



EVALUATION OF FUTURPRENEUR CANADA

JANUARY 2019



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Executive Summary

The evaluation assessed the relevance and performance of Futurpreneur Canada from 2012-13 to 2017-18 based on qualitative and quantitative research methods.

The evaluation found that there is a continued need for Futurpreneur. It is a unique national program that combines both financial and non-financial support to help address evolving youth employment challenges and barriers to business start-up. While other programs exist in the entrepreneurial ecosystem, they are often focused on a specific region or niche market/industry, and vary in their age eligibility, funding levels, and ability to stack funds. Futurpreneur works closely with partners across the country to complement other programs.

Futurpreneur has provided loans to a diverse range of young entrepreneurs and the number of loans awarded have increased each year. Approximately 80% to 85% of all loans have been repaid since inception, indicating that the majority of young entrepreneurs who received Futurpreneur support have been able to repay their loans.

In addition to financial support, Futurpreneur has over 3,000 volunteers across Canada to support young entrepreneurs through a mandatory two-year mentorship program. Volunteer mentors are able to provide one-on-one guidance and advice regarding business operations, marketing or specialized areas of interest.

The evaluation could not assess longer term outcomes (e.g., the ability of young entrepreneurs to grow their businesses and contribute to the entrepreneurial ecosystem) due to data and performance measurement limitations. Although unavailable for the evaluation, in 2017-18, Futurpreneur committed to the collection of data that will facilitate assessment of longer-term outcomes.

Futurpreneur Canada, formerly Canadian Youth Business Foundation (CYBF), is a national, not-for-profit corporation created in 1995 that provides financing, mentoring, and support tools to young Canadian entrepreneurs between the ages of 18 and 39.

The Government of Canada (through ISED) contributed \$103.5 million to Futurpreneur between 2001-02 and 2018-19.

During the evaluation period, Futurpreneur made changes to its delivery model. Prior to 2014-15, Futurpreneur relied heavily on community partners to attract and support young entrepreneurs to complete their loan applications for submission. As of 2014-15, Futurpreneur shifted to a more direct intake model where young entrepreneurs have the option to work directly with Futurpreneur staff support to prepare their applications. Overall, the evaluation found the transition to direct delivery has increased efficiency. However, the reduced role of community partners may be impacting levels and types of client service.

Futurpreneur has exceeded expectations to match federal funding with non-federal sources and has increasingly become more self-reliant by generating funds from sources such as loan repayments, interest and fees. However, federal funding has been provided through two-year funding cycles which may impact Futurpreneur's reach and ability to secure other sources of funds.

The findings from the evaluation led to the following recommendations:

1. ISED should work with Futurpreneur to establish a robust performance measurement regime that clearly defines short-, medium- and long-term outcomes, collects data on established metrics and considers additional indicators related to skills acquired by young entrepreneurs, in addition to the success of Futurpreneur businesses.
2. ISED and Futurpreneur should examine the impacts of the shift in delivery model on client service, including whether it impacts program reach in certain areas.
3. ISED should examine longer-term funding contribution options to support program stability and Futurpreneur's progress towards longer-term outcomes.

Acronyms

AEB	Audit and Evaluation Branch
BDC	Business Development Bank of Canada
CEO	Chief Executive Officer
CYBF	Canadian Youth Business Foundation
FC	Futurpreneur Canada
GoC	Government of Canada
ISED	Innovation, Science and Economic Development Canada
OECD	Organization for Economic Co-operation and Development
RBC	Royal Bank of Canada
SBTMS	Small Business, Tourism and Marketplace Services Sector

Background

Overview

Description

Process Model

Federal Funding

Overview

Futurpreneur Canada, is a national, not-for-profit organization that provides financing, mentoring, and business support tools to young entrepreneurs between the ages of 18 and 39.

Since 1995, Futurpreneur Canada (FC), formerly known as the Canadian Youth Business Foundation (CYBF), has provided support to young people who see entrepreneurship as a viable career option, but who would not typically be supported by traditional lending institutions.

The objectives of FC are to:

- Encourage and support young entrepreneurship in all regions of Canada;
- Support the economic and social advancement of young people by providing financial and other assistance to help them identify and develop business opportunities and enhance their employment and self-employment prospects;
- Develop, provide and promote employment and self-employment education and training programs for young people, and provide them with assistance to enable them to participate in such programs; and
- Promote the benefits of entrepreneurship for young people in the community in which they live.

FC delivers its programming through approximately 90 full-time employees and over 3,000 volunteer mentors. It is headquartered in Toronto and is governed by a Board of Directors comprised of 17 business leaders and entrepreneurs. The Board has two working committees, an Audit and Finance Committee and an Executive Committee. FC's Executive Leadership Team includes, among others, a Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer.

For more information, see Appendix A for the program logic model, Appendix B for FC's organizational structure, and Appendix C for FC's key milestones since inception.



“Young entrepreneurs flourish within a fully supportive Canada and create economic and social value for Canadians and the world.”

– *FC Vision*¹

Description

Futurpreneur provides financial and non-financial support to eligible recipients and businesses, regardless of industry sector, including:

- The main Start-up Program provides up to \$15,000 in loans for three to five-year terms with the option to request an additional \$30,000 from the Business Development Bank of Canada (BDC).
- Loans are collateral free and offered at favorable interest rates.
- Additional FC financing programs are targeted towards specific and underrepresented populations such as newcomers to Canada.

Financing



- Loan recipients are required to participate in a mandatory two-year mentorship program that pairs recipients with a business mentor.
- Mentors provide recipients with one-on-one advice, encouragement, and support throughout the evolution of their business.
- Virtual mentoring is offered to accommodate entrepreneurs working in niche industries or remote areas.

Mentorship



- Additional support services include an on-line business resource centre, planning support tools, and pre-launch coaching through entrepreneurs-in-residence.
- The on-line business resource centre offers articles, tools, and assistance to recipients, including a popular interactive Business Plan Writer that helps entrepreneurs create a complete business plan.

Business Support Services





Process Model

Futurpreneur works closely with young entrepreneurs to provide financial and non-financial support.

Pre-Registration

- Young Entrepreneur either works directly with FC (by contacting FC or being directed by a referral partner) or with a community partner to prepare and submit loan application

Registration

- Young Entrepreneur registers for Start-up Program: submits business profile, business plan and cashflow statement to FC
- FC supports Young Entrepreneur throughout the process

Application Review & Decision

- FC reviews business profile and eligibility, credit score, business plan and cash flow statement
- FC approves/denies application
 - In addition, upon the recommendation of FC, BDC approves/denies application for its own program

Mentor-Mentee Matching

- Young Entrepreneur and Mentor are matched and complete mandatory orientation



Financial Disbursement

- Up to \$15,000 disbursed by FC to Young Entrepreneur

Client Support

- FC conducts check-ins (30 days & 4 months)
- Mentor rematch request and assessment possible

Mentor-Mentee Meetings



Loan Repayment

- Young Entrepreneur has up to five years to repay their loan, though terms can be renegotiated with FC

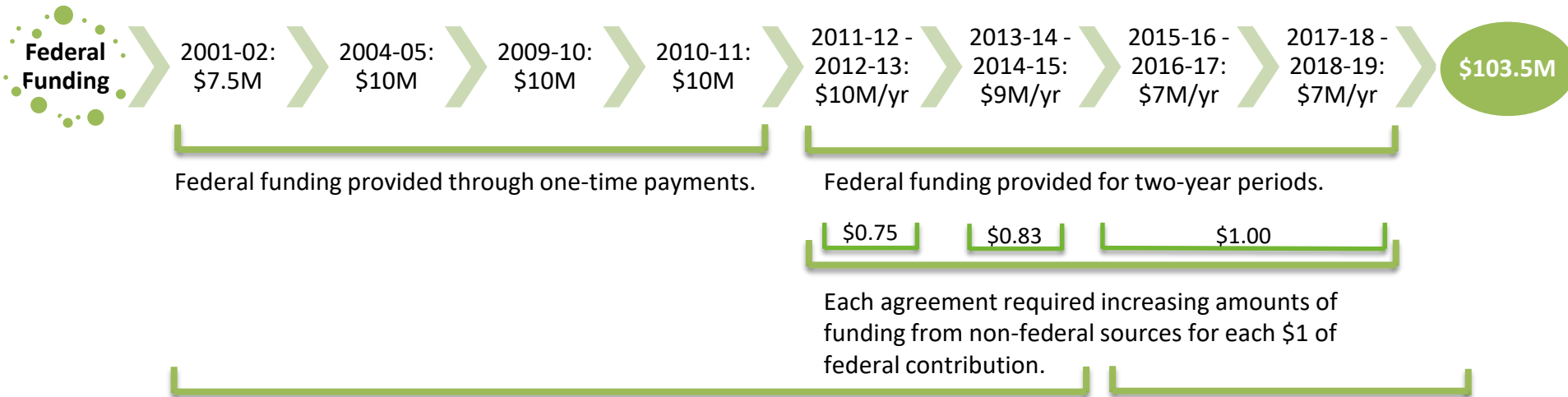


Federal Funding

Through ISED, the Government of Canada contributed \$103.5 million to Futurpreneur between 2001-02 and 2018-19.

