CASE-STUDY #4:
NATIONAL EVALUATION POLICY IN CANADA

Official name:	Canada
Location:	North America
Independence:	1867
Form of state:	Federal monarchy, Constitutional monarchy, Parliamentary system
Administrative divisions:	10 provinces and 3 territories
Area total:	9,984,670 sq km
Population:	34,35 million
Language:	English
Official currency:	Canadian Dollar (CAD)
GNI per capita:	$ 50,970
Unemployment (% of labour force):	7%
National Evaluation Association:	Canadian Evaluation Society was formed in 1981
Introduction of NEP legislation:	1977, revised in 1991, 2001, 2009

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Acronyms

AG Auditor General
CEE Center of Excellence for Evaluation
CES Canadian Evaluation Society
DPR Departmental Performance Report
EMS Expenditure Management System
G&C Grant and contribution
M&E Monitoring and evaluation
MAF Management Accountability Framework
MRRS Management Resources and Results Structure
PPX Performance and Planning Exchange
RBM Results Based Management
RMAF Results-based Management and Accountability Framework
TBS Treasury Board Secretariat

Executive Summary

This case study describes the government M&E system of Canada, which was introduced in 1977. NEP structure in Canada is characterized by three key elements: (1) departmental delivery with central leadership; (2) an emphasis for both monitoring and evaluation and (3) well-defined rules and expectations for performance measurement and evaluation. The leading agency guiding the NEP implementation is the Treasure Board Secretariat. Canadian NEP has a strong oversight mechanism that covers three levels (individual evaluation study, departmental level, whole-of-government level) and provides quality control. Evaluation is used by all levels of government. Human resources development is an ongoing issue addressed by the Canadian system. Canadian NEP is famous for its high level of transparency.

I.   Introduction

1.1.   *Political, Economic and Development Context*

Canada is the 2nd largest country in the world after Russia[1]. However, its population is only about one-fifth of Russia's.

Canada is a federal parliamentary democracy and a constitutional monarchy, with Queen Elizabeth II as its head of state. Canada is a member of the Commonwealth of Nations. The country is officially bilingual at the federal level. It is one of the world's most ethnically diverse and multicultural nations, the product of large-scale immigration from many countries, with a population of approximately 34.5 million as of December 2012[2].

Canada is a developed country and one of the wealthiest in the world. It is the world's 14th largest economy by GDP with the 11th highest ranking in the Human Development Index. It ranks among the highest in international measurements of education, government transparency, civil liberties, quality of life, and economic freedom. Canada is a member of the G7 (Group of Seven), the Group of Ten (economic), the Group of Twenty (G-20 major economies), the North American Free Trade Agreement and the Asia-Pacific Economic Cooperation forum.

Canada was the 7th largest donor of official humanitarian assistance in 2011. Canada's official development assistance (ODA) was equal to 0.3% of Canada's gross national income (GNI) in 2011, i.e. $5,5 billion. 80.63% of Canada's official humanitarian assistance was spent in fragile states in 2011. 54.6% of Canada's official humanitarian assistance was spent in countries classified as long term recipients of humanitarian assistance in 2011[3].

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[1] https://www.cia.gov/library/publications/the-world-factbook/geos/ca.html
[2] UN, 2012
[3] http://www.globalhumanitarianassistance.org/countryprofile/canada

1.2.   M&E Context

The original drivers for development of the evaluation function were the philosophy of the Government of Canada to deliver results and hold elected officials in the public sector accountable before its citizens.

Evaluation in public sector management in Canada appeared in 1969. The first government-wide evaluation policy was established in 1977 and it became a model on which Canadian Government evaluation practice is still functioning. The model is based on a strong central management board that oversees and holds deputies accountable.

Performance monitoring was emphasized during 1990s and underlined the necessity to make performance information more accessible and useful to parliamentarians and parliamentary committees. For that reason at that time, the emphasis was switched from measuring inputs and processes to assessing the performance in terms of outputs produced and outcomes achieved. It happened due to the formal requirement to submit an annual departmental performance report (DPR) to the parliament by the program managers. Treasure Board Secretariat (TBS) was the central agency with evaluation function, which made the oversight of the performance reporting and production of the DPRs. Nonetheless, due to the reform in the public sector management and decrease in resources, the influence of TBS as strong evaluation policy center was reduced over the 1990s.

