

Evaluation of the Canada Accelerator and Incubator Program (CAIP)

SUMMARY REPORT

Circum Network Inc. for the National Research Council Canada

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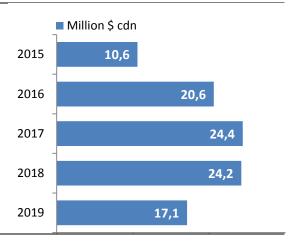
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Program Description

The CAIP is a 100 Million, 5-year, non-repayable contribution program aimed at establishing a critical mass of outstanding business incubators and accelerators that can develop innovative, high-growth firms, which themselves represent superior early-stage investment opportunities.

The CAIP was structured by Finance Canada and is administered by the National Research Council of Canada through its Industrial Research Assistance Program (NRC-IRAP). The program has its origins in the Economic Action Plan and is a component of the Venture Capital Action Plan (VCAP).

Financials



Evaluation Scope and Methodology

This evaluation focused on the first two years of operation of the program: 2014-2015 and 2015-2016. Because the evaluation took place early in the program life, the study focused on relevance and implementation of the program. A summative evaluation, planned for 2018-19 will focus on program impacts.

Limitations

Literature that rigorously documents the effectiveness of accelerators and incubators is rare. Program performance data was unavailable. The review of contribution agreement management practices was limited.

Expected Program Outcomes	Program Performance Indicators	
 Accelerators and Incubators/ expand their range of program and services 	 Incremental programs and services offered by A/Is 	No data
Early stage firms become investment ready	 # of incremental expertise providers (mentors) # of early stage firms which receive investment Average (\$) investment received by early stage 	No data No data No data
 Early stage firms benefit from innovation support resources such as expertise and networks Wealth creation in Canada 	firms # early stage firms supported # staff at early stage firms % of early stage firms satisfied with program and services	No data No data No data
	 Average satisfaction rating on benefits to firms from innovation networks 	No data
	# incremental jobs created% of early stage firms which generate or increase their revenue	No data No data
	Early stage firm survival rate	No data

Overall Findings

The evaluation found CAIP to be relevant to the NRC and federal government mandates. It is complementary to other innovation support initiatives although potential for overlap is present. However, the limited empirical evidence on the quantitative impact of A/Is on individual firms and on the innovation ecosystem more broadly is not conclusive.

The central program delivery issue identified in the report is the balance between maintaining various oversight controls with reduced administrative burden requested by recipients. While recipients express the desire for fewer 'strings attached', program representatives point to the need for oversight given that the average CAIP contribution is approximately \$6 million. The evaluation finds that a rebalancing in favor of less stringent claims processing could yield a net benefit without undue risk. It is also evident that NRC-IRAP required a longer than anticipated timeframe to adapt its systems and processes to the needs of CAIP. This is due largely to key differences in the delivery structure of regular NRC-IRAP programs compared to CAIP. Evidence shows that NRC-IRAP has demonstrated adaptability and improvements to delivery systems continue to be made.

Finally, the evaluation shows that NRC-IRAP was late in collecting performance measurement (PM) data for year-one. Further, once collection was implemented, data provided by recipients was incomplete. The PM outlook for year two is concerning given this reluctance of recipients to share information. NRC-IRAP should ensure that the recipients provide all the data necessary for the mandatory impact evaluation.

Recommendation 1

Working with other federal departments and agencies to optimize CAIP's contribution to Canada's re-defined innovation strategy, in future program design NRC-IRAP should analyze and act on opportunities for complementarity within the overall suite of federal support to SME development as well as on any costs of existing or potential overlap.

Recommendation 2

NRC-IRAP should further examine best practices for contributions programs to rebalance the level of financial controls employed in claims administration.

Management Response

Recommendation accepted.

NRC-IRAP will leverage its participation in the development of a new Federal Innovation Strategy, to seek opportunities for complementarities and identify potential overlap.

NRC-IRAP will leverage its participation in various Federal government initiatives (e.g. AGS) to identify opportunities where future program design or service can benefit from NRC-IRAP's learning through CAIP delivery.

Management Response

Recommendation accepted.

Following recent efforts to streamline CAIP admin processes (e.g. claiming), NRC-IRAP will further examine how other departments are addressing similar accountability challenges related to managing claims.

NRC-IRAP will further refine its risk management practices to reduce the administrative burden related to claims for CAIP recipients.

Recommendation 3 NRC-IRAP should explore ways to facilitate structured learning within CAIP agreements and to further support the timely sharing of best practices among recipients and with NRC-IRAP.

Management Response

Recommendation accepted.

NRC-IRAP will build on the CAIP ITA working group to foster exchange of best practices between CAIP recipients.

NRC-IRAP will seek the interest and involvement of CAIP recipients to organize a forum where participants can discuss challenges and opportunities, share best practices and identify of potential actions to strengthen their operations and service offering to SMEs.

Recommendation 4

NRC-IRAP should take all necessary steps to ensure that the performance indicators stipulated in its Performance Measurement Strategy have been collected from all recipients for all program years

Management Response

Recommendation accepted.

Following the initial 2014-15 year of CAIP, NRC-IRAP will ensure going forward that all recipients adhere to Annual Performance Reporting obligations. This will include re-iterating and explaining the requirements to recipients, and well as enforcement of contractual obligations.

Recommendation 5

The NRC Office of Audit and Evaluation, in collaboration with NRC-IRAP and CAIP recipients, should immediately plan the details of the impact evaluation to be conducted in the last year of the program.

Management Response

Recommendation accepted.

NRC-IRAP will collaborate with the Office of Audit and Evaluation to develop a detailed plan of how impact of the program will be measured in future CAIP Evaluation.

NRC-IRAP will revisit its current performance measurement strategy to ensure alignment with detailed plan.