

Social Capital Partners' collaboration with the Ontario Ministry of Economic Development, Trade and Employment



Social Capital Partners (SCP) and the Ontario government's Office of Social Enterprise are collaborating to explore a pay-for-performance model that will increase access to employment opportunities for persons with disabilities, new Canadians and other traditionally disadvantaged groups. With support from the Ontario Ministry of Economic Development, Trade and Employment, SCP will conduct a feasibility study commencing this spring. Based on the findings from the study, the expected outcome will be the implementation of a pilot in partnership with one or more Canadian bank lenders.

The concept for this new social finance initiative has emerged as an extension of SCP's current work. Through the Community Employment Loan Program launched in 2006, SCP facilitates access to financing for entrepreneurs and franchisees who commit to hiring individuals at a disadvantage in securing work. The terms of these Community Employment Loans are directly linked to outcomes: for every employee a business owner hires and retains from one of SCP's community partners, the interest rate on the loan decreases.

Building upon this work, SCP is partnering with the Ontario government to develop the next phase -- a modified new model that has significant potential for scale because it would be delivered, in part, through bank branches in local communities. The idea is to adapt the key features of the Community Employment Loan -- namely financing terms that improve based on employment retention outcomes -- and make them available to every small business owner and entrepreneur taking on a small business loan. This transition, which entails the integration of a social finance tool into a mainstream financial institution offering, is pivotal to achieve true scale.

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