

Social Movement Investing

Two wavy teal lines are positioned on the right side of the maroon background, starting from the middle and extending towards the bottom right corner.

A guide to capital strategies
for community power

By the Center for Economic Democracy

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WHILE WE CANNOT

“IMPACT INVEST” OUR WAY

OUT OF CAPITALISM,

**a new form of impact finance
that operates in alignment
with grassroots social
movements could become
a much more forceful tool
to create the world that
we all desperately deserve.**



Executive Summary

While the impact investment field has grown considerably in the past decade, most capital stewards seeking social impact remain siloed from the community leaders and social movements that are directly driving structural and transformative change. **This paper is about the promise and the practice of investing capital in coordinated alignment with social movements to amplify, augment and strengthen community power building.**

Drawing on frameworks from both social justice organizing and impact investing fields, **Social Movement Investing (SMI)** explores and proposes movement-aligned capital strategies that support the power building necessary to address our many challenges -- from economic and racial injustice to climate and migration crises. In addition to offering guidance for transition from impact investing to Social Movement Investing, the paper also includes innovative capital stewardship tools that investors of all types can utilize in the service of a just, equitable and sustainable future.

We begin by introducing **foundational concepts**: the Just Transition framework and key impact investing theories. The **Just Transition framework** identifies characteristics of our current “Banks and Tanks” economy and its basis in the enclosure and extraction of land and labor; describes key elements of a just, sustainable and equitable alternative; and offers organizing strategies to shift from the current extractive economy to a regenerative economy. Employed as an organizing tool and guiding logic by diverse social movements, the Just Transition framework is also the basis for several Social Movement Investing tools explored in the paper. At the same time, SMI builds on a lineage of impact investing theory. In particular, we highlight Jed Emerson’s Total Portfolio Management, which offers a framework for investors to optimize for risk, returns and impact across a multi asset class portfolio. We also draw on Impact Frontiers’ methodology for rating and mapping investments against an articulated impact threshold to guide capital allocation decisions.

Having laid our foundations, we turn to the first of five elements of strategy that define Social Movement Investing: **Social Movement Alignment**. Movement Alignment is multi-dimensional and includes building relationships, leveraging power, movement coordination, and strategic

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alignment. First and foremost, to provide on-ramps for **relationship building**, Chapter 1 begins with a survey of the broad categories of social movement groups, rooted in the experiences of communities most harmed by the current extractive economy, that are working to build community power and lead transformational change. We offer considerations for asset owners and other capital stewards as they engage with groups that are situated very differently within a system that relies on and engenders unequal access to social, economic and political power. We highlight six ways capital stewards can begin to **leverage their power** in support of movement strategies, both independent of and in addition to shifting capital.

Relationship building allows for information exchange and mutual learning, but the capacity for deep coordination with social movements also requires new approaches to decision-making and capital governance. Grounded in the belief that community organizers and social movement strategists offer essential perspectives and knowledge in the development of movement-aligned capital strategies, the **movement coordination** section emphasizes the importance of authentic, accountable and structured relationship with movement groups and leaders. Our **Capital Coordination Ladder** helps conceptualize and assess movement coordination across various bodies of decision making, and provides examples of funds and foundations that are already practicing these forms of deep coordination.

The last section of Chapter 1 offers tactics for investors to act as in **strategic alignment** with a range of social change strategies active in the US ecosystem. We outline a spectrum of “Resist and Build” strategies, ranging from investments that have a supportive and catalytic impact on social enterprises or community projects (“Building the New”), to those used to pressure or discipline extractive institutions or harmful corporations (“Resisting the Bad”). The **Movement Alignment Map**, which visualizes the interaction between

the strategic alignment spectrum and the level of capital coordination, serves as a high-level investment screen to discern whether a particular action or product is considered Social Movement Investing.

