

Grassroots Innovations for Inclusive Economic Growth

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STRUCTURE OF PRESENTATION

- Research Overview
 - Overview of the field of social entrepreneurship and grassroots innovations
- Vignettes from the field
 - Grassroots innovations for inclusive economic growth
- A few lessons

OVERVIEW OF THE FIELD OF SOCIAL E-SHIP

Quest for definition

"markets do not work well for social entrepreneurs [for] they do not do a good job of valuing social improvements"
– Dees, 1998

"Social entrepreneurship is the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial, market-based activities and the use of a wide range of resources"
– Bacq and Janssens, 2011

- Disagreement on whether a commercial business model is central to social e-ship
- Agreement on the social mission of social entrepreneurship



Social E-ship: Organised bottom-up efforts aiming at social change.
(Variety of logics/models can be put at work to ignite that change.)

OVERVIEW OF THE FIELD OF SOCIAL E-SHIP

Extant research

Individual level (“the social entrepreneur”)

- entrepreneur’s traits, abilities and experiences
- passion and entrepreneurial spirit

Organizational level (“the social enterprise”)

- studies the management, financing, and growth of social venture start-ups
- discovery and sustainable exploitation of opportunities
- the conflict of commercial and social logics within the organization (hybrid org.)

Inter-organizational level (the networks of support)

- Partnerships across sectors to catalyse change (conflicts and synergies)
- Incubation and network support made available to social entrepreneurs and ventures



Focus on entrepreneurial management
Silence on these initiatives’ social mission
and relation to target communities

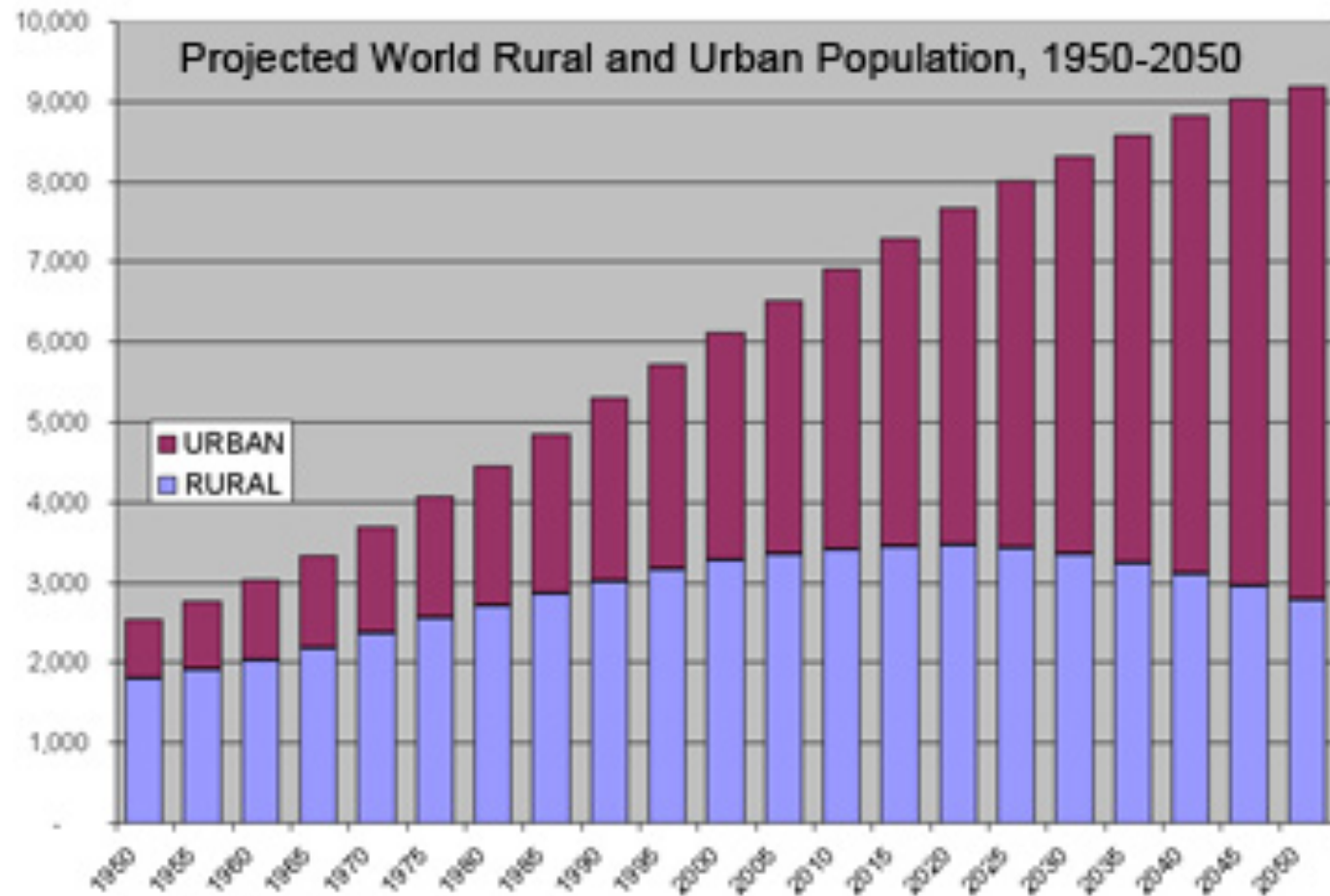
FROM SOCIAL E- SHIP TO GRASSROOTS INNOVATIONS

