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Creating and Translating a Label in Local Contexts

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Davide Caselli

Introduction: Social impact investing in Italy

Research has shown that Social Impact Bonds, the flagship tool of social impact investing (SII), have encountered difficulties and limits at the global level (Williams, 2020) and Italy seems to be an extreme case of such difficulties, being the only G7 country that has not developed one yet. At the same time, a number of initiatives for the promotion of SII at the institutional level have been undertaken, with the structuration of a domestic social impact ecosystem, strongly connected to the international Social Impact community.

In order to explore the specific features of SII in Italy, the chapter combines the socio-technical perspective that allows identification of 'strong' and 'weak' forms of financialization (Chiapello, 2019) with the more institutionally and politically sensitive literature on the temporality of global policy circulations, articulating the analysis of fast and slow processes, from discursive adoption to actual implementation (Peck and Theodore, 2015; Grimwood et al, 2022).

The chapter tackles the question of label creation in SII, and specifically which actors seize and promote it and through which processes they succeed or fail in institutionalizing SII.

In the first section, I sketch the essential features of the two strands of literature employed for the analysis and suggest how they can be fruitfully combined. In the second section, I start by presenting an overview of the debate on SII in Italy and then offer a detailed reconstruction of the decade 2013–22. In doing so, I put the two aforementioned theoretical approaches to work, identifying the different socio-technical operations through which

efforts to root SII in the national context have gone, and the different temporalities they have required, giving evidence of crucial political and institutional factors that have influenced the process.

In the final section, I offer some tentative conclusions, positioning Italy in the tension between weak/strong and fast/slow financialization of welfare.

Defining financialization: strong vs weak or fast vs slow?

Following Chiapello's socio-technical approach (Chiapello, 2018), financialization is a 'specific process for transforming the world by practices, theories and instruments that originated in the financial sector' (Chiapello, 2018: 82). This process entails a 'work' that acts on both the discursive and the financial level and can determine *strong* or *weak* financialization, depending on the degree to which each level is developed. To be more precise, according to the author, the work of financialization is the result of three groups of operations:

1. *Qualification*: this phase is 'chiefly discursive and ideological' (Chiapello, 2018: 194) and is based on the relabelling of social and environmental questions in financial terms: objects and relations become *capital*, the work done for their management and development becomes a form of *investment* and the satisfaction obtained from these activities becomes a *return* calculated on the basis of the *risks* run by the 'investing subjects'. The world becomes a big financial market where social actors must act in order to maximize their interest. This phase is usually led by economists and economic expertise.
2. *Making of assets and liabilities*: this is the moment when these concepts become 'tangible' (Chiapello, 2018), that is, when the qualitative financial codification of the world operated in the previous phase is made quantitative. Through the production of figures and models, these new objects become investible and the risks and returns that the investments imply are calculated and communicated. 'This creation of visibility lends credibility to the theory that they are worthy of investment, and also means they can be included in reports, calculation of optimisations and investment decisions' (Chiapello, 2018: 194). This phase is usually led by specialists in the specific financializing sectors (in the case of Welfare State policies, they may be social workers representatives and/or sociologists, psychologists and anthropologists specialized in social policies).
3. *Structuration of monetary flows*: at this stage, legal and financial expertise are mobilized to transform legal and regulatory frameworks and build contracts and circuits allowing capital investment, circulation and remuneration. This happens through the creation of investment vehicles,

> the creation of returns through a variety of regulatory and economic instruments, the lowering of investors' risks in order to attract them and the creation of liquidity (Chiapello, 2018).

To put it simply, we have *strong* financialization when all of these phases are well developed, while we have *weak* financialization when financial discourses and values emerge and are complemented by the construction of new technical tools and methodologies for the measurement and evaluation but do not produce relevant monetary flows. However, as Chiapello concludes, 'a weak level of financialisation can also be considered as the first step towards much greater financialisation as the innovations tried out become more common and the new financial circuits become better established' and 'the progress or otherwise of financialisation depends on the issues, the national spaces, the channels used and the resistance triggered by these projects' (Chiapello, 2018: 200).

