SOCIAL FINANCE, IMPACT INVESTING, AND THE FINANCIALIZATION OF THE PUBLIC INTEREST

LIST OF ABSTRACTS

UNIVERSITY OF HAMBURG, CENTRE FOR GLOBALIZATION AND GOVERNANCE, MARCH 23RD-24TH, 2017
Juliette Alenda
Development Impact Bonds: change or continuity in development policies?

This proposal is primarily based on the first theme, about the ideological, political and economic aspects behind a particular intervention: Development Impact Bonds (DIB) in developing countries. DIBs are recent. The Center for Global Development has partnered with Social Finance in England to develop this new funding mechanism, inspired by Social Impact Bonds. This led to a first report in 2013. There are two truly functional programs at the moment, but many projects are under construction. DIBs operate according to the following scheme: private investors are funding development programs. They are paid in return by donors or foundations if the program is successful and achieve its goals. The more successful the program is, the greater the return to investors. Whether in Africa, the Middle East or South Asia, interested actors are growing: World Bank, USAID, DFID, Global Fund, etc.

Thus a very interesting topic is to understand the actors who are involved, institutional logics, ideologies behind it. Especially since, in the context of developing countries, private investors and donor countries had been deeply involved in developing policies for a long time. Do DIBs represent an innovative way to cooperate, involving civil society, or are they a continuity of that logic? To answer to this question, I will focus on the two existing programs: Educate Girls, in India; The Rainforest Foundation UK program in Peru. The methodology is thus designed in two levels. The first consists in a literature review about DIBs, their logic, actors involved, etc. The second level is based on the case studies, while knowing that these two programs are still in progress and can therefore only be evaluated on the basis of their progress.

Matthew Archer
Financializing Ecology: Techniques and Technologies of Sustainable Investing

This paper examines the relationship between measurement and valuation in the context of sustainable finance. Emergent sustainability strategies including socially responsible investing and impact investing are premised on neoclassical assumptions about value, and they depend fundamentally on the quantification of social and environmental impacts and dependencies, reflecting the ultimate goal of neoliberal sustainability regimes to financialize both human and non-human ecologies. Drawing on a year of fieldwork in Geneva, Switzerland, among a group of people I call “sustainability professionals,” I show how the quotidian labor of sustainable finance and the financial technologies it produces reinforce an ideology of monetary valuation that presupposes the possibility of quantitative measurement.
Social finance – the employment of private capital for public ends – has been heralded by a powerful assortment of proponents as a new and optimal solution to social and environmental challenges. As one type of Social Finance, Impact Investing – investment in firms with the intentional expectation of social or environmental impact alongside financial return – is championed for its ability to provide a market-based solution to social and environmental challenges. Companies pursue social or environmental change not simply as an important end in itself but also as a means to produce financial value for investors.

But, what happens when efforts to address inequities and pursue the public interest move out of the public and non-profit sectors and enter the financial realm (Chiapello and Boltanski 2006; Callon 2009; MacKenzie 2009)? How does salient actors’ pursuit of multiple and potentially competing registers of value – financial, social, and/or environmental – get negotiated and resolved (Geiger, Harrison, Kjellberg, and Mallard 2014; Ortiz 2014)?

Drawing from scholarship that employs a pragmatist approach to value (Callon 1998; Muniesa, Callon, and Millo 2007; Muniesa 2012), this paper attends to the formation of the market of impact investing by showing how it followed from the substantial investments of resources by “market makers” (Carruthers and Stinchcombe 1999; Callon 2009), including the creation of calculative devices intended to measure the social and/or financial impact of impact investments. Drawing from interviews, field research, and document analysis, this paper provides a genealogy of those tools in order to delineate how those objects were shaped by evaluators with distinct trajectories, motivations, and knowledge of their own, resulting in an unintended discrepancy between the “official” discourse of Impact Investment and what actually ended up being valued by these tools and technologies as firms' obligations. As a result of evaluators' transposition of their own valuation repertoire from diverse backgrounds to the new setting of Impact Investing, these valuation devices entailed an expansion in the number and type of social and environmental challenges that companies were expected to address alongside the production of financial return for investors. This proliferation of notions of firms' production of financial, social, and environmental value, I posit, will limit the appeal and capacity of companies to enter into this new field.
Mareike Beck¹
Financial expansion, politics and (non-)profit: the turn of German banks towards microfinance

¹ University of Sussex, m.beck@sussex.ac.uk

Microfinance is a well-established target of social finance. Previously promoted by development banks and NGOs, commercial banks are now also engaged in microfinance. The majority of the literature on microfinance depicts its rise as another part of the broader neoliberalist ascend (Bateman 2012; Wichterich 2012; Soederberg 2013). Contrary to its proponents, this provides a compelling account of how microfinance is not a saviour for the poor but has often been just another means for extended capitalist inequality and financial oppression. At the same time, the origins of the engagement of commercial banks in this prominent type of social impact finance remain under-explored. In contrast, I maintain that the German commercial banks in alliance with the German development bank have made a significant contribution to the rise of microfinance by making it a feasible global investment tool. Going beyond ascribing their participation to a pure profit motive, I illuminate the various motivations and constraints that have led commercial banks to participate in microfinance. Specifically, I show the German banks' provision of microfinance from the 1990s to the financial crises in 2007 by conceptualising their practices within the broader trajectory of the internationalisation of the German financial sector and German development politics.

