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# MONEY AS MERCY

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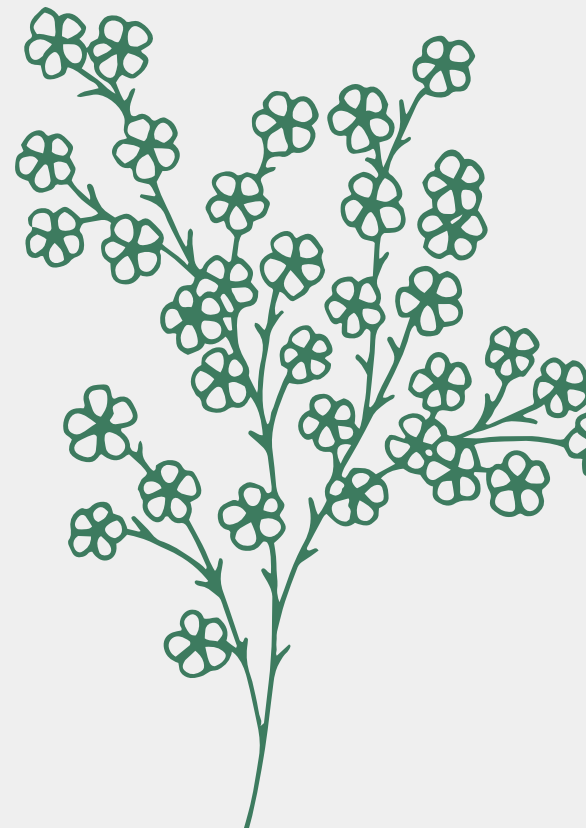
A GUIDE FOR THE GLOBAL MERCY  
COMMUNITY ON PARTICIPATING  
MEANINGFULLY IN THE  
IMPACT ECONOMY

**Jemima Welsh**

“To sustain a lifestyle which excludes others, or to sustain enthusiasm for that selfish ideal, a globalization of indifference has developed. Almost without being aware of it, we end up being incapable of feeling compassion at the outcry of the poor, weeping for other people’s pain, and feeling a need to help them, as though all this were someone else’s responsibility and not our own. The culture of prosperity deadens us; we are thrilled if the market offers us something new to purchase. In the meantime all those lives stunted for lack of opportunity seem a mere spectacle; they fail to move us.” – Pope Francis, The Joy of the Gospel – apostolic exhortation Evangelii Gaudium, 2013

“Mercy becomes an indispensable element for shaping mutual relationships between people, in a spirit of deepest respect for what is human, and in a spirit of mutual brotherhood.” – Pope John Paul II, Dives in Misericordia – Rich in Mercy, 1980.

“Do not be daunted  
by the enormity of the world’s grief.  
Do justly now,  
Love mercy now,  
Walk humbly now.  
You are not obligated to complete  
The work, nor are you free  
To abandon it.”  
Jewish prayer – Micah (Tanakh) –  
Rami Shapiro



# MY SINCERE THANKS

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Go to a wide group of wonderful people, who have warmly and generously shared their time and expertise with me in the production of this guide.

Firstly, I am grateful to **Sr Angela Reed, Colleen Swain, Marietta Latonio, Nicole Christensen and Cecile Kern** for their dedicated leadership and gentle guidance over the course of this Fellowship, especially during a tumultuous year. What they have created with this program is truly remarkable.

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To my dear friends: the others **Fellows** in this program. We all know how special we are to each other. Thank you for your constructive feedback, enthusiastic support and emotional strength. I cannot think of a better group of people to be the godmothers of my child.

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To **Lisa Siganto**: thank you for your mentorship, patience and encouragement as I launch my career in the 'impact economy'. I wouldn't be here without you, and I wouldn't be as confident. It's a privilege to be your colleague and friend.

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And finally, to my **family**, who, even in the midst of their teasing and ever-so-constructive feedback, have always been there, and the rock on which I am able to stand tall in this world. Ma, thank you for raising me in the spirit of Mercy. As I become a mother for the first time, I look to you as my inspiration!

## WHY I CHOSE THIS SUBJECT

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As young leaders, who want to live with purpose and address structural injustice, we often overlook the fundamental role that money plays in our world's biggest challenges, and the role that we play as members of the market.

I also think that it's a subject that isn't widely or properly understood. The economy doesn't exist in a vacuum, and we tend to forget the pivotal influence that we can have over the direction of money flows.

Catherine McAuley understood the power she could have in using her money for good. She put the human person at the centre of her decisions about money, and she leveraged her privilege to create opportunity for others. Similarly, I think there are many ways that we can 'reignite' Baggott Street, and interpret Catherine's vision in a contemporary fashion.

My job in Australia is about connecting impact investors and philanthropists with businesses and projects that create social/environmental outcomes. I love this work because for me it's about going beyond charity, to respect the inherent dignity and agency of each person. For example, when we think of others as equal members of the market, they become more than just objects of charity. Thus, we advance together.

I have been fortunate to gain an intimate understanding of this topic, and would love to extend and share my learnings to support the Mercy mission.



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# INTRODUCTION

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We can all see that the world is changing.

And we are part of this change. We're pulled along by the currents of progress, our little boats of experience bobbing ever closer to the precipice of our making: climate change, over-consumption and resource scarcity looming on the horizon.

It's easy to feel powerless when the pull seems inexorable. But if it is our economy flowing beneath us, there's always the chance to dig rivulets that lead in a different direction. Away from the edge and towards calmer, more regenerative waters.

THIS NEW  
ECONOMY BEING  
'DUG' IN A  
DIFFERENT  
DIRECTION IS  
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NAMES, BUT IS  
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IMPACT ECONOMY

"At its core, the concept of 'impact economy' is built on a holistic theory of how we create, exchange and distribute 'value', and also recognising the necessary interdependence of social, natural, human, manufactured and financial capitals in generating wealth and wellbeing... Regardless of how 'free' markets should be, they are anchored in a social context and a physical reality.

The 'impact economy' signals it is time for our economic systems to ensure that what we value is directed towards the impacts we know will enable people, places and planet to thrive into the future."

- Hannant & Burkett, 2020

Simply put, where traditional capitalism puts the attainment of profit before all else, the impact economy represents those emerging financial structures and institutions that also take into account the social and environmental impacts of their transactions. This economy places values not just on productivity and growth but also on sustainability and wellbeing. It relies on, and allows, each one of us to be purposeful in our decisions – to see ourselves as agents of change with our money.



I intend for this paper to be a practical guide for how to navigate the Impact Economy in the spirit of Mercy. I seek to explore the question of ‘how do we, as the global Mercy community, understand money, and use our capital to address some of the world’s biggest social and environmental challenges?’ In this way, I take a proactive approach, believing that we can do Mercy with our funds, rather than just prevent harm.

Many in religious circles see money as corrosive or as a means for bestowing charity. Neither of these attitudes really fits within the Impact Economy. Money is a neutral force: it is neither good nor bad, but can be put to use in the service of either. It is therefore down to our intentions and our spirit of engagement that determines what can be done with money, and how people feel as a result of our decisions.

Money was at the beginning of the Mercy journey. It was the energy that fuelled the work of Catherine McAuley and enabled her to create tangible structures that embodied compassion, purpose and a resounding belief in the potential of women. The Sisters of Mercy have always had a need to participate actively in our world, so money has always had to play a part. Perhaps this makes them pioneers in the Impact Economy?

With this in mind, I have created this paper to open up the conversation and offer some simple guidelines to help members of our community see the potential of their money, and channel their capital in line with their values and mission.

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This guide is written for anyone who is earning money, or who has a degree of control over the finances and assets owned by themselves, their families or their communities. It is for people who have no prior understanding of the impact economy, as well as those who are active players within these new systems.

In the spirit of accessibility, I have chosen not to delve too deeply into the entire spectrum of debt and equity instruments available in the market – I leave this open for future discussion by those more expert than I!

This guide does not offer financial advice. I recommend that anyone seeking to make investment decisions also consult a financial advisor and/or lawyer.

## Section 1

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Dealing with the invisible hand:  
Understanding the link between  
money and the 'big issues'

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We know there are significant problems with our world's prevailing economic system. By and large, it treats people and planet as commodities, and profit as an end in itself. The drive for financial gain by those in power results in cavernous social injustices, including mass displacement of people from their homes and degradation of environmental ecosystems to the point of species extinction.

"Where profits alone count, there can be no thinking about the rhythms of nature, its phases of decay and regeneration, or the complexity of ecosystems which may be gravely upset by human intervention. Moreover, biodiversity is considered at most a deposit of economic resources available for exploitation, with no serious thought for the real value of things, their significance for persons and cultures, or the concerns and needs of the poor."

– Pope Francis, *Laudato Si'*, 2015, 190.

For most of the global population, who live on the periphery of major currents of capital flow and trade, the status quo is disempowering. The market is seen as running counter to, and independent from, communities. Where systems of production and consumption were once platforms for survival, creativity and prosperity, they have become worlds within themselves, accessible only to those in positions of privilege who can afford to 'play the game'.

Living within this narrative, where big corporations seemingly hold more power than governments, there is little room for democracy. We've realised that political sway doesn't easily result in change, for the market is now too unwieldy, buoyed along by selfishness and greed. Those capable of pulling the strings don't subscribe to international rules or UN treaties.

In essence, the 'invisible hand' has wrought a lot of damage. And at the heart of this, we've become invisible to ourselves and to each other.



In outsourcing our sense of value to objects rather than subjective beings, we've given ourselves tangible 'ends' and a finite concept of direction, but we've lost the very essence of what makes us living and breathing on this earth. In seeking desperately for meaning in profit, we've lost the meaning of ourselves and of each other. We do not know ourselves. Thus, we've become consumer rather than community member, detached rather than present, transactional rather than relational. This poverty of spirit makes it impossible for us to see ourselves as interconnected with other members of the biosphere, and therefore unable to fully imagine its suffering or believe ourselves capable of changing it.



Amid this confusion, postmodern humanity has not yet achieved a new self-awareness capable of offering guidance and direction, and this lack of identity is a source of anxiety. We have too few means and only a few insubstantial ends.

– Pope Francis, *Laudato Si'*, 2015, 203.



What has resulted is an innate dichotomy: there is growth, and progress and development, but not within ourselves and not for the benefit of our world. As forewarned in the Pastoral Constitution *Gaudium et spes* of the Second Vatican Council (1966), “The dichotomy affecting the modern world, is, in fact, a symptom of a deeper dichotomy that is in man himself. He is the meeting point of many conflicting forces” (p.1032). What we thus face is a profound uneasiness and a deep yearning for freedom.

“We need to shift from extractive systems to more regenerative systems. Some of that will have to do with a redesign of money, and some will do with the way in which we relate to money. I don’t think it’s just an external systems issue. Any sustainable solution has to bring external impact along with inner transformation in a very real way.”

