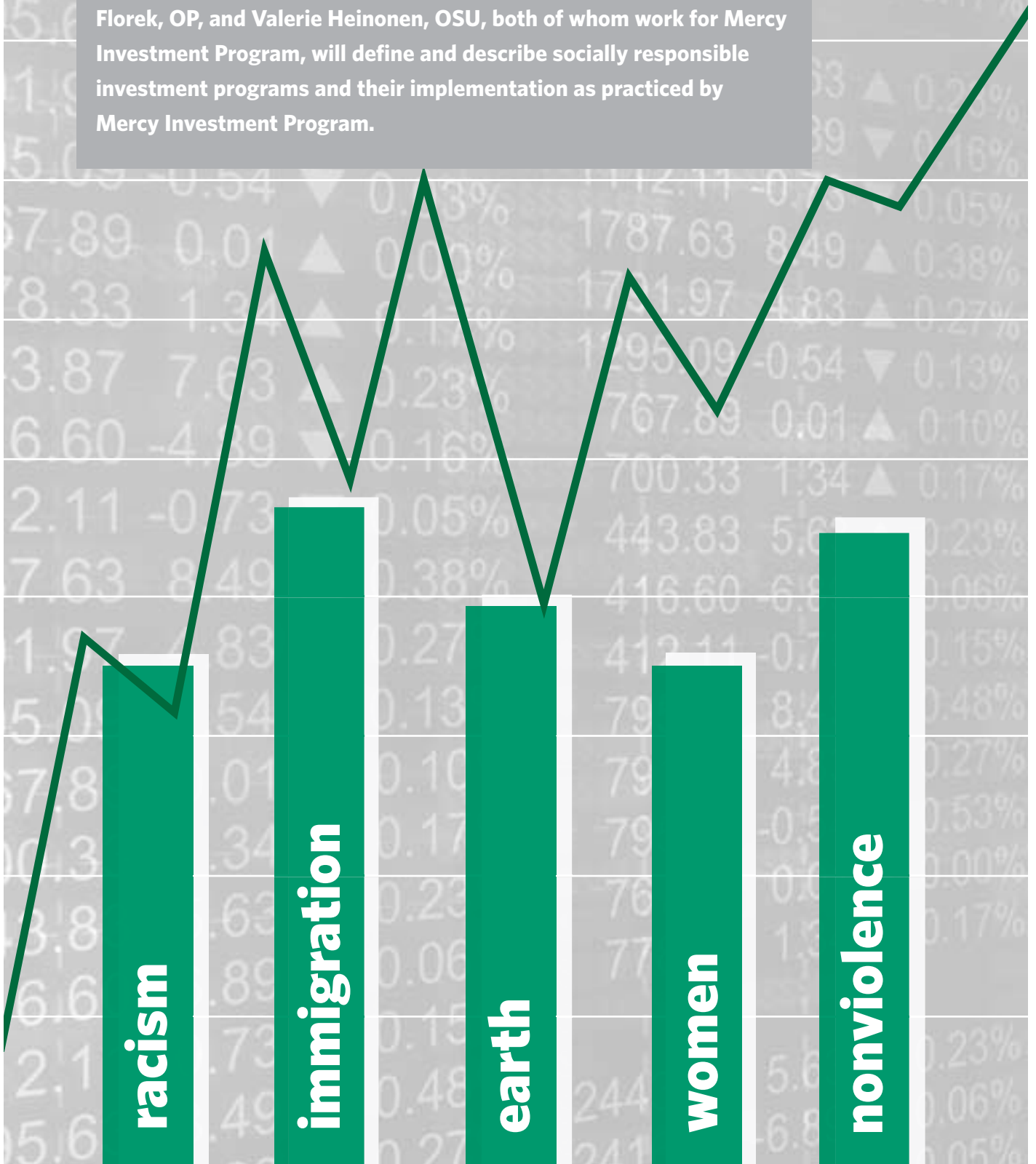


This is the first article in a two part series over two issues. Corinne Florek, OP, and Valerie Heinonen, OSU, both of whom work for Mercy Investment Program, will define and describe socially responsible investment programs and their implementation as practiced by Mercy Investment Program.