Davide Caselli¹
Bringing finance in the field. Insights into the financialization of welfare from the perspective of sociology of expertise

¹ University of Turin, davide.caselli@unito.it

Moving from the perspective of the sociology of expertise (Eyal 2013), the paper aims to explore the trends of financialization of Italian welfare through the lens of the transformations of the field (Bourdieu 1992) of expertise on welfare in Italy.

Following the actor-network approach, expertise is intended as the complex of human and non-human actors and devices allowing the existence and the reproduction of a social phenomenon (Latour 1987; Cambrosio et alii 1992). As a consequence, scholars have shown that every welfare arrangement has its own expertise, which makes its conceptions and practices possible and contributes to forge and stabilize alliances among its different actors: policy-makers, professionals, clients, citizens. (Rose 1996; Eyal 2013).

In contemporary Europe, the different welfare regimes inherited from the Fordist era are facing common challenges in terms of public financial support and “new social needs”. Since the '90s, and for a couple of decades, “Welfare Mix” has been the response to these challenges, with the increasing mobilization of private, mainly non-profit, actors and local governments in the planning and provision of welfare services
With this, a specific expertise has emerged, elaborating and experimenting practices and devices consistent with this model. Local social planning, the elaboration and evaluation of public and private call for bids, training delivery, the elaboration and evaluation of projects, delivery of participative planning and programs – are just some of the main functions played by specialized consulting firms. Specific tools and devices aimed at implementing these functions were shaped through daily practice and collaboration among different welfare actors and professionals. To put it simply, Welfare Mix was accompanied by an Expertise-on-Welfare Mix.

Nonetheless, a tension lies at the core of this arrangement between the local and the global scale of policy making and expertise. On the one hand, the local scale is held as crucial and responsibilities for welfare are increasingly devolved to local administrations, in the name of the importance of context-specific sensitiveness in policy-making (Ranci, Brandsen, Sabatinelli 2014). On the other hand, the global scale played an increasingly important role with the rise and consolidation of a “Fast Policy Regime”, i.e. a global system of circulation, adoption and adaptation of public policy and policy tools. Largely based on systems of quantification and production of evidence-based recommendations (Supiot 2015; Busso 2015), this regime connects global and local policy-making and expertise (Peck, Theodore 2015).

Within this tension, the orthodoxy of the field has been set by an expertise characterized by a mix of positive, specific, knowledge on welfare issues and the flexibility of process consulting (Schein 1969), while the local-based expertise stood crucial. Current Austerity policies are undermining this model and, while they preach and impose State retrenchment, they also open the space for the penetration of finance into new social realms such as Welfare, both in terms of economic strategies of welfare actors (Caselli 2016) and in terms of the financialization of evaluation (Chiapello 2015).

While financialization of welfare in Italy is at early stage and research on the topic is seminal (Belotti, Caselli 2016), the paper aims at exploring it moving from the transformations and the tensions at work in the field of expertise on welfare.

The field is indeed characterized by the relative displacement of “traditional” consulting firms, facing difficulties as a consequence of the emergence of new funding institutions (private foundations and banks, private for-profit firms), new policy orientations (welfare community) and expert tasks (fund-raising; social impact measurement; development of for-profit / non-profit partnerships).

New actor-networks are emerging, altering the existing balance within the field. Heterodox actors of the field are mobilizing innovative strategies in order to impose their view and to strengthen their position.

The paper presents the outline of a research project on the intertwined transformations of Italian welfare models and expertise and presents a preliminary sketch of the object of research.
Pauline Debanes¹
– Government as both a general and a limited partner – political economy of the financialization of policies in Korea

¹ EHESS (École des Hautes Études en Sciences Sociales), pauline.debanes@gmail.com

In the wake of the global financial crisis of 2008, the potentially destabilizing role of the financial sector and its impact on previously not financialized spheres of the social life came to the fore again. In the quest for understanding this salient development and its underlying drivers, the politics of financialization has raised more attention. In particular, a recent stream of research focuses on the financialization of public policies and discuss the power struggles between vested interests in relation to household and public debts but also to welfare with the intensification of institutional transformations towards a privately managed financial scheme. Among this research agenda, the area of industrial policy tends to be omitted from the literature.

This article presents empirical evidences that programs supporting early stage ventures participate to the financialization of industrial policies based on the case of early-stage start-up promotion policies in South Korea since 2013. The domestic start-up ecosystem has been one of the main targets of the President Park’s political agenda of ‘Creative Economy’. Among a variety of policy implemented to support the actors of the ecosystem, the venture capital industry has largely benefited from the extension of existing demand and supply side policies. The hypotheses tested in the case of Korea are that the state infrastructures have become colonized by financial practices and it can be seen in the case of early stage venture promotion. It is done based on two case studies supporting early-stage start-ups implemented since 2013: the TIPS program and the Seoul Business Agency (SBA) investment program. Both programs provide seed money to start-ups in a very different setting. The findings point towards a colonization of financial practices, despite dual objectives of financial and social gains, which have organizational consequences within the state and reflect the domestic political economy. The new start-up promotion policies challenge the innovation model of large conglomerates (chaebols) and flaunt the potential role that a dynamic start-up ecosystem could play amidst concerns over youth unemployment. It also adds to (and sometimes collides with) the existing infrastructure supporting start-ups, at the central and the local level.
Antoine Ducastel¹ & Ward Anseew²

Impact investment as a “new” framework for the South African development?

