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Ground-breaking Social Finance Pilot Assists Unemployed Canadians

Canada has achieved an important milestone in its commitment to social financing for public good. The Government of Canada, private investors, and colleges and institutes are pushing the boundaries of social innovation and impact investing by implementing the first social finance project of its kind in Canada.

As the key project intermediary Colleges and Institutes Canada (CICan) is leveraging the principles of social finance through social impact bonds (SIB) to raise upfront capital from private investors who are looking to support societal good while receiving a financial return.

With capital raised from three investors – Conexus Credit Union, the Catherine Donnelly Foundation, and Dave and Pamela Richardson and Family, the Essential Skills Social Finance (ESSF) project is now moving forward with the delivery of essential-skills training to improve the skills levels of unemployed adult Canadians.

Essential skills are needed for work and learning and help people evolve with their jobs and adapt to changes in the workplace. Improvements in literacy, numeracy and computer use for Canadians with low essential skills can create better employment outcomes, accelerate inclusive growth, and diminish social and economic disparities.

If participants in the ESSF project achieve a demonstrated skills gain, the initial investments will be reimbursed, and investors may receive up to an additional 15% as a return on investment.

Through this pilot project, the Government of Canada is testing whether a pay-for-performance model utilizing social impact bonds is an effective way to increase the essential-skills levels of unemployed or displaced Canadians currently seeking work, or additional education or training.

Quote from the Catherine Donnelly Foundation:

“The Catherine Donnelly Foundation is proud to be a formative part of this innovative venture, which is expanding the frontier of Social Finance in Canada. The Foundation believes a just, sustainable and equitable future is possible if Canadians deliberately wield the power of our capital as a force for good.”

– Jason Dudek, Outgoing Board Chair, the Catherine Donnelly Foundation

Backgrounder

The ESSF project is a collaborative partnership between the Government of Canada, led by Employment and Social Development Canada (ESDC), Colleges and Institutes Canada (CICan) as the project intermediary, Douglas College in British Columbia, Confederation College in Ontario, Collège Lionel-Groulx in Quebec and Saskatchewan Polytechnic in Saskatchewan as the college service delivery providers, and the Social Research and Demonstration Corporation (SRDC) which will act as an independent assessor. CICan has also retained KPMG Corporate Finance Inc. as the financial advisor on the project.

Colleges and institutes have been leaders in developing and delivering essential skills training in Canada for many years, and, during the next year, the four experienced college service delivery providers will administer essential skills training using the Foundations Workplace Essential Skills Program. Developed by Douglas College, the program offers a blended-learning model comprised of group and individualized instruction designed to increase essential skills and engage participants. SRDC, as the independent assessor will assess and confirm whether participants achieve a demonstrated skills gain to trigger capital reimbursement to investors.

Colleges and Institutes Canada (CICan)

Colleges and Institutes Canada is the national and international voice of Canada's publicly supported colleges and institutes. Its members work with industry and social sectors to train 1.5 million learners of all ages and backgrounds at campuses serving over 3,000 urban, rural and remote communities in Canada. CICan and its members are committed to driving Canadian prosperity by being global leaders in applied education and partnered innovation.

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