



ENVIRONMENTAL POLICY
INNOVATION
CENTER

faster



Pay for Success: A Better Bang for the Buck?

- Nick Dilks, Managing Partner, Ecosystem Investment Partners
- Gabe Cohee, Director, Office of Restoration and Resilience, Maryland DNR
- Kristin Fisher, PhD., Applied Agricultural Scientist, The Nature Conservancy



pay before

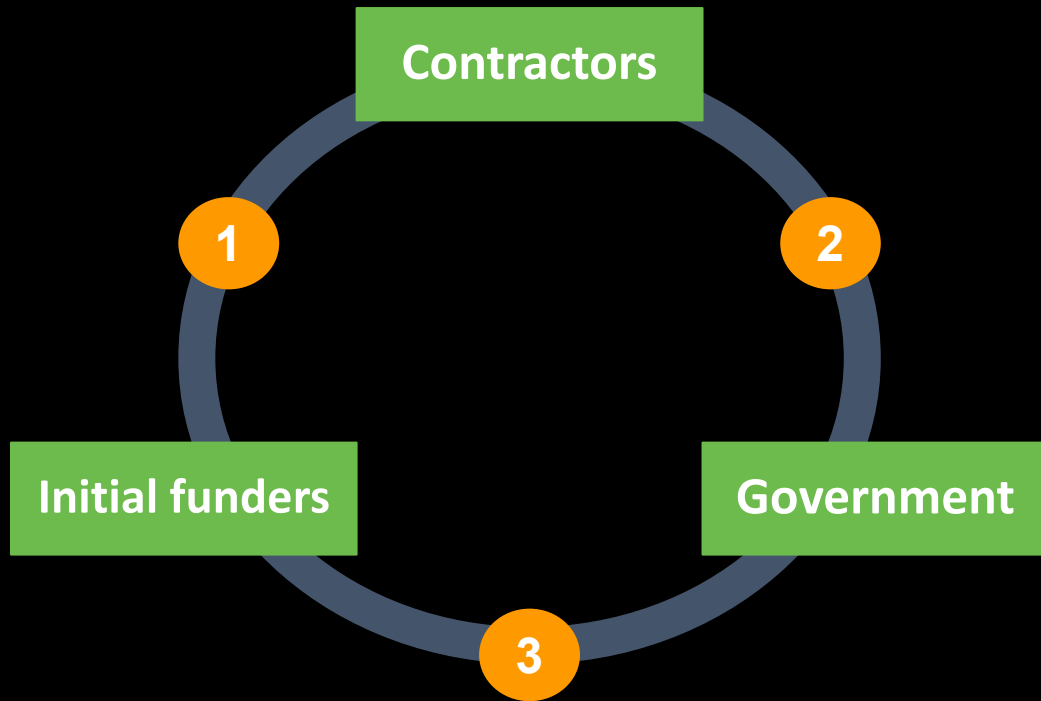


pay during



pay after

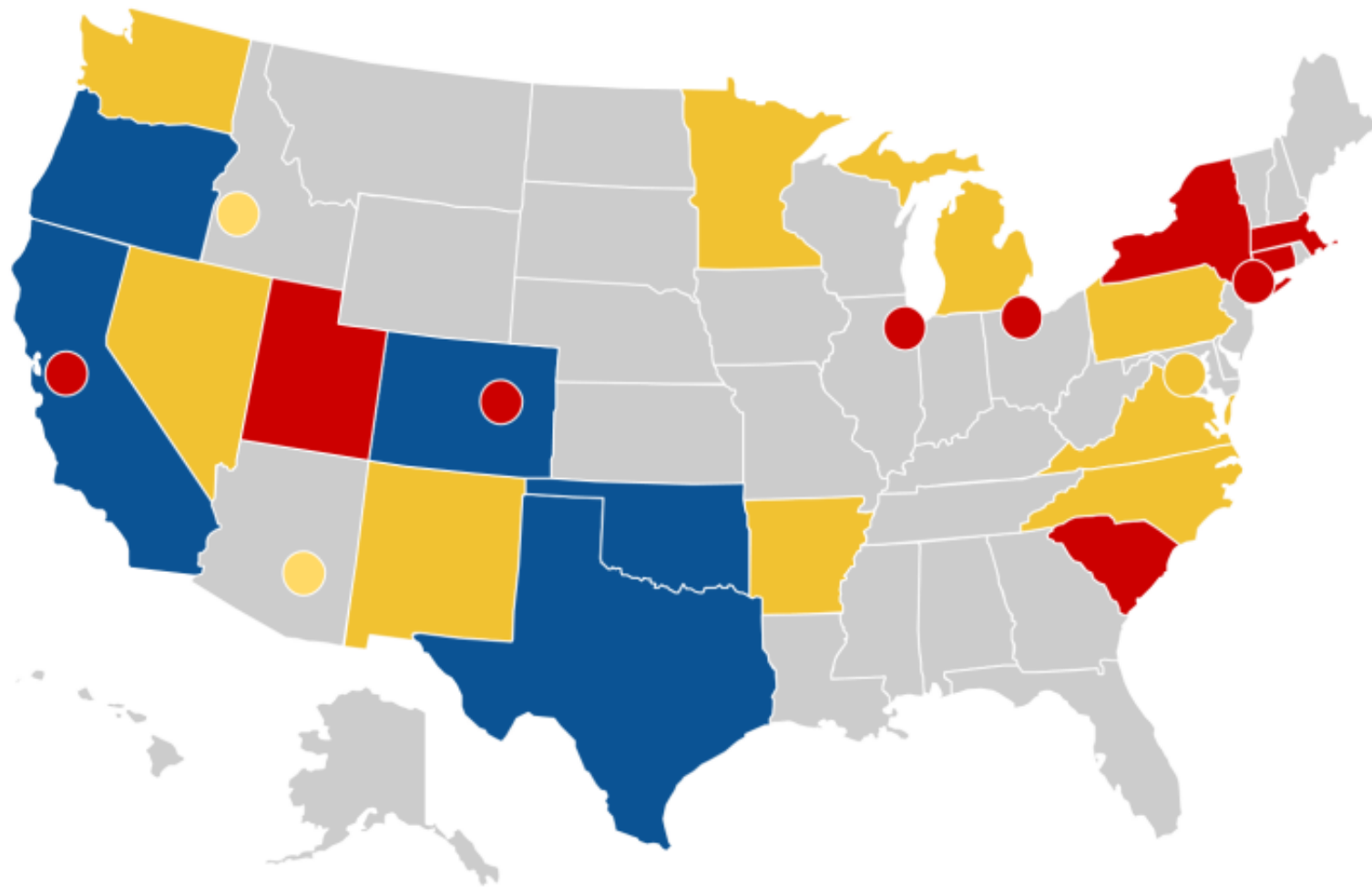
Pay for Success



1 Investors or banks provide upfront capital to scale outcomes-based projects

