The Transformative 25 2022

25 funds transforming finance for people and planet

by Jen Astone, Principal at Integrated Capital Investing

When I launched the inaugural list of Transformative 25 (T25) funds in 2021, I wanted to inspire foundations and investors to learn about underrecognized and innovative funds engaging with the critical issues of the day: structural racism, climate change, economic inequality and COVID-19.

Over the past year, I have learned that curating a list of funds is powerful. In the year after publishing the Transformative 25: foundations and investors allocated millions of dollars to the listed funds; the fund managers recognized that they are part of a movement to build better, alternative, and new approaches to finance and a new economy; and more than 300 people attended six webinars featuring the 25 funds. The visibility of this list enabled foundations, investors, and funds to learn about a growing community of actors building the solidarity economy.

A Pivot in 2022

To prepare the list this year, I recruited a small committee of talented and well-networked individuals to review the Transformative 25 applicants and bring it to a wider audience. Here is a list of the committee members:

Jen Astone
Sharlene Brown
Maria Cadenas
Laura Dellinger
Patricia Farrar-Rivas
David LeZaks
Esther Park
Nikki Pieratos
Lina Shalabi
Stephanie Wong

The group prioritized the recruitment of recently launched funds with the goal of having more diverse fund managers and approaches to integrated capital. To achieve that goal, we streamlined the application process to encourage small-staffed funds to apply. We eliminated the requirement that every fund have a minimum of 2 investors and 2 investments. We proactively recruited from across North America.

The 2022 list includes visionary changemaking fund managers who envision a new economy. These diverse trend-setters are designing solutions to create a just, inclusive economy for people and the planet. As a group, the funds are:

- Two-thirds BIPOC-led (defined as 50% of more of staff and leadership as identifying as Black, Indigenous, and People of Color)
- 70% created in the last 3 years
- 75% brand new to the T25
- 100% have raised capital (grants and investment)
- 44% address climate change

Indicator	2021	2022
Total years in existence	198	113
Total investment raised	$234 million	$237 million
# of investments & donors	1845	1393
# of investments	2162	900

With our 2022 focus on emerging fund managers (launched in the past three years) we found that the number of investors and investments declined from last year as expected. However, the total amount of investment (both grant and capital raise) is similar. We hypothesize that many foundations and investors have recognized the critical role that these new funds and fund managers will play in creating the just and inclusive economy we need.



REAL People's Fund Board members and partners
Photo: REAL People's Fund

Criteria for the Transformative 25

The fund must meet at least three of the following four criteria:

1. Employ integrated capital
2. Use creative finance
3. Focus on social, relational, and ecological returns
4. Engage with ownership and governance for equity

> *...integrated capital is the coordinated use of different forms of financial capital and non-financial resources to support strategies and enterprises working to solve complex social and environmental problems.*
>
> ~ RSF Social Finance

Integrated Capital

In the words and work of *RSF Social Finance,* "integrated capital is the coordinated use of different forms of financial capital and non-financial resources to support strategies and enterprises working to solve complex social and environmental problems." Many of the funds are structured as social purpose funds for community benefit and can receive grant support as well as investments. Others organize themselves with multiple entities.

Creative Finance

A creative finance structure is "when a loan or investment is put together in a different, unusual or innovative way to create a circumstance where a person with a nontraditional credit history or a lack of collateral can access those resources." By providing diverse finance strategies: fixed low interest rates, royalty payments, repayment moratoriums, and recoverable grants, they are reshaping the investor and borrower relationship.

Social, Relational and Ecological Returns

Social, relational, and ecological returns are built into the purpose of the funds alongside targeted financial returns. These funds consider returns in holistic ways. This stands in contrast to funds that emphasize the return on investment (ROI), or the financial gain or loss generated on an investment relative to the amount of money invested.

Ownership and Governance

Many funds focus on redefining ownership and governance, including addressing questions around who owns the assets, who makes decisions about the assets, and how decision-making processes work. They support cooperative conversions and employee shareholder ownership plans (ESOPs). Others are led and managed by people within their communities. These shifts contribute to addressing wealth inequality.

