by a discussion of the reasons to experiment and the challenges experimentation poses in the government.

Empirical part of this thesis analyses at Finnish, Canadian and Estonian experimental government frameworks based on theoretical framework. It was intentional to choose two countries with more elaborated experimental government frameworks and one that is still in the idea phase and looking for a more elaborate policy framework. That is, Finnish and Canadian case studies were selected to reflect upon the ideas of Estonian public sector innovation and experimental government framework.

# 1. Theoretical Framework

## 1.1. Policy experimentation is not new

Policy experiments are not new. First known policy experiment was conducted in Babylon at the time of king Nebuchadnezzar 2000 years BC (Patton, 2002, pp. 209-211). More influential time for policy experimentation dates back to 1624, when Sir Francis Bacon published his ideas of experimental and inventive state. Although his ideas were not acted upon at the time, the ideas influenced later waves of calls for experimental government. (Breckon, 2015) In 19th century there was a group of European that coined the term "social experiment". In their understanding, for ethical reasons, disruptions were not deliberate, but something that happened on their own and something to be observed (Dehue, 2001, p. 288).

With growing role of the government, rise of welfare state and rising uncertainty experimental government has gained more attention since early 20th century. There have been several calls for policy experimentation throughout the 20th century. For example in USA Roosevelt called for "bold, persistent experimentation" in 1930s and there were also experimental elements in the reforming agendas of John F Kennedy and Lyndon Johnson in the 1960s and 1970s (Breckon, 2015, pp. 13-14).

Another wave gradually started in 1990s and has taken off more since 2010 and this time it involves several countries across the world. This time around, a call for experimentation has been influenced to a great extent by larger debate about public sector reforms and innovation highlighting the need to 1) focus on service processes and outcomes; 2) achieve greater public sector productivity and citizen trust at the same time; 3) and take advantage of the opportunities that adoption and diffusion of ICT in the public sector have to offer (Tõnurist, et al., 2015, p. 3). As one of the responses to this debate an increasing number of innovation labs have been established across the worlds. These units, although rather heterogeneous in their way of operating, have become "islands of experimentation" and with that, also carriers and promoters of experimental government agenda (Tõnusrist, et al., 2017).

Discussion about experimentation in government has not been exclusive for Western governments; Chinese emperors talked openly about policy experimentation (Mulgan, 2013) and also today China has engaged extensively in policy experimentation (Heilmann, 2008).

Policy experimentation is still far from being "mainstream" but it is on the rise, and some say that it is here to stay (Bouwman & Grimmelikhuijsen, 2016) because "policy climate is ripe" and there is ever bigger pressure on public services to deliver results (Breckon, 2015).

## 1.2. Definition and scope of experimentation ranges from rigorous RCT's to all policies with feedback loops for learning

Although experimentation in public sector has become a booming topic for governments and by researchers, the concept itself remains vague and ill-defined (Heilmann, 2008) and a dominant definition for policy experiment is hard to find. Many authors look experimentation through what it is aimed to achieve, namely to find out what works on the ground, they do not specify methods or processes that it entails (McFadgen, 2012). This section looks at different approaches to experimentation in academic literature starting from more strict approaches to experimentation and broadening the scope along the way.

By the strictest definition, policy experimentation is defined narrowly as randomized control trials (RCT's) (Burtless, 1995, p. 68). The advocates for strict RCT's say that they are least biased, are the only way to truly establish causality between interventions and their effects and it is the only way to make sure that the results are applicable to other groups (Staley, 2008, p. 8).

In practice there are few policy experiments that take place this way; therefore also the frameworks of experimentation have broadened their scope. Many authors look at experimentation more broadly and include quasi experimental techniques and pilot projects (Nair & Howlett, 2015); others are open for quasi-experimental design, but disregard pilots as projects with no clear aim to test (Breckon, 2015, p. 11). While broadening the scope of experimentation to account for less rigorous experiments is a potential way to encourage broader testing of policies, it is necessary to be able to differentiate between the uses and usefulness of different types of evidence gained (Rutter, 2012).

Some authors (Nair & Howlett, 2015) distinguish experiments from prototyping, saying that the former concentrates on "whether" policy works and the latter "how" the policy works. Others consider prototyping as a way of testing and therefore include it in the framework of experimentation (Murray, et al., 2010; Breckon, 2015).

NESTA's draft framework "Continuum of experimentation" includes RCT's, quasi-experimental design, pilots, prototyping as well as direction shaping tools like horizon scanning and foresight into their continuum of experimentation. The framework is based on the need for experimental government to have "both analytical and imaginative mindsets", which encompasses a broader spectrum of situations including generating, establishing and validating a policy hypothesis. (Christiansen, et al., 2017)

But the scope of policy experimentation gets even broader. "In its most relaxed application, an experimental approach to policy making sees all policies as ongoing experiments if they are monitored and evaluated regularly with feedback loops for learning,, (McFadgen, 2012).

Having too vague of an understanding of experimentation dilutes the meaning of it, makes it difficult to communicate and to target policy interventions for promoting it. Most definitions of experimentation combine some of the following key ingredients: deliberate testing, connection to government policy, small scale, and measurement of result, learning, intention of scaling what works. These keywords form the bases, how experimentation is understood in this thesis.

## 1.3. Perceived characteristics of experimental government and government policies to promote them

This section shortly describes main characteristics perceived inherent to experimental governments today and lists some of policies governments have responded with to promote them. Innovation labs play an important role in both, they are a policy response to driving innovation and experimentation in public sector, but they also have an important role in defining, carrying and promoting characteristics attributed to experimental government (Tõnusrist, et al., 2017).

Experimentation is perceived to require a set of broad range of characteristics from government. Experimental government is characterised with **curiosity** and **challenging the usual way of doing things** and **being open for results**. Avoiding fixing ideas at the outset and leaving **room for adjustments** and **learning by doing**. It is also characterized by **iteration** or "**phase-wise"** development. To allow space for learning and testing with new policies, ability to **embrace risk** and allow for failure is stressed. With new public governance discussions in the background, **user-driver service development** and **better outcomes** for citizens (Tõnurist, et al., 2015) form an important part of experimental government image. **Extensive collaboration** with the front-line and different stakeholders is also at the heart of it. Citizens are seen as potential rather than the problem to be solved. As experimentation has strong ties with evidence based policy and evaluation, robust **measurement of impacts** is called for. Learning is an integral part the organisations and is done in close collaboration with stakeholders and users. (Christiansen, et al., 2017; Breckon, 2015; OECD, 2017 c; Christiansen & Bunt, 2012; Demos Helsinki, 2015)

There are some suggestions and emerging practices described by researchers, international organisations and think-tanks (such as OECD and NESTA) on how governments have responded or could respond and bring these characteristics to practice (OECD, 2017 c; Breckon, 2015). However, there is little evidence about what has actually worked to create an experimental culture and what made it work. Some of the recommendations for policies are listed below. They also cover interventions to promote innovation and evidence use as there is not much information available on policies for promoting experimental government. They are grouped by following OECD's framework for public sector innovation which constitutes of four main aspects: generating and sharing knowledge and ideas; empowering the workforce; adapting rules and processes; reviewing organisational design and ways of working of working (OECD, 2015).

Table 1. Proposed/used policies to promote experimentation/innovation/learning in governments

| | |
|---|---|
| Generating and sharing knowledge & ideas | ▪ Creation of an innovation lab– teams semi-attached to the government (Breckon & Dodson, 2016).<br>▪ Provide necessary tools (Nyukorong, 2016) i.e. online repository (Breckon & Dodson, 2016)<br>▪ New practices to ensure that promising innovations are shared and scaled (Breckon, 2015)<br>▪ Leverage new ways to gathering data like Challenge.gov (OECD, 2014)<br>▪ Taylor and target while doing that, packaging matters (Breckon & Dodson, 2016)<br>▪ Good communication matters (storytelling, use of social media) (Breckon & Dodson, 2016) |

| | |
|---|---|
| Empowering the workforce | ▪ Secure high level of political commitment (Potts & Kastelle, 2010)<br>▪ Change skills and culture of public sector leadership. Leaders taking responsibility for failure, so that is safe to experiment for employees (Potts & Kastelle, 2010)<br>▪ Create a positive narrative about the benefits experimentation (Breckon, 2015). Focus on issues that people care about (Breckon & Dodson, 2016)<br>▪ Create nudges, identity cues and priming (Breckon & Dodson, 2016)<br>▪ Provide training (Breckon, 2015). Increase skills such as data literacy, user centricity, curiosity, storytelling, insurgency, iteration (OECD, 2017 c)<br>▪ Mentoring and supervision (Breckon & Dodson, 2016)<br>▪ Praise and reward staff success (Breckon, 2015). In order to share good practices and inspire new practitioners give out innovation/data/impact measurement awards or establish internal awards (Bornis, 2001, p. 319) (Breckon & Dodson, 2016). But be cautious not to give incentives to "make it look good" (Breckon, 2015)<br>▪ Social incentives combined with social marketing (Breckon & Dodson, 2016)<br>▪ Change the job classification systems, compensation systems and reward initiatives (Bornis, 2001, p. 319)<br>▪ Regular networking of like- minded colleagues. I.e. journal clubs in university, webinar, pubs. Discussing how to create links between research and practice. (Breckon & Dodson, 2016) |
| Adapting rules and processes | ▪ Creating strategic innovation funds, including private and charitable (Breckon, 2015)<br>▪ Designating small fund to innovation/ experimentation on organisational level (Bornis, 2001, p. 319)<br>▪ RCT challenges (Breckon, 2015)<br>▪ Repeal non-evidence-based policy programs (Staley, 2008)<br>▪ Get rid of unnecessary rules and procedures (OECD, 2014)<br>▪ More flexible norms and guidance (OECD, 2014)<br>▪ Make evidence an institution (Breckon & Dodson, 2016) |
| Reviewing organisational design and ways of working of working | ▪ Creation of a community, facilitating interactions between decision makers and researches (Breckon & Dodson, 2016)<br>▪ Rethinking organisational boundaries to draw expertise from a broad range of actors (OECD, 2014)<br>▪ New ways of working: Encourage collaborative working, Introduce flexibility in staffing system and new leadership, Responsibilities cutting across policy domains (OECD, 2014)<br>▪ Involving private sector and civil society to co-design solutions (OECD, 2014)<br>▪ Review agency mandate and level of autonomy (OECD, 2014)<br>▪ Create collaboration and coordination frameworks to manage interactions (OECD, 2014) |

However, there is little evidence on whether these interventions work. The way these interventions are designed and carried out makes a huge difference. Therefore also knowledge is needed on how they work (Breckon & Dodson, 2016).

