

CRITERION INSTITUTE

A BLUEPRINT FOR FAITH-BASED ORGANIZATIONS IN MILWAUKEE

ON USING FINANCE AS A TOOL
FOR SOCIAL CHANGE

Prepared by Criterion Institute
with support from Siebert Lutheran Foundation

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PREFACE

Imagine a set of leaders from local churches and other faith-based organizations gathered around a table. They are involved in a variety of ministries to serve their community and address challenges that affect their people. They are committed to bring about greater social justice and equity. While they might express it in different ways, they all share a faith in the God who saves, who sets people free, who brings justice for the oppressed. They also share a common calling to participate with God in the holy work of removing economic barriers and creating new possibilities for more abundant life. Their commitment to serve their neighbors in need includes reinventing the systems that keep their neighbors needy.

They have come together to learn from one another and to develop collaborative solutions to the most pressing issues affecting their communities. Among them is a coalition of five congregations that has organized a neighborhood food pantry and a system of urban gardens staffed by volunteers. Also present is a not-for-profit organization that provides shelter for women experiencing domestic abuse, which grew out of a congregational ministry. A large suburban congregation represented at the table wants to create much needed affordable housing on a parcel of its extensive property.

Now imagine that some leaders in the financial sector join them. One is an investment advisor who creates customized investment strategies for foundation endowments that align clients' financial goals with their social impact objectives. One manages a small private debt fund, issuing loans to small businesses serving their communities. Another is a chief financial officer of a credit union established by a major denomination as an alternative to pay-day lending in areas not well served by mainstream banks.

The table is set. How can this group mobilize its collective assets to contribute to a long-term social change strategy?

The debt fund manager and the coalition working on food issues begin talking about how to fund the start-up of a small catering business to serve home-bound elders in the community. The investment analyst wants input from the director of the women's shelter as she designs an investment portfolio for clients who want their investments to address long-term issues of gender-based violence. The finance officer of a national church body refers the suburban congregation to another fund within the denomination that provides low-interest loans to congregations for building projects.

The ideas keep flowing. The participants at that table share their own knowledge about social change and systems of finance. The longer they talk, the more ways they discover to leverage the power of financial systems to create safe and resilient communities. They begin to imagine more comprehensive approaches they could take, drawing on new tools, new knowledge, and a web of trusted partners. They see new possibilities to create long-term systems change using finance.

The premise of this Blueprint is that this table would be an exciting place to be. It is even more exciting when we imagine this table being convened in Milwaukee. This Blueprint is specially designed for the Milwaukee context, where the players around the table are Milwaukee people, and the issues, culture, and resources that pertain to Milwaukee are central.

This Blueprint has been prepared as a guide for Christian faith-based organizations actively seeking to create transformative social change, whatever their specific issue focus or context. It shows them how

they can design strategies that use systems of finance and private sector investment as tools to create positive social change.

Christian faith-based organizations come in many shapes and sizes. We think first of local parishes and congregations, which range from cathedrals and multi-campus mega-churches to storefront churches, to sprawling suburban congregations with lots of programs, to neighbourhood churches in cities and small rural congregations. Many small membership churches serve hundreds of people beyond their walls each week with meals, child-care, clinics, and other services.

Congregations are often aligned with a larger church body which has regional and national expressions that expand their reach, augment their power, and provide specialized expertise. In many parts of the country, communities have access to social service organizations affiliated with larger church bodies, like Catholic Charities or Lutheran Social Services. Within a metropolitan area, coalitions are formed among several congregations to more effectively address the social issues in their community. Faith-based organizations also include a variety of not-for-profit agencies serving neighbors who are recovering addicts, former prison inmates, children at risk, senior citizens, or new immigrants. Many of these agencies grew out of congregational ministries.

WHY FAITH-BASED ORGANIZATIONS?

In the minds of many, faith and finance are like oil and water. They don't mix. The ethos and incentives driving financial institutions and faith-based organizations are often vastly different. Social return and financial return often seem at odds. The language of finance is complex. Relationships with those in finance are not always easy to access. Systems of finance have sometimes had exploitive impact on communities. So why would faith-based organizations engage finance as a tool for social change?

Churches and other faith-based organizations should employ all the strategies they can to create the social change they seek. They regularly motivate and encourage action for justice through faithful preaching and teaching. Many engage in direct service, community organizing, and advocacy. Finance is one more strategy at their disposal. Systems of finance hold a lot of power which faith-based organizations can leverage to create just and equitable change. They can join forces with new allies within financial communities that are already thinking about doing things in new and different ways.

Faith-based organizations hold different kinds of power and bring a different set of knowledge, skills, and tools to their engagement with finance. These include knowledge of the community, experience with social change, official positions on social issues, public leadership and voice, a vast web of connections within the community, among church bodies and with national and international expressions of the church. They also handle funds and make investments and hold vast amounts of property. They have access to and influence with a huge number of people, who cumulatively control significant assets.

While using systems of finance for social change may be a new approach, the barrier to entry may not be as high as anticipated. Faith-based organizations can build on their existing networks, power, skills, and experience. And they do not have to do this alone. They can identify new collaborators who can help shape ideas, bring in new allies, and carry the work forward in partnership.

Although Christian churches and other faith-based organizations are our key audience, we see the lessons in the Blueprint as highly relevant for other religious communities and for a wide array of organizations and individuals, such as the philanthropic community, corporations, and donor agencies. In addition, investment professionals can make use of this Blueprint to think through how to effectively collaborate with faith-based organizations and other change-making organizations.

WHY A BLUEPRINT?

A Blueprint is not a building, but it helps one imagine a building and to begin to plan how to construct one. This Blueprint helps one imagine and design a future that is more equitable and representative through the increased participation of faith-based organizations in powerful systems of finance. This Blueprint lays out strategies that can serve as templates, but intentionally leaves room for contextualization, exploration, and innovation in design.

The Blueprint is a useful tool for those designing and building strategies for social change. In the rest of the document, we answer:

- What opportunities exist for faith-based organizations to engage finance and use it as a tool for social change?
- What are the materials or assets held by faith-based organizations that can be leveraged to influence finance?
- How do those materials or assets come together around a specific strategy in detailed implementation activities?
- What would broader collaboration look like, with multiple organizations and sectors working together in a coordinated effort to leverage the power of finance towards collective impact on social issues? Here we explore approaches to four issues of significance for Milwaukee: creating economic justice and resilience, designing infrastructure to reduce poverty, advocating for solutions to mass incarceration, and creating a just care economy that provides fair access to all.
- What power can faith-based organizations realize and leverage to use finance to create the social change they seek?

WHY MILWAUKEE?

Criterion Institute is a global think tank that empowers many kinds of social change leaders to demystify finance and use the power of finance to bring about the change they want to see in the world. In the fall of 2017, the Siebert Lutheran Foundation of Milwaukee, Wisconsin, invited Criterion Institute to consider the possibility of focusing its many resources for using finance for social change on a specific place, the greater Milwaukee area, and to do so in collaboration with local Lutheran congregations and leaders and other ecumenical partners.

Criterion was eager to explore the cumulative effect of investing resources in one place and building local networks to address local issues using finance. Milwaukee is a logical locus for this work because of its well documented history of struggle with racial and economic inequality and because of the sheer number and vitality of its churches and faith-based organizations, including a strong Lutheran presence and many vibrant African American ministries. Milwaukee is full of possibilities for social and economic renewal using the power of finance, which could be a model for other cities of its size, especially in the recovery from the COVID-19 pandemic.

Criterion hosted two major consultations with local leaders in 2018, received a generous grant from the Siebert Lutheran Foundation in 2019, and soon after recruited a Milwaukee-based staff member to lead the initiative on the ground.

WHY NOW?

In 2020, the world was engulfed by the COVID-19 pandemic, which infected millions, killed hundreds of thousands in the United States alone, devastated the economy, and changed daily life for all. Hardest hit were those on the margins: the elderly, the poor and essential front-line workers. People of color have been disproportionately affected by the pandemic. During the same time, massive protests in response to police brutality toward people of color raised awareness of the depth of racism in this land.

There is an urgency right now for change—deep systemic change. In the recovery from the pandemic, it is imperative not to repeat the patterns of the past which disadvantage many and reinforce the privilege of those who have traditionally benefitted the most from our financial systems. These overlapping crises and the underlying inequities that they have revealed present an unprecedented opportunity to challenge systems of finance, provide creative alternatives, and rebuild in ways that are more just and sustainable.

In the months and years ahead, enormous financial investments—both public and private—will be made in the recovery effort. This is the time for churches, other faith-based organizations, and all social change organizations to be proactive in working with finance to design and demonstrate how finance can be a major tool in creating positive social change.

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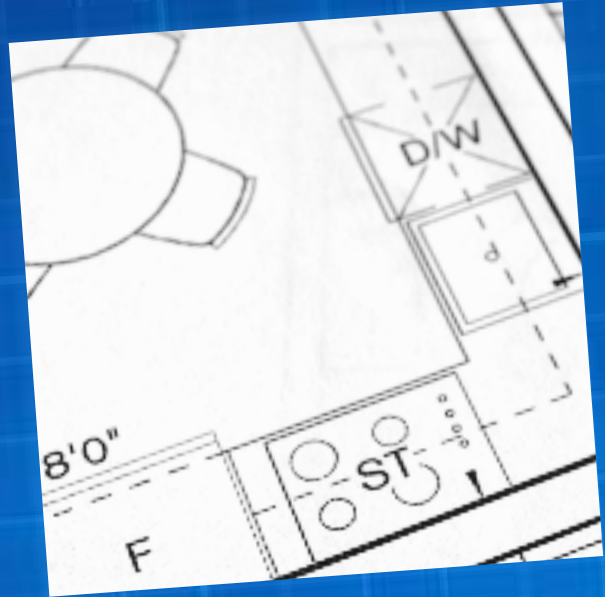
AN INVITATION

What are our hopes, dreams, and next steps? This Blueprint is the beginning of a conversation with organizations working towards social change, which will critically examine power dynamics in the financial community and spark imagination about using finance as a tool to achieve social change goals. It is a conversation that involves listening, learning from one another, and sharing our stories.

We look forward to a rich and fruitful dialogue over time, and we invite you to share your stories with us as you explore and experiment with new possibilities to use finance as a tool in your efforts to change the world.



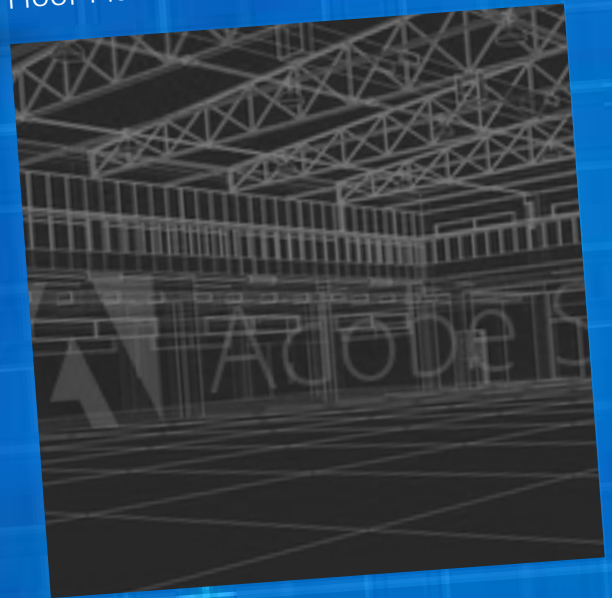
Building Materials



Floor Plans



Dimensions



Buildings



Doors



Neighborhood

FRAMING: Preview and Executive Summary

The focus of the Blueprint is to show how people working within faith-based organizations can use finance as one of their tools to effect social change, whether by disrupting or influencing current systems of finance, forging new alliances or partnerships with individuals and organizations that are already using finance for social change, or by crafting new models that fundamentally shift how power operates in the economic and financial relationships within a community.

