Connecting people with jobs: Assessing Canada’s system of impact evaluation of active labour market policies

Launch event - 28 June 2022

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Objective Assess the system of ALMP evaluation in Canada, across a number of dimensions
- Analytical processes and governance
- Use of data
- Methodology for assessment
- Quality Assurance
- Communication

Focus Joint ESDC-PTs evaluation of Labour Market Development Agreements (LMDAs)

Process
- Desk research - Review of internal and external evaluation research, broader contextual research
- Interviews with key stakeholders
Canada has a well-established suite of ALMPs but there are some pressures to maintain support

In 2019, prior to the pandemic:

- Around CAD 5 billion federal spending* on ALMPs to help individuals find work
- Some 630,000 individuals supported to find work
- Real spending on ALMPs per unemployed people decreased in the decade to 2019 (relative to decade to 2008)

*Source: OECD Labour Market Programme Database
Canada has built capacity for counterfactual impact analysis across a number of areas

Decisions have been taken on:
- Benefits of administrative data vs survey data
- Whether or not to out-source the conduct of evaluations
- What techniques to employ to estimate impacts
- How to quality assure outputs
- How best to communicate findings
A data platform underpins secure, efficient and accurate evaluation

Anonymised, secure, integrated administrative data has replaced expensive, slow to collect and inaccurate survey data

### Input Data
- ALMP participation data – 4 separate sources integrated
- Employment Insurance Receipt data
- Canada Revenue Agency tax/income data

### Data Processing
- Data processing to ensure consistency and imputation of missing dates
- Units of programme participation created
- Estimates of pseudo-treatment dates for control cases
- Derived variables for analysis created

### Labour Market Program Data Platform
- Secure data platform with key outcome and control variables integrated
- Facilitates consistent evaluation across ALMPs and reduces re-processing needed for different evaluations
Investments in internal personnel are supported by world-class external academics

- **Increased evaluation personnel**
  - Reduction of contracting costs for survey data collection freed up funding
  - Increase in headcount to internally-deliver analysis

- **Increased specialisation of personnel**
  - Separate teams for qualitative analysis, methodological advice and data analysis
  - Analysis teams supported with the data architecture supplied by the Chief Data Officer

- **Academic peer reviewers to support internal staff**
  - World-class experts to help internal teams develop methodology and scrutinise outputs
Sophisticated quantitative techniques are used to accurately assess programme impacts

- Counterfactual impact assessment is conducted using matching and difference-in-difference analysis.
- Cost-benefit analysis enables value-for-money calculations and like-for-like programme comparisons.

### Counterfactual Impact Assessment

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<thead>
<tr>
<th></th>
<th>Non- participants</th>
<th>Participants</th>
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<tbody>
<tr>
<td>Randomised Study</td>
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<tr>
<td>Before Matching</td>
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<td>After Matching</td>
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<tr>
<th></th>
<th>Non- participant</th>
<th>Participant</th>
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<tbody>
<tr>
<td>Income before programme</td>
<td>$3</td>
<td>$2</td>
</tr>
<tr>
<td>Income after programme</td>
<td>$10</td>
<td>$12</td>
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<tr>
<td>Difference in Income</td>
<td>$7</td>
<td>$10</td>
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<tr>
<td>Difference-in-Difference</td>
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<td>$3</td>
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**Matching:** compares alike people  
**DID:** removes stable differences between individuals by comparing changes over time

### Cost-Benefit Analysis

- Calculates return on investment and years to repay spending
- Incorporates costs of programme provision and distortionary costs of public spending
- Includes impacts on fringe benefits and government tax receipts
Systems are in place to ensure evaluation is robust, secure and fit-for-purpose

- Data are securely held and access is controlled.
- Quality assurance is conducted on both the data and methodology employed, and on the analysis that has been conducted.

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<th>Data Security</th>
<th>Quality Assurance</th>
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<tr>
<td>Privacy and Information Security Committee approval</td>
<td>Methodology team produces quality assurance checklist for evaluations to follow</td>
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<td>Chief Data Officer function to manage data integrity and security</td>
<td>Checklist includes: choice and assessment of evaluation strategy, data collection and analysis checks and final validation checks</td>
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<td>Secure data architecture</td>
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<td>Access control with business cases</td>
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<td>Pseudo-anonymised data</td>
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<td></td>
<td>External peer reviewers - independent academic experts advise on methodology and review outputs</td>
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<td>Seminars and presentations of work at technical events</td>
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Canada has a framework that encourages transparent communication of ALMP evaluation

**FEDERAL: Covering all policy areas**

- “Policy on Results” sets a federal framework- clear obligations for ministries on evaluation strategies and publication.

**ALMP-SPECIFIC: Shared between ESDC and Provinces and Territories**

- 1996 Employment Insurance Act mandates regular evaluation of ALMP.
- Publication of evaluation strategy and individual ALMP evaluations.
- Shared delivery of evaluation between ESDC and Provinces and Territories.
Further investment in data to improve sub-group analysis, increase speed and encourage innovation

Incorporate extra administrative data on:

- **Families** – to analyse ALMPs help connect parents to jobs
- **Education** – to analyse how ALMPs help connect young people to jobs
- **Immigration** – to analyse how ALMPs help connect new arrivals to jobs

**Improve External Data Provision** – adding ALMP participation data to Statistics Canada catalogue would enable external researchers to conduct impact assessment, expanding the research pool and fostering innovation

**Incorporate real-time income data** – would give policymakers the ability to learn quickly
Additions to analytical techniques utilised could further enrich analysis

**Conducting Randomised Trials** – testing programme design and delivery modes could build deeper insights on operational delivery of policy

**Cost benefit analysis could be enhanced by:**

**Incorporating health data** – to evaluate wider ALMP effects

**Adding sensitivity analysis to increase the weight given to participants’ outcomes** – to reflect the distributional benefits of ALMPs

**Conducting Monte-carlo analysis** – to articulate the distribution of uncertainty
Enhancing communications would aid understanding of results and help to embed them with the public

- **Publishing peer review summaries of analysis** – to increase trust in results
- **Reviewing and simplifying dissemination of ALMP evidence** – to improve clarity of messaging and aid understanding of results
- **Conducting further refinements to analytical discussion** – to permit more in-depth discussion of analysis and aid interpretation
Selected other works:

• Harnessing digitalisation in public employment services, oe.cd/digitalPES

• Paying for results: Contracting out employment services, oe.cd/il/contracting-out

• Institutional set-up of active labour market policy, oe.cd/il/ALMPsetup

• Building inclusive labour markets: Vulnerable groups, oe.cd/44y

• More on active labour market policies: oe.cd/activation

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