WHAT IS PAY FOR SUCCESS?
A set of funding strategies sharing 4 key characteristics

- **Focuses on clearly defined outcomes**: Typically “policy-relevant,” as jointly defined by all parties and measured by pre-agreed methodology.

- **Ties payment to performance**: Payment often largely or entirely contingent on measured outcomes, often over the course of multiple years.

- **Uses data to inform decisions**: Reliant on significant tracking, feedback cycles, and course-correction.

- **Relies on strong governance & measurement**: Overseen by group with aligned incentives, including both implementers and outcomes payors.
HOW DOES IT WORK?

The Social Impact Bond model

Nonprofit intervention provider

Private funders / impact investors

Expansion capital ($)

Repayment ($)

Outcomes

Payor (often government)