

Unclassified
DRAFT for DISCUSSION

Evaluation Directorate
Strategic Service and Policy Branch

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Social Partnerships Pilot – Roll Out Report (June 2015)

This Roll-out report presents the status and lessons learned so far of the Social Partnership pilot projects implemented since 2011 based on a workshop held in March 2015 and subsequent updates from various program areas. The Evaluation Directorate also prepared Roll Out reports in June 2014 and December 2014. Those reports presented information on the stages of implementation among the pilots.

At the present time, the Pilot Projects are at various stages of implementation. The Northern Pilot has received an extension of one year with completion planned for March 2016. All pilot projects under EAF, Skills Link, and Career Focus are completed. Most of the SDPP pilot projects are either completed or will be completed by the end of this fiscal with one project under Third Party Leadership continuing until March 2017. Office of Literacy and Essential Skills' Pay for Performance and SIB-Like projects are in the beginning stages of their implementation. (See Table 1 on the current status of Pilot Projects.)

Achievement of Overall Pilot's Goals

The Government of Canada had several goals when launching the pilot projects: *reducing red tape for community organizations* through the modernisation of Gs and Cs in delivering programs; *increasing the pool of funds available to community organizations*; and *ensuring better value and results* in addressing persistent social challenges. The following analyses provide some lessons learned from the pilot projects:

- a. *The single window pilot model is a possible way of reducing red tape for community organizations. However, there are challenges to implementation.*
 - The pilot encountered significant delays in finding a partner and in implementation. This suggests a need to promote the advantages of regional projects in order to attract potential partners. If this is not successful, a partner-based approach may be unsuitable for the regions with the highest needs.
 - At the federal level, government does not have the machinery to manage funds across programs and departments. It is likely that changes to legislation are required to fully take advantage of the single window approach. As such there could be a better alignment between the goals of a single window approach and the legal and regulatory mechanisms to operationalize this approach.
- b. *To date, it is not clear if leveraging requirements have increased the potential pool of funds available to community organisations because they have mostly leveraged from their existing resources or other government sources.*
 - Leveraging requirements may be having the effect of directing ESDC funds to organisations with stronger networks and resources, which may result in unintended impacts on needier organisations.
 - While Mandatory Leveraging pilots were generally able to meet their respective leveraging targets, they were less successful in attracting private funds. Overall, engaging the private sector proved to be challenging. This is partly due to the private sector's reluctance to join projects in the absence of tangible past results. That is to say, funding partners seek assurance of timely success before putting their money and time into a project.
- c. *A key consideration in the success of pilots is a good start. A shared understanding about the goals of pilot projects between government and community organisations is needed from the start of a pilot.*

- In the case of leveraging pilots, it seems the funding recipients and pilot authorities did not share the same understanding of the objectives, and therefore the pilots did not focus on seeking funding from private sector sources. Clarity on this could have contributed to goal achievement and private sector buy-in for social innovations.
- d. *Outcomes-based evaluation could be used to ensure better value and results for Canadians.*
- As currently designed, the pilots collect information on outputs but do not capture outcome measures or impacts. This may be because it was not clear to the pilot authorities what the goals of the projects were when they were developed. The careful development of performance measurements strategies during the planning phase of projects in the future would help to ensure all parties have the same understanding of the goals for the project and that data related to the attainment of those goals is collected. At the same time, it is important to recognize that outputs (e.g., achieving milestones in an intervention (PfP)) do contribute to outcomes and this could be better understood and reported.
- e. *Complex programmatic landscape characterized by small/brief interventions and numerous programs with similar goals makes impacts difficult to observe.*
- The nature of small-scale pilots such as these makes it difficult to demonstrate impacts. These projects were implemented at the same time as multiple other programs and initiatives with similar goals were put in place under Economic Action Plans. It would be difficult to attribute outcomes to a specific intervention under these circumstances. The frame may need to be more in-line with a theory of change approach wherein an intervention would be seen as contributing to a set of outcomes.
 - Only the Office of Literacy and Essential Skills PfP pilots have designs that could provide impact measurements and thus, speak to the degree to which results have been achieved in addressing persistent social challenges. These pilots are only now getting into the field and therefore, results on impacts cannot be expected for some time. Moreover, determining long-term or sustained impacts requires several years of observation in order to draw reliable conclusions.
- f. *Aspects of the pilots considered innovative in 2011 could now be seen as "mainstream" programming.*
- The key examples of this are mandatory leveraging and partnership development – both of which are now part of standard programming. Future evaluation work could look carefully to see if there have been adverse or unintended impacts given that these aspects were mainstreamed without the pilots being fully assessed.
- g. *Replicability and scalability of pilot projects are important aspects for future consideration.*
- With the exception of Enabling Accessibility Fund projects, most organizations involved in this set of projects were pre-selected for their past organizational capacity because the project authorities were focused on achieving success on their projects. The organisations selected may not represent the range of capacity found among organisations and thus the success at launching these pilots does not indicate that these tools are easy for other potential recipients to use. In designing future pilot project Calls for Proposals, ESDC could consider open calls so that the impact of program changes can be better assessed.

Recently, the Evaluation Directorate prepared a thematic report based on discussions held at the workshop providing lessons learned for future initiatives (See Annex A). This report expands upon the information provided above.

Individual Project Highlights:

Detailed updates on the ongoing status of each group of pilots are attached as Annexes.¹
Some highlights on the pilots follow:

- **Single Window** – The Pilot started with the objective of testing the success of the modernization of Gs & Cs initiative through the implementation of a Single Window approach while trying to solve complex local problems. Despite delays in starting the project, 759 people, out of an initially expected enrollment of 921 people, had participated, as of December 31, 2014, in activities aimed to help secure employment, return to school, and deliver disability or seniors programming. Based on progress to date the pilot operations have been extended by one year until March 31, 2016. This additional time may allow for a deeper assessment of the linkage between pilot activities and pilot outcomes including the success of the Single Window modernization. (See Annex B)
- **Enabling Accessibility Fund (EAF)** – In 2011 and 2012, the EAF pilots introduced Mandatory Leveraging to increase the pool of money available for accessibility projects. Applicants were successful in getting the required leveraging and the program area did not find that the requirement posed a barrier to applicants. Most of the leveraging for the projects came from the recipients' own resources which raises questions about the meaning of leveraging, and if these additional funds are really new, or a just a reallocation of funds within the organization. EAF has continued a mandatory leveraging requirement as a part of normal programming. (See Annex C)
- **Social Development Partnerships Program** – These Pilots have been generally successful in meeting their Mandatory Leveraging requirements but it was easier for larger, urban organizations than for smaller, geographically isolated organizations. This may be because the larger urban organizations were generally foundations and were able to tap into their endowments and networks of donors. The largest sources for leveraging funds are other Not-for-Profits and Provincial Governments. These funds were already designated for social development purposes and therefore did not increase funds available for this work. The program has been using a developmental evaluation approach to learn more about the challenges faced by recipients when engaging the private sector. Moving forward the program plans to focus on engaging the private sector and third party delivery models. (See Annex D)
- **Skills Link (SL)** – After Mandatory Leveraging was introduced program outcomes improved because employers who provided funds had a greater degree of buy-in to the success of SL participants. Achieving the leveraging goals from private sector contributors was a challenge for many SL organizations who did not meet the target, mainly because private sector employers seemed to be less inclined than other types of employers to provide work experience to multi-barriered clients who are at the lower end of the "job-readiness spectrum", such as SL clients. (See Annex E)
- **Career Focus (CF)** – The introduction of pay-for-performance to Career Focus programming did not lead to significant improvements in program outcomes. The funding formula that measured performance relative to the ultimate goal of employment, rather than focussing on gains on a path towards employment may have reduced innovation and led to a risk-averse approach on the part of funded organisations. (See Annex F)
- **Office of Literacy and Essential Skills (OLES) Pay for Performance** – The milestone-based approach as piloted in the two OLES PfP projects has promise as a way to improve workplace integration programming in the future and will allow this project to measure the impacts on outcomes among participants. One project (in Manitoba) went to field in the fall of 2014 and the other (in Nova Scotia) will start in the fall of 2015. (See Annex G)
- **OLES Social Impact Bond-Like (SiB- Like)** – Two projects, in cooperation with AWES and CICan, have been developed and both will use a milestone-based approach like the OLES PfP projects. In a third project, Social Research and Demonstration Corporation (SRDC), is leading the independent testing of skill gain and guiding the measurement approach for these projects. (See Annex H)

¹ All of these annexes have been reviewed by the pilot authorities to ensure that they are accurate and up to date.

Recently, Budget 2015 announced a Social Finance Accelerator project. The short-term focus of the accelerator is to connect investment-ready stakeholders with investors. In the long run, the initiative aims to match the increasing supply of private capital investments seeking social purpose initiatives to worthy projects. While not a part of the Social Pilots, the accelerator indicates continued interest by the GOC in this area. Secondly, Budget 2015 also included a provision allowing more flexibility for charities to diversify their social investment options by easing the process. This will have implications for our Social Impact Bond-Like Pilots.

Next Steps:

To ensure ongoing knowledge exchange among various pilot authorities, the Evaluation Directorate will continue to organize annual workshops to understand how pilots are progressing, discuss issues and challenges, and share lessons learned. At the same time, the Directorate is interested in knowing how the evaluation function can support development in this area. Possible areas to further examine include, comparisons of national and international innovation programs in relation to measuring the achievement of performance outputs, outcomes, degree of innovation, and cost-savings.

Roll out reports will continue to be prepared on a bi-annual basis which inform department on the status of pilots. The next update will be available in December 2015.

Table 1: Pilot Project Status

Single Window	Impact for Leveraging			Pay for Performance	SIB - Like
Northern Pilot (1 project in Nunavut) Extended to March 31, 2016	Community Innovation (Total 14: 6 completed 8 Ongoing)	Community Partnerships (1 project) Ongoing	Third Party Leaderships (3 projects) 3 Ongoing	Career Focus (3 projects) All completed	Three projects All ongoing
	Enabling Accessibility Fund (EAF) (CFPs in 2011 and 2012 CFP) All completed	Skills Link (11 projects since 2012) All completed		OLES – 1 pilot in Manitoba and Nova Scotia Both ongoing	

Source: ESDC Program Branches.

Thinking in ESDC's Social Innovation Agenda: Lessons Learned from Social Partnership Pilot Projects

1. Introduction

The Evaluation Directorate organized the second annual workshop on ESDC's Social Partnerships Pilot (SPP) projects² on March 5, 2015. The workshop created a forum for pilot authorities, ESDC policy, program, operations and other Government of Canada stakeholders to advance the discussion on these innovations. Creating a space for such a conversation contributed to:

- identifying challenges and sharing experiences to date;
- understanding that readiness to report on outcomes is limited; and
- reflecting on the Canadian context and next steps to inform outcomes.

More recently, social innovation has been identified as a theme for further analysis to support the ongoing Medium Term Planning (MTP) thinking within ESDC.

The objective of this note is to contribute to the ongoing MTP thinking on the social innovation theme by providing an update on pilots' progress, challenges and issues within the last two years of their implementation and lessons learned based on these for any future initiatives.

Evaluation's Role

The Evaluation Directorate's role in the ongoing activities of pilots is in providing an over-arching evaluation framework along with ongoing advice and assistance to the respective pilot authorities for their monitoring and evaluation. In this regard, the Evaluation Directorate has organised two annual workshops with all pilot authorities providing them with a forum in which to discuss their progress, ongoing challenges and issues, and more importantly, to learn from each other's experiences.

2. Summary of Progress on Pilots

In 2011-12 and 2012-13, HRSDC initiated a series of pilot projects to shift the focus and purpose of federal funding towards the achievement of sustainable longer-term results. In doing so, specific approaches were developed to enhance community capacity to deal with persistent and complex social problems. These pilots included the testing of four new types of funding arrangements, including: single window, mandatory leveraging, pay-for-performance (PfP) and social impact bond-like (SIB-like).

The launching of pilot projects had several goals: reducing red tape for community organizations through the modernisation of Gs and Cs in delivering programs; increasing the pool of funds available to community organizations; and ensuring better value and results in addressing persistent social challenges.

All four types of pilot projects are in various stages of implementation. Some mandatory leveraging pilots are already completed, while other types of pilot projects are still ongoing. It is difficult to obtain information on their impact at this stage either because of the time elapsed since their implementation or because of their (pilot) design. Overall, the pilot projects were able to find partners either to leverage resources and expertise or to find innovative ways to contribute to solving complex social problems. This aspect of social partnerships pilots was different from ESDC traditional approaches to program funding. Pilot project objective are described below as well as the degree to which objectives were met.

a. Reducing red tape:

The Single Window (or Northern Pilot), which integrated the funding requirements of five programs into a single application, was designed to test approaches to improve the efficiency and accessibility of grants and contribution programs' funding while increasing the impact of federal spending.

² See Annex A1 for background information on the Pilots.

The single window pilot has shown a way in which red tape for community organizations may be reduced. However, the processes put in place to do so increased administrative burden within ESDC. It is not clear if the increased administrative burden was only a one-time occurrence necessary to put a new complex system in place, or an on-going challenge.

Related to the above, delays due to ESDC's administrative processes was a common experience among most pilot authorities; some projects (Pay-for-Performance and Social Impact Bond-Like) have only recently been fielded, (at least one, the Skills and Partnership Fund was cancelled). Observations on administrative burden and inadequate flows of information were common to most of the pilots.

Insights:

The single window approach, while promising, is difficult to implement – at the federal level, government does not have the machinery to manage funds across programs and departments. For example, the Northern Pilot encountered significant delays in implementation. It is likely that changes to legislation are required to fully take advantage of the single window approach.

b. Increasing the pool of funds available to community organizations:

Mandatory Leveraging pilots were generally able to meet their respective leveraging targets. For instance, the SDPP Mandatory Leveraging pilots achieved 89% of their leveraging goals but were not successful in attracting private funds. The majority of the leveraged funds came from the partnering organizations ESDC funded or other levels of government. Overall, engaging the private sector proved to be challenging in several pilot cases. The private sector is reluctant to join projects in the absence of tangible past results. That is to say, funding partners seek assurance of timely success before putting their money and time into a project.

The Enabling Accessibility Fund (EAF) mandatory leveraging pilots achieved their leveraging goals. A question which arose was whether leveraging from within a recipient organization is still considered leveraging. In other words, if organizations are leveraging from, for example, related foundations, is this an innovation? More information on EAF leveraging will come from the upcoming EAF evaluation that will look at these aspects of the program.

Most Skills Link pilot projects were able to meet their leveraging requirements. However, difficulties were noted in those cases where the recipients had not recently engaged with the private sector or where the clients served multi-barriered youth who are less job-ready than others. Private sector partners want some assurance of timely success before putting their money and time into a project. Multi-barriered youth are seen as requiring too long to become job-ready and less likely to complete an intervention than others. Employers prefer to invest in the youth with the fewest possible barriers to employment.

Insights:

To date, it is not clear if leveraging requirements have increased the potential pool of funds available to community organisations because they have mostly leveraged from their existing resources or other government sources. Leveraging requirements may also be having the effect of directing ESDC funds to organisations with stronger networks, which may result in unintended impacts. Finally, the mixed experience from the Skills Link pilot raises questions about the Government of Canada's capacity to address complex community/social problems.

c. Ensuring better value/results for public spending:

The changes to Grants and Contribution programming and the implementation of the pilots aim to improve value and results for Canadians. As currently designed, the pilots do not capture outcome measures. Only a few pilots have designs that could provide impact measurements and thus, inform on the degree to which results have been achieved in addressing persistent social challenges.

During the life of the Northern Pilot 254 people moved into the workforce with some youth returning to school and some seniors benefiting from the program in a region with a population of only a bit over 10,000.

