Pay for Success (PFS) is an innovative contracting model that drives government resources toward high-performing social programs in areas such as poverty, education, child welfare, recidivism, homelessness, and wellness. PFS contracts track the effectiveness of programs over time to ensure that funding is directed toward programs that succeed in measurably improving the lives of people most in need.

**WHAT IS PAY FOR SUCCESS?**

**Underserved Individuals** gain access to the high-quality support they need to thrive.

**Social Service Providers** achieve the stability of upfront, flexible funding that enables them to scale and focus on delivering proven, outcomes-focused services.

**Governments** obtain the flexibility to support preventive services that lead to reduced costs, better outcomes in the long term, and more effective data to identify what works.

**Taxpayers** are secure in knowing that government resources are directed toward programs that produce demonstrated results for society.

**Funders** seek innovative and meaningful ways to make a difference in their communities. PFS gives them an opportunity to support high-quality programs with the opportunity for both a financial and social return.

**PAY FOR SUCCESS MECHANICS**

**STEP 1**
**GOVERNMENT** Identifies a critical social issue with historically poor outcomes such as recidivism, chronic homelessness, or early childhood education.

**STEP 2**
**PRIVATE FUNDERS** Such as foundations, banks, and businesses, provide upfront capital to a high-performing social service provider that is helping a specific, at-risk target population.

**STEP 3**
**SERVICE PROVIDERS** Deliver services to key at-risk communities, in an effort to reach or exceed predetermined outcomes for success.

**STEP 4**
**EVALUATOR** Rigorously measures outcomes to ensure providers achieve impact.

**STEP 5**
**GOVERNMENT** Repays private funders initial investments only if project is successful in achieving positive outcomes.

**PROJECT MANAGER**
At the center of this complex dance, there is an organization that acts as a conductor, facilitator, and advisor to the overall process. This is something called the Intermediary, Project Manager, or Technical Assistance Advisor (like Third Sector).
FEDERAL SOCIAL INNOVATION FUND GRANT

In late 2014, Third Sector received $1.9 million from the Social Innovation Fund (SIF), a program of the Corporation for National and Community Service, to help strengthen the pipeline of state and local governments and service providers prepared to implement PFS projects.

With this funding, Third Sector is leading feasibility and technical assistance in Austin/Travis County, Texas; Orange County, California; Commonwealth of Virginia; State of Nevada; State of Oregon; and Washington State.

ABOUT THIRD SECTOR CAPITAL PARTNERS, INC

Third Sector leads governments, high-performing nonprofits, and private funders in building evidence-based initiatives that address society’s most persistent challenges. As experts in innovative public-private contracting strategies, Third Sector is an architect and builder of the nation’s most promising Pay for Success projects. A 501(c)(3) nonprofit based in Boston and San Francisco, Third Sector is supported through philanthropic and government sources, including a grant from the Corporation for National and Community Service’s Social Innovation Fund.

OUR WORK: A TRUSTED ADVISOR TO ADVANCE PAY FOR SUCCESS

Third Sector offers a variety of advisory services for government, service providers, funders, and other stakeholders at all phases of the Pay for Success continuum.

FEASIBILITY AND TECHNICAL ASSISTANCE

- Conduct analysis to determine the necessary steps to implement a PFS project.
- Partner with governments to design procurements for PFS providers and other project parties.

SERVICES INCLUDE: Assessing stakeholder readiness, prioritization of target populations, and identifying the value proposition for a project.

PROJECT CONSTRUCTION AND FINANCING

- Work with all project stakeholders towards executing the key elements of a PFS contract.

SERVICES INCLUDE: Managing project workstreams, financial structuring, economic modeling, multi-party contract formation, fundraising from philanthropic and commercial sources, and vetting of partnership stakeholders.

PROJECT LAUNCH AND MANAGEMENT

- Support the project ramp-up/pilot and provide ongoing project advisory.

SERVICES INCLUDE: Consulting on project management, managing investor relations, monitoring project implementation, and convening oversight meetings.

OUR TEAM: AN EXPERIENCED MIX OF THE BRIGHTEST MINDS

Our team brings extensive experience in developing innovative financing and contracting across the public and private sectors. We are highly versed in managing projects with diverse groups of stakeholders, economic modeling, fundraising, and evaluation/data analysis. Third Sector has offices in Boston, Massachusetts and San Francisco, California and has clients across the United States.

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