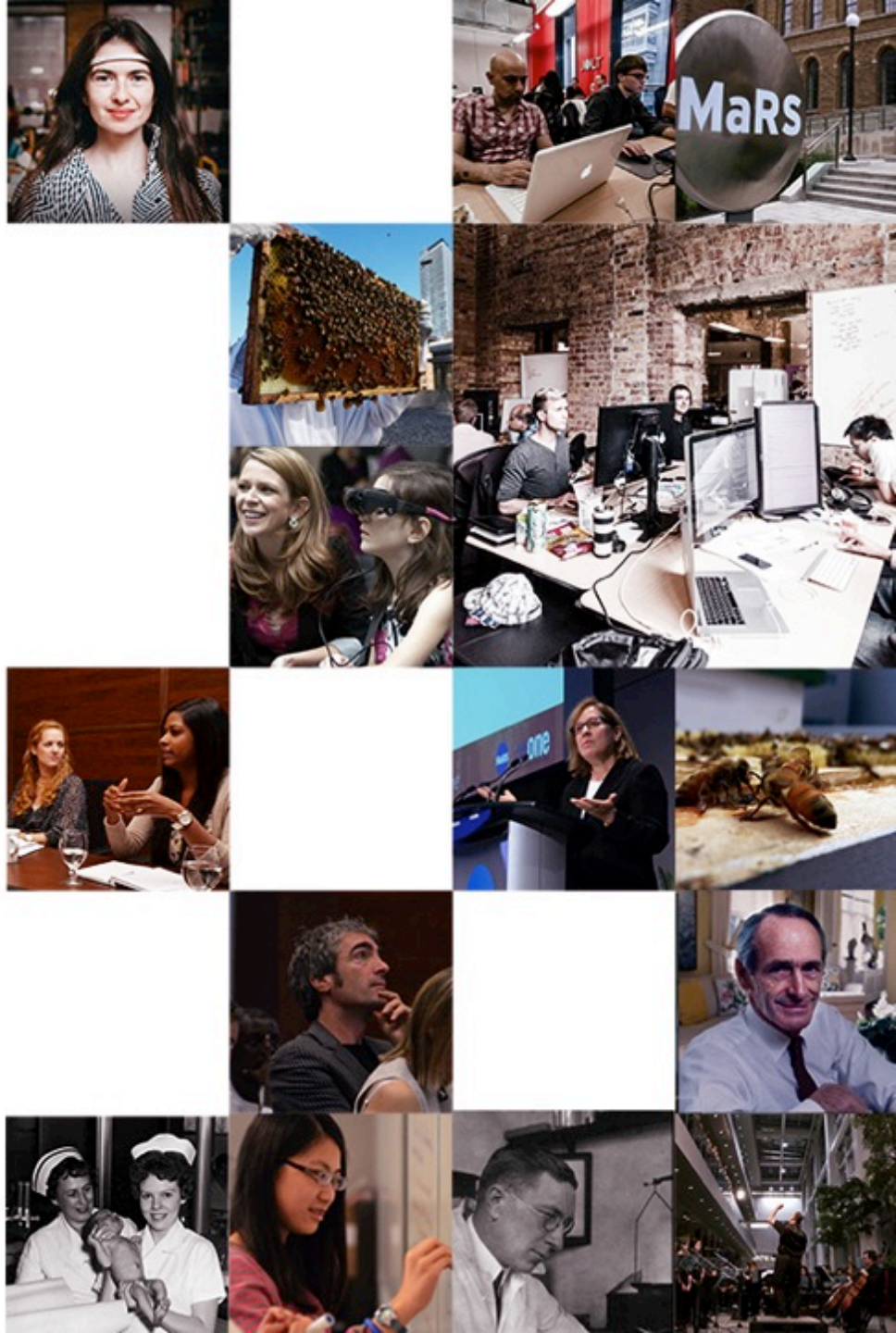


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AUGUST 2016

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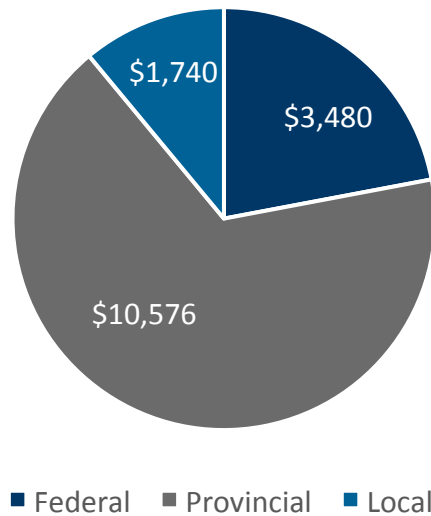


The Challenge to Social Spending



The federal and provincial governments spend billions without knowing the impact of that money

Nonprofit transfers



“Despite decades of efforts and trillions of dollars in spending, rigorous evaluations typically find that around 75 percent of programs or practices that are intended to help people do better at school or at work have little or no effect.”
(NY Times, Evidenced-based policy in US)

