PHILANTHROPY TRANSFORMING FINANCE: BUILDING AN IMPACT ECONOMY

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I. REPORT HIGHLIGHTS

> Focus and Process...

- Summit focused on the roles of philanthropy and impact investing in building an "impact economy."
- Participants explored the social and environmental challenges facing society and developed plans for collaborative action to encourage and expand investment into our collective vision for the future.
- The group mapped, analyzed and made progress on the path to creating an impact economy that delivers on critical agendas.
- Thematic areas for group work were developed around key leverage points and areas of convergence most needed to create actionable and meaningful change.

> Agreement on...

- Philanthropic money generally lacks interaction with markets and thus has a limited capacity for scaling and creating change.
- The separation of philanthropy from the market creates inertia and insulates philanthropy from creating change systemically and from within capital markets to the service of social good.

> Needed is...

- The right infrastructure for philanthropy to fund.
- The right leaders to support a proof of concept for philanthropic transformation.

> Philanthropic organizations should...

- Use their capital in a manner more directly supporting the investments described in this report.
- Align their investments and actions overall with the underlying values inherent in an impact economy.
- As a minimum floor to create sustained support for philanthropic transformation from the bottom-up, Summit participants challenge philanthropists and philanthropic organizations to...
 - Commit a minimum of 1% of total assets (grants and investments) towards building the coordinated infrastructure, scaffolding and architecture of the impact economy.
 - Use an integrated finance model via grants or social impact investing, among other mechanisms, to expand the capital raised.
 - Support and follow a roadmap of how to deploy philanthropic dollars, including de-risking investment, thought leadership, education and training, policy and infrastructure, internal talent and culture, data and industry mapping, and building a pre-investment pipeline of early stage social enterprises.
 - Use donor advised funds as a source of capital for these efforts.
 - Supply more risk-tolerant funding for early stage initiatives, and embrace a spirit of experimentation and innovation the institutions and individuals in philanthropy should become more entrepreneurial, which constitutes a radical change in the culture of many organizations and individuals in the sector.

II. OVERVIEW

The Summit at Race Brook brought together about four dozen individuals from three continents who are leaders across the themes of systems thinking, philanthropy, impact investing and 'new economy' models. Those who came may have very different approaches, but share an interest in creating economic, financial and investment systems that serve people and planet, not the other way around. The organizers created the short-hand term 'impact economy' to represent this, and prior to the workshop participants expressed a set of visions on this theme that are captured later in this report.

Many organizations today are helping to solve seemingly intractable problems, and demonstrating the possibility of moving beyond incremental change to real transformation. But their success rests in their ability to shift the complex systems in which those problems exist—and that is influenced by many factors, not least how they are funded, the strength and efficacy of their networks, and whether collectively organizations are intervening in different ways that *together* add up to a meaningful transition to a new status quo. On the funding side, to date, the contributions that financial capital is making to anything more than incremental change is limited. Indeed, the genesis of this event is an initiative called Scaling Solutions toward Shifting Systems, which encourages funders to place longer-term, more adaptive and responsive resources with grantees and investees to scale solutions and impact to solve the world's most pressing problems.¹ Viewed and deployed using a wider, systemic perspective, with a more ambitious and courageous agenda, and with an emphasis on transformation, the philanthropy and impact investing sectors' resources can do much more to build an impact economy.

We had some working assumptions about what's needed to move with greater urgency and efficacy toward the vision shared by many in this growing field: there must be **greater understanding and connectivity** between groups doing similar and adjacent efforts on economics, finance, and investment; and a far higher level of **convergence of efforts** is needed, across domains of work and geographies, although not all under one umbrella or network.

Based on who we invited, responses to the pre-event questions, and what transpired during our event, we believe that what has materialized is the beginning of an expanded, emergent, self-organizing system community (as Steve Waddell would put it), with organizations (and some as individuals) working in a diffuse structure, agreed on broad purpose, with various perspectives and commitments regarding strategy and tactics. We see this as field-building work, which we hope will complement and enhance the work of the funders and practitioners who attended, and many beyond.

New partnerships and collaborations were formed, but also, not unexpectedly, tensions were apparent around strategy. We had a hypothesis that surfacing different starting points, and identifying the various levels of systems change at which we work (e.g., landscape, regime and niches of innovation), would help us find allies and helpful networks, so that our collective impact can add up to more than our individual efforts. We hope that differences in strategy and tactics don't impede the opportunity for powerful synergies to emerge from this event.

¹ The Scaling Solutions initiative of Rockefeller Philanthropy Advisors is funded by the Skoll Foundation and Porticus, with generous time commitments from a Steering Group that includes the Ford Foundation and the DRK Foundation. For more information see https://www.rockpa.org/scaling-solutions/

In our two days together, we explored the challenges facing us and developed plans for collaborative action to encourage and expand investment into our collective vision for the future. We mapped, analyzed and made progress on the path to creating an impact economy that delivers on critical agendas.

The culmination of the Summit was the afternoon of the second day in which thematic areas for group work were developed around key leverage points and areas of convergence most needed to create actionable and meaningful change. Several working groups were originally envisioned around themes participants generated: innovation centers/networks, mobilizing at a global level, impact investing/giving circles, creation of a progressive Heritage Institute, place-based initiatives, developing a philanthropy manifesto, social movements and politics, organizing Summit attendees moving forward, and how to identify the right investments. We narrowed the work to three action areas which are described in more detail in this report. For readers interested in knowing more and engaging, the participants are listed in the annexes.

In keeping with the title, a main call to action from the Summit was specifically aimed at philanthropic organizations to: 1) use their capital in a manner more directly supporting the investments described in this report, and 2) align their investments and actions overall with the underlying values inherent in an impact economy. Key elements of a manifesto were discussed as a roadmap for philanthropic organizations to use in understanding how to get involved in this process.

The participants challenge philanthropists and philanthropic organizations to:

- Commit a minimum of 1% of total assets (grants and investments) towards building the coordinated infrastructure, scaffolding and architecture of the impact economy.
- Use an integrated finance model via grants or social impact investing, among other mechanisms, to expend the capital raised.
- Support and follow a roadmap of how to deploy philanthropic dollars, including de-risking investment, thought leadership, education and training, policy and infrastructure, internal talent and culture, data and industry mapping, and building a pre-investment pipeline of early stage social enterprises.
- Use donor advised funds as a source of capital for these efforts.
- Supply more risk-tolerant funding for early stage initiatives, and embrace a spirit of experimentation and innovation the institutions and individuals in philanthropy should become more entrepreneurial, which constitutes a radical change in the culture of many organizations and individuals in the sector.

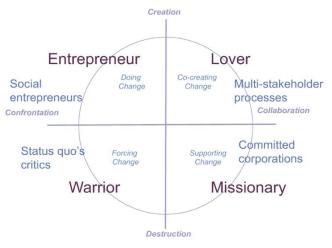
Finally, it is worth noting that this report should be read for what it is: a process document and collective call to action rather than a polished research study. We believe that by sharing with our networks some of the ideas and dialogue that passed between such an experienced and committed group of international systems changemakers during our time at Race Brook, the report will prove useful — indeed, we hope, insightful and inspiring. A separate report on the role of return-seeking capital in shifting systems will be produced by RPA, drawing in part on this workshop, in Q4 of 2018.

Laurie Lane-Zucker, Impact Entrepreneur Center Heather Grady, Rockefeller Philanthropy Advisors

III. SYSTEMS TRANSFORMATION

The outputs of the last day of the Summit referenced above were set against a backdrop of the growing knowledge base and expertise on systems change of many participants, as well as in-depth conversations on systems transformation and finance. Early inputs from Steve Waddell² included a webcrawl diagram illustrating many of the existing connections between our organizations (included in the annexes), and a presentation of various systems transformation models. A model of three different types of change incremental, reform and transformational—was presented in order for participants to have clarity and a common set of terms around types of systems change. Incremental change was presented as efficiency or template-based change; reform was further along on the spectrum of reflective change, raising questions of how organizing can happen for increased effectiveness and how risks within a system can be better managed; and transformational change—in contrast to the two former types—happens at the level of deep reflection regarding the purpose of the system, and with the intent of renegotiating power dynamics as a means for re-envisioning the system itself (see the annexes for more information). While the overall model was presented as a segue into a larger discussion about transformational change, it sparked a lively and thought-provoking discussion amongst participants regarding the true meaning of transformational change, with many commenting that change that is incremental or reform-oriented in nature can also be transformational in its intentions and outcomes.

Steve followed this with a model identifying four strategies for achieving transformational change.³ Organizations—or individuals—can act as entrepreneurs, lovers, warriors or missionaries depending upon one's approach to systemic change. Each type takes a very different skill-set and set of relationships to actualize, making it most effective to ground in one approach. Therefore, certain organizations based on their orientations and missions in creating systemic change, might employ a different type of approach. Overall, the model raised quite a bit of discussion, with many in the audience pointing out that it takes a diversity of strengths and



strategies to make change effective, with the need for context and clarity around a particular situation in order to select the right approach. Others stated that even within the context of creating change one might move from one quadrant of the model to another as appropriate. The model would also benefit from a risk overlay for each of the systems strategies presented, in order to understand what might need to be mitigated to achieve the impact desired. Thoughts were also shared that for systemic change to occur, it is important to get out of the problem-solution mindset and into a mentality of working at the level of principles instead of tactics, which allows one to work with complex systems to change them from within. Throughout the workshop, participants resisted the idea of creating false dichotomies around approaches to systemic change by painting organizations and individuals as only belonging to one category amongst many.

² Lead Staff - SDG Transformations Forum.

³ Waddell, Steve. 2018. "Four Strategies for Large Systems Change." Stanford Social Innovation Review (Spring.):42-47.

IV. STARTING POINTS AND LEVERAGE POINTS TO CREATE AN IMPACT ECONOMY

Pre-workshop preparation (hereafter in this report referred to as "prep-work") reflected the rich backgrounds and informed perspectives of participants, and pointed to several sub-themes within the group that could serve as building blocks of an Impact Economy around which to deepen collaboration. The choice of participants and the planned sub-themes relate to some extent to the work of Donella Meadows, and others who have followed her, in terms of 'where to intervene in a system'.⁴ Her famous list includes: constants, parameters and numbers (like subsidies, taxes and standards); regulating negative feedback loops; driving positive feedback loops; material flows and nodes of material intersection; information flows; the rules of the system (incentives, punishments and constraints); the distribution of power over the rules of the system; the goals of the system; and the mindset or paradigm out of which the system arises – its goals, power structure, rules, and cultures.⁵ We further built on 'transition theory' as it relates to systems change, which recognizes that transformation of societies writ large comes out of working at very different levels, three key ones being the landscape level, the institutional level, and through nodes of innovation.

Out of this framing and the collective of workshop participants, the organizers suggested a set of subthemes through which participants could get to know the work of others adjacent to their own, and the first set of group discussions had participants delve into topics organized in this way. The section below includes both relevant prep-work insights from many of the participants, and the small group discussion highlights.

