



THE REINVEST REPORT

Divesting from Injustice & Reinvesting in
Community, in New England and Beyond



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Introduction

Divestment movements of the last several decades have shown us the power of moving money as a global strategy for taking political and economic power away from industries responsible for systemic violence against our communities and our land and water. As our world faces unprecedented economic and climate crises, divestment movements must go beyond just divesting power and resources away from these violent actors, and begin strategically building a story and strategy for reinvesting in communities. It's time to transform the role of finance in our lives. It's time to build a movement to reinvest in a new system, one which grows solutions to these crises from the community up, led by those who have been most impacted. Students, movement organizers, universities and other institutions have an opportunity to come together to reinvest in justice.

Goals of This Report

- **To give energy and guidance to campaigns** that want to move beyond divestment and advocate for reinvestment as part of a just transition
- **To demonstrate to anchor institutions** such as universities, hospitals, and foundations that there are many opportunities to align their endowments with their social mission by investing in place-based social impact funds
- **To be a resource for individuals and families** who want to align their investments with their social justice values
- **To help connect and create common vision** among place-based loan funds in Massachusetts and New England
- **To contribute to strengthening the global movement** to divest from an extractive economy and reinvest in a regenerative economy

A Note on How to Use This Report

Our central motivation for creating this report is to inspire dialogue and action in Divest-Reinvest movement spaces. Additionally, we see the report as a resource that can be shown directly, by individuals or campaigns, to institutions as part of a push to shift investment policy. For this reason, we have written the section beginning "Reinvest in Our Communities" (on page 1) so that it may stand alone, with an introduction that frames the conversation around reinvestment specifically for university administrators, municipal officials, or those in the traditional investment sector. Individuals or groups running divestment campaigns may choose to separate pages 1-24 to present a strategic case and/or specific examples for reinvestment to their institutions. Campaigns may also choose to write their own introduction or addendum with appropriate context and tone.

The Story of Divestment

In 1970, two African American workers at Polaroid, in Cambridge, Massachusetts, noticed that their employer was supplying the South African apartheid regime with the camera system for the infamous passbooks used to restrict movement and freedom for Black and Indian people in South Africa. These two young workers, Caroline Hunter and Ken Williams, founded the Polaroid Workers Revolutionary Movement to organize a boycott, which helped the rise of an international anti-apartheid divestment and boycott movement.¹



Anti-apartheid protesters erect shanties and blockade building entrances at the UC Berkeley campus on March 31, 1986. Photo: AP/Catharine Krueger.

Decades later, in 2011, a small group of students at Swarthmore College, acting in solidarity with communities facing climate injustice, founded the campaign that would become the genesis of the international fossil fuel divestment movement. Since then, students across the nation have run powerful, coordinated campaigns to pull university endowments out of the fossil fuel industry. So far, fossil fuel divestment campaigns have seen major wins at Stanford University, the University of Massachusetts, and over a hundred other educational institutions. In just seven years, the fossil fuel divestment movement has spread to religious institutions, municipal governments, and more, with the assets of divesting institutions now totaling over \$6 trillion.² In early 2018, the movement celebrated one of its largest victories when New York City filed a lawsuit against five major oil companies and declared that it would divest its \$196 billion pension fund from fossil fuel securities, totaling over \$5 billion in funds divested from fossil fuels.³

Fossil fuel divestment works alongside other contemporary movements to divest from other extractive industries. Out of the enormous indigenous-led resistance to

the Dakota Access Pipeline has risen Mazaska Talks, a campaign to divest individuals and municipalities from the banks funding major tar-sands and pipeline

projects which destroy land and water and violate indigenous rights.⁴ The Movement for Black Lives (M4BL), Enlace, and numerous local campaigns have worked to push for divestment from private prisons.⁵ Palestinian liberation activists have inspired boycott, divestment, and sanctions campaigns all over the world to end the violent occupation of Palestine.⁶ All of these movements have shown the enormous potential for divestment campaigns to create change in the fabric of our economy and the moral narrative of our country.

Reinvestment presents an opportunity to resist the extractivism, racism, and militarism that dominate our economy and to rebuild towards a vision of collective well-being, led by communities who have been the most oppressed under the current system. For example, M4BL and other groups have articulated a vision for divesting from prisons and police and reinvesting in Black futures, Black health, and Black communities.⁷ Additionally, Mazaska Talks is pushing the public to reinvest money divested from big banks into local credit unions and native-owned banks.⁸ This report seeks to (1) stimulate reinvestment conversation and action among organizers as well as institutions & individuals with access to capital, and (2) provide examples of local community-rooted investment opportunities to reinvest energy and resources in an economy based on solidarity.



Detroit, Michigan. Photo: "Freedom to Thrive: Reimagining Safety and Security in Our Communities."



Water Protectors hold an action outside of Wells Fargo, one of the major banks funding the Dakota Access Pipeline, in November 2016. Photo: John Duffy.

The Story Behind This Report

We are five undergraduate students and recent college alumni who have worked on fossil fuel divestment campaigns at Boston University, the Massachusetts Institute of Technology, Tufts University, and the University of Massachusetts Amherst. We became involved with our respective campaigns because we sought to disempower the fossil fuel industry, which drives climate injustice and marginalizes low-income communities and communities of color around the world. We've urged our universities to stand in solidarity with the climate justice movement by divesting from these corporations. We now see that reinvestment, coupled with divestment, is an essential step towards creating a just future.

We believe that true justice cannot be achieved by continuing to invest in an economy which exploits human labor, destroys culture, extracts resources, and pollutes the earth. This extractive economic system is built on the suffering of low-income communities and communities of color. We believe that a transition to a new economy must be rooted in the communities who have been most impacted by ongoing harm and inequity. Reinvesting the money once used to finance extractive industries into communities that have faced injustice is a powerful and necessary strategy for our movements.

This report aims to bridge the gap between divestment and reinvestment by highlighting several mission-driven community loan funds in New England that support low-income communities and communities of color, both locally and nationally. We believe that investing in these funds is the first step in a broader reinvestment strategy, and that these funds are essential leaders in building the field of justice-oriented impact investing.

As five current or past leaders on fossil fuel divestment campaigns, our reflections and recommendations are based on our experience in this movement, though we hope that this report may be a useful resource for people working in the Boycott, Divest, Sanctions (BDS) Movement for Palestinian liberation, the prison divestment movement, and other divestment campaigns. We also want to acknowledge the exciting potential for collaboration among different divestment campaigns to move together towards a shared vision of reinvestment.

Why Reinvestment?

“What we focus on grows.” This is a saying from social justice facilitator and author Adrienne Maree Brown, who writes about the idea that we cannot just focus on and react to negative forces; we have to imagine and build models for healing relationships with each other and the earth. Social movements have shown us the power of divestment to resist the flow of social and financial capital to industries and economies of violence. We believe that there is enormous potential in not just halting this flow but redirecting it into a new economy based on solidarity, justice, and sustainability. We are inspired by the question: How can we combine the powerful resistance created by divestment movements with the visionary work of those building alternatives to capitalism that empower communities and nourish people and the earth? How can we move money out of the violent system and directly into the world we want?

