Social Movement Investing

A guide to capital strategies for community power

By the Center for Economic Democracy

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Preface

"The master's tools will never dismantle the master's house." - AUDRE LORDE

For those seeking social change through investing, Audre Lorde's oft referenced quote might evoke some concern. Lorde was an iconic American author and civil rights activist, a self proclaimed "Black, lesbian, mother, warrior, poet." Her refrain still circulates amongst grassroot activists to warn against "selling out" and the dangers of co-optation with insider strategies.

The "master" she references is the slave owner, whose "house" sits atop the plantation soiled in racial capitalism, settler colonialism and patriarchal violence. If our deepest challenges, from social inequality to ecological disaster, are features of unchecked racial capitalism, then using "finance tools" to upend the "house" of finance capital may seem like a dubious task. [1]

There is merit to this skepticism. As impact capital grows to trillions of dollars under management, some of the largest global asset managers have spun up impact branded funds and products espousing a range of social outcomes across sectors and asset classes. These funds generate "impact" by making bets in overlooked markets, selecting stock of "less bad" corporations or scaling private solutions to address publicly neglected problems. Though sometimes meaningful and usually well intended, these approaches generally conform to and often reify the capitalist logic of profit maximization and privatization that undergird the very problems we seek to remedy.

Still, Impact Investing has helped create opportunities for change in a sector that has long resisted it. Evolving from Environmental, Social and Governance (ESG) investing and Socially Responsible Investing (SRI) movements before it, impact investing has normalized the belief that investments should be evaluated through a social lens. But as our social, economic and planetary systems show intensifying distress, this moment demands new rigor to define what "impact" we should seek, and more fundamentally, who gets to define it.

Lorde used the "master's house" analogy in 1979 to critique feminist scholars for excluding poor, Lesbian, Black and Third World women from having a voice at the academic table. **In the impact investing field, we would similarly critique the general absence of leadership from communities most ravaged by capitalist plunder in the design of impact strategies that purport to serve them.**

But for those who fear that Lorde's insights foreclose the viability of insider strategies, further reading reveals a spirited invitation to build solidarity across differences.

1 Ed Whitfield offers related contemplations on Lorde's assertions in "What must we do To be free? On the building of Liberated Zones", published in Prabuddha: Journal of Social Equality in 2018. https://prabuddha.us/index.php/pjse/article/view/23/16

> *"Difference must be not merely tolerated, but seen as a fund of necessary polarities between which our creativity can spark like a dialectic … Only within that interdependency of differen[t] strengths, acknowledged and equal, can the power to seek new ways of being in the world generate, as well as the courage and sustenance to act [...]*
>
> *For the master's tools will never dismantle the master's house. They may allow us temporarily to beat him at his own game, but they will never enable us to bring about genuine change. And this fact is only threatening to those … who still define the master's house as their only source of support."*

While Lorde spoke to the differences between women pushed to the margins and elite white feminists in academia, her perspective is instructive for our discussion of impact investing. **Despite our common goals, there is a stark disconnect between communities organizing for grassroots change and practitioners in the social capital sector.** If Lorde's analogy holds, without an alternative to inhabit, most investors will self correct within the bounds of capitalism in the name of self-preservation and status. But bound together, if grounded in mutual respect and solidarity, both sectors could spark new, generative power to rewrite the rules for a shared future.

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.

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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 interrelated 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.

Disclaimer

The content of this document is an opinion and is for information and educational purposes only. It is not intended to be investment advice. Seek a duly licensed professional for investment advice.

Introduction

CONTEMPORARY INEQUALITY is sustained by dominant, interlocking political, economic, and cultural systems. Over centuries, these systems have enabled a small class of mostly white and male elites to accumulate wealth and power by extracting vast value from human labor and the gifts of the natural world. These dynamics of *racial capitalism*[2], which attracted widespread attention during the 2008 foreclosure crisis and the subsequent Occupy movement, have been called into sharp relief by the racial justice uprisings and Covid-19 pandemic of 2020 and 2021. In the first year of the pandemic, the world's billionaires made hundreds of billions more, while billions of people suffered the impacts of climate disaster, a global pandemic, state violence, lost income and overburdened care systems. As these challenges persist, there is growing recognition that our current economic system presents an existential threat for too many.

A core belief at the Center for Economic Democracy is that those "closest to the pain must be the closest to the power."[3] By this, we mean that **deep, sustainable change can only occur when oppressed communities themselves design and own the solutions to their problems.** This paper explores this premise in the context of investing, and calls for an evolution **from "impact investing" to "Social Movement Investing (SMI)"** to accelerate the democratization of wealth from the gated houses of the 1% to the workers and communities who created it.

As part of a nascent field of "movement finance," we argue that dominant philanthropic and impact investing models will never "fund the revolutions"[4] our moment requires. But we also believe

2 Racial capitalism is a concept developed by Cedric Robinson in *Black Marxism: The Making of the Black Radical Tradition*, published in 1983, in which Robinson traces the interrelated development of capitalism and racism, and argues that they are inseparable--that capitalism can never be divorced from racialism.

3 The phrase "the people closest to the pain must be the closest to the solutions" was most recently popularized by House Representative Ayanna Pressley, the first Black woman in history to represent Massachusetts in congress. The phrase captures a key principle and theory of change of community organizing.

4 From The Revolution will Not be Funded: Beyond the Nonprofit Industrial Complex, an anthology of essays compiled by INCITE! Women of Color Against Violence, published February 2017, which explores the limitations and consequences of the US non-profit sector on social movement building.

that forging a transition to a more just and sustainable world can be aided by more creative engagement between asset owners and grassroots leaders. Embracing solidarity over charity, we offer Social Movement Investing as a framework to operationalize this ethic through the construction of investment strategies and portfolios in partnership with social movement leaders.

In the pages ahead, we present tools for values-aligned wealth holders and managers to discern between conventional impact investing and Social Movement Investing approaches. Whether through a family office, nonprofit endowment or union pension fund, Social Movement Investing involves aligning capital strategies with grassroots social movements who historically have stood outside the "house" of finance. This work of alignment requires accountability and mutuality with frontline communities, in contrast with the usual prerogative of wealth stewards to dictate the terms of those relationships. As the neoliberal house smolders, Social Movement Investing offers a path that recognizes that our common futures depend on the ability of communities to co-construct more humane and inclusive structures for all of us to inhabit.

This paper was prepared for readers with some fluency in impact finance and a radical longing for a healed and transformed world. Perhaps you are an asset owner who seeks to aid social change efforts but feels limited by the apparent paucity of investment vehicles. Or perhaps you are a socially minded capital allocator seeking to better align the money you steward with the values you and your investors hold most dear. You may be an organizer or activist seeking accomplices from the investment world to fortify grassroots struggles for justice. For all readers, we hope this document can be an onramp to deeper partnerships and creative practices that generate more transformative social change.

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Foundational Frameworks

Before delving into specifics of our toolkit, we briefly review a few key concepts to help orient readers to Social Movement Investing (SMI). First, we outline the **"Just Transition framework"** to locate SMI strategies in relationship to social movements. Second, we highlight the evolution of **Modern Portfolio Theory** and **Total Portfolio Management** to establish the lineage of asset management frameworks from which we build. Third, we define **Social Movement Investing,** **Movement Finance** and **Movement Portfolio Theory** as key interrelated concepts. Through the remainder of this paper, we'll build on these concepts through "five elements of strategy" to explore SMI as a theory for change.

Just Transition Framework

The mission of the Center for Economic Democracy (CED) is to advance visions and practices for a just and sustainable world after capitalism. That future, as described by our partners at Justice Funders, is a world where "wealth is redistributed, power is democratized and economic control is shifted to communities in a way that is truly regenerative for people and the planet."[5]

As a pluralistic organization, CED supports various descriptors for alternative visions of political economy, most commonly using "economic democracy" and "solidarity economy," in addition to a diverse range of qualifiers to "economy"--new, participatory, restorative, reparatory, regenerative, cooperative, decentralized, feminist, Indigenous, socialist, local, doughnut, commons and more. Though different in emphasis and features, these visions describe a more equitable and sustainable future through the democratization of ownership and governance across our society.

With this North Star in mind, we turn to the Just Transition framework to help chart a path ahead. The term *Just Transition* originated in the 1920's labor movement and has been used in multiple contexts since. We use the definition offered by two partner organizations, Movement Generation and the Climate Justice Alliance: a Just Transition describes a collective shift from an extractive "Banks and Tanks" economy towards a Regenerative Economy built for "Cooperation and Caring." Just Transition's rallying cry to "Stop the Bad and Build the New" orients social movement organizers **to not only resist injustice, but also to build alternative systems** for survival, safe landing and thriving. In the following sections, we will use the terms "stop the bad" and "resist" interchangeably to describe a range of social change strategies that oppose, confront and/or mitigate the harmful impacts of the Extractive Economy.

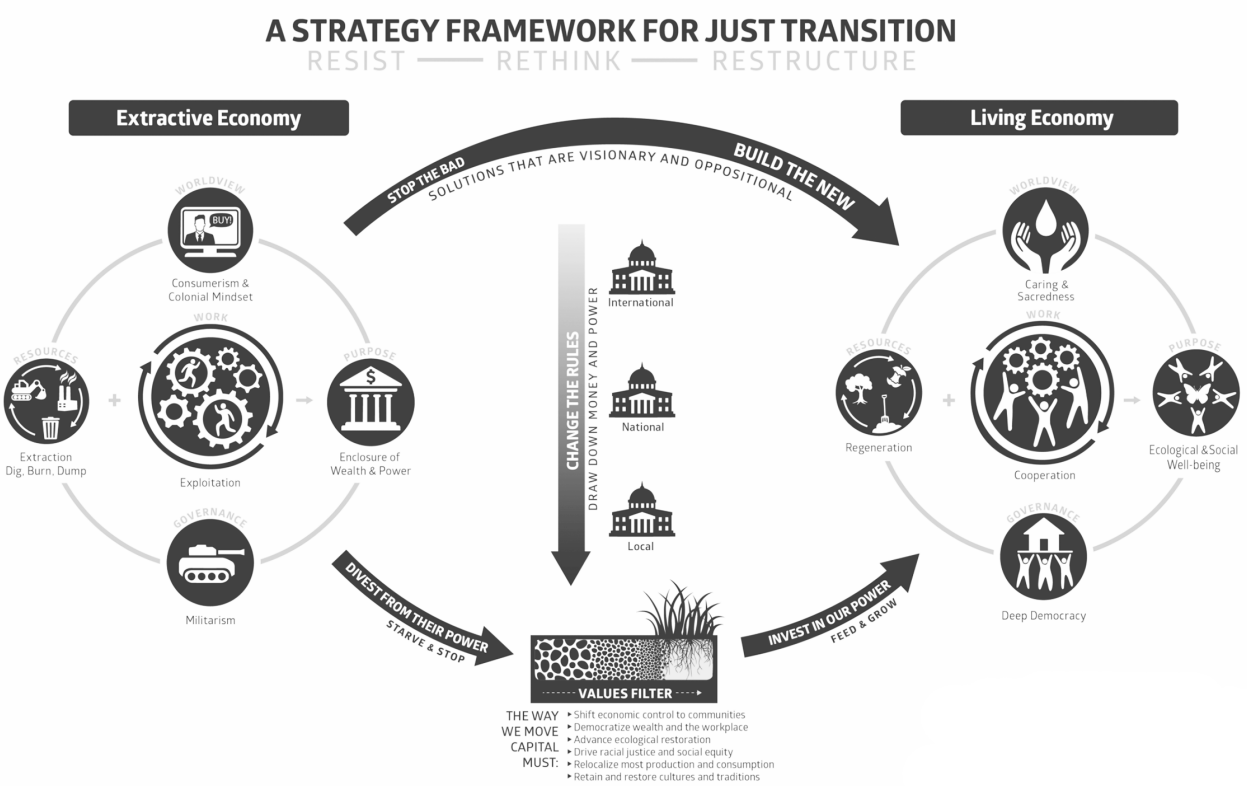
For a deep dive into the full framework, we encourage you to visit Movement Generation's website, where you can find a zine and other resources that describe the elements in detail[6]. For the purposes of this paper, we focus on the transitional strategies between the Extractive Economy on the left and the Regenerative Economy on the right. In particular, we draw your attention to the black directional arrows in the center of the image, which read:

5 Explore Justice Funders' Resonance: A Framework for Philanthropic Transformation here: http://justicefunders.org/resonance/

6 Explore Movement Generation's "Strategic Framework for a Just Transition Zine" here: https://movementgeneration.org/justtransition/

- **Stop the Bad; Build the New** [through] solutions that are visionary and oppositional;
- **Change the Rules:** draw down money and power and;
- **Divest from their Power;** starve and stop.
- **Invest in our Power;** feed and grow.

Movement Generation's Just Transition Framework



The best way to understand these Just Transition strategies is through stories of their application. In Boston, for example, housing justice group City Life Vida Urbana (CLVU) gained national recognition in 2008 for a "Stop the Bad" i.e. "Resist" strategy -- organizing rolling eviction blockades that moved from home to home to protect families during the foreclosure crisis. Dozens of residents stood shoulder to shoulder, non-violently blocking entryways to keep constables from executing evictions and removing people from their homes[7]. These families and their caring, courageous allies created the time and leverage needed to win negotiations with their banks to repurchase their homes at a fair price or to raise money to cover rent. They resisted the negative impacts of the Extractive Economy.

In parallel, CLVU co-created the Boston Neighborhood Community Land Trust, using the model of a non-profit land management entity to take vulnerable properties in foreclosure out of the speculative market, and allow people to stay in their homes. Obtaining bridge financing from local investors like BlueHub Capital and Boston Impact Initiative, CLVU and Boston Neighborhood Community Land Trust were able to place the properties in trust as permanently affordable and democratically governed by a community board. To scale up this strategy for preserving local affordable housing, activists successfully campaigned for the City of Boston to fund additional Community Land Trust acquisitions to expand permanently affordable housing across the city. The creation of land trusts provides a positive alternative to the unrelenting defensive fights against foreclosure and eviction. Through this "Build" strategy, CLVU was creating a longer-term structural solution to the problem of unaffordable, market-based housing.

CLVU's approach and other "resist and build" strategies occur at different scales. They can be embodied in single, unifying policy agendas like the national 2020 BREATHE Act and THRIVE Act -- two transformative social and economic policy agendas from the Movement for Black Lives and the Green New Deal Network, respectively. But they can also be found in decentralized efforts like "Divest-(Re)invest" campaigns that press various targets--including retail investors, endowments, public savings, pension funds and their managers--to divest from fossil fuels or private prisons and reinvest capital from Wall St. into Main St.

Taken together, these Just Transition strategies to resist current corporate and political institutions, and at the same time build new democratically governed alternatives, are our best path to a regenerative economic future. Alternatives include visions for robust participatory democracy in the public sphere; corporations owned by workers and their stakeholders; community-based stewardship of land and nature; and the democratic control of finance through public banks and democratically governed funds. These alternatives take new legal and administrative forms that incentivize cooperation over competition. They also seek to repair and heal from the violence of racial capitalism by ensuring that historically oppressed communities are involved in the design and governance of these alternatives.

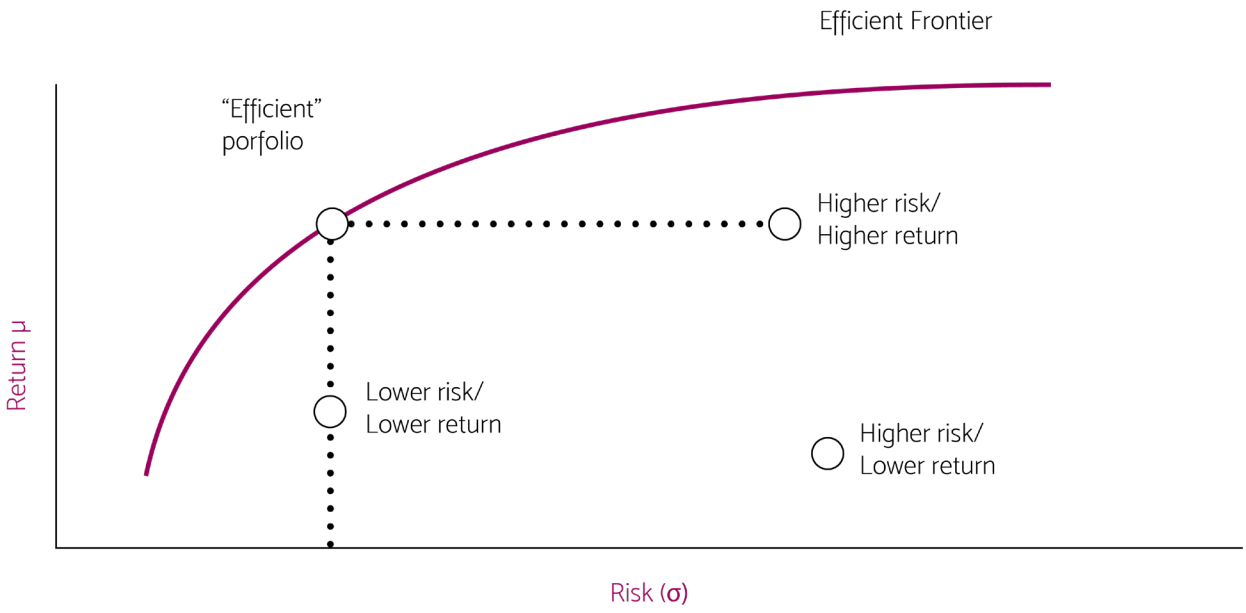
Social Movement Investing takes inspiration from the Just Transition framework in multiple ways, including to establish a spectrum of **Social Movement Investment Strategies,** explored in detail in the paper. The spectrum seeks to expand our collective imagination about the ways capital, and the power conveyed by capital, can be used to advance movement strategies.

7 See a recording of City Life/Vida Urbana's resistance strategy, staging an eviction blockade to prevent the removal of a Boston family from their home. Recorded September 2008. https://youtu.be/QqP5f5Al5YI

Impact Investing Lineage

Since its introduction by Harry Markowitz in 1952, Modern Portfolio Theory (MPT) has offered a framework to guide institutional investors in the allocation of capital. MPT popularized the belief that investors can reduce their risk by "diversifying" their holdings across a range of asset classes. MPT calculates an "Efficient Frontier," which locates optimally composed portfolios that maximize financial returns according to a tolerated level of risk. As each asset class offers different risk, return and liquidity profiles, the framework enables the management of aggregate outcomes by adjusting the relative weight of each asset class in service of desired investment goals.

Efficient Frontier Diagram



Social Movement Investing (SMI) narrows our focus to explore a social movement-based definition of "impact" which centers the goal of growing Community Power.

With the growth of impact investing as an approach to wealth management, leading practitioners have since devised constructs for an "Efficient Impact Frontier" that enables portfolio optimization for "risk," "return" and "impact.[8]" Jed Emerson explored the concept of managing all one's assets for impact in a 2000 paper, A Capital Idea, followed later by the 2011 Impact Assets Issue brief,

Risk,Return and Impact, as well as the 2015 paper, Construction of An Impact Portfolio[9][10][11]. In this approach, impact investors are invited to craft an "impact thesis" which details an investor-specific understanding of "impact" and broadly defines how the client views the integration of impact and financial performance[12]. Others have advocated in a similar vein to "activate" portfolios to create change in our world[13]. With these frameworks, investors can stipulate their capital needs and impact goals, and construct efficient allocations in service of those outcomes.

Total Portfolio Management (TPM) is suited to facilitate a diversity of impact theses and theories of change. Social Movement Investing (SMI) narrows our focus to explore a social movement-based definition of "impact" which centers the goal of growing Community Power. In this paper, we offer tools and guideposts to help investors create a "total impact portfolio" that balances the interdependent factors of risk, return and Community Power and to find optimal allocations along a "Community Power Frontier."