# Investing in Justice

BY CORINNE FLOREK, OP

## Using Our Common Monies to Promote Our Critical Concerns

*“Consciousness of unjust social systems challenges us to establish an economy of solidarity that is critical of the present economic system. It calls us to put our resources (and institutions) at the service of the most vulnerable..”*

—Sister Deirdre Mullan  
Director of Mercy Global Concerns,  
June 20, 2005 Institute Chapter

**N**o matter what your ministry, you probably know stories of persons who have lost their jobs, their homes, their health or who have been overwhelmed with financial struggles. Many working people today are on the edge of poverty and one stroke of misfortune can make all the difference in their lives. We may become personally involved in their struggle but what are we doing beyond that?

As women religious who share all things in common, we have investment funds that are a tremendous resource to be used in the struggle for justice. The use of our common monies is another way to reach out to the most vulnerable and create an economy of solidarity.

For over 25 years the Sisters of Mercy have participated in community development by investing money in nonprofits. This is not a grant program. It is lending money to nonprofits that serve low-income people. These nonprofits create jobs, build affordable homes, provide services like day care, train small business owners or provide access to credit to those who would otherwise be outside of the mainstream economy.

Community development investing is not a new strategy for the Sisters of Mercy. In 1981 you established McAuley Institute in Maryland; you have participated in

the Leviticus Fund in New York, the Institute for Community Economics loan fund in the Northeast and are investing in Mercy Housing and the Mercy Loan Fund. In addition, many of the Mercy healthcare systems and other Mercy communities' allocated funds are used for community investing. These were all efforts to support nonprofits working with low-income people and improving their economic prospects through housing or jobs.

In 1996, the Mercy congregations that were participants in the Mercy Investment Program, Inc. decided to allocate a percent of their investment monies to community development investing. As stated in their handbook, “We recognize that the investment of our financial resources is itself a ministry which gives expression to our enduring concerns for the poor, sick and ignorant.” They committed at least 1 percent of their assets in this fund which became the Mercy Partnership Fund.

### MERCY PARTNERSHIP FUND

Since 1996, the Mercy Partnership Fund has grown from \$455,000 to over \$6,000,000. This money is being loaned to a variety of nonprofits both nationally and internationally. These loans are paid back with a small interest rate (average is about 3 percent). As of June 30, 2006, Mercy Partnership Fund has made 96 loans totaling \$6,652,000 to 54 nonprofits.

Many sisters ask, “How risky is it to lend our money to these groups? After all, this is money that may be needed in the future for our survival.” To date, 37 out of 96 loans have been repaid in full and Mercy Partnership

## Whom Do Our Investments Help?

Mercy Partnership Fund addresses the five critical concerns through the nonprofits in which it invests. Some specific examples are:

**EARTH** Shorebank Pacific in Oregon is a community development bank aimed at promoting sustainable business practices and healthy communities in the Pacific Northwest. [www.eco-bank.com](http://www.eco-bank.com)



### WOMEN AND CHILDREN

Childspace Daycare serves low-income children in Philadelphia, Pennsylvania, and delivers quality child care and jobs for childcare workers.



**NONVIOLENCE** Faithful Fools serve the homeless in the Tenderloin of San Francisco, California, and address the systemic issues of homelessness. They also participate, in clown costume, in many non-violent peace protests and actions. [www.faithfulfools.org](http://www.faithfulfools.org)



**IMMIGRATION** Las Americas provides free legal assistance to individuals, especially women who are seeking political asylum and unaccompanied children who are traveling alone to escape abuse and neglect and seek reunification with their family members, in El Paso, Texas. [www.Las-Americas.org](http://www.Las-Americas.org)



**RACISM HOPE** Credit Union in New Orleans and Mississippi was actively engaged in Katrina relief, recovery and rebuilding efforts. Since early September 2005 ECD/HOPE has made 400 zero-interest bridge loans to families, homeowners, businesses and nonprofits to help sustain them while they wait for insurance and government payments. [www.hopecu.org](http://www.hopecu.org)



Fund has lost only 0.5 percent (one half of a percent!). The numbers demonstrate that the risk, though very real, is not great. The money will be paid back for the sisters to use in the future. And in the meantime, consider what that money accomplishes!