– Nipun Mehta, cited in *Journey to Impact*, p. 13

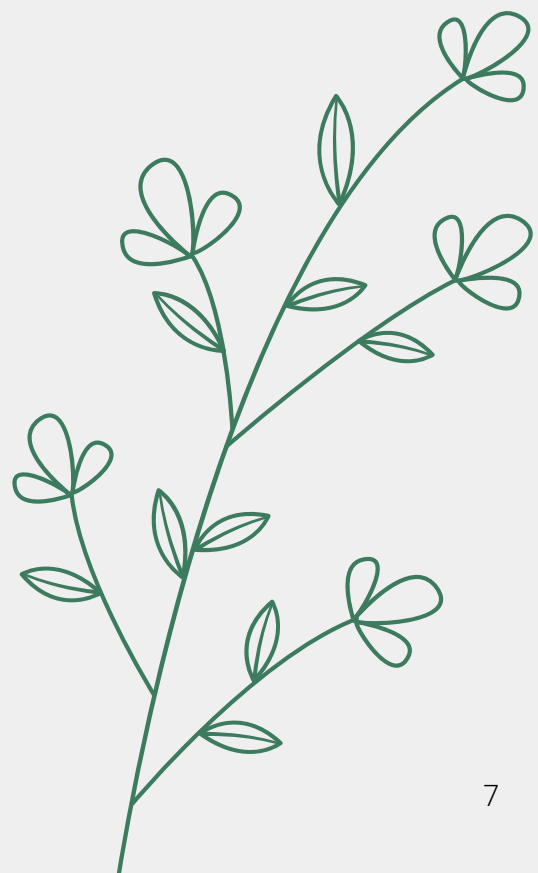


## Section 2

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# Introduction to the Impact Economy: A way through the dichotomy

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The Impact Economy is premised on the idea that we are capable of changing the direction of our present economy for a more holistic social and environmental prosperity. It recognises that profit maximisation usually comes at a life-affecting cost to people and the environment, thus it accepts the notion that we are all connected – that our financial decisions do have an impact that extends beyond our sphere of visibility.

The Impact Economy is not, however, socialism rebranded. It actually accepts the power of existing capitalist mechanisms, but seeks to repurpose them – for alternate ends.

The next economy will put creative work at the centre, not destruction of work as efficiency. It will put caring for the world and rejuvenating the earth at the centre, not the destruction of resources and their privatisation. The next economy will be an earth democracy based on living ecologies where every being, every person participates in the creation of the common good.

– Vandana Shiva, *Journey to Impact*, p.9.



In the Impact Economy, money is not 'dirty'. It is accepted as an energy that can be directed towards the attainment of more broader conceptions of value. Our economy becomes a series of "powerful engines that drive capital to achieve impact alongside profit" (Cohen, R. 2020, p.5). The tyranny of profit is overthrown, with the health and wellbeing of people and planet installed alongside to keep it in check. We still have the invisible hand, but we also have the invisible heart.

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## 2.1 Prevailing Principles & Frameworks of the Impact Economy

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Human beings  
are both  
selfish and  
selfless

The Impact Economy recognises the innate human drive to build protective walls and to establish a sense of materialistic security. It accepts that within us all there are selfish tendencies that align with the capitalist notion of profit. Unlike in traditional capitalism, however, it accepts that we also possess selfless tendencies, that naturally look for harmony, empathy, and communion with others.

This new economy believes that the two drives aren't necessarily incompatible: that we can strive in a self-interested manner for financial gain but that we can do so in a way that doesn't run unchecked, or result in harm to others. It is this principle that informs many negative screening – e.g. Environmental, Social and Governance (ESG) - frameworks in investment circles.

Free market economics believes in the all-prevailing beneficence of the 'invisible hand': that left to its own devices, our systems of voluntary production and consumption will naturally result in benefits to society as a whole (Smith, A. 1776). By adopting a laissez faire approach, we should 'let go' and refrain from intervening in the market. But we now know that "by itself, the market cannot guarantee integral human development and social inclusion" (Pope Francis, *Laudato Si'*, 2015, 109) or ensure environmental flourishing.

The Impact Economy understands the power of a free market, but insists that we can be intentional with how we use our own money and assets to more purposefully direct the flow of capital. When we a) think about the repercussions of our financial decisions; and b) seek to do good with our funds, we reimagine our role in the world of economics – we become agents of change, digging those rivulets away from the precipice.

We can be  
agents of  
change



While the world's minority have enjoyed a period of 'superdevelopment', it has quickly become 'a wasteful and consumerist kind' that has been "all too slow in developing economic institutions and social initiatives that can give the poor regular access to basic resources" (Pope Francis, *Laudato Si'*, 2015, 109). We've so far failed to see the 'deepest roots' of this failure, which has to do with the "direction, goals, meaning and social implications of technology and economic growth" (109).

The Impact Economy places the human person and the living planet at the centre of our notions of success. The health and wellbeing of the biosphere is an end in itself, and the ultimate goal of profit gain. In other words, we use profit to attain a fuller prosperity and sustainability that leaves no one behind. Progress isn't a dirty word; it is just redefined.

It is possible to  
change our  
notion of  
progress



We need a  
comprehensive,  
integrated  
response to our  
world's biggest  
problems

The economy underlies nearly every facet of our conscious experience. We make the economy through our everyday interactions with each other: through our work, our consumption and our creativity. An economic system that has become so tainted and destructive, but that is so embedded in every fibre of our social institutions, cannot be overhauled quickly by a single lever.

This is why proponents of the Impact Economy can be accused of 'grand visions'. They don't call for dabbling in ethical investment on the side; they believe we can be intentional in every single economic transaction that we undertake. Thus, purposeful capitalism is arguably the only force comprehensive and integrated enough to destabilise unchecked capitalism. But it requires a paradigm shift.

When we change our notion of progress to take into account human and environmental flourishing, we simultaneously accept the interdependent nature of our world. We therefore come to see each other as equal members of the market because we all affect each other. When we do this, we become more than potential objects of charity; we are recognised to have inherent dignity and agency. In the Impact Economy, it is only by creating solutions that uphold the dignity and market agency of each person that we advance in unison.

We advance  
together:  
dignity, not  
charity

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## 2.2 What constitutes the impact economy

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“We need a new system where, for both moral and prudential reasons, a sense of mission reins in self-interest; where contribution confers greater status than conspicuous consumption; where firms that demonstrate social and environmental integrity are more successful than those that are simply self-interested; and where individuals and organisations are encouraged to find fulfillment in being part of something bigger than themselves, rather than in striving just to make money.”

– Sir Ronald Cohen, ‘Impact’, 2020, p.4



The Impact Economy is comprised of institutions, financial mechanisms and instruments that all work within existing capitalist systems to create positive social and environmental outcomes. Put simply, they exist for purpose. The following are some of the most prominent (i.e. identifiable) components of this new economy.





## TOMS

Based in Los Angeles, USA: Founded in 2006 by social entrepreneur Blake Mycoskie, TOMS is a shoe and apparel business built on the 'One for One®' model: for every branded TOMS product sold, the same product is given away free to a person in need. As at January 2019, TOMS had given away 86 million new pairs of footwear to disadvantaged children. In 2018, TOMS became a certified B Corporation, committing to the highest standards of ethical business practice. Co-Founder Jake Strom says, "popular perception has shifted on mission-driven businesses. Moving forward, entrepreneurs will increasingly marry Profit + Purpose in new and innovative ways" ([Source](#)).

EXAMPLE

## PROFIT-FOR-PURPOSE COMPANIES

For-profit companies that exist to create social and/or environmental impact. They are founded on the premise that profit can be generated in addition to – and for the continued creation of – social and environmental outcomes. These companies are distinct from ethical businesses in that they don't just operate with a moral conscience; their whole reason for being is to solve a social or environmental problem. They are often the recipients of impact investment (see below). Many profit-for-purpose companies are B Corporations – see here for more information on B Corps.

## THE BODY SHOP

Based in London, UK: Also a certified B Corporation (since 2019), The Body Shop is a Triple Bottom Line business. This means it aims to balance profit, people and planet in all commercial decisions. Founded in 1976 by the late environmentalist and human rights activist, Dame Anita Roddick, The Body Shop is a cosmetics, skincare and perfume company that uses its significant global brand to build ethical supply chains through its Community Fair Trade programme, advocate against animal testing, promote green energy and recycling, and speak out in support of fair farming prices. It is also committed to empowering women and girls around the world by celebrating female leadership and promoting inclusive and intersectional feminism. Dame Anita Roddick once said, "Business shapes the world. It is capable of changing society in any way you can imagine" ([Source](#)).

EXAMPLE





## WHO GIVES A CRAP

EXAMPLE

Based in Melbourne, Australia: This social enterprise sells ethically made toilet paper created from 100% recycled post-consumer waste paper or bamboo fibres. It donates 50% of its profits towards sanitation projects around the world and reinvests the remaining profit back into the business to build operations. Founded in 2012 via an innovative crowdfunding campaign in which co-founder Simon Griffiths sat on a toilet for 50 hours straight, Who Gives a Crap has since donated over \$8.3 million to vetted sanitation projects and saved tens of thousands of trees, millions of litres of water and thousands of tons of carbon emissions. The Co-Founders are firm believers that business can be a source of fun - the brand has been built on cheeky messaging and colourful toilet rolls. Griffiths -says, "people are thinking about where their money ends up and what that means for them, which is really exciting" ([source](#)).

Businesses – often not-for-profit – that exist to intentionally tackle social problems or benefit the community in some way. They derive a substantial portion of their income from trade, and they reinvest 50% or more of their profits towards achieving their social/environmental aim. They differ from traditional charities in that they operate as businesses with a transparent view towards financial sustainability. Many employment-focused businesses that provide jobs for people with disabilities etc. would be considered social enterprises.

## SOCIAL ENTERPRISES

### CIUDAD SALUDABLE ("HEALTHY CITY")

Based in Lima, Peru: Awarded social entrepreneur Albina Ruiz founded this innovative waste management organisation in 2001 after finishing her studies in ecology, environmental management and chemical engineering. While writing her thesis, Ruiz came up with the idea for a new community-managed waste collection system that could create local employment and improve health and living conditions for more than six million people living in poor urban and rural regions throughout South America. Today, CS reaches 30% of Peru's population with 1,500 waste collectors in 1,835 cities. The CS team have worked in partnership with recycling companies to develop a distance education program that has trained 300 professionals in the complete management of residues. They were instrumental in the creation of the first law in Latin America to regulate recycling (2010). When building CS, Ruiz was adamant that she did not want to create a 'typical donation-dependent NGO, but rather a feasible business that would engage poor communities as customers and be able to thrive in a financially sustainable way' ([source](#)).

EXAMPLE



# HOLZMARKT

Based in Berlin, Germany: This urban village comprises more than 20 independent projects, including a restaurant, café, bakery, bars, co-working spaces, cultural facilities, a playground and theatre. The land was acquired from the government via an open sale in 2012, and opened on 1 May 2017 with a 75-year lease. It is built around the principles of inclusion, diversity, revenue sharing and affordable business and living. Sitting close to where the Berlin Wall once stood, the openly accessible village represents a stark contrast to Berlin's rapid, commercially-driven development pattern.

Holzmarkt received preliminary investment from Swiss Pension fund, Abendrot, as well as two banks in Germany, but each shareholder only has one vote – regardless of how much equity they own in the enterprise. A sign over the entrance to the village says, “Big dreams need space and courageous investors” ([source](#)).

EXAMPLE



## INTENTIONAL COMMUNITIES

These are small, often self-sufficient communities that offer an alternate way of living to their members. As micro-villages, they tend to place value on environmentally regenerative practices (e.g. certain types of farming; solar power) and strong community engagement. Where they can be considered part of the impact economy is in their production and internal/external trade processes – if they, for example, have cooperatives that produce food which people can buy, or they encourage the learning of skills that can then be applied outside the community as paid work. They exist as ‘transformational microcosms’ of what the world at large could look like if people lived in accordance with social and environmental principles.

## FINDHORN ECOVILLAGE

Based in Moray, Scotland): Findhorn is architectural community project aimed at pioneering sustainable living and development. It is the largest single intentional community in the UK and a thriving centre of adult education, attracting over 14,000 visitors a year. Work began on creating the village from a caravan park in the 1980s. Initiatives on the site include a biological sewage treatment plant, solar heating system, wind turbines, a sustainable harvested woodland, a comprehensive recycling scheme, a carpooling system, the UK's largest Community Support Agriculture system, a private bank and community currency, and a series of ethical shops tithing a percentage of trading into local community projects. Over 700 residents now live in the ecovillage in state-of-the-art sustainable housing. Their ecological footprint is reported to be the lowest of any community in the industrialised world ([source](#)), and is half the UK average ([source](#)). In 1998, Findhorn received UN-Habitat Best Practice Designation.

