The Canadian Monitoring and Evaluation System

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Performance measurement, monitoring, and evaluation have long been part of the infrastructure within the federal government in Canada. With more than 30 years of formalized evaluation experience in most large federal departments and agencies, many lessons can be gained, not the least of which is the recognition that the monitoring and evaluation (M&E) system itself is not static. The Canadian government has a formalized evaluation policy, standards, and guidelines; and these have been modified on three occasions over the past three decades. Changes have usually come about because of a public sector reform initiative—such as the introduction of a results orientation to government management, a political issue that may have generated a demand for greater accountability and transparency in government, or a change in emphasis on where and how M&E information should be used in government. This chapter provides an overview of the Canadian M&E model, examining its defining elements and identifying key lessons learned.

Evaluation in public sector management in Canada dates back to 1969, with the initiation of formalized and centralized evaluation practices. The centrally led approach was replaced in 1977 with the first governmentwide evaluation policy that established the model upon which the practice of evaluation still functions in the government. The introduction of evaluation was inspired by the notion of “letting the managers manage”; that is, allowing deputy ministers' of federal government departments to assume greater responsibility and be accountable for the performance of their programs and the prudent use of public funds. The model is based on a strong central management board that oversees and holds deputies accountable. One of the mechanisms to do this is performance evaluation.

Main Characteristics of the Canadian M&E System

The structure of the Canadian M&E system is characterized by three defining elements:

1. **Internal evaluation units in most federal departments, with central leadership:**

   The Canadian M&E system distinguishes itself from many other countries by its “departmental delivery-central leadership” structure, where rule setting is done by the central agency (the Treasury Board Secretariat [TBS]) and evaluations are conducted by internal evaluation units established in each federal department. To assist in rule setting, capacity building, and oversight of the system, a Centre of Excellence for Evaluation (CEE) was es-
tablished within the TBS. As results-based monitoring and reporting became increasingly popular (starting in the 1990s), relevant policy areas were established in TBS to provide guidance to departmental managers and oversight in these areas. This central leadership structure guides departments and agencies with performance measurement and reporting aspects of results-based management and, systemwide, the results orientation of government.

2. An emphasis on both monitoring and evaluation as tools of performance measurement: The Canadian M&E system relies on both ongoing performance monitoring and the conduct of planned evaluations as tools to measure program and policy performance. Both are recognized as key tools to support good governance, accountability, and results-based management. Within individual government departments and agencies, the deputy head has some flexibility in resourcing these tools to be appropriate to the size and needs of his or her organization. The expectation is that both tools are used in managing a department and helping a deputy achieve the organizational goals for which he or she is being held accountable. It falls upon individual program managers to put in place the necessary results-based monitoring systems and upon the internal evaluation unit to plan for and carry out evaluations that generally provide deeper understanding of program performance. Considerable time and effort has been expended by the central agency to provide appropriate guidance to both technical experts and program managers across government.

3. A well-defined foundation setting the rules and expectations for performance measurement and evaluation—policy, standards, and guidelines: The require-ments and standards of practice for both monitoring and evaluation have been built into administrative policies of government, developed by the central agency, and rolled out for all government departments and agencies. The formalized policies and guidelines help clarify the government’s expectations and the roles and responsibilities of all key players in the M&E system. This also reinforces the use of oversight mechanisms to monitor the health and use of M&E across government. Embedded as they are in administrative policies, these policies and guidelines have been adjusted and improved as more experience has been gained with the M&E system.

Roles and Responsibilities of the Key Players

The Canadian M&E system has two key focal points for the delivery and use of M&E information: the TBS that sets the rules and the individual government departments that measure the performance of their programs and policies.

CEE: The Government’s Evaluation Policy Center

Whereas the TBS plays a strong role in both the practice of evaluation and performance monitoring within departments, the CEE within the TBS acts as the government’s evaluation policy center. This unit, which currently employs 14 staff, plays a variety of roles in support of the evaluation function across the system:

- community development to assist in capacity building, including development of competency profiles for evaluators, a community development strategy, an internship program, and evaluation tools.
- leadership and “champion” for evaluation by establishing evaluation networks and providing guidance related to M&E practices, including maintaining an up-to-date Web site;
• operational oversight and quality control via monitoring standards and quality of evaluation practices in individual departments and systemwide;
• facilitating the use of evaluation results by linking departmental evaluations with TBS program analysts to help ensure that results information is used in program funding decisions and the broader Expenditure Management System; and
• governmentwide evaluation, which is a feature of the 2009 evaluation policy.