We don't have time for false solutions. Socially Responsible Investment (SRI) and Environmental, Social, Governance (ESG) funds have been upheld by the mainstream investment community as a noble effort to continue making profits while “making a difference.” Oftentimes, however, these funds use opaque definitions to remain invested in corporations that violate human rights and jeopardize the health of our planet. In some cases funds use a “best-in-class” strategy: for example, an “ethical investment” fund might include Shell in its portfolio if Shell's performance on ESG criteria is better than Exxon's performance.⁹ Additionally, SRIs and ESGs distract from the reality that a few people are still accumulating massive amounts of wealth at the expense of the many, and that in many cases there is no transparency or accountability to their investors or the communities they impact. This concentration of wealth and lack of democracy over capital is at the root of the social and ecological crises we are facing today, and we need more imaginative solutions.

To truly address the crises of social inequity and ecological devastation, we need to transform finance. This means investing based on a whole new set of values which prioritize life over profit. The following funds, along with creative finance models around the world, have shown that finance can be a tool to shift ownership from the powerful elite to historically marginalized communities; grow vibrant local democracy; and create resilient transit, energy, and food systems.


The Role of Students and Institutions of Higher Education

Thousands of students on hundreds of campuses worldwide have been mobilized by divestment movements and have helped spark conversation about the necessary role of universities in standing against social injustice. However, we want to push this dialogue further by imagining the role of universities in directly supporting a just and sustainable future. Due to the large number of student-led campaigns and the momentum that fossil fuel and other divestment campaigns have created, students are uniquely positioned to add reinvestment strategies into our divestment movements. By leveraging our position at our universities, which are some of the wealthiest institutions in the nation, we can work to move capital directly into the creation of community-centered economies rooted in justice, equity, and respect for human and ecological life.

SEEDS FOR THIS WORK

Reinvest in Our Power (RiOP) is a network of grassroots organizers, anchored by the Climate Justice Alliance. RiOP is working to build a just transition from the ground up, by moving money out of the extractive economy and into real community solutions. From 2014 to 2016 the Divestment Student Network (DSN), in collaboration with RiOP, began connecting student divestment campaigns with community organizations building justice-oriented investment models in order to lead the student movement towards a vision and strategy around reinvestment. The DSN has since closed, but the seeds for this work were planted in this collaboration.

Learn more about RiOP here:
reinvestinourpower.org



Our Vision

We envision an interconnected Divest-Reinvest movement, led by student and grassroots campaigns addressing the ecological and social crises of our generation by divesting endowments from corporations and the extractive economy and reinvesting them into the hands of communities and a regenerative economy.



Guiding Values



This report is grounded in a vision of a regenerative economy as articulated by the following set of values, developed by **Regenerative Finance** in collaboration with **Movement Generation** and **Climate Justice Alliance**.¹⁰ While not all of the investment funds in the report are thoroughly aligned with all of these values, we believe it is important to hold them as a north star for Divest-Reinvest movements as the ecosystem of reinvestment opportunities grows.

Regenerative Economy Values

1. Builds Community Wealth: Investments have traditionally created a system by which the wealthy accumulate even more wealth. Regenerative Finance sees investors as a temporary part of the transition, moving investments with the long term vision of communities generating their own wealth through productive capital. Resources, particularly financial, should shift from a few large institutions (banks and markets) to many smaller, diverse institutions in which the benefits of investment are distributed among more people and communities.

2. Economic Control: Investment should be decoupled from ownership. Currently, the “investor first” principle places financial return over the needs and interests of workers and communities, placing the motivation of economic activity on concentration of wealth and power rather than collective success and well-being. New models of “non-extractive” or “regenerative” finance prioritize the interests of workers, communities, and the success of the enterprise rather than focusing on the interests of investors. Returns only come from revenue generated by the project, never from assets or income of the community. Capital is subordinate to people. These models offer a greater social, ecological, and economic return.

3. Democratizes the Workplace: Investments in the new economy should support and increase worker ownership, democracy, and rights at the places of work and in the economy as a whole.

4. Drives Social Equity: Investment should actively work against current and historic social inequities based on race, class, gender, immigrant status and other forms of oppression. Choosing to invest in communities, geographies and sectors of the economy where these inequities are most pervasive is a priority.

5. Advances Regenerative Ecological Economics: Investment should be in economic activity that advances ecological resilience, reduces resource consumption, restores traditional ways of life, and undermines the extractive economy that is eroding the ecological basis of our collective well-being.

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6. Re-localizes Primary Production and Consumption: Investment should support the re-localization of primary production and consumption by building up “short chain” and “known chain” economic initiatives, such as local food systems, local clean energy, and small-scale production. The boundaries of “local” are dynamic and determined by the conditions in place.

7. Strengthens the Public Sector: Investment should shift resources from the corporate sector to the public sector, where most appropriate, in addition to building the peoples’ economy. For example, investments that support public sector infrastructure in zero-waste, clean energy, transportation, etc. are key to a just transition and regenerative economy.

8. Builds Movements and Power: Building a new economy needs to be deeply rooted in struggles for justice, centering those people who have been historically marginalized. Investment should bridge the gap between economic infrastructure and justice movements to create a new center of gravity in the economy. Many new models for a regenerative economy directly come from or collaborate with grassroots community-based organizing efforts, thereby building both economic and movement power. We are committed to investing in projects that connect economic and political muscle to change the rules of the economy. It is our belief that these investments have a greater impact than those that are not part of a larger, multi-sector movement-building effort.

9. Retains Culture and Tradition: Capitalism has forced many communities to sacrifice culture and tradition for economic survival. It has also defaced and destroyed land held as sacred. Investments should center culture and tradition, recognizing it as integral to a healthy and vibrant economy. It should also begin to make reparations for land that has been stolen and/or destroyed by capitalism, colonialism, genocide, and slavery.

10. Restores Indigenous Sovereignty and Promotes Decolonization: Capitalism within the United States (and many other places in the world) is based on genocide and imperialism – historically and currently. A regenerative economy will move beyond acknowledgment of these factors and seek to reverse them by: relocating sovereignty to indigenous communities, promoting projects that protect sacred sites, and honoring long-held ways of life and relationship with land.

11. Restores Right Relationship within Ourselves and with Our Communities: The extractive and exploitative values of capitalism have traumatized us all. Investors have long been forced to give up part of their humanity by putting profits over people, community and the environment. Investments should provide pathways to heal from this harm by creating opportunities for real, cross-class relationships, decentralizing structures of power, and rebuilding our communities together.