Organising bottom-up efforts aiming at social change

1. From a focus on the (social) entrepreneur to a focus on the social entrepreneurial and organizational **process**
2. **Collective** nature of the work needed in processes of organizing – organizational agency is a collective endeavour – need to look at the strategies and practices used to mobilise stakeholders and resources and bring collaboration for social change
3. Importance of the **material, social and symbolic** dimensions of both the entrepreneurial process and the social issue aimed at. Resources are seen not only in the form of networks and economic assets, but also, and as importantly, in the form of affects, traditions, cultural notions and local communities
4. The **political** dimension in social entrepreneurial processes and, with it, a parallel shift of attention from the economic to the social dimensions of “entrepreneuring” (social change)

Our Work

AN URBAN WORLD



2050: 75% of the world's people will be living in cities

A PLANET OF SLUMS



REPLETE WITH
GRASSROOTS
INNOVATIONS
& SOCIAL E-SHIP



Organising grassroots initiatives for a more inclusive governance:

Constructing the city from below

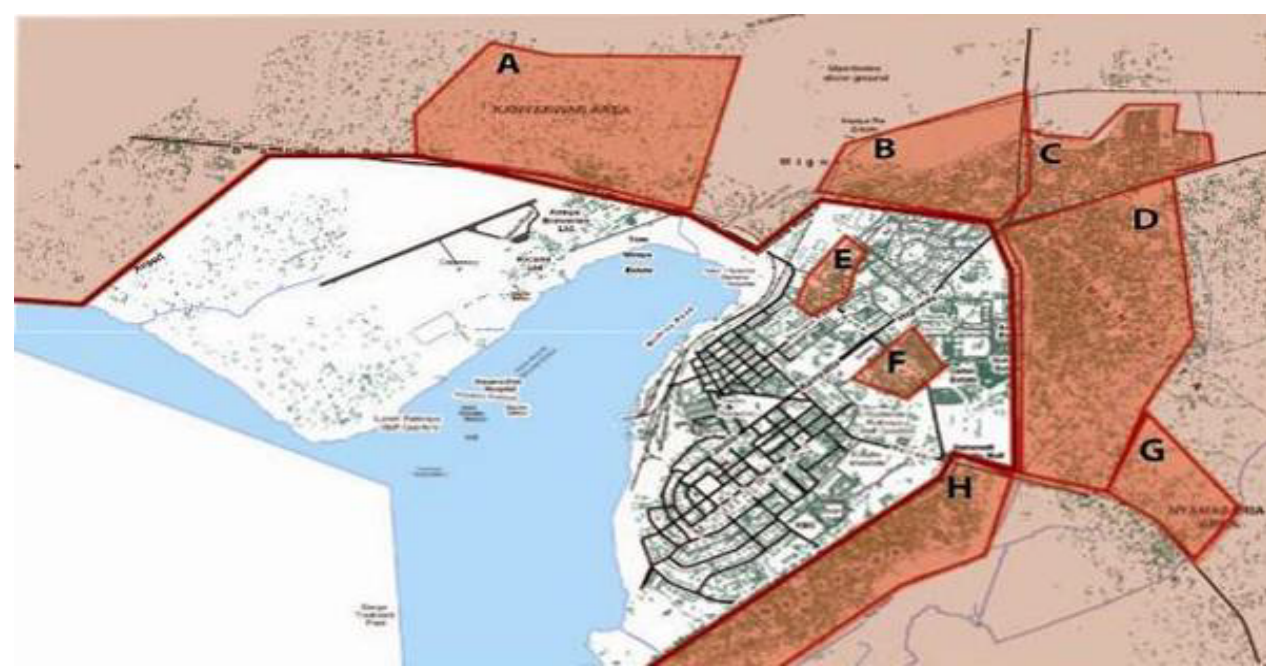
María José Zapata Campos
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Jan-Henrik Kain
Michael Oloko
Patrik Zapata



The aim is to examine how grassroots organizations providing critical services contribute to improve the quality of life of urban dwellers and more inclusive forms of urban governance constructing the city from below

THE CONTEXT

Kisumu and its Informal Settlements



Map 2: Informal settlements in Kisumu
Source : Cities without slums – UN-Habitat

Task forces	When created	activities	service coverage
Solid Waste Management Task Force	2009	-Waste Collection -Clean ups	15% - Waste Collection 5% - Clean ups