FC is funded by the federal government, private foundations, businesses, provincial governments, and income earned from investments, fees, and loan interest. As well, FC receives in-kind contribution from other sources and organizations.

Overall responsibility for the federal contribution to FC lies with the Minister of Small Business and Export Promotion and is administered by ISED's Small Business and Marketplace Services (SBMS) Sector. The level and structure of the federal funding has evolved since 2001-02.



Up to 2014-15, federal funding was used for program delivery including loan capital. Since 2015, FC has access to a line of credit for loan capital resulting in federal funding being used for non-financial programming and operating expenses. From 2015-2017, the line of credit was through RBC. As of 2017-18, this moved to a BDC-guaranteed line of credit.

Methodology

Evaluation Context and Considerations

Data Collection Methods

Research Limitations

Evaluation Context and Considerations



ISED's Audit and Evaluation Branch (AEB) undertook an in-house evaluation of FC in accordance with the Treasury Board *Policy on Results*. The evaluation covered the period of 2012-13 to 2017-18 and focused on:

- The relevance of FC;
- The activities and performance of FC between 2012-13 and 2017-18; and
- The efficiency and effectiveness of FC's delivery and funding model for achieving its objectives.

The objectives of this evaluation were to examine the relevance and performance of FC to inform program renewal.

The evaluation findings and recommendations were developed considering five evaluation questions:

Relevance



1. To what extent is there a continued need for FC? Do other programs duplicate (or complement) the objectives of FC?

Performance – Achievement of Expected Outcomes



2. To what extent do young entrepreneurs have access to financial and non-financial support to establish new businesses?
3. Do young entrepreneurs have the support and business results to successfully repay debt incurred?
4. To what extent are young entrepreneurs able to successfully continue and grow their businesses as a part of Canada's entrepreneurial ecosystem? What factors hinder or facilitate the achievement of FC outcomes?

Efficiency and Effectiveness



5. To what extent is the FC delivery model an efficient and effective approach to achieving its objectives?

Data Collection Methods



The evaluation was based on qualitative and quantitative research methods.

International Comparative Analysis



The comparative analysis examined how other countries provide financial and mentoring support to identify notable differences or alternative approaches (such as best practices or lessons learned) to supporting young entrepreneurship. KPMG collected data on programs in France, New Zealand, Australia, and the United States through interviews and reviewing public information. See Appendix C for more details.

Data Analysis



Performance, financial and administrative data (including data on recipients and mentors) collected by ISED and FC were analyzed to determine the extent to which the program is achieving its objectives and the extent to which the delivery model is effective and efficient.

Interviews



Interviews were conducted to gather information and perceptions on the relevance and effectiveness of the program, as well as to identify areas for improvement. In total, 18 interviews were conducted with ISED program staff, FC staff and Board members, community partners, strategic partners, volunteer mentors, non-recipients and subject matter experts.

Survey of FC Start-up Recipients



The survey of recipients captured quantitative and qualitative evidence to examine the achievement of expected outcomes, efficiency of program design and areas for improvement. The survey received 315 responses, including 306 current recipients, and 9 past recipients of FC support.

Literature and Document Review



This review facilitated assessment of the continued need, progress toward program objectives, and program delivery model. The evaluation team reviewed academic literature related to the need for entrepreneurial support programs targeted to youth and the key issues and trends affecting youth entrepreneurs in Canada and around the world. Additionally, the team analyzed federal government priority setting documents, contribution agreements, research papers, past surveys, FC program report documents, and previous reviews.

Research Limitations

Prior to the evaluation, a complete logic model and performance measurement strategy were not in place for FC. As well, some data was incomplete or inconsistently collected over the evaluation period. This limited the assessment of achievement of some medium and longer-term outcomes. In order to mitigate risks associated with data issues, incomplete data has been excluded from analysis.

Data Availability

The majority of interviews were conducted with individuals who are involved with/or were referred by FC or ISED program staff. This limitation was mitigated through the triangulation of findings from other lines of evidence and use of interview data as a supplement to other data sources.

Potential Bias in Interview Data

While the total survey responses were higher than previous surveys conducted by FC, the overall response rate for this survey was 7% which is low. As well, completion rates were greater amongst FC recipients who received support in the past five years rather than who received support prior to 2013-14.

Due to a range of factors, the raw survey response data was neither generalizable nor representative of FC recipients. In order to mitigate this limitation, the survey data was weighted for greater representativeness.

Survey Responses

A review of program documentation and literature review indicated that there are very few programs (national or provincial) that provide both financial and non-financial support to young entrepreneurs. This limitation was mitigated through the examination of similar components of provincial/regional and international programs.

Comparability with Other Organizations

Findings: Relevance

Continued Need (1 of 2)

There is a continued need for Futurpreneur as it addresses evolving youth employment challenges and barriers to business start-up. Futurpreneur is a unique national program that combines both financial and non-financial support for youth. It cultivates partnerships to complement other programs in the entrepreneurial ecosystem.

Overall, over 60% of Canadian youth see entrepreneurship as a good career choice and over 70% associate it with high status.

– GEM Canada Report on Youth Entrepreneurship 2017²

Youth face significant employment challenges and there is a need to address these.

Challenges and barriers to youth employment include high unemployment rates (double the rate of adults)³, lower wages (wages of young full-time employees have declined since the early 1980s)⁴ and a stronger demand for soft skills due to the changing nature of work. Technological advancements, globalization, and the transition to a knowledge economy has led to a stronger emphasis on critical thinking, interpersonal, problem solving and communication skills.⁵

Youth are more likely to seek debt financing than other Canadians (42.1% for those under 30 and 31% for those aged 40-49).⁶ However, evidence shows that youth entrepreneurs face unique difficulties in accessing financing from traditional institutions because they are considered high-risk due to lack of collateral, student debt and limited credit history.⁷

Evidence indicates that there is demand for FC.

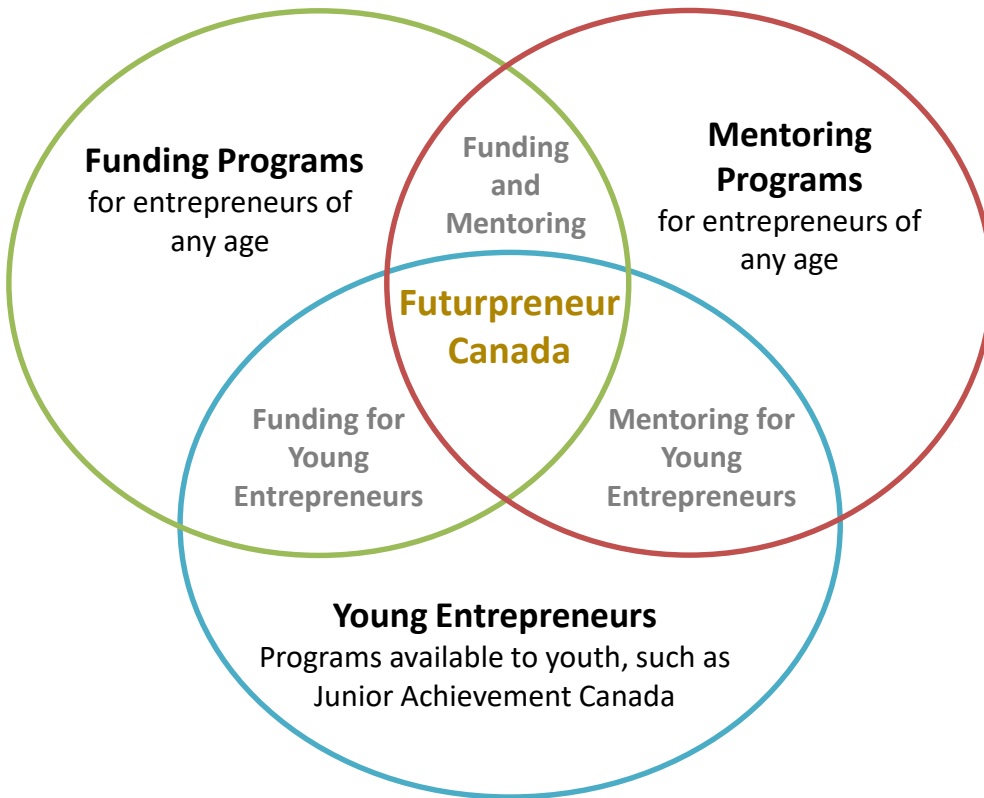
FC provides financial support based on “character not collateral” which allows the program to reach those who may be considered high-risk by traditional lending institutions such as private sector banks. 79% of FC recipients surveyed agreed that FC support is “very or extremely” important to address financial challenges that youth face in business start-up. Based on loan application submissions, demand for FC grew by 19% from 2012-13, to 2016-17.