## 1.4. Why experiment?

Methodologically experimentation is seen as a tool to help **turn uncertainty into calculable risk** (Observatory of Public Sector Innovation, 2017, p. 68). This is especially important in the so-called VUCA (short for volatility, uncertainty, complexity, ambiguity) environment, where the right solutions are not obvious (Soon, et al., 2016). "When dealing with open complex systems about which there is missing information and substantial uncertainty, the

best way to discover what works and what does not is to probe and experiment" (Bakhshi, et al., 2011).

Experimentation is a way of **providing evidence for learning**. It provides dynamic learning instead of more static evidence based policy, which tends to focus on what worked in the past instead of what is working (Breckon, 2015, p. 6). Experimentation is a way to establish evidence on causality (Green & Gerber, 2003), which other types of data might fail to provide (De Vries, et al., 2016, p. 163). Experimenting in the public sector without the aim and room to genuinely learn has little value (Breckon, 2015, p. 6).

Instead of the more conventional planning and executing approach, experimentation is believed to allow us to **roll out policies step by step** while learning whether and how they work and **adapting** to the reality. Experimental actions can provide quick feedback and allow for small, quick adjustments (Sitkin, 1992, p. 243), which allows for better outcomes and often more efficient policies on a large scale. It is a shift in thinking from "Well planned, half done" to "Well tested, half done" (Observatory of Public Sector Innovation, 2017, p. 65).

This leads to another advantage of experimentation – making mistakes and **failing on a small scale,** which can reduce political, economic but also social cost (Breckon, 2015, p. 7). It allows us to see on a small scale what might be the unintended consequences of a programme in the future (Bourgon, 2011, p. 77). Failing on a small scale rather than with misguided policies on a larger scale is also an ethical argument in favour of experimentation (Burtless, 1995, p. 75).

Parallel to gaining insights and evidence, experimentation **helps to show related stakeholders how intended policy or service would work** (Laakso, et al., 2017) and enables to empower users and beneficiaries to be part of the solution (OECD, 2017 a). A policy is more likely to be accepted if experimentation was done in collaboration (Annala, 2017).

**Technology can help experimenting with smaller costs**. It is less helpful in areas which require face-to face interactions, but can help learning about behaviours in many areas of public policy. For example, UK experimented with getting more people to sign up as organ donators with rather low costs but good results (Breckon, 2015, p. 9). Experimentation combined with technology open up possibilities for tailored approaches in public services.

## 1.5. There are several challenges of experimental government

There are also several problems related to experimentation. Following section analyses a handful of them. Current wave of promoting experimentation is not the first, but it is happening on a larger scale than ever before. At least in terms of countries involved. There is a risk for the effort to become just another wave, if the challenges to experimentation are not addressed.

Firstly, there are **ethical concerns**, concerning infecting harm on the treatment group (Burtless, 1995, p. 74) or delaying possible treatment for some groups (Breckon, 2015). With parallel experiments also concerns of equal treatment may arise (Kela, 2016). Nonetheless, this issue has been successfully dealt with in medical science and good experimental design can mitigate ethical concerns (Burtless, 1995, p. 75).

Secondly, there is the question of **appropriateness of method.** Experimentation is not an answer to all policy problems. **All topics cannot be experimented on.** "It is difficult to imagine how one could randomly assign presidential and parliamentary regimes for the purpose of evaluation their relative strengths and weaknesses." (Green & Gerber, 2003). Also, if there is no clear hypothesis or activity, which can be the case of many early innovations, experiments are not the way to go (Breckon, 2015, p. 12). Neither are all policy problems in an uncertain policy environment and lacking evidence. Pushing experimentation as an end in itself can lead to wrong tools for the policy problem in hand. Advocating just the method might take the attention off the purpose of learning.

There is also a threat that experimentation is carried out with a **pre-determined policy solution** in mind. Expectations that findings of experimentation can be directly translated into policy, have caused disappointment, especially in cases where evidence did not confirm a given policy direction (Cabinet Office, 2003). Concerns with **politics of experimentation** are wide-ranging – hesitation towards admitting not knowing the right answer, risking with failure, making changes to status quo admitting that previously introduced policies might need a fresh look, interfering with the design and evaluation of experiments, using experimentation to delay making decisions etc. (Nair & Howlett, 2015, p. 70). It's difficult to make U-turns,

especially when changing a policy which was strongly supported by a political party (Breckon, 2015). However, there are implications that governments get more risk averse over time. On the other hand low profile pilots have been more successful in generating learning than strategically important high profile programmes (Cabinet Office, 2003). Although governments have been keen on launching new pilots, interest in learning from their evidence and using the findings is less evident.

There are several **institutional barriers** to experimentation, like existing regulatory framework, too short political cycles, funding constraints etc. In case of Finnish basic income experiment, the experimental design was heavily influenced by the need to carry out the experiment during one parliamentary election cycle, which left too little time for the changes to be made in some of the regulations. So instead of running all the parallel experiments planned at first, the scope was notably altered. (Observatory of Public Sector Innovation, 2017). These barriers are less evident when conducting an experiment on a grass-root level (Annala, 2017).

Experiments (especially RCT's and more elaborate research designs) **take a long time**. It might take years from the design to the final report (Burtless, 1995, p. 74). According to Beckon (2015) in previous calls for experimentation "policymakers were impatient with the length of time it took for experiments to provide answers." That is also why some of the policy papers argue for rapid experimentation, showing early wins (Puttick, et al., 2014) and moving quickly into practice without planning too long (Murray, et al., 2010). Others warn that interim results may give a misleading picture about policy outcomes (Cabinet Office, 2003; Breckon, 2015).

Another issue with experimentation and time is that experiments have **limited duration** - all effects might not appear on the limited time scale and participants may react differently if they know that the time of the "treatment" is limited. (Burtless, 1995)

There are several problems related to technical evaluation of policy experiments. **Precise measurement** of effects and causality is not an easy task. While RCT's are closer to providing evidence on causality, quasi experimental designs or more intuitive designs of experimentation, especially when poorly designed, are difficult to accurately evaluate (Nair & Howlett, 2015).

One of the aims of experimentation is **to scale what works**, but there are **limitations to replicability** of experimentations, partly because of the problems with design, but results of experiments are context-specific and depend for example on choice of scale or testing sites (Nair & Howlett, 2015). Bouwman & Grimmelikhuijsen (2016) and McFadgen (2012), advocate for overriding the criticism of replicability by accumulation of evidence from different settings on the same problem. Scalability is not just a question of rigour; another problem is that the **result can be ignored**, may the reason be political, lack of funding, or the fact that findings from pilots were too narrowly focused (Cabinet Office, 2003). Another reason why policies are not scaled, is simply that no-one knows about it except for the team that conducted the experiment. This is especially so for grass-root level experiments. This can be mitigated with coordination or incentives to share the experiences. For example, China has set up a bureau to coordinate local level experiments (Breckon, 2015, p. 8). Therefore many of the benefits of experimentation outlined in theory are not so linear in practice.

To add, **diffusion** of the learnings might be difficult. In order for the new policy to root and deliver similar outcomes, a similar learning process should be replicated with wider range of implementers and stakeholders (Wauters, 2017), because in order for something new to be implemented, the why and how of the new way of doing things needs to be learned by the implementing teams.

There are a set of **skills** needed for successful experimentation related to experimental design, multi stakeholder collaboration, and understanding policy making processes (Annala, 2017). Running an experiment – no matter whether an RCT or a quasi experimental design - requires good **skills** and knowledge about research design (OECD, 2017 c). Even if the design is done perfectly, there can be set-backs in implementation (i.e. street level bureaucrats disregarding the randomization). Collaboration with different stakeholders is important but challenging. Issues range from language barriers or different organizational cultures (Annala, 2017). Having skills for research design, collaboration and understanding policy all in one, is a skill-set hard to find in one person or even in an average public sector team. It might be an even broader skill shortage than just the public sector. According to Green and Gerber (2003, p. 101) and Grimmelikhuijsen, et al. (2016), even among political scientist, the research method is not that familiar; few are trained to use it.

**Organisational and cultural change** is needed for experimentation to flourish on a wider scale, which applies to management, mindsets, risk-tolerance, institutional setting etc (Christiansen, et al., 2017). Wauters (2017) describes this as movement from strict hierarchical control to a self-steering paradigm, where practitioners are given the trust and room to act and managers serve as problem solvers if the team runs into obstacles they are unable to solve themselves. Some authors contradict hierarchical systems with experimental environment (Wauters, 2017); others take a more gradual approach and see experimental mindset as an addition to the current system (Christiansen & Bunt, 2012; Bourgon, 2011). The case of China shows that hierarchy and experimentation as a policy are not necessarily mutually exclusive and that systemic experimentation can facilitate adaption and learning also under strong hierarchy (Heilmann, 2008). As Flack (2017) put it: "Public sector machinery is not broken, but it is becoming **increasingly outdated,** because the world around it is changing and fast".

One of the most cited challenges to experimentation is that it contains the **risk of failure**. Governments do not like to fail and risk taking is not encouraged. The processes to avoid failure are deeply rooted in government (Sitkin, 1992, p. 232). "One of the biggest impediments to adopting design thinking is simply fear of failure. The notion that there is nothing wrong with experimentation or failure, as long as they happen early and act as a source of learning, can be difficult to accept" (Brown & Wyatt, 2010).

