



Innovation, Science and
Economic Development Canada

Innovation, Sciences et
Développement économique Canada

Canada

Evaluation of Futurpreneur Canada

Audit and Evaluation Branch

Approved

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Program Context

Program Description

Futurpreneur Canada (FC), formerly known as the Canadian Youth Business Foundation, is a national, not-for-profit corporation that provides financing, mentoring, and support tools to young Canadian entrepreneurs between the ages of 18 and 39. It was jointly founded in 1996 by the Canadian Imperial Bank of Commerce (CIBC) and the Royal Bank of Canada (RBC) to support young people across Canada pursuing entrepreneurship as a viable career option, but who would not typically be supported by traditional lending institutions. FC receives a non-repayable contribution from the Government of Canada.

FC is dedicated to building awareness of entrepreneurship as a viable career path for youth and connecting the entrepreneurship community through collaboration with other organizations and networking events. However, their primary role is to support entrepreneurs through their core programming, as well as additional supports and services:



Pre-application

Rock My Business series and awards

A three-part series of workshops to help young entrepreneurs plan and execute successful businesses. Entrepreneurs that participate can apply for one of eight annual \$10,000 RBC Rock My Business Start-Up Awards.



Core programming

Entrepreneur Startup Program

Young entrepreneurs receive business planning support, **up to \$60,000** in collateral-free loans, including 2:1 co-lend from the Business Development Bank of Canada (BDC), two years of mentorship and access to additional support, such as networking, and business training. Loans are collateral free and offered at lower interest rates than traditional lenders.

Indigenous Entrepreneur Startup Program (IESP) & Black Entrepreneur Startup Program (BESP)

The IESP and BESP are both led and delivered by teams with lived experience for Black and Indigenous entrepreneurs. In addition to the supports offered as part of the Entrepreneur Startup Program, entrepreneurs accessing the IESP and BESP have access to tailored programming and education. See [Appendix F](#) for more details.



Post-launch support

Growth Accelerator program

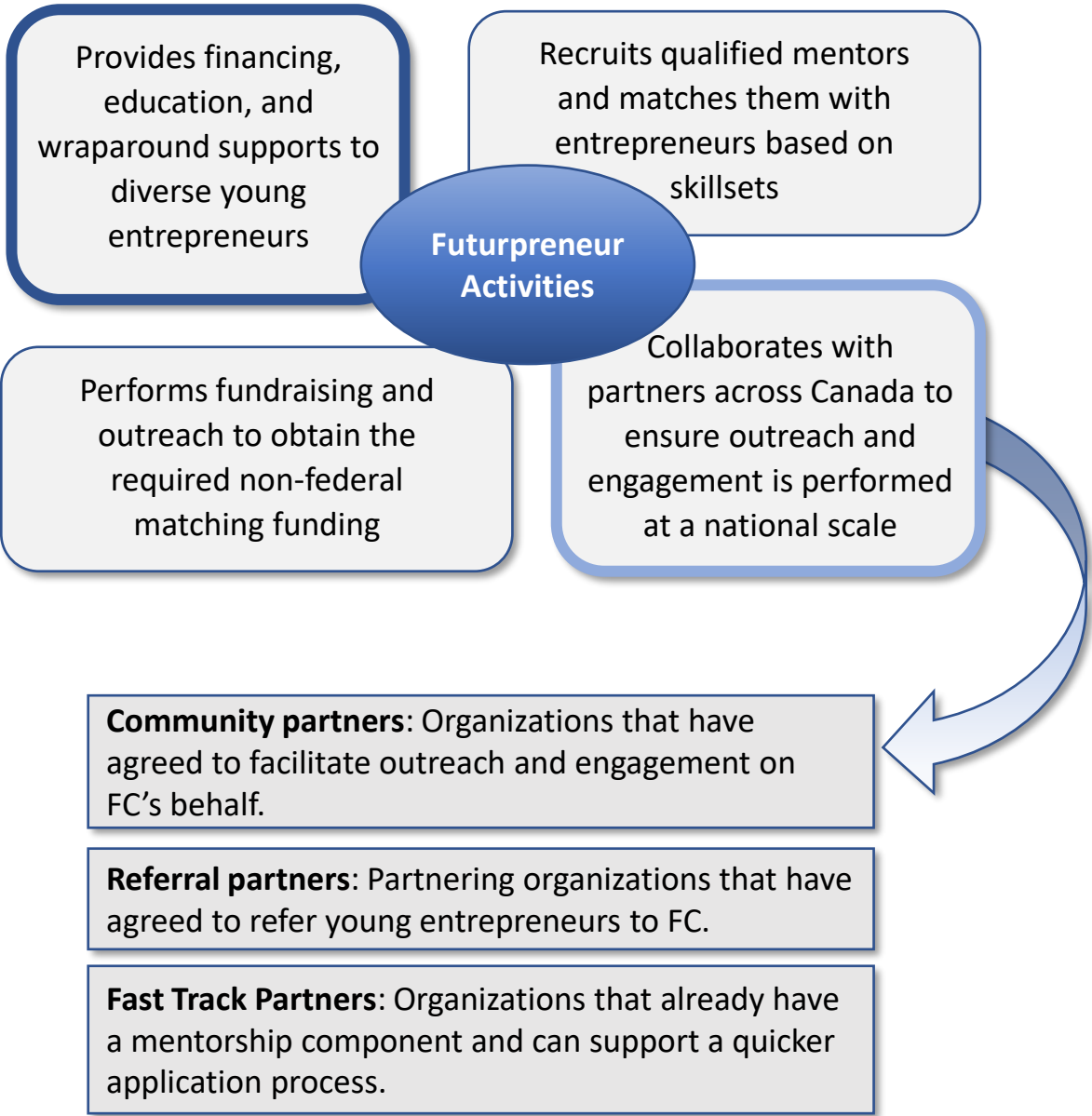
Designed for Futurpreneur-supported entrepreneurs who are in their second or third year of business, the Growth Accelerator helps entrepreneurs scale their business through new strategies.

Program Delivery

Innovation, Science and Economic Development Canada (ISED) is responsible for the Contribution Agreement with FC. The Small Business, Tourism and Marketplace Services sector provides oversight to FC and ensures that they meet their quarterly and annual reporting requirements.

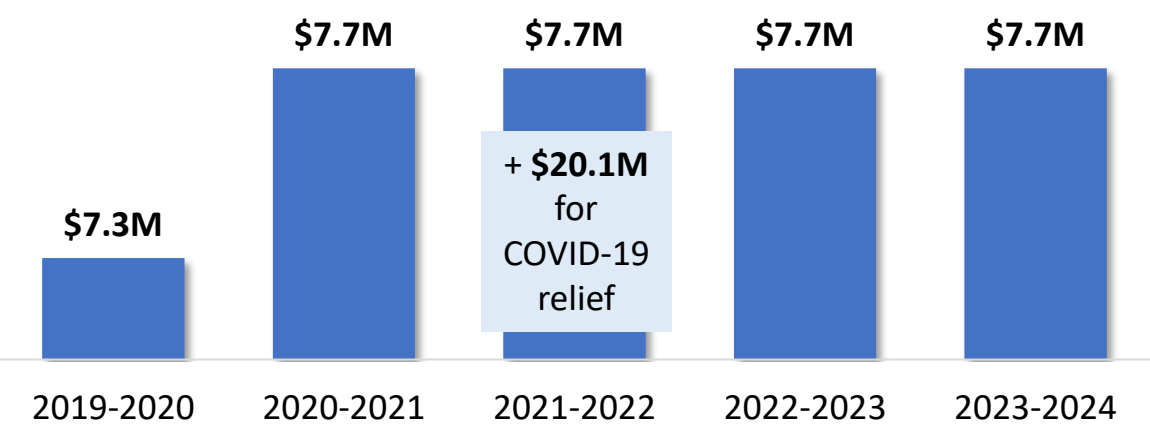
FC is governed by a Board of Directors composed of 14 business leaders and entrepreneurs. As part of their internal equity, diversity, and inclusion goals, FC has met the objective of gender parity, as well as Black, Indigenous and People of Colour (BIPOC) and Lesbian, Gay, Bisexual, Transgender (LGBT) representation, across all levels of staff and leadership, including their Board of Directors.

FC supports program delivery by performing the following activities:



Program Funding

Budget 2019 committed to renew funding for FC in the amount of \$38 million over five years, including \$3 million for FC to provide targeted support to Indigenous entrepreneurs. An additional \$20.1 million was provided to FC in 2021-22 as part of the Government's response to COVID-19, for a total of **\$58.1 million over five years**.



Evaluation Context

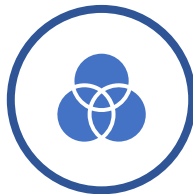
An evaluation of ISED’s funding to Futurpreneur Canada is required every five years under the Financial Administration Act.



The **objective** of this evaluation was to assess the relevance, performance and efficiency of ISED funding to FC.



The **scope** of the evaluation included all activities of FC. The evaluation covered all ISED funding to FC from April 1, 2018, to March 31, 2023.



The evaluation was conducted by the Audit and Evaluation Branch at ISED. A results-based approach was used to examine the achievement of expected outcomes for FC, as identified in the logic model ([Appendix B](#)).

Evaluation Methodology

The following lines of evidence were used (details in [Appendix C](#)):



Literature and Document Review



Performance, Administrative and Financial Data Review



Online Questionnaire



Online Surveys



Virtual Interviews

Evaluation Questions



Relevance

- To what extent is there a continued need for FC?
- Are the objectives of FC in alignment with existing and emerging ISED strategic objectives and federal government priorities?

Performance

- To what extent has FC contributed to supporting young entrepreneurs in establishing businesses?
- To what extent has FC contributed to raising awareness of FC offerings/services among young entrepreneurs?
- To what extent has FC contributed to youth acquiring entrepreneurial knowledge and skills?
- To what extent has FC contributed to young entrepreneurs from diverse backgrounds maintaining and growing their businesses?

Efficiency

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

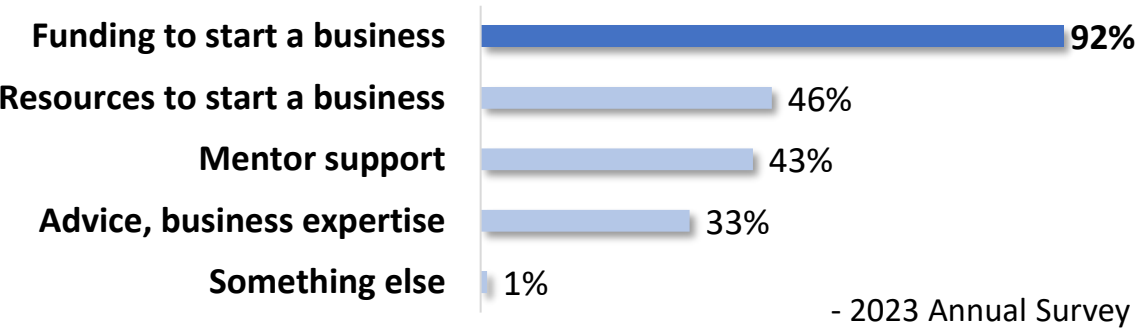
The evaluation produced nine findings, supported by multiple lines of evidence, and leading to one recommendation.

Finding 1: Futurpreneur Canada continues to address the needs of young entrepreneurs, including entrepreneurs from equity-deserving groups, through offerings of financing, programming, and mentorship. Their activities are highly aligned to the objectives of ISED.

Need for financial and non-financial supports

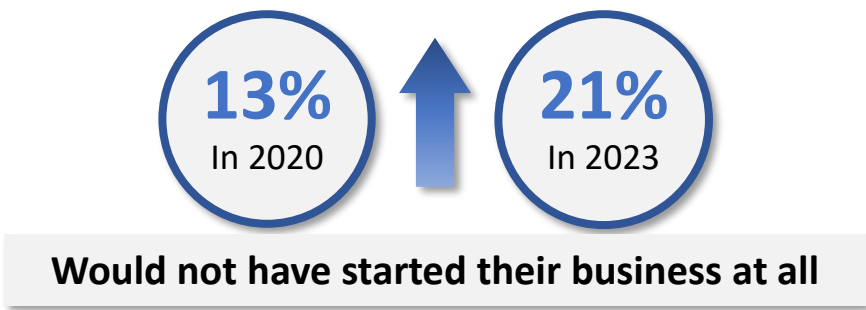
The literature indicates that many Canadian entrepreneurs’ biggest concern was related to financial support for themselves and their business ventures.¹ Young people in particular face challenges in accessing funds to start a business, and experience barriers related to a lack of credibility, experience, and networks.²

A majority of young entrepreneurs have consistently sought assistance from FC for financial support over the evaluation period; however, many also sought non-financial supports.



Overall, FC meets the needs of young entrepreneurs, given the extensive wraparound services provided to clients, in addition to financial support. It was noted in interviews and the questionnaire that FC fills a gap in the Canadian entrepreneurial ecosystem that traditional banks and other lending organizations have not been able to address.

