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Evaluation of the Canada Accelerator and Incubator Program

Evaluation summary report
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Office of Audit and Evaluation



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Prepared by:
Office of Audit and Evaluation
National Research Council Canada

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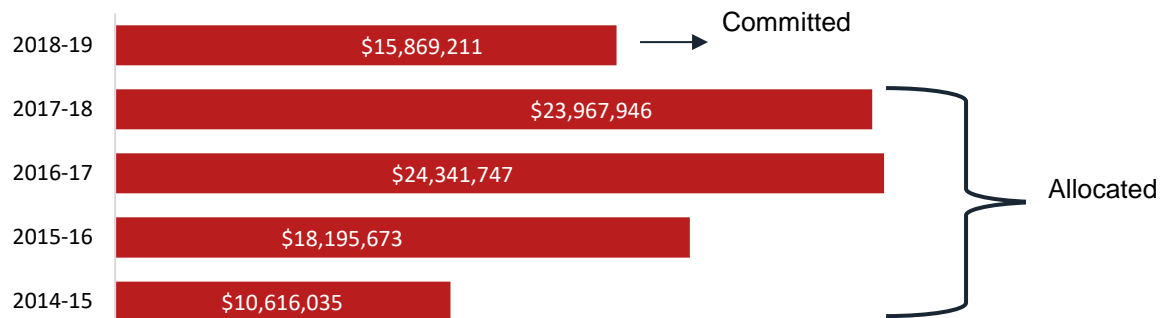
Program description

Launched in 2014, the Canada Accelerator and Incubator Program (CAIP) provides non-repayable contribution funding to 16 Canadian accelerators and incubators (A/Is). The funding is meant to support the A/Is in undertaking new activities or in offering increased levels of service. The objective of the program is to establish a critical mass of outstanding A/Is that can develop innovative, high-growth Canadian small and medium sized enterprises (SMEs).

CAIP is an initiative of the Government of Canada’s Venture Capital Action Plan and was conceptualized and designed by Finance Canada. NRC-IRAP was selected to deliver CAIP due to its experience in the delivery of contribution funding to organizations including A/Is. This sunsetting program ends in March 2019.

Funding allocation

The funding allocated to the A/Is during the first four years of the program equals \$77,121,401. Including the funds committed for the final year, total allocation will total \$92,990,612.



Scope and methodology

This evaluation focused on the extent to which program objectives have been achieved. It also explored the continued relevance of the program as well as the efficiency of its delivery. Findings from this evaluation can provide important insights and guidance to organizations tasked with the delivery of similar programs.

The evaluation used the following lines of evidence:

- Document and data review
- Online survey of CAIP-funded A/I clients (n=549),
- Interviews with A/Is (n=15), IRAP representatives (n=5) and external stakeholders (n=5)
- Benefit-cost analysis

Limitations and mitigation strategies

The limitations of the evaluation relate to the quality of the data available for the evaluation and reluctance by some A/Is to fully participate in the data collection, in part due to a perceived administrative burden.

These limitations were mitigated through extensive cleaning of data and validation efforts.

Overall evaluation findings

CAIP continues to align with evolving government priorities related to support for innovative SMEs

- CAIP continues to address a need and to align with government priorities.
- CAIP is well-aligned with the government's priorities regarding support for SMEs.
- CAIP is also aligned with recent priorities such as providing a broader range of support to SMEs and strengthening Canada's network of accelerators and incubators.

Available data suggests that CAIP-funded A/Is have increased their numbers of client firms, which in many cases have evolved from small, early-stage firms to more mature firms

- CAIP has enabled funded A/Is to expand their reach to a large number of firms.
- CAIP has also helped A/Is to expand and increase their capabilities, allowing them to work with more mature firms, rather than only small, early stage firms.

CAIP-funded A/Is have delivered new or expanded services which surveyed client-firms have valued

- CAIP allowed funded A/Is to provide a wide range of new or expanded services to their clients that would not have been possible without the program.
- Overall, client-firms have found the services useful and they have incurred numerous benefits as a result.

Available data suggests that CAIP funding and the resulting assistance provided to A/I client-firms have contributed to wealth creation in Canada

- Client firms, as a group, have grown significantly in revenue and equity investment.
- Firms that have experienced especially high revenue or equity growth believe the A/I assistance was important in enabling them to achieve this growth.
- CAIP contributed to modest, but positive net economic benefits for the Canadian economy.

The delivery of CAIP was challenging and resulted in some valuable lessons learned

- The cost to deliver CAIP is more than double the amount planned at the onset of the program. This is in part due to the complexity of the program which led to unforeseen challenges (e.g., longer process of due-diligence and negotiation when setting up the CAs, complex and time-consuming claim review process, difficulty in collecting performance data from CAIP recipients.).
- There was also insufficient time to understand the program and develop efficient delivery mechanisms at the onset of the program. It took some time for IRAP to adapt their processes to align with the parameters required by CAIP.
- Overcoming delivery challenges has required a considerable level of effort. As a result, there are many learnings that should be considered for any future similar program.

Recommendations and management response

Recommendation 1: Sufficient time for careful planning and development of administrative requirements and processes should be allocated prior to the launch of new programs similar to CAIP.

Recommendation 2: Sufficient resources should be allocated for program delivery of new programs similar to CAIP once the level of effort required is understood.

Recommendation 3: In the case of programs similar to CAIP, reporting requirements should be clearly specified (in accordance with a well-defined performance framework) and understood prior to signing a contribution agreement.

Recommendation 4: For programs such as CAIP, where beneficiaries engage through an intermediary, programs should consider working with other innovation and capacity support programs to develop a concerted approach to collecting performance data. This would ensure information is available to assess the value of government investments.

Management response: All recommendations accepted

Because CAIP ends in March 2019, in response, IRAP will share the learnings and recommendations from the evaluation with other government departments to inform the development of new programs similar to CAIP.