¹ CIRAD (Centre de coopération internationale en recherche agronomique pour le développement), antoine.ducastel@cirad.fr
² CIRAD (Centre de coopération internationale en recherche agronomique pour le développement)

So far, the literature on Impact Investment (II) remains largely focused on narratives (Golka 2016) or valuation devices (Chiapello 2015; Braman 2015) without studying the instrument’s concrete and local uses. The risk of such approaches is to take for granted the II narratives and to underestimate the actors' translation capacities of the conceptual device and their contextualization and interactions during its implementation. On the contrary, II’s circulation implies hijacking of the devices and narratives by local actors according to their specific fields and environments. Considering II as a standardized repertoire of material and cognitive resources, this presentation will contribute to fill these gaps, by better understanding how and with what consequences II devices are mobilized by local actors in less developed and emerging countries. In this context, South Africa is an interesting case study, particularly since II is mobilized by development actors rather than by the “social sector” like in Europe and the UK (Golka 2016).

This presentation will analyze in-depth a specific case study, i.e. a South African fund manager dedicated to farm investments, and its concrete uses of the II’s framework. The assessment is based on a participatory observation approach, through the hosting of one of the authors into this particular asset management firm specialized in agricultural and farmland investment (Ducastel 2016). The mobilization of this device is analyzed from an investment chain perspective, both upstream and downstream of the fund manager as II seems to transform the relations between the asset manager on one hand, the investors and farm workers on the other hand. Finally, the presentation will reflect on the mobilization of the II framework and its impacts on South Africa's post-apartheid development model. As such, this framework tends to bring closer public and private finance, making the private sphere more sustainable and the public one more profitable as illustrated by the involvement of a major SA public pension fund in the investments assessed in this presentation. Subsequently, it impacts on the priority areas of development policies, as illustrated by their shift from rural communities to urban middle classes, posing additional questions on the development trajectories in the global South.
This paper examines the emergence of the very distinction between conventional and impact investing among the network of “angel” investors and “seed-stage” startups in Southern California. It follows 6 months of interviews and observation of formal presentations, deal meetings, and pedagogical settings in San Diego. Within this particular niche of corporate finance, entrepreneurs are inexperienced, ideas are in their infancy, and investments highly uncertain. The angels[ftnt: “Angel” does not designate commitment to socially beneficial investment. The term originally described wealthy individuals who financed early Hollywood films.], meanwhile, are non-professional investors who deploy their own money, lack fiduciary obligations, and rely on the “gut” — their term for a visceral way of knowing based on experience and class habitus; a “feel for the game” (Bourdieu 1990:66) — to assess conventional startups. (Huang 2015)

As the vogue for impact investing trickles down from institutional funds, I show, these smaller-scale financial actors likewise defy the trend toward quantifying social value (Barman 2016), and exhibit instead a resurgence of gut judgments. While scholarship has critically detailed processes of quantification as it colonizes ways of judging nature and social value (Fourcade 2011, Chiapello 2015), the market for impact startups presents an opportunity to see how ideologies and actors’ past trajectories influence the valuation of social impact before they become regimented into procedures of quantification. And although the amounts of capital invested here are relatively small, as a historical cauldron of innovation this site generates powerful imaginaries about the future of social finance.

At a recent “social entrepreneurship” competition, student startups pitched ideas ranging from a solar light intended for Haiti to a ride-share app for American college students. All were seeking investment funding. While mature corporations are valued through the performative power of accounting formulas (Muniesa 2016), impact startups lack the definite qualities required for such a process: they have neither a revenue history, nor customers, nor have they produced any social value to measure. Such minimally specified entity cannot yet be isolated and framed for the sorts of calculation brought to bear by institutional funds or impact rating agencies such as GIIRS. (Callon & Muniesa 2005) How, then, do the investors who fund them decide what counts as social value, and who produces it most effectively? I argue that, in Dewey's terminology, the market for social impact startups necessarily redistributes emphasis from “appraisal” to “prizing” — in other words, because startups lack “relational properties” on which they could be evaluated, angel investors resort to affect-imbued “personal reference,” or what they call gut judgments. (cited in Muniesa 2012:26)

To demonstrate this, I put forward several observations from ongoing fieldwork. First, at the seed stage, impact investors bracket qualitative distinctions between mission when selecting enterprises and instead judge based on entrepreneurs’ self-presentation. In the pitch, the accompanying slide deck, and the time for questions which follows, embodied interaction works powerfully to sell a future-oriented promise (Beckert 2013), rather than a track record. Metrics, in contrast, indeed facilitate an anonymous market infrastructure for impact investing, but there, they carry the lesser burden of supplying information (Barman 2016), not sparking emotion. Second, startups frequently “pivot” (modify their strategy or even their core business as they learn their market); in such cases, investors must become reflexive about their
own thresholds for social and financial returns. Third, to the extent that angels do consider financial projections, they make (future) business acumen a proxy for (future) impact. Social entrepreneur pedagogy reflects this; a new “accelerator for high-impact entrepreneurs” in San Diego teaches participants how to make their social purpose legible as viable business, rather than how to more effectively generate and measure impact.

