



Felipe Witchger & Elizabeth Garlow

# INVESTING IN A LIVABLE FUTURE:

Bold Action Grounded in  
Catholic Social Teaching

July 2021



# ABOUT OUR REPORT



## THE FRANCESCO COLLABORATIVE

- In February and March 2021, a group of 21 U.S. faith-based asset holders, mainly Catholic asset holders (with \$114 billion in assets) gathered on six different occasions to wrestle with the rarely-posed question: What would bold action in impact investing look like if we use Catholic Social Teaching as our starting point?
- This workshop emerged from a series of gatherings convened by Felipe Witchger and Elizabeth Garlow at the intersection of spirituality, Catholic Social Thought and the shared ownership economy as part of the Economy of Francesco- US initiative, now referred to as the “Francesco Collaborative.”

## OUR ORIGIN STORY

In 2019, Pope Francis announced the **Economy of Francesco** gathering in Assisi, an invitation to us -- young economists and entrepreneurs -- to integrate the cry of the poor, the cry of the Earth, the problems of the global economy and the need for spiritual transformation.

In response, Elizabeth and Felipe began organizing Economy of Francesco gatherings in the U.S. asking the question: How do we integrate who we are (our deepest essence) and what we’re seeking for a more just economy and livable future, particularly in today’s hyper-financialized system?

That journey led us to curate this workshop, which seeks to bring together the best of an intellectually enriching graduate-level seminar with a spiritually moving retreat and meaningful relationship and network building.

Though it’s uncommon in most conventional finance and professional settings, we feel it’s vital to draw on the wisdom of spiritual practices and faith-based teachings to bring more integration into our work.

**How do we ground ourselves inside of the sacred to begin the slow, deep work of discovering who we are—individually and collectively—and what we are called to do in the world? Grounded in that wisdom, where and how can we begin to take meaningful action together?**



## CATHOLIC IMPACT INVESTING COLLABORATIVE (CIIC)

The Catholic Impact Investing Collaborative (CIIC) was established in November 2014 as an informal “neutral space” for people to come together and build relationships based on their spiritual as well as financial commitment to Impact Investing. Today, CIIC is focused on building a global community of Catholic asset owners and partners that promote the stewardship of financial resources in service to people and planet through Catholic-aligned impact investing. CIIC’s vision is to foster a world where capital is a transformative force for good, stewarding the environment and enhancing equality and human dignity.

### WHAT TO EXPECT

- This report is designed to provide a basic overview of the workshop for a wider audience, and invites your collaboration to develop Catholic Social Teaching (CST) as a new ecumenical framework for bold action in the investment world.
- This report also shares participant reactions and commentary to help readers glimpse the depth and possibility of the workshop experience.
- Through the [Catholic Impact Investing Collaborative](#) and the Francesco Collaborative, we look forward to your feedback, contributions, and your most important work as “protagonists of the transformation” that Pope Francis invites us to.

### GROUNDING

**This workshop is rooted in the principles of Catholic Social Teaching (CST), which provide a much-needed, transformative lens through which to practice a kind of impact investing.** This report introduces CST’s key principles, transposes them for impact investing, proposes 12 questions for investment diligence conversations, and offers commentary from leading Catholic impact investors.

### NEW OPPORTUNITIES

**Participants indicate they left the workshop surprised by the number of investible opportunities that boldly embody CST principles, especially in the realm of Shared Ownership (cooperatives, employee ownership, steward ownership, etc.), racial justice and climate action, while meeting their needs for a financial return.**

### VISION & BIAS FOR ACTION

Our participants further indicated their feeling that the workshop format **equipped and catalyzed them to act more decisively on their long-term systems change agenda.**



# WORKSHOPS OF HOPE

A collaboration between the Francesco Collaborative  
and the Catholic Impact Investing Collaborative

**“Your organizations are workshops of hope, creating new ways of understanding the economy and progress.”**

**-Pope Francis**

We read this as a direct and personal invitation to embrace the work of applying our faith - in this case, our Catholic Social Teaching - to Tradition--to our organizational praxis--in this case, investing - in a way that is integrated and leads towards wholeness. The invitation of the Francesco Collaborative is to recognize the opportunity we have as Catholics to lead and contribute in a particular way in the co-creation of God's economy.

“I found ‘Investing in Livable Futures’ was of the highest quality in terms of its organization, rich content, meaningful group interactions, and exciting outcomes... The group really gelled. I’m delighted that multiple investor circles are forming to keep the momentum going.”

-John O’Shaughnessy, CFO/CIO, Franciscan Sisters of Mary

“An engaging series of in-depth reflections that challenged my worldview on impact and faith... I hope to stay close to this community for years to come.”

-James Tieng, Partner,  
Lumos Capital Group



## OUR MOTIVATION FOR CONVENING THE WORKSHOP

For a growing number of asset holders, especially those with a faith background, the world is in **a moment of reckoning** with the injustices originated and perpetuated by our dominant economic and social paradigms.

Yet we lack dialogue around how **the limited options afforded by conventional finance** constrain our ability to adequately respond.

We have chosen to come together out of a shared sense that **the time is ripe to imagine a new way** to support our shared flourishing.

We organized this workshop and subsequent report to help those of us in capital allocation roles take inspiration--and action--from our rich tradition of Catholic Social Teaching in constructing **a new worldview and thus a new framework** to guide investment goals and decision making.

Perhaps paradoxically, we seek to draw upon something old (the wisdom embodied in Catholic Social Thought) in order to create something new. A new kind of “disruption” of “finance as usual” that helps restore reciprocity and mutuality in the realm of business and finance.

Paradoxically, we seek to draw upon something old (the wisdom in Catholic Social Thought) in order to create something new.

It's important to note: **this initiative is not a Catholics-only effort** nor is it denominational. We are simply hoping to leverage the way our Catholic social tradition can help animate **the larger solidarity economy movement now emerging all around us**. In our view, this is exactly where Pope Francis is directing us to go.