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8 Michael McCreless. "Towards the Efficient Impact Frontier," Stanford Social Innovation Review, published 2017. https://ssir.org/articles/entry/toward_the_efficient_impact_frontier

9 Jed Emerson. " A Capital Idea: Total Foundation Asset Management and The Unified Investment Strategy. " Stanford Graduate School of Business Research Paper Series, No. 1786. Published January 2002. https://www.blendedvalue.org/blog-posts/a-capital-idea-total-foundation-asset-management-and-the-unified-investment-strategy

10 Jed Emerson. "Risk, Return, Impact," Impact Assets Issue Brief #2. https://www.impactassets.org/files/downloads/ImpactAssets_IssueBriefs_2.pdf

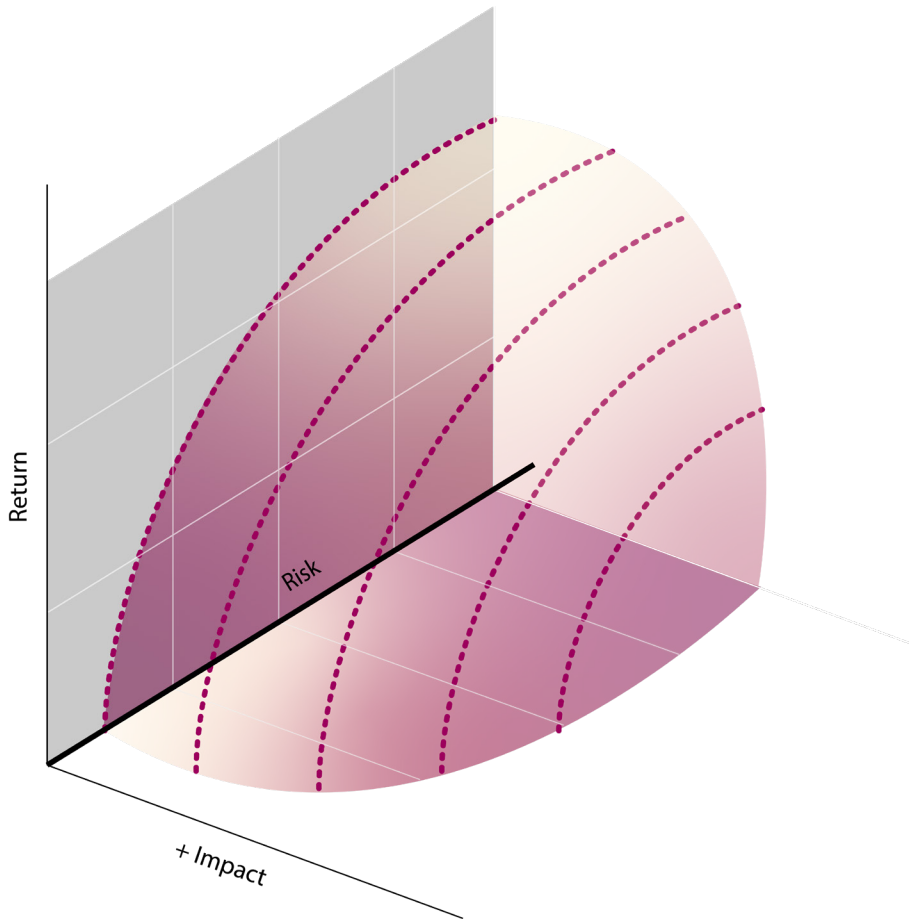
11 Jed Emerson. "Construction of an Impact Portfolio: Total Portfolio Management for Multiple Returns," republished December 2017. https://www.impactassets.org/files/IWM17NovDec-ConstructionOfImpactPortfolio.pdf

12 Jed Emerson. "Construction of an Impact Portfolio: Total Portfolio Management for Multiple Returns," republished December 2017. https://www.impactassets.org/files/IWM17NovDec-ConstructionOfImpactPortfolio.pdf

13 See Joshua Humphreys, Ann Solomon, and Christi Electris at Tellus Institute, A Framework for Creating Social and Environmental Impact across Asset Classes." Published August 2012 by Tides and Trillium Asset Management. https://missioninvestors.org/resources/total-portfolio-activation

In the fifth section of the paper, **SMI Economic Logic: Movement Portfolio Theory**, we will directly apply TPM to select and weigh vehicles according to desired impact, financial risk and return. For those not involved in portfolio level planning, the frameworks in this final section can also be used to assess individual investment vehicles for their potential community impact.

Designing for Efficient Impact Frontier



Key Definitions

Movement Finance: A field of social change strategies employed by civil society and social movement groups to collaborate with, influence or target capital market participants to advance a cultural, economic and/or political agenda. Movement Finance includes a range of approaches, but is always rooted in the goals and strategies defined by frontline organizations and communities.

Social Movement Investing (SMI): An approach to capital allocation and governance that seeks to build Community Power by aligning with social movement-led Movement Finance strategies. Specifically inspired by a Just Transition theory of change, Social Movement Investing is a subset of the broader Impact Investing sector.

Movement Portfolio Theory (MvPT): An investment framework for Social Movement Investors to construct and manage multi-asset portfolios that optimize for Community Power, risk and return. MvPT builds from the financial insights of Modern Portfolio Theory and adapts Total Portfolio Management frameworks to reflect Social Movement Investing principles.

Five Elements of Social Movement Investing

WE HAVE ADAPTED A COMMONLY USED BUSINESS PLANNING FRAMEWORK to help organize our presentation of Social Movement Investing. The "Strategy Diamond" is used to articulate five interrelated facets of a proposed strategy within a marketplace. These five dimensions are 1.) Differentiators that distinguish our approach from others; 2.) Arenas of activity, where our strategy will be applied; 3.) Vehicles that will help us get there; 4.) Staging, or the speed and sequence of our actions, and 5.) Economic Logic, or how we will obtain our desired outcomes or returns.[14]

We use this classic tool to help frame an integrated, overarching concept of how capital can better support the objective of a Just Transition to a more equitable and sustainable future for all. Within each of the five elements of strategy, we offer one or more tools to illustrate our approach. The sections move from more descriptive to more technical in nature, with the first two sections--Movement Alignment and Community Power--providing critical underlying arguments for the later investment choice and portfolio construction sections.

1) SMI Differentiation: Movement Alignment: Distinct from conventional impact investing, Social Movement Investing (SMI) strategies are co-created and coordinated with grassroots movements.

2) SMI Arenas for Activity: Community Power: Social Movement Investors leverage capital to grow Community Power through investment strategies that advance Community Governance, Community Ownership, and Community Action.

3) SMI Vehicles: Movement Finance Matrix: After screening for movement aligned investment strategies that build Community Power, Social Movement Investors map these strategies across asset classes to identify gaps and opportunities.

4) SMI Staging and Sequence: From Impact Investing to Social Movement Investing: Over time, Social Movement Investors exit extractive secondary markets to invest directly in regenerative, community controlled economies.

5) SMI Economic Logic: Movement Portfolio Theory: By assigning an Expected Power Rating to possible investment products, investors can construct multi-asset portfolios and optimize for differing levels of risk, return and Community Power.

Taken as a whole, we hope that the Social Movement Investing framework offers a road map and a menu of strategies to shift from impact investing to Social Movement Investing over time.

14 Hambrick and Fredrickson, "Are you Sure you Have a Strategy?" Academy of Management, 2001, Vol. 15, No. 4

1. Differentiation

Social Movement Alignment

THE FIRST STRATEGIC ELEMENT OF SOCIAL MOVEMENT INVESTING and the primary differentiator between impact investing and Social Movement Investing is **a commitment by asset owners and managers to build accountability to the communities and leaders who are on the front lines of social change.**

This is far from the norm in the field of social investing, where most investors design "impact theses" (which describes impact investors' theory of change) without anchors in community, place or ongoing efforts on the ground. Without these relationships of accountability to those directly impacted by the investments, impact strategies are often generated from a mix of investor passions, business savvy, altruism, self-preservation, risk management, and/or a desire to be seen as virtuous.

In contrast, Social Movement Investors work to align around a ***"Community Power Thesis,"*** which is explicitly generated with direction from social movement leaders with the aim of building Community Power. In this section, we explore this concept of Movement Alignment through four lenses -- relationships, leveraging power, movement coordination and strategic alignment. We also consider the opportunities and challenges involved in building strategies across professional sectors and (often) class, race, gender and other social divides.

...the primary differentiator between impact investing and Social Movement Investing is a commitment by asset owners and managers to build accountability to the communities and leaders who are on the front lines of social change.

Defining Social Movements and Social Power

In community organizing theory, we often describe three competing sources of power within modern capitalist democracies: state power, corporate power, and social power.

State power is held by our governments and stewarded by politicians. As described in the Just Transition framework, state power is maintained through laws and courts and enforced through a state monopoly on "legitimate violence." This violence is enacted by armed forces, police, prisons and other lethal and non-lethal punishments. State power also includes the ability to define the rules of the market, regulate market activity and tax and confiscate assets, amongst other channels of influence. The democratic ideal maintains that state power is granted by consent of the public, and is therefore subordinate to social power. However, in our current system, corporate capture of politicians and manipulation of democratic processes limit the influence of social power over the state.

Corporate power is understood to drive antisocial interests, not because corporate leaders or owners are misanthropically inclined, but because the "grow or die" nature of capitalism requires a race for profits at the expense of labor, culture and the living earth. While there are many exceptions, modern corporate power broadly seeks to subordinate both state and social power through lobbying, campaign funding, voter suppression, union busting, and monopolies across sectors. Powerful corporations also harness state power to directly repress communities that are challenging corporate capture and the corruption of our politicians.[15]

Social power (aka Community Power), in contrast to state and corporate power, social power draws its strength from the mass aggregation of the political, economic and cultural assets of diverse communities to achieve justice and help heal historic wounds. Social power manifests itself through diverse channels, including disruptions in the streets, strikes and boycotts, organized wins at the ballot boxes, and new stories and social narratives on our screens. Coordinated exertions of social power become visible as individual campaigns for change. But animated by a unifying vision, compounding collective action can cohere into forceful social movements, able to confront even our nation's deepest and intractable pathologies.

In the next section, we focus on social movements, which build **social power** to overcome corporate power and control state power to serve the interests of all people.

15 For more on the relationships between corporate, social and state power, see Erik Olin Wright's discussion in "Real Utopias in and beyond Capitalism: Taking the Social in Socialism Seriously." Fifth Annual Nicos Poulantzas Memorial Lecture. Nicos Poulantzas Institute, Athens. 2011. https://www.aacademica.org/erik.olin.wright/8.pdf

Movement Relationships

We use terms like "frontline communities," or "historically oppressed," "exploited" and "aggressed" people to describe "those closest to the pain" caused by various social ills. In the United States, the burdens and cruelties of these issues--whether the impacts of climate change or the inaccessibility of reproductive healthcare--fall heaviest on poor and working class people who are disproportionately Black, Indigenous and immigrant people of color. Queer and trans people, women and femmes, immigrants and refugees, people with disabilities and religious minorities are also perpetual targets of the violence and injustices we combat. To quote Kimberlé Crenshaw, a civil rights advocate and critical race theorist best known for coining the term "intersectionality," we cannot "talk about race inequality as separate from inequality based on gender, class, sexuality or immigrant status… people are subject to all of these, and the experience is not just the sum of its parts." [16]

Social Movement Investors center strategies for social change that are rooted in and generated by these frontline communities**. Those who directly experience the harms of our systems have the greatest motivations to dismantle them and permanently remove the proverbial boot from their necks. Rather than centering frontline leadership from a sense of guilt or charity, we do so because the solutions they generate are grounded in the immutable wisdom of lived experience,** and are less susceptible to co-optation or superficial satisfaction than those motivated by charitable intentions to "do good." History bears witness to the success of grassroots leadership: both U.S. and global social movements rooted in oppressed communities have helped win the largest leaps forward in the evolution of our imperfect democracies.[17]

These solutions, of course, take more than individual initiative, and emerge through various forms of networks and organizations. We describe as "grassroots" the organizations and leaders that are both from frontline communities and center frontline communities in their work. Grassroots groups and nonprofits, which engage, train and organize frontline communities, represent a primary unit of organization within this landscape. These organizations are typically small (0.5 - 15 people). They are often embedded in a place or community, practice some form of democratic governance to maintain community accountability, and work daily to respond to the needs of their members through mutual aid, direct action and political campaigns for structural change.

16 "She Coined the Term 'Intersectionality' Over 30 Years Ago. Here's What It Means to Her Today." Interview with Kimberle Crenshaw. Time. February 20, 2020. https://time.com/5786710/kimberle-crenshaw-intersectionality/

17 Nikole Hannah-Jones. "Our democracy's founding ideals were false when they were written. Black Americans have fought to make them true." The New York Times. August 2019. Part of the 1619 Project. https://www.nytimes.com/interactive/2019/08/14/magazine/black-history-american-democracy.html

Despite the sustained attack on organized labor by corporate power over the past four decades, unions, especially those organizing the service sector like hotel workers or janitors, also remain a fundamental forum for working class people to assert their interests within society. Other organizations like worker-owned cooperatives and community based businesses, progressive houses of worship, neighborhood councils, tenant unions, mutual aid organizations, and artist collectives are also examples of grassroots organizations that, depending on focus, mission and membership, can be accountable to communities and those who are "closest to the pain."

Meaningful relationships between asset owners and social justice leaders working on similar problems can enable mutual growth and expanded world views, create pathways for informal support and accountability, and anchor the trust needed for generative leaps in strategy and collaboration. Based on an investor's asset class or geographic focus, engaging with local organizations may make sense. For example, a place-based impact investor could focus their energy to understand their local social movement ecosystem and build supportive relationships with the leaders and/or staff of these groups.

For those with a regional or wider geographical scope, it could be more appropriate to engage with broader coalitions, alliances and/or federations, where many of these groups are organized and represented. Networks like the Movement for Black Lives and Indigenous Environmental Network, and international intermediaries like Grassroots International and Thousand Currents are in direct relationship with grassroots leaders across the globe. These networks could offer opportunities to learn and connect with leaders across geography, while becoming a source for movement aligned investment opportunities.

While inspiring, the landscape of movement groups and leaders is also dynamic and complex. Investors new to a community or issue area will need to invest time to understand its ecosystem

Meaningful relationships between asset owners and social justice leaders working on similar problems can enable mutual growth and expanded world views

of players and to avoid common missteps of tokenizing activists or elevating one organization to represent a whole community. Like any sector, differences and disagreements exist within social justice movements, and community accountability is an ongoing and evolving practice. For example, within formal nonprofit organizations or unions, there are often class and other divides between the leadership and rank and file members, and it's a common mistake to lionize specific "movement leaders" at the expense of more diverse voices from the field. Moreover, for many nonprofits, the dependence on wealth holders and foundations encourages the contortion of on-the-ground strategies to appeal to the interests of the donor class.

We share these caveats not to denigrate the potency or integrity of the field, but rather to complicate the process of "choosing" which social movement efforts to build with. For some asset managers, there may be natural and pre-existing constituencies with which to engage. For example, a manager of a union pension fund should start with rank and file workers and their democratically elected leaders to more intentionally explore their investment goals and strategies. Similarly, a social justice foundation that makes grants to community based organizations and coalitions could invite those same organizations into strategic dialogue around their investments.

But for other investors approaching this complex ecosystem, there may not be existing connections to build upon. **In these instances, we encourage a spirit of solidarity and a willingness to work with investment peers who are already in dialogue with frontline groups.** This collaboration not only yields faster learning curves and better informed diligence, but also reduces the burden on frontline leaders to continually educate potential allies. Investors and their agents will also be served by an examination of their biases to overcome cultural divides and power dynamics that can derail earnest attempts at solidarity.

To give texture to this discussion on relationship building between investors and social movements, we turn to Jessica Norwood, visionary social entrepreneur and investor. As founder & CEO of RUNWAY (formerly Runway Project), Norwood describes how she seeks "right relationship" between her diverse group of investors, RUNWAY, and its dynamic portfolio of Black and Brown community entrepreneurs.

> *"When you're agreeing to buy a CD with Runway Project, you're also agreeing to operate in a way that acknowledges the relationships between entrepreneurs and investors and the failures of those relationships over generations. Our charge is to make it right. To make it honest, to make it good, to make it pleasurable. To make the visions and dreams that are on those napkins—to make them really possible…I want to make sure that we are thinking about that entrepreneur—their family, their hopes and wishes—that we're doing our best to be in right relationship with them and the community they serve. "*

Norwood highlights the richness of collaboration that's possible when investors are in a deeper relationship with the people putting the capital to work. Just as she describes, we encourage investors to approach grassroots relationships in a way that is grounded in shared values, overlapping interests, strategic alignment and deep humility. Lila Watson's refrain serves us here: "If you have come here to help me you are wasting your time, but if you have come because your liberation is bound up with mine, then let us work together."

“When you’re agreeing to buy a CD with Runway Project, you’re also agreeing to operate in a way that acknowledges the relationships between entrepreneurs and investors and the failures of those relationships over generations. Our charge is to make it right. To make it honest, to make it good, to make it pleasurable. To make the visions and dreams that are on those napkins– to make them really possible…”

– Jessica Norwood
founder & CEO of RUNWAY

Leveraging Power

The process of building relationships with social movements can open an endless array of shared strategies and possibilities for building social power and impact. We explore the nature of coordination in the following section, and detail the wide range of social movement-aligned asset types in later sections. In this section on leveraging power, we look at ways that movement relationships provide meaningful groundwork for investors to deepen their commitment and engage more holistically with the causes they care about.

Our current economic and political system grants owners of capital unequal influence over political processes and decision-makers, as well as unequal access to information, resources and stakeholders. While the relevance of these forms of power may not be immediately apparent, through relationship and coordination with social movements, investors can help fortify existing campaigns and enable strategies previously unavailable to grassroots efforts. Through relationships, capital-holders can mobilize much more than their capital to support Community Power-building.

The Six Sources of Power, a social psychology framework, provides a useful outline for ways that asset holders can leverage a wider range of their power.[18] In the examples below, we explore the issue area of "Policing, Detention and Incarceration" to highlight how movement investors have leveraged a variety of sources of power to help achieve transformative outcomes in the sector.

1) Legitimate Power, derived from the formal right to make decisions and to expect others to comply. Example: Activated by their rank and file members, the California teachers pension fund CalSTRS (the second largest pension fund system in the US) voted to sell their holdings from private prison companies in 2018, following in the footsteps of the NYC and NY State Pensions.

2) Reward Power, derived from one person's ability to compensate another for compliance. Example: Boston Impact Initiative, a Boston based racial and economic justice impact fund, leads R&D on "impact covenants" that can reduce a borrower's interest rates when achieving impact milestones, like hiring formerly incarcerated workers in companies.

3) Expert Power, based on a person's high levels of skill and knowledge. Example: Five Boston area progressive investment advisors managing over $15.5 billion in assets joined over 15 activist groups including Boston Ujima Project to testify at a City Council hearing on the need to screen Boston's tax dollars and pension funds for private prison,

18 Bertram H Raven. "The Bases of Power and the Power/Interaction Model of Interpersonal Influence." Analyses of Social Issues and Public Policy. Vol 8, No 1, 2008. Accessed November 1, 2021. http://psyc604.stasson.org/Raven.pdf

fossil fuel and other extractive investments, resulting in an initial $250 million commitment in ESG and local "Reinvesting" from the Mayor's Office.[19]

4) Referent Power, derived from a person's perceived attractiveness, worthiness or right to respect. Example: In the context of a national social movement of over 500,000 people taking action around the family separation crisis, Candide Group leveraged their credibility as wealth managers and finance experts to help launch #RealMoneyMoves, a national initiative of athletes, actors, artists, and activists who are divesting from prisons, with success in moving the vast majority of banks doing business with private prisons, including JP Morgan Chase, Barclays, BNP Paribas, Wells Fargo and others to cut banking ties with the private prison industry.[20]

5) Coercive Power, based on the belief that a person can punish others for noncompliance. Example: Progressive shareholders including SEIU, a two million member service employees union, filed resolutions against two US private prison operators, proposing to link executive pay to human rights, and to force disclosure of more details on the treatment of people held at corrections and detention facilities[21].

6) Informational Power, based on a person's ability to control the information that others need. Example: Nathan Cummings Foundation's former CFO Bill Dempsey realized that the foundation had a significant holding in Target Corporation. He used that information to help broker a meeting between Target's CEO and a grassroots grantee campaigning for its local Target business to "Ban the Box" from job applications and eliminate the opportunity for discrimination against people with conviction histories. That meeting opened negotiations between the worker center and Target to ultimately Ban the Box as a hiring policy across its entire US retail operation.

While inspiring, there are also real challenges in building and evolving the infrastructure to facilitate these types of trusted movement-investor relationships at scale. Organizations like Transform Finance, Common Future, New Economy Coalition and the Massachusetts Solidarity Economy Initiative currently facilitate important spaces for investor-movement pollination of this kind. Philanthropic networks like Resource Generation, Solidaire Network, Justice Funders, Neighborhood Funders Group and Confluence Philanthropy also support funders to align their investment capital with social movement ecosystems. Still, the field of Movement Finance remains largely unexplored by both social movement and social capital sectors, presenting challenges and significant opportunities for growth.