Having explored the concept of Social Movement Alignment in Chapter 1, we turn to the question of what it means to invest in **community power building**. Chapter 2 outlines three inter-related strategies employed by social movements to build Community Power: **Community Ownership**, **Community Governance**, and **Community Action**. Investments in Community Ownership help build power by directing capital to projects that are sustainably meeting community needs and expanding asset ownership, especially in working class communities of color and communities from which wealth has historically been extracted. Investing in Community Governance builds community power by supporting structures and practices for community leadership, accountability, and control over finance as a shared resource. Lastly, investing in Community Action amplifies and augments social and economic justice efforts to change dominant narrative and systems, and hold harmful actors accountable. We highlight 12 examples of how capital stewards are leveraging finance capital in support of community power building across these three domains.

In the next section, we begin to conceptualize how these various capital strategies might fit within a “Movement Portfolio” that is invested fully in community power building strategies across multiple asset classes. Chapter 3 introduces the **Movement Finance Matrix**, a template for envisioning the relationships among capital strategies that meet a range of financial goals (from tax relief and liquidity to capital appreciation) while spanning the spectrum of movement-aligned strategies.

Social Movement Investing is in an early stage. Chapter 4 explores the possible phases of its growth, as well as some of the learning curves and obstacles faced by capital stewards seeking to adopt SMI and grow a broader SMI field of practice. In the shift **from impact investing to social movement investing**, capital stewards may encounter obstacles within institutions or offices, as well as cultural, financial and legal constraints in the broader field. Chapter 4 names six internal and three external obstacles and suggests strategies for navigating them.

Finally, in Chapter 5, we introduce a portfolio construction process, **Movement Portfolio Theory**, and guide readers through an evaluative tool and scoring rubric to assess investment strategies against previously defined features of SMI. Drawing from Impact Frontier’s methodology, we begin by translating the concepts of movement alignment and community power building into numerical relationships in order to calculate an “Expected Power Rating” for any particular investment. We then apply the Expected Power Rating rubric to three hypothetical capital strategies to demonstrate the rubric’s utility and the complex considerations that might arise in the scoring process. Having established a “Power Rating” for individual capital strategies, we offer a mechanism for plotting multiple power-building strategies against an investor’s financial goals or constraints. Taken together, these tools offer a framework for constructing, rebalancing and evaluating a multi-asset investment portfolio based on the tenets of Social Movement Investing.

We hope that the strategies and tools of Social Movement Investing provide guidance for immediate action, and simultaneously invite readers to help develop and grow the field of capital strategies for community power.

About Center for Economic Democracy

Founded in 2014, the Center for Economic Democracy works to *advance visions and practices for a just and sustainable world after capitalism*. In service of this mission, we grow the institutions, laws and capacities necessary for collective self-governance so that everyday people -- not just politicians and CEOs -- are able to shape our economy, politics and culture.

CED approaches work through cycles of model-building, experimentation, learning and theory development. Our efforts in Boston and Massachusetts build wealth and power in working-class communities of color through strategies that democratize ownership and governance of land, labor and capital. Grounded in the needs, lessons and possibilities of our local work, CED engages in trans-local partnerships with organizations from across the country to share, resource and proliferate economic democracy strategies across the US. Policy research and public communications, local and national coalition building, funder and investor organizing, and educational programming further support and advance the field, and create new conditions for future experiments.

In the arena of finance and capital, CED specializes in designing and incubating participatory structures for the governance of money by historically exploited communities. Through democratic investment vehicles like the Boston Ujima Project, and participatory grant-making processes like Massachusetts Solidarity Economy Initiative, CED supports pilot projects to materially benefit working class communities while modeling post-capitalist structures for the future.



Author's Note

Aaron Tanaka wrote the first version of this document between 2018-2019, with plans to publish segments of the white paper in select journals. When COVID hit in early 2020, the Center for Economic Democracy (CED) decided to pause discretionary projects to focus our attention on meeting immediate community needs.

Throughout this period, we continued to use the original paper as a basis for shared perspective forming and strategy development with partners, to bridge the divide between impact investors and grassroots movements for social justice. After integrating invaluable feedback from our collaborators, we are now sharing this revised and expanded white paper.

Please see the full list of our collaborators in the acknowledgements section at the end of this paper. We're grateful for their insight, inspiration and ongoing partnership as we develop and begin to experiment with the ideas presented in this paper.

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