But more formal orientation on the results in the public sector took place in 2000s with introduction of the RBM. The government's management agenda was called "Results for Canadians" and focused on improving delivery of results, responsible spending, greater transparency and accountability for results. To ensure the implementation of this agenda, the Government introduced the Modern Comptrollership Initiative and a strategy to strengthen M&E capacity in individual government departments. As of result, Evaluation Policy was revised in 2001; Evaluation Policy Center within TBS was established and an investment strategy to build evaluation capacity in individual government departments was introduced.

However, the review the Auditor General "Evaluation Effectiveness of Programs" in 2009 showed insufficient coverage of programs with evaluation of effectiveness and insufficient performance information in departmental monitoring of programs as well as lack of competent evaluators. In addition, there was a necessity to provide proper program effectiveness information to support Expenditure Management System and department-level strategic reviews. All that led to the review of the Evaluation Policy in 2009 with introduction of program-specific Results-based Management and Accountability Frameworks, which aimed to help building M&E capacity in departments.

II. Institutional setting of NEP in Canada

2.1. NEP's Focus and Purposes

NEP is aimed on providing **results information** through '*creation of a comprehensive and reliable base of evaluation evidence that is used to support policy and program improvement, expenditure management, Cabinet decision making, and public reporting*'[4]. NEP in Canada called Government's Evaluation Policy. It focuses on neutral assessment of the value-for-money (relevance and performance) of federal government programs. NEP establishes clear *standards to strengthen (1) quality and competency requirements* for heads of evaluation in departments and agencies and (2) the capacity of the Treasury Board Secretariat to lead, monitor and use evaluation information. NEP directly supports the Expenditure Management System (EMS) of the Government of Canada by ensuring comprehensive and systematic information on program relevance and performance is available to support decision making. It also supports a requirement of the Financial Administration Act to evaluate all ongoing grants and contribution programs every five years.

2.2. Legal and Policy Framework

Federal evaluation in Canada is governed by the **administrative policies** in conjunction with legislative acts:

Legislation
- ✓ *Access to Information Act*
- ✓ *Financial Administration Act*
- ✓ *Privacy Act*

Policies
- ✓ **Policy on Evaluation** *sets a framework for government M&E system*
- ✓ **Standard on Evaluation for the Government of Canada** *identifies four broad requirements intended to ensure that evaluations produce results that are credible, neutral, timely, and produced in a professional and ethical manner*
- ✓ **Directive on the Evaluation Function** *clarifies the responsibilities of departmental staff involved in evaluation*
- ✓ *Communications Policy of the Government of Canada*
- ✓ *Financial Management Policies*
- ✓ *Government Security Policy*
- ✓ *Management, Resources and Results Structure Policy requiring each department to develop a corporate performance framework and reporting structure*
- ✓ *Policy on Service*
- ✓ *Policy on Transfer Payments*
- ✓ *Treasury Board of Canada Secretariat Management Accountability Framework*

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[4] Policy on Evaluation, 2009

2.3.   Institutional Arrangements

Canadian NEP has two main players at departmental and central levels. The TBS sets the rules and individual government departments measure their programs/policies performance.

Centre of Excellence for Evaluation (CEE) – Government's Evaluation Policy Center
- ✓ Provides functional leadership, including advice and guidance in the conduct, use and advancement of evaluation practices across the federal government.

Treasury Board Secretariat (TBS) – Government's Policy Center for Performance Monitoring and Reporting
- ✓ Provides formal guidance and support to departments in developing program-level performance measurement frameworks and ongoing performance monitoring systems.
- ✓ Oversees annual performance reporting.

The Auditor General of Canada (AG)
- ✓ Conducts periodically a system-wide audit of the implementation of the Government's Evaluation Policy or the quality of results measurement and reporting. The audit's results are reported directly to Parliament with high media coverage which raises awareness on importance of the usage of M&E in public sector.

