

# Scaling Outcomes- Based Funding for a Stronger Canada





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## DEFINITIONS

### **Chancellor of the Exchequer (UK)**

The government's chief financial minister. Responsible for growing the UK economy, raising revenue through taxation, or borrowing and controlling public spending.

### **Impact Evaluation**

An evaluation that establishes a causal link between a program or intervention and a set of outcomes to determine if the desired outcomes were achieved.

### **Intermediaries**

Intermediaries facilitate and structure outcomes finance transactions. They often act as connectors between the government, investors, and service providers, helping to design the financial and contractual aspects of the outcomes finance agreement.

### **Outcome Payer**

The organization that pays for the outcomes in an outcomes finance project.

### **Outcomes Finance**

A funding model that ties financial payments to the achievement of predetermined, measurable outcomes rather than simply funding activities or inputs.

### **Pay-for-Success (PFS)**

Pay-for-success is the term used in some countries (in particular the U.S.) for impact bonds.

### **Payment by Results (PbR)**

The practice of paying providers for delivering public services based wholly or partly on the results that are achieved.

### **Service Provider**

The entity(ies) responsible for delivering the intervention to participants. Providers work in collaboration with the outcome payer(s) and the investor(s) to make the outcomes finance project work. A service provider can be a private sector organization, social enterprise, charity, NGO, or any other legal form.

### **Social Finance**

Investment approaches that intentionally seek to generate both a financial return and a measurable social or environmental impact.

### **Social Impact Bond (SIB)**

A financial instrument that raises private capital and links financial returns to the achievement of a social outcome. Quantifiable outcomes are established by the commissioning authority, or in the case of Community Driven Outcomes Contracts, the community and investors are repaid only if these outcomes are achieved.

### **Third Sector (UK)**

Another name for charity and voluntary work. It is also known as the not-for-profit industry. The organizations it includes are neither public (owned by the state) nor private (owned by individuals), which is where the name third sector comes from.

# Executive Summary

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Executive Summary

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Key Findings

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## EXECUTIVE SUMMARY

Governments are being asked to solve more problems with fewer resources. Outcomes finance offers a way forward, shifting public spending from inputs to impacts. Instead of funding programs upfront and hoping for results, governments only pay when real, measurable outcomes are achieved.



### → WHAT'S NEXT?

Canada faces a choice: continue with incremental spending increases that fail to close existing inequalities, or learn from international experience and embrace outcomes-based approaches that combine fiscal responsibility with community-defined impact. By investing in policy infrastructure, such as a national outcomes purchasing fund, technical assistance hubs, and intermediary support and capacity funding, Canada can advance Reconciliation while ensuring public dollars achieve maximum impact.

Worldwide, outcomes finance is being utilized as a tool for smarter, more impactful public investment; however, despite its immense potential, Canada's outcomes finance ecosystem remains underdeveloped.

To inform the development of the Canadian outcomes finance ecosystem, with the use of case studies across the United Kingdom, the United States, and Denmark, this study examines how public sector actions – including policies, regulations, funding mechanisms, and partnerships – can enable outcomes-based financing initiatives. Through this exploration, the evidence is clear: outcomes finance requires deliberate government leadership, supportive legal and institutional frameworks, catalytic public investment, and strong technical infrastructure to flourish.

Raven Outcomes has evolved this model through the use of Community-Driven Outcomes Contracts. This approach puts Indigenous communities in the lead, where interventions to deeply entrenched social problems are community-designed and outcomes are community-defined. Despite decades of government spending, Indigenous communities continue to experience some of the deepest inequities in health, housing, and economic outcomes. Outcomes finance offers a new opportunity for Indigenous communities, enabling services that reflect cultural practices and community priorities.



## KEY FINDINGS

# 01

### POLITICAL CHAMPIONS ARE KEY

Cross-party political leadership legitimized and scaled outcomes finance globally, from the UK's Blair-Cameron era support of the world's first SIB (Peterborough), U.S. bipartisan backing of SIPBRA (\$100M), and the creation of the Danish Social Investment Fund with money earmarked for investment in outcomes finance projects.

# 02

### CENTRALIZED OUTCOMES FUNDS CREATE EFFICIENCY AND SCALABILITY

Centralized outcomes purchasing funds accelerate ecosystem growth by reducing risk, attracting co-investment, and signalling to stakeholders that outcomes finance is a priority (Life Chances Fund (£80M), Better Futures Fund (£500M), Social Innovation Financing Trust Fund (\$50M), and Commonwealth Outcomes Fund (\$100M).

# 03

### TECHNICAL ASSISTANCE AND SUPPORT IS CRUCIAL

Technical assistance and intermediary support is crucial for success. The UK's GoLab and Centre for Social Impact Bonds, the U.S Government Performance Lab, and Danish Social Investment Fund all provided critical early support and expertise to help both governments and service providers launch projects.

For example, the UK's Investment and Contract Readiness Fund unlocked £18 in contracts and investments for every £1 spent, enabling service organizations to scale the operational infrastructure needed to deliver outcomes contracts (Ronicle & Fox, 2015, p. 10).



## POLICY OPTIONS

Across each case, one thing was clear: **outcomes finance does not happen on its own. It requires deliberate public leadership to assist in creating the conditions that allow it to take root and grow.** That is why we are focusing not just on what has worked, but on how we can replicate and adapt these models for Canada.

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# 01

CREATE AND SEED A  
NATIONAL OUTCOMES  
PURCHASING FUND

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# 02

LAUNCH A DEDICATED  
TECHNICAL  
ASSISTANCE HUB

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# 03

PROVIDE FUNDING FOR  
INTERMEDIARY CAPACITY



# 01

## CREATE AND SEED A NATIONAL OUTCOMES PURCHASING FUND

Centralized outcomes purchasing funds have emerged as a promising mechanism for lowering regulatory and setup costs and scaling a country's outcomes finance ecosystem (Alejandro Guerrero-Ruiz, 2025). Outcomes funds pool funding to financially reward the successful delivery of positive, independently verified outcomes. A national-level outcomes purchasing fund will attract private capital to catalyze projects, easing the strain on government budgets in these uncertain times and allowing the government only to pay when (and if) positive outcomes are achieved. This precedent is drawn from the Life Chances Fund (£80M GBP) and Better Futures Fund (£500M GBP) in the UK, the Social Innovation Financing Trust Fund (\$50M USD) in the U.S., and the Commonwealth Outcomes Fund (\$100M AUD) in Australia.

All examples demonstrate how central funds can catalyze a country's outcomes finance ecosystem. We recommend that a percentage of this fund be allocated to Indigenous-led projects, which would focus on scaling community-led solutions that deliver lasting social, economic, and environmental benefits. To seed this fund, Canada could follow the UK's example by mobilizing dormant capital, specifically, by appropriating funds from unclaimed bank accounts. As of December 2024, the Bank of Canada reported that approximately \$1.44 billion (CAD) in dormant assets exist (BOC Unclaimed Property, n.d.).

# 02

## LAUNCH A DEDICATED TECHNICAL ASSISTANCE HUB

One of the most resource-intensive aspects of outcomes finance projects is the initial groundwork to get them started. This is often due to knowledge gaps among outcome funders, especially governments (Emily Gustafsson-Wright & Sarah Osborne, 2020). One way to reduce these startup costs is to have access to common shared resources in the form of technical assistance hubs.

This follows the lead of the USA (Government Performance Lab) and the UK (GOLab and Centre for Social Impact Bonds), which have significantly benefited from the availability of centralized technical support to scale their ecosystem in the early stages. Here in Canada, a national Technical Assistance Hub, ideally housed within a post-secondary institution to bolster institutional legitimacy, can provide hands-on project level support to communities and governments, create a centralized database on the fiscal value of social outcomes, maintain a national library of model contracts, train public servants in outcomes procurement, and deepen the knowledge base and legitimacy of the field.

# 03

## PROVIDE FUNDING FOR INTERMEDIARY CAPACITY

This fund would provide grants to intermediaries to cover pre-project feasibility, deal structuring, and project launch support, de-risking the creation of outcomes finance projects. The idea behind this mirrors successful initiatives such as the UK's Investment and Contract Readiness Fund, which supported 155 ventures and unlocked £18 in contract value for every £1 spent (Ronicle & Fox, 2015, p. 10) and the Social Innovation Fund in the US, which through grant funding, subsidized early technical infrastructure, feasibility studies, project structuring, and outcomes modelling in the early stages of the ecosystem.

As this space is new for governments and investors, public investment into intermediaries and technical assistance signals confidence in the outcomes finance model, which can attract more investors and strengthen trust in the ecosystem.