A. Investing in Place-Based Efforts and other Nodes of Innovation

Prep-work Excerpts on "What should funders invest in?"

- Establish a global network of cradle to cradle-designed educational/innovation centers for systems change makers (impact Jedi temples) that can channel the best thinking and practices into active, interconnected, regional, place-based impact economy development and business incubation initiatives.
- Invest more to scale up the expanding number of investments being made in alternative economic and philanthropic models working to realize the vision of an ideal economic and financial system in practical ways.
- Provide direct support in prototyping and testing solutions in niche markets.
- Invest capital (including philanthropic capital) in entrepreneurs who are solving problems in a sustainable way, using a revenue-share basis, not equity or debt.
- Co-organize and seed fund a SourceCode4Life Consortium by jointly mobilizing philanthropic investments for its collaborative development, purpose and passion, launching the first demonstrative whole system entrepreneurial and transformation breakthrough initiatives, building a quickly expanding portfolio of such breakthrough initiatives, and catalyzing replication, scaling and investment by blockchain technology to securely transform trust in finance and accelerate achievement of the SDGs and others accords.
- Develop, implement, and scale solutions to rebalance risk-reward profiles to accelerate investment in key areas.

⁴ For more information on the evolution of work on systems change and the many opportunities in this space, see for example Forumforthefuture.org.

⁵ Donella Meadows, Leverage Points: Places to Intervene in a System. Sustainability Institute, Hartland, VT. 1999.

- Experiment with more outlandish solutions true risk capital.
- Put more emphasis on building local ecosystems for change, collaborating with existing efforts around cities and mayors across the US who are looking for programs that will support their citizens and broader communities (i.e., future of work initiatives). Build more pipelines for funding early-stage social justice and climate impact initiatives. These are the lean operations that are going to solve the world's biggest problems we just need to better resource them.
- Example: Hire a full time Sustainability Coordinator to implement the Fairfield Go Green Strategic Plan with the goal of demonstrating a transferable community model of integral, regenerative economy. In tandem with this, seed an investment fund that operates under the new "Source Code" described in *Imagining Philanthropy for Life: A Whole System Strategy to Transform Finance* and *Grow True Wealth*. Visionary foundations and family offices can become the first *philanthropreneurs* to develop models of financially-viable regenerative economies, which in turn will attract greater participation from impact investors.
- Expand a blended capital strategy: Use grants to build the community engagement, to provide the financial intermediary with the necessary support so it can do higher-risk, high transaction cost investment without passing all of the capital costs on to the end user, and to assist in the construction of business capacity through incubators and other innovative models for supporting entrepreneurs. You need backstop capital in the form of first loss money and guarantees, and community investors who are insulated from risk to provide the most secure tranches of capital (CDFI-like in risk profile). You need long-term patient capital that is provided at lower return and for longer rates than most community investors typically provide. And seed stage, VC-like money for startups, provided in more patient ways under the expectation that the fund will likely provide negative returns.

Enhancing Capacity

- Hire a marketing firm to do pro bono marketing for minority and women-owned social enterprises. Hire/use more small business navigators who can provide the high touch 1-on-1 support that helps business owners succeed and adapt to challenges.
- Fund accelerators to provide management support, access to capital, and go-to-market to impact business.
- Build local entrepreneurship capacity in emerging markets that will lead to a virtuous self-sustaining cycle of experienced entrepreneurs becoming angel investors and mentors.
- Direct philanthropic capital at the perceived risk of direct investment in emerging markets through derisking and first loss guarantees.
- Invest in research and (social) investment consulting operations.

Group Discussion Summary

There is a clear need for building the right infrastructure and scaffolding to support place-based investing. There must be an 'ask' of the philanthropic sector for grants and investment capital including patient capital tranches. The philanthropic sector must understand its own need for an R&D function in order to make capital flow towards solutions. There was interest in RPA potentially playing a role in hosting such a platform. Overall philanthropy must be involved in building the narrative for a new Impact Economy by honoring local, scaling locally, and recognizing that in whatever space or sector one might be working, the outcomes take effect at the local level at the end of the day. This recognition of the primacy of the local space is essential for philanthropy to understand in order for its contributions to be effective.

B. Environment and Ecology

Prep-work Excerpts on "What should funders invest in?"

- Invest in the best people innovating new and beneficial approaches for a sustainable agricultural ecosystem; help connect them with one another so that they can build a new system together.
- Ensure that the new food and land use economy becomes real by promoting restoration of ecosystems and renovating societies, sustainable models of production and consumption, and B Corps.
- Invest in impact investing strategies and funds, such as those being developed by experienced land and species conservation organizations like Nature Conservancy (NatureVest), which advance conservation objectives.
- Explore blockchain solutions that create transparency, provide better measurement tools and offer new incentives through awards of coin to both ecological service providers and investors for meeting/exceeding pre-defined goals.

Group Discussion Summary

Financial systems must align entirely with the Sustainable Development Goals (SDGs), with investors rewarded for behaviors and actions that support the SDGs. Two key goals were identified to close the gap between investor behavior and SDG achievement: 1) find ways to make investments in SDG-related priorities more attractive to private investors and 2) make better use of public money to support SDGs. Innovation, narrative construction and effective mobilization were identified as the necessary tools to achieve such goals. The group stated that the unprecedented explosion of innovation in the finance and SDG



space should be taken advantage of. Simultaneously, a narrative needs to be constructed that is positive, motivating and inspiring. Lastly, mobilization must be created through a strong network to overcome the mismatch between wealth and need.

C. Creating New Rules and Standards

Prep-work Excerpts on "What should funders invest in?"

- Build new investment guidelines, metrics and investor education in order to accommodate the ideas behind sustainability, triple-bottom line and regenerative economy. Goal will be that this type of investing becomes mainstream.
- Reform the monetary and bank lending systems.
- Support advocacy to influence policy-making.
- Revise the legal system governing C corps in the US to broaden the definition of "shareholder value" beyond short term share price to include all stakeholders in the firm customers, employees, communities, suppliers and the planet.
- Develop a consensus convention for net impact reporting (positive less negative impacts of a firm) that facilitates comparability.
- Mandate that reporting from public companies, which will set the pace for private companies.
- Reform the rules of the game that govern financial and capital markets to remove impediments to the flow of capital into sustainability priorities
- Develop public regulations and incentives (capacity of regulators).

- Deepen transparency and information access laws and policies.
- Fund tax justice efforts.
- Improve the B Impact Assessment with impact management tools aligned with the Sustainable Development Goals and Inclusive Economy principles that drive meaningful behavior change.

Group Discussion Summary

Participants have a range of ways in which they are creating new standards or wielding existing tools to create market shifts. Approaches discussed included the use of Donor Advised Funds (DAFs) to connect the impact side with the traditional side of investing, creating a new model for plastics packaging as an example of regenerative economics on a global scale, the use of new corporate legal structures (B Corps), and repurposing financial innovations with a social lens.

Three central themes emerged from the group discussion: 1) technology as an influencer for the new economy; 2) the role of innovative financial mechanisms for creating the new economy, and 3) aligning philanthropic values.

There was a consensus that standards and tools are the *plumbing for the new economy*, with technology (such as AI and blockchain), data and ownership models influencing and shaping the future of business. Understanding the changing role of technology in shaping business is essential to ensuring that the standards and tools built for creating an Impact Economy are relevant and appropriate. Additionally, technology is creating precision around identifying social ills (an example given is the food crisis in Sudan), with its purpose allowing impact investors to refine the precision of their investments.

Another idea was to deploy technical toolkits to repurpose financial investments for social change. Creative strategies such as short sales, swaps and a hedge fund approach within a social movement strategy would create new wealth rather than just consolidating wealth for those who have it.

The role of philanthropy itself received the most attention in this group. Philanthropic money generally lacks interaction with markets and thus has a limited capacity for scaling and creating change. The perception amongst foundations is that you make money first and then deploy. This mentality can be found in the bifurcated approach in the dispensing of grant funds towards social causes, while endowments are invested on Wall Street. The separation of philanthropy from the market creates inertia and insulates philanthropy from creating change from within capital markets to the service of social good. We are in need of the right infrastructure for philanthropy to fund and the right leaders to support a proof of concept for philanthropic transformation.

D. Narratives: Building the Evidence Base and Generating New Understanding

Prep-work Excerpts on "What should funders invest in?"

- Reform economics and business school education. Create new academic programs to shape 21st century leaders.
- Research and disseminate pluralist economic ideas.
- Generate evidence that Benefit Corporations and Certified B Corporations are truly and effectively best for the world.
- Create a massive campaign to redefine the narrative, including in business schools and impact investing circles, backed by data on the viability of alternative models.
- Develop powerful new stories/narratives.
- Shift the media.

- Bring together a cohort of talented new economy thinkers (economists, philosophers, system thinkers, sociologists and psychologists, journalists, etc) who can evangelize for change, particularly women and people of color.
- Communicate ethical values and educate people.
- Speed up creating a (new) reality Give visibility to +1s, their obstacles, wishes and offerings: Crowding sustainability stories of +1s, and deploying them to the world in a systematic, continuous and structured way and deploying these stories taking full advantage of existing networks and means.
- Create and consolidate communication campaigns using neuroscience (to position faster the trend on purpose driven consumption, investment, firms and policies) and information for consumption decision.
- Provide compelling evidence to traditional capitalists that impact investing can be profitable and contribute to the solution of the world's biggest problems.
- Create campaigns to disrupt perverse financial flows and accelerate the "stranding" of undesirable assets.
- Down the line and on an ongoing basis, invest resources in communicating these models as options to the general public. In the US especially, we've seen that these types of alternatives can be ridiculed or trivialized by mainstream liberal political establishments, and we need to build understanding for, and momentum around, why these models are really the only sustainable way forward for our communities and the world at large.
- Fund impact measurement, evaluation and data collection.
- Invest in education, media, including social media, promotion of these ideas to promote what options are out there. Practical in investing what can come true as proof of concept and the success of these so that people see that there are alternative ideas.
- Add key "influencer" market segments globally, including leaders of traditional capitalism multinationals and venture-backed start-ups and leaders often marginalized and excluded from the economic system women, people of color, and Global South-led businesses.
- Implement a leveraged communications strategy to change narrative about the purpose of business, accelerating the current global culture shift.
- Support the Global Citizens Movement for a wellbeing economy as people are key for the change.
- Revolutionize minds and collectives as to the role of financial systems under a more egalitarian and sustainable development paradigm.
- Showcase proven practices that tell a different story of what's possible.
- Promote high-level talks around these topics in local areas that can, in turn, be served by these principles.
- Further develop and promote the idea of a circular economy (extend and scale existing programme efforts).

Group Discussion Summary

Both narratives groups focused on the creation and propagating of a "shared prosperity" narrative as opposed to a "shared wealth" narrative, with the notion of creating positive messages of hope "not just about moving away from, but about moving towards." In this way, the hope is that the movement's narrative challenges the notions of what money is and what return one must make, and creates an alternative for the unchecked individualism at the core of aged and diseased economic models. The desired meta-narrative for the movement would weave together inspiring personal stories to create a better social outcome while also leveraging storytelling by filmmakers, artists, and professional message crafters. Also highlighted was the importance of using the right language for the right constituency in order to curate messages and stories that resonate. Many also felt that Millennials were the lynchpin in creating an

effective narrative. Desires were also expressed to learn from where social movements have been successful previously such as the ban on public smoking, marriage equality, apartheid in South Africa and the #MeToo movement.