While this analytical perspective perfectly captures *the making of financialization,* it also opens new questions and problems. In particular, it allows to appreciate the fact that the 'work of financialization' is caught in a paradox, since it entails – at the same time – a growing degree of abstraction and a growing degree of embeddedness. As matter of fact, *making assets and liabilities* and *structuring monetary flows* are based on the autonomization of monetary flows from the financialized objects and, at the very same moment, they need to be embedded into deeply local and specific political and institutionalized relations and processes. As Williams puts it in his empirical research on SIBs implementation and 'the SIB economy' in the UK, the USA and Canada, different national contexts show very different patterns and challenges in terms of implementation, but they also share a common

> tension between the 'financial' and the 'local'; between the logics of standardization, scale and risk and the local, contingent, and contextual nature of urban social problems; and between the interests, worldviews, and even language of investors and SIB practitioners as urban elites and those of government and providers as local actors struggling to deliver social services. (Williams, 2020: 2)

This suggests that, in order to give an overview of a national case, Chiapello's socio-technical perspective (showing the specific features of the three groups of operations leading from *weak* to *strong* financialization) can usefully be integrated by approaches that focus on political-institutional dimensions involved in the phase of implementation, therefore shedding light on the processes of label creation of SII. In order to do so, I will refer to the *fast policy regime* literature (Peck and Theodore, 2012, 2015) which focuses on the processes of policy mobility and on the issue of

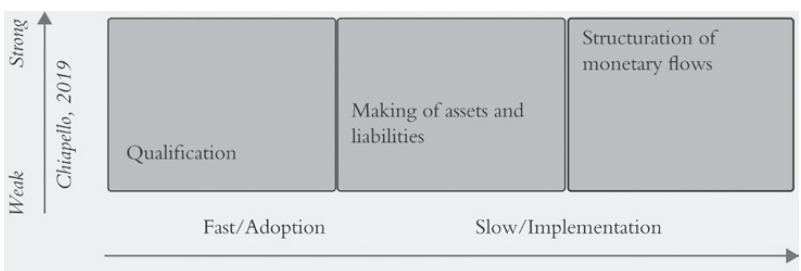
policy temporalities. This approach moves from a conception of policy making as 'socially structured and discursively constituted space, marked by institutional heterogeneity and contending forces'. Policy actors and actions are, therefore, 'understood to be politically mediated and sociologically complex', and 'policy designs, technologies and frames' are to be regarded as 'complex and evolving social constructions rather than as concretely fixed objects' (Theodore and Peck, 2012: 23). Consistently with these premises, Peck and Theodore focus their attention both on the global circulation and on the national/local adaptations to which policies are subject in the context of an increasingly globalized system of policy making. In doing so, they show the conflicts and (radical) transformations that two widespread policies such as Conditional Cash Transfer and Participative Budgeting have gone through in their circulation between Global North and Global South due to specific political and institutional contexts. This combination of circulation and appropriation has become the focus of the literature on the *multiple temporalities* of policy mobility (Wood, 2015; Robinson, 2015). Following Grimwood et al (2021), by multiple temporalities I refer to the fact that 'both fast and slow movement is involved in the mobilisation of transnationally circulating policies' (p 123). In their analysis of SII in New Zealand in the period 2010–17, Grimwood and colleagues (2021: 133–6) focus on the articulation of these two phases. First, a relatively *fast* adoption of the idea of employing SIBs as a policy tool, 'facilitated both by policy actors working within transnational networks and the local interests and conditions with which they intersected, including other policy actors and the political, institutional and ideological context' (p 130). This phase recalls the first two phases of Chiapello's work of financialization (*qualification* and, partly, *making of assets and liabilities*). Second, a much *slower* process of implementation, resulting from national and local 'political realities and institutional barriers' (Grimwood et al, 2021: 124). In Chiapello's terms, implementation can be considered as the moment in which *monetary flows are structured* and the shift from weak to strong forms of financialization occurs. With the aim of stressing the relevance of the political-institutional dimension for the success of the complex legislative and regulative process that the structuration of monetary flows require, Grimwood et al provide a detailed account of 'the mire of SIB implementation'. In particular, they outline the contrast between the relatively long temporality of the political process needed for supporting the creation and implementation of a SIB and the relatively short temporality of political cycles and leaderships. A ministry ending his/her mandate, the unforeseen need to engage a new, critical stakeholder, the change in the perception of political viability of the programme by newly elected politicians and bureaucrats involved: all these factors can easily slow down, or even cause the failure of, the implementation of a project that was, in the first place, rapidly and

successfully announced and launched. In a similar vein, Golka's (2023) work on SII and financialization of the Welfare State in the UK focuses on the role of both financial and non-financial actors' agency in the success or failure of the SII project. Financial intermediaries' discursive strategies played a crucial role in building a strategic partnership with NPOs but, as they built upon deeply contrasting interests and deceit, this partnership was very fragile and finally broke up, hence causing the substantial failure of the whole financial and political project developed around SII.