Financial Returns

All the funds have a return profile that they articulate in their prospectus and terms. They range in structure and approach and solicit a range of types of capital from grants to recoverable grants, to investments and equity evergreen funds. Some offer dividends or royalty payments, while others financial returns of 0 – 8%. They embrace diverse approaches and tailor their funds to the communities and entrepreneurs.



Co-op Market supporting local Black farmers. Photo: Communities In Partnership, Durham, North Carolina.

Diverse Leaders Advancing Positive Racial Equity Impact

by Sharlene Brown

As a nation, we have been slow to transform our economy to address systemic racism and the resultant racial wealth gap that leads to disparities in health, education, housing, and other areas. To effectively close these gaps, solutions are best led by those with lived experience, so it is exciting that the *2022 Transformative 25 Funds* showcases a new generation of leadership that offer innovative approaches to tackle these urgent issues.

This year's *Transformative 25* includes a new league of products created by diverse leaders in response to the racial justice demonstrations boldly shaking our consciousness as COVID-19 ravaged the nation in 2020. In the early days of the pandemic, families of color faced insurmountable challenges as financial fragility was heightened by inequities in housing, education, and healthcare access. This moment made inequities stemming from a long history of discrimination in American society much more visible to those living outside of BIPOC communities.

Responding to the urgent social and economic challenges, more BIPOC leaders stepped forward to be solution-makers. These leaders and their funds are reimagining what a more equitable world looks like, building bridges across communities of color, and addressing critical issues like access to healthy foods and the affordable housing crisis facing many BIPOC communities. For example, the *LUNAR Solidarity Fund* is strengthening solidarity across communities in response to the protests emanating from the senseless murders of Black and Brown people at the hands of police and vigilante citizens and the discrimination faced by the Asian community because of the origins of COVID-19.



The LUNAR Fund's co-directors and founders, Yichen Feng and Sabrina Wu. Photo: Deb Nelson.

The Equitable Food-Oriented Development Fund (EFOD) founders, recognizing the strong connection between healthy foods and health — and the stark reality that many people of color reside in food deserts — were inspired to act. This fund takes a community-led approach to shift power and change the food system.

To address the declining supply of affordable housing, innovative approaches such as that taken by *Groundcover* use deep engagement with long-time BIPOC residents, community organizations, BIPOC developers, BIPOC small businesses, and anchor institution professionals to increase funding for projects aimed at creating a permanent portfolio of financially affordable housing stock.

The *Transformative 25 Funds* represents investable opportunities committed to racial and gender justice. Among this year's transformational leaders, two-thirds are founded and/or managed by a person of color or a majority BIPOC team. *EFOD, Groundcover,* and *Solidarity Fund* are examples of investment opportunities centering racial equity. Investors and philanthropy must and can leverage this moment to be partners in solutions that invest in the futures of communities of color.

Agriculture and the T25

by Esther Park

In his book, *Soil Soul Society: a new trinity for our time,* Satish Kumar writes of the importance of soil: "Everything comes from the soil and returns to the soil." And just last month, Sadhguru (a popular Indian yoga and spirituality guru) made an appearance on *The Daily Show* to talk about soil and for the dire need we have as a species to pay attention to what is going on, to nurture instead of depleting the soil on which we depend for our very lives. In response, Trevor Noah said, "I did not know that soil is even something we could run out of."

> *"Everything comes from the soil and returns to the soil."*
>
> ~ Satish Kumar

As we rely on soil as the basis for our very lives, we must also rely on the stewards of that soil to produce the food we eat. But did we also know that we rely on that method of stewardship to ensure water capture and water quality? To build the basis of nutritional density and human health? To capture carbon from the atmosphere and push it into the earth in exchange for those nutrients? If the stewardship is done well, we support our very own health and well-being. If done poorly, we put it at risk.