E. Expanding Funding

Prep-work Excerpts on "What should funders invest in?"

Investing in More and Different Change Agents

- People are the ones that drive change: when we get to 16% (from 2%) who want to drive change (1 billion people), we will have the societal changes we expect. Invest in recruiting, connecting, giving visibility and nurturing them for full deployment and scaled up impact. And the key to success would be in finding and exchanging on the methods on how to do this with less cost, in less time, with more impact.
- Make your people your No. 1 priority, and the rest will follow.
- Support field-builders and multi-stakeholder approaches (including education and support for non-finance actors to get into conversation with finance and reclaim it).
- Direct capital to enterprises owned and controlled by women and communities of color, to workerowned cooperatives, community land trusts and community-controlled capital funds.
- Fund local organizing outside of capitals distributed across each country, building the capacity for scaling of smaller organizations that are responsive to local communities.
- Provide patient risk capital to structure the *enabling environment* so that profit-seeking social investment can be more numerous and successful.

Creating and Scaling Institutions, Products and Tools

- Support efforts like Eric Rees's Long Term Stock Exchange to focus capital the longer run value creation.
- Develop products for impact investors including blended finance mechanisms as impact-securitized vehicles and distributed instruments (blockchain combined with crowd equity and crowd lending).
- Address what's holding back development of lively regional economies creating more well-paid jobs, but not more stuff, in responsible small batch production: a library of appropriate business plans. Mondragon Bank *Caja Laboral* does not sit waiting passively for new businesses to appear asking for financing. Instead it plays the role of SOCIAL ENTREPRENEUR and researches what new businesses could fit in the region given the skills, the resources, and the complex of businesses already there. These thoroughly vetted business plans wait in the bank's library for a new coop team that wants to take them on. Such a community-supported social-entrepreneur role is necessary in every region. Individual entrepreneurs cannot risk the time and expense of such exploration. Community foundations might jump-start such activity with convening meetings and providing seed funding for coordinators. A national open source library of best business plans could be funded by larger foundations and/or investors looking to fund resulting projects.
- Create a national syndicate of donor advised fund impact investing sitting on common platforms and amped up, excellent user experiences. There are likely multiple sub-platforms involved (like ImpactAssets), knitted together and then customized for wholesale bases of Donor Advised Funds (DAFs), and then in turn for broader participation from foundations and even individuals and corporations at a much more democratized and ubiquitous level.
- More funders need to support impact investing infrastructure, evidence collection and analysis to inspire traditional capital very few foundations do all the supporting of organizations. How about a

common fund for field building across a range of foundations that share this mission, allocated by a committee but following the "scaling solutions" principles of long-term, unrestricted funding to organizations that have proven their effectiveness? This would get organizations out of constant fundraising and focus on scaling our own solutions.

- Develop investible pipelines in hard to reach sectors or geographies.
- Invest in natural carbon sequestration strategies.
- Expand existing [innovations] like the Systemic Initiatives agenda.

Enhancing Networks

- Recruit, nurture and connect transformational agents (+1s) they already exist and need to be empowered and connected through community building and interconnections. Update the inventory of transformational agents, organizations and networks, what they need and have to offer (using personal interviews through crowding methodologies; robot analysis; and big data), and match their needs and offers through different existing and new encounters and virtual media (information, trends, cases and business models, mentors and strategic advice, alliances, investment, instruments for upgraded skills).
- Create a global community of people that use business as a force for good.
- Develop a *community of systems* to advance transformational action and a virtuous cycle of activities that continually emerges new opportunities that are in keeping with the new vision for the economic and financial system. This means creating multi-stakeholder communities that are co-creating/identifying new activities in a robust set of interactions that address the fundamental challenges. This requires very early stage investment (pre-investable product in traditional terms), and a system of interactions amongst stakeholders that address the challenges/impediments.
- Create "swat" teams and high performance +1s (high performance teams/people that can tackle any complex problems) around global challenges programs.
- Create a prototype for systemic intervention and high level collaboration (choosing one global problem for example in one area), where different organizations find their role and needs and the services they provide, and learn from implementation. Instead of supporting one grantee, we support the solution of a complex problem, and each one of us takes care of a piece.
- Network the global movement towards reform of financial systems.
- Launch a community of practice to help 10-20 foundations implement impact investing, to then inform a report on barriers and best practices.
- Build a network with sufficient funds for convening on an international scale of groups like those attending this meeting.
- Strengthen membership networks for thinkers and practitioners of the new economy.
- Expand our Global Partner Network into Asia and remainder of Latin America and Africa to integrate equitable solutions.
- Leverage tech platforms to build systems for scale, including an accredited professional and student platform.
- Do collaborative advocacy and create Wellbeing Economies in 3-4 pioneer countries where we would holistically apply the proposals of the different new economy networks.

Group Discussion Summary

There is a need for investment into a centralized but distributed stakeholder system to create a long-term, global contract that has resonance. The group acknowledged that the biggest problem is that there isn't a sustained, consistent, coordinated approach at the systems level to organize all of the systems strategyminded individuals with a common set of principles to have long-term impact. So there is a need for effective self-organizing to support the developing narrative. The Heritage Foundation was given as an example of an entity that has been successful at doing this for a long time, albeit in another direction entirely. The group felt that it was a model worthy of emulation for the purposes of sustaining the Impact Economy movement.

V. CREATING UNITY OF ACTION AROUND PRINCIPLES

Participants enjoyed two presentations on the topic of creating alignment around principles as the starting point for the second day of the Summit.

John Fullerton of the Capital Institute shared his experiences with regenerative systems. He stated that we are nowhere near smart enough to know how to shift our economic system to where it needs to be. "We need action, but we need to go slow to go fast." We must study systems that have sustained themselves for long periods of time, understand their discerning principles, and then apply those to our context. He compared this with Prince Charles' harmony principles, which are directionally aligned towards truth. If you violate a principle then you can't have a healthy system. He discussed the concept of "In right relationship" which can be applied in multiple contexts, such as between the cells in the body, or people in a relationship. To be healthy they must be mutual and symbiotic. These are known as healthy, win-win relationships, which apply in all aspects and at all levels of systems. This is in contrast to the dominant principles of capital markets, which are based on speculation which by definition is win-loss.

Masum Momaya, North America Director at EDGE Funders Alliance, shared her experiences with systemic change philanthropy focusing on shifting political, economic and cultural power. She gave the example of the Chorus Foundation, a spend-down foundation returning wealth to communities through resourcing activists, artists and cultural workers in four specific communities in the U.S. working on creating social, economic, political, and cultural change simultaneously. Grantees are given 8-10 year unrestricted operating support, in the form of both grants and impact investments, with minimal reporting requirements. Several EDGE members, including the Fund for Democratic Communities and the Whitman Institute, use the spend-down approach and some are creating 501c4 status for specific funds to directly support political candidates aligned with their grantees' mission. For them, the term progressive philanthropy recognizes that the individuals who experience oppression, including grassroots communities, frontline communities, native communities, communities of color, immigrant communities and working-class communities are best positioned to lead change because they perceive problems and potential solutions most closely and in the most nuanced ways. As such, more people in this space working within organizations are from working class backgrounds, persons of color, and immigrants as opposed to coming from traditional philanthropy backgrounds. Their approach is grounded in audacity, patience, deep, long-term commitments and sharing and shifting power in ways that might not be conventional.

VI. IMPEDIMENTS AND TAKING ON ROLES TO OVERCOME THEM

Workshop participants did additional prep-work on impediments to change so that we could address the barriers directly during the workshop. They fall into a few broad areas, and highlights are listed below:

Language/knowledge/awareness

- Need to shift society's collective understanding and expectations of the role of business in society.
- The need for a new story, a narrative on our place in the world as part of the living world, and not apart from it.

- Our predominant and prevailing belief system as well as the consciousness it represents prevents the delivery of needed systems transformation at scale in the face of unprecedented accelerating societal, technological, environmental change.
- There is no connected, accessible and coherent body of thought that provides the theoretical basis for new economy thinking and acting. People don't realize across the board that there are other alternatives out there.
- Progressive investors are not more deeply questioning their role and their being complicit in the current system.
- Huge disconnect between the future we want and our daily decisions/decisions systems.
- How we currently define and measure success.

Power dynamics

- Policies and regulations are benefiting the rich and sidestepping the poor, so capital and power have accumulated in the hands of the few.
- Elite capture of the political process and ingrained racism, sexism and elitism.
- At the base, values and behaviors that associate money generation and economic growth with social success and happiness, magnified by the systemic exclusion of those most affected, which are large segments of the population.
- The presumption, still widely held in impact investing circles, that financial decision makers should be at the center.

Scaling challenges and capacity limitations

- Partnerships and solutions created are often very specific and are difficult to replicate or bring to scale.
- Inability of discrete and/or localized successes to gain larger-scale traction and popularity.
- Lack of applied systems change approaches, methods, tools.
- Lack of a next generation of viable entrepreneurs who are willing to take on much of the risk inherent to an experimental, marginal transition to an inclusive economy need training and opportunity.

Ecosystem limitations and inadequate policies

- No standards yet for corporate disclosure of ESG, no common language to discuss impact, no consistent global regulatory regime.
- Deep systems "lock-in" to linear, extractive and consumptive models and lack of a wide, basic understanding need for the shift to regenerative models.
- Short-termism in business and politics.
- You can get the best data but you still need an incentive structure to change behavior.
- Institutional inertia across the entire economy.
- The power of incumbency and the under-evaluation of environmental and climate risk.
- Positive externalities are not rewarded, and negative externalities are not taxed or otherwise disincentivized.
- There are many impediments to actually creating new investment vehicles.
- Unconducive legal/enabling environments.
- Entrepreneurs in emerging markets lack the support of fully functional local ecosystems, including investors, mentors, peer learning and access to talent among others.
- A lack of viable business plans for regionally scaled businesses and lack of time for entrepreneurs, on their own, to develop those plans. The model of finance owning the enterprise rather than stakeholder ownership.

Funding limitations

- Lack of funding for systems-minded transformational ecosystem builders and institutions, lack of mature, integrated impact financing vehicles to support early stage impact businesses.
- There are not enough systems entrepreneurs who are FUNDED to connect the beneficiaries of the impact investment ecosystem.
- Most of the funders prefer to fund those who try to *solve* the problems that the system creates (climate change, social injustice) rather than those trying to change the system.
- We can all buy locally, but very few of us can invest locally with the same kind of precision.