Sanitation	2009	-Sanitation champions fighting open defecation	20% - Sanitation
Renewable Energy	2009	Promotion of solar lighting and solar cookers.	5%
Urban Agriculture	2009	New technology in farming eg sack gardens.	5%
Housing	2009	Advocacy for improvement of housing	5%
Health	2009	Promotion of community health volunteers to improve health at household levels and prevent maternal deaths	40%

GRASSROOTS
ORGANIZATIONS
OFFERING CRITICAL
SERVICES/INFRASTR
UCTURES

Characteristics

Grassroots organisations involved in the production and governance of critical services and infrastructures are characterised by:

1. Partial organizations creating the illusion of true organizations
2. Critical but hidden material/organisational infrastructures
3. Nested versus floating infrastructure:
4. Dormant but visible infrastructure

Task forces, formal organisation



Fluid membership,
incomplete organisation



“RA are not reliable, never elections...
RA are very amorphous”

– County officer

1. PARTIAL ORGANIZATIONS

Create the illusion of true organizations

- Apparently a 'true organisation' (Brunsson, 2006), but rather responds to the concept of partial organisation (Ahrne and Brunsson, 2011), with the 'minimum sets of elements' (Simone, 2004)
- RA as a legitimate organisational form as it covers a broad territory
- Recruiting existing organisations: boda boda, table banking

2. CRITICAL BUT HIDDEN ORGANIZATIONAL INFRASTRUCTURES



Water Development Group Nyalenda B



Table banking fish sellers



Table banking Manyatta

- While some task forces are fluctuant, water & table banking are stable
- Provide critical material and organizational infrastructure: "Water is the mother of others, water is life" "Money matters"
- Providing cohesion, sense of belonging, stability and continuity
- Remain invisible for outsiders (Start 1999), to the untrained eye of the foreigner (Hyden, 1983)