Annual survey results indicated that there was an increase over the evaluation period in the number of entrepreneurs that would not have started their business at all, **had they not received support from Futurpreneur.**



Unique needs of entrepreneurs from equity-deserving groups

The Literature and interviews with stakeholders indicated that entrepreneurs from equity-deserving groups face additional barriers to pursuing entrepreneurship, including higher rates of student debt,³ challenges in accessing financing,⁴ and disproportionate impacts to their businesses during the COVID-19 pandemic.^{5,6} FC has developed the IESP, funded in part by ISED, and the BESP, funded by RBC, to address the needs of young Indigenous and Black entrepreneurs in Canada, which is discussed further in [Finding 4](#).

Alignment to ISED objectives

Documents and interviews indicate that FC is aligned with ISED objectives. Furthermore, FC is the only national organization delivering targeted supports for young entrepreneurs in Canada.



- Encouragement of small business ownership⁷
- Participation of underrepresented groups in the economy⁸



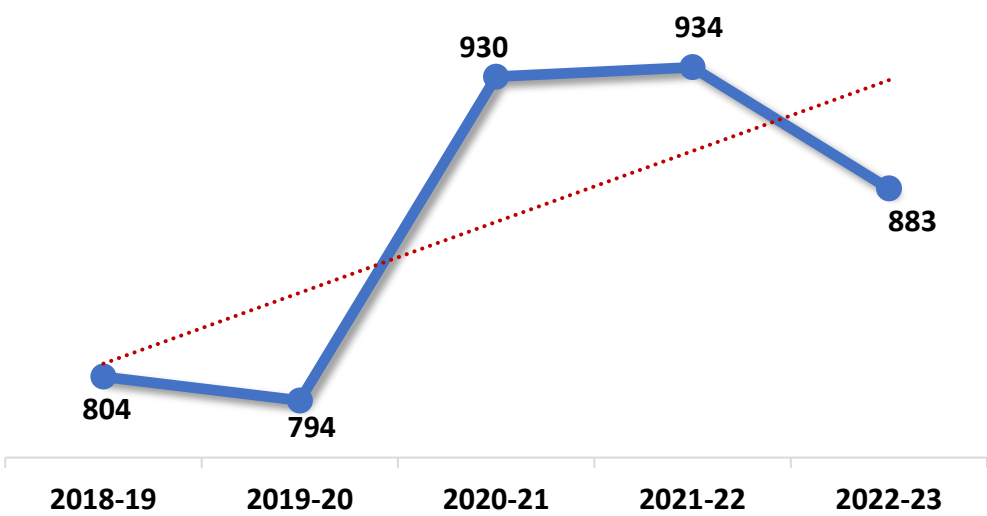
Ensuring Canada has a highly skilled workforce that is equipped for jobs in an innovative and high-growth economy⁹

Finding 2: Futurpreneur Canada has effectively provided loans, which contributed to supporting diverse young entrepreneurs in establishing businesses and supported the acquisition of grant and investment funding from other traditional lenders.

Loan Disbursement

Over the evaluation period, FC received a total of 11,877 applications, of which 4,345 (36.6%) received approval for loan disbursement. Further, 2,930 (24.7%) applications were deemed “not eligible/viable”, with a remaining 4,602 (38.7%) that were viable but unfunded, which indicates a high demand.

On average, the **number of loans disbursed by FC has increased.** ¹⁰



In 2019-20, there was a 1.2% decrease in loans disbursed, followed by an increase of 17.1% in 2020-21. Loan disbursement for new applicants changed little in 2021-22 and decreased by 5.5% in 2022-23.

FC officials attributed the first decrease to the COVID-19 pandemic, during which there were nearly no disbursements in the final three weeks of March that fiscal year. Businesses that were not ready to launch were deferred to the following years (2020-21 and 2021-22) as operational restrictions were lifted across the country, which resulted in an increase. The second decrease in distributions is attributed to increased interest rates in Canada, which increased seven times in 2022-23 – from 0.5% in April 2022 to 4.5% in April 2023.

To note, FC provided top-up loans to a total of 667 eligible young entrepreneurs, however this was tracked separately from loans given to establish new businesses, which is discussed further in [Finding 7](#).

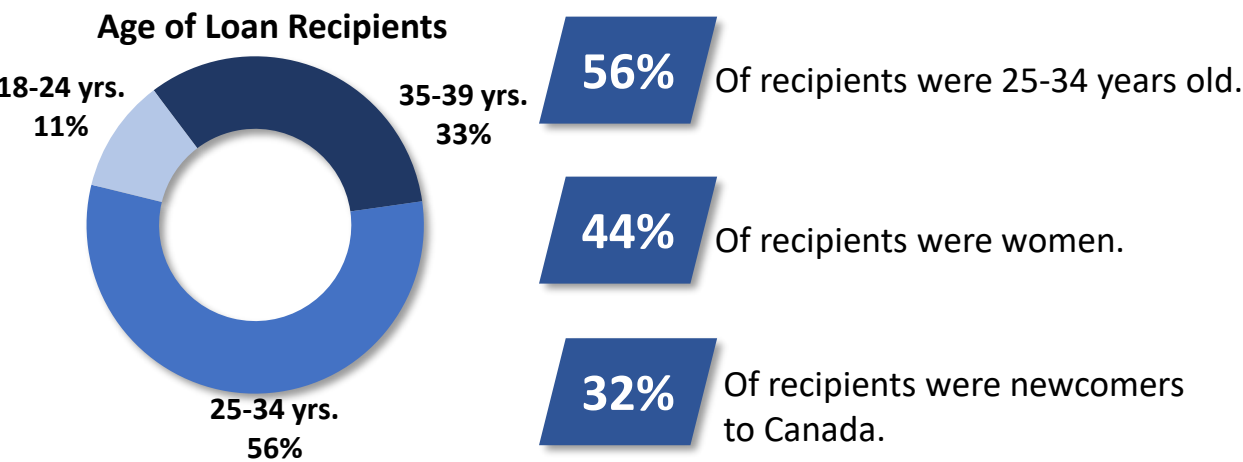


Source: Futurpreneur Canada

Finding 2

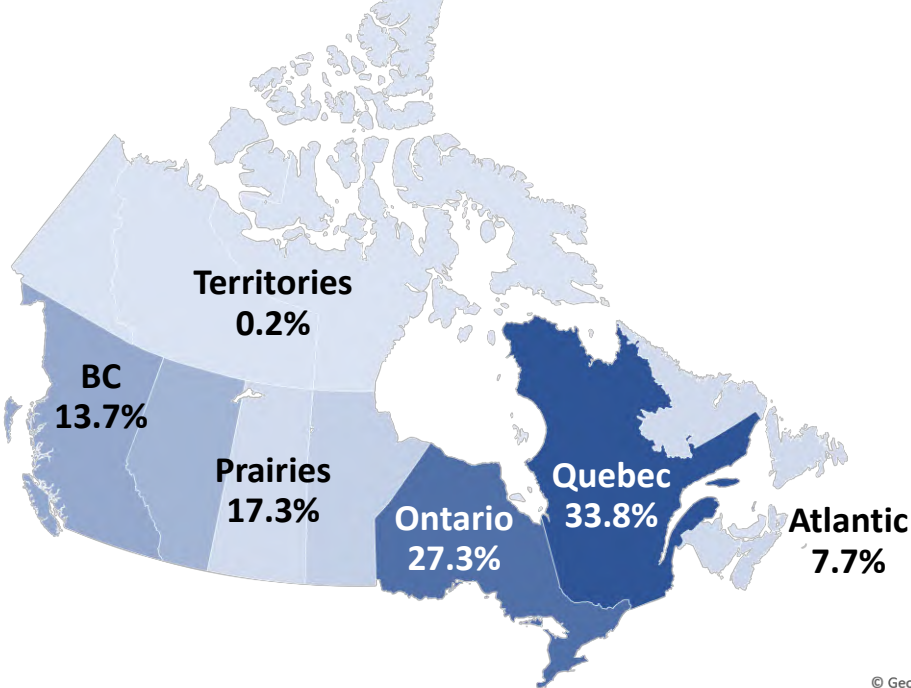
A Diverse Loan Recipient Profile

FC data shows that it has supported a diverse group of young entrepreneurs in the successful startup of their own businesses.



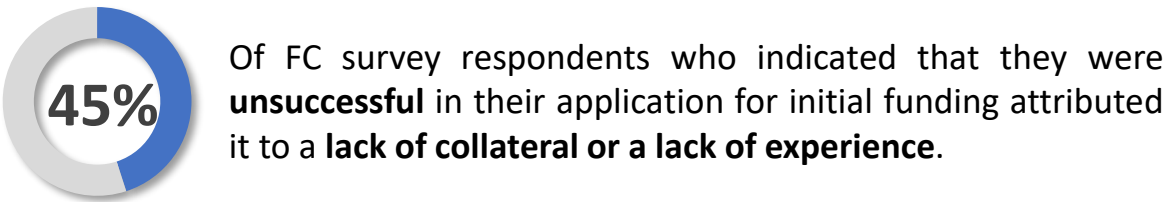
Over the evaluation period, data shows a steady increase of newcomer recipients (i.e., immigrant entrepreneurs who are permanent resident status and/or not born in Canada), rising from 23.5% in 2018-19 to 38.2% in 2022-23.¹¹ FC officials have indicated an interest to explore additional supports to this population like the IESP and BESP.

Distribution of FC Recipients by Region (2018-19 to 2022-23) ¹²



The higher number of recipients in Quebec is attributed to the greater number of partnerships in that region with FC, which is discussed in [Finding 8](#).

Increased Credibility of Young Entrepreneurs



FC stakeholders and loan recipients noted that FC’s status in the lending ecosystem provided enhanced credibility to young entrepreneurs, which allowed them to gain additional loans from traditional lenders, such as banks, as well as federal and provincial grants, venture capitalists and angel investors. This allowed them to invest more capital into their businesses to enable continued growth.

Subject matter experts highlighted that being able to receive a FC loan approval made young entrepreneurs more credible to potential investors.

“...It's often a gateway for them to raise additional funding if they meet the rigor of the Futurpreneur [screening]...”

Often, it's easier for them to knock on an angel investor’s door, or a bank, or a traditional lender...”

- Interviewee

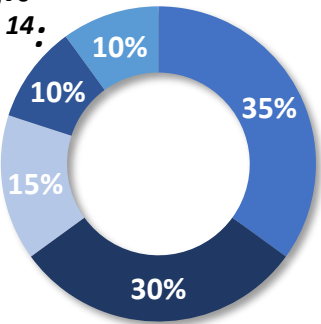


Finding 3: Futurpreneur’s credit adjudication model’s non-traditional approach to credit approval effectively allows for the delivery of loans that remain in good standing and mitigates the traditional credit barriers faced by young entrepreneurs.

Traditionally, loan disbursing organizations use the standard credit score created by the Fair Isaac Corporation, the FICO score.

The FICO Score generates a three-digit score based on several key factors ^{13, 14:}

- Payment History (35%)
- Amounts Owed (30%)
- Length of Credit History (15%)
- New Credit (10%)
- Credit Mix (10%)



Credit history is one of the main challenges faced by young entrepreneurs in getting loans, demonstrating a potential 50% (payment history + length of credit history) impact to their FICO score. Interviewees noted this may be further impacted for young entrepreneurs who rapidly gained new credit and/or increased their amounts owed to help launch their businesses by putting it on their personal credit.



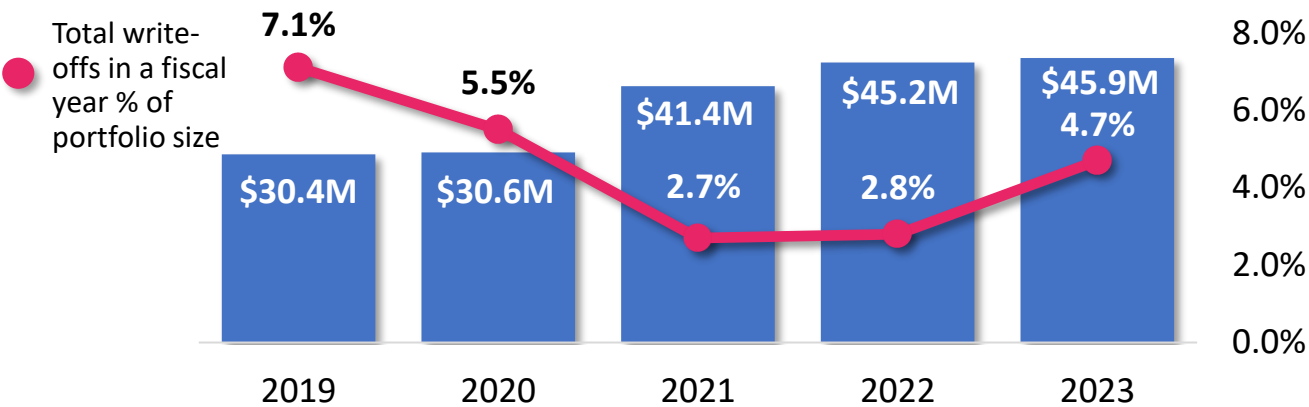
Source: Futurpreneur Canada

A Non-Traditional Approach

The evaluation found that FC has a proprietary credit adjudication model that looks at two different credit scores demonstrating how well a client repays their credit and the level of credit utilization, rather than looking at the sole FICO score. They take a hands-on approach with each application’s business plan, the strength of which is taken into consideration for loan approval.