To summarize, at the theoretical level, the chapter aims at looking at labelling dynamics by combining Chiapello's socio-technical approach and the policy literature on multiple temporalities of policy circulation. The analysis of 'the work of financialization' (Chiapello, 2018) allows us to take a close look at the technical operations needed for *financializing* a certain social space and to give a synthetic evaluation of its 'state of advancement'. At the same time, it allows us to grasp the process in the making and suggests looking at the development of the three stages of this work in processual terms, paying attention to the local conditions of implementation. This is where the literature on the different temporalities of policy circulation can offer specific insights, articulating the fast and slow dimensions of the process and accounting for the complex political and institutional influence over the transition from weak, mainly discursive, to strong financialization based on clearly structured and identifiable monetary flows (see Figure 6.1).

In order to use the combination of these two theoretical approaches for empirical analysis, it is necessary to identify the most relevant dimensions of analysis that allow us to account for both the intensity (strong/weak) and the multiple temporality (fast/slow) of the process. This is what I will do in the next section, building upon a literature review of the debate on SII in Italy.

Figure 6.1: Combination of socio-technical and institutional perspectives on financialization (author's own elaboration based on Chiapello (2018) and Grimwood et al (2022))



Source: Peck and Theodore, 2015; Robinson, 2015; Wood, 2015; Grimwood et al, 2021

SII in Italy: a state of the art

The present section opens with a discussion of the scientific literature that in the last ten years has tried to shed light on the formation of an SII ecosystem in Italy, focusing particularly on its consequences for the national welfare system.

A great amount of literature examining the Italian case is developed in the fields of economics and management studies, where it is also possible to find the greatest number of SII advocates, playing the ambivalent roles of researchers, consultants and policy entrepreneurs at the same time (Caselli, 2020), but a growing number of contributions from sociology is enriching the debate. Overall, three issues are dominant in this literature.

First, the analyses move from an undisputed reference to the *fiscal crisis of the state*, and therefore stress its inability to respond to growing social needs (from pensions to social assistance) and the subsequent need that governments have to attract private capital to contribute to the social good. Both SII advocates and critics tend to agree on the fact that this is the main driver and legitimating factor for the growing influence of financial actors on public policies.

Second, the literature emphasizes the *ambivalence of the presence of a strong non-profit sector* for the development of SII. On the one hand, it is a long-standing example of private initiatives producing public good and it also represents a great potential demand for impact capital. On the other hand, for the same reasons, it might hinder the development of SII in the name of maintaining the current forms of collaboration between public and private institutions, therefore opposing the innovations advanced by SII, especially those led by for-profit financial actors and logics. Bengo and Calderini (2016), for example, have stressed the need to take into account (and find strategies for overcoming) the cultural and ideological barriers to SII within the non-profit sector. Consistent with this, the authors, who are strongly involved in the process as advocates and promoters of SII (Mario Calderini, professor at Politecnico di Milano, as we shall see below, being one of the members of the Italian delegation at the G8 TF and later involved in the most relevant scientific and policy initiatives for the promotion of SII) also pointed to two fundamental weaknesses of the Italian context: (a) on the demand side, the third sector organizations' investment non-readiness in terms of service scalability, managerial skills and business models; and (b) on the supply side, the lack of public commitment on the financial level, due to public budget regulation and austerity. In a similar perspective, the Yunus Center for Social Business at the University of Bologna recalls both the great 'potential' offered to SII by the non-profit sector and its low financial attractivity due to its democratic governance, the impossibility to distribute profits to shareholders and the

connected difficulty of building *exit strategies* for investors (Bandini and Pallara, 2021).

On a more empirical level, the complexity of the collaboration between investors and non-profit organizations (NPOs) also emerges from the research carried out by Gambardella and Lumino (2019) on the attempts to develop SIBs in Italy. On the one hand, the authors stress the partial and misleading use of the rhetoric of SII at the expense of more systematic and accurate discussions of its risks and opportunities while, on the other hand, they insist on the crucial role that public and non-profit actors can play both in legitimizing SII and in the promotion of transparent and democratic implementation of SII programmes. The same complexity is highlighted by the analysis of the formation of a distinct national 'social impact expertise' developed by Caselli (2020), who shows the tensions and conflicts that it entails and the intricate relations that structure Welfare State services and welfare expertise in the post-crisis, austerity-ridden Italy.