Hopefully, these humane and profound principles--which originated in a pre-capitalist world and were then refined and adapted to industrial (and now financialized) capitalism will be **a distinctive contribution to building the next economy** we so badly need.

Through special workshops we also hope to cultivate the **accompaniment and community** many of us seek as we embark on this counter-cultural journey. We are looking for spaces to engage contemplative practices to open up new levels of consciousness -- to move beyond the either/or thinking that is characteristic of our current investment paradigm.



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“JUST AS THE COMMANDMENT ‘THOU SHALT NOT KILL’ SETS A CLEAR LIMIT IN ORDER TO SAFEGUARD THE VALUE OF HUMAN LIFE, TODAY WE ALSO HAVE TO SAY ‘THOU SHALT NOT’ TO AN ECONOMY OF EXCLUSION AND INEQUALITY. SUCH AN ECONOMY KILLS.”

POPE FRANCIS, EVANGELII GAUDIUM

# PART 1: ADOPTING A POWERFUL NEW FRAMEWORK

## AWAKENING TO A NEW ECONOMIC PARADIGM

It's clear that we are grappling as a society with deep systemic challenges and crises that go well beyond inadequate or failed political leadership. Structural racism, wealth disparities, the climate crisis and other challenges are coming face to face with an existing economic paradigm that is incapable of fostering the bold, collective action needed to support our shared flourishing.

One of Pope Francis' invitations to us is to develop an economics appropriate to our time. To advance that project, we must begin to see the overwhelming dominance of the logic and focal points of the neoclassical economic theory we're surrounded by in conventional finance and even in much of mainstream impact investing. Taking a moment to appreciate the paradigms, systems, and lived experiences that inform our imagination about what is possible is a vital first step to effectuate change.

## FACES OF THIS WORK: THE INDUSTRIAL COMMONS



Founded in 2015 in the textile region of Western North Carolina, [The Industrial Commons](#) is a unique cooperative ecosystem which funds and scales employee-owned social enterprises and industry cooperatives. Its goal is to support frontline workers in building a new southern labor movement that erases the inequities of generational poverty and injustice and builds an economy and community for all.

## PARTICIPATING IN GOD'S ECONOMY

*“Francis stripped himself of all worldliness in order to choose God as the compass...”*  
*(Pope Francis, May 1, 2019 Invitation letter to the Economy of Francesco)*

Situating our human economic activity (investing) within an account of God's economy (arguing that our human economy must serve God's cosmic economy if we are to fulfill our meaning and purpose), helps reframe the place of conventional finance and its guiding frameworks.

In other words, our work of re-imagining our investing goes beyond a “moral” good defined under the terms of Catholic Social Thought (CST). Re-imagining our investing is a way to discern more confidently the ways in which our investment decision-making either participates in, or moves to obstruct, the grace of God that works in the world to bring creation more fully towards the flourishing that God intends.

That is, investing within the logic of CST is about more than investing without guilt. It is about investing in such a way that our investments better align with the will of God (i.e. Love) for ourselves, our neighbors, and for all creation.

*“Certain concepts have somehow arisen out of these new conditions and insinuated themselves into the fabric of human society. These concepts present profit... as an absolute right, having no limits nor concomitant social obligations. This unbridled liberalism paves the way for a particular type of tyranny... Such improper manipulations of economic forces can never be condemned enough...”*

*-Pope Paul VI, Populorum Progressio 26*

# CST'S DISTINCTIVE CONTRIBUTION

This section considers what our distinctly Catholic approach might offer investors seeking to align with CST values. Catholic Social Thought was born out of a crisis moment as the Catholic Church was discerning what kind of contribution it might make amidst the social and economic upheavals of the industrial revolution. The Church had a wealth of teaching on how to order a just economy, but the circumstances were now entirely different. The time had come to address the moral questions that arose in the functioning of modern society and the modern economy. This gave rise to a number of principles outlined in various Church documents.

We start with considering the main implications for the following seven CST principles.

## CATHOLIC SOCIAL TEACHING

1. **Solidarity.** Structured Commitment to Neighbor love | Mutuality
2. **Common Good.** Greatest Good for the “Least” | Begins bottom up with option for the poor
3. **Universal Destination of Goods.** Private property made for enjoyment of all
4. **Subsidiarity.** Maximize participation in decision-making | decisions made at the lowest level possible
5. **Preferential Option for the Poor.** Consideration of how policies/behaviors affect those who are most often excluded.
6. **Integral Ecology.** Moral injunction to care for and protect all of creation | theology of sustainable development
7. **Integral Human Development.** Support for human-flourishing | development is well-rounded

The challenge lies in how we translate an intellectual understanding of the world (vis-a-vis these principles) into our decision-making and stewardship roles in each of our lives and respective institutions.

Here's one starting point of how CST principles can be translated into 3 principles to guide investment decision-making, drawing upon the work of [Transform Finance](#) and Morgan Simon in her most recent book [Real Impact](#).

## CST TRANSLATED TO 3 PRINCIPLES FOR INVESTING

1. Subsidiarity, Preferential Option for the Poor ➤ become ➤ **Engage Communities in Design, Governance, and Ownership**
2. Solidarity, Universal Destination of Goods, Integral Ecology ➤ becomes ➤ **Add More Value than you Take**
3. Common Good and integral Human Development ➤ become ➤ **Fairly Balance Risk & Return between Investors, Entrepreneurs, and Communities**

# Principle 1: Engage Communities in Design, Governance and Ownership

- Recognize the Power Dynamics
  - To embody human dignity, seek insights and guidance from community based organizations, social movements, and community members
  - To express an authentic option for the poor, follow the lead of affected community
  - No matter how pressed for time you are, reach out to more than the usual suspects
- Design Governance & Ownership for Accountability
  - Consider co-op models, employee ownership
  - Consider steward ownership models (Perpetual Purpose Trusts) for structuring integral ecology
- Subsidiarity + Listening ➤ Our Posture and Empathy
  - Subsidiarity = “Maximize participation in decision-making”
  - “Never do for others what they can do for themselves”
  - What do the community members want? A job? Or a quality job that allows economic autonomy / asset building?