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Endnotes

1. https://www.democracynow.org/2013/12/13/polaroid_apartheid_inside_the_beginnings_of
2. This value is continually updated at <<https://gofossilfree.org/divestment/commitments/>>. The exact value of funds directly moved out of fossil fuel investments cannot be calculated as private institutions often do not release information regarding their investment portfolios. See also <https://www.arabellaadvisors.com/wp-content/uploads/2016/12/Global_Divestment_Report_2016.pdf>
3. <https://www.theguardian.com/us-news/2018/jan/10/new-york-city-plans-to-divest-5bn-from-fossil-fuels-and-sue-oil-companies>
4. <https://mazaskatalks.org/>
5. <http://www.enlaceintl.org/prison-divest-map>
6. <https://bdsmovement.net/>
7. <https://policy.m4bl.org/invest-divest/> and <https://populardemocracy.org/news/publications/freedom-thrive-reimagining-safety-security-our-communities>
8. <https://lastrealindians.com/divestment-and-solidarity-part-1/>
9. <http://www.moneyobserver.com/our-analysis/understanding-ethical-investing>
10. <http://regenerativefinance.com/values/>

Reinvest in Our Communities

The Importance of Divestment

The student divestment movements of the past and present have sent a clear message: students and the general public believe that institutions of higher education have an obligation to align their endowments with the values of their community. Universities and colleges, as well as other anchor institutions, have a central mission to benefit the common good; this means shifting investments away from industries that are exacerbating inequality and harming community and ecological wellbeing.

Historical financial performance shows that it is possible to make an equal return by investing in socially responsible alternatives, e.g. fossil free funds consistently outperform the market.¹ And while this potential for financial upside is important to highlight, divestment advocates have made a powerful case that financial gain is not the only bottom line; institutions must also prioritize the social and environmental impacts of their investment choices.

The Focus of this Report: Community Reinvestment

“Anchor institution” is a recently popularized term for a university, hospital, or any other large institution whose mission is tied to the community within which it resides. This report joins a broad call for our anchor institutions to ask themselves: Do we want to have a positive and mutually beneficial relationship with the people and place surrounding us? Do we want to truly listen and respond to the needs of this community?

If the answer is yes, then anchor institutions must reevaluate the major impact their decisions have on jobs, housing, health, and safety in their local communities, and thus begin to make new decisions guided by the voice and interests of the community. This commitment can include a number of actions, such as local purchasing, inclusive hiring, community-informed development and resource sharing. The focus of this report is specifically on the opportunity for anchor institutions to align their endowments with their commitment to their local and global community by shifting investment dollars away from harmful corporations and into healthy and resilient economies. The pages that follow outline several opportunities to do so, through investment in place-based, social impact funds that leverage capital to create just and sustainable local

economies. This report focuses on place-based funds rather than large Socially Responsible Investment (SRI) or Environmental, Social and Governance (ESG) funds for several reasons. Firstly, place-based funds are directly accountable to the communities in which they are located and to their local investors, businesses, and community members. Secondly, these funds are best positioned to address social, economic, and ecological challenges facing these communities because they have an invaluable connection to the people and place they serve. These funds have local trust and knowledge which allows them to make safe and impactful investments.

Universities and college endowments in the United States comprise over \$566 billion. In the Boston area alone, endowments total over \$50 billion.² Committing to reinvest even a small portion of university endowments in place-based impact funds is a small risk for large institutions to take, but will have a major positive impact for local economies.

The funds profiled here are a selection of funds primarily in Massachusetts as well as a few in the greater New England region. Most are Community Development Financial Institutions, or CDFIs, which is a US Treasury designation that allows a fund to use its nonprofit status to provide financial services to underserved populations. Resources on CDFIs across the country can be found at the US Treasury CDFI Fund (cdfifund.gov) or at the Opportunity Finance Network (ofn.org). The funds profiled here are emerging and long-time leaders in the field of place-based impact investing.

Leading the Way: UNH Invests in the New Hampshire Community Loan Fund

In 2017, the University of New Hampshire invested \$3 million in the New Hampshire Community Loan Fund. Michael Swack, a professor at the UNH School of Public Policy, had assisted multiple endowments and foundations in making mission-driven investments and began reaching out to administrators at his own institution to ask if they would do the same. “I felt it only made sense that if I am traveling the country advocating for community impact investing, that UNH be investing in the people of New Hampshire too,” Swack explained. During the several-years-long process, Swack and his students engaged leaders across the university, and the vice president of finance had adequate time to do due diligence on the investment options. Ultimately, UNH decided to invest in the New Hampshire Community Loan Fund, a 35 year old fund that has successfully supported affordable housing (as well as small businesses, child care centers, and nonprofits) across the state. The fund’s returns on investment are higher than what UNH’s endowment receives from its fixed income investments. We can look to leaders like UNH who are challenging the status quo of managing endowments.

The Funds

1. Boston Community Capital
2. Boston Impact Initiative Fund
3. Boston Ujima Project
4. Common Capital Community First Fund
5. Cooperative Fund of New England
6. Local Enterprise Assistance Fund
7. New Hampshire Community Loan Fund
8. Pioneer Valley Grows Investment Fund

BOSTON COMMUNITY CAPITAL



Boston Community Capital is a nonprofit CDFI and impact investor whose mission is to build healthy communities where low-income people live and work. BCC was founded in 1985 by a group of people from Old South Church who had \$3,500 in start-up funds and a vision to create a financial institution that would combine local expertise and community values to enhance historically underserved communities. Since then, BCC has invested over \$1.4 billion in projects that provide affordable housing, good jobs, and new opportunities to low-income communities and connect these communities with the larger economy. Throughout the past 33 years, BCC has increased its lending, its assets under management, and its net assets, demonstrating its capability to absorb the risks associated with new initiatives while solidifying the financial viability of its core programs.

The Loan Fund

The Loan Fund is at the core of BCC's work. Through its Loan Fund, BCC provides capital that is scarce or unavailable in marginalized communities across the U.S. As of year-end 2017, BCC managed around \$1.1 billion in assets. Its cumulative total investment through 2017 was \$1.4 billion. In the past few years, BCC has financed numerous community-based projects and facilities through its Loan Fund to enhance and stabilize the communities within which it works. These projects provide employment, affordable housing, and improve community health through transformative initiatives in education, childcare, healthcare, green energy, and healthy food finance.



BCC's SUN Initiative helped to save Migladia and her family's home from foreclosure in Jamaica Plain, MA.

Investment Offerings

The Loan Fund (BCLF) is composed of a revolving pool in which investors provide a range of loans for BCC to use to lend capital to the communities they serve.

- The loans have an interest rate from 1% to 3%, depending on the length of the loan and the preferences of the investor. Some investors opt for a 0% interest rate to ensure that the totality of their investment goes towards a certain project or borrower.
- To protect investors, BCLF maintains loan loss reserves and equity capital, both of which exceed industry standards. In the event of a loan loss, BCLF can draw on the loan loss reserve. Over its 30-plus years, losses have been less than one half of one percent and have been fully covered by reserves.
- Loans to the Loan Fund finance a wide range of community development projects, including the SUN Initiative, BCC's foreclosure prevention program, and BCC Solar, its solar program for affordable housing and low-income communities.