As well, an OECD study (2017) noted that a good practice from Futurpreneur is the combination of finance with one-on-one mentoring and suggests that FC is a successful initiative that has opportunities to expand its network of partners and scale up its reach among young Canadian entrepreneurs.⁸

Continued Need (2 of 2)

FC is the only nationwide organization that offers both non-collateral based financing, long-term mandatory mentoring and business support services to young entrepreneurs.

Types of Programs Available to Young Entrepreneurs



Canada's entrepreneurship ecosystem is comprised of a number of financial and non-financial support programs for young entrepreneurs. However, they are typically focused on a specific region or niche market/industry, and the type of funding and mentoring offerings differ considerably.

FC is the main organization supporting youth entrepreneurship in Canada for business start-ups. Young entrepreneurs may also be eligible for other programs such as:

- At the federal level, BDC delivers youth funding programs, though BDC relies on FC (to assess applications for some programs) to reduce costs and risk of providing support.
- At the regional level, programs such as the Ontario Starter Company Fund also provides support for youth start-ups.

In addition to programs targeted by age, some young entrepreneurs may be eligible for other programs such as those targeted to underrepresented groups (e.g., programs targeted towards women or Indigenous entrepreneurs), specific geographic areas (e.g., Community Futures Program which can provide access to capital for rural entrepreneurs) or niche markets/industries (e.g., small brewers in Alberta, agriculture in PEI and mining in Newfoundland). There are a number of programs, which vary on age eligibility, funding amount, availability of mentorship and ability to stack funds.

While youth may have access to other programs that provide funding or mentorship, FC works with its network of partners to complement other programs on a regional basis which helps to minimize duplication with other offerings.

The mandate of FC is similar to international comparator organizations.

Similar to international comparator organizations, FC is open to all sectors and to any youth that meet its eligibility criteria and offers mentoring/coaching services. Some international comparators target vulnerable or disadvantaged youth such as those with lower levels of education or income through specific programs. FC also targets some of its programming towards underrepresented groups such Indigenous people and newcomers.

Findings: Achievement of Expected Outcomes

Financial Support

Loan Repayment

Non-Financial Support

Achievement of Longer-term Outcomes

Financial Support (1 of 2)

Futurpreneur has been successful in providing loans to a diverse range of young entrepreneurs. The number of loans awarded have increased each year, although there may be challenges with reach in some provinces and rural areas.

From 2012-13 to 2017-18, FC disbursed more than \$63 million in financial support to approximately 5,000 young entrepreneurs.

Applications

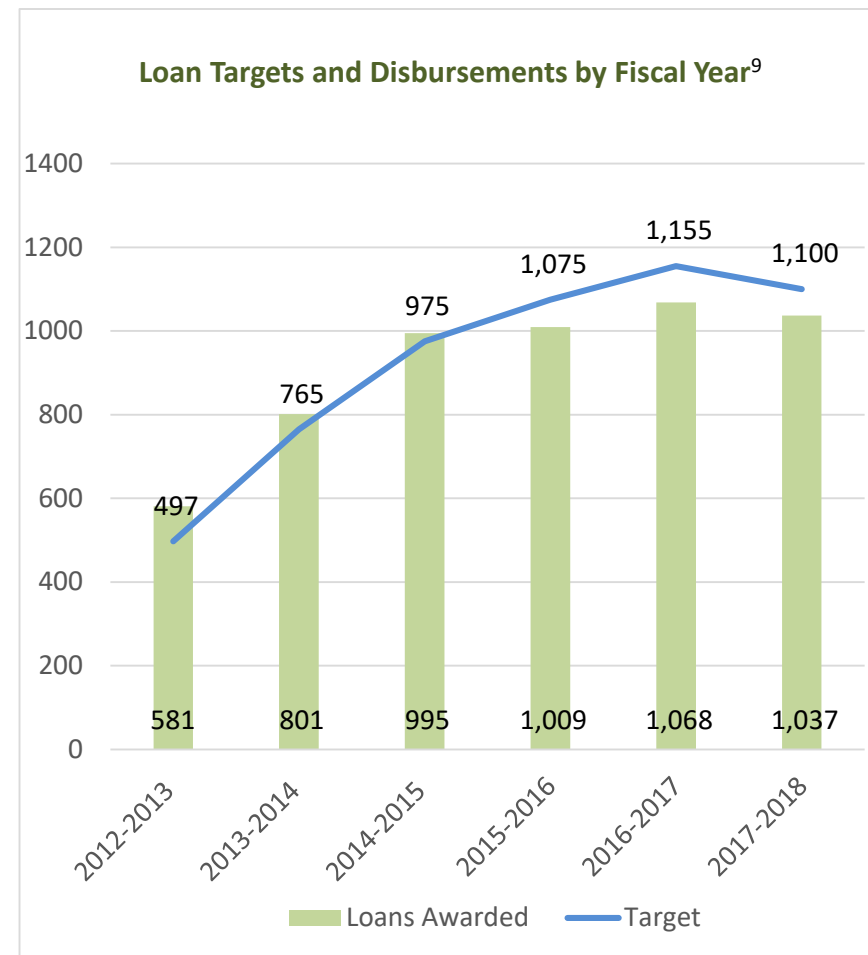
Over the evaluation period, administrative data shows that the number of applications submitted by young entrepreneurs to FC ranged from approximately 2,600 to 3,100 per year. Applications increased by 19% between 2012-2013 (2,628) and 2016-2017 (3,130), though it decreased in 2017-18 (2,292). FC noted that traditionally there has been a slower rate of new business starts in rising interest rate environments. In 2017, the prime interest rate rose multiple times in Canada.

Loans Awarded

The number of loans awarded to young entrepreneurs approximately doubled from 2012-13 to 2017-18. Loans supported businesses in a variety of industry sectors. Data and interviews show that the majority of FC businesses were considered “main street” businesses in that they typically have a physical location and are often in the retail, food and beverage or service industries.

Loan Disbursement Targets

FC has set loan targets for each year and exceeded these targets from 2012-13 to 2014-15. Since 2015-16, FC has not met its targets, though it has made progress towards meeting them. FC noted that loan disbursements have been affected by changing economic conditions in some regions and applicants requiring more time to prepare their applications.



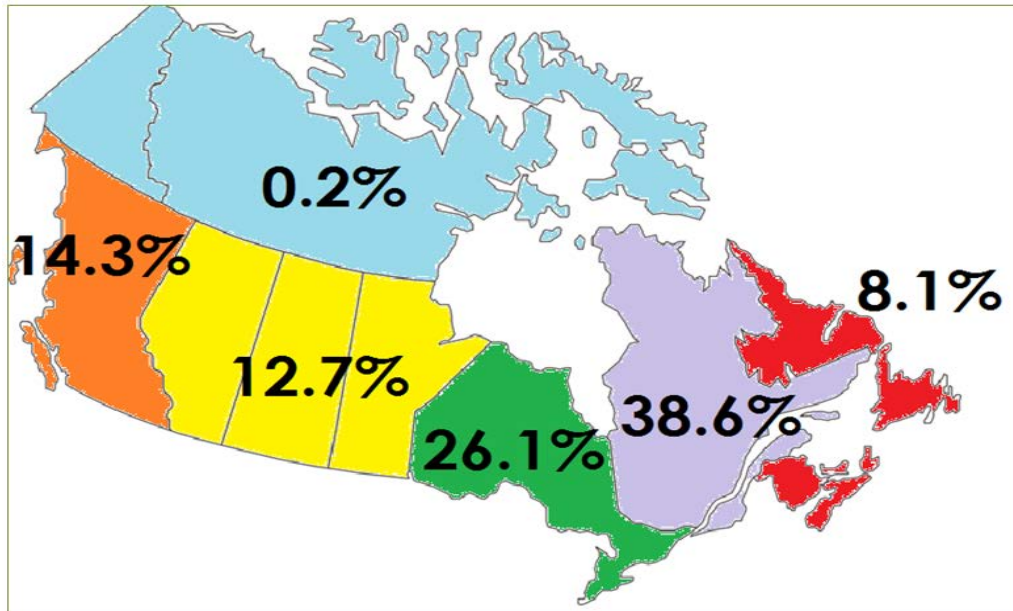
Financial Support (2 of 2)

FC data shows that loans have been issued in all provinces and territories.