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## WHO IS RAVEN OUTCOMES?

# We are an Indigenous-led fund manager investing with Indigenous communities to scale solutions that deliver measurable outcomes.

Founded in 2023, Raven Outcomes was established in response to community calls for capital to be deployed differently in Indigenous communities. Using outcomes finance, we invest in solutions led by Indigenous communities that lead to healthier homes, cleaner energy, improved health outcomes, and better job opportunities. Our approach is reshaping how investment works: centring Indigenous leadership, focusing on the outcomes that local communities deem most important, and creating partnerships grounded in trust and results. We are the first outcomes fund in Canada and the first Indigenous-led outcomes fund globally.

## WHAT IS OUTCOMES FINANCE?

# Outcomes finance is a funding model that ties payments to measurable success, unlocking innovation and building long-term community resilience.

Instead of paying for projects up front, governments agree to pay only when specific outcomes are achieved, such as healthier families, more energy-efficient homes, or improved employment outcomes. Governments only pay for what works. This shifts the focus from activities to impacts, encouraging creative problem-solving, accountability, and helping public dollars go further.

At Raven Outcomes, we use a blended finance model using Community-Driven Outcomes Contracts (CDOCs). Unlike traditional funding models where governments or funders set priorities, CDOCs place Indigenous communities in the lead from start to finish: defining the problem, designing the intervention, choosing outcome metrics, and making funding decisions. This ensures services reflect local priorities, cultural practices, and community aspirations, while still being backed by independent evaluation and transparent metrics. CDOCs help turn promises of reconciliation into measurable progress.





## INDIGENOUS COMMUNITY CONTEXT

For too long, Indigenous communities have faced government funding approaches that are too slow, top-down, and disconnected from their lived realities. In addition, traditional financial systems institutions, and tools have not been created by or for Indigenous Peoples.





# INDIGENOUS COMMUNITY CONTEXT

### Problem

To date, these systems, both public and private, have failed to solve the complex challenges that have deeply impacted generations of Indigenous Peoples in areas such as healthcare, quality housing, and sustainable jobs.

### Solution

Outcomes finance seeks to reverse this by tackling community-defined issues with community-defined solutions, placing control firmly in the hands of those most affected. This system is a step toward equity, accountability, and respect. It ensures services go beyond good intentions and make a real difference, with communities guiding what success looks like. The aim of which is to bolster the sovereignty and self-determination of all Indigenous Peoples in the design and ownership of interventions that will improve and save lives while caring for Mother Earth.

Despite increases in annual spending directed at Indigenous communities, Indigenous Peoples in Canada continue to face some of the most entrenched socio-economic inequities in the country.

These disparities are rooted in a long history of colonialism, systemic discrimination, and marginalization, and they continue to shape lived realities today despite decades of government commitments. The numbers tell a stark story: as of 2021, more than one-third (37.4%) of Indigenous People living on reserve resided in dwellings requiring major repairs (Government of Canada, 2022).

Life expectancy for Indigenous People on reserve remains 12 years lower than that of non-Indigenous Canadians (Government of Canada, 2025), while diabetes affects 17.2% of Indigenous adults on reserve, over three times the national average (Diabetes Canada, 2025).

The status quo is failing Indigenous Peoples. Outcomes finance offers a path forward, one that pays for real progress, not promises.

By tying funding to measurable improvements in people's lives, it reorients public investment toward what truly matters: better housing, healthier communities, and more resilient futures. Just as importantly, it enables resources to flow into Indigenous-led solutions, shifting power back to the communities that know best what works for them.

This approach is not theoretical; globally, outcomes finance has already mobilized over \$800 million (USD) for over 300 projects (Social Finance, 2025). The evidence is clear: when governments fund for outcomes, innovation follows, partnerships deepen, and lives improve. Canada now faces a choice. We can continue to spend more each year while the gaps remain the same, or we can invest differently. Under the right conditions, outcomes finance can enhance service delivery, compared to traditional approaches (Alejandro Guerrero-Ruiz, 2025, p. 10). By embracing outcomes-based finance and centering Indigenous leadership in its design, Canada has the opportunity to both maximize its value for money and transform funding into lasting change.

# 37.4%

of Indigenous People living on reserve resided in dwellings requiring major repairs as of 2021.

# ↓12

years lower is the life expectancy for Indigenous People on reserve relative to non-Indigenous Canadians.

# 17.2%

of Indigenous adults on reserve are affected by diabetes



## OPPORTUNITY FOR GOVERNMENTS

# Outcomes finance directly supports the government’s commitments to reconciliation, fiscal responsibility, and accelerating national projects.

By tying payments to verified results, it ensures better value for money, cost certainty, and reduces risk – focusing on investment rather than expanding overall operational costs for the government – while simultaneously achieving better outcomes for Indigenous communities. Traditional funding models have often imposed external priorities and failed to consider the cultural context when designing solutions, resulting in inefficiencies and outcomes that are misaligned with the community’s true needs.

Outcomes finance presents a strategic opportunity. It offers a results-driven, fiscally responsible approach that directly

addresses community priorities, making it an attractive model for any government or organization seeking to maximize the impact of their investments. It can be implemented using funds from existing program budgets, designed to complement, not replace, existing funding models. The Prime Minister has emphasized the importance of catalyzing investment and focusing on results. This is a vision shared by Raven Outcomes, and we welcome the opportunity to collaborate with the government to help catalyze outcomes finance into a powerful, results-driven investment tool for the public good.

### Embracing outcomes finance will allow the government to:



Pay only for success, with independently verified outcomes.



Stretch public and philanthropic dollars by attracting private capital.



Reduce administrative costs and burden by pivoting the government away from direct program delivery.



Support smarter, more accountable spending across housing, health, employment, and energy.



Engage Indigenous communities meaningfully and early.



Advance Economic Reconciliation through real Indigenous-led solutions, not theory or promises.



Collaborate with provinces to achieve better outcomes by stacking federal and provincial dollars within the outcomes purchasing package.



Compared to traditional funding mechanisms, a greater accountability in helping projects achieve outcomes and results. (Alejandro Guerrero-Ruiz, 2025)



## BENEFITS FOR STAKEHOLDERS

# 01

### COMMUNITIES

- Tackling community-defined issues with community-defined solutions
- Increased sovereignty and self-determination of programming
- Support for housing, energy, employment, and community wellness
- A long-term partnership built on trust, respect, and results
- Culturally grounded programming and services
- Compared to traditional funding mechanisms, outcomes finance can provide greater accountability in helping projects achieve outcomes and results (Alejandro Guerrero-Ruiz, 2025)

# 02

### GOVERNMENT

- Bringing UNDRIP and TRC to life through Indigenous self-determination of programming and services
- Taxpayers only fund what works
- Reduced risk of funding ineffective programming
- Stretch public dollars further by attracting private capital
- Reduced administrative burden
- Opportunity to move beyond short-term, output-focused funding cycles
- Fits the government's vision of spending less and investing more

# 03

### TECHNICAL ASSISTANCE AND INTERMEDIARY SUPPORT

- Investment opportunity to drive Indigenous -led social and environmental impact
- Government-backed returns that operate like fixed-income instruments
- An effective pathway for investment with Indigenous communities
- Payments tied to verified successful outcomes

“We are at an inflection point around the world, where governments and citizens are looking for better outcomes for public dollars. Outcomes finance makes that happen while centring community-driven and owned solutions. Now is the time to scale what works.”



**JEFF CYR**  
Founder and Managing Partner,  
Raven Outcomes

# Methodology

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## PURPOSE AND RESEARCH OBJECTIVES

The purpose of this research report is to explore how public sector actions, including policies, regulations, funding mechanisms, and partnerships, can enable outcomes-based financing initiatives.

These findings are intended to inform Raven Outcomes' national policy advocacy strategy, provide lessons to support the growth of the Canadian outcomes finance ecosystem, and strengthen the case for a national outcomes finance strategy and fund in Canada, with particular attention to Indigenous-led approaches.

To gain insight into our cases, we used a multifaceted research approach. We drew on a wide range of sources – such as government reports and evaluations, academic literature, grey literature, and media coverage – to construct our cases. To complement this research, a total of 5 interviews were

conducted with policy practitioners and social investment leaders to capture first-hand insights of ecosystem development. These findings were then triangulated to ensure a greater level of credibility.

Thereafter, a thematic analysis was conducted across all four cases to identify recurring patterns in the enabling environment for outcomes finance. This cross-case level of analysis allowed us to distinguish between universal enabling conditions and context-specific innovations. Subsequently, this analysis helped inform action-oriented policy options tailored to the Canadian context.