TBS Policy Centers for Performance Monitoring and Reporting
The TBS provides formal guidance and support to departments in developing department and program-level performance measurement frameworks and ongoing performance monitoring systems. Additionally, TBS oversees annual performance reporting, including a review of each departmental performance report required of all federal departments and agencies before the report is sent to Parliament.

Another important player in the M&E system is the Office of the Auditor General (OAG), which periodically monitors and reports to Parliament on the functioning of various aspects of the M&E system.

Organization of M&E in a Government Department
All major government departments and agencies are required to dedicate resources for evaluation, at a capacity appropriate to the size and needs of the organization. In addition, each department must put in place a senior-level evaluation committee chaired by the deputy minister, annual and multi-year planning for evaluation, a departmental evaluation policy reflective of the government’s policy, and the mechanisms needed for delivering credible evaluation products. The TBS/CEE monitors departments on all of those aspects (including the quality and use of evaluation) and reflects this in an annual assessment of each deputy minister.

A critical part of the evaluation infrastructure in a department is the internal evaluation unit, led by the “head of evaluation.” This position plays a pivotal role in ensuring that the government’s policy requirements and the priorities of the deputy head are reflected in departmental evaluation work. To help ensure independence, the position generally reports to the deputy head or at least has unencumbered access to the most senior official in the department.

Deputy heads are also required by TBS policy to develop a corporate performance framework (the so-called Management Resources and Results Structure [MRRS]) that links all departmental programs to expected outcomes. This articulation of program architecture serves as the basis for performance monitoring and reporting, and its development is watched closely by the TBS to ensure adherence to the MRRS policy. Performance monitoring is an ongoing responsibility of individual program managers, although evaluation specialists often support the development of monitoring systems. In theory, ongoing performance monitoring provides much of the data needed for program evaluation; in practice, however, this does not always happen.

Scale and Cost of Canada’s M&E System
Virtually all large departments and agencies (a total of 37) have a stand-alone evaluation unit (as do most midsize agencies), resulting in some 550 evaluation professionals currently working in the Canadian federal public service.

Given the flexibility allowed by the government’s policy, departmental evaluation units range in size from 1 individual to 60 evaluators, with contract budgets for hiring external consultants ranging anywhere from 0 to more than $8 million. The average size is now on the order of 12 professionals. The
salary for internal evaluators has historically represented some 25 percent of all funds spent on evaluation in a department, although this number is likely rising as a result of the 2009 evaluation policy.

Spending on evaluation governmentwide has risen substantially over the first decade of the 2000s. It was $32 million in fiscal 2005/06 (still below the estimated resource need of $55 million), but it has continued to rise sharply—most recently in response to the greater demands put on departments by the 2009 evaluation policy.

**How Is the M&E System Used?**

**Many Uses and Users for M&E Information**

M&E is not viewed as an end in itself. The intent of M&E in the Canadian system is to provide results information that will serve a variety of needs and users at different levels throughout the system—at an operational or program level, at an individual department level, at a governmentwide level, and in a legislative context. In broad terms, much of this need has been driven by various public sector reforms and, most recently, the government’s management agenda, Results for Canadians, as well as its efforts around renewal of the Expenditure Management System. As such, M&E is seen and used as both a management/learning vehicle and a means to support accountability in the design and delivery of government policies, programs, and services and the use of public funds.

**Informing Decision Making with M&E Information**

In the middle of the first decade of the 2000s, the CEE reported that some 230 evaluations were being completed each year. Historically, the prime focus for a large proportion of these evaluations was for internal management purposes—primarily for program improvement—and to support performance accountability to external audiences (such as Parliament, parliamentary committees, or the TBS). Increasingly over the past decade, however, a government-imposed requirement to evaluate all “grant and contribution” programs prior to their funding renewal has resulted in more evaluations being used to assess program effectiveness, with TBS analysts and Treasury Board ministers employing them in decisions around future program funding. The formal requirement to table an effectiveness evaluation at the time of discussions around funding renewal has helped institutionalize the use of evaluation information in program funding decision making. Currently, federal departments and agencies are on track to evaluate all grant and contribution programs over a five-year cycle, representing coverage of some $43.8 billion, or 40 percent of all direct government program spending. In all cases, TBS program analysts use the M&E information as part of their decision making on future funding and program renewal.

