

# **International Perspectives on Outcomes-Based Financing**

## Panel Presentation

**Russ Wood**

Co-Founder, Latitude Network

2018 Pay For Success  
Convening of Early Childhood  
Development Advisors

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North Carolina

L A T I T U D E

# What we'll cover

- ▶ Who is his bloke & why is he here?
- ▶ Some definitions...
- ▶ Australia
  - ▶ Background
  - ▶ SIB/PFS details
- ▶ Reflections
- ▶ Australian PFS - The *yin* and the *yang*
- ▶ The future

# Latitude Network

## Our people

Russ Wood



### **What Drives Russ**

Intergenerational, entrenched disadvantaged is one of the leading challenges of our time. We can eradicate it by building new models of governance, policy, funding and strategy.

### **Russ's recent experience**

Russ was leading advisor on Victoria's first Social Impact Bond through 2017. At the conclusion of this contract, Russ worked on the commissioner's side as interim Government Contract Manager. Russ leads Latitude's Outcomes-Based Infrastructure work.

Dale Renner



### **What drives Dale**

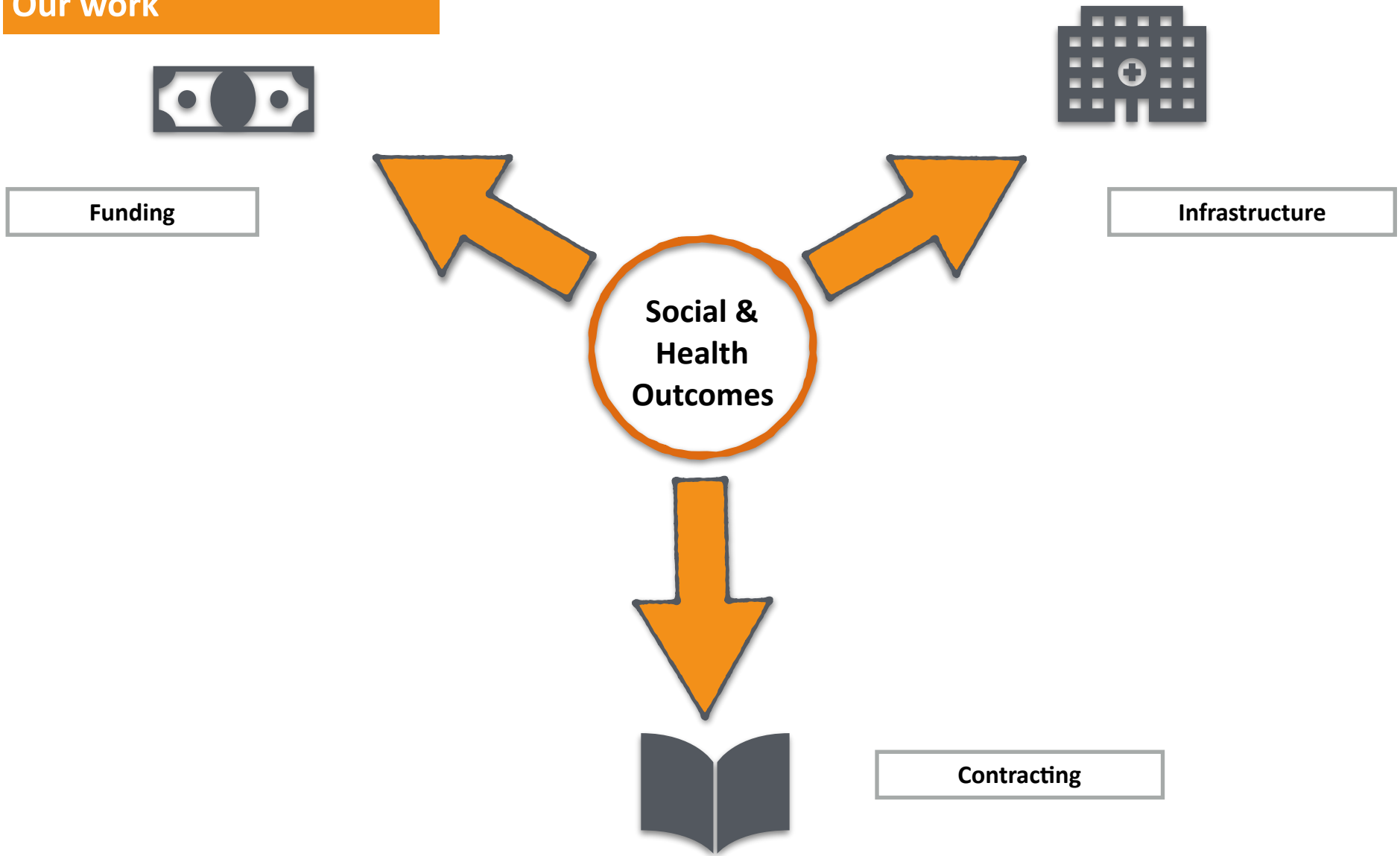
Dale is driven by the possibility that small changes to our social and health services systems can have a massive, positive, impact on people's lives.