# Principle 2: Add More Value than you Extract

- Repayments drawn exclusively from the productive outputs of the investment made
- Investment must yield a higher return for the target community than it does for the investor
  - True reciprocity & solidarity ➤ a structured commitment to mutuality
  - Design is anchored in how to grow wealth for the target group
- Look to The Working World, Seed Commons, Non-extractive Finance for guidance

# Principle 3: Fairly Balance Risk Between Parties

- Investors logically protect their own interests. Is that fair?
  - Often we take advantage of the unequal power dynamic at play
    - i.e. requiring 100% guarantee of return of capital
  - What would it look like to have a structured commitment to neighbor love? (aka “Solidarity”)
- What is each actor being asked to contribute, and are they getting fairly compensated?
- In accepting standard investment terms, we often make implicit assumptions about risk and reward. For instance, employee equity pools typically are expected to come out of the founder’s shares -- meaning the founder takes on the full burden. Given we believe in employee ownership shouldn’t we investors contribute too?

# INVESTMENT DILIGENCE FRAMEWORK

A typical investment framework has three core objectives:

1. Minimum Risk
2. Maximize Financial Return
3. Preserve Liquidity

However CST's guiding principles tend to espouse a "counter-cultural" set of values, which are foundational for building a new investment framework. In an effort to make CST practical for diligence on specific investment opportunities we adapted these CST and Transform Finance principles into a set of 12 questions to inform investment diligence.

## 12 QUESTIONS WE CAN ASK OF INVESTMENT OPPORTUNITIES

### *Engage Communities in Design, Governance, and Ownership*

1. Are the most affected communities (i.e. consumers, users, labor) involved in decision-making?
2. Do leaders from these communities participate in management? Are there effective engagement practices, shared leadership structures in place?
3. Do consumers, users, workers, and others most affected participate in long term value creation through ownership?

### *Add More Value than you Extract*

4. Are repayments of investors drawn exclusively from the productive outputs of investments made?
5. Does the investment made yield a higher return for the target community than it does for the investor?

### *Fairly Balance Risk and Reward Between Investors, Entrepreneurs, and Communities*

6. Do the producers of value (employees, producers, users) participate in the case of a liquidity event?
7. Is transparency, continuous learning, coaching, and quality lifted up in meaningful ways in the culture?
8. Are inclusive processes and fairness an meaningful lens for what happens (versus being virtues to leverage for a PR headline)?

### *Integral Ecology*

9. Does the organization value and contribute to strategies and theories of change for environmental harm reduction? Is Earth consciousness integrated into culture, policy, and decision-making at both individual and collective levels?
10. Is there integration of both individual and collective practices for environmentally regenerative culture change?
11. Are (socially appropriate) spiritual practices welcomed and encouraged to help business/economy participate in God's economy?
12. Are actions made locally and globally in reciprocal relationships with others and especially listening to / accompanying most affected communities?

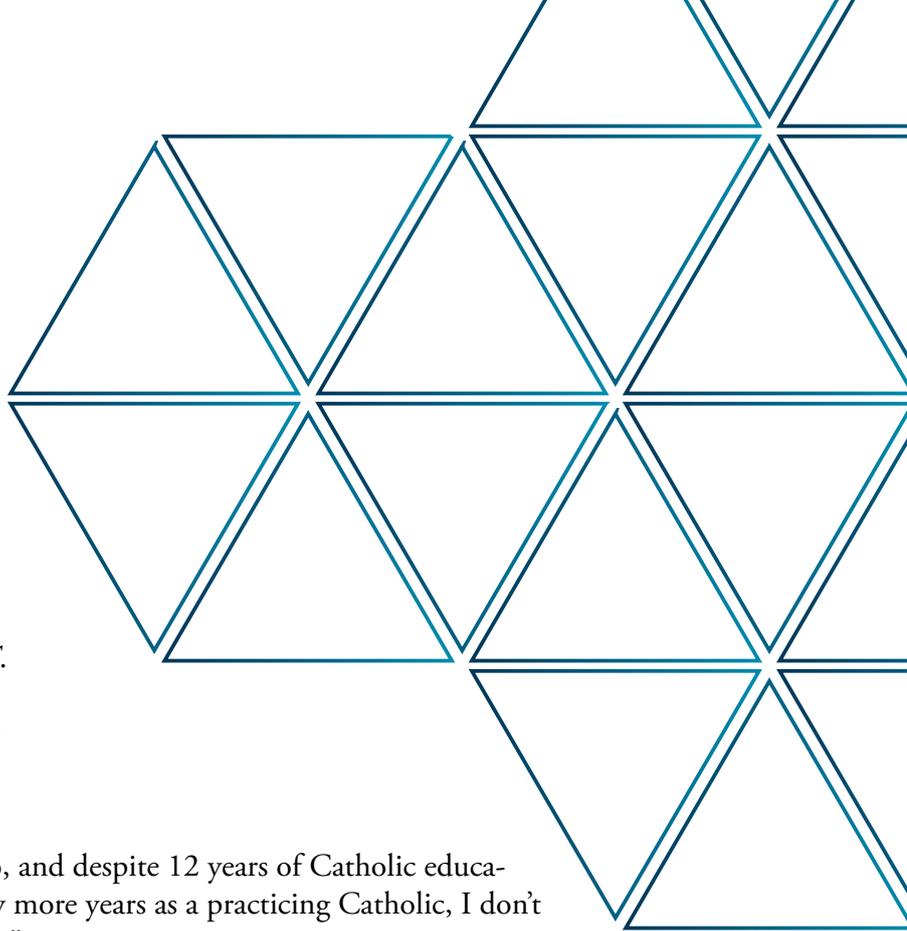
## Participant Reactions

“While CST and I had not been formally introduced before now, we’ve lived in the same neighborhood most of my adult life. CST is in the DNA in the congregation of women religious I’ve worked with for 29 years.”