The 2009 evaluation policy is bringing M&E closer to funding decisions on all direct government program spending ($112.3 billion in fiscal 2010/11). This is happening as part of a broader governmentwide expenditure management requirement faced by all deputy heads to carry out a strategic expenditure review every four years to ensure program value for money, effectiveness, efficiency, and alignment with government roles and priorities. Deputy heads are using M&E information drawn from formalized evaluations and other sources to make these determinations. Faced with frozen budgets across government, the M&E information is becoming even more important as an input to budget planning and decision making regarding the need to change, improve, or replace programs.

**Reporting and Accountability to Parliament**

On a corporate level, M&E information is a required input to a number of important documents that regularly inform ministers or Parliament on government and program performance: submissions to Treasury Board
ministers, memoranda to the Cabinet, departmental performance reports tabled in Parliament each year, and reports to parliamentary committees. Because the OAG’s mandate does not include assessing the effectiveness of government programs (OAG audits focus on issues of efficiency and economy), departmental evaluations and results reporting in the above documents represent an important use of M&E information in general and evaluation in particular in keeping elected officials abreast of government performance and of how well programs are meeting their objectives.

**Incentives to Help Promote and Drive the Use of the M&E System**

**Formal Requirements for Using M&E Information in Government**

A number of centrally driven administrative policies introduced over the 1990s and 2000s have served as key drivers for M&E. Some have had a direct impact on building M&E capacity in departments, including the evaluation policy (most recently renewed in 2009), MRRS Policy (2005), the Federal Accountability Act (2005), and the Policy on Transfer Payments (updated in 2008). Others serve broader needs but have also generated demand for systematic and credible performance information. This would include the government’s 2009 Results for Canadians management agenda, government requirements that departments annually report to Parliament via the report on plans and priorities and the departmental performance reports, the Results-Based Management and Accountability Frameworks Policy (2000), the Management Accountability Framework annual assessment of departmental performance (2003), the strategic expenditure reviews (2007), and Expenditure Management System (2007).

Although these have all served to drive the development of M&E in Canada in one way or another over the last 15 years, they do not represent a master plan for M&E. Rather, they reflect the government’s long-term commitment to build a results orientation into public sector management and to recognize that performance monitoring and evaluation are a critical tools to make that happen.

**Checks and Balances to Support the Independence and Neutrality of the Evaluator**

An internal evaluation function could potentially be criticized for not having the necessary independence to “speak truth to power.” To deal with this challenge, the Canadian model has put in place infrastructure and oversight mechanisms aimed at ensuring that internal evaluations of departmental programs or policies are credible and objective. Some of these elements are at the level of the individual department, and others are enforced centrally. All are intended to reinforce the independence and neutrality of the evaluation process and the reporting on the findings, conclusions, and recommendations of the evaluation study. A listing of some of the main checks and balances is provided in box 1.

The 2009 revision of the evaluation policy dropped the word “independence” and replaced it with “neutral,” defined as “an attribute required of the evaluation function and evaluators that is characterized by impartiality in behavior and process.” In part, the rationale for this change was to ensure that evaluators would not operate at arm’s length from key stakeholders (as an internal auditor might operate to maintain independence). It formally recognized that stakeholders—including managers whose programs are being evaluated—need to be involved in the conduct of the evaluation during both design and implementation.

**A Strong Set of Oversight Mechanisms to Reinforce Credibility and Quality Control**

Oversight mechanisms in the system serve as a “challenge” function and, in the process,
provide quality control and help reinforce the credibility of the system. Oversight in the Canadian model is implemented at three levels: (1) an individual evaluation study, (2) at an organizational level, and (3) at the whole-of-government level.

The oversight role is carried out by both the OAG and the TBS/CEE. This oversight role provides an additional incentive to help drive a well-performing M&E system in departments and across the system.

At an operational level, TBS monitors departmental M&E initiatives at various points—planning, implementation, and reporting phases. The CEE, for example, monitors evaluation planning and conduct in all departments, including coverage and quality of individual studies. Performance measurement and monitoring, in general, is monitored by the TBS. This occurs at the time of the development and approval of a department’s MRRS, the basis for its corporate performance reporting; and during the annual review of departmental performance reports, which are submitted to the TBS by each department prior to their tabling in Parliament.

Additionally, since 2003, the TBS annually assesses each department and deputy head against a number of criteria (including the use of results and performance information).
This is the annual Management Accountability Framework process that is linked to compensation received by deputy heads. This formalized framework is an important way to provide a vehicle for a dialogue between the central agency and senior departmental officials that could point to areas where improvements may be needed.