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Financing

The Loan Fund offers a wide array of financing options to match the needs of a borrower or project:

- Predevelopment: for financing the upfront cost of real estate development projects prior to construction, such as for permitting, design and due diligence
- Acquisition: for acquisition of property for either commercial or housing developments
- Construction: for construction or rehabilitation of residential and commercial properties
- Permanent: for long-term financing for newly constructed, rehabilitated or existing multi-family housing, community facilities or commercial real-estate
- New Market Tax Credit Leverage Lending
- State Tax Credit Intermediary Lending
- Bridge Financing or Committed Project Sources

Why Invest in BCC?

BCC's loans and investments have helped build or preserve 21,000+ units of affordable housing and renovate over 2 million square feet of community facilities in distressed communities. They have also supported child care facilities that serve over 13,000 children and health care facilities that serve nearly 157,000 patients. In 2017 alone, BCC has helped to create more than 3,100 jobs in low-income communities, generate over 26.5 million kilowatt hours of solar energy, and prevent 925 families from losing their homes to foreclosure.

BCC Solar, an innovative solar financing program that is part of BCC's Loan Fund, transformed a decaying brownfield site into a 3,287-panel solar field called the Mill Street Solar Project in Gardner, MA. Not only is the City of Gardner benefiting from the land lease and tax payments, but four local organizations are saving tens of thousands of dollars on their energy bills by utilizing the clean, fossil-free energy. One organization, GAAMHA, Inc., a service provider for adults with disabilities, will use their energy savings to improve their services to men battling substance abuse disorders and senior citizens using their transportation services.

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A History of Impact

“Boston Community Capital is nationally recognized for partnering with impact investors committed to deploying their money to build healthy communities while also realizing market-rate financial returns. Since 1985, we've invested over \$1.4 billion to create housing, jobs and opportunities for low-income people and communities. Our investors include Harvard University, the Kresge Foundation, the U.S. Department of Treasury, Calvert Impact Capital, more than 20 banks and over 300 individual investors.”

– Elyse D. Cherry, CEO, Boston Community Capital

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BOSTON IMPACT INITIATIVE



Boston Impact Initiative Fund (BII Fund) is a place-based impact fund focused on closing the racial wealth divide by providing finance and support for small enterprises in Eastern Massachusetts. BII, a predecessor to BII Fund, was created in 2013 by Deborah Frieze and Michael Frieze, two Bostonians with experience in investment, philanthropy and activism. They wanted to address their community’s injustice in access to economic opportunity and recognized that there were no impact investing options that focused on racial justice. From 2013 to 2017, they conducted a pilot round of investment through a privately held LLC, deploying \$3 million across 30 investments with a net positive return. In 2017, BII Fund gained approval from the IRS as a 501(c)(3) nonprofit charitable loan fund, which is now raising funds from outside investors and investing in local economies. The Boston Impact Initiative Fund believes that it can best support the creation of resilient local economies by using a range of integrated capital tools: loans, credit enhancements, equity investments, royalty finance, direct public offerings, crowdfunding, grants and more. By using this “whole portfolio” approach, BII Fund is able to choose the best capital instrument for the age and stage of each organization in its portfolio. They have also pioneered Impact Covenants that formalize each enterprise’s commitment to closing the wealth divide and strengthening the local economy.

Investment Offerings

BII Fund offers three types of Notes.

Community Notes:

- Open to non-accredited investors, including faith-based institutions
- 3-year term with interest rate of 3%
- 50% seniority

Solidarity Notes:

- Open to accredited investors, foundations, institutions, family offices
- 3-year term with interest rate of 3% OR 7-year term with interest rate of 4%
- 10% seniority

Philanthropic Notes:

- Open to individuals, family offices and foundations that are accredited investors
- 5-year term with interest rate of 1%



BII Fund-supported business Fresh Food Generation co-founder Cassandra Campbell. Photo: Glenn Charles.

Financing

BII Fund is a flexible capital alternative for locally owned enterprises that may not qualify for traditional bank financing. They provide equity, debt and grants from \$50,000 to \$250,000 with below-market interest rates and flexible terms. Financing is available for early-stage enterprises as well as more mature organizations seeking growth capital.



Josefina Luna, co-founder of CERO Cooperative. Photo: Ted Fitzgerald, Boston Herald.

Why Invest in BII Fund?

Boston Impact Initiative Fund is innovating the field of impact investing with their unique focus on advancing economic justice in their community. Because economic disparities in Boston and eastern Massachusetts are highly racialized, BII Fund’s investment strategy is designed to create and support asset-building opportunities for communities of color. The fund measures successful social impact through an adapted “triple bottom line” framework, seeking to support economic justice, community resilience, and healthy enterprises. Through a 40-question Impact Assessment, BII Fund measures the impact of each business in closing the wealth gap through metrics such as ownership by people of color and access to quality jobs for economically marginalized groups. As founding partner Deborah Frieze said,

“Local banks, local universities, local foundations—anyone who says that part of their mission has something to do with the community they’re based in—should be thinking about how a portion of their investment dollars could be allocated locally. Then instead of getting zero return on mission with their investments, they can get a financial return and a mission return when they invest.”

Investing in Good Green Jobs

The pilot round affirmed the investment strategy hypothesis that it was possible to make a financial return while focusing on closing the racial wealth gap in Boston. They made 30 investments, predominantly to female business leaders and business leaders of color. Among their successful investments was CERO, an award-winning commercial composting cooperative based in Dorchester, which diverts food waste and transports compostables to local farms. CERO exemplifies a new set of business values, by increasing economic justice and helping achieve zero waste. CERO is run by a team of worker-owners from Boston’s working class, immigrant and communities of color.

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BOSTON UJIMA PROJECT



The Boston Ujima Project is working to create a democratic investment model in working class communities of color in Boston. Ujima was launched in 2015 as a result of a yearlong learning initiative



Boston Ujima Project members gather at Ujima's Solidarity Summit. Photo: Libbie D Cohn.

hosted by the Center for Economic Democracy and co-sponsored by Boston Impact Initiative and City Life/Vida Urbana, in which dozens of local leaders across sectors explored new models for community-controlled wealth building to address the racial wealth gap, poverty, and displacement. The Ujima Project model is bringing together neighbors, workers, business owners, investors, grassroots organizers, and culture-makers, to put development decisions back in the hands of the communities whose families and futures are impacted. Ujima's strategy incorporates many innovative tools, including partnerships with local institutions and an alliance of certified Ujima "Good Businesses." At the heart of the Ujima Project's strategy is a community-controlled investment fund.