Participants engaged in an exercise to determine—at both an organizational and individual level—how we are each engaged in different systems transformation roles related to creating an impact economy, roles such as visioning, organizing, learning, measuring, financing and advocating. Broad takeaways from the overall exercise and common themes across groups were as follows:

- Many organizations are playing a multitude of roles with potential for duplication. We should be honest about competitive and comparative advantages in order to create an impact economy.
- There might be a primary context in which one organization or individual operates, but some of us are operating across many or even all categories.
- There must be overlap and dialogue with politics and power, or a political analysis of sorts, to complement this exercise.
- A "cocktail" of strategies is needed—individual, organizational, and collective.
- There are limitations on our capacity as individuals, so it is imperative to create a peer-focused approach to our work. How we move forward together is a big struggle—both the challenge and beauty of a gathering such as this. "Collaboration is more important than agreement" in order to get consensus on principles and values for shared coordination as a starting point.
- We must be honest about what's not working, and agree to learn from failing to improve and work together better.
- Some are working locally, nationally, and globally, which employs a triadic mentality towards a holistic approach to systems change.

VII. NEXT STEPS

A. A Manifesto for the Philanthropy Sector

A main call to action from the Summit was specifically aimed at philanthropic organizations to: 1) use their capital in a manner more directly supporting the investments described in this report, and 2) align their investments and actions overall with the underlying values inherent in an impact economy. Key elements of a manifesto were discussed as a roadmap for philanthropic organizations to use in understanding how to get involved in this process.

The participants challenge philanthropists and philanthropic organizations to:

- Commit a minimum of 1% of total assets (grants and investments) towards building the coordinated infrastructure, scaffolding and architecture of the impact economy.
- Use an integrated finance model via grants or social impact investing, among other mechanisms, to expand the capital raised.

- Support and follow a roadmap of how to deploy philanthropic dollars, including de-risking investment, thought leadership, education and training, policy and infrastructure, internal talent and culture, data and industry mapping, and building a pre-investment pipeline of early stage social enterprises.
- Use donor advised funds as a source of capital for these efforts.
- Supply more risk-tolerant funding for early stage initiatives, and embrace a spirit of experimentation and innovation the institutions and individuals in philanthropy should become more entrepreneurial, which constitutes a radical change in the culture of many organizations and individuals in the sector.

This was viewed as *a minimum floor* to create sustained support for philanthropic transformation from the bottom-up.

The group delving into this envisions the establishment of a Fund (or alignment to a similar fund, e.g., the Tipping Point Fund) to capture capital investments and contributions from multiple philanthropic organizations. The goal is to create an agenda broad enough for multiple foundations to sign on to in order to disrupt the traditional pattern of funders specializing at the expense of support for the full range of social needs. In this way the manifesto should align incentives with audiences. Moreover, in the context of systems change where platforms for learning and improvement must be supported alongside specific investments, such a fund would help address the "free rider" syndrome whereby not enough funders support the infrastructure required to scale growth of alternatives to the mainstream.

B. Social Movements and Politics: Organizing to Create Change

This working group focused on calling the group and the broader movement to view investments from a deeper lens—as a relationship between power and control. As such, it is essential to be conscious of what we are investing in, who is investing, and how they are investing in order to understand how the flow of capital is reshaping our societies. Clean tech was given as an example of good investment in multiple domains, but which does not translate into a strategy for building power for disadvantaged or oppressed communities. Investors must be mindful of their investments on a more granular level—how they shape all members of a community. A challenge was raised for creating opportunities within our own spaces for mobilized political action, leveraging resources ranging from engaging social enterprises, to high net-worth individuals in order to democratize markets and communities.

C. Building a Social Movement: Coordinating to Create the New Economy

Many of the participants worked together to create a shared plan and strategies for building a broad-based movement for an impact economy. Such a broad-based movement is necessary to provide the scaffolding for the diverse activities described above, including on-the-ground opportunities for impact investment, drawing out and cultivating business ventures that can lead to an authentic transformation of the economy. The impact investments do not exist in isolation; they are fostered and grown by community groups working in their own locales. Furthermore, when these groups connect and work with others to create inspiring new narratives and to form power bases capable of changing the rules of the game, then transformation becomes possible. The starting point for this session, therefore, was movement organizing, not finance. Philanthropy, we realized, is essential, to support a deliberate coordination and amplification of existing new economy efforts to bring them to scale and so enable the level of transformation demanded by the times – a transformation that will affect not only our economies, but our societies, cultures and environment as well.

There were different conceptions of the connective tissue, or architecture, needed to address the scale of the challenges. Steve Waddell, whose global effort focuses on creating transformation *systems*, has done a lot of work analyzing different organizing approaches for action, and in his view, the critical opportunity was to organize a community with an identity around narrative for transforming impact investing, aligned with, but only a subset of, the broader *transforming the economy* work of active networks like WEAll, Impact Entrepreneur and the SDG Transformations Forum. Other participants were enthusiastic about the global WEAll Initiative, which already has 25 members, serving as a ready-made architecture. Despite such differences, the group coalesced around vision and several principles:

What are we trying to achieve by mobilizing globally?

- Well-being/regenerative/just/green/new economy
- > Connecting the individual to something larger
- Ego-system > ecosystem
- Global diversity and sense of unity
- ➢ Resonance

Qualities of the movement

- Bold, compelling vision & purpose
- #hashtagable clear branding, catchy phrase
- Distributed leadership
- Collaboration

Strategies of the movement

- Power aggregation
- > Narrative
- Sharing of learnings
- > Evidence that another world is possible
- Use of technology to scale
- Focused funding
- Willingness to submit to a larger brand
- > Co-created curriculum of people active in the field
- Knowledge of history of movement for context

What is needed to galvanize this movement: Mapping

- > Map who is doing what specifically in the field
- > Define the audiences, geographical foci issues and the role(s) played by each entity
- List the opportunities for collaboration offerings, needs
- Map what is not being done gaps
- > Create common calendar of upcoming events & organizing moments in process
- Map by doing and continuous learning

Organization

- Establish a coordinating entity
- ➢ Form steering committees and working groups
- Identify allies: who is not in the room?
- > Convene gatherings to get to know each other & build trust
- Seek commitment by members to build on what each other is doing

Narrative

- Craft and coalesce around a positive narrative
- Organize regionally-based narrative groups
- Assess the stories we have + disseminate them

Activities

- Identify or create a "moment of solidarity"
- Identify a goal post we can all rally around & work towards
- Craft a business model for our movement, beyond philanthropy
- Write a collective letter/statement articulating vision for this movement, who we are, and the spaces we occupy within the ecosystem

Funding

Identified, fundable strategies and interested funders

As mentioned above, for those who agree that one coordinating agency is the ideal strategy, WEAll offered to play that role, prepared to:

- Articulate a coherent, common narrative
- Seed cases at city & national levels
- Identify and connect across sectors
- Amplify examples and stories and successes
- Build evidence, "measuring" what is working
- Create a set of learning activities
- Coordinate around a given activity
- Provide coherence
- Identify institutions and rules we want to influence, transform (i.e. targets)
- Define our 'members' and what membership means
- Distinguish between a network and a movement
- Build knowledge/toolbox

And although they have a growing profile and membership, they are still in need of funding to build a global citizens movement and regional narrative groups. One follow-up discussed was launching something on a larger scale in September in New York City on the tenth anniversary of the financial crisis, and using upcoming meetings to do narrative planning and testing.

A post-event evaluation found that what participants valued most was the opportunity to connect with the other participants, the work in smaller groups exchanging views and co-creating plans, and the setting.

VIII. Conclusions

Organizing this workshop with so many highly accomplished individuals, each with their own beliefs, approaches, and professional and personal pathways, was perhaps an audacious undertaking. But Impact Entrepreneur and Rockefeller Philanthropy Advisors have vantage points that allow us to see a breathtaking amount of important work happening in fields like finance, investment, philanthropy, and systems change. And we know that that these efforts could benefit enormously from stronger connective

tissue, the scaling up of bilateral relationships and networks, and a more persistent and louder presence amongst both the public and those with power and influence in society.

During the event and through the evaluation, participants expressed the hope that the organizers and others will continue to stay connected virtually and through conference calls; convene one or more followup events; ensure there is clarity on any early wins, opportunities, energy and collaborative actions to mobilize and invest in a sustained effort on *philanthropy transforming finance*; join each other's events on an ongoing basis; create a network to support an impact economy at different levels; and identify one universal challenge that is opened up to the group to 'solve'.

Immediate follow-up generated by the event included:

- a commitment by some of the philanthropy actors to circulate the Manifesto,
- invitations to adjacent efforts and events in South America,
- an offer to publish participants' work in a leading online news outlet,
- a WEAll meeting in New York that will include participants met at Race Brook;
- a collaboration between Impact Entrepreneur and Ellen MacArthur Foundation on IE's forthcoming Building an Impact Economy Webinar Series and its Impact Entrepreneur Innovation Center building project with William McDonough and Partners, the world's leading circular economy architectural firm,
- an offer to link the Financing Transformations Working Group to the Scaling Solutions initiative,
- a number of participants will be furthering work to create an ongoing space connected to the SDG Transformation Forum to organize, mobilize, build capacity, and take action for transformational finance.
- and a commitment by RPA to produce a more outward-facing report targeted specifically to philanthropy and investors in Q4 2018, with input from interested participants.

Our hope is that this gathering, and the relationship-building and follow-up it spurred, was worth the time spent by each of the participants.

Acknowledgements

We would like to recognize the important contributions made by certain individuals that helped make the Summit a success. Kelly Diggins of RPA for her key role on the organizing team. Tiffany Darabi for being our official note-taker during the meeting and for her help with this report. Samantha Thomas and Olivia Vargese, our two conference fellows who helped with on-site logistics. Gus Stephens for his work on design. Dan Bolognani of the Housatonic Heritage program of the National Park Service, who helped orient the participants to the social and environmental riches of the Berkshires at the welcoming dinner — focusing especially on W.E.B. DuBois, social innovator, civil rights pioneer and Berkshires native, whose 150th birth year anniversary we celebrated. And Dave, Casey, Craig, Mark, Laurel and the rest of the team at Race Brook Lodge for taking such excellent care of us.



ANNEXES

ANNEX A - Participant List

Aaron Tanaka, Center for Economic Democracy

Center for Economic Democracy incubates and resources initiatives at the intersection of grassroots community organizing, legislative advocacy, and cooperative economic development. CED's portfolio includes the Boston Ujima Project, a first of its kind community controlled business and finance ecosystem that democratizes impact investing by employing participatory budgeting processes to develop fund priorities and allocate capital.

Adam Bendell, Toniic

Toniic is a non-profit network of active impact investors – mainly high net worth individuals, family offices and foundations, which also does philanthropically-supported work for the field at large. Toniic's T100 Project provides the field with evidence and inspiration from the journey of investors committed to 100% impact across asset-classes. Toniic also manages the Impact Terms Project, which seeks to make innovative deal terms in impact investments widely available to the field.

Agnes Dasewicz, Rockefeller Foundation

As part of my fellowship at the Rockefeller Foundation, I am looking into how blended capital models which have been successfully used in developing markets can be used to help catalyze commercial investment to impoverished/underserved areas of the US. Most recently, I have been tracking the implementation of the Investing in Opportunity Act (part of the U.S. tax reform act passed last year) and how states and cities can incentivize commercial investment to low income tracts they have designated as opportunity zones.