Mercy Partnership Fund has invested in nonprofit housing developers like Holy Name Housing in Omaha, Nebraska, and Mercy Housing based in Denver, Colorado, which build and manage affordable housing throughout the United States. It also deposits money in credit unions and community development banks that are located in low-income neighborhoods where there is often no other bank.

You have also made loans providing training and credit to small business owners. The most famous of these is Grameen Bank in Bangladesh but there are hundreds of models worldwide including Fonkoze in Haiti, Shared Interest in South Africa and Oikocredit which lends in 55 different countries.

Sometimes a nonprofit needs money to buy a building or help with cash flow. Mercy Partnership Fund has invested in Faithful Fools in San Francisco, California; Childspace Daycare in Philadelphia, Pennsylvania; Colors Restaurant in New York; Las Americas in El Paso, Texas; and Women's Intercultural Center in Anthony, New Mexico, to help them for just these reasons.

There are over 500 community development loan funds in the United States. These funds pool investors' money and in turn lend to nonprofits in their areas. Mercy Partnership Fund invests in funds like these nationally and internationally. The expectation is that these nonprofits will return not just the loan money with interest but also return greater social impact, such as jobs, housing, credit or other services. These in turn will stabilize neighborhoods and families, and benefit future generations as well as the environment. This is often called the "triple bottom line."

A great example of a nonprofit Mercy Partnership Fund investment is E+CO, a non-profit that invests worldwide in small companies that produce alternative sources of energy for people with low incomes. Their investments include a bio-mass plant that converts rice straw into electricity for a village in Thailand, a company in Ghana that sells propane to women so they don't have to cook with firewood or charcoal. E+CO counts not just the dollars it invests, but the number of trees saved, the barrels of oil displaced, the CO<sub>2</sub> offset, the customers having access to clean water, the jobs sustained, the businesses developed and the households receiving access to modern energy. They measure the financial, social and envi-

ronmental impact of every investment.

The Mercy Partnership Fund investments reach out to the poorest of the poor. Fonkoze in Haiti trains poor women vendors to manage their businesses and increase their income, even enabling them to improve

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their homes with better roofs and windows. Literacy training, better healthcare and money management is a part of all their programs so that the women are truly “empowered.” Fonkoze measures not just the loans made but the basic literacy and health status of its clients as well.

HOPE credit union, located in New Orleans, Louisiana, and in Mississippi, provides banking services to people living on low incomes. The New Orleans branch was devastated by Katrina but within days the staff returned to help its members get access to cash. They didn’t require loan payments until folks were stable, enabling many people to keep their homes and eventually come back and begin rebuilding. HOPE works with its clients beyond providing bank services by furnishing education and financial products that truly meet their needs.

Through community development investing, the Sisters of Mercy actually put their money “on mission,” creating an economy of solidarity that builds a just world and a sustainable earth. It is money that is at the service of the most vulnerable, staying true to your foundress, Catherine McAuley, who animated others at centers of wealth, to share in her efforts to connect the rich to the poor, the powerful to the powerless so that together God’s work on earth can be accomplished.

As Catherine would say, “There is very little good that can be done or evil that can be avoided without the use of money.” All the efforts of the Sisters of Mercy to allocate monies to community investing are living proof that Catherine’s wisdom is being fulfilled today. 卐



Sister Corinne Florek, a Dominican sister from California, currently manages \$6 million invested in Mercy Partnership Fund. Corinne also analyzes community investment for a coalition of 18 religious congregations in California. Corinne has worked in the field of economic development as a manager, educator, consultant, financial administrator and strategic planner for 27 years. She has served on many boards including the Community Initiatives Sub-Committee of Catholic Healthcare West and Transfair USA. Corinne currently serves on the loan committee of Partners for the Common Good and as treasurer for WAGES, a non-profit organization that develops eco-friendly housecleaning cooperatives with low income Latina women. Corinne can be contacted at [jolt1@sbcglobal.net](mailto:jolt1@sbcglobal.net).