

Expansion of the Ministry of Infrastructure Ontario's Loan Program (IOLP) to the Ontario Not-for-Profit Sector

The Opportunity

“Building Together will help ensure Ontarians have access to the services needed to achieve a better quality of life. Among other priorities, it will: support infrastructure investments which will help revitalize communities.....Building Together will expand Infrastructure Ontario's (IO) role..... increase the use of the Alternative Financing and Procurement (AFP) model across a range of sectors....The IOLP has allowed municipalities, universities and other eligible public sector and non-profit organizations to access financing for hundreds of infrastructure projects where they would be unable to do so through traditional channels.....the government (of Ontario) will consider expanding the loan program further to include more not-for-profit organizations that provide infrastructure with important public benefits.”.... Building Together—Jobs and Prosperity for Ontarians- June 24, 2011.

In June, 2011, the Government of Ontario committed \$32 billion over the next 3 years under the Building Together strategy. Following the June announcement, the Minister of Infrastructure Ontario announced on July 11, 2011, an expansion to the IOLP to additional segments in the not-for-profit (nfp) sector covering community health and social service hubs, Aboriginal health centres as well as sports and recreation organizations. The further extension of the IOLP was a key recommendation raised by the nfp sector through the Partnership Project consultations under the leadership of the Chair of the Ontario Trillium Foundation (OTF) and the Minister of Citizenship and Immigration.

In the July announcement, the Minister of Infrastructure indicated: **“access to the loan program will allow for new infrastructure and/or repairs/refurbish existing facilities while continuing to provide important services that benefit communities across Ontario.”**

Clearly, the opportunities for expanding access to new segments of the sector announced last July was viewed as a foundational component of the **Building Together strategy** and signaled the potential for further expansion to other segments in the nfp sector. In fact, the July expansion reflected a long standing interest among sector leaders for greater collaboration within the sector and for greater access to financing through the Government of Ontario.

Expanding the mandate of the IOLP to **allow access to all charitable, nonprofit and cooperative organizations providing public benefit** will help communities throughout Ontario access the capital they need for the facilities used by public benefit organizations in their area. This new mandate can be implemented without increasing loan risk as the IOLP will still assess and utilize stringent credit and risk criteria for all applicants.

Recently the Commission on the Reform of Ontario's Public Services released its massive report recommending a fundamental transformation of public service delivery in Ontario to improve both the efficiency of these services as well as their effectiveness. The Commission's Report notes the significant social- economic value of the nfp sector and its wealth generating public benefit contribution to the province's prosperity. It is likely improving and expanding both the quality and quantity of the sector's infrastructure (as described in **Building Together**) will be an important part of the government's response to the role of the sector in helping it reform and build a world class public benefit delivery system in Ontario.

The full expansion of the IOLP will help augment the likely reduction in capital grants given the fiscally challenged environment the provincial government faces over the next 5-7 years. It will provide leverage for private fundraising campaigns; create jobs and further community economic development. In addition, it will also provide a meaningful financing alternative to private lenders and the administrative and interest off sets they charge. These savings should be used instead for public benefit programs and services, critical to the province's civil society.

Recommendations

1. **Expand the mandate of IOLP to allow applications from all qualified non-profit organizations (using Ontario Trillium Foundation's criteria for defining potentially eligible organizations) through policy and regulatory changes within the Government of Ontario.**
2. **Identify and support key sectoral organizations to act as loan facilitators:**
 - this would provide badly needed capital project expertise, business planning and capacity building in the areas of governance, financial management and technical training; and
 - assist in loan pre-qualification.

The above represents a means of addressing critical challenges by the majority of sector organizations who lack the technical and financial expertise to apply for the IOLP given the complexity of the application/eligibility and the business planning processes.

3. **Establish an advisory committee comprised of senior government officials from relevant Ministries and a cross section of both Executive Directors and appropriate technical/financial experts from the nfp sector (i.e. arts and cultural organizations; social enterprise, others) to develop policy, program and service delivery opportunities related to the proposed full IOLP expansion.**

Lead Ministry – Ministry of Infrastructure (with Ontario Infrastructure and Lands Corporation as a Crown Corporation).

Supporting Ministries – Government Services; Community and Social Services; Tourism, Culture and Sport; Economic Development and Innovation; Ministry of Finance and Treasury Board Office.