The Loan Fund:

Ujima's vision is to launch an investment fund in the second half of 2018, which will combine traditional underwriting with participatory budgeting processes. The Community Capital Fund will pool dollars from community members, philanthropic investors, and foundations into one fund. Because Ujima is based on a belief that members of the community know best what their neighborhoods need, the fund has been designed so that community knowledge will guide the investment process. Ujima's capital fund will find local investment opportunities based on the priorities determined in neighborhood assemblies. The Investment Committee, made up of local, mission-aligned finance professionals, grassroots partners, and elected Ujima members, will conduct due diligence to determine that businesses are ready for investment, and will present their findings to Ujima members. Ujima's local residents will have the final vote to democratically decide which businesses and projects receive investment.

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Fostering Collectivity

UJIMA (oo-JEE-mah) is a Swahili word, and the celebrated Kwanzaa principle for "collective work and responsibility." Ujima inspires people to take responsibility for their communities, to see their neighbor's problems as their own, and to build collective power to solve problems together.



Noah De Amor (far right), founder of Bowdoin Bike School, with friends in front of Bowdoin Bike School in Dorchester.

Why Invest in Boston Ujima Project?

In 2016, Ujima launched a pilot investment program where over 175 community members raised \$20,000 to give 0% percent interest loans to five black- and immigrant-owned businesses. One of the businesses, Bowdoin Bike School, used the investment to buy a point of sale system. This allowed them to expand and serve more residents of the Dorchester community as they sell and repair bicycles.

Ujima's innovating financing approach will make it unique nationwide. When the fund launches, it will be distinct from other community funds, because the Ujima Model centers the voices and needs of the neighborhoods where investment is happening, at every step of the way.

Boston has a history of discriminatory lending and the largest racial wealth gap in the country. Per capita, Boston is one of the five wealthiest regions on the globe, but median household wealth for US Black families in Boston is just \$8, compared to \$247,000 for white families. The Boston Ujima project is challenging this enormous inequality, with creative tools to build a healthy and resilient community-controlled economy.

Centering Community

“The Ujima Project demonstrates the brilliance and tremendous capacity of communities that have been disinvested and extracted from. Ujima exemplifies the power of community organizing and centering people and relationships above financial gain — something that needs to be modeled in communities throughout the country.”

-Rodney Foxworth, Executive Director at BALLE (Business Alliance for Local Living Economies)

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COMMON CAPITAL COMMUNITY FIRST FUND



Common Capital is bringing community members, institutions, and small businesses together to foster creative and resilient local economies. In November 2012, Common Capital, a CDFI based in Holyoke, MA, launched the Community First Fund. The Fund’s mission is to create an opportunity for community members to invest in their local economy and to support small businesses in building community wealth and economic opportunity in low to moderate income communities in Massachusetts.

The Loan Fund

Investment Offerings

Assets under management: \$825,000. They are accepting new investments, with a goal to raise \$2.5 million.

Investment products:

- 3-year note at 2 percent, paid semi-annually
- Minimum investment: \$500. No stated maximum investment.
- Open to accredited and unaccredited investors

Historical Performance: Community First Fund is a direct obligation of Common Capital as a corporation. No investor has ever lost money through the Community First Fund.



Dancers with the Community First Fund- supported Ohana School of Performing Arts in South Hadley, MA, founded by Ashley Kohl. Photo: Valley Photography.

Financing

Common Capital Community First Fund gives both fixed and variable rate loans, ranging between 5-10 years. They give loans as low as \$500 and as high as \$350,000, with interest rates between 5 and 8 percent.

Common Capital’s investment in businesses and projects is guided by **seven major aims:**

- Creating and retaining jobs
- Providing opportunity for low-income people
- Providing essential community services
- Rejuvenating neighborhoods
- Developing sustainable environmental practices
- Supporting businesses with local ownership
- Recirculating local dollars

“I believe we should all share a local connection and one way to do that is to invest locally.”

-Garth Shaneyfelt, Community First Fund Investor and Local Business Owner

Why Invest in the Community First Fund?

As the only certified CDFI in the region, Common Capital is uniquely positioned to invest in local communities in Western Massachusetts. Most of the clients they work with are unable to qualify for traditional bank financing, and the majority live in Holyoke and Springfield, two of the poorest cities in Massachusetts.³ The Community First Fund's investment strategy emphasizes strong relationships with borrowers and they often give recurring loans to businesses. Common Capital also provides support to all of their clients through a business assistance program.

Additionally, Common Capital is connected to a network of local non-profits and is currently working to invest in solutions to local housing shortages through a partnership with a local housing organization called Wayfinders. Investing in Common Capital’s Community First Fund is an opportunity to align capital with community needs and to build stronger connections between neighbors.

Success Story: Tortilla Triumph!

In 2013, the beloved Hadley, MA restaurant, Mi Tierra, was destroyed in a major fire. The fire destroyed the tortilla machine they used to run their wholesale tortilla business through a partnership with local preservative-free corn growers. While they got to work making hundreds of tortillas by hand, Mi Tierra’s owners, Dora Saravia and Jorge Sosa, looked for a solution to get their dream back on its feet. Soon after the fire, Common Capital, working in partnership with the Samuel Adams Brewing the American Dream program, provided Saravia and Sosa the business assistance and access to capital they needed to buy a new tortilla machine, and to reinvigorate their business. Through continued support from Common Capital, Mi Tierra opened a new 180-seat location in November 2014.



From left to right: Mi Tierra’s Miguel Ixcuna, Derek Gavegano, Dora Saravia, Jorge Sosa.

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COOPERATIVE FUND OF NEW ENGLAND



The Cooperative Fund of New England (CFNE) was founded in 1975 by co-op activists and social investors with the original purpose of providing financial assistance to food co-ops. Today, their mission encompasses economic, social, and racial justice work through the financial and nonfinancial support of cooperative enterprises. Originally, the founders of CFNE focused solely on funding food co-ops, which had limited access to capital through traditional avenues, and on promoting access to healthy food in underserved communities. In the 1980s, CFNE began lending to worker co-ops, cooperative housing and land trusts. It now funds a wide variety of co-ops and organizations that align with its values — promoting healthy food access, quality jobs, and safe affordable housing — although it is still rare among CDFIs for its focus on co-ops. CFNE is actively networking between co-ops, lenders, community organizations, and consultants, and frequently collaborates with other lenders.

The Loan Fund:

As of 2017, CFNE held over \$26 million in total assets, including \$18 million in outstanding loans. CFNE has a track record of over 40 years with no loss.

Investment Offerings

- CFNE does not specify fixed terms on investments; rather, when lending to CFNE, investors choose most features of the loan.
- Minimum investment: \$1000
 - Interest rate specified per individual loan: at or below market rate (currently a maximum of 2%), paid annually or accumulates on principal
 - Repayment (fixed or indefinite) specified per individual loan.
 - Protected by designated loan loss reserve and first loss money, designated by investor at the time of investment.