EXAMPLE



## PATAGONIA

Based in California, USA: Outdoor apparel company Patagonia has one of the world's most identifiable ethical brand names, and is lauded for being a pioneer in the field of Corporate Social Responsibility. Rooted in the values of environmentalism and transparency, Patagonia are mission-driven to address climate change and the 'threat of extinction'. Founded in 1973, the company has pledged 1% of sales to the preservation and restoration of the natural environment. To date, they've given away over US\$89 million in cash and in-kind donations to grassroots organisations, including \$10 million from a 2017 tax rebate following Donald Trump's tax cuts on US corporations. In addition, the company commits to sustainable product manufacturing (using recycled, low-impact materials) and strengthening ethical supply chain management (tracked via their online [Footprint Chronicles](#)). They have vowed to be carbon neutral by 2025.

EXAMPLE



## CORPORATE SOCIAL RESPONSIBILITY

Intentional private business self-regulation that aims to achieve social or environmental outcomes through the provision of resources (e.g. such as a percentage of profits or the allocation of staff expertise). While many CSR programs incur 'just' criticism for being 'bandaid' solutions – for example, when mining companies pay for community wellbeing initiatives, such as children's sports programs, to build community acceptance or a 'social licence to operate' – some of the big corporations have started to take their social responsibility seriously and use their particular channels of expertise to launch significant environmental initiatives or impact investing programs. When CSR is done well and for the right reasons, it can be transformational.

## SEDCO HOLDING

Based in Jeddah, Saudi Arabia: A leading private wealth management organisation with more than 1,500 employees, SEDCO Holding has pursued a rigorous and centralised CSR agenda, overseen by an tailored CSR department. Their biggest CSR initiative is "Riyali", a financial literacy program developed in partnership with international non-profit organisation 'Operation HOPE' and the Saudi Ministry of Labor. Aimed at young Saudi nationals, Riyali offers a financial responsibility and resilience curriculum consisting of free interactive workshops and an e-learning model. By February 2019, the program had reached more than 550,000 beneficiaries, with SEDCO aiming to reach a further two million over the following few years ([source](#)). In recognition of their efforts, SEDCO Holding won two awards at the 2019 Gulf Sustainability and CSR Awards.

EXAMPLE





## IMPACT / CATALYTIC PHILANTHROPY

Traditional philanthropy is about distanced charity, but there is now a growing movement internationally for philanthropists to take a more 'hands-on' approach to their giving and channel their funds towards projects that prioritise business sensibilities or aim for financial sustainability. Catalytic philanthropists accept a degree of responsibility for the success of programs to which they have donated, and are willing to work in partnership with non-profits to achieve social change. They will use their position of influence to engage other stakeholders towards a campaign, leverage funds from other sources, or facilitate convening and capacity building.

One of the most powerful forms of impact/catalytic philanthropy is by funding Social Impact Bonds or Development Impact Bonds. These can also be known as 'pay for performance' contracts. In a Social Impact Bond, philanthropists provide upfront capital to a service provider to enable that provider to implement a program with pre-agreed social goals. If/When the service provider achieves these goals, the government repays the philanthropic investors their capital, with interest. The benefit of this type of contract is that philanthropy is able to take on the initial risk (in case the goals aren't achieved) and government pays only for the social outcomes (i.e. generally understood as the potential cost savings for mitigating a social problem). Development Impact Bonds work on a similar model, but are intended to fund social development interventions.

## TRYGFONDEN

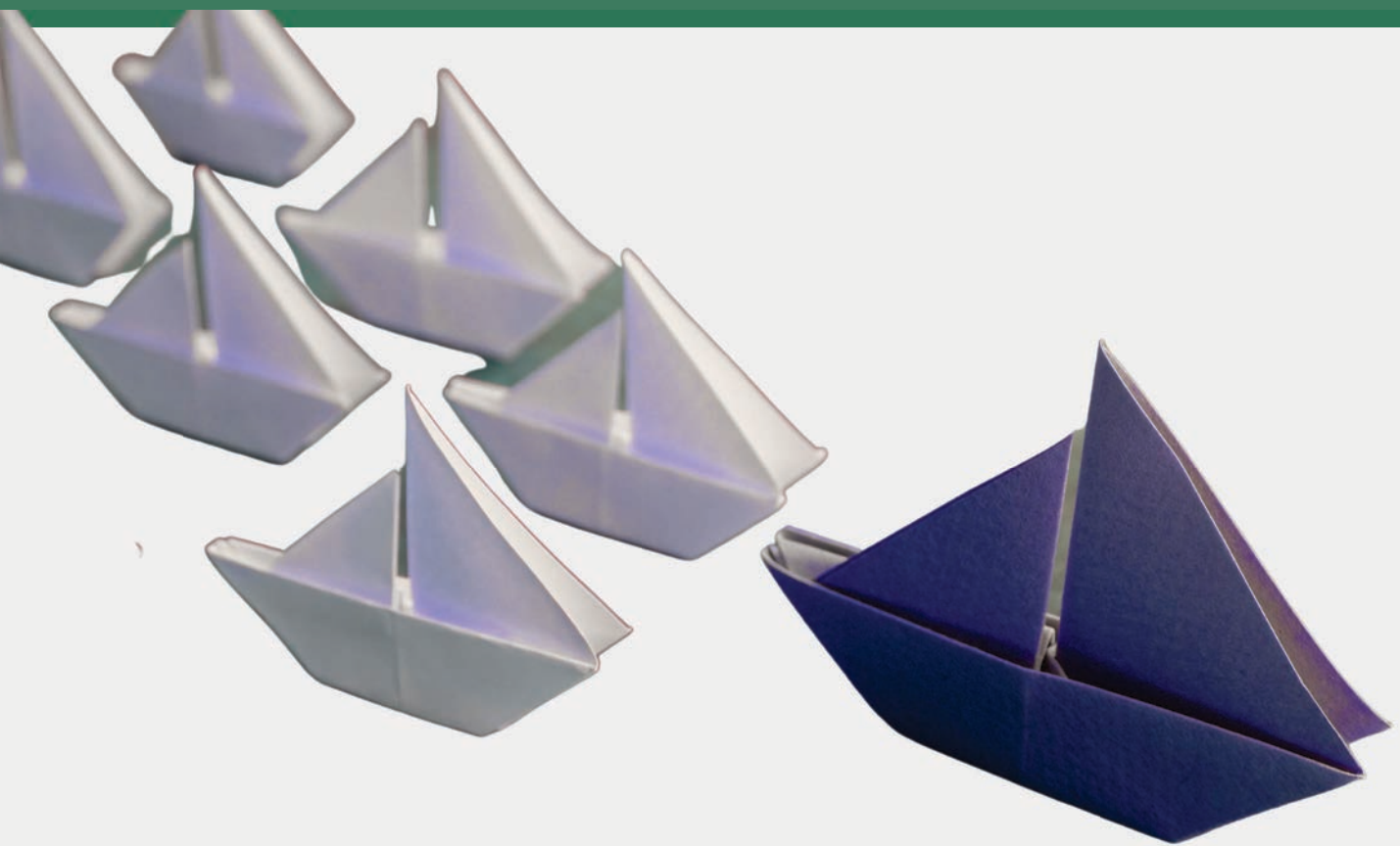
Based in Virum, Denmark: TrygFonden has a targeted funding strategy that is all about catalysing safety across Denmark. With specific focus areas such as road safety, health promotion, disease prevention, patient security and combatting violence and crime, TrygFonden adopts a proactive, experimental approach to creating change. They see their position as one of initiating new projects and taking on the initial risk of trialling ideas that, if successful, can then be taken up by the Government and the public sector. One example of this is when the Foundation donated a rescue helicopter to Region Zealand, which was tested for two years before being brought into public use and extended throughout the country. Director Gurli Martinussen says, "We want to be an active foundation that contributes something more than just money. We want to be a catalyst for long-term positive development. Therefore, it is necessary for us to use different models and tools, and to engage in partnerships and alliances with other stakeholders operating in the same area. This is how we can generate the most impact from our efforts" ([source](#)).

EXAMPLE

## TOW FOUNDATION

EXAMPLE

Based in New Canaan, USA: Despite being a private, family-run organisation (with only four employees), Tow Foundation has helped to catalyse statewide juvenile justice system reform in Connecticut, thereby impacting tens of thousands of young people. The Foundation's early philanthropy work was fairly traditional: they gave limited grants to local non-profits providing direct services to kids in the community. Eventually, Executive Director Tow Jackson realised that change would be much more long-lasting and significant if they could somehow target whole-state reform. To this end, they co-founded and funded a local alliance of non-profits and juvenile justice advocates that collectively pushed for policy and legal change. Over a ten year period, the Foundation worked nearly full-time on this agenda. They commissioned research on the root of the problem, invited experts to speak before Judicial leaders, and leveraged their high profile networks and media connections to get in front of state leaders. The success of this campaign has been groundbreaking: the cut-off age for young people to have the right to be trialled in the juvenile justice system was raised from 16 to 18, the number of young people in contact with the legal system was halved, and the number of convicted youths was reduced from 473 in 2000 to 164 in 2009. Emily Tow Jackson says, "By applying a catalytic approach, we, as a minor player, gain far greater opportunities to create societal value and make our investments have an impact. We are increasing our opportunity to make a difference for many people" ([source](#)).



# RAVEN INDIGENOUS CAPITAL PARTNERS

Based in Vancouver & Ottawa, Canada: Canada's first Indigenous financial intermediary, Raven Capital Partners provides seed and early-stage equity investments to purpose-driven Indigenous enterprises across Canada that can demonstrate commercial viability, scalability and measurable community benefit. Founded in 2017, the organisation uses its platform to 'decolonise the investment process' for Indigenous entrepreneurs, to ensure cultural relevance and safety in a traditionally discriminatory sector ([source](#)). They aim to help build the Indigenous enterprise ecosystem across Canada and thereby help to promote economic reconciliation, in line with the UN Sustainable Development Goals. Raven has also pioneered two Community-Driven Social Outcomes Contracts (pay-for-performance investment programs that are based on the Social Impact Bond model – see section above on Catalytic Philanthropy).

EXAMPLE



## IMPACT INVESTING

Perhaps the most identifiable manifestation of the Impact Economy, impact investing is investing with the intention to create positive, measurable social and environmental outcomes alongside a financial return. It can take the form of debt (loans) or equity, and can be done by individuals or whole institutions. It also must involve a degree of impact measurement to assess whether the investment is performing as expected in terms of its social/environmental outcomes.

Impact investing originated in the developing world from microfinance, which is the provision of micro-loans often to small-scale farmers who would otherwise be unable to access financial markets. Today, the global impact investing market is worth about US\$715 billion (GIIN, 2020). And it is expected to grow even further as millennials (and Gen Z's) – the most vocal supporters of social and environmental change – get set to inherit more than US\$68 trillion from their parents and look to invest in line with their values.

## GRAMEEN BANK

Based in Dhaka, Bangladesh: The world's first microfinance organisation and community bank, Grameen Bank was founded in the 1970s by Pulitzer-prize winner Muhammad Yunus. It has carved out a revolutionary path in international development by providing microloans to women living in poverty, many of whom classify as necessity entrepreneurs working on subsistence farms. In 2018, Grameen Bank expanded its work in impact investing by closing its \$11 million Social Business Fund, which aims to provide additional financing to entrepreneurs with whom Grameen is already working. CEO Andrea Jung says that for every \$1 million invested in the fund, the Fund will enable \$12 million in microloans, on account of the organisation's 99% repayment rate ([source](#)).