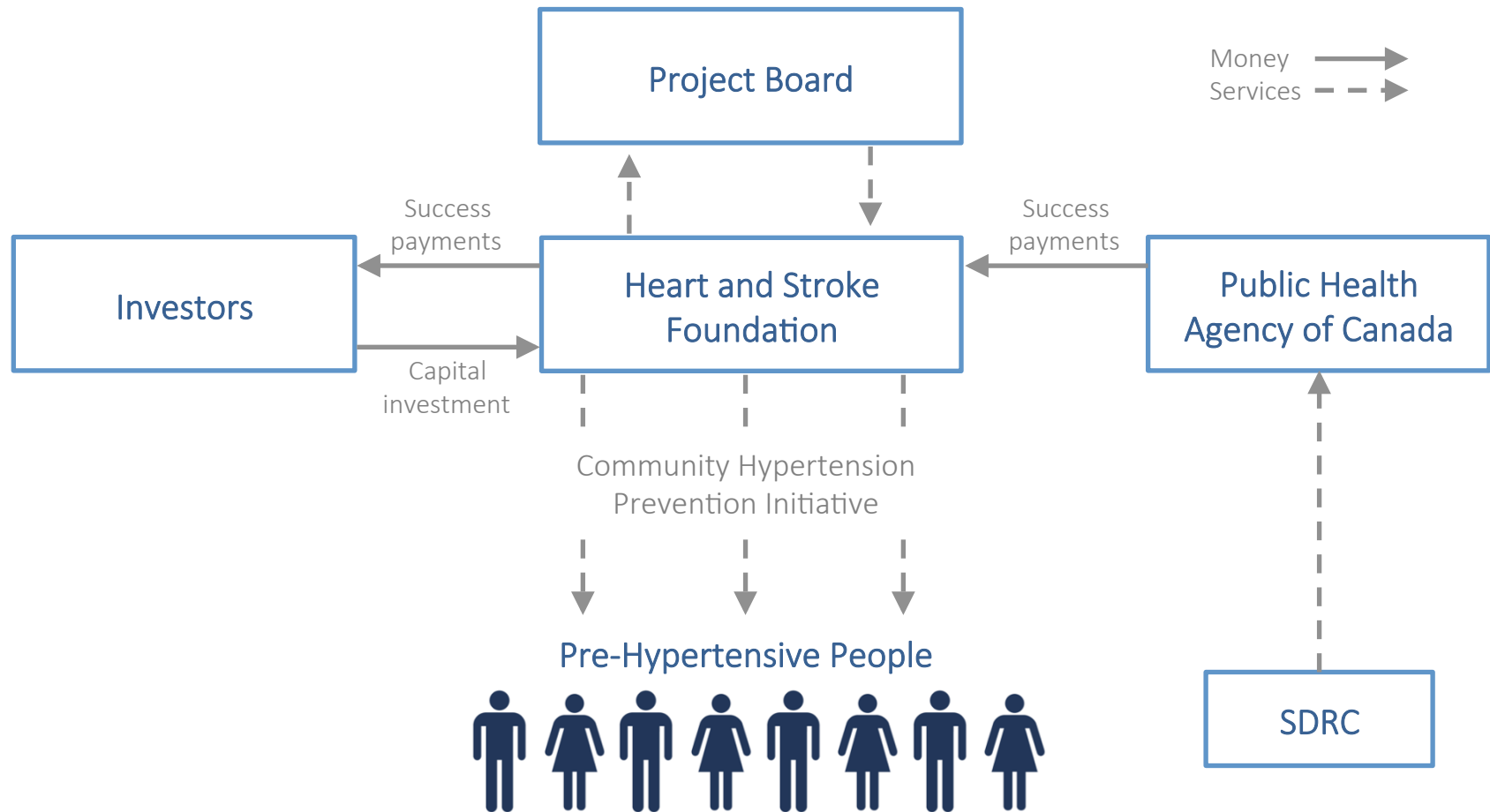
Paying for Outcomes



Paying for Outcomes: Contrasted with Current Expenditure Practices

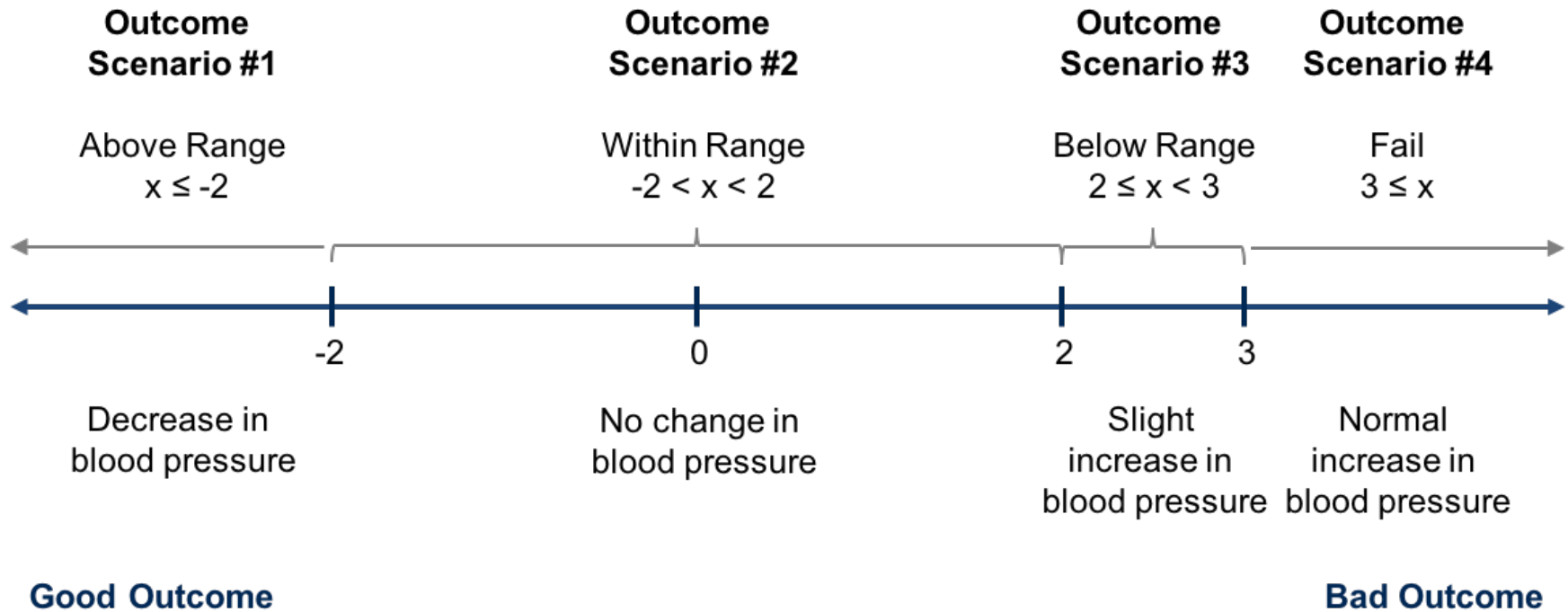
	Activities-Based Gs&Cs	Pay-for-Success Gs&Cs
Pay when...	Program needs capital	Program reports on outcomes
Payment contingent on...	Activities completed	Degree to which outcome targets met
Designed to...	Complete activities or meet output targets (e.g. number of people spoken to)	Meet outcome targets (e.g. average blood pressure change)
Payments set by...	Size of program budget	Social and economic value of outcome targets
Risk appropriation	Government assumes all implementation and outcome risk	Government shares/transfers implementation and outcome risk