Government Departments and Agencies
- ✓ Deputy ministers (or deputy heads) provide dedicated resources for establishing an evaluation capacity appropriate to the size and needs of their organization.
- ✓ Each department puts into place a senior-level Evaluation Committee to oversee conduct of evaluation within the department.
- ✓ Each department develops a departmental evaluation policy aligned to the government's evaluation policy as well as prepares annual evaluation plans and multiyear evaluation plan to establish priorities for evaluation. The TBS/CEE monitors departments on the quality and use of evaluations and reflects this in annual assessment of each deputy minister.
- ✓ Each department has an internal evaluation unit led by the head of evaluation, who ensures that the government's policy requirements are followed. The head of evaluation reports to the deputy head.
- ✓ Deputy heads develop a corporate performance framework (Management Resources and Results Structure - MRRS) that ensure the links of departmental programs to the anticipated outcomes. It is watched closely by the TBS to ensure adherence to the MRRS policy.
- ✓ Program Managers responsible for ongoing performance monitoring. Evaluators often help to develop monitoring systems.
- ✓ Deputy heads of small departments and agencies evaluate all ongoing programs of grants and contributions every five years.

2.4. M&E Tools, Components, Evaluation Methodologies and Quality of Data

The varieties of tools are used in Canada for ongoing performance monitoring and evaluation:

Management Resources and Results Structure (MRRS)
- ✓ Provides more structured and substantive information to better manage programs and enhance reporting on results
    - Structured inventory of the organization's programs
    - Link programs to resources and results
    - Common foundation to report in Estimates and Public Accounts
    - Gradually being used as a basis to develop planning framework & PMA
- ✓ Provides a strategic framework to help understand the context of an organization's work and help answer strategic questions such as:
    - Is this organization delivering outcomes for Canadians with their resources?
    - Can Government deliver more/better outcomes for Canadians?
    - Is value-for-money being achieved?
- ✓ Enables the government to tell a more comprehensive story
    - More in-depth and systematic information on how tax dollars are being spent
    - Contribute to greater transparency and accountability around management of public funds
- Key element of Expenditure Management System.
- Establishes the same structure for both internal decision-making and external accountability.
- Is being implemented across government.

Management Accountability Framework (MAF)
A key performance management tool that the federal government uses to:
- Support the management accountability of deputy heads.
- Improve management practices across departments and agencies
- Each organization is assessed under 14 Areas of Management including people management, financial management and internal audit.
- All major federal departments and a third of small agencies are assessed on an annual basis, which represents 45 to 50 organizations each year. Smaller organizations are assessed on a three-year cycle using a more targeted approach to reduce the burden of the exercise on them (small organizations have between 150 and 499 employees and an annual budget of at least $300 million).
- The assessments are performed annually by the Treasury Board Secretariat (TBS). Organizations provide TBS with evidence for each of the Areas of Management for which they are assessed. TBS uses information submitted by organizations to prepare the assessments, which are shared mid-cycle with departments and agencies for discussion and at the end of the cycle with the deputy head. The results from the MAF assessments are also used as an input in the Performance Management Program for Deputy Heads.

<u>Strategic Reviews</u>
- All direct program spending reviewed - 25% each year
- **Treasury Board and its Secretariat** set terms of reference:
  - ✓ **Comprehensiveness** – assessment of mandate, departmental objectives, program effectiveness, efficiency and alignment to government priorities
  - ✓ **Reallocation proposals** – options for program reductions or eliminations to reallocate to government priorities and support overall spending control
  - ✓ **Reinvestment proposals** – options to better support government priorities
- **Departments** review the relevance and performance of their spending, identify lowest performing/priority 5% of programs, seek outside expert advice and report to the Treasury Board
- **Privy Council Office** identifies review departments every year and assesses, with **Treasury Board and the Department of Finance,** the departmental proposals