CFNE helped New Roots Cooperative in Lewiston, ME, finance this tractor in compliance with Islamic financial law. New Roots Cooperative was founded by four Somali refugees who use their knowledge from decades of farming to bring fresh vegetables to Southern Maine.

Financing

- CFNE offers many types of financing to borrowers and is known for flexibility. Examples:
- Seasonal and hybrid revolving lines of credit that reduce like a term loan but can be drawn on again
 - Loans for workers to buy equity in a new co-op
 - Financial instruments that conform to Islamic Law
 - Collateral assistance pool

Why invest in Cooperative Fund of New England?

CFNE's impact reaches across all sectors in which it works: its financing has led to the creation/retention of more than 11,700 jobs and the creation or retention of more than 5800 units of affordable housing, and, true to its roots, it has supported over 90% of the food co-ops in New England. More broadly, both through traditional loans to co-ops and conversions and through other programs such as public education and grant-based fiscal sponsorship, CFNE is helping to grow and support the burgeoning co-op economy in New England.



Worker-owners of A Yard & A Half Landscaping Co-op, in Waltham, MA. CFNE financed their conversion to a cooperative in 2013.

Supporting Healthy Food Infrastructure

Outside of its work financing co-ops, CFNE has started or become a member of several additional initiatives. In the food space, CFNE created and co-leads the Healthy Food Access Initiative, along with the Neighboring Food Co-op Association and Hunger Free Vermont. This program encourages food co-ops to increase their relevancy and accessibility to low-income customers and members by offering community-by-community support in designing and implementing food access solutions. CFNE and NFCA surveyed co-ops about their current efforts and developed a set of resources to share knowledge around best practices. They now work with individual co-ops to develop partnerships, inclusive marketing, and affordable products and shares.^{4,5}

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LOCAL ENTERPRISE ASSISTANCE FUND (LEAF)



LEAF (Local Enterprise Assistance Fund) is a Boston-based Community Development Financial Institution founded in 1982 to “promote human and economic development” through investments in cooperatives as well as other ventures that create and maintain jobs for low-income people. LEAF works both locally and nationally, adding a one-on-one technical assistance program for diverse business owners in the Greater Boston Area to its national financing program for worker co-ops, food co-ops, and housing co-ops. LEAF’s housing co-op beneficiaries are mainly manufactured home communities, jointly-owned parcels of land which allow their low-income residents to avoid the financial insecurities of renting through ownership. These resident-owners live knowing their homes and communities are secure and stable. Over the course of their 35 years, LEAF has invested over \$110 million into various communities and has created over 10,000 jobs.

The Loan Fund

LEAF’s assets total over nine million dollars, and the fund receives investments from both institutions and individuals. All invested assets go into LEAF’s central fund, but institutional investors investing over \$50,000 can choose whether that money goes to fund technical assistance programs, to fund co-ops, or is left up to LEAF’s discretion.

Investment Offerings

The minimum length of an investment is one year, but most investments range from two to five years. At the end of the term, investors can choose to have their principal returned or reinvest for another term. Interest rates for investments of 1-2 years in length range from 0-2%; rates for terms of 3-4 years range from 0-2.5%; and for terms of five years, rates range from 0-3%. Many investors intentionally choose lower rates of return to lower the interest rates that borrowers have to pay. In all of LEAF’s 35 years, investors have always received their interest and principal payments on time.



Members celebrate the opening of the LEAF-supported Co-op Market in Fairbanks, Alaska—the first food co-op in the State.

Financing

Businesses looking to take out loans are evaluated in part on the basis of the ‘fit’ with LEAF’s social mission, the number of low-income individuals served compared to the size of the investment, the visibility of the project, and the available collateral. The interest and size of potential loans are then discussed with business applicants.



Worker-owners of Wellspring Cooperative Network member Old Window Workshop. Production manager Nannette Bowie and director Pam Howland pose with Leishla Lugo and Shaniqua Dobbins at a worksite in Springfield, Massachusetts. Photo: Chris Marion for YES! Magazine.

Why Invest in LEAF?

LEAF provides technical assistance and financing for cooperative small businesses, both locally and nationally, that allow communities to create the solutions they need to thrive. For example, Wellspring Upholstery, a worker-owned co-op located in Springfield, MA, provides upholstery services for both commercial and institutional customers. LEAF contributed loans as well as technical assistance to this business, which opened in 2014 and is owned and operated by low-income Springfield residents. An investment in LEAF supports these alternative models of business ownership, which empower workers and combat rising inequity in the United States.

“To become the owner of [one’s] own business... this is what it’s all about, it’s about creating business, creating employment, moving up the ladder. Really, this is what we need.”

-Carlos Perez Nieves, a worker-owner at LEAF-supported Wellspring Upholstery

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NEW HAMPSHIRE COMMUNITY LOAN FUND



The New Hampshire Community Loan Fund seeks to increase the self-sufficiency and stability of low- and moderate-income people, families, and communities in New Hampshire by increasing access to fair credit. The Community Loan Fund was founded in Concord, New Hampshire, in 1983 as one of the first community development financial institutions (CDFI) to earn certification by the U.S. Treasury.

The Loan Fund:

The Community Loan Fund’s portfolio of \$104.2 million is invested in a variety of loans, divided into the categories of affordable housing (88% of the portfolio), community facilities (7%), and business finance (6%). They lend to people based on their opportunities and their ability to repay, not their credit scores.

Financing

- **Affordable Housing 88% (\$91,466,637)**
 - Resident-owned communities
 - Welcome Home Loans for manufactured homes
 - Nonprofit housing development
- **Community Facilities 6% (\$7,019,659)**
 - Nonprofit Facilities
 - Child Care Facilities
- **Business Finance 6% (\$5,736,016)**
 - Business Builder
 - Vested for Growth

Investment Offerings

- The fund’s Opportunity NH Investments offers unsecured promissory notes to institutions and individuals on an ongoing basis. The minimum investment is \$1,000.
- Investors choose a fixed annual interest rate dependent on the lifetime of the loan: from up to 1% for a 1- to 2-year loan, to up to 5% for a 10-year investment.
- The aggregate borrower loan loss rate, from the organization’s founding in 1983 to January 2018, was 3.5%. The Welcome Home loan product, for example, performs better than government-sponsored mortgage enterprises Fannie Mae and Freddie Mac, with losses only slightly over 2%.
- The Community Loan Fund has not failed to pay any scheduled payment, principal or interest to an investor since its inception.



When Thanh Ho lost the lease on his Saigon Asian Market, which serves the refugee and immigrant families in Manchester, N.H.’s largest city, the Community Loan Fund helped finance a new and larger store. Photo: Kate & Keith Photography, courtesy NH Community Loan Fund.



Sheila Dickerson at home in Soda Brook Cooperative in Northfield, N.H., the 51st resident-owned community in N.H. Photo: Forester Photography, courtesy NH Community Loan Fund.

Why Invest in the NH Community Loan Fund?