# 2. Framework for experimental government: cases of Finland, Canada and Estonia

## 2.1. Methodological Approach

Empirical part of this thesis looks at Finnish, Canadian and Estonian experimental government frameworks and draws lessons from the first two more advanced frameworks to Estonian context, as Estonia is in the process of creating a more elaborate public sector innovation and experimentation framework. The analysis concentrates on central government level, but in some aspects also touches other levels of government.

To begin with, the thesis looks at the emergence of the topic of experimental government to the policy agenda, which problems and other policy agendas it connects to and whether and how deeply rooted is the topic on political level.

Secondly, the scope of experimental government is analysed in each country. The section also looks at how the need and scope of experimentation is presented to the public sector and broader public.

Next, policy framework in terms of support systems for experimental government is analysed using OECD's framework describing the aspects that influence public sector innovation: 1) generating and sharing knowledge and ideas; 2) empowering the workforce; 3) adapting rules and processes; and 4) reviewing organisational design and ways of working. At times it is difficult to distinguish between the four aspects as many policy solutions target more than one category at once. However, using a framework helps to systematically approach and describe policy instrument in a more coherent and comparable way.

Empirical analysis is concluded with a discussion of strongpoints, challenges and threats of the experimental government frameworks analysed. The empirical analyses of this theses relied mainly on desktop research based on policy papers, guidelines, information available on official web pages etc. The information gathered from written sources was complemented with information from various presentations held in several network meetings and seminars and a few interviews and discussions with stakeholders. The list of interviews and presentations used is outlined in Appendix 1. The list of questions guiding empirical analyses and the aforementioned topics are listed in Appendix 2. A brief overview is given for all three countries about their governance structures and main characteristics in Appendix 3. Countries are briefly analysed in order to build contexts for lesson drawing.

## 2.2. Finland

### *2.2.1. Emergence and scope of experimental government*

Finland has been the first country to introduce experimental government on a wider scale (Christiansen, et al., 2017). When Finland started with its experimentation agenda, there was no holistic policy framework to draw lessons from, therefore the process of building up experimental policy framework has evolved over time and will probably mature in future with experiences gained.

In **Finland** the emergence of experimental government can be traced back to an international project „Governments for the Future“ (Kekkonen, 2017). During 2012-2014 Finland with four[1] other governments initiated a project to mirror ideas through international cooperation and get insights for state reforms. The main themes of the project were horizontal policymaking, improving the systematic use of evidence in policymaking and promoting innovation and creating learning capacity based policymaking. (Ministry of Finance, Finland, 2013)

In 2012 the topic of “Experimental government” was discussed at Finnish Parliament’s Committee of the Future. The discussion was perceived with interest and a special report called “*Kokeilunpaikka*” (Place of Experimentation) was commissioned and published in 2013 “arguing for rapid iteration, grass-root experiments and strategic outlook of government in experimentation”. (Observatory of Public Sector Innovation, 2017).

Relying on previous reports and discussions and in order to create ideas for the upcoming elections, OHRA project was concluded with a report early 2014 design (Kekkonen, et al., 2016). Concentrating on strategic steering framework, it also suggested creating a better evidence base for policies and filling the gap in the feedback loop between policy implementation and policy design (OHRA Project Group, 2014; Observatory of Public Sector Innovation, 2017).

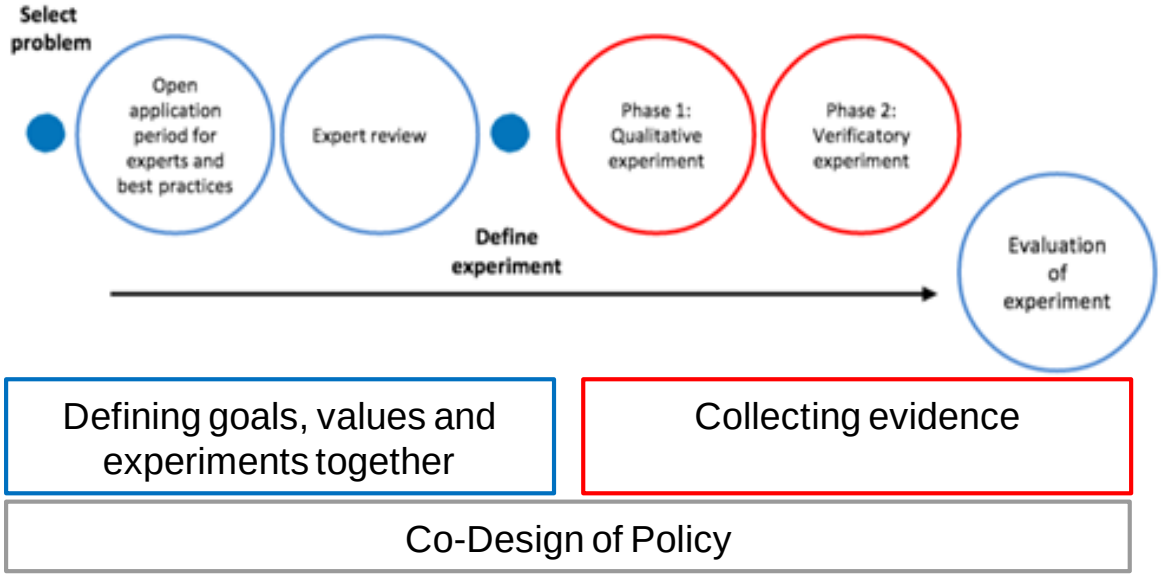
[1] Austria, Scotland, Sweden, United Kingdom

In order to try to move from reports to actual policy framework, prime minister's office launched a tender to create a policy framework around evidence based policy making, behavioural insights and experimentation. Demos Helsinki won the tender and started their work just a few months before the elections in 2015. Although the report was due in June 2015, initial results were discussed in March, just in time to inform the new government programme.

Demos Helsinki concluded its work for the Government Office with a report describing an operational model for experimentation. The report defined experimentation as "a way to gain knowledge about the usefulness and impacts of changes prior to their wider implementation" (Lähteenmäki-Smith, 2017), which left the scope of experimentation rather wide linking experimentation to evidence based change and small scale. On the other hand, the operating model required behavioural component to be evident as the perquisite for experimentation. At the same time, it linked the problems to be experimented on strictly to the government programme (Demos Helsinki, 2015).

The report described guidelines on how the process of experimentation should look like. The proposed model is rather collaborative; the selection of problems for experimentation are bound to government's strategic programme; there is an important role foreseen for an experimentation facilitator in the process; the model stresses the importance of expert-knowledge when framing the problem and the role of collecting evidence. However, the model does not include a straight-forward step for deciding whether to scale the policy or not nor the steps for diffusion (see figure 1 and 2).

Figure 1. Operating model for Experimentation




*Source: Annala (2017)*

New government was formed by Juha Sipilä who had also been heavily involved in the work of the Committee of the Future in the Parliament (Observatory of Public Sector Innovation, 2017). The innovative ideas to reform the government that had initiated through different reports and promoted by a group of civil servants, were picked up by the government. Government Programme was created based on the principles laid out in the OHRA report. Government programme concentrated on five priority areas; among them "Digitalisation, experimentation and deregulation", which was more than the advocates could have hoped for. (Kekkonen, 2017; Prime Minister Juha Sipilä's Government, 2015)

Experimentation in the government programme was linked to innovative solutions, improvements in services, citizen driven operating practices, promotion of individual initiative, stronger foresight capacity and strengthening of regional and local decision-making and cooperation (Kotipelto, 2017). That left the scope for experimentation wide open and covered almost the whole continuum of experimentation presented in the NESTA model (Christiansen, et al., 2017). The project carried out with Demos Helsinki might have broadened the scope for experimental government in the government programme. Based on previous reports, government programme could have ended up with a more closed and lab based solution. (Observatory of Public Sector Innovation, 2017, p. 64)

Figure 2. Guidelines to implement the operating model of experimentation

0.1. The development of experimental activities as a key project of the Government Programme

0.2. Selection of the objectives to which the model is applied forms part of the Government Programme Action Plan.

0.3. The selected objective is examined: is there a behavioural element and is the ministry (or ministries) responsible willing to adopt new approaches. If these terms are met, proceed to point 1.

1. Launch the open application period for best practices for municipalities, organisations and businesses. The aim is to gain a better understanding of problems and to seek out existing best practices and solutions. At the same time, an opportunity is created to appoint experts who understand how to attain the objective. This phase in particular will involve making use of the expertise of the Government's working group coordinating research, foresight, assessment and analysis activities, and the Council for Strategic Research.

1.1. Organise an expert review of scientific data related to the objective. The review will be conducted in a 3–5 day workshop in which theoretical data and evidence related to practices and solutions discovered during the earlier phase are sought.

1.2. Organise a status review workshop (no. 1), in which researchers, public servants, implementers and other key parties familiarise themselves with each others' perspectives on the experiment and form a common overall view of the situation.

2. The facilitator of the experiment reviews the best practices identified and the results of the expert review. If there is sufficient review data, it can be used in the policy process without experimentation. The expert review includes an assessment of whether direct use can be made of the data. If experimentation is necessary, together with the responsible ministry the facilitator of the experiment prepares a two-phase invitation to tender on the basis of the information generated by the expert review, using the Government's appropriations for analysis and research activities.

2.1. The tenders are assessed on the basis of the following a) methodological skills of the consortium, b) innovativeness in the selected approaches and c) the ability to understand the problem's systemic nature and human activities in relation to the problem. Based on this assessment, the provider is selected and lean funding is provided for the implementation of a qualitative experiment. The need for a verificatory experiment is evaluated after the first phase of tenders.

2.1.1. In a status review workshop for researchers, public servants, implementers and other key parties, the participants review the experiment from each others' perspectives and form an overall common view of the situation.

2.1.2. Place an order for a verificatory experiment. The tender requires an assessment of the experiment's effectiveness and suitability for implementation, including a cost estimate and the charting of its acceptability and adverse impacts. If an external evaluator considers the experiment to have sufficient impact, capable of wider application and feasible on the basis of moderate resources, the next stage is a verificatory experiment. The facilitator of the experiment is responsible for such an evaluation, using the experts involved in the first phase.

