

How Program-Related Investing Works

This video explains how program-related investments (PRIs)—pioneered by the Ford Foundation in 1968—allow foundations to make investments that are aligned with their mission.

Transcript begins.

[Simple animated graphics support the narrative throughout.]

Most people think of foundations as organizations that serve the public good by making grants. And that's true. But foundations can help improve people's lives in other ways—for instance, by making loans and equity investments that advance social causes. We call these “program-related investments” or “PRIs.”

How does a PRI work?

At the Ford Foundation, we most often use PRIs to make long-term investments in communities neglected by mainstream financial institutions. It might work like this: We invest in a nonprofit fund that is trying to develop affordable housing. Our investment encourages other lenders to join in. Over time, that money is used to build thousands of affordable homes for low-income people and communities. The developers repay the loan with a small amount of interest. And with that money back in hand, we reinvest yet again in new projects that advance social change.

Why would a foundation make an investment instead of a grant?

Unlike a grant, which is not repaid, a program-related investment is just that: an investment. And because we expect to recover our investment, we can do more with our resources by using our funds again and again. A PRI can make a project seem less risky in the eyes of traditional investors. We often provide what's known as “anchor funding,” which gives other investors—foundations, as well as banks, for-profit companies, and government agencies—the confidence to join in too. A PRI can also help an organization develop financial discipline and planning skills. In order to receive an investment, organizations typically must develop and present a 10-year financial plan, which can help increase their focus and effectiveness.

How does the Ford Foundation use PRIs?

We pioneered the use of PRIs in 1968 by petitioning Congress to approve their use. Since then, we have committed \$600 million to these investments, supporting projects that range from the establishment of a women's poultry cooperative in India to the expansion of credit unions serving low-income communities in California. Hand in hand with our grant making, our investments are advancing social change and helping people build better lives for themselves and their families.

[on-screen graphic: Ford Foundation logo]

End of transcript.

To learn more, see the [Mission Investments](#) section of the [Ford Foundation website](#).