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19 As part of the divestment campaign, the following press release was issued, signed by social movement groups together with Boston Common Asset Management, Reynders McVeigh, Loring Wolcott & Coolidge, Northstar Asset Management, and Trillium Asset Management. "Activists and Advocates across Greater Boston Launch a Prison Divestment Campaign: The Campaign Calls on Institutions and Individuals to Divest Public and Private Assets from the Prison Industrial Complex." September 2018. https://static1.squarespace.com/static/58e127cb1b10e31ed45b20f4/t/5ba0eb0e8a922d20cd909589/1537272590944/Boston+Divestment+Launch+Statement+v2018.09.11.pdf

20 Learn more about the private prison campaign here: https://www.realmoneymoves.org

21 Ross Kerber. "Investor activists press U.S. prison operators on human rights." Reuters. December 2018. https://www.reuters.com/article/us-usa-immigration-investors/investor-activists-press-u-s-prison-operators-on-human-rights-idUSKBN1OH26

Movement Coordination

The concept of "Movement Coordination" is a simple idea that requires nuanced application. **Movement Coordination evaluates the level of coordination that investors have with leaders and organizations rooted in historically exploited communities.** Trusting, strategic and accountable coordination enables the creation of more effective capital strategies to strengthen the Just Transition ecosystem and fulfill the highest leverage role for mission aligned investors. Below, we offer the **Capital Coordination Ladder** as a tool to evaluate concrete levels of accountability that investors have to frontline leaders. We'll apply the Ladder to different types of investment related decisions to give granularity to this concept of Movement Coordination.

The Capital Coordination Ladder builds on Sherry Arnstein's 1967 "Ladder of Participation," a seminal participatory decision making framework outlining a spectrum from superficial to meaningful engagement that might occur between citizens and their government.[22] Arnstein's ladder ranges from "Therapy" in which constituents are redirected "to change themselves rather than giving them a say" to "Citizen Control" in which "constituents 'can govern… [and are] in full charge of policy and managerial aspects.'"

While Arnstein's intention was to define citizen-government engagement, the Ladder has been adapted across disciplines to help visibilize practices of accountability to key constituencies. In

22 Sherry Arnstein. "A Ladder of Citizen Participation." Journal of the American Planning Association. Originally published in 1969, reprinted in 2019. Accessed online November 1, 2021. http://www.remineo.org/repositorio/ciao/xviii/talleres/t1/Mirada2.Arnstein-1968Ladderofparticipation.pdf

a 2016 Ford Foundation report "Participatory Grantmaking: Has Its Time Come?" Cynthia Gibson applies the Ladder of Participation to provide scaffolding for the growing field of participatory philanthropy.[23] Applied to Social Movement Investing, the Capital Coordination Ladder adapts these categories to describe modes of engagement between impact investors and the social movement ecosystem on a three-part scale from "None" to "Informed" to "Accountable."

CAPITAL COORDINATION LADDER (adapted from Arnstein's Ladder of Participation)			
Ladder of Participation (for reference)		**Level of Capital Coordination**	**Description**
Citizen Power	Citizen Control Delegated Power Partnership	Accountable	Investor intentionally shares or delegates power and decision making with/to social movement sector partners
Tokenism	Placation Consultation Informing	Informed	Investor is influenced by social movements but there is minimal shift in direct decision making power
Nonparticipation	Therapy Manipulation Exclusion	None	Investor acts independently, opportunistically or antagonistically to social movements

In our own work, the Center for Economic Democracy focuses on programs that structure Accountable capital coordination to practice the democratization of finance we ultimately seek. But we also recognize the value of "Informed" forms of coordination within specific investment strategies. Many individuals and institutions may desire to move resources in line with SMI, but do not yet have the power to shift the locus of investment decisions; in this case, a thoughtful "Informed" strategy can be an effective first step towards greater coordination.

To animate the Capital Coordination Ladder, we provide examples of Accountable and Informed decision making across four areas of decision making related to capital stewardship. We do not include examples in the "no coordination" category, since making decisions about investments without input from frontline communities is the norm, and does not require further illumination.

23 Cynthia Gibson. "Participatory Grantmaking: Has Its Time Come?" Commissioned by the Ford Foundation. Accessed online November 1, 2021. https://www.fordfoundation.org/media/3599/participatory_grantmaking-lmv7.pdf

CAPITAL COORDINATION LADDER				
Areas of Capital Stewardship → **Level of Coordination ↓**	**Personnel & Partners:** Selecting board, executives, advisors and other partners to execute a vision	**Financial Goals:** Setting risk, return and liquidity parameters, and managing those goals over time	**Community Power Thesis:** Defining the scope and goals of SMI, including setting metrics and evaluating success	**Investments:** Selecting investments, engaging with portfolio holdings and executing impact strategies
Accountable Coordination	Boston Impact Initiative's legal form is a "supporting organization"[24] governed by aligned movement and social finance organizations.	Rather than investors dictating terms, the Thousand Currents Buen Vivir Fund investment model identifies lending practices developed by grassroots groups themselves that are already proving effective on the ground. Together, the Buen Vivir Fund[25] members uplift and apply these practices to the level of a global investment fund.	At Ceres Trust, investment terms and metrics for evaluation have been set by the community partners, with the exception of payback length (max 10 years given that Ceres Trust is a spend-down foundation)	The Olamina Fund[26] Community Advisory Board has a veto vote in that no loans can be made without their consent. For the Buen Vivir Fund, those who put up the money and those with on-the-ground expertise are equal voting members in investment decisions.
Informed Coordination	We imagine foundations who ask grantees for nominations to their board or investment committees, but were not able to find an example within our network.	The Olamina Fund[27] Community Advisory Board, advises on the fund strategy, reviews opportunities, and participates on the Credit Committee.	Together with social justice organizations, Adasina[28] developed the Adasina Social Justice Investment Criteria – a data-driven set of standards that guides investment strategies to reflect social justice values and advance progressive movements for change.	The Heron Foundation's place-based strategy engages community advisors to give input about grantmaking and program related investments in geographic regions.
None				

As the examples above demonstrate, an investment entity can pursue multiple forms of participation across different areas of capital governance. Done with intention, transparency and integrity, both formal accountability and informed (non-binding) coordination can yield meaningful movement coordination.

24 For the formal definition of "Supporting Organization," as defined by the IRS, see: https://www.irs.gov/charities-non-profits/charitable-organizations/supporting-organizations-requirements-and-types

25 Learn more about Thousand Currents' Buen Vivir Fund here: https://thousandcurrents.org/buen-vivir-fund/

26 For more information on the Olamina Fund, visit: https://candidegroup.com/olamina-faqs

27 See the Olamina Fund Overview: https://candidegroup.com/olamina-fund

28 View Adasina's Social Justice Investment Criteria as well as an introduction to their Social Justice Investing framework here, focused on Public Equities and Fixed Income strategies: https://adasina.com/investments/

The Ladder can be used as a tool by asset owners to assess their internal practices for movement coordination. It can also guide evaluation of wealth advisers, fund managers and other professional stakeholders throughout the investment value chain. Ultimately, this tool can help investors avoid the types of "participation-washing" that is growing in the impact investing sector, in which stakeholders are granted access without power, undermining more accountable efforts for change.[29]

29 For foundations, the Justice Funders Resonance Framework goes into extensive details about a spectrum of decision making (from extractive to transformative) across seven different facets of foundation management. Find the framework at: http://justicefunders.org/resonance/

Movement Coordination evaluates the level of coordination that investors have with leaders and organizations rooted in historically exploited communities. Trusting, strategic and accountable coordination enables the creation of more effective capital strategies to strengthen the Just Transition ecosystem and fulfill the highest leverage role for mission aligned investors.

Strategic Alignment: Social Movement Investing Tactics

As asset holders develop relationships with social movements, explore approaches to leveraging power, and develop structures for accountable capital coordination, they deepen their capacity to co-develop movement aligned capital strategies. Building on the Just Transition framework, we offer a Strategic Alignment framework to contextualize the wide range of options for deploying capital in support of social movements.

Let's begin by taking the hypothetical example of a private social justice foundation in conversation with its grantees.

> After establishing a shared understanding of the foundation's desire to begin shifting capital and investment practices, the foundation offers their current grantees additional resources to learn about movement investing and help shape the foundation's **Community Power Thesis** -- a working document which lays out the foundation's goals, approach and metrics for building Community Power through capital strategies.
>
> As part of this process, the foundation begins the work to fully identify its current holdings and to build communication channels between the investment and program sides of the house. The Program Officer for Workers Rights notices that the foundation owns stock in a large public retailer that a grantee is actively campaigning against. The Program Officer reaches out to the grantee with this information and learns that the grantee has been unable to schedule a face-to-face conversation with company representatives. The foundation offers to leverage their investments to secure a meeting between the grantees and top executives to discuss campaign demands. The grantee asks the foundation to find other mission-aligned owners of the retailer to drive *shareholder activism* in support of the campaign and to publish a statement that draws media coverage and company attention to the workers' campaign.

A different grantee working on police and prison reform campaigns calls for the foundation to divest completely from private prisons, and to share their divestment story publicly to encourage other investors to do the same. The foundation offers the grantee the opportunity to review all of the foundation's holdings to help flag holdings for *divestment*. The same grantee brings a new investment opportunity to the foundations' attention -- the need for below market loans for a new worker-owned contracting business started by formerly incarcerated workers who are also leaders in their community. The foundation is able to shift a portion of divested funds to provide *co-op financing* for the worker-owned cooperative, and agrees to co-write an op ed with the grantee telling the divest-reinvest story.

As the foundation builds tools for transparency and communication around their portfolio holdings, and grassroots partners build increased fluency around movement finance strategies, they are able to convince the board to launch a joint Investment Strategy Committee, which enables regular and ongoing coordination and accountability around the foundation's endowment holdings.

Here we pause our hypothetical and review the outcomes. We see at least three distinct investment strategies suggested by the grantees in the story--shareholder activism, divestment, and co-op financing. Each investment strategy aligns with existing social movement efforts by amplifying and/or creating "additionality"[30] for existing projects or campaigns, meaning that they expand the scope of existing strategies or open new channels to advance existing goals. In all three of these strategies, the foundation benefited from standing relationships with grassroots leaders to co-create movement investing strategies that maximize impact through joint efforts.

To help contextualize these capital strategies within an investment portfolio, this section introduces a framework for categorizing investments based on **the desired impact on the target actors, corporations or institutions.** Drawing on the Just Transition spectrum introduced in the "Foundational Frameworks" section of this paper, we split investment strategies into two broad types: Resist and Build.

Resist investments describe the universe of antagonistic capital strategies, which leverage capital to pressure, undermine, or threaten punitive action against extractive institutions, especially those that are acting counter to the interests of movements. Build investments describe capital strategies that are supportive and beneficial to an enterprise or project that is rooted in historically oppressed communities. In the hypothetical example above, we categorize the foundation's shareholder activism and divestment strategies as Resist investment, due to their antagonistic orientation towards the retailer and private prisons. In contrast, the co-op financing strategy, which would help launch a new business owned by formerly incarcerated community members, is a Build investment.

Just as social movement strategies span the Just Transition spectrum, Social Movement Investors will also find a variety of investments along the Just Transition spectrum that align with their

30 "Additionality" has been defined in traditional impact investing as "beneficial social or environmental outcomes that would not occur but for [their] investment in a social enterprise." Along these lines, we ask investors to consider how they can fund and/or support "additional" strategies and efforts in coordination with existing Movement work. Frontline communities advance incredible work with minimal access to capital; what is possible when investors support their efforts? And how can investors make sure credit is given where credit is due? (https://ssir.org/articles/entry/unpacking_the_impact_in_impact_investing)

Resist and Build Investments

Resist Investments describe the universe of antagonistic capital strategies, which leverage capital to pressure, undermine, or threaten punitive action against extractive institutions, especially those that are acting counter to the interests of movements.

Build Investments describe capital strategies that are supportive and beneficial to an enterprise or project that is rooted in historically oppressed communities.

strengths and financial parameters. In the next section, we further articulate three types of Resist investment strategies and three Build investment strategies (see overview below), based on the ways that each type of investment creates additionality for the "resist and build" strategies of social movements. Later in the paper, the Movement Alignment Map and Movement Finance Matrix build on this framework to offer an even broader range of options that combine and employ both strategies in creative ways.

STRATEGIC ALIGNMENT SPECTRUM						
Just Transition Theme	Stop the Bad		Transition		Build the New	
Investment Category	Resist			Build		
Investment Tactic	*Exclude*	*Engage*	*Control*	*Convert*	*Seed*	*Sustain*
Examples	divestment, screens, short-selling	shareholder campaigns	hostile take-overs, proxy fights	worker buy-outs, co-op conversions	patient risk capital	growth funds, structured exits

Resist Investments

Resist investment strategies typically support movements to contest for power and reform dominant institutions. We have identified three broad categories or "tactics" of Resist Investment strategies already active in the impact field: exclude, engage, and control.

Exclusion tactics are the most common in the current social capital world, with screened investments (SRI) valued at $15 trillion and ESG screened funds with $10.4 trillion under management.[31] Divestment efforts to proactively purge socially contested stocks from holdings are also in this category.

Note that we would only count exclusion tactics as Social Movement Investment strategies if they are executed in direct coordination with movements. While individual divestment may seek to "do less harm," absent a broader organized campaign or grassroots alignment, these individual choices do not help shift or build power against the harmful company. In contrast, the example of the mass and successive withdrawal of capital in support of the South African anti-apartheid struggle in the 1980's was an important demonstration of the amplifying power of coordinated and politicized divestment.

Within exclusion tactics, we also include short sales that make profits by betting against the future

31 See "ESG versus SRI: Successfully Aligning your Investments and Values." RBC Wealth Management. Accessed online November 1, 2021. https://www.rbcwealthmanagement.com/cn/en/research-insights/esg-versus-sri-successfully-aligning-your-investments-and-values/detail/

value of harmful companies, as they represent negative holdings in that stock. One example of this is Appleseed Capital's 2016 experiment with a short-sale approach, in which they successfully shorted CoreCivic (formerly Corrections Corporation of America) before the Obama Administration's DOJ downgraded its regulatory status and sent private prison stock plummeting by 60% in less than 5 months.[32] In this role, short investors could add oppositional research and market signaling to fortify existing grassroots corporate accountability campaigns, which in turn could drive the decline in the target share prices over time.

Engagement tactics describe corporate engagement and shareholder activism, which is an $8.4 trillion dollar market and a well developed segment of the social finance sector. These reform efforts seek to influence corporate practices and policies by introducing resolutions and public action as shareholders. Social justice investment pioneers like Northstar Asset Management and Zevin Asset Management have been market leaders in using these shareholder strategies to complement social movement demands, while newer firms like Adasina Social Capital add leadership to this robust field. On the movement-side, groups like Majority Action, Interfaith Center on Corporate Responsibility, As You Sow and Corporate Accountability International have used engagement tactics to cajole or discipline problematic corporate actors.

Control tactics describe a type of hostile investing aimed at overtaking corporate governance that is rarely seen outside of the maneuvering of large capital-holders for financial gain. However, if re-imagined to be aligned with movement goals, control tactics could become a frontier of Social Movement Investing. So-called "activist investing" and hostile bids are two approaches in conventional finance used to discipline management and extract shareholder value.[33] Proxy contests to replace board members or force a sale to new owners are examples of this approach. Private Equity Leveraged Buyouts (LBO)[34] can enact a similar hostile logic to acquire and restructure companies.

Social Movement Investors could adapt these tactics by influencing or seizing corporate control to enact an impact restructuring or turnaround. One could envision a consortium of asset managers, accountable to the workers of union pensions and grantees of philanthropic endowments, that leverage their common positions in a company to force a hostile sale to more socially responsible owners or install new management for the good of the company and community. Once the changes are made, those pensions and endowments could transition from a Resist to a Build posture that ultimately exits their positions by shifting ownership to workers and other stakeholders.

In June 2021, the Engine No.1 Hedge Fund demonstrated a portion of this strategy in their successful bid to replace board members at Exxon Mobil with experts in green technology. However,

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32 For more info on the Appleseed strategy, see Christopher Robbins. "ESG Managers Find Multiple Ways of Doing Well by Doing Good." Financial Advisor. October 2017. https://www.fa-mag.com/news/esg-managers-find-multiple-ways-to-do-well-by-doing-good-35407.html?section=43&page=3 and Sonya Dreizler's interview with Matthew Blume of Appleseed Capital. "Impact Investing Success Story: Short Selling Private Prison Stock." Solutions with Sonya. Accessed online November 1, 2021. http://www.solutionswithsonya.com/news/2017/10/4/impact-investing-success-story-short-selling-private-prison-stock-in-conversation-with-matthew-blume-of-appleseed-capital

33 For an introduction to sustainable and other non-traditional hedge fund investing practices, please see Beyond Good Versus Evil: Hedge Fund Investing, Capital Markets and the Sustainability Challenge, at www.blendedvalue.org.

34 Learn more about LBOs at: https://corporatefinanceinstitute.com/resources/knowledge/finance/leveraged-buyout-lbo/

their goal was focused on creating "long-term value" for shareholders, rather than building Community Power.[35] One can imagine Social Movement Investors using similar tactics to seat environmental justice leaders on corporate boards to decommission fossil fuel infrastructure and manage structured buyouts to transfer ownership to a democratic public utility.

Resist Investments and Market Rate Returns

While Engine No.1 names environmental sustainability as a motivation behind their strategy, they primarily "set out to force Exxon to improve its financial returns by gradually transitioning — through innovation and acquisitions — into an energy company, not just an oil and gas company."[36] Exxon's new board members may advocate strategies that reduce fossil fuel-related climate change, but as long as shareholder value continues to drive business decisions, they will likely continue to perpetrate misery and extraction along their value chain.

Social Movement Investors cannot ignore the fact that accumulated wealth is generated through undervaluing labor, manipulating markets and extracting from the earth, and must dispel the illusion that profit maximizing behavior is ultimately compatible with a regenerative economy. The Build investment strategies outlined in the next section, therefore, encourage or require concessionary financial stances to ensure they are restoring and not extracting from communities over time. In the near term, Resist strategies at various scales can be employed to align investors with social movements,

Social Movement Investors... must dispel the illusion that profit maximizing behavior is ultimately compatible with a regenerative economy.

35 Learn more about Engine No. 1 here: https://engine1.com: "We are Engine No. 1 — an investment firm purpose-built to create long-term value by harnessing the power of capitalism."

36 Thomas Freidman. "The 'Mean Greens' are Forcing Exxon to Clean Up Its Act." The New York Times. June 2021. Accessed online November 1, 2021. https://www.nytimes.com/2021/06/01/opinion/exxon-mobil-board.html

while working to change the institutional conditions that create dependence on existing capital markets in the long term.

Build Investments

Now that we have outlined three tactics for Resist investments, we turn our attention to the other arm of the Just Transition spectrum, the Build side. Unlike Resist tactics, which respond and react directly to existing structures and institutions in order to limit and/or stop their harmful impacts, Build tactics focus on creating new structures that embody and incentivize the values and outcomes we seek to build in the world. Thus, at this stage in the development of the Movement Finance field, Build investments tend towards smaller and earlier-stage investments. The projects may be experimenting with financial, legal, or managerial approaches that are less common and less familiar to many investors. But the very power of these projects is to translate our values and visions into structures that can sustain communities and provide meaningful alternatives to the extractive economy.

To ground our exploration of Build investments, we begin with long-time collaborator Nwamaka Agbo's powerful work to define **Restorative Economics**. Restorative Economics offers a vision for the next economy and a theory of Community Power to get there. Agbo writes:

> *When communities come together to collectively own and manage assets, they can leverage their joint economic power to collectively assert their rights and exercise cultural and political power in a more impactful way ... And, when neighbors build community wealth together they create safe and sovereign spaces that foster self-determination and build shared prosperity.*
>
> *Restorative Economics centers on [the] healing and restoration of vulnerable communities who have been marginalized and oppressed by a polluting and extractive economy, by investing in strategies that create shared prosperity and self-determination for a just transition to the next economy.*
>
> *An investment in strategies that generate community wealth, produce governance structures that benefit the whole, and build Community Power is key to building the next economy—one rooted in equity, regeneration, and interdependence.*

We divide Build investment tactics into three categories -- **convert, seed, and sustain** -- all of which seek to "generate community wealth, produce governance structures that benefit the whole, and/or build Community Power." In short, conversions, or **convert tactics**, facilitate voluntary sales or transfers of businesses or assets to workers and other stakeholders in historically oppressed communities. **Seed and sustain tactics** tailor investment capital to match the needs of restorative enterprises, including funds and infrastructure, through each stage of growth. Although rapidly maturing, the field of Build investments is still nascent, and much less familiar to most traditional impact investors.