Follow up will be needed to determine if any of this success was related to the single window aspect of the pilot. The pilot authorities are in the process of requesting an extension to this pilot. If the extension is approved, ESDC may be able to determine the degree to which this has addressed a persistent social challenge in more than a short-term manner and which aspects of the pilot are most interesting for future work.

In the context of the Office of Literacy and Essential Skills PfP pilots in Manitoba and Nova Scotia, the project authorities have produced an implementation model which has the potential to report on the impacts of the intervention; the reason for this is because their research design will track the progress of individuals and be able to attribute impacts to the individual steps of the intervention. These pilots are only now getting into the field and therefore, results on impacts cannot be expected for some time.

Insights:

Under current Gs and Cs Terms and Conditions much of the information ESDC receives on impacts is self-reported by recipient organisations, which raises questions of reliability. With these limitations, it will be challenging to assess the impact of innovative social interventions.

Ideally, assessing social interventions involves the use of randomised experimental designs with long follow-up periods conducive to in-depth analyses. To determine if a persistent social challenge has been affected the follow-up period would be in the order of ten years, not the one or two years normally used. This brings in further considerations around extending or starting the next phase of the pilot projects so that stronger evidence bases with links to results can be developed.

3. Issues Going Forward

The most important consideration in the success of pilots is a *good start*. For example, there is a need to have a shared understanding about the goals of pilot projects between government and community organisations. In the case of these pilots it seems the funding recipients did not share the same understanding about why ESDC wanted leveraging as the pilot authorities did and therefore they did not focus on seeking private sector money. Clarity on this would have provided added thrust to the partner organizations in achieving the end ESDC had hoped for which would have increased private sector buy-in for social innovations. Time should also be taken in the development stage of a pilot to ensure that measurement tools are in place to determine the extent to which pilot goals have been attained.

Indications of the evolution of innovations are beginning to be evident. Some of the aspects of the pilots that were considered innovative in 2011 would now be characterized as "mainstream" ESDC programming. The key examples of this are mandatory leveraging and partnership development – both of which are now part of standard programming. Most of the innovation shown in the pilots was in the form of bringing something developed in other areas into the Canadian context. These innovations include: the Developmental Evaluation approach of SDPP pilots; Single Window's innovativeness in streamlining access to multiple programs; the mile-stones approach used for PfP and SIB-like pilots to recognize progress in the intervention; and, the development of processes to launch SIB-like projects in Canada. Based on these experiences, it is important to consolidate some of this knowledge around innovation taking place and innovation moving forward to help in our thinking around the next generation of pilots.

Developmental Evaluation is suitable for projects that are experimental, developing innovation, and responding to major changes. This approach requires evaluators to be a part of the design team as projects are developed and implemented and hence quite labour and time intensive. The Developmental Evaluation approach used in the SDPP pilots shows much promise, however the full potential of this approach is limited due to the restrictions imposed by Gs and Cs administrative processes.

The Single Window approach of the Northern Pilot has demonstrated that it is possible to use a single point of contact for multiple program streams within a department and seems to have increased the access to ESDC programs for people in a remote region. It is also an important consideration to move these initiatives to the next level, specifically, vis-à-vis the continua of replicability and scalability.

The milestone-based approach as piloted in the PfP and SIB-Like projects has promise as a way to improve workplace integration programming in the future. This approach increases the reporting rigour and

impact measurement capacity of this kind of programming. The process is time consuming and costly, but should make the adjustment of training programs and impact measurement possible. It is important to track the progress of these pilots to determine the extent to which the mile-stone approach is replicable and suitable to program needs.

While the SIB-like project has only now become ready to go into the field, this project made the necessary early steps that will allow this kind of public-private partnerships to be used in Canada in launching future work in the social innovation area.

4. Lessons Learned for Future Pilots

The pilots faced initial challenges to take off because they were, in many cases, required to follow the same processes that are used for regular Grants and Contributions funded programs. This restriction imposed significant limitations on new partners and the pilot authorities, and the speed at which the pilots could be adjusted to overcome unanticipated difficulties. Given the experimental nature of pilots, it will be helpful to the new partners if pilot authorities have a less restrictive approach towards them compared to what they have towards regular programming activities. In the case where new tools are being developed it may often be best to use a two-phase approach in piloting – testing phase and implementation phase. The first phase can focus on getting tools ready and test for use in the Canadian context. This phase will help address internal as well as external barriers (including financial and legal) for the launching of the next phase. The second phase, informed by the findings of the first phase, would apply the tools to complex social problem as to determine if using this tool has changed the impact of the intervention relative to more traditional approaches.

The majority of the efforts expended on these pilots were in the adaptation of funding tools to the Canadian environment. The pilots were able to develop ways to implement leveraging requirements, performance pay and social impact bond-like models. However, given the short duration of time elapsed since the implementation of the pilot projects, they had limited data to assess the appropriateness of those tools in their context and the impact, if any, from using those tools.

More generally, the replicability and scalability of pilot projects are important aspects for future consideration. It was noted that, in many cases, organizations involved in this set of projects were preselected for their past organizational capacity to leverage and may therefore may not represent the range of capacity found among a broad range of organisations.

5. Concluding Remarks

The Canadian public-private social partnership agenda is still in its infancy. Additional experimentation and time are required prior to being able to fully report on conclusive outcomes regarding the different elements of the social partnership concept. It is clear that there are challenges in developing and implementing innovative approaches in partnerships with private organisations. Therefore, there is a need to facilitate ongoing discussions between the project authorities to enhance ESDC's knowledge of social innovation.

Other countries have been exploring social innovation for longer than Canada has and there are potentially many lessons we can learn from them. Key leaders in this field include the UK, the USA, Australia and several others in Europe. The Medium-term Planning process could benefit from looking into the recent US experience related to efforts to promote their Social Innovation agenda.

Annex A1

Background on ESDC's Social Partnerships Pilots

The social partnership pilots are the results of activities stemming from the social innovation agenda and the modernization agenda of HRSDC. The social partnership pilots are one tool for generating, testing, and adapting innovative solutions, which are inherently exploratory and uncertain. For example, social finance tools are intended to bring new resources from other non-federal government investors to help address various social problems. While this is a promising practice being tested internationally (e.g. UK, USA and Australia), these approaches need to fit the specific requirements of the Canadian context.

The modernization agenda of federal government, on the other hand, focusses on making the delivery of Grants and Contributions (Gs and Cs) more efficient while maintaining accountability, improving outcomes, reducing costs by cutting red-tape, eliminating administrative paper burden for stakeholders, and improving access to funding. Overall, modernizing Gs and Cs is intended to improve the effectiveness and efficiency of government programs, yield better service for stakeholders and better value for taxpayers.

The Federal Government recognizes the need for stronger, more effective government-community partnerships and investments in addressing social issues. The Speech from the Throne in March 2010 stated that "Our government will take steps to support communities in their effort to tackle local challenges....It will look to innovative charities and forward-thinking private sector companies to partner on new approaches to many social challenges." In response, at the February 8, 2011 meeting of the Priorities and Planning Committee, the Minister of HRSD presented a new Social Partnerships approach to build stronger and more effective government-community partnerships on social issues. This was followed up by Budget 2011, which stated that "The Government will take steps to complement community efforts by encouraging the development of government/community partnerships, enabling communities to tackle local challenges and testing new approaches to improve performance." In addition Budget 2012 also committed to find innovative ways to modernize Gs and Cs, reduce red tape and make it easier to access funding.

In 2011-12 and 2012-13, HRSDC initiated a series of different types of pilot projects (see Table 1) to shift the focus and purpose of federal funding towards the achievement of sustainable longer-term results. Increased focus was placed on approaches to enhance community capacity to deal with persistent and complex social problems.

Table: Four Types of Pilot Projects

Single Window	Impact for Leveraging			Pay for Performance	SIB - Like
Northern Pilot (1 project in Nunavut)	Community Innovation (14 projects)	Community Partnerships (1 project)	Third Party Leaderships (3 projects)	Career Focus (3 projects)	Three projects
	Enabling Accessibility Fund (EAF) (CFPs in 2011 and 2012 CFP)	Skills Link (11 projects since 2012)		Adult Learning and Literacy and Essential Skills – 1 pilot in Manitoba and Nova Scotia	

Source: ESDC Program Branches.

Briefly, these funding agreements are described as follows:

- Single-Window agreements are designed to improve access to program funding and reduce administrative burden. The recipient submits one application/proposal that serves to access funding from multiple ESDC programs. If approved, the recipient has one contribution agreement, a consolidated reporting process, and a single point of contact with the Department.
- The Mandatory Leveraging approach, also termed as "Bringing New Ideas to Social Problems: A Partnership Approach" or Impact for Leveraging, tests the feasibility of using federal grants and contributions to leverage additional non-federal investments from the private, not-for-profit and philanthropic sectors to support community-based initiatives that address social problems.

- The Pay-for-Performance (PfP) model aligns contribution agreement payments with recipients' achievement of results in order to generate improved outcomes while fostering innovation and increased efficiencies. This model also provides incentives to increase partnerships and stakeholder investment while improving performance and outcomes.
- A Social Impact Bond, also known as a *Pay for Success Bond* (in USA) or a *Social Benefit Bond* (in Australia), is a contract with the private sectors in which a commitment is made to pay for improved social outcomes that result in public sector savings. These performance-based investments also encourage innovation and tackle difficult social problems. In the context, ESDC pilot projects in the area are known as SIB-Like.

Annex B
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UPDATE ON THE SINGLE WINDOW - NORTHERN PILOT PROJECT

The Northern Pilot Project is a major Employment and Social Development Canada (ESDC) project in Nunavut, funded through five ESDC programs, which allows communities in the Kivalliq Region to address multiple local priorities, through the submission of a single project proposal. The ESDC contribution to this project was \$7.025 M and the participating programs were: Skills Partnership Fund, Skills Link, Opportunities Fund for Persons with Disabilities, Adult, Learning, Literacy and Essential Skills Program (ALLESF), New Horizons for Seniors (NHSP). Partner Contributions, cash and in-kind, amounted to: \$12,387,577.

As part of the Social Partnerships Agenda, it was recognized that some Aboriginal groups face complex economic and social challenges (e.g. homelessness, low education rates, lack of access to training), and that traditional single-purpose government programs can be ineffective because they work independently of each other. Using a Single Window Agreement, the Northern Pilot Project simplifies access to funding programs for an organization so they can focus on outcomes.

Key features of the approach include a:

- Single application and assessment;
- Single payment claim and reporting system;
- Single project monitoring process; and
- Single point of contact with the Department

Overall, the Pilot aimed to address multiple community needs with the aim of:

- Increasing awareness of funding programs in Inuit communities;
- Cutting red tape through standardized and user-friendly tools; and
- Testing the use of a single window agreement bundling funding from multiple programs.

Results

The Project expected to achieve the following results:

- A total of 921 clients will participate in at least one of the project activities, including at least 303 youth, of which 42 are persons with disabilities;
- A total of 370 clients will secure employment, including at least 138 youth, of which 17 are persons with disabilities;
- A total of 22 will return to school, including at least 17 youth; and,
- A total of 18 seniors/Elders will benefit from the project.

Results to Date (As of Dec. 31, 2014 from KMTS):

- A total of 759 participants include the following:
- 239 found employment;
- 15 return to school; and,
- 254 successful outcomes.

Testing techniques for embedding literacy and essential skills in learning activities are now completed and the evaluation is well advanced. As well, a Workplace Literacy and Essential Skills needs assessment was completed at the Meadowbank Mine.

Challenges

Challenges experienced during early implementation included:

- Integrating the five program requirements into a single application;
- Creating new coding and other system requirements to meet program reporting needs;
- Changing standard tools to manually include multiple programs

Approved Extension:

Based on their assessment of pilot progress, the Pilot Authorities have received approval to extend pilot operations until March 31, 2016. During the period, ESDC will contribute \$1.7 M to the pilot project.

UPDATE ON THE EAF PILOTS

Background

The Enabling Accessibility Fund (EAF) was created in 2007 to remove barriers and improve accessibility by contributing to the capital costs of construction and renovation projects related to physical accessibility for people with disabilities.

Through Budget 2013, the Government extended the EAF on an ongoing basis to improve accessibility in facilities across Canada, including workplaces:

- \$15 million per year (ongoing funding, including operational costs); and
- small projects (up to \$100K) and mid-sized projects (up to \$3M in funding).

As a result, the EAF program now consists of two funding streams: a community accessibility stream and a workplace accessibility stream.

Mandatory leveraging was introduced to EAF in the 2011 community accessibility stream Call for Proposals (CFP) and has remained a requirement in all subsequent EAF CFPs. The 2011 CFP required that projects leverage a minimum of 25% of total eligible project costs (in cash and/or in-kind) from non-federal government sources. The leveraging requirement for the 2012 community accessibility stream CFP was the same as in 2011. In the 2014 community accessibility stream CFP, the leveraging requirement increased to 35% which was followed by the 2015 community CFP also at 35% (in cash and/or in-kind).

The new workplace accessibility funding stream for EAF was piloted in 2013 followed by another workplace CFP in 2014. These CFPs targeted small businesses with a mandatory leveraging requirement (in cash contributions) equal to or greater than 50%.

Findings:

Community Accessibility Stream CFP 2011 and 2012:

In general, the leveraging requirement did not decrease the number of applications and did not appear to raise significant difficulties for applicants. Less than 10% of applicants in both the 2011 and 2012 CFPs were rejected solely for not meeting the leveraging requirement.

The majority (80%) of the leveraging for the projects funded through the 2012 CFP came from the recipient's own resources.

Community Accessibility Stream CFP 2014 and 2015

Since EAF's community accessibility stream continued to be over-subscribed without indication that the mandatory leveraging requirement was a deterrent in applying for EAF funding, the leveraging requirement increased from 25% to 35%.

The 2014 CFP received fewer applications than in the past (494 vs 1413 for 2012 and 1061 for 2011). Results are not yet analyzed, so not clear if this decline is mainly due to the increase in leveraging requirements.

Since the 2014 CFP projects are still currently being implemented, and that the 2015 CFP is in the initial stages of application assessment, findings from these CFPs regarding mandatory leveraging are yet to be determined.

Workplace Accessibility Stream CFP 2013 and 2014

A pilot CFP for EAF's workplace accessibility stream was introduced in December 2013. This Call was open to both small businesses and social enterprises. A total of 116 applications were received of which 33 were recommended for funding. A subsequent workplace CFP opened in the summer of 2014. This CFP was open solely to small businesses and received a total of 10 applications with 4 projects recommended for funding.

It is unknown at this time what role the required 50% in cash contributions for leveraging played in the uptake of both these CFPs.

Lessons Learned

By implementing mandatory leveraging, the department was able to stretch Gs&Cs dollars to fund accessibility projects. Even if the number of EAF funded projects has not increased significantly, the dollar amount spent on creating accessibility in Canada has. While partnerships are being forged by some of the funding recipients, data does not indicate that EAF's mandatory leveraging creates many partnerships or is a trigger for partnerships.

Limitations

A comparative study of CFPs with leveraging vs. CFPs without leveraging (2008 and 2010) is not readily feasible. Since leveraging was only introduced in 2011, there is a lack of relevant data available from previous CFPs. The changing CFP parameters and eligibility requirements render comparisons very difficult.

A comparative study between EAF's two funding streams would also be difficult since these two streams target different audiences with different requirements.

Small businesses have less of a history in submitting funding proposals. Research regarding the interest of small businesses in becoming more accessible to employees as well as an interest in partially funding accessibility projects is likely not readily available. Requesting 50% in mandatory leveraging for workplaces may also be too great a financial hardship for small businesses.