Amanda Kizer, <u>B Lab</u>

By working directly in over 30 countries, B Lab is building a global community of credible leaders and B Corporations that upend shareholder primacy and replace it with higher standards of performance, transparency and accountability. We leverage that credibility to inspire thousands of additional businesses to manage and govern their impact with as much rigor as their profits; and we inspire millions of people to support these businesses through public engagement.

Andrea Armeni, <u>Transform Finance</u>

Transform Finance informs, organizes, and supports investors and social justice leaders who reimagine capital as a tool for the advancement of real, transformative social change through thought leadership, trainings, advisory services, and the TF Investor Network. Current work includes a racial justice analysis of an investment portfolio, a repurposing of financial innovations as drivers of social change for institutional investors, and the development of a holistic impact evaluation framework rooted in social justice principles.

Andrea Panaritis, Christopher Reynolds Foundation

The Christopher Reynolds Foundation currently supports a number of New Economy efforts as well as work examining the relevance of Cuban and other international experience to this work. We are in the midst of exploring what it means to invest in a more just, sustainable and equitable world.

Andrew Morlet, Ellen MacArthur Foundation

Systemic Initiatives are a core part of the Foundation's work. These aim to influence and shift major global systems through the application of a new approach for Systems Level Change and Design for Systems Solutions. These initiatives are currently focused on three large scale demonstration cases 1. Plastics (New Plastics Economy or NPEC), 2. Fibers and Fashion (Make Fashion Circular) and 3. Food (Cities and the Circular Economy for Food).

Claudia Martinez Zuleta, **E3**

E3 is currently supporting the implementation of the Food and Land Use Economy (FOLU) in Colombia, including the development of a coalition involving several actors of the private sector that could make a difference in avoiding deforestation, supporting restoration, improving nutrition and healthy diets and avoiding food loss and wastes with an integral vision.

Dana Lanza, <u>Confluence Philanthropy</u>

The mission of Confluence is to re-direct investment capital for social and environmental impact. We work with high net worth families, their philanthropies, and investment managers to re-align their investments with their values. All our programs are in service to that. Our community represents \$3.5 trillion in assets under advisement.

Deborah Frieze, Boston Impact Initiative

The Boston Impact Initiative Fund is a place-based integrated capital fund working to close the racial wealth divide in Eastern Massachusetts. We provide equity and debt capital to locally owned businesses led by entrepreneurs of color; we also provide grant support to initiatives working to transform the landscape of opportunity, such as the Boston Ujima Project and the Solidarity Economy Initiative.

Devin Chesney, Aspen Network of Development Entrepreneurs

ANDE is mapping global ecosystems to find where the gaps in support services are by sector, types of support and stage of business. ANDE also runs regional chapters around the world to support local ecosystem development through peer learning, networking, knowledge creation and coordination of efforts.

Diego Isabel, Global Hub for the Common Good/Wellbeing Economy Alliance

We are focused on launching WEAll and its seven clusters (WEAll Research, WEAll Governments, WEAll Cities, WEAll Businesses, WEAll Civil Society, WEAll Faith and Values, WEAll Institutional Innovators). We are also preparing a campaign to create a Global Citizens Movement, inviting people to be change makers of the economy.

Erika Karp, Cornerstone Capital

Cornerstone Capital is currently engaged in heavy/deep Asset Manager Due Diligence with the integration of thematic investment research to highlight optimal processes and gain predictive insight. Research topics include Income Inequality, Sexual and Gender Based Violence, Workforce Automation, Gender Lens investing, and Impact measurement frameworks.

Esther Park, Cienega Capital

At Cienega Capital, we are funding projects related to soil health - the foundation of all terrestrial life.

Federico Bellone, Porticus

As a philanthropic organization, we are providing funding for initiatives that support and enhance multiple bottom line business infrastructure and environment; seek to steer investment behavior towards the latter, and away from polluting or socially harmful activity; foster circular economy; and provide structuring support to community-based bioeconomy.

Graham Macmillan, Ford Foundation

The projects that I have worked on for the Ford Foundation are the Ethical Shareholder Initiative, the Embankment Project, the Strategic Investor Initiative (which motivated CEOs to incorporate strategic plans to support long-term behavior), the Be the Change Movement, and Project Butterfly, an innovative plan to use AI technologies to understand complex systems, causal relationships, and risks.

Guayana Paez-Acosta, Athena - Lab for Social Change

At Athena - Lab for Social Change, we promote the wellbeing & sustainable development connection by fostering strategic alliances and forward-looking projects supported by innovative approaches, methods & tools. Working with philanthropies, we seek to effect change by positively influencing their initiatives in the Americas, advising and consulting their strategies and portfolio development while working hand-in-hand with their leaders towards high-impact solidarity-based initiatives. As part of this, I currently reflect with a group of professionals in Latin America on how to strengthen a more systems-driven, diverse, vibrant culture of giving in the region.

Heather Grady, <u>Rockefeller Philanthropy Advisors</u>

RPA works across many dimensions of global philanthropy including collaboratives, global programs, research, and publications. We co-created the SDG Philanthropy Platform, a collaboration to encourage philanthropy to engage more meaningfully in the Sustainable Development Goals/Agenda 2030, and the Scalable Solutions initiative, which aims to fuel the placement of longer-term, responsive and adaptive resources to fund and accelerate scalable solutions that target systemic changes focused on pressing global issues.

Jeff Rosen, Solidago Foundation

The Solidago Foundation has a broad-based Inclusive Economy project that seeks to build out place-based impact investment funds, authentic community led design process, and capital oversight. To that end, we have been leading a collaborative in Oakland that is about to launch a multi tranche community investment vehicle. We are also working in partnership with BALLE and Transform Finance to build out a learning cohort in multiple locations, so that this experimentation becomes a shared platform.

Jo Confino, <u>HuffPost</u>

In my work, I develop long-term editorial projects that are based on social, environmental and economic justice such as the This New World global platform on transforming capitalism and systems change.

John Fullerton, <u>Capital Institute</u>

Among Capital Institute's latest projects is the launch of the global Regenerative Communities Network, which we view as a living laboratory – "learning to learn together." Some of the work underway at the Regenerative Communities Network includes the development of the top measures of regenerative vitality, storytelling of regenerative initiatives and storytelling of regenerative communities across all sectors of the economy.

Kate Starr, Christopher Reynolds Foundation

The Christopher Reynolds Foundation seeks ways to invest without engaging capital markets and financial systems that puts their own interests above the interest of communities and the public good.

Kelly Diggins, Rockefeller Philanthropy Advisors

RPA's global philanthropy team operates and provides operational and programmatic support to a number of complex projects including the Scaling Solutions initiative and individual philanthropy client engagements. Our SDG Philanthropy Platform encourages multi-stakeholder collaboration to create sustainable impact in efforts to achieve the United Nations Sustainable Development Goals.

Keno Sadler, Echoing Green

At Echoing Green, we are doing some place-based work in NYC, Baltimore and Atlanta to test an ecosystem approach to supporting social impact in a city. This includes launching new social impact ideas, investing in promising next-generation leaders at an early stage, elevating solutions that work, and convening the best minds to scale impact through policy and systems change. We are also doubling down on our leadership development framework for our

Fellows by taking 30 years of learning from supporting early-stage social impact leaders to codify their leadership capacity needs.

Kristina McDonough, Impact Entrepreneur Center

At Impact Entrepreneur Center, I am focused on changing financial metrics and communicating those metrics to the Investor/Financial World with the goal in mind on helping to change the allocation of capital. I am also working on establishing a Think Tank geared toward researching this topic.

Laurie Lane-Zucker, Impact Entrepreneur Center

Impact Entrepreneur is a global network of approximately 20,000 "systems-minded" entrepreneurs, investors, scholars and students of social and environmental innovation in over 150 countries. The Impact Entrepreneur Center serves our global and regional (Northeastern U.S.) network through: a) leadership summits, educational workshops and webinars, b) our Impact Inside SDG "incubator+" program for entrepreneurs in universities and co-working hubs as well as those working remotely, and c) our think tank initiatives such as Regional Impact Economy and Public Benefit Enterprise Zones models, and Integrated Impact Finance Vehicles. Impact Entrepreneur also advises and consults with early and growth stage companies, impact investors and educational institutions.

Lucas Turner-Owens, Ujima

Ujima is connecting small business owners to anchor institutions, new consumers, TA providers, and capital. Ujima is also facilitating but not prescribing the direction and action of its membership. As an organization grounded in the work of grassroots movements and community organizing, Ujima is committed to leading from behind, by asking our 350+ members what they love, need, and want to replace within their neighborhoods and then rallying supports behind those objectives.

Marcel Fukayama, <u>B-Corp Movement</u>

I am currently developing innovative business models in Death Valley that create new markets in existing needs (housing, education, health, solid waste, etc.). My work also includes helping to develop infrastructure that strengthen the ecosystem of impact investing and impact businesses. I do this by generating evidences that impact businesses cause positive change and are profitable to impact investors.

Maria Paz Cigarán-Tolmos, Libelula

One of our projects underway at Libelula is Nexos +1, a platform that serves and connects transformational agents in LA. Along with Nexos+ 1, is our Amazon Alliance for Sustainable Investment, which is a program focused on setting criteria and catalyzing sustainable and disruptive investment to stop deforestation and regenerate the Amazon. Another initiative we have is One Billon +1s, which seeks to identify, recruit, characterize, and understand the 2% needed for transformational change in its different roles and kinds of organizations/networks.

Mark Watson, Boston Impact Initiative

We invest in enterprises throughout Eastern Massachusetts that address the growing wealth gap and ecological challenges of our times. I also founded Keel Asset Management LLC, a financial advisory firm that provides socially responsible financial planning and investment advisory services to nonprofits, public and corporation pension plans.

Mark Halle, Luc Hoffmann Institute

For the Luc Hoffman Institute, I work to establish an international network of Financial Centers for Sustainability, composed of 18 major financial centers as members. I am also involved in a major initiative on conservation finance.

Masum Momaya, Edge Funders

EDGE Funders Alliance is trying to play a small part in creating the ideal economic and financial system. As a membership network of funders and donors around the world committed to systemic change and transformation, EDGE is supporting these efforts through publications such as funder's guides and learning communities such as our six-month Global Engagement Lab.

Max Riva, UNDP

The United Nations Development Program (UNDP) has a body of evolving work on sustainable and innovative finance through policy advice, technical expertise, advocacy, and partnership building. I work closely with UNDP-GEF, UN-REDD, the Biodiversity Finance Initiative and other programs to identify and operationalize opportunities for leveraging financial resources in support of sustainable development. This work spans guarantees, inclusive finance, export credit, public finance, vertical funds, Sector Wide Approaches, and sector resource mobilization strategies.