EXAMPLE





Florence Honoria O'Reilly was only 25 years old when she travelled from England to Brisbane, Australia in the 1870s. A wealthy heiress and property owner, Florence had no desire to be a nun, but she was a passionate supporter of the education of women and social welfare causes. During her years living in Queensland, Florence used her substantial resources and new investments to provide financial backing for the projects of the Sisters of Mercy across the state, including clearing the debt on the All Hallows' Convent and School (the first school for girls in Queensland), donating land for the establishment of one of Brisbane's biggest public hospitals (Mater Hospital), and providing initial funds for the opening of St Vincent's Orphanage and Holy Cross Laundry (an early social enterprise providing employment for people living with disabilities). These institutions would not have been established or easily maintained in the absence of private investment.

In a letter to the Superior of All Hallows' Convent in 1871, Florence O'Reilly described her intentions by saying, "I wish to serve God in my own humble way as well as I can" (p. 143). By combining her faith and deep personal values with her 'business sense and flair for investment' (p.157), Florence O'Reilly was a pioneer for the local 'impact economy'. The Mercy community in Brisbane continues to thrive as a result of her work, as do thousands of men, women and children who are able to access affordable medical care, education and employment.

## EXAMPLES FROM MERCY HISTORY AND COMMUNITY

The Mercy community has long advocated for money to be used in the service of others – particularly young women. There are innumerable cases around the world of Sisters of Mercy and lay people channelling their capital into purposeful initiatives that champion impact economy principles. Highlighted below are two examples: one from the early days of the Sisters of Mercy in Australia, and one that is a recognisable modern institution of the global Mercy community.

Mercy Investment Services was founded in Missouri (USA) in 2008 as a dedicated investment company to centralise and magnify the financial resources of the Sisters of Mercy. Their asset management and professional endowment programs focus on socially conscious investing to promote systems change and respond to critical needs. The team at Mercy Investment Services use shareholder advocacy, proxy voting, portfolio screening, strategic communications and proactive impact investments to continue the work of the Sisters of Mercy in areas such as health, nonviolence, racism, the environment, fair work, women's welfare and immigration.

The impact investing portfolio of Mercy Investment Services has two components - The Mercy Partnership Fund provides below-market rate investments to more than 60 mission-driven organisations that generate significant outcomes in areas such as affordable housing, health care, financial inclusion, education, environmental sustainability and sustainable agriculture. The Environmental Solutions Fund seeks mission-related, market-rate alternative investments in areas that tend to generate profitable returns, including cleantech, water, green buildings and sustainable agriculture and forestry.

By integrating resources and expertise, the Sisters of Mercy are able to leverage the assets at their disposal to further their advocacy and social welfare work.

# PLEDGEME

Based in Wellington, New Zealand: Founded by the enigmatic Anna Guenther in 2012, PledgeMe is New Zealand's first crowdfunding platform and its first licensed equity crowdfunding provider. As at January 2021, the platform had facilitated NZ\$56 million fundraising into over 50 companies. Two of its biggest success stories include helping Ethique (ethical and sustainable cosmetics company) to raise \$700,000 from 410 shareholders over two equity campaigns, and facilitating a record \$2.1 million into Food Connect Shed - enabling this social enterprise to become Australia's first community-owned food hub. Of the 513 'careholders' who invested in Food Connect Shed, 95% were women. Co-Founder Emma-Kate Rose says that equity crowdfunding gives people who would otherwise be unable to make significant investments or engage in property ownership to be able to have a small investment of \$500 in an ethical, visionary project. She reflects that enabling women's ownership is "just one of those great stories that have come out of [this equity crowdfunding process]" and she can "really see this becoming the norm in future campaigns" ([source](#)).

EXAMPLE



This is a powerful form of capital (or fund-) raising, especially for businesses that are embarking on a project or creating a product with popular appeal. Crowdfunding generally works by raising small amounts of money from a large group of people (i.e. a 'crowd') via internet platforms. Whilst it began as philanthropic in nature, i.e. as a way to raise money for charitable causes, there are now a multitude of crowdfunding platforms available around the world offering 'equity crowdfunding', wherein those who contribute funds are essentially purchasing equity in a business .

## CROWDFUNDING

# THUNDAFUND

Based in Cape Town, South Africa: The great thing about crowdfunding platforms is their ability to champion small, purposeful businesses and showcase their work on a bigger stage than would otherwise be financially or logistically possible. Thundafund, South Africa's leading crowdfunding platform, was built 'for Africans by Africans' - to build trust and loyalty between entrepreneurs and their customers, thereby growing local economies and creating jobs. Co-Founder Patrick Schofield says, "Crowdfunding is the ultimate in the democratization of finance. The many, coming together to back people who create products that they would like to see materialized in the world" ([source](#)). To date, Thundafund has raised \$3.8M for over 1.420 projects that epitomise local innovation and community spirit.

EXAMPLE



# REPUBLIC OF IRELAND

In 2018, the government of Ireland became the first country in the world to pass a bill to sell off its investments in fossil fuel companies. As a result, the state's €8bn national investment fund, ISIF, is required to sell off all investments in coal, oil, gas and peat "as soon as is practicable" (generally speaking, within five years). The bill defined a fossil fuel company as one that derives 20% or more of its revenue from exploration, extraction or refinement in fossil fuels.

Thomas Pringle, the independent member of parliament who introduced the bill, said the divestment movement was "highlighting the need to stop investing in the expansion of a global industry which must be brought into managed decline if catastrophic climate change is to be averted" ([source](#)).

EXAMPLE



## DIVESTMENT

This is when investors voluntarily get rid of stocks, bonds or shares in companies that are shown to be 'unethical' or morally ambiguous – i.e. generally speaking, when they fund a company that engages in practices that are harmful to people and the planet. It is a term commonly used to describe the current movement to stop investing in companies that are engaged in non-sustainable mining, fossil fuel production or carbon infrastructure. In late 2019, leading advocacy organisation 350.org reported that the global divestment movement had already seen \$14 trillion pulled from investments in the fossil fuel sector (Bhardwaj & Lahn, 2018).

## GLOBAL CATHOLIC CLIMATE MOVEMENT

Based in the USA: Founded in 2015 in response to the Laudato Si' encyclical, the GCCM is a global network of lay people, priests, religious, bishops and member organisations working collaboratively on the climate change crisis. Advocating for both 'internal' and 'external' transformation, the network calls for individual and institutional action across three dimensions: spiritually, they encourage members to undergo an ecological conversion to move towards a more passionate concern for the planet; lifestyle-wise, they ask that members lead by example in shrinking their carbon footprint; and in the public sphere, they call for members to raise their voices for bold policy change. In November 2020, the GCCM reported that 47 faith institutions had announced their divestment from fossil fuels, making the largest-ever joint announcement of divestment among religious leaders. The group included 42 Catholic institutions, as well as Protestant and Jewish organisations. Inger Anderson, Executive Director of the UN Environment Programme and Under-Secretary-General of the UN said, "The economic power of faiths, turned to responsible investments and the green economy, can be a major driver of positive change, and an inspiration to others, as we rebuild better" ([source](#)).

EXAMPLE

## ICOOP KOREA

Based in Seoul, Korea: A federation established by six primary cooperatives in 1997, iCOOP KOREA supplies eco-friendly and organic food and fair trade products through a network of over 187 outlets around Korea and via an online store. From the beginning, they have pursued “ethical consumerism”, working with member cooperatives to ensure consumer food security, protect agricultural and environmental systems and uphold human and labour rights. When COVID-19 struck in 2020, iCOOP responded by delivering free meals to vulnerable groups, medical staff and volunteers, donating funds, and providing lunch boxes to over 200 children. During this time, their ethical production policies were recognised by local communities, and sales increased by 40% (compared with the same period in 2019) ([source](#)).

EXAMPLE



## PURCHASING POWER

This is arguably the most accessible form of participation in the impact economy. It refers to the power that consumers have in incentivising/disincentivising business practices through what they choose to buy. It can be as simple as not buying products in the supermarket that contain unsustainable palm oil, or it can be the decision to only purchase jeans from ethical denim companies that don't engage in slave labour. The theory goes that if enough buyers 'speak' with their money in a certain way, production companies will have to listen in order to preserve their profit margins or ability to operate.

## ECO-TOURISM IN THE PHILIPPINES

Recognised as one of the world's 18 mega bi-diverse countries by the Convention on Biological Diversity, possessing 70-80% of the world's plant and animal species and 15.8 million hectares of tropical forests, the Philippines is emerging as a hub for eco-tourism. The government's Department of Environment and Natural Resources (DENR) has recently launched an ecotourism tracking tool (ETT) that aims to promote and monitor sustainability across resorts, parks and other tourism sites across the country ([source](#)). Visitors can engage in homestays, nature tours, touring cultural sites and engaging in sustainable adventure sport activities. Eco-tourism helps to grow local economies and showcase citizens' crafts and skills in a sustainable way that benefits both people and the planet.

EXAMPLE



# TRIODOS BANK

Based in Zeist, Netherlands: Triodos Bank is one of the world's leading sustainable and ethical banks. Founded in 1980 in the Netherlands, it has a mission to 'help create a society that protects and promotes quality of life and human dignity for all'. Today, it has over 721,000 customers across five countries in Europe and the UK. Triodos invests in companies in three thematic areas: environment, culture and social welfare. In the spirit of full transparency, all details of these investments are available to the public via their website. Particular successes include avoiding 962 kilotonnes of CO2 emissions in 2019 via their sustainable energy projects, and providing debt funding to an organisation that offers accessible and affordable financing to over 4 million subsistence and small-scale farmers in rural India. In 2019, Triodos integrated an impact management tool across all of its offices in Europe, which includes an up-to-date Sustainable Development Goal report ([source](#)).

EXAMPLE



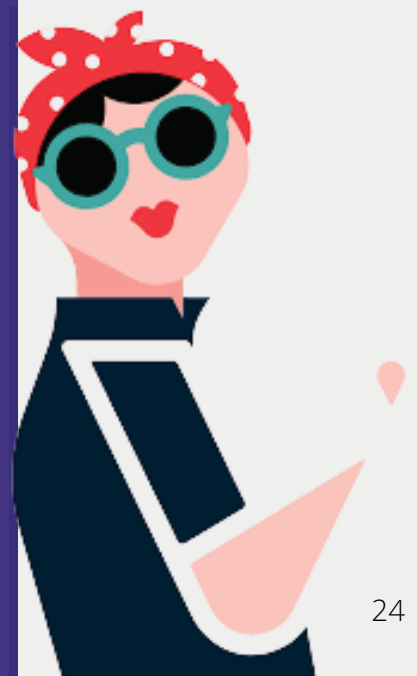
Superannuation (pension) companies and banks are essentially big sale investors. They have their own investment funds that are made up of all the money that we – as the public – put into them for ‘safekeeping’ and interest generation. It is up to these super funds and banks as to how they invest this money. That means that unless they have policies about ethical investing, they can be funding things that are unethical but that generate significant shareholder returns, like tobacco, weapons, unsustainable forestry and fishing, and fossil fuels. As individuals, we have the power to choose into which super funds or banks we will put our money. We can opt for more ethical super funds and banks that commit to ethical investment policies and perhaps even engage proactively in impact investing (see above for definition).

## BANKING & SUPERANNUATION

# VERVE SUPER

This organisation is Australia's first super fund dedicating 100% of its resources to building the wealth (what they call “an abundance of what you value most”) and financial power of women. Verve was founded by three women in 2018, one of whom is a former humanitarian and financial inclusion expert for the United Nations. Together, they have built a fund that is specifically tailored to the advancement of women's financial strength and literacy. They offer a support team, parental fee support and only make ethical investments in areas such as renewable energy, efficient public transport, healthcare, social wellbeing and healthy food production. They are particular advocates for gender-lens investing and women's leadership in business, and they only invest in companies that have at least one woman on the board ([source](#)).