2.2. Implement the verificatory experiment. The purpose of this experiment is to compile the behaviour-based data required in order to attain the selected objective. The experiment is designed on the basis of existing data on the various factors influencing behaviour. Before the experiment, criteria are identified which, if they are met, indicate that the results can exploited. Impact assessment should developed by taking into account people's wellbeing and behavior. The experiment is implemented together with an external implementer, the ministry and the facilitator of the experiment.

3. The methods, successes and results of the experiment are evaluated by the facilitator and implementer of the experiment and the first-phase experts, and perhaps by an external evaluation team.

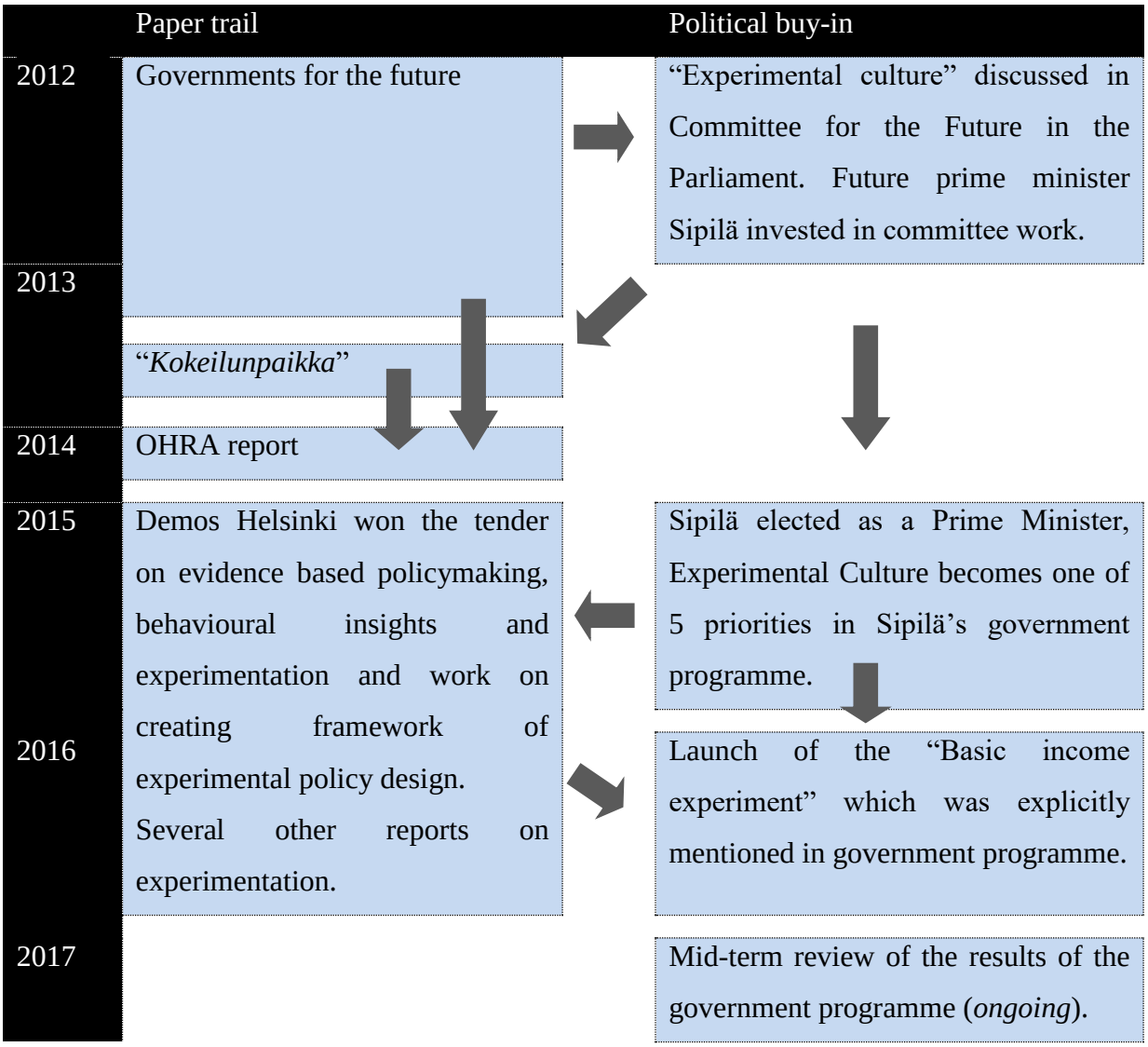
3.1. An interactive consultation event is organised under the leadership of the facilitator of the experiment. In such an event, the service providers related to the objective, members of the target group, public servants, decision-makers and other key parties jointly develop proposals for measures to be taken on the basis of information gained from the experiment

4. The responsible ministry prepares steering. If necessary, the ministry may request support from the facilitator of the experiment on how to apply the information in its the planning of steering activities.

5. Finally, the experiment and the experiment programme are evaluated based on two perspectives: whether behaviour-based information was utilised in steering and whether the operating model was useful in attaining the objective

*Source: Demos Helsinki, p. 10 (2015)*

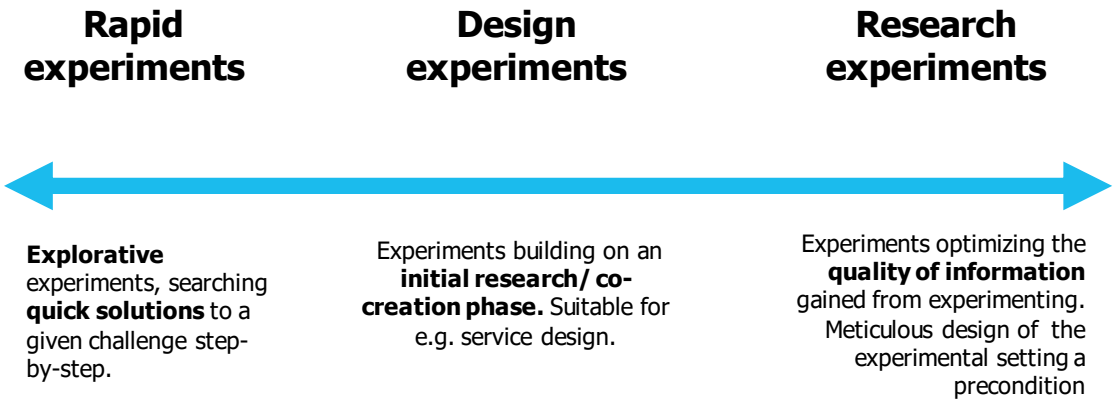
Figure 3. Summary of emergence of experimental government in Finland




Being government's priority put the experimental wheels in motion. In 2016 Experiment Finland team was established at the Government Office. Its role among other tasks was implementing the policy of "experimental culture" derived from the government programme (Observatory of Public Sector Innovation, 2017). The Experimental Finland team started promoting experiments on three levels: strategic level (policy trials selected by the government); pooled pilots and partnership level (pilots in line with the government programme executed on the regional level involving different sectors); and grass-root level (civil society level) (Experimental Finland, 2016).

Finland differentiates between different experimental settings: rapid experiments that search for quick solutions to a given challenge iteratively, design experiments that build on research and co-creation and research experiments with rigorous experimental design. The model is adapted from NESTA in 2015. (Lähteenmäki-Smith, 2017)

Figure 4. Different experimental settings




*Source: Lähteenmäki-Smith. (2017)*

To sum up, Finnish model for experimental government has developed over time and encompasses almost the whole continuum of experimentation as described by NESTA (Christiansen, et al., 2017). Although government programme saw foresight as part of experiential culture, other definitions and classifications by different implementing bodies do not mention foresight as part of the framework. The proposed process for experimentation is very collaborative and involves expert knowledge. On one hand, the concept is flexible and agile; on the other hand it can get somewhat confusing and can be difficult to understand for both practitioners and researches.

### *2.2.2. Policies to promote experimental government*

Finland created its support unit for experimentation - Experimental Finland - at the heart of the government, in the Government Office. The role of the unit is to gather, produce and spread knowledge; create support structures and networks and support the implementation of strategic experiments. They organize seminars, workshops, research projects to disseminate the knowledge. (Kotipelto, 2017) The team operates as experimentation facilitators – they are most heavily involved with strategic experiments, but also assist pilots and encourage

grassroots level experimentation. The team works with a "sunset clause". The initial deadline for their work is end of 2017. Whether their working period will be extended remains to be seen. They hope to keep their units work alive by creating and sustaining networks, like "*Kokeilukummit"* ("Godparents of experimentation") (Observatory of Public Sector Innovation, 2017), which involves a range of stakeholders and experts on experimentation. There are also other networks like *"Muutoksentekijät"* (change makers) gathering officials who are interested in driving change in public sector (Einola-Pekkinen, 2016), a parliamentary advisory group and other partnerships e.g. with polytechnics (Observatory of Public Sector Innovation, 2017). Additionally, a network has been built on the municipal level (Kotipelto, 2017). These networks can serve a good bases for planting seeds and gathering stakeholders around the topic, but networks need a push every once in a while to remain active.

The responsible minister for experimental government agenda, however, is the minister for Local Government and Public reform (Finnish Ministry of Finance, 2017). There is a good cooperation between the Government Office and the ministry. The minister being from the same party as the Prime Minister also helps (Tõnurist, 2017). So hopefully between the two – the Government Office and the team under Minister for Local Government and Public reform – some of the tasks of the unit will be continued.

Another organisation supporting government in its experimentation endeavours is SITRA – a Finnish Innovation Fund which operates under the supervision of Parliament. Among other tasks, the Fund works with the government supporting its innovation endeavours and providing training (SITRA, 2017). SITRA's advantage is that they don't have a yearly funding constraint and although they are not directly linked to government, they are taken seriously with their 50 years of experience (SITRA, 2016).

One of the key projects of Experimental Finland has been the digital platform called *Kokeilun Paikka* (Place to Experiment). It is a multifunctional tool for enabling sharing of lessons learned, accelerating and scaling up of what works, crowd-sourcing of resources, crowd-funding for small experiments for experimentation (Kotipelto, 2017). The deadline for setting up the platform was very short, so the team needed to be innovative. They organized a hackathon and as a result wanted to combine two of the best ideas. However, the procurement laws did not allow that, so they needed to choose only one solution. The platform will be run

by a private company, which raises questions about its sustainability in a longer run (Observatory of Public Sector Innovation, 2017). It is too early to comment on usefulness of the platform as it has been running for a very short time.