Next Steps

A review of the workplace accessibility stream is currently under way by EAF.

Consideration to the percentage of the mandatory leveraging (50%) as well as consideration to perhaps including in-kind contributions in the requirement of small businesses will need to be part of this review.

A program evaluation of the EAF is scheduled for completion by June 2017. A key component in the evaluation will likely be to take a closer look at the leveraging aspects of the program.

UPDATE ON THE SDPP MANDATORY LEVERAGING PILOTS

General: To test mandatory leveraging, the Community Development and Homelessness Partnerships Directorate (CDHPD) implemented 3 different types of pilot projects (Community Partnerships with a leveraging ratio of 1:1, Community Innovation with a leveraging ratio of 1:3, and Third Party Leadership with a leveraging ratio of 3:1) to test the ability of Not-for-Profits (NFPs) to achieve different leveraging ratios in different contexts. In total, eighteen projects were funded under the three types of pilots. Six of these projects have closed and seven are scheduled to close before the end of the 2015 calendar year.

Achievements in Leveraging:

- Overall, recipients are making progress in achieving their targeted leveraging ratios with a mix of in-kind and cash contributions. To date, the Third Party Leadership projects have leveraged 105.8% of their target, mostly in cash. The Community Partnerships project has leveraged approximately 88% of its target with more in-kind than cash. The Community Innovation projects have leveraged approximately 43% of their target with a balanced split of in-kind and cash.
- The largest contributors to the projects are other NFP organizations (45%) and provincial governments (20.6%), both of which tend to provide cash contributions (61.3% and 99.9% cash, respectively) rather than in-kind contributions. Private sector organizations (11.2%), individuals (16.3%), and municipalities (6.9%) have been smaller contributors. Private sector contributors tend to provide more in cash (68% cash), whereas municipalities and individuals tend to provide in in-kind contributions (67.7% and 55.1% respectively).
- ESDC's investment appears to enable leveraging of funds and of partners. Based on leveraging targets for the pilots, it is expected that by the time they end, the projects, as a whole, will have leveraged 200% (2:1) of the amount invested in these projects through SDPP, effectively doubling the amount invested by ESDC.
- Leveraging ratios are proving to be more easily attainable for larger, urban organizations than for smaller, geographically isolated organizations.
- By strategically leveraging non-federal funds, recipients have added value to projects in three key ways: finding the right resources to help ensure sustainability; using leveraging as a springboard to deeper, more involved partnerships, particularly with in-kind resources; and using leveraging commitments from well-known organizations to further leverage from other organizations.

Partnership Development:

- There is some indication of project partnerships contributing to significant and positive changes (replication, scaling, changing the system).

- Partnerships take time and effort to develop and to be successful they require: trust, mutual benefit, a shared vision, and flexibility.
- The most common role of partners is participation on committees/working groups that play decision-making roles.
- The most common types of partners engaged in the projects have been other NFPs and other levels of government.
- Engaging the private sector has been challenging in most cases. This may be due to a variety of reasons such as a lack of tangible evidence of program success to show partners before they commit, and in some geographical contexts, the limited capacity of potential private sector partners (e.g., poor economic climate, unexpected losses in revenue, and shifting priorities).

Third Party Leadership:

- Organizations funded through the Third Party Leadership pilot are demonstrating their capacity to play the role of an intermediary, and to take more of a grassroots approach than is feasible at the federal level. There has been no indication to date that the third party role has been overly burdensome and in fact, there is indication that they see value in using this new approach ESDC is taking to program delivery. The third party organizations have proven their capacity to leverage contributions from various types of partners.
- Key lessons learned from the Third Party Leadership projects are the significance of effective leadership skills in the third party organization and a shared vision of objectives with ESDC as indicators of success, and the importance of making ESDC's reporting and measurement expectations clear at the start of the project.

The Developmental Evaluation Approach:

CDHPD has been using a developmental evaluation (DE) approach to learn more about the challenges faced by recipients when engaging the private sector and about the challenges and opportunities facing organizations playing a third party role. This approach began with an evaluation plan developed, and in line with the Departmental Evaluation Framework, the plan has the following characteristics:

- A collaborative and 'strive to impact' approach
- Well suited for conditions of testing innovative initiatives
- Emphasizes importance of understanding process (decision-making)
- Lessons learned focus
- Flexibility to adjust and adapt lines of inquiry and data capture
- The evaluator is part of project team and supportive

Note: Going forward the program will put more focus on the findings on third-party delivery and engaging the private sector.

Update on Mandatory Leveraging with Skills Link

1. Piloting Mandatory Leveraging with Skills Link

Background

- Under the Youth Employment Strategy (YES), a ML pilot was launched under the Skills Link program and run for over two years in FY 2012-13 and FY 2013-14. The Skills Link program helps young people who face more barriers to employment than others (i.e., youth who have not completed high school, single parents, Aboriginal youth, youth with disabilities, youth living in rural or remote areas, newcomers) develop basic employability skills and gain valuable job experience to assist them in making a successful transition into the labour market or to return to school. Programming provides a combination of pre-employability supports and work experiences. ESDC delivers the Skills Link program through contribution agreements with third-party delivery agents (recipient organizations) who support project-based interventions at the local level. The types of interventions provided vary according to the needs of youth such as pre-employment training, workshops, work placements, and community service-related work experiences.
- Currently, Skills Link recipient organizations are encouraged -but not required- to leverage funding from other sources in order to receive ESDC funding. Administrative data suggest that in a typical year (prior to the pilot) SL recipient organizations leverage about 25% of the overall project costs, whereas private sector contributions remain low with an average of 6% of the total project costs. The primary objective of piloting ML with Skills Link was to assess the feasibility of increasing the overall pool of funds available for Skills Link projects by increasing private sector contributions as a means of maximizing the impact of federal government spending as well as program and client outcomes. The pilot targeted the creation of private sector partnerships by requiring that recipient organizations leverage a minimum of 15% of project costs from private sector sources (both cash and in-kind contributions). This objective was more than double the current amount of private sector leveraging, setting an ambitious yet reasonable target for recipient organizations.
- Eleven pilot projects were implemented across Canada (2 in Alberta, 1 in BC, 3 in Ontario, 1 in PEI, and 4 in Quebec) with recipient organizations that both had already delivered the program and who were willing to pilot the ML requirement with Skills Link. These pilots were completed in the summer of 2014 and recipient organizations provided data for the analysis of results.

Results

The project authorities conducted an analysis of a series of eleven pilot projects run between 2012 and 2014 assessing the success of incorporating a private sector mandatory leveraging requirement to YES Skills Link program. The key findings from this analysis are summarized below:

1. The introduction of 15% mandatory leveraging from private sector partners to SL programming lead to improvements in program outcomes that can be explained by two factors:
 - a) Pilot results suggest that when recipient organizations are required to leverage funding from new partners, they develop strategies to raise awareness on the need for support for their client group, which in turn increases the likelihood of bringing on board engaged partners.
 - b) Results also suggest that when private sector employers accept to contribute to participants' wages, chances are they will be more inclined to tap into this as an investment and continue employing these participants post-program.
2. Nevertheless, achieving 15% leveraging from private sector contributors was a challenge for many SL organizations who did not meet the target, mainly because private sector employers seemed to be less inclined than other types of employers to provide work experience to multi-barriered clients who are at the lower end of the "job-readiness spectrum", such as SL clients. The challenge was even greater for organizations that did not already have a strong network of private sector partners.
3. Though introducing mandatory leveraging to SL programming did not result in cost efficiencies (e.g. lowered cost per client), the impact of federal spending was increased through the leveraging of funding partners.

Update on Piloting Pay-for-Performance with Career Focus

1. Piloting Pay-for-Performance (PfP) with Career Focus

Background

- Under the Youth Employment Strategy (YES), a PfP pilot was launched under the Career Focus program and run for over two years in FY 2012-13 and FY 2013-14. The Career Focus program is a client-centered program targeting post-secondary graduates. The program provides support to employers to provide post-secondary graduates with career-related work experiences in order to facilitate the transition to the labour market. ESDC delivers the Career Focus program through contribution agreements with third-party delivery agents (recipient organizations), who support projects where youth are matched with employers willing to provide 6-12 month internship opportunities in exchange of a wage subsidy.
- Payments to Career Focus recipient organizations are normally made based on project activities and eligible costs and are not directly linked to achieving employment outcomes. The primary objective of piloting PfP with Career Focus was to assess the success of achieving pre-identified performance targets and outcomes when they are directly linked to payments. The purpose of the pilot was to assess the interest and capacity of recipient organizations to deliver Career Focus programming using a pay-for-performance model, and examine whether youth remain employed three and six months following the work internship when payments are directly linked to post-internship employment outcomes.
- Three organizations (Canadian Media Production Association (CMPA), Saint Mary's University Business Development Centre (SMU) and Canadian Community Economic Development Network (CCEDNet)) were selected within Atlantic Canada, Ontario and Quebec based on their willingness to pilot a PfP model with Career Focus. The chosen PfP formula was based on a performance pay that was derived from eligible program administrative expenditures. These expenditures were technically related to additional activities recipient organizations needed to conduct in order to track post-internship employment of participants; however, they were also subjected to a specific milestone which was confirmation that the participant was indeed employed. Based on this formula, organizations were eligible to receive up to two additional payments of \$500 for each participant who was employed at the 3 and 6 month time points following the end of their work experience.

Results

The project authorities conducted an analysis of a series of three pilot projects run between 2012 and 2014 assessing the success of achieving pre-identified performance targets and outcomes when they are directly linked to payments. The key findings from this analysis are summarized below:

1. The introduction of performance-based payments to CF programming did not lead to significant improvements in program outcomes but rather weak and inconsistent results. This may be due to three factors:

- a) The nature of the pay-for-performance scheme tested: Pilot results suggest that a pay-for-performance model based on a "hold back" approach may be less effective (than a "bonus" model) for inducing recipient organizations to generate innovations. Organizations may have become overly preoccupied with avoiding financial penalties at all costs, including "cream skimming", rather than investing efforts to innovate and achieve greater program efficiency.
 - b) The fact that CF already produces strong outcomes: Pilot results suggest that the effectiveness of using a performance-based tool to generate innovations with programs that are already producing strong results, such as Career Focus, may be limited. If the goal of performance funding is to boost areas in which organizations under-perform, then the performance measures chosen for these pilots may have been too narrow.
 - c) The small number of pilot projects and the assessment methodology: With only three projects to assess, and in the absence of counterfactuals, pilot results were unable to attribute causality. It remains unclear whether the longer term positive outcomes found in the analysis are the result of the financial incentive per se, or if they are simply a consequence of the very activities required for earning the performance pay (following up with participants post program). It is also possible that the positive outcomes may be explained by a maturation effect typically found with new labour market entrants.
2. The introduction of performance-based payments to CF programming seemed to have unintended effects on participant enrolment strategies, undermining the program's performance and outcomes. Some evidence of biased recruitment, or "cream skimming", was found in the pilots where organizations may have preferred to enroll participants who were likely to have good outcomes. This may be a consequence of the funding formula that measured performance relative to an ultimate employment rather than focussing on gains on a continuum towards employment. An approach based on participants' progress over time may avoid the temptation to over select participants closest to the target.
 3. The introduction of performance-based payments to CF programming did not result in cost savings.

UPDATE ON THE OLES PAY FOR PERFORMANCE PILOT

In Budget 2012, the GOC signalled continued support to explore new instruments such as social impact bonds and using organizations to deliver pay-for-performance agreements that bring new approaches to addressing social challenges. Accordingly, the Office of Literacy and Essential Skills is investing \$8M to support two social finance pilots to increase knowledge on the viability and efficiency of such models to improve Canadians labour market outcomes.

The two pilots include:

- One pilot to test the effectiveness of **pay for performance (PfP) models** to improve the delivery of employment and training services through the integration of workplace essential skills.
- A second pilot to test elements of a **social impact bond (SiB) model** and new ways of generating employer and private investments to improve labour market outcomes for Canadians through improved workplace essential skills (expanded upon in Annex H).

The Workplace Education Manitoba PfP Pilot

Workplace Education Manitoba, in partnership with the Governments of Manitoba and Nova Scotia, is testing if performance-based funding models for essential skills will make delivery of employment and training services more effective.

The results of the project will be disseminated broadly across Canada. If successful, it could lead to the integration of all or parts of the model in other jurisdictions.

Manitoba Pilot Site

In Manitoba, the pilot is focussing on adults with marginal attachment to the labour force. The project is being undertaken in cooperation with the provincial employment services sector.

Nova Scotia Pilot Site

In Nova Scotia, the pilot is focussing on employed or unemployed lower-skilled adults and is being conducted in partnership with the provincial adult education system.

Both of the pilot sites have the policy goal of help individuals advance to employment and to support clients who tend to face multiple barriers to achieve success.

The basic model is adaptable to both employment and training services and post-secondary contexts.

In October 2014, job seekers began training in Manitoba. In the fall of 2015, job seekers will begin training in Nova Scotia.

The Pathways Approach

The pilots are using a pathways approach in which:

Performance milestones identify key transition points (key milestones) that are anticipated to be associated with further progress and ultimately longer-term labour market success.

Providers receive incentives for helping clients reach key milestones that are 'in-program' outcomes. In program outcomes are directly connected to provider practices and within provider control giving them incentive to experiment with new ways of delivering programs.

Challenges:

Project Specific:

Manitoba: The proponent found the examination of two provincial service delivery contracts to inform province-specific performance-based funding much more complicated than anticipated. A separate Treasury Board Submissions to the provincial government were necessary for each service contract in order to include performance funding for service providers.

Nova Scotia: Because of provincial elections that took place one month after the project started, it took longer to negotiate an agreement with the province than was expected. Because of this, the project start was delayed.

General:

Prevent "strategic" behaviour or "gaming"

There is emerging evidence that programs that rely on performance indicators within service provider control are associated with better results. When service providers see directly how their actions make a difference in the success of the clients, they are able to better track clients' progress and understand where clients succeed and where they falter. It is unadvisable for pay-for-performance systems to rely almost exclusively on indicators that are outside of service providers' control. When performance indicators are based on outcomes that occur only after job seekers leave the program, service providers do not feel the same sense of investment in participant success because they don't see how changing their day-to-day practice would make a difference. This leads to "strategic" or "gaming" behaviour where service providers work only with clients that can easily achieve the long-term outcomes.

Prevent "creaming"

The project intends to use measures based on 'gains' that recognize progress regardless of the starting point. Using indicators that incentivize providers to pick winners rather than gains such as changes in skills scores would add an element of unfairness to the system. Service providers will not receive the same incentive payment for two job seekers who reach a certain level of employment or earnings from very different starting points. The reimbursement structure is aligned with the required level of effort to address clients' specific needs. Accordingly, service providers will receive a higher payment for each client they successfully serve with multiple and/or severe barriers and a lower payment for clients with fewer barriers. Clients' performance will be measured as they move along the pathway to employment. The approach used will be to reward progress along pathways with multiple entry and exit points. The number and type of **payable** outcomes will vary by client need intensity to ensure service providers are equally incentivized to work with all clients.

Lessons Learned

Manitoba

Dual customer: Focus on both supply-side strategies (helping clients with their search for jobs, providing training and counseling) and demand-side orientation to better meet the needs of employers. Consult with employers to gain information on their skills requirements to determine if the more aligned training is with employers' needs, the more likely it is that job seekers will find and keep jobs.