EXAMPLE

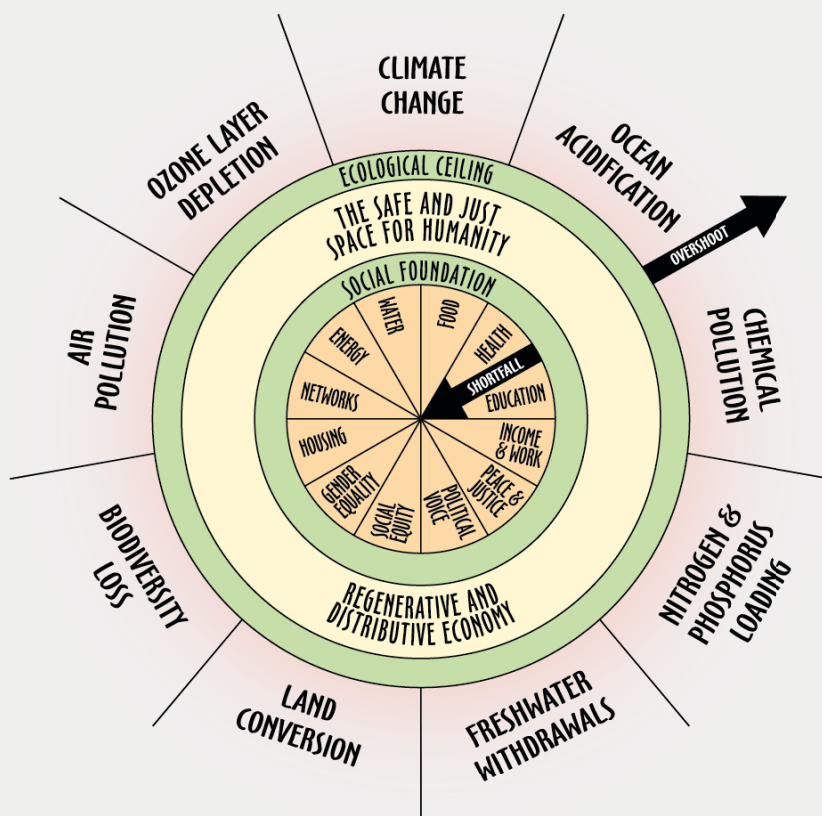


## 2.3 Frameworks of Success

“... the metrics that we define our success by and guide us are far too narrow. They’re just based around finance or GDP. I think we need to broaden those metrics considerably to bring more visibility into the things that really matter to us.”

- Damon Gameau, Journey to Impact, p.9.

New models of prosperity are emerging within the Impact Economy that take into account people, planet and profit. These models are all based on the same principle: that we can use business and the market to achieve a more holistic and sustainable wellbeing for the biosphere. It doesn't matter which model one chooses to follow; the important point is that we adopt a different understanding of success/progress to that espoused by traditional capitalism.



## DOUGHNUT ECONOMICS

Presented in 2017 by Oxford economist Kate Raworth, the doughnut is a “compass for 21st Century prosperity”. It measures the performance of an economy by the extent to which it can meet people’s basic needs (the Social Foundation) without overshooting the world’s ecological ceiling. The aim of our economy is therefore to be ‘regenerative and distributive’ and thus create a ‘safe and just space for humanity’.

## UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

A set of 17 development goals that are “a blueprint to achieve a better and more sustainable future for all”. The SDGs were set by the United Nations in 2015 and are intended to provide a tangible roadmap for governments, businesses and individuals until the year 2030. These goals are often held up as the preferred framework for impact measurement in impact investment.



## THE GLOBAL GOALS



## CIRCULAR ECONOMY

A systemic approach to economic development, the circular economy moves away from a linear ‘take-make-waste’ model of consumption towards a more closed loop model that is regenerative in nature. The aim of this approach is to create restorative consumptive systems that prevent overuse of our world’s finite resources, thus enabling the planet to flourish.

## GROSS NATIONAL HAPPINESS

This is a philosophy currently used by the Government of Bhutan to guide governance decisions. Adopted in lieu of Gross Domestic Product (GDP), it uses an index to measure the collective happiness and wellbeing of the Bhutanese population. The pillars of GNH take into account a mix of quality-of-life factors, including good governance, sustainable development, preservation and promotion of culture and environmental conservation.







## Section 3

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Money as Mercy:  
Navigating the Impact Economy in  
the spirit of Catherine McAuley

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“We must try to be like those rivers which enter into the sea without losing any of the sweetness of the water.”

– Catherine McAuley

Mercy is very aligned to the principles and aims of the Impact Economy. It seeks similar outcomes – human and ecological flourishing – and advocates for “practical concern for anyone in need” (Bourke, M.C. 1987, p.26).

Catherine McAuley was a pioneer of the impact economy before it became a tangible movement. The pragmatic use of her large inheritance to set up Baggot Street in service of vulnerable women was an intentional investment with clear social aims. It demonstrated “a different pattern in dealing with the poor from that which prevailed in upper class society” i.e. a belief that ‘condescending distribution of alms was not adequate’ (Kelly, R. 1978; Wheeler, C. 1992, 3). It reflected instead her firm belief that ‘poverty is not a fate’ but could be tackled with proactive market mechanisms.

“When the inner... joy of compassionate service is married to a practical and pragmatic drive to transform our economic, social and political institutions, a radical and potentially all transforming holy force is born.”

– Andrew Harvey, Yoga International

Since that time, the Mercy community has grown on a foundation of active participation in society and a pragmatic advocacy for the things that must change. In effect, the spirit of our community has become about ‘living Mercy’. And the use of money is just one of the ways in which we can do Mercy. Money, as an energy, can imbue the essence of our intentions and give us a constructive way to enact change within existing market dynamics. It is integral – not separate – to the Mercy mission because it is arguably the most tangible form of social advocacy. Mercy thus gives us a way of approaching this new economy: a way of being involved and a way of learning to speak the language of the market with our own cadences.

So, with what does Mercy equip us in this new economy?

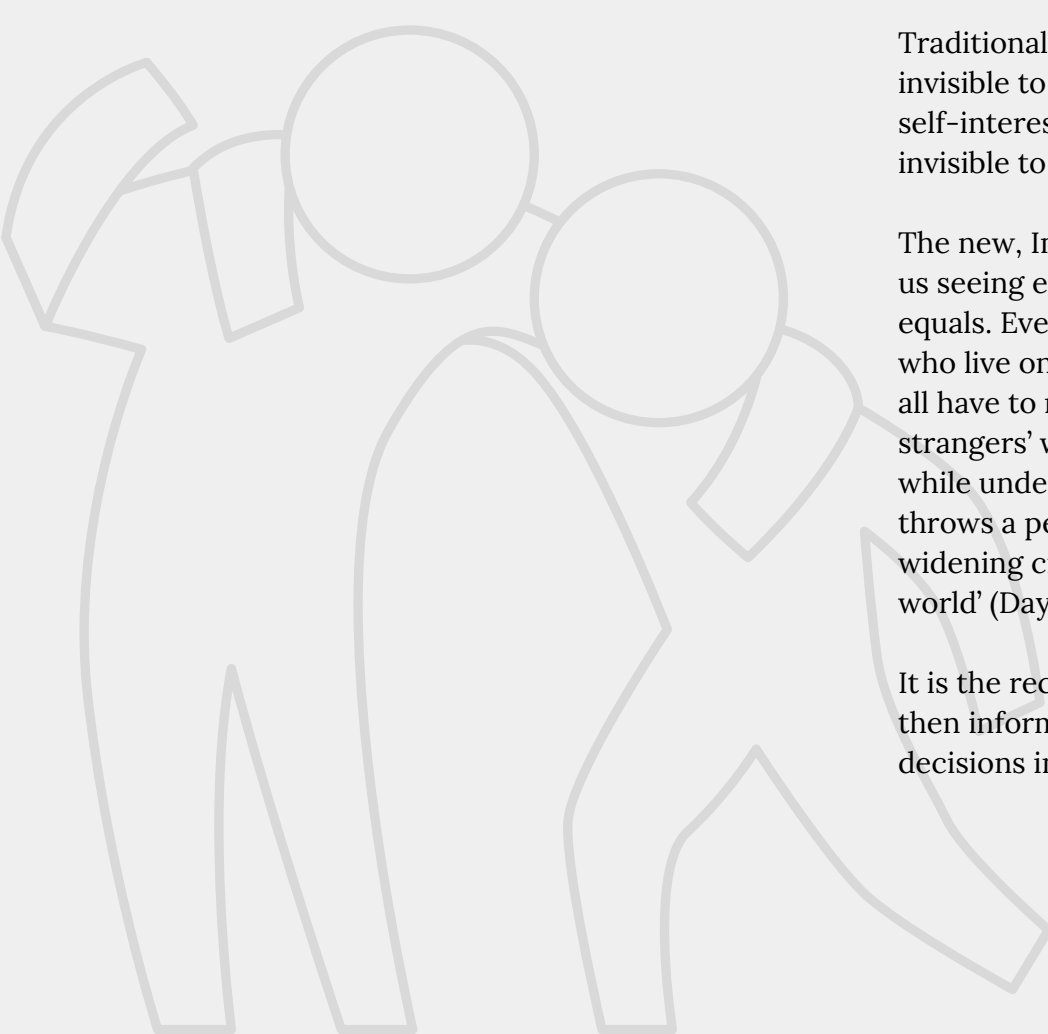
Most profoundly, and most importantly for this discussion paper, mercy gives us a way to see ourselves and to become visible to each other. Mercy, as a practical outpouring of love and service, relies on relationship: it can only exist in the inter-relating between two living subjects. It is “never a unilateral act or process” but only truly occurs when we recognise at the moment of performing mercy that we are “at the same time receiving mercy from the people who are accepting it from us” (Pope John Paul II, 1980, 14). This process of deep conviction requires us to know ourselves, and to know others as interconnected souls

In understanding this, we move away from prejudices that see mercy as instilling inequality between givers and receivers – where transactions of charity become belittling – and move to a place of mutual recognition of our ‘common experience’, our interdependence, and the dignity of all beings.

Mercy, in essence, is capable of restoring us to ourselves, and uniting us in deepest respect for each other (Pope John Paul II, 1980, 14).

“To be without mercy is to be yet without an honest awareness of our own humanity... Mercy is what makes us, keeps us, available to one another. It opens our heart to strangers. It enables hospitality. It is the glue of the human race. Tennessee Williams understood the relationship of mercy to human interdependence when he wrote, ‘I have always depended on the kindness of strangers’.”

– Joan Chittister, 2016



Traditional capitalism relies on us being invisible to each other. With its focus on self-interest, it also relies on us being invisible to ourselves.

The new, Impact Economy, depends on us seeing each other as interconnected equals. Even if we cannot know those who live on the other side of planet, we all have to rely on the ‘kindness of strangers’ who make financial decisions while understanding that when one throws a pebble in the pond, ‘its ever widening circle will reach around the world’ (Day, D. 1946).

It is the reciprocity of mercy that must then inform our framework for making decisions in the Impact Economy.

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## 3.1 The Mercy Impact Economy Framework

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“This pattern of relationship, which locates us humans alongside other creatures and stresses interconnectedness without blurring differences, gives a new impetus for ethical behaviour based in that relationality with one another and the wider whole which can supercede notions of dominion.”

– Mary Tinney rsm, 2020

This framework is not intended to recreate the wheel. Instead, it draws on aspects of the Mercy Justice Advocacy Approach and the Social Analysis tool to link mercy principles with Impact Economy – and predominantly, impact investing – principles. I hope it will serve as a way for our community to open discussions about financial decisions.

