



SUMMARY OF THE EVALUATION OF THE STRATEGIC AEROSPACE AND DEFENCE INITIATIVE (SADI) MARCH 2017

ABOUT THE EVALUATION

- The evaluation assessed the relevance and performance of SADI, with particular focus on the design of the program and how it responds to the needs of the aerospace and defence sector.
- It covered the period from April 1, 2012 to March 31, 2016.

WHAT THE EVALUATION FOUND

- Aerospace and defence is a key sector of the Canadian economy. There is a need for a program to support these industries in Canada to ensure they are competitive internationally.
- The program is aligned with the Government's responsibility to foster competitiveness and support R&D.
- SADI has kept pace with government priorities to support Canadian R&D in strategic sectors, and responds to the priorities of the Inclusive Innovation Agenda.
- SADI faces challenges in identifying and attracting potential recipients. Lack of in-depth knowledge of the program's target groups may be hindering outreach efforts.
- There is evidence that SADI recipients increased their investments in R&D as a result of the program, and that SADI has contributed to the competitiveness of recipient firms.
- There are also indications that the program accelerated innovation and kept R&D in Canada that might have been conducted elsewhere, and that SADI-supported R&D activities resulted in the development and commercialization of new products, processes, services and technologies.
- SADI recipients are collaborating with academia and the private sector. The requirement to fund collaboration is having a positive impact, but more could be done.
- SADI may not be fully responding to industry needs as currently designed. Elements of the program that make it less attractive for potential applicants and may be contributing to low uptake include the amount risk-sharing taken on through the program, the application process, and reporting burden.
- Additional performance information would shed light on the long-term impacts of the program.

PROGRAM DESCRIPTION

- *Launched in 2007, SADI is one of the largest contribution programs at ISED. The program provides repayable contributions to support research and development (R&D) projects in the aerospace, space, defence and security (A&D) sectors. SADI is available to firms of all sizes to support product, service or process innovation.*
- *As of March 2016, the program authorized \$1.32 billion in assistance for 39 projects.*
- *The program is managed and delivered by the Industrial Technologies Office, a special operating agency of ISED.*



LESSONS LEARNED

The following lessons learned were developed to inform the design and delivery of the newly announced \$1.26 billion five-year Strategic Innovation Fund as well as future G&C programs providing support to key sectors of the Canadian economy. These lessons learned also take into account the Budget 2017 commitment to consolidate and simplify existing business innovation programming, including the Strategic Aerospace and Defence Initiative, and to expand support to other dynamic and emerging sectors.

Lesson Learned 1: Any programs interfacing with the aerospace and defence sectors should consider the design issues identified in this report. The impact of non-repayable versus repayable funding should be carefully weighed in light of program objectives as well as the level of risk and potential results associated with the work to be undertaken by recipients.

Lesson Learned 2: Programs dealing with firms of different sizes and/or industries should leave flexibility in their terms and conditions to accommodate different needs. Consideration should also be given to tailoring internal program processes to accommodate a diverse potential applicant base, including streamlined reporting requirements based on project risk.

Lesson Learned 3: Data collection should be tailored to the various stages of the project lifecycle and recognize that R&D, by its nature, requires substantial time to fully reach projected economic outcomes. Performance measurement to inform medium and longer-term outcomes needs to be planned from the inception of a program and data should be collected on an ongoing basis to ensure performance and impact can be fully assessed.