At a whole-of-government level, the OAG conducts periodic performance audits that monitor the effectiveness of M&E implementation across the full system. These audits could include a systemwide implementation audit of the government’s evaluation policy or the quality of results measurement and reporting. Results of these audits are reported directly to Parliament and generally receive high media exposure, particularly if the findings point to issues with the effectiveness of government policies and/or the need for change. Such audits highlight the importance and role of M&E in public sector management and they catch the attention of legislators, both at the time of reporting and in follow-up discussions that may take place in the Public Accounts Committee. The independence of the OAG and the transparency of its public reporting to Parliament are key elements for the external auditor.

The Sustainability of the M&E System

One of the defining characteristics of a successful M&E system is its sustainability. The longevity of the Canadian model, with more than 30 years embedded in the federal public sector, has likely been influenced by four factors discussed below.

Flexibility and Willingness to Learn and Adjust

Flexibility and avoiding a one-size-fits-all approach has been a hallmark of the M&E model in Canada. Along with this flexibility has been recognition of the need to learn and adjust as required and a willingness to pilot new requirements and adjust as needed before the cross-government rollout. This approach was used to introduce the concept of corporate performance reports, with several adjustments to the guidelines and directives introduced through the late 1990s and early 2000s.

The fact that the government has had four versions of its evaluation policy over the past 34 years is a testament to a willingness to move from the status quo. This has been made easier by the fact that the government-wide requirements for evaluation are largely based on administrative policies rather than embedded in legislation.

Transparency as an Underlying Value of the M&E System

To be effective, there needs to be an enabling environment for M&E, both in organizations and across the whole system. This rests in part on a willingness to carry out performance M&E of government programs in full public view.

In Canada, transparency is a critical dimension underlying the government’s M&E system. The 2009 evaluation policy makes officials accountable for “ensuring that complete, approved evaluation reports along with management responses and action plans are made easily available to Canadians in a timely manner.” Public disclosure laws have played an important role in increasing the accessibility of M&E studies to the general public, including the media. Additionally, OAG reports have increased public focus on performance and results of government programs. Added to this is the increasing access to and use of departmental and central agency Web sites where M&E information is made accessible to the general public.

Ongoing Commitment to Capacity Building

An adequate supply of trained human resources with the needed skill sets is critical to sustain an M&E system. Such capacity development is an ongoing issue for the Canadian
system, given the large number of professional evaluators working in government (currently more than 550).

Several sources have traditionally been relied on for human resources training and development, including community development initiatives led by the CEE and workshops, seminars, and professional development and networking opportunities generated by professional associations and the private sector. Recently, a network of universities across Canada started offering evaluation certificate programs, providing more in-depth training needed to work as an evaluation practitioner.

Substantial efforts have been made over the last three years to establish a recognized set of competencies for evaluators and an accreditation program. The Canadian Evaluation Society recently introduced the “credentialed evaluator” designation as a means to define, recognize, and promote the practice of ethical, high-quality, and competent evaluation. The CEE is also working to address the issue of further professionalizing evaluation.

Central Commitment to Accountability and Good Management Practices

The origins for the Canadian M&E system were linked to a desire to strengthen good governance and accountability. The broad set of government initiatives put in place is a testament to this central commitment that has been sustained through various changes of government over the past 30 years. This strong support for M&E can be summed up in the words of the auditor general, speaking recently before the Public Accounts Committee: “The evaluation of effectiveness is absolutely critical to making good decisions about program spending so that we can know whether programs are actually getting the results that were intended...this is even more critical in the current economic times we are going through, because government does have to make difficult choices, and it should be making those decisions based on good information.”

Lessons Learned from 30 Years of M&E Development in Canada

Lesson Learned: Drivers for M&E

M&E should not be considered as an end in itself. Potentially, there are many drivers for M&E that may be political, operational, associated with a major reform agenda, and/or brought on by fiscal measures. Whatever the case, it is important to understand who the key audiences are for M&E information, what their needs are, and what questions must be answered. Some lessons relating to the drivers for M&E that have come from the Canadian experience are provided in box 2.

Lesson Learned: Implementing the M&E System

Implementation of M&E is a long-term and iterative process—and not one that is without costs. As such, senior level commitment and “champions” at both senior and operational levels are important elements to ensure sustainability through the long period of development and implementation. Eventually, the goal is to move M&E beyond the point of being a “special project” to a point where it is a normal part of doing business and of the organization’s management practices. Box 2 offers some lessons on implementing the M&E system from the Canadian experience.