Egg processing at Trow Heritage Farm, New Hampshire, one of Walden Mutual's first borrowers.

One theme we find in the Transformative 25 is the focus on farmers and ranchers that are stewarding their patch of earth not as a quarry to be mined, but as kin, in a mutually beneficial relationship with the ecosystem in which they find themselves. If COVID taught us anything, it was the demonstration of the fragility of a hyper-efficient industrial food system. Our resilience does not depend on behemoth systems, but rather on smaller, diverse, regionally focused systems.

One great example is *Black Farmer Fund,* which is focused on small-scale Black farmers and food entrepreneurs working in the Northeast. This localized model not only invests in a "foodshed", but also uplifts entrepreneurs that have experienced difficulties in accessing the mainstream financial system due to institutional racism.

Also, of note is *Akiptan*, a loan fund for Indigenous ranchers, many of whom find themselves cash-strapped in the face of quickly amortizing loans. Akiptan offers these ranchers more flexible repayment terms to free up cash flows in the short term, which allows the ranchers to reinvest in their operations.

Potlikker Capital, in partnership with sister organization Jubilee Justice, is working with Black farmers in the South to bring System of Rice Intensification (SRI) production to the United States. They are also bringing a reparative lens to their work to address systematic land theft and land loss among African Americans, estimated at about 30,000 acres every year.

And finally, the T25 features *Walden Mutual Bank,* a de novo operation based in the Northeast, to address sustainable food and agricultural enterprises. As a mutual, Walden will be owned by its depositors — a model not often seen in the for-profit banking industry.

Trends Towards Equitable Ownership

by Patricia Farrar-Rivas

OUR DOMINANT FINANCIAL structures and systems are designed to maintain the status quo, keeping wealth centered at the top, and capital inaccessible to many. The historical model of funds channeling capital to create more capital is not transformative, and it was never meant to be.

We seek to lift transformative funds that disrupt this status quo. Not only do these funds channel capital flows but they also seek to facilitate successful and sustainable outcomes. Transformative funds are disrupting the status quo addressing critical questions including: What is important about capital? Who decides where capital flows, how it is used and what outcomes it supports? How do we foster equitable and inclusive decision making that democratizes finance?

Transformative funds see capital as a tool amongst many to support a resilient planet and people.

They leverage strategies that include equitable ownership and governance structures, increasing the percentage of underrepresented populations as owners, new assessments for risk, and eliminating extractive fees, all practices prioritizing successful outcomes. This year's cohort of *Transformative 25 Funds* embrace promising trends democratizing who deploys capital and how it is deployed.

Among the notable characteristics of this year's list are two-thirds of the funds are BIPOC-led (e.g. *Revolutionary Matriarch Fund, Reinventure Capital Fund, The Women's Capital Collective* to name a few), and the emergence of funds directing capital to cooperative businesses and ESOPs (Employee Share Ownership Plans).

The increase in the number of BIPOC-led funds may be a result of two actions. This year *Transformative 25* had a diverse committee recruiting new funds, and the required minimum of investments made was eliminated (embracing first time funds). While there have been cooperative businesses and ESOPs for decades, investment models able to maintain the integrity of these transformative models are rare. For example, *Kachuwa Impact Fund* supports employee-owned impact companies.

Three trends stand out across many of the funds.

First is redefining risk by moving away from credit checks and toward trusted relationships and credit enhancements to mitigate risk. Many funds recognize multiple factors to assess risk and integrate processes to mitigate risk. For example, guaranteed purchasers, technical assistance and career development, and grant support to reduce technical or market risk. *The REDF Impact Investing Fund (RIIF)* utilizes an underwriting process and risk rating system that values social and community capital and identifies and mitigates risk in partnership with borrowers.

Second is reducing barriers to capital by reducing and/or eliminating fees such as late or closing fees and offering flexible loan structures and terms. This strengthens the relationship between borrowers and investors prioritizing successful outcomes.

