

# Federal government eying Social Impact Bonds

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Social impact bonds — a radical approach to funding social programs — are just a step away from becoming a reality in Canada. But it's a big step. Non-profit organizations helping the homeless and the poor say they're waiting for a green light from Ottawa to start issuing unique bonds that would see private investors finance their work.

The concept is novel. A non-profit service organization proposes a project to help solve a social problem and at the same time demonstrates how the government can save money. Private-sector investors would then fund the project up front through a bond issue backstopped by the government.

The government would pay out premiums based on its expected savings and the success of the program. But it's difficult to measure how well the service in question is working and how much money the government is saving. Financial regulations would also have to be modified to allow for the new bonds. The private sector would have to be convinced it's not a shell game.

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