“It’s so easy to see the problems with capitalism and so many places where it deviates from CST. It’s killing our common home, disproportionately hurting the poor, and furthering inequality locally and globally. So what do I do?”

“I find it strange that until maybe four years ago, and despite 12 years of Catholic education-- including a Jesuit high school—and many more years as a practicing Catholic, I don’t recall hearing the term “Catholic Social Teaching”.

“Over the last two years working with the sisters, I’ve developed an appreciation for this approach to impact investing which I believe is best articulated by Rodney Foxworth’s [reaction](#) to the notion of doing well by doing good: “Shouldn’t our aim be to do good by giving up more?”



## FACES OF THIS WORK: CHIFRESH KITCHEN

ChiFresh Kitchen is a Chicago-based successful-from-the-getgo startup co-op business owned by several women of color (and one male), all formerly incarcerated individuals. It is an example of how the co-op model can liberate worker-owners from precarious low-wage jobs, offering them access to meaningful work without barriers based on their personal histories.



# PART 2: TRANSFORMATIVE NEW PRACTICES

## PROTAGONISTS OF AN ALTERNATIVE INVESTMENT ORTHODOXY

Being protagonists of transformation, as Pope Francis invites us to be, means embracing “an alternative investment orthodoxy” rooted in the principles discussed in the prior section. The confluence of a global pandemic that has disrupted patterns of life everywhere (especially for families, the poor, the working class, the vulnerable) while capital markets soar to new heights is one sign of the times. We must see this as a sign of how disconnected conventional financial markets are from God’s *oikonomia* (economy).

To move in that direction, we have to become more aware of the “alternative” investment pathways that exist and identify the blockers that might hinder us from being able to move money in more values-aligned ways. Here, we do a deep dive on one particular alternative landscape: cooperatives and employee ownership.

**“I invite you to be  
protagonists of this  
transformation”  
–Pope Francis**

To move away from the ills of modern capitalism, we need conventional finance to see how it can evolve from capital supremacy to sharing power with other stakeholders. Cooperatives (worker-owned enterprises) offer a proven structure with a history, a global movement, and a huge opportunity to embody solidarity, integral ecology and the common good.

## COOPERATIVES

At their core, cooperatives are about democratic control, member participation, and a concern for community (see the 7 principles of Cooperative identity). As a result, capital can't maximize its interests only, while minimizing the interests and contributions of workers, communities, and ecosystems. Cooperatives also offer a proven structure with a history, a global movement, and a huge opportunity to embody the principles of CST.

By sketching out the landscape and diving into case studies on direct investments, we hope we can offer a foretaste of where we might go, and imagine the kind of portfolios we could build.



## 7 PRINCIPLES OF COOPERATIVE IDENTITY

1. VOLUNTARY & OPEN MEMBERSHIP
2. DEMOCRATIC MEMBER CONTROL
3. MEMBER ECONOMIC PARTICIPATION
4. AUTONOMY AND INDEPENDENCE
5. EDUCATION, TRAINING, AND INFORMATION
6. COOPERATION AMONG COOPERATIVES
7. CONCERN FOR COMMUNITY

## THE U.S. COOPERATIVE & SHARED OWNERSHIP LANDSCAPE

With the deleterious impacts of shareholder supremacy increasingly apparent, cooperatives offer a stakeholder-owned firm model. Co-ops have achieved meaningful market penetration in a few areas: multi-family housing (25% are co-ops), credit unions (hold 10% of household savings), rural electric cooperatives (13% of customers), insurance mutuals (underwrite 25-30% of many types of insurance), agriculture supplies and marketing (17% are co-ops). The strength of these established cooperatives has developed some practical infrastructure in the US.

**Co-ops + Investing.** Conventional investing in cooperatives has been limited since capital providers focused on upside returns, liquidity events, or exit opportunities aren't likely to find those in many co-ops. That said, investors looking for stable returns have found good investments in agriculture co-ops (i.e. Organic Valley - raised \$90M in recent round), producer and worker co-ops (i.e. Equal Exchange - 30 years at ~5% return), purchasing co-ops (i.e. CCA Global - a multi-billion dollar independent retailer co-op), co-op loan funds (i.e. Cooperative Fund of New England, LEAF, Shared Capital), among others.

Multi-stakeholder and social justice oriented co-ops are beginning to offer more options for impact investors seeking bold change. For example, Namaste Solar (worker owned 100+ workers), Cabot Creamery (leading B-corp and co-op community leader), Amics Solar (purchasing co-op for independent solar installers) are amongst the growing group of co-ops that also choose to be B-corps.

**Co-op Ecosystems.** Globally, cooperative ecosystems thrive in many parts of the world, from Italy to the Basque region of Spain, Quebec to Puebla, Mexico, South Korea to Rwanda. In the US, some co-op entrepreneurs are trying to learn from these

regional co-op ecosystem models. New York City's Center for Family Life & [Green Worker Cooperatives](#) have won meaningful local government support for worker-co-op development. [Co-op Cincy](#) drew inspiration from Mondragon to pioneer its union co-op model. Cleveland's [Evergreen Cooperatives](#) emerged with significant philanthropic support from Cleveland Foundation, Cleveland Clinic, and the [Democracy Collaborative](#). [The Industrial Commons](#) in Morganton, NC draws inspiration from the US civil rights movement, the worker center movement, and received early support from the Catholic Campaign for Human Development. The Industrial Commons includes a producer co-op (Carolina Textile District with hundreds of workers), a worker-owned co-op with 50+ workers (Opportunity Threads), and 4 other co-ops and social enterprises as part of their ecosystem. They aspire to having thousands of workers in their ecosystem over the next few years.