Training to employment continuum: Provide a progression of service responses starting with intake triage and increasing levels of service support depending on the complexity of client needs. The intake triage takes place happens at any point of entry into the continuum. If clients have larger skills gaps, they will be closer to the beginning of the continuum and they will receive more support. Define a legitimate pathway with milestones for the job seekers with greater skills gaps that the service providers are accountable for. This will permit service providers to make transparent what they do and to show how gains with these clients can be achieved. This permits government funders to provide a transparent pathway with expectations about achievements along the way on an extended arm of a path leading to employment.

Employment services as hiring channel:

The Canada Goose winter clothing manufacturer was opening a second factory and could not find enough workers to hire. To find more seamstresses, Canada Goose started using the service provider as a hiring channel. Job seekers were taken on a tour of the Canada Goose factory to see if this whetted their appetites for employment there. Those interested took occupationally relevant training with essential skills embedded in it and then were welcomed by Canada Goose to take practical training at the shop itself to work with commercial sewing machines and gain valuable job experience. Many job seekers were offered permanent employment afterwards.

Nova Scotia

Actively seek out learners:

In the past the Nova Scotia Community Colleges did not take active measures to engage new learners and the result was a shortage of students. Project began outreach to potential African-Canadian and Aboriginal students, entering into a partnership with the "Nova Scotia Aboriginal Employment" group, resulting in an increase in learners.

Prepare learners for success: Nova Scotia Community Colleges has created a pre-trades pathway and one-year transition to college program in order to prepare apprentices for further post-secondary studies. This will ensure apprentices are able to succeed in their studies and progress further.

Form partnerships with employers:

Previously, the adult learning programs had a supply side focus on increasing the number of GED candidates, but not doing well at preparing learners for the workplace. The Nova Scotia Community Colleges are now placing a greater emphasis on aligning with demand side interests and working to provide occupationally relevant training by partnering with the Construction Association of Nova Scotia. Through this industry-education partnership, the Construction Association of Nova Scotia advises the Colleges of skills requirements, facilitates in-program work placements and provides post-program employment. This activity supports Budget 2015's commitment to training a highly skilled workforce by supporting business and industry associations to work with willing post-secondary institutions to better align curricula with the needs of employers.

UPDATE ON THE OLES SOCIAL IMPACT BOND-LIKE PILOT

In Budget 2012, the GOC signalled continued support to explore new instruments such as social impact bonds and rewarding organizations that deliver pay-for-performance agreements that bring new approaches to addressing social challenges. Accordingly, the Office of Literacy and Essential Skills is investing \$8M to support two social finance pilots to increase knowledge on the viability and efficiency of such models to improve Canadians labour market outcomes.

The two pilots include:

- One pilot to test the effectiveness of **pay for performance (PfP) models** to improve the delivery of employment and training services through the integration of workplace essential skills (expanded upon in Annex G).
- A second pilot to test elements of a **social impact bond (SiB) model** and new ways of generating employer and private investments to improve labour market outcomes for Canadians through improved workplace essential skills.

The SiB-like pilot includes two projects and an independent testing organization to determine skill gain of participants.

Alberta Workforce Essential Skills Society (AWES) is leading a project to test new incentives for employers to invest in literacy and essential skills training for 900 workers and examine how a return on investment model could result in better outcomes for both.

ESDC funding for the project is \$2.2M which includes a reimbursement to employers of up to 50% of training delivery costs and employee release time for results achieved.

AWES is partnering with an employer network in the manufacturing sector to implement an employer engagement strategy. The strategy includes outreach efforts to over 500 employers.

Employees will receive up to 40 hours of essential skills training at a cost of \$425 per participant. Up to 15 hours of training to managers/supervisors to support employee success will also be provided.

Colleges and Institutes Canada (CICan), is leading a project to test models where private investors provide the upfront capital to fund programs that support essential skills upgrading to 400 unemployed Canadians.

ESDC funding for the project is \$2.75M including \$1.2M for reimbursement of training costs plus a maximum of an additional 15% for results achieved.

Four colleges have been selected to deliver the essential skills training in BC, SK, ON, and QC.

Payments to training providers will be performance-based.

Social Research and Demonstration Corporation (SRDC), is leading the independent testing of skill gain and guiding the measurement approach guiding the evaluation approach of these two projects.

ESDC funding for the project is \$1.2M.

As a part of the approach, a reimbursement formula that includes two performance targets has been developed. The performance targets are:

- Average skill gain for the group of participants; and
- Minimum percentage of participants to achieve 25pt skill gain.

Targets were established for each project based on evidence from analysis of literacy point gains achieved through similar literacy and essential skills training interventions.

Payments will be made based on results from a pre-determined cohort. Size of cohorts will vary between projects but are likely to include approximately 200 participants.

Project proponents were more favourable to somewhat smaller cohorts even though payments based on larger cohorts offer greater statistical reliability.

Milestones for repayment will be based on skill attainment immediately following training, and skill attainment and maintenance 12 months following training.

Skills assessments and surveys will be completed by all participants prior to training, and at performance milestones to determine impacts on essential skills levels and other outcomes (e.g., behaviours, attitudes, productivity).

Lessons Learned

- Terms and conditions should be amended to allow for performance-based payments.
- Social finance models shift the focus on outcomes rather than activities or outputs from the outset.
- When multiple players are involved, a good practice is to confirm roles and responsibilities in writing through a project charter.
- Testing new approaches requires significant time and effort early on. An illustrative example of this would be the amount of time it took to get consensus from all key stakeholders on the milestone payment grid.
- New approaches can mean new players such as tax specialists, financial investor, lawyers, and independent evaluators.

Challenges

- Engaging employers can take time and effort. Forming new partnerships with employers that require a financial investment and potential risk can take considerable time and effort and a strong ability to understand their business needs.
- Regulatory barriers to foundations and other non-profit organizations such as tax policies relating to the upfront capital investment model need to be considered. It is important to note that recent changes announced in Budget 2015, proposes more flexibility for charities to diversify their investment options by allowing them to invest in limited partnerships. Given that limited partnerships is the most natural structure in terms of familiarity to investors, and the most common practice in other jurisdictions where SIBs are found, this change may lead to more innovative approaches being used in this area.
- Contribution agreements may not be the most appropriate funding instrument as there is a need for greater flexibility when applying these types of models.

Next Steps:

Given the delays in project set-up and government administration processes, the project

proponents are negotiating their agreements with the department to include revised end dates and potential funding increases to move forward.

Project proponents are continuing to try and secure the upfront capital investment to support essential skills upgrading for low-skilled Canadians. It is anticipated that results of the pilot can be expected over the next few years.

As the pilot moves forward, lessons learned will continue to be gathered to inform future government activities in this area.

Unclassified
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Summary Note

Understanding the Social Innovation and Social Finance Strategy Workshop

An Evaluation Directorate (ESDC) Interdepartmental Event

March 15, 2016

On March 15, the Evaluation Directorate hosted an interdepartmental Workshop on Understanding the Social Innovation and Social Finance Strategy. The goals of the Workshop were:

- to better understand the current Government's social innovation (SI) and social finance (SF) initiatives;
- to bring together social innovation pilot leads from various departments to share lessons learned;
- to share knowledge on recent advancements in social impact measurement (SIM); and,
- to give researchers and program/policy designers a chance to discuss with experts how best to overcome challenges in measuring the results of their interventions.

Highlights

- An audience of over 80 participated from various departments including the Assembly of First Nations, the Public Health Agency of Canada, Immigration, Refugees and Citizenship Canada, Indigenous and Northern Affairs Canada, Canadian Heritage, Natural Resources Canada, Public Safety Canada, the Treasury Board Secretariat, and the Privy Council Office, in addition to many program and other areas within ESDC.
- Experts and government officials exchanged knowledge and discussed how to overcome the barriers to implementing their interventions and how to measure and report on their outcomes and impacts.
- Barriers to SI and SF, such as the restrictions imposed by the Policy on Transfer Payments, were also discussed.
- Connections were made and strengthened across departments that can help further cooperation in the social innovation space.

Session 1: Introduction and setting the agenda for the day

Goal: To situate the issues within the broader Government context

- The Government has committed to developing a Social Innovation and Social Finance Strategy, as well as to devoting funds to program experimentation and outcomes measurement and building a new relationship with the charitable sector. There are high expectations that the public service deliver on social innovation and social finance initiatives; this puts a strong emphasis on good measurement, since it is the foundation for determining the effectiveness of interventions. The Government of Canada is well positioned to partner in social innovation and social finance initiatives, due to federal social policies and programs, and federal access to data and strong analytical capacity.
- Discussion of the basic concepts of social innovation highlighted social innovation itself (new solutions to policy and program issues), social finance (investing capital for both social benefit and financial return to provide revenue for not-for-profit community organizations and social enterprises) and social enterprise (meeting social objectives using market mechanisms such as providing goods and services).

Session 2: Presentations by the Public Health Agency of Canada, Immigration, Refugees and Citizenship Canada, and ESDC pilot leads

Goal: To understand the Social Innovation and Social Finance Strategy and issues from across various federal departments

- Presenters noted that investors are risk averse and did not buy in until the federal government committed funding. One way of overcoming this challenge is to base payment on specific milestones, rather than broad outcomes, making it easier for investors to forecast their future payments.
- The success of partnerships rests on engagement with as many stakeholders as possible (or necessary), getting input and buy-in early in the process, dedicating significant resources to program design, balancing the needs of the different players, and collaboratively selecting clear and quantifiable outcomes/goals.
- The data collected by ESDC pilots (e.g., ISSD's Social Development Partnerships Program pilots) was useful for multiple purposes such as helping to develop common indicators to compare results across other organizations involved in addressing the issue of social isolation of seniors.

Session 3: Theoretical perspectives on social innovation and social finance concepts, how to apply them in the Canadian context and how to measure the impacts of their interventions

Goal: To come to a common understanding of social innovation and social finance concepts

- Social innovation is not a product, but rather a process to generate new ways of thinking about and acting on social problems. It involves engaging stakeholders at the beginning of a process to ensure that the problem and the goals of potential interventions are understood from the perspectives of the different stakeholders and partners.
- Social finance was presented as a social innovation. A presenter noted that three critical components are needed to build the social finance market: intermediaries, instruments and social metrics. She added that government has a key role to play to enable the growth of this market.
- A key highlight of recent social innovation developments is the focus on measuring outcomes (for individuals receiving social services) and impacts (at community or population levels). Such social impact measurement (SIM) provides evidence to identify what works, and what does not, allowing governments and stakeholders to understand what effects they are achieving.
- SIM is essential for funding models where achieving measurable outcomes targets triggers payment.
- A more coordinated effort is needed to take advantage of tools/approaches related to social innovation (SI) and social finance (SF) and to make progress in measuring social impact. Necessary next steps for cross-sectoral SI/SF partnerships (e.g., between governments, service organizations, and private sector funders), include standardizing terminology related to SI, SF, and SIM and building organizational and SIM capacity in service providing organizations, including social enterprises.
- Government policies, regulations, practices, processes, structures and culture can be enabling factors or barriers when dealing with the private and other sectors, and to achieve beneficial changes to the system. Governments in Canada do not yet have SIM tools and expertise in place.
- With the conclusion of this phase of ESDC's social innovation pilots, ESDC is better positioned now to develop a strategic departmental approach to SI, SF, and SIM.

Session 4: Results to date and lessons learned from incorporating impact measurement into projects across Canada

Goal: Understanding social innovation and social finance from partners' perspectives including international and provincial examples

- Conducting social experiments is appropriate in certain situations (alternative methods are unlikely to yield acceptable level of certainty; the potential net social benefits are significant). Moreover, this approach can support and complement traditional program evaluation and the use of behavioural economics to improve the delivery of existing programs.
- The fear of failure often causes pilot authorities to put additional resources into projects (especially staff time to develop tools, engage with stakeholders, collect data) to ensure success, leading to pilots that are not representative of the full-scale programs they are attempting to inform. Therefore, one should be careful to realistically test interventions so that the same can be replicable in a larger, broader and different context.

- Given the legislative and regulatory barriers in getting social impact bond (SIB) projects to field, it will be helpful to focus on other types and forms of pay-for-performance tools, according to this presenter.
- It was highlighted that outside investors begin their analysis by first considering risks, not project goals, and they consequently approach participation differently than government.

Session 5: Overcoming challenges while launching, implementing and evaluating ESDC's social innovation and social finance projects

Goal: Moving from social partnerships pilots to implementing a Social Innovation and Social Finance Strategy (breakout sessions in small groups)

A: Building meaningful partnerships (between the not-for-profit sector, the private sector, and the public sector) to enable co-creation of social innovation and social finance interventions

- This session explored the issue of participation in social innovation and social finance, including fostering trust between sectors. To foster the creation of meaningful partnerships the Government needs to be clearer about desired outcomes, have a higher tolerance for failure, and provide latitude to partners to do their part.
- Risk aversion was noted as a barrier to innovation; others included rigid hierarchies, slow processes and delegation of authority.
- While there are issues on which different sectors can cooperate, it is not always possible to have an alignment of interests. For example, the food industry is eager to collaborate to promote fitness but is very averse to supporting interventions that may reduce the consumption of their products.
- External partners find it difficult to interact with multiple teams within ESDC (e.g., they negotiate and plan a project with a policy group but later have to deal with an operations group to run the project). Partners would like governance mechanisms for the project to be laid out clearly. Government could also consider outcomes-based approaches that ask for progress on goals but do not prescribe the path the recipient takes to achieve them. The lessons learned from ESDC's single window experiment will shed more light on these issues.
- Government could look at the emerging set of tools and approaches such as collective impact, pay-for-performance, SIBs, and social enterprise, and set clear parameters. Diluting the terms by allowing programs to call things that are not SIBs, social enterprises, etc. by these names can lead to confusion.

B: Designing an impact measurement strategy – SI youth intervention

- This potential ESDC project targets 15-30 year olds and is expected to run for one to three years with the goals of supporting youth employment and stable housing. Two approaches to performance indicators were discussed. One approach is to draw indicators from a literature review of similar projects and existing indicator "banks" (international); another approach would be to ask stakeholder groups, particularly investors, recipient organizations and government, what each needs to measure and then bring in an evaluation expert to find common ground among them (e.g., the UK social finance investor Nesta approach to developing and measuring interventions that have a positive impact).
- Project timelines will affect the performance measures selected.
- A private software company, Sametrica, is being brought onboard on a pilot basis to help with performance measurement using a Social Return on Investment (SROI) approach and platform that facilitates digital data collection and reporting.

C: Designing an impact measurement strategy for SI Aboriginal intervention

- Too little time is dedicated to understanding issues and their context when designing programs. The result is that the expected outcomes or impacts are not always clear.
- During the design phase, integrating the evaluation perspective in the discussion from the beginning of the process can be very helpful.

- For this potential ESDC pilot (microloans for self-employment under ASETS in Winnipeg), the key Indigenous and other stakeholders were not engaged and it is believed that this is the reason for the low initial interest among potential partners. Further development of the extensive engagement work with national Aboriginal organizations could build a broader culture of "nation-to-nation" that could support project-level early-stage engagement with Indigenous communities.

D: Overcoming barriers to innovation using Gs&Cs?

- The current rules (i.e., the Policy on Transfer Payments or PTP) framing the use of grants and contributions (Gs&Cs) restrict the range of recipients/organizations which can receive funding and the kind of funding arrangements that can be used. These rules are complex and different departments or individuals may use different interpretations of the PTP or their own program terms and conditions (Ts&Cs).
- Several approaches to dealing with this complexity were discussed. One is to reform the PTP, and another suggests that this is a skills capacity issue that can be overcome by hiring people with management credentials (MBA or CFA) who are able to understand and navigate the financial systems involved. Another common suggestion is to use the existing flexibilities within the policy and work closely with TBS on a project-by-project basis.
- Other federal departments as well as provincial and territorial governments are using a range of alternative financing tools, such as pay-for-performance (PfP). While PfP can also be pursued through procurement, as seen in other jurisdictions like the UK, PfP is difficult to achieve using Gs&Cs.
- Workarounds especially on Gs&Cs can sometimes succeed, but there are too many workarounds being used in too many departments. For the sector, workarounds can produce confusion due to the lack of a systematic approach to assess and approve proposals. Workaround can also come up against barriers in government policy and procedures (e.g., related to privacy and data security).
- In any case, the Government has chosen to implement its first generation of SI and SF pilots using Gs&Cs.