**3. NESTED,
BUT FLOATING
INFRASTRUCTURES**

“We are partners, to succeed... we need to bring in groups like women groups, self-help [groups], we are an entry point in the settlement, we identify who, what groups are successful”



Nested infrastructure (Ostrom, 1990)
Task forces, Obunga



Floating infrastructure (Melucci, 1996)
Table banking Manyatta



4. DORMANT, BUT VISIBLE INFRASTRUCTURES



- Quickly articulated when resources arrive
- Operative because of the critical infrastructure, providing the minimum activity to keep the cohesion of this loose organisation
- Members of dormant groups move to other active ones. Knowledge & competences remain in the RA
- Or 'dormant or disappeared' groups are called back if necessary under the RA

Community Currencies as means of Local Economic Empowerment

Innovations from Mombasa and Nairobi to Kisumu, Kenya

Introduction

With over half of the world's population now living in cities, many urban dwellers reside in informal settlements characterised by poor basic infrastructure and high unemployment rates. An extensive informal sector of individuals and grassroots groups provide critical services such as water, sanitation, food, or transportation. Yet, owning few assets and with no access to financial institutions, their income hardly covers their livelihood costs, and their savings capacity is almost inexistent.

In this context of financial hardship, community currencies have become particularly prominent in low- and middle-income countries. Community currencies are locally-created tokens, the purpose of which is to facilitate exchange in areas where the national currency is scarce, such as informal settlements. From Mexico to Brazil to Kenya, poor communities are developing bottom-up financial tools that strengthen local micro-entrepreneurs, develop local markets, create networks among community members and construct bridges with local authorities. The Kenyan community currencies build on a collaborative credit model in which networks of local businesses in informal settlements come together to extend an interest-free credit to each other, which is renewed every year. The credit-based currency is used for exchanging the goods and services needed to attend to members' daily needs. These community currencies have succeeded in reducing money leakage from informal settlements, facilitating local exchange of products and services, and increased individual capacity to save in the national currency (www.grassrootseconomics.org).

While community currencies offer a tool for more inclusive local economic development and governance, some challenges remain. Mainly, we know little about the most sustainable governance structures. Also, the very trait that ensures these currencies work for the benefit of the local community – their geographically limited use – also constrains their ability to diffuse and grow. Finally, we know little about how local government can best support these grassroots innovations for more inclusive governance.

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The project aims to investigate the governance practices, impacts and diffusion of grassroots innovations, which are developing financial and monetary infrastructures for inclusive economic growth (among low-income micro-entrepreneurs and civil society organisations delivering critical services and goods) in urban informal settlements.



Woman buying fish with Lidi-Pesa, the local currency of Kibera settlement in Nairobi, Kenya.

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Abstract

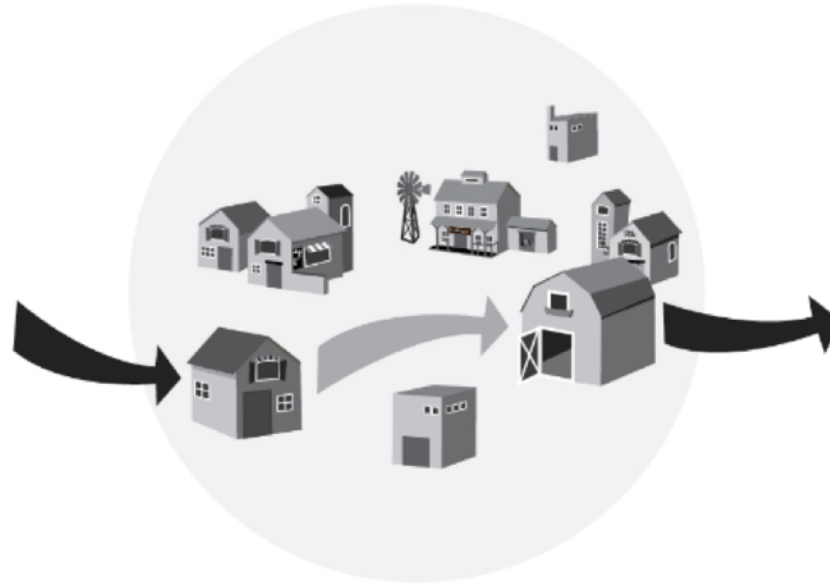
Community currencies have emerged as a tool for building more inclusive local economic development and governance. Grassroots organisations in Nairobi and Mombasa (Kenya) have been experimenting with this form of local monies. Communities in informal settlements in Kisumu have shown interest in introducing their own community currency. Challenges remain concerning the best diffusion strategy of such grassroots monetary innovations among communities and local governments. This policy brief focuses on how to involve residents, civil society, small entrepreneurs as well as local government officers and politicians so as to increase local representation and participation in this grassroots innovation.

