

# Community Economic Fund Guide

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## Fund Context

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Local financing is essential for implementing the Nested Sovereignty Framework, yet many communities lack access to appropriate capital that enhances rather than extracts economic sovereignty. The Community Economic Fund Guide provides comprehensive instructions for establishing and managing community-controlled funds that support local currencies, cooperatives, commons governance, and other framework components. Unlike conventional financing that often reinforces dependency and extraction, these fund models are designed to build local economic self-determination while ensuring equitable access, democratic governance, and regenerative rather than extractive returns. The guide adapts fund development to diverse contexts and resource levels, making implementation possible even in communities with limited initial capital.

## Fund Distinctions

- **Community Control:** Funds governed by and accountable to the communities they serve.
- **Sovereignty-Enhancing:** Financing designed to increase rather than diminish local economic self-determination.
- **Justice-Centered:** Explicit focus on equitable access and benefit distribution.
- **Regenerative Returns:** Return structures based on shared prosperity rather than maximum extraction.
- **Appropriate Scale:** Fund models adapted to different community sizes, resource levels, and implementation phases.

## Core Fund Models

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### Community Investment Fund

- **Implementation Approach:** Establish locally-controlled investment vehicle pooling community capital for framework initiatives.
- **Key Features:**
  - **Local Investor Participation:** Accessible investment opportunities for community members at various resource levels.

- **Democratic Governance:** Community-controlled decision-making about investment priorities and terms.
- **Framework-Aligned Investments:** Financing targeted to community currencies, cooperatives, and commons projects.
- **Balanced Returns:** Financial sustainability combined with clear community benefit.
- **Scale Targets:** \$25k-5M+ depending on community size and economic context, with minimum 80% local investment deployed within community.

### Revolving Loan Fund

- **Implementation Approach:** Create self-replenishing financing pool for ongoing implementation support.
- **Key Features:**
  - **Accessible Lending:** Financing available to borrowers typically excluded from conventional finance.
  - **Patient Capital Terms:** Repayment structures matched to framework initiative development realities.
  - **Regenerative Design:** Returns recycled into new community projects rather than extracted.
  - **Technical Assistance:** Capacity building integrated with financial support.
- **Scale Targets:** \$10k-1M+ revolving capital, with 3-5x initial capital deployed through loan recycling over 5 years.

### Community-Owned Financial Institution

- **Implementation Approach:** Develop community-controlled institution providing comprehensive financial services.
- **Key Features:**
  - **Cooperative Ownership:** Member ownership and democratic governance of the institution.
  - **Full-Service Banking:** Complete financial services supporting framework implementation.
  - **Local Circulation:** Policies ensuring capital recirculation within community economy.
  - **Framework Integration:** Direct connections to community currencies and other components.
- **Scale Targets:** Financial services for 30-70% of community population within 5 years of institution establishment.

### Framework Implementation Fund

- **Implementation Approach:** Create dedicated financing for specific framework component development.
- **Key Features:**
  - **Component-Specific Design:** Financing structures tailored to particular implementation needs.
  - **Multi-Stakeholder Capitalization:** Funding from diverse community and external sources.
  - **Phased Deployment:** Capital release tied to implementation milestones.
  - **Impact Measurement:** Clear metrics connecting financing to framework objectives.
- **Scale Targets:** Sufficient capitalization to support complete component implementation (\$5k-500k+ depending on component and scale).

## Implementation Steps

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This section provides a step-by-step process for establishing community economic funds:

### Phase 1: Fund Foundation (Months 1-3)

- **Community Assessment:** Understand local financing needs and capacity:
  - Evaluate existing capital access and gaps for framework implementation
  - Assess community financial resources and potential investment capacity
  - Map stakeholders including potential investors, borrowers, and fund users
  - Identify local financial expertise and capacity building needs
- **Fund Vision Development:** Collaboratively design fund concept:
  - Select appropriate fund model based on community context
  - Define specific purpose and scope aligned with implementation priorities
  - Determine initial capitalization targets and sources
  - Establish preliminary governance approach
- **Initial Organizing:** Build foundation for fund development:
  - Form core organizing team with diverse community representation
  - Create initial communication materials explaining fund purpose and approach
  - Begin relationship development with potential investors and partners
  - Develop high-level implementation timeline