The Blueprint recognizes that shaping financial systems is not on the agenda of many faith-based organizations. It does not require that the reader has expertise in finance or investment. Rather, it assumes that the reader is a social change maker who is motivated by their faith, is an active participant in the church or related organizations, and has experience engaging, challenging and shifting systems of power. Such experience can be applied to financial systems.

The Blueprint functions as a model to provide guidance. Blueprint is a metaphor for the technical process of developing a detailed plan or a program of action. The focus is on plans, rather than on case studies. The field is still learning how to do this work, and so the Blueprint is meant to be a sketch that allows the imagination of particular leaders in a specific context to transform design into reality.

BUILDING MATERIALS: Assets

This Blueprint begins with identifying the building materials available. They are the inputs, the assets, resources, or skill sets that churches and faith-based organizations have that can translate to influence in systems of investment and finance. The building materials addressed include:

1. **The Ability to Influence Capital and Mobilize Resources:** Churches and faith-based organizations own vast amounts of property and control significant capital resources. Even without engaging capital assets of their own, they can effectively influence how others use their philanthropic and investment resources to support social change.
2. **Leadership and Voice:** Churches and other faith-based organizations elevate the collective voices of their members and those within their circle of care to levels where people in positions of power must pay attention, including financial institutions and their leaders.
3. **Networks and Trusted Relationships:** Church bodies are comprised of interconnected parts at the local, regional, national, and international levels, each bringing distinct assets. Churches are also connected to one another in ecumenical organizations and agreements. Churches and other faith-based organizations regularly engage in trusted relationships with community organizations, government agencies, the media, philanthropists, NGO's, and businesses. They hold and know how to build powerful relationships based on trust. Those skills are essential to facilitate similar relationships in systems of finance.
4. **Data and Knowledge:** Local churches and faith-based organizations have direct knowledge of the populations they serve and the root causes of the issues affecting those constituents. This ground-level data is augmented by research conducted at the denominational level, by faith-based think-tanks, faith-based healthcare, and social service systems. Finance needs this knowledge to be able to effectively integrate social concerns into an analysis of investments.

5. **Organizational Structures and Processes:** A growing number of churches and faith-based organizations have designed their internal operations and external collaborations in ways that take power dynamics into consideration, ensuring the inclusion, engagement, and valuing of diverse constituents. Such practices can be built into processes used in systems of finance.
6. **Existing Program and Social Change Strategies:** Churches and other faith-based organizations bring a depth of experience in creating, leading, and adapting transformative social change strategies, engaging with powerful systems such as governments or the media. This experience can be used to inform the design of strategies to engage capital markets toward systems change.

These building materials give faith-based organizations the influence or power to affect social change. The design challenge is to employ them effectively within short and long-term strategies.

FLOOR PLANS: Strategy

Given the pressing challenges we face in our communities and around the globe, it is imperative that we deploy these powerful assets to create the social change we seek. Engaging systems of finance is one way to do that, along with others including media, policy, community activism, and corporate engagement.

In this Blueprint, we detail five strategies for engaging systems of finance developed over almost twenty years of empowering social change actors to work in this space. These strategies are presented as broadly applicable templates that would then need to be adapted and applied in context.

1. Channel resources to enterprises and investment opportunities that contribute to social change
2. Introduce new data or eliminate bias in how the value of investments is determined
3. Shift who holds power by changing the structure and terms of an investment
4. Expand who is trusted and who has authority in the process of investing
5. Shape how investors define and measure success in their investments

This section lays out how these strategies can be implemented, making use of particular assets that faith-based organizations contribute, as outlined in the previous section. The following section demonstrates how strategies can be combined for a comprehensive approach to specific issues.

BUILDINGS: Developing a Comprehensive Approach

How do these strategies fit together and complement each other in a more comprehensive social change plan? The intent in this section is to lay out a multipronged approach that links strategies to engage a complex social issue through the powerful system of finance. The Blueprint explores a comprehensive approach across four specific examples drawn from the Milwaukee context:

- **Creating economic justice and resilience**
- **Designing infrastructure to reduce poverty**

- Advocating for solutions to mass incarceration and systemic racism
- Creating a just care economy that provides just access to all

In each of these examples, there are already some efforts in play in Milwaukee. This Blueprint projects theoretical or aspirational approaches rather than seeking to describe current activities being undertaken by specific organizations.

DOORS: Getting Started

Engaging systems of finance is not a silver bullet. It requires collaboration between a collection of leaders and organizations across sectors who can sustain efforts in the long term. They must be able to engage with systems of power and adjust their strategies as needed. Whatever the long-term picture, it needs a starting place.

When we talk about engaging finance with those who are not already part of that world, some faith-based organizations have voiced reasonable objections to participating. One of the intentions of the Blueprint is to acknowledge these observations as valid and offer some ways to resolve them. These questions include but are not limited to the following:

- How does engaging with financial systems sit with faith-based organizations' other priorities? There is already so much to be done with limited resources. Does this strategy defuse existing efforts, cannibalize resources, and create mission creep?
- Faith-based organizations' commitment to addressing deep social change requires philanthropy. Don't market-based or for-profit solutions only skirt the surface or sometimes even contribute to the problem?
- How do we align our internal and external stakeholders—many of whom do not have a finance background and may not appreciate the approach—around strategies that engage systems of finance?
- Leaders in faith-based organizations may not feel equipped to manoeuvre the finance world. They may be adept at navigating governments and media and know how to protect themselves against being manipulated. How can faith-based organizations navigate the field of finance, which can feel like a minefield of risks?

Resolving most of the questions and concerns outlined above requires a first step: a leap of faith that engaging finance as a tool for social change will contribute to the social change sought. Without that leap, the space between concerns and resolutions can seem too far. Those within systems of finance will need the same kind of resolve for collaboration to be most effective. For too long, faith-based organizations and other social change organizations have been left out of financial decision making, allowing global financial systems to evolve without a sufficient weighting toward the social consequences it creates.

Bolstered with a faith in possibilities and a recognition of the power dynamics at work, this section outlines a variety of places to start and test these questions. Once opened, these doors can widen the community of people with which faith-based organizations can collaborate for change.

NEIGHBORHOOD: Field of Faith-based Investing

This work sits in the context of the growing field of faith-based investing. Efforts to create more just and sustainable systems often fail to consider the power structures that obstruct social change. The voices of those most affected, directly or indirectly, by financial policies or investment decisions are seldom heard at the tables where those deliberations take place. Investments tend to happen to, rather than with, a community due in part to the inaccessibility of financial language and structures.

As a result, most of the current investment products and strategies do not take into account the intersectionality of lived experience. They fail to incorporate into their analysis patterns of gender, race, ethnicity, ability, class, local context, and other important factors. They lack the capacity or imagination to integrate the knowledge and expertise of diverse stake-holders, including faith-based organizations, into their decision-making processes. This leads to blind spots and unintended consequences, which present both financial and social risks and, ultimately, sub-par outcomes for investors.

To make the experience of the lives of ordinary people count in finance, social change organizations need to be active partners in conversations about impact investing, gender lens investing, innovative finance, investing to advance racial equity, and other context-specific considerations. This is how churches and other faith-based organization can influence these emerging fields and drive financial decisions that work for all.

Faith-based organizations can also lead the change. Rather than finding a seat at an existing table, they can create seats at a new table and extend invitations to finance professionals to work together to design and implement financial and economic models that are driven by faith-based communities. By encouraging a broader set of actors to the table, we seek to further push the boundaries of using finance for social change. Faith-based organizations will be able to see the dynamics among the people they serve and how power plays into these dynamics and propose new solutions to issues that arise.

We see three broad opportunities for faith-based organizations to engage within the world of finance for social change:

1. Using their knowledge and expertise to influence traditional capital markets or mainstream financial actors
2. Collaborating with investors who share social change objectives, helping to shape how they are approaching social change and how the emerging fields of impact investing, innovative finance, gender lens investing, racial equity investing, and other movements to use finance for social change are being built
3. Imagining and implementing new financial and economic models that address local needs and rely on the assets and agency of community members

The path will be different for each organization and some may choose to experiment with each opportunity or to pursue a combination of opportunities. All choices are equally valuable.

We hope that this Blueprint provides guidance and inspiration as you outline your own strategy for using finance as a tool to create equitable social change in your community, whichever path you choose.

BUILDING MATERIALS

Assets



Many assume that one needs to have capital, and quite a lot of it, to be able to exert influence over finance. Capital markets are systems, however, and just like any other system there are multiple points of influence in this system that require a variety of tools to be able to move capital. These tools or assets produce influence and power in different ways. They are building materials with which to influence financial system. While churches and other faith-based organizations in a city like Milwaukee control considerable capital and influence additional capital through their members individually and collectively, they also have at their disposal other valuable assets for influencing finance to affect social change, which are described in this section: leadership and voice, data and knowledge, networks and trusted relationships, organizational structures and processes, and existing programs and social change strategies

When thinking about these assets and the strategies that follow, it is important to remember that churches in Milwaukee exist within a rich web of connections that extend from the local to the regional, national, and international expressions of the denomination, along with ecumenical organizations. This connectivity within branches of many church bodies brings enormous advantages in terms of the capacity to organize beyond the local level. It helps local churches participate in regional and national programs; lend a collective voice towards advocacy; create educational resources through church publishing houses; and provide access to highly professional research, data, and sophisticated financial expertise. The list could go on. The resources of the whole church body are accessible to the local congregations or faith-based organizations, and the experience and data from the grassroots continually refresh and inform the larger national or international organization. This connectivity includes not only churches themselves, but also faith-based not-for-profits committed to social change.

If you are having trouble imagining how your congregation on the corner of 12th and Main Street would have the power to move systems of finance to end world hunger, slow climate change, or create a more equitable recovery from the COVID-19 pandemic, then maybe you can be part of the church as a whole making an impact through finance. You are not alone. You have powerful allies, and they are already connected.

THE ABILITY TO INFLUENCE CAPITAL AND MOBILIZE RESOURCES

Churches and faith-based organizations in Milwaukee are all engaged in moving money. They receive, raise, disperse, and invest vast sums of money. They are financed to a large degree through the generous contributions of their members, gifts from donors, and proceeds from endowments. For their social service work, they often receive grants from foundations and government agencies. They also pay salaries and benefits to their employees. They pay for utilities and upkeep on property. They purchase supplies, insurance, legal services, consultants, and whatever they need. They rent out their facilities. Church hospitals, colleges, and nursery schools receive revenue for services rendered. Churches and other faith-based organizations are full participants in the economy.

Religious organizations in Milwaukee can realize a positive impact from their operations for the causes they care about. This begins the moment they start seeing finance less as a series of transactions, and more as a way of building relationships, which is a core value for people of faith. They pay more attention to financial decisions, including which businesses they support through purchases, partnerships, and vendor and contractor agreements. Faith-based organizations have the option to strengthen relationships when they manage their cash through community-based or church-related financial institutions instead of through traditional banks.

Many congregations and parishes have sizable endowments. Larger church bodies and faith-based organizations control significant capital resources in the form of reserves, charitable endowments, and pension funds, which they can invest in ways that align with their values and further their mission. Church-related colleges and universities, hospitals, social service organizations, and international relief agencies have considerable capital under their management. Most of these organizations, large and small, also own property worth a great deal of money.

Access to capital and the ability to influence it drives many real and perceived kinds of power. Financial assets can be invested to make money to support good causes. Churches and other faith-based organizations in Milwaukee could increase their impact for good by intentionally choosing to invest in companies that share their values and further their goals. Even without engaging capital assets of their own, faith-based organizations can effectively influence how others use their philanthropic and investment resources to support the social change they seek in the world.