Third, research also highlighted *the crucial role that banks play in the Italian financial sector*, compared to other 'more innovative' actors such as asset management companies, security brokerage companies, venture capital and private debt (Bandini and Pallara, 2021). This would explain the features of the Italian impact investing ecosystem at the beginning of the 2010s: while debt tools were quite developed (with mature-stage traditional, cooperative and micro credit), equity tools were very weak, with only few experiences of venture philanthropy and social impact funds (G8 SII Task Force, Italian Advisory Board, 2014). This bank-centrism of the Italian financial sector contributed to giving a fundamental role to Foundations of Banking Origins (FBOs) in the Italian SII landscape. Founded in the early 1990s as a means to privatize the national banking system, FBOs received from the government the shares of the former public banks and the mission to sell them on the market (Law 218/1990). At the same time, they were (and still are) forced by the Law to grant the profits gained from the management of this capital to non-profit projects and organizations devoted to cultural, scientific and social activities in the geographical areas where the banks were based. Thus, in the last 30 years, FBOs have become key funders of the non-profit sector. Moreover, it is important to recall that shareholding of privatized banks remains a key asset for FBOs, which are often controlling shareholders and therefore play a major role in the national and international credit system. Finally, to make the picture even more complex is the fact that although FBOs are private organizations, their governance is based on the collaboration between public (mainly tied to the municipal and regional political system) and private (religious, economic, cultural) actors. The relevance of banks and FBOs is emphasized, from a comparative political economy perspective, also by Ciarini (2018, 2019), who identifies the Italian 'bank-centrism' as the distinctive feature of the Italian SII ecosystem compared to the British

and French cases. According to Ciarini, this results in the fact that structural 'pressures toward financialization are not mediated by the state, as in France, nor by a combined action by the state and a wide range of financial actors, as in the UK. Instead, they are mainly mediated by a bank-centered ecosystem deeply rooted in local contexts' (Ciarini, 2019: 17).

Keeping the focus on FBOs' activities, Caselli and Rucco (2018) put the analysis of the Italian context in dialogue with the critical international debate on SII, highlighting the tendency of SII to push the marketization of social and individual well-being in Italy forward. More specifically, they show their role both in the experimentation of 'traditional' SII tools such as SIBs (discussed later in the chapter) and in the relabelling of existing initiatives, such as the Real Estate Mutual Investment Funds for Social Housing (Belotti, 2023) launched in 2009 and relabelled in 2017 by the European Parliament as 'one of the greatest SII experiences worldwide' (Fondazione Cariplo, 2017).

Overall, the literature on SII in Italy agrees, although from different perspectives, on the idea that, a decade after the launch of the Social Impact Investing Task Force by the G8, the impact of SII on Italian public policies, welfare policies especially, is weak.

Based on this literature review on the national case, and building on the theoretical approach presented in the previous section, I will develop my analysis with a double focus: on the one hand, I will account for the fast circulation and adoption of SII concepts and language in the public and political debate by focusing on the action and role of the network of expertise that has emerged from the G8 Task Force on SII. On the other hand, I will explore the specificity of the Italian 'mire of implementation' of SII initiatives, paying specific attention to the political and institutional dynamics and the role played by FBOs.

SII in Italy 2013–23: three phases

Given this overview of the debate on the Italian national case, in the next pages I identify three different phases starting from the works of the G8 Task Force on Social Impact Investing in 2013 (see Figure 6.1). The first (2013–16) can be qualified as a '*fast policy*' one, in which the issue of SII has been introduced in the debate, the links between international and national experts and administrative and political actors have been established – and result in a proper pro-SII coalition – and the first regulatory interventions have been implemented. Here, the process is focused on the first phase of Chiapello's *work of financialization*: the discursive and ideological moment, namely *qualification*, with some important efforts in terms of *making of assets and liabilities* that make discourses and ideological constructs tangible. The second phase (2017–19) is a rather 'slow' period, characterized on the one

hand by the translation into practice of the regulations elaborated in the previous phase, and, on the other hand, by further regulatory and political activity by the national government. This is the phase where institutional and historical-contextual constraints play a more substantial role, both in terms of formal regulation and political orientations, and the ongoing work of qualification is integrated by SII coalition's effort to *make assets and liabilities* and *structure monetary flows*. Finally, a third phase, from 2020 onwards, witnesses the continuity of slow processes, with some significant results in terms of implementation of new concrete initiatives by the national and local public administrations.