Precisely insofar as regimes of quantification recede in the financing of impact startups, ideologies and investors' past trajectories come to the fore, shaping the gut judgment. In particular, I emphasize how the mantle of ‘innovation' has long valorized non-impact start-up activity as improving humanity's lot. For example, the prevailing non-impact pedagogical discourse enjoins entrepreneurs to “find a pain point” and “solve a problem” — language evocative of social mission even when directed at elite consumers. Contrasting starkly with investment bankers, who are reflexively cynical regarding their role in the global economy (Ho 2009), startups locate themselves at the progressive vanguard of capitalism, and often incorporate practices of “benevolent peer production” modeled at sites like Burning Man. (Turner 2009:78) This progressive innovation imaginary now becomes difficult to disentangle from claims to other forms of social impact made by startups. Thus, especially given the overlap of participants in conventional and impact investing in California, we see the fluidity of definitions of social value to those who finance it, and by extension are forewarned of the “greenwashing” of social finance.

Leslie Huckfield
Social Impact Bonds – The case for a pause

Social Impact Bonds (SIBs) offer the hope of increased investment in effective social programs in the context of limited public funding. We argue SIBs walk a razor's edge between the potential to promote innovation and the risk of deepening financialization in the social service sector. Drawing on Polanyi's notion of a double movement, we ask: do early SIBs help to humanize the market or do they primarily insert the logic of financialization into social services?

We explore the balance between promise and risk through a critical perspective that considers innovation, equity, efficiency, sustainability, and breadth of objectives. If SIB interventions meet these conditions, they can build a social infrastructure that humanizes their internal financial logic even as marketizing forces extend into social services. We show that the context of political fiscal climate matters in their justification and impact. SIBs have the potential to move the needle in difficult political contexts such as Utah and South Carolina, but they risk overwhelming the social mission otherwise, as in Chicago.

As SIBs proliferate they introduce a financial logic into social service provision that prioritizes narrow investments and short-term gains. SIBs are costly in both financial and public value terms. As policymakers seek broader investment in human development, they must be cautious of false hopes from the SIB's focus on monetizable outcomes. If this narrows the logic for public investment, then SIBs are merely a Trojan
Horse. If SIBs can lead to broader sustainable financing, then they have the potential to use markets as a means to broader social ends.

Robert Lake¹
The New Class Structure of Social Impact Finance

¹ Rutgers University, rlake@rutgers.edu

Global investment in social impact finance (SIF) exceeded US$15 billion in 2015 and is projected to increase by more than 15 percent annually by 2020. The Rockefeller Foundation, an early and enthusiastic proponent of SIF, estimates that a US$210 trillion pool of private capital is available in private markets for social impact investment. My concern in this paper is to examine the deep structural transformations of class relations associated with the proliferation of social impact finance in the global economy. I contend in this paper that the global proliferation of SIF is both instituting and responding to a fundamental restructuring of class relations attendant on the transformation of the global economy from an industrial to a financialized mode of production. The traditional class structure of 19th and 20th century industrial capitalism encompassed a class of owners of capital and a class of owners of labor, in which the application of labor to capital produced added value. The global expansion of SIF in the 21st century is prompting the creation of a new class structure consistent with the financial transformation of the global economy. The new class structure of social impact finance encompasses a class of owners of finance capital and an underclass of program recipients (or “beneficiaries”), largely excluded from access to labor markets, whose behavioral outcomes produce value in the form of return on the invested private capital. The programs’ focus on remediating individual behavior leaves underlying structural relations intact, ensuring the continued reproduction of an underclass generating, in turn, continuous opportunities for new rounds of capital investment attracted by the prospect of continuing returns. The privatization of SIF, in other words, ensures that programs ostensibly designed to address the needs of an underclass of program recipients simultaneously ensure the reproduction of an underclass, which enables successive rounds of private investment and their associated rate of return. Were such programs to succeed in addressing the problems they are ostensibly designed to address, the paradoxical result would be to derail the continuous circulation of capital that such programs ensure.
In recent years, ethical banks experienced increasing numbers of customers, deposits and investments, while conventional banks had to deal with losses in the light of the worldwide financial and economic crisis. Since ethical banks aim to be intermediaries between monetary and general welfare-interests they combine different practices and actors of the heterogeneous field of social finance. Potentially conflicting aspects of this particular banking sector, which is trying to reconcile public interests like microfinance, housing, energy, education or health with economic profitability, has received little scholarly attention so far. Our paper will shed light on this blind spot. By focusing the decision-making processes of contentious investments, we examine impacts, constraints, and paradoxes of normative orientations as well as moral discourses within ethical banks.