### Our core research objectives were to:



Analyze how governments have enabled successful outcomes finance initiatives across different contexts.



Identify policy levers, funding mechanisms, and institutional roles that contributed to market access and the growth of outcomes finance.



Distill lessons applicable to the Canadian landscape, particularly in support of Indigenous-led solutions.



## CASE SELECTION

A comparative case study approach is used to examine enabling conditions across a diversity of geographies, governance structures, policy focuses, and stages of market maturity. The following cases were selected:



→ **HMP PETERBOROUGH SIB (UK) (2010-2015)**

- The world's first Social Impact Fund (SIB). Focused on prison recidivism.
- Demonstrates early-stage ecosystem development, political will, and the role of intermediaries.

→ **UK LIFE CHANCES FUND (2016-2025)**

- An £80M national-level outcomes fund co-financing outcomes payments for 80+ SIB contracts.
- An example of ecosystem scaling, where centralized outcomes purchasing funds can accelerate market growth and positive outcomes.



→ **MASSACHUSETTS PATHWAYS TO ECONOMIC ADVANCEMENT PAY FOR SUCCESS PROJECT (USA) (2016-2021)**

- The first state-level outcomes purchasing fund.
- Highlights how outcomes finance can operate in a federalist system similar to Canada, with strong intermediary and philanthropic partnerships.

→ **PREVENTION OF LATE-STAGE COMPLICATIONS FROM TYPE-2 DIABETES (DENMARK) (2021-PRESENT)**

- The first health-related SIB in Denmark, funded by the Danish Social Investment Fund.
- Demonstrates the role outcomes finance can play in preventative approaches, how it can complement already robust welfare states, the role of centralized fiscal value of social outcomes data, and the benefits of program co-design with service users.

# Case Studies

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HMP Peterborough (The One Service) SIB

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Massachusetts Pathways to Economic  
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# HMP Peterborough (The One Service) SIB

## OUTPUT METRICS

# 10%

reduction in the number of reconviction events in any of the three cohorts' of 1000 prisoners.

# 7.5%

reduction in the number of reconviction events across all three cohorts' of 1000 prisoners.

### Problem

Approximately 40,000 adults in the United Kingdom (UK) were serving sentences of 12 months or less annually. Reoffending rates among this cohort were extremely high, with around 60% of this cohort reoffending within a year after release (Reducing Reoffending in Peterborough, n.d.). This trend was driven by the lack of post-incarceration support provided by the state to this cohort. This cohort was estimated to cost taxpayers £213 million annually (Guter-Sandu, 2018, p. 160).

### Solution

To fill this critical service gap, a wrap-around support service called One Service was funded through an SIB. This service consisted of several non-profit service delivery organizations brought together by the intermediary, Social Finance LTD, which provided individualized support to inmates from the time of their incarceration until one year after their release. These service delivery organizations were tasked with providing inmates with access to social workers, guidance on housing issues, mental health specialists, support for inmates' families, and job training.

### Impact

The Peterborough SIB reduced reoffending among short-sentenced offenders by 9% across all three cohorts compared to a national control group. This exceeded the target of 7.5% set by the Ministry of Justice.

### Return

As a result, the 17 investors in the SIB received payment representing their initial capital plus an amount that represented a return of just over 3% per annum for the period of investment (Reducing Reoffending in Peterborough, n.d.).

### Enabling Environment

The Her Majesty's Prison (HMP) Peterborough SIB was a true pathbreaker, as it was the first SIB to be launched worldwide, paving the way for the UK to emerge as a global leader in this field. However, this breakthrough did not materialize overnight. The United Kingdom's SIB market has been characterized by the distinct role the central government has played, under both Labour and Conservative administrations, in conceptualizing, developing, and catalyzing this emerging market.

### New Labour

Beginning under Tony Blair's "New Labour" government in 1997, the government initiated the creation of institutional spaces for policy dialogue around social enterprise and



social finance (Spear et al., 2015, p. 483). Blair's broader agenda emphasized shifting the paradigm of public service delivery from inputs to measurable outcomes while emphasizing data, evaluation, and cross-sector collaboration with the third sector on public service delivery to enhance service effectiveness. (Modernizing Government, 1999). The agenda was being set from the highest halls of government to shift the mindset from "How much did we spend?" to "What did we achieve?" in terms of public service delivery.

#### **Social Investment Task Force**

The government's active role in bringing together a multi-sector coalition of stakeholders to develop the intellectual foundation and market conditions necessary for SIBs to emerge was essential to their success. In 2000, the Chancellor of the Exchequer, Gordon Brown, convened the Social Investment Task Force (SITF) – made up of a cross-sectorial coalition of industry leaders from the financial, government and policy, non-profit, philanthropic, and social enterprise sectors – to "carry out an urgent but considered assessment of the ways in which the UK could achieve a radical improvement in its capacity to create wealth, economic growth, employment, and an improved social fabric in its poorest communities" (Commissions + Task Forces, n.d.). This task force and its subsequent recommendations further legitimized social investment as a public policy priority, helped create both informal and formal networks within the space, and began to lay the market infrastructure needed for SIBs to take shape.

The following early sector-shaping initiatives came out of the direct recommendation of this task force, including: the creation of government-funded capacity-building initiatives to enhance the charitable sectors ability to participate in public service delivery (£125 million Futurebuilders Fund); an effective legal form for social enterprises to be incorporated that captures their double bottom line mandate (Community Interest Companies); tax incentives for social investment (Community Investment Tax Relief); the creation of community development venture funds (Bridges Ventures, through a £20 million matching investment from the government); and the development of social finance intermediaries such as Social Finance LTD, founded in 2007 by the chair of the task force Sir Ronald Cohen, which went on to design and launch the Peterborough SIB.



**Council on Social Action**

Building on the success of SITF, Prime Minister Gordon Brown established the Council on Social Action (CoSA) in 2007. This was housed in the newly created Office of the Third Sector, which had just received £500 million to help the third sector play a larger, more effective role in addressing social challenges and delivering innovative community-based solutions (HM Treasury Cabinet Office, 2007). This council met with the goal of bringing together innovators from “every sector to generate ideas and initiatives through which government and other key stakeholders can catalyze, develop, and celebrate social action” (Council on Social Action: Commentary on Year One, 2008). One of the themes that this council was set to explore was alternative forms of financing social action, with a particular focus on cross-sector collaboration to find prevention and early intervention. CoSA proved to be a “fertile ground for assembling experts and practitioners from the business and the third sectors in order to tease out a potential structure for an innovative financial instrument” (Guter-Sandu, 2018, p. 161). Leveraging the networks of council members, Geoff Mulgan, David Robinson, Shankari Chandran, and Peter Wheeler, the council partnered with Social Finance Ltd. to co-develop the Peterborough Social Impact Bond. Through these connections, the council secured over 300 hours of pro bono legal and advisory support to refine the contract, obtained additional representation to draft the initial term sheet, and enlisted external research expertise on outcomes-based commissioning to strengthen the overall business case for the SIB (Guter-Sandu, 2018, pp. 160 – 162; Nicholls & Tomkinson, 2013).

**Refinement Phase**

Criminal justice emerged as a natural fit for the first SIB, given the sector’s significant public costs and the clear potential for preventative interventions to generate measurable savings and social benefit. By 2008, Social Finance Ltd was working closely with the Ministry

of Justice and HM Treasury to develop the model’s design and implementation details. This process involved Social Finance LTD engaging with a wide range of key stakeholders, including prison staff, local stakeholders, voluntary organizations working in the field, other criminal justice experts, and potential investors. By 2009, this pilot program had full buy-in from both the justice committee, as communicated through its December 2009 report *Cutting Crime: The Case for Justice Reinvestment*; the ruling Labour Party, as signaled in its December 2009 White Paper *Putting the Frontline First: Smarter Government*; and the opposition Conservative Party shown in their party platform, published in the lead up to the 2010 General Election.

In March 2010, the Ministry of Justice announced that the Peterborough SIB was set to begin that summer. Despite the framework for SIBs to emerge being established under successive Labour governments, Labour’s loss in the 2010 general election did not hinder the SIB pilot. A bipartisan consensus had emerged on the importance of SIBs, which led to the newly elected Conservative-Liberal Democratic Coalition government to further support the Labour-initiated project by pledging £6.25 million in funding to Social Finance and more funding as an outcomes payee through the Big Lottery Fund which disperses money from the UK’s national lottery to charitable causes (BIG Paves Way Forward through Social Investment, 2011; Nicholls & Tomkinson, 2013). The Peterborough SIB exemplifies a proactive long-term policy trajectory, combined with visionary leadership, cross-sector collaboration, legal and financial innovation, and a paradigm shift in public service delivery. It demonstrates that governments can play a catalytic role not only as funders providing capital, but also as market stewards setting the rules, providing a table to innovate at, convening key actors to build relationships, and sharing risk in order to achieve better outcomes for their citizens.