Fortunately, some leaders in restorative investing are illuminating a path for other aligned capital stewards in the US. Chordata Capital, a field-leading "anticapitalist wealth management firm" led by Tiffany Brown and Kate Poole, predominantly advises clients with inherited wealth to best align their investments with the solidarity economy ecosystem. With a focus on reparative action,

“**Restorative Economics centers on [the] healing and restoration of vulnerable communities who have been marginalized and oppressed by a polluting and extractive economy, by investing in strategies that create shared prosperity and self-determination for a just transition to the next economy.**”

– Nwamaka Agbo
Kataly Foundation

redistribution and the democratization of wealth, Chordata clients have invested in many of the restorative strategies that we'll describe in this paper. Chordata's investment advisors are deeply embedded within the national Just Transition ecosystem, and they maintain an Accountability Circle composed of sector leaders who advise their strategies and build community with their clients.[37]

In the field of philanthropic investing, the Kataly Foundation's new $300 million Restorative Economies Fund (REF), led by Agbo as CEO and Regan Pritzker as chair, offers a bold expression of Agbo's framework in real time. As an integrated capital fund, REF gives grants and risk capital to organizations, enterprises and real estate projects that build community ownership and governance to grow frontline Community Power. Kataly joins an existing field of radical foundations like Access Strategies, Chorus Foundation, Jessie Smith Noyes, and Fund for Democratic Communities who make grants and high risk investments to Just Transition strategies that are both "fighting the bad and building the new."

Prioritizing Build Investments

While efforts to make Resist investments accountable to frontline communities are still emergent in many ways, tactics to exclude and engage bad actors have a long history in both social movement and investment worlds. The promise of market rate returns have made Resist investment strategies more appealing and suitable for impact investors that have real financial constraints and/or choose to prioritize market returns over the redistribution of ownership and governance. For this reason, these approaches to Community Power building will continue to be more accessible to a broader range of asset owners and managers in the short term.

Comparatively, Build investments, which attempt to seed long term transformation by redistributing wealth and power, remain a marginal fraction of the current "impact" finance universe.

Unlike Resist investments, the majority of Build investments offer below-market returns; their very impacts include offering lower interest rates, patient capital, and non-extractive terms to meet the needs of social enterprises and community-owned and governed projects. Build investments also tend towards smaller and earlier-stage investments, which can increase the costs of deal sourcing and due diligence. Projects may be experimenting with financial, legal or managerial approaches that are less common and unfamiliar to investors. For this reason, Build projects are often also ineligible for traditional funding sources, and may not benefit from government programs or tax incentives. As community-owned and governed projects, they are focused on embodying values of a regenerative economy, rather than solely on improving their bottom line. In the context of competitive capitalist markets, they may require additional grants, patient integrated capital, and other forms of support in order to survive and thrive. For these very reasons, we encourage values-aligned investors who are able to shift their investments to Build strategies to do so as soon as their financial or institutional constraints permit.

It is unsurprising that projects led by historically exploited communities to create structures that embody the values and outcomes of a regenerative economy would face an uphill battle within our current economy. But the importance and necessity of investing in Build strategies is clear; if

37 One of the authors, Aaron Tanaka, is a member of Chordata Capital's Accountability Circle

our collective work is to shift the broader economy towards a regenerative economy, these models are the seeds of our future. Investors who are able to shift funds into Build investments will have an outsized influence on growing this emergent sector. Whenever possible, we encourage investors to prioritize and invest in Build investment strategies, with the understanding that investors with greater financial or institutional constraints may engage in Resist investment strategies as their initial foray into Social Movement Investing. We will discuss the process and various obstacles to the adoption of SMI investments in further detail in Section #4: Staging and Sequencing.

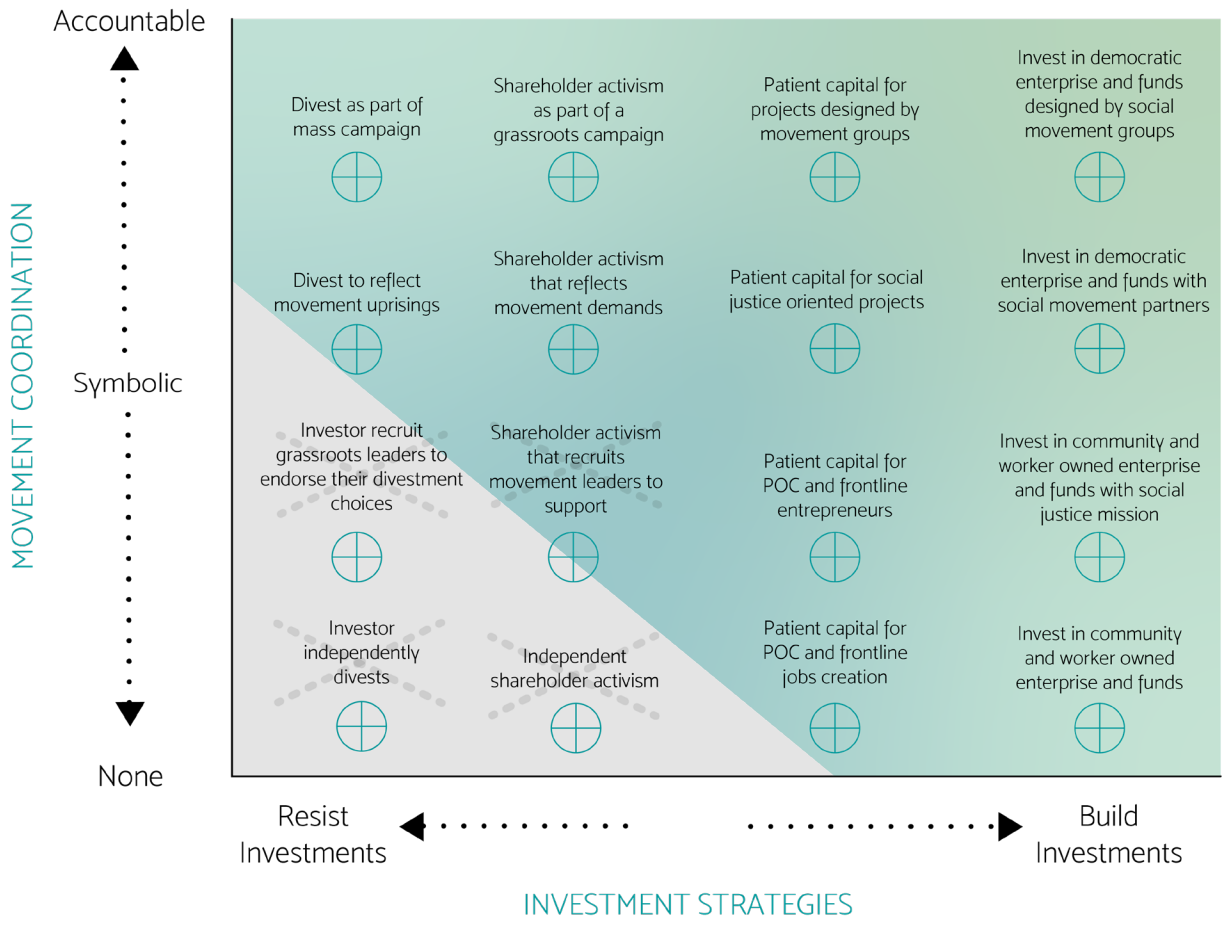
We divide Build investment tactics into three categories -- convert, seed, and sustain -- all of which seek to "generate community wealth, produce governance structures that benefit the whole, and/or build Community Power."

...convert tactics facilitate voluntary sales or transfers of businesses or assets to workers and other stakeholders in historically oppressed communities. Seed and sustain tactics tailor investment capital to match the needs of restorative enterprises, including funds and infrastructure, through each stage of growth.

Movement Alignment Map

In summary, we have explored four facets of Social Movement Alignment: relationships, leveraging power, movement coordination and strategic alignment. The Movement Alignment Map below offers an integrated visualization of the ways these elements relate to one another, and aids in differentiating between Social Movement Investments and potential false solutions.

Movement Alignment Map



As one front of resistance, a worldwide Defund DAPL movement activated individuals, institutions and cities to divest their funds from financial institutions involved in financing the pipeline.

Note that Build investments that are made without explicit coordination with social movement groups (bottom right corner of the map) are still seen as Social Movement Investments because Build strategies, by definition, fulfill a standing movement goal to restore asset ownership in historically exploited communities.

In contrast, the shaded area on the bottom left represents the universe of vehicles available to conventional impact investors that are not "movement aligned" as defined by SMI. These vehicles are Resist investments that lack movement coordination, and therefore have little likelihood of bolstering social movement power.

Divestment provides one example of why movement coordination is so essential. In 2017, the Sioux Tribe and indigenous Water Protectors at Standing Rock organized a globally recognized resistance against the Dakota Access Pipeline. As one front of resistance, a worldwide Defund DAPL movement activated individuals, institutions and cities to divest their funds from financial institutions involved in financing the pipeline. Even if the divestment efforts didn't ultimately starve the project of operating capital, the public divestments contributed to the overall visibility and credibility of the Water Protectors. In contrast, an individual investor making screening choices in a vacuum, even if theoretically "good for the world," is not necessarily building power without a broader grassroots campaign to contextualize individual investor choices.

Similarly, shareholder activism that engages movement leaders in symbolic or tokenizing ways are also not movement aligned. Depending on the quality of relationships, inviting activists to rubber stamp pre-existing strategies can be more of a PR strategy than a meaningful integration of finance and social movement power. However, SMI could include activist ownership strategies designed with movement leaders to target companies that are bad social actors and underperforming in their sector as a result. Not only could this strengthen grassroots campaigns, but in many instances could improve shareholder value over time.

2. Arenas for Activity

Community Power Building

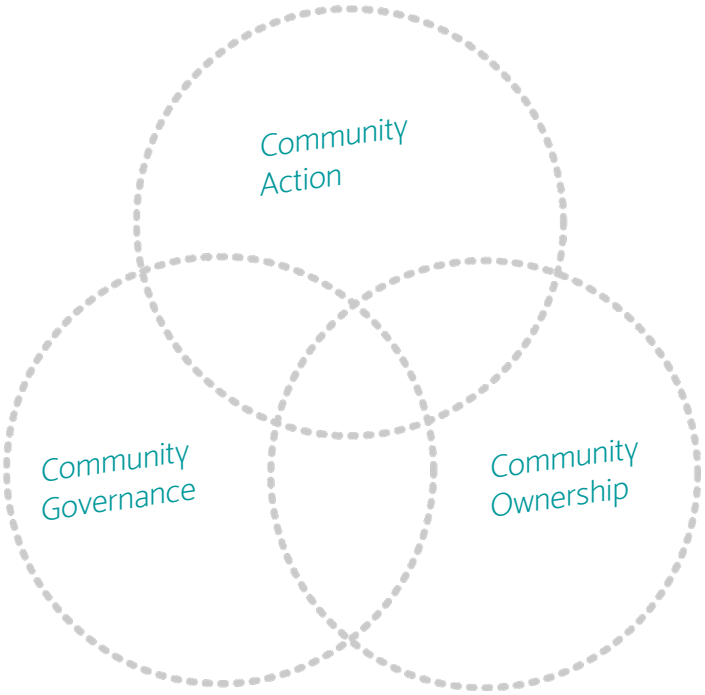
IN THE INTRODUCTION AND MOVEMENT ALIGNMENT SECTIONS, we discussed why it is essential that "people closest to the pain are closest to the power." We then explored how Social Movement Investors can generate new opportunities for impact when they are aligned with both Resist and Build organizing efforts. The Movement Alignment Map warns against false solutions on the Resist side of the spectrum, where exclude, engage and control tactics demand a higher threshold for movement coordination to be meaningful.

Moving from frameworks that describe how to engage in Social Movement Investing, we now turn to the arenas for what types of activities we would support. In order for an investment strategy to qualify as a Social Movement Investment: **(1) there must be meaningful movement alignment, and (2) Community Power building must be an outcome.** This section lays out three dimensions of Community Power -- inspired by Agbo's work, and by Tanaka's Solidarity Philanthropy[38] framework -- that further differentiate Social Movement Investment strategies from more traditional impact investing. The three domains of Community Power we highlight are: Community Ownership, Community Governance, and Community Action[39]. Below we explore these three dimensions of Community Power by providing a wide range of examples.

38 Aaron Tanaka, "Solidarity Philanthropy: Reparations, Democracy & Power," published June 23, 2018, https://medium.com/justice-funders/solidarity-philanthropy-reparations-democracy-power-9961ef2e1b64

39 NOTE: Because we see inherent value in investing in these Build strategies and innovations (see section 1: Movement Alignment), all of the examples included are valid from a "Social Movement Portfolio" lens.

Three Dimensions of Community Power



Before moving to examples, we'll use another hypothetical case to illustrate why the lens of Community Power building is central to Social Movement Investing. Let's explore how an investor might respond to the crisis of male inflicted gun violence in the US. A conventional impact investing strategy might invest in a new biometric lock that prevents guns from being triggered by the wrong hands. If widely adopted, this technology could meaningfully reduce gun deaths. The investor could make a tidy profit while promoting a company that statistically reduces a particular social ill. However, a broader look at the impacts of the investment show how this "solution" fails to shift power to communities or change structural conditions. Investing in this technological fix does not increase community influence or control over the arms industry (community governance). Most likely, the investment does not build wealth in communities most impacted by gun deaths (community ownership), and it does not amplify frontline or grassroots campaigns for gun law reforms (community action). These arguments do not even begin to address other negative externalities like manufacturing waste, or the possibility of unintended political consequences. Using the lens of Community Power to evaluate investments helps us to think more broadly about how our investments impact communities and contribute to longer-term structural changes.

In the section below, we provide several short case studies of investments that are building Community Power, through both Resist and Build tactics.

Examples of Community Power Building

Community Ownership

Direct capital to communities of color and historically oppressed people to sustainably meet comunity needs.

- RUNWAY (formerly Runway Project) has partnered with Self Help Credit Union in Oakland and Berkshire Bank in Boston to offer a fully secured Certificate of Deposit to provide "friends and family" money to Black entrepreneurs (Seed & Sustain Tactics). Responding to a history of extraction and exclusion, RUNWAY's first financial product fills the early stage capital gap to enable new Black entrepreneurs to hire locally, meet consumer needs and build community wealth.
- Downtown Crenshaw Rising (DCR), a Black led California based nonprofit, helped lead a nationally recognized grassroots campaign to stop the sale of a local mall to an international investment conglomerate. Direct action tactics helped stall the sale while DCR raised over $59.5 million in philanthropic and mission aligned capital to fund the purchase of the mall. Despite making the highest offer, the owners of the mall refused DCR's bid, requiring escalating organizing and aligned investors to contest for community control of the property. (Control & Convert Tactics)

Structure non-extractive terms to ensure investments return more wealth to communities than they remove.

- Seed Commons, founded by The Working World in association with other lending organizations, has pioneered the deployment of "non-extractive finance" through their work as an (inter)national worker co-op lender. Seed Commons financing is typically only repaid through profits (like equity) without taking an ownership position (like debt). This approach to term construction has been adopted by leading foundations, such as the Chorus Foundation, and helps ensure lending is beneficial to communities, standing in stark contrast to predatory finance most available in historically oppressed communities (Convert, Seed & Sustain Tactics).

Invest in funds, enterprises and land strategies that distribute ownership and control of assets within historically oppressed communities.

- Southern Reparations Loan Fund (SRLF) provides non-extractive financing to worker and/or community owned enterprises, rooted in Black and other poor communities across the US South. As an alternative to capitalist corporate structures, SRLF's focus on cooperatively owned enterprises helps ensure that new wealth generated from financing is equitably distributed and controlled within a business and throughout a community. (Convert, Seed & Sustain Tactics)

Community Governance

Develop investment strategies in funds or enterprises that have structures for equitable and accountable relationships with social movement leaders and organizations.

- Boston Impact Initiative (BII) is a pioneering place based integrated capital fund with a focus on racial and economic justice.[40] BII's bylaws ensure that social justice nonprofits appoint the majority of its board seats, and include grassroots leaders on its Investment Committee. This alignment positioned BII as an early investor for innovative worker co-ops and community land trusts that were seeded by grassroots movement groups. (Convert, Seed & Sustain Tactics)
- Buen Vivir Fund, an international lending vehicle hosted by Thousand Currents, promotes wealth, Community Power and wellbeing. Modeling a more transformative approach to impact investing, Buen Vivir partners with social movement organizations to identify projects from across the globe, and asks borrowers to set the terms and rates of their own loans. (Seed & Sustain Tactics)

Invest in participatory models that enable poor and working class people to directly steward capital in service of the common good.

- Boston Ujima Project, is a first of its kind, democratically governed investment fund in the US, enabling Boston's working class communities of color to vote on the screens, terms and allocation strategies for their crowdsourced impact fund.[41] Partnering with grassroots social justice organizations, Ujima hosts large scale Community Assemblies to grow the participatory infrastructure for the self governance of finance as an alternative to capital markets that are controlled by the global elite (Convert, Seed & Sustain Tactics). Programmatically, as a grassroots organization, Ujima also utilizes its position and network to support Resist strategies like divestment campaigns, but the investments are Build focused.

Leverage investor positions to fortify existing corporate and policy campaigns, movement moments and electoral uprisings.

- Majority Action is a new platform to organize pension holders, bank customers and general corporate shareholders to exercise their rights of corporate governance in advancement of broader social movement goals. Animated by the epidemic of gun violence, Majority Action

40 "Integrated Capital" is a term popularized by RSF Social Finance, meaning that investors deploy a blend of debt, equity, mezzanine and grants in their direct investing to tailor capital products that meet the stage and size of the enterprise in question.

41 For transparency we note that Center For Economic Democracy helped seed and incubate and fiscally sponsors the Boston Ujima Project as of the date of publication (December 2021).

piloted its first campaign, engaging close to 100,000 people in pressuring Blackrock and Fidelity as major asset holders in Smith & Wesson to sanction the corporation for its anti-gun-safety policy agenda. (Engage Tactics)

Community Action

Leverage finance capital to resource the capacity and influence of the US organizing and social movement sector.

- The Solidago Foundation leverages grant and investment capital to build sustainable capacity for grassroots organizations to select, elect and direct public officials to serve their communities. Solidago's investment capital helps finance power building with Independent Revenue Generation (IRG) strategies like mass doorknocking and fundraising (mass canvassing), or positions social movement groups to control funds like the REAL People's Fund to expand the realm of grassroots influence on the local economy. (Convert & Seed Tactics)

Invest in "high road" Social Justice Enterprises that contribute business assets to social and economic justice power building in the workplace.

- The Workers Lab gives new ideas for and with workers a chance to succeed and flourish. TWL leads a nationally recognized Innovation Fund that offers a range of capital instruments to new pro-worker enterprises and entrepreneurs of color in the US. TWL's innovation incubator has included social enterprises like Co-Worker that created a worker-facing app used by over 40,000 Starbucks employees to pressure the corporation for better labor conditions. (Seed Tactic to enable an Engagement Tactic)

Activate historically oppressed and politically aligned communities to "move their money" to advance social and economic justice campaigns and movements.