However, there are some areas of over-representation. Compared to Census data on youth, FC loan disbursement rates in Quebec and Atlantic are disproportionately high. In contrast, loan disbursement rates are disproportionately low in the Prairies and Ontario.

Survey and interview data also suggests that FC reach may be lower in some provinces and rural areas than major urban centres.

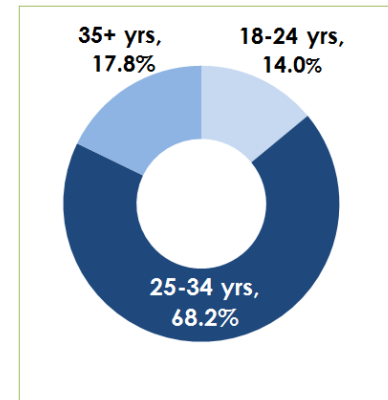
Distribution of FC Recipients by Region (2012-13 to 2017-18)¹⁰



FC has supported a diverse group of young entrepreneurs in the successful start-up of their own businesses.

FC data for the 2012-13 to 2017-18 time period shows that the majority of recipients (68.2%) were 25–34 when they applied for FC support. Overall, almost one-half (43%) of recipients were women, while more than one-third (35%) were Francophone.

Age of FC Recipients¹²



FC reports indicate that 24.7% (257) of loans disbursed in 2017-18 supported newcomer entrepreneur businesses and 3.6% (38) supported Indigenous start-ups.

The 2017-18 to 2018-19 agreement between ISED and FC outlines efforts to expand the reach of the program to Indigenous entrepreneurs. While it is too early to see significant results, interviewees noted that Indigenous entrepreneurs have access to other programs including grant programs which may impact their interest in a loan repayment program.

Proportion of Population Aged 18-39 by Region (2016 Census)¹¹

Region	Proportion of Population Aged 18-39
Territories	0.38%
BC	13.08%
Prairies	20.07%
Ontario	38.20%
Quebec	22.45%
Atlantic	5.82%

Loan Repayment

Overall, the majority of young entrepreneurs who received Futurpreneur support have been able repay their loans.

Recipients have up to five years to repay their loans. However, the terms and fees may be revisited and renegotiated with FC.

Over the evaluation period, approximately 80% to 85% of all FC loans were repaid.

According to interviews, this is aligned with FC internal target levels and is considered a high repayment rate. Further, interviewees suggested that FC should not strive for 100% repayment and should examine whether it is taking enough risk to support vulnerable or disadvantaged groups that may not be able to obtain other sources of funding.

Overall, 12.2% (\$13.8M) of all loans were written off.

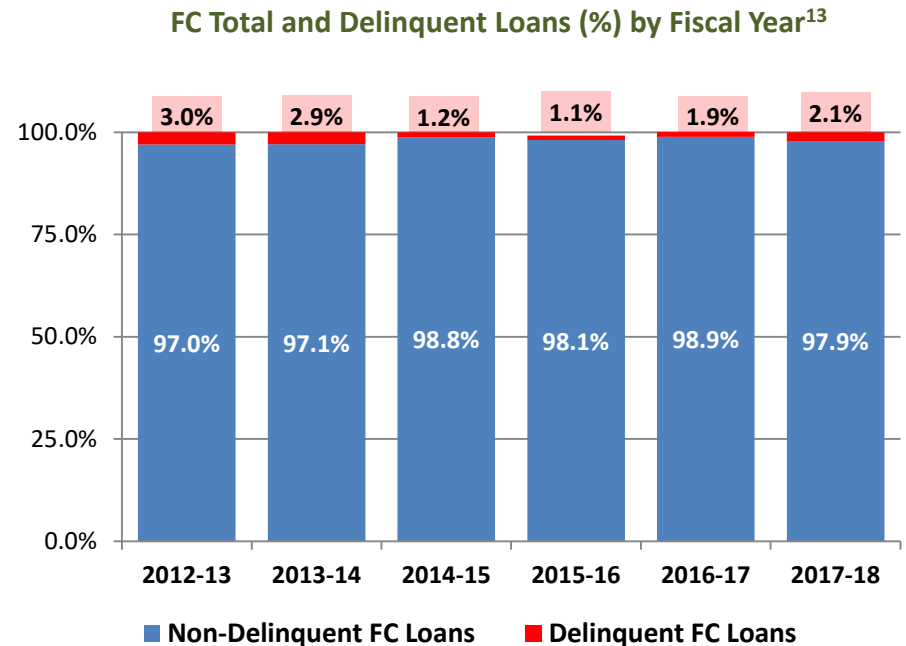
The proportion of loans written-off decreased from 19% in 2012-13 to 11% in 2017-18. FC monitors recipients post-start-up to mitigate the risk of delinquency.

A survey of FC recipients who have paid off their loan showed they had generally positive views on their loan repayment schedule, terms and fees.

Most said their business generated enough income to make their monthly payments.

- 84% agreed that they were able to repay their loan on schedule,
- 70% agreed FC's repayment terms and fees were reasonable, and
- 68% agreed that their business generated enough income to make repayments.

Similarly, survey recipients who were in the process of repaying their loans expressed positive views regarding their repayment schedule, terms and fees.



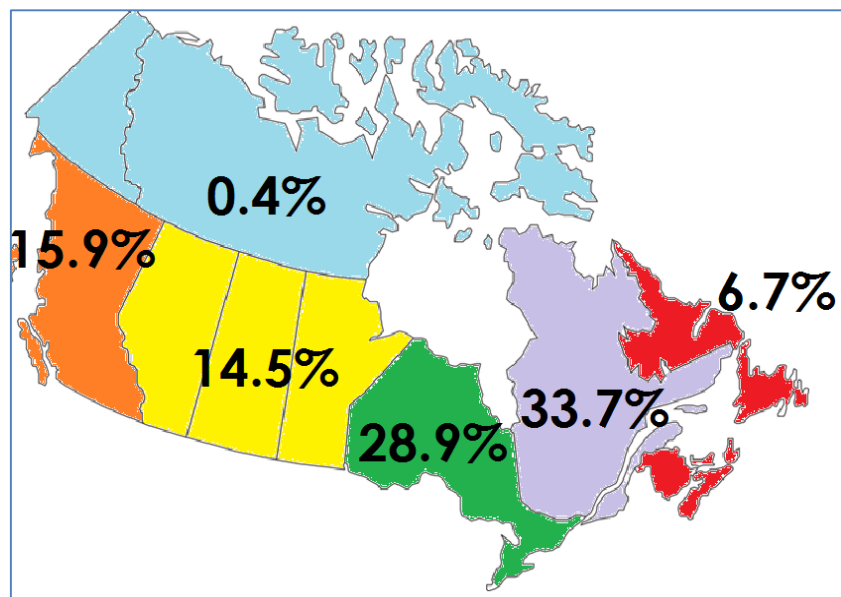
Delinquencies have decreased from 3% of the value of loans issued in 2012-13 to 2.1% of the value of loans issued in 2017-18.

Although the value of the FC loan portfolio has increased steadily, the actual value of delinquent loans has remained relatively constant at approximately \$600,000 per year.

Non-Financial Support (1 of 2)

Futurpreneur’s mentorship program and business resource centre provide recipients with access to mentor advice and guidance, as well as a range of online business support services.

**Distribution of Volunteer Mentors by Region
(2012-13 to 2017-18)¹⁴**



Proportion of Recipients by Region¹⁵

Territories	BC	Prairies	Ontario	Quebec	Atlantic
0.2%	14.3%	12.7%	26.1%	38.6%	8.1%

In order to receive a loan, recipients are required to participate in a mandatory two-year mentorship program. Interviews and the literature review suggest that entrepreneurship can be “lonely” and mentors provide a support system to young entrepreneurs. Mentors provide young entrepreneurs with guidance and advice such as for business operations, marketing, or specialized areas of interest.

FC uses a standardized matching process to pair mentors with mentees. It has developed a number of training materials and tools for mentors and conducts regular check-ins with mentors and mentees to ensure the program is effective in supporting the needs of young entrepreneurs.

FC has recruited more than 3,000 mentors across Canada with diverse areas of expertise (e.g., business owners, industry experts, community representatives, etc.). Demographic data shows that 72% of mentors are male, but the proportion of female mentors has increased steadily each year.