An example: The Heart and Stroke/PHAC pay-for-success contract spurred partnership to condition funding on outcomes



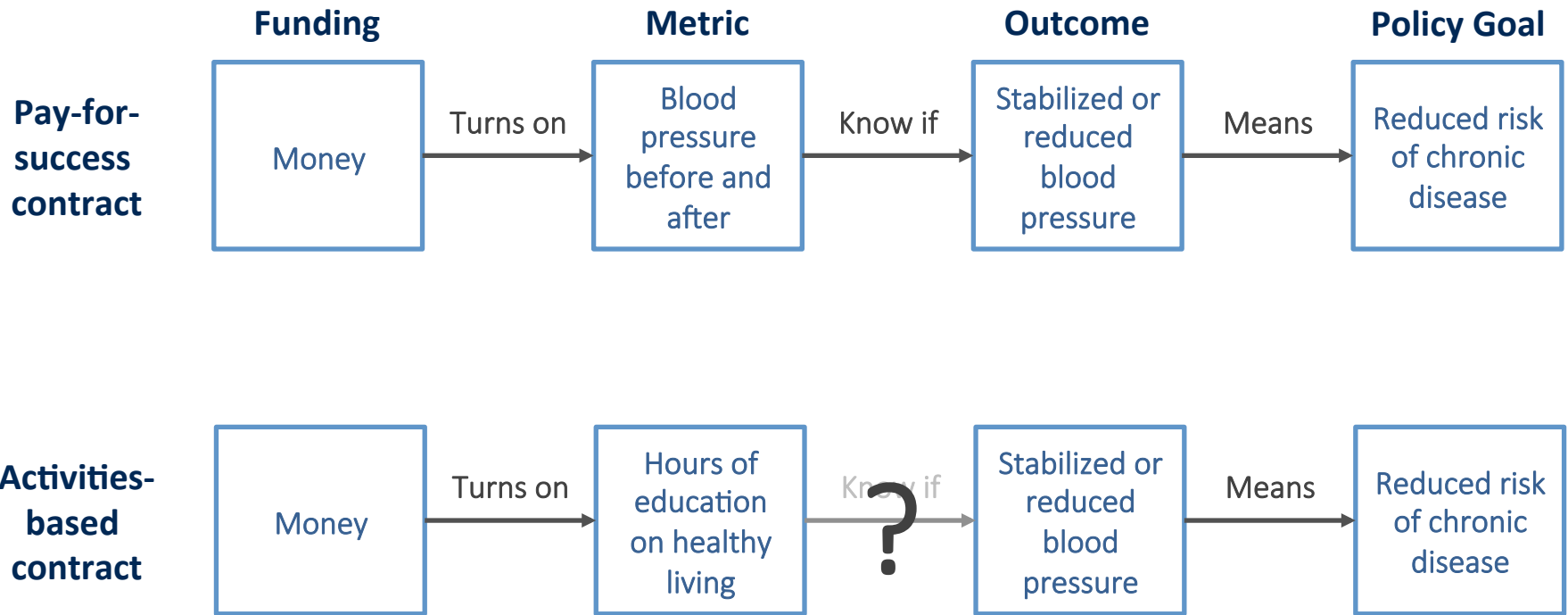
HSF PFS contract will pay if blood pressure falls or stabilizes