This multifaceted approach allows FC to see factors indicating a strong candidate who would typically be rejected due to a weaker FICO score.

As FC’s **total portfolio amount has increased**, the percentage of the **total amount of write-offs has decreased**, on average. ¹⁵



The average trend of write offs in comparison to the portfolio size over the evaluation period was -0.47%, which indicates that, young entrepreneurs are maintaining their loans although more funds have been disbursed. This may be attributed to the supports provided by FC during the pandemic, as discussed in [Finding 7](#).

FC has tailored their credit adjudication model by working with applicants on a case-by case analysis with specific matrices for the IESP and BESP, which takes into consideration whether an applicant completed the Credit Information Series, which is discussed further in [Finding 4](#).

This initiative removed additional barriers to these equity-deserving groups who may not have been approved for the FC loan based on the two credit score approach.

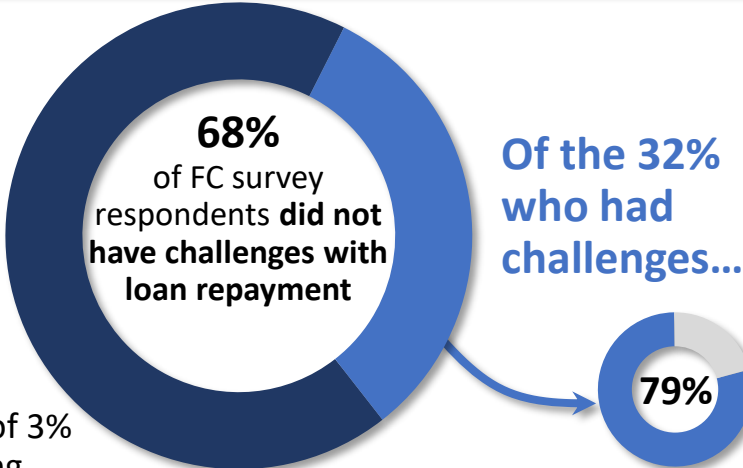
Finding 3

Loan Repayment

A loan is usually written off when a repayment has not been paid for at least three months in a row.



The overall annual average decrease of 3% indicates that young entrepreneurs are paying off their loans more often.¹⁶

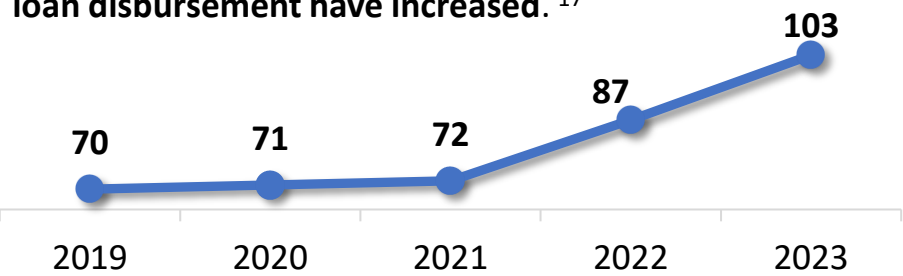


Slower Loan Disbursement



Median timeline for FC loan disbursement: **72 days**

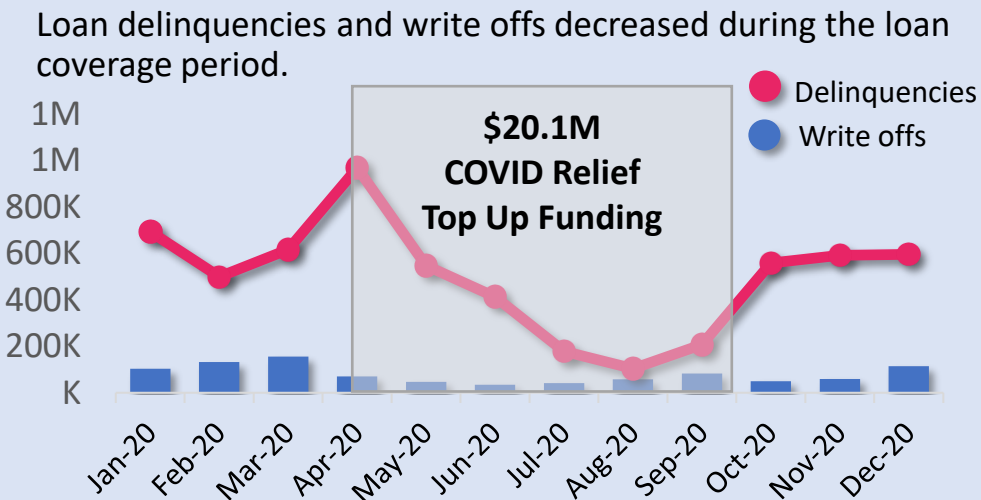
The timelines for the **number of days between application and loan disbursement have increased.**¹⁷



FC officials acknowledged that their adjudication process is longer, as traditional lenders may disburse funds between 1 to 4 weeks. They attributed this to the “high-touch” nature of the credit adjudication process, meaning that FC staff work directly with clients through the application process to ensure that their business plan is ready before loan disbursement and business launch (e.g., providing support and advice for Canadian business regulations and tax considerations).

The increase in 2022 and 2023 were due to a more rigorous review process. FC officials stated that FC will not push an entrepreneur to launch before they are ready and noted that young entrepreneurs are taking longer to launch due to economic uncertainty and the challenges of the COVID-19 pandemic (e.g., finding brick and mortar locations). However, FC has “fast-track” partners who, due to their specialized support and rigorous selection process, can qualify applicants for a simplified due diligence and quicker application review process similar to traditional lenders.

COVID-19 Impact to Loan Repayment



The increase in delinquencies and write offs in March 2020 are attributed to the COVID-19 pandemic, which severely impacted businesses. FC officials provided several supports, including loan deferrals and loan restructures, to support young entrepreneurs with additional ISED funding, as discussed in [Finding 7](#).

Interviewees attributed these supports to the stabilization of loans, which is demonstrated by the plateau of delinquencies beginning in October 2020.

Highlight: Knowledge Transfer

The positive outcomes, i.e. loans remaining in good-standing, and a decrease to loans written off, demonstrated by FC’s credit adjudication model led to its **consideration as a best practice** by interviewees, despite the increased timelines. This aligns with subject matter experts who stated that non-traditional metrics ought to be used for awarding certain loans.

Interviewees noted that FC is sharing knowledge of its approach to credit lending for similar programs, such as other Black Entrepreneurship Programs.

Finding 4: Tailored programming, such as the Indigenous Entrepreneur Startup Program (IESP) and the Black Entrepreneur Startup Program (BESP), are developed with a “lived experience approach”, which has effectively supported underrepresented young entrepreneurs in Canada.

Systemic Barriers faced by Equity- Deserving Groups

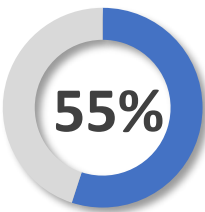
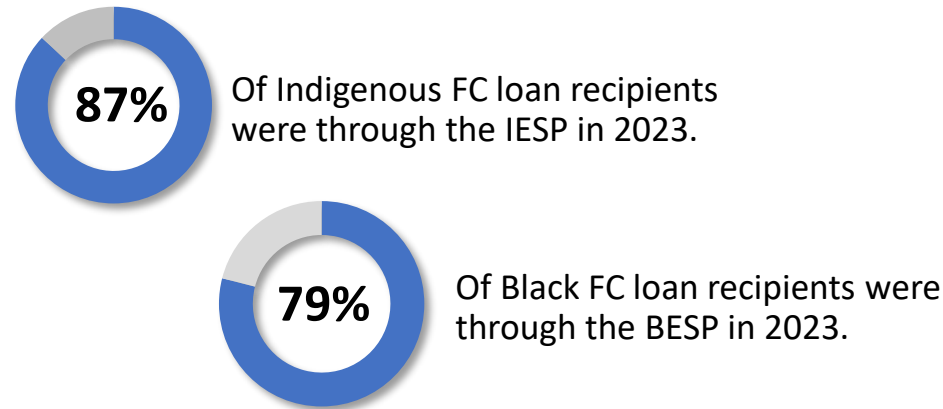
The literature highlights systemic barriers faced by equity deserving groups that prevent them from entering the market. Specifically, these groups are often unable to obtain financial capital to launch their businesses, and those that have businesses were impacted by the COVID-19 pandemic disproportionately.^{18, 19}

Interviewees concurred with this, noting that Black and Indigenous People of Colour (BIPOC) face challenges due to a lack of key social networks that could connect them to potential investors or entrepreneurial mentors and the degree of financial literacy and experience used to garner investments to launch their own businesses. This is amplified as a young entrepreneur with limited credit history.

IESP and BESP Increased Uptake

FC data indicates that the tailored programming saw increased uptake during the evaluation period since they were launched.

FY	21-22	22-23	Year to Year %
# BESP loans	135	153	+13%
# IESP loans	25	29	+16%



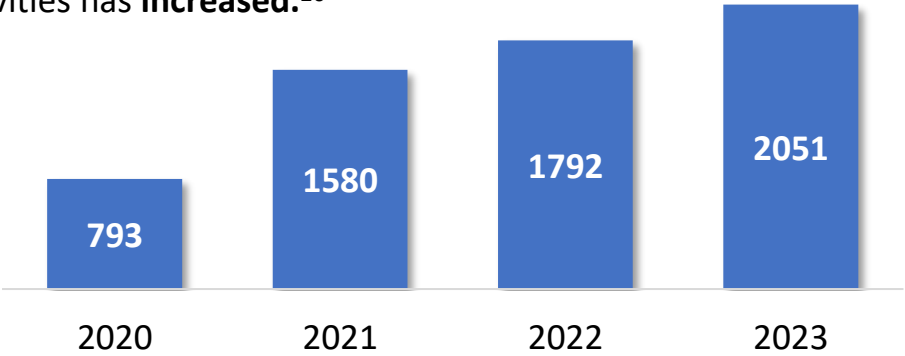
Of BIPOC FC survey respondents indicated that Futurpreneur can do more to support BIPOC entrepreneurs in 2023.

In response to these challenges and in consultation with these communities, FC developed the IESP, which was announced in partnership with ISED funding in 2019, and the BESP, which launched in partnership with RBC funding in 2021. This allowed FC to offer financing and support to young entrepreneurs from these targeted populations who may not have been approved for the core FC loan. Further information on these programs can be found in [Appendix F](#).

Signs of Success

On average, **4.1%** of FC loan recipients were Indigenous over the evaluation period. This is higher than the Canadian average of 1.3% Indigenous-owned businesses.

The number of Indigenous youths engaged through FC outreach activities has **increased**.²⁰



FC officials attributed the increase in outreach to Indigenous youths to a number of FC activities including the Ohpikiwin Series, an additional support workshop, as a beneficial attribute of the IESP, which has improved financial literacy and debt management skills of Indigenous young entrepreneurs.

Finding 4

Source: Futurpreneur Canada

Best Practice: The “Lived Experience” Approach

FC staff highlighted the “lived experience” approach as a key aspect of the success of their tailored programming. This approach ensures that programming is designed, led, and administered by individuals from the equity-deserving communities they are seeking to support. For example, in the development of the IESP, FC went from zero to eight Indigenous staff to ensure that the rollout of the program had the necessary voices representing the community.

Through consultation and development with these communities, FC has been able to foster trust and create programming responsive to their unique needs. Since 2021, on average, 40% of BIPOC FC survey respondents indicated that they had easy access to programs for young BIPOC entrepreneurs.

“For both programs, the Black and Indigenous people who are running the programs have lived experience. It is important that the people who are running these programs are led and run by those who have the lived experiences of the respective community.”

- FC Official



Source: Futurpreneur Canada

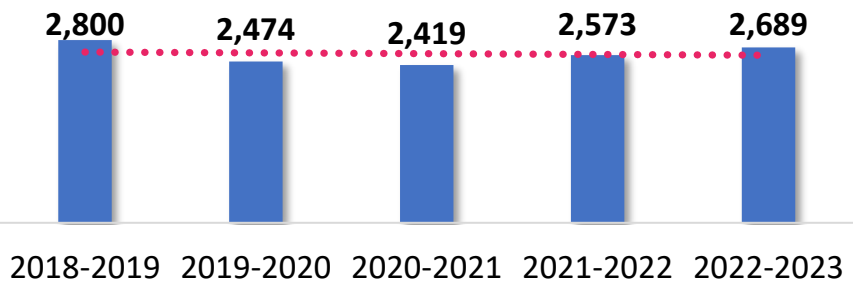
Finding 5: Mentorship is a key component of Futurpreneur Canada’s non-financial support to entrepreneurs. While the majority found the support useful, improvements could be made to the matching process to increase effectiveness.

