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Making Sound Cost Decisions in Pay for Success Projects.

Abstract

In Pay for Success projects, the government repays project costs only to the extent that agreed-upon outcomes are achieved — and in so doing, seeks to achieve high-priority outcomes rather than simply buying outputs. Yet identifying the cost of achieving these outcomes can be a significant hurdle. Cost issues are particularly important for PFS projects because of the contractual nature of cost responsibilities and how project cost estimates inform outcome pricing. A number of potential cost elements need to be identified and estimated. These range from initial PFS project development costs, the cost of the evaluation, one-time and periodic investment costs (such as updating equipment), and annual operating and maintenance costs. While challenging, the steps and guidance provided in this report will help stakeholders (and particularly governments) with this process.

[Download the paper.](#)

The Urban Institute

Harry P. Hatry, Matthew Eldridge, Arden Kreeger, Reed Jordan

February 1, 2017

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