

Impact Investing in the Arts – Bringing Arts and Business Together for Economic and social Impact

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The impact investing community is starting to realize that the arts and business are one – both seeking to utilize finite resources to create returns beyond profit.

“Artists are entrepreneurs who need to access the right kind of capital for starting B Corporations and other social purpose businesses.” – Laura Callanan, Upstart Co-Lab, CEO and Founder.

Monday, June 5th [Upstart Co-Lab](#) led a panel on [Creative Places and Business: Catalyzing Growth in Communities](#) at Deutsche Bank that highlighted a movement that first began gaining momentum in the early 2000s’ – impact investing in the arts. Upstart works with partners such as the Calvert Foundation to adapt existing impact investing products for the creative economy, helping investors and arts organizations manage risk while measuring and achieving returns.

As indicated at the start of the session by Callanan’s analysis of the JP Morgan and GIIN report, [Impact Investments: An Emerging Asset Class](#), arts and culture is not currently tracked as a segment of impact investments. Why does this matter? As stated in Callanan’s [Forbes interview](#), “there are currently no tools, funds or manager strategies enabling impact investors to align their capital with the creative market.”

What a shame, as key segments currently tracked by JP Morgan and GIIN, such as education and health investing, heavily intersect the work of artists, which by nature impact the same issues.

Don’t believe us?

Take a glimpse at the tremendous body of research on the impact of the arts in education, for instance.

Research conducted in 2008 reveals that participation in [the arts reduce high-school dropout rates](#), especially with students from low-socioeconomic households. Students with high involvement in the arts from these households had a 4% drop-out rate as supposed to the 22% norm for low arts involvement students from the same background.

Arts organizations are situated in a prime spot in society for changing community outcomes but are not recognized or leveraged by impact investors as a critical resource.

According to Laura Callanan, it has traditionally been very difficult for creative economy practitioners, such as those creating artistic or cultural products, to qualify for financing.

But imagine a world where capital was connected with arts organizations that dually functioned as social entrepreneurship firms, B Corps and employee-owned co-ops?

This very well could be the future of social impact investing.

Upstart Co-Lab is not alone in pioneering the way forward. There is a rising tide of organizations working to facilitate the interaction between investors and arts organizations that create a social and financial return, both in the USA and abroad. Examples include the California based Center for Cultural Innovation (CCI) and the Arts Impact Fund in the UK.

Funded projects include initiatives such as RedmondDESIGNS, which matches 18-24 year olds with an interest in the arts with job opportunities working in arts and design related businesses.

We could be finally witnessing the genesis of a trend that whittles away the wrongly perceived line dividing artists from economic contributors.



Money Rolls