The framework I propose has four stages:

1

**Knowing Self** – Any genuine cultural shift begins with the individual. This foundational step of contemplation asks us to reconnect with our interior and understand where we stand within the economic and political systems of our world and what we hold to be important.

**Knowing Others** – Based on the belief that change will only come when we realise our interdependence with all living things in the biosphere. This requires us to “go towards the other” to seek genuine understanding of their experiences and what is needed for change.

2

3

**Knowing What’s Possible** – When we are privileged to have agency within the market, we ought to take responsibility in working for that privilege for others. First, we need to have a grounded understanding of what is possible with the resources at our disposal, given our individual circumstances, influence and networks.

**Knowing How to Grow** – The Impact Economy insists that we can’t just throw money at something, stand back, and watch it transform unjust structures. We need to prepare ourselves for ongoing learning and adaptation, which begins with measuring our outcomes and seeking to know the truth of our impact

4

I like to think of this framework as a boat – a simple vehicle that can transport us away from the precipice of global destruction and towards more restorative, regenerative waters.



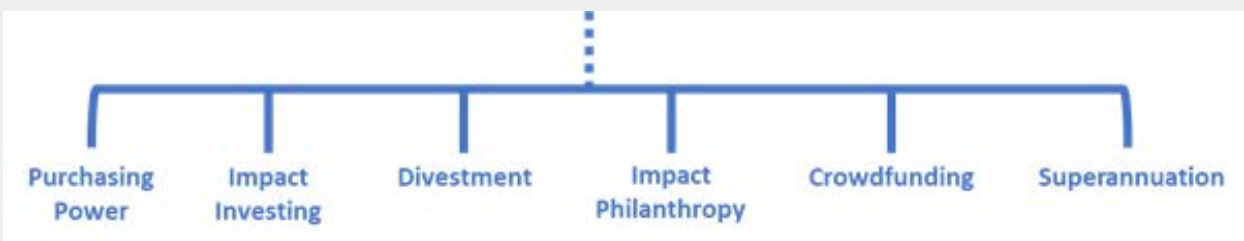
<b>KNOWING SELF</b>	<p><b>Why this step is needed:</b></p> <p>To understand my own perspective and what resources I can bring to the table.</p>	<p><b>KEY QUESTIONS</b></p> <ul style="list-style-type: none"> <li>• What do I hold to be sacred and beautiful in this world?</li> <li>• Where do I stand? What is my position of influence?</li> <li>• What do I have? How did I come by these resources? <ul style="list-style-type: none"> <li>○ Capital</li> <li>○ Networks</li> <li>○ Time</li> <li>○ Expertise</li> </ul> </li> <li>• What am I seeking to achieve?</li> </ul>
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<b>KNOWING OTHERS</b>	<p><b>Why this step is needed:</b></p> <p>To ensure we understand the experience of others and what is truly needed for change.</p>	<p><b>KEY QUESTIONS</b></p> <ul style="list-style-type: none"> <li>• What do I know to be true?</li> <li>• What is really needed by those whom I seek to benefit?</li> <li>• Who else should be involved?</li> </ul>
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<b>KNOWING WHAT IS POSSIBLE</b>	<p><b>Why this step is needed:</b></p> <p>Working from a foundation of knowing self and others to honestly assess the financial options available.</p>	<p><b>KEY QUESTIONS</b></p> <ul style="list-style-type: none"> <li>• What do I propose?</li> <li>• Does this proposal contribute to an actual solution or just prevent harm/benefit stakeholders?</li> <li>• Is this proposal the best way of achieving the solution?</li> <li>• What is the possible risk / return / impact matrix?</li> <li>• Is the idea viable?</li> <li>• Who will lead this idea? Are they intentional?</li> <li>• What is my role within this proposal?</li> </ul>
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<b>KNOWING HOW TO GROW</b>	<p><b>Why this step is needed:</b></p> <p>To ensure we are learning and adapting, and honestly evaluating our own actions.</p>	<p><b>KEY QUESTIONS</b></p> <ul style="list-style-type: none"> <li>• What will success look like?</li> <li>• What measurement frameworks can I put in place to track outcomes?</li> <li>• Whose stories/perspectives am I privileging?</li> <li>• What are my lessons learned?</li> </ul>
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## 3.1.1 Understanding the four stages

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Below are some discussion questions and points to help guide members of the Mercy community in approaching financial decisions within the Impact Economy.

### KNOWING SELF

#### WHAT DO I HOLD TO BE SACRED/BEAUTIFUL IN THIS WORLD?

This question gives us the opportunity to articulate our values. Ideally, these will be grounded in notions of human and ecological flourishing. For example, our passion could be the conservation of turtles, renewable energy, addressing climate change, the education for women, or reducing poverty. What is it about this passion that is sacred and beautiful, and therefore, worth preserving?

#### WHERE DO I STAND? WHAT IS MY POSITION OF INFLUENCE?

This question requires us to examine our own privilege – to understand from where this comes and what structures or norms enable it. This position might be context dependent, based on the country in which we live, the family into which we were born and the education we may have received. What is useful about this position, and what about it might be contributing to the very problems that I seek to address?

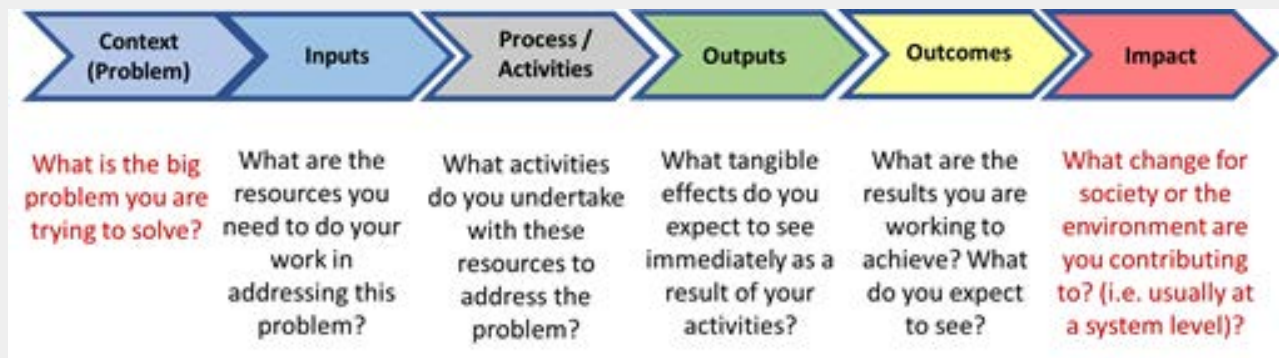
#### WHAT DO I HAVE? HOW DID I COME BY THESE RESOURCES?

This is meant to be a broad question that considers networks, time and expertise as well as capital (financial) resources. For example, I might be a wealthy person with limited time but a large network and a good degree of specialised expertise in a given area. Or, I may have very little cash but be surrounded by a large, loving community and have a fair degree of time to spend on projects that I love. What resources, at this given time, can I therefore mobilise/leverage to create change? We must always remember that some things cannot be fixed by money alone, and that is where our other skills and capabilities become very valuable.

#### WHAT AM I SEEKING TO ACHIEVE?

Based on what I value – what I find sacred or beautiful in this world – what is the problem I would like to help solve? In recognition that I cannot do this single-handedly, or indeed quickly, what are some smaller, more tangible goals that I can tackle that contribute to a broader solution? When thinking about this question, it might be helpful to construct what is called a Theory of Change, which basically narrates the change I seek to achieve.

## Theory of Change -



(Image courtesy of ImpaQt Qld, 2020)





## KNOWING OTHERS

### WHAT DO I KNOW TO BE TRUE?

Sometimes what we think we know about a particular issue is not necessarily true, or the full picture. In many cases, we build a narrative about a problem from how it is represented by the media or framed by our friends. It is important for us to question our assumptions and become as objectively informed as possible, which means researching (close to the source) about how the problem came about, what sustains it, how it is viewed by those most affected, and what are the short and long-term ramifications.

You might like to break down your research with the Mercy Social Analysis Tool, which considers Social, Economic, Historical, Cultural, Political, Religious, Ecological and Gendered Factors.

### WHAT IS NEEDED BY THOSE WHOM I SEEK TO BENEFIT?

In any problem or scenario, there will be people who are more affected than others. We can't presume to understand what is felt by those people, or what the best solution might be. Instead, we should seek a wide group of alternate perspectives to gain a more nuanced picture of what could be most beneficial.

For example, I once heard a story about a 'voluntourism' project to build a well in an isolated community to improve accessibility to water: while the volunteers thought it a transformational intervention, they failed to realise that the local women actually preferred to walk to the river to collect water because this was their only opportunity within the day to congregate together and talk without being subject to criticism from the men in the village. For these women, the well actually contributed to a bigger problem.

Mercy in action requires us to relate to each other in the spirit of equality and reciprocity. This begins with approaching the other from a place of inquisitiveness and learning

### WHO ELSE SHOULD BE INVOLVED?

We never act in isolation, and change requires many hands. Who can we draw on in our own networks to help us? This is a particularly important question if we intend to address a problem that affects others (rather than ourselves). The old but true saying goes: "nothing for us, without us". In other words, it is important to encourage local ownership of solutions wherever possible, to ensure sustainability over the long-term.

# KNOWING WHAT'S POSSIBLE

## WHAT DO I PROPOSE?

In the context of this paper and the Impact Economy, what financial activity do I propose to undertake? For example, do I intend to (impact) invest in a profit-for-purpose company that produces meat substitutes? Or do I intend to shift my purchasing tendencies towards ethical buys? Whatever our proposal, it should fit within our means and abide by any legal, religious or other rules to which we have subscribed (e.g. Canon Law).

## DOES THIS PROPOSAL CONTRIBUTE TO AN ACTUAL SOLUTION, OR JUST PREVENT HARM/BENEFIT STAKEHOLDERS?

This question links to a framework put forward by the Impact Management Project (IMP), a global consensus around how we talk about, measure and manage social and environmental impact. Launched at the UN General Assembly in 2016, the IMP is led by a global network of standard-setting organisations including the United Nations Development Programme, the Global Impact Investing Network, the Global Reporting Initiative, the World Benchmarking Alliance and the OECD. The IMP has three categories for describing the impact of our financial decisions (see diagram below).

In every case, we have the opportunity to consider whether what we propose to do will merely act to avoid harm, benefit particular stakeholders, or actively contribute to solutions. The Impact Economy prioritises those initiatives that fall under Category C: Actively contribute to solutions. We may not be able to do this all the time, but it is always worth asking ourselves whether we could be doing more within our means to address a particular problem.

More generally, the investment world also has Environmental, Social and Governance (ESG) screening to help us make ethical investment decisions. When we apply an ESG screen (otherwise known as a negative screen), we would refuse to invest in the production of tobacco, pornography, weapons, unsustainable forestry and fishing, inhumane farming, and fossil fuel extraction and infrastructure.

### Enterprises' intentions relate to three types of impact: A, B or C

Illustrative example



(Image by Impact Management Project)

## IS THIS PROPOSAL THE BEST WAY OF ACHIEVING THE OUTCOMES I DESIRE?

What evidence is there to suggest that what we propose to do financially is the most effective way of achieving our desired outcomes? Are there financial or subject experts with whom we can consult? Is one organisation or company better positioned than another to carry out our intentions? Who has the most leverage within the community I seek to serve? What resources do they need and in what way will they most benefit from these resources (i.e. through crowdfunding, investment?).

## WHAT IS THE POSSIBLE RISK / RETURN / IMPACT MATRIX?

Investments are generally assessed on their risk/return spectrum, meaning that investors want as big a return as possible with minimal risk. The Impact Economy relies on a risk/return/impact spectrum, where the principle is the same but with an impact lens. So, how much impact can we create, while simultaneously generating a return and minimising risk? You may like to frame your proposal using a visual matrix.

