
**GUIDELINES FOR
PREPARING AN ACTION PLAN FOR
INNOVATION IN GOVERNMENT DEPARTMENTS**

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सत्यमेव जयते

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1. Background

The Prime Minister approved the outline of a “Performance Monitoring and Evaluation System (PMES) for Government Departments” vide PMO I.D. No. 1331721/PMO/2009-Pol dated 11.9.2009. Under PMES, each department is required to prepare a Results-Framework Document (RFD).

An RFD provides a summary of the most important results that a department / ministry expects to achieve during the financial year. This document has two main purposes: (a) move the focus of the department from process-orientation to results-orientation, and (b) provide an objective and fair basis to evaluate department’s overall performance at the end of the year.

Government of India has been implementing RFD policy since 2009-2010. Starting with 59 departments, today this policy covers 79 departments and some 800 responsibility centres under them. This year the fourth round of RFDs for the year 2012-2013 were implemented by departments in Government of India. In addition thirteen State Governments have also adopted RFD policy at the state level. More details about RFD policy can be found on www.performance.gov.in

Each RFD contains department’s key objectives, actions, and success indicators to measure progress in implementation and targets for the year. In addition to success indicators proposed by the department in their individual RFDs, there is a set of mandatory indicators proposed by the Government that are included in RFDs of all departments.

To make use of RFD as an instrument for promoting out-of-the-box thinking in the Government, the High Power Committee (HPC) on Government Performance chaired by the Cabinet Secretary included the following mandatory success indicator in all RFDs for 2012-2013.

Actions	Success Indicator	Unit	Weight	Target / Criteria Value				
				Excellent	Very Good	Good	Fair	Poor
				100%	90%	80%	70%	60%
Identify, design and implement major innovations	Timely submission of Action Plan for enabling innovation	Date	0.5%	Dec 10 2012	Dec 15 2012	Dec 20 2012	Dec 26 2012	Dec 31 2012
	Timely implementation of Action Plan milestones for 2012-2013	Date	1.5%	Mar. 10 2013	Mar. 15 2013	Mar. 20 2013	Mar. 25 2013	Mar. 31 2013

Given that very little time is left in FY 2012-2013 for designing and implementing an Action Plan for Innovation in Government by departments, it has been decided to focus on only making an *Action Plan for Innovation* this year. The implementation of the approved Action Plan for Innovation will be the focus for the 2013-2014 RFDs. Hence the revised deadlines for this mandatory indicator are as follows:

Actions	Success Indicator	Unit	Weight	Target / Criteria Value				
				Excellent	Very Good	Good	Fair	Poor
				100%	90%	80%	70%	60%
Identify, design and implement major innovations	Timely submission of Action Plan for enabling innovation	Date	2.0%	April. 20 2013	Apr. 23 2013	Apr. 25 2013	Apr. 28 2013	Apr. 30 2013

While innovation is clearly a spontaneous and often unpredictable phenomenon, we believe that departmental leaders can play an important role in creating an enabling environment for innovation to thrive on a sustainable basis. We are indeed aiming to achieve innovation in Government by design rather than by chance.

2. Purpose of these Guidelines

These guidelines are intended to provide guidance to departments / ministries for preparing the required Action Plan by April 20, 2013, for encouraging innovation in their respective ministries / departments. These Guidelines represent the minimum requirements and ministries / departments are free to add additional material that may be relevant to their particular context. It would be counterproductive (and indeed contradictory) for Guidelines on Innovation to be restrictive. Perhaps, departments can innovate and come up with better guidelines in this area as well!

3. Intended Users

All ministries / departments and Responsibility Centers (RCs) under them may use these guidelines to develop an Action Plan for encouraging Innovations in their organizations.

4. What is Innovation in Government?

Innovation can be defined as the implementation of a significant change in the way the Government operates or in the products and services it provides. Innovation can cover the entire results chain depicted below.

