

## House of Commons Committee on the Status of Women Social Impact Bonds Submission

### Purpose

Examine the opportunity for a social impact bond (SIB) on reducing the rate of incarceration among Indigenous women and improving outcomes for Indigenous women in the justice system.

### About Mowat NFP

Mowat NFP is a research hub within the Mowat Centre that develops evidence-based research and analysis on issues facing the non-profit sector. Mowat NFP has published papers relevant to SIBs and outcomes-based funding arrangements, including: *Measuring Outcomes in Practice: Fostering an Enabling Environment for Measurement in Canada* (2017) ; *Bridging The Gap: Designing a Canadian What Works Centre* (2017) ; *From Investment to Impact: The NFP Experience with Social Impact Bonds* (2014); *Better Outcomes for Public Services: Achieving Social Impact Through Outcomes-Based Funding* (2014).

### Context

SIBs remain relatively nascent in Canada, with only three currently underway.<sup>1</sup> When considering its potential to contribute to a women's recidivism initiative, the committee should consider several parallel initiatives underway:

- ESDC's forthcoming Social Innovation and Social Finance Strategy, which will include recommendations to improve access to funding and capital<sup>2</sup>
- The proposal for a National Outcomes Fund to provide a funding vehicle for outcomes-based funding arrangements, such as SIBs<sup>3</sup>
- Discussions regarding a Canadian What Works Centre<sup>4</sup> on community safety and crime prevention in Saskatchewan.

### Lessons Learned

#### **1) The success of SIBs must be evaluated separately from the intervention that is used.**

The success of SIBs and the respective interventions are often conflated when projects are evaluated. The intervention should be assessed using both process and impact evaluation to compare its success against related interventions. The SIB should be assessed on its merits as a funding tool (effectiveness, value for money, scope of the investment contract).<sup>5</sup>

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<sup>1</sup> Sweet Dreams, a teen parenting SIB in partnership between the Government of Saskatchewan, EGADZ, Conexus Credit Union and two private benefactors; Mosaic Foundation, an educational attainment SIB in partnership with the Government of Saskatchewan Ministry of Education and a Regina middle school; The Community Hypertension Prevention Initiative, a public health SIB in partnership between the Public Health Agency of Canada, Heart & Stroke Foundation and MaRS Centre for Impact Investing.

<sup>2</sup> Employment and Social Development Canada (2017). "Social Innovation and Social Finance Strategy - Consultation Document". <https://www.canada.ca/en/employment-social-development/programs/social-innovation-social-finance/consultation/discussion-guide.html#h2.06>.

<sup>3</sup> Doyle, S. and McFee, D. (2017). "Building the case for a National Outcomes Fund". *Journal of Community Safety & Wellbeing* 2(1): 22-28.

<sup>4</sup> Cave, J., Aitken, K. and Lalonde, L. (2017). "Bridging The Gap: Designing a Canadian What Works Centre". Mowat NFP. <https://mowatcentre.ca/bridging-the-gap/>.

<sup>5</sup> UK Centre for Social Impact Bonds (2017). "Evaluation". [https://data.gov.uk/sib\\_knowledge\\_box/evaluation](https://data.gov.uk/sib_knowledge_box/evaluation).

**2) SIBs require robust impact measurement capacity and a substantial evidence base.**

SIBs often rely on more rigorous measurement approaches to collect data that attributes participant success to the intervention rather than other extraneous factors. The Harvard Kennedy School SIB Technical Assistance Lab is one example of the types of technical assistance programs that are needed to assist organizations and governments in developing their approach to measurement.<sup>6</sup>

**3) It is unclear whether SIBs are successful at attracting new capital for program and service delivery.**

Internationally, SIBs have demonstrated mixed results with respect to attracting new capital. In Australia, there is some evidence to suggest that private investors are diverting capital to SIBs that would otherwise be allocated to commercial ventures. However, in the UK philanthropic foundations have largely reallocated portions of their endowment or granting resources to SIBs.<sup>7</sup>

**4) SIBs can be affected by changing government priorities. As a result, the timeframe of the intervention design and funding contract should be carefully considered in partnership with external stakeholders.**

The Peterborough, UK social impact bond was terminated early due to a significant policy shift (the privatization of probation services, which impacted the SIB's service delivery).<sup>8</sup> It will be important to assess both short and long-term risk when developing a new SIB.