→ TAKEAWAYS FOR CANADA

01

**POLITICAL CHAMPIONS MATTER**

Political leadership played a significant role in getting outcomes finance off the ground by setting agendas, unlocking legitimacy, and helping sustain momentum across administrations.

02

**BUT DON'T FORGET ABOUT THOSE IN THE FIELD**

While the government championed shifts in rhetoric, moving towards centering outcomes rather than inputs, it was through convening frontline stakeholders (SITF and COSA) that new and practical solutions emerged.

03

**BETTER OUTCOMES IS A UNIFYING GOAL**

Striving for better outcomes is something that everyone can get behind. By the time the first SIB was announced, the benefits of outcomes finance had reached a bipartisan consensus. Framing these efforts around improving outcomes rather than ideology helped secure a long-term bipartisan consensus on the benefits of outcomes finance in the UK.



# Life Chances Fund

## Problem

The Life Chances Fund is a commitment by the UK government to help people who face significant barriers to leading happy and productive lives (Life Chances Fund (LCF) Evaluation, n.d.). The fund aims to tackle long-standing social issues in the following areas: drug and alcohol dependency, children's services, early years, young people, older people's services, and healthy lives.

## Solution

The Life Chances Fund aims to tackle these entrenched social issues by expanding the use of SIBs across the United Kingdom. It sought to grow the number, scale, and evidence base of SIBs by making outcomes-based funding more accessible to a broader range of voluntary, community, and social enterprise organizations (Savell et al., 2021). The centralized government-funded outcomes fund provided £80,000,000 in top-up payments for outcomes purchasing, which were used to co-purchase outcomes with local commissioners. This helped de-risk SIBs for local governments, making it more feasible for them to utilize SIBs to address long-standing social issues in their communities.

## Outcome Metrics

Various

## Return

Ongoing

## New Government, Refined Vision - Open Public Services White Paper

The newly elected Conservative-Liberal Democrat coalition government outlined its desire for a further paradigm shift in public service delivery in its 2011 white paper, *Open Public Services*. In it, Prime Minister David Cameron asserted that his government would follow five core principles regarding public services (Open Public Services White Paper, 2011).

- **Choice:** Wherever possible, we will increase choice.
- **Decentralization:** Power should be decentralized to the lowest appropriate level.
- **Diversity:** Public services should be open to a range of providers.
- **Fairness:** We will ensure fair access to public services.
- **Accountability:** Public services should be accountable to users and taxpayers.

## IMPACT

# 53,000+

users (Interim estimate)  
(Life Chances Fund  
Intermediate Evaluation, n.d.)



These principles provided a strong ideological foundation for the growth of SIBs, aligning closely with the goals of decentralization and accountability that are central to outcomes-based approaches to public service delivery.

### Legal Foundations

The coalition government operationalized one of its five core principles, decentralization, through the passing of the Localism Act of 2011, which took effect in February 2012. This Act granted local authorities' greater control over public service delivery by establishing legal mechanisms that transferred certain decision-making powers from central to local governments. In the context of SIBs, this enabled local autonomy in commissioning SIBs, allowing the UK SIB market to gain momentum as SIBs work best when delivered, designed, and commissioned in a local context. Local organizations often understand local needs and problems much better than national or commercial providers (Growing the Social Investment Market: 2013 Progress Update, 2013, p. 7).

This Act granted local communities new rights, such as "the right to challenge" and "the right to bid," which allowed community groups and social ventures to bid on running local social services if they believed that they could provide both greater value for taxpayers' money and better results for local communities (A Plain English Guide to the Localism Act, 2011).

The Localism Act played a key role in enabling the locally commissioned, community-led, outcomes-driven approaches that were foundational to the Life Chances Fund. The Fund's interim evaluation confirms that this culture of local collaboration, supported by the proper legal mechanisms, was a key component to the early success of SIBs funded by the Fund (Evaluation of the Life Chances Fund: Interim Report, 2020).

### Contract Readiness and Procurement Shifts

To support the Localism Act, the government launched the Investment and Contract Readiness Fund (Investment and Contract Readiness Fund | Investment and Contract Readiness Fund, 2024, n.d.), a £14 million fund designed to help promising social ventures become better equipped to compete for public service contracts and secure other forms of investment. The Contract Readiness Fund was the first of its kind globally (Growing the Social Investment Market: HMG Social Investment Initiatives, 2012) and proved highly



#### → DID YOU KNOW?

The contract readiness fund was the first of its kind globally (Growing the Social Investment Market: HMG Social Investment Initiatives, 2012) and proved highly effective, supporting 155 ventures and unlocking £18 in contracts and investments for every £1 spent (Ronicle & Fox, 2015, p. 10).



effective, supporting 155 ventures and unlocking £18 in contracts and investments for every £1 spent (Ronicle & Fox, 2015, p. 10). By helping organizations build evidence of impact, develop financial modelling capabilities, and establish the operational infrastructure needed to achieve success in outcomes-based contracting, this fund played a key role in de-risking SIB creation, creating a more stable network of service providers (Ronicle & Fox, 2015). This is evidenced by the fact that many ventures supported by the fund later went on to be service delivery organizations for SIBs in the Life Chances Fund. This progression highlights a deliberate policy effort to equip the social sector with the tools and confidence to engage in outcomes-based commissioning models.

Additionally, in 2012, the Public Services (Social Value) Act was passed, marking a significant shift in public procurement practices. This Act required local authorities to consider social value in the procurement process, moving beyond a procurement process that favoured the lowest-cost delivery and toward one that considered how social, economic, and environmental well-being could be most improved (Social Value Act, n.d.). By creating a legal framework that validated and incentivized the pursuit of social value in public procurement, the Act legitimized the use of SIBs and encouraged commissioners to explore new models of service delivery that could demonstrate measurable social impact.

#### Technical Capacity - Institutional Infrastructure

A key feature of the UK SIB market was the deliberate development of support infrastructure to facilitate the design, implementation, and scaling of SIBs. In 2012, the Centre for Social Impact Bonds launched. Housed within the Cabinet Office, the Centre's mandate was to provide centralized expertise and tools for stakeholders exploring SIBs. The Centre provided a range of practical supports, including technical assistance and advice; model service contracts to reduce transaction and set-up costs; and a unit cost database that compiled cross-departmental estimates of the fiscal costs associated with crime, education and skills, employment, health, housing, and social services (Roberts, 2013). This unit cost data helped quantify the fiscal value of improved social outcomes, making it easier for commissioners and investors to build a compelling business case for the intervention of SIBs by showing the potential public sector cost savings associated with improved social outcomes. Making unit cost data accessible was critical to the development of the SIB sector, as it showed "social innovators where opportunities exist to do better" (G8 Social Impact Investment Taskforce, 2014, pp. 15-16).

To further expand access to knowledge and tools, the Centre also focused on increasing awareness and understanding of SIBs across the Civil Service and beyond through learning resources developed by the Centre for SIBs and others, disseminated through reports, seminars, workshops, blogs, and the subsequently launched Knowledge Box – a free online portal designed to provide information to those interested in developing and commissioning SIBs (Roberts, 2013).

Another key institutional support for the development of the SIB ecosystem in the UK was the establishment of the Government Outcomes Lab (GOLab) in 2016, a partnership between Cabinet Office and the University of Oxford's Blavatnik School of Government. Initially established to evaluate the effectiveness of SIBs, it has since evolved into a global knowledge hub on outcomes-based commissioning, offering research, policy guidance, and hands-on support to



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commissioners and service providers. This has included the creation and maintenance of the INDIGO Impact Bond Dataset, which provides a comprehensive overview of SIB projects globally. In the context of the Life Chances Fund, the GO Lab has worked as a project-level evaluator to examine how SIBs can deliver better outcomes compared to alternative commissioning approaches (Life Chances Fund (LCF) Evaluation, n.d.). Together, these government-backed technical capacity-building platforms have helped further advance the theory and practice of SIBs.

#### Catalytic Funding

Beginning in the early 2000s, the potential of utilizing money from dormant bank accounts to catalyze investment in the social sector began to capture the imagination of those in the field. To explore this opportunity, the Commission on Unclaimed Assets was established in 2005, chaired by Ronald Cohen, the chair of the aforementioned Social Investment Task Force. The Task Force brought together a group of experts from the banking, finance, consumer protection, and social sectors to work in partnership with the Treasury, the Department for Communities and Local Government, and the Home Office, with the primary objective of determining the best use of these unclaimed funds. This Commission ultimately concluded that these funds would be best used within the social sector, concluding that the sector "needed investment in its capacity and infrastructure, and that making it more financially sustainable would put it in a stronger position to achieve the desired social change" (Daggers & Nicholls, 2016, p. 8). Among their recommendations were the bones of a proposal for a wholesale financial institution established to serve the social sector.