Mentorship is widely used amongst entrepreneurs

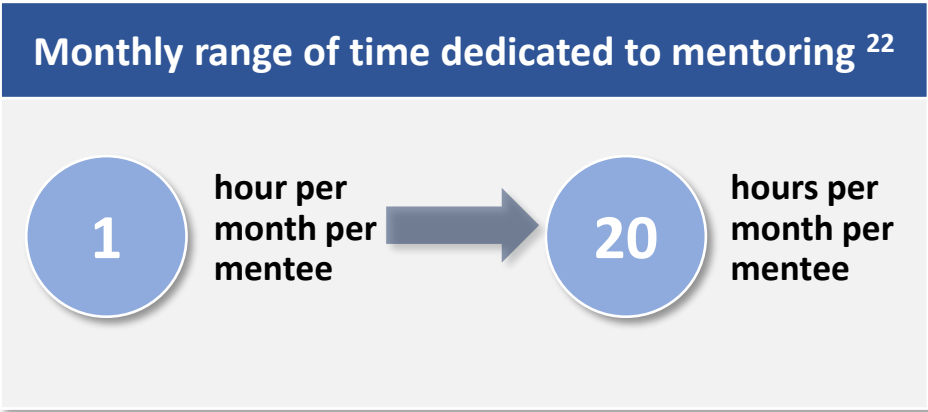
In 2023, FC reported that it had 2,633 volunteer mentors to support young entrepreneurs.

While participation in mentorship is a mandatory component of receiving loans, entrepreneurs maintained a relationship with their mentor for 1.3 years on average, according to 2023 survey results. However, it is worth noting that 45% of current clients within two years of receiving funding and past client respondents indicated that they still had a mentoring relationship with their mentor at the time of the survey.

Over the evaluation period, the **number of entrepreneurs accessing mentorship** has remained stable. ²¹

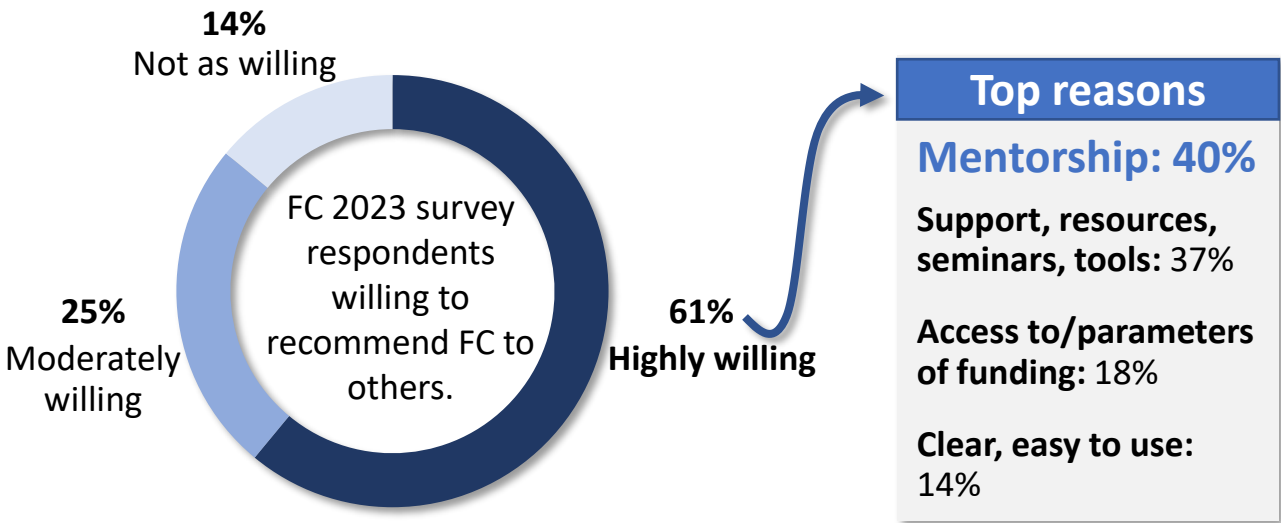


The mentor questionnaire noted that the amount of time that mentors dedicated to mentorship varied by the number of mentees they were assigned, and the amount of assistance they needed on a weekly or monthly basis per mentee.

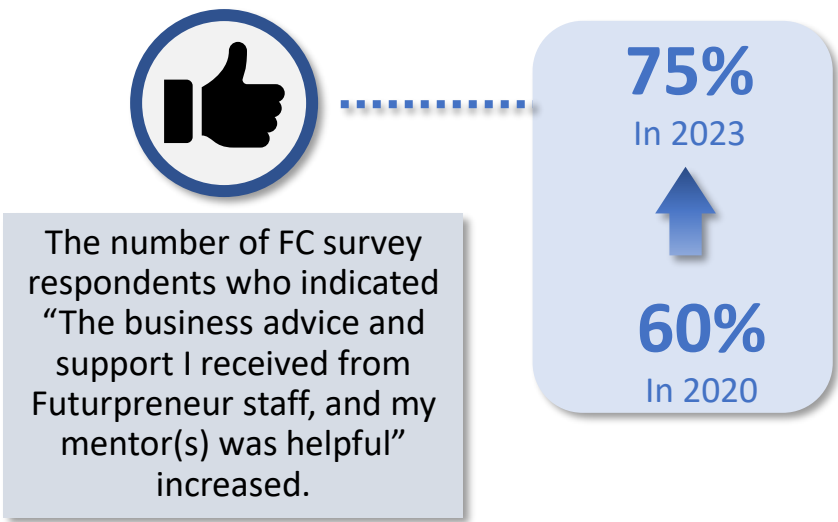


Mentorship was perceived positively overall

Mentorship was the top reason provided by 2023 survey respondents who were highly willing to recommend Futurpreneur to others. This has remained the top sentiment since the 2021 annual survey.



Interviews with entrepreneurs and surveys also suggested that the majority found the mentorship to be helpful overall, and this perception has increased over the evaluation period.



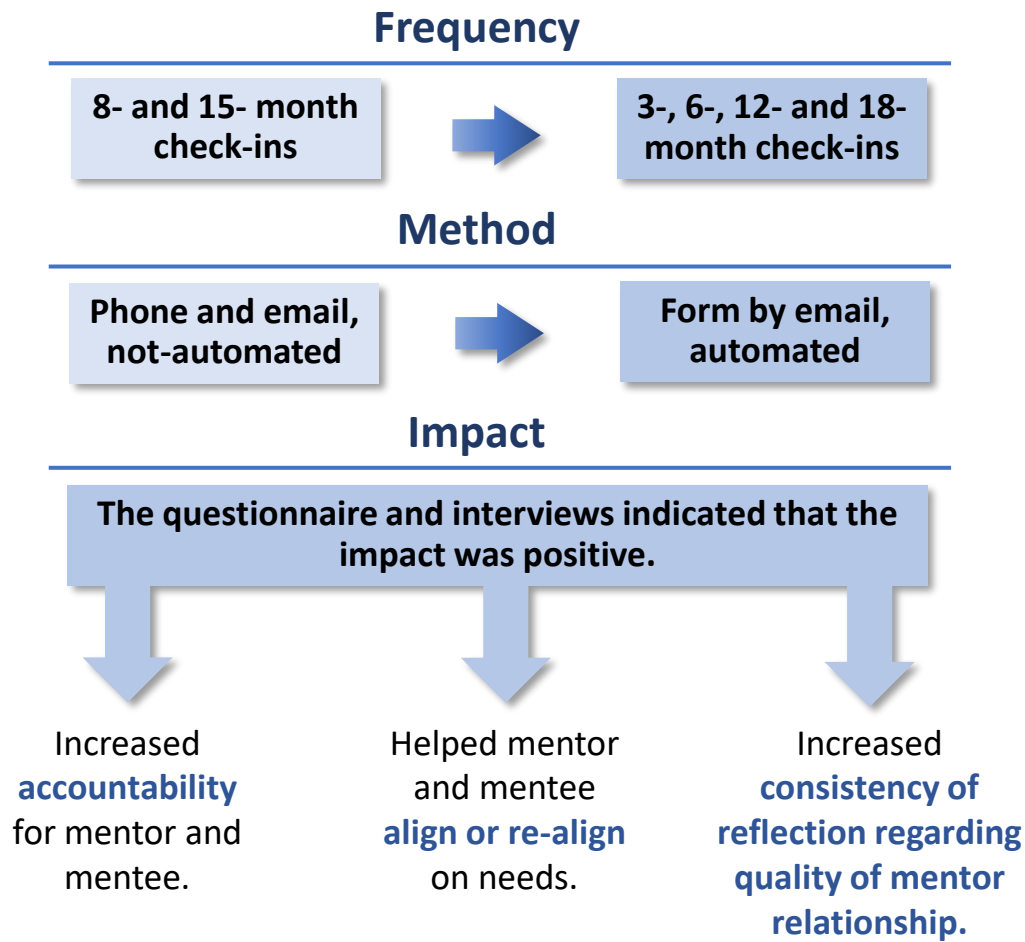
Finding 5

In 2019, a taskforce was assembled to review the mentorship program and determine whether it was still relevant or where there were elements that could be improved. As a result, FC officials revamped the mentorship program in 2021 and stated that they can now set better expectations and have improved standardization of the mentorship experience. The following changes were implemented:

- Resourcing a fully-dedicated FC team for mentorship
- Increased regular mentor/mentee check-ins
- Tools and resources to onboard mentors
- Identification of mentor/mentee expectations

Increased value in more frequent check-ins

One direct outcome from the task force was an increase in check-ins between FC staff and mentors and mentees, initiated in 2021.

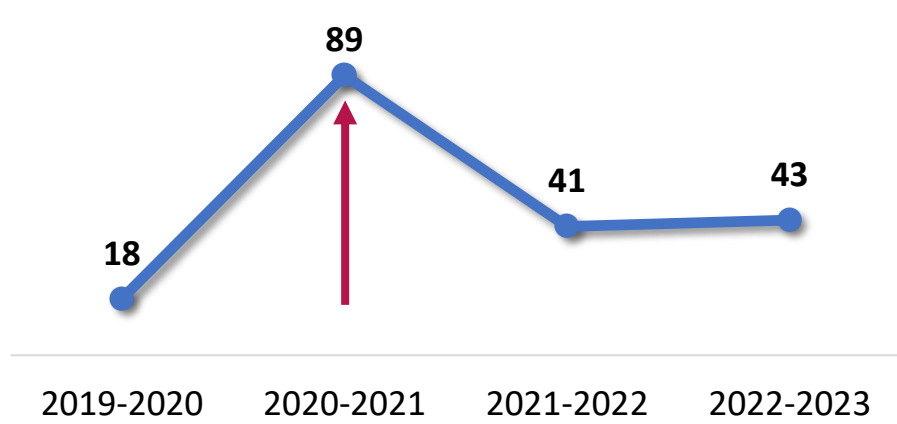


Mentor Preparedness

According to the questionnaire, mentors had a large amount of experience prior to volunteering with FC and **felt adequacy prepared** for the role prior to being matched. The onboarding process was noted as being clear regarding the expectations and establishing guiding principles.

Furthermore, FC offered mentors additional support in their role with bi-weekly webinars, a LinkedIn group for mentors, and extra opportunities like peer-mentoring which facilitates conversations between multiple entrepreneurs and a mentor.

Re-match requests increased during the evaluation period ²³



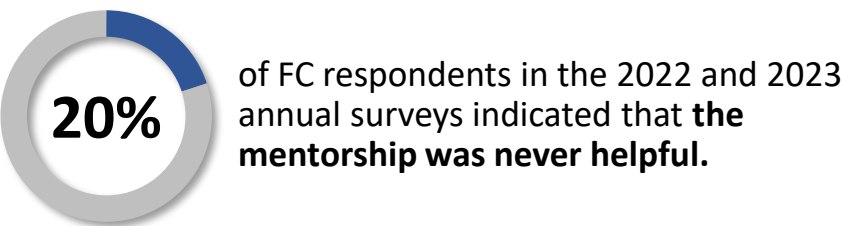
The number of entrepreneurs requesting to be re-matched with another mentor increased in 2020-2021. Documents and interviews clarified that this was due to two reasons:

- the increase in automated check-ins, which led to increased communication between entrepreneurs and FC staff regarding the state of their mentorship, provided more opportunities to raise challenges during mentorship and request changes and,
- the COVID-19 pandemic’s impact on mentors with businesses who did not have the capacity to volunteer their time.