Future Considerations

- Standardizing the language used in the area of SI and SF would contribute to more effective social innovation projects and cross-sectoral partnerships through better understanding among partners and stakeholders.
- Improved clarity in SIM metrics and standards that ESDC endorses would advance mainstreaming of social innovation and social finance within the Department, and would contribute to the Government priority of fostering "a culture of measurement and impact" (Budget 2016).
- Incorporating the lessons learned from ESDC's social partnerships pilots will help improve the design and launch of new social innovation and social finance programs. While the workshop did not provide final prescriptions, a range of supports to advance the Social Innovation and Social Finance Strategy were noted, including: incorporating evaluation and measurement components in project and program design, and addressing barriers such as making targeted changes to the PTP.
- ESDC could consider other policy levers, such as pro-innovation policy statements, to advance the Social Innovation and Social Finance Strategy.
- Treasury Board is in the process of updating the *Policy on Evaluation*, and has been directed in its mandate letter to advance federal experimentation with new approaches to problems and measurement of program impacts, both of which may have implications for Gs&Cs programs.
- Discussions within ESDC will determine which program areas will lead on various elements of the work in advancing the Social Innovation and Social Finance Strategy. In particular, consideration could be given to which departmental centres of responsibility could advance the effective measurement of social outcomes and impacts.
- The Evaluation Directorate is interested to continue to support this agenda and is looking to determine how it can assist the Department advancing this agenda.

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Understanding the Social Innovation and Social Finance Strategy Workshop

March 29, 2016

Summary:

- This is to inform the Departmental Evaluation Committee (DEC) about the Workshop on Understanding the Social Innovation and Social Finance Strategy which was hosted by the Evaluation Directorate on March 15, 2016 (see Annex A for the Workshop Agenda).
- Similar workshops were held in the last two years to promote the sharing of knowledge, findings and lessons learned in social innovation and social finance area.
- This year, given the ministerial mandate to develop a Social Innovation and Social Finance strategy, the focus of the workshop was broadened to include other organisations such as Social Research Demonstration Corporation, Carleton Centre for Community Innovation and other Federal Departments who shared their knowledge and experience.
- The Evaluation Directorate will prepare a summary report of the workshop and will inform the Departmental Evaluation Committee at the next DEC meeting.

Enclosure: Annex A

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ANNEX A

ESDC Workshop Agenda

Understanding the Social Innovation and Social Finance Strategy

An Evaluation Directorate (ESDC) Interdepartmental Event

**Venue: Place du Portage (Phase IV), David McDonald Board Room
Management Centre, Level 1**

Date: March 15, 2016

To bring scholars, practitioners and stakeholders together to share insights, experiences and lessons learned in the areas of Social Innovation, Social Finance and Impact Measurement.	
08:30-09:00	Registration and Networking (refreshments, coffee and tea will be provided)
To situate the issues within the broader Government Context and Strategy	
09:00-09:15	Introduction and Setting the Agenda for the Day Chair: Catherine Scott, Director General, Community Development Partnership, ESDC Opening by Kathryn McDade, Senior Assistant Deputy Minister of ESDC , responsible for the Social Innovation and Social Finance Strategy
09:15-10:30	Goal: To understand the Social Innovation and Social Finance Agenda and issues from across various federal departments Chair: Doug Murphy, Director General of Social Policy, ESDC i. Investing in Health Outcomes: Launching the First Health-related SIB in Canada Lessons (PHAC) by Chad Hartnell/Julia Riendeau, Public Health Agency of Canada ii. Prototyping Social Innovation approaches with end users (CIC) by Robin Wisener, Citizenship and Immigration Canada iii. Lessons Learned from the Launching of ESDC Social Pilots by Tina Walter, ESDC iv. Questions and discussion (15 minutes)
10:30-10:45	Break (refreshments, coffee, tea and juice will be provided)
Theoretical Perspectives on Social Innovation and Social Finance concepts, how to apply them in the Canadian Context and how to measure the impacts of their interventions	
10:45-12:00	Goal: To come to a common understanding of Social Innovation and Social

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	<p>Finance concepts</p> <p>Chair: Catherine Scott, Director General, Community Development Partnership, ESDC</p> <ul style="list-style-type: none"> i. Trends in Social Innovation, Social Finance and Impact Measurement by Dr. Tessa Hebb, Professor, Carleton University (30 minutes) ii. How Social Impact Measurement supports Social Innovation and Social Finance by Kristina Guiguet, ESDC (20 minutes) iii. Questions and discussion (25 minutes)
12:00-13:00	Lunch Break (lunch will not be provided)
Afternoon Session	
Results to date and Lessons Learned from incorporating impact measurement into projects across Canada	
13:00-14:15	<p>Goal: Social Innovation and Social Finance from partners' perspectives</p> <p>Chair: Yves Gingras, Director General, Evaluation, ESDC</p> <ul style="list-style-type: none"> i. Impact Measurement and Social Innovation; recent experiences with provincial government initiatives by Jean-Pierre Voyer, President and CEO, Social Research and Demonstration Corporation (30 minutes) ii. Lessons learned to date from the implementation of two Social Finance projects to improve essential skills, by David Kelly, from the Colleges and Institutes Canada and Sheila Currie (SRDC) (30 minutes) iii. Questions and discussion (15 minutes)
14:15-14:30	Break (refreshments, coffee, tea and soft drinks will be provided)
Overcoming challenges while launching, implementing and evaluating ESDC's Social Innovation and Social Finance projects	
14:30-16:00	<p>Goal: Moving from Social Partnerships Pilots to implementing Social Innovation and Social Finance Strategy (Breakout Sessions in small groups)</p> <p>Chair: Christine Minas, Director of Evaluation, ESDC</p> <ul style="list-style-type: none"> i. Introduce Issues/Challenges of ESDC's Social Partnerships Pilot Projects by Christine Minas (10 minutes) ii. Breakout Sessions in small groups (40 minutes)

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	<ul style="list-style-type: none"> a. Building meaningful partnerships (between the Not-for-Profit sector, the Private sector, and the Public sector) to enable co-creation of Social Innovation and Social Finance interventions Facilitator: Susan Tolton, Director, Policy Division, ISSD b. Designing an Impact Measurement Strategy – a SI Youth Facilitator: Eric Malara, Manager, Program Operation Branch c. Designing an Impact Measurement Strategy – a SI Aboriginal Facilitator: David Belanger, Manager, Program Operation Branch d. Overcoming barriers to innovation using Gs&Cs? Facilitator: Blair McMurren, Director, Social Policy Research, SSPB <p>iii. Wrap-up presentations, questions and discussion. (40 minutes)</p>
16:00-16:15	<p>Goal: To summarize what we accomplished, the next steps and the vote of thanks</p> <p>Closing Remarks by Yves Gingras, Director General of Evaluation, ESDC and Christine Minas, Director of Evaluation, ESDC</p>

Draft for Discussion

Unclassified
Evaluation Directorate
March 31, 2015

Thinking in ESDC's Social Innovation Agenda: Lessons Learned from Social Partnership Pilot Projects

1. Introduction

The Evaluation Directorate organized the second annual workshop on ESDC's Social Partnerships Pilot (SPP) projects¹ on March 5, 2015. The workshop created a forum for pilot authorities, ESDC policy, program, operations and other Government of Canada stakeholders to advance the discussion on these innovations. Creating a space for such a conversation contributed to:

- identifying challenges and sharing experiences to date;
- understanding that readiness to report on outcomes is limited; and
- reflecting on the Canadian context and next steps to inform outcomes.

More recently, social innovation has been identified as a theme for further analysis to support the ongoing Medium Term Planning (MTP) thinking within ESDC.

The objective of this note is to contribute to the ongoing MTP thinking on the social innovation theme by providing an update on pilots' progress, challenges and issues within the last two years of their implementation and lessons learned based on these for any future initiatives.

Evaluation's Role

The Evaluation Directorate's role in the ongoing activities of pilots is in providing an over-arching evaluation framework along with ongoing advice and assistance to the respective pilot authorities for their monitoring and evaluation. In this regard, the Evaluation Directorate has organised two annual workshops with all pilot authorities providing them with a forum in which to discuss their progress, ongoing challenges and issues, and more importantly, to learn from each other's experiences.

2. Summary of Progress on Pilots

In 2011-12 and 2012-13, HRSDC initiated a series of pilot projects to shift the focus and purpose of federal funding towards the achievement of sustainable longer-term results. In doing so, specific approaches were developed to enhance community capacity to deal with persistent and complex social problems. These pilots included the testing of four new types of funding arrangements, including: single window, mandatory leveraging, pay-for-performance (PfP) and social impact bond-like (SIB-like).

The launching of pilot projects had several goals: reducing red tape for community organizations through the modernisation of Gs and Cs in delivering programs; increasing the pool of funds available to community organizations; and ensuring better value and results in addressing persistent social challenges.

¹ See Annex A for background information on the Pilots.

All four types of pilot projects are in various stages of implementation. Some mandatory leveraging pilots are already completed, while other types of pilot projects are still ongoing. It is difficult to obtain information on their impact at this stage either because of the time elapsed since their implementation or because of their (pilot) design. Overall, the pilot projects were able to find partners either to leverage resources and expertise or to find innovative ways to contribute to solving complex social problems. This aspect of social partnerships pilots was different from ESDC traditional approaches to program funding. Pilot project objectives are described below as well as the degree to which objectives were met.

a. Reducing red tape:

The Single Window (or Northern Pilot), which integrated the funding requirements of five programs into a single application, was designed to test approaches to improve the efficiency and accessibility of grants and contribution programs' funding while increasing the impact of federal spending.

The single window pilot has shown a way in which red tape for community organizations may be reduced. However, the processes put in place to do so increased administrative burden within ESDC. It is not clear if the increased administrative burden was only a one-time occurrence necessary to put a new complex system in place, or an on-going challenge.

Related to the above, delays due to ESDC's administrative processes was a common experience among most pilot authorities; some projects (Pay-for-Performance and Social Impact Bond-Like) have only recently been fielded, (at least one, the Skills and Partnership Fund was cancelled). Observations on administrative burden and inadequate flows of information were common to most of the pilots.

Insights:

The single window approach, while promising, is difficult to implement – at the federal level, government does not have the machinery to manage funds across programs and departments. For example, the Northern Pilot encountered significant delays in implementation. It is likely that changes to legislation are required to fully take advantage of the single window approach.

b. Increasing the pool of funds available to community organizations:

Mandatory Leveraging pilots were generally able to meet their respective leveraging targets. For instance, the SDPP Mandatory Leveraging pilots achieved 89% of their leveraging goals but were not successful in attracting private funds. The majority of the leveraged funds came from the partnering organizations ESDC funded or other levels of government. Overall, engaging the private sector proved to be challenging in several pilot cases. The private sector is reluctant to join projects in the absence of tangible past results. That is to say, funding partners seek assurance of timely success before putting their money and time into a project.

The Enabling Accessibility Fund (EAF) mandatory leveraging pilots achieved their leveraging goals. A question which arose was whether leveraging from within a recipient organization is still considered leveraging. In other words, if organizations are leveraging from, for example, related foundations, is this an innovation? More information on EAF leveraging will come from the upcoming EAF evaluation that will look at these aspects of the program.

Most Skills Link pilot projects were able to meet their leveraging requirements. However, difficulties were noted in those cases where the recipients had not recently engaged with the private sector or where the clients served multi-barriered youth who are less job-ready than others. Private sector partners want some assurance of timely success before putting their money and time into a project. Multi-barriered youth are seen as requiring too long to become job-ready and less likely to complete an intervention than others. Employers prefer to invest in the youth with the fewest possible barriers to employment.

Insights:

To date, it is not clear if leveraging requirements have increased the potential pool of funds available to community organisations because they have mostly leveraged from their existing resources or other government sources. Leveraging requirements may also be having the effect of directing ESDC funds to organisations with stronger networks, which may result in unintended impacts. Finally, the mixed experience from the Skills Link pilot raises questions about the Government of Canada's capacity to address complex community/social problems.

c. Ensuring better value/results for public spending:

The changes to Grants and Contribution programming and the implementation of the pilots aim to improve value and results for Canadians. As currently designed, the pilots do not capture outcome measures. Only a few pilots have designs that could provide impact measurements and thus, inform on the degree to which results have been achieved in addressing persistent social challenges.

During the life of the Northern Pilot 254 people moved into the workforce with some youth returning to school and some seniors benefiting from the program in a region with a population of only a bit over 10,000. Follow up will be needed to determine if any of this success was related to the single window aspect of the pilot. The pilot authorities are in the process of requesting an extension to this pilot. If the extension is approved, ESDC may be able to determine the degree to which this has addressed a persistent social challenge in more than a short-term manner and which aspects of the pilot are most interesting for future work.

In the context of the Office of Literacy and Essential Skills PfP pilots in Manitoba and Nova Scotia, the project authorities have produced an implementation model which has the potential to report on the impacts of the intervention; the reason for this is because their research design will track the progress of individuals and be able to attribute impacts to the individual steps of the intervention. These pilots are only now getting into the field and therefore, results on impacts cannot be expected for some time.

Insights:

Under current Gs and Cs Terms and Conditions much of the information ESDC receives on impacts is self-reported by recipient organisations, which raises questions of reliability. With these limitations, it will be challenging to assess the impact of innovative social interventions.

Ideally, assessing social interventions involves the use of randomised experimental designs with long follow-up periods conducive to in-depth analyses. To determine if a persistent social challenge has been affected the follow-up period would be in the order of ten years, not the one or two years normally used. This brings in further considerations around extending or starting the next phase of the pilot projects so that stronger evidence bases with links to results can be developed.

3. Issues Going Forward

The most important consideration in the success of pilots is a *good start*. For example, there is a need to have a shared understanding about the goals of pilot projects between government and community organisations. In the case of these pilots it seems the funding recipients did not share the same understanding about why ESDC wanted leveraging as the pilot authorities did and therefore they did not focus on seeking private sector money. Clarity on this would have provided added thrust to the partner organizations in achieving the end ESDC had hoped for which would have increased private sector buy-in for social innovations. Time should also be taken in the development stage of a pilot to ensure that measurement tools are in place to determine the extent to which pilot goals have been attained.

Indications of the evolution of innovations are beginning to be evident. Some of the aspects of the pilots that were considered innovative in 2011 would now be characterized as "mainstream" ESDC programming. The key examples of this are mandatory leveraging and partnership development – both of which are now part of standard programming. Most of the innovation shown in the pilots was in the form of bringing something developed in other areas into the Canadian context. These innovations include: the Developmental Evaluation approach of SDPP pilots; Single Window's innovativeness in streamlining access to multiple programs; the mile-stones approach used for PfP and SIB-like pilots to recognize progress in the intervention; and, the development of processes to launch SIB-like projects in Canada. Based on these experiences, it is important to consolidate some of this knowledge around innovation taking place and innovation moving forward to help in our thinking around the next generation of pilots.

Developmental Evaluation is suitable for projects that are experimental, developing innovation, and responding to major changes. This approach requires evaluators to be a part of the design team as projects are developed and implemented and hence quite labour and time intensive. The Developmental Evaluation approach used in the SDPP pilots shows much promise, however the full potential of this approach is limited due to the restrictions imposed by Gs and Cs administrative processes.

