

Transaction Coordinator

This questionnaire can help you evaluate if your organization is prepared to participate in a Pay for Success (PFS) project as a transaction coordinator (TC).

PFS's evidence-based policy approach addresses critical issues by interrupting cycles of negative social and economic outcomes to measurably improve communities and the effectiveness of public policy. Some PFS projects focus on scaling or replicating proven interventions, while others seek to introduce or adapt services to new settings. Issue areas that might be a fit for PFS include:

- criminal justice
- early childhood education
- homelessness
- prevention or treatment of problems associated with chronic disease
- substance abuse
- behavioral health
- workforce development
- and many more.

Intermediary organizations, often referred to as transaction coordinators, play various roles at each stage of project development and implementation. In addition to conducting a feasibility assessment at the beginning of the project, a transaction coordinator's scope of duties can include:

- General project management and stakeholder engagement and education
- Definition, analysis, and valuation of target outcomes and success payments
- Evaluation design
- Investment capital structuring and raising
- Development and negotiation of project contracts and investment agreements
- Program operational plans and repayment schedules
- Public relations and external communications

To date, community development financial institutions, evaluation organizations, and other nonprofits have all served as transaction coordinators. The diversity of organizations is a reflection of the scope of tasks captured in this role. The questions below can help you assess if your organization is ready to participate in a PFS project as a transaction coordinator.

Core Capacities

Given the range of expertise required during the project exploration, development, and implementation phases, organizations should consider whether these capacities exist within their current structure, if they will need to hire additional staff, or if they will partner with another organization to meet the needs of the project.

- Are there people in the organization at the board, senior management, and staff level who understand PFS and the organization's goals for participating in PFS projects?
- Does the organization have current staff capacity to work as a transaction coordinator? Will the organization need to hire new staff to meet any needs?
- Has the organization identified potential partners to fulfill transaction coordinator duties detailed above that it does not have the capacity to satisfy? If not, does it have a plan to secure those resources?

Continued

Core Capacities, cont.

- Does the organization have strong systems in place for managing complex, multi-phase projects, including the ability to track and communicate progress on timelines and deliverables?
- Does the organization have the analytical expertise and the necessary information technology systems to support management of a complex data-intensive project?
- Has the organization identified appropriate legal counsel if it does not exist in-house?

Feasibility Assessment and Due Diligence

During feasibility assessments, transaction coordinators use quantitative and qualitative methods to assess the fit of potential service interventions, partners, and evaluation methods. They also sometimes vet and select partners for project design and implementation.

- Does the organization have experience or familiarity with:
 - o Cost-benefit analysis or other methodologies for valuing social outcomes?
 - o Qualitative or quantitative methodologies for evaluating social programs?
 - o Complex data analysis?
 - o Creating predictive models?
 - o The specific issue for which PFS is proposed? Or general knowledge of the social service and/or nonprofit sectors?
 - o Conducting due diligence on social service providers? Other partners?

Project Design and Structuring

Transaction coordinators are responsible for designing the financial model for the PFS project, including understanding project costs and benefits and modeling scenarios for investor repayment based on project outcomes. Transaction coordinators may also design the deal structure, including setting and negotiating the investment structure and repayment terms and raising the capital that serves as the upfront investment for service delivery.

- Does the organization have experience with:
 - o Financial modeling?
 - o Scenario planning?
 - o Multi-year budgeting?
- Is the organization willing to work iteratively and collaboratively to refine models that integrate different stakeholders' interests and demands?
- Does the organization have a demonstrated track record in raising money from:
 - o Philanthropic sources?
 - o Private sources/investors?
 - o Public sources?
- Does the organization have experience designing structured finance deals? Social impact financial deals? Deals involving different types of capital with different risk tolerance?

Program and Contract Design

In the project design phase, transaction coordinators work with service providers, evaluators, and other partners to define delivery of the PFS intervention. This requires an ability to understand the complex landscape in which services are delivered, and identify and address any potential barriers to successful program operations and implementation.

Program and Contract Design, cont.

- Does the organization have experience with:
 - o Social service program design? Program delivery?
 - o Providing capacity building or technical assistance to help address any gaps in service provider capacity?
 - o Designing, implementing, and/or monitoring performance-based contracts?
 - o Planning and/or implementing scale or replication of existing programs? Creating and implementing new programs?

Stakeholder Management and Negotiation

Transaction coordinators manage the multiple stakeholders involved in a PFS project. This can include coordinating the work and deliverables of multiple parties, facilitating conversations between stakeholders, and/or negotiating between or on behalf of different stakeholders.

- Does the organization have close working relationships with relevant local stakeholders?
- Does the organization have a demonstrated track record of partnership with the public, private, and/or nonprofit sectors?
- Does the organization have experience working as a facilitator or manager of multi-stakeholder working groups or formal collaborations? Managing the deadlines and work schedules of multiple parties?
- Does the organization have experience negotiating contracts with or on behalf of:
 - o Private funders and/or investors?
 - o Public funders?
 - o Multiple parties?
 - o Other entities or organizations?

Project and Performance Management

A transaction coordinator serves as a project manager and as the lead contractor with the payor. It contracts directly with the other parties providing services or funding to the PFS project, which typically includes the service provider, the investors, the technical assistance provider, legal counsel, and/or the evaluator. Project managers report to both the investors and the payor, and convene the committees and working groups that make up the project's governance and monitoring structure. Some project managers also oversee performance management, monitoring progress toward intended outcomes and supporting any necessary adjustments to achieve goals.

- Does the organization have a demonstrated track record of managing a set of organizations and program interventions?
- Has the organization demonstrated an ability to manage outcomes (e.g., effectively plan its programs and set targets against outcomes)?
- Has the organization demonstrated an ability to effectively analyze and make decisions based on data?