2013–16: Great expectations and the 'landing' of a new policy

In this period, the work of the G8 Task Force (G8TF) on SII plays a crucial role. In September 2014, the Italian advisory board of the task force released a final report ('La finanza che include', meaning 'inclusive finance'); the document introduces the SII approach in the Italian context, presenting its general features and emphasizing the necessity for governments to 'adapt national ecosystems to support impact investment' and to 'support the demand-side' (non-profit and for-profit organizations) to attract investments. At the top of the recommendations for 'favouring the match of impact capital supply and demand' was the elaboration and adoption of metrics for impact measurement that could streamline 'Pay-for-success (PFS) arrangements', that is, privately funded programmes that subordinate the repayment and remuneration of the invested capital to the success of the funded programme. Moreover, the report encouraged the implementation of 'capacity-building grant programs' in order to 'boost social sector organizational capacity' for attracting and managing venture capital (G8 Task Force SII, Italian Advisory Board, 2014).

The G8TF contributed to the formation of a new network of expertise, since the three representatives of the national advisory board – two academic professors and a former minister and centre-left wing politician – engaged in important initiatives to build a coalition to lobby national and local authorities and to produce scientific evidence in support of its activity (Caselli, 2020). Beside the lobbying activity, a short overview of the action carried out at the national level by two of them offers an idea of their importance in the decade that followed the publication of the G8TF report. In 2012, Giovanna Melandri, former MP (1994–2012), Minister of Culture (1998–2001) and member of the Partito Democratico, founded Human Foundation, the 'think-and-do tank for social innovation' that played an important role in the *qualification* of SII in Italy, promoting public debate, organizing trainings in the field of impact management and impact evaluation for professionals in the fields of welfare and finance. The

foundation also promoted experimentation of financial and management tools that contributed to *tangibilize* financialization, such as carrying out lobbying activity at the local and national levels, realizing impact evaluation, piloting projects and feasibility studies for SII projects. Mario Calderini, mechanical engineer and economist, is Professor of Social Innovation at the Polytechnic universities of Turin and Milan. In 2016 he founded the Tiresia research centre at the Polytechnic of Milan, which became a reference point for researchers and practitioners in the field (Tiresia, 2018, 2019). Moreover, he covered a number of other important roles at the intersection between the fields of academic research, policy entrepreneurship and policy consultancy (see later).

In these years, his research activity is also supported by the Ministry of Education and University, which grants €1 million to two research projects focused on how to develop impact investing (responding to a bid named 'Social Impact Investing: a network for research' aimed at 'developing models of financial innovation for responding to social needs') led by Professor Calderini (Politecnico di Milano) and the third member of the G8TF Italian advisory board, Professor Mario La Torre (Sapienza, Università di Roma).

In the immediate aftermath of the G8TF, its members also promoted the formation of a wide support coalition advocating for SII, composed by financial and legal consultants with strong links to the SII academic and policy community, private banks and foundations, FBOs, social cooperatives consortia, and members of parliament. In January 2016, this coalition founded an association named 'Social Impact Agenda for Italy', taking up the role of the former G8 national advisory board, with the aim of 'spreading the experience of social impact investing' and 'aggregat[ing] all the actors involved in the challenge of SII' (Social Impact Agenda, 2016).

If the formation and the activity of a distinct SII expertise represents a notable advancement in the work of *qualification* and, partially, *tangibilization* of financialization, the political conjuncture allowed also for some relevant regulative intervention in the direction of *structuring monetary flows*. After a phase of political turmoil in the years 2011–13, the years from 2014 to 2016 are marked by a significant stability of the national government, supported by a coalition of centre-left and centre-right parties and led by the Democratic Party leader Matteo Renzi. Renzi's agenda was based on subverting traditional political cleavages and 'renovating' the identity and strategy of Partito Democratico. In the words of a political scientist who advised the Renzi government on social reforms, it had a 'deliberate coalition building strategy, that of mustering a "bloc bourgeois" (Amable and Palombarini, 2014); a political project aimed at gathering common interests for neo-liberal and market-oriented reforms that are often dispersed among different

social categories … aimed at reducing discretionary state intervention in the economic system' (Sacchi, 2018: 40). Within this strategy, the support to the non-profit sector and the impulse to its 'evolution' are key stakes, as the prime minister made clear from his first day in office, announcing a strong support to the non-profit sector with the captivating phrase, 'We wrongly name it *third sector*, but it actually is the first sector for its numbers and relevance'.[1] A few months later, Renzi announced an ambitious reform of the sector during the Voluntary Work Festival: 'Are you ready to put yourself in the game and recognize that a large part of our Third Sector needs to change its mindset?' he asked a very favourable audience.[