The geographic distribution of mentors by province largely aligns with FC recipients. The majority (>75%) are located in three provinces – Quebec, Ontario, and BC. Although mentors are available across the country, interviews indicated they may be concentrated in major cities, making more it difficult to interact with mentees in rural areas (e.g., lack of face-to-face contact). However, options such as video-conferencing are available for remote regions or situations where a young entrepreneur may be in a niche industry and could benefit from a mentor specific to that industry even if the mentor is not in the same region.

Non-Financial Support (2 of 2)



A 2014 report by Ernst & Young stated “Capital without mentorship is lost capital.”¹⁷ This report emphasized that experienced entrepreneurs are a valuable source of advice to young start-ups and recognized FC’s delivery model of collateral free funding with mandatory mentorship as a best practice case study across G20 countries.

“Mentors contribute to entrepreneurs by supporting the development of skills in both business operations and personal effectiveness.”¹⁶

The mentor-mentee relationship varies broadly as it is specific to the recipients’ needs. Overall, the mentorship program is viewed positively.

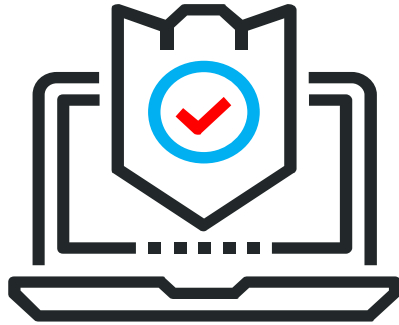
70% of survey respondents felt their mentor was accessible and more than 60% of respondents said their mentor was encouraging or shared valuable business knowledge and advice. However, there were regional variations, especially in the Prairie and Atlantic regions where respondents were less satisfied. For example, 29% of respondents from the Prairies and 25% of those from Atlantic disagreed that mentors provided the support needed for businesses. As well, 33% of respondents from the Prairies disagreed that their mentor was a good match.

Interviews with mentors noted overall positive experiences with the mentorship program and administrative data shows that over 68.9% of mentors have had more than one past mentee, with 13% having three or more past mentees.

Additional non-financial support is offered through FC’s Business Resource Centre (BRC).

The BRC is a publicly available platform that provides young entrepreneurs with easy, on-line access to a range of business tools. With more than 2.4 million views and 117,000 downloads, the Business Plan Writer is one of the most popular tools referred to by interviewees and well regarded by survey respondents. This tool is also promoted regularly by universities and community employment offices. Data on the use of the business resource centre tools may be underestimated as counts only reflect visits where users have started and completed modules in chronological order.

Achievement of Longer-term Outcomes



Performance measurement and data challenges do not allow for assessment of the ability of young entrepreneurs to grow their businesses and contribute to Canada's entrepreneurial ecosystem.

To date, ISED reporting requirements have focused primarily on output measures such as the value of loans and characteristics of recipients. As well, data on longer-term metrics such as jobs created and business survival rate rely solely on self-reported data from youth recipients. In general, surveys have yielded low response rates from recipients and the greatest response has been from those who are still in the program or have recently completed it. As such, self-reported data may not be accurate nor representative of all recipients.

The evaluation could not assess if young entrepreneurs were able to grow their businesses and contribute to Canada's entrepreneurial ecosystem due to data and performance measurement limitations.

New longer term, outcome-focussed metrics were added to the funding agreement beginning in 2017-18. These metrics focus on the success of FC businesses and include:

- ✓ loan repayment rates;
- ✓ 5-year survival rate of FC start-ups;
- ✓ number of jobs created; and,
- ✓ percentage of FC businesses exporting.

FC also committed to collecting business numbers of young entrepreneurs who received FC loans to trace and collect long-term business information (e.g., number of employees, sales, etc.). At the time of the evaluation, this was not yet in place.

While some longer-term outcomes and indicators have recently been defined, consideration should also be given to additional metrics of success, such as the employment skills and competencies that youth build through the entrepreneurship experience. Evidence shows that entrepreneurs tend to be dynamic, in some cases moving from one business start-up to another, partnering with others, or seeking part-time endeavours (i.e., side-hustles).¹⁸ A 2017 GEM report notes that exploring whether youth pursue another entrepreneurial venture, choose a salaried position, or become unemployed, would help to understand whether or not youth leave or remain in a broader part of the entrepreneurial ecosystem.¹⁹ Tracking the longer-term success of young entrepreneurs in addition to businesses would provide a more complete picture of the impact of FC.

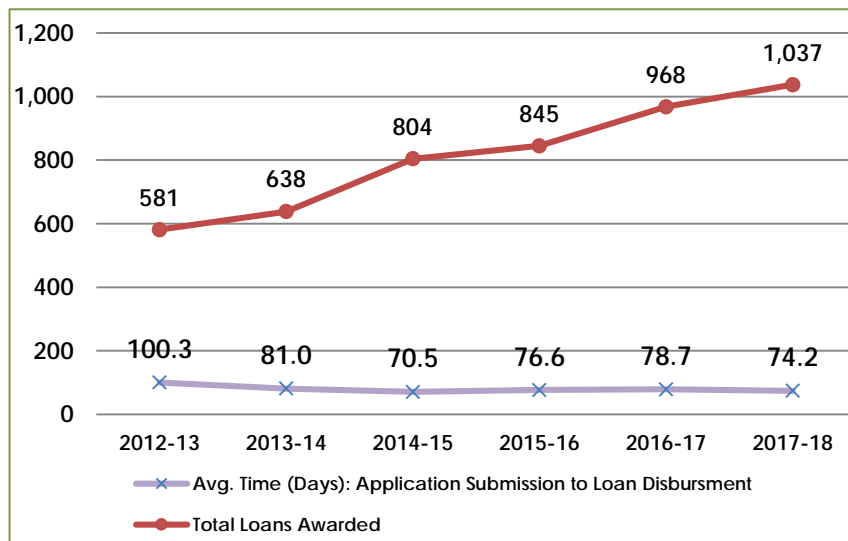
Findings: Effectiveness and Efficiency

FC Delivery Model

FC Funding

Delivery Model (1 of 2)

Average Time (in days) to Loan Disbursement by Fiscal Year²⁰



Overall, the transition to direct delivery has increased efficiency. However, the reduced role of community partners may be impacting the quality of client service.

FC delivers its programming directly to young entrepreneurs through approximately 90 full-time employees and the in-kind contribution of over 3,000 volunteer mentors.

This is similar to all four international comparator organizations reviewed, who rely on both permanent staff and volunteers to deliver their programs. FC also benefits from a network of over 350 community and referral partners.

During the evaluation period, FC reduced its reliance on partners to attract, educate and support youth applicants.

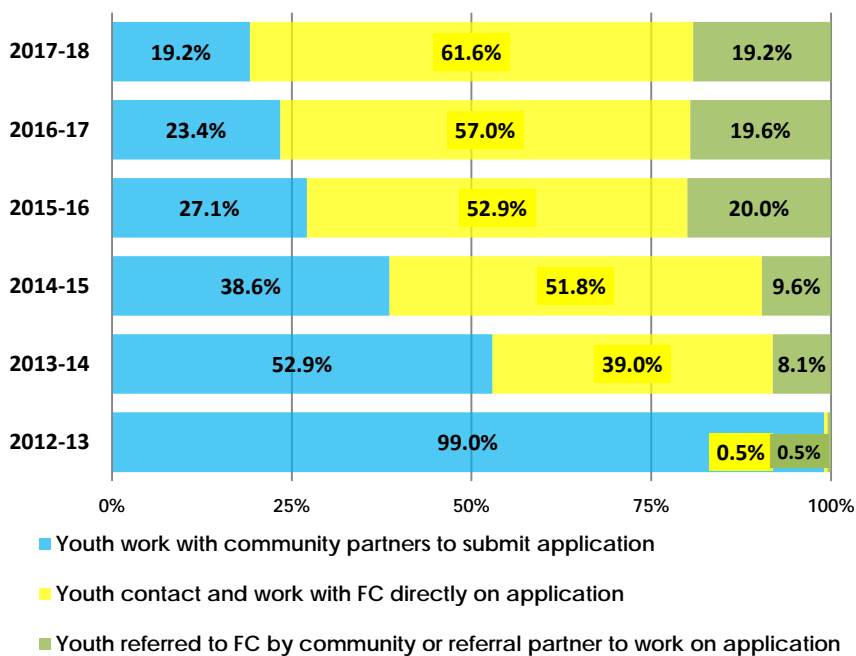
Prior to 2014-15, community partners worked with young entrepreneurs to develop their loan applications. Once complete, the loan applications were submitted to FC for review, approval, loan processing and disbursement. In 2014-15, FC shifted to a more direct delivery model by increasing its capacity to take on more activities previously delivered by community partners. This shift coincided with the rebranding of the organization and the reduced involvement of two key provincial government partners. Since the transition, FC's direct interactions with young entrepreneurs has increased each year.