Experimental Finland also outsourced creation of a **code of conduct** for experimentation to take into account ethical concerns when deciding whether and how to experiment (Observatory of Public Sector Innovation, 2017). Other than that, the experimentation process described in the Design for Government report (Demos Helsinki, 2015) also serves as guidance. Finland has also reported having training programmes supporting public sector innovation (OECD, 2017 b).

Finland celebrates a day for failure to promote the will to experiment even if it does not bring positive results (Kotipelto, 2017); in addition there are yearly innovation awards given out (OECD, 2017 b).

Existing regulation combined with parliamentary election term has proven to be a challenge in case of some of the strategic experiments. There was a strong political pressure to have the best known experiment in Finland – the basic income experiment - finished by the end of the parliamentary term and there was not enough time to change some of the regulations. This meant that research design had to be adapted to the political and legal reality. (Kela, 2016)

OHRA report suggested that government's research funding should concentrate on the topics of Government Action Plan. Later on, this created a base for experimentation funding (Observatory of Public Sector Innovation, 2017).

Written report about experimentation helped creating a shared agenda: "It was not about how good of a report we could write, but the aim was to change the culture/habits of public administration, introduce new methods, decentralize and emancipate citizens." (Observatory of Public Sector Innovation, 2017).

## 2.3. Canada

### *2.3.1. Emergence and scope of experimental government*

"Blueprint 2020" is a **Canadian** foresight study on the future of the Public Service initiated by the Clerk of the Privy Council in November 2011 involving a committee of deputy ministers. The "Blueprint 2020" vision was launched in June 2013 and went through a thorough consultation and discussion process using internal and external social media platforms (Privy Council Office, 2016). Based on the feedback from more than 100 departments an interim report was drawn up in December 2013 confirming the vision and identifying five key areas for action: "innovative practices and networking; processes and empowerment; technology; people management; and fundamentals of Public Service" (Edwards, et al., 2015). Beginning of 2014 departments, agencies and horizontal communities came out with their action plans for reaching the vision (Government of Canada, 2014). Need for action was confirmed in the third Blueprint report "Destination 2020" released in May 2014, which also foresaw a creation of a central Innovation Hub (Government of Canada, 2014). Actions laid out in Destination 2020 were followed up in the beginning of 2015.

These ideas were taken up by the policy programme for 2015 Federal elections. Justin Trudeau's government that came into power in November 2015 made open and transparent government as one of their policy priorities. Better public services and Evidence based policy is at the heart of the promise (Liberal Party of Canada, 2015). This has not remained just a promise; for example government has committed "to devote a fixed percentage of program funds to experimenting with new approaches" (Canadian Privy Council Office, 2016). In the beginning of 2017 OECD started a Canadian governance review concentrating on innovation framework, which should help to further justify the experimental government policy framework. As Rodney Ghali (2017), the head of Canadian Innovation Hub put it– "an international voice saying the same thing has more value". To sum up, the reasoning behind innovation and experimentation in Canada has been better public services for the citizens by using technology and testing what works and making government a more attractive place to work at. As Graham Flack (2017) put it, citizens expect public service journeys to be as easy as on Amazon and tailored to their needs; government needs to be up to speed with new technologies and not try to suffocate them with regulation; new generation employees are not

looking for a rigid hierarchy, but an dynamic environment. Innovation is at the core if we want these changes to happen (Flack, 2017).

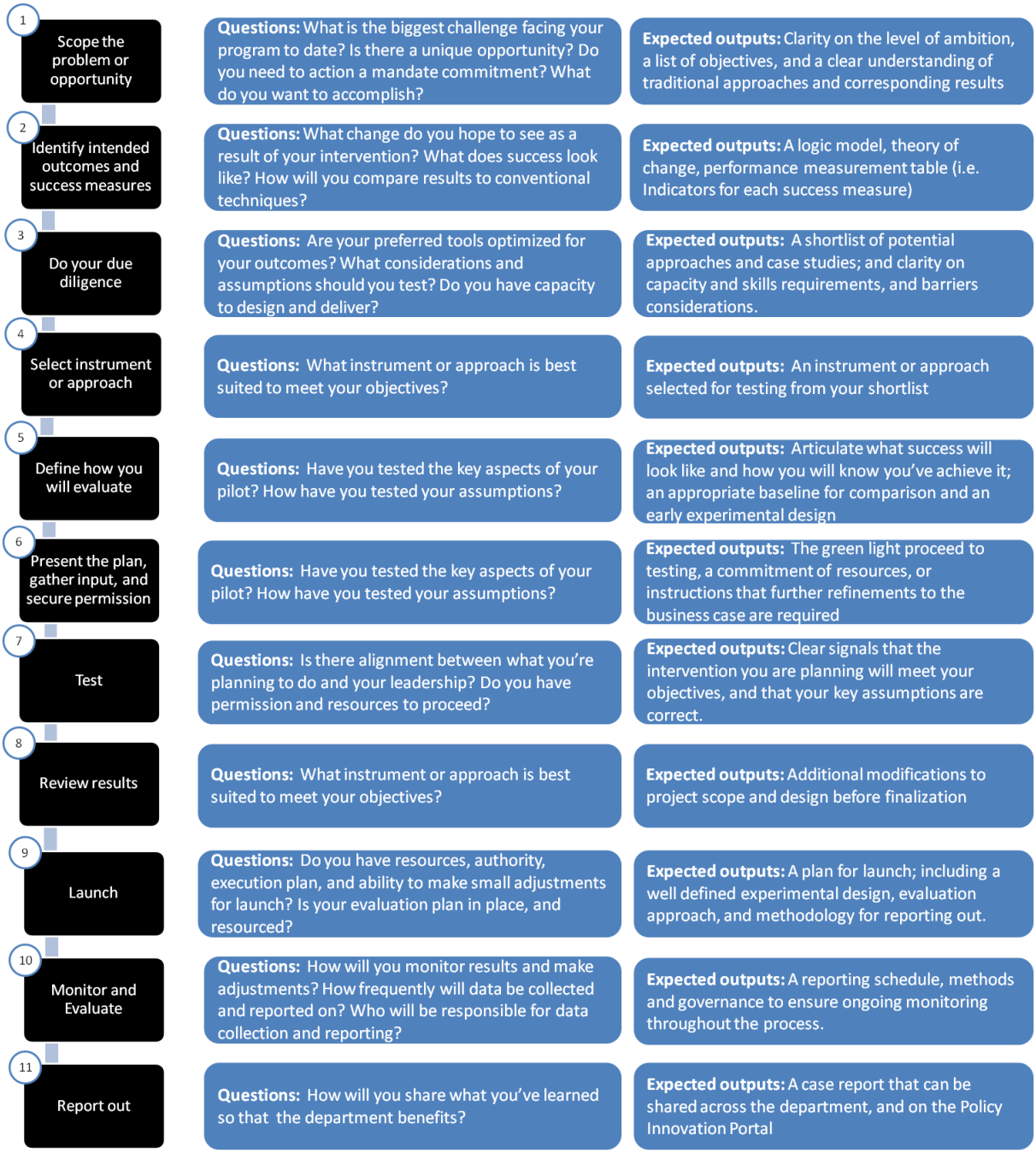
Experimental government in **Canada** is linked to public sector innovation agenda and evidence-based policy agenda. This is emphasised by the fact that federal Innovation Hub was created under the Results and Delivery unit at the PrivyCouncil Office. In building up their framework for experimentation, policy papers from NESTA were consulted. (Mendelsohn, 2017) What is meant by experimentation is compactly described in the experimentation direction for deputy heads, which was sent out to provide direction on what could the "certain % of budget for experimentation" be spent on. Experimentation is defined as "testing new approaches to learn what works and what does not work using a rigorous method". These methods can include:

- **"deliberate**, **thoughtful**, and **ethical** experimental design;
- **comparison** between interventions and base cases to capture evidence (e.g., randomized controlled trials, A/B testing, counterfactual experiments, baseline performance data, pre-and post-tests);
- **randomized assignment** to test and control groups, whenever possible;
- **rigorous impact measurement** and causality assessment; and
- transparent **publication of** positive, negative and neutral **results**." (Canadian Privy Council Office, 2016)

The definition entails a strong emphasis on rigorous methods and measurement. On the other hand Canada admits that „experiments that do not meet such requirements should not necessarily be ruled out, but rather every effort should be made to establish as rigorous as possible baseline information and impact assessment strategies". The methods listed to serve as examples include user-centred design, open policy making, outcomes-based and pay-for-performance funding, gamification, collaborative methods etc. Tools for shaping direction, such as horizon scanning, foresight etc., are not described as part of experimental government.

The proposed process for experimentation in Canada includes eleven steps starting with scoping the problem and ending with reporting. Similarly to the Finnish process, decision whether to proceed and scaling are not part of the process (see figure 5). (ADAPT, 2017)

Figure 5. Process of experimentation




*Source: Experimentation and Test Guide (2017)*

### *2.3.2. Policies to promote experimental government*

In **Canada** an Innovation Hub was created in the Privy Council office under the Results and Delivery unit (Mendelsohn, 2017), which sends a strong message what purpose innovation

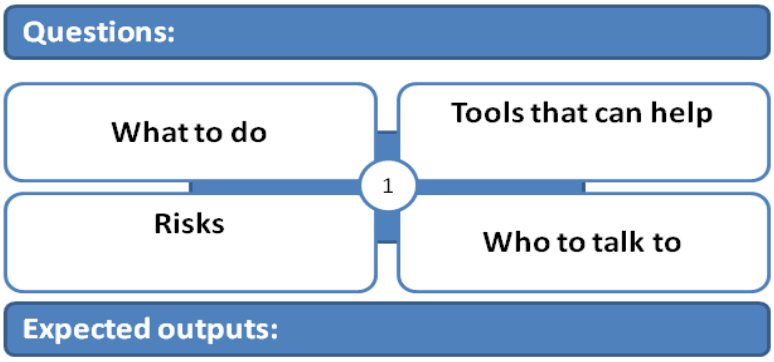
and experimentation should serve. The hub focuses on “co-designing policy solutions with departments and stakeholders, documenting what works in public sector innovation to support learning and replication across the Government of Canada, partnering with departments to measure program experimentation results using rigorous and outcomes-based evaluation methods” (Privy Council Office, 2017). Therefore the unit does not only focus on experimentation but it is one of their main tasks. There are also around 20 innovation hubs created in departments (Flack, 2017) and a number of provinces have their innovation units (Privy Council Office, 2017). There is also innovation training provided (OECD, 2017 b) but given the universal scale of the experimentation policy, many departments lack skills and capacity for experimentation (Mendelsohn, 2017).