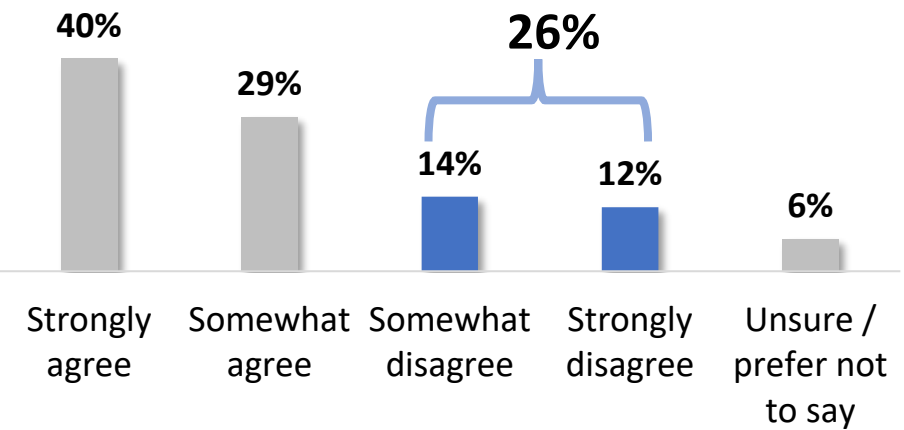
Finding 5

Some entrepreneurs felt that their mentor was not a good match

Interviewees mentioned that occasionally, mentors and entrepreneurs were not well matched. This was also described by some entrepreneurs as a challenge in the annual surveys. Amongst those that felt they were not well matched to their mentor, the majority indicated that their mentor did not work in the same industry as they did and, therefore, could not offer business advice that was specific to their work or did not offer helpful advice.



About 1 in 4 entrepreneurs in the 2023 FC survey indicated that they **did not agree with the statement, "My mentor(s) understands my challenges and my target market."**

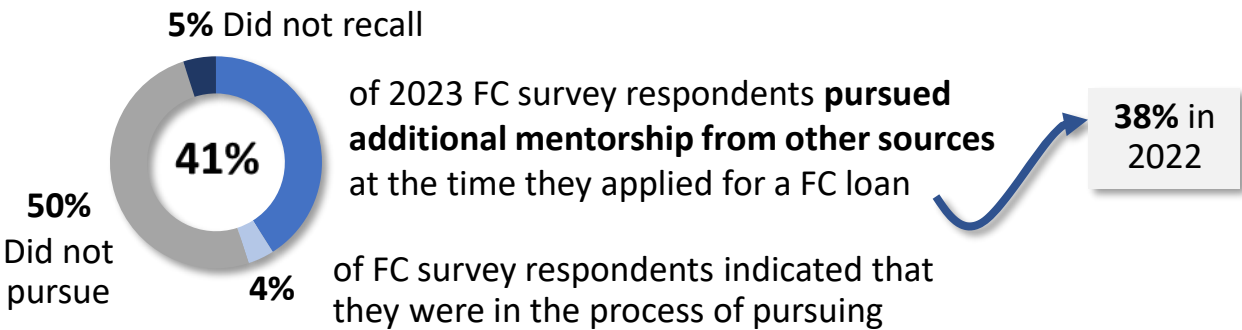
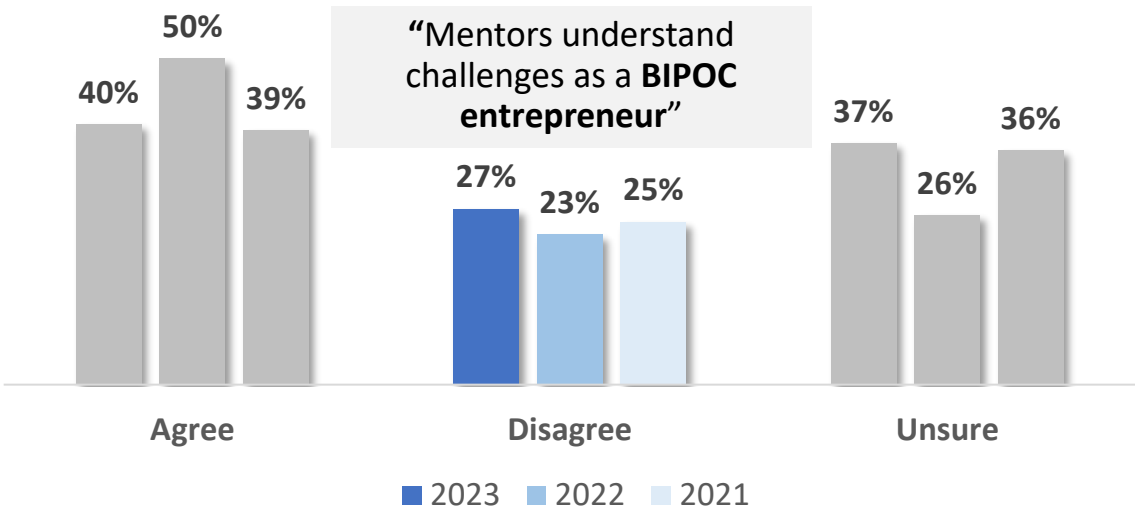


“ We were not a good match. He didn't understand my business but understood business overall. His service was not really needed. ”

- Young entrepreneur survey respondent

Particularly for BIPOC entrepreneurs, surveys and interviews noted that there were opportunities to better match them to mentors that have “lived experience” and shared understanding, which was mentioned as a priority of FC.

Many BIPOC entrepreneurs did not feel as though their mentor understood the unique challenges they faced.



FC officials acknowledged that there were still opportunities to improve their mentorship program and indicated that they plan to continue to evolve it to improve matching for young entrepreneurs and more accurately meet their needs. Presently, matching is based on skillsets and location.

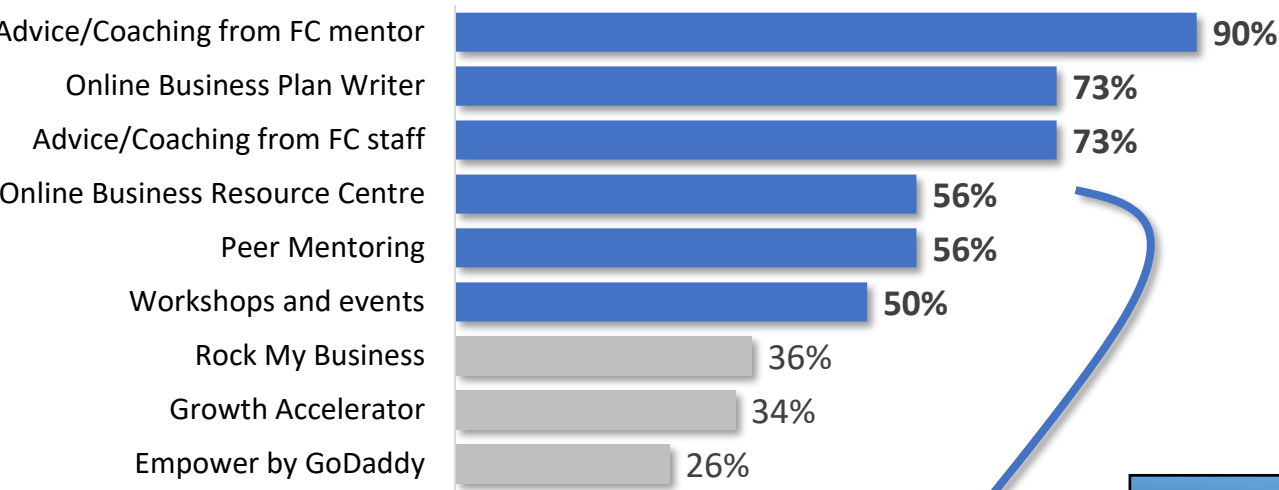
Recommendation 1

Finding 6: Young entrepreneurs’ increased awareness and use of Futurpreneur’s offerings and services have contributed to improved entrepreneurial knowledge and preparedness to launch their business.

FC Non-Financial Offerings and Supports Are Used and Known

FC has a suite of non-financial offerings and services to support young entrepreneurs.

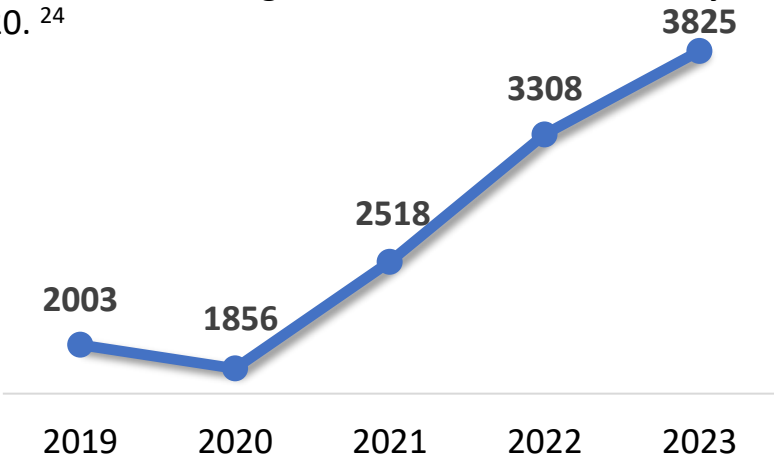
In 2023, 50% of FC survey respondents indicated that they **used at least one of the top six additional offerings and services** identified by FC.



A Majority of 2023 Survey Respondents are Aware of FC Additional Supports

Between **59% to 92%** of respondents were aware of one or more of these top six additional offerings and services.

Over the evaluation period, the number of young entrepreneurs who **accessed FC offerings and services** has **steadily increased** since 2020. ²⁴



The decrease by 7% in 2020 can be attributed to the COVID-19 pandemic, during which FC had to reconfigure its programming for virtual requirements and the needs of young entrepreneurs during that time.

Program outreach during the pandemic

Interviewees noted that there were several virtual events and webinars conducted during the pandemic to continue support for young entrepreneurs, (e.g. Rock My Business). This allowed FC to do national events that were delivered in both English and French, which increased their outreach and awareness.

Additionally, FC created Slack Chats to allow for entrepreneurs to network with each other virtually. Interviewed young entrepreneur recipients indicated that FC’s move to virtual and online services was supportive.

However, community partners noted that the lack of physical presence had some negative impact in rural regions. FC officials indicated that they are taking a hybrid approach and are now administering more workshops in person, though they are mindful of a balance with online.

Rock My Business Series
Increased from every 4 months to every **2 months**

3,900+
views of the Growth Accelerator Support Digital Videos since November 2019 ²⁵

Finding 6

A Majority Find FC Offerings and Services Useful

70% to 83%

Of FC survey respondents found the top six non-financial offerings and services helpful in 2023.

Interviews with FC officials highlighted success with its offerings and services due to a strong feedback mechanism, which allowed them to agilely optimize programming and identify issues for clients.

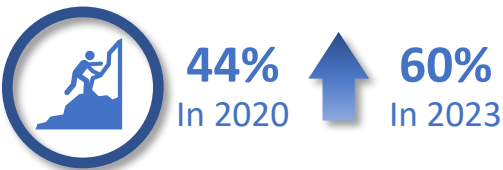
Interviewed stakeholders, including ISED officials, acknowledged FC’s ability to quickly adapt to the needs of young entrepreneurs to ensure that their services are relevant to their clients.

FC officials noted that many of their services are “high-touch” meaning that the staff are directly involved with clients to help tailor programming and deliver services relevant to the client, which they attribute to the perceived usefulness. However, they recognized that they must keep in mind process standardization to ensure the delivery of consistent client experiences.

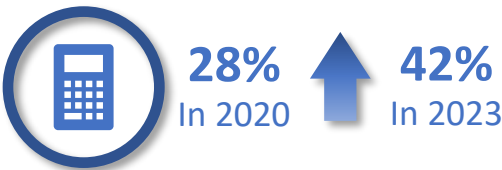
Entrepreneurial Skill Improvement

The percentage of respondents who indicated that they developed the top four skills in the FC survey has increased over the evaluation period.

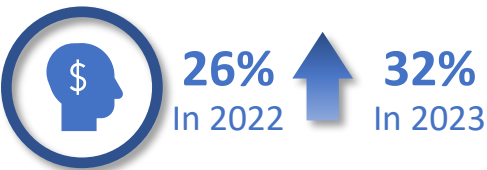
1. Building/Refining Business Plans



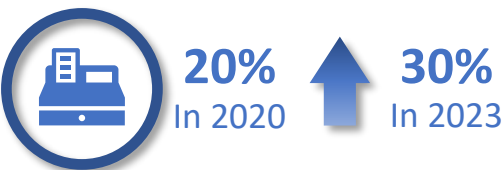
2. Understanding Cash Flow



3. Financial Literacy



4. Entrepreneurial Skills



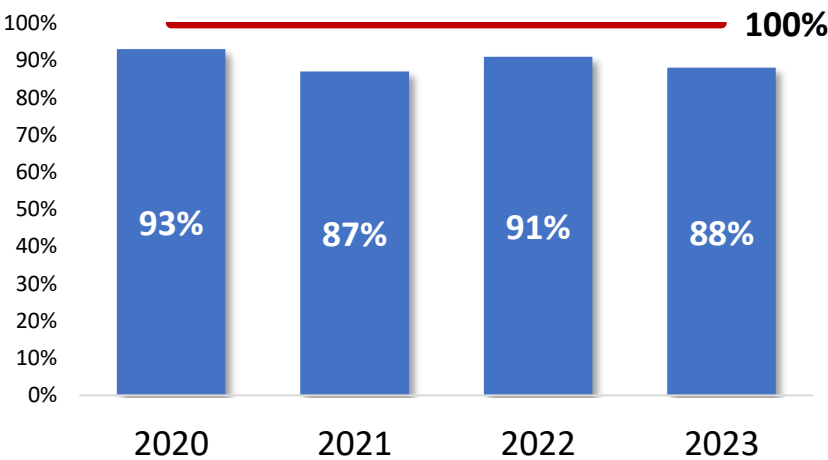
Highlight: The Online Business Plan Writer

A key component of the FC application process, the Online Business Plan Writer, was highlighted as the **most helpful of FC offerings and services in 2023 at 83%**. Interviewees stated that it was useful since it required applicants to consider real-world implications of running their business (e.g., taxes and regulations associated with Canadian law).