Patrick Briaud, Rockefeller Philanthropy Advisors

Our impact portfolio at RPA includes rewriting the 10th anniversary 150 page monograph, using charitable gift fund for innovative solutions, and providing education and advice towards implementation in the form of building consensus, explaining philanthropy's unique role, and racial lens investing.

Peter McCrea, Impact Entrepreneur Center

In addition to my role as Advisory Board member of Impact Entrepreneur, I am currently developing Institutional Tech Transfer and VC and Seed Fund relationships. Additionally, I am developing relationship with accelerators, institutions, funds so that we can access inventions that are being commercialized that our donors can fund.

Rajiv Joshi, <u>B Team</u>

I serve as Managing Director and a founding member of The B Team is helping steer a number of related activities including the development of common narratives and campaigns to galvanize the new economy movement, from the Coalition on Inclusive Capitalism, to a Consortium focused on G20 influencing, to #WEAll. Our work includes governance, transparency, entrepreneurship, human rights and climate justice.

Rodney Foxworth, **BALLE**

My career has focused on social entrepreneurship, philanthropy, impact investing, and economic development. Most recently, I founded Invested Impact, a consulting firm and intermediary, to help individuals and institutions better invest in promising ideas and social change leaders and enterprises. One of our projects has been Ours To Own Baltimore, in partnership with Calvert Foundation and Humanim, which has raised more than \$5-million in social impact investment from Baltimore investors.

Stephanie Gripne, Impact Finance Center Team

I am an academic entrepreneur, impact investor, philanthropic advisor, researcher, educator and the creative force behind the Impact Finance Center. In 2012, I founded the Impact Finance Center and formed the partnership between University of Denver Daniels College of Business and Rockefeller Philanthropy Advisors – Sustainable Endowment Institute. The Impact Finance Center is a national impact investing think-do tank that produces rigorous and relevant research, educations, and develops transactions in the area impact investing and venture philanthropy.

Steve Waddell, SDG Transformations Forum

In collaboration with stakeholders at Benefits Corporations, SDG Transformations Forum is focusing on development of "powerful transformations systems" by bringing together those who are working for change and creating a cycle with investors to develop the investable activities, products and services.

Steven Lovink, Philanthropy4Life

The Philanthropy4Life Initiative's work and collaborative projects are focused on the possible formation of a SourceCode4Life Consortium. Such an association would be devoted to bringing like inspired philanthropic and impact investors, whole systems advisors and breakthrough entrepreneurs together as a collective impact initiative designed to demonstrate how philanthropic and impact investments in collaboration with whole systems entrepreneurs can usher in the new.

Stewart Wallis, <u>WEAll-the Wellbeing Economy Alliance</u>

Our projects and activities at WEAll-the Wellbeing Economy Alliance strive to connect meta movements around the world, create and disseminate new narratives on the wellbeing economy agenda, create and share guides for advancing the wellbeing economy, synthesize academic literature that informs wellbeing economy analysis and propositions, and convene the governments of countries and regions where policy decisions are being made for wellbeing.

Stuart Valentine, Centered Wealth

My focus is in building a model community that is a living example of an integral economy as part of Centered Wealth's master plan is to build a more beautiful regenerative world. Past projects of Centered Wealth include The Sustainable Living Coalition, the Go Green Strategic Plan, and the B.A. program in Sustainable Living and the M.B.A. Program at Maharishi University of Management.

Susan Witt, Schumacher Center for a New Economics

Founded in 1980, the Schumacher Center's mission is to envision a just and sustainable global economy; apply the concepts locally; then share the results for broad replication. Focused on transforming systems for issuing currency and holding land, BerkShares local currency launched in 2006 in cooperation with four banks. To expand investment opportunities in BerkShares, a crowd-taught entrepreneurial training for youth develops plans for import-replacement businesses. The Berkshire Community Land Trust serves as an additional tool for Community Supported Industry (CSI) initiatives by holding land and leasing it for affordable home ownership and other productive purposes.

Tim Freundlich, ImpactAssets

The main project ImpactAssets is developing, is a user experience and syndication platform for ImpactAssets more than 1,000 donor advised funds with \$500mm. In my role at ImpactAssets, I have helped launch SEED | Gathering the Impact Ecosystem, a convening we just did the first of in SF that brings together the early stage impact multi-stakeholder system in an ongoing hack-a-system to explore innovation of cross-flowing value, exchanging practice and tech, etc.

ANNEX B - Selected Participant Responses on an ideal economic and financial system⁶

- An ideal economic system is one that maximizes wellbeing, uses the power of market to create social and environmental benefits creating jobs and opportunities in an equitable manner, is regenerative and with zero wastes. Is a system that minimizes inequality but at the same time encourages entrepreneurism with collaborative platforms that drive innovation. A system that encourages asset sharing and conservation of common goods, centered on an efficient use of resources, respecting cultures, shifting away from standardization and discouraging consumption. A system that encourages self and co-regulation, where local actors and communities can participate and respond and agree on common codes of conduct.
- An ideal Financial System is one that values real wealth in the form of tangible natural and social capital, where capital flows are directed towards critical priorities and away from natural resources depletion. A system with financial intermediaries supporting inclusion and benefit sharing and rating green and social investment as AAA. A system with risk factors associated with sustainable development.
- An ideal economic and financial system would be one that creates opportunity for all people especially those most oppressed or abandoned by our current economic system—to lead a dignified and productive life. That includes having ownership and/or control over life's essentials (e.g. housing, education, healthcare, etc) as well as the capacity to access capital to support the development of new initiatives.
- One where small and growing business entrepreneurs in emerging markets had access to the financial resources, human capital, markets and civil society resources they needed to bring prosperity and economic growth to the global poor.
- We summarize our vision of a wellbeing economy as that at the service of people and the planet.
- Cornerstone defines sustainability (corporate and investing) as "the relentless pursuit of material progress towards a more regenerative and inclusive global economy." In considering the future of our institutions, we hope to see greater transparency, consistency, collaboration and most importantly, the rebuilding of trust.
- One that acknowledges all aspects of our finite ecological system that demonstrates reciprocity.
- The ideal economic and financial system is one that fully internalizes the social and environmental externalities from economic transactions. In this system, companies with triple bottom lines thrive, while regulation provides incentives for those that don't to internalize costs or ultimately transform or phase out. Macroeconomic tools like subsidies, taxation, and monetary incentives favor business with multiple bottom lines. Government spending is skewed towards these too.
- In order change the economic system, we need to value different forms of capital differently and we need to put value on forms of capital different. Financially, we reward a desk more than a human. Physical/tangible goods are valued more than employees from an accounting perspective. How do you put value on social capital? Human capital? Natural capital? Versus what we have normally done. Historical thinking about things (economic system), change behavior on capital value, and technology to enable us to do that. And if more foundations saw the value in tackling economic market through philanthropy, the plumbing needs to be built, need to invest in the market infrastructure, narratives need to be supported. People have shied away because they were created because of their systems. It's politically expedient to avoid changing the markets in the economic system. Foundations do PRIs but don't pay for the tools to get this market to grow. Can this task team look at the economic systems change stuff, it would be helpful.
- The economic and financial system (including fiscal and trade policies) in each country should derive from a strong social compact around social norms of well-being (like a minimum social floor, quality

⁶ These responses served as the basis for Laurie Lane-Zucker creating the poem *Witnesses at Race Brook* (pg. 38).

education and health care accessible to all, and limits to inequality created through redistribution) and environmental norms around respecting planetary boundaries and adopting (through ethical leadership, consumer pressure and regulation) circular, regenerative business practices. All employment is decent and fairly remunerated; returns to labor are not dwarfed by returns to capital. Special interests do not drive politics. A strong and respected intergovernmental system creates a race to the top.

- An economy that serves and meets the needs of all, promoting redistribution of resources, minimum levels of inequality and increased levels of well-being, and providing high-quality long-lasting goods in a way that does not deplete our life-sustaining systems.
- One that recognizes there are no externalities on planet earth everything is radically interconnected. So taking responsibility for our apparently external impacts is actually in our self-interest.
- All stakeholders (public, philanthropic and private) are aligning their interests when they invest their resources in a way that allows them to achieve a broader, common goal which benefits all of them in the long-term (for ex. sustainable economic growth of a community).
- Philanthropy and public actors catalyze and guide private investment into key areas.
- Beneficiaries (for ex. local communities) are involved in creating and implementing solutions which affect them.
- An ideal economic system is one that is inclusive, sustainable, and creates a shared and durable prosperity for all.
- At the center of this system is quality jobs which enable people to: 1) provide for themselves and their families; 2) grow as individuals and in relationship with others; and 3) make a meaningful contribution to their community and the world.
- We focus on the financial system (rather than the economic one), so I will answer that part.
- As a first step, an (approximation of an) ideal financial system would put capital at the service of the real economy a direct contrast to the current trend of finance driving the economy, and the economy being at the service of financial interests.
- Based on the Transformative Finance Principles, our view hinges on:
- Stakeholders being engaged in the design, governance, and ownership of projects that affect them
 - Capital being deployed to create more value that is distributed throughout the stakeholders, rather than extracting value from them
 - Risks and returns being fairly allocated among all stakeholders, with explicit consideration of power dynamics
- This doesn't mean that financial ownership, or financial returns, are a bad thing it just means they need to be equitable and fair. This requires a redefinition of the primacy of investors, a new narrative around desert and wealth accumulation, and a stepped-up role from historically marginalized actors to reclaim a space within the world of finance.
- Characteristics would include:
 - One that is restorative and regenerative by design, and is inclusive, broadly diverse and operating effectively at all scales
 - Based on principles that design out waste, keep materials in use, regenerating natural systems and based increasingly on renewable resources and energy
- In an ideal financial system, significantly more investment capital would be deployed to build a more just, resilient economy and to solve pressing issues. Some pressing issues lend themselves to traditional investment models but many don't. And by definition a just, resilient economy will not pander to capital seeking the highest return. So, an ideal economic system is one in which solutions-based investment happens at significant scale, alongside of traditional capital seeking highest return. Scaled solutions would involve more community participation, particularly from communities that have traditionally been least served by traditional capital.