About ICLD

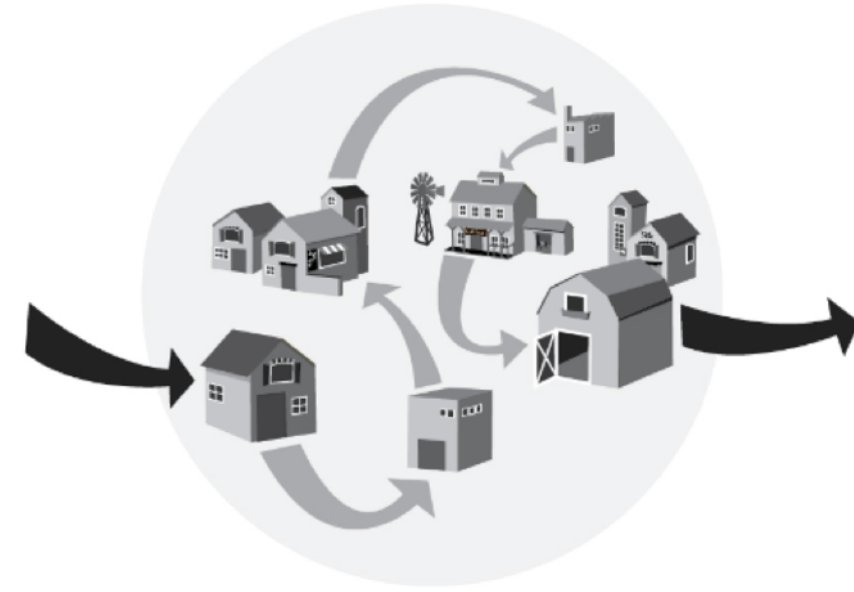
The Swedish International Centre for Local Democracy (ICLD) is part of the Swedish development cooperation. The mandate of the organization is to contribute to poverty alleviation by strengthening local governments.

How Do CCs WORK?

Circulation



The less money circulates,
the less economic activity there is.



The more money circulates,
the more economic activity there is.

Hoarding vs. spending

Leakage vs. localization

VIGNETTE 1

table-banks



VIGNETTE 2

Miyani-pesa
in June 2019



TWO DISTINCT LOGICS

Synergy or one taking over the other?

Crypto-logic	
Open to all (individual airdrop)	
Goal: Inter-national/community infrastructure	
Standardised tech solution and design of monetary governance rules	
Assumes classical <i>homo economicus</i> as model of individual economic actor	
See economy as separate from social relations	

TWO DISTINCT LOGICS

Synergy or one taking over the other?

Crypto-logic	Community logic
Open to all (individual airdrop)	Clear boundary: Well defined community of members
Goal: Inter-national/community infrastructure	Goal: Community resilience
Standardised tech solution and design of monetary governance rules	Governance rules designed to fit the traits, needs, and goals of specific community
Assumes classical <i>homo economicus</i> as model of individual economic actor	Acknowledges the coexistence of impersonal financial transactions with interpersonal intimacy
See economy as separate from social relations	Work on an understanding that economy and community/social relations are tightly connected

VIGNETTE 3

A fiat gateway + ...