### Phase 2: Fund Design (Months 4-6)

- **Governance Structure Creation:** Develop community-controlled oversight:
  - Design representative governance structure with clear stakeholder roles
  - Establish decision-making processes for investments and operations
  - Create accountability mechanisms ensuring community alignment
  - Define policies for transparency and reporting
- **Legal and Regulatory Framework:** Establish appropriate structure:
  - Select legal entity form aligned with fund purpose and context
  - Develop bylaws or operating agreements embedding framework principles
  - Ensure compliance with relevant financial regulations
  - Create necessary legal documentation for operations
- **Financial Design:** Define core financial parameters:
  - Establish investment criteria aligned with framework principles
  - Develop loan/investment terms appropriate to implementation needs
  - Create risk assessment and management approach
  - Set fee and return structures balancing sustainability and accessibility

### Phase 3: Fund Development (Months 7-12)

- **Capitalization Process:** Secure initial fund resources:
  - Launch community investment campaign with clear participation pathways
  - Develop relationships with aligned external investors if needed
  - Create legal documentation for investments and contributions

- Establish systems for managing and tracking capital
- **Operational Infrastructure:** Build capacity for fund management:
  - Develop administrative systems for fund operations
  - Create application and review processes for potential investees
  - Establish monitoring and reporting mechanisms
  - Train staff and volunteers in fund operations
- **Initial Deployment Planning:** Prepare for investment activity:
  - Identify pipeline of initial framework projects for funding
  - Develop criteria and processes for first funding round
  - Create technical assistance approach for potential investees
  - Establish learning systems for continuous improvement

#### Phase 4: Active Fund Management (Ongoing)

- **Investment Activity:** Deploy capital to framework initiatives:
  - Implement application and review process for funding requests
  - Make investments/loans according to established criteria
  - Provide technical assistance to funded initiatives
  - Track performance and impact of deployed capital
- **Fund Growth and Sustainability:** Ensure long-term viability:
  - Monitor fund performance and make necessary adjustments
  - Develop additional capitalization as needed
  - Build operational sustainability through appropriate fee structure
  - Maintain and deepen community relationships and ownership
- **Learning and Evolution:** Continuously improve fund effectiveness:
  - Regularly evaluate alignment with framework principles
  - Gather feedback from stakeholders about fund performance
  - Document and share lessons learned with broader community
  - Adapt fund design based on implementation experience

#### Context-Specific Fund Strategies

Different implementation contexts require tailored fund approaches:

##### Resource-Constrained Communities

- **Key Challenges:** Limited initial capital, restricted financial infrastructure, immediate needs competing with investment capacity
- **Effective Strategies:**
  - **Micro-Fund Approach:** Start with minimal capitalization focused on highest-leverage opportunities
  - **Incremental Growth:** Build fund size gradually through demonstrated success
  - **Non-Cash Contributions:** Accept in-kind contributions, volunteer time, and alternative resources
  - **Savings-Led Model:** Begin with savings mobilization before external capital introduction
- **Fund Characteristics:**

- Initial capitalization as low as \$1,000-5,000
- Simplified governance emphasizing direct community participation
- Focus on small, quick-return investments building momentum
- Emphasis on mutual guarantee approaches reducing collateral needs
- **Example Implementation:** A rural community starts with a \$2,500 fund capitalized through \$25 contributions from 100 households, managed by a volunteer committee. Initial loans of \$250-500 support microenterprise development for the local currency system, with repayments creating a revolving fund. As implementation demonstrates benefits, the fund gradually grows through additional community investment and a small percentage of currency transaction fees.