Possible Blood Pressure Outcomes



The Public Health Agency of Canada will pay investors based primarily on Heart and Stroke's success in shifting the blood pressure trajectory

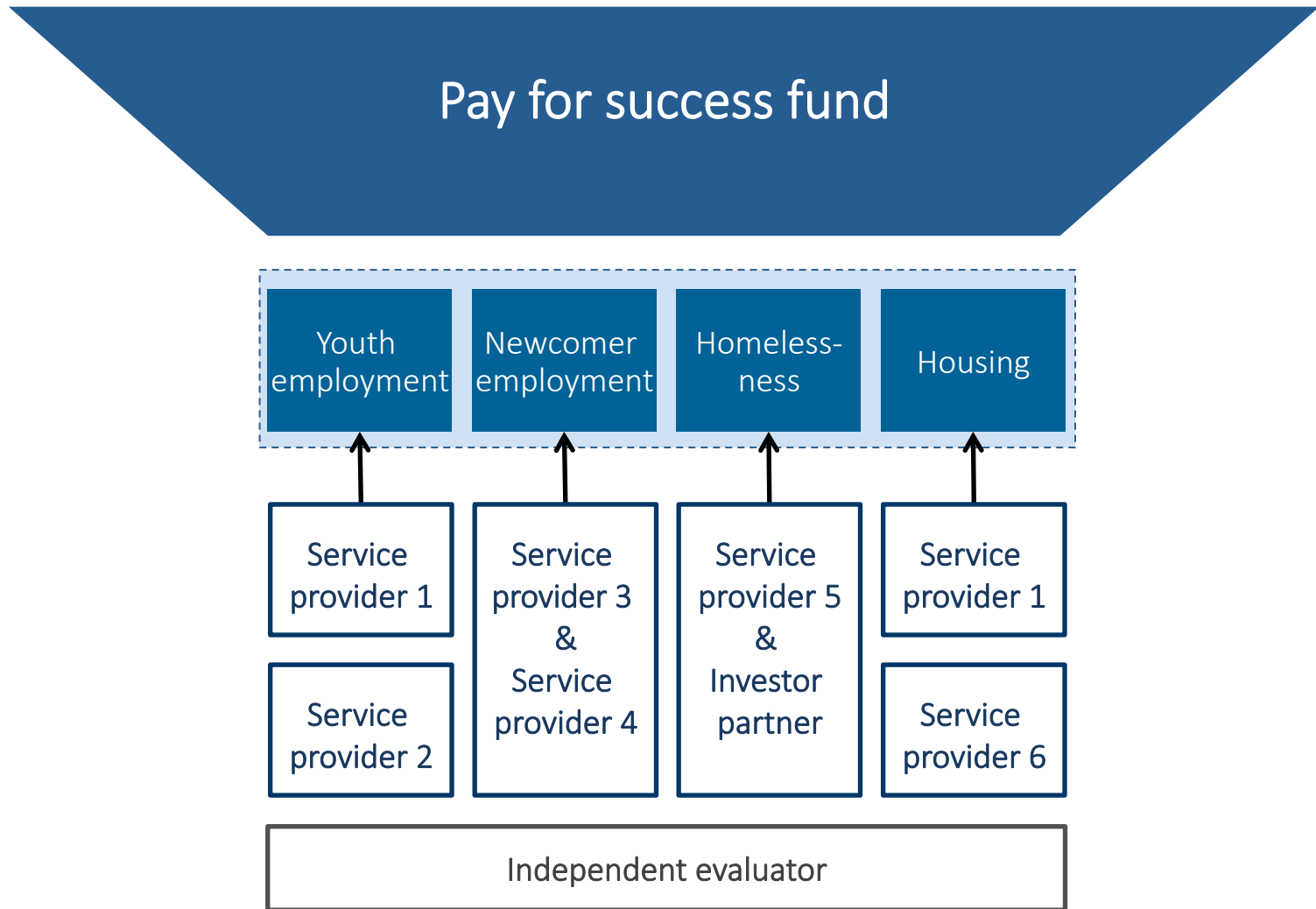
Why did the Public Health Agency of Canada decide to pay on outcomes?