Faith-based organizations can dramatically expand the impact of their own financial decision-making processes and choices by making them public. This is a way to share lessons learned and challenges overcome, motivating similar actions by others, highlighting the choices that are available, and reinforcing the importance of each one's participation in financial system.

LEADERSHIP AND VOICE

President Theodore Roosevelt famously referred to his high office as a “bully pulpit.” By that he meant that the presidency was a terrific platform from which to advocate for an agenda. He was borrowing language from the church, where a pulpit is a platform or lectern from which a preacher delivers a sermon and proclaims God's holy word. It is a conspicuous position that provides an opportunity to speak out and be listened to.

Churches in Milwaukee and in every town and hamlet across the US have pulpits. Churches have leadership that is authorized to teach and preach the timeless truths of the Gospel and to help people apply those teachings to their lives and to the challenges facing the societies in which they live. Lay leaders bring their own authority and wealth of expertise. The leadership role of the churches in a place like Milwaukee is expanded through extensive educational programs carried out by congregations, regional judicatories, social service agencies, parochial schools, and church-affiliated universities and colleges. By extension, this powerful voice includes denominational publishing houses, educational materials, books, blogs, videos, and periodicals.

This vast teaching ministry provides the opportunity to engage the faithful in reflecting on the social issues of the day, on God's will for the world, and on the role of the faithful in bringing about change. Congregations have the leadership and structure to support a sustained focus on discovering God's economy. And those who are inspired by this vision carry it into the world where they create change through their work, their vote, their volunteer service, and their families. That activity and power could involve changing systems of finance to create a more just society.

The voice and leadership of religious organizations extends beyond their own members. While the church and other faith-based organizations no longer enjoy the position of authority they once did in Western society, they still have vast reserves of spiritual, moral, persuasive, and relational power. They have the capacity to influence how finance operates and how the system is held accountable. Two powers stand out as particularly relevant: the power to advocate and the power to convene.

Churches and faith-based organizations advocate directly through their relationships with leaders in government and business and social change organizations. They advocate also through publications and the media. Some church bodies support public advocacy offices in the national and state capitals, with staff who work with legislators to advance the positions the church espouses in the development and passage of laws.

Church bodies have various processes for studying social issues, coming to consensus, and issuing statements of guidance for their members, for their own operations, and for use in public advocacy. The social teachings of the Catholic Church and the social statements of the Evangelical Lutheran Church in America are good examples.

These organizations elevate the collective voice of their members in the public sphere to levels where people in positions of power must pay attention. They often give voice to disenfranchised populations within their circle of care, highlighting the realities, considerations, and needs of these communities. Religious organizations also play an important watchdog role in reporting and raising awareness of injustices resulting from how investments and corporate behaviors impact their local communities.

Churches and other faith-based organizations in Milwaukee also have the power to convene. Individual congregations or denominations have greater influence when they come together in ecumenical coalitions, as they did decades ago to promote divestment in South Africa under apartheid. Churches are often at the core of community organizing efforts which bring together many voices and groups in the community to understand and formulate responses to social problems and apply pressure on the existing power structures to make change happen.

If the concerns of faith-based organizations are going to be heard in the world of finance, leaders from those organizations need to claim their seats at the tables where financial systems are being redesigned and where structural inequities can be challenged. This will take effort. Some church people will need to start paying attention to finance and learn the language of finance. It will mean people of faith who appreciate the power of finance showing up at Wisconsin state legislative hearings, taking their place on the Milwaukee city zoning council, serving on the finance committee of not-for-profit boards or the endowment committee of their congregation, or preparing themselves for a serious conversation with their personal financial advisor. More people of faith need to be prepared to ask questions about how our financial assets can be invested to create social good. It means daring to challenge the ways finance works to keep poor people poor.

NETWORKS AND TRUSTED RELATIONSHIP

Finance is really just a system of networks and trusted relationships tied together through a set of agreements. Finance works because there is trust between borrowers and lenders, between buyers and sellers, between investors and entrepreneurs, between financial analysts and those who provide the data they depend upon. The church uses its trusted networks to create financial systems of its own which include credit unions, Community Development Finance Institutions (CDFIs), and low-income housing programs.

Churches and other faith-based organizations at every level engage in complex relationships with community organizations, the media, philanthropists, NGOs, businesses, and/or government agencies, all of which hold different levels of perceived power. While a particular faith-based organization may not have intentionally built relationships with people in finance, most are already connected or just one

connection away and can use their experience to navigate these relationships. Understanding, mobilizing, and investing in these complex sets of relationships is key to influencing finance.

Churches and related organizations are already good at forming and nurturing relationships. People of faith understand the primary importance of relationships, going back to the first household economy in the Garden of Eden when God put Adam and Eve together to build a family and care for the earth. The Hebrew prophets and the teachings of Jesus uphold the value of relationships and interdependence, which are too often violated by the rich and powerful for their own gain. Faith-based organizations are realistic about power and know how to navigate these relationships. They operate out of a faithful commitment to build trust and elevate those who are most marginalized within traditional systems of power.

People of faith bring the gift of trust-building to their interaction with potential partners from the world of finance. That means not only being honest and trustworthy in their dealings, but also regarding their new collaborators with openness, trust, and even love, as they find ways together to make the structures of finance work for more people. Churches and faith-based organizations can play a strong and vital role in holding financial and corporate actors accountable for social injustices, especially in the context of community organizing. It is important, however, to note that it is not always necessary or helpful when seeking social change to regard those in the world of finance as the enemy. There will be opportunities to get on the same side and work together for shared goals.

DATA AND KNOWLEDGE

The genius of finance is to predict what the future could look like based on present trends and to make a bet on what will hold or increase in value, or become riskier, in that future scenario. All kinds of societal patterns matter to that vision of the future. International migration, natural disaster and recovery efforts, patterns of violence against women, and rates of disability or mental illness, for example, all have an impact. Faith-based organizations in Milwaukee are well-positioned to bring attention to the financial as well as the social risks and opportunities inherent in these patterns as they play out locally and encourage investment in companies and sectors that are making a brighter future.

Congregations and other faith-based organizations at the grassroots level have direct knowledge of the populations they serve. The churches that provide weekly meals know who is hungry in their neighborhood and why. They have first-hand evidence of the root causes of the issues effecting these constituents. They develop and have access to data that reveal patterns of lived experiences highlighting racial biases, domestic violence, and community resilience. They represent an independent perspective and are free to challenge prevailing assumptions.

The intimate knowledge and data that local faith-based organizations possess about lived experience in communities in Milwaukee can increase the accuracy and effectiveness of decision-making in finance and improve investment outcomes for these communities. Faith-based organizations serving marginalized communities can see root causes of the issues they work on and can use that knowledge to influence financial decision-making. With first-hand knowledge of how financial activities are affecting their communities, they understand the connections between finance and a wide variety of interconnected social issues. Actors in the financial sector value this type of contextualized knowledge so that they can enhance positive outcomes and minimize negative impacts on investments.

This valuable local data is augmented by research conducted at the denominational level or by national faith-based think tanks or social service organizations. They publish and disseminate research and analysis

in order to inform the church's advocacy for policies and practices of governments, philanthropy, media, or corporations. Until now, the objectives of this research have primarily been to drive change in public or corporate policy, to influence the direction or focus of official aid dollars, and to inform the general public of key issues. The content of such valuable reports could be framed and positioned so that they do not just fix a problem but change whole systems, including systems of finance.

The information produced by faith-based organizations can be used to influence investors to make decisions that are better from a financial perspective and that also have the potential to produce more equitable outcomes. To some extent, this work is taking place when indicators that consider environmental, social, and governance (ESG) criteria are included in frameworks for deciding whether to invest in a company or not. These indicators may be used to screen out investments with poor environmental, social, and governance performance, or to identify the top performers and those with the potential to create positive impact.

Research and data produced by social change organizations, including faith-based organizations, are of interest to the investment community as environmental, social, and governance data providers utilize such reports in their research. However, to this point, it has largely been left up to the financial industry to determine which indicators are relevant to investment analysis and, therefore, what research and data they are analyzing.

Faith-based organizations have the opportunity to take their seat at the table and help shape, inform, and deepen these frameworks, suggesting new indicators that should be tracked and analyzed. They could translate the data they have into tools for finance which incorporate deeper analysis, consider a more heterogeneous dataset, and examine regulatory and political risks that are not currently being considered. For example, data and insights that churches and church-related organizations in Milwaukee have gathered through their engagement with citizens returning from prison could help to shape future policies regarding incarceration, investments in businesses owned by former prisoners, and those that hire former prisoners.

In the end, it matters what data and what type of interpretation inform systems of finance. The choice and interpretation of data ultimately define how one of the most powerful systems in the world sets prices for investments, determines where and to whom capital moves, and shapes what is seen as valuable. At a macro level, these decisions aggregate to create financial systems that exacerbate or eradicate inequality and social exclusion.

ORGANIZATIONAL STRUCTURES AND PROCESSES

It is not hard to find authoritarian strains in churches and other faith-based organizations in Milwaukee, as in the rest of Christendom. Traditionally, churches have been structured hierarchically with all-male clergy in charge and women relegated to service roles with neither voice nor power. And as Martin Luther King Jr. famously observed, "It is appalling that the most segregated hour of Christian America is eleven o'clock on Sunday morning." The lived experiences behind these hierarchical stereotypes are more complex, with a continual interaction between Spirit-led movements bubbling up and breaking barriers and some in authority exercising humility, restraint, and self-giving generosity for the sake of the community. The fundamental teachings of the church and the example of Jesus continually hold up the vision of a world in which the lowly triumph, the outsider is welcomed, and the powerful are toppled from their thrones.

The church has not always used its power for good. Its leaders have not always been aware of the role they can play in shifting unequal power relationships. But in our time, many churches in Milwaukee and beyond have taken steps to redress this wrong. Consistent with faith in a God who liberates the oppressed, a growing number of churches and other faith-based organizations have designed their own internal operations and external collaborations in ways that reflect their core values and intentionally take power dynamics into consideration. They have introduced roles and processes that ensure the inclusion, engagement, and appreciation of the diversity within their membership and in the wider community. They are mindful of how to structure meetings and decision-making processes to maximize the participation of diverse communities.

For example, when the Evangelical Lutheran Church in America was formed in 1988, it instituted formal inclusivity goals which mandated that all governing boards be comprised of defined percentages of lay people, women, and people of color. Another example from Roman Catholic social teachings is the principle of subsidiarity, which drives decisions about social and political matters to the level of those affected by those decisions as closely as possible. Some faith-based organizations have adapted rules for meetings, like the ancient Native American practice of the talking stick, to ensure that each voice in the room gets a hearing.

Faith-based organizations have thought deeply about how power dynamics play out in relationships. They understand the power held by local communities, even when it is overlooked or undervalued by others. They know how to create structures and processes that honor that power.

Finance is essentially a system of organizational structures that manage relationships. The church's fundamental values, knowledge and experience with managing power in relationships could be a useful resource for those in the world of financial who are seeking to reform the structures and terms that govern financial relationships to be more equitable and achieve more positive social ends. The intentionality with which some faith-based organizations in Milwaukee have built engagement structures and processes provides useful lessons which can and should be applied to systems of finance.

EXISTING PROGRAMS AND SOCIAL CHANGE STRATEGIES

Churches and other faith-based organizations have demonstrated the capacity to create, lead, and adapt transformative social change strategies. They have a record of engaging powerful systems such as the government or the media. They have a history of working in the policy environment, contributing to the passage (or failure) of key legislation, and are recognized as being influential in their fields. Churches, for example, have long been at the forefront of bringing about immigration reform and resettling refugees. Congregations in Milwaukee serve the immediate needs of their communities with health clinics, after-school programs, and urban gardens that provide food and teach youth valuable skills. The expertise that faith-based organizations already have for advocacy in legislative processes and providing social services is highly applicable to finance.