Interviewed young entrepreneurs stated that although investors often do not read full business plans, the Online Business Plan Writer was a useful foundation for the development of a business pitch.

Young Entrepreneur Preparedness to Launch Their Business

The **majority** of FC survey respondents indicated that they **felt prepared to launch their business** from 2020-2023.



According to interviewees, the decrease by 3% in 2023 is attributed to uncertain economic conditions in Canada. Subject matter experts and FC officials noted that young entrepreneurs were less likely to launch businesses during this time. Interest rates increased seven times in FY 2022/23.

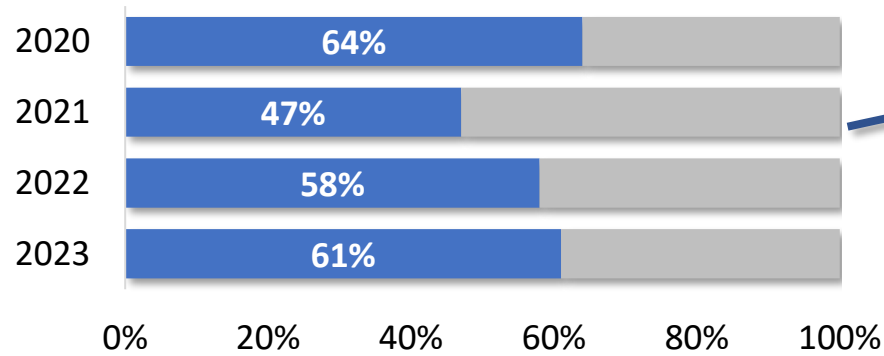
Nevertheless, interviewed young entrepreneurs attributed FC’s support and services to their sense of preparedness, which gave them confidence when launching their new business.

Finding 7: Young entrepreneurs supported by Futurpreneur Canada have largely been able to maintain and grow their businesses to increase revenue, exportation, and employment to the benefit of the Canadian economy. Additional support through top-up loans and young entrepreneur adaptability allowed many of them to remain open during the COVID-19 pandemic.

Young Entrepreneur Businesses Have Grown

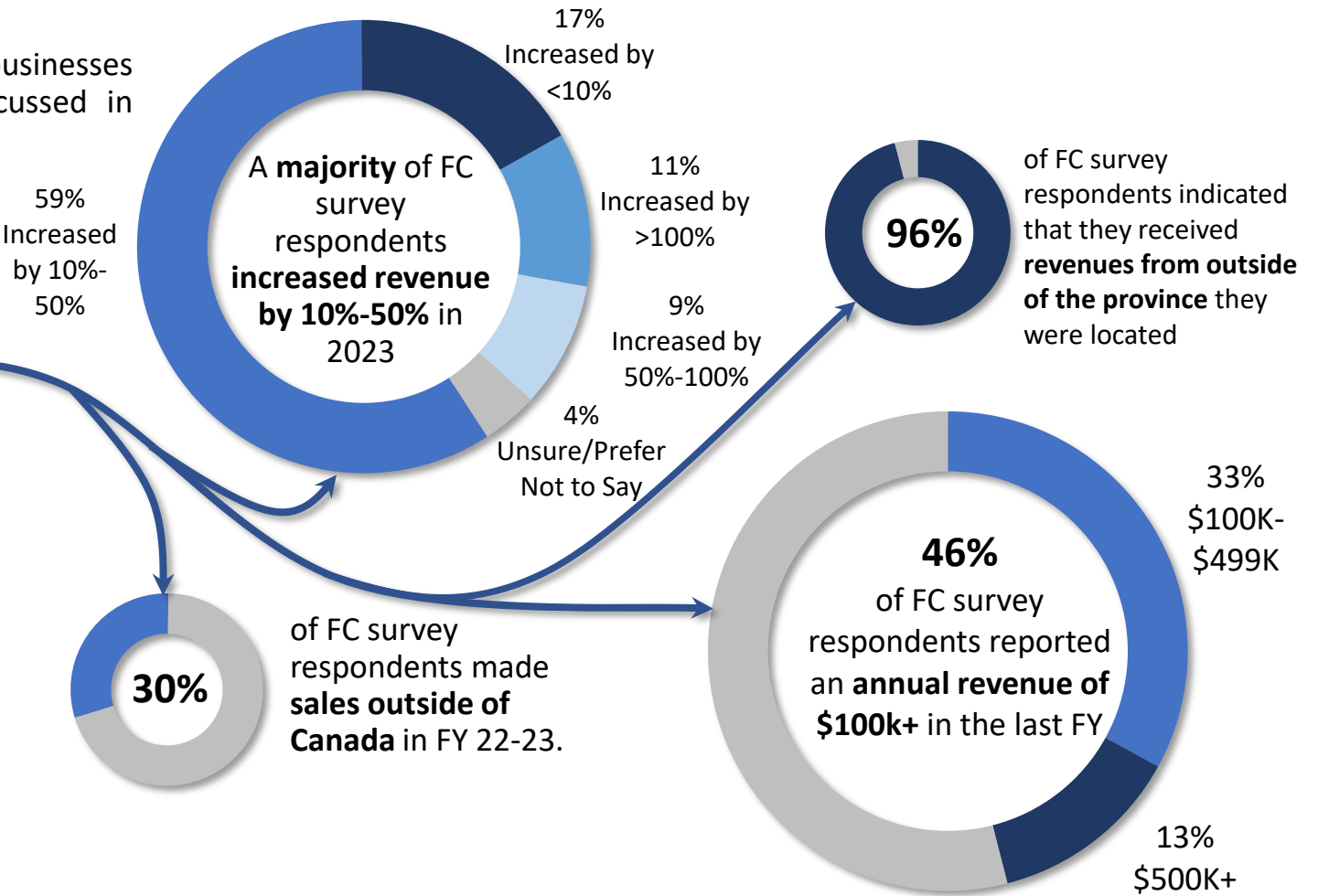
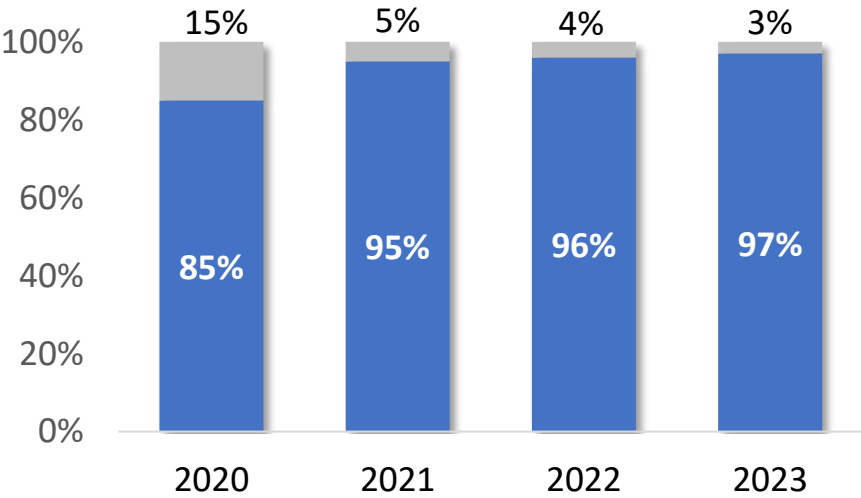
Over the evaluation period, the number of loans disbursed, i.e. businesses launched, increased by approximately 2.7% on average, as discussed in [Finding 2](#). Specifically, **in FY 2022-23, 883 business were launched.**

On average, the majority of FC survey respondents reported that their business had **an increase of revenue.**



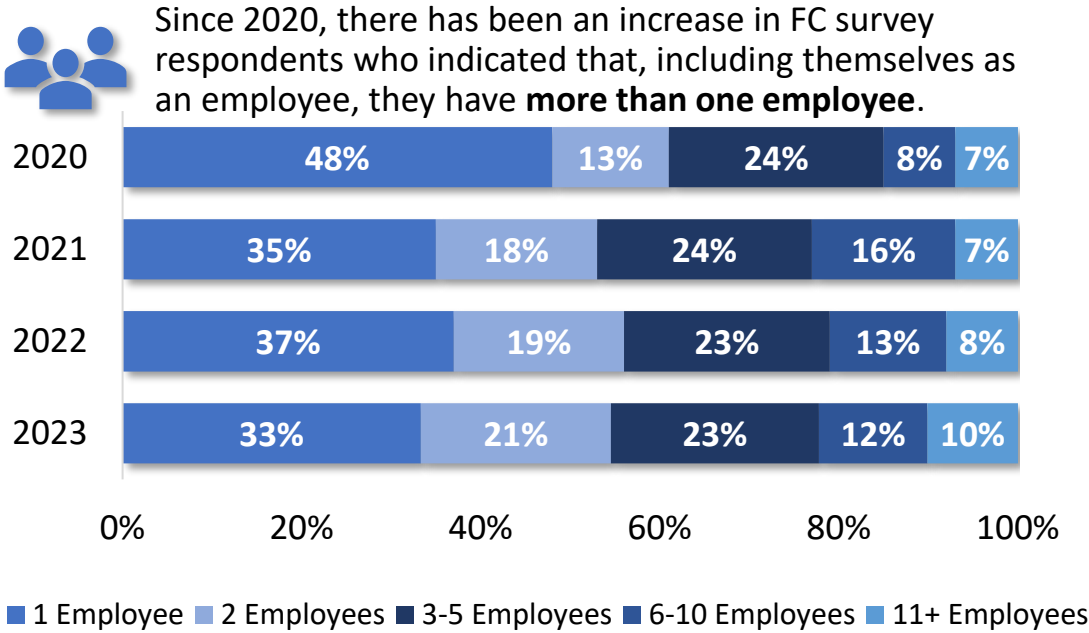
In 2021, the number of those who indicated a decrease in revenue peaked at 35%. This was attributed to impacts resulting from the COVID-19 pandemic according to interviewees.

Of those who made sales outside of Canada, the **majority increased revenue sales directly from exports** since 2020.



Finding 7

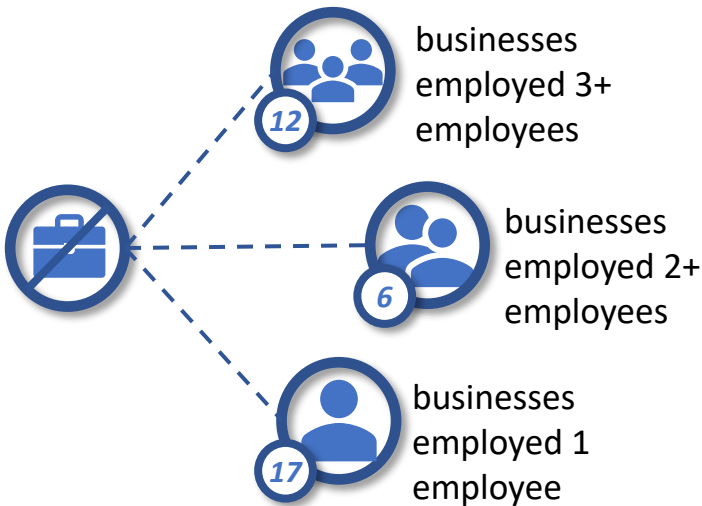
Young Entrepreneur Businesses Create Jobs



In 2023, FC respondents indicated an average of **4.8 employees**, while the median was reported to be 2 employees.