Third is reversing who decides where capital flows, from the investor to the community, thereby listening to community members to support successful outcomes.

The *Transformative 25* are demonstrating how capital can be a valuable tool alongside active participation of those with lived and financial experience when directed for non-financial outcomes.



Quechua family collects wild mushrooms in the Peruvian Andes as part of Simbiosis social enterprise, The Reciprocity Fund. Credit: Symbiosis

The Transformative 25

We are delighted to share this list of 25 funds, banks, and initiatives. The list is not exhaustive; it is a starting point for donors and investors. The courageous and innovative managers leading these funds create new paths for aligning capital with racial, gender and environmental justice.

~ Jen, Sharlene, Maria, Laura, Patricia, David, Esther, Nikki, Lina, and Steph

The following **25** *funds have raised over*

$237 million $$$

from **1,393** investors

and made **900** investments *to date.*



Akiptan ✪

www.akiptan.org

Akiptan is a Native CDFI that provides innovative, patient financing and technical assistance to Native American agriculture producers across Indian Country.

Geography – United States – Indian Country



Amazonia Impact Ventures

www.amazoniaimpactventures.com

AIV invests in indigenous and other forest peoples organisations to reach thousands of small producers and communities that live and depend on the forest. Through innovative impact-linked investments AIV incentivise forest conservation and restoration, regenerative agriculture while providing technical assistance to improve business resilience, sustainability and livelihoods.

Geography – South America – Peru, Ecuador, Colombia and other Amazonian countries



Angels of Impact ✪

www.angelsofimpact.com

We restore wealth and power to impoverished communities, through restorative integrated capital and technical assistance for women-led and indigenous-led, community-based enterprises, which in turn aggregate and add value for other women micro-entrepreneurs. We see that investing in the "Missing Middle" entrepreneur has a greater multiplier impact.

Geography – Asia Pacific

✪ Indicates fund that is led by Black, Indigenous or People of Color

Indicates fund that is operating outside of the United States

Black Farmer Fund ✪

www.blackfarmerfund.org

The mission of Black Farmer Fund is to nurture black community wealth & health by investing in black agricultural systems in the Northeast.

Geography – United States – Northeast



CO_Capital Latam I

www.co.org.mx/en/co-capital

CO_Capital is a Latin American impact-first fund. We scale organizations that focus on reducing poverty, promoting gender equality or mitigating climate change – by investing across four themes: i) education and economic development; ii) access to health; iii) access to basic infrastructure; and iv) the nexus between agriculture and ecosystems

Geography – Mexico and Latin America



Employee-to-Owner Down Payment Assistance Fund, Concerned Capital ✪

www.concernedcapital.org

To establish an equity investment fund for the down payment dilemma faced by underestimated, non-traditional business owners/purchasers, community stakeholders, and/or workers who seek to acquire the small businesses they work for. The transfer of ownership to local control creates community wealth and saves jobs.

Geography – United States – Southern California, Santa Cruz, California

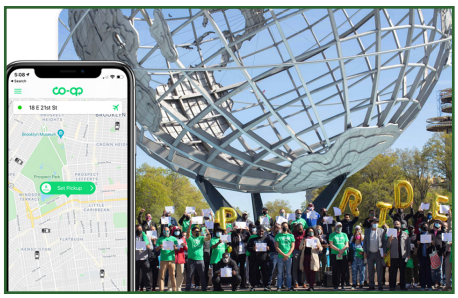


Equitable Economy Fund ✪

www.equitablefund.net

The Equitable Economy Fund is a $2m equity fund designed to provide capital that can accelerate cooperatively-owned and shared ownership companies, while also providing a financial return to limited partners. Investments are sourced from the Start.coop accelerator for seed-stage businesses and our larger network of shared ownership businesses at different growth stages..