At the community level, churches and other faith-based organizations analyze power and implement community-driven solutions to build more equitable and just societies. They have devised and implemented collective impact strategies and community-driven solutions to address key issues. They understand how to create systems that pay attention to marginalized individuals and unintended consequences, and how to disrupt and change systems that perpetuate injustices. Their expertise in power analysis, research, stakeholder engagement, and identifying risks can be leveraged to inform and

influence market-based solutions and to imagine and implement new possibilities for community-led economic and financial models.

Where others may see entrenched problems as insurmountable, faith-based organizations are fuelled by hope and know how to get things done. They build coalitions, raise money, recruit volunteers, and advocate for compassionate change. They operate from a place of deep trust that God is doing a new thing. This intangible asset helps them imagine new solutions and design pathways to a new, more equitable future. This experience can be used to inform the design and the evaluation of solutions that engage capital markets toward systemic change.

Finance is like policy work in that it sets the agenda for other players and allows certain things to be possible. When an investor decides she wants her investments to promote racial equity and economic opportunity in the greater Milwaukee area, that changes how she works with her financial advisor, which in turn puts pressure on the advisor's portfolio company to create new investment opportunities. Changing what major financial companies are looking for in their investments, what patterns and risks they are paying attention to, and what questions they are asking can signal a new set of priorities to a whole industry or market.

Faith-based organizations can help partners in finance design their social change processes by raising questions and proposing solutions by leveraging their own experience with social change programs. Whether or not a faith-based organization directly or indirectly moves investment capital, it has the potential to share knowledge of social change and what it takes to transform relationships of power in complex systems. Such knowledge can inform how investors direct their capital.

FLOOR PLANS

Strategy



How do these building materials come together in an intentional strategy of social change? A floor plan arranges the rooms on a floor so that it can serve the purpose intended by the design. The floor plan assigns space for each function and represents the intentional design of the use of the space. As a parallel, strategies create the structure or form in which a set of activities can be orchestrated in service of an outcome. This section describes a core set of strategies that can be used to influence systems of finance in ways that will bring about social change.

Before we dive in, a few framing thoughts that acknowledge the context in which we are working:

- Working in a complex system like finance requires a long-term view and an ability to see both direct and indirect points of influence. Like many long-term endeavors which churches undertake, these strategies may not be satisfying in their ability to create direct and immediate change.
- Some of the language in the strategies may sound unfamiliar. Introducing some technical financial terms at this point is intentional because it is necessary to align the language and logic of the strategies with how actors in the world of finance speak and think. By becoming familiar with these components of finance and the incentives that drive those who work within finance, churches and other faith-based organizations will be equipped to translate their own expertise into something that resonates with financial actors.

The strategies in this chapter provide a template or initial outline to spur creative thought and encourage an expanded sense of possibility. They suggest how finance could serve as a tool for equitable social change. They are not fully detailed plans, but rather starting places that would then require creativity and intentionality within a particular setting like Milwaukee, in service of a particular outcome that is relevant to that context. The next chapter becomes more concrete and integrates a set of strategies to demonstrate how they would work to address a few specific issues that have been identified in Milwaukee.

These strategies draw from Criterion Institute's experience over the past decade developing and implementing approaches to social change through interventions in financial systems and capital markets. Criterion synthesized the lessons learned from that work and has articulated five strategies that could be used to exert influence within systems of finance and investments to create social change.

The five strategies are:

1. Channel resources to enterprises and investment opportunities that contribute to social change
2. Introduce new data or eliminate bias in how the value of investments is determined
3. Shift who holds power by changing the structure and terms of an Investment
4. Expand who is trusted and who has authority in the process of investing
5. Shape how investors define and measure success in their investments

These strategies used in concert with broader collaborations can transform relationships of power in finance.

CHANNEL RESOURCES TO ENTERPRISES AND INVESTMENT OPPORTUNITIES THAT CONTRIBUTE TO SOCIAL CHANGE

Redirecting and redistributing financial capital is likely the most well understood strategy of engaging investments and other financial systems. Faith-based organizations used the power of their financial assets strategically, for example, to divest from South Africa under apartheid and encourage others to join them in the 1980s. Churches have a history of divesting from morally objectionable businesses, like gambling, tobacco, and alcohol. There is great potential for churches and faith-based organizations to maximize their financial power to help bring about the positive social changes they endorse in their teachings and public documents. For example, churches that have denounced racism and launched programs to fight racism could increase their impact by also intentionally investing their assets in companies that are committed to racial equity in hiring and corporate practices.

Assets

- Leadership and voice
- Ability to influence capital and mobilize resources
- Networks and trusted relationships
- Existing programs and social change strategies
- Data and Knowledge

Churches or faith-based organizations in Milwaukee could directly move the capital they control. More likely, and potentially more powerfully, they could also influence a broader set of capital flows. There are at least three approaches to do this.

1. The first approach is to directly move capital or resources to enterprises, organizations, or investment opportunities that create the social change you seek. There are many existing opportunities where an investment or divestment in economic activity can create social change. For example, in the current economic context of recovery, making microloans to small businesses in Milwaukee's local community could help the local economy flourish and in turn support employment and income generation. Similarly, a church or faith-based organization could choose to divest from prisons and supply chains that do business with private prisons, both directly with their own funds and indirectly by encouraging their members to do so.
2. The second approach is to advocate for or influence the movement of other people's capital or resources to create the social change you seek. This approach is rooted in churches' legacy of advocacy and their assets of leadership and voice. It could involve attending local zoning committee meetings in Milwaukee County and, as infrastructure decisions are being made, advocating for investment in infrastructure that reduces poverty and supports housing and employment for all.
3. The third approach is to partner with investors or other organizations that are already working in the community to channel resources to social change. Community banks and CDFIs are examples of potential partners that share an interest in investing in community-led initiatives, but to do so successfully they need people who understand the lived experiences and dynamics of those communities at the table. There are also other organizations or institutions that might have capital to invest, other resources to deploy, or programs already in operation. Churches and faith-based organizations wanting to explore this approach might consider investing in a day care or

elder care center within their community that is already providing equitable care or elder services. They could also partner with Milwaukee-based investment funds to create a fund for local minority-led businesses that put the needs of businesses first.

This strategy draws on the five assets highlighted above in that it requires the ability to influence capital, directly or indirectly; to build new structures to move capital; and to invite others to join in the efforts to (re)deploy capital and identify potential investment opportunities.

INTRODUCE NEW DATA OR ELIMINATE BIAS IN HOW THE VALUE OF INVESTMENTS IS DETERMINED

This strategy focuses on analysis in finance. It's about shaping how finance assigns value by introducing new data or eliminating bias in the analysis. Such interventions can uncover hidden risks and opportunities and challenge the existing assumptions and the resulting conclusions made from a set of calculations in finance every day. This strategy requires both research and the tools of advocacy that ensure the research influences the systems of power. In the end, affecting how finance impacts these social outcomes will signal to other systems that social patterns are important.

Finance is a system of power. Navigating it requires the same skill set as that required for navigating political systems. Influence matters. The fact that churches and faith-based organizations have figured out how power works in other systems means they can figure out power in this system.

At its most basic level, finance looks back to past data to see patterns and trends, looks out to the future to imagine and predict where things are headed, and uses this analysis to determine the expected value of a transaction. Data about social considerations is relevant in all aspects of that equation. For instance, collecting data about the inclusion or exclusion of certain populations paints a picture of the past, provides insight about where the future is headed, and, most importantly, reveals potential biases in that process.

There is power in advocating for analysis of how social issues affect the value of investments, whether as risks or opportunities. Investors are looking for the slightest considerations that give them an advantage and have their investments perform better than their peers: a competitive edge.

Churches and faith-based organizations in cities like Milwaukee have experience on the ground with their communities and can present qualitative stories to build correlations between data about various societal patterns and their impact on financial risks or performance. And if it is recognized as part of the investment analysis process, the ability to analyze social issues and inequities within a particular context, geography, industry, or sector becomes a legitimate form of expertise.

Assets

- Leadership and voice
- Ability to influence capital and mobilize resources
- Networks and trusted relationships
- Existing programs and social change strategies
- Data and Knowledge

This is where voice becomes important in amplifying the visibility of societal issues and the understanding of their material impact on the world. For example, churches can use their leadership and voice to advocate for a better understanding of the cost of systemic racism and incarceration to the economy. This strategy would be successful when racism and mass incarceration are assigned new values by finance and are seen as material.

A similar strategy could be employed to advocate for seeing poverty and investments that perpetuate it as a cost, or material risk, to the economy. In order to advocate for the incorporation of data and patterns of poverty into financial analysis, churches can start by identifying the correlations between the impact and patterns of poverty and short and long-term financial risks. As experts on the ground in their local communities, churches and faith-based organizations already have this data. The next step is for that correlation to be included in financial analysis. This could include shifting bias towards communities that experience poverty and seeing poverty reduction as an outcome worth valuing and investing in.

The challenge in this strategy is getting the research and analysis done. The advantage churches and faith-based organizations have is that they already have a deep understanding of local economic and social patterns. The data they have can be built on with further research that can be translated into financial analysis. The research needs to go deep and broad in a particular issue to be able to determine approaches. Churches and faith-based organizations will not need to do all the research themselves. They can work collectively with other community groups, domestic and international not-for-profits, and investment firms, advising them as they begin to incorporate these practices into their own research.

SHIFT WHO HOLDS POWER BY CHANGING THE STRUCTURE AND TERMS OF AN INVESTMENT

This strategy focuses on the power dynamics within the relationships governing finance. Who sets the terms of investment agreements and who controls the flows of capital in these relationships? Simply moving capital may not disrupt unbalanced power dynamics. For instance, providing a loan can be empowering or exploitative depending on the interest rate and other terms of the loan agreement. Therefore, what is required is a more holistic analysis of the terms and structures of an investment so that new, impact-specific terms, structures, or approaches can be designed to disrupt harmful existing power dynamics within relationships.

Assets

- Leadership and voice
- Organizational structure and processes
- Knowledge and data

Faith-based organizations making private or direct investments—be it into a social impact enterprise or a conventional company—can negotiate and set the terms of the capital with the entrepreneur. Investors have the flexibility to shape the terms to ensure alignment with their values and to be creative and responsive to the company’s needs. Capital needs to fit the purpose of the business, and the business needs to have access to capital that fits its needs. Churches or faith-based organizations, which are not making investments as part of their core business, can partner with financial intermediaries such as CDFIs or credit unions to shift practices of lending to businesses or individuals.

Terms of a small business loan often include provisions where the lender can take away the borrower's private home if their business fails and they cannot repay the loan. Similarly, Individuals—who may hold debt from mortgages, credit cards, or personal loans, even if they are not business owners—also have needs that can be accommodated or exploited by lenders. Terms can make banking structures unjust. For example, pay day loans often come with exploitative terms, where high interest rates can trap low-income borrowers in a spiral of perpetual and growing debt.

Churches can draw on their historically strong affiliations with local financial institutions to address these power imbalances. Indeed, many credit unions and CDFI's were started by churches to serve their communities. This is where you can use your voice to amplify the knowledge you hold and make it relevant to finance.

Banks or investors can also choose to change the terms in a way that would benefit individual lenders, without them compromising their own requirements. For example, a church-affiliated credit union could provide loans for the purchase or refinance of homes by offering flexible terms and reduced barriers, such as low interest rates and small down payments, for owner-occupied residences. As a stakeholder in the investment, the church involved can mandate that the loans be accessible to a broader set of actors. This could create homes that remain permanently affordable, providing successful homeownership opportunities for generations of lower to moderate-income families. The bank works with clients to renegotiate the terms of the financial agreement in a way that works for both parties.

There are other terms besides interest rates and payment schedules that can be shifted. Term sheets—a signed agreement between an investor and investee outlining the conditions upon which an investment is dependent—are evolving from more traditional legal and financial obligations to include agreements on values, hiring practices, and social and environmental impact.

