


Impacting the creative economy with philanthropic funds

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August 9, 2021

By Deb Parsons

What do film and fashion have to do with philanthropy?

For a growing number of impact investors, these industries and others that make up the "creative economy" are a powerful lever to strengthen local economies, build resilient communities, and support an equitable COVID-19 recovery. Increasingly, impact investors are using foundations and donor-advised funds to make investments in a variety of local, national, and even international creative economy enterprises that are driving positive social and environmental change. With its focus on solutions that prioritize people and the planet, impact investing complements traditional grantmaking by leveraging the power of markets to create positive change.

And it's not just impact investors who recognize this opportunity. The [United Nations](#) declared 2021 the [International Year of Creative Economy for Sustainable Development](#). "The creative economy covers the knowledge-based economic activities upon which the 'creative industries' are based," according to the UN. "These industries include advertising, architecture, arts and crafts, design, fashion, film, video, photography, music, performing arts, publishing, research and development, software, computer games, electronic publishing and TV/radio."

The creative economy is predicted to reach 10 percent of global GDP soon and already employs around thirty million people through the formal economy, plus an estimated three hundred million people in the informal economy. In the United States alone, the creative economy represents a market of more than \$920 billion and accounts for more than ten million jobs.

Embracing the opportunity

Driving positive social change through the creative economy means overcoming obstacles — such as the fashion industry's extremely high carbon emissions, or a lack of diverse representation in the film industry — and creating new opportunities. That's central to the [Creativity, Culture & Capital](#) (CCC) initiative launched in January by [Upstart Co-Lab](#), a nonprofit that connects impact investors to the creative economy in partnership with [Nesta's](#)

Arts & Culture Finance in the United Kingdom and Fundación Compromiso in Argentina. CCC seeks to develop a just, sustainable, and profitable global creative economy through impact investment.

Another initiative, the Upstart Member Community, is what founding partner Laura Callanan describes as a way to "jump-start action in the creative economy by bringing together like-minded investors, helping them connect with entrepreneurs who are raising capital and with fund managers who are prioritizing the creative economy, and to share due diligence and co-invest." The Member Community currently comprises five families of artists and art collectors, four arts-focused foundations, and two endowed arts organizations with \$1 billion of combined investment capacity.

Creative impact

One member, Lorrie Meyercord, has leveraged both her philanthropic capital and her personal capital to support a range of initiatives in the creative economy. One of her first such investments was \$1 million in Calvert Community Investment Notes supporting a loan to the nonprofit real estate developer Artspace, which builds and manages affordable residences for artists and art organizations. The investment helped Meyercord, an artist herself, put her money to work on an issue that she is "super passionate about."

Another Meyercord investee is Upriver Studios, a climate-forward, women-owned film and TV production facility co-founded by actor, director, and entrepreneur Mary Stuart Masterson that is attracting investment from impact investors who know the film industry and those who don't. At 104,000 square feet, Upriver Studios is the largest certified sound stage in the Hudson Valley, just two hours from New York City. A public benefit LLC, Upriver Studios has signed on to the Climate Reality Project pledge to rely on 100 percent renewable energy within a decade, and is creating quality jobs for approximately a hundred and fifty local residents working on the HBO reboot of *Pretty Little Liars*, its first tenant.

Upriver is part of Masterson's long-term vision to bring jobs to the Hudson Valley and promote diversity and inclusion in the media industry. Her first venture, the nonprofit Stockade Works, opened in 2016 and is focused on workforce training to prepare local residents for jobs in film and television. Stockade Works partnered with HBO to train production crew for *I Know This Much Is True*, a dramatic series featuring Mark Ruffalo in an Emmy-winning performance portraying twin brothers Dominick and Thomas Birdsey.

Impact investors in the Upstart Member Community are also backing Paskho, a fashion brand and new tech-enabled platform for sustainable production that values makers across the U.S. Started by Patrick Robinson, a designer for The Gap, Armani, and other large fashion houses, Paskho on-shored all its manufacturing during the pandemic and has opened worker pods in New York City and Boykin, Alabama, home of the famed Gee's Bend Quilters.

Robinson is bringing Paskho to communities that have lost jobs as clothing manufacturing moved away and have not seen new jobs created in a generation. The company connects with skilled craftspeople, puts them to work in their community, and lets them self-manage themselves. The pod in Gee's Bend already has brought two dozen jobs to a small rural community that has not seen new employment opportunities since 1965. With program-related investments from the [Souls Grown Deep Foundation](#) and others, Paskho continues to expand, with a focus on the South and the West.

Catalytic capital

There is a growing number of impact investment funds focused 100 percent on the creative economy. These include:

The [Arts & Culture Finance Fund](#) in the UK, which lends growth capital to nonprofit arts organizations and social purpose businesses in the creative economy;

The [HEVA Fund](#), based in Nairobi, which invests in the creative economy of East Africa with a focus on fashion, media and design, and special funds for women entrepreneurs;

The [LISC NYC Inclusive Creative Economy Fund](#), which invests in affordable workspaces for creative economy businesses generating quality jobs for middle-skill workers, as part of a strategy focused on strengthening low-income communities (developed in partnership with Upstart Co-Lab); and

France's [Mirabaud Patrimoine Vivant](#) ("Living Heritage"), a private equity fund at socially responsible Mirabaud Asset Management focused on European artisan and traditional craft businesses.

Now organizations such as ImpactAssets and the [Marin Community Foundation](#) are helping individuals activate their donor-advised funds for the creative economy. This vast pool of philanthropic capital — already set aside to do good — has the power to accelerate transformative change, fuel greater innovation, and tap the imagination of our most creative social problem-solvers.

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