**5) SIBs are designed to work with tested, evidence-based interventions; they are not the ideal funding mechanism for innovative interventions.**

As SIBs invest in outcomes they are most effective when they invest in programs/interventions that have a high likelihood of success.<sup>9</sup> A substantial evidence base is therefore required to identify programs or interventions that would yield the intended return based on research and experimentation in other comparable jurisdictions.

## **Key Considerations**

**1) The development and implementation of a new SIB will be a time and resource-intensive process.**

The Peterborough (UK) and Rikers Island (US) SIB required 18-24 months to negotiate the contract, engage relevant partners and identify and refine the program/intervention.<sup>10</sup> In Canada, The Heart and Stroke SIB took around two and a half to three years to develop.<sup>11</sup> After the development phase, SIBs are typically structured on a 3-5 year evaluation cycle. The UK Cabinet Office indicates that local expertise and standardized tools/processes can accelerate this process.

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<sup>6</sup> Gold, J. and Mendelsohn, M. (2014). "Better Outcomes for Public Services: Achieving Social Impact Through Outcomes-Based Funding". Mowat NFP. [https://mowatcentre.ca/wp-content/uploads/publications/91\\_better\\_outcomes\\_for\\_public\\_services.pdf](https://mowatcentre.ca/wp-content/uploads/publications/91_better_outcomes_for_public_services.pdf).

<sup>7</sup> Galley, A., MacIsaac, E. and Van Ymeren, J. (2014). "From Investment to Impact: The NFP Experience with Social Impact Bonds". Mowat NFP. [https://mowatcentre.ca/wp-content/uploads/publications/93\\_from\\_investment\\_to\\_impact.pdf](https://mowatcentre.ca/wp-content/uploads/publications/93_from_investment_to_impact.pdf).

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Farthing-Nichol, D. and Jagelewski, A. (2016). "Pioneering pay-for-success: a new way to pay for social progress". MaRS Centre for Impact Investing. <https://www.marsdd.com/wp-content/uploads/2016/10/MaRS-Pioneering-Pay-For-Success-In-Canada-Oct2016.pdf>.

**2) It may be prudent to invest in evidence infrastructure prior to exploring the opportunity for a SIB.**

The Government of Canada could establish a What Works Centre<sup>12</sup> that would provide the measurement capacity and analytical rigour to contribute to an effective SIB in the future.

**3) It is essential to align incentives appropriately and account for potential unintended consequences when implementing a SIB.**

SIBs have the potential to promote perverse incentives if the contract and outcomes are not selected carefully. Technical assistance is often required to scope the contract appropriately.<sup>13</sup> It is particularly important that the service providers are involved in SIB contract negotiations to ensure the payable outcomes are realistic and appropriate.

**4) Governments should be prepared to link the lessons learned from SIBs to changes in both policy and service delivery.**

Successful SIBs provide valuable lessons about scaling up interventions, aligning systems-level outcomes/indicators and scoping outcomes-based funding arrangements appropriately.<sup>14</sup> The Government of Canada should consider opportunities to link the SIB with related outcomes measurement initiatives across other ministries.<sup>15</sup>

**5) Indigenous women's organizations and their beneficiaries should be invited to inform and/or co-design the SIB and intervention with other key stakeholders.**

The Government of Canada should focus on identifying interventions that are co-designed and developed by Indigenous stakeholders.<sup>16</sup> The perspectives of Indigenous women with lived experiences of criminal justice involvement or incarceration will be particularly important.<sup>17</sup>

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<sup>12</sup> Cave, J., Aitken, K. and Lalande, L. (2017).

<sup>13</sup> Galley, A., Maclsaac, E. and Van Ymeren, J. (2014).

<sup>14</sup> Ibid.

<sup>15</sup> For example, ESDC's strategy offers the platform for organizations to collaborate and align priorities on outcomes measurement in Canada.

<sup>16</sup> Cave, J., Aitken, K. and Lalande, L. (2017).

<sup>17</sup> A National Outcomes Fund may be an ideal opportunity to connect Indigenous programs/interventions across ministries and develop a common approach to outcomes measurement with Indigenous-focused indicators.