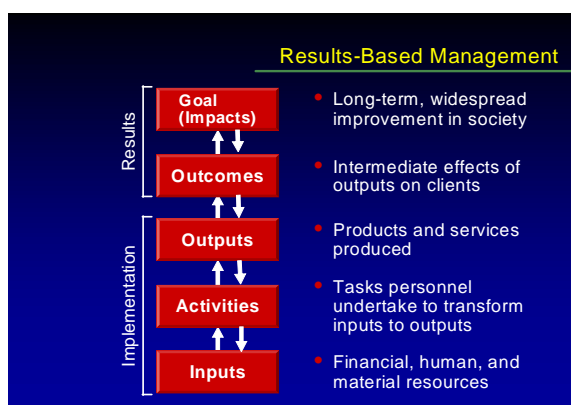


Figure 1: Typical Results Chain

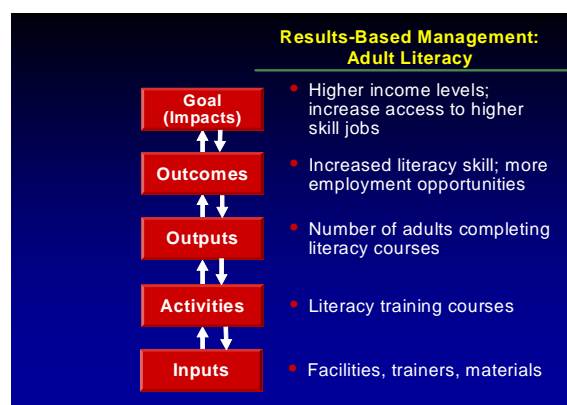


Figure 2: An Example of Results Chain

While there can be innovation at all levels of the results chain, as far as citizens and clients of government are concerned they care about the final benefits from innovation. In other words, we need to make a distinction between means and ends.

The focus of these Guidelines is on managerial and administrative innovations in Government departments. Ultimately, innovation in Government that matters is defined as a significant and sustainable improvement in the following:

a. Delivery of same goods and services

- i. at less cost
- ii. in less time
- iii. with more transparency
- iv. with least disruption
- v. with organizational restructuring / change

Points a (i - iv) are often referred to as '**Process Innovation.**' A process innovation is the implementation of a method for the production and provision of products, that is new or significantly improved compared to existing processes in your entity. This may involve significant improvements in, for example, equipment and/or skills. This also includes significant improvements in support functions such as IT, accounting and purchasing.

Point a (v) is referred to as an '**Organisational Innovation**' and represents implementation of a new method for organising or managing work that differs significantly from existing methods in your entity. This includes new or significant improvements to management systems or workplace organisation.

b. Delivery of more goods / services

- i. More quantity
- ii. better quality

Point b(ii) mentioned above is referred to as '**Product Innovation.**' A product innovation is the introduction of a product that is new or significantly improved compared to existing products in your entity. This includes significant improvements in the products' characteristics, in user access or in how it is used.

c. Identification of new needs (hence new goods and services)

(both articulated and non-articulated)

Sometimes this involves what is referred to as '**Communication Innovation.**' It involves implementation of a new method of promoting the entity or its products, or new methods to influence the behaviour of individuals or others. These must differ significantly from existing communication methods in your entity".

To qualify as innovation, the improvement in categories 'a' and 'b' mentioned above should be 20 % or more. Further, it should not be a one-time improvement but a permanent change.

For category 'c' mentioned above, the identification of a new need should affect 20 % of the target audience.

The choice of the threshold level of 20 % is a policy determined variable. To start with this level appears to be a reasonable threshold. Later it could be increased.

5. Objective of an Innovation Action Plan (IAP)

The main objective of the proposed departmental Innovation Action Plan (IAP) should be to create a culture of innovation in the Government department to promote administrative and managerial innovation. However, it is not meant to achieve isolated and random innovations. Rather, the IAP should set in motion institutional changes that will create a culture within the department to encourage, identify, celebrate and reward managerial and administrative innovations. This explains why we do not intend to start by rewarding innovations but start by rewarding creation of a system that generates sustainable innovations on a continuous and consistent basis in the future.

Towards that end, the goal is to proceed step-by-step as follows:

- **Step 1:** Develop an Action Plan for generating innovations
- **Step 2:** Implement the Action Plan
- **Step 3:** Measure the quantity and quality of innovations as defined in Section 4

6. Elements of a departmental Innovation Action Plan (IAP)

All departments are required to prepare an Innovation Action Plan by April 20, 2013. These IAPs must have a minimum of the following five elements:

- i. What will be done to produce innovations in the department?
- ii. Why is it expected to produce a sustainable culture of innovation?
- iii. How will it all be done?
- iv. Who will do it?
- v. When will it all be done?