Innovation hub has developed several networks and partnerships. There is an advisory committee to the Hub, gathering mainly researchers. The hub launched a Behavioural Insights Community of Practice, which is a horizontal network of employees, practitioners and researchers. There is also a Deputy Ministers' Committee on Policy Innovation, securing engagement on a management level and several partnerships with academic institutions. (Privy Council Office, 2017) In each department there is a “results and delivery officer” and “data lead” who support their ministries with these topics and form networks to disseminate information between departments (Mendelsohn, 2017).

Canada has integrated innovation into its recruitment strategies, performance assessment and promotion criteria (OECD, 2017 b) and is deliberately hiring people with data science and experimentation skills (Mendelsohn, 2017). In order to spread the innovative ideas annual Innovation fairs have been organized since 2015 (Canadian Privy Council Office, 2016). There are also innovation awards given out (OECD, 2015).

There are some toolkits and guidelines developed to support experimentation. Some of them are still being worked on. For example the Experimentation and Test Guide takes the user through each step of the experimentation process and helps to go through it in a thoughtful way without being overloaded with information (see figure 6). (ADAPT, 2017)

Figure 6. Guiding through each step of the process




*Source: ADAPT. Experimentation and Test Guide (2017)*

Canada has interesting mobility and knowledge sharing initiatives such as Micro Missions, Free Agents and Tiger Teams (Flack, 2017). Although given the scale of the federal government in Canada, they are not widely used. There is another interesting initiative called reversed mentors programme, which pools people from the administration with specific skills such as ICT or research skills and makes them available for the managerial level. (Tõnurist, 2017; Privy Council Office, 2017)

Main resource for experimentation funding is in each organisation's budget. As mentioned in the end of 2016, a direction for deputy heads was sent out "to devote a fixed percentage of program funds to experimenting with new approaches and measuring impact (Canadian Privy Council Office, 2016).

An Impact Canada Fund has been set up in the amount of 8 million Canadian dollars over 5 years for a challenges and outcomes platform and fund "to accelerate the adoption of experimental interventions, innovation, challenges and prizes, outcomes-based funding, and new impact measurement methodologies in Government". A key feature of the Fund would include establishing a horizontal prizes and challenges platform that would work across both social and economic policy domains. (Privy Council Office, 2017 c; Mendelsohn, 2017) There are separate funds allocated for the investments in priority areas, i.e. 300 million for smart cities over 11 years (Mendelsohn, 2017).

Efforts for better evidence base are supported by changing procedures. A new document format presented to the government – results and delivery charter – is quite different from its predecessors. Previously used cabinet memorandums tended to be long, complex and focused

on technicalities and most ministers would not read most of them. Results and delivery charter has focused on key outcomes, key players, key data. It compels and requires wide range of departments to talk to each other (Mendelsohn, 2017) and can support experimentation in their call for evidence. The delivery of the outcomes outlined in the charter is monitored by a ministerial round table (Mendelsohn, 2017).

There have also been examples where processes have challenged experimentation. Canada launched one of the first of its social impact bonds (SIB) recently. The preparation took a long time and by the time the SIB was ready to be rolled out, the budget foreseen for the experiment had already been put to other use. In that example, as the money was to be paid out in 2019, it did not stop the experiment from happening, but this might not always be the case (Tõnurist, 2017).

## 2.4. Estonia

### *2.4.1. Emergence and scope of experimental government*

OECD made a thorough governance review on Estonia in 2011. The review outlined many of the problems that form the bases for experimental government, such as dealing with complex issues, ministries working in silos and little use of evidence in policy-making. Although many suggestions were made, including a few that called for processes for better evidence base, experimental government and policy design were not specifically outlined (OECD, 2011). It was followed by joint governance review with Finland in 2015, concentrating on steering capacity and digital services across borders. This report did not specifically mention experimentation either but similar problems as in the Finnish OHRA report were also outlined here. Suggestions of the report also included creation of better foresight capabilities (OECD, 2015 a). These reports were followed by institutionalising the process for ex-ante impact assessments and creating funding measures for foresight reports and temporary cross-governmental task-forces (Riigisekretäri käskkiri, 2014).

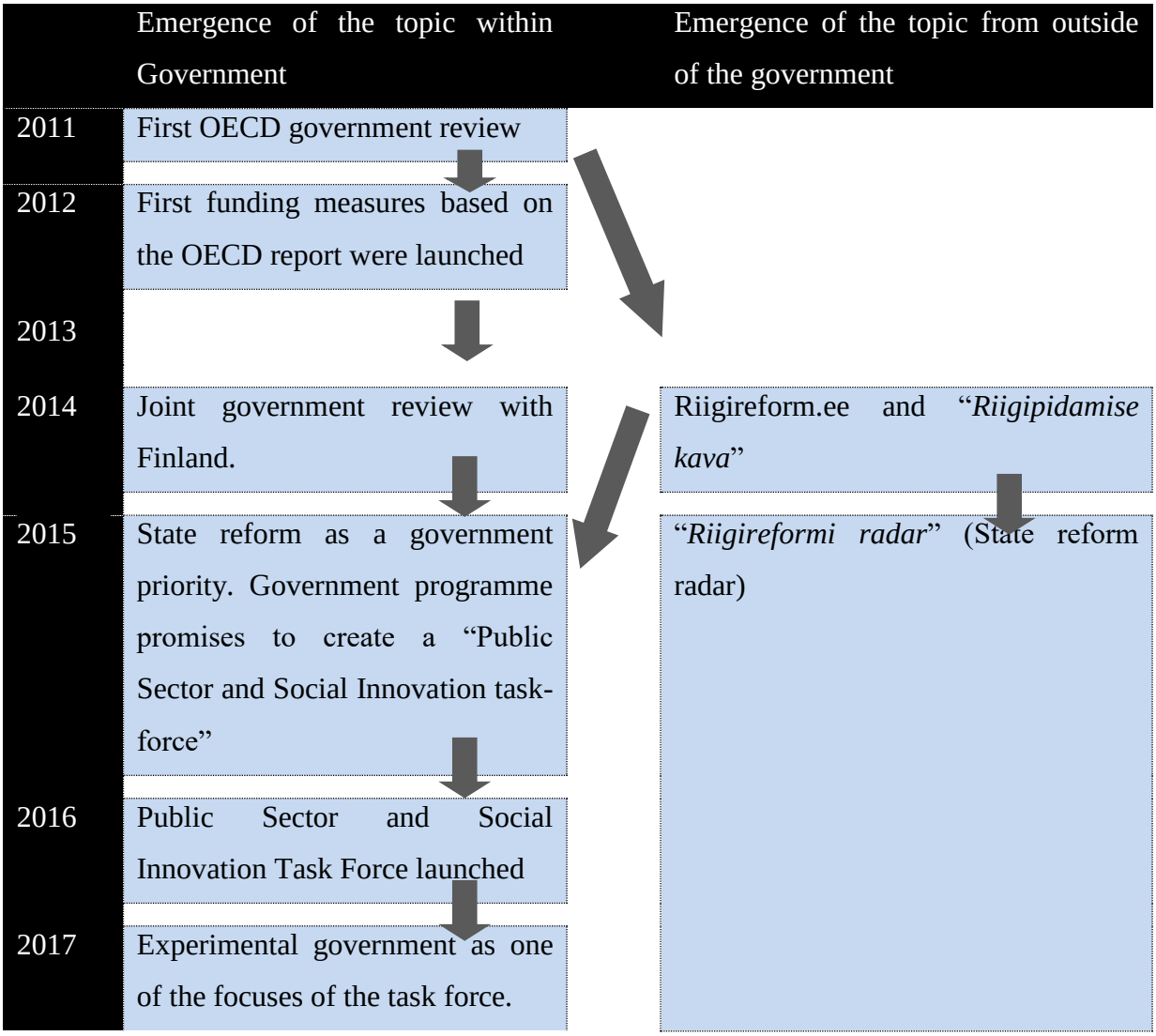
In Estonia the ideas of innovative and experimental government emerged with the advocates for “Riigireform” (*State reform*). They are group of policy experts, private and third sector stakeholders, initially gathered around the need to rethink Estonia’s development. One of their

key solutions was enhancement of administrative capacity through enhanced strategic steering, working across silos, moving away from managing costs towards better outcomes and supporting public sector innovation capacity. (Pärna & Talve, 2014) In parallel, during 2013-2015, a think tank formed to inform the President – "*Koostöökogu*" (Cooperation Assembly) – came out with a programme called "*Riigipidamise Kava*" (A plan how to run state affairs*)*. This plan called for innovation in the public sector. The reasoning behind it was not better services but arguing that with decreasing number of working-age population, the state needs to rethink the way it operates and make state operations more efficient. Among other aspects, concentrating on indicators and meaningless result management was criticized. (Koostöökogu, 2015)

Active "lobbying" by these groups reached the programmes of parties before the 2015 elections and "State and local administration reform, reducing rural flight" became one of five priority areas of government formed by Taavi Rõivas (RE & SDE & IRL, 2015). As the ideas initiating the take-up of "Riigireform" to policy agenda were rather broad, the promises in Government Programme under the state reform chapter were also without a clear focus and did not form a convincing policy proposal. They were mostly concentrated on local government reform, raising efficiency and reducing bureaucracy. The government actions regarding state reform have been closely monitored by the so-called state reform radar – a group of different non-governmental stakeholders (Tööandjate Keskliit ja Praxis, 2015).