Lesson Learned: Building M&E Capacity

In considering training needs, it is important to consider not simply technical training but also the M&E training and orientation for nontechnical officials (that is, the users of M&E information). Additionally, building capacity must address an often-ignored area—data development and establishing credible databases. The national statistics office (in Canada, Statistics Canada) should play a central role in data development, data warehous-
Box 2. Lessons Learned

Drivers for M&E

• Building and using M&E capacity requires more than resources and technical skills; it requires a political will and sustained commitment. Central leadership and a plan are very important.

• M&E information is not an end in itself; it needs to be linked to particular management and decision-making needs, particularly in the context of public sector reforms or government agendas.

• To be effective, it is important to build a capacity to do evaluation and gather performance information and to develop a capacity to use M&E information within organizations and across the system. A supply of good evaluations is not enough; a reasonable demand for evaluation is key.

• The capacity to use M&E information relies on the incentives in the system for managers to demand such information and actually use it as part of their normal operations. This could take the form of sanctions for not complying or rewards for meeting requirements.

• Internal infrastructure on its own is likely insufficient to sustain an M&E system. A number of formal requirements associated with its use (at both a departmental level and the central level and in the context of both management and accountability) will force program and senior managers to take the time and effort to invest in M&E development.

• Managing the expectations about the role of evaluation is important in avoiding unrealistic expectations. Evaluation can and should inform decision making, but it is generally only one of many sources of information. Questions about the performance of government programs generally do not have simple yes/no answers.

Implementing an M&E System

• Across organizations, there needs to be sufficient communication and fora for information sharing about the role of M&E and how it can help management so as to link the demand for and the supply of M&E information; that is, to ensure that what gets produced is what is needed and delivered in a timely way.

• A formal policy document is a useful basis for clarifying roles, responsibilities, and accountabilities of key players—deputy heads, evaluation specialists, program managers, and central agency officials.

• The distinction between the “M” and the “E” need to be clarified, including what each contributes to results-based management and what each requires regarding capacity building.

• A central agency champion for evaluation in government can play a key role in the M&E system. In Canada, the CEE serves as the policy center for evaluation, provides guidance, leads and promotes capacity development, and provides oversight to help ensure quality control.

• In developing the M&E system in Canada, a number of requirements have been phased in by the central agency, under the general philosophy of “try, adapt, learn, and adjust.” This allows for a period of learning and an ease of adjustment, if needed; and it recognizes that building an M&E system is long term and iterative.

• In establishing internal evaluation units in departments and agencies, some flexibility is important to take account of the unique circumstances associated with each organization. Recognizing that one size does not fit all, deputy heads in Canada are given some flexibility in implementing the government’s evaluation policy—although all are equally accountable for the performance of their individual organizations.

• Oversight by the national audit office is important in giving broad and public exposure of how well the M&E system is being implemented and whether adjustments are needed.

• It is important from the outset to think in terms of years, not months, in getting to a mature M&E system.

continued
ing, oversight, and quality control associated with data capture and public surveying. Key lessons regarding M&E capacity building are outlined in box 2.

**Further Reading**

A more detailed description and discussion of the Canadian M&E system can be found in Robert Lahey’s *The Canadian M&E System: Lessons Learned from 30 Years of Development* (Evaluation Capacity Development Working Paper Series No. 23, Independent Evaluation Group, World Bank, Washington, DC, 2010). In particular, details can be obtained on the following topics:

- key policies and procedures supporting the M&E system in Canada;
- roles and responsibilities of key players within the M&E system;
- performance of the Canadian M&E system and assessments by the OAG.

**Notes**

1. In the Canadian system, the deputy minister of a government department (or deputy head of an agency) is the most senior nonelected official in
charge of and accountable for the department and its programs. He or she reports to a minister, an elected politician.


4. The Professional Designations Program is available at http://www.evaluationcanada.ca/site.cgi?s=5&ss=6&_lang=EN.

About the Author

Robert Lahey was the founding head of the TBS Centre of Excellence for Evaluation, the Canadian government’s evaluation policy center. He has headed evaluation units in a number of departments and agencies over a 32-year career in the Canadian public service. Since establishing his own consulting firm in 2004, he has advised many countries and organizations around the world on building M&E capacity appropriate to their circumstances. He has written and presented extensively to the international M&E community, and is a member of Canada’s Evaluation Credentialing Board. Lahey has been recognized by the Canadian Evaluation Society for his contribution to the theory and practice of evaluation in Canada. The views expressed in this note are those of the author.

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