In our recent research project The Banker’s Moral – Group Formation and Professional Ethics in the Field of Banking and Finance (Normative Orders Cluster of Excellence at Frankfurt University, 2013-2015) we have carried out documentary analysis on ethical banks in Germany and semi-structured interviews with bank employees. On the basis of these qualitative data, we outline the normative guidelines of those banks at first. In a second step, we ask how ethical banks negotiate between mechanisms of expansion and limitation.

Drawing on the theoretical framework of the new economic sociology, we assume that moral categories are an essential part of markets (Forucade/Healy 2007) and therefore do not stand in opposition to market processes. Especially in its function to create social meaning, moral categories are essential for the establishment of markets (Abolafia 2001, Knorr Cetina/Brügger 2005). But moral categories can also limit market processes if products or services are experienced as unfair (Zelizer 1978, Akyel/Becket 2014). The exclusion of specific areas of investment is a typical example for a market-containing function of moral principles. In line with Beckert’s (2012) notion moral categories could therefore have “restricting”, “complementing” or “enabling” effects on market action. But it is still unclear how economic expansion affects the containing function of moral categories in markets. Due to these facts we ask for the normative and economic challenges ethical banking business is facing to its expansion. To investigate the practical problems originating from this confrontation, our empirical analysis reconstructs how ethical banks deal with difficult and controversial investment issues.

Our findings show that the economic boom confront ethical banks with the challenge of deciding on an ethically justifiable business policy, which should be defined as market-containing insofar as it excludes unethical investment practices. At the same time, however, it must also be market-enabling to meet the rising demand for ethical investments. Developing new areas of business and investment that comply with ethical guidelines poses a special challenge: Ethical banks cannot simply rely on a predetermined negative list of unethical banking but they need to establish their own criteria which require constant renegotiation in the face of changing economic developments and public discourses. Typically, ethical banks seem to seek a compromise between their commitment to an ethically based exclusion of certain markets and a
widening of their normative selection criteria for new markets, which is economically necessary. So in order to expand economically, ethical banks must ideally expand their access to markets while limiting it at the same time.

While the acceptance for criteria of economic profitability increases, so does the number of customers who have different attitudes towards ethical banking: the new clientele do claim their returns and ethical banks need to open up new fields for investment. Since increased demand for ethical investments has also led conventional banks to create sustainable funds, ethical investment opportunities become scarce. Challenged by this scarcity, ethical banks need to meet their customers' diverse demands for returns, interest and dividends in order to be able to offer them a wider variety of ethical investment options that are also financially attractive.

Our analysis points out a paradox of ethical banking. Due to their economic expansion some investments, which correspond with their ethical self-commitment, tend to be a luxury they cannot afford. The fact that the guidelines of ethical banks have gained wide societal acceptance can be interpreted as a strengthening of ethical principles. However, ethical investments tend to be undermined by the need to cope with economic expansion.

Simon Lilley¹, Kenneth Weir², Geoff Lightfoot³, David Harvie⁴
The Invisible Calculus at the Heart of Social Finance: Exploring the UK's Social Investment Market

¹ University of Leicester, s.lilley@le.ac.uk
² University of Leicester, khw11@leicester.ac.uk
³,⁴ University of Leicester

In this paper we explore the brave new world of the social investment market, territory which is largely uncharted. We discover that once one has stripped away the hubris, concrete information is hard to come by and the wild claims ("$45 trillion... a new set of less correlated investment opportunities...") of social investment's evangelists are rarely substantiated. Our method in this paper is therefore more speculative – possibly mirroring that of the evangelists themselves. We begin by explaining the basic mechanics of the social impact bond and suggesting why such an 'asset class' might be uncorrelated with more conventional financial assets. With information on SIBs in short supply, we speculate on a possible development of this emerging new asset class by comparing it to an emerging new asset class of the 'noughties', namely CDOs underpinned by microfinance loans. We then clarify our understanding of the nature of the SIB, firmly arguing (contra claims that it is some sort of bond-equity hybrid) that it should be understood as a derivative instrument. Next, we turn our attention to the short-lived Policy Analysis Market – an attempt by the US Defense Department to harness the power of markets as information processing machines. We contend the speculative analysis of this controversial 'prediction market' yields some insights into ways in which the social investment market might function. This leads into a discussion of Goodhart's law as it applies to the social impact bond. We conclude by suggesting, for all social investment's proselytisers might insist that social impact represents a 'third dimension' (alongside risk and return) that the SIB, as a derivative instrument, is ultimately utterly indifferent to the underlying state of the world.
Philip Mader
Card Crusaders, Cash Infidels and the Holy Grails of Digital Financial Inclusion

This paper analyses the turn toward financial inclusion in general, and digital money and the end of cash in particular, in development policy. It examines the profit-oriented logics at work, and raises critical questions about the moral crusade being waged over digitalising poor people’s money. It begins with a discussion of why financial inclusion has displaced microfinance on global development agendas, and has introduced new practices and players to the space of poverty finance. It shows how financial inclusion brings a modified theory of change, with financial intermediation rather than income generation now seen as crucial to poverty alleviation, and it analyses and explains the growing emphasis on promoting cashless payment systems in the name of inclusion. As becomes evident, powerful actor coalitions (card crusaders) seek the end of cash and full digitalisation of poor people’s money in pursuit of three holy grails: to capitalise on everyday transaction costs, to sell and analyse big data generated by the poor, and to exert greater governmental power over poor people’s money. This may draw into doubt the prospect of empowerment through financial inclusion.