Evidence indicates that the current delivery model is efficient.

Since the transition to a more direct model, data shows that FC is assessing and approving more loans in approximately the same amount of time. This may reflect that applications submitted for review are better prepared as a result of direct interaction with FC. But, the level of time and effort required by FC compared to community partners from initial contact to submission of a completed application for review is not known.

Delivery Model (2 of 2)

Method of Application Referral by Fiscal Year²¹



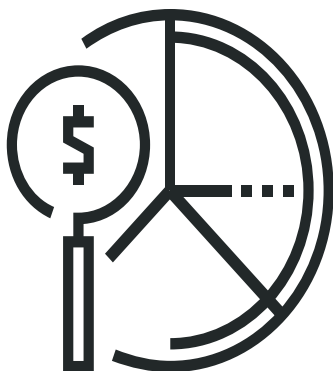
The role of community partners varies widely to reflect the specific needs and regional differences concerning entrepreneurship.

Community partners receive remuneration for supporting young entrepreneurs through the application process. Several regions have strong and supportive entrepreneurship cultures, which, in turn, results in more active community partners. For example, FC administrative data shows that in 2013-14, the majority of applications ($\geq 70\%$) in Quebec and Atlantic provinces were submitted via community partners rather than FC ($\leq 20\%$). In 2017-18, one-half ($\geq 52\%$) of applicants in Quebec and Atlantic provinces were still working with community or referral partners to submit their applications to FC. In contrast, in 2017-18, the majority of applicants from other regions ($\geq 78\%$) contacted and worked directly with FC.

As of 2015, FC also introduced referral partners. Unlike community partners, referral partners direct candidates to FC so it can work with the candidate to prepare their application. The referral partner receives a small fee if the candidate successfully completes the FC program. This model allows FC to maximize its direct interaction with youth while still providing incentive for partners to refer recipients to the program.

Interviewees noted that direct processing by FC may create a loss of local expertise in some areas. FC has centralized processing of applications to three locations – Vancouver, Toronto and Montreal. Interviewees explained that most start-ups are considered ‘main street’ businesses and the location of the business is often critical to its success. In addition to the regional variances on satisfaction with mentors, direct processing and the declining role of community partners may indicate challenges for FC to reach remote regions and understanding the local environment for businesses.

Funding (1 of 2)



Since 2013-14, Futurpreneur has exceeded expectations of funding from non-federal sources. It has also increased its self-reliance. However, the two-year federal funding cycles may impact FC's reach and ability to secure other sources of funds.

FC obtains funds from three primary sources: donors (including multiple levels of government and corporations), loan repayments, and since 2015-16, a line of credit. Prior to obtaining the line of credit, FC was heavily reliant on federal funding to disburse loans and deliver the program. With the line of credit, federal funding is now used for business supports including mentoring, outreach initiatives and the organization's operations.

FC also works with sponsors such as universities to collaborate on targeted projects with specific goals. For example, Dalhousie University provided funding to FC for specific activities (a conference and two workshops) to youth entrepreneurs in Nova Scotia with the goal of retaining youth and creating jobs in the province.

A review of annual reports to ISED shows that FC has met administrative cost targets ($\leq 10\%$ of federal contribution).

Since 2013-14, FC has exceeded the expectations set out in federal funding agreements to increase its funding from non-federal sources. Non-federal sources have been defined as contributions from other levels of government, sponsorships from corporations and other organizations, as well as interest, fees and in-kind contributions.

Non-federal funds raised per \$1.00 of federal contribution

	2011-12 to 2012-13*	2013-14 to 2014-15	2015-16 to 2016-17	2017-18
Target	\$0.75	\$0.83	\$1.00	\$1.00
Actual	\$0.73	\$1.44	\$1.69	\$1.73

** FC changed reporting cycles to align with government fiscal years (April 1 – March 31) which also affected the reporting of funds raised.*

Funding (2 of 2)

To reduce its reliance on external sources, FC has increased the proportion of self-generated sources of funds to manage day-to-day operations.

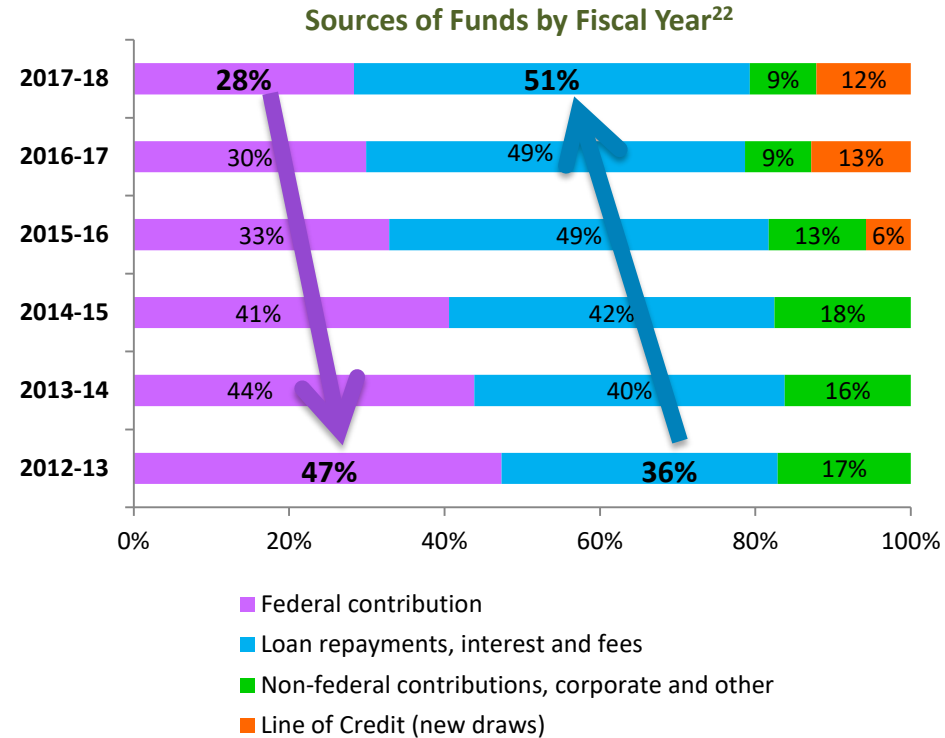
Self-generated sources of funds includes interest, fees, in-kind contributions and loan repayments. The proportion of federal funds decreased from 47% in 2012-13 to 28% in 2017-18, whereas the self-generated funds increased from 36% to 51%.

FC is similar to other international organizations who are also looking to reduce their reliance on public funding. For example, in 2016-17, Adie France sources of funds included 33% from federal sources and 32% from self-generated sources. In the same year, the Foundation for Young Australians proportion of funds was 20% from the government and 40% from investment income and self-generated sources.

Since inception, federal funding to FC has been allocated on a short-term basis.

As of 2011-12, federal funding to FC has been allocated on a two-year basis. This is atypical for a mature program and evidence indicates that the brevity of agreements may be impacting FC. Shorter agreements limit the ability of FC to define and demonstrate long-term progress. Two-year federal funding cycles also fosters uncertainty rather than stability in partnership development for funding and collaboration, as other donors to FC may not want to make longer term investments without guarantee of the federal contribution.

A 2017 OECD report noted that with longer-term funding, FC could play a role in addressing the challenge of business succession planning faced by developing and funding youth successors.²³ Interviewees also noted that two-year cycles are often too short to plan and deliver major initiatives (such as focused outreach to under-represented groups) and the continuous renewal cycle diverts human and financial resources from both ISED and FC.



Conclusions

Based on qualitative and quantitative lines of evidence, the evaluation led to seven findings on the relevance and performance of Futurpreneur Canada.



Relevance

- There is a continued need for Futurpreneur as it addresses evolving youth employment challenges and barriers to business start-up. Futurpreneur is a unique national program that combines both financial and non-financial support for youth. It cultivates partnerships to complement other programs in the entrepreneurial ecosystem.

Achievement of Expected Outcomes

- Futurpreneur has been successful in providing loans to a diverse range of young entrepreneurs. The number of loans awarded have increased each year, although there may be challenges with reach in some provinces and rural areas.
- Overall, the majority of young entrepreneurs who received Futurpreneur support have been able repay their loans.
- Futurpreneur's mentorship program and business resource centre provide recipients with access to mentor advice and guidance, as well as a range of online business support services.
- The evaluation could not assess if young entrepreneurs were able to grow their businesses and contribute to Canada's entrepreneurial ecosystem due to data and performance measurement limitations.