A credible and thoughtful write-up on each of the five elements of the departmental IAP will be considered as deserving a rating of Excellent for the mandatory success indicator in the 2012-13 RFD. Indeed, the above makes it clear that an effective Innovation Action Plan should be embedded in an Innovation Strategy and, indeed, derived from an Innovation Strategy. The next section will discuss the guiding principles for a departmental Innovation Strategy that the individual departments may wish to develop as part of the Innovation Action Plan. In management, however, we cannot let best be the enemy of better. We cannot wait for a full blown innovation Strategy to be developed before taking any action. Our recommendation is to put development of a detailed Innovation Strategy as an action point in the Innovation Action Plan.

In developing ideas for the various elements of the IAP, it may be instructive to look at the way the final out is likely to be judged. Evaluation of Innovation in Government is an evolving field and hardly any rigorous work has been done.

There is a model that has been applied by many countries around the world for measuring public sector innovation, and is also quite relevant and useful for application in the Indian context as well. The model suggests that public sector innovation be measured by using a conceptual framework with four main themes: (1) inputs provided for innovation, (2) innovation in processes, (3) outputs of innovation, and (4) outcomes of innovation. The themes in Table 1 below match the elements of the Results chain depicted in Figures 1 and 2. To identify key areas for measuring public sector innovation, the model has been further refined with detailed descriptions of the five main themes, as provided in Table 1. This table provides a host of ideas for devising departmental IAPs. This can be done by thoughtfully focusing on relevant items in Table 1.

Table 1 – Framework themes with indicators for measuring public sector innovation

Themes	Potential indicators for measuring public sector innovation
<i>Inputs</i>	<ul style="list-style-type: none"> • Investment in intangible assets (such as investment in computerised information, innovative property, and economic competencies) • Innovation expenditures (training, consulting expenditures and other knowledge purchases etc.) • Human resources devoted to innovation (number of staff involved in innovation) • Staff skills for innovation • Staff attitudes and attributes to innovation • Sources of information (e.g. management / senior staff versus employees / frontline staff, users, suppliers) • Technological infrastructure for innovation (including access to and use of ICT and Web 2.0.)
<i>Process</i>	<ul style="list-style-type: none"> • Explicit innovation strategy and targets • Systematic, internal measurement and evaluation of innovation • Management practices for innovation (active involvement, support for new ideas, trials and experimenting, support/commitment to innovation and implementation) • Incentive and reward structures • Practices for learning and diffusing knowledge and innovations • Innovation collaboration and alliances • Perception of enablers and barriers to innovation
<i>Outputs</i>	<ul style="list-style-type: none"> • Ongoing innovation projects • Types of innovations (product, services, processes, delivery models, organisational design and practices, etc.) • Degree of novelty and scope of innovations (e.g. incremental versus radical innovation, autonomous versus systemic innovation) • Innovation intensity (proportion of employees reporting innovation in their work group) • Related, intangible outputs (e.g. patents, copyright, trademarks)

Themes	Potential indicators for measuring public sector innovation
<i>Outcomes</i>	<ul style="list-style-type: none"> • Quality and efficiency • Productivity • User satisfaction • Employee satisfaction • Societal and environmental impacts • Other intangible effects (e.g. increased trust and legitimacy) • Effects of innovations

7. Guiding principles for building an innovation Strategy in Government Departments

The following guiding principles identify how innovation can be harnessed and promoted by public sector agencies. To reap the benefits of innovation, departments and Responsibility Centres (RCs) will need to take positive and proactive steps. They will need to communicate that some problems will not be able to be solved without risk, and work with the government and stakeholders and clients on acceptable ways of tolerating those risks. However, each department has its own circumstances and pressures and will need to tailor action to its specific culture and context. Much depends on culture, attitudes and behaviours, and changes to those will only take root over time.