- I believe the notion of market failure is an oxymoron. Capital markets work to provide ample returns, factoring in the efficiency of the transaction. When investment capital fails to flow to high risk, low return, high transaction cost structures it is not failing; it is serving its own market purposes. Government and agency dollars are unlikely to flow at sufficient scale to address issues, so we need to inject philanthropic dollars at catalytic junctures that can link investors who want their impact investments to finance social change. This involves multiple tranches of philanthropic capital at both the foundation and the individual level.
- My vision of an ideal economic system is one that is only marginally better than the one we have today as my imagination can't really envision a different model. The vision of what we work on aspires to a less centralized economic system, where some portion of capital flows retain a local flavor and there is a displaced amount of goods and service provision away from distant means of production. Ownership models are localized and ownership/employment practices and pathways to wealth building are enhanced for communities that have traditionally been denied access to capital and assets.
- So, if we take traditional capital flow and peel off 5 or 10% of that, deployed under terms defined by the people it is designed to benefit, that would be a huge improvement. The who and the how matter, as the Ujima project amply demonstrates and we need to take the time to assist the least served communities to engage with capital markets to build a less extractive economic system that can also leverage traditional capital, once infrastructure is established.
- You allude to this above. My experience indicates that you need to start with the needs of the end users and design systems that suit their needs. Impact investments that start with the needs of the investors get choked off by return expectations, liquidity limitations, transaction costs, imprecise mission outcomes and a host of other impediments to making a place based investment in social or racial justice truly viable.
- At the end of the day, impact investors who are willing to take a 1-2% interest rate as the discount are helpful, but really we need to figure out blended capital vehicles that bridge the divide between the 0% return of grants and the 101% return of impact investments at 1% IRR. An ideal economy would have investment opportunities in every place, along issue lines, that bring entrepreneurial end users the kind of capital they need, and work to fill capital gaps between the need and the existing markets.
- There are universal patterns and principles that describe how what (I recently learned) Bucky Fuller called "Regenerative Universe" actually works, from the material world, to the living systems world, all the way to the cosmos (apparently) which are aligned with our latest scientific understandings from both hard and soft science, as well as the world's wisdom traditions (Western, Eastern, and Indigenous).
- Our hypothesis is that if we want a human economy to sustain itself for long periods of time, it needs to be brought into alignment with these same patterns and principles. (Or someone needs to make the case that human economies are the one exception to the rule that all systems that last follow these patterns and principles). Modern economies, whether neoliberal or socialist in design, are to varying degrees not aligned or in some cases in conflict with these principles. The result is an unhealthy economy as we know all too well. But all our "problems" are really symptoms of the system design which is designed (unintentionally for the most part) to deliver precisely the outcomes we are experiencing.
- We call such an effective economy we desire a "Regenerative Economy" (just as our bodies are regenerative in order for us to be healthy and indeed to live). We define Regenerative Economics as "the application of nature's laws and patterns of systemic health, self-organization, self-renewal, and regenerative vitality to socio-economic systems. I would define Regenerative Finance as a financial system and practice in service of the emergence of regenerative economies across scales from local to bioregional and networked in fractal patterns to ultimately a global scale.
- The first and critical step to transition to regenerative economies is to shift from reductionist thinking, to holistic thinking. This is easy to say and hard to do in practice, since we've wired reductionist

thinking (and all its many great attributes that are responsible for the progress of modernity) into our DNA over several centuries. Our challenge now is about systems shifting, not mere problem solving. Therefore, regenerative economics is part of a civilization wide shift that transcends every domain of knowledge from the mechanistic Modern Age to what many are now calling the Integral Age (integral or networked).

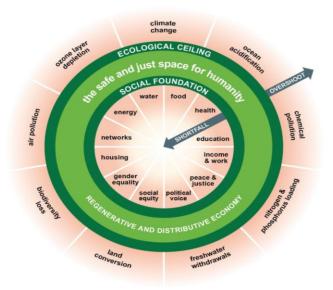
- We have defined eight principles of regenerative economies, including for example "in right relationship," "holistic wealth" and "honors community and place" to serve as a "north star" and to help identify key leverage points for change across scales.
- We have developed initial measures of regenerative vitality, aligned with the principles, that are measures of intrinsic, systemic health (like when you go to the doctor, she measures your blood pressure) to complement the more outcomes measures we care about (well-being, etc)
- The idea is that in order to achieve the outcomes we broadly agree upon (SDGs for example), we need a regenerative economy, just as if you want to be a healthy human being, and your body needs to be regenerative. Sustainability and well-being are outcomes of the regenerative process. Finance is of course the critical lynch pin, and the area where profound change is most essential. This includes ideology first, but also theory, and of course practice.
- Finally, I believe that we have come to the end of the story of ever increasing prosperity through undifferentiated growth because there are physical boundaries to exponential growth as well as social limits to injustice. The regenerative process promises to unlock the immense but now dormant potential awaiting us if we align our economies with the regenerative process. This is the source of our future prosperity, and thus civilization literally depends upon us getting this right. Indeed, this is already happening if we only have eyes to see it, as we have been documenting now for many years in our Field Guide, and as I have experienced directly with my personal impact investing. The challenge is how to scale up such transformational change.
- A mission-based economy, where social justice and climate consciousness is the prerequisite for lasting, equitable economic impact.
- More capital to underrepresented entrepreneurs at the friends and family level with entrepreneurship as the path to wealth for marginalized communities.
- I would like to see a two-tiered economic system/financial system: Tier One would be economic guidelines for global assets critical to human (and other life forms): e.g. Oceans, Clean Water, Food Supply, Air Quality: Tier One would be focused on stabilization, re-building, sustainability and regeneration and would be managed on a global resource-based allocation system (e.g. no private or state-owned ownership of water supply, etc.). Private entities would be taxed (or rewarded) based on their denigration (or material improvement) of Tier 1 assets. E.g. taxation (or worse) for failure to improve, sustain or proactively regenerate these critical resources.
- Tier II. Private non-life sustaining critical assets and economic activity (and the underlying financial system) would work on an expanded version of our current economic model. The expansion would include additional key metrics for economic and capital success which would model triple bottom line ideals. Emphasis would be on a circular (versus linear) economy. Circular/regenerative solutions will be perceived as more valuable and therefore would receive higher valuations. The key here will be that good companies and good products will still be rewarded via a Capitalistic system. However, the bar will be raise to reflect additional metrics for measuring company and product success that will include people, planet... and then profits.
- An ideal economic and financial system would operate through and through with a triple bottom line (resilient, regenerative, circular, etc...) brain chemistry, and would effectively address a number of macro trends that make it immensely difficult to chart a sustainable and equitable economic path. Global population growth of 7.5 billion to 10-15 billion people. Climate change (and its associated impacts) and conflicts creating forced migration of tens of millions of people. AI/robotics displacing

half or more of the global workforce from their jobs in the next few decades. Etc. Impact entrepreneurs and investors leading the transformation.

- An economic system so that it produces positive environmental and social outcomes by design. Our vision is an economic system that enables nature, communities, and people to thrive.
- We are a donor-advised fund that makes grants and builds communities across critical sectors of the economy to catalyze systemic change. We view the economy as a complex, dynamic system, much like an ecosystem—embedded in natural environments governed by biophysical laws, and deeply influenced by human history, cultures, values and behavior. Within this complex network of relationships, we have chosen to focus on three intervention points that we believe can play a pivotal role in repurposing our economic system.
- New Models of Money and Banking
- By determining how and by whom money is created and where it gets used in the economy, our monetary and bank lending systems wield a profound and unique influence over the environmental and social impact of companies and markets. Our goal is to make these systems accountable for their long-term impact to biodiversity, communities and people. We support new models of money and credit creation that make environmental sustainability a core criterion of all their governance, lending and investment decisions.
- Enterprise for a Livable Planet
- The dominant enterprise model in the modern economy is the investor-owned, profit-maximizing company. This model is structurally indifferent to social and environmental impact, leading CEOs and boards to focus on share price and profit, unthinkingly harming ecosystems, communities, and employees. P4NE seeks to help the business sector reverse this trend and begin to manage its collective and cumulative impact so that it ultimately operates within planetary thresholds and meets the Sustainable Development Goals. P4NE supports new enterprise models that value purpose and profit, long-term over short-term, and regenerative over extractive.
- New Economic Thinking, Approaches and Narratives
- There is widespread and growing consensus that our economic system is not working. It treats nature and people as inexhaustible resources, with business-as-usual resulting in climate change and environmental degradation, increasing inequality, and political threats to democracy. While there is hunger for new intellectual frameworks and narratives that can build the foundation for a new system, there is no clear picture or agreement on what that system would look like. P4NE's goal is to help new economic models and intellectual frameworks emerge and coalesce, and to disseminate them through compelling stories and narratives. We support multidisciplinary economics education, the coordination and emergence of new economic thinking and approaches, and the dissemination of new ideas, models and beliefs in popular discourse.
- In brief summary, my vision of an ideal economic and financial system is one where local consumers support local business owners and feel the direct impact of their consumption choices felt through the impact they have on local business. I then would want the local business owners to feel an obligation to redirect some of their profits into community benefits. I think the role of finance is to protect against the fragility of small business. I would want to see financial institutions building and investing in supports that strengthen small businesses through collective purchasing, collective insurance, collective risk mitigation, collective business support systems.
- A new economy more inclusive and sustainable with durable and shareable prosperity in which we redefined success to consider not only financial performance, but also wellbeing of both society and planet.
- Businesses the main economic agent with the purpose to generate positive social and environmental impact; more responsible by considering all stakeholders in decision-making in short and long term; and more transparent by measuring and reporting their triple impact.
- Purpose-driven businesses that create new markets that regenerate lives and the planet.

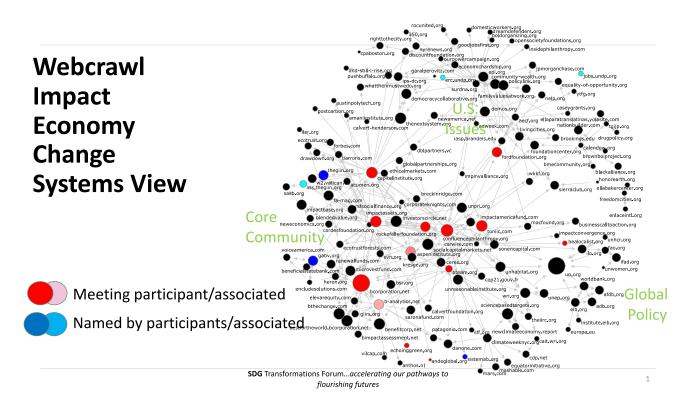
- A financial system with innovative and distributed instruments that drive capital to real and productive economy.
- An ideal economic and financial systems values environmental and social externalities/natural capital as part of their assets, costs, prices, incentives and indicators of success. Triple bottom line KPIs are widely used by governments and firms; new startups and enterprises are only purpose driven; and employees and consumers choose purpose driven firms and brands.
- High carbon and negative impact investments and consumption are dis-incentivized by the market itself. Tax contributions are directly proportional to the environmental/social impact they generate.
- Environmental services (i.e. biodiversity conservation, carbon storage in land and sea, ecosystem regeneration) are widely paid by the population as today we pay for water and energy (monthly, as part of our normal budget).
- My ideal economic and financial system is one in which economic and financial system aligns perfectly with the requirements of sustainable development. It is one in which the behavior that rewards investors and other economic actors is the same as the behavior that is required for the transition to sustainable development.
- An ideal economic and financial system allows all forms of life to live not just with peace and dignity but to thrive, be connected and contribute to the world. Under this ideal system, no one is exploited or oppressed, and natural resources are not extracted for profit. Workers share in the wealth created by their labor. Non-compensated labor, such as care and domestic work are valued and collectively organized so that all are cared for. There our social safety nets for everyone, and resources are generously shared. There are no marked income and wealth disparities, and reparations for colonization, slavery, exploitation and oppression are paid. All forms of life including plants and animals are revered, and the cycles of nature are honored and respected as gifts rather than commodities to be extracted and consumed. There are no rich nations and poor nations; all nations and communities within them have abundant resources for people to live with dignity, and the environment to be respected. No body (person, organization, community) should have to ask anyone for money in order to survive.
- The call is for an economic and financial system that is sustainable, ethical and fair. A system that supports the achievement of the SDGs and can measure efforts and results in doing so.
- A critical preliminary step is the full internalization of social and environmental costs. The financial sector has a unique role to price assets and make informed investments decisions to make sure negative externalities are internalized.
- Integration of social good into each investment and business decision as holistic stewardship of all resources
- True cost capitalism. Employee ownership. Coops. Blockchain. Decentralized energy and finance sectors. All economic systems re-designed with women and minorities as equal partners in the design and application.
- True cost pricing. I was speaking with a millennial who said "I don't have a problem with capitalism; I have a problem with dishonest capitalism." Companies do not take into account the full cost.
- Blockchain has the capability to transparent that can help build trust.
- Co-ops and employee ownership these have more of a chance of being more honest because the owners do not want to own a company that is dishonest
- Men tend to think short-term and competitively, not holistically, not collaboratively, not long-term. We need women and minorities redesign the paradigm so they are not fitting into the structure created by white men.
- I think you've got the essence clear: to encourage and expand investment into creating an economy and financial system that serves society not the other way around. It would be systems that support people and societies to realize their highest aspirations and greatest potentials, with a key role of being stewards for this process.