**Employee Ownership.** Increasing recognition of unsustainable wealth inequality and the systemic tendencies for the poor to get poorer while the rich get hyper-rich is driving a closer look at employee ownership as a wealth building opportunity for a broader base. The "Silver Tsunami" (retiring baby boomers and the trillions of dollars in businesses assets they're exiting) is also driving a significant opportunity for conversion of existing businesses to employee ownership models.

ESOPs have been a well-developed tax-advantaged structure for 40+ years. ESOPs have demonstrated their wealth building potential for millions of families. It's this track record that has brought entrepreneurs like Phil Reeves and Todd Leverette from [Apis & Heritage Capital Partners](#) to with the goal of using ESOPs as a tool to build wealth for Black and Brown communities in the U.S. With their Legacy Business Fund (spun out of the Democracy at Work Institute), they are raising a traditional Private Equity style fund that had a successful first close with \$30 million in June 2021.

## LIST OF SHARED OWNERSHIP FUNDS

<b>Shared Ownership Funds</b>	<b>Location / Geography</b>	<b>Estimated Size Category</b>	<b>Impact Focus: Co-op, ESOP, Racial Justice, Environment</b>
Apis & Heritage - Legacy Fund I	DC & National	\$20M - \$50M	ESOP, Racial Justice
Kachuwa Impact Fund	Denver, CO	\$20M - \$50M	Co-op, Environment
Cooperative Fund of New England	Boston, MA	\$20M - \$50M	Co-op
Equitable Economy Fund	Boston, MA	\$5M - \$20M	Co-op
Obran Cooperative	Baltimore, MD	\$5M - \$20M	Worker Co-op
Project Equity Fund II	CA & National	\$5M - \$20M	Co-op, ESOP
Seed Commons	National	\$20M - \$50M	Worker Co-op
Main Street Phoenix Project	Phoenix, AZ	\$5M - \$20M	Worker Co-op
Local Enterprise Assistance Fund	Boston, MA	\$5M - \$20M	Co-op, Racial Justice
Shared Capital	Minneapolis, MN	\$5M - \$20M	Co-op
The Industrial Commons	North Carolina	\$5M - \$20M	Co-op, Environment
Resident Owned Communities	NH & National	\$5M - \$20M	Co-op
Kensington Corridor Trust	Philadelphia, PA	\$5M - \$20M	Community
Mission Driven Finance - Fund II	CA & National	\$5M - \$20M	Diverse

Source: *OwnershipMatters.net*

## A CLOSER LOOK AT 3 COOPERATIVE & EMPLOYEE OWNERSHIP FUNDS

### 1. [Kachuwa Impact Fund](#)

Based in Colorado, Kachuwa is similar to a Real Estate Investment Trust (REIT) combined with a mutual fund. Kachuwa's goal is not to maximize financial return; instead, it is to create positive impact while earning reasonable returns for its members. Kachuwa proactively targets impact themes: environmental stewardship, renewable energy, majority ownership by employees, cooperatives, and community wealth building. <https://www.kachuwaimpactfund.com/>

### 2. [Equitable Economies Fund](#)

Invests in growth-focused cooperatives with some meaningful racial equity or livable future impact. The EEF is currently raising \$2 million, with 5-8% target returns. Led by Greg Brodsky, founder of Start.coop, The Bike Cooperative, and a thought leader in the area of multi-stakeholder cooperatives. Greg and his team have strong connections in the emerging and established co-op business sector. <https://start.coop/invest/>

### 3. [Apis & Heritage Capital Partners](#)

Two Black co-founders with Wall Street experience using mezz-debt strategies to help business owners sell to their workers. Their legacy fund's employee-led buy-out strategy seeks to facilitate a significantly scaled conversion of businesses where the benefiting workers are majority Black and people of color. Incubated in part by the Democracy at Work Institute, this fund has significant potential for strong financial returns and hundreds, potentially thousands, of workers of color getting on a path for meaningful wealth-building. <https://www.apisheritage.com/>  
[Listen to this 13-min interview with Co-Founder & Managing Partner Philip Reeves](#) (YouTube)

# A CLOSER LOOK AT 4 PIONEERING COOPERATIVES:

1. **[Resident Owned Communities \(ROC USA\)](#)** is a well-established non-profit that has converted 250 mobile home parks into resident-owned co-ops across 17 states. They have a network of 10 partners, a CDFI, and are very much looking for capital partners to help continue to scale their work (seeking senior debt partners). They bring a relational organizing approach that helps residents (usually people of color) understand their options.
2. **[The Industrial Commons \(TIC\)](#)**. A regional ecosystem of successful, multi-million dollar worker-owned cooperatives (i.e. Opportunity Threads) benefiting low-income workers, Guatemalan immigrants, and people of color, primarily in Western North Carolina. After 10 years of successful incubation and start-up, their enterprises (including a profitable Material Return co-op, a successful woman of color-led bookkeeping firm, and a large 30+ small producer co-op), are positioned for significant growth over the next 5 to 10 years. They've established an in-house loan fund that gives \$50,000 loans to their ecosystem of enterprises, but are looking to raise more to help them expand their factories and ecosystem of educational, financial, and training programs to incubate and convert more businesses to worker ownership in their network. Some of their products are here: [www.CreateTheCollection.com](http://www.CreateTheCollection.com)
3. The **[Community Purchasing Alliance \(CPA\)](#)** brings congregations, schools, and community institutions together to build market intelligence and make better facilities management decisions. They've aggregated about \$20 million in utilities and facility contracts in Washington DC and shifted 40% to BIPOC-owned businesses. They've also helped 40 members install solar, using a co-op process that allowed Black churches like Randall Memorial UMC to get a roof replacement financed into a cashflow positive solar project ([3 min video](#)).
4. **[Driver's Seat Co-op](#)** is an ambitious early stage co-op empowering gig drivers with analytics to make better decisions. The explosive growth of Uber, DoorDash, Amazon delivery has created the promise of flexibility and prosperity for millions of people, and yet the reality is that most gig workers struggle to make even a minimum wage. At the heart of this dynamic is the role of data in powering gig companies, managing gig workers, creating economic value, and shaping public policy. Driver's Seat challenges that system by empowering gig workers to collect, analyze, and profit from their own data, while sharing it in high impact ways with policymakers and other stakeholders. [Watch their recent pitch to the Worker's Lab here](#) to understand the way their multi-stakeholder co-op could grow and reshape the gig driver and transportation data power equation. Recent investors include DRK, Ford Foundation, Workers Lab.

