

# Pay for Success

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MANAGEMENT BOARD STAFFER



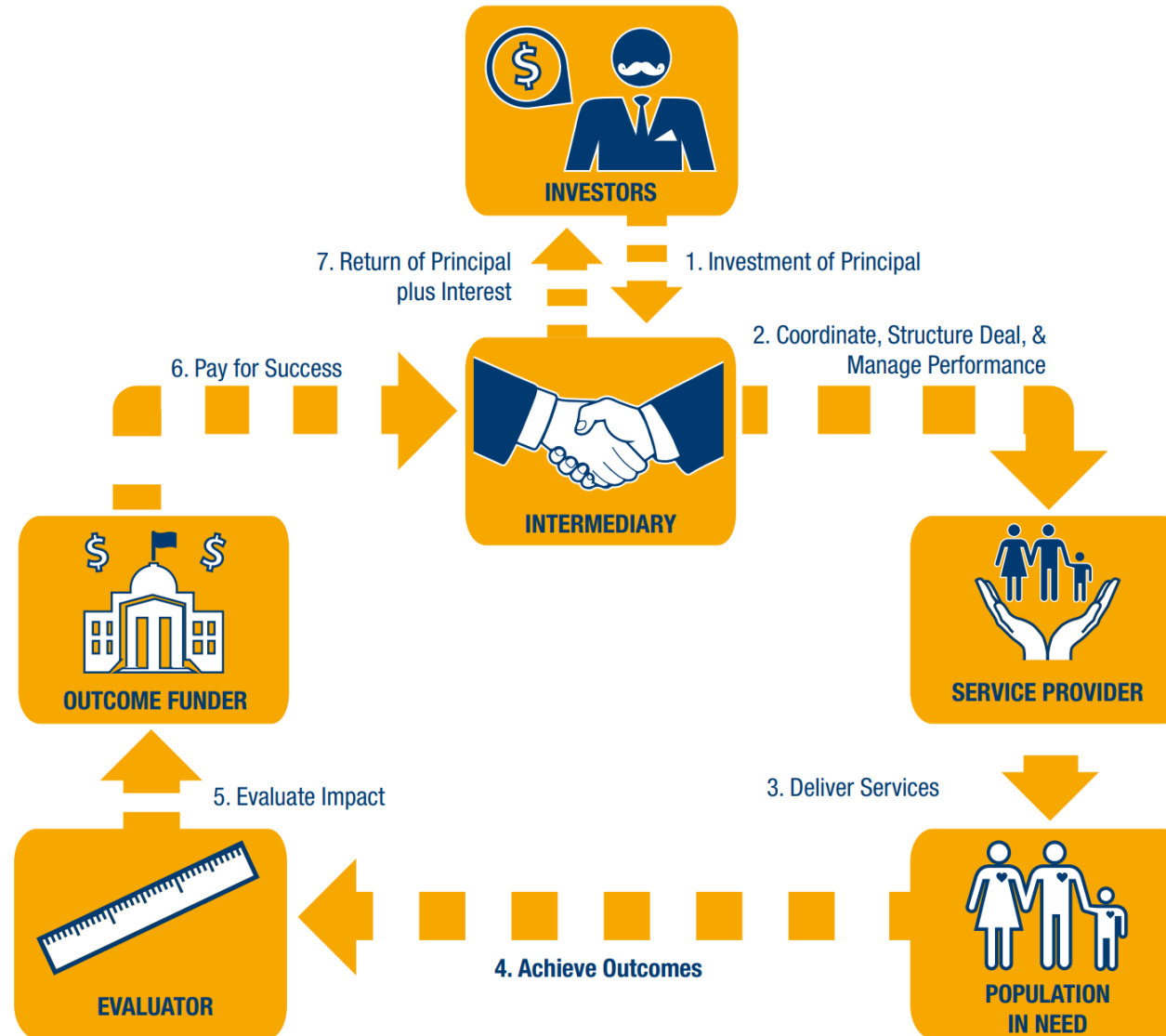
# Background

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- Shift risk from public to private sector
- Outcomes focused rather than treatment focused
- Private investors pay upfront costs
- If predetermined metric of success is met, investors are repaid, often with interest
- Over 60 social pay for success contracts



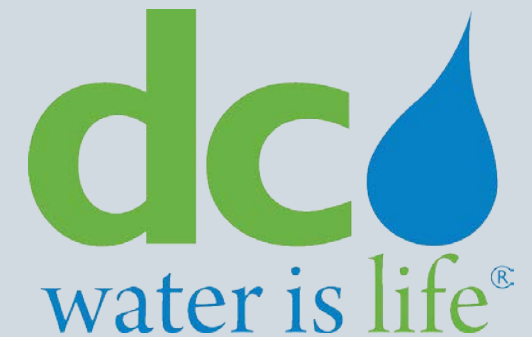
**Figure 2. Impact Bond Mechanics**



# DC Environmental Impact Bond

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- October 2016
- Combats DC's Combined Sewer Overflows through 20 acres of green stormwater infrastructure
- First *environmental* pay for success contract
- Largest pay for success investment in world



# Forest Resilience Bond

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- Designed to reduce frequency and intensity of forest fires
- USFS agreed to pursue in November 2017
- Multiple stakeholders act as beneficiaries
  - Local governments, electric and water utilities
- Need to balance number of beneficiaries to prevent freeriding



# Additional Case Studies

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- Pay for Success: Lancaster County
- Pay for Environmental Services: Florida Ranchlands
- Mitigation Banking: Maryland Department of Transportation
  
- Seeking more case studies



# Thank You

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