Camille Meyer
Building Commons on Community Institutions: The Case of Self-Managed Microfinance Organizations

The question of how collective enterprises are created and managed is an important issue in entrepreneurship and organization theory. Building on a comparative case study of five community banks in Brazil, we analyze how community enterprises create commons whereas market and state institutions reproduce exclusion and inequalities. Our results suggest that, alongside community participation in co-production of rules, which is usually highlighted by the literature, four other elements are required to establish a new organization of commons: collective deliberation, community social control, servant leadership, and desire for social change. Building on this, we develop a model of commons organization and explain why these organizations are grassroots alternatives to marginalizing existing institutions. This study contributes to the literature by examining new elements for commons creation and shedding light on the emergence of new institutional arrangements for social change.
Financial inclusion has gained increasing attention as an instrument for growth and stability, and it is now a core feature of the global sustainable development project (UN, 2015). The social significance of financial inclusion does not reside only in the assumption that access to formal financial services can contribute to socio-economic equality and well-being, but also in the involvement of philanthropic foundations and social organisations in the creation, funding and promotion of inclusive financial services, often in partnership with financial institutions and corporations. These partnerships are labelled as 'social business initiatives' for providing socially relevant products and services while pursuing profits or for applying a business method to the achievement of social goals. These initiatives are framed according to narratives of social entrepreneurship, shared values and philanthrocapitalism, a method of philanthropy that emulates for-profit business in the capitalist world (Prahalad 2004, Porter and Kramer 2006, Nicholls 2006, Gates and Kiviat 2008, Bishop and Green 2008, Bornstein and Davis 2010, McGoey 2015, Richey and Ponte 2011). For instance the Bill and Melinda Gates Foundation, one of the most powerful philanthrocapitalist foundations, has partnered with a variety of institutions to launch its Financial Services for the Poor initiative in 2006, and since then has invested an enormous amount of money in financial inclusion projects such as mobile money.

Mobile money refers to payment systems which rely on the mobile phone network infrastructure to provide access to formal financial services. They have captured the global imagination as successful instruments for financial, economic and social inclusion while creating a variety of entrepreneurial opportunities for both users and providers (Maurer 2011, 2012, 2013, 2015). Mobile money services have been acclaimed for providing access to formal finance to the 'financially excluded' in countries with a dominant informal sector, lack of infrastructure and limited financial resources, overcoming geographical, infrastructural and institutional barriers and reaching people across the urban/rural, socio-economic and gender divides. One of the first and perhaps the most discussed mobile money projects to date is M-Pesa in Kenya. M-Pesa originated from the informal practice of exchanging prepaid airtime and has been institutionalised through a public-private partnership between Vodafone and the UK Department for International Development in 2007. The institutionalisation of M-Pesa is premised on the idea of social entrepreneurship, characterised by the belief that social goals such as access to food, clean water, healthcare, education and employment can be achieved by encouraging entrepreneurship and creating commercially- and financially-oriented opportunities.

This paper draws on insights from feminist political economy (Bedford 2009, Elson 2010 2014, Kabeer 2014 2015), the literature on social entrepreneurship (Hart 1973, Porter and Kramer 2006, Nicholls 2006, Richey and Ponte 2011, Blowfield and Donal 2014, McGoey 2015) and fieldwork conducted in Nairobi to investigate the articulations of narratives such as social business and philanthrocapitalism in the mobile money ecosystem in Kenya, and to reflect in particular on its gender implications. It illustrates how these narratives legitimise a variety of development agents to provide socially relevant products and services, without holding them accountable for the realisation of social rights. The funds, partnerships and
initiatives developed around mobile money projects are organised according to a logic of opportunity rather than a politics of redistribution. This paper argues that the logic of opportunity tends to favour mobile money providers and other powerful institutions involved in the mobile money social enterprise over people at the lower end of the income distribution. This logic contributes to reconceptualise access to basic resources as a fee-based for-profit enterprise rather than as a public good or right, undermining mobile money's potential for contributing to a transformative change towards more equal relations, including gender relations.

