

Mission Investing

Program Overview

At the Packard Foundation, we work locally and around the world on the issues our founders cared about most: improving the lives of children, enabling the creative pursuit of science, advancing reproductive health, and conserving and restoring the earth's natural systems. In addition to making grants, we make program-related investments—or PRIs—which offer the Foundation a flexible financing tool to support its mission.

We use a variety of investment tools: loans, loan guarantees, and equity investments, to have the biggest impact possible on our programmatic strategies. We seek to be catalytic with our PRIs, and believe that right type of investment can quickly change the course of an organization and its ability to achieve its mission.

The Packard Foundation has a long, rich, and diverse history of making program-related investments (PRIs). Since 1980, we have made over 200 investments totaling \$500 million to both nonprofit and for-profit organizations.

Defining Program-Related Investments

Like a grant, a PRI supports the Foundation's charitable and programmatic goals. Unlike a grant, a PRI is a loan (or sometimes an equity investment or a guarantee) for which the Foundation is reasonably confident of repayment of its full principal amount with some limited returns. In other words, the goal of the PRI is full return *of* its investment, with limited return *on* its investment, so that the pool of PRI capital remains intact for re-lending to support the Foundation's charitable and programmatic goals into the future.

Our Approach

Within the spectrum of impact investors, the Packard Foundation is a strongly impact-first investor, meaning that our foremost goal is to have social and environmental impact. While we seek to preserve our capital for future needs, and perform rigorous financial due diligence to do so, we have no profit motivation per se in our investing.

When we encounter trade-offs between financial returns and depth of impact, which we often do, we choose impact. In fact, at times we work with investees to re-structure transactions to enhance and deepen impacts and/or attract more private capital, thereby reducing our potential returns.

Exemplary PRIs

Over the course of the PRI program, we have seen the deep impact that our investees have made. Shared below are a few PRIs and the ways that investees have used PRIs to further their impact in their fields.

Freshwater Trust

The Foundation, in partnership with the Gordon and Betty Moore and Kresge Foundations, made a total \$5 million PRI loan to fund the growth of the Freshwater Trust's water quality trading program in the Pacific Northwest, a potential future model for other parts of the country. This investment enables The Freshwater Trust to build out its innovative water quality trading system, which conserves and restores freshwater water systems through stream restorations throughout the West, thereby also helping to address ecosystem changes brought on by climate change.

Afaxys

The Foundation made a \$4.5 million seed capital loan to enable Afaxys, Inc. to provide 7.2 million women in the United States access to oral contraceptives and other essential family planning products through group purchasing and by releasing its own generic private label products. As of January 2013, Afaxys received FDA approval to offer a generic contraceptive through public health clinics nationwide. Through the product launch of Chateal, its own private label oral contraceptive, Afaxys takes a significant step forward toward its mission of ensuring affordable and reliable access to reproductive health product choices for women throughout the U.S.

Colorado River Delta The Foundation made a \$1.3 million loan to enable The Nature Conservancy and a coalition of conservation

organizations, as part of an innovative bi-national U.S.-Mexican government Agreement that was signed on November 20th 2012, to capture water rights from the Colorado River. The water rights will be used to restore depleted delta watersheds on a large scale and to, ultimately, restore the Colorado River's flow all the way to the Gulf of California. In addition to the direct benefits of watershed restoration across the Colorado River Delta, the Packard Foundation's investment supports this promising new mechanism for funding future watershed restorations in the West.

Learn More

To learn more about each of our subprograms; their strategies and funding, visit our website at <https://www.packard.org/what-we-fund/mission-investing/>.