- The Climate Justice Alliance is a national network of frontline environmental justice organizations building power to demand major endowments and public funds to divest from the fossil fuels industry. In 2017, divestment was also employed by leaders at Standing Rock who held the resistance against the Dakota Access Pipeline and activated a global movement of over 700,000 signatories and $4 billion in closed accounts at banks that financed the pipeline. (Exclude & Engage Tactics)

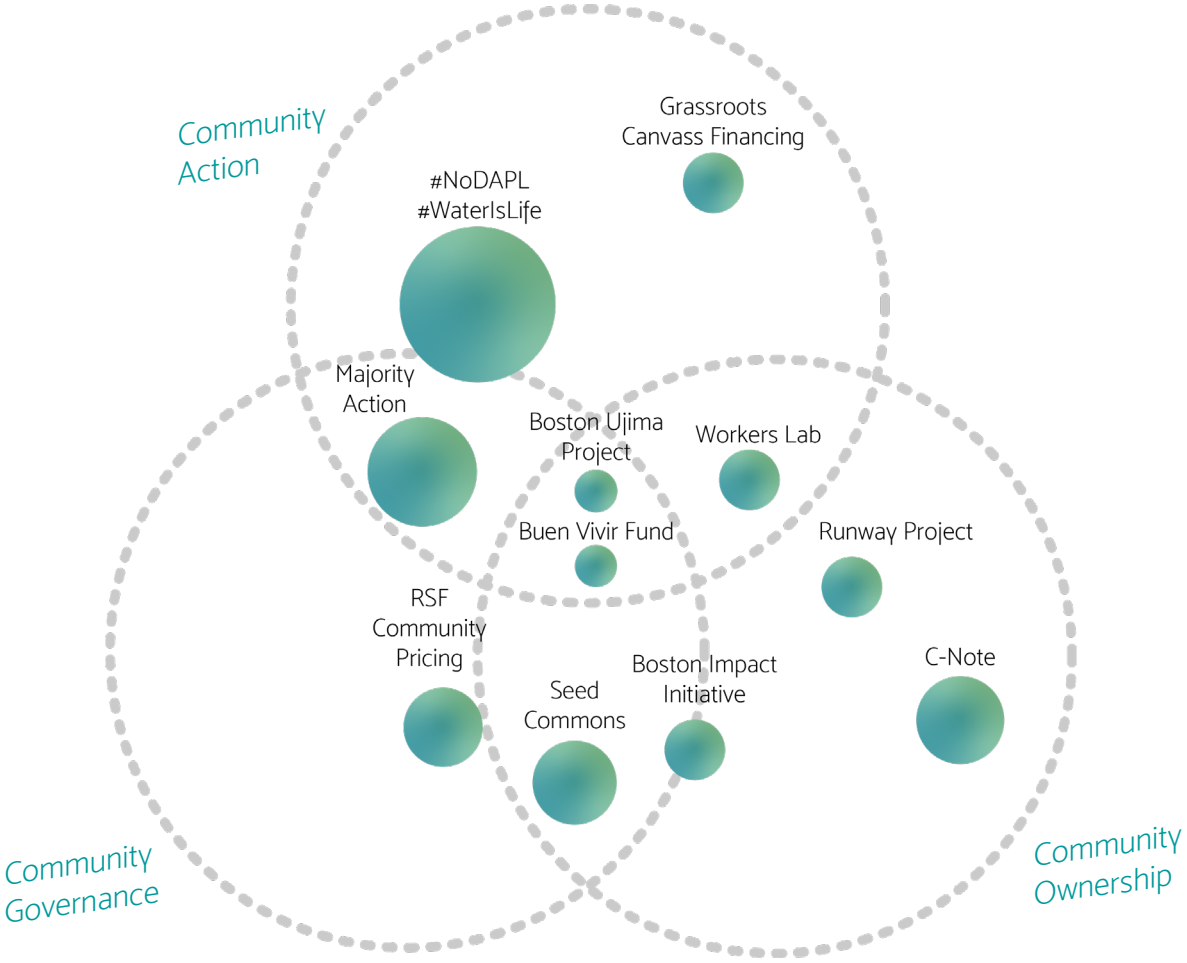
- Following the 2008 financial crisis, the Right to the City Alliance activated its national network of grassroots housing justice organizations to protest Bank of America and Wells Fargo for their role in the subprime mortgage collapse. After announcing plans for new customer fees, an independent "Move Your Money" campaign called on the public to close their accounts with big banks, leading to over 440,000 new credit union accounts opening within a 6 week period, and the eventual retraction of proposed fees by both commercial banks. (Exclude & Engage Tactics)

It is important to note that none of the three domains of Community Power are independent of one another, and a movement investing vehicle will likely straddle one or more of these approaches. Furthermore, building power in one domain--whether Ownership, Governance or Action--can impact real conditions that enable additional power building in another domain. For

example, as communities build wealth and people have good jobs, their ability to participate in civic activities and organize popular action might be enhanced. In turn, popular action can create policy changes that increase opportunities for the collective governance of capital. And in turn, the collective governance of capital could help direct larger sums of financing to build reparatory community wealth.

We offer these dimensions not to suggest siloed categorization, but to uplift that investments in community ownership, community governance and community action in historically exploited communities all grow the capabilities of social movement organizations to lead a Just Transition from the social primacy of profit to one that honors our people and our planet first. The Expected Power Rating Rubric in section five offers a starting framework for evaluating individual investment opportunities through a Community Power Building lens.

Dimensions of Community Power Building



Note: The different sized circles in the image above are meant to indicate the relative amount capital invested or engaged by the organizations or strategies, but are not to scale.

3. Vehicles

Movement Finance Matrix

NOW THAT WE HAVE DIFFERENTIATIED SOCIAL MOVEMENT INVESTING -- which builds Community Power in coordination with movements -- from other forms of impact investing, we move towards understanding a full landscape of Community Power building strategies across asset classes.

Building on the **Movement Alignment Map** and domains of **Community Power** explored above, the **Movement Finance Matrix** can be used to map investment tactics across asset classes and the Just Transition Strategy Spectrum in more detail. The tool can be used independently, to identify possible movement finance strategies for Community Power building, or as a precursor to constructing a Movement Portfolio.

We have already introduced the columns of the Movement Finance Matrix -- the six investment tactics from the strategic alignment section: exclude, engage, control, convert, seed and sustain. The vertical axis is a list of asset classes and goals available to investors. Our list is a selective merger between the asset class structure proposed in Emerson's "Total Portfolio Management"[42] and the taxonomy provided by the Council on Foundation's annual CommonFund Report. We added categories for "Recoverable Grants / Forgivable Debt" to give granularity to the types of philanthropic capital at our disposal, and added "Digital Assets" and "Litigation Finance," both notable but still nascent asset classes.

42 Jed Emerson, "Construction of an Impact Portfolio: Total Portfolio Management for Multiple Returns," November / December 2017, https://impactassets.org/files/IWM17NovDec-ConstructionOfImpactPortfolio.pdf

ASSET CLASSES			
Financial Goals	**Asset Class**	**Description**	**Example**
Tax Relief and Redistribution	Grants & Donations	Non repayable gifts that can generate a tax deduction	Charitable Donations
	Recoverable Grants / Forgivable Debt	Loans that can be written off as a grant / donation	Program Related Investments
Liquidity	Cash / Cash Alternatives	Assets that can be easily converted into cash to spend	3-month Certificate of Deposit
Income and Wealth Preservation	Notes / Other Debt Obligations	Assets that return a stable, small and steady annual interest	10 Year Treasuries
	Bonds	Debt in governments or corporations that can be traded	Corporate and Municipal Bonds
	Absolute Returns	Funds that seek consistent, stable returns, independent of market fluctuations	Hedge Fund
Capital Appreciation & Wealth Growth	Public Equity	Stock in public companies or pools of stock that can be traded	Index ETF
	Equity Long Short	Funds that hold stocks for long periods while also betting against stocks that drop in value	Mutual Fund
	Private Debt	Direct loans to private companies	Direct Business Loan
	Private Equity	Direct ownership in private companies	Acquisition
	Venture Capital	Early stage private equity investments	Direct Investment
Low Correlation & Wealth Growth	Private Real Estate	Ownership in physical properties	Private equity real estate fund
	Commodities	Ownership or options in real world materials like metals or agriculture	Commodity Futures
	Distressed Debt	Buying bonds of bankrupt or underperforming businesses at a discount	Distressed Debt Funds
	Litigation Finance	Investing in lawsuits and receiving returns from settlements	Class Action Financing
	Digital Assets	Decentralized protocols for money, finance and governance	Decentralized Autonomous Organizations

Depending on the shape of an investors' relationship with social movements, and the resulting "Community Power Thesis," a Movement Investment Matrix may be populated with a thematic focus like police and prison reform and abolition (as we do below), centered on a geographic region, or focused on a particular intervention (e.g. conversion). The Matrix helps map the variety of actions that are accessible across a ladder of risk, return and liquidity, and enables grassroots leaders and investors to imagine new possibilities for aligning capital with movement goals.

Financial Goals	Asset Class	Fight the Bad		Transition		Build the New	
Investor Posture		Reform			Restorative		
Just Transition Spectrum		*Exclude*	*Engage*	*Control*	*Convert*	*Seed*	*Sustain*
Tax Relief & Redistribution	*Grants / Donations*	fund organizing to cut prison budgets	fund campaigns for free calls for prisoners	fund campaigns for decriminalization	TA for ownership conversions	co-op education in prison	win co-ops not cops budget shifts
	Recoverable Grants / Forgivable Debt					loan guarantees for ex-prisoner co-ops	Junior lender for re-entry housing
Liquidity	*Cash / Cash Alternatives*				prison free money market	CD for Black entrepreneurs	
Income & Wealth Preservation	*Notes / Other Debt Obligations*					racial equity impact loan fund	
	Bonds	screen muni bonds tied to policing revenue	bondholder activism to change policy		activest screened muni bond fund		
	Absolute Return			broker CEO meetings for campaigns			
Capital Appreciation & Wealth Growth	*Public Equity*	divest holdings from private prison	shareholder policy to cut prison ties	activist sale of prison vendor to new owner	prison labor/ profit free index fund		
	Equity Long / Short	short position private prison stock	shareholder activism to change hiring				
	Private Debt		establish covenants for				
	Private Equity	divest all holdings from prison related industry	board members to end prison labor in supply	buyouts to change hiring & supply policy	structured worker ownership exit		growth investing in "re-entry" firms
Low Correlation & Wealth Growth	*Venture Capital*					seed capital for entrepreneur	
	Private Real Estate				re-entry friendly investor covenants	financing re-entry housing	
	Commodities						
	Distressed Debt						
	Litigation Finance			financing prison abuse lawsuits			
	Digital Assets						

By building on the Movement Finance Matrix, "Movement Portfolios," as we describe later in section five, will employ a multitude of these vehicles to create a total asset investment strategy. Other Social Movement Investors may focus on a smaller selection of movement finance vehicles, while holding more traditional ESG and impact investment positions in their broader portfolios. The next two sections offer perspectives and tools for constructing total Movement Portfolios over time.

4. Staging and Sequencing

From Impact Investing to Social Movement Investing

NOW THAT WE HAVE EXPLORED THE PRACTICES AND FRAMEWORKS OF SOCIAL MOVEMENT INVESTING and provided a set of tools for identifying what SMI looks like, we focus in this next section on the process of shifting from existing investment practices towards SMI. Investing in deeper alignment with movements will necessitate not only relationship building with social movement partners and experimentation with Resist and Build investment strategies, but also mutual learning among Social Movement Investors, development of structures for coordination, and ultimately sectoral transformation. In many instances, embracing these new practices and perspectives will require institutional shifts that take time, research and careful consideration. While in no way comprehensive, this section offers a lens around shifting portfolio holdings over time, highlights some of the key structural shifts necessary to implement SMI at scale, and names some of the obstacles that have come up most frequently in conversations with practitioners and thought partners to date.

Just Transition Portfolio Phases

We have previously discussed in some detail the trade-offs between Resist and Build investment strategies. In this section, we add two dimensions for consideration -- primary vs. secondary investments, and the intention for portfolio evolution over time -- with the intent to situate day to day decisions in relation to a broader horizon for transformation. (See image on page 64.)

Investors with significant assets, including traditional impact investors, hold secondary investments, which are bought and sold between investors on speculative markets and do not directly contribute capital to a business for use. Primary investments are direct holdings in businesses and entities, and represent shares in the "real economy." The ability for capital holders to accumulate wealth through secondary investments is a lynchpin of the extractive economy, in which those with wealth are able to reproduce and grow their wealth through extracting wealth from workers and from the environment, without contributing to the real economy. The current financial system, in which the majority of capital is invested in extractive secondary markets, is incompatible with visions for a regenerative economy in which wealth is returned to those who generated it, and is stewarded by communities. Over time, Social Movement Investors will therefore strive to shift from Secondary holdings to Primary holdings.

Furthermore, as explored in the previous section, we also distinguish between Primary holdings that center on extractive practices and Primary holdings that build power by supporting Community Ownership, Community Governance, and/or Community Action. Thus, another aspect of shifting portfolio holdings in line with Just Transition principles is to move money from extractive, hierarchical investments to democratically controlled investments.

Ultimately, these directives towards democratically governed (non-extractive) primary investments offer a path to transition investment capital from its fiercely gated enclosures to a regenerative "financial commons" in service of people and planet. Gopal Dayeneni, co-founder of Movement Generation, elaborates:

> *… we should be organizing capital as a commons, as opposed to in an enclosure, because everybody needs access to those resources to create productive, dignified and ecologically sustainable livelihoods in this period of transition. So what does that look like pragmatically […] it looks like community control of land and housing […] community owned cooperative energy*

systems, it looks like non-extractive revolving loan funds in communities where lending is a tool of the people. Where people control the resources, they utilize them, they return them, they add value to the shared common pool resource so that others in the community can access it further, as opposed to feeding an enclosure.[43]

Shifting toward Primary holdings that build power--which we have previously described as Build investment strategies--will take time, and require institutional, cultural and policy changes to enact. In the meantime, those who currently hold investments in extractive corporations can leverage those holdings to build social movement power through coordinated Resist investment strategies, while those with fewer constraints can begin to more immediately shift their holdings towards Build investments. To quote Chordata Capital: we strive to "support clients (with inherited wealth) in redistributing rather than continuing to accumulate wealth. We believe the most strategic role for wealthy investors in transforming our economy is divesting from Wall Street and shifting their money into community-controlled investments that center racial and economic justice."

This transitional orientation acknowledges that the policies, investment infrastructure and business capacities, amongst many factors, currently limit the ability for large asset owners to be predominantly invested in a regenerative economy. The capital instruments that co-produce a regenerative economy can only grow with the power of our social movement ecology. As social movements successively "stop the bad and build the new," the conditions that enable fully regenerative portfolios should also grow with that success. SMI consequently encourages asset owners to drive strategies that build power, and adapt their strategic alignment (Resist and/or Build) based on the evolution of the field and their holdings at the time.

43 https://forthewild.world/podcast-transcripts/gopal-dayaneni-on-the-exploitation-of-soil-and-story-232

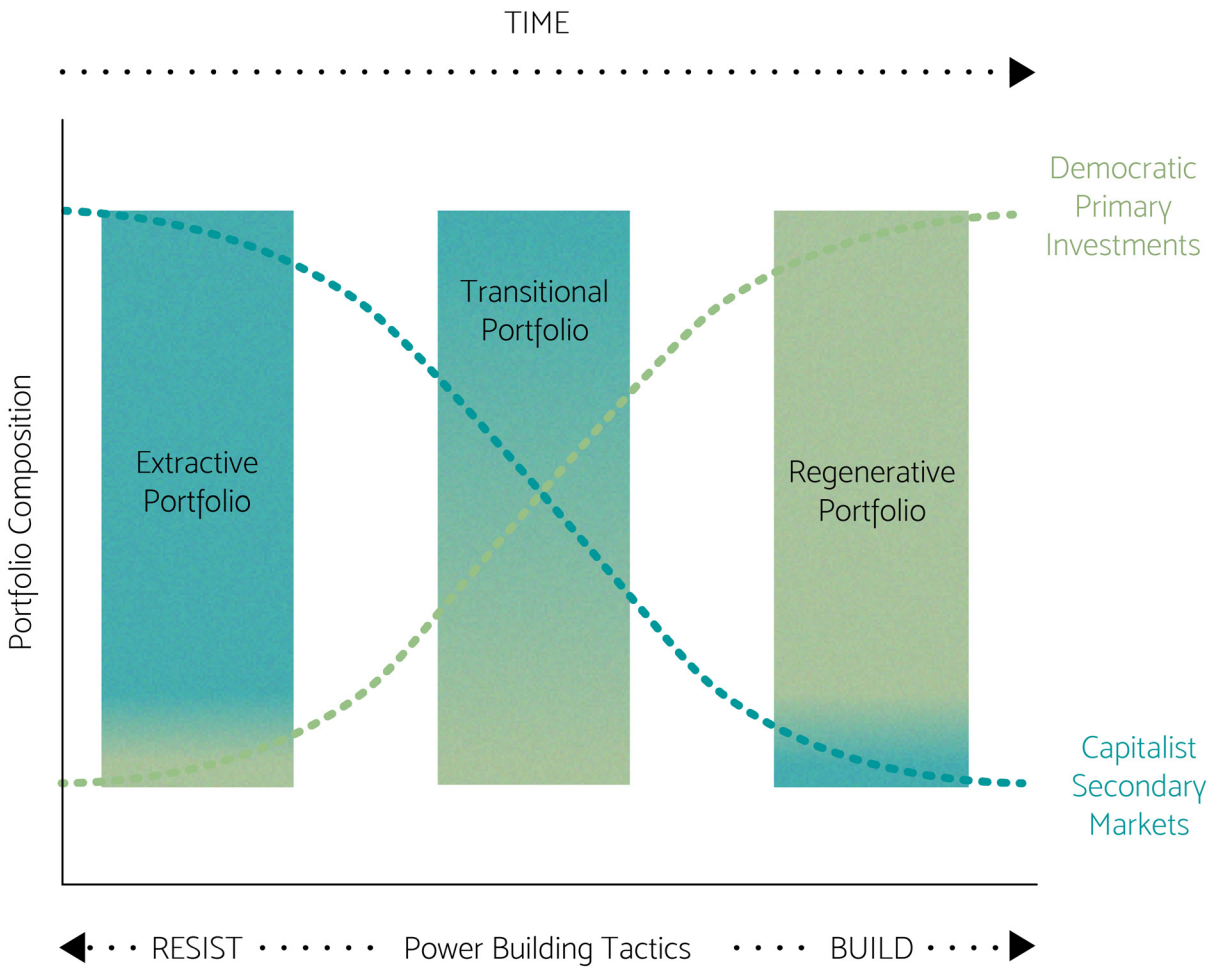
"We should be organizing capital as a commons, as opposed to in an enclosure, because everybody needs access to those resources to create productive, dignified and ecologically sustainable livelihoods..."

- GOPAL DAYENENI

"The most strategic role for wealthy investors in transforming our economy is divesting from Wall Street and shifting their money into community-controlled investments that center racial and economic justice."

- CHORDATA CAPITAL

Just Transition Portfolio Phases



Obstacles to Social Movement Investing

Transitioning investments, shifting institutions and restructuring portfolios takes time, effort and exploration, and is not without major obstacles. Below, we identify some common challenges to moving into deeper alignment with the principles and approaches of Social Movement Investing. Addressing these obstacles, and sharing learning about our efforts will be a critical component of the work of Social Movement Investors and the broader Movement Finance field.

Internal Obstacles and Possible Approaches

While the process of shifting institutional policies and practices to facilitate Social Movement Investing will be an iterative process that differs for each investor, the following issues and strategies have been emerging across SMI early-adopter institutions:

1. **Lack of Shared Analysis:** SMI grows out of a theory of social change that centers power building in frontline communities and is animated by the goal of building a Just Transition to a non-extractive regenerative economy. However, key stakeholders within an institution, office, or team may not agree with various premises of Social Movement Investing. Many progressive asset owners believe that we can avert social and ecological crises through a market based approach of "doing well by doing good."[44] They might be resistant to the idea that below-market investments should be leveraged for social impact. Others might disagree over the focus on building social movement power as the most effective way of advancing social and economic change. They might question the expertise or capacity of frontline leaders to contribute meaningfully to decision-making about investment policies. Or they might argue that the benefits of grassroots partnership would not be worth the effort and time needed to build relationships and mutual understanding with frontline partners. In each of these cases, resistance could also signify concern or fear about shifting the role and identity of the financial institution.

   To the extent that decision makers do not share our underlying analysis -- be they trustees, asset managers, staff, or other partners -- internal political education, reflection and dia-

44 Anand Giridharadas, Winners Take All, Vintage, Oct, 2019

logue is essential. Conversations with movement leaders will be necessary to build meaningful alignment and coordination. **However, in the early stages of learning and theory development, interested investors and institutions should be careful not to shift the onus to educate capital owners onto grassroots partners.** Conversations guided by skilled consultants, experienced Social Movement Investors and movement finance intermediaries can help expand the scope of possibility while laying the groundwork for future collaboration in a non extractive manner.

2. **Lack of Knowledge about Existing Holdings:** While some impact investors may know the full extent of their portfolio, most investors hold index funds, mutual funds, exchange traded funds, and other baskets, with limited knowledge of their underlying assets. Identifying and researching existing investments is an essential starting place for developing SMI strategies. Once investments have been identified, there is an opportunity to better understand the impacts of existing holdings and to engage grassroots partners to explore the possibility of coordinated Resist strategies, through engaging, excluding or controlling, as well as other power leveraging strategies that might strengthen existing grassroots campaigns. This work additionally helps to identify funds that may be more immediately transitioned to Build investments.