The work of the Commission on Unclaimed Assets directly influenced the creation and passing of the Dormant Bank and Building Society Accounts Act 2008, which mandated that money from dormant accounts, defined as unclaimed for 15 or more years, must be directed towards funding youth services, financial inclusion, or "to a social investment wholesaler" (Dormant Bank and Building Society Accounts Act 2008, 2008).



Subsequently, after years of planning, the social investment bank idea came to fruition with the April 2012 launch of Big Society Capital (now Better Society Capital) (BSC), the world's first independent wholesale social investment institution (Social Investment: A Force for Social Change 2016 Strategy, 2016).

BSC was seeded with over £400 million from dormant bank accounts, as per the Dormant Bank and Building Society Accounts Act of 2008, and £200 million contributed by England's high-street banks, as per the Merlin Agreement which mandated England's biggest banks to help contribute to England's economic recovery in the years following the 2008 financial crisis ("Banks Agree Project Merlin Lending and Bonus Deal," 2011). BSC's mandate was twofold. First, to serve as a social investment wholesaler, investing in intermediaries, who would then make investments to support social sector organizations. Second, to act as a market builder – "a robust champion of the social investment market with the public, to stakeholders, and investors" – in order to expand the reach and impact of the social investment market in the UK, and ultimately growing the amount of money invested in tackling social issues and inequalities (Growing the Social Investment Market, 2011). This visionary approach has yielded transformative results. Since 2012, BSC has catalyzed a tenfold growth in the amount of money invested in creating positive social impact, with BSC investing over £7.9 billion in more than 7,000 social purpose organizations, social enterprises, and charities in the UK (Big Society Capital, 2023).

BSC has gone on to invest in the following outcome-based funds:

<b>Big Issue Invest:</b> Outcomes Investment Fund LP (£10 million)	<b>Bridges Fund Management:</b> Bridges Social Outcomes Funds (£23.6 million)	<b>Social Finance:</b> Care and Wellbeing Fund (£6 million)
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All of which then went on to make investments in SIB projects that had outcomes partially purchased by the Life Chances Fund (Big Issue Invest - Outcomes Investment Fund, 2022; Bridges Social Outcomes Funds, n.d.; Care and Wellbeing Fund, n.d.), illustrating the critical role a social investment wholesaler can play as a catalyst for the SIB market.

**Conclusion**

Years of supply-side interventions laid the foundation for the UK's outcomes finance ecosystem. Legislative reforms such as the Localism Act and the Public Services (Social Value) Act empowered local solutions, legitimized outcome-based approaches, and brought social value to the forefront of public procurement. Capacity-building initiatives like the Investment and Contract Readiness Fund helped social ventures compete for contracts and deliver measurable results. Centralized support structures, including the Centre for Social Impact Bonds and the Government Outcomes Lab, provided the data, tools, and expertise needed to design and scale complex SIBs. Meanwhile, Big Society Capital seeded the market with the capital and infrastructure required to launch projects and enable locally driven impact.

Together, these initiatives primed the ecosystem for demand-side interventions such as the Life Chances Fund. By building on this groundwork, the Life Chances Fund was able to scale the use of SIBs across the UK and reimagine how public services are delivered, financed, and measured.

→ TAKEAWAYS FOR CANADA

01

PRIME THE PUMP

A deliberate effort to build up intermediary capacity, legal structures, and technical assistance for outcomes finance is critical to maintaining and sustaining an outcomes finance ecosystem.

02

LOCAL CHALLENGES, LOCAL SOLUTIONS

Empowering those closest to the problem to leverage their lived experiences and local contexts to create solutions to the most challenging issues in their communities often leads to better outcomes.

03

CATALYTIC PUBLIC FUNDING

A centralized outcomes fund can supercharge the availability of private capital needed to get outcomes finance projects off the ground and drive measurable progress on longstanding social issues.



“(At GOLab) we’ve been able to generate knowledge, resources and data assets as public goods”

**ANDREEA ANASTASIU**

Executive Director, Government Outcomes Lab at the Blavatnik School of Government, University of Oxford



# Massachusetts Pathways to Economic Advancement Pay for Success Project

## Problem

Adult English-language learners in the Greater Boston area were facing significant barriers to employment. Approximately 230,000 adult English language learners reside in Greater Boston, with this number increasing 7,700 annually. Before the onset of this project, Massachusetts was investing \$30 million annually in adult basic education and English for Speakers of Other Languages programs that served about 23,000 people. However, another 16,000 people statewide were still on waiting lists for these services (Anne Roder & Mark Elliott, 2023). Adult English-language learners in Massachusetts were experiencing higher rates of unemployment and earning roughly \$24,000 less annually than individuals with similar credentials who spoke English fluently (Massachusetts Pathways to Economic Advancement Pay for Success Project - Fact Sheet, n.d.).

## Solution

The Massachusetts Pathways to Economic Advancement Pay for Success Project was an initiative that was designed to increase employment opportunities for limited-English speakers by providing workforce development services (Pay for Success in Action, 2018).

## Outcome Metrics

- **Rapid Employment:** Increase in average earnings of all Rapid Employment Matured Participants during Individual Earnings Observation Periods. (quarterly earnings).
- **Skills Training:** Increase in average earnings of all Skills Matured Participants during their Individual Earnings Observation Periods relative to the historical baseline. (quarterly earnings).
- **English for Advancement:** Increase in average earnings of Matured Participants with a PFS identifier during Individual Earnings Period relative to the control group. (quarterly earnings).
- **Bridges to College:** Number of Bridges Enrolled Participants with at least 12 college credits/at most 3 remedial credits during the Individual Post-Secondary Education Observation Period.
- **Program Engagement:** Total number of enrolled participants in each program track with a PFS identifier.

**Return**  
N/A

## IMPACT

# 7%

increase in wages was achieved overall for participants through this intervention

# 13%

increase in wages for individuals unaffected by the early pandemic labour market



### National Agenda Setting

The American SIB market emerged from a desire for innovation in pursuit of social change, a relentless focus on efficient outcomes, and an active role by policymakers in driving substantial pay-for-results and SIB-related policy-making activity at federal, state, and city levels (Evans, 2022). Prior to SIBs coming stateside, only 1% of government spending in the U.S. was backed by evidence, with funding for social programs based primarily on outputs rather than actual outcomes achieved (Forward, 2018). Following the election of President Obama in 2008, there was a buzz within the administration to place evidence at the center of its funding decisions for both new and existing programs. (Finnigan & Daly, 2014, p. 134).

To operationalize this buzz, President Obama signed the Edward M. Kennedy Serve America Act into law on April 21, 2009. This created the Social Innovation Fund (SIF), housed in the Corporation for National and Community Service (CNCS). The SIF was designed to provide capital for state and local governments to explore community-led, evidence-based, and outcome-based policy innovations to help solve some of the country's most pressing social issues in the fields of youth development, economic opportunity, and health (Spera et al., 2015; Fry, 2019a). Rather than directly funding state and local governments, this program employed a public-private co-investment model, awarding grants through a competitive process to intermediaries that were to then identify, enhance, and expand promising community solutions with evidence of successful outcomes.

In 2014, the SIF launched a dedicated Pay for Success (PFS) initiative to support feasibility studies, deal structuring, and evaluation infrastructure for outcomes-based financing tools such as SIBs. Intermediaries involved in developing the Massachusetts Pathways to Economic Advancement Pay for Success Project received SIF PFS grants in 2015, which provided critical resources for project development and implementation support (Massachusetts Pathways to Economic Advancement Pay for Success Project – Fact Sheet, n.d.). Between 2012 and 2016, the Obama administration authorized over \$300 million in funding to support the development of PFS programs such as SIBs and incentivize state and local jurisdictions in pursuing these programs (Vanessa Fry, 2019a, p. 2).

The United States, like Canada, has a federalist system of government, meaning that social service delivery and spending roles are split between federal and state



governments, with the central government playing a limited role in service delivery in the US. As a result, SIBs were not commissioned at the federal level. However, the federal government catalyzed their development by providing financial and technical assistance to state and local governments. This support primarily took the form of grant funding, capacity-building initiatives, and evaluation assistance (Fry, 2019a).