The Case for a National Outcomes Fund



An outcomes fund lets government pay for outcomes without starting each contract from scratch



Example: The UK's DWP Innovation Fund contracted 10 programs on outcomes

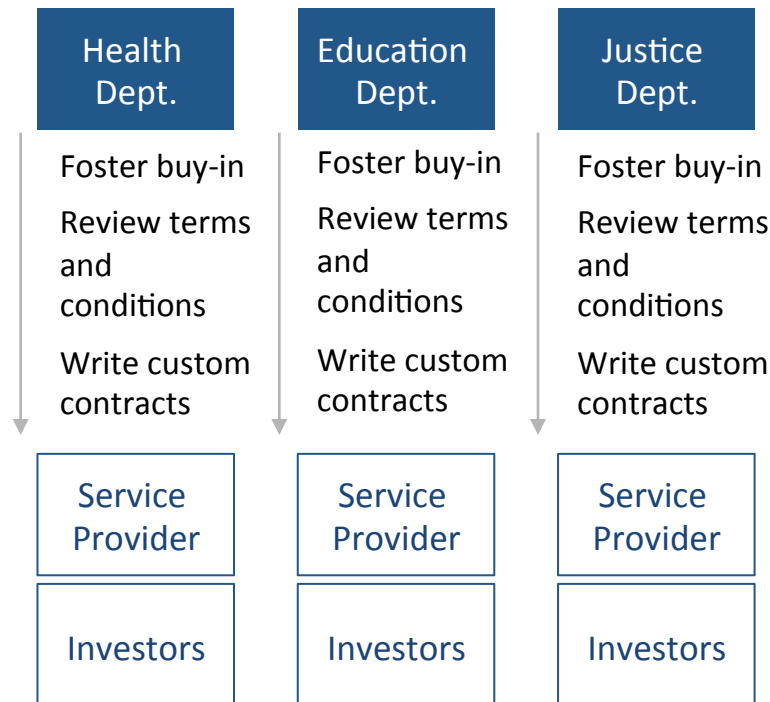
The UK's Department of Work and Pensions Innovation Fund targeted vulnerable youth, especially youth not in education, training or employment.

Nature of Outcome	Maximum Price of Outcome
Improved attitude towards school	£700
Improved behaviour	£1300
Improved attendance	£1400
Entry Level Qualification	£900
NVQ level 1 or equivalent	£1100
NVQ level 2 or equivalent	£3300
NVQ level 3 or equivalent	£5100
Entry into employment	£3500
Sustained Employment	£2000



An outcomes fund can take some of the complication out of pay-for-success

Departmental Innovation



System Innovation



A Canadian outcomes fund could finance solutions to a suite of social problems

A cross-cutting outcomes fund aimed at prevention

	Health	Crime	Homelessness	Children in State Care
Problem	Too many people suffer from preventable chronic diseases	Too many youth commit crimes and spend time in prison	Too many people spend years of their lives homeless	Too many children live in foster care
Possible Solution	Community Hypertension Prevention Initiative	Stop Now and Plan	Housing First	Nurse-Family Partnership
Challenge	Effective programs cannot secure enough money to meet the need			
An Outcomes Fund's Role	By focusing on evidence and outcomes, an outcomes fund would concentrate money on effective programs. Because it transfers the financial risk of failure to investors, an outcomes fund could take the risks required to scale even an effective program to new places and populations.			