“It is right to speak of a struggle against an economic system, if the latter is understood as a method of upholding the absolute predominance of capital, ... in contrast to the free and personal nature of human work.

In the struggle against such a system, what is being proposed as an alternative is not the socialist system, which in fact turns out to be State capitalism, but rather a society of free work, of enterprise and of participation. Such a society is not directed against the market, but demands that the market be appropriately controlled by the forces of society and by the State, so as to guarantee that the basic needs of the whole of society are satisfied.”

-Pope John Paul II, Centesimus Annus 35

## FACES OF THE WORK: ROC USA

ROC USA is a non-profit social venture with a mission to make quality resident ownership viable nationally for homeowners in manufactured (mobile) home communities. Via its network of 12 affiliate organizations and its CDFI lending facility, ROC USA now supports 270 resident-owned communities in 18 states.



# PART 3: FIRST STEPS ON A PATH FORWARD

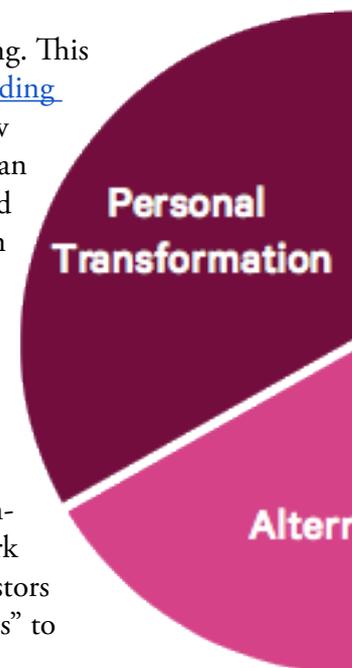
Each of us has a particular charism and set of institutional constraints and opportunities. Each of us brings our own unique experience of our tradition, our faith, and the communities we've been part of.

Each of us is one part of the "Body of Christ", or of universal consciousness. We need each other in order to better see what our own distinctive contributions might be to the whole.

Integrating CST Principles into our investing necessarily starts with **Committing to Our Social Education** alongside our financial education.

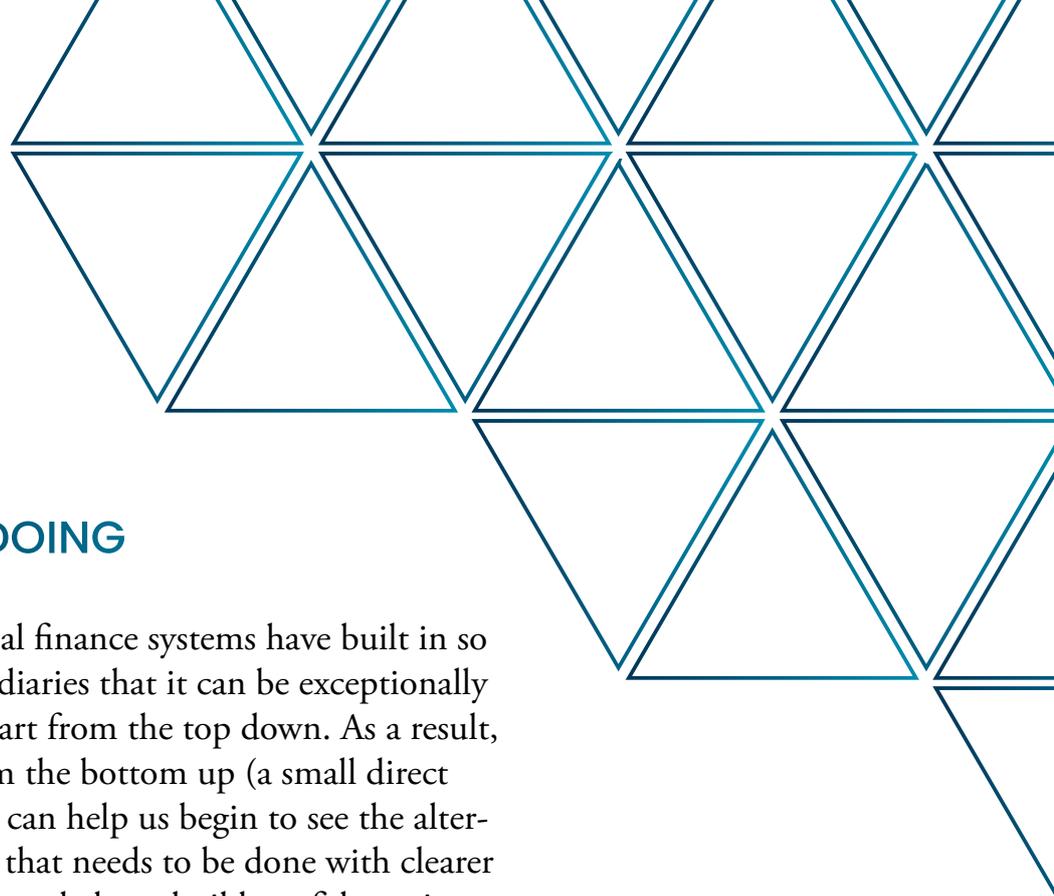
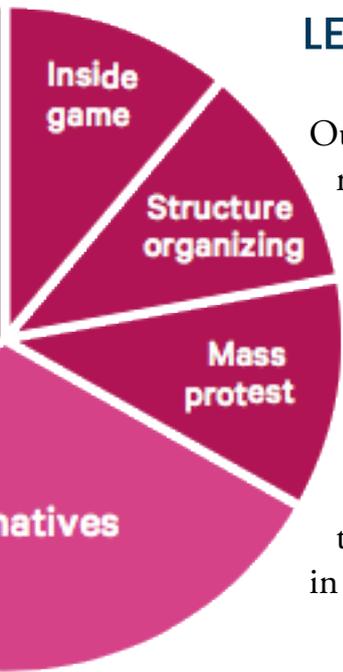
For you, perhaps it means being more involved in your local community organizing