One of the many actions proposed, was the creation of Public Sector and Social Innovation Task Force to deal with public services, procurement and social entrepreneurship (RE & SDE & IRL, 2015). The results of the task force are due in July 2017 (Riigikantselei, 2016).

Figure 7. Summary of emergence of experimental government in Estonia




In Estonia there is no explicitly outlined framework for experimental government. The Public Sector and Social Innovation Task Force sees experimentation as part of public sector innovation that should be promoted within the innovation framework (Public Sector and Social Innovation Task-force, 2017).

The senior-level committee of administrative capacity, that among other tasks oversees European Funds for enhancement of administrative capacity, approved a proposal to start funding experiments in 2016. The proposal only said in broad terms what would be funded. That is "testing innovative solutions to policy problems in order to find out whether they work and embed effective solutions into wider policy context". It also stressed that the process should involve policy makers, public service providers and service users (Haldusvõimekuse valdkondlik komisjon, 2016). Therefore there is only a vague definition what experimentation

means in Estonia and there are no publicly accessible policy documents or guidelines by the government. The initial scope for experimentation only involves testing/piloting ideas. The innovation agenda also looks at elements of policy design and iterative policy process. Foresight is not linked to experimental government or innovation agenda.

### *2.4.2. Policies to promote experimental government*

As mentioned, government established a Public Sector and Social Innovation Task Force, with a deadline to deliver their results by July 2017. The hub is temporary in its nature and its three main tasks are "to foster innovative approach in government agencies, to explore and use co-creation models with other sectors and to promote social entrepreneurship" (Mändmaa, 2017). Task force also provides advice and guidance in a few innovative projects. Under the public sector innovation agenda experimentation is also explored as a tool (Public Sector and Social Innovation Task-force, 2017) but it is not specifically emphasized.

As the task force is close to end, discussions have started over how the agenda could be carried forward. One of the ideas being worked on involves creating a shared support unit in the "Super Ministry" – meaning five ministries[2] moving into a shared building. The tasks of the unit are proposed to involve supporting ministries with tools (incl. experimentation), project design and management of innovative initiatives; disseminating knowledge; networking; and skill building. The idea also involves creating a network of officials from these ministries with necessary skills and willingness to "go help a bit" with an innovative solution whether it is their area of expertise or not. Discussions over the creation of the unit are still in progress (Public Sector Innovation Task Force, 2017 b). The task force has also started to compile available toolkits for innovation.

Most of the initiatives are in a too early stage to evaluate or even know whether they will materialise. It is also not clear how big of a part experimentation will have in these initiatives.

In Estonia there are no specific training programmes for experimentation skills. However, there are a few programmes tackling experimentation among other innovation or evidence-

[2] Ministry of Finance, Ministry of Economic Affairs and Communications, Ministry of Social affairs, Ministry of Justice and part of Ministry of Education and Science

based policymaking skills. There is an innovation training programme on the top management level and there are programmes soon to be launched for service managers and officials involved in impact assessment (Public Sector and Social Innovation Task-force, 2017). A competence framework for top civil servants that accounts for innovation exists (Kekkonen, et al., 2016).

Estonia mostly has experience with pilot projects, little with more rigorous experimentation. Therefore knowledge about clashes with current processes is not studied. As mentioned earlier, a decision was made to create a funding measure for experiments (Haldusvõimekuse valdkondlik komisjon, 2016) but so far no experiments have been funded. There are requirements for impact assessments for new regulations or development programmes but they rarely include evidence related to experimentation.

Regarding new ways of working, Estonia has initiated task forces as horizontal policymaking instrument, involving also experts and interested parties outside of government. Some of the task forces have engaged in some forms of experimentation, such as the task force for unmanned vehicles and Public Sector and Social Innovation Task Force.

# 3. Discussion and conclusion

Creating an environment for governments to engage in experimentation seems to be a new emerging boom. Might it be just another trend, like new public management, that will cause quite some damage in the administrations, but will be disregarded in the longer run? It seems that there is more to experimental government. The frameworks for experimental have different policy backgrounds and in most countries there is not really an elaborate system in place. These theses analysed three countries in their endeavours to create policy frameworks for experimental government. These countries were Finland, Canada and Estonia. The first two are some of the leading practices in the world.

In all the three countries analyzed, experimentation has started out as part of a bigger agenda and there have been both internal and external stakeholders advocating for change. Although the reasoning why experimental government is needed has touched upon similar subjects, the main message coming through is somewhat different in each country. In Finland, it is the need for a modern public administration to better deal with rapidly evolving environment. In Canada experimental government is more profoundly linked to evidence based policy. In Estonia, experimentation is part of public sector innovation agenda, which in turn is linked to the so called state reform. In this context, one of the most prevalent goals that experimentation is meant to serve in Estonia is the need to cut down the public sector. “What works” approach was less evident in the discussions. In practice, experimentation has shown most promise, where the starting point of it has been better outcomes, not efficiency gains. However, very often concentration on better outcomes has also led to cost savings (Cox, 2016). There should be a shift in Estonian state reform rhetoric from stressing predominantly “we can’t afford a state like that” towards better citizen oriented outcomes and evidence-based policy. Otherwise tools like experimentation will probably not be part of the solution.

Political buy-in for experimental government has been profound in Finland and Canada, less so in Estonia. On one hand it has secured commitment and funding for pushing the agenda forward. On the other hand, it entails the threat of experimental government agenda to be cast overboard when a new coalition/ party takes over. In Finnish case, the threat is mitigated with the early involvement of the Parliament; in Canada, with co-creating a shared vision of change. Estonian Parliament has committed to creating a shared vision for the State Reform

(Riigiteataja, 2017), but it has reached Parliament's agenda mainly because of external push and there is little understanding of what should be done and very scarce recourses to push the agenda forward. Help could come from the newly created foresight unit in the Parliament, which has picked up future of governance among one of its first key themes. For the moment, the research focus is somewhat tilted towards how ICT can change the way public sector operates, factors pushing for a wider organizational change are not highlighted (Arenguseire Keskus, 2017). Following Canadian example, the foresight study could be a platform to Support Parliament's State Reform committee in co-creating a shared vision and broad agenda for the state reform. It could also be a way to gather greater political support around the topic of experimental government as was done in Finland.

In Finland, with the uptake of experimentation as a political priority, it became as an end in itself. The threat of focusing on the tool instead of what it is aimed to achieve, might lead to misusing the tool. Promoting experimentation and RCT-s for their own sake (just as promoting any tool without considering its purpose) can lead to inappropriate policy responses or just fatigue. Therefore the first focus of the support system should be when and how to use experimentation. It needs to be recognized, that use of experimentation is not universal; it is just one of the tools in the toolbox and is not a solution for every problem. Therefore clear guidance about when to experiment is needed.

There is quite some confusion around the term of experimentation. NESTA's continuum of experimentation (Christiansen, et al., 2017) tries to link a set of approaches and tools under the term experimentation, including tools for direction shaping such as foresight. Linking foresight to experimentation in terms of processes (testing the idea brought by foresight) is not a bad idea but to define foresight as a tool in experimental framework creates confusion about what exactly is experimentation. Both Finnish and Canadian systems have relied on NESTA's work, not exactly on the concept of continuum of experimentation, but on previous works leading up to the concept. Estonia should take more care in coining the term and showing the connections of experimentation to other policy agendas such as evidence-based policymaking and innovation.

The hesitation around what exactly forms experimental government shows when looking at the policy papers of Finland and Canada. The list of tools described as experimental; do not necessarily involve an element of testing on a small scale, decisions about scaling are also not

emphasised. However, the definitions and processes described for experimentation led to believe, that some form of testing is meant to take place. Canada has summed-up and communicated the scope of experimentation in most understandable way. The scope was somewhat vague and information scattered in the Finnish model; there was also no good overview of what is meant by experimentation. The shifting focus and scope of experimentation can create confusion both inside and outside of the government. Estonia should be careful when coining the scope for experimental government and communicating key messages.

There is quite an elaborate policy framework and support system created for the promotion of experimental government in both Finland and Canada (see table 2). In Estonia most of the elements of the support system are still being developed and the other two cases form a good source of learning.

Table 2. Summary of experimental government policy frameworks in Finland, Canada and Estonia

| | Finland | Canada | Estonia |
|---|---|---|---|
| Generating and sharing knowledge & ideas | ▪ Experimental Finland<br>▪ SITRA<br>▪ Demos Helsinki<br>▪ Description of experimentation process<br>▪ Code of conduct for experimentation<br>▪ Digital Platform "Kokeilun Paikka"<br>▪ Networks of practitioners, academics, management level, experts. | ▪ Results and Delivery unit and Innovation Hub at PMO<br>▪ Innovation hubs in departments<br>▪ Toolkit for experimentation<br>▪ Each department has a chief results and delivery officer and a data lead<br>▪ Networks of practitioners, academics, management level, experts. | ▪ Public Sector and Social Innovation Task Force (temporary)<br>▪ Prototype for an innovation support structure (hub)<br>▪ Developing a toolkit |
| Empowering the workforce | ▪ Strong political buy-in<br>▪ Competence framework<br>▪ Training and development programmes<br>▪ Leadership development<br>▪ Innovation awards | ▪ Political buy-in<br>▪ Competence framework<br>▪ Recruitment guidelines<br>▪ Training and development programmes<br>▪ Performance assessment<br>▪ Leadership development<br>▪ Micro mission, free agents, tiger teams, reversed mentors<br>▪ Innovation awards<br>▪ Innovation fair (Blueprint 2020) | ▪ Innovation training for top civil servants<br>▪ Innovation training for service leaders to be launched<br>▪ Competence framework for top civil servants |
| Adapting rules and processes | ▪ Central budget<br>▪ Crowdfunding platform | ▪ Fixed % on experimentation<br>▪ Impact Canada Fund<br>▪ Results and delivery charter and ministerial round table | ▪ Directions to create a support measure for experimentation (in progress) |
| Reviewing ways of working | ▪ Hackathons | ▪ Challenges<br>▪ Hackathons<br>▪ SIBs | ▪ Task-Forces<br>▪ Hackathons |

However, the nation-wide call for experimentation in Finland and Canada has been somewhat unexpected and the support systems are ill-equipped to fill the skills and knowledge shortage on such a large scale. The support units employ only a few people - Canadian Innovation hub has less than 20 employees and Experimental Finland is a team of 6 (Experimental Finland, 2016; Mendelsohn, 2017). There is a shortage of necessary skills both inside and outside of the government (Annala, 2017; Tõnurist, 2017). There is little experience accumulated from previous experiences. Toolkits can help with planning, but they need to be accompanied with skills and experience. In Estonia, experimental government agenda has not come as a system wide directive, which on one hand holds back spreading the policy agenda, but on the other hand leaves time for the support systems and skills to develop.