Geography – United States



Equitable Food Oriented Development Fund ✪

www.efod.org/fund

The EFOD Fund is a practitioner-governed integrated capital fund modeling an alternative form of investment to support community-led, justice-first, food & agriculture projects. The EFOD Fund centers and uplifts the expertise of Black, Indigenous, and POC practitioners as co-designers, decision-makers, and wealth builders.

Geography – United States





Groundcover, The Guild ✪

www.groundcover.us

Groundcover seeds and develops community-owned cooperative real estate models that allow marginalized communities to collectively steward assets in their neighborhood and creates pathways for communities to build wealth, resilience, and self-determination.

Geography – United States – South

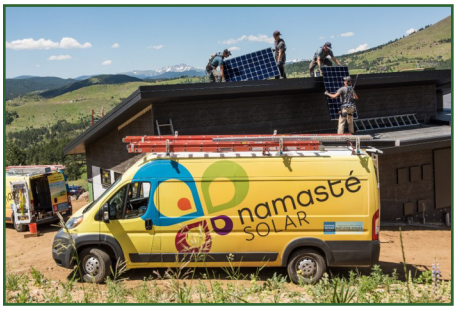


Invest Appalachia

www.investappalachia.org

IA is a stakeholder-led social investment platform, designed to accelerate investment for underserved communities across Central Appalachia. IA partners with place-based intermediaries, providing a blend of flexible investment and catalytic capital to community projects that advance equity, sustainability, and community wealth-building.

Geography – United States – Central Appalachia



Kachuwa Impact Fund

www.kachuwaimpactfund.com

Our investment cooperative: (1) provides privately held impact companies with mission-aligned, long-term, and non-controlling capital; (2) owns and operates impact real estate that supports impact companies and non-profit organizations; and (3) operates for the holistic benefit of all our members and stakeholders rather than for profit maximization.

Geography – United States



Local Ownership Catalyst Fund (LOCF), Infinity Point CDFI ✪

https://www.infinitypointcdfi.org

Infinity Point CDFI, through its LOCF, seeks to catalyze and multiply for future generations the formation of next-generation, worker-owned enterprises. Bringing this decentralizing business paradigm to scale will distribute empowered opportunity, long-term financial security, ownership of mission-driven companies, and self-regenerating capital to millions of grassroots individuals and communities across the US.

Geography – United States



LUNAR Fund ✪

www.lunar.family

LUNAR is a community-governed solidarity fund for collective liberation between Asian American and Black and Indigenous communities. Rooted in solidarity, racial justice, and trust, we deploy patient, flexible, integrated capital to Black and Indigenous-led organizations, businesses, and community developments.

Geography – United States

Matriarch Revolutionary Fund, Native Women Lead ✪

www.nativewomenlead.org



Native Women Lead partners with financial intermediaries to provide patient and equitable character-based lending to Native women entrepreneurs. The Matriarch Revolutionary Fund is an integrated capital fund providing grant and debt capital to established Native women entrepreneurs. We believe we can build a thriving sustainable, inclusive, and equitable Indigenous economy by investing in Indigenous women.

Geography – United States

Potlikker Capital ✪

www.potlikkercapital.com



Potlikker Capital deploys a combination of social, technical, and financial capital to reparatively invest in BIPOC farmers and other agribusiness owners nationally. Our purpose is to preserve and increase diversity in both the scale and racial profile of their businesses, to increase equitable access to healthy food, and to build wealth and voices for BIPOC farmers.

Geography – United States – South and Midwest

R.I.S.E. Artisan Fund

www.riseartisan.fund



R.I.S.E. Artisan Fund works with artisan enterprises in rural communities in emerging markets which lack adequate access to markets or capital due in part to their remote locations or limited resources. We help the entrepreneurs build more prosperous businesses that create richer economic opportunities in these remote regions by providing a platform for access to markets, capital and appropriate resources for business expansion.

Geography – Emerging markets

Raven Indigenous Impact Fund II ✪

www.ravencapitalpartners.ca



The Raven Indigenous Impact Fund II LP invests in innovative, scalable, and purpose driven Indigenous enterprises across Canada and the United States. Raven's decolonized investment process both expresses, and reflects, Indigenous values and ensures invested dollars are linked directly to lifting up Indigenous Peoples.