### State Level Framework: Massachusetts

While the Obama administration began to put outcomes-based financing on the map through agenda setting, unlocking capital, and providing critical technical assistance, the diffusion of powers in the US meant that it was up to states to determine how they would operationalize SIBs within their jurisdiction. In response to the availability of federal funding, states began passing legislation on how they would embrace SIBs.

In the early days, no state ran with this idea more than Massachusetts. In January 2012, Massachusetts became the first U.S. state to pass legislation authorizing funds for Pay-for-Success initiatives in order to improve outcomes while decreasing costs for the state (Heinrich & Kabourek, 2019). Massachusetts Bill H 4219 established the Social Innovation Financing Trust Fund, a state-level outcomes purchasing fund seeded with up to \$50 million to pay for outcomes and administered by the state. To navigate the constraints of annual budgeting in U.S. state governments, the fund operated under a sinking fund model. Under this approach, the Secretary of Administration and Finance requested annual appropriations equal to the maximum contingent outcome payments that may be owed based on service delivery in that fiscal year. This ensures that when, and if, outcome targets are achieved, the state has sufficient funds available to repay investors or service providers (Blum et al., 2015).



### → DID YOU KNOW?

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### Data Sharing

In the lead-up to the Massachusetts Pathways to Economic Advancement Pay for Success Project, stakeholders recognized the richness of administrative data being collected by the government, which could offer valuable insights into the efficacy and impact of programs (Forward, 2018). However, one of the primary challenges this project faced was accessing and sharing this data across departments. Because outcomes-based projects depend on measurable results, partners needed access to both historical data to develop payment terms and post-training wage data from clients' records to evaluate program outcomes. To obtain this data, partner organizations had to overcome multiple legal, technical, and practical barriers in accessing sensitive data from different departments' systems. During the implementation of the project, the Commonwealth of Massachusetts provided regular access to individualized administrative wage and higher education data through the Department of Unemployment Assistance and the Department of Higher Education to project partners with expertise in handling sensitive data and with the appropriate security and confidentiality provisions. This data also informed the measurement of outcomes to trigger repayments to investors, as well as contributed to broader policy learning on what works in workforce development for the adult learner population in Greater Boston (Forward, 2018). The effort led to a data-sharing agreement model that is now embedded in state procurement processes, setting a precedent for future earnings-based programs (Ash Center for Democratic Governance and Innovation, n.d.). It also demonstrated how advancing policy frameworks for data sharing could significantly enhance outcome measurement, unlock new opportunities for SIBs, and drive more effective service delivery (Forward, 2018).

### Technical Assistance

As in the case of the UK, technical and research support from a world-leading university was critical to building capacity in the outcomes finance ecosystem in the United States. In 2011, the Harvard Kennedy School Government Performance Lab (GPL) was launched with funding from the Social Innovation Fund to provide pro bono technical assistance to state and local governments developing SIB projects (Biggest Week yet for Pay for Success in the United States, n.d.). In the case of Massachusetts, GPL supported the state by embedding full-time staff within government teams to provide expertise on developing and launching SIBs. Their support included adding extra capacity for data analysis, project design and evaluation, fidelity monitoring, and performance management. GPL fellows also served as liaisons and coordinators for day-to-day activities throughout all stages of the project, providing critical support in the capacity-constrained environment of government, where competing political priorities can make it difficult for staff to devote time to these projects (Albertson et al., 2018). Beyond technical expertise, the involvement of the GPL was also valued for the credibility and confidence associated with the Harvard brand, which helped bolster trust among stakeholders (Williams, 2019).



## Conclusion

These pathbreaking efforts laid the groundwork for future impactful policy initiatives, such as the Social Impact Partnerships to Pay for Results Act (SIPPRA), which took effect in 2018. SIPPRA appropriated \$100 million to support the launch of state and local Pay for Success initiatives, including purchasing outcomes for SIBs (“The Social Impact Partnerships to Pay for Results Act,” n.d.). This legislation will further enhance the capacity of state and local governments to leverage federal funding to advance policy priorities, deliver measurable outcomes for communities, and integrate outcomes-oriented practices into funding and contracting processes.

Crucially, this progress would not have been possible without the deliberate creation of an enabling policy and regulatory environment for SIBs in the preceding decade. As of 2019, states that introduced enabling legislation were 17.6% more likely to implement PFS projects than those that did not. This significant difference suggests that the presence of supportive legislation can play a critical role in advancing the adoption and spread of PFS models, while the absence of such frameworks may act as a barrier to their diffusion (Fry, 2019a, p. 81).

At the federal level, the Social Innovation Fund provided not just early-stage capital but also the legitimacy and technical infrastructure that catalyzed local action. At the state level, Massachusetts stood out for its early legislative leadership, the establishment of a dedicated outcomes fund, and the creation of flexible budgeting mechanisms that allowed contingent outcome payments to be honoured within annual appropriations cycles, in addition to advances in data sharing and administrative coordination. Finally, the role of trusted technical

assistance providers, such as the Harvard Government Performance Lab, helped bridge capacity gaps, provide expertise, and build trust among public and private stakeholders. Together, these enabling conditions created an environment for outcomes-based financing to take root and flourish.



### → DID YOU KNOW?

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## → TAKEAWAYS FOR CANADA

### 01

#### CARROT AND STICK APPROACH

Through targeted grants and technical assistance, the federal government can provide an impetus for sub-national units of government to champion the outcomes finance model and innovate tailored solutions that work for their local contexts.

### 02

#### TECHNICAL ASSISTANCE IS YOUR FRIEND

For outcomes-based finance to succeed, service providers, commissioners, and governments alike need support navigating new models of contracting, data analysis, and impact measurement. Enhanced technical assistance can democratize the space and allow more widespread market entry.

### 03

#### IF YOU BUILD IT, THEY WILL COME

Massachusetts emerged as a leader in the outcomes finance space in the United States, partly because the government made early steps to seed a state-level outcomes fund. This fund signalled a strong government commitment, legitimized the model, and provided a readily available pool of capital to purchase outcomes.

# Prevention of Late-Stage Complications from Type 2 Diabetes – Denmark

## OUTCOME METRICS

# 36%

of the citizens screened for the intervention (162 of the 450 recruited) complete the program and participate in follow-up control measurements at 12, 24, and 36 months.

# 31%

of the citizens who complete the intervention (50 of 162 participants) reduce their long-term blood sugar (HbA1c, measured in mmol/mol) by at least 8.5% at 12, 24, and 36 months after beginning the program.

# ↓8.5%

Citizens who complete the intervention (162 total) achieve an average 8.5% reduction in long-term blood sugar (HbA1c), equivalent to a 6.8-point decrease, 36 months after starting the program.

## Problem

Since 2000, the number of people living with type 2 diabetes has tripled in the city of Aarhus, Denmark. The disease currently effects 3.5% of the adult population (Cities for Better Health, 2021, p. 3). Late-stage complications from diabetes are costly for society and reduce a person's quality of life. Structural barriers make it difficult for the municipality to deliver the efforts that citizens need. Statistically, people with lower educational attainment, lower wages, and the unemployed have a greater risk of developing late-stage complications ("New Social Investment of Millions to Combat Health Inequalities for Diabetes Patients in Aarhus," 2021).

## Solution

The initiative is aimed at vulnerable citizens with type 2 diabetes throughout the Municipality of Aarhus who require a tailored approach to manage their disease and prevent late-stage complications as a result of their diabetes ("Prevention of Late Complications of Type 2 Diabetes – The Social Investment Fund," n.d.). The intervention is divided into four phases of three months each, providing citizens with the knowledge, skills, and relationships to support them in achieving goals for a better quality of life. This will be followed by two years of follow-up to help ensure that citizens maintain the new, healthier habits. The initiative encompasses both individual and group-based efforts, including individual conversations, training, cooking, a mentoring scheme, association activities, and family-oriented initiatives.

## Impact

Ongoing

## Return

Ongoing

## Enabling Environment

Denmark has long maintained a robust public healthcare system characterized by universal access, strong primary care, and a high degree of integration between health and social services. Denmark's health and social care integration is widely regarded as one of the most comprehensive in Europe, and the country has been noted for its emphasis on preventive health measures, digital infrastructure, and community-based interventions (Matos et al., 2025).

In recent years, growing interest in social investment approaches has led Denmark



to actively explore and implement SIBs. Backed by a supportive policy environment and a commitment to evidence-based public spending, the country has launched over 30 SIB projects across various policy areas as of 2024 (Mikkel Munksgaard, 2024, p. 11). As a result, Denmark now hosts the most developed SIB ecosystem in the Nordic region.