The countries are confident in pushing the agenda forward. Positive cases in their countries and across the world have instilled confidence that mainstreaming these methods and wider organisational changes is a way to go. However, these practices are still far from being mainstream and several challenges outlined in the theoretical framework have been evident in the three cases discussed.

Fear of experiments going against existing regulations was confirmed by the case of the basic income experiment in Finland. Due to the legal amendments that had to be made and the tight time frame, some alternative/parallel interventions had to be cut out from the design (Kela, 2016). The cases presented did not offer good solutions on how to overcome these legal barriers. As a positive note, the problem might not be so prominent, especially in the cases of grass-root lever experiments (Annala, 2017).

The best known experiment in Finland – the basic income experiment - has brought out many of the other challenges of policy experiments. Initially planned design had to be adapted to the **political reality**. Being one of the key projects in the government program, there was strong will to get the results before the next election cycle; political interest and budget restrictions limited the target group of the experiment to unemployed. There is a fear that results of the experiment might be ignored by the new government because of its strong political connections to one party and the flaws in its design (Kela, 2016). Due to very strong interest by both local and foreign media and researchers, large part of the randomly assigned target group, has been questioned (Kotipelto, 2017), which can have its effects on the results of the

experiment. The idea of experimenting with different amounts of basic income was rejected because it was believed to be against the **equal treatment principal** (Kela, 2016). As a response to possible **ethical questions** of experimentation, Finland is working on a code of conduct for experimentation (Observatory of Public Sector Innovation, 2017).

There have also been examples, where processes have challenged experimentation. For example the **yearly budget constraint** in the case of launching a SIB in Canada (by the time experiment was ready to be launched, the budget foreseen for the experiment had already been put to other use). Another rather rigid process is procurement. For example **procurement law** in Finland did not allow combining two best solutions for digital platform for experimentation after a hackathon. Weather there are good ways around these institutional barriers remains to be unanswered.

All countries have set up networks for **diffusion** of the ideas, but results are too early to report on.

It takes a long time for the **culture of experimentation** to root in administrations. Contradicting experimental government with current system might lead to rejection of the ideas or create a divide in the public service. It is not possible to change the system overnight; it requires systemic approach to move towards the desired outcomes. Therefore a "change through evolution, not revolution" is needed (Christiansen & Bunt, 2012, p. 31). The core values of public sector like accountability and ethics need to remain in place.

To sum up, keeping up with increasingly complex policy challenges and the technological change surrounding governments, there is a need to reform how the governments operate. One of the tools that helps turning uncertainty to manageable risk, is experimentation. Moving towards experimental government requires a systemic approach and patience. When developing its policy framework for experimental government, Estonia should keep in mind that in case of inflicting a top-down policy, he top down policies it should be met with a coherent support system. It is useful to "keep the experimentation agenda clean" and not to confuse it with a fuzzy scope and overload it with too high expectations. Otherwise there is a serious threat of experimentation becoming just another buzzword. The focus should be more on outcomes and less on efficiency and experimentation should not be communicated as an end in itself. It should be connected to other policy agendas.

More research is needed about which aspects constitute a framework for experimental government, what kind of examples of frameworks exist and especially which elements are crucial for experimental government to take ground and what are the results of different interventions.

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# Appendices

## Appendix 1: List of presentations and interviews used

**10.-11.11.2016 -** 3rd meeting of the EU network on public administration and governemnce

1) **Jeremy Cox** – Presentation and discussion about the Vanguard method (10.11.2016)

**21.06.2016** – Discussion on the progress and plans regarding „FinEst“ (OECD Public Governance Reviews: Estonia and Finland: Fostering Strategic Capacity across Governments and Digital Services across Borders) report suggestions

1) **Sirpa Kekkonen, Katju Holkeri, Heiki Loot** – Overview of implementation and following discussion.

**19.12.2016 -** Study visit to Finland. Topic “Experimental Government”

1) Annukka Berg - Experimental Finland
2) Delgation at SITRA
3) Virpi Einola-Pekkinen - Muutoksentekijät

**28.02.2017** - Seminar „Working with Change: Systems Approaches to Public Challenges“ Hosted by the Observatory of Public Sector Innovation (OPSI), Public Governance and Territorial Directorate, OECD

**23.-24.03.2017** - Public administration and Governance Network meeting in Prague

1) Sirpa Kekkonen (Head of Government Strategy Secretariat, Prime Minister’s Office) „The Finnish government’s systems for strategic management“
2) Jocelyne Bourgon – „Key ideas and Take Away“

**31.03.2017** - Workshop on Public Sector Innovation in Finland and Estonia

1) Anna-Kaisa Lähteenmäki-Smith (Kokeileva Suomi): Government enabling role in innovation policy and evidence-informed decision-making: the demand for experimental culture http://tietokayttoon.fi/en/frontpage
2) Mikko Annala (Demos Helsinki think tank): Strategic experiments in Finnish government agencies, the model, the methods and lessons learned.

3) Johanna Kotipelto (Kokeileva Suomi): Building co-creation between civil servants, civil society and citizens, face to face and digitally. Case Kokeilunpaikka.fi platform + a peak on ongoing government pilots and experiments
4) Margus Sarapuu, Ministry for Economy and Communication, head of task force for reducing bureaucracy in the back office and for enterprises
5) Gerli Aavik, Ministry for Social Affairs: using service design to integrate social care and public health services for people with special needs.

**8.-10.05.2017** - Workshop on partnerships for advancing experimental approaches in government, Meeting of the OPSI National Contact Points, and the Canadian Public Service Innovation Fair Hosted by the Innovation Hub, Privy Council Office, Government of Canada

1) Matthew Mendelsohn, 8.05.2017. *Linking Experimentation, Innovation and Impact: Acting on the Government of Canada's Experimentation Commitment.* Ottowa
2) Graham Flack, 8.05.2017. *Story of policy innovation in Canada.* Ottowa
3) Rodney Ghali, 10.05.2017. *Towards a Guide to Experimentation in Government.* Ottowa

**18.05.2017 –** Phone interview with Piret Tõnurist (Policy analyst at OPSI). "Experimental government framework in Finland, Canada and Estonia".

# Appendix 2: Questions guiding empirical analyses

**I Emergence of experimental government**

1) How did experimental government end up on governments agenda?
2) How important is the agenda of experimental government? How big of a priority is it for the government?

**II Scope of experimental government**

1) How is experimental government defined?
    a. What defines experimental government (idea of what works/ learning?; concrete methods?, a concrete process?)
    b. NESTA also includes future gazing to the framework. Is it part of the innovation government agenda?
2) Is there a separate agenda for public sector innovation? If then how does it differ from the experimental government agenda?
3) How was the scope defined? Has any country or framework been used as a role model?

**III Support structures**

1) What has been done to promote experimental government? What support structures exist in following areas:
        a. Generating and sharing knowledge & ideas
        b. Empowering the workforce
        c. Adapting rules and processes
        d. Reviewing organisational design and ways of working of working
2) What has been the reach of these interventions (no of people, org-s, ...)?
3) Who are the main target groups?
4) Have you tried to measure outcome/ impact/ effect of your interventions to promote experimental government? Have you used the experimental government methods to promote experimental government?

**V Opinions/ challenges**

1) Has there been a bigger shift in thinking or have the examples so far been exceptions?
2) What obstacles/ challenges have occurred? Have they been overcome. How?
3) What are the threats?

# Appendix 3: Country contexts

Finland is Nordic welfare state with quite a lot of autonomy devolved to local governments and its population is slightly growing.

Canada is a Federal highly developed country, with the majority of its expenditures and decision making powers on provincial level. Canada has a relatively big population.

Estonia is a very small post-soviet state with declining population. Most government revenues are concentrated on central government level. Estonia has a rather similar government structure to Finland. Estonia has a rather large number of government employees compared to other OECD countries, which in part is due to the fact that in comparison to other countries fewer tasks are outsourced.

Table 3. Country contexts

| Component | | Finland | Canada | Estonia |
|---|---|---|---|---|
| Population[3] | | 5 597 000 (increasing) | 38 757 000 (increasing) | 1 289 000 (declining) |
| GDP per capita[4] 2015 US$ (2015 exchange rates) | | 41 982 | 44 120 | 17 941 |
| Governments expenditure % of GDP[5] | | 57,67 | 41,16 | 40,33 |
| Public sector employment as a percentage of total employment [6] | | *Not available* | 20,4 | 26,1 |
| Levels of Government | Central | 1 | 1 | 1 |
| | State | *NA* | 10 Provincial & 3 Territorial | *NA* |
| | Local | 311 in 2017 | about 3,700 in 2002 | 213 beginning of 2017. Soon to be around 70 after the local administration reform. |
| Central | As a % of general governmen t revenues[7] | 43,12 | 35,84 | 81,99 |
| State | | *NA* | 43,3 | *NA* |
| Local | | 29,64 | 12,17 | 4,45 |
| Social security | | 27,24 | 8,69 | 13,56 |

[3] (IMF, 2017)
[4] Calculated based on (The Conference Board, 2016)
[5] (OECD, 2015 b)
[6] (OECD, 2015 b)
[7] (OECD, 2015 b)