Churches and faith-based organizations can use their leadership to play an important role in shaping the debate about the terms that help initiatives grow in a safe and appropriate manner, with attention to social outcomes and potential unintended consequences. For example, access to housing for residents of Milwaukee is a challenge as the gentrification of some neighborhoods makes it difficult for long-term residents to continue living there.

A covenant, which is a way of enshrining terms in a contract, is more permanent than legislation. If a covenant written into a financial agreement is breached, a lender can pull their investment, collect collateral, increase the interest rate, or otherwise penalize the investee in a previously agreed-upon way. While covenants are often used to protect investors against risk, they can also be used to enshrine social values and impact into a financial agreement.

Churches and faith-based organizations which invest in housing directly or work with housing developers could create covenants that allow for a future where current residents are able to remain in place. In that case, if a housing development does not maintain a certain percentage of local, low- to moderate-income, long-term residents as tenants, they will have breached the covenant and will face a penalty.

Similarly, a covenant could be developed to ensure individuals could not be denied access to housing based on a criminal record, thereby providing access to housing for former incarcerated individuals. Because those reintegrating into the community after being incarcerated often have limited resources, providing housing can be a transformative action. This can be done at a community level and can also

feed into larger discussions about the future of the US financial system and how this system can be shifted to have more equitable outcomes that leave individuals less vulnerable to shocks and disruptions.

Persistence and activism will likely come in here, as well as calling into question the status quo power dynamics in the investor-intermediary-investee relationship. Describing terms and structures of finance requires an abundance of technical language. This language often makes the process opaque. It can deliberately obscure the realities behind the terms in order to limit the ability of others to influence them. Finance professionals, including attorneys, tend to say, “that’s just how it works” or “it can’t work that way,” even though these rules and standards for documentation have much more flexibility than they might have you know. Finding that flexibility will create friction. The ability to challenge these norms and stand in the face of expertise and authority is a key tactic for creating financial structures and systems that work for all, and not just for those already in positions of power and privilege.

It is important to note that finance is a system created by people; its rules were created by people and continually evolve; its terms are negotiated with nearly every deal that is entered. Knowing about alternatives to the status quo structures and terms of investments can give churches and faith-based organizations an upper hand in negotiations when met with push back and phrases like “that’s just how it works.”

Collaborations and coalitions are a starting place to experiment with realigning structures and terms. This is where the connectivity of churches and faith-based institutions is an asset in executing this strategy. Consider ways in which aligning with new institutions or reframing current relationships could shift power dynamics toward equity.

EXPAND WHO IS TRUSTED AND WHO HAS AUTHORITY IN THE PROCESS OF INVESTING

Like all systems of power, finance trades in expressions of expertise and authority. The finance professional who enters the room in a bespoke suit brandishing their MBA implies a kind of expertise that conveys trust. The performance is a cultural construction, and the trust is learned over time. Therefore, it can change over time.

Trust drives systems of finance. The old boys’ network is unfortunately very real and continues to operate in impact investing and other areas of social finance. This old way of relating is a constraint: who you know determines what capital you have access to. However, new pathways of relationships can be created. Those aligned on creating lasting social change can forge their own networks and rewrite the rules of engagement that surround them. Networks are starting to be formed to bridge the worlds of finance and social change at a grassroots level. For example, *Common Future* has toolkits for local investing through strategies such as the Community Advised fund, which leverages the expertise of people working in the frontlines. These show that the rules of the game can be changed through on-the-ground efforts that apply financial tools for the purpose of creating positive social change.



This strategy focuses on shifting the legitimacy of what expertise is trusted and what processes are seen as valid. Standard processes can and do have dimensions of power. What is considered normative or standard exists within broader systems of privilege and inequality. Those in power tend to benefit from processes that exist and to reinforce processes that benefit them through their actions, whether intentionally or unintentionally. For example, processes that are inclusive could entail valuing local experience and knowledge of the social need and cultural context as key attributes for all investors and partners. Processes could also value underrepresented groups across intersecting identities by ensuring not only a minimum level of representation among applicants and recipients of funding, but the inclusion of their voices in how investments are designed.

Unless those underlying cultural norms shift, awareness of power dynamics or even the legitimacy of social considerations within systems of finance will remain suspect. Trust is an important tool in shifting what is considered legitimate in finance. This is where churches and faith-based organizations have experience that can be applied, not just in being the voice at the table, but in using their skills in trust-building and including diverse voices at the table.

Those that are not typically seen in leadership positions in finance routinely have their authority questioned throughout the industry. Although religious leaders and community rights activists may have deep knowledge of cultural context and local traditions that could inform how finance can best operate in a particular geographic market and how certain populations can be impacted by financial or corporate practices, their expertise and experience can be written off as irrelevant in a room full of finance executives. Without your leadership in the room, there are missed opportunities to see and understand contextual patterns, risks, and other material information that finance does not currently have access to. These missed opportunities could greatly enhance the work of finance, as well as advance the social objectives of local faith-based organizations.

Churches have trusted networks. They are trusted in the community and have an opportunity to play the role of a trusted partner in implementing equitable investment processes. For churches to play that role, however, they have to be involved in the investment process. They could take a lead in bringing together various collaborators and diverse perspectives, to translate their knowledge into the language of finance, and to engage in and support efforts to radically expand who is seen and heard in conversations of finance.

By expanding the range of experiences at the table, we can reap the benefits of how diverse perspectives can challenge homogeneous thinking and how valuing community expertise can lead to better social and financial outcomes. This, in turn, can lead to trust in and adaptation of different kinds of processes, ones that are informed by and work better for individuals and communities that are currently left out of or are exploited by existing financial systems.

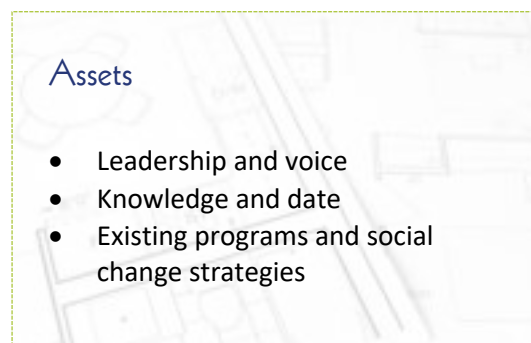
Other possibilities exist. Churches and faith-based organizations can form lending circles among peers, where each member is granted equal voting rights to decide what initiatives would receive investments in their own communities. This shift in traditional investment processes – from the investor making all the decision, to investees holding power over how and where capital flows – can be a way of building and reinforcing trusted partnerships and of instilling confidence in the church’s role in investing. If starting something from scratch isn’t the right pathway, a church or community leader could sit on an investment committee of an already existing fund to direct the fund’s investments in aligned impact areas.

Such public-facing efforts validate the relevance of churches and faith-based organizations to the investment community and introduce new allies to the social change issues that are important to those organizations. These efforts also amplify the stories of what is already being done by churches and faith-based organizations to use finance as a tool for social change. Storytelling can not only reinforce that other ways are possible, but also provide helpful guidance for people and organizations, who may understand “why” finance can be leveraged for social change but need to better understand “how” to do it.

Churches and faith-based organizations have their own structures and processes which can be drawn on to leverage new possibilities within finance. This isn’t just about moving investment capital to places not previously reached; this is about fundamentally changing whose knowledge informs decision-making. It’s about changing the rules of the game, which, in turn, provides opportunities to change the system as a whole.

SHAPE HOW INVESTORS DEFINE AND MEASURE SUCCESS IN THEIR INVESTMENTS

What more can be done to leverage the leadership and voice of faith organizations to shape and influence investment decisions that are sustainable and benefit local communities? How can faith-based organizations be brought to the table before investment decisions are made in order to prevent, and not just expose, injustices? How can faith-based organizations work on equal footing and with shared goals and interests with finance professionals to identify and move capital to investments that address community needs?



While using finance as a tool for social change requires, to a significant degree, that one works within existing systems of power, it is also imperative that we challenge the system and hold it accountable for the outcomes it creates, including unintended consequences. It is important, now, more than ever, to name what a successful economic recovery looks like and advocate for the rebuilding of an economy that is fair and just.

This strategy focuses on how to change the goals or benchmarks against which investments are measured. This could mean creating or participating in new models where the goal of an investment is not profit maximization but social and/or environmental impact. It can also mean contributing to the indicators by which impact is measured.

It’s important to note that different types of investments have different goals. It is easy to assume that the goal of all investing is to maximize profit, but in fact investors make decisions based on a variety of personal factors—their particular risk appetite, desired timeline for return, social/environmental impact goal, time available to implement and monitor transactions, and more.

For example, when investors invest in different asset classes—such as private debt, private equity, public equity, and angel investments—they expect each to perform differently. An angel investor will put capital into a number of early-stage enterprises understanding that they are high-risk and may fail, but hoping

that among their investees, some enterprises will succeed and be lucrative enough to compensate for the other losses. On the other hand, an individual who invests savings in a mutual fund is usually not expecting exponential growth. Rather, they are seeking a low-risk investment that is likely, over the long term, to grow steadily without requiring extensive management.

Understanding the goals of different investments and asset classes can help churches and faith-based organizations talk with asset managers – including their own, if they have them – and advocate for the addition of impact goals that advance their social change agenda.

It can also help them understand their own ability to shift the primary goal of an asset class. Churches and faith-based organizations can, and often do, play a key role in developing alternative investment models wherein the goals of certain assets shift from profit maximization to long-term sustainability and social benefit. In the example of care provision, faith-based organizations can develop a set of metrics and benchmarks for care providers that aim to protect staff from exploitation and violence while providing equitable access to services. Faith-based or affiliated care providers could develop and commit to this new set of accountability standards, then use their example to influence the broader care economy to serve all.

Faith-based organizations can also connect to broader movements and contribute to collaborative efforts to define and guide how social and environmental impact is measured and managed. This is where their leadership and voice and their existing social change strategies can be leveraged for systems-level change. For example, faith-based organizations can move their capital to banks that have just, equitable, and ethical practices, but they can go further by connecting to a broader movement around fair banking. The *BankBlack* movement encourages people to move their assets to Black-owned banks. *National Bankers Association* represents and lobbies for the interests of minority-owned banks serving low- and moderate-income communities across America. Churches could connect with organizations such as these and contribute insight into how these movements and institutions can develop metrics or benchmarks that meet the needs of the communities that churches and faith-based organizations know so well.

In addition, many foundations and development organizations are funding impact studies and the creation of metric systems that can integrate attention to social change considerations into the practices of finance. Faith-based organizations can inform what those metrics are and how investors and their investees are collecting data at a community level to measure impact. For instance, *Common Future* has been developing impact and assessment tools, including a Local Economy Framework, drawing on input from community leaders, entrepreneurs, investors and funders about how to create local economies that work for all. Faith-based organizations can play a role during the development process or suggest feedback for considerations that apply to existing metrics.

Finance is future focused. This strategy is not just about measuring whether the goal was accomplished, but also about redefining the goal and considering how future relationships of power are transformed through the goal. Does an investment in property seek only exponential increases in value over time, or is it directed in ways that seek to ensure sustainable and affordable access to housing, to preserve and sustain community assets, and to develop a neighborhood in a way that is safe and accessible to all its residents? What are the indicators that would be most meaningful in measuring and assessing progress toward the desired goals?

Defining and refining how we measure the type of impact we are trying to achieve influences how investments are made and evaluated for success. It is also critical to consider relationships of power in defining impact goals and analyzing whether they were achieved.