## Urban Implementation

- **Key Challenges:** Higher capital requirements, complex financial ecosystem, diverse stakeholder interests, regulatory complexity
- **Effective Strategies:**
  - **Neighborhood-Scale Approach:** Develop funds at sub-city scale before potential consolidation
  - **Institutional Partnerships:** Engage anchor institutions and local government in fund development
  - **Diversified Capitalization:** Combine community investment with institutional and philanthropic capital
  - **Specialized Funds:** Create purpose-specific funds for different framework components
- **Fund Characteristics:**
  - Capitalization targets of \$100,000-5,000,000+ depending on city size
  - Formal legal structures with professional management and community governance
  - Integration with existing financial institutions through strategic partnerships
  - Comprehensive investment strategies addressing diverse urban needs
- **Example Implementation:** An urban neighborhood establishes a \$250,000 fund through a combination of resident investments (\$50,000), a community foundation match (\$100,000), and municipal government allocation (\$100,000). The fund is managed by a professional with oversight from a community board, making loans of \$5,000-50,000 to cooperative businesses, community land trusts, and currency infrastructure development. As the portfolio demonstrates success, additional neighborhoods join, eventually creating a city-wide community investment ecosystem.

## Indigenous Community Implementation

- **Key Challenges:** Historical disinvestment, cultural alignment needs, sovereignty considerations, unique legal contexts
- **Effective Strategies:**
  - **Cultural Foundation:** Center traditional values and practices in fund design
  - **Sovereignty-First Approach:** Structure explicitly enhancing economic self-determination
  - **Nation-to-Nation Relationships:** Engage external partners with appropriate protocols
  - **Regenerative Focus:** Emphasize restoration of traditional economic relationships
- **Fund Characteristics:**
  - Governance grounded in traditional decision-making approaches

- Investment criteria reflecting indigenous values and priorities
- Explicit connection to land and cultural revitalization
- Integration with nation-building and sovereignty enhancement
- **Example Implementation:** An indigenous nation establishes a \$500,000 regenerative fund using settlement funds, prioritizing investments in land-based enterprises, traditional food systems, and cultural revitalization. The fund is governed according to traditional protocols with elder guidance, making both loans and equity investments in nation-member enterprises. Technical assistance incorporates traditional knowledge alongside contemporary business skills, and all fund materials are available in both indigenous language and English.

## Framework Component-Specific Funds

- **Key Challenges:** Different components require specialized financing approaches, technical complexity, integration needs
- **Effective Strategies:**
  - **Tailored Design:** Fund structures matching specific component requirements
  - **Technical Integration:** Fund operation directly connected to component implementation
  - **Phased Development:** Financing aligned with component implementation stages
  - **Cross-Component Coordination:** Fund design supporting integrated implementation
- **Fund Types and Characteristics:**
  - **Currency Development Fund:** Technical infrastructure financing with transaction fee sustainability
  - **Cooperative Startup Fund:** Patient equity and debt for cooperative business development
  - **Commons Acquisition Fund:** Land and resource acquisition for community stewardship
  - **Participatory Budgeting Fund:** Public resources allocated through democratic processes
- **Example Implementation:** A community establishes a \$75,000 Currency Development Fund specifically supporting local currency implementation, financing technical platform development, business onboarding, and initial liquidity. The fund is capitalized through 1-5 year community investments with returns derived from currency transaction fees. As the currency system matures, the fund evolves to support ongoing development while helping establish additional component-specific funds for cooperatives and commons governance.

## Tools and Resources

The Community Economic Fund Guide provides specialized resources for fund development:

### Core Fund Development Tools

- **Fund Design Toolkit:** Resources for creating community-appropriate fund structures:
  - Model selection framework for different contexts
  - Fund purpose and scope definition templates
  - Capitalization strategy development tools
  - Governance design frameworks
- **Legal Structure Package:** Templates for establishing appropriate legal entities:
  - Entity comparison matrix for different fund types
  - Model bylaws and operating agreements
  - Regulatory compliance checklists



- Investment documentation templates
- **Financial Management System:** Tools for effective fund operations:
  - Investment criteria development guides
  - Risk assessment frameworks
  - Loan/investment term sheets
  - Portfolio management templates
- **Governance Framework:** Resources for community-controlled oversight:
  - Representative governance structure models
  - Decision-making process designs
  - Accountability and transparency mechanisms
  - Stakeholder engagement strategies