**Existing Frameworks**

Several existing policies and structural characteristics gave Denmark a head start in developing its SIB market. None more important than the decentralized nature of public service delivery in Denmark. The Local Government Act and the Social Services Act grants municipalities autonomy to design, finance, and contract most frontline social services (Act on Local Government, n.d.; Consolidation Act on Social Services, n.d.). Moreover, this autonomy facilitates rapid adaptation to local needs and supports experimentation with new financial and delivery models without requiring central government approval in most cases.

Additionally, in 2000, the Act on Statistics Denmark was enacted, which enabled the linkage of administrative data across sectors for research and evaluation purposes (Act on Statistics Denmark, 2000). This Act permits municipalities and researchers to access linked administrative data for outcome evaluation under research and public interest grounds, making it possible for municipalities, researchers, and policymakers to access high-quality data across multiple sectors. This has enabled those involved in SIBs to access rigorous data for tracking outcomes, without needing to enter into data-sharing agreements on a case-by-case basis.

**Market-Building Tools:**

**The Social Investment Fund (Denmark)**

In December 2018, the Danish parliament passed legislation to establish the Social Investment Fund (SIF-D). This fund was seeded with approximately \$7 million USD, reserved for market-building projects and investments into SIB projects (Mikkel Munksgaard, 2024). In late 2023, an additional \$7 million USD was allocated to SIF-D, signalling a continued political commitment to outcomes-based finance in Denmark. SIF-D has subsequently gone on to become a key funder in the Prevention of Late-Stage Complications from Type 2 Diabetes SIB (Rasmus Højbjerg Jacobsen & Beatrice Schindler Rangvid, 2023, p. 53). SIF is an independent unit within the Danish public administration and draws inspiration from similar funds in Finland and the United Kingdom, which were established to develop,



→ **DID YOU KNOW?**

“Denmark is a small country, but ranks highest globally in per capita investment in social investments.”  
(E. Andreew, personal communication, October 28th, 2025)





promote, and support SIBs (Cities for Better Health, 2021). The SIF-D also includes a mandate to not only co-finance SIBs, but also to develop, promote, and support SIBs. The political decision to establish SIF-D and allocate it with investment capital was critical for catalyzing the Danish SIB sector (Mikkel Munksgaard, 2024, p. 92).

**Centralized Outcomes Quantification Model**

A core enabler of Denmark’s SIB market is the government-backed ability to quantify the fiscal value of social outcomes easily. In 2018, the Social Investment Model (SØM) was created by the Danish Social Affairs and Housing Agency. SØM is a publicly funded Excel-based calculator that enables users to estimate the budgetary effects of social interventions (Den Socialøkonomiske Investeringsmodel, n.d.). Organizations have widely used this tool to assess the budgetary effects of potential SIB interventions and other social investments, helping to catalyze the space in Denmark (Mikkel Munksgaard, 2024, p. 21). Access to centralized, credible data on the cost of social interventions enables municipalities to present a stronger business case to investors and service providers, highlighting the quantifiable impacts of improved social outcomes. This is a glaring omission from the Canadian Ecosystem. For example, at the outset of the Prevention of Late-Stage Complications from Type 2 Diabetes SIB, it was estimated that delaying the development of severe diabetes-related complications for a person already experiencing minor complications by just five years would generate a budgetary savings of \$55,544 (USD) per person (Cities for Better Health, 2021, p. 6). Open access to this tool is playing a pivotal role in the growth of SIBs in Denmark, helping craft business cases for SIB intervention, setting outcome payment thresholds, and streamlining processes for smaller municipalities with limited in-house analytical capacity.

**Co-Development Approach**

Some previous SIBs may have been commissioned locally but were not co-designed with the individuals or groups that the intervention intends to support. The Prevention of Late-Stage Complications

from Type 2 Diabetes SIB marked a significant evolution of the SIB approach through a structured co-design process. This SIB took steps to ensure that it was rooted in the lived realities, needs, and resources of each participant; the citizens of Aarhus were placed at the centre (Cities for Better Health, 2021, p. 6). To operationalize this mission, the architects of the SIB first engaged key stakeholders in seminars at Aarhus City Hall to identify shared priorities and ensure that the development process adequately addressed all relevant concerns then aimed to incorporate the lived experiences of individuals living in the community with type 2 diabetes by drawing on insights gained through conducting a systematic review of local experiences, knowledge, and resources. This shift toward a participatory design process not only enhanced the relevance and legitimacy of the intervention but also set the standard for how the voices for whom the intervention is intended to support should be at the centre of the development process.

**Conclusion**

Through continuous support from politicians, state organizations, and regulations, as well as the standardization of valuation practices, contractual designs, and investment model, SIBs have become institutionalized and legitimized as an instrument for the provision of social services in Denmark (Mikkel Munksgaard, 2024, p. 21). Built on the foundation of decentralized municipal authority, robust administrative data access, and dedicated market infrastructure (SIF-D and SØM), Denmark has shown how national-level initiatives can empower local communities to innovate. By placing the needs and lived experiences of Aarhus citizens at the heart of the intervention through a meaningful co-design process and citizen engagement, this approach reinforces the value of local leadership in tackling complex social issues and sets a new standard for SIB design and implementation. This was shown in that due to the early successes of this SIB the government of Aarhus has decided to transfer the SIB into a permanent program (E. Andreew, personal communication, October 28th, 2025).

→ TAKEAWAYS FOR CANADA

01

**A COMPLIMENTARY MODEL**

The outcomes finance model can complement existing programming in robust welfare states. Providing a vehicle that removes the financial and organizational constraints that hamper the viability of innovative and promising initiatives.

02

**DATA SHARING AND AVAILABILITY**

Developing open-access and standardized tools to calculate the public savings of improved outcomes, coupled with legislation that supports access to linked administrative data, are essential for streamlining the outcome-measuring process, setting repayment terms, and opening the floor for new innovative programming.

03

**CENTRE SERVICE USERS**

Co-designing programming with the people the program intends to serve helps ensure that interventions are grounded in lived experience, more representative to the real needs of the community, and more likely to achieve meaningful, sustained outcomes.

# Conclusion

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## OUTCOMES PURCHASING FUNDS, A GROWING MOMENTUM

# Outcomes purchasing funds have been critical to growing the ecosystem, and their momentum and evidence base is ever-growing.

In the summer of 2025, the **United Kingdom** announced that it would be launching the world's largest outcomes fund, the £500M Better Futures Fund. Renewing and expanding on the mechanisms of the ever-successful Life Chances Fund, over the next decade, this monumental fund will break down barriers to opportunity for up to 200,000 vulnerable children and young people. This will be done by funding programs to prevent problems from escalating during childhood and later into adulthood, ensuring vulnerable children can access better opportunities and safer homes to build strong foundations for the future (Nicholson, 2025). The central government's commitment will also be matched by another £500 million from local governments, social investors, and philanthropists, bringing the total value of capital mobilized to protect the UK's most vulnerable to £1 billion (HM Treasury et al., 2025).

Down under, in **Australia**, as a part of the country's 2023–2024 budget, the government has committed \$100 million to establish the Commonwealth Outcomes Fund. A centralized outcomes fund that will make outcomes payments to state and territory governments, and directly to service providers and social enterprises for successful outcomes (Commonwealth Outcomes Fund | Department of Social Services, 2025). This fund aims to reduce disadvantage in Australia through innovation in the following areas: supporting families and children, overcoming barriers to employment, and supporting people facing or experiencing homelessness. With the first projects under this fund being announced in 2024, this fund will undoubtedly improve the evidence base for social policy interventions and will grow social impact investing in Australia.

In **Sweden**, the government is building on the precedent of successful pilot programs towards taking the steps to establish a national outcomes fund. In 2024, the Public Health Agency of Sweden received a government assignment to investigate and prepare a national outcomes funding mechanism. This process has involved the convening of a cross-sectoral advisory body of around 40 people, with representation from the private sector, civil society, local authorities and regions, and other government agencies coming together to shape the future of outcomes finance in Sweden (T. Bokström, personal communication, October 21st, 2025).

Meanwhile, in **Canada**, the government has yet to capitalize on this growing momentum, as no centralized outcomes purchasing fund exists as of 2025. But, at Raven Outcomes, through a \$50 million Raven Indigenous Outcomes Fund 1, we are utilizing Community-Driven Outcomes Contracts (CDOC) to scale Indigenous-led solutions in areas such as clean energy and housing retrofits, type 2 diabetes prevention and wellness, employment and training, and climate resilience and adaptation. With proven early results – such as the Peguis & Fisher River First Nations CDOC, which delivered 124 upgraded homes, job training, and employment for over 25 community members, lower energy bills for families, and generated \$7.6 million in verified outcomes value. Alternatively, in the realm of health, the Minoayawin CDOC (in development) targets type-2 Diabetes, which disproportionately affects Indigenous Peoples. This CDOC goes beyond standard healthcare interventions, leveraging culturally relevant methods, Indigenous knowledge, and traditions such as holistic wellness hubs. This approach not only aims to improve health outcomes but also strengthened cultural ties, making the solution deeply resonant and sustainable (Jeff Cyr & Wáhiakatste Diome-Deer, 2024).