- An ideal economic and financial system would fundamentally shift the quantity, quality and design of our philanthropy, profit sharing, and investments to generate flow in service with life as perhaps the only way to credible deliver in time on critical agendas encompassing social justice, the SDGs, and the Paris Agreement on Climate Change. Active collaboration internalizing a new SourceCode4Life as DNA for our 'being and doing and giving' is required as a way to set our compass True North. It can trigger massive investments in the emergence of a whole system oriented entrepreneurial and community based enterprise ecosystem connecting dots across silos catalyzing deep replicable and scalable systems transformations from within. This could well be how the future potential of a flourishing, just, and sustainable civilization for all must be unlocked.
- We need to create a wellbeing economy-a new economic system -with the following goals:
 - To meet the fundamental needs of everybody across all human needs—not just for food, water and shelter but also dignity, education, health, economic security, voice and purpose, among others. This is ethically important, economically efficient and environmentally crucial.
 - To establish an economy that enables all people to live within planetary and local ecological limits and to strengthen all life and all ecosystems. Sustainability is no longer enough; it is critical to recognize that sustainability is an outcome of a regenerative system.
 - To maximize human wellbeing and flourishing and to foster the development of empathy towards all beings.
 - To greatly reduce inequalities both within and between countries
- The first two goals represent the floor and the ceiling in Kate Raworth's doughnut model:



- This framing describes a totally new economy. At its core is dignity: the respect for the intrinsic value of all life. The safe and just operating space pictured above is a world of wellbeing for all. Neither Keynesianism nor neoliberalism, can be the basis of the new economy: both fail to address the ecological challenges we face that are driving degeneration of wellbeing and dignity.
- An ideal Financial System would be grounded by a society of individuals who are "integrally informed" via regular transcendent experiences and are guided in their economic activities by the Principles of Ethical Biomimicry Finance (www.ethicalmarkets.com/wp-content/uploads/2012/10/transforming-finance-report.pdf).
- In this ideal financial system the incentives guiding investment would be balanced across ESG factors using quality of life metrics that reward positive social and environmental outcomes on equal footing with financial return on investments.

- A series of regional economies, each producing locally the majority of products consumed locally. Where land is held in democratically structured trusts and access given via social contract (long term lease) rather than through the market. Where buildings and other improvements are owned by those who live in them or who own the businesses represented. Where regional currencies flourish and are used to finance the new import-replacement businesses imagined for the region. Where consumers and producers work in association to form those businesses rather than in opposition. Where community supported agriculture and community supported industry is understood as the norm.
- It is based on inclusion, diversity and importantly, a reframed convention of value and returns across a spectrum and inclusive of the cost and benefits of externalities built in, with patience, non-extractiveness and whole planet systems thinking at its core.



ANNEX C -Webcrawl Graphic of Some Participating Organizations and the

Levels of change we may aim to create together⁷

Change Type	Incremental	Reform	Transformation
Core Question	How to do more of the same? Are we doing things right?	What rules shall we create? What structures and processes?	How do I make sense of this? What is the purpose? How do we know what is best?
Purpose	To expand historic activity, improve performance	To support moving into new, defined activity	To innovate and create previously unimagined possibilities
Power	Confirms existing rules	Opens rules to revision	Opens issue to new ways of thinking about power
Archetypical Actions	Copying, duplicating	Changing policy, adjusting, adapting	Visioning, experimenting, inventing
Tools Logic	Negotiation logic	Mediation logic	Envisioning logic
Success	Efficiency	Risk Management	Inventiveness

⁷ Created by Steve Waddell.

ANNEX D - Networks Identified by Participants as Relevant to Their Work

- ANDE
- Ashoka U
- Aspen Institute
- BALLE
- B Lab/B Corps
- B Team
- Black Women Talk Tech
- BMW Responsible Leaders
- CA Foodshed Funders
- Capital Institute
- Cavendish Global
- Chambers of Commerce
- Club of Rome
- Concito
- Confluence Philanthropy
- Development Alternatives
- Drawdown Funders Network
- Economy for the Common Good
- Ellen MacArthur's networks via its CE100 platform, the Systemic Initiatives, and through establishment of formal network relationships with 55 Universities, 22 Cities and the C40, formal affiliation with relevant NGOs, and through network relationships with various platforms such as the WEF and GreenBiz/Verge.
- Ethical Investment Network for Latin America
- Finance Watch
- Food and Land Use Coalition, starting in Colombia, Ethiopia, Indonesia and Australia.
- Fountain
- Fourth Sector Network
- Gender Justice Initiative at EDGE
- Global Alliance for Banking on Values
- Global Impact Investing Network
- Grantmakers for Effective Organizations (GEO)
- Green Accord
- Green Economy Coalition
- Group for Reflection and Strengthening of Philanthropy in LatAm
- GSEN
- HERD
- HuffPo "Transforming Capitalism"
- HOPE Global Forum
- Impact Entrepreneur Network
- Impact Hub
- Impact Investing Industry Alliance and other country NABs
- Impact Management Project
- International Humanistic Management Association

- International Network of Financial Centres for Sustainability.
- International Venture Philanthropy Network
- InvestorFlow
- Investors Circle
- KINS Innovation Network
- L+1: CEOs for Sustainability
- LEDS LAC and LEDS GP
- Living Cities
- Local Futures/International Alliance for Localisation
- Meta-Integral Network
- Mission Investors Exchange
- NationSwell
- Neighborhood Funders Group
- Neighborhood Economics Network of Systems Entrepreneurs
- New Economy Coalition
- New Economy Network Australia
- Next System Initiative and the Democracy Collaborative
- Nexus
- OPAL
- Opportunity Collaboration
- Organic agriculture networks.
- Ouishare
- Post Growth Institute
- Presencing Institute
- PYMWYMIC
- Reclaim Our Economy
- Redprodepaz Network of 27 peace and development programs in Colombia
- Rethinking Economics
- RIPESS (Social Solidarity Economies)
- Rotary Clubs
- SAFSF
- Schumacher Center for a New Economics
- SDG Transformations Forum
- Shake the Foundations
- Sistema B
- Skoll Foundation
- Skoll World Forum
- SOCAP
- Social Enterprise UK
- Social Venture Network
- Solidarity Economy Initiative
- Strategic Investor Initiative
- TBLI
- Tellus/ GTI initiative
- Toniic
- Transform Finance Investor Network

- Transforming Finance Group
- UN Global Compact
- UNEP Inquiry into the Design of a Sustainable Financial System
- US SIF
- WDN Action

- WE-Africa
- WEAll
- Working World's Peer Network The Financial Cooperative
- World Economic Forum
- 100% Network

Witnesses at Race Brook

by Laurie Lane-Zucker

I want to tell what the forests/were like/I will have to speak/in a forgotten language — Witness by W.S. Merwin, Former U.S. Poet Laureate

> finally I believe we have come to the end of the story the story of ever increasing prosperity through undifferentiated growth because there are physical boundaries to exponential growth as well as social limits to injustice

an ideal economic system is one that maximizes wellbeing a system encouraging asset sharing and conservation of common goods a system that values real wealth in the form of tangible natural and social capital that creates opportunity for all especially those most oppressed or abandoned where small and growing business entrepreneurs in emerging markets have access to financial resources

this new system is a complex dynamic much like an ecosystem embedded in natural environments governed by biophysical laws and deeply influenced by human history cultures values and behavior one that fully internalizes social and environmental externalities that enables nature communities and people to thrive where monetary and bank lending systems are accountable for their long-term impact to biodiversity communities and people

this is an enterprise for a livable planet operating within planetary thresholds and meeting the Sustainable Development Goals

with local consumers supporting local business owners and feeling the direct impact of their consumption choices

we seek a durable and shareable prosperity stakeholders in decision-making purpose-driven businesses true cost capitalism holistic stewardship employees and consumers choosing purpose driven firms and brands biodiversity conservation carbon storage in land and sea ecosystem regeneration where the economic and financial system aligns perfectly with the requirements of sustainable development where there are no marked income and wealth disparities and reparations for colonization slavery exploitation and oppression are paid

> we need a new narrative new intellectual frameworks around wealth accumulation

and the plumbing needs to be built less extractive designing out waste

injecting philanthropic dollars at catalytic junctures where ownership models are localized where we start with the needs of end users and design systems that suit those needs where Philanthropy and public actors catalyze and guide private investment into key areas more capital

more capital

more capital to the underrepresented to entrepreneurs seeking investment opportunities in every place along issue lines

> private entities should be taxed or rewarded based on their denigration or material improvement of Tier 1 assets

> > circular

where we build a shared and durable prosperity for all fairly allocated just resilient distributive because remember let it not be forgotten that our "problems" are really symptoms of systems design designed to deliver precisely the outcomes we are experiencing

we need a triple bottom line brain chemistry where sustainability and well-being are outcomes of the regenerative process where right relationship holistic wealth vitality are aligned to intrinsic systemic health

> a mission-based economy a wellbeing economy a resilient economy relentlessly pursued

We need women and minorities to redesign the paradigm so that negative externalities

are internalized sustainably ethically and fairly along a blockchain of trust

these are the principles of ethical biomimicry finance with incentives guiding investment across ESG factors where a series of regional economies each producing locally the majority of products consumed locally supporting people and societies to realize their highest aspirations and greatest potentials

wellbeing

empathy

ecological ceilings and social foundations social ceilings and ecological foundations across scales from local to bioregional and networked in fractal patterns to ultimately a global scale

> this is The Regenerative Universe

one that acknowledges reciprocity whole planet systems thinking inspired by the world's wisdom traditions western eastern indigenous

remember now this forgotten language

this language is our new source code for life

> remember there are no externalities on planet earth