### Specialized Fund Resources

- **Community Capitalization Toolkit:** Resources for raising fund capital:
  - Community investment campaign guides
  - Investor education materials
  - Legal compliance for community offerings
  - External partner development strategies
- **Technical Assistance Framework:** Tools for supporting fund recipients:
  - Business development resources for various framework components
  - Financial management training materials
  - Peer learning facilitation guides
  - Specialized technical support connections
- **Impact Assessment System:** Resources for measuring fund effectiveness:
  - Framework-aligned metric development
  - Data collection and management tools
  - Reporting templates for different audiences
  - Learning and improvement frameworks
- **Fund Evolution Guide:** Tools for long-term fund development:
  - Growth and scale planning resources
  - Operational sustainability strategies
  - Adaptive management frameworks
  - Knowledge management systems

### Context-Specific Fund Tools

- **Micro-Fund Startup Package:**
  - Minimal viable fund design for limited resources
  - Simplified governance for small-scale operations
  - Non-cash contribution valuation guides
  - Incremental growth strategies
- **Urban Fund Development Kit:**
  - Neighborhood fund design templates

- Institutional partnership frameworks
- Multi-stakeholder capitalization strategies
- Integration approaches for urban financial ecosystems
- **Indigenous Fund Creation Resources:**
  - Traditional governance integration templates
  - Cultural value alignment frameworks
  - Nation-to-nation partnership guides
  - Sovereignty enhancement metrics
- **Component-Specific Fund Templates:**
  - Currency system financing models
  - Cooperative development fund structures
  - Commons acquisition financing strategies
  - Participatory budgeting implementation frameworks

## Metrics and Evaluation

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Community economic funds require specific metrics to ensure alignment with framework principles:

### Fund Governance and Operations Metrics

- **Community Control:** Degree of authentic community governance over fund decisions.
  - Metrics: Community representation in governance, decision participation, stakeholder influence, accountability mechanisms.
  - Target: Minimum 75% of governance positions held by community representatives with demonstrated influence over key decisions.
  - Measurement: Governance composition analysis, decision process observation, stakeholder surveys, and influence mapping.
- **Operational Integrity:** Alignment of fund operations with stated purpose and principles.
  - Metrics: Policy implementation fidelity, transparency quality, expense-to-asset ratio, mission alignment of activities.
  - Target: 90%+ operational alignment with fund purpose and framework principles with full transparency to stakeholders.
  - Measurement: Policy audit, financial analysis, transparency assessment, and mission alignment evaluation.
- **Accessibility and Inclusivity:** Equitable access to fund resources across community.
  - Metrics: Demographic distribution of fund users, application success rates by group, barrier identification and removal.
  - Target: Fund utilization reflecting community demographics with intentional outreach to historically marginalized groups.
  - Measurement: Utilization analysis, barrier assessment, outreach effectiveness evaluation, and demographic comparison.
- **Financial Sustainability:** Fund capacity for continued operation and impact.
  - Metrics: Operating cost coverage, capital preservation, default management, growth trajectory.



- Target: Full operational sustainability within 3-5 years while maintaining alignment with fund purpose and principles.
- Measurement: Financial performance analysis, cost structure evaluation, risk assessment, and growth tracking.

## Fund Impact Metrics

- **Framework Implementation Impact:** Fund contribution to successful framework development.
  - Metrics: Implementation milestones achieved, component development acceleration, resource leverage effect.
  - Target: Measurable acceleration in framework implementation compared to non-funded scenarios.
  - Measurement: Implementation timeline analysis, milestone achievement tracking, resource multiplication calculation.
- **Local Economic Sovereignty:** Enhancement of community economic self-determination.
  - Metrics: Local ownership increase, external dependency reduction, community wealth building, decision control shifts.
  - Target: Significant and measurable increase in community economic control through fund investments.
  - Measurement: Ownership tracking, dependency analysis, wealth distribution assessment, and decision control evaluation.
- **Economic Justice Advancement:** Fund contribution to equitable economic participation.
  - Metrics: Access expansion for marginalized groups, wealth distribution effects, opportunity creation metrics.
  - Target: Demonstrable correction of historical economic exclusion patterns through fund activities.
  - Measurement: Access analysis, wealth flow tracking, opportunity distribution assessment, and historical pattern comparison.
- **Systemic Change Contribution:** Fund influence on broader economic systems.
  - Metrics: Financial practice changes, policy influence, replication inspiration, narrative shifts.
  - Target: Fund activities catalyzing broader changes in local financial ecosystem toward framework alignment.
  - Measurement: Practice change tracking, policy analysis, replication assessment, and narrative evaluation.