or social movement organizing. This [Ayni Institute Guide for Funding Social Movements](#) shows how different theories of change can and need to be connected and seen as complementary. From the work of "Personal Transformation", to the work of "Changing Dominant Institutions" (which consists of "Inside Game", "Structure Organizing" and "Mass Protest") and for us, the most important part of this framework is our work -- as impact investors -- in creating the "Alternatives" to the dominant paradigm.



## OVERCOMING CHALLENGES TO BOLD INTEGRATION OF CST

- 1. Internal Work.** Research and education into the Catholic Social Teaching, prayer and formation of conscience, shifting our notions of risk and reward as we make space to appreciate the signs of the times and the particular moment we find ourselves living through in the longer arc of the Church's history. (i.e. Synodality, Discerning Leadership)
- 2. Start Small.** Action is the antidote to paralysis. Beginning with a small action can create the forward momentum we each need to break through the inertia and begin to get clearer on what our own individual and institutional work might be. What if you committed to deploying 1% or 5% of your assets to bold CST investments in the next 6 months? What would the path to get there look like? What would the first steps look like?
- 3. Practical Next Steps.** Who are the individuals you need to talk to? What are the small peer/support groups that will help? What are the collectives that you want to meaningfully contribute to? Is there a consultant/coach/companion that might be helpful? Perhaps an accountability circle or a "mastermind" group to help move your most important work forward? Taking action with a specific deal, investment, project, or committing to investing (or creating) a collective that will help you hold and advance the work can be a meaningful contribution to the landscape while advancing your own integration of CST.



## LEARN BY DOING

Our conventional finance systems have built in so many intermediaries that it can be exceptionally difficult to start from the top down. As a result, starting from the bottom up (a small direct investment) can help us begin to see the alternative work that needs to be done with clearer eyes. It also can help us build confidence in our own ability to directly deploy capital or better pick fund managers and intermediaries that can truly support our work to embody CST principles in action.

### When it comes to “doing”, it’s easy to identify the challenges:

- “under-developed” set of “investable” opportunities
- lack of intermediaries to help make sense of the ecosystem
- lack of clarity on how to integrate Catholic Social Teaching (CST) into investment thesis, policies, risk and return targets, and decision frameworks
- differing perspectives on how CST should factor into fund manager selection process and how CST influences a diligence framework
- lack of capacity from existing partners, financial advisors, on investment opportunities that embody CST

### With all these challenges, the hard work is figuring out:

- What is ours to do?
- And how do we overcome the barriers to doing it?
- What is the work we can do to advance our own integration of Catholic Social Teaching, given our personal strengths, institutional formation, our interests, our particular charisms?
- What change are you most seeking? What “change” do you consider to be your most important work?

# GET STARTED

What opportunity might you want to diligence in the next several months? Who would you partner with to learn about their approach, and who might you learn alongside to help evolve your notion of what's important when seeking to embody Catholic Social Teaching in your investment diligence process?

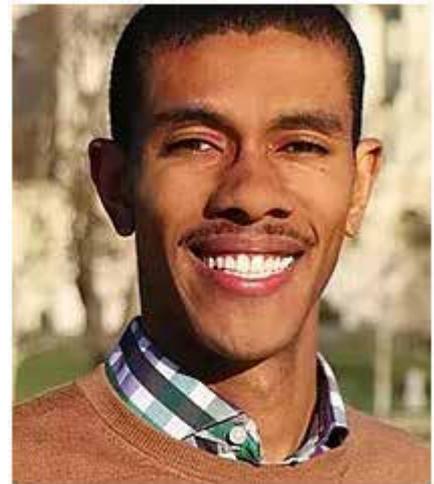
## THE 7-YEAR LAUDATO SI ACTION PLATFORM – AN INVITATION FROM POPE FRANCIS

The Laudato Si Action Platform (described [here](#)) invites us to think about a 7-year time horizon. When considering the massive shifts that are needed to respond to today's climate crisis, the racial inequities and inequality laid bare by this public health crisis, it's helpful to think in terms of a 7-year time horizon. We might ask ourselves:

- What might I start today that helps me and/or my organization take action that begins to shift the posture we take to grappling seriously with the change that is needed?
- What's the personal transformation work that I want to start?
- What's the work I'm most curious to dive deeper into?
- What's the most important work I might begin to do?
- What's the change I might try to lead and what support might I need from a group of others on this journey as well?

**“This workshop is such a gift for anyone looking to embark on impact investing. The materials, connections and sharing are invaluable. I learned a vast amount in several areas of impact investing, especially cooperatives. The workshop is an excellent platform... and is tipping the needle in changing the way investing in our economy happens.”** - SR. SUE

ERNSTER, VICE PRESIDENT, TREASURER & CFO, FRANCISCAN SISTERS OF PERPETUAL ADORATION



### FACES OF THIS WORK: PHILIP REEVES

Formerly with a major Wall Street firm, Philip Reeves is now a partner in [Apis & Heritage Capital Partners](#), an innovative investment fund that combines the speed and scale of private equity with the preservation and wealth creation power of employee ownership via 100% ESOP programs.