Geography – United States, Canada

REDF Impact Investing Fund

www.redf.org/what-we-do/impact-lending



Social enterprises that employ overlooked talent are bankable; by providing capital and capacity building services, we build creditworthiness of leaders whose experience is their collateral. Our debt fund seeks to bend the narrative of what and who is "worthy" of investment towards leaders whose talent has been historically overlooked.

Geography – United States



ReinvenTure Capital Fund I, LP ✪

www.reinventurecapital.com

Reinventure works to break the extreme and persistent hyper concentration in the venture sector that drives wealth, health, and social inequities. To that end, we invest in US-based companies led and controlled by BIPOC and/or female founders, and work with them to grow those enterprises into eco-nomic engines.

Geography – United States



Sunwealth Solar Impact Fund ✪

www.sunwealth.com

Sunwealth's Solar Impact Fund brings together investors, local solar install-ers, and communities to finance community-based solar projects delivering clean energy, carbon reduction, savings and green jobs to communities. Our blended portfolio approach extends solar access where it otherwise might not be economically viable while delivering stable, fixed-income returns.

Geography – United States



The Reciprocity Fund

www.reciprocityfund.com

Although they represent just 5% of the world's population, indigenous peoples make up 15% of the world's poor. The Reciprocity Fund provides loans to social enterprises that promote prosperity for indigenous communities in Latin America and Southeast Asia. As a response to a legacy of disenfranchisement, the Credit Committee is composed entirely of indigenous members.

Geography – Latin America and Southeast Asia



Black Farmer Fund



Amazonia Impact Ventures



Akiptan

The Revolutionary Economy for All Local People's Fund ✪



www.realpeoplesfund.org

The REAL People's Fund is a community capital fund offering equitable access to finance for small businesses in the historically disinvested East Bay communities of Alameda and Contra Costa Counties. Our goal is to build economic power and expand opportunity for everyday people.

Geography – United States – Alameda and Contra Costa, California

The Women's Capital Collaborative, RSF Social Finance ✪



www.rsfsocialfinance.org/give/give-to-rsf/capital-collaborative

The Women's Capital Collaborative supports innovative, mission-driven organizations that are owned and/or led by women; support women and/or girls in the areas of health, education, economic empowerment, personal safety, or legal rights; are committed to advancing women in their organizations, are collaborative, transparent, inclusive, and prioritize long-term benefit to stakeholders.

Geography – United States

Thrive Impact Fund



www.thriveimpactfund.ca

Thrive Impact Fund (TIF) is an evergreen and place-based fund that invests in and supports impact organizations and social enterprises across British Columbia. TIF aims to remove barriers to capital by providing non collateralized loans and customizing the 'right capital at the right time'. TIF invests thoughtfully in place, community, people and planet.

Geography – Canada – British Columbia

Walden Mutual Bank



www.waldenmutual.com

Walden Mutual Bank is seeking the first new mutual bank charter to be issued in a generation, to lend to the sustainable food and agriculture ecosystem in New England and New York, while offering depositors the opportunity to align their deposits with tangible, local and specific impact. Owned by its depositors and designed to deliver stakeholder value, Walden Mutual has constructed innovative impact measurement tools and analytics to lead the renaissance of sustainable food and agriculture in the region.

Geography – United States – Northeast

Acknowledgements

Special thanks to all the committee members who support and encourage this list, the webinars and work. In addition, I thank Luna Erika Hernandez Ramirez for her tireless efforts to develop the *Transformative 25* blog and webinar series. I take all responsibility for the content and any errors of omission. Please contact the fund managers for updated information and note that this list is provided for educational purposes only and is not offered as investment advice.

Design & Layout by Marianne Wyllie

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CONCERNED CAPITAL





















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RAVEN INDIGENOUS IMPACT FUND









REDF