2 Contractors deliver environmental outcomes and cost savings that government values.

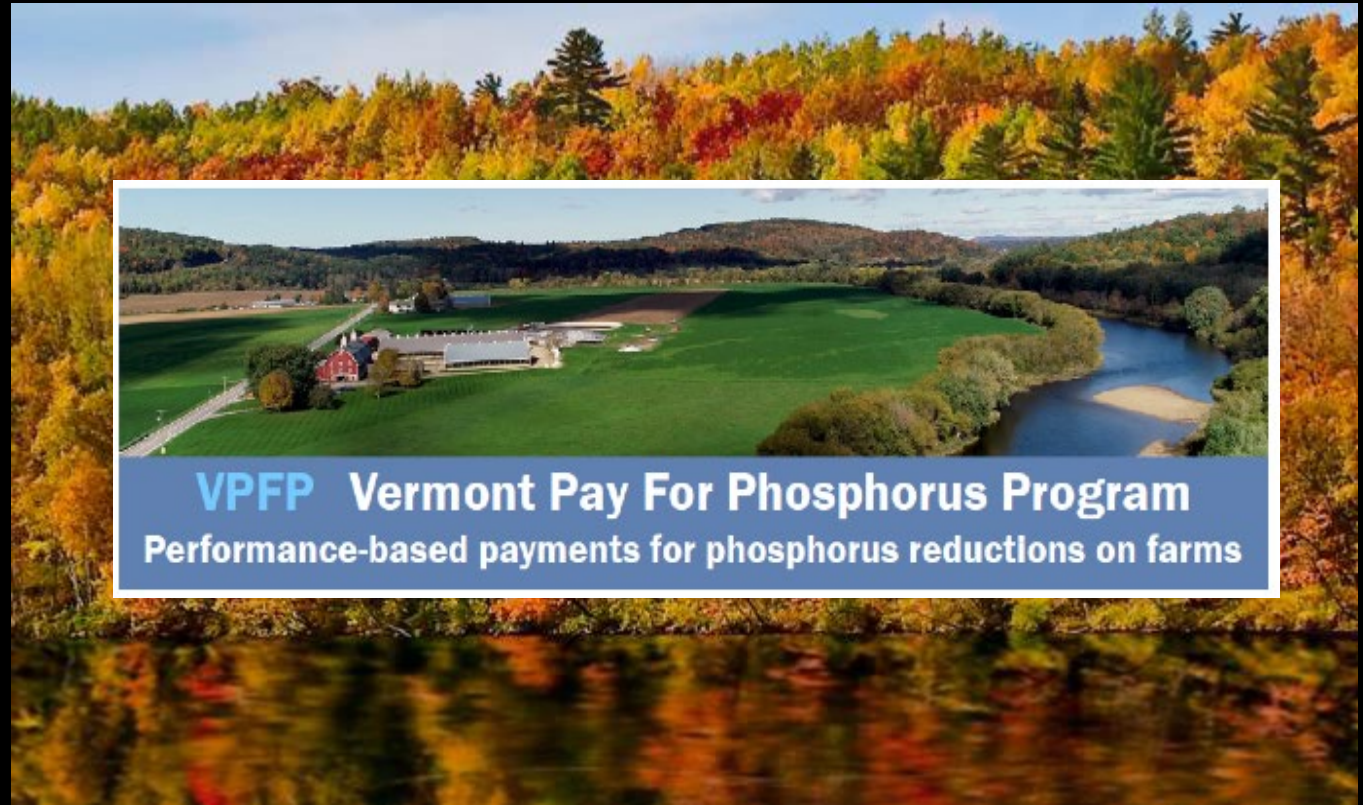
3 Government pays contractor (who repays investor or bank) once outcomes are verified