## WHO WILL LEAD THIS IDEA? ARE THEY INTENTIONAL?

Following from the above, if you are supporting others in leading an idea/initiative and placing your trust in their expertise, do you have reassurance that they are similarly aligned to you in wanting to see certain social/environmental outcomes? This question is not meant to prompt patronising assessments of those we support; rather, it is a chance for us to ensure we are on the same page as changemakers working in unison.

## WHAT IS MY ROLE WITHIN THIS PROPOSAL?

Is there more that I can do beyond investing/using my financial resources? Perhaps I can use my position to leverage additional funds from others? Or perhaps I can offer to help with a communications campaign, or volunteer? There are always skills that we can offer that enrich the reciprocity of mercy. The Impact Economy relies on us taking an active role in our societies to create the change we want to see.

# KNOWING HOW TO GROW

## WHAT WILL SUCCESS LIKE?

I might have a grand vision for success – for example, reducing global carbon emissions by 0.5% – but in reality, I won't be able to achieve this vision singlehandedly. Rather, it helps to set progressive milestones, and work out at what points I should bring in other supports to get things done. Even little steps in the right direction can be hugely effective in facilitating systemic change.

## WHAT MEASUREMENT FRAMEWORKS CAN I PUT IN PLACE TO TRACK OUTCOMES?

Measurement is key to understanding whether our actions (and financial resources) are having the desired impact. This isn't a 'drop the mic' scenario! Luckily, there is a global push for standardising impact measurement, and there are many frameworks out there – ranging from simple to complex – that we can access to help guide our efforts. Many of these frameworks are built on the UN Sustainable Development Goals, so this is a good place to start. We can begin by identifying the SDG(s) that we seek to address, and highlighting key indicators of progress that relate to our activities. Then, we can work backwards to set some short and long term goals.

The important thing to remember is that we are always learning. And it helps to seek objective feedback from others. If our proposal isn't working, we can adapt. There will always be people out there trying to achieve the same goals, and where possible, we should collaborate!

## WHOSE STORIES / PERSPECTIVES AM I PRIVILEGING?

When measuring progress, what qualitative evidence am I collecting, and how do I know this is the true/full story? Some initiatives might benefit certain groups of people but actually fail to impact those at the margins – those whom I really wanted to serve in the first place. Wherever possible, we should try to get first hand feedback from our target beneficiaries. If our initiative is intended to benefit animals or an ecosystem, we should consult those who look after these beings or places. We shouldn't rely on quantitative reports – these miss the nuances and stories of impact (and the essence of mercy in action).

## WHAT ARE MY LESSONS LEARNED?

And how can these inform future efforts? How am I sharing what I have learned with others, to encourage more, and more effective, involvement? Even if we make mistakes along the way, these should be communicated to speed up efforts towards impact.

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### 3.1.2 Seeing what is possible: Deciding which financial mechanisms are best for your mission?

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“The logic underlying these innovative forms of [financial] intervention is one which acknowledges the ultimate connection between profit and solidarity, the virtuous circle existing between profit and gift.”

- Pope Francis, 16 June 2014, citing part of the preface to the book of Cardinal Gerhard Muller, *Povera per I poveri. La Missione della Chiesa* [“Poor for the Poor.” The Mission of the Church].

There is a common misconception that we can't use our money to make a difference unless we're rich. This is not true! Just as all of us need a certain amount of money to get by – to sustain a livelihood – so there are ways that we can be (pro)active within the market of the Impact Economy.

The following table outlines the main components of each of the major financial interventions (otherwise known as instruments) that are available to us depending on our particular circumstances. These are not exhaustive, but they do help us to 'know what is possible'.



“It is time for us to raise our voices and make an impact through our choices.” – Sir Ronald Cohen, 2020, *Impact*, p.194.

# PURCHASING POWER

## MONEY REQUIRED

Minimal. I can do this when buying everyday essentials.

## TIME REQUIRED

Can be significant at the outset as you do your research. But after that, it should be second nature!

## FINANCIAL RETURNS?

No.

## DETAILS?

As consumers, we have significant power to change production patterns through our purchasing preferences. A good way to start is by seeing whether the companies that produce the things you buy are B Corporations, social enterprises, or if they are independently certified, e.g. as Organic (Soil Association); Vegan (Vegan Society); Fairtrade (Fairtrade Foundation); and/or Cruelty Free (Cruelty Free International).

## TO KEEP IN MIND

It is incredibly hard to track supply chains, especially when so many things that we consume are made overseas. Don't worry if your choices aren't perfect – start somewhere! And don't be afraid to email companies to ask tough questions about their practices.

## WHERE TO GO

- [B Corporations Directory](#)
- [The Good Shopping Guide](#)
- [Ethical Consumer](#)
- [Shop Ethical](#)
- [Baptist World Aid Ethical Fashion Guide](#)
- [Social Enterprise UK Directory](#)
- [Social Enterprise Alliance US](#)



# CROWDFUNDING

## MONEY REQUIRED

The next step up from purchasing power. Generally I can participate at any level in crowdfunding but usually between \$20 and \$5,000.

## TIME REQUIRED

Minimal +. It's up to you re. how much you engage with the organisation and its mission.

## FINANCIAL RETURNS?

Only in equity crowdfunding, i.e. when you purchase a share in the company.

## DETAILS?

Crowdfunding is a great way to support your favourite organisation or project - or to gather resources to start your own! You can also encourage others to be involved in a campaign. Equity crowdfunding enables you to become a shareholder at minimal expense (often \$500+).

## TO KEEP IN MIND

If you want to engage in equity crowdfunding, make sure the organisation you wish to support is raising capital through an authorised equity crowdfunding provider/platform. This will protect your rights as a shareholder.

## WHERE TO GO

- [GoFundMe](#) (various)
- [IFundWomen](#) (various)
- [Crowdfunding Emprende Up](#) (Peru)
- [Birchal](#) (Australia)
- [Chuffed](#) (various)
- [PledgeMe](#) (NZ & Australia)
- [Kickstarter](#) (various)



# CATALYTIC / IMPACT PHILANTHROPY

## MONEY REQUIRED

While I can donate any level of funds, impact philanthropy generally requires more sizeable donations, e.g. \$5,000+. Social Impact and Development Impact Bonds require large \$.

## TIME REQUIRED

Genuine impact philanthropy goes beyond donating. It's up to you how much time you can commit.

## FINANCIAL RETURNS?

Sometimes, e.g. in Social Impact Bonds

## DETAILS?

Impact philanthropy is different from traditional grant-making. It is uniquely positioned to take those early financial risks to launch new ideas/initiatives. In Social Impact Bonds, impact philanthropists provide upfront capital to fund a project which is then returned by government (with interest) when the project meets its goals.

## TO KEEP IN MIND

For a beneficiary to do their work properly, they need more than just 2-3 years of funding, and they need to spend good money on overheads (e.g. keeping expert staff). When they don't have money to grow, they can't take risks or attempt systemic change. Trust them!

## WHERE TO GO

- [Catalytic Philanthropy by Monday Morning & Realdania](#)
- [Designing philanthropy for impact – McKinsey & Co](#)
- [Philanthropy Australia](#)
- [The Centre for High Impact Philanthropy – UPenn](#)
- [Rockefeller Philanthropy Advisors](#)
- [Peterborough SIB \(World's First Social Impact Bond\)](#)
- [Development Impact Bonds](#)







# IMPACT INVESTING

## MONEY REQUIRED

Generally significant - \$50,000+. But smaller loans or convertible notes can be transformational to early-stage start-up businesses.

## TIME REQUIRED

Can be significant. Requires good base knowledge and due diligence.

## FINANCIAL RETURNS?

Yes. Can be partial, below market rate or at/above market rate.

## DETAILS?

Can be divided into debt (loans to for-profits or not-for-profits) or equity (shareholder) investments. Angel impact investors provide smaller amounts of capital to for-purpose start-up organisations; larger funds can invest significant dollars in established businesses. Some companies eventually go public - i.e. list on the stock exchange - which makes them available to investors everywhere.

## TO KEEP IN MIND

Many social entrepreneurs require a 'leg up' when they first launch a start-up. As an individual, the small loan you provide or the share you purchase can be transformational. Just remember that sometimes, impact investments can generate lower returns than conventional investments, and you may have to be patient to see outcomes.

## WHERE TO GO

- [Global Impact Investing Network](#)
- [SOCAP Global](#)
- [Vatican Impact Investing Conference](#)
- [Impact Management Project](#)
- [Rockefeller Impact Investing Intro](#)
- [The Case Foundation](#)
- [Mercy Investment Services](#)
- [Catholic Impact Investing Collaborative](#)
- [Impact Assets Brief on Impact Investing](#)



# DIVESTMENT

## MONEY REQUIRED

Significant. This is only relevant to me if I have existing shares, e.g. in fossil fuel production.

## TIME REQUIRED

Can be significant. Requires good base knowledge and due diligence.

## FINANCIAL RETURNS?

Sometimes.

## DETAILS?

This is the opposite of investment. It involves getting rid of stocks or bonds that have been invested in unethical companies – and especially in those companies that are involved in fossil fuel production or infrastructure.

## TO KEEP IN MIND

Divesting may take away your rights to a seat at the company's AGM (and your voting rights) but it does give you an opportunity to invest in those things that bring you joy, e.g. renewable energy. It is never too late to divest.

## WHERE TO GO

- [Divest Invest](#)
- [C40 Cities](#)
- [C40 Knowledge Hub](#)
- [Global Catholic Climate Movement](#)
- [350.org](#)



# BANKING / SUPERANNUATION

MONEY REQUIRED	TIME REQUIRED	FINANCIAL RETURNS?
Banking: minimal amount required by bank to open an account. Super/Pension: minimal to significant (if managing own fund).	Minimal to significant (if managing own fund).	Yes.

## DETAILS?

- You can switch at any time to an 'ethical' bank. Take your time when researching the options.
- If you are fortunate to belong to a super fund, or you live in a country where this is compulsory, you can choose a super fund that aligns with your values. Many super funds still invest unethically, but there is mounting pressure for them to change practices.

## TO KEEP IN MIND

Some super funds have ethical 'streams' that you can opt into, but given these streams still remain part of the same super company, it is unlikely they are taking the ethics of this too seriously!

## WHERE TO GO

- [Australian Ethical \(Australia\)](#)
- [Nest Ethical Fund \(UK\)](#)
- [NZ Super Fund \(NZ\)](#)
- [Triodos Bank \(Europe\)](#)
- [PensionBee – Future World Plan \(UK\)](#)
- [Verve Super \(Australia\)](#)





## Section 4

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# Into Calmer Waters: Resources for further discovery and action

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“Fulfilment comes from a balance between what we do for ourselves and what we do for others. Our motivation for creating positive impact as consumers, employees, entrepreneurs and investors springs from being part of something inspiring that is much bigger than ourselves – helping those in need and preserving our planet.”

– Sir Ronald Cohen, 2020, Impact, p.193

The above sections provided an overview of the main components of the Impact Economy, and offered some guidelines on how we might approach this new movement from a spirit of Mercy.

The following section presents a series of resources – books, podcasts, articles and more – that are intended to extend your knowledge. Some are more practical guides; others are opinion pieces that can get you thinking more deeply about particular issues.