Measurement isn't useful only to understand the impact and unintended consequences of a specific investment. Taken in aggregate, measurement can tell us whether fields of practice, such as impact investing or gender lens investing, are achieving their impact goals. Often, the financial community will provide its own metrics and measurements, which are generally opaque and may be influenced by the financial entity's profit-driven or public relations objectives. In this field, the expertise of faith-based organizations working with finance can be utilized in setting impact goals, by advocating for the widespread adoption of those impact goals, by playing a watchdog role to ensure that claims of impact are justified, or by helping to avoid unintended consequences of not considering an equity or social justice lens.

BUILDINGS

Developing a Comprehensive
Approach to Challenges
in Milwaukee

An integrated and collaborative social change approach begins with defining the purpose or end goal and being explicit about what change is being sought. Next, it involves assessing the context in which that change will take place. For example, an approach targeting economic justice for all is decidedly different if one works in Milwaukee's 53206 zip code or in more sub-urban neighborhoods of Milwaukee. Finally, social change does not work in isolation as it requires a collaborative effort with multiple approaches and partners. While a single faith-based organization can take initiative, collaboration is required to accomplish a deeper and broader level of social change.

How then do you design an integrated approach that incorporates using finance as a tool for equitable social change? The relevant questions here are the same kinds of questions that would be asked in any social change design process:

1. Where can multiple strategies work together across multiple organizations and efforts to create a more comprehensive strategy? What power dynamics exist?
2. Who are the collaborators who can bring complementary assets? Who are the partners who can help you reach outside your area of comfort?
3. How is the strategy staged over time and what are the dependencies within that staging?

It is helpful to think through concrete examples. What follows below are four examples around specific issues relevant to Milwaukee, looking at the creation and application of the strategies and tactics named in the previous sections. Each example will conclude with a set of action steps that would facilitate the start of an integrated approach.

CREATING ECONOMIC JUSTICE AND RESILIENCE

Creating economic justice and resilience requires shifting the dynamics around who has economic power and who does not. Milwaukee faces a lack of investment in Black communities and has racially discriminatory public policies, high unemployment, and racial disparities in many social outcomes. [Milwaukee's poverty rate in 2019 was 26.6%](#), 2.25 times that of the national average and 2.4 times that of the state poverty rate. In terms of demographics, [40% of the city's residents are African American](#). Yet, Milwaukee [ranks third among all US metro cities with the lowest percentage of households](#) where the primary homeowner is Black.

Community leaders in Milwaukee say it is easy to demonize Milwaukee. There has been a myth in Wisconsin that Milwaukee is a drain on the resources of the state. However, recent research has shown that Milwaukee contributes \$400M more to the state in taxes than what is spent in the county. If one looks at the impact of businesses, Milwaukee is an economic engine that contributes to the rest of the state. This shift, seeing Milwaukee through the lens of what assets it has to offer, is key to understanding that economic justice is not only a means in and of itself but a path to economic stability and resilience.

Despite all odds, communities of color have shown resilience. At 33%, Milwaukee ranks among the top two counties in Wisconsin with the largest share of minority-owned firms as a share of total number of firms in the county. This presents opportunities to support minority communities of color through innovative economic models of growth.

Given Milwaukee's young work force and resilient business landscape, there is potential to channel the economic response to the COVID-19 pandemic. There is an opportunity to fund small businesses, livelihoods, and microbusinesses and an opportunity to create wealth through banking regulations that allow people to have access to credit or prioritizes Black- and women-owned businesses in Milwaukee. This is not just about getting capital to people but also addressing the power dynamics in how capital gets there.

Channel resources to enterprises and investment opportunities that contribute to social change

Where churches and faith-based organizations have capital invested, they can ensure their portfolio supports economic justice and resilience. Investment capital can be directed to enterprises or organizations in the community that contribute to economic resilience. There is a need for businesses to access capital. While these may not be high-growth companies, they often require cash flow loans or investments to support their operations or growth, which in turn create employment or may provide essential goods and services to communities, which would otherwise result in residents shopping at a distance or paying higher prices for goods brought into their community. Microloans can make a significant difference to the success of these businesses and the economic resilience of the community as a whole.

This is not a new concept for faith-based organizations. During the credit union movement of the 1990s, churches started several local credit unions across the US, specifically with the evangelical notion of providing economic justice for all and fixing the inequities created by the financial services industry. With the pandemic exposing the deep racial and economic inequities in Milwaukee and in the country, this is an opportunity for faith-based organizations to revisit their work with local credit unions. Making microloans for small businesses and partnering with local credit unions may be a step in that direction.

One of the most common reasons businesses fail is lack of adequate cash flow, especially in the ebbs and flows of business cycles. Small businesses often need financing between \$1,000 to \$50,000, amounts too small for banks to underwrite profitably. Businesses less than 5 years old are also considered risky by banks. Many small businesses do not have the credit history required to make them qualified to work with a bank.

Small businesses often operate on thin margins and depend on large foot traffic to survive. Hence, they are hit harder during times of recession when business decreases due to reduction in consumers' purchasing power. If these businesses do not get funding when they need it, they will shut down; unlike large businesses, they do not have adequate cash reserves to survive hard times. For example, between early March 2020 and early May 2020, more than 110,000 small businesses are estimated to have shut down in the country due to the economic downturn caused by the pandemic. Despite federal programs such as the Paycheck Protection Program, small businesses have not been able to weather the intense and long period of downturn.

Hence, there is a need for alternative safe and ethical lending options in this country. This is an opportunity for faith-based organizations to help small businesses sustain the variation in their cash flow. Churches and faith-based organizations can:

- Make microloans to businesses in the community by partnering with a credit union. This could be one of the many local credit unions started by a church or another with a community focus and shared values. As a result of the conversations with local churches, the credit union is encouraged

to expand the services offered to micro businesses in the area. Microloans have shown positive results in several studies, with beneficiaries being able to withstand material hardships during economic downturns, to get themselves a credit score that can help them get connected to mainstream markets in the future, or to start their own small businesses.

- Create a fund to support local businesses that meets the needs of the business. Many loans to or investments in businesses are driven by the needs of the investor. Putting the needs of the business first when channeling resources is the key to building economic resilience and justice. A fund that is designed to do this could play a significant role in shifting the power relationship between investors and businesses. Investments will ultimately be more successful when investors listen to what is needed by the enterprises they aim to support.
- Move your money way from banks that are making money off economic injustice and to a bank that aligns with your values. Choose a bank or credit union that has a values-based approach and is measuring its impact on social and economic justice. Churches and faith-based organizations have the option to move their capital to financial institutions that advance just banking. When doing this, they can be vocal about their reasons why, using their voice to try to change harmful practices and to reinforce just practices.

Shift who holds power by changing the structure and terms of an investment

Churches have a history and legacy of chartering credit unions when their members were denied loans, lines of credit, and other basic financial services. Today, mainstream banks and systems of finance are still not meeting the needs of certain communities, including communities within Milwaukee.

For example, consider informal livelihoods and the gig economy. These workers do not receive a regular paycheck and hence find it difficult to access formal banking services. A US Bureau of Labor Statistics report estimated that nearly 26 million people work in the gig economy in the US. Gig economy and informal economy workers are estranged from traditional banking systems because of inconsistent income patterns. They often lack access to credit systems, healthcare, and insurance coverage.

As a result of the pandemic, these numbers are increasing. With the global economy contracting, thousands are expected to join informal and gig economies. African Americans are twice as likely to join the gig economy as their white counterparts. Traditional banking systems would remain inaccessible to a large section of these communities.

This is an opportunity for banks and credit unions, which are run by or affiliated with churches or CDFIs, to shift the structures and terms with which they offer financial services to create economic justice and resilience. For churches which are not affiliated with an existing financial institution, there is the opportunity to form a partnership. The context of COVID-19 provides yet another opportunity to shift financial structures and terms to change who has power, to create economic justice, and to support resilience.

Churches and faith-based organizations can:

- Invest through a financial intermediary (CDFI, credit union, or microloan fund). The church chooses a partner organization that it feels meets important standards of fairness and justice in its lending and operating practices. The church's investment is then used by the partner to administer loans to microbusinesses in the area.
- Advocate for pay day lending terms that do not trap low-income borrowers in perpetual and growing debt.

Credit unions run by or affiliated with churches can:

- Shift approaches in banking by lending to businesses or advocating for difference approaches within CDFIs
- Shift approaches in banking by lending to individuals and changing the terms under which people can take out mortgages to buy homes. For example, an application process with multi-lingual capabilities could significantly increase the number of home loan applications that are approved for residents for whom English is not their first language.

DESIGNING INFRASTRUCTURE TO REDUCE POVERTY

In the Covid-19 recovery, as is the case after many economic disasters, public and private investors are moving significant capital to infrastructure projects as part of job creation and economic rebuilding. Incorporating a justice lens is critical.

Poverty in Milwaukee is an issue that disproportionately affects the African American community. The state of Wisconsin has the second highest African American poverty rate at 39%. It is 47th in Black median household income at \$26,968 and 42nd in Black home ownership at 29%. Racial and economic segregation of the city and its suburbs is a legacy of racially restrictive property covenants. Inner-city Milwaukee has 30% of the region's population and 72% of its low-income households.

Furthermore, issues like high unemployment are exacerbated by the fact that most job creation in recent decades has happened in the suburbs, which were inaccessible to workers from communities of color in the inner city. Prior to COVID-19, manufacturing in Wisconsin had a labor shortage, but due to a lack of transportation (and institutional racism that is propped up by inaccurate and unjust fear of African American communities), Milwaukee's inner-city residents were not afforded the opportunity to benefit from that job creation.

Intentionally creating infrastructure jobs for people who have been excluded can help stimulate overall economic growth by spurring broader participation in the economy. If a community analysis is incorporated into infrastructure project design, it will help to mitigate unintended consequences and create better outcomes for the individuals within those communities. How else can an intentional strategy to engage finance drive changes to infrastructure that will reduce poverty?

Channel resources to investment opportunities that contribute to transformative social change

Churches have many kinds of resources. While not all churches will have capital to invest, many have their own property and control over how they use that resource. Often, they rely on the advice of experts who may not be thinking about how churches can address poverty through their investments and use of their property. Investment by faith-based organizations should solve for these social issues.

- Some churches own a significant amount of low-income housing. Churches can make sure their investments in housing are being made in a way that actively moves towards justice and a reduction in poverty rather than simply as an earned income strategy for the church.
- Churches can also advocate for investment in transportation and other infrastructure that solves for poverty and its root causes. If churches or local organizations are consulted or have influence in local decision-making, how can they use that influence to ensure investment is made in infrastructure opportunities that respond to the causes and impacts of poverty?

Introduce new data or eliminate bias in how the value of investments is determined

Churches also have social capital as experts on the ground in their local communities. This can be deployed to advocate for the inclusion of new data and for rethinking what data is seen as valuable when government or private entities are considering where and how infrastructure investments are made. In order to advocate for the incorporation of data and patterns of poverty into financial analysis, start by identifying the correlations between the patterns and impacts of poverty with short- and long-term financial risks and opportunities for various infrastructure and urban planning investments.

- Churches and faith-based organizations can engage in an advocacy effort to highlight these correlations. Their experience in their communities is valuable to investors looking to understand how their infrastructure investments can be most effective. This could include shifting bias towards communities that experience poverty and seeing poverty reduction as an outcome worth valuing and investing in.
- Faith-based organizations with institutional capital can encourage investment firms and advisors to cross-pollinate across specialized areas. They can create campaigns to increase the visibility of community experts within infrastructure finance and continue to provide the language that connects their knowledge to drivers in financial analysis.
- Churches can also use the bully pulpit to make prophetic statements about building back better. The recovery from this crisis will be long and difficult. The need to course-correct by incorporating analysis of social inequities is urgent. If investors do so, they will be able to structure capital flows so that the rebuilt sectors and markets are more stable and equitable for all involved. Churches could speak to the implications of people dropping out of the workforce and to the importance of investing in minority-owned businesses, which have proven to be more resilient even when they lack access to the resources more privileged groups enjoy. They can highlight the need to build a better care economy and the potential investment opportunities in all these areas that smart investors will pay attention to.