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## SOCIAL INNOVATION FINANCING TRUST FUND (USA)

- Commitment: \$50M
- Scope: State-Level
- Co-Funders/ Match Sources: N/A
- Policy Area: Sector agnostic
- Time Horizon: 2012 to present

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## LIFE CHANCES FUND (UK)

- Commitment: £80M
- Scope: National
- Co-Funders/ Match Sources: Municipalities
- Policy Area: Drug and alcohol dependency, children's services, early years, young people, older people's services, and healthy lives.
- Time Horizon: 2016 to 2025

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## COMMONWEALTH OUTCOMES FUND (AUS)

- Commitment: \$100M (AUD)
- Scope: National
- Co-Funders/ Match Sources: State Governments
- Policy Area: Families and children, Unemployment, and Homelessness
- Time Horizon: 2023 to 2033

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## BETTER FUTURES FUND (UK)

- Commitment: £500M
- Scope: National
- Co-Funders/ Match Sources: An additional £500 million from local governments, social investors, and philanthropists
- Policy Area: Struggling and vulnerable families and children
- Time Horizon: 2025 to 2035



## THE VALUE OF POLITICAL CHAMPIONS

# A supportive policy environment has a strong influence on the uptake of outcomes-based finance in a country (Alejandro Guerrero-Ruiz, 2025), and this begins with political champions.

Political champions have consistently been the cornerstone of successful outcomes finance initiatives around the world, providing the legitimacy, momentum, and strategic vision necessary for these programs to take root and scale.

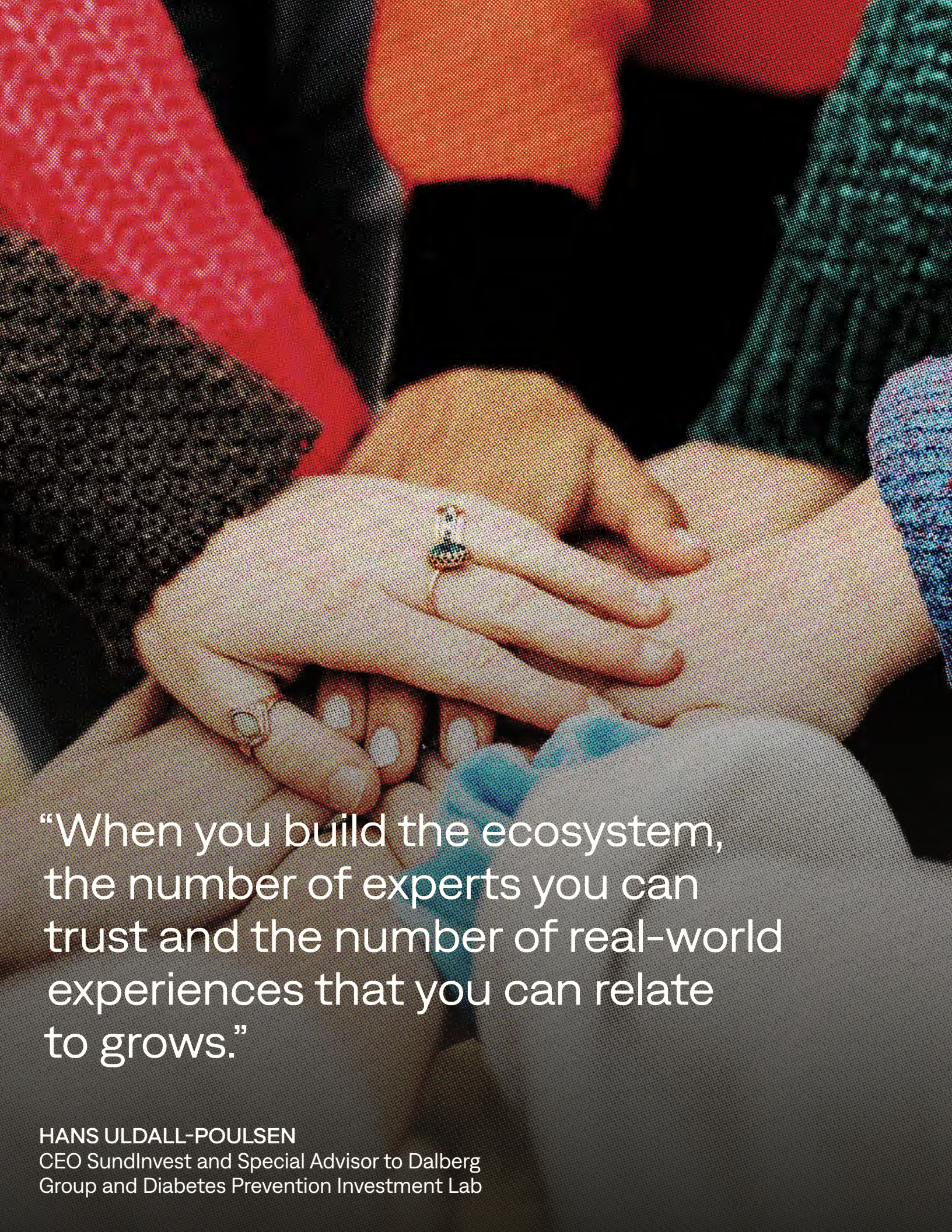
In the United Kingdom, early political support and vision for the creation of a robust social finance sector – under Tony Blair and subsequently Gordon Brown’s Labour government – were instrumental. The creation of government-backed initiatives, such as the Social Investment Task Force, the Council on Social Action, and the Commission on Unclaimed Assets, provided a catalyst for Britain’s most dedicated social innovators to convene, network, and collaborate in developing new ways to tackle the UK’s most entrenched social challenges. These forums were critical for the launch of the Peterborough Social Impact Bond, which originated from discussions within the Council on Social Action. Even amid deepening political polarization, a bipartisan consensus on the benefits of outcomes finance has allowed it to evolve into a national strategy in the UK.

Stateside, executive political leadership backed by the Obama-era administrations’ focus on evidence-based policymaking provided both the vision and resources to establish the first state-level outcomes purchasing fund in the U.S. This momentum

carried into the late 2010s, with Congress enacting the SIPBRA, setting money aside for the federal government to serve as an outcomes payor for projects commissioned at the state and local level. This bill was introduced with bipartisan support in the Senate and later passed through the House during one of the most partisan sessions on record (Bump, 2016).

In Denmark, political will to establish the SIF and the Social Investment Model was critical for catalyzing the Danish outcomes finance sector.

Across these cases, even in divided times, politicians from all sides of the aisle recognize the value of investing in successful outcomes. Political champions do more than just green-light projects; they actively shape the ecosystem, help set agendas, and signal to stakeholders across government, the private sector, and civil society that outcomes-based approaches are a priority. Outcomes finance needs committed champions. Without strong political leadership, it will remain piecemeal and underfunded. However, with leaders at all levels of government positioning it as a pathway to reconciliation, prevention, and smarter public spending, Canada can transform its policy priorities into measurable, community-driven progress.



“When you build the ecosystem,  
the number of experts you can  
trust and the number of real-world  
experiences that you can relate  
to grows.”

**HANS ULDALL-POULSEN**  
CEO SundInvest and Special Advisor to Dalberg  
Group and Diabetes Prevention Investment Lab



## CONCLUSION

Across each case, from Peterborough to Massachusetts to Aarhus, outcomes finance did not emerge organically. **It was intentionally built through political leadership, catalytic public investment, and strong enabling infrastructure.** For Canada, these cases offer both inspiration and direction.

When governments create the right conditions, innovation follows. The lessons gathered here are not abstract theory; they are a roadmap for practical action, and Raven Outcomes is ready to help lead this next chapter, advancing a model that aligns fiscal responsibility with reconciliation and long-term social impact. As Canada seeks smarter, fairer, and more accountable ways to deliver public value, outcomes finance offers a proven, scalable, and community-driven model that invests in life-changing results.



Seeding a national outcomes purchasing fund to catalyze investment.



Launching a technical assistance hub to build capacity across jurisdictions.



Dedicating support for intermediaries to bridge the gap between communities, investors, and governments.

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