Daniel Neyland¹, Sveta Milyaeva², Vera Ehrenstein³
On the transformation of children at-risk into an investment proposition: A study of Social Impact Bonds as an anti-market device

¹ Goldsmiths, University of London, d.neyland@gold.ac.uk
²,³ Goldsmiths, University of London

The organisers of this event propose attuning our studies to the “role of devices in the construction, reproduction, diffusion or change of social finance” in order to ask questions such as: how are devices involved in “distributing rights and duties ... and constructing accountability?” We will argue, drawing on ideas from the field of Science and Technology Studies (STS), that working through the notion of devices can provide insights into such matters as impact investing and in particular Social Impact Bonds. Attuning our empirical enquiry through „devices“ opens up opportunities for detailed consideration of the working practices and material arrangements that transform general ideas and discussion about social investment into specific programs of intervention. However, in contrast to STS work on market devices, we suggest that crucial to the operation of Social Impact Bonds are what we term anti-market devices. In place of enhanced competition, what we find in our study of a Social Impact Bond for children at-risk of going into care in the UK, are various contractual arrangements that enable specific actors (in particular investors) to escape the rigours of market relations. In the process, state funding from tax revenues is transformed from a resource for the public sector to a secure income stream for mostly private actors, while children at-risk are held steady as never more than aggregate statistical indicators for those negotiating, setting up, measuring and financially benefitting from the intervention.
Robert Ogman
On the transformation of children at-risk into an investment proposition: A study of Social Impact Bonds as an anti-market device

1De Montfort University, robert.ogman@my365.dmu.ac.uk

This paper applies a cultural political economy approach (Sum & Jessop, 2013) to the increasingly popular policy of Social Impact Bonds in the United States and United Kingdom. CPE offers a unique way of linking critical policy analysis to a broader investigation of hegemony, by combining critical political economy with critical discourse analysis (Jessop, 2010). CPE's focus on the processes by which an “unstable equilibria of compromise” is produced, disrupted, and reproduced, allows an entry point for investigating the emergence of SIBs within the current crisis conjuncture. In this paper, I situate SIBs within this struggle and renegotiation, explaining the attempt to link a destabilized, yet still dominant, mode of market governance with new notions of ‘public responsibility’ (Sprague, 2010). I analyse this new settlement, drawing on Fraser's (2017) concept of a “progressive-neoliberal alliance”, describing how SIBs respond to certain weaknesses in contemporary neoliberalism by partially incorporating progressive post-neoliberal ideas and actors into a modified, asymmetrical, and persistently contradictory compromise. This paper reconstructs two Social Impact Bond projects, drawing from case study research on the local implementation of these policy experiments in the urban settings of New York City and the U.K. city of Peterborough. I contribute to both empirical knowledge about the practice of SIBs, and inform theoretical debates about trajectories of regulatory restructuring and strategies of crisis governance in the current conjuncture.

Elen Riot
Social impact bonds for the Children: Two Projects and their Discourse about Social Problems in France Today.

1Université de Reims – Champagne-Ardennes, elensoaz@yahoo.fr

This paper present two projects who were selected by the French State to be part of a social impact bond program launched in 2015. These two projects are pioneering a new approach to social help in the field of children and youth. We describe the two associations (la Sauvegarde du Nord and the Orphelins Apprentis d'Auteuil) in the French context, then interpret their discourses in relation to two traditions of charity and solidarity and their criteria for evaluation.
Emily Rosenman¹
Monetizing social change? Valuing the returns of social impact investing in theory and in practice

¹University of British Columbia, rosenman@geog.ubc.ca

Social impact investing involves asserting expected (rather than observable) social changes and then translating these expectations into financial metrics. This paper asks how expectations of social change are rendered legible and investible for private finance, using a case study of how such expectations are translated into market decision-making in the US subsidized housing sector. I engage in comparative analysis of a financial model of social impact investing and the process through which staff at a US-based impact investing intermediary, a community development financial institution, negotiate how to implement such models in market decisions about where to finance subsidized housing development, what this housing is expected to achieve, and who is a suitable resident. My examination of the labor of valuing social outcomes in financial terms finds that market intermediaries have substantial influence over the valuation practices surrounding social impact investing. These intermediaries rely on individualized understandings of how poverty is best alleviated, reproducing a mainstreamed neoliberal ideology of poverty management as the basis for flows of social investment capital.

Patricia Saez¹
How do impact investors decide to invest?

¹University of Leicester, psb19@le.ac.uk

The literature has not yet found a systematic way to measure impact and that is problematic for the proper functioning and growth of the emerging industry of impact investment. Given this, my research aims to shed light onto this debate by focusing on the plurality of valuation approaches of social impact. Drawing on the case material related to impact measurement at a dozen impact investment organisation, I find two potentially conflicting themes in the material. On the one hand there is a will to legitimate the assessment by linking it to existing modes of measurement, on the other hand, some actors do not want to be associated with impact investors and are creating valuation devices with the goal to become industry standards in specific sectors. However, in all cases the valuation of social impact is a process of interaction between actors. This research project combines insights from valuation studies and social studies of finance and wants to contribute to the decision-making discussion in impact investment.
Jon Sallé¹, Bonnie Brusky², Cécile Lapenu³

Universal Standards for Social Performance Management: an inspiring framework for
Impact Investing stakeholders

¹ CERISE Micro-finance, cerise@cerise-microfinance.org
²,³ CERISE Micro-finance

This article proposes an analysis on why and how the impact investment industry can draw from and build on the social performance measurement framework used in the microfinance sector. It highlights the controversies around impact assessments that led the microfinance sector to move from proving to improving its positive social impacts, with a focus on how the sector has defined a unified set of standards, the Universal Standards for Social Performance Management, against which it has recalibrated. It provides a set of elements illustrating how this new framework offers a well-grounded basis for national regulations and how it has helped recenter microfinance activities around clients and create the data management systems that might enable accountable yet affordable impact assessments.