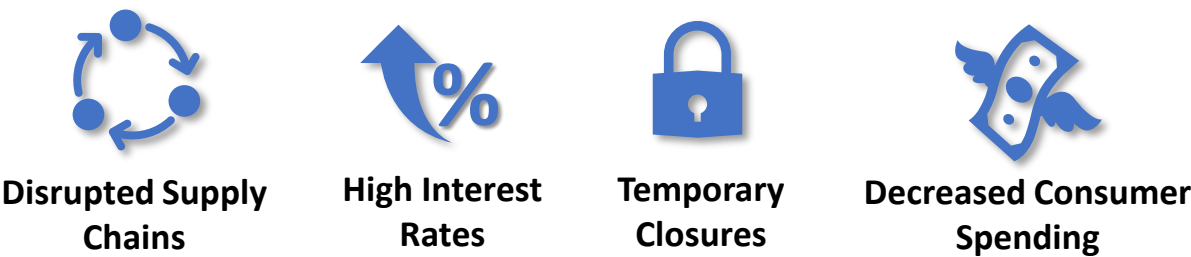
The COVID-19 Pandemic Contributed to a Loss of Jobs

Of the 35 respondents in 2023 who indicated they were no longer operating, **20** businesses indicated that they are **no longer operating due to COVID...**

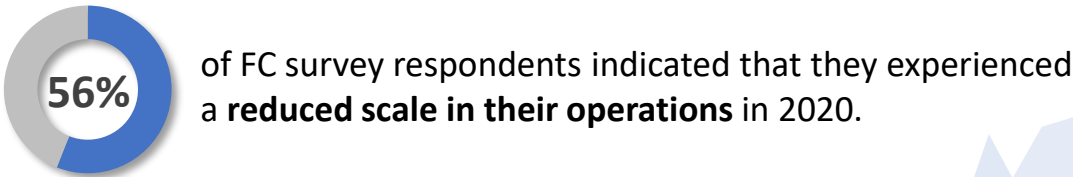


COVID-19 Pandemic Impacts to Businesses

Young entrepreneurs across Canada faced significant impacts to their businesses due to the pandemic, which has been highlighted in the literature, noting for example ^{27, 28} :



These factors contributed to reduced operations, slower growth, and a decrease in revenue, among other impacts, which resulted in the closure of roughly 100,000 businesses across Canada in 2020, according to Statistics Canada. ²⁹



52 out of the total number of FC survey respondents over 2020 to 2023 reported that COVID-19 was directly or a part of the reason why they were no longer operating since 2020.

Finding 7

FC Support through the pandemic and beyond

During the pandemic, FC provided a variety of supports to young entrepreneurs:

- FC negotiated an additional **\$20.1 million in COVID relief funding with ISED that allowed them to provide, through an application, 667 eligible young entrepreneur clients with top-up loans** that provided an interest-free, no fee, loan of up to \$10,000 repayable over a 5-year term.
- They offered 6 months of payment coverage followed by restructuring offers.
- An option of 3 months deferral or 6 months of reduced payments as needed by the impacted clients.
- Virtual events, webinars, and networking opportunities were offered, as discussed in [Finding 6](#).
- FC capped its interest rate at 9% on new FC loans in January 2023 to prevent further impacts to potential businesses launching as interest rates rose in Canada. This is compared to approximately 5% to 40% in interest rates with traditional lenders, depending on the lender, loan amount and term. To note, FC’s loans are non-collateralized, whereas other lower interest rate offers are likely to be collateralized.

Interviewees and comments in the FC surveys from 2020-2023 noted the support provided by FC during and after the COVID-19 pandemic, indicating a positive reaction to the FC initiatives. ³⁰

“ You were very helpful with the opening of my business. Also, you were the only ones that helped with our payments throughout COVID, which I found very helpful. ”

- Young entrepreneur survey respondent

Factors of Successful Entrepreneurs

Interviewed subject matter experts and the literature highlighted key factors contributing to the success of young entrepreneurs, such as the following ^{31, 32}:



“ We were able to build a community, fans, lovers of the story, people wanted to help us succeed and be there. So, this was a huge impact. This was a game changer for us. ”

- Young entrepreneur interviewee

20% survey respondents in 2020 and 2021 indicated that they **started doing business online** during the pandemic.

47% increased or were already doing business online

Interviewed young entrepreneurs who demonstrated these factors noted that their businesses continued to see growth during the pandemic and afterward. Nevertheless, they **attributed FC’s support as a key additional aspect of the successful launch of their businesses.**

“ The organization was a catalyst to start my business and the loan I got supported me. The top-up loan during the COVID-19 lockdown was a lifesaver. The mentorship program is great and there are workshops and meet-ups that are wonderful for entrepreneurs. ”

- Young entrepreneur survey respondent

Finding 8: Futurpreneur Canada has developed an extensive network of partners which has increased the program’s reach and impact, and reduced duplication of services in the entrepreneurial ecosystem in Canada. However, there are challenges in engaging rural and remote regions of Canada.

Futurpreneur Canada has developed a variety of partnerships across Canada

As of 2023, FC has **398 partners**, with the vast majority being referral partners.

	Number of partners
Referral Partners	257
Community Partners	95
Fast Track Partners	46

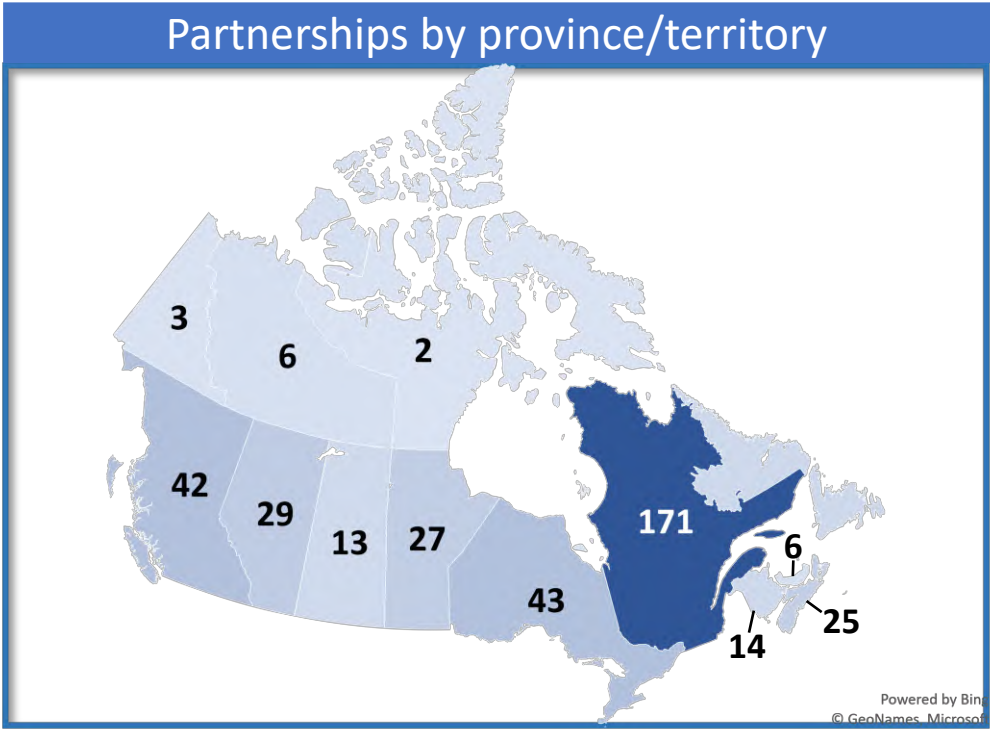
Interviewees have indicated that the **partnerships have been effective in reducing duplication of services and supports in the entrepreneurial ecosystem**. FC has established a successful referral system in which partnering organizations refer young entrepreneurs to FC and vice versa. It was further noted that FC collaborates with other organizations where strategically beneficial, leading to higher impact and the ability to divert saved funds to other initiatives.

For example, FC has established successful partnerships with RBC, BDC, and Accenture, which have contributed to the development of specialized programming and increased the dollar value of loans that entrepreneurs have access to.

Challenges to outreach and engagement in rural and remote regions

Interviewees and documents have mentioned that there are challenges in recruiting and engaging clients from rural and remote regions in Canada due to the higher intensity of resources required to perform outreach and engagement. Additionally, FC interviewees recognized the importance of offering high-touch support to Indigenous communities and building trust.

The COVID-19 pandemic served as a barrier to performing in-person outreach. However, documents and interviewees have indicated that FC has made efforts through the delivery of hybrid events and increased in-person visits since the reduction of COVID-19 restrictions to better serve rural and remote regions. Outreach in these areas through supporting partners remains a priority for Futurpreneur according to interviewees and documents.



Note: The number of partnerships established in Quebec is linked to the high number of organizations that exist in this region serving young entrepreneurs. Additionally, many of the organizations offer only one service, leading to increased referrals to FC for additional services (e.g. mentorship).

Finding 9: Futurpreneur Canada’s evolution to the five-year funding cycle has allowed for organizational stability to meet the growing demand of applications, leverage partnerships, and scale the organization.

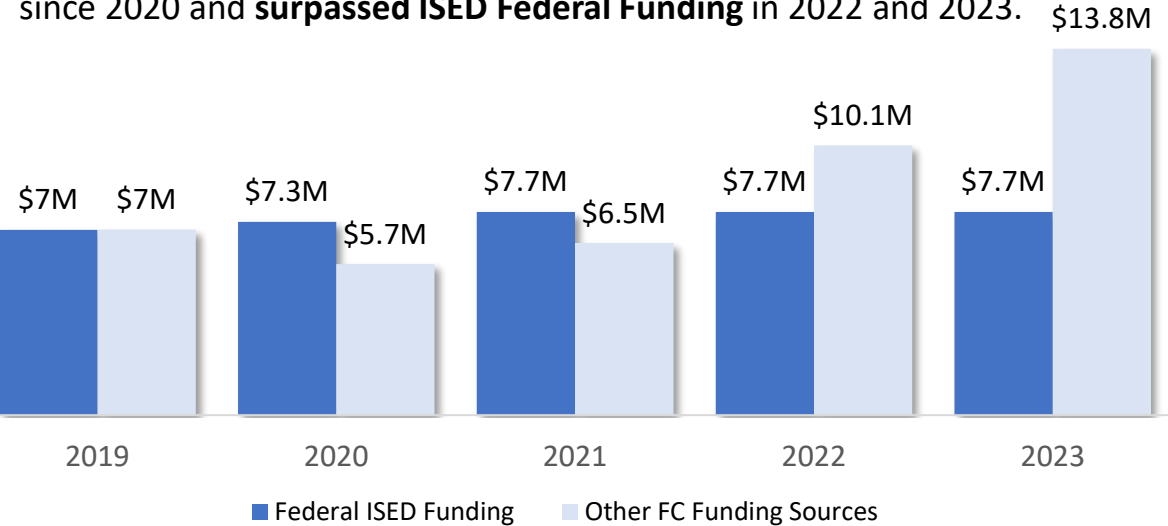
As recommended by the previous evaluation in 2019, FC moved to a five-year funding cycle in their new Contribution Agreement.

Interviewees noted that the five-year cycle allowed for increased stability of the organization, since it allowed them to focus on building up the organization instead of working on renegotiating their future funding agreements with ISED. FC officials noted that it demonstrated that they had reliable partners to support their core operations, which allowed for the leveraging of partnerships, as discussed in [Finding 8](#).

These partnerships (e.g., provincial and corporate) allowed for FC to match federal funding in 2019, 2022 and 2023, which indicates a good return on investment for the Government of Canada. In 2020 and 2021, the decrease in external funding sources may have been due to a decrease in funded partnerships during the COVID-19 pandemic.

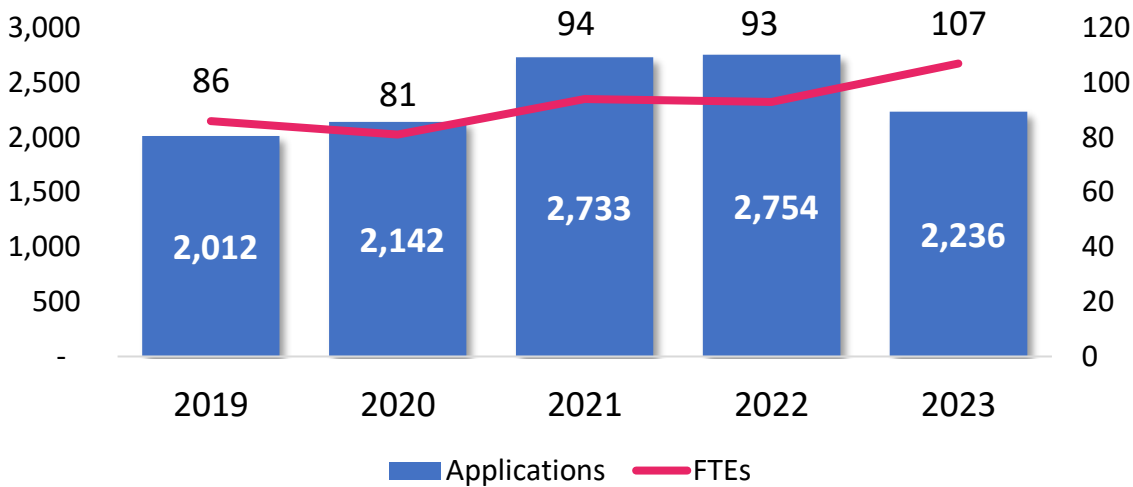
Overall, FC was able to surpass the required matching of \$38M in non-federal funding, with a total of \$43.1M.

Other FC Funding Sources increased over the evaluation period since 2020 and **surpassed ISED Federal Funding** in 2022 and 2023.



Scaling to Meet Demand

On average, both the number of FC applications and the number of FC FTEs have increased over the evaluation period.



The decrease in applications by 19% in 2023 may have been due to the rise in interest rates which made individuals less likely to pursue entrepreneurship.

Interviewees noted that the growth of FTEs was necessary to support existing program operations and services. Further, they noted that five-year funding stability supported the retention of staff, which is essential due to the “high-touch” nature of its services and offerings requiring more direct support from staff, as discussed in [Finding 6](#), as well as the continued expansion of future programming.