- Contracted Project
- Legislation or Budget Item
- Grant, RFI or RFP



State PFS program, ResultsOhio,
established in 2020



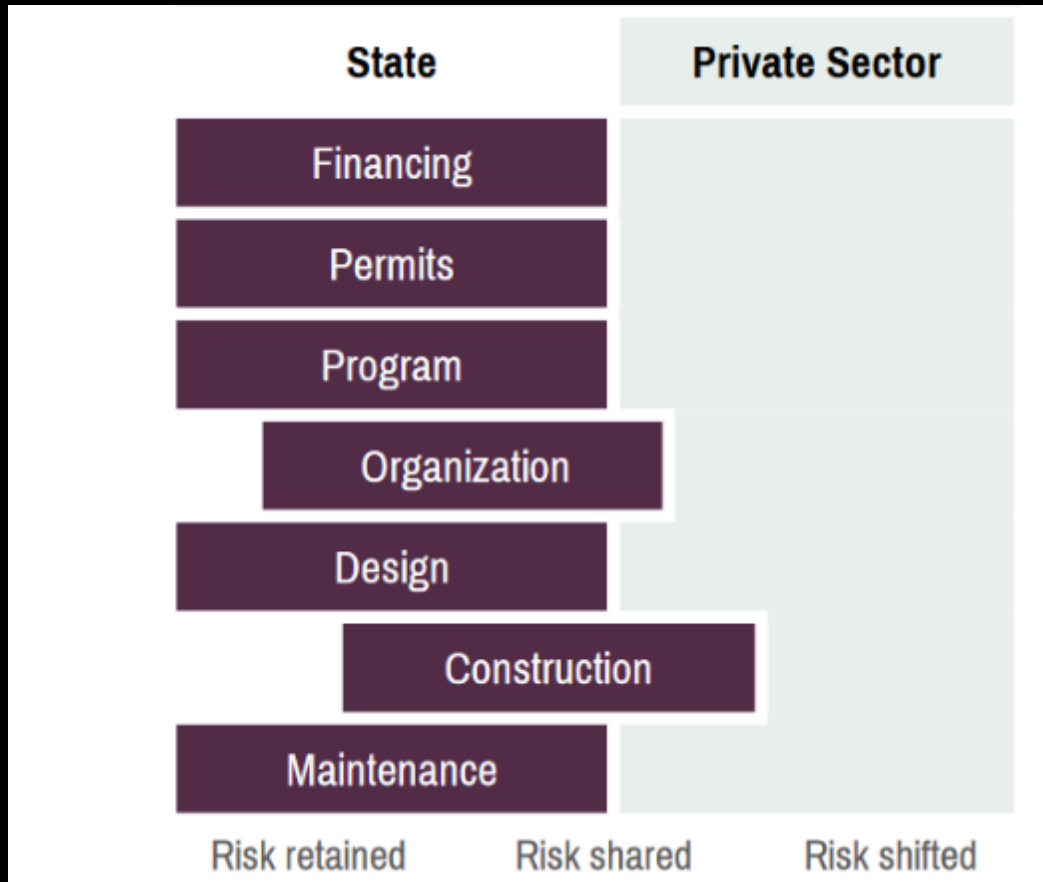
VPFP Vermont Pay For Phosphorus Program
Performance-based payments for phosphorus reductions on farms



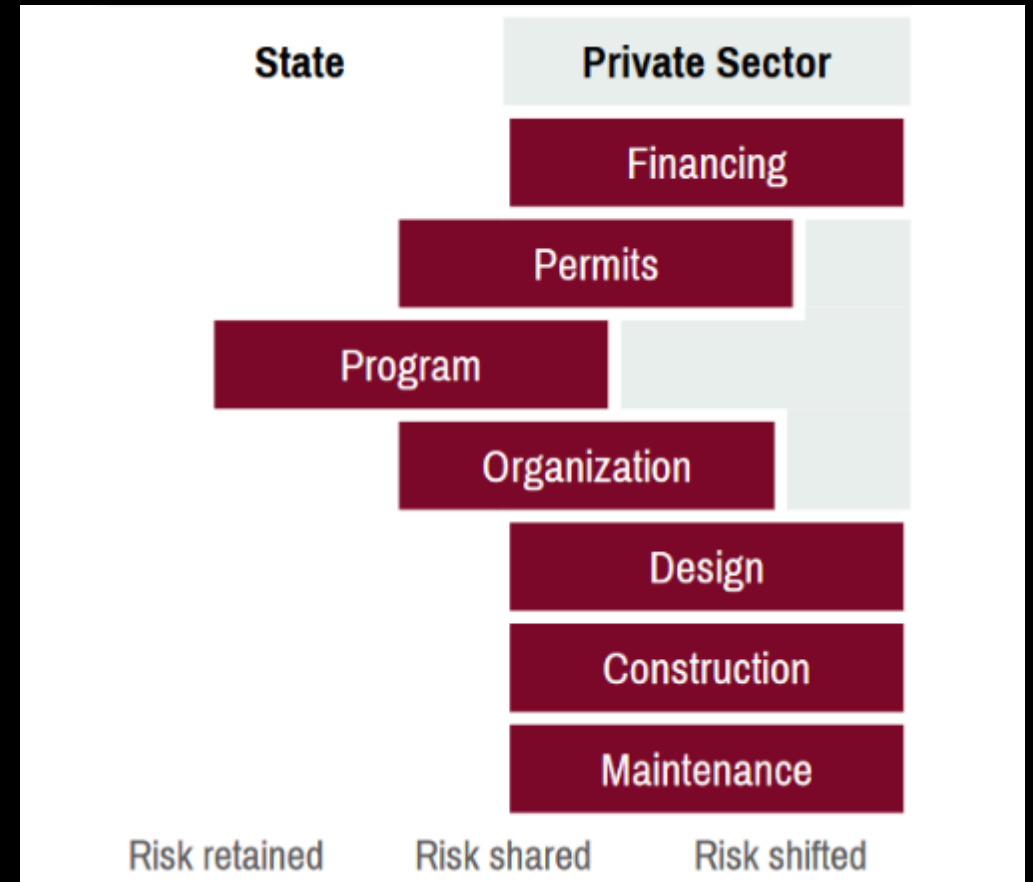
2011 - law authorizing a PFS pilot
Feasibility study
State bonds for up to \$10 million
Need legislation to simplify processes

