



Investment Connection *Program Overview and FAQs*

What is Investment Connection?

Investment Connection is a program by the Federal Reserve that matches financial institutions and other capital providers with nonprofit and community development organizations whose needs may qualify for credit under the Community Reinvestment Act (CRA). The aim of the program is to boost investments in low- and moderate-income communities and encourage effective partnerships between funders and local stakeholders. For more information, please see [here](#).

The New York Fed launched its Investment Connection program in September 2019. Other Reserve Banks, including the Kansas City Fed, Richmond Fed and Cleveland Fed also lead their own Investment Connection programs in their respective districts.

Why is the New York Fed launching this program?

The Investment Connection program reflects the New York Fed's long-standing commitment to supporting the transformation of low- and moderate-income communities in its region by working to increase the impact of community investments and supporting inclusive economic development strategies. Details on the Bank's Community Development Finance efforts can be found [here](#).

The Investment Connection program also marks a critical step in the New York Fed's Community Development Finance (CoDeFi) Progression Model, a framework designed to support and enhance the community development finance ecosystem in the Bank's region. In addition to Investment Connection, the Progression Model outlines efforts to deepen relationships between community stakeholders and investors, provide educational resources to community organizations, and create data-driven, analytical tools for potential investors. For more information on the Progression Model in Puerto Rico, see [here](#).

Why did the New York Fed choose to launch Investment Connection in Puerto Rico?

Puerto Rico is part of the New York Fed's district and the Bank has been intimately involved in supporting the Island's recovery efforts following Hurricane Maria, which resulted in significant damage to vital infrastructure, homes and businesses.

In the storm's aftermath, several federal regulators issued an [interagency statement](#) establishing that financial institutions located outside of Puerto Rico can receive CRA credit for supporting eligible activities on the island. This offered a unique opportunity to implement the Investment Connection program in Puerto Rico.

How does the program work?

- **Submission process:** In October 2019, the New York Fed called for proposals from organizations servicing Puerto Rico.
- **Proposal review:** From October – December 2019, New York Fed staff reviewed submissions to assess general CRA eligibility and determine program participants.
- **Education:** Participating organizations receive additional education and resources in preparation for the pitch event.
- **Pitch event:** Participants will present their proposals to potential investors at a New York Fed-hosted event in San Juan, Puerto Rico on January 27 and 28, 2020.

What were the criterion for selection as a participant?

Participants were determined based on a number of factors related to CRA eligibility, organizational profile and potential impact. Each proposal was reviewed by New York Fed staff to determine if the proposed loan, investment, or service generally aligns with the definition of a community development activity in accordance with the CRA. Additionally, greater weight was placed on organizations with demonstrated expertise in their field and a record of sustainable operations. For more information on the participants and their proposals, please see [here](#).

Which potential investors have been invited to participate in the program/pitch event?

The New York Fed has engaged a range of financial institutions with CRA obligations. The Interagency Statement provides an opportunity for banks both within and outside of Puerto Rico to participate. Additionally, capital providers such as philanthropies, corporations and other impact investors are invited to participate.

Does selection as a participant guarantee that a funder will receive CRA credit?

The selection process does not constitute a determination that a participating investor will receive CRA credit. A final determination will be made by the investor's regulator after funding has occurred.

Are participants guaranteed to receive funding? Will the Bank itself award any funding?

Participants in the Investment Connection program are not guaranteed to receive funding. Furthermore, the New York Fed does not endorse or make any representation as to the propriety or suitability of the organizations, their programs or their submitted proposals.

The New York Fed is not a grant-making organization. The purpose of Investment Connection is to facilitate education, information sharing and potential opportunities related to the CRA and to make connections between organizations and potential funders.