Since its founding, the New Hampshire Community Loan Fund has lent \$220 million into New Hampshire communities. The success of their ROC-NH program for manufactured home parks has led to residents in more than 120 New Hampshire communities becoming cooperative owners of their mobile home parks. Sixty-five percent of the Community Loan Fund’s mortgage borrowers are first time home buyers, while the national average share of first time mortgage borrowers is only 35%. This is helping an unprecedented amount of people in New Hampshire to build wealth for their futures. The Community Loan Fund is also a leader in place-based, circular lending, a term that describes when most lending and borrowing is occurring with money from the same regional economy. The Community Loan Fund deserves much acclaim for the fact that a total of 31 New Hampshire communities contain both borrowers and investors.

Funding Community Ownership

The Community Loan Fund is known for their ROC-NH program, started in 1984, in which they help residents in manufactured-home (mobile home) parks cooperatively purchase the parks and run them as resident-owned communities. The Community Loan Fund provides technical assistance and financing to these resident cooperatives to help them purchase the land under their manufactured homes. This model kicked off the creation of ROC USA, a national association that provides assistance to manufactured-home-park residents across the country.

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PIONEER VALLEY GROWS INVESTMENT FUND



The Pioneer Valley Grows Investment Fund, Inc (PVGIF) is a place-based fund focused on creating a healthy and resilient local food economy. PV Grows Investment Fund, Inc was launched in 2010, with the aim of addressing the economic challenges faced by small food and agricultural businesses. Their pilot fund provided loans of up to \$250,000 to Pioneer Valley businesses involved in the local food economy, as well as access to business development assistance through PV Grows Network member organizations. Following the success of the pilot fund, the PVGIF’s community investment offering launched in October 2015.

PV Grows Investment Fund provides financing and technical assistance to small businesses through community investments to create “more vibrant farm and food businesses, more local jobs, and more access to healthy food in the Pioneer Valley.” It is a 501(c)(3) administered by the Franklin County Community Development Corporation. The Franklin County CDC runs many other programs, including the Western Mass Food Processing Center, which gives entrepreneurs opportunities and support to bring their recipes to the market. Currently, PVGIF is managing \$800,000 of patient capital and \$200,000 of community capital.

The Investment Fund has a mission screening group, comprised of lenders, community groups and agencies. The fund also has three philanthropic partners: Solidago Foundation, Lydia B. Stokes Foundation and the Kendall Foundation, each of whom provides a blend of grant and flexible capital to the project.



Real Pickles, a PVGIF-supported cooperative business in Greenfield, MA.

“The PV Grows finance folks are experts in local food business. They were essential partners in helping us find a financing option that worked with our needs and values.”

- Dan Rosenburg of Real Pickles

Investment Offerings:

The fund is divided into three pools.

The Community Investment Pool

- Minimum investment: \$1,000. Maximum investment: \$10,000.
- Open to all investors.
- 5-year terms, with an interest rate of 0-2% per year.
- If the Community Investment Pool experiences losses, all or a portion of those losses may be covered by the Risk Capital Pool, as described below.
- The Community Investment Pool will be capped at \$500,000

The Patient Capital Pool

- Minimum investment: \$10,000. Maximum investment: \$250,000.
- Open to accredited investors and other qualified investors.
- 8-year terms with a target interest rate of 0-4% per year, but subject to the performance of this pool. Any losses in this pool will not be covered by the Risk Capital Pool, as described below.
- The Patient Capital Pool will be capped at \$2,000,000.

The Risk Capital Pool

- Only open to accredited investors and Foundations and is intended to serve as a loan loss reserve for the Community Investment Pool.
- The Risk Capital Pool will be used to cover (in whole or in part) any losses on investments made in the Community Investment Pool for the first five-year term. The PV Grows Risk Capital Pool capped at \$100,000 and is full.



Financing

The PV Grows Investment Fund is designed as an alternative for borrowers in the farm and food sector, who may not qualify for more traditional bank financing. They provide loans for farms, restaurants, food retailers, food processors, wholesalers, and more. PVGIF offers loan amounts ranging from \$1,000 to \$250,000, with competitive interest rates and flexible terms.



Why invest in PVGIF?

Mycoterra Farm, a Western Mass-based mushroom producer, is a great example of the impact that PVGIF’s investment is having on the local food system. With support from PVGIF, owner Julia Coffey’s business went from producing 500 pounds of mushrooms per batch in her original location in Westhampton, to producing 1,500 pounds of mushrooms in her new location, in a former horse arena in South Deerfield. In this new incarnation, Mycoterra Farm has the capacity to cultivate and grow up to 6,000 pounds of mushrooms per batch. PVGIF has played an essential role in supporting the development of a resilient regional food system by bringing mission-driven investors together with local businesses to enhance local economies and provide accessible healthy food.

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Beyond New England

Communities all over the world are impacted by the extractive rules of our global financial system, which prioritizes profit for those with the most wealth and drives economies built on the destruction of community and ecological wellbeing. While this report focuses on the importance of shifting funds into place-based local and regional investment models to create economies of wellbeing, there are also inspiring models for re-imagining investment on a national and international scale. RSF Social Finance, Thousand Currents' Buen Vivir Fund, and the Working World create opportunities to invest in social change across geographies, with a commitment to the transformative power of centering relationships and collective wellbeing rather than profit.

THOUSAND CURRENTS' BUEN VIVIR FUND

Thousand Currents, a 30-year-old funder of grassroots solutions in the Global South, launched the Buen Vivir Fund in 2018 to address the need for truly transformative impact investing. The Fund utilizes financial models that prioritize improving communities' well-being rather than merely their capital accumulation. They do this by identifying lending practices developed by grassroots groups themselves that are already proving effective on the ground. Some of these practices include holding a members' assembly in place of a board of directors; investors assuming risk instead of avoiding risk; and measuring the impact of the investment beyond just financial returns. Buen Vivir does not set a rate of return. Instead, it asks borrowers to pay in aportes (solidarity contributions) which are payments that borrowers may contribute based on their capacity along the way or after completion of the project, in addition to paying back the original loan amount. Although these payments are completely voluntary, they often end



"The concept of *buen vivir* comes from Latin American indigenous movements and implies 'right living' or life in balance with community, natural systems, and future generations."⁶

up being comparable or higher than typical impact fund returns. Thousand Currents distributed the first round of investments (\$427,700 in loan capital and \$113,000 in grant capital) in early 2018 to nine projects in Latin America, North America, Southern Africa, and South Asia. The work of the nine projects spans a variety of sectors, including healthcare, housing, small business development for artisans and farmers, environmental and climate protection, and shifting practice in impact investment. All of the projects are powered by the membership or close collaboration with the local community. This global investment fund uplifts and applies transformative investment practices through its grassroots members.