The Single Window approach of the Northern Pilot has demonstrated that it is possible to use a single point of contact for multiple program streams within a department and seems to have increased the access to ESDC programs for people in a remote region. It is also an important consideration to move these initiatives to the next level, specifically, vis-à-vis the continua of replicability and scalability.

The milestone-based approach as piloted in the PfP and SIB-Like projects has promise as a way to improve workplace integration programming in the future. This approach increases the reporting rigour and impact measurement capacity of this kind of programming. The process is time consuming and costly, but should make the adjustment of training programs and impact measurement possible. It is important to track the progress of these pilots to determine the extent to which the mile-stone approach is replicable and suitable to program needs.

While the SIB-like project has only now become ready to go into the field, this project made the necessary early steps that will allow this kind of public-private partnerships to be used in Canada in launching future work in the social innovation area.

4. Lessons Learned for Future Pilots

The pilots faced initial challenges to take off because they were, in many cases, required to follow the same processes that are used for regular Grants and Contributions funded programs. This restriction imposed significant limitations on new partners and the pilot authorities, and the speed at which the pilots could be adjusted to overcome unanticipated difficulties. Given the experimental nature of pilots, it will be helpful to the new partners if pilot authorities have a less restrictive approach towards them compared to what they have towards regular programming activities. In the case where new tools are being developed it may often be best to use a two-phase approach in piloting – testing phase and implementation phase. The first phase can focus on getting tools ready and test for use in the Canadian context. This phase will help address internal as well as external barriers (including financial and legal) for the launching of the next phase. The second phase, informed by the findings of the first phase, would apply the tools to complex social problem as to determine if using this tool has changed the impact of the intervention relative to more traditional approaches.

The majority of the efforts expended on these pilots were in the adaptation of funding tools to the Canadian environment. The pilots were able to develop ways to implement leveraging requirements, performance pay and social impact bond-like models. However, given the short duration of time elapsed since the implementation of the pilot projects, they had limited data to assess the appropriateness of those tools in their context and the impact, if any, from using those tools.

More generally, the replicability and scalability of pilot projects are important aspects for future consideration. It was noted that, in many cases, organizations involved in this set of projects were preselected for their past organizational capacity to leverage and may therefore may not represent the range of capacity found among a broad range of organisations.

5. Concluding Remarks

The Canadian public-private social partnership agenda is still in its infancy. Additional experimentation and time are required prior to being able to fully report on conclusive outcomes regarding the different elements of the social partnership concept. It is clear that there are challenges in developing and implementing innovative approaches in partnerships with private organisations. Therefore, there is a need to facilitate ongoing discussions between the project authorities to enhance ESDC's knowledge of social innovation.

Other countries have been exploring social innovation for longer than Canada has and there are potentially many lessons we can learn from them. Key leaders in this field include the UK, the USA, Australia and several others in Europe. The Medium-term Planning process could benefit from looking into the recent US experience related to efforts to promote their Social Innovation agenda.

Annex A

Background on ESDC's Social Partnerships Pilots

The social partnership pilots are the results of activities stemming from the social innovation agenda and the modernization agenda of HRSDC. The social partnership pilots are one tool for generating, testing, and adapting innovative solutions, which are inherently exploratory and uncertain. For example, social finance tools are intended to bring new resources from other non-federal government investors to help address various social problems. While this is a promising practice being tested internationally (e.g. UK, USA and Australia), these approaches need to fit the specific requirements of the Canadian context.

The modernization agenda of federal government, on the other hand, focusses on making the delivery of Grants and Contributions (Gs and Cs) more efficient while maintaining accountability, improving outcomes, reducing costs by cutting red-tape, eliminating administrative paper burden for stakeholders, and improving access to funding. Overall, modernizing Gs and Cs is intended to improve the effectiveness and efficiency of government programs, yield better service for stakeholders and better value for taxpayers.

The Federal Government recognizes the need for stronger, more effective government-community partnerships and investments in addressing social issues. The Speech from the Throne in March 2010 stated that "Our government will take steps to support communities in their effort to tackle local challenges....It will look to innovative charities and forward-thinking private sector companies to partner on new approaches to many social challenges." In response, at the February 8, 2011 meeting of the Priorities and Planning Committee, the Minister of HRSD presented a new Social Partnerships approach to build stronger and more effective government-community partnerships on social issues. This was followed up by Budget 2011, which stated that "The Government will take steps to complement community efforts by encouraging the development of government/community partnerships, enabling communities to tackle local challenges and testing new approaches to improve performance." In addition Budget 2012 also committed to find innovative ways to modernize Gs and Cs, reduce red tape and make it easier to access funding.

In 2011-12 and 2012-13, HRSDC initiated a series of different types of pilot projects (see Table 1) to shift the focus and purpose of federal funding towards the achievement of sustainable longer-term results. Increased focus was placed on approaches to enhance community capacity to deal with persistent and complex social problems.

Table: Four Types of Pilot Projects

Single Window	Impact for Leveraging			Pay for Performance	SIB - Like
Northern Pilot (1 project in Nunavut)	Community Innovation (14 projects)	Community Partnerships (1 project)	Third Party Leaderships (3 projects)	Career Focus (3 projects)	Three projects
	Enabling Accessibility Fund (EAF) (CFPs in 2011 and 2012 CFP)		Skills Link (11 projects since 2012)	Adult Learning and Literacy and Essential Skills – 1 pilot in Manitoba and Nova Scotia	

Source: ESDC Program Branches.

Briefly, these funding agreements are described as follows:

- Single-Window agreements are designed to improve access to program funding and reduce administrative burden. The recipient submits one application/proposal that serves to access funding from multiple ESDC programs. If approved, the recipient has one contribution agreement, a consolidated reporting process, and a single point of contact with the Department.
- The Mandatory Leveraging approach, also termed as "Bringing New Ideas to Social Problems: A Partnership Approach" or Impact for Leveraging, tests the feasibility of using federal grants and contributions to leverage additional non-federal investments from the private, not-for-profit and philanthropic sectors to support community-based initiatives that address social problems.
- The Pay-for-Performance (PfP) model aligns contribution agreement payments with recipients' achievement of results in order to generate improved outcomes while fostering innovation and increased efficiencies. This model also provides incentives to increase partnerships and stakeholder investment while improving performance and outcomes.
- A Social Impact Bond, also known as a *Pay for Success Bond* (in USA) or a *Social Benefit Bond* (in Australia), is a contract with the private sectors in which a commitment is made to pay for improved social outcomes that result in public sector savings. These performance-based investments also encourage innovation and tackle difficult social problems. In the context, ESDC pilot projects in the area are known as SIB-Like.

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Evaluation Directorate
Strategic Service and Policy Branch

December 15, 2015

Social Partnerships Pilot – Roll Out Report (December 2015)

This Roll-out report presents the status and lessons learned since June 2015 for the Social Partnership pilot projects. Previously, the June 2015 Roll Out report provided overall lessons learned from the pilots since their inception. The Evaluation Directorate also prepared Roll Out reports in June 2014 and December 2014 analyzing and providing information on the stages of implementation among the pilots. (See Annex A for background on the pilots.)

A summary of all the Social Pilots is as follows: The Northern Pilot in Nunavut designed to test Grants and Contributions (Gs and Cs) modernization, has received an extension of one year with completion planned for March 2016. All pilot projects under the Enabling Accessibility Fund (EAF), Skills Link (SL), and Career Focus (CF) are completed. Some SDPP pilot projects are completed and a few others will be completed by the end of this fiscal with one project under Third Party Leadership continuing until March 2017. The Office of Literacy and Essential Skills' Pay for Performance and SIB-Like projects are in the beginning stages of their implementation. (See Table 1 on the current status of Pilot Projects and Annex A on pilot background.)

Achievement of Overall Pilots' Goals

The Government of Canada had several goals when launching the pilot projects: *reducing red tape for community organizations* through the modernisation of Gs and Cs in delivering programs; *increasing the pool of funds available to community organizations*; and *ensuring better value and results* in addressing persistent social challenges. Detailed updates on the ongoing status of each group of pilots are attached as Annexes. Some highlights on the pilots follow:

a. The single window pilot

- Despite delays in starting the project, 777 people, out of an initially expected enrollment of 921, had participated as of March 31, 2015 in activities aimed to help secure employment, return to school, and deliver disability or seniors programming. (See Annex B for the Northern Pilot update.)
- The pilot encountered significant delays in finding a partner and in implementation. Considerations include having promotion activities to attract partners at the regional level. If this is not successful, a partner-based approach may be unsuitable for the regions with the highest needs.
- At the federal level, government needs to address how to manage funds across programs and departments. Changes to legislation are required to fully take advantage of the single window approach. As such, there could be a better alignment between the goals of a single window approach and the legal and regulatory mechanisms to operationalize this approach.

b. Mandatory Leveraging Pilots

- Enabling Accessibility Fund (EAF) – In 2011 and 2012, the EAF pilots introduced Mandatory Leveraging to increase the pool of money available for accessibility projects. Applicants were successful in getting the required leveraging and the program area did not find that the requirement posed a barrier to applicants. (See Annex C for the EAF Update.)
- A pilot Call for Proposals (CFP) for EAF's workplace accessibility stream was introduced in December 2013. This CFP was open to both small businesses and social enterprises. A total of 116 applications were received of which 33 were recommended for funding. A subsequent workplace CFP was opened in the summer of 2014 which targeted small businesses and received a total of 10 applications with 4 projects recommended for funding.
- Social Development Partnerships Program (SDPP) which included three types of pilots, Community Innovation, Community Partnerships and Third Party Leadership have been generally successful in

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meeting their Mandatory Leveraging requirements. Notably, achieving these requirements was more attainable for larger, urban organizations than for smaller, geographically isolated organizations. This may be because the larger urban organizations were characterized as having foundations and thus, were able to tap into their endowments and donor networks. The largest sources for leveraging funds are other Not-for-Profits and Provincial Governments. (See Annex D for the SDPP Update.)

Key lessons learned from the Third Party Leadership projects are the significance of a ground-up approach (vs. top-down imposed approach), effective leadership skills in the third party organization, a shared vision of objectives with ESDC as indicators of success, and the importance of making ESDC's reporting and measurement expectations clear at the start of the project. These help the program put more focus on third-party delivery style of pilots/projects going forward.

- The Skills Link (SL) pilot showed that introducing a 15% mandatory leveraging component led to improvement in employment outcomes for participants. Leveraging was made up of employer contributions to trainees' wages. The improvement in employment outcomes may have occurred because employers who accepted to contribute to participants' wages were more inclined to employ the participants post-program.

c. Pay for Performance Pilots

- The Career Focus Pilot has now been completed. The strong employment outcomes experienced by CF participants in the past were repeated in the pilots, but not improved upon.
- The Office of Literacy and Essential Skills (OLES) Pay for Performance – The outcomes-based approach as piloted in the OLES PfP pilot has promise as a way to improve skills development and workplace training programming and will measure the impacts on participants. The approach is being tested in two sites, one in Manitoba which went to field in the fall of 2014 and the other in Nova Scotia which began in September 2015. The projects have enrolled 283 jobseekers to date and have 11 months left to reach the goal of 500. (See Annex E for the OLES PfP Update.)

d. Social Impact Bond-Like (SiB-Like) Pilots

- Alberta Workforce Essential Skills Society (AWES) is leading a project to test whether financial incentives can encourage employers to invest in essential skills training for their workers and examine how a return on investment model could result in better outcomes for both. Efforts to date have focused on employer engagement. AWES is partnering with an employer network in the manufacturing sector to implement an employer engagement strategy. The strategy includes outreach efforts to over 500 employers. Follow up discussions with employers are taking place and to date, participation from four employers has been confirmed. One employer has initiated the undertaking an organizational needs assessment and individual essential skills assessments to help determine training needs. Training with this employer is expected to take place the first week of January 2016. Given this schedule, post-training assessments may be completed by March 2016 which will allow for observation on the first round of potential triggered payments. (See Annex F for the OLES SiB-Like Update.)
- Colleges and Institutes Canada (CICan) is leading a project to test models where private investors provide the upfront capital to fund programs that support essential skills upgrading of 400 unemployed Canadians. Efforts have focused on establishing the infrastructure for project implementation and activities to support investor engagement. Initial feedback from investors has been positive with the first investor secured in early December 2015. The confirmation of this first investor will be used to further promote the opportunity to other interested investors in order to secure sufficient capital to launch the two cohorts.
- A third project, delivered by Social Research and Demonstration Corporation will lead the testing of skill gain, including its measurement as used in the above mentioned two models.

Considerations

The time it takes to implement these projects is too long.

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As the models used for these pilots, single window, mandatory leveraging, pay for performance, and social impact bond-like represent new and innovative approaches, they required a great deal of time, effort and expertise to implement. Both ESDC and our project recipients have been stretched in this process. Significant learning from the pilots will be used to inform whether, or how, to implement similar future projects, thereby delivering value for the government's investment.

The Grants and Contributions process has not been simplified enough.

The goal of simplifying Grants and Contributions processes has been met with significant challenges, as illustrated by the experience of the Single Window pilot. The pilot's early success can be linked to the presence of staff with significant experience in administering Gs and Cs. The Executive Director of the recipient organization has left the project, and since then, project delays indicate that the organization no longer has the necessary skills to navigate the Gs and Cs process in a timely manner. The success achieved on implementing pilot changes in the SDPP pilots was largely due to the recipient organizations being pre-selected for having the necessary capacity. The changes introduced in these pilots seem to be having the impact of making it more difficult for smaller organizations, particularly organizations in remote regions, to navigate the Gs and Cs process.

Next Steps:

To ensure ongoing knowledge exchange among various pilot authorities, the Evaluation Directorate will continue to organize annual workshops to understand how pilots are progressing, discuss issues, and share lessons learned. The next workshop will be held on March 10, 2016 and possible topics include:

1. What approaches should be considered for 'mainstreaming' innovative funding arrangements, social partnerships and outcomes measurement?
2. a) Is it a feasible goal to incorporate outcomes measurement for most or all of ESDC programming? What would be needed to reach this goal?

b) If ESDC were to increase the use of outcomes measurement, should efforts be made to harmonize approaches and tools used across programs (in order to enable comparability or to measure total impact for example)?
3. Where should ESDC pilot innovations to programming? Is it wise to pilot complex innovations in projects designed to meet elevated current needs, or should ESDC pilot innovations in areas where it is easier to allow enough time to work out complex mechanisms?
4. Is it feasible to make the Gs and Cs process simple enough that non-expert first time applicants can reasonably navigate the process, or should we develop the capacity to assist organization with limited capacity through the process?

At the March 2016 workshop, the lessons learned and challenges of the pilots will be presented under the categories of Single Window, Mandatory Leveraging, Pay for Performance and Social Impact Bond. Group discussions will be held based on above possible areas/questions to consider how to incorporate pilots' lessons learned into future briefings and program designing.

The next update will be prepared using the materials from the March 2016 workshop and will be available in June 2016. Roll out reports will continue to be prepared on a bi-annual basis to inform the department on the status of pilots.

This is an appropriate juncture at which to pose the question, does ESDC need to have reports twice a year on the pilots? Input is sought on this question.

A Draft Agenda for the March 26 Workshop is attached for discussion (Annex G).