3. **Financial and Legal Constraints:** Some institutional investors, including pension funds, may be legally or ethically obligated to maximize financial returns. Other organizations have long-established investment policies that, while they may not explicitly bar SMI strategies, create barriers through precedent and more traditional interpretations of fiduciary responsibility. For example, many philanthropic investment committees claim that they must earn market rate returns in order to be able to spend the 5% annually (that is mandated by the IRS) and simultaneously protect the principal of their endowment to ensure that the foundation can continue to exist in perpetuity. While some foundation charters do establish and require perpetuity, many philanthropic stakeholders assume mandatory perpetuity without actually looking at foundational documents. Similarly, the IRS does limit the types of political activity that public charities can engage in, but these limitations are not as stringent as many nonprofit professionals have been trained to believe. As with the effort to learn about existing holdings (see #2 above), a collective excavation of internal policies can help to illuminate contradictions between the philanthropic mission and financial practices, in turn creating space for change.

   Individual investors, private foundations and family offices, by contrast, have significant latitude to both deprioritize profit maximization (even if culturally against the grain) and engage in movement aligned investment strategies, and may be more able to lead by example.

4. **Organizational Structure:** Once aligned around purpose and values, with a baseline understanding of internal holdings and policies, some aspiring Social Movement Investors may be able to engage with Resist investment strategies immediately, and perhaps even to make Build investments through their existing relationships, referrals from other SMI investors, and knowledge of the solidarity economy ecosystem. However, it is likely that structural changes will be needed in addition to cultural shifts. Most often, institutions will need to evaluate how investment decisions are being made, and by whom. In the case

that decisions are being made by investment advisors and board committees distant from program staff, rank and file membership, and community groups, how can shifts be made so those with the most direct community relationships are empowered to play a bigger role in investment decisions?

Additionally, do the financial advisors making day-to-day investment decisions have the values alignment, knowledge, skill and relationships to support the implementation of SMI strategies? The technical expertise and relationships needed to source and diligence strategies in the social movement ecosystem is currently limited within organizations and the broader field of investment professionals, which means that we may need to educate and engage current advisors rather than replacing them.

5. **Lack of Structures for Movement Coordination:** Alongside institutional changes, developing accountable methods of coordination with social movements will be another key element of normalizing Social Movement Investing. By bringing social movement leaders into internal conversations, strategic differences can be engaged and examined in new and generative ways. As a starting point, we outlined four areas for movement coordination in the Capital Coordination Ladder in Section 1. These were: 1.) coordination around personnel and partners, including selecting board members, executives, advisors and other partners; 2.) coordination around financial goals, including setting risk, return and liquidity parameters; 3.) coordination around a Community Power Thesis, to set metrics and evaluate success, and 4.) coordination around selecting and managing investments. Any co-design process will necessarily be built on established relationships, and may benefit from facilitation or support from intermediaries.

6. **Readiness for Experimentation:** As asset owners and managers grow their transparency and accountability to social movement partners, an array of coordinated Community Power building opportunities can arise. To start, many investors will pilot Resist and/or Build investment strategies with a subset of funds, as part of institutional learning, before committing all assets to movement finance strategies. Amongst them, Resist investments may be activated as soon as coordinated action is possible--whether directly with movement partners or joining with other social movement investors in an existing strategy. Build investments may start small, often segmented from a broader corpus for philanthropic activities. But over time, as relationships deepen and investors gain fluency in social movement ecosystems, and as the solidarity economy movement grows its power (and capital absorption capacity), we expect Build Investments to become a normalized segment of the impact investing field. The Expected Power Rating Rubric presented in the next section may aid in shared perspective forming and evaluation of early experiments.

External Obstacles

The internal obstacles named above are a microcosm of a broader economic and financial environment that is, at best apathetic and unprepared for, and at worst actively hostile to SMI strategies. These external conditions make internal shifts more challenging by reinforcing current dominant norms and assumptions, and they sharply limit the possibility of scaling SMI strategies in support of movement-building. As an SMI community of practice emerges, it behooves us to

collectively attend to the interplay between internal and external conditions and to, wherever possible, share learnings and leverage power to shift the field. The following are some of the most significant barriers to the SMI field, as we understand them:

1. **Hostile Cultural Environment:** Our entire economic system reinforces growth, scale, and profit, as signals of success. Internalized capitalism tells us that our productive output (measured by dollars earned) equals our worth to society. This broadly holds true for individuals, for organizations, and for nations. Social Movement Investing -- particularly Build investments that ask investors to take concessionary returns -- go directly against this deeply acculturated norm. Although calls for reparations have gained some momentum, particularly in response to Trump's presidency and the Covid-19 Pandemic, there is still enormous work to be done to shift the collective belief that "whatever is earned is fairly deserved" to "wealth that was stolen should be returned."

2. **Incentive Structures for Financial Advisors:** In addition to a potential mis-match between financial advisors' values and expertise, we must acknowledge that, for the most part, financial advisors' professional advancement and compensation is tied to rate of returns earned by clients. Individuals should understand and interrogate the way their financial advisors are compensated and have explicit conversations about how to ensure that compensation structures do not run counter to the possibility of lower-return investments.

3. **Capital Absorption and Movement Infrastructure:** Investors often lament the limited market depth of the "New Economy" and observe that many of the restorative capital needs are either small or below investment grade. However, a differing view from a social movement perspective might frame the obstacle as a mismatch between extractive capital terms and the needs and demands of the emerging regenerative economy. Community-based enterprises owned by women and people of color benefit little, or are actively harmed by high-interest loans and other forms of capital ultimately meant to accumulate wealth to investors.

   We highlight a few roles that Social Movement investors can play to help grow the field. First, continue to offer community and enterprise-friendly investments including when -- or perhaps most importantly after -- endeavors are struggling or appear to be failing by traditional standards. The financial instability and other risks associated with entrepreneurism are often exponentially greater for low-income individuals and communities, where loss of income can mean hunger, utility shut offs and eviction. The more investors act as true partners in building community owned and governed enterprises, the more investable options will emerge. Grant dollars and other support -- like helping enterprises to secure contracts or sales -- "de-risk" Build investments to enable other more financially constrained investors to deploy capital towards "building the new."

   Second, whether representing a grantmaking body or not, Social Movement Investors should seek to resource the elements of the social movement ecosystem that are not suited for conventional investment capital. Given that the success of Social Movement Investing depends on the vitality of social movement ecosystems, directly resourcing the grassroots groups that are the primary units of movement organization is an essential need for

capital stewards. Furthermore, as a nascent field, there will be a need to grow and resource organizations that help to bridge the fields of investing and social movements, and to support more accountable investor- movement coordination. Providing philanthropic support, time, expertise and other resources to grow the infrastructure to train investors and activists, weave relationships, coordinate and execute movement investment strategies will be necessary for SMI to succeed and scale.

Finally, Social Movement Investors can attend to and support parallel movement efforts like the push for public banking, policies that support and advance worker ownership, financial market regulation and oversight for big banks, unionization, and other institutional and policy shifts that encourage and empower community economic control.

New Horizons

The emergent field of Social Movement Investing faces many challenges, and will require committed advocates and innovators within financial institutions, resources to support intermediaries and infrastructure building, and the continued organizing and creativity of grassroots and frontline leaders. At all points in this process, we believe that meaningful relationships between asset owners and social justice leaders working on similar problems can enable mutual growth and expanded world views, create pathways for informal support and accountability, and anchor the trust needed for generative leaps in strategy and collaboration.

As we look ahead, the horizon for our collective work also advances. From where we are today, we can imagine a time when more impact investors, foundations and institutional investors begin to see the benefits and potential of investing to build Community Power. With support from aligned social movement investors, we can imagine the field of solidarity economy enterprises and funds growing to include a greater diversity of investment vehicles, including infrastructural projects and more mature enterprises able to receive much larger investments.

As the field grows, so do the opportunities for investors with a wider range of terms and risk-tolerances. Several years down the road, we can imagine a time when the majority of foundations, and a broad swath of the growing impact investing field are invested in the solidarity economy and leveraging their remaining Resist investments to buttress and strengthen campaigns led by grassroots and frontline partners. And perhaps, at the farther reaches of our imaginations, we can see a horizon where we have successfully built the Just Transition we need, and where the capitalist economy is eclipsed by a thriving regenerative economy grounded in ecological and social well-being, owned and stewarded by communities.

For those who are compelled by this vision, and ready to commit to a Social Movement Investing approach with their own portfolios, the final section provides a synthesizing framework for evaluating possible investments from a SMI lens, and constructing a "Movement Portfolio" that aligns as fully as possible with SMI values.

5. Economic Logic

Efficient Power Frontier

AS THE FINAL ELEMENT OF THE MOVEMENT PORTFIOLIO CONSTRUCTION PROCESS, we delve into our economic logic, through the concept of the Efficient Power Frontier. This section is an initial attempt to integrate the impact-focused concepts we have explored thus far into an evaluation tool that centers **Community Power building** as the primary aim.

We will assign an "Expected Power Rating" to Movement Investment Vehicles in order to differentiate and prioritize among various movement finance products. While there are valid reasons to resist the flattening effects of numerical scoring, we believe that the process of devising an Expected Power Rating can instigate more rigorous and nuanced deliberations amongst stakeholders, deepen engagement with the concept of Community Power, and facilitate alignment around how power building can lead to systemic change.

The Expected Power Rating rubric, introduced below, is meant to serve as a starting point to demonstrate a power rating process. We look forward to the evolution of this tool through testing and feedback from peers and practitioners in the field.

Expected Power Rating

As we first mentioned in our review of Modern Portfolio Theory and Total Portfolio Management at the start of this paper, the "new efficient frontier" or the "efficient impact frontier" enables investors to identify the mix of investments that will optimize their portfolios for risk, return and impact. **To reflect our call to invest for "power" over "impact," we've relabeled the "impact frontier" as an "Expected Power Frontier" that will optimize for risk, return and power building.**

After identifying a range of possible investments and mapping them on the Movement Finance Matrix, investors will assign a numerical score to represent the potential Community Power building impact of a specific investment or strategy. We offer a detailed rubric to assign an "Expected Power Rating" as a way to compare Movement Investment Vehicles across strategic alignment tactics and asset classes. This numerical rating enables the operationalization of Social Movement Investing within the broader statistical environment of portfolio formation. (The process of assigning an "Expected Impact Rating" will be familiar to those who have engaged with Impact Frontiers Impact Management Project, or read the project's Impact-Financial Integration Handbook.)

As stated at the beginning of the Community Power Building section: **In order for an investment to qualify as a Social Movement Investment, there must be meaningful movement coordination, and Community Power building must be an outcome.** The Expected Power Rating Rubric is a tool for evaluating whether these two criteria are met, and to what extent. To reflect this in our calculations, the Expected Power Rating is found by multiplying a Movement Alignment Score by a Community Power Score.

Movement Alignment Score * Community Power Score = Expected Power Rating

We find the Movement Alignment Score by rating three aspects of Community Power -- Relationships, Leveraging Power and Capital Coordination. Each aspect receives a rating of 0 (not present), 1 (somewhat present), or 2 (significant presence). We add the totals together and find a total in the range of 0-6. *Note that if movement alignment score is zero, the Expected Power Rating will also be zero. //*

Relationship Score + Leveraging Power Score + Capital Coordination Score = Movement Alignment Score

The Community Power Score is the sum of three sub-scores: the Community Ownership Score, the Community Governance Score, and the Community Action Score -- each with a possible range from 0-16. We include the detailed scoring rubrics for the Community Power sub-sections below. Once each Community Power sub-section is scored, the three totals are added and then divided by three. This is to enable a level of scoring nuance with each sub-section, without the overall Community Power Score outweighing the Movement Alignment Score.

(Community Ownership Score + Community Governance Score + Community Action Score) / 3 = Community Power Score

In summary, the total range of possible scores for the Expected Power Rating is 0-96. All of the calculations discussed so far are presented in the following table.

Calculating an Expected Power Rating

SCORE	RANGE	SUB-CATEGORIES	CALCULATION
Movement Alignment Score (MAS)	0-6	RS- Relationship Score (0-2) SPS - Sharing Power Score (0-2) CCS - Capital Coordination Score (0-2)	MAS = (RS + SPS + CCS)
Community Power Score (CPS)	0-16	COS - Community Ownership Score (0-16) CGS - Community Governance Score (0-16) CAS - Community Action Score (0-16)	CPS = (COS + CGS + CAS)/ 3
Expected Power Rating (EPR)	0-96	Movement Alignment Score (MAS) Community Power Score (CPS)	EPR = (MAS * CPS)

To demonstrate the use of a sample power rating system, and the subcategories of the community ownership, governance and action scores, we compare three approaches to social change: a hypothetical shareholder campaign, a hypothetical community loan fund (that combines attributes from the Boston Ujima Project, Cooperation Richmond and similar funds), and a fictional Opportunity Zone (OZ) Fund. All three approaches exist in the national impact investing ecosystem and we presume for this exercise that they meet (if barely!) the SMI requirements for movement alignment and Community Power building.

In this rating system, OZ Fund scores 1.7 points compared to the 38.4 points of the Shareholder Campaign and 64.2 points of a Community Loan Fund. It is important to note that the fictional OZ Fund could have a broader geographic and financial impact than the community loan fund, and be more likely to fulfill traditional community economic development goals such as job creation and affordable housing development. Despite these important features, because it lacks participatory governance and alignment with grassroots power building, the result is a significantly lower *Expected Power Rating*.

Expected Power Rating Rubric Sample Ratings

EXPECTED POWER RATING -- SAMPLE RATINGS						
VEHICLE	**Shareholder Campaign** A shareholder campaign that is designed with labor and grassroots leaders and complements a broader national campaign for corporate reforms.		**Community Loan Fund** A community governed fund, based in a working class community of color, directing non-extractive capital to restorative enterprises, and organizing stakeholders to support those enterprises.		**Opportunity Zone Fund Bond** A national Opportunity Zone focused fund, directing slightly below market capital to a portfolio of local OZ Funds in historically impoverished communities across the US.	
MOVEMENT ALIGNMENT SCORE (MAS)						
	Shareholder Campaign	Score (0-2)	**Community Loan Fund**	Score (0-2)	**Opportunity Zone Fund Bond**	Score (0-2)
Relationships - To what extent does the investor have relationships with the impacted community? 0 = None 1 = Somewhat 2= Significant	Strong connections to the labor sector; strategy developed and driven by movement leaders.	2	Strategy intentionally co-created with grassroots partners. The project is led by social movement organizers and leaders.	2	Strategy was devised to direct capital to working class communities of color, but has minimal relationships with Social Movements.	0
Leveraging Power - To what extent does the investor utilize multiple forms of power on behalf of the community? 0 = None 1 = Somewhat 2= Significant	Shareholders apply pressure to a target corporation in coordination with other campaign tactics.	2	Investors organize their peers and other large institutions to invest in the fund and purchase from portfolio companies to "de-risk" the fund.	2	Investors do not meaningfully engage with the OZ Fund community beyond their investment.	0
Capital Coordination Ladder - To what extent does the investor share decision making with the impacted community? 0 = None 1= Informed 2 = Accountable	Specific messaging and shareholder resolutions goals are developed by grassroots partners.	2	Investment strategies are designed and approved by community members. Large investors have equal influence as non-accredited investors in investment decisions e.g. 1 person, 1 vote.	2	This fund has some symbolic representation of borrowers on its advisory board.	1
Movement Alignment Calculation	2+ 2+ 2 =6		2+ 2+ 2 = 6		0 + 1 + 1 = 1	
MOVEMENT ALIGNMENT SCORE (MAS)	**Shareholder Campaign**	**6**	**Community Loan Fund**	**6**	**Opportunity Zone Fund Bond**	**1**

COMMUNITY OWNERSHIP SCORING (COS)						
Community wealth - To what extent is the product structured to build wealth for historically oppressed communities ? (see footnote for suggestions about evaluating product structure)[45] 0 = most extractive 1 = somewhat extractive 2 = moving towards restorative 3 = somewhat restorative 4 = most restorative	This strategy exists within traditional financial markets (extractive design); the strategy / product is not intended to build community wealth.	0	The fund invests in businesses and initiatives owned by members of the community. Additionally, community members can invest in the fund and participate in returns.	3	The fund is structured to create jobs and affordable housing within traditional structures; wealth still accumulates to large developers and business owners.	1
Return Type - How well does the investment retain capital returns in frontline communities? 0 = predatory 1 = market 2 = below market 3 = concessionary 4 = non-extractive 0%		0	Investors can select between below market, concessionary and non-extractive products, which provides affordable and risk tolerant capital to community enterprises.	3	The fund offers more affordable capital to communities while generating slightly below market returns and tax advantages for investors.	2
Additionality - How likely is it that the strategy will be funded by conventional investors without the SMI investors' participation? 0 = oversubscribed 1 = likely to be fully subscribed 2 =attractive terms / high profile 3 = new / traditionally unattractive 4 = very new / "high risk" from traditional investing perspective		0	As a new initiative, it is unlikely conventional investors will engage	3	As a financially advantageous 'impact investment' vehicle, it is likely to be fully subscribed	1
Total Raise $ - What percent of the total financial need will the investor contribute? 1 = 0-1% 2 = <1-5% 3 = <5-20% 4 = <20%		0	Investor is contributing $100,000 for a $5M raise (2%).	2	Investor is contributing $100,000 for a $50M raise. They are not the first investor in the OZ fund.	1
COMMUNITY OWNERSHIP SCORE	**Shareholder Campaign**	**0**	**Community Loan Fund**	**11**	**Opportunity Zone Fund Bond**	**5**

45 Suggestions for evaluating between a spectrum of extractive and restorative designs:
Extractive design = intent for original asset owner to reap all financial gains, often at the expense of communities and the planet
Less Extractive design = intent to increase economic value and volume of economic activity in communities, without attending to who is accumulating wealth & returns (may benefit a few community members, but often leads to cycle of displacement and gentrification).
Moving towards restorative design = intent to prioritize positive social and environmental impact must be over preserving wealth and power; may still accumulate returns to investors / asset owners.
Somewhat restorative design = intent to support communities to produce for themselves; financial gains from projects and returns retained by community, while principle is ultimately repaid to investor
Most restorative design = intent for both principal and returns to ultimately shift to community

COMMUNITY ACTION SCORING (CAS)						
Strategic Significance - According to movement leaders, to what extent will this strategy impact the outcome of the community action work or campaign? 0 = none / not relevant 1 = small impact 2 = modest impact 3 = significant impact 4 = essential intervention	The campaign is coordinated with grass-roots leaders who believe that the shareholder strategy has real potential to shift key corporate targets in favor of campaign goals.	3	The fund engages its member-investors to support grassroots policy campaigns. While not a core campaign leader, the added advocacy of the community fund adds strength to grassroots demands.	2	The OZ Fund does not have any intention to increase community action.	0
Scale - # of People Activated by the strategy 0 = >100 1 = 100 - 1,000 2 = 1,001 - 9,999 3 = 10,000 - 24,999 4 = 25,000 or more	This national campaign aims to reach 15,000 people	3	The fund's member-ship is less than 1,000	1		0
Activation Level - How deep is participant engagement and commitment? To what extent is participation transactional vs. emotional / political? 0 = no activation 1= <15 min; transactional 2 = <1 hour; mostly transactional 3 = <5 hours; somewhat political 4 = >5 hours; emotional and politi-cal engagement	Investors are activated to vote their shares, and non investors activists sign petitions.	2	Members attend and testify at public hearings, attend rallies, make calls etc. to advance policy agenda	3		0
Additionality - How likely is it that the strategy will be supported by others without the SMI investor's participation? 0 = not timely / irrelevant 1 = existing mainstream adoption 2 = strong existing SMI activation 3 = new / not many activated 4 = very new / perceived high risk reputationally	The sharehold-er activism strategy is new and not many investors have yet stepped forward.	3	Challenging to rate, since political advo-cacy is secondary to economic activity for the fund. Investors who take political action do provide some additionality in relationship to their external networks.	2		0
COMMUNITY ACTION SCORE	**Shareholder Campaign**	**11**	**Community Loan Fund**	**8**	**Opportunity Zone Fund Bond**	**0**

COMMUNITY GOVERNANCE SCORING (CGS)						
Governance Level - What is the depth of engagement by community members? 0 = no governance engagement 1 = community informed 2= community accountable 3 = community elected democracy 4 = direct community democracy	Governance is limited to voting on shareholder resolutions; SMI investors are asked to vote in solidarity with the community, and to share their voting record	2	Governance is highly involved, requiring ongoing direct participation by community members. Some decisions made by community-elected bodies.	4	The OZ Fund is run by a nonprofit that does not utilize any form of community governance.	0
Scale - # of community members engaged in governance: 0 = <100 1 = 100 - 1,000 2 = 1,001 - 9,999 3 = 10,000 - 24,999 4 = 25,000 or more	The campaign has 15k+ activists, but shareholders engaged in solidarity voting are between 250-2,500	2	The fund has between 250 - 2,500 members + investors	2		0
Long Term Capacity - Does the strategy create capacity or infrastructure for long term governance? 0 = one time engagement 1 = invites further engagement 2 = ongoing training & coordination 3 = structures for collective governance 4 = significant investment in human capacity, governance infrastructure	Identifies and trains aligned shareholders to support other corporate campaigns	2	Fund design requires community governance to ensure non-extractive terms and community investment in businesses; ongoing staff support for logistics of governing bodies & training for committee.	4		0
New Areas of Governance - To what extent does the strategy assert community governance in new areas of the economic and political system?[46] 0 = not applicable 1 = Minor innovations 2 = Modest innovation 3 = Significant innovation 4 = Highly innovative/ inspirational	Though shareholder governance is not new, its coordination with movements is a contribution.	2	Early community funds are a unique model for the democratic governance of capital being replicated across the US.	3		0
COMMUNITY GOVERNANCE SCORE	**Shareholder Campaign**	**8**	**Community Loan Fund**	**13**	**Opportunity Zone Fund**	**0**
COMMUNITY POWER SCORE (CPS) = COS + CAS + CGS/3	(0 + 11 + 8)/3	6.4	(11 + 8 + 13)/3	10.7	(5 + 0 + 0)/3	1.66
EXPECTED POWER RATING = MAS * CPS	**6 * 7**	**38.4**	**6 * 10.7**	**64.2**	**1*1.7**	**1.7**

46 Note: This is specific to capital governance in our system; the governance systems need not be new, but must be newly applied in this context. For example, Buen Vivir Fund's practice of taking inspiration from indigenous communities to design loan terms would count as highly experimental.