### **Dale's recent experience**

Dale started his life as a lawyer and became a management consultant. In recent years he has focused on social and health work and leads Latitude Network's innovation work, including our 'innovation communities' approach.

# Latitude Network

## Our work



# Latitude Network

Latitude Network is an advisor and consultant to government, service providers, philanthropy and the private sector in the area of outcomes-based commissioning, infrastructure and contracting.

## Our track record



Social Impact Bond  
(multiple jurisdictions)

the  
power of  
humanity



Product Development  
Market Testing  
Business Case

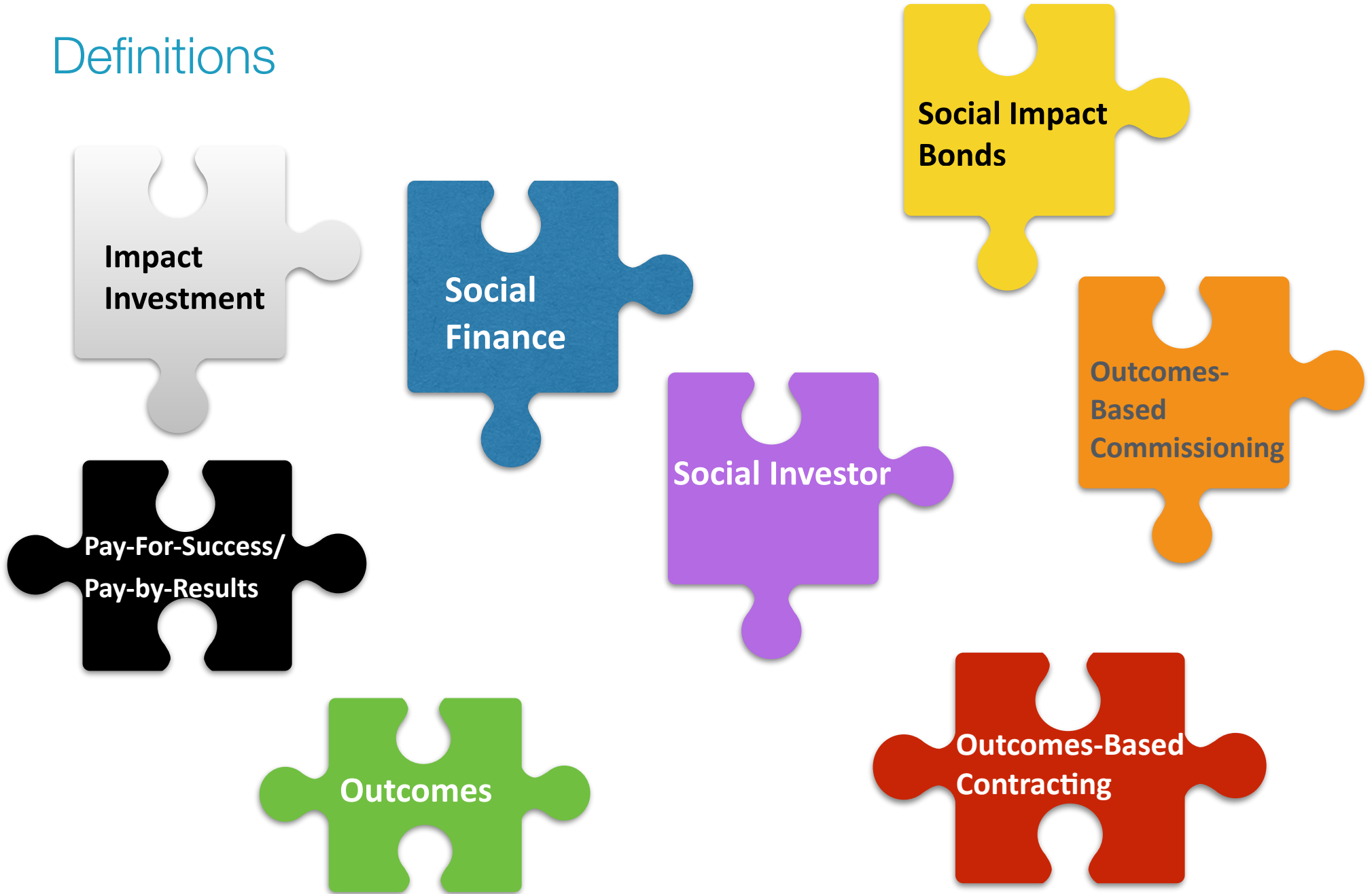


Social Impact Bond  
Contract Management

Collective Impact  
Outcomes-based  
Infrastructure  
Social Impact Bond



# Definitions

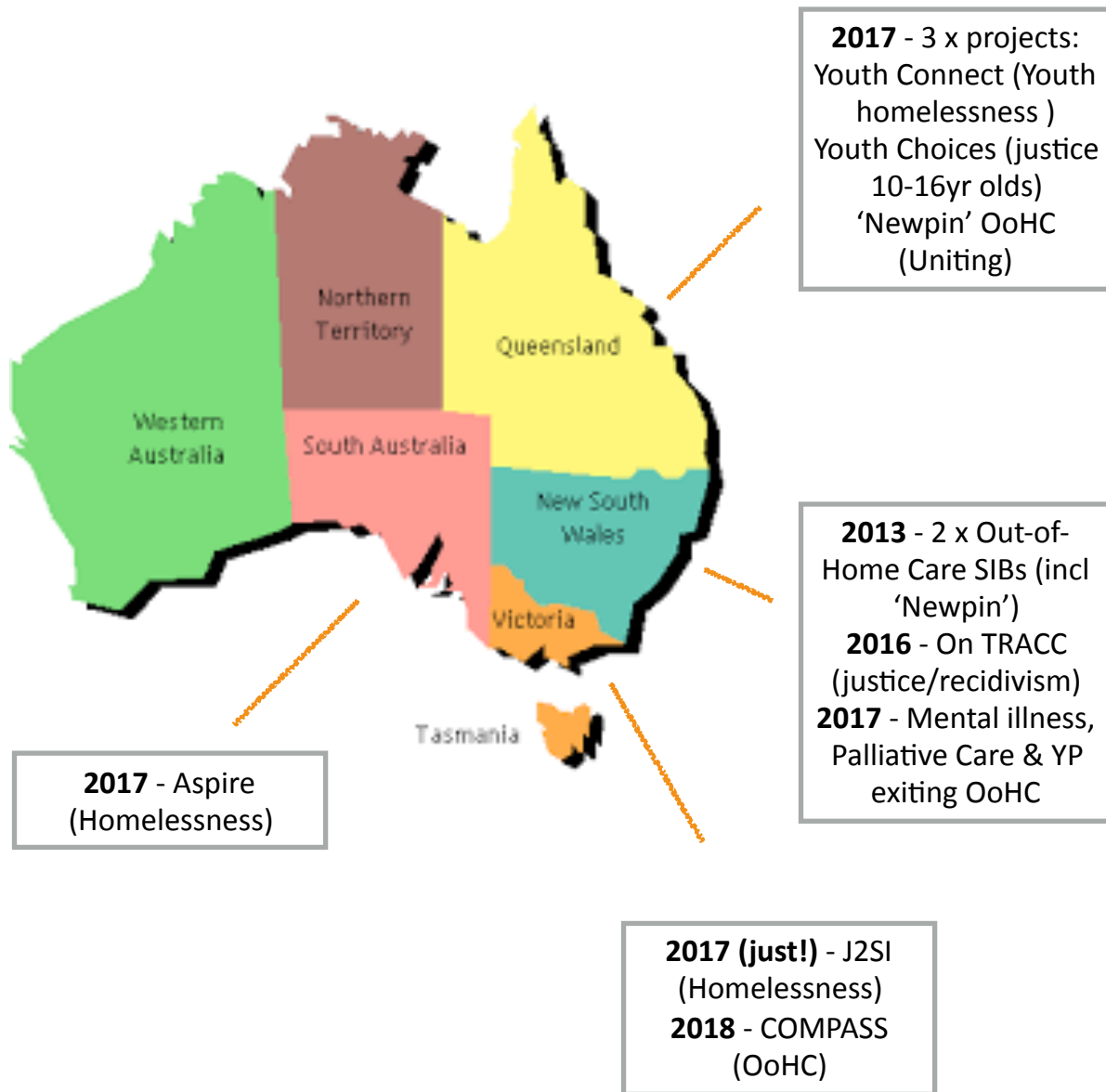


# Australia & PFS - The Background

## Australia - Driving Factors

- ▶ We are a federation of states (like you guys)
- ▶ A Federal (national) Govt uncertain of its role/unwilling to make significant investment
- ▶ Loudest voices are the 'impact investing' community with OBC being marginal
- ▶ Very small 'intermediary' market - one player dominates (Revenue 2017: \$18M AUD = \$13.5M USD)
- ▶ Cautious philanthropic sector