## Case Studies

### Cooperative Fund of New England (USA)

This regional loan fund has provided non-extractive financing to cooperatives and community organizations for over 45 years. Key success factors included:

- Diverse capitalization combining individual investments, institutional capital, and foundation support
- Patient capital terms matched to cooperative development realities
- Technical assistance integrated with financing
- Community-based loan committees ensuring local relevance

The CFNE experience informs the guide's approach to revolving loan funds, demonstrating how specialized financing vehicles can support democratic enterprises through both financial resources and aligned technical assistance.

### Buen Vivir Fund (Global)

This innovative investment fund transformed the relationship between capital and communities through shared governance and non-extractive terms. Key lessons incorporated into the guide include:

- Equal governance participation regardless of investment size
- Flexible returns based on project success rather than fixed extraction
- Integration of indigenous economic principles
- Technical accompaniment as central rather than peripheral

The Buen Vivir Fund demonstrates how intentional fund design can transform traditional power relationships between investors and communities, creating models that enhance rather than extract sovereignty while still providing appropriate returns.

### RSF Social Finance (USA)

This integrated financial organization connects investors, donors, and enterprises to create economic relationship transformation. Key elements influencing the guide include:

- Transparent pricing meetings bringing together investors and borrowers
- Direct relationship development between capital sources and users
- Integrated capital approach combining diverse financial tools
- Explicit focus on transforming the nature of money

The RSF experience highlights how community funds can not only provide capital but can transform the fundamental relationships underlying economic exchanges, creating financial models aligned with the framework's vision of interrelated sovereignty.

### Integration with Framework

The Community Economic Fund Guide advances all four core principles of the Nested Sovereignty Framework:

- **Sovereignty:** Creates financing structures that enhance rather than diminish community economic self-determination. The guide's emphasis on community-controlled governance, local capital mobilization, and non-extractive terms ensures funds build rather than undermine local economic sovereignty.
- **Interoperability:** Develops financing models that connect effectively with diverse framework components and broader economic systems. Special attention to fund interfaces with currencies, cooperatives, and commons governance ensures financing serves as connective tissue for integrated implementation.
- **Justice:** Establishes equitable access to capital and fair distribution of financial benefits. The guide's focus on inclusive participation, balanced returns, and targeted support for marginalized community members ensures funds actively advance economic justice rather than reinforcing existing disparities.
- **Adaptability:** Builds fund structures capable of evolving through learning and changing conditions. The phased development approach, impact measurement systems, and continuous improvement frameworks ensure funds can respond effectively to implementation lessons and

emerging community needs.

This guide supports all other framework components by providing the capital necessary for implementation while modeling financial relationships aligned with framework principles. It demonstrates how even the most technical aspects of economic systems—financing and investment—can be transformed to serve community sovereignty.

## Call to Action

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Communities, organizations, and individuals are invited to apply this guide to develop framework-aligned financing:

1. **For Community Organizers:** Use the Fund Design Toolkit to create a financing vehicle appropriate for your community's context and resources.
2. **For Local Investors:** Implement the Community Capitalization Toolkit to mobilize your community's capital for framework investments.
3. **For Cooperative Developers:** Deploy the Component-Specific Fund Templates to establish financing tailored to cooperative business development.
4. **For Indigenous Communities:** Utilize the Indigenous Fund Creation Resources to develop financing models aligned with traditional values and sovereignty.
5. **For All Stakeholders:** Join the global community of community fund practitioners at [globalgovernanceframework.org/community-funds](https://globalgovernanceframework.org/community-funds) to share experiences and co-develop new financing approaches.

By implementing these fund models, communities can develop the financial resources necessary for framework implementation while ensuring these resources enhance rather than undermine local economic sovereignty. Community-controlled funds transform finance from an extractive force to a regenerative one, demonstrating that how money moves is as important as what it funds.