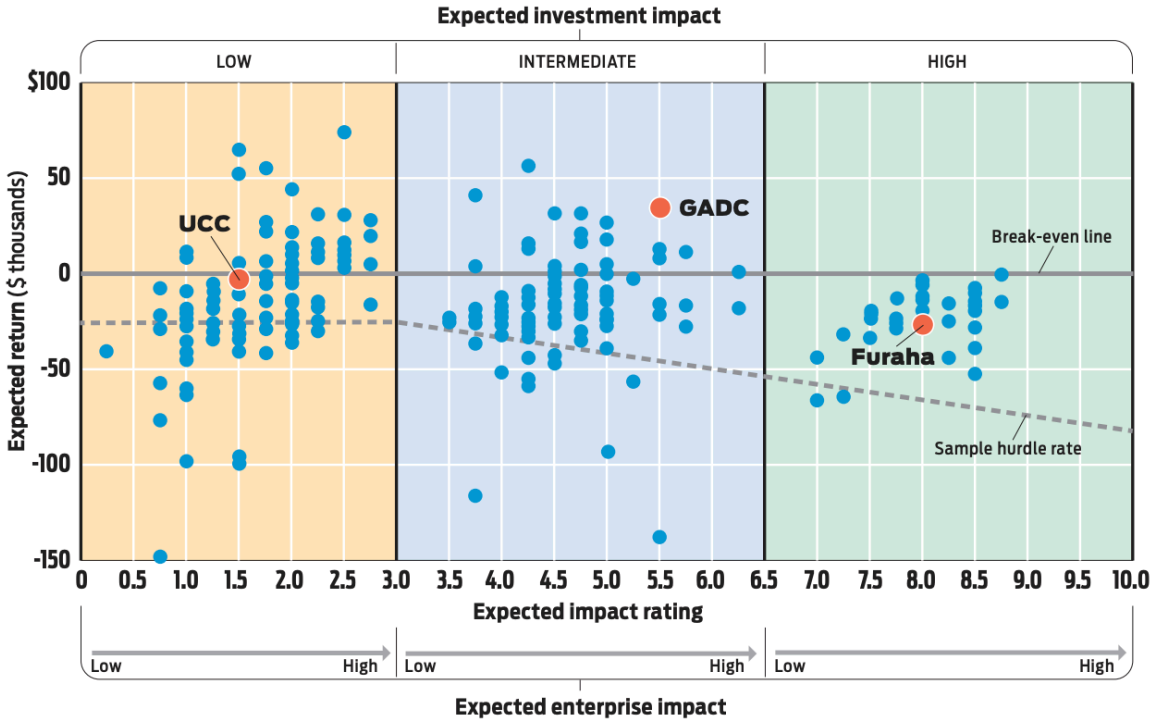
As noted previously, the Expected Power Rating rubric is provided as an example for Social Movement Investors seeking to evaluate individual investment opportunities, with an invitation to modify for your own use. We hope that the discussions prompted, both by efforts to modify the rubric, and to use it for scoring, will elicit shared learning and increased alignment within organizations. Through use and experimentation, our sample Expected Power Rating rubric may be further refined, adapted and calibrated.

As our final step, to illustrate the full process of constructing a Movement Portfolio, we will combine these Expected Power Rating scores with additional hypothetical scores to model three portfolios that achieve an "efficient power frontier" for different investor profiles.

Portfolio Construction

To complete the construction of a Movement Portfolio, asset owners, managers and movement partners assign an Expected Power Rating to each investment opportunity listed in the Movement Investment Matrix. Investors then identify the mix of investment strategies that maximize overall expected Community Power building while meeting their financial constraints.

In his 2017 piece "Towards the Efficient Impact Frontier," Michael McCreless offers a process for guiding asset allocation for their portfolio analysis and construction, created by Root Capital -- a mission driven international lender. Root Capital assigns an impact score through an evaluation process for each potential loan (Social Movement Investors would use the Expected Power Rating Rubric for this step). Then, analysts adjust each loan for expected losses and transaction costs to assign an expected net return. Using these two scores, each loan is mapped along the axis of expected impact and returns.



Once mapped, Root Capital's "Hurdle Rate" helps delineate a universe of impact investments that meet their impact and return thresholds. For Root Capital, the downward sloping hurdle rate demonstrates a portfolio approach that enables higher losses for high impact deals, while becoming more financially conservative for lesser impact opportunities.

Root Capital's "Efficient Impact Frontier" collapses risk and returns into a single vertical axis to represent risk adjusted returns, then maps the impact score on the horizontal line. This basic framework has received substantial testing and treatment, which is described in "Impact-Financial Integration: A Handbook," authored by McCreless and produced by the Impact Management Project's Frontiers Collaborative in 2020.[47] This guide benefits from a community of leading impact investors, including leaders like BlueHub, Calvert, NESsT, and RSF Social Finance, who tested and refined Root Capital's original framework.

According to the Handbook, to use this framework, investors must calculate 1) expected impact rating, 2) expected financial returns, 3) investor hurdle rate. With the introduction of SMI's "Expected Power Rating," we have offered an initial rubric for establishing a movement aligned Community Power rating. Next, we review the processes and considerations offered in the Handbook to approach the remaining two calculations.

Expected Financial Returns

Once assigned an Expected Power Rating, an investment should also be assigned an expected financial return. According to McCreless, investors can utilize several different approaches to account for risk and costs in relation to an expected return. **Our suggested method relies on projecting the Alpha for each product. "Alpha" gauges the performance of an investment against a market index or benchmark that is considered to represent the market's movement as a whole.[48]**

The Sample Power Maps in this section visualize one method, which compares each asset against a single "market" benchmark. We also lift up an option, documented by McCreless, and inspired by Propel, that establishes alpha for a product based on the average rate of returns for **its own asset class**, rather than benchmarking against an average "market rate" return for an entire market or portfolio. This strategy, which we demonstrate in Appendix B, allows for more nuanced and flexible discernment, since each product is judged in relation to its own asset class.

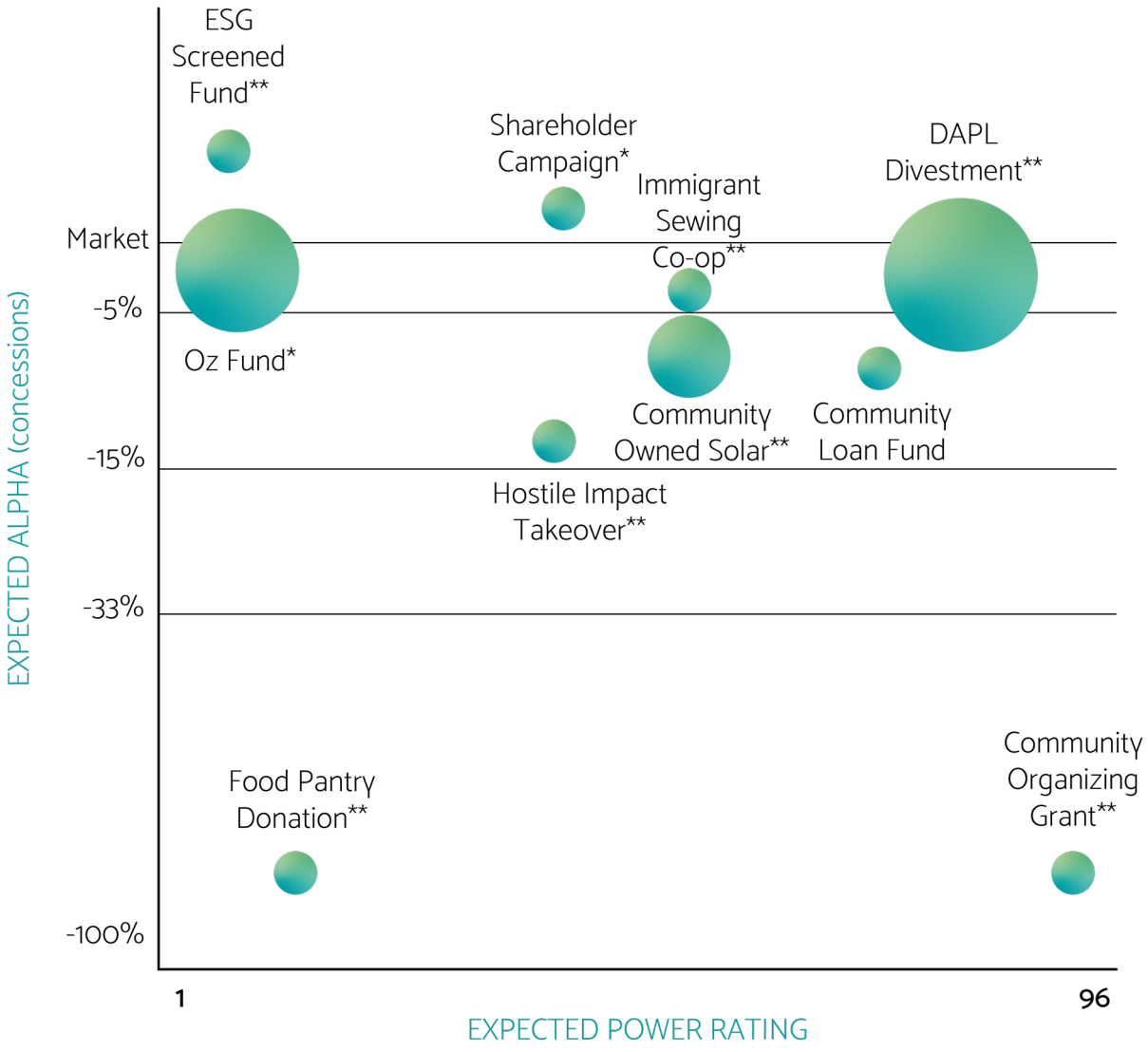
We have plotted the three examples from the Expected Power Rating Rubric - the OZ fund, the Community Loan Fund and the Shareholder Campaign. For instructional purposes, we've also plotted seven other hypothetical investment strategies to show how a more populated map might be used. Please keep in mind that the locations and sizes of the items on the map are only for the purposes of illustrating the tool and are not intended to be accurately scaled. **Any one of these strategies could be plotted differently depending on the details used to calculate its**

47 Impact- Financial Integration: A Handbook for Investors, A Project of the Impact Management Project, last accessed Oct, 21, 2021, https://29kjwb3armds2g3gi4lq2sx1-wpengine.netdna-ssl.com/wp-content/uploads/Impact-Frontiers-Impact-Financial-Integration-A-Handbook-for-Investors.pdf

48 James Chen, "Stock Trading Education and Strategy: Alpha", Investopedia, accessed Oct 21, 2021, https://www.investopedia.com/terms/a/alpha.as

expected power rating or expected Alpha concession. As instructional examples, DAPL divestments are not inherently more powerful than an OZ Fund, nor is the alpha from a Hostile Impact Takeover intrinsically lower than a Shareholder Campaign--though they are depicted as such in the Sample Power Map.

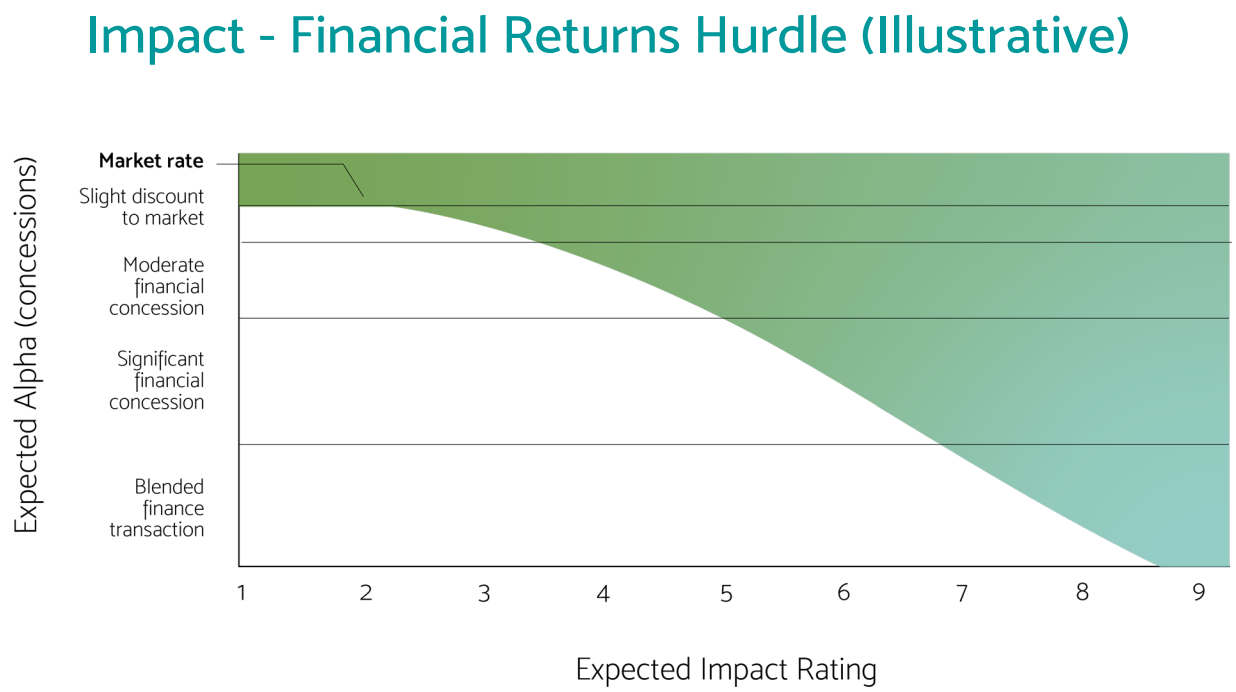
Sample Power Map



The Sample Power Map begins to give a sense of the range of possible impact and financial returns available to an investor, but does not yet provide significant guidance about which investments meet a threshold for financial returns or power building. Working to establish a hurdle rate for each axis, therefore, is the next and final step in SMI portfolio construction.

Power and Return Hurdle Rate

As the final concept in our portfolio construction process, we now review the construction of a Power and Return Hurdle Rate. In Root Capital's scatter plot, the Hurdle Rate represents an impact-return threshold to depict the universe of investment strategies that should be considered given the investor's financial goals and Community Power Thesis. Hurdle Rates can serve as a hard screen or be used for guidance rather than as a rule. As an example (below), Propel depicts their hurdle rate while translating the numerical Expected Alpha to different narrative categories of return: Market rate, Slight Discount to market (0 to -5% of market rate returns), Moderate financial concession (-5% to -15%), Significant financial concession (-15% to -33%) and Blended finance transactions (-33% to 100%). For those who would prefer to avoid the process of calculating Alpha or other representation of returns for each investment, Propel's framework invites practitioners to simply estimate the expected returns according to these descriptions and plot each strategy accordingly.



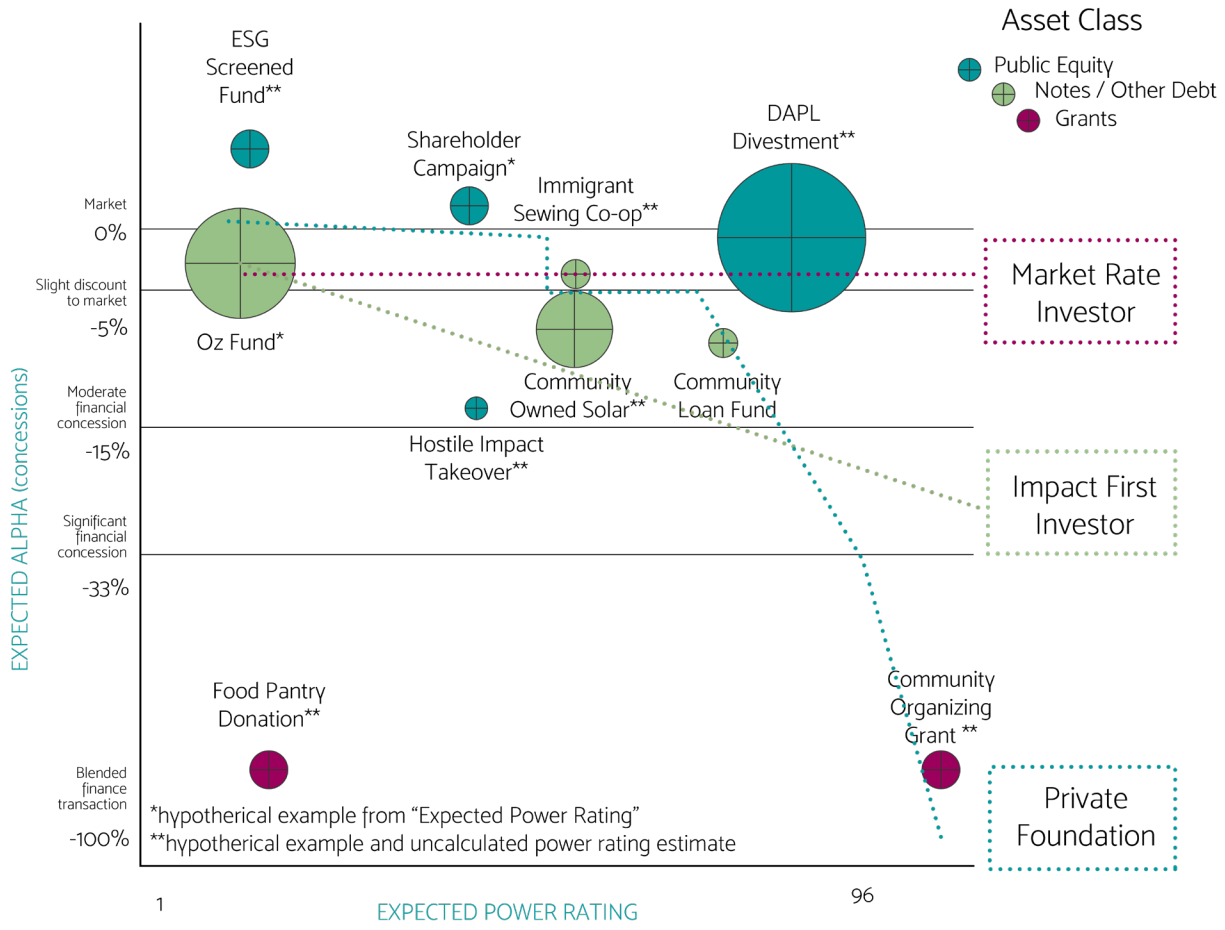
The process of devising a Hurdle Rate can be generated through "finance first" or "impact first" processes, depending on the financial parameters and Community Power thesis of the investor. The ideal, from a Social Movement Investing standpoint, is a "Community Power first" approach that establishes a baseline Expected Power Rating that must be met for an investment to be considered. The investor could then consider all movement-aligned products that exceed the Expected Power Rating. **Social Movement Investors with fewer intrinsic financial constraints would be best served by this approach.**

Many values-aligned investors do carry financial constraints -- for example, foundations with perpetuity clauses in their bylaws or pension funds bound by ERISA (Employee Retirement Income

Security Act).[49] In this case, an investor could balance investments that are less impactful but earn higher financial returns with strategies that maximize Community Power but return less earnings.