Departmental Strategic Reviews to answer specific questions in key areas:
- ✓ Government Priority, Federal Role, Relevance (i.e. continued prog. need)
- ✓ Performance (effectiveness, efficiency, value for money)
- ✓ Management Performance

Departmental Strategic Reviews to be conducted using the following key elements:
- ✓ Analytical Framework: The department's Program Activity Architecture
- ✓ Information Sources: Evaluations, Audits, Management Accountability Framework assessments, Auditor General Reports, and other reports
- ✓ Reporting Requirements: Outlined in the Terms of Reference
- ✓ Steering Committee: A departmental steering committee to be established with ex officio membership from TBS
- ✓ External Advice: Expert outside advice to be involved on each Review to ensure neutrality and credibility

<u>Whole-of-Government Framework</u>
- ✓ Maps the financial and non-financial contributions of federal organizations receiving appropriations by aligning their program activities to a set of high level outcome areas defined for the government as a whole.
- ✓ Consists of four spending areas: Economic Affairs, Social Affairs, International Affairs, and Government Affairs.
- ✓ Departments and agencies are required to indicate in their Report on Plans and Priorities (RPP) and Departmental Performance Report (DPR) the alignment of program activities to Government of Canada outcome areas.

<u>Government Spending and Performance Overview</u>
- – Provides a whole-of-government overview of actual spending by all federal organizations receiving budgetary appropriations and **allows users to navigate to detailed information on departmental spending** contained in the DPRs.
- – Organized according to a whole-of-government framework.

Parliamentary Reports
- **Main Estimates**
  - Part I: Government Expense Plan
  - Part II: Main Estimates (in support of the Appropriation Act)
- **Part IIIs**
  - Reports on Plans and Priorities (RPPs), support committees in reviewing supply
  - Departmental Performance Reports (DPRs), actual achievements against the expected results in the RPP
- **Supplementary Estimates**
  - Usually two per year

The present Policy on Evaluation requires 100% evaluation coverage every five years, of all programs represented by Direct Program Spending ($202,5 billion in 2011-12[5]). The overall spending on evaluation constitutes $67.4 million[6]. As a result, there are about 230 evaluations completed each year across the federal system. In terms of issues covered, around 90% of evaluation studies address program improvement; about 80% program relevance and 40% cost-effectiveness[7]. Most federal evaluation reports are of good quality. They are well-written and well-organized and use of multiple lines of evidence in the methodology[8].

2.5.   *Professional Capacity for M&E*

Evaluation studies in the Government are conducted by the internal evaluation units; meanwhile ongoing performance is performed by program managers. Moreover, there are about 550 evaluators working in internal evaluation units across the government. Therefore, there is a high demand in technical M&E training of human resources in Canada and ongoing commitment of the Government for capacity building.

As a result, capacity-building activities are undertaken by various players:
- **The TBS CEE** has a capacity building component as a part of its mandate. It sponsors capacity-building workshops, local and national level events, has national training programs for new evaluators; provides guidance as well as monitoring/oversight to the departments/agencies; develops evaluation tools and guidelines. It also defined a *Leadership Competencies for Federal Heads of Evaluation in federal departments/agencies.*
- **The Canadian Evaluation Society (CES)** offers valuable training and development opportunities. It plays an important role in establishing professional networks and unites evaluators from public, private and non-profit sectors and academia. As of 2013, CES has 1,750 individual members. CES publishes twice a year Canadian Journal on Program Evaluation. To professionalize evaluation practice, *program for accreditation of Credentialed Evaluators (CE)* was launched in May 2010. Based on identified competencies for evaluators, the designation will mean that the holder has provided evidence of education and experience required to be a competent evaluator.

