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[GENDER LENSES](#)

[FINANCING FISH](#)

[HOME](#) > [IMPACT INVESTING](#) > [FORD FOUNDATION LOOKING AT IMPACT INVESTING FOR \\$12 BILLION ENDOWMENT](#)



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# Ford Foundation Looking at Impact Investing For \$12 Billion Endowment

BY [DENNIS PRICE](#) • NOVEMBER 10, 2015

It's time to address the elephant in the board rooms of the nation's foundations: the impact of the \$650 billion in philanthropic endowments.

So says Darren Walker, president of the Ford Foundation, who announced that the nation's second-largest private foundation will put forward a specific impact investing



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“I no longer find it defensible to say that our investment strategy is only to maximize the value of our endowment—just as it’s no longer defensible for a corporation to say its only responsibility is to maximize shareholder value,” Walker wrote in a [message](#) that also laid out Ford’s revamped program strategy. “There is growing evidence that it is possible to find impact investing opportunities that deliver financial and social, double bottom-line returns.”

Walker’s pronouncement comes a month after the Obama administration [moved to clarify tax rules](#) that some foundations believed kept them from using their full range of assets to advance their philanthropic missions. Walker, who has been Ford’s president since 2013, was named earlier this year to chair the National Advisory Board on Impact Investing, the policy body that had pushed for the new IRS guidance as a way to grow impact investing. “Now is an opportune time for foundation boards to confront the endowment question,” Walker wrote.

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In the 1960s, Ford pioneered the use of program-related investments — which are made not from foundations’ endowments but from their much more limited grant budgets — to provide loans, equity investments, and guarantees. In the decades since, many of the nation’s largest foundations have deployed PRIs to finance both for-profit and non-profit organizations.

With the growth in the market for investments seeking both financial returns and social impact, and increasing [evidence of their financial performance](#), pressure has grown on foundations to unlock their endowments for mission-related investments. Foundations in the U.S. now sit on \$650 billion in assets, largely invested in traditional investments that ignore considerations of impact.

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Ford, like most large foundations, has screened certain objectionable industries from its endowment investments, but otherwise maintained a policy of maximizing returns, leaving only its grant expenditures to pursue its mission. “This position, that we maximize returns, has been a source of questioning, discontent, and frustration among those we support, as well as among staff at Ford,” Walker wrote.

Ford won’t be the first, or last, to take on the endowment question. A number of foundations have already set to work investing all or part of their endowments for impact including the F.B. Heron Foundation, the Rockefeller Brothers Fund, and the Kresge Foundation, which recently announced a \$350 million commitment to both program-related and mission-related investments.

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