Allison Tse¹ & Mildred Warner²

The Razor's Edge: Social Impact Bonds and the Financialization of Early Childhood Services

¹Cornell University
²Cornell University, mew15@cornell.edu

Social Impact Bonds (SIBs) offer the hope of increased investment in effective social programs in the context of limited public funding. We argue SIBs walk a razor’s edge between the potential to promote innovation and the risk of deepening financialization in the social service sector. Drawing on Polanyi’s notion of a double movement, we ask: do early SIBs help to humanize the market or do they primarily insert the logic of financialization into social services?

We explore three recent SIBs in early childhood education in the US, in Utah, Chicago and South Carolina. We explore the balance between promise and risk through a critical perspective that considers innovation, equity, efficiency, sustainability, and breadth of objectives. If SIB interventions meet these conditions, they can build a social infrastructure that humanizes their internal financial logic even as marketizing forces extend into social services. We show that the context of political fiscal climate matters in their justification and impact. SIBs have the potential to move the needle in difficult political contexts such as Utah and South Carolina, but they risk overwhelming the social mission otherwise, as in Chicago.

As SIBs proliferate they introduce a financial logic into social service provision that prioritizes narrow investments and short-term gains. SIBs are costly in both financial and public value terms. As policymakers seek broader investment in human development, they must be cautious of false hopes from the SIB’s focus on monetizable outcomes. If this narrows the logic for public investment, then SIBs are merely a Trojan
Horse. If SIBs can lead to broader sustainable financing, then they have the potential to use markets as a means to broader social ends.

Jay Wiggan¹

Selling financialised welfare futures: the Social Impact Investment Market and the policy boostering discourse of UK Governments

¹ University of Edinburgh, j.wiggan@ed.ac.uk

Between the formation of the UK Conservative-Liberal Coalition Government election in June 2010 and the 2015 General Election a suite of policy reforms were undertaken to support the growth of a Social Impact Investment Market (SIIM) in the UK and globally and position the UK as a world leader in impact investment. These were accompanied by the prominent discursive championing of impact investment as a radical, innovative mechanism to harness the resources and discipline of finance to achieve social goals in addition to financial gains, and this broad orientation has continued under the Conservative administration that took office following the 2015 General election.

Drawing on Hyatt’s (2013a; 2013b; 2015) Critical Policy Discourse Analysis Framework this paper provides a critical appraisal of a purposively selected sample of UK Government speeches and policy strategy documents published between 2011 and 2016. Through employing the CPDAF, the paper analyses the discursive representation of policy drivers underlying SIIM; the ‘policy boosterist’ (Harvey, 1989; McCann, 2013) forms that ministerial justifications for the SIIM turn take and how particular modes of legitimation (rational, narrative, moral) work to defend state intervention to build and sustain SIIM. As Gutsche (2015: 502) notes, while ‘policy boosterism’ is concerned with positive portrayals of place/policy it is more than superficial marketing froth. It works to (re)produce particular patterns of social division, inequality and relations of domination and typically provides affirmation of a broader political-economic project (McCann, 2013: 8). Here the boosterist depiction of SIIM as the future of welfare obfuscates and legitimates the recuperation and insertion of finance capital into new areas of welfare provision by weaving a problem-solution representation of SIIM within a conservative domestic and international policy narrative built around Broken Britain and the Big Society (Wiggan, 2011; Dowling and Harvie, 2014; Smith and Jones, 2015) and a depiction of a new (Global) Britain as a dynamic liberal market economy, open to trade and investment, albeit one which continues to prioritise finance capital (Lee, 2015: 30).
While ‘social finance’ and ‘impact investing’ have been promoted as solutions to a range of ‘wicked’ problems ranging from climate change, to food security, to homelessness, the bulk of activity in this market has been limited to investments in for-profit social enterprises. Much less attention has been devoted to nonprofit providers of social services, the very agencies tasked with responding to society's most complex social problems, given the absence of a revenue stream that can be parlayed into investor returns. One model that seeks to overcome this limitation is the Social Impact Bond (SIB). Pioneered in the UK in 2010, SIBs are investment contracts in which private investors provide funding for social programs offered by nonprofit agencies. Actively promoted as a solution to the ongoing fiscal crisis, the SIB model has been subject to mounting criticism in policy and academic literatures where it has been conceived in terms of the financialization of the nonprofit sector. Drawing from a larger study of SIBs in Canada, the U.S., and UK, and informed by work in the social studies of finance, this paper examines exactly what financialization looks like in this context including the methods, tools, and practices that underlie these markets in social services, their attempt to translate pressing social issues into manageable investments, and the challenges, barriers, and frustrations encountered along the way. The analysis points to a more nuanced view of financialization as a form of work with its own limits and contradictions. It also suggests that the long-term effects of SIBs may stem less from the model itself and more from the diverse market of financial and philanthropic expertise, or ‘impact economy,’ that has emerged in its wake. Understanding this ‘impact economy,’ and its implications for the nonprofit sector, is an essential track for future research on social finance and impact investing.