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[5] http://www.tbs-sct.gc.ca/ppg-cpr/dpro-armr-eng.aspx?Rt=1052
[6] http://www.tbs-sct.gc.ca/report/orp/2012/arhef-raefe01-eng.asp#resources
[7] TBS CEE presentation
[8] Review of the Quality of Evaluation across Departments and Agencies

- o **Performance and Planning Exchange (PPX)** brings together evaluators and managers together the enabling environment for professional development.
- o A **network of universities offers evaluation certificate programs[9]:**
  - Carleton University
  - École Nationale d'Administration Publique
  - The Institute for Development in Economics and Administration (IDEA International Institute)
  - Queen's University
  - Université Laval
  - Université de Montréal
  - University of Ottawa
  - University of Toronto

2.6.   Utilization of M&E

Canadian M&E system is intended to provide results information that services the variety of needs of different users on different levels throughout the system, in particular:

Level	Use
Departmental	M&E provides accountability tools for the deputy head and gives inputs to strategic reviews relevant in making management decisions regarding program priorities and possible changes
Program	M&E serve for departments as learning tools to assist in program improvements and sound management practices
Government-wide	M&E informs the TBS on funding decisions about certain programs (grant-and-contribution programs subject to funding renewal) and government-wide expenditure management
Legislative	M&E information about government programs and operations reported directly to Parliament on an annual basis and an overview performance report. It is used to enhance the transparency and accountability of government operations with parliamentarians and citizens in general.

According to the self-reported results 2010–11 Capacity Assessment Survey[10], the evaluation in Canada is used in informing decision-making:

Instrumental Use (macro-level decision making)	Instrumental Use (micro-level decision making)	Instrumental Use: Parliamentary Reporting
▪ 88% of heads of evaluation in large departments and agencies (LDAs) were consulted on at least 80% of their department's Treasury Board submissions. ▪ 88% of LDAs indicated that	▪ 82% of LDAs reported having systematic and regular tracking to follow up on management action plans arising from evaluations. Of all LDAs, management action items scheduled for completion in	▪ 85% of heads of evaluation in LDAs indicated that they were consulted during the development of their organization's RPP and DPR in 2010–11. ▪ 88% of LDAs indicated that the

[9] http://www.evaluationeducation.ca/documents/evaluation%20education%20canada.pdf
[10] http://www.tbs-sct.gc.ca/cee/tools-outils/iregc-eng.asp

almost all (80% or greater) of available evaluation results were incorporated into Treasury Board submissions. ▪ 46% of LDAs indicated that available evaluation results were incorporated into Memoranda to Cabinet.	2009–10: ▪ 53% had been fully implemented; ▪ 36% had been partially implemented; ▪ 4% had not started implementation yet; ▪ 2% had been declared obsolete; and ▪ 5% were unknown.	RPP reflected the organization's Departmental Evaluation Plan. ▪ 88% of LDAs indicated that almost all the results of relevant evaluations were brought into consideration in the DPR.

III. Achievements and Challenges

o **Main Achievements**

The key feature of the Canadian NEP is managing for results.
o NEP in Canada is flexible as it is regulated by the set administrative policies.
▪ NEP has an equal emphasis on both monitoring and evaluation.
▪ NEP is based on strong central management board that oversees and holds deputies accountable.
▪ NEP has good oversight mechanisms to reinforce credibility and provide quality control.
▪ Transparency is a critical dimension underlying the NEP in Canada.
▪ An ongoing commitment to capacity building.

o **Key Challenges**

Measuring Evaluation Use

▪ Lack of resources across the organizations to track evaluation uses other than instrumental use.
▪ Difficulty in tracking and reporting all types of uses.
▪ Difficulty in tracing back influence of evaluation findings on policy discussions and program transformations.
▪ Information on dissemination practices are not systematically collected by departments, agencies and the CEE.

Promoting Evaluation Use

▪ Departmental and central agency users still lack awareness about the "uses of evaluations" (i.e., varied application of findings, potential "strategic uses"); however, improvements can be noted.
▪ Relative absence of well-defined dissemination strategies targeting various potential users (i.e., intersecting with a wider range of users).
▪ Evaluation products not always designed for a variety of audiences.
▪ Unclear accountability for use of evaluations (roles and responsibilities of evaluators, decision makers, program managers).

IV. Good Practice(s)

Canada has a number of best practices, which could become key drivers for generating demand for both monitoring and evaluation.