Expand who is trusted and who has authority in the process of investing

Finance is a powerful system. To change financial structures to benefit more people necessarily involves challenging norms and standing in the face of established authority and expertise. Even when data regarding social impact exists, it is not automatically trusted and may be dismissed as not having material impact. For data to be perceived as material to the success of the investment strategy is not just a matter of proving correlation. It also requires overcoming biases about gender, race, and class in how the data is valued.

Churches can be involved and become a voice to challenge the “experts” who are shaping the design of infrastructure. Churches and faith-based organizations have knowledge of what is happening on the ground. For example, they can use their experience of working closely with and being a part of communities that face the challenges of poverty to advocate for the importance of considering those communities in planning decisions. They also have access, through their connectivity, to alternative experts who could contribute to a transportation or housing planning process.

ADVOCATE FOR SOLUTIONS TO MASS INCARCERATION AND SYSTEMIC RACISM

The assumption is often made that finance can only be used to make a difference on purely economic issues. In fact, social inequities are a structural problem in our economy that makes it unstable. Institutional racism, for example, affects the roles and status of people of color and their ability to participate in the workforce. It also destabilizes family, community, and societal structures.

Any of these patterns present a risk, not just to an industry or geographic region, but also to the economy as a whole. Continuing to finance structural inequities leads to unstable economies and there is a growing understanding of this in investment approaches.

Given that connection, how can systems of finance be engaged to reduce the incidence or the impact of racism? Building back a stronger economy requires that we build back in a way that addresses structural inequities like institutional racism, mass incarceration, and police violence. Too often businesses or sectors are willing to absorb, and to let society absorb, the cost of these inequities and take no action towards change. But in our current situation, when the nation as a whole is recovering from the dire impacts of a recession, it would be devastating to do so in a way that perpetuates instabilities in our economy.

Reducing institutional racism and its manifestations in violence and mass incarceration would benefit the economy by ensuring the fastest growing demographic groups are able to fully participate in the workforce, resulting in greater productivity and faster growth for the economy as a whole. Bolstering the political will to recognize that structural racism is a structural risk to the economy involves naming that declines in violence, declines in incarceration, and declines in deaths are indicators that matter in the economic recovery.

Channel resources to enterprises and investment opportunities that contribute to social change

- Divest from private prisons or divest from supply chains that do business with private prisons. The US has the highest rate of incarceration in the world, compared to similar developed economies. While the US represents 5% of the world's population, it holds 25% of the incarcerated population. These numbers are worse for people of color, and particularly for African American communities. Within Milwaukee specifically, more than half of young Black men have been incarcerated and the rate of incarceration for Black men overall is 10 times higher than that of their white counterparts. Wisconsin ranks worst among all states for incarcerating working age African American men and is nearly double the national incarceration rate for this population.

This is where faith-based organizations can use finance as leverage to reform the criminal justice system. It may seem like a small move for small faith-based organizations to divest from private prisons, but such action can have an enormous impact if faith-based organizations come together and act with conviction. In fact, the prison industry divestment movement is already showing positive results: by the end of 2019, it was estimated that CoreCivic and GEO Group, the largest companies fueling what is known as the prison industrial complex, were facing an 87% financing gap, largely because of the divestment movement.

To begin divesting, look at where your funds are being invested. For example, pension funds often invest in for-profit private prison companies. Portfolio managers and financial managers can help you understand where your funds are being invested.

Elevate and support the divestment movement by collaborating with other faith-based organizations. This can have an incredibly powerful effect.

- Divest not just from private prisons, but also from organizations that do business with private prisons. Although several major banks have begun divesting from private prisons due to the outcry from the public, there are still corporations and banks that continue to finance private prisons. Divesting from all entities that do business with private prisons can be a tangible way to leverage finance as a tool to reform the racial and criminal justice system in our nation.
- Create affordable housing options for formerly incarcerated Milwaukee residents. Formerly incarcerated citizens struggle with finding affordable housing options. They are bound by parole restrictions and are often cut off from access to public housing and housing vouchers. Background checks also leave landlords reluctant to rent their properties to formerly incarcerated citizens. According to a report by the Prison Policy Initiative, former inmates are 10 times more likely to become homeless than the general population. According to this report, formerly incarcerated women struggle even more than men in finding affordable housing options after they leave prison. In fact, over half of these women reported homelessness as the primary reason for their return to crime. Homelessness ends up being a vicious cycle of trauma and poverty.

This is an opportunity for the church and other faith-based organizations to channel resources into investments that actively move toward justice and reduce poverty, rather than simply serve as an earned income strategy for the organization. Churches have many avenues through which they could pursue low-income housing provision. If your organization is involved in the provision of housing, you can choose to invest in housing in a way that supports formerly incarcerated residents. This could be directly through

the use of church resources such as land that could be dedicated to a housing project, or by partnering with a Community Land Trust to provide affordable housing options that can be protected and controlled by the community long term. Community Land Trusts renovating properties in traditionally disinvested areas can help revitalize neighborhoods and create both social and economic benefits. Beyond access to housing, they help former inmates and community members have control over their real estate and help develop housing options without displacement. By being a bridge between former inmates and Community Land Trusts, faith-based organizations can help communities traumatized by incarceration, displacement and poverty heal, find homes, and avoid further displacement.

Faith-based organizations can step in and help former inmates get established in the community by lending them the capital they need to re-establish their housing and employment. Congregations could partner with a credit union to make the loan. Or they could choose to establish a micro-loan program of their own, where the paid back debt enables them to make another loan to the next person. This option keeps the accountability and responsibility for repayments rooted in the well-being and flourishing of the community, rather than in financial measures or litigation.

Introduce new data or eliminate bias in how the value of investments is determined

Advocate to highlight the cost of systemic racism and mass incarceration to the economy. Black incarceration perpetuates a perverse impact on city, county, and state economies. Wisconsin alone spends \$1.3 billion per year on incarceration and Milwaukee spends 46% of the city budget on policing. Incarceration freezes community development by devastating the human resources and creative potential in communities. At a household level, incarcerated people are not able to support their families and are not learning employment skills in prison. They reenter the community more unemployable than previously. There is also the cost of systemic racism to the economy, as outlined above. Churches and faith-based organizations can advocate that shifting these structural inequities and addressing racism and violence is of relevance and material to investors and other financial actors.

CREATING A JUST CARE ECONOMY THAT PROVIDES JUST ACCESS TO ALL

Churches have been involved in financing the care economy for centuries. They have financed new hospitals, community healthcare centers, nursing homes, and childcare centers. One in six hospital beds in the US is in the Catholic hospital system. The Lutheran Services in America network works with 1 in 50 Americans each year. According to a report published in 2016, faith-based health-care systems contribute \$161 billion to the economy each year.

We are now in a crisis where we do not have adequate elder care, childcare, and healthcare, so these functions are falling to informal systems that are not reliable and not working. The care economy that we have right now is increasingly for profit and increasingly unregulated, becoming the problem itself. We can see this in the uneven distribution of access to care, resulting in crippling amounts of medical debt.

For example, let us consider childcare, a key component of the care economy. Even before the pandemic, more than 2 million parents decided to forego their jobs in order to reduce their childcare expenses. A typical median income African American family with two young children spent 56% of their income on

childcare alone. The impact of the COVID-19 pandemic on these families is brutal. More parents must resort to leaving their jobs, further exacerbating racial economic inequities.

Creating a just care economy is not only about creating just access to services; it is also about creating a care economy that is not itself exploitative. Healthcare workers are four times more likely to experience violence at work than any other industry. How those organizations operate is not separate from whether they are serving their mission. Along with meeting the needs of their patients, clients, or communities, they must also ensure they are protecting the rights of their staff and providing just employment and a safe work environment. This is of note for the providers themselves, as well as investors who can choose to actively invest in businesses that pay attention to the human rights of their workers and are actively contributing to a just care economy.

The church has always been an investor in the care economy. How does it use a justice lens to invest in the care economy in the context of the COVID-19 pandemic?

Channel resources to enterprises and investment opportunities that contribute to social change

Churches and faith-based organizations are positioned to fill gaps in the community care economy. When a church thinks of starting a childcare program, they think they are doing new programming, but they are actually investing in a business that is self-sustaining over time. It is like providing early funding or financing any other business, except for how it is framed.

- Churches can invest in a day- or elder-care center within their community that is already providing equitable services.
- Churches can channel resources and invest in building a better care economy by pooling capital for new service areas with others to make things happen in the community. This could be a new venture or in an addition to care economy activity that another organization is already doing.

Shape how investors define and measure success in their investments

What does a just care economy look like and how can we hold the church structures that engage in healthcare to account? Churches, faith-based organizations, and faith-based care providers can make sure that investments in healthcare start with what is needed in the community rather than what the investor needs. Once you have assets, you can influence the benchmarks those assets are assessed against and invite other investors to do the same.

- When churches sell nursing homes or hospitals and the land they sit on, a healthcare conversion foundation is set up. These foundations make grants, but they also have assets under management. Having assets and investments means you can name the standards by which you measure the success of those investments. While these foundations are locally based, these faith-based foundations could organize collectively to set standards around innovation in health services or come together to make investments that create an equitable care economy. (Indeed, they could apply standards around any of the social issues previously mentioned to ensure their portfolio is reducing poverty, racism, and incarceration and supporting a resilient economy.)
- Where churches don't have foundations or assets to sell, they can still influence benchmarks and metrics using the bully pulpit to stand up and name what is needed for a just and equitable care

economy. For example, they can name where money is currently going to purchase medical devices that make the most money for the healthcare provider over primary healthcare that make the greatest impact on the health of the community. They can demand a different set of metrics, ones that meet the needs of their communities, be used to measure success. For example, grassroots organizations often employ divest/invest campaigns as a way to remove capital from companies with poor human rights records and into enterprises that advocate for attention to human rights.

DOORS

Starting Places



Everyone has a different sense of what is easy. For some, travel is an adventure; for others, it's a daunting prospect that requires many maps and plans. One person's definition of the easy way to get started will differ from another's. There will always be a variety of ways to start venturing down a new path. This rings true for churches and other faith-based organization that are beginning to explore the use of finance as a tool for social change.

Faith-based organizations may prefer to stay in their comfort zone where they have been successful in the past. Congregations in Milwaukee and surrounding counties already have a compelling mission to nurture the faith of their members, provide for fellowship and education, and bring comfort to the sick and grieving. They feel called to serve the needs of their neighborhoods and excel at providing direct service. Many are getting by with fewer staff and volunteers and are concerned for their own financial survival. It's a stretch for them to imagine how they could possibly divert attention from these core priorities, potentially putting them at risk, in order to explore experimental approaches with innovative finance. They feel they lack the capacity to take on something big.

Sometimes our faith tells us to be humble. Right now, in this moment, big thinking is exactly what is required of people of faith. This is a moment for churches and faith-based organizations in Milwaukee to step into leadership and create space where the voices of their community can be heard. To not do so undermines their mission and relevance. If these organizations, with their manifold assets, their compassion, and their commitment to justice, do not step into this space, then others will push to the front out of very different motivations. Then this moment of opportunity will be lost. Then we will see the inequalities, which existed prior to the COVID-19 pandemic and which have been exacerbated by it, perpetuated into the future.

Fear might keep churches from getting involved with finance. Fear is not without basis. Finance has created a lot of negative outcomes in the world. Rather than dismiss the fear, we can use it for good. We can sit with that fear, recognizing a beauty in the anxiety we experience around a financial transaction. What do we have to learn from our fear? Fear tells us we are coming close to something powerful, important, probably dangerous. What is it telling us about our engagement with finance generally? Emotions can be effective guidance systems. Don't let your fear stop you.