# Australia PFS - Where are we?



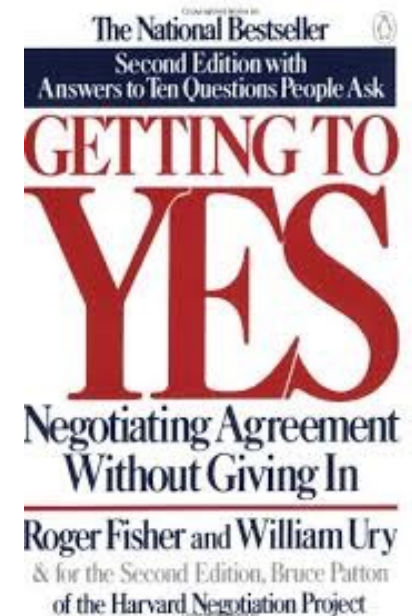
## Australia - In Summary

- ▶ 2017 & 2018 saw a 'Big Bang' of PFS projects - 9 projects in all
- ▶ Leadership being shown by one state, in particular - NSW
- ▶ Other locations are very much in 'pilot' stages and not committed LT
- ▶ SIB contracts/investments are of a similar size and scale to US
- ▶ Similar policy areas
- ▶ Foundations interested but less risk-tolerant than in US



# Personal reflections on Australian projects

- ▶ The challenges of being an entrepreneur
- ▶ Cross-sector and cross party language challenges
- ▶ New ways of working - 'The most challenging but rewarding work...'
- ▶ Being clear, firm but open to negotiate. Holding mission strong but being willing to negotiate around core principles
- ▶ Negotiation skills are key



# The Yin and the Yang of Australian PFS

## What is going well?

- ▶ Investing in Government capacity - NSW Government OSII (<https://www.osii.nsw.gov.au>)
- ▶ Trialling 'Rate Cards'
- ▶ Open to earlier/unsolicited opportunities for co-design
- ▶ Investing in (limited) sector capacity-building
- ▶ Lots of ideas/programs among service providers (but often 'in trouble')

## What's not going so well?

- ▶ Political cycle - State/Fed elections
- ▶ Political opposition - sector and academic suspicion and concern
- ▶ Lack of care - no votes in this
- ▶ Paternalism - *we know what's best for our clients*
- ▶ Bureaucratic hand-balling and poor coordination

# So where does this leave us?

## **We're at a crossroads...**

If we can shift this baby into a broader outcomes-based contracting and commissioning form, then we'll go off like a Clapton guitar solo.

If we get stuck in the current PFS/SIB contracting paradigm then we'll end up like one of my, pathetic, imitation Clapton guitar solos.



# Summary

## An Outcomes-Based Future

- ▶ Australia is poised for growth - but there are challenges
- ▶ Massive potential to share learnings and knowledge - about process, outcomes & programs (eg, homelessness, OoHC etc)
- ▶ How do we look at this in the larger context of a global movement?
- ▶ Innovation curve and 'tipping point' - if we are still talking to each other about PFS in 5 years we will have stalled massively.
- ▶ How do we get to the majority?
  - ▶ Redefining market segments to move around roadblocks
  - ▶ Latitude Network - Infrastructure, CSR, Social Procurement
- ▶ If all you have is a hammer then everything is a nail
  - ▶ We need new tools & applications while sticking with the core elements: outcomes-focus, incentivise innovation, investment and client focus, measurement, data