Government Management Agenda, Results for Canadians (2000)
- ✓ The management agenda is built on four priorities: citizen focus, public service values, managing for results, responsible spending
- ✓ M&E identified as key tools to help departmental managers deliver on *Results for Canadians*

Results-based Management and Accountability Frameworks (2000)
- ✓ Established expectations and understanding around performance and evaluation planning
- ✓ Basis for M&E capacity building
- ✓ Provides the basis for derivation of results-oriented measures

Management Resources and Results Structure (2005)
- ✓ Administrative policy requires all departments and agencies to establish a corporate performance framework that links all programs of the organization with expected outcomes of the department
- ✓ Serves as the basis for identification of relevant performance measures and development of a corporate-level monitoring system

Federal Accountability Act (2006)
- ✓ Legislation that increases scrutiny of program performance
- ✓ Requirement that all grant-and-contribution programs be reviewed over a five-year period

Expenditure Management System (2007)
- ✓ Framework for identifying & implementing government's spending plans in support of its priorities
- ✓ Increases the focus on results and value-for-money to inform priority-setting and decision-making

Strategic Expenditure Reviews (2007)
- ✓ Central requirement for all departments to review the relevance and performance of all program spending every four years to identify low performers/priorities
- ✓ Reliance on objective evidence-based information, including evaluation studies

V. Conclusion

Canada has a long history of M&E. It made heavy investments in evaluation and performance monitoring to make it a key tool to support accountability and results-based management. Canada has revised its evaluation policy three times in 1991, 2001 and 2009 due to changes in public sector reform (orientation on managing for results, the need for having greater accountability and transparency in government as well as utilization of M&E data).

M&E requirements are largely based on administrative policies, which allow more flexibility than legislation to modify and improve the policy as experience is gained over time.

The federal evaluation function in Canada is a shared responsibility—the responsibility for conducting evaluations rests with individual departments and agencies, and the TBS plays a leading role that supports capacity building, development of guidance, and operational oversight of the function.

Evaluations are being used in the Government of Canada at all levels.

VI. Documents consulted

Canada country profile
https://www.cia.gov/library/publications/the-world-factbook/geos/ca.html

Data on Global Humanitarian Assistance:
http://www.globalhumanitarianassistance.org/countryprofile/canada

TBS website: http://www.tbs-sct.gc.ca/tbs-sct/index-eng.asp

Canadian Evaluation Society: http://www.evaluationcanada.ca/

The Auditor General: http://www.oag-bvg.gc.ca/internet/English/mr_20130430_e_38307.html

Consortium of Universities for Evaluation Education (CUEE) Project: Research on Evaluation Education at the Graduate Level in Canadian Universities
http://www.evaluationeducation.ca/documents/evaluation%20education%20canada.pdf

2011 Annual Report on the Health of the Evaluation Function
http://www.tbs-sct.gc.ca/report/orp/2012/arhef-raefe01-eng.asp#resources

2013 Spring Report of the Auditor General of Canada:
http://www.oag-bvg.gc.ca/internet/English/parl_oag_201304_e_38212.html

Management Accountability Framework (MAF):
http://www.tbs-sct.gc.ca/maf-crg/index_e.asp

Tools and Resources for Parliamentarians: http://www.tbs-sct.gc.ca/tbs-sct/audience-auditoire/parliamentarian-parlementaire-eng.asp

Whole-of-Government Planning and Performance: http://www.tbs-sct.gc.ca/wgpp-prpg/

Management, Resources and Results Structure (MRRS) Policy:
http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/mrrsp-psgrr/mrrsp-psgrr_e.asp

Results-based Management: http://www.tbs-sct.gc.ca/rma/rbm-gar_e.asp

Audit and Evaluation Database: http://www.tbs-sct.gc.ca/rma/database/aeve_e.asp

Guidelines for preparing RPPs and DPRs:
 http://www.tbs-sct.gc.ca/rpp/0708/guide/guide_e.asp

Performance Reporting: Good Practices Handbook:
http://www.tbs-sct.gc.ca/rma/dpr3/06-07/handbk-guide/gph-gbp_e.asp
http://data.un.org/CountryProfile.aspx?crName=CANADA