Efficiency and Effectiveness

- Overall, the transition to direct delivery has increased efficiency. However, the reduced role of community partners may be impacting the quality of client service.
- Futurpreneur has exceeded expectations of funding from non-federal sources. It has also increased its self-reliance. However, the two-year federal funding cycles may impact FC's reach and ability to secure other sources of funds.

Recommendations

The findings of the evaluation led to the following recommendations.



ISED should work with Futurpreneur to establish a robust performance measurement regime that clearly defines short-, medium- and long-term outcomes, collects data on established metrics and considers additional indicators related to skills acquired by young entrepreneurs, in addition to the success of Futurpreneur businesses.

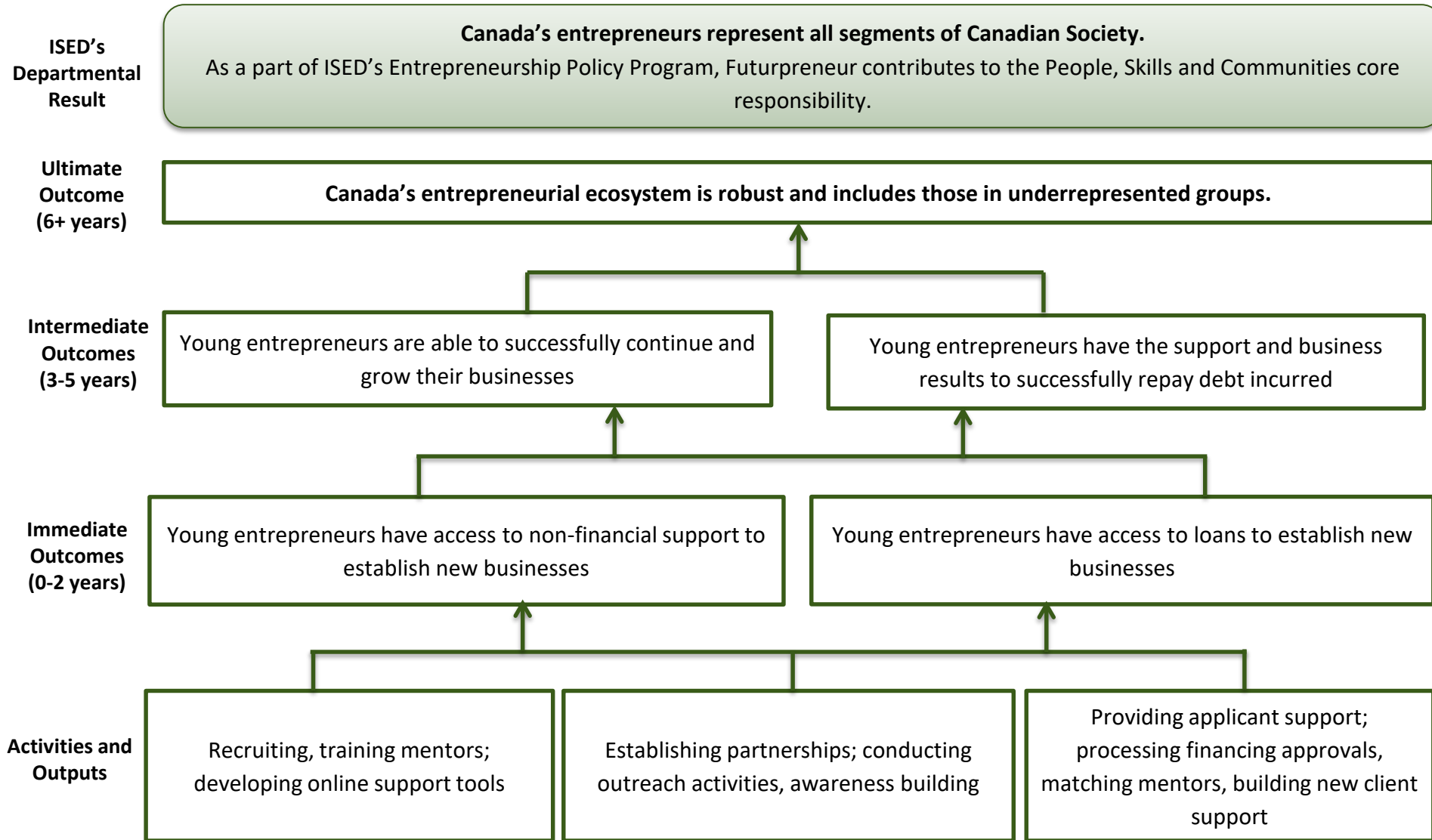


ISED and Futurpreneur should examine the impacts of the shift in delivery model on client service, including whether it impacts program reach in certain areas.

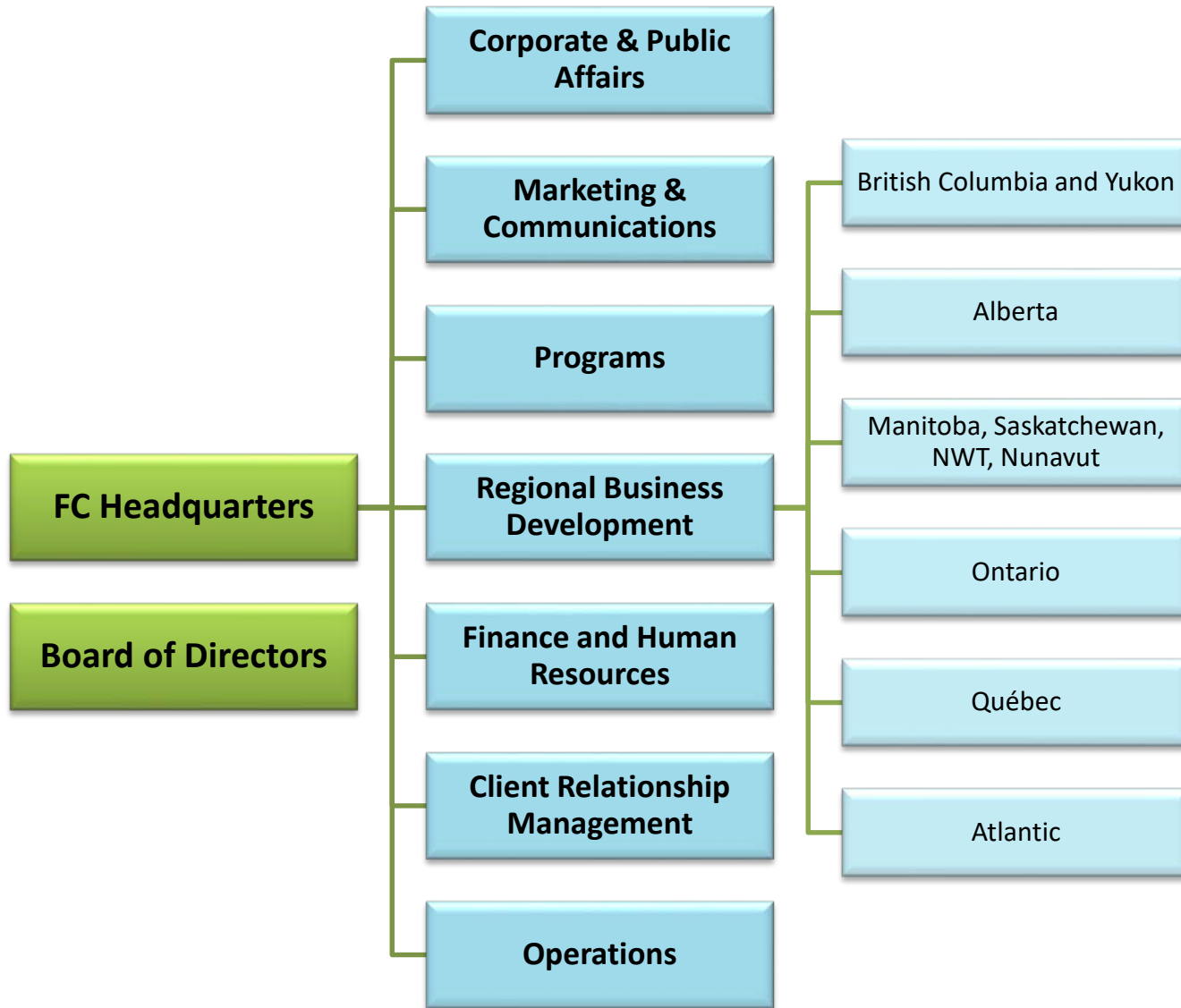


ISED should examine longer-term funding contribution options to support program stability and Futurpreneur's progress towards longer-term outcomes.