1. **Integrate innovation into a department’s strategy and planning:** what are the department’s key priorities and challenges, what opportunities do they present for innovation, and how can the need for innovation and its attendant risk be communicated internally and externally.
2. **Foster and attract innovative people:** seek to recruit and nurture people who are motivated to innovate and have relevant skills and capacities.
3. **Tap into the ideas and experience of stakeholders:** build an organisation capable and desirous of interacting with partners, customers and citizens and draw on their innovative potential.
4. **Develop organisational capacity to facilitate and manage innovation:** build expertise and experience in managing innovation in a public sector environment and work to identify and address any unnecessary impediments to innovation that may exist.
5. **Provide ‘safe spaces’:** areas and programs where innovation can be channelled, where experimentation is expected and where ‘failures’ are regarded as legitimate. These spaces should be explicitly identified as testing grounds for ideas that can be expected to carry implementation and political risks.
6. **Facilitate networking:** build communities of practice and networks of trust within and without the Government of India by which to share experiences of innovation, build partnerships and learn from others.
7. **Build a supportive culture:** reward and encourage innovation and give agency staff both the means and the permission to innovate.

8. **Use government's influence and advantages to spur innovation:** use the government's procurement power, its role as a regulator and its leverage with other jurisdictions to develop and realise innovative solutions.
9. **Measure and evaluate your results and share what you learn:** monitor the return on your innovation investment and evaluate the outcomes; sharing such learning across the public sector will improve the quality and speed of the innovation process.
10. **Make public information accessible:** public sector information and data is a valuable resource for innovation, both internally and externally to the Government of India and therefore publicly funded data sets should be publicly available unless there is a good reason for confidentiality.

8. Departmental innovation checklist

The following checklist provides a pointer to some of the main things that a department should consider while developing an Innovation Action Plan.

Strategy

- Is innovation included in the organisation's strategy and performance?
- Would staff have a clear idea of how they are expected to contribute to the department's innovation process?
- Does the department's strategic processes include foresighting activity to identify upcoming issues that may require innovative responses?

Openness

- Is there a process in place by which staff can identify and address barriers to engagement with stakeholders?
- Does the policy development process allow for external experts to be involved and to give input to new policy processes?

Risk

- For innovative initiatives, is there a framework for identifying associated risks and the risk thresholds of relevant stakeholders?
- Does the agency have identified mechanisms for actively managing the risks associated with innovative approaches?
- Is the concerned Minister involved in discussion of the risks associated with significant innovations?

Leadership

- Is innovation (and the encouragement of) an explicit part of the Results-Framework Documents and Performance Appraisal of senior officers?
- Does the department's performance measurements systems include innovation?
- When an innovative initiative is introduced, does the department clearly articulate the case for the innovation to potential users and stakeholders?

Mechanism of Challenge

- Has the department established and publicly identified an open process by which staff and members of the public can flag relevant barriers to innovation?
- Does the department have in place a means to assess, prioritise and resolve (as appropriate) barriers to innovation that are identified?

Funding

- Has the department considered how specific innovation initiatives can be funded where they do not fit within business as usual parameters?

Engaging

- Does the department have an explicit ideas management system?
- Has the agency considered how relevant external stakeholder groups may be able to contribute ideas to the agency?

Procurement

- Are departmental staff aware of relevant procurement regulations that may allow the procurement of innovation?
- Are departmental staff aware of relevant contacts within finance areas who may provide guidance and advice on innovative procurement?
- Are departmental staff aware of relevant mechanism (such as portals and stage gating) utilised by organisations to better facilitate innovation procurement?

Developing and Sustaining

- Is the department part of the Innovation Community of Practice run by the Performance Management Division, Cabinet Secretariat?
- Has the department provided examples of innovative initiatives to the Public Sector Innovation Showcase on www.performance.gov.in?

Sharing

- Has the department put forward relevant innovative examples to the Prime Minister's Awards for Excellence for Innovation in Government given on Civil Services Day?
- Does the department have in place internal innovation awards (perhaps as part of existing Civil Service Day Awards processes)?
- Does the agency have in place, or collaborate with other agencies in holding, annual events to discuss, share and celebrate public sector innovation?

9. Mode of Submission

- a. 'Innovation Action Plan (IAP)' of the Ministry / Department must be submitted to the Performance Management Division (PMD), Cabinet Secretariat, by 5:30 PM on Monday, April 20, 2013.
- b. Electronic copies of the IAP in PDF format should be sent to the following email :
 - Performance-cabsec@nic.in
 - Prajapati.trivedi@nic.in;
- c. Printed version (15 copies) should be hand delivered to Performance Management Division, Cabinet Secretariat, at the following address:

Performance Management Division (PMD)

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