Thousand Currents

RSF SOCIAL FINANCE



Since its 1936 founding as the Rudolf Steiner Foundation, RSF Social Finance has grown to be a global leader in social finance, providing a range of tools for moving money into non-profit and for-profit initiatives that drive positive social and ecological change.

RSF focuses on making loans between \$200,000 and \$5 million to social enterprises in food & agriculture, education & the arts, and ecological stewardship that align with their mission statement: "To create financial relationships that are direct, transparent, personal and focused on long-term social, economic and ecological benefit."⁷ Their main fund is the Social Investment Fund, which has a minimum investment size of \$1,000 and a

current interest rate of 1.00%. For foundations and family offices with a mini-

mum investment of \$100,000, they also offer investments in their Regenerative

Economy Fund, which focuses on sustainability and environmental challenges, as well as their Food System Transformation Fund, which focuses on the food supply chain to improve local health and economies. RSF currently has over 1,600 investors, 1,900 clients, and \$187 million of assets under management. Since 1984, the fund has provided over \$500 million in loans, grants and investment dollars.



RSF-funded Alabama Waldorf School in Birmingham, Alabama.

THE WORKING WORLD



Founded in 2004 in response to the Argentinian financial crisis, the Working World began by providing loans to impoverished Argentines looking to purchase foreclosed businesses and start their own worker-owned cooperatives.

Since then, the Working World fund has provided over \$4 million in loans to support worker-owned enterprises in low income communities around the world. The Working World challenges traditional loan structures by using non-extractive lending practices; they do not require

collateral from their borrowers and receive loan repayments only from the income generated by projects they fund. These measures ensure that low-income borrowers do not take on a debilitating burden of debt when starting their businesses. In addition to non-extractive financing, the Working World provides partners with holistic business support. Since opening their first office in Argentina, the Working World has grown to invest in communities in the Nicaraguan countryside as well as in Chicago and New York City. Collectively, the Working World has provided over 800 loans and maintained a 98% loan repayment rate.



Worker-owners at the Working World-supported New Era Windows Cooperative in Chicago.

Conclusion

Divestment movements continue to succeed in weakening the social legitimacy and profitability of industries that violate human rights and undermine the ecological stability of our planet. This report brings light to the enormous potential of both divesting from a system of harm, and reinvesting in a system of justice, democracy, and sustainability. What if all of the funds that were divested from fossil fuels, prisons, and corporations profiting from violence were reinvested into solutions led by communities on the front-lines?

This report has highlighted the importance of reinvestment as a tool for systemic transformation and has provided examples of local place-based community investment funds that have affected change in their communities. These community funds support low-income people to own their own homes, increase healthy food access in communities, and provide funding and resources for businesses owned by women and people of color. They contribute to the vitality and security of communities while still providing stable rates of return to individual and institutional investors. In fact, of the over \$7 billion invested in community development loan funds across the country, rates of loss on loans have proven lower for community based funds than for large banks.⁸ Investing in place-based funds and projects that support people in their communities is a step towards transitioning from an exploitative economy dictated by the interests of the few to one that is rooted in solidarity and governed by the needs of real people.

“Transition is inevitable... Justice is not,” says Quinton Sankofa, a climate justice advocate with Movement Generation.⁹ Campaigns and institutions facing this critical moment of social and economic crisis have an opportunity to use divestment and reinvestment to shift the way that power and resources flow in our economy. It's time to reinvest in a just transition to the world we want future generations to inherit.

Endnotes

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Information about each fund is drawn from the fund’s website as of this writing, publicly available documents, and interviews with staff.

Appendix

Banking Alternatives: Another Consideration In Ethical Finance

While this report is focused on shifting investments, there is also important work being done to shift our individual and institutional banking practices. Just like all corporations, universities and other major institutions use banks. Since the Great Recession of 2008, banks have faced frequent scrutiny. The Federal Reserve has placed sanctions on Wells Fargo for creating fake bank accounts.¹ Bank of America has incurred approximately \$91.2 billion worth of legal fines and settlements since 2008.² JP Morgan Chase has also faced severe consequences due to its actions preceding the Great Recession, paying \$25 billion in fines and penalties.³ Despite public outcry and regulatory sanctions, many of these same banks were bailed out by the federal government following the Great Recession.⁴ The Great Recession and subsequent bailouts prove that Wall Street banks have become too big to fail and are never held accountable for their reckless decisions. Not only did these banks play key roles in causing the economic crisis of 2008, but they also invest in companies with unethical practices, many of which result in human rights violations. From oil pipelines to arms manufacturers, big banks invest in highly extractive and exploitative businesses solely for their high profitability and without considering the means by which these companies make their profit.

Given what we know about how traditional banks operate, another step in the pathway to ethical, transparent and regenerative investing by institutions is recognizing the role an institution's bank plays in perpetuating harmful business practices and urging the institution to switch to a community bank, credit union, or CDFI. Unlike most large banks, which work to maximize profits for shareholders at the expense of communities and the environment, Community Development Credit Unions, as well as many other progressive credit unions, CDFIs, and community banks, offer a local alternative rooted in enhancing the well-being of their communities. These institutions have recently seen spikes in applications for loans; borrowers who are struggling with their debt post-recession have become distrustful of big banks and are seeking alternative solutions.⁵ Furthermore, community-based financial institutions did not need to be bailed out by the government following the Great Recession, all the while exercising ethically and ecologically sound practices. Anchor institutions should not only invest in community-based loan funds, but should also store their money in community-based banks that uphold the values of a regenerative economy.

#MazaskaTalks and Public Banking Momentum

The indigenous-led #NoDAPL movement to stop the construction of the Dakota Access Pipeline has grown into the #MazaskaTalks movement, led by the Treaty Alliance Against Tar Sands Expansion. They have inspired powerful action to expose a central conflict in our economy. The big banks that so many individuals and institutions — both public and private — trust with our money are playing a central role in financing the worst of our economy, like the construction of the Dakota Access Pipeline through the sacred lands and drinking water supply of the Standing Rock Sioux Tribe. Since the movement began, over \$5 billion of individual and institutional money has been divested from the banks funding the Dakota Access, Trans Mountain, Line 3, and Keystone XL pipelines and reinvested into community-based financial institutions.⁶

The energy from the #MazaskaTalks movement has buoyed support for banking alternatives, including public banks that report to the community instead of shareholders on how and where to lend capital. Several of the campaigns for cities and states to divest, including in San Francisco, have helped inspire legislative action to explore the creation of public banks. Currently, the Bank of North Dakota and the recently created Bank of American Samoa are the only public banks in the United States. The Chickasaw Nation started its own bank in 2002, called Bank2.⁷ If public banks are led by those who have been disproportionately affected by the predatory practices of Wall Street, then they can become a feasible solution to building wealth and equity in our economy.⁸



Water protectors in Seattle protest the city's use of Wells Fargo in a municipal movement that led to Seattle moving \$3 billion out of the bank. Photo: AP/ Ed S. Warren.

Endnotes

Appendix

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