Those in religious or service roles often claim a lack of knowledge about finance. The training that Criterion offers on finance as a tool for social change includes a pledge card that says simply, "I will never again say 'I don't know finance.'" This is not to suggest that one should declare knowledge on the inner workings of finance if that is not accurate. The pledge card simply recognizes that many people outside the finance industry are quick to comment on their lack of knowledge of finance, in part as a way to distance themselves from a conversation.



Strategies that use finance as a tool for social change require activities that bridge the known activities of churches and faith-based organizations and the points of leverage within systems of finance. How do the strategies discussed earlier translate into concrete tactics and detailed activities? What is necessary to get started? What are the specific steps?

The strategies proposed here require activities and tactics that are familiar to churches and faith-based organizations, such as:

- Targeted networking and relationship building to engage finance professionals within the church’s network
- Lobbying, engaging, and influencing people in power
- Convening, from conferences to bible studies to dinner meetings
- Running advocacy campaigns to achieve changes in policy and practice
- Structuring and executing a research project to bring social issues to light
- Developing partnerships with grassroots NGOs, foundations, corporations, governments, and other key actors
- Mobilizing funds and aggregating resources to be directed to a particular investment
- Executing a grants program from design to selection to distribution of funds
- Creating buy-in within the organization and its broader network through internal advocacy and training

How could these activities be applied within your context? To demonstrate what it would look like to leverage assets and strategies, we have left some blank space in this document for you to fill in examples from your work and world. Bolstered with hope that is grounded in faith, a variety of possible places to start could serve as ways to move beyond initial hesitation and open the door to a promising new approach to deep, systemic social change through finance:

- Start with your own church body. Reach out to leaders in your larger faith community to see what initiatives or resources linking faith and finance may already exist.

Who do you know who could point you in the right direction? Who works at the confluence of faith and finance? Who could introduce you?

- Start by listening. Lean into conversations when the topics shift to finance, rather than leaning back.

What steps would you take to start listening and leaning into conversations?

- Start by reading. Read the finance section of the newspaper. Have Investopedia as a bookmark on your browser; then click through and play with the words. Read a couple of articles on social finance in the *Stanford Social Innovation Review*. Keep reading and learning to create a feeling of comfort and increasing expertise.

What article, website, or book could you start by reading? What are other avenues for discovering new ideas and knowledge and extending your understanding of finance?

- Start with a conversation, or two or three. Invite someone in finance to lunch or ask for a phone call. Start with people in your network, like old school friends who may have ended up in finance or former finance professionals now engaged in social change initiatives. There are likely members of your congregation who have worked in finance. Your pastor or priest could introduce you to someone who works in church finance at the regional or denominational level and who might share your interest in using finance as a tool for social change.

What conversations could you start with? Who would you invite from your network? How could you frame the invitation to them?

- Start by asking simple questions. Ask, “What does that word mean?” Glazing over language because it’s technical is one of the easiest ways to stay alienated. It’s helpful to realize that people in finance often feel alienated by the language of social change issues as well. Don’t be afraid to ask a question next time someone uses a technical word.

What questions have already come up for you in reading this document? What would be a first question you could start by asking, even if you don’t yet know who could answer it for you?

- Start by asking tough questions. Increase the challenge, push in ways that feel increasingly risky. See what people say. When someone in finance says, “That’s just the way it is,” ask, “Why?”

What are some of the tougher questions you could ask? Are there aspects of finance where the logic doesn’t add up and you could go deeper on what is possible?

- Start by collecting collaborators. Pay attention to who in your community seems to be leaning into finance. Find out who you could work with and begin to scope out the opportunities. A community of peers already exists, as outlined in the next section.

Who do you imagine could be your collaborators in this work? Dream big and small. Of the people you are already connected to, who comes to mind? If you could collaborate with anyone, who would that be? It is possible someone in your network of connections could know that person or organization.

- Start with a short, focused project. For example, begin mapping out how you might implement one of the five strategies outlined above in a way that could advance one of the social change issues you care about. Or consider inviting a small group from your church to engage in Criterion Institute’s 1K Churches Bible Study that connects faith and finance and leads the group to make a small loan to a small business in your neighborhood, where you experience using finance as a tool for social change. Materials are available to download at www.criterioninstitute.org.

What kind of project would you start with? What ideas do you have, even if they are still nascent?

- Start by inviting. So many people are waiting to be invited. Rather than waiting to be invited to the finance table, set the invitation.

What table could you set for people to sit at? What kind of invitation would you extend? Who would you invite?

Starting can be daunting. Keep moving forward with simple and elegant next steps: everything from three conversations a year with finance colleagues to a slow but steady increase in knowledge about finance. Keep it simple and focus on the starting places that work best for you in your own context. Acknowledge the fact that these preliminary conversations and other steps mean that analysis and testing have started. This is the beginning of imagining what might be possible.

When those doors open, there will be people waiting behind them. When those doors open, you will begin to see the power that resides in the financial systems and the power churches and faith-based organizations bring to the conversations. The next steps will take place in concert with others: with social change organizations, with finance people, and beyond. This requires an imagination to see how the intention and efforts of many colleagues working collaboratively for change can be utilized to transform relationships of power within finance. Imagine what is possible within the field of finance and see where the church fits into building that field of individuals, organizations, ideas, attitudes, and activities.

NEIGHBORHOOD

Faith-Based Investing

The field of faith-based investing is a neighborhood in which change can happen. This field is sometimes called biblically responsible investing or ethical investing or values-based investing. It is a field of finance many people are working on.

In this space there are opportunities to rethink the purpose of capital in light of your faith. Investing doesn't have to be solely about profit-making. It can also be used to transform relationships of power for more just and sustainable outcomes for society, aligned with the vision of God's realm. Much of the work to date in faith-based investing and social finance in general has been driven by screening, that is, avoiding companies that exploit the poor or damage the environment or deal in tobacco, gambling, and pornography. It also involves favoring companies with high ethical standards and legal compliance, that give back to and lift up their communities. The next challenge is to move from simply screening certain companies in or out to fundamentally transforming relationships of power.

Churches and faith-based organizations in cities like Milwaukee have two opportunities to engage with finance for social change: they can choose to *participate in the field* as it is, and they can take a role in helping to *build the field*, advancing a broader movement and effecting change beyond their communities. The path will be different for each church congregation, community, or organization, whether it focuses on one or both of these opportunities. Both options are valuable.

Participating in the field could include attending conferences, participating in networks, engaging with and making use of written resources, and broadcasting stories and successes as they are discovered. The simple act of acknowledging the field reinforces its legitimacy. Of course, the key form of participation is to design and develop strategies that use finance as a tool for social change. Recommendations for specific activities include:

- Follow the work that is being done by other faith-based organizations and collaborations between churches and various financial actors. Attend convenings, participate in cohorts or fellowships, or attend a workshop. Some starting points include:
 - *Faith+Finance* has announced that it is looking to launch new collaborations to reimagine God's economy. It hosts an online community, including events ranging from church economics to healing communities.
 - *Seventh Generation Interfaith Coalition for Responsible Investment (SGI)* is a coalition of faith and values-driven investors. It holds conferences yearly and publishes resources.
 - *Christian Community Development Association (CCDA)* holds events, delivers training, and has a number of cohorts, networks, and collectives. During this time, it is continuing to hold these activities virtually.
 - *The Global Impact Investing Network (GIIN)* is doing work on faith-based investors in impact investing.
 - *Interfaith Center on Corporate Responsibility (ICCR)* has a membership model that includes faith-based institutions, among others. It produces resources, programs, and events, and has an initiative focused on investor action on COVID-19.
 - Criterion Institute's Convergence convening and *TOOLKIT on Using Finance as a Tool for Social Change*

What are other organizations, initiatives, or work that you could follow? What convenings or workshops or trainings could you attend? What fellowships or cohort programs could you participate in?

- Reach out to networks that work on faith-based investing, impact investing, socially responsible investing, environmental, social, and governance risk, and other areas of social finance. Ask if they or any of their members are working on anything that overlaps with your area of expertise. Some starting places might include:
 - *Impactivate:*
Impactivate is a website featuring articles from journalists and thought leaders who provide insights on the environmental, social and governance continuum, from developing technologies in agriculture and renewable energy to faith-based and gender-lens investing.
 - *Global Impact Investing Network:*
By convening impact investors to facilitate knowledge exchange, highlighting innovative investment approaches, building the evidence base for the industry, and producing valuable tools and resources, the GIIN seeks to accelerate the industry's development through focused leadership and collective action.
 - *Toniic:*
Toniic members provide peer support as they share their impact investing approaches and experiences, including portfolio “deep-dives” during gatherings.

What other networks could you reach out to?

- Become a hub for collaboration within your community. Share lessons learned with other congregations and faith-based organizations and your networks. This is an opportunity both to do the work of collaboration and also to use your prophetic voice to signal the importance of a community to practice with.

Who in your community would you invite to collaborate with you? What issue or challenge could you highlight by creating a community hub? How could you do that?

- Curate divergent information and knowledge by linking data in finance and social issues in accessible ways so that the next round of researchers can draw on the data to make new connections. Build a base of insights and proven correlations between the issues you are working on and financial risks and opportunities. Changes in social issues and trends over time, while often overlooked, are material to investments.
 - *What is your area of expertise within your work and your community? What social trends are happening in your context? What is the information and knowledge that you could use to build a list of insights that link to finance?*
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- Experiment with creating your own model for using finance to create social change in your community. Use your connectivity to bring a few key stakeholders from the community together with a few of the examples of models that other communities are using and brainstorm ideas that might work within your community and some simple next steps. Document your journey so you can share it with others.

What models are other communities using? What model could you experiment with? Who could you connect with to make this happen? What other organizations might be interested in learning from your journey?

- Invite newcomers so that new voices with knowledge of faith, finance and/or insight on social issues are incorporated into the field. This includes other faith-based organizations and churches, as well as affected community members, NGOs and grassroots organizations, local policymakers, and academics. Churches and faith-based organizations wishing to help build the field can play a role in expanding collaborations and inviting new actors to see themselves as part of the conversation.

Who could you invite to be a part of this conversation? What role could you play in supporting others to be at this table?

- Develop and support translators. To fuel collaboration, organizations and individuals who speak from an authentic faith perspective, can command diverse types of capital and finance language, are cognizant of the depth and breadth of socially driven data, and adept at making the connections between these spheres, have a critical role to play.

Who in your community and networks could be a translator?

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- Frame and reframe messages, paying careful attention to language and messaging that is reflective of how various audiences “hear” finance. This helps make the field visible to a more diverse audience. It also helps in the implementation of more intentional field-level communication strategies.

What audiences are you trying to reach? How could you reframe your language to make finance more visible to non-financial actors? How could you reframe your language to make the social issues you care about more visible to finance? How do you talk about social issues and engagement with finance in ways that communicates to your faith community?

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- Convene across boundaries using relationship-centered methods to build trust. Create places to practice together which are risk-free so both sides can step out of their traditional roles and working contexts.

What types of convenings could you host? Who would you like to attend?

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- Strengthen networks focused on social issues around engaging in finance. The role of these networks is increasingly critical and their potential to leverage their existing constituencies’ power through finance becomes a compelling option.

How can you play a role in engaging with or strengthening existing networks?

In summary, the field of faith-based investing brings together the expertise of individuals and organizations with deep roots in their faith tradition, those with relevant knowledge of social issues, and those with investment knowledge. This emerging field of faith-based investing needs to invite and welcome the involvement of the long-distance runners within churches and other faith-based organizations who have been working on various social causes. Together they can create a new community or neighborhood which will have renewed energy, approaches, and strategies for creating the world we want. Churches and faith-based organizations have the opportunity to join in building this neighborhood. In the process they will collaborate with a whole host of players to focus attention on questions of equity and justice, that are God’s will for the world and the work to which God is calling us.

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