## ABOUT THE AUTHORS

Elizabeth Garlow and Felipe Witchger facilitate workshops and investor education as co-founders of the Francesco Collaborative. In collaboration with Elias Crim, they form the convening team of the U.S. Hub of the Economy of Francesco and publish a biweekly newsletter at [OwnershipMatters.net](http://OwnershipMatters.net).

For additional information on the Francesco Collaborative and their workshops, visit: [www.francescocollaborative.org](http://www.francescocollaborative.org)



## DEMOGRAPHIC PROFILE OF SPRING 2021 WORKSHOP PARTICIPANTS:

# 27

### Workshop Participants

- 21 Asset holders & investment decision-makers
- 6 leaders from 4 associations (CIIC, FaithInvest, FADICA, Wisdom & Money)

# 6

### Religious Orders

- Daughters of Charity
- Franciscan Sisters of Mary
- Franciscan Sisters of Perpetual Adoration
- Sisters of St. Joseph
- Mercy Sisters
- Missionary Sisters of the Sacred Heart of Jesus

## \$114 Billion

in combined assets  
under management

- 11 participants from \$100M - \$1B asset holding organizations
- 5 participants from organizations with >\$1 Billion under management

## Appendix: More Resources

### Partners:

1. A growing field of organizers, entrepreneurs, accelerators, angel networks, social justice funders, Catholic organizations (i.e. [CCHD](#), [Catholic Charities](#), [CRS](#), [Miller Center for Social Entrepreneurship](#)), and associations that are proactively engaging with a wide network of relationships can be a great source of finding investment opportunities.
2. Increasingly the work of **Catholic Charities USA** (in part led by Evan Gill, Senior Director of Impact Investing at Catholic Charities) and the 200 social enterprises they incubate and support can be seen as catalytic of the kind of CST-embodied investment opportunities that may be supported through vehicles they're hoping to build.
3. The [Catholic Campaign for Human Development \(CCHD\)](#) also has a rich history of supporting worker cooperative development from their support of the US Federation of Worker Co-ops to their support of the Democracy at Work Institute (DAWI) that incubated early stages of Apis & Heritage's fund to their direct support of The Industrial Commons (hundreds of workers in Western, NC), to dozens of other examples.
4. Mission Driven Finance provides infrastructure for small funds like [People on the Move](#), (supported in part by Kayoko Lyons from Missionary Sisters of the Sacred Heart), Project Equity Fund II (employee ownership), and [St. Louis-based Elevate/Elevar Black & Latinx Accelerator](#) (Ryan Strode, Franciscan Sisters of Mary).

### Reading:

1. Looking for more Economy of Francesco readings? [This syllabus and repository](#) has more from the U.S. 2019 convenings of the Economy of Francesco. Current resources from the U.S. Hub of the Economy of Francesco can be found at [francescocollaborative.org](#)
2. [Guidelines for Equitable Employee Ownership Transitions](#). What are guidelines for diligence and thinking about equitable sharing of the value created by employee buyouts? Jessica Rose who led Evergreen's Fund for Employee Ownership (one of the first) through its first two deals, collaborates with Hillary Irby (Director of Impact Strategy, Soros Fund Management) on [this practical and helpful report](#).
3. Our unfolding Catholic Social Tradition: Pope Francis' [2020 Economy of Francesco Address](#) and the 2020 Synod on [Synodality](#) offers a sense of the vision forward to overcome the challenges we face -- both internally and collectively. [Discerning Leadership and Massimo Faggioli offer helpful context](#) on the Global nature of the Church's invitation to all to participate in this Synodal process.
4. Philip Reeves, Co-Founder & Managing Partner of [Apis & Heritage Capital Partners](#) (Private Equity + ESOP fund) [13 min video interview on the landscape](#)
5. Marco Vangelesti's [Essential Knowledge for Transition newsletter and courses](#)
6. Leading impact investor [Morgan Simon](#)'s recent book: *Real Impact: The New Economics of Social Change*.
7. Zebra Unite's: "[Labor & Delivery: Birthing the New Economy](#)" (9-min read)
8. [Puzzling Lack of Cooperatives](#) (Tulane Law Review, 50 pages)
9. [Nathan Schneider's writing](#) on Cooperatives, the Catholic Church, the Internet and their intersections



## Open forums and resources offered by the Catholic Impact Investing Collaborative:

- Every quarter, CIIC hosts virtual thematic Community Forums designed to promote open dialogue, exchange resources and identify opportunities for mutual learning and collaboration
- [www.catholicimpact.org](http://www.catholicimpact.org) featuring relatable stories of Catholic impact that narrate why, when and how Catholic investors have integrated impact investing into their investment programs as well as other practical and educational resources
- 1:1 Connections with Peers
- CIIC's Monthly Newsletter
- The Catholic Impact Investing Pledge – a direct response to Pope Francis' call for action in *Laudato Si'*, encouraging Catholic investors to incorporate impact investments into their portfolios based on the principles that institutions have a moral obligation to advance just causes, to do so with urgency and to leverage their capital to achieve positive social and environmental outcomes.
- Membership (New) - a platform for Catholic asset owners who wish to advance their impact investing efforts to explore practical resources, connect and collaborate with peers and strategic partners in this space, and gain access to faith-consistent impact investing opportunities. For more information on membership, please contact Victoria Carrion, Director of Membership and Partnerships, at [victoria@catholicimpact.org](mailto:victoria@catholicimpact.org).

**Catholic Impact Investing Pledge:** <https://www.catholicimpact.org/catholic-impact-investing-pledge>

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