Appendix A: Futurpreneur Canada Logic Model

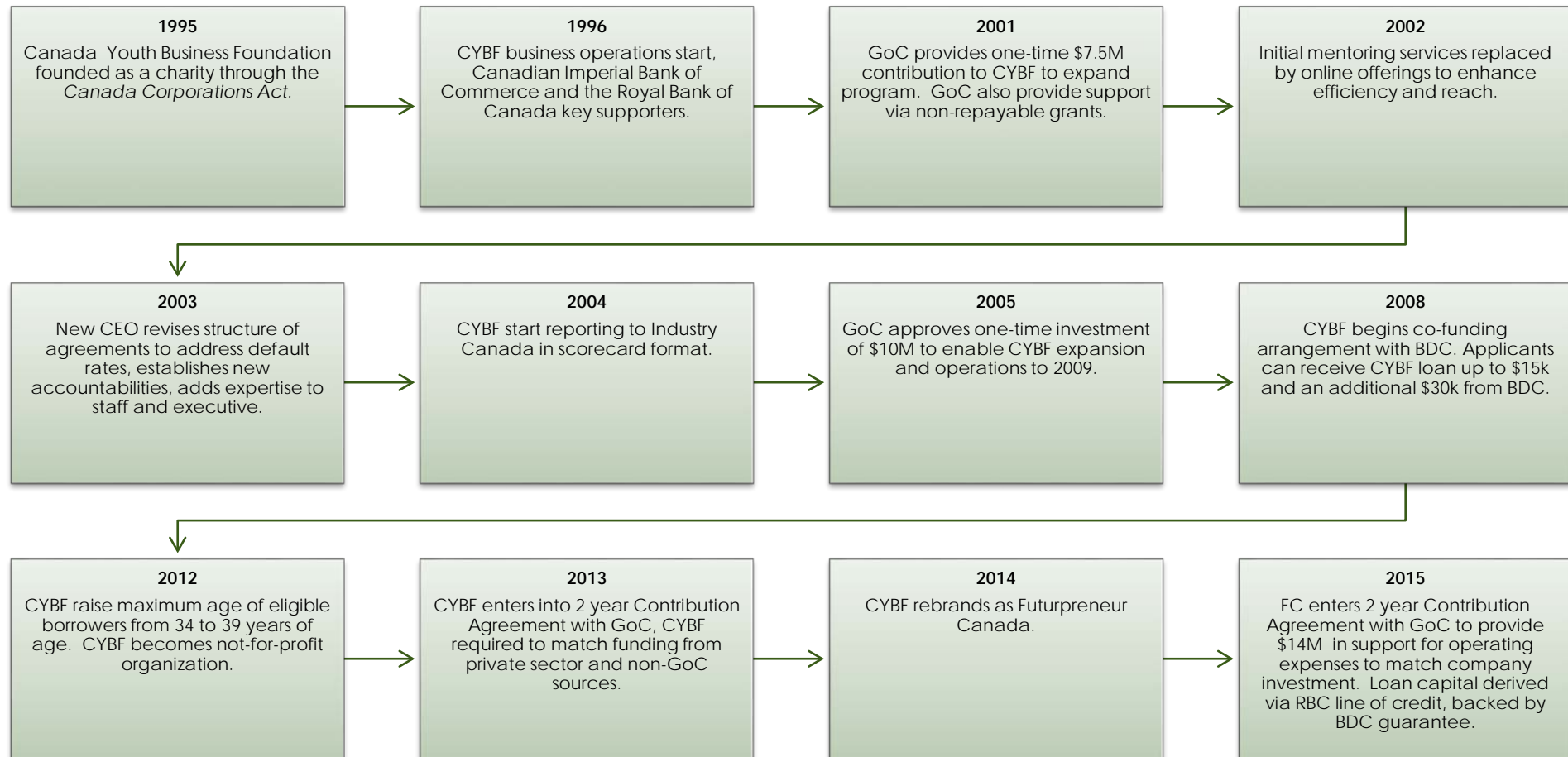


Appendix B: Futurpreneur Organizational Structure



Note: This organizational chart represents the structure of FC during the conduct phase of the evaluation (July 2018). It should be noted that the organizational structure has since changed.

Appendix C: Overview of FC Key Milestones and Support



Appendix D: International Comparators (1 of 2)

Australia – Foundation for Young Australians	France – Adie	New Zealand – Young Enterprise	United States of America – Youth Business USA
Description			
<ul style="list-style-type: none"> • Not-for-profit organization that focuses on improving youth opportunities for enterprising and innovation. • Program supports development of enterprise and leadership skills, micro-funding and mentoring. 	<ul style="list-style-type: none"> • Non-governmental organization focussed on supporting all age groups who do not have access to traditional labour markets. • Program advocates for legislative and regulatory framework for micro-funding and self-improvement, provides micro-financing instruments, and business support services to enhance business sustainability (mentoring). 	<ul style="list-style-type: none"> • Charity organization that focusses on enterprise and financial education for students (Grades 1-13) to facilitate discovery of business potential. • Program makes use of teachers and business community to develop entrepreneurial knowledge and business enterprise experiences. 	<ul style="list-style-type: none"> • Not-for-profit organization serving under-represented, young adults who face barriers to business ownership and living wage jobs. • Program focusses on entrepreneurial education and one-on-one coaching. • Program seeks availability of competitive pools of investor funding.
Target Sector and Scope			
<ul style="list-style-type: none"> • Sector agnostic and are open to any young entrepreneur that meets eligibility criteria. • Target underrepresented groups such as those in rural areas, welfare recipients, teen parents and those with lower levels of education with some specific programming. 			

Appendix D: International Comparators (2 of 2)

Australia – Foundation for Young Australians	France – Adie	New Zealand – Young Enterprise	United States of America – Youth Business USA
Client Age Group			
12-29	All ages including special programming (Creajeunes) designed for youth 18-32.	5-24	18-29
Staffing Model			
<ul style="list-style-type: none"> Employs mixed model of staffing – permanent staff and large volunteer networks. Staff are distributed across the country and work mainly with community partners 	<ul style="list-style-type: none"> Employs mixed model of staffing – permanent staff and large volunteer networks. One-fifth are headquarters staff, remainder are distributed across the country and are responsible for developing partnerships, finding mentors, volunteers, technical expertise, and working with entrepreneur clients. 	<ul style="list-style-type: none"> Employs mixed model of staffing – permanent staff and large volunteer networks. Staff are distributed across the country to provide experiential learning, but teacher network delivers classroom resources and programs. 	<ul style="list-style-type: none"> Employs small, central staff to support electronic delivery of education modules via its technology platform.

Endnotes

1. Futurpreneur Canada website: <https://www.futurpreneur.ca/en/mission/>.
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3. Statistics Canada, Table 14-10-0017-01 - Labour force characteristics by sex and detailed age group, monthly, unadjusted for seasonality (x 1,000).
4. René Morissette, Perspectives on the Youth Labour Market in Canada, April 2016.
5. Report from the Expert Panel on Youth Employment, 13 Ways to Modernize Youth Employment in Canada: Strategies for a New World of Work, 2017, p.6.
6. Statistics Canada, Survey on Financing and Growth of Small and Medium Enterprises, 2014.
7. United Nations Conference on Trade and Development, Policy Guide on Youth Entrepreneurship, 2015, p. 59.
8. OECD, SME and Entrepreneurship Policy in Canada, 2017, p.166-167.
9. Futurpreneur Canada, Annual Reports to Innovation, Science and Economic Development Canada, 2012-13 to 2017-18.
10. Futurpreneur Canada, administrative data, June 2018.
11. Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016001.
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14. Futurpreneur Canada, administrative data, June 2018.
15. Futurpreneur Canada, administrative data, June 2018.
16. S Wise & D Valliere, What Young Entrepreneurs Get from their Mentors, International Journal of Mentoring and Coaching, December 2013.
17. Ernst & Young, Avoiding a lost generation: Ten key recommendations to support youth entrepreneurship across the G20, 2014, p.3
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19. Global Entrepreneurship Monitor, 2017 GEM Canada Report on Youth Entrepreneurship, 2017, p.25.
20. Futurpreneur Canada, administrative data, June 2018.
21. Futurpreneur Canada, administrative data, June 2018.
22. Futurpreneur Canada, administrative data, June 2018.
23. OECD, SME and Entrepreneurship Policy in Canada, 2017, p. 167.