FC officials noted they were able to invest in other areas of the organization. During the evaluation period, FC expanded the program in several ways, such as:

- IESP, funded in part by ISED, launched in 2019
- Mentorship Program revamped in 2019
- Client Relationship Management System launched in 2022
- Ohpikiwin Series launched in 2023
- Peer Mentoring pilot in 2022 (with a plan to launch an expanded program in 2024)

Expansions outside of the Contribution Agreement, funded by RBC:

- BESP launched in 2021
- Rock My Business Series expanded in 2021

Through expanded programming, FC increased support to several equity-deserving groups that traditionally face credit barriers and improved program offerings, such as mentorship, as discussed in [Finding 5](#).

Conclusion: FC fills a need for young entrepreneurs in Canada through financing, mentorship and a suite of services. It helps diverse young entrepreneurs develop entrepreneurial skills and knowledge, as well as launch and grow businesses that contribute to the Canadian economy. FC partnerships across the country have enabled it to efficiently refer potential young entrepreneurs to programs and services within Canada, as well as upscale and expand the organization and its offerings. However, FC should continue to ensure its mentorship program is meeting the needs of its clients, especially BIPOC young entrepreneurs.

- **Best Practices:**

- The “lived experience” approach to the development, management and delivery of programming supported successful engagement with traditionally underrepresented young entrepreneurs in Canada.
- The credit adjudication model uses a hands-on non-traditional method to lower credit barriers to young entrepreneurs, while maintaining diligence, and may be a practice for other similar programs aimed at underrepresented entrepreneurs.

Finding 1: Futurpreneur Canada continues to address the needs of young entrepreneurs, including entrepreneurs from equity-deserving groups, through offerings of financing, programming, and mentorship. Their activities are highly aligned to the objectives of ISED.

Finding 2: Futurpreneur has effectively provided loans which contributed to supporting diverse young entrepreneurs in establishing businesses and supported the acquisition of grant and investment funding from other traditional lenders.

Finding 3: Futurpreneur’s credit adjudication model’s non-traditional approach to credit approval effectively allows for the delivery of loans that remain in good standing and mitigates the traditional credit barriers faced by young entrepreneurs.

Finding 4: Tailored programming, such as the Indigenous Entrepreneur Startup Program (IESP) and the Black Entrepreneur Startup Program (BESP), are developed with a “lived experience approach”, which has effectively supported underrepresented young entrepreneurs in Canada.

Finding 5: Mentorship is a key component of Futurpreneur’s non-financial support to entrepreneurs; while the majority found advice and support given useful, improvements could be made to the matching process to increase effectiveness.

Finding 6: Young entrepreneurs’ increased awareness and use of Futurpreneur’s offerings and services have contributed to improved entrepreneurial knowledge and preparedness to launch their business.

Finding 7: Young entrepreneurs supported by Futurpreneur have largely been able to maintain and grow their businesses to increase revenue, exportation, and employment to the benefit of the Canadian economy. Additional support through top up loans and young entrepreneur adaptability allowed many of them to remain open during the COVID-19 pandemic.

Finding 8: Futurpreneur Canada has developed an extensive network of partners which has increased the program’s reach and impact, and reduced duplication of services in the entrepreneurial ecosystem in Canada. However, there are challenges in engaging rural and remote regions of Canada.

Finding 9: Futurpreneur’s evolution to the five-year funding cycle has allowed for organizational stability to meet the growing demand of applications, leverage partnerships, and scale the organization.

Recommendations:

Recommendation 1: ISED Small Business, Tourism and Marketplace Services sector should work with Futurpreneur Canada to continue to explore ways to enhance and support its mentorship program to improve mentor-mentee matching and particularly address the unique needs of Black, Indigenous and People of Colour young entrepreneurs.



Appendices

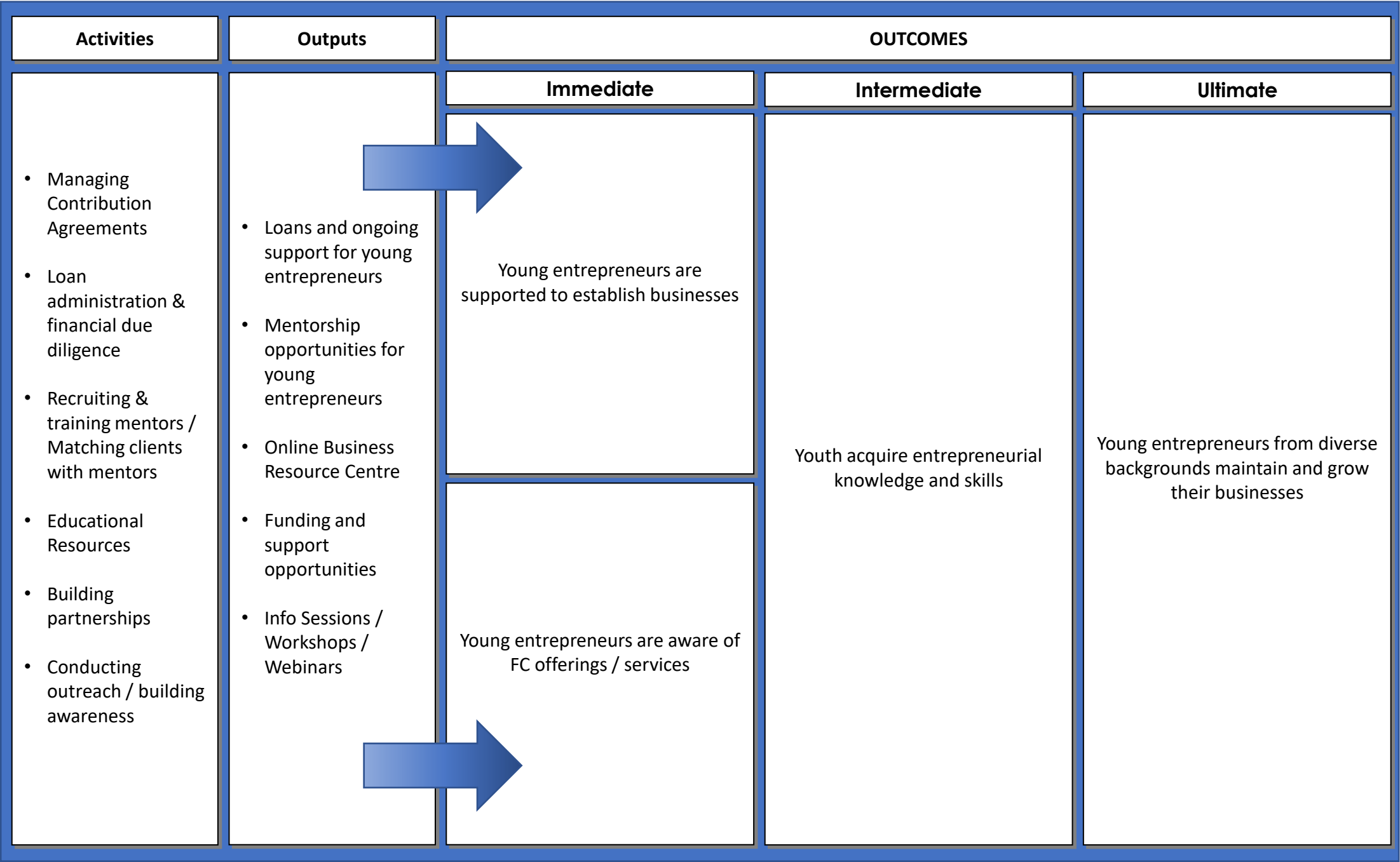
- Appendix A: Acronyms
- Appendix B: Logic Model
- Appendix C: Methodology
- Appendix D: Challenges and Mitigations
- Appendix E: Bibliographic Notes
- Appendix F: The IESP and BESP

Appendix A: Acronyms

BDC	Business Development Bank of Canada
BESP	Black Entrepreneur Startup Program
BIPOC	Black, Indigenous and People of Colour
FC	Futurpreneur Canada
FICO	Fair Isaac Corporation
IESP	Indigenous Entrepreneur Startup Program
ISED	Innovation, Science and Economic Development
RBC	Royal Bank of Canada

Appendix B: Logic Model

Through the eligible activities funded under the ISED funding agreement, FC is expected to achieve the results in the logic model below, along with related short-term, medium-term and ultimate outcomes. The logic model was derived from FC’s Performance Measurement Strategy.



The evaluation was based on five data collection methods, including qualitative and quantitative sources.

To address the evaluation questions, information from multiple lines of evidence was collected and triangulated.



Literature and Document Review

The literature review was comprised of 90+ sources of pertinent literature exploring the state of entrepreneurship in Canada and the factors impacting them, factors associated with business growth, as well as similar initiatives supporting youth entrepreneurship domestically and abroad. The document review included key government priority setting documents, program reporting documents and materials to support the assessment of performance and efficiency.



Performance, Administrative and Financial Data Review

Performance data collected as part of FC's performance measurement strategy was reviewed to assess the extent to which progress has been made towards achieving the immediate, intermediate, and ultimate outcomes outlined in FC's logic model. An analysis of administrative and financial data was conducted to inform program effectiveness and efficiency.



Online Surveys

FC conducts an annual survey of recent and past young entrepreneur clients. Following a review of previous survey questions, the evaluation team confirmed alignment and collaborated with FC for the addition of one question in their 2023 survey. The total number of responses in 2020 were 425, in 2021, 660, in 2022, 524, and in 2023, 606.



Online Questionnaire

An online short-form questionnaire was conducted targeting the perspectives of FC mentors and their experiences supporting young entrepreneurs for FC. There were a total of seven mentor respondents.



Virtual Interviews

A total of 29 interviews were conducted using MS-Teams across the following stakeholder groups to gather diverse perspectives on the relevance, performance and efficiency of FC:

- ISED management and staff
- FC board of directors, management and staff
- FC strategic partners
- FC community partners
- Subject matter experts
- Young entrepreneur recipients

The evaluation encountered two limitations and evaluators applied related mitigation strategies.



Attribution

Challenge:

The presence of other funding partners made isolating and measuring the direct impact of the federal government's contribution challenging.

Mitigation:

Interview questions were designed in a way that respondents could answer, to the extent possible, the impact of ISED's funding to Futurpreneur Canada.



Respondent Bias

Challenge:

Certain interview participants may have been involved with program delivery or direct beneficiaries, and as a result, responses may have been positively biased.

Mitigation:

The purpose of the interview and its strict confidentiality was communicated to participants to encourage open communication.

Responses were validated across stakeholder groups and other lines of evidence.

1. League of Innovators. 2022. Youth Entrepreneurship in Canada 2022.
2. ESDC. 2016. Understanding the realities: Youth employment in Canada.
3. Action Canada. 2021. Place-Based Policy Options For Entrepreneurship in a Post-COVID Canada.
4. Cassel, J., Lerner, J., & Yimfor, E. 2022. Racial Diversity in Private Capital Fundraising.
5. TD Economics. 2022. Pandemic Stalls Canadian Women’s Progress in Entrepreneurship.
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12. Ibid.
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15. Ibid.
16. Ibid.
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18. Cassel, J., Lerner, J., & Yimfor, E. 2022. Racial Diversity in Private Capital Fundraising.
19. OECD. 2021. One year of SME and entrepreneurship policy responses to COVID-19: Lessons learned to “build back better”.
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22. Futurpreneur Canada Administrative Data.
23. Ibid.
24. Ibid.
25. Futurpreneur Canada 2023 Survey Data.
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27. BDC. 2018. Built for performance: Discover Strategies used by leading Canadian SMEs.
28. Statistics Canada. 2021. Characteristics of businesses that closed during the COVID-19 pandemic in 2020.
29. GEM. 2023. Global Entrepreneurship Monitor 2022/2023 Global Report: Adapting to a “New Normal”. London: GEM.
30. Ott, V. 2023. Compare business loan interest rates in Canada. Finder.
31. BDC. 2018. Built for performance: Discover Strategies used by leading Canadian SMEs.
32. Ibid.

The Indigenous Entrepreneur Startup Program

Funded in part by ISED, the IESP offers:

- Financing from \$5,000 to \$60,000 in startup loans, including 2:1 co-lend from the BDC.
- Two years of mentorship, networking opportunities, business training, etc.
- Ohpikiwin Series support, which is supported primarily by Accenture and Youth Business International launched in FY2023:
 - A workshop series developed to help Indigenous entrepreneurs build confidence, financial literacy and resiliency in an Indigenous context and respecting traditional ways of knowing and practices.



The Credit Information Series

The Credit Information Series is a series developed by FC to help improve financial credit literacy. It is available to all young entrepreneurs. Applicants with lower credit scores in the IESP and BESP are eligible for an additional \$5,000 to their loan.

The Black Entrepreneur Startup Program

Funded by RBC, with additional financing from BDC, the BESP offers:

- Financing from \$5,000 to \$60,000 in startup loans
- Two years of mentorship, networking opportunities, business training, etc.
- Potential for follow-on financing from RBC of up to \$40,000 in years 2-3 after receiving startup financing.