VIGNETTE 3:

... + table-banks

KEY
 ✓ Present
 X Absent
 E Excuse

21/7/2019 28/7/2019 11/8/2019 13/8/2019 20/8/2019 27/8/2019 10 11 12 13 14 15

REGISTER SOCIAL FUND SAVING KUSH SAVING EKAZAF S/F LOANS FINES CASH BOOK

NAME	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	MEAS	DATE OF PAYMENT
1 MWANANI IBRAHIM	✓	E	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
2 NDOSHO MWANDORO	✓	✓	✓	E	E	✓	✓	X	X	E	X	✓	✓	✓	✓	3w	5/8/2019
3 TSUMA MWANDORO	✓	✓	✓	E	✓	✓	✓	✓	✓	E	X	✓	✓	✓	✓	50	28/7/2019
4 'GHIZZI Mbandi	✓	X	X	✓	✓	✓	E	✓	✓	✓	X	✓	✓	✓	✓		4/8/2019
5 CHIRIMA BAYA	✓	✓	✓	E	E	✓	X	X	X	✓	X	✓	✓	✓	✓		4/8/2019
6 ANZAZI DOGO		X	✓	E	X	✓	X	X	X	X	X	X	X	X	X		4/8/2019
7 BAHATI CHITYEKE		X	X	✓	✓	X	X	X	X	✓	X	✓	X	X	X		
8 MBEYU MANGALE		X	X	✓	✓	X	X	X	X	✓	X	✓	X	X	X		
9 MEJUMA ZUMA		✓	✓	✓	✓	X	X	X	X	✓	X	X	X	X	X		27/10/2019
10 ISALAMA MBECHABA		X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
11 MUPA KANGAI		X	X			X	X	X	X	✓	✓	✓	✓	✓	✓		
12 MKAMBE GALUKA		X	✓	✓	✓	X	X	X	X	✓	X	X	X	X	X		
13 LUVUHO NDAWA		X	✓	✓	✓	X	X	X	X	✓	E	X	X	X	X		
14 NADZUA DALU		✓	✓	✓	✓	X	X	X	X	✓	✓	X	E	E	X		
15 MBULI SHANGA		✓	✓	✓	✓	X	✓	✓	✓	✓	✓	X	✓	✓	✓		
16 CHIZI NGOME		X	E	X	X	✓	E	E	X	+	X	✓	✓	✓	✓		
17 CHIPHENYO MRISA		X	X			X	X	X	X	+	X	X	X	X	X		
18 MUPA MGOMBA		✓	E	E	E	✓	X	X	X	+	X	X	X	X	X		
19 NYEVU MATARI		X	X		X	+	X	X	X	+	X	X	X	X	X		
20 ROSE DOGO		X	✓		X	+	X	X	X	+	X	✓	✓	✓	✓		
21 NADZUA DAVID		X	X		X	X	X	X	X	+	X	X	X	X	X		
22 MARIAM DZAME SHAMAMAME		X	X		X	X	X	X	X	+	X	X	X	X	X		
23 NADZUWA NZOLE		X	X		E	X	X	X	X	+	X	X	X	X	X		
24 MEDZA NGONDI		X	X		E	E	X	X	X	+	X	X	X	X	X		
25 CHINYAVU MCHONDO		X	X		X	X	X	X	X	+	X	X	X	X	X		
WEEKLY		X	X	✓	E	✓	E	E	E	+	X	✓	✓	✓	✓		
COMMULATIVE		5	5	14		15	10	11	12	7	13	7	10	10			

WHAT HAPPENED?

Fast diffusion...



WHAT HAPPENED?

Cooperative
businesses



WHAT HAPPENED? BUT...

Dependency designed
into the currency model
and tech platform

“It will only work for a short time because, do you know where the agent is getting her money from? GE. And do you think GE will continue doing that? [and answers herself] No, they won't. It's better people trade with each other. When you have mutual understanding with each other, it's better than having someone exchanging your currency to KSh.”

