

Scaling Outcomes- Based Funding for a Stronger Canada





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.



METHODOLOGY

A supportive policy environment strongly influences the uptake of outcomes-based finance in a country (Alejandro Guerrero-Ruiz, 2025).

Therefore, to support the scaling of the Canadian outcomes finance ecosystem, we examined a series of case studies from the United Kingdom, the United States, and Denmark to explore how public-sector actions, including policies, regulations, funding mechanisms, and partnerships, can facilitate outcomes-based financing initiatives. Cases were selected to reflect a diversity of geographies, governance structures, policy focuses, and stages of market maturity.

This study combined:



Desk research of academic, government and grey literature (evaluations, policy papers, and media coverage).



Semi-structured interviews with policy practitioners and social investment leaders to capture first-hand insights.



Thematic analysis to identify reoccurring policy patterns, institutional roles, and to inform action-oriented policy options for Canada.



HMP PETERBOROUGH SOCIAL IMPACT BOND (SIB) (UK)



- Years Active: 2010–2015
- The world's first SIB focused on reducing recidivism among short-sentence prisoners.
- Demonstrates early-stage ecosystem development, political will, and the role of intermediaries.

UK LIFE CHANCES FUND



- Years Active: 2016–2025
- An £80M national-level outcomes fund co-financing outcomes payments for over 80 SIBs contracts nationally.
- 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)



- Years Active: 2016–2021
- First state-level outcomes purchasing fund in the U.S, focused on workforce development for adult English language learners.
- 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)



- Years Active: 2021–Present
- 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.



KEY FINDINGS

01

POLITICAL CHAMPIONS ARE ESSENTIAL

Across all cases, sustained political leadership provided the legitimacy, vision, and momentum for outcomes finance to take root.

In the UK:

- Early cross-party support facilitated the introduction of the first SIBs and the scaling of outcomes funds.
- Labour Prime Ministers Tony Blair and Gordon Browns leadership led to the creation of cross-sectoral policy spaces, such as the Social Investment Task Force and the Council on Social Action, where the concept of SIBs was developed.

In the U.S.:

- The Obama administration's focus on evidence-based policymaking led to the launch of a dedicated initiative within the Social Innovation Fund to finance feasibility studies, deal structuring, and evaluation infrastructure for outcomes-based financing.
- Between 2012 and 2016, the Obama administration authorized over \$300 million in public and private funding to support the development of Pay for Success programs and incentivize state and local governments to adopt outcomes-based financing models (Vanessa Fry, 2019a, p. 2).
- This paved the way for bipartisan legislation, such as SIPPPRA, to unlock an additional \$100 million in federal funds for outcomes-based projects ("The Social Impact Partnerships to Pay for Results Act," n.d.).

In Denmark:

- Political will to institutionalize outcomes finance led to the creation of the Social Investment Fund (SIF), with money earmarked for outcomes finance projects.



KEY FINDINGS

02

CENTRALIZED OUTCOMES FUNDS CATALYZE ECOSYSTEM GROWTH

- The UK's Life Chances Fund (£80M) and the recently announced Better Futures Fund (£500M) provided outcomes purchasing capital to local governments, lowering barriers to entry and signalling confidence in the model.
- The Massachusetts Social Innovation Financing Trust Fund (\$50 million) was the first state-level outcomes-based purchasing fund in the United States.
- Denmark's Social Investment Fund (SIF-D) earmarked capital to invest in outcomes finance projects.

All of these examples showed that pooled national or subnational funding can accelerate market entry, reduce risk, attract co-investment, and signal to stakeholders that outcomes finance is a priority.



KEY FINDINGS

03

TECHNICAL ASSISTANCE AND INTERMEDIARY SUPPORT ARE CRITICAL

The most resource-intensive aspects of outcomes finance projects are the initial groundwork to get them started. A proven way to reduce startup costs is to have access to common shared resources, such as technical assistance hubs (Emily Gustafsson-Wright & Sarah Osborne, 2020)

- In the UK, Institutions such as the Centre for Social Impact Bonds and Oxford's Government Outcomes Lab (GOLab) provided contract templates, cost-benefit analysis tools, and evaluation frameworks.
- US: The Harvard Government Performance Lab embedded fellows in state and local governments, providing hands-on expertise in procurement, evaluation, and data systems.
- Denmark: The government's Social Investment Model (SØM) standardized valuation tools and budget impact analysis, helping municipalities overcome capacity constraints and design their own outcomes finance projects. The Danish Social Investment Fund also has a mandate not only to co-finance SIBs, but also to develop, promote, and support them.



POLICY OPTIONS

Based on global best practices, the following policy options would accelerate the Canadian outcomes finance ecosystem.

01

CREATE AND SEED A NATIONAL OUTCOMES PURCHASING FUND

02

LAUNCH A DEDICATED TECHNICAL ASSISTANCE HUB

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.



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).

“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



RAVEN IMPACT
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