



## Introduction

- Describe how Employment and Social Development Canada (ESDC) transformed Labour Market Development Agreement (LMDA) evaluation approach to increase evaluation relevance for policy development.
- Content:
  - Background on the LMDAs
  - Evaluation requirements
  - Lessons learned from the 1<sup>st</sup> cycle of formative and summative evaluations
  - Description of the improved approach used for the 2<sup>nd</sup> cycle of evaluations
  - Lessons learned from the new approach



## Background on the LMDAs

- The LMDAs are 13 administrative agreements between Canada and each province and territory introduced under the *1996 Employment Insurance (EI) Act*.
- In total, under the LMDAs, Canada transfers \$1.95 billion annually to provinces and territories (PTs) to design, deliver and manage skills and employment programs mainly targeted to unemployed individuals eligible for Employment Insurance (EI).
- The objective of LMDAs is to assist individuals obtain or keep employment.



## Evaluation Requirements

- Each LMDA has an evaluation clause stipulating that:
  - The first summative evaluation is required in the 3<sup>rd</sup> year of the agreement's implementation.
  - Subsequent evaluations of impact and effectiveness are required every 3 to 5 years.
- Twelve PTs opted to conduct joint evaluations with Canada. Quebec conducts its own evaluation as per the provisions of the LMDAs.
  - The cost of joint evaluation is fully covered by Canada.
- Joint federal/provincial/territorial (F/P/T) evaluation work conducted to date:
  - 12 formative evaluations completed between 1999 and 2002
  - 12 summative evaluations completed between 2002 and 2012
  - 2<sup>nd</sup> cycle of summative evaluations underway at the multilateral and bilateral levels simultaneously since 2012.



## Lessons Learned from the 1<sup>st</sup> Cycle of Evaluations

- The first formative and summative evaluations:
  - Used a bilateral approach with each PT.
  - Were conducted by external contractors.
  - Relied on large surveys of participants and non-participants.
- Overall, it took 10 years to produce summative evaluation findings for all participating provinces/territories and the process was costly.
- The scope of the evaluation was limited in PTs with a smaller participant population.
- It was difficult to fulfill federal requirements to report on LMDA effectiveness to Parliament through the EI Monitoring and Assessment Report.
  - National roll up of results was difficult since the evaluation covered different periods and the methodologies evolved over the years.



## Improved Approach for Cycle II

- The second round of evaluations is being completed using a completely different approach which:
  - Breaks down the evaluations into small, targeted studies conducted at the national and PT level simultaneously.
  - Has a multilateral and bilateral governance structure.
  - Undertakes analyses in-house and focuses on using administrative data.
- Evaluation work is completed over a 5-year cycle (from 2012 to 2017)



## Conducting Small Targeted Studies

- The evaluation is broken down into small targeted studies conducted on an ongoing basis is the 12 PT and at the national level simultaneously.
- 2 types of studies are conducted on a yearly basis:
  - 1 study of LMDA incremental impacts over various time periods or for different sub-groups of participants.
  - 2 to 3 studies on targeted questions about design, delivery, effectiveness or questions to inform policy development.
- Findings are shared with PTs and ESDC partners as they are ready.
- Incremental impacts at the national level are reported in the EI Monitoring and Assessment Report annually.
- At the end of the cycle, findings from each study will be rolled up into a bilateral evaluation report for each PT.



## Conducting Small Targeted Studies (cont'd)

- To date, the evaluation produced evidence on:
  - Incremental impacts over the short and medium terms for different cohorts of participants.
  - What works for whom (i.e., youth, older workers, long-tenured workers).
  - Profile of participants over different periods.
  - Cost-benefit analysis.
  - The design, delivery, lessons learned and challenges of specific LMDA programs (i.e., Employment Assistance, Skills Development and Targeted Wage Subsidies).
  - Whether providing return-to-work assistance sooner leads to better labour market impacts.
  - Effectiveness of LMDAs in reducing the use of EI and Social Assistance.





## Multilateral and Bilateral Governance Process

- A multilateral Evaluation Steering Committee regroups representatives from all participating PTs, Quebec as observer, the 4 Service Canada regions, ESDC program staff, ESDC evaluation. It is responsible for:
  - Selecting the subjects for the annual studies.
  - Reviewing and approving national level analyses.
- 12 bilateral Joint Evaluation Committees between ESDC and each PT are responsible for:
  - Discussing PT specific questions and information needs.
  - Discussing and approving PT level analyses.



## In-House Analyses Focused on Administrative Data

- All the evaluation work is conducted in-house at ESDC.
- The main line of evidence for the evaluation is administrative data from EI part I (EI claim), EI Part II (program data ) and the Canada Revenue Agency.
  - Data analysis replaces the need to conduct large surveys.
  - Data are used to produce analyses of incremental impacts using propensity score matching, outcomes and socio-demographic profile of participants.
- Quantitative results are supplemented by qualitative information when necessary.
  - Key informants interviews and document reviews are conducted to better understand the design and delivery features of the programs.
- In ESDC, the use of data for evaluation is governed by stringent rules to maintain privacy and confidentiality.



## Lessons Learned

- Evaluation are more timely and better supports policy development through:
  - Ongoing release of findings.
  - Yearly selection of evaluation questions which allows to address emerging policy issues or to follow up on questions identified in previous study.
  - Production of national level analyses which provides an overall assessment of the LMDAs and to better fulfill federal accountability requirements.
- The approach allows to address knowledge gaps and to build on what is already known about the LMDA.
- Focussing on administrative data analysis has several advantages:
  - More robust source of information than survey (e.g., no recall bias).
  - Analyses can be undertaken quickly.
  - The data are of good quality and allow to carry-out robust analyses of incremental impacts using state-of-art econometric techniques.



## Lessons Learned (cont'd)

- Undertaking work at the multilateral level allows partners to share best practices or to put efforts in common.
  - E.g., regional level analysis can be produced to supplement PT level results when the number of participants is too small.
- Undertaking the work in-house reduced the costs of the evaluation significantly.
- Challenges include:
  - Processing large amount of data requires computer capacity and adequate software.
  - Manpower is required to undertake the data analysis and write evaluation reports (each study may yield up to 13 reports).
  - Evaluation staff requires time and resources to develop the required skills to implement innovative methodologies.
  - Small PTs may get their needs lost in the multilateral process. As well, the scope of quantitative analyses is more for PT with large participant population.