*I want to learn more about...*

The Impact Economy  
in general

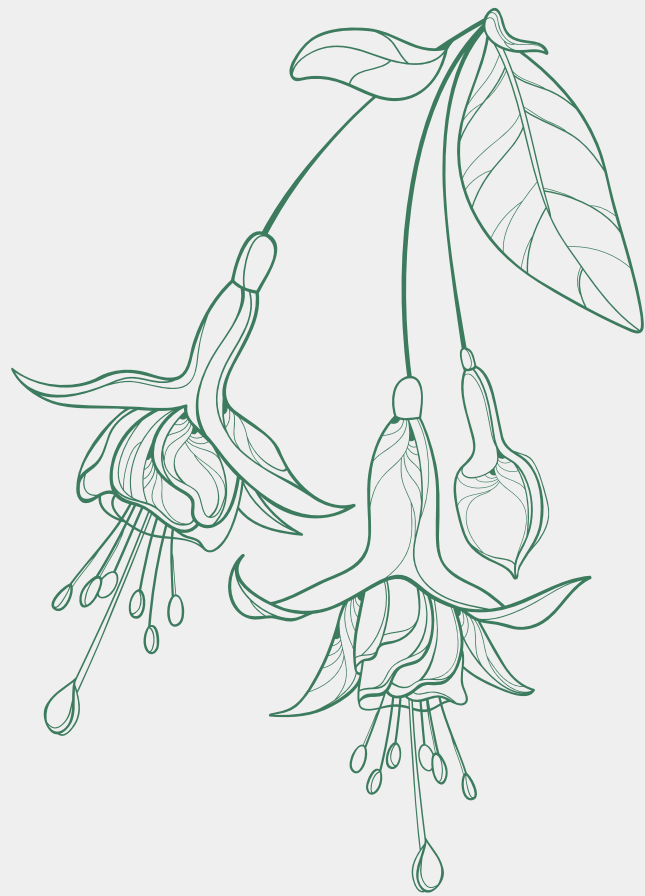
<b>Book</b>	Impact: Reshaping Capitalism to Drive Real Change - Sir Ronald Cohen, 2020	<a href="#">Link</a>
<b>Online Guide</b>	The Impact Revolution - Sir Ronald Cohen	<a href="#">Link</a>
<b>Podcast</b>	The Clean Money Revolution: Reinventing Power, Purpose and Capitalism - Joel Solomon, speaking on Smart & Soulful Money	<a href="#">Link</a>
<b>Magazine / Website</b>	Stanford Social Innovation Review	<a href="#">Link</a>
<b>Podcast</b>	Nipun Mehta: giver, wealth holder, designer for generosity - Dumbo Feather	<a href="#">Link</a>
<b>Podcast</b>	Special Episode: Introducing Myths, Morals & Money - Dumbo Feather Podcast	<a href="#">Link</a>
<b>Article</b>	Economics is messy - Seth Godin	<a href="#">Link</a>
<b>Article</b>	What Good Business Looks Like - Harvard Business Review	<a href="#">Link</a>
<b>Podcast</b>	On Finance Series - Impact Boom	<a href="#">Link</a>
<b>TED Talk</b>	Redefine Success in Business - Hart Houlahan (B Lab Founder)	<a href="#">Link</a>
<b>Book</b>	Winners Take All: The Elite Charade of Changing the World - Anand Gridharadas	<a href="#">Link</a>

## New Measures of Success

<b>TED Talk</b>	A Healthy Economy should be designed to thrive, not grow - Kate Raworth	<a href="#">Link</a>
<b>Article</b>	Embracing Gross National Happiness at work - Madeline Lucas	<a href="#">Link</a>
<b>Website</b>	What is a Circular Economy? - Ellen MacArthur Foundation	<a href="#">Link</a>
<b>TED Talk</b>	An Economic Case for Protecting the Planet - Naoko Ishii	<a href="#">Link</a>
<b>Article</b>	Time for new measures of economic success and wellbeing? - Policy Options Politiques	<a href="#">Link</a>
<b>Article</b>	Why GDP is no longer the most effective measure of economic success - World Finance	<a href="#">Link</a>
<b>Article</b>	20 New Ways to Measure Success - Becoming Minimalist	<a href="#">Link</a>
<b>Article</b>	Konda Mason has Love Capital - Small Giants	<a href="#">Link</a>
<b>Online Guide</b>	SDG Compass - Developed by GRI, the Un Global Compact and the World Business Council for Sustainable Development	<a href="#">Link</a>







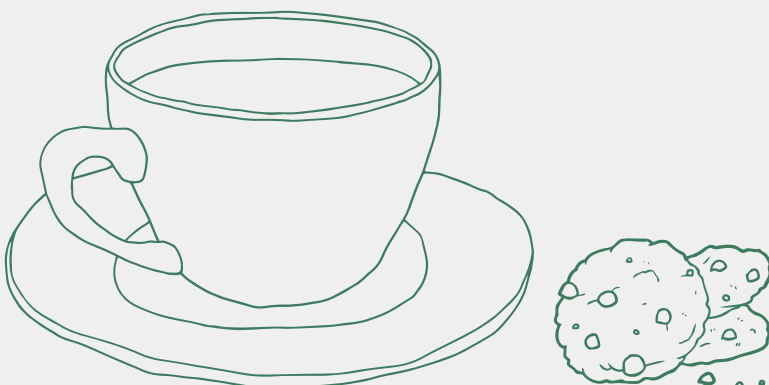
## Impact Investing

<b>TED Talk</b>	To solve the world's biggest problems, invest in women and girls - Musimbi Kanyoro	<a href="#">Link</a>
<b>Book</b>	Impact Investing - Antony Bugg-Levine and Jed Emerson	<a href="#">Link</a>
<b>Article</b>	Don Shaffer invests in relationships - Small Giants	<a href="#">Link</a>
<b>Online Guide</b>	Impact Investments: Comprehensive Guide Post Pandemic - SOPACT	<a href="#">Link</a>
<b>Book</b>	The Innovation Blind Spot - Ross Baird	<a href="#">Link</a>
<b>TED Talk</b>	The human insights missing from big data - Tricia Wang	<a href="#">Link</a>
<b>Online Guide</b>	A Short Guide to Impact Investing - The Case Foundation	<a href="#">Link</a>
<b>Article</b>	Audette Exel invests in change - Dumbo Feather	<a href="#">Link</a>
<b>TED Talk</b>	The case for letting business solve social problems - Michael Porter	<a href="#">Link</a>
<b>Online Guide</b>	Impact Investing: A Guide to this Dynamic Market - GIIN	<a href="#">Link</a>
<b>TED Talk</b>	Profit with Purpose: The Impact Investing Revolution - Andrew Kuper	<a href="#">Link</a>
<b>Podcast</b>	The Impact Investing Podcast	<a href="#">Link</a>
<b>Article</b>	Muhammad Yunus revolutionised banking - Dumbo Feather	<a href="#">Link</a>

## Impact Philanthropy



<b>Podcast</b>	Values-Based Philanthropy - SSIR	<a href="#">Link</a>
<b>Article</b>	The Power of Catalytic Philanthropy - GatesNotes	<a href="#">Link</a>
<b>Article</b>	Catalytic Philanthropy - SSIR	<a href="#">Link</a>
<b>Podcast</b>	Bridging the Climate Change Investment Gap - SSIR	<a href="#">Link</a>
<b>TED Talk</b>	An Introduction to Social Impact Bonds - McKinsey & Company	<a href="#">Link</a>
<b>Video</b>	Katherina Rosqueta Defines High Impact Philanthropy	<a href="#">Link</a>
<b>Article</b>	Catalytic Philanthropy - FSG	<a href="#">Link</a>
<b>Online Guide</b>	Field Guide to Impact Investing: For Australian Charitable Trusts and Foundations - Impact Investing Hub	<a href="#">Link</a>
<b>Online Hub</b>	Philanthropy Insight - Charities Aid Foundation	<a href="#">Link</a>
<b>Podast / Article</b>	Belinda Morrissey on the Role of Philanthropy & Social Enterprise to Tackle Complex, Systemic Problems - Impact Boom	<a href="#">Link</a>





**Food / Agriculture / Renewable Energy /  
Built Environment - in the Impact Economy**

<b>Documentary</b>	I2040 - Directed by Damon Gameau	<a href="#">Link</a>
<b>Online Book</b>	The Future of our Daily Bread: Regeneration or Collapse - Dr Vandana Shiva	<a href="#">Link</a>
<b>Book</b>	The Legacy: An Elder's Vision for our Sustainable Future - David Suzuki	<a href="#">Link</a>
<b>Online Hub</b>	Project Drawdown	<a href="#">Link</a>
<b>Article</b>	Biodiversity and Impact Investing - Nigel Sharp	<a href="#">Link</a>
<b>Documentary</b>	Before the Flood - National Geographic and Leonardo DiCaprio	<a href="#">Link</a>
<b>TED Talk</b>	Why I'm an architect that designs for social impact, not buildings - Liz Ogbu	<a href="#">Link</a>
<b>Online Guide</b>	The Economics of Local Food Systems: A Toolkit to Guide Community Discussions, Assessments and Choices - USDA	<a href="#">Link</a>
<b>Online Book</b>	Retrosurbia: The Downshifter's Guide to a Resilient Future - David Holmgren	<a href="#">Link</a>
<b>Article</b>	Bruce Pascoe rewrites history - Dumbo Feather	<a href="#">Link</a>
<b>Documentary</b>	A Life on Our Planet - David Attenborough	<a href="#">Link</a>



## Recap and Last Words

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“For me the question is really more about who are we becoming? Because our economy will be a reflection of that. Of who we are, of what we believe and of what we value. That’s the big question of this time. Remembering the essence of our humanity, the fact that each of us have soul gifts to bring that aren’t strengths that we might learn in business school but are actually the gifts that are ours innately and must be shared in order for our lives to have meaning. It’s about cultivating our ability to connect with others and see their soul gifts, to actually have curiosity and remember that natural affection that we have for each other and the joy that we have from community.”

– Michelle Long, *Journey to Impact*, p.8

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It is common for people of faith and humanist philosophies to be sceptical about the financial world. Money can be a dirty word. The mission of business has been viewed as fundamentally incompatible with the mission of religion, which has – almost universally – placed priority on helping the poor.

What we now know is that the economy, which is collectively constructed, can be redirected to better serve more holistic aims. It can be used as a driver for human, animal and planet prosperity. What this requires is a deeper understanding by each one of us of the ways in which we have agency in the market, and how we can play a more active role in ensuring the money we earn, spend and invest flows in ways that uplift what we hold to be ‘sacred and beautiful’ in this world.

**The Mercy community is well prepared for this undertaking. Without knowing it, Catherine McAuley and the early Sisters of Mercy were pioneers of the Impact Economy, believing that their funds could be invested in such a way that enabled new pathways of participation for women on the outskirts of society. This wasn't about charity in a traditional sense. It was about honouring human dignity – about truly seeing the other.**

Traditional capitalism has relied on us being invisible to each other: letting the ‘invisible hand’ deal out fates like a pack of shuffled playing cards. Mercy in action is about reciprocity, the process of which relies on us knowing ourselves and knowing others through our common experience. It cannot work without this spirit of mutual relating. It is because of this that I feel Mercy offers us a very tangible and intentional way to approach the Impact Economy. If we choose to see our decisions around money as another way of doing Mercy, then we will naturally have to see ourselves as part of an interdependent world and accept our capacity to use money in a way that contributes to uniting us in a more profound manner. From here, we can begin to hope for powerful remedies to our world's most intractable problems.

This discussion paper has provided an overview of the main components of the Impact Economy, including its mechanisms and measures of success. It has also offered a decision-making framework intended to guide our participation within this economy from a spirit of Mercy. I hope that readers will feel informed and empowered when considering how to use their money to achieve their dearest aims. May we all dig a little deeper to guide our economy away from the precipice, towards calmer, more universally restorative waters.



**“We must try to be like those rivers which enter into the sea without losing any of the sweetness of the water..”  
- Catherine McAuley**



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