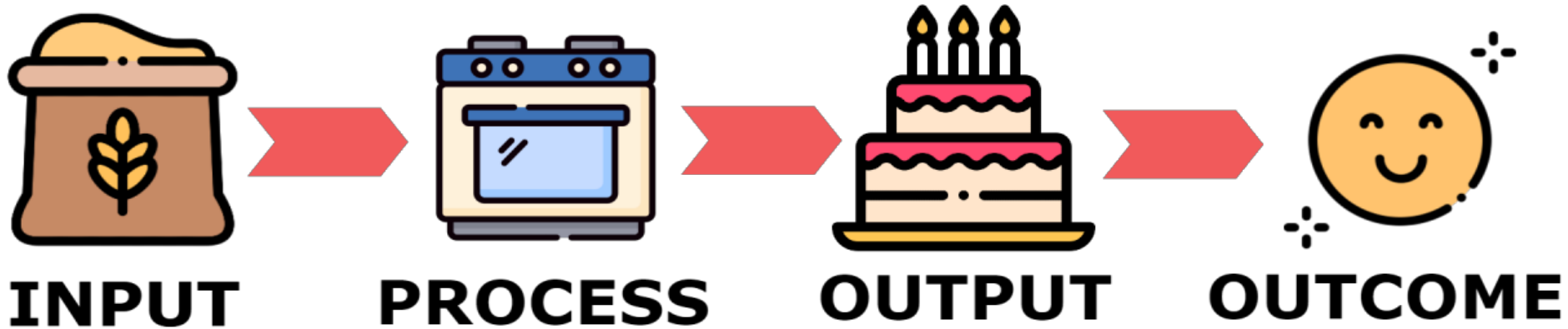
Risk transfer

Traditional procurement



Pay for success





	INPUTS	OUTPUTS	OUTCOMES	ULTIMATE OUTCOMES
What	Controllable actions you take to achieve a goal	Initial results your actions produce, mostly under your control	The effect of your actions in the project	The long term effect of all of your actions
Measurement	Inputs are the results of activities and measure effort. Inputs are binary – they were either accomplished or not	Outputs measure immediate results based on the inputs	Outcomes measure longer-term consequences stemming from the combination of inputs and outputs	Ultimate outcomes measure long-term consequences stemming from outcomes and other factors
Examples	<ul style="list-style-type: none"> • Bulldozer operator hours • Seeds planted • Supplies used 	<ul style="list-style-type: none"> • Acres protected • Living shorelines created 	<ul style="list-style-type: none"> • Saplings that survive one year • Percent living seagrass cover after 2 years 	<ul style="list-style-type: none"> • Forested acres • Delistable streams