– Lydia, former GE officer, Mombasa, September 4, 2019

In regard to the token technology let's consider the ownership and the sustainability of the technology, let the community take the lead role.

I strongly feel we don't need an expensive technology that the community will not be able to run without external support in the future.

– Silas, WhatsApp text, January 14, 2020

WHAT HAPPENED? BUT...

Fosters savings (slowing
down circulation)

Look into this blockchain data!!!

Members of *Vyogato table-bank* tell me that they take individual Sarafu loans “to save in the group so that the group can buy the maize to grain.” They also tell, that when individuals do not have Sarafu to repay their Sarafu loans, they do pay back in KSh. They do this digitally, not cash: they go to the M-pesa agent to buy M-pesa with KSh so that they can send the M-pesa to the chama’s phone.

– Fieldnotes, November 15, 2019

WHAT HAPPENED? BUT...

Introduces speculative
behaviour (*homo
economicus*)

Jakob tells us that he always looks at the exchange rate when redeeming Sarafu for himself or the table-banks, and that Nadzua and Mwanaidi also do so. He must have taught them for Nadzua didn't know how to do this last September. He shows us how to look at the conversion rate of Miyani-pesa to KSh and we see that today, the rate is 1.28 KSh for 1 Miyani-pesa. To our surprise, as we never thought of the possibility of getting more for your pesas in KSh than the nominal value, Jakob says, "it is still low. We'll wait till it gets 1.8 to exchange the Sarafus."

– Fieldnotes, November 16, 2019

WHAT HAPPENED? BUT...

Closes the black-box of
monetary/innovation
design

Table-banks groups as Central Banks

$$CIC\ Issued = S \left[\left(1 + \frac{Added\ Reserve}{R} \right)^F - 1 \right]$$

$$Reserve\ Redeemed = R \left[\left(1 + \frac{CIC\ redeemed}{S} \right)^{\frac{1}{F}} - 1 \right]$$

“moving aid into impact investment makes me happy”
– Will Ruddick, January 13, 2020

Some food for thought

TAKE-AWAYS

Conventional thinking	Lessons from the Kenyan Community Currencies
<p>Money is an institution neutral to the level and form of individual economic behaviour and degree of entrepreneurial activity.</p>	<p>The form money takes shapes economic and entrepreneurial behaviour. Some monies help forge community bonds, while others lead to exclusion and exploitation. The challenge lies in knowing the difference.</p>
<p>Technology consists of tools and instruments neutral to the structure of a community.</p>	<p>Technology incorporates the set of values, beliefs and governance rules of its designer, thus forcing onto its users those values, beliefs and rules.</p>
<p>The economy and community are two separate spheres. Bringing money in only risks commodifying community relations.</p>	<p>The economy and community are tightly intertwined. Social relations shape and is shaped by economic relations. Building on these relational practices can help diffuse innovations faster and make communities more resilient</p>
<p>Common approaches to social challenges involve standardised knowledge generated by donors, int'l organizations and social entrepreneurs distant from the communities living with the challenges.</p>	<p>Through community-based organisations and participatory processes, grassroots innovations build on local knowledges, practices, and structures thus empowering communities to “make” and govern their own solutions.</p>

FOOD FOR THOUGHT

If neither money nor technology are neutral, if grassroots innovations such as these incorporate the values, beliefs and governance rules of those designing them, then:

- Who is the grassroots? Who is the community? Where do boundaries go? Who decides that? And how is that decided?
 - How does boundary marking shape development and diffusion of the innovation?
- Who has the right to design and innovate?
 - Whose knowledge is more legitimate?
 - Does the answer hinge on who the one answering sees as “her” community? (ex. “transparency”, for whom? This defines your other and thereof, your community).
 - How do power differences among actors shape the entrepreneurial process and the final innovation?
- To what extent can these communities and innovation processes inform public policy?

Thank you!



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