To further illustrate how these approaches might play out in comparison to one another, we introduce three different investor profiles and their financial hurdle rates in the Sample Power Map below, then describe the relationship between their approaches and Social Movement Investing.

Sample Power Map



49 "Introduction to Multi-Employer Plans," Pension Benefit Employee Corporation, accessed Oct 21, 2021, https://www.pbgc.gov/prac/multiemployer/introduction-to-multiemployer-plans

Market Rate Impact Investor (Investor A):

A traditional, financial-market-return-oriented investor seeks to maximize impact within the parameters of a classic efficient frontier. The universe of Social Movement Investing strategies for market oriented investors is predominately limited to Resist strategies, where capital remains in traditional financial markets. Even market rate investors can diversify their portfolios to include some higher impact opportunities with uncorrelated risk. But for aligned investors who are tightly constrained by the market-return requirements, SMI engagement will primarily remain in the domain of Resist investment strategies - exclude, contest and engage.

Impact First Investor (Investor B):

An investor may seek principal and inflation protection, but is predominantly motivated to leverage their assets to maximize power building opportunities. While holding some Resist postures, our impact first investor's hurdle enables access to a broader range of restorative holdings that tend to include Community Ownership strategies.

Private Foundation (Investor C):

Private foundations typically take a profit maximizing approach to their endowments (with market rate investments and Mission Related Investments that accept a slight market discount) and then grant out a minimum of 5% of their assets on an annual basis. This 5% represents the only portion of their allocation that accepts concessionary returns, and is typically administered as a grant (-100% returns) or Program Related Investments (forgivable debt). The hurdle for a typical private foundation dedicated to maximizing the returns from their endowment will exclude many strategies, but also uniquely enables support for the most purely redistributive vehicles.

Over time, in addition to re-evaluating individual investments against their initial Hurdle Rate, we hope that Social Movement Investors return to re-evaluate Hurdle Rates themselves, pushing to remove internal and external constraints to investing ever-more deeply in democratic Community Power.

Portfolio Power Line

One final tool to help investors construct Efficient Movement Portfolios is the use of a Portfolio Power Line to establish (or reflect) a weighted average power rating of all investments. This line establishes a portfolio wide impact average against which to select and weight securities.

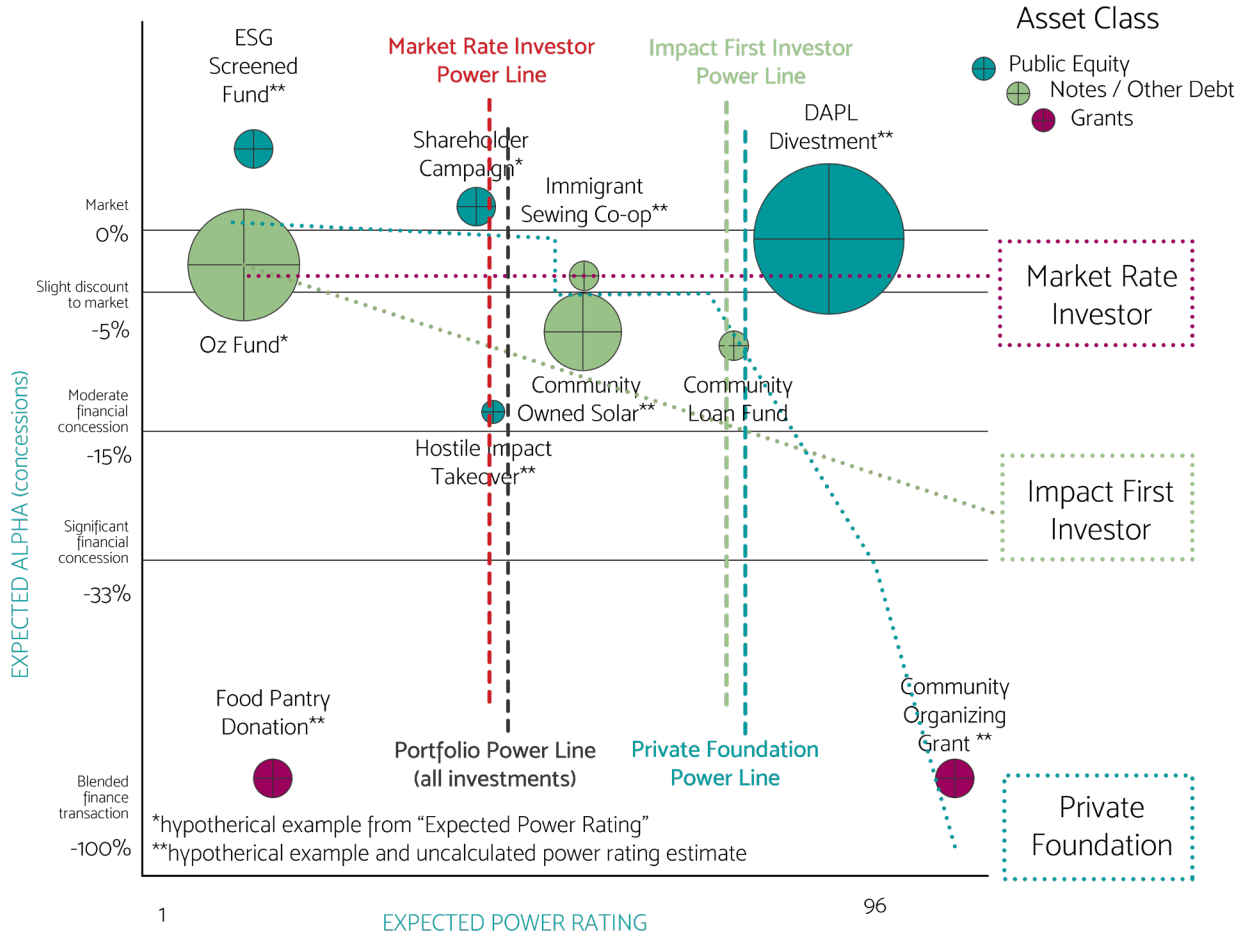
The Portfolio Line represents the average power rating of all selected investment strategies, weighted by the dollar value of each position. In other words:

$$\text{Portfolio Line} = \frac{\text{Investment A (\$ invested * EPR) + Investment B (\$ invested * EPS) + (...)}}{\text{Total \$ invested}}$$

Using our hypothetical Sample Power Map, we show the "Full Portfolio" power line - the weighted average if an investor included every product on the map in their portfolio. We then map Portfolio

Power Lines for our three sample investor types, showing the weighted average if they each selected all investments above their Hurdle Rates for their portfolios. See Appendix C for the hypothetical math behind the power lines in the image.

Sample Power Map
(with Hurdle Rates and Portfolio Power Lines)



Not surprisingly, our hypothetical Impact First and Private Foundation investors carry higher Portfolio Power Lines than the Market Rate Investor, because their higher tolerance for financial concessions opens a more impactful universe of vehicles.

To close in on the **Community Power Frontier,** investors can incrementally shift the Portfolio Power Line higher (to the right) and select the investments that collectively retain an average power rating at or above the Portfolio Power Line. The investor would continue that process until shifting the Portfolio Power Line any further would preclude the composition of a portfolio that

meets the financial constraints of the investor. That maximum Portfolio Line and the mixes of investments that achieve it represent the optimal portfolio(s) on the Efficient Power Frontier.

In summary, to review the Economic Logic of Social Movement Investing, an investor can run vehicles from the Movement Investment Matrix through an Expected Power Rating Rubric to assign a numerical power rating. Using this score and one or more valuation techniques, an investor can plot each vehicle onto an investment portfolio Power Map along measures of expected power and returns. Then, using mathematical or intuitive processes, the investor can trace a Power and Return Hurdle Rate to represent the available universe of power building strategies that also satisfy the investor's minimum financial constraints. To maximize power within this universe, pushing forward the Portfolio Power Line can reveal optimal vehicles along the Efficient Power Frontier that satisfy the financial constraints of the investor.

Together, this process equips Social Movement Investors to bring the theoretical and qualitative features of SMI into their portfolio construction and rebalancing processes. While some investors will find these quantitative approaches to be too involved, others will find them overly simplistic. But for all investors, we hope that the economic logic of "movement portfolio" construction adds some value to the thought processes involved in designing movement centered asset allocation models.

Together, this process equips Social Movement Investors to bring the theoretical and qualitative features of Social Movement Investing into their portfolio construction and rebalancing processes.

Closing

TAKEN TOGETHER, SOCIAL MOVEMENT INVESTING OFFERS A GUIDING PARADIGM for assessing and selecting securities to construct diversified investment portfolios grounded in social movement theory. Our hope has been to unveil the range of power building interventions that we can derive from asset ownership when situated in accountable and strategic relationships with historically exploited communities -- but this is only a starting point.

As an effort to enliven a more protagonistic framework for the use of finance capital in advancing social change, Social Movement Investing will require new infrastructure and a diverse ecosystem of actors to operationalize and iterate on these approaches. We hope that our frameworks will help investors avoid false solutions, while offering tools for those who genuinely seek to align their capital with social justice movements in the US and around the world.

In closing, we return to Movement Alignment as the foundational feature of social movement investors. Specifically, we lift up the role of relationships. As a cross-sector social change strategy, SMI cannot be fully actualized without real solidarity between investors and the communities these strategies are meant to serve. With trust from relationships, however, new transformative frontiers of shared power can be produced. To recall Audre Lorde's careful provocation, alliances across difference enables the "necessary polarities between which our creativity can spark like a dialectic," and only with "differen[t] strengths, acknowledged and equal, can the power to seek new ways of being in the world generate, as well as the courage and sustenance to act."

It is these creative sparks and new ways of being that SMI seeks to stoke. While we have sketched a replicable process to screen and select securities, investors who will most intuitively and effectively engage our theory of change will have access to the worldviews of activists that only come from experience and relationships over time. But whatever the starting point or limits, there are steps to be taken now. **Lorde reminds us that "revolutions are not one time events," and they can be as small as "learning to address each other's differences with respect." We believe that relationships, solidarity and accountability can offer the antidote to the sometimes disfiguring forces of controlling hoarded wealth. Social Movement Investing is an invitation to investors to share power to liberate us from our constraints and nurture the practices that better bind us together.**

If Social Movement Investing and the broader field of Movement Finance were to mature, the implications for the progressive movements could be profound. **For grassroots organizers, standing alliances with movement investors would encourage the integration of capital strategies as a new but essential dimension of campaign planning. Asset owners and managers would become visible on a "power map," not only for the resources they could deploy but for the positional power they also could wield. For social justice enterprises and solidarity economy practitioners, the expansion of investors willing to make non-extractive loans could be the difference between succeeding as a "high road business" or failing in a "race to the bottom" economy.** Given the still rampant inequalities in capital access, movement investors that devolve money and power to communities will remain especially catalytic to scale frontline solidarity economy experiments. Where social movements within capitalist societies have historically confronted asset owners as an opposition force, SMI seeks to fracture a segment of the ownership class to wield corporate power against the primacy of profits in our society.

For many readers, the ambitious strategies promoted in this paper will sit in stark contrast to current portfolio holdings. So for those who feel encumbered by the legacies of their wealth or the gravity of transformation needed at this time, we invoke Grace Lee Boggs, a prolific American social movement theorist, who reminds us that "love isn't about what we did yesterday; it's about what we do today and tomorrow and the day after." We hope these pages help inspire new actions today and tomorrow for the love of humanity and the earth we call home.

...for those who feel encumbered by the legacies of their wealth or the gravity of transformation needed at this time, we invoke Grace Lee Boggs, a prolific American social movement theorist, who reminds us that "love isn't about what we did yesterday; it's about what we do today and tomorrow and the day after."

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Appendix

Appendix A - Expected Power Rating Rubric

EXPECTED POWER RATING -- SAMPLE RATINGS						
VEHICLE	**Investment A Name** Description		**Investment B Name** Description		**Investment C Name** Description	
MOVEMENT ALIGNMENT SCORING (MAS)						
	Investment A Name	Score (0-2)	**Investment B Name**	Score (0-2)	**Investment C Name**	Score (0-2)
Relationships - To what extent does the investor have relationships with the impacted community? 0 = None 1 = Somewhat 2= Significant						
Sharing Power - To what extent does the investor utilize multiple forms of power on behalf of the community? 0 = None 1 = Somewhat 2= Significant						
Capital Coordination Ladder - To what extent does the investor share decision making with the impacted community? 0 = None 1= Informed 2 = Accountable						
Movement Alignment Calculation						
MOVEMENT ALIGNMENT SCORE (MAS)	**TOTAL MAS**		**TOTAL MAS**		**TOTAL MAS**	

COMMUNITY OWNERSHIP SCORING (COS)						
Community wealth - To what extent is the product structured to build wealth for historically oppressed communities? (see footnote for suggestions about evaluating the level of attractiveness)[50] 0 = most extractive 1 = somewhat extractive 2 = moving towards restorative 3 = somewhat restorative 4 = most restorative						
Return Type - How well does the investment retain capital returns in frontline communities? 0 = predatory 1 = market 2 = below market 3 = concessionary 4 = non-extractive 0%						
Total Raise $ - What percent of the total financial need will the investor contribute? 1 = 0-1% 2 = <1-5% 3 = <5-20% 4 = <20%						
COMMUNITY OWNERSHIP SCORE (COS)	**TOTAL COS**		**TOTAL COS**		**TOTAL COS**	

50 Suggestions for evaluating between a spectrum of extractive and restorative designs::
Extractive design = intent for original asset owner to reap all financial gains, often at the expense of communities and the planet
Less Extractive design = intent to increase economic value and volume of economic activity in communities, without attending to who is accumulating wealth & returns (may benefit a few community members, but often leads to cycle of displacement and gentrification).
Moving towards restorative design = intent to prioritize positive social and environmental impact must be over preserving wealth and power; may still accumulate returns to investors / asset owners.
Somewhat restorative design = intent to support communities to produce for themselves; financial gains from projects and returns retained by community, while principle is ultimately repaid to investor
Most restorative design = intent for both principal and returns to ultimately shift to community

COMMUNITY ACTION SCORING (CAS)						
Strategic Significance - According to movement leaders, to what extent will this strategy impact the outcome of the community action work or campaign? 0 = none / not relevant 1 = small impact 2 = modest impact 3 = significant impact 4 = essential intervention						
Scale - # of People Activated by the strategy 0 = >100 1 = 100 - 1,000 2 = 1,001 - 9,999 3 = 10,000 - 24,999 4 = 25,000 or more						
Activation Level - How deep is participant engagement and commitment? To what extent is participation transactional vs. emotional / political? 0 = no activation 1= >15 min; transactional 2 = >1 hour; mostly transactional 3 = >5 hours; somewhat political 4 = <5 hours; emotional and political engagement						
Additionality - How likely is it that the strategy will be supported by others without the SMI investor's participation? 0 = not timely / irrelevant 1 = existing mainstream adoption 2 = strong existing SMI activation 3 = new / not many activated 4 = very new / perceived high risk reputationally						
COMMUNITY ACTION SCORE (CAS)	**TOTAL CAS**		**TOTAL CAS**		**TOTAL CAS**	

COMMUNITY GOVERNANCE SCORING (CGS)						
	Investment A Name	Score (0-2)	Investment B Name	Score (0-2)	Investment C Name	Score (0-2)
Governance Level - How meaningful is governance engagement by community members? 0 = no governance engagement 1 = community informed 2= community accountable 3 = community elected democracy 4 = direct community democracy						
Scale - # of community members engaged in governance: 0 = >100 1 = 100 - 1,000 2 = 1,001 - 9,999 3 = 10,000 - 24,999 4 = 25,000 or more						
Long Term Capacity - Does the strategy create capacity or infrastructure for long term governance? 0 = one time engagement 1 = invites further engagement 2 = ongoing training & coordination 3 = structures for collective governance 4 = significant investment in human capacity, governance infrastructure						
New Forms of Governance - To what extent does the strategy support or assert new models of capital governance not seen previously in the capitalist system? 0 = not applicable 1 = Minor innovations 2 = Modest innovation 3 = Significant innovation 4 = Highly innovative/ inspirational						
COMMUNITY GOVERNANCE SCORE (CGS)	**TOTAL CGS**		**TOTAL CGS**		**TOTAL CGS**	
COMMUNITY POWER SCORE (CPS) = COS + CAS + CGS/3						
EXPECTED POWER RATING = MAS * CPS						

Appendix B - Calculating Alpha Concession Rates of Return within Asset Classes

To illustrate the use of this tool, we return to our Community Loan Fund example from the Expected Power Rating Rubric exercise. One of the fund's investment products is a 3 year note, which offers 2% annual returns for accredited investors. To assess its Alpha, we first calculate the Fund's Internal Rate of Return (IRR). As we did in the Expected Power Rating scenario, we assume that the investment in the fund is $500,000. Further, we peg the risk free "Cost of Capital" rate to a 3 year Treasury Bill, which is 0.20% in Q4 2020. This makes the Internal Rate of Return of the fund's 3 year note 1.8%.

Community Loan Fund - 3 Year Note					
	Inputs	Year 0	Year 1	Year 2	Year 3
Principal	$500,000	-$500,000			$500,000
Interest	2.00%		$10,000	$10,000	$10,000
Cost of Capital	0.20%		-$1,000	-$1,000	-$1,000
Net Interest			$9,000	$9,000	$9,000
Total Cash Flows for Investor		-$500,000	$9,000	$9,000	$509,000
IRR	1.80%				
Future Value	$527,489				

Next, we would review other products with equivalent expected risk to the fund's note to establish a benchmark return. To assess the Community Fund's "riskiness," we would consider the fund's goal to capitalize underserved small businesses. Despite a healthy cap table with a 20% loss reserve and a range of risk mitigating initiatives outlined in the Offering Memorandum, note holders

are subject to above market risk. With this assessment, we draw a comparison between the fund's perceived risk level and a B Rated Corporate Bond, which is defined as "an obligation … more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation." We then use the current B Rated Corporate Bond Yield Rate of 5.08% as the return benchmark to calculate Alpha for the community fund's note within a similar asset class. Using the same cost of capital (3 year T Bill), the benchmark IRR is 4.88%.

"B" Rated Corporate Bond Yield Rate (Benchmark)					
Unit: $000	Inputs	Year 0	Year 1	Year 2	Year 3
Principal	$500,000	-$500,000			$500,000
Interest	5.08%		$25,400	$25,400	$25,400
Cost of Capital	0.20%		-$1,000	-$1,000	-$1,000
Net Interest			$24,400	$24,400	$24,400
Total Cash Flows for Investor		-$500,000	$24,400	$24,400	$524,400
IRR	4.88%				
Future Value	$576,830				
Concession Value	$42,769				
Concession Rate from Alpha for Community Fund	-8.55%				

Based on the IRR and future value of both investments, we can calculate that an investor in B Rated Corporate Bonds with an IRR of 4.88% could generate the same $527,489 of the community fund's future value with a $457,231 principal investment (rather than the $500,000 required to achieve the same gains with the community fund's promised returns). This difference of $42,769 ($500,000 - $457,231) represents the financial concession of investing in a community fund note, and the concession rate (distance below alpha, -$42,769/$500,000) is -8.55%.

Appendix C - Portfolio Power Line Calculations

PORTFOLIO POWER LINE Hypothetical Math for Sample Power Map (Weighted Average)						
Vehicles	Asset Class	Power Rating	$ Amount	Market Rate Investor	Impact First Investor	Private Foundation
Community Organizing Grant	Grant	91	$500,000			$500,000
Food Pantry Donation	Grants	10	$500,000			
Community Loan Fund	Notes / Other Debt	64.2	$500,000		$500,000	$500,000
Community Owned Solar	Notes / Other Debt	52.5	$2,500,000		$2,500,000	
Immigrant Sewing Co-op	Notes / Other Debt	52.5	$500,000	$500,000	$500,000	$500,000
OZ Fund	Notes / Other Debt	1.7	$5,000,000	$5,000,000		
DAPL Divestment	Public Equity	75	$10,000,000	$10,000,000	$10,000,000	$10,000,000
ESG Screened Fund	Public Equity	1	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Hostile Impact Takeover	Public Equity	41	$400,000			
Shareholder Campaign	Public Equity	38.4	$500,000	$500,000	$500,000	$500,000
Portfolio Power Line			**Full Portfolio 48.4**	**Market Rate Investor 47.35**	**Impact First Investor 63.99**	**Private Foundation 67.23**

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