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Table 1: Pilot Project Status

Single Window	Impact for Leveraging			Pay for Performance	SIB - Like
Northern Pilot (1 project in Nunavut) Extended to March 31, 2016	Community Innovation (Total 14: 6 completed 8 Ongoing)	Community Partnerships (1 project) Ongoing	Third Party Leaderships (3 projects) 3 Ongoing	Career Focus (3 projects) All completed	Adult Learning Literacy and Essential Skills Program (3 projects) All ongoing
	Enabling Accessibility Fund (EAF) (CFPs in 2011 and 2012 CFP) All completed	Skills Link (11 projects since 2012) All completed		Adult Learning Literacy and Essential Skills Program (1 project) Ongoing	

Source: ESDC Program Branches.

Background on ESDC's Social Partnerships Pilots

The social partnership pilots are the results of activities stemming from the social innovation agenda and the modernization agenda of HRSDC. The social partnership pilots are one tool for generating, testing, and adapting innovative solutions, which are inherently exploratory and uncertain. For example, social finance tools are intended to bring new resources from other non-federal government investors to help address various social problems. While this is a promising practice being tested internationally (e.g. UK, USA and Australia), these approaches need to fit the specific requirements of the Canadian context. The modernization agenda of federal government, on the other hand, focusses on making the delivery of Grants and Contributions (Gs and Cs) more efficient while maintaining accountability, improving outcomes, reducing costs by cutting red-tape, eliminating administrative paper burden for stakeholders, and improving access to funding. Overall, modernizing Gs and Cs is intended to improve the effectiveness and efficiency of government programs, yield better service for stakeholders and better value for taxpayers.

The Federal Government recognizes the need for stronger, more effective government-community partnerships and investments in addressing social issues. The Speech from the Throne in March 2010 stated that "Our government will take steps to support communities in their effort to tackle local challenges....It will look to innovative charities and forward-thinking private sector companies to partner on new approaches to many social challenges." In response, at the February 8, 2011 meeting of the Priorities and Planning Committee, the Minister of HRSD presented a new Social Partnerships approach to build stronger and more effective government-community partnerships on social issues. This was followed up by Budget 2011, which stated that "The Government will take steps to complement community efforts by encouraging the development of government/community partnerships, enabling communities to tackle local challenges and testing new approaches to improve performance." In addition Budget 2012 also committed to find innovative ways to modernize Gs and Cs, reduce red tape and make it easier to access funding.

In 2011-12 and 2012-13, HRSDC initiated a series of different types of pilot projects (see Table 1) to shift the focus and purpose of federal funding towards the achievement of sustainable longer-term results. Increased focus was placed on approaches to enhance community capacity to deal with persistent and complex social problems.

Table: Four Types of Pilot Projects

Single Window	Impact for Leveraging			Pay for Performance	SIB - Like
Northern Pilot (1 project in Nunavut)	Community Innovation (14 projects)	Community Partnerships (1 project)	Third Party Leaderships (3 projects)	Career Focus (3 projects)	Adult Learning Literacy and Essential Skills (3 projects)
	Enabling Accessibility Fund (EAF) (CFPs in 2011 and 2012 CFP)	Skills Link (11 projects since 2012)		Adult Learning and Literacy and Essential Skills (1 project)	

Source: ESDC Program Branches.

Briefly, these funding agreements are described as follows:

- Single-Window agreements are designed to improve access to program funding and reduce administrative burden. The recipient submits one application/proposal that serves to access funding from multiple ESDC programs. If approved, the recipient has one contribution agreement, a consolidated reporting process, and a single point of contact with the Department.
- The Mandatory Leveraging approach, also termed as "Bringing New Ideas to Social Problems: A Partnership Approach" or Impact for Leveraging, tests the feasibility of using federal grants and

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contributions to leverage additional non-federal investments from the private, not-for-profit and philanthropic sectors to support community-based initiatives that address social problems.

- The Pay-for-Performance (PfP) model aligns contribution agreement payments with recipients' achievement of results in order to generate improved outcomes while fostering innovation and increased efficiencies. This model also provides incentives to increase partnerships and stakeholder investment while improving performance and outcomes.
- A Social Impact Bond, also known as a *Pay for Success Bond* (in USA) or a *Social Benefit Bond* (in Australia), is a contract with the private sectors in which a commitment is made to pay for improved social outcomes that result in public sector savings. These performance-based investments also encourage innovation and tackle difficult social problems. In the context, ESDC pilot projects in the area are known as SIB-Like.

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Annex B
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Evaluation Directorate
October 9, 2015

UPDATE ON THE SINGLE WINDOW - NORTHERN PILOT PROJECT

The Northern Pilot Project is a major Employment and Social Development Canada (ESDC) project in Nunavut, funded through five ESDC programs, which allows communities in the Kivalliq Region to address multiple local priorities, through the submission of a single project proposal. The ESDC contribution to this project was \$7.025 M and the participating programs were: Skills Partnership Fund, Skills Link, Opportunities Fund for Persons with Disabilities, Adult, Learning, Literacy and Essential Skills Program (ALLESP), New Horizons for Seniors (NHSP). Partner Contributions, cash and in-kind, amounted to: \$12,387,577.

As part of the Social Partnerships Agenda, it was recognized that some Aboriginal groups face complex economic and social challenges (e.g. homelessness, low education rates, lack of access to training), and that traditional single-purpose government programs can be ineffective because they work independently of each other. Using a Single Window Agreement, the Northern Pilot Project simplifies access to funding programs for an organization so they can focus on outcomes.

Key features of the approach include a:

- Single application and assessment;
- Single payment claim and reporting system;
- Single project monitoring process; and
- Single point of contact with the Department

Overall, the Pilot aimed to address multiple community needs with the aim of:

- Increasing awareness of funding programs in Inuit communities;
- Cutting red tape through standardized and user-friendly tools; and
- Testing the use of a single window agreement bundling funding from multiple programs.

Results

The Project expected to achieve the following results:

- A total of 921 clients will participate in at least one of the project activities, including at least 303 youth, of which 42 are persons with disabilities;
- A total of 370 clients will secure employment, including at least 138 youth, of which 17 are persons with disabilities;
- A total of 22 will return to school, including at least 17 youth; and,
- A total of 18 seniors/Elders will benefit from the project.

Results to Date (As of Mar. 31, 2015 from KMTS):

- A total of 678 participants and 777 complete interventions include the following:
- 335 found employment;
- 15 return to school; and,
- 337 successful outcomes.

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As of the last activity report covering January to March, 2015, the overall progress toward the objectives of this project have been met, and in fact surpassed; except in the area of persons with disabilities (PWD). Unfortunately, the participant total is less than anticipated for PWD. KMTS intends to try different approaches in order to reach their target in this area.

Challenges

Challenges experienced during the last 2 quarters (April – September 2015) have included:

- One of the ongoing challenges for this project from its start-up until now has been the organization's ability to recruit and retain qualified staff for the oversight and delivery of its programming. As a result of recent staff turnover at the Executive Director and financial advisor positions, certain activities have been delayed.

Approved Extension:

Based on their assessment of pilot progress, the Pilot Authorities have received approval to extend pilot operations until March 31, 2016. During the period, ESDC will contribute and additional \$1.7 M to the pilot project.

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Annex C
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Evaluation Directorate
October 22, 2015

UPDATE ON THE EAF PILOTS

Background

The Enabling Accessibility Fund (EAF) was created in 2007 to remove barriers and improve accessibility by contributing to the capital costs of construction and renovation projects related to physical accessibility for people with disabilities.

Through Budget 2013, the Government extended the EAF on an ongoing basis to improve accessibility in communities across Canada, including workplaces:

- \$15 million per year (ongoing funding, including operational costs); and
- small projects (up to \$100K) and mid-sized projects (up to \$3M in funding).

As a result, the EAF program now consists of two funding streams: a community accessibility stream and a workplace accessibility stream.

Mandatory leveraging was introduced to EAF in the 2011 community accessibility stream Call for Proposals (CFP) and has remained a requirement in all subsequent CFPs. The 2011 and 2012 community accessibility funding stream CFPs required that projects leverage a minimum 25% of total eligible project costs (in cash and/or in-kind) from non-federal government sources. As this funding stream was being consistently over-subscribed, leveraging requirements were increased to 35% in 2014 and remained at that level for 2015. There were no CFPs in 2013.

A CFP was launched in 2013 to pilot the workplace accessibility funding stream, followed by a second CFP in 2014. These targeted social enterprises and small businesses, and small businesses respectively. As interest in this funding stream has been limited, efforts will be made to increase the number of applications for this funding stream during the next CFP, by lowering the leveraging requirement to 25% in cash and/or in-kind contributions.

Findings:

Community Accessibility Stream CFP 2011 and 2012:

In general, the leveraging requirement did not decrease the number of applications and did not appear to raise significant difficulties for applicants. Less than 10% of applicants in both the 2011 and 2012 CFPs were rejected solely for not meeting the leveraging requirement.

The majority (80%) of the leveraging for the projects funded through the 2012 CFP came from the recipient's own resources.

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Community Accessibility Stream CFP 2014 and 2015

Since EAF's community accessibility stream continued to be over-subscribed and there was no indication that the mandatory leveraging requirement was a deterrent to applying for EAF funding, the leveraging requirement in 2014 was increased from 25% to 35%. To further help manage the number of applications submitted during the 2014 CFP, a new eligibility criterion was introduced; introducing a limit of one application per organization.

As anticipated, fewer applications were received in 2014 than in past CFPs (494 vs 1413 for 2012 and 1061 for 2011), however, a direct correlation with an increase in leveraging cannot be confirmed. The 2015 CFP involved funding priorities for the first time which could further reduce the number of applications received.

Projects from 2014 and 2015 CFPs are not yet completed and findings from these CFPs regarding mandatory leveraging have therefore not yet been analyzed.

Workplace Accessibility Stream CFP 2013 and 2014

A pilot CFP for EAF's workplace accessibility stream was introduced in December 2013.

This CFP was open to both small businesses and social enterprises. A total of 116 applications were received of which 33 were recommended for funding. A subsequent workplace CFP was opened in the summer of 2014 which targeted small businesses and received a total of 10 applications with 4 projects recommended for funding.

It is unknown at this time what role the required 50% in cash contributions for leveraging played in the number of applications for both these CFPs. Due to a low number of applications received in the past CFPs, no CFP was launched in 2015 and further consultations with small businesses have taken place to propose a new approach in order to increase the number of applications. The new approach includes a change in the leveraging requirement from 50% in cash only to 25% in cash and/or in-kind contributions. A 2016 CFP has not yet been approved.

Lessons Learned

By implementing mandatory leveraging, the department was able to stretch grant and contribution dollars to fund accessibility projects. Even if the number of EAF funded projects has not increased significantly, the dollar amount spent on creating accessibility in Canada has.

While partnerships are being forged by some of the funding recipients, data does not indicate that EAF's mandatory leveraging creates many partnerships or is a trigger for partnerships.

Limitations

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A comparative study of CFPs with leveraging (2011) and CFPs without leveraging (2008 and 2010) is not feasible because of a data gap. Changing CFP parameters and eligibility requirements render comparisons very difficult.

A comparative study of EAF's two funding streams would also be difficult since both streams target different populations with different requirements. Based on consultations in advance of the 2015 CFP, it can be assumed that 50% mandatory leveraging for small businesses under the workplace stream may be too great a financial hardship. Small business participation may further be impacted by their limited experience in submitting funding proposals.

Next Steps

In early 2016, the EAF will be seeking approval of a new proposed approach to the workplace accessibility funding stream which will include but is not limited to a decrease in mandatory leveraging to 25% of cash and/or in-kind contributions. Once projects from this new approach are approved, further comparative analysis of the percentage of the mandatory leveraging at 50% cash only and the 25% cash and/or in-kind contribution requirement for small businesses will need to be undertaken to assess its impact on the number of applications submitted. In addition, a Program evaluation of the EAF is scheduled for completion by June 2017. A key component of the evaluation will likely be an examination of the leveraging aspects of the program.

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Annex D
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UPDATE ON THE SDPP MANDATORY LEVERAGING PILOTS

General: To test mandatory leveraging, the Community Development and Homelessness Partnerships Directorate (CDHPD) implemented 3 different types of pilot projects (Community Partnerships with a leveraging ratio of 1:1, Community Innovation with a leveraging ratio of 1:3, and Third Party Leadership with a leveraging ratio of 3:1) to test the ability of Not-for-Profits (NFPs) to achieve different leveraging ratios in different contexts. In total, eighteen projects were funded under the three types of pilots. Eleven of these projects have closed and two are scheduled to close before the end of the fiscal year.

Achievements in Leveraging:

- Overall, recipients are making progress in achieving their targeted leveraging ratios with a mix of in-kind and cash contributions. To date, the Third Party Leadership projects have leveraged 105.8% of their target, mostly in cash. The Community Partnerships project has leveraged approximately 88% of its target with more in-kind than cash. The Community Innovation projects have leveraged approximately 43% of their target with a balanced split of in-kind and cash.
- The proportion of contributions from other NFPs increased over the past year (from 26% of all contributions to 45% this year) and they are now the largest contributors to the projects overall and tend to contribute more in cash (61%) than in in-kind. While provincial governments were the largest contributors in the first two years, they are now the second largest contributors (20.6% of all contributions) and also tend to provide cash (99.9%)
- The proportion of contributions from the private sector decreased slightly over the past year, now providing 11% of all contributions. Interestingly, the most common type of contribution from the private sector shifted in the past year, from approximately 90% in in-kind to 68% in cash. Contributions were also received from individuals (16% of all contributions) and municipal governments (7%).
- Overall, the projects leveraged almost twice as much cash as in-kind (65% cash, 35% in-kind) contributions for the projects. Some recipients indicated a preference for cash as it is easier to deal with and provides more flexibility; many cited the need to cover salaries with this money. However, others stated that they had no preference and that in-kind was easier to obtain; especially in geographically isolated projects where most business could only provide small in-kind contributions. Some recipients (5) indicated that leveraging in-kind contributions can act as a catalyst for further partnership development; "it has more traction [than cash]" and "helps with [project] buy-in".

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- ESDC's investment appears to enable leveraging of funds and of partners. Based on leveraging targets for the pilots, it is expected that by the time they end, the projects, as a whole, will have leveraged 200% (2:1) of the amount invested in these projects through SDPP, effectively doubling the amount invested by ESDC.
- Leveraging large amounts are proving to be more easily attainable for larger, urban organizations than for smaller, geographically isolated organizations.
- By strategically leveraging non-federal funds, recipients have added value to projects in three key ways: finding the right resources to help ensure sustainability; using leveraging as a springboard to deeper, more involved partnerships, particularly with in-kind resources; and using leveraging commitments from well-known organizations to further leverage from other organizations.

Partnership Development:

- Partnerships take time and effort to develop and to be successful they require: trust, mutual benefit, a shared vision, flexibility, clear two-way communication, and in some cases, a formal agreement
- After a couple years of partnership development work, recipients have learned from this experience and are using these lessons to more strategic in who they engage and how. In the past year alone, 6 projects that did not have engagement strategies have now developed them.
- The most common role of partners is participation on committees/working groups that play decision-making roles.
- The most common types of partners engaged in the projects have been other NFPs and other levels of government.

Engaging the private sector has not been highly engaged in the projects. It is now becoming evident that culture presents an ongoing, sometimes major challenge to engaging private sector partners. Organizations made some positive cultural changes to work with new partners in new ways, yet it seems that for many, the idea of engaging private sector partners in a way that has an impact on the projects was too far outside of their comfort zone. Other reasons for challenges engaging the private sector include: a lack of tangible evidence of program success to show partners before they commit; and in some geographical contexts; the limited capacity of potential private sector partners (e.g., poor economic climate, unexpected losses in revenue, and shifting priorities).

- However, projects that have a social enterprise or social finance component appear to be more open to, and see the value in, engaging the private sector. This relationship is only starting to become apparent. CDHPD will continue using the DE approach to further explore this potential relationship.
- The role of effective partnerships in achieving outcomes/impact, innovation and sustainability is now becoming clear:
 - Outcomes/Impact – Partners help extend project awareness and reach through their connections to communities, they help recipients better understand community needs, they help recipients make connections to

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the ground level, and in some cases they increase the credibility of the recipient organizations in their perspective communities.

- Social Innovation – For many recipients, working with new types of partners is innovative for them and their partners bring new ideas and approaches to the table. Recipients have also provided new ways for partners to meet community needs and learn from each other in a way that sparks social innovation, sometimes leading to replication and/or systems change. Some recipients also indicated that their role in empowering communities through ownership of their projects was socially innovative (which is a result of the more holistic, on-the-ground approach made possible by working with community partners).
- Sustainability – Some partners are helping to replicate or scale the projects that have proven successful, which helps

Third Party Leadership:

- The Third Party Pilots are starting to demonstrate the increased effectiveness of this new delivery model and how it is on track to increase the impact of federal spending:
 - They know and work with partners at the community level to understand community needs and identify the most effective solutions, more so than what is feasible at federal level.
 - Greater ability to generate cash contributions (vs. in-kind).
 - They are aware of sub-grantee needs and provide support to project implementation and assists in ensuring grantee project success
 - Able to facilitate connections to partners for grantees.
 - Able to provide money to small organizations that do not have the capacity to work with the federal government. Thus, this model allows SDPP funding to reach smaller organizations that it may not have been able to in the past.
 - It saves time and federal resources to leverage significant on-the-ground knowledge and experience of community and partners.
 - Indicated that their role is not overly burdensome given their existing capacity
 - The third-party delivery model and their partnership with ESDC is attractive to potential donors/contributors
- To effectively engage the right partners, organizations have used their size, experience, networks and history of the organization in the communities (e.g., reputation) to facilitate their engagement work. Organizations have indicated that a lot of their success in engaging the right partners has been due to their unique ability to take a higher-level view of the community and services than is possible for smaller organizations.
- Despite overall success, two of the three third-party organizations did not attempt to partner with any private sector organizations citing organizational practice as a reason. The other organization did help a couple of its grantees engage a large,

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well-known private sector partner. However, due to clashing cultures and priorities between there have been challenges forming agreement on which projects to fund which has prevented some funding from getting out the door.

- Third Party organizations describe their role in 4 main ways: grant-makers; facilitators of community partnerships; community leaders; and facilitators of performance measurement and evaluation.
- Key lessons learned from the Third Party Leadership projects are the significance of a ground-up approach (vs. top-down imposed approach), effective leadership skills in the third party organization, a shared vision of objectives with ESDC as indicators of success, and the importance of making ESDC's reporting and measurement expectations clear at the start of the project.

The Developmental Evaluation Approach:

CDHPD has been using a developmental evaluation (DE) approach to learn more about the challenges faced by recipients when engaging the private sector and about the challenges and opportunities facing organizations playing a third party role. This approach began with an evaluation plan developed, and in line with the Departmental Evaluation Framework, the plan has the following characteristics:

- A collaborative and 'strive to impact' approach
- Well suited for conditions of testing innovative initiatives
- Emphasizes importance of understanding process (decision-making)
- Lessons learned focus
- Flexibility to adjust and adapt lines of inquiry and data capture
- The evaluator is part of project team and supportive

Note: Going forward the program will put more focus on the findings on third-party delivery.

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Annex E

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Evaluation Directorate
October 22, 2015

UPDATE ON THE OLES PAY FOR PERFORMANCE PILOT

Workplace Education Manitoba, in partnership with the Governments of Manitoba and Nova Scotia, is testing if performance-based funding models for essential skills will make delivery of employment and training services more effective. The results of the project will be disseminated broadly across Canada.

In Manitoba, the pilot is focussing on adults with marginal attachment to the labour force. The project is being undertaken in cooperation with the provincial employment services sector. In Nova Scotia, the pilot is focussing on employed or unemployed lower-skilled adults and is being conducted in partnership with the provincial adult education system. The PfP model is adaptable to both employment and training services and post-secondary contexts.

The Pathways Approach

Rather than expecting service providers to move toward one ultimate target, the pay for performance pilot built a series of in-program success indicators (eight key outcomes) along a continuum to incentivize providers to develop effective practices to ensure jobseeker progress along this continuum. Service providers will not receive the same incentive payment for two job seekers who reach a certain level of employment or earnings from very different starting points. Accordingly, service providers will receive a higher payment for each client they successfully serve with multiple and/or severe barriers and a lower payment for clients with fewer barriers. Clients' performance will be measured as they move along the pathway to employment. The approach used will be to reward progress along pathways with multiple entry and exit points. The number and type of **payable** outcomes will vary by client need intensity to ensure service providers are equally incentivized to work with all clients.

To date, service providers, in both provinces, have successfully enrolled over 283 jobseekers, or more than half of the target of 500, with eleven months of recruitment still left. Service providers have helped jobseekers reach 682 key outcomes and have been rewarded cumulatively \$86,230 in incentive payments. The milestone approach is yielding useful insights by showing the proportion of jobseekers achieving each milestone and highlighting where they are making progress and where transitions are proving more difficult.

Challenges:

Manitoba: The proponent found the examination of two provincial service delivery contracts to inform province-specific performance-based funding much more complicated than anticipated. Separate Treasury Board Submissions to the provincial government were necessary for each service contract in order to include performance funding for service providers.

Capacity building for the service provider is proving to be especially challenging in the context of providing services to multi-barriered, low-literacy participants in Manitoba. The service provider faced difficulties in assessment of job seekers' ES because the instruments used proved excessively burdensome for participants, many of whom had very low literacy levels. The service provider had to build a new assessment tool that was more appropriate for level 1 participants.

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Nova Scotia: Because of provincial elections that took place one month after the project started, it took longer to negotiate an agreement with the province than was expected. Because of this, the project start was delayed.

In the case of Nova Scotia Community College, building curriculum for credentialed programs in direct partnership with industry associations and First Nations represented both a unique set of challenges and opportunities for innovation. There was a learning curve as the college began to work in direct partnership with an industry association for the first time. And working in partnership means that the college is constrained by partner readiness and skills requirements.

For both projects:

Dual customer: Manitoba focussed on both supply-side strategies (helping clients with their search for jobs, providing training and counseling) and demand-side orientation to better meet the needs of employers. It consulted with employers to gain information on their skills requirements to determine if the more aligned training is with employers' needs, the more likely it is that job seekers will find and keep jobs.

In Nova Scotia, the adult learning programs had a supply side focus on increasing the number of GED candidates, but was not doing well at preparing students for the workplace. The Nova Scotia Community Colleges placed a greater emphasis on aligning with demand-side interests and working to provide occupationally relevant training by partnering with the Construction Association of Nova Scotia. Through this industry-education partnership, the Construction Association of Nova Scotia advises the Colleges of skills requirements, facilitates in-program work placements and provides post-program employment.

Prevent "strategic" behaviour or "gaming"

There is emerging evidence that programs that rely on performance indicators within service provider control are associated with better results. When service providers see directly how their actions make a difference in the success of the clients, they are able to better track clients' progress and understand where clients succeed and where they falter. When performance indicators are based on outcomes that occur only after job seekers leave the program, service providers do not feel the same sense of investment in participant success because they don't see how changing their day-to-day practice would make a difference. This leads to "strategic" or "gaming" behaviour where service providers work only with clients that can easily achieve the long-term outcomes (e.g. get hired).

Prevent "creaming"

The project is using measures based on 'gains' that recognize progress regardless of the starting point. It is not measuring gains based on levels that recognize only the ending point which may lead to serving clients ("creaming") who are already closest to the target.

Lessons Learned

Manitoba

Training to employment continuum:

- Provide a progression of service responses starting with intake triage and increasing levels of service support depending on the complexity of client needs. The intake triage takes place at any point of entry into the continuum. If clients have larger skills gaps, they will be closer to the beginning of the continuum and they will receive more support.
- Define a legitimate pathway with key outcomes for the job seekers with greater skills gaps that the service providers are accountable for. This will permit service providers to make transparent what they do and to show how gains with these clients can be achieved. This permits government funders to provide a transparent pathway with

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expectations about achievements along the way on an extended arm of a path leading to employment.

Employment services as a hiring channel:

- The Canada Goose winter clothing manufacturer was opening a second factory and could not find enough workers to hire. To find more seamstresses, Canada Goose started using the service provider as a hiring channel. Job seekers were taken on a tour of the Canada Goose factory to see if it was a desirable employment prospect. Those interested took occupationally relevant training with essential skills embedded in it and then were welcomed by Canada Goose to take practical training at the shop itself to work with commercial sewing machines and gain valuable job experience. Of the 141 who engaged in practical training, 76 were available to be hired by Canada Goose. A lesson learned is that the service provider's success in building a training/hiring channel for Canada Goose has resulted in increased demand and is using almost all of provider's capacity, thus limiting their ability to reach out to other employers.

Nova Scotia

Actively seek out learners:

- In the past the Nova Scotia Community Colleges did not take active measures to engage new participants and the result was a shortage of students. Project began outreach to potential African-Canadian and Aboriginal students, such as entering into a partnership with the "Nova Scotia Aboriginal Employment" group, resulting in an increase in prospective students.

Prepare students for success:

- Nova Scotia Community Colleges has created a pre-trades pathway and one-year transition to college program in order to prepare apprentices for further post-secondary studies. This will ensure apprentices are able to succeed in their studies and progress further.

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Annex F
Unclassified
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UPDATE ON THE OLES SOCIAL IMPACT BOND-LIKE PILOT

The Office of Literacy and Essential Skills is funding a pilot to test elements of a **social impact bond (SIB) model** and new ways of generating employer and private investments to improve labour market outcomes for Canadians through improved workplace essential skills.

The SIB-like pilot will test two models for securing outside funds to support skills training.

1. **Employer model:** *Alberta Workforce Essential Skills Society (AWES)* is leading a project to test whether financial incentives can encourage employers to invest in essential skills training for their workers and examine how a return on investment model could result in better outcomes for both. ESDC funding for the project is \$2.27M which includes a reimbursement to employers of up to 50% of training delivery costs and employee release time depending on results achieved.

Efforts to date have focused on employer engagement. AWES is partnering with an employer network in the manufacturing sector to implement an employer engagement strategy. The strategy includes outreach efforts to over 500 employers. Follow up discussions with interested employers are taking place and to date, participation from four employers has been confirmed. One employer has initiated the first step of undertaking an organizational needs assessment and individual essential skills assessments to help determine training needs. Training with this employer is expected to take place the first week of January 2016. Given this schedule, post-training assessments may be completed by March 2016 which will allow for observation on the first round of potential triggered payments.

In this model, participating employees are being offered up to 40 hours of essential skills training at a cost of \$425 per participant. Up to 15 hours of training to managers/supervisors to support employee success is also being offered.

2. **Investor model:** *Colleges and Institutes Canada (CICan)* is leading a project to test models where private investors provide the upfront capital to fund programs that support essential skills upgrading of 400 unemployed Canadians. ESDC funding for the project is \$2.75M including \$1.2M for reimbursement of training costs plus a maximum of an additional 15% return-on-investment (ROI) for results achieved. Four colleges have been selected to deliver the essential skills training in BC, SK, ON, and QC.

Efforts have focused on establishing the infrastructure for the project implementation. To support this work, CICan engaged financial advisors to better understand the regulatory barriers such as tax policies relating to the upfront capital investment model given their status as a registered charity. Following recommendations from the financial advisors, CICan created an arm's length special purpose entity with a limited partnership legal structure to raise the private investment and pay returns. CICan has continued to engage financial advisors in the project to support the preparation of documents and implementation of an investor strategy. Initial feedback from investors has been positive with the first investor secured in early December 2015. The confirmation of this first investor will be used

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to further promote the opportunity to other interested investors in order to secure sufficient capital to launch the two cohorts.

A third project, delivered by *Social Research and Demonstration Corporation (SRDC)* will lead the independent testing of skill gain and guide the measurement approach used in the two models. ESDC funding for the SRDC project is \$1.2M.

Reimbursement to investors and employers will be made based on results achieved at two points: skill attainment immediately following training, and skill attainment and maintenance 12 months following training. The payment formula to be used includes two performance targets to ensure that performance of all participants is considered:

- Average skill gain for the group of participants; and
- Minimum percentage of participants to achieve 25pt skill gain.

Targets were established for each project based on evidence from analysis of literacy point gains achieved through similar literacy and essential skills training interventions.

Payments will be made based on results from a pre-determined cohort. The size of cohorts will vary between projects and are likely to be larger in the investor model and smaller in the employer model. While a larger cohort size offers greater statistical reliability, pooling results between smaller employers is posing challenges.

Skills assessments and surveys will be completed by all participants prior to training, and at reimbursement points to determine impacts on essential skills levels and other outcomes (e.g., behaviours, attitudes, productivity).

Lessons Learned

- Ts&Cs were amended to allow for performance payments. For this pilot, performance payments are linked specifically to skill gain. In future, Ts&Cs should allow for more flexibility in triggering payments.
- Social finance models shift the focus on outcomes rather than activities or outputs from the outset.
- When multiple players are involved, a good practice is to confirm roles and responsibilities in writing through a project charter.
- Testing new approaches that have never been examined before through GoC requires greater effort early on to implement the initial rollout. Learning can then be applied to future applications reducing costs and resources in the longer term.
- Contribution agreements may not be the most appropriate funding instrument as there is a need for greater flexibility when applying these types of models.
- New approaches can require new players such as tax specialists, financial investor, lawyers, and independent evaluators. These new players are critical contributors to the growing knowledge and capacity in this area.
- In order to effectively partner with industry, proponents need to have the capacity to follow through quickly and government processes need to respond in a timely manner.
- Many factors can influence an employers' willingness to participate including production schedules, turnover rates, organizational change, timeframes and overall costs.
- Variable payment grids offer more flexibility and are more attractive to investors as they provide various risk-reward scenarios.
- Payments made based on a cohort of learners as opposed to individuals are preferable to offer greater reliability of results.

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Challenges

- Forming new partnerships with employers and investors that require a financial investment and potential risk can take considerable time and effort and a strong ability to understand their business needs.
- Regulatory barriers to foundations and other non-profit organizations such as tax policies relating to the upfront capital investment model need to be considered. It is important to note that recent changes announced in Budget 2015 proposes more flexibility for charities to diversify their investment options by allowing them to invest in limited partnerships. Given that limited partnerships is the most familiar structure to investors, and the most common practice in other jurisdictions where SIBs are found, this change may lead to more innovative approaches being used in this area.
- Coordinating timelines of three inter-related projects each with its own funding agreement poses challenges. Organizations need to be at the same phase to co-create models which adds a layer of complexity to the administration of the agreements.

Next Steps

Project proponents continue to work with interested employers and investors in securing the upfront capital to support essential skills upgrading.

The department will continue to support project proponents in advancing project objectives and addressing administrative requirements including adjustments in project end dates and potential funding increases due to the greater time and effort required in the design and employer/investor engagement phases.

As the pilot moves forward, lessons learned will continue to be gathered to inform future government activities in this area.

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- 13:45 – 14:30 **Session 5: *The Gs and Cs Modernization Process***
 Chair: TBD
 Presenters: TBD
- 14:30 – 14:45 **Break** (refreshments – coffee, tea and juice will be provided)
- 14:45 – 15:55 **Session 6: *Discussion of Issues related to Partnerships, Regulatory Barriers and Pilots***
 Chair: TBD?
- 15:55 – 16:00 **Closing Remarks:** Yves Gingras, DG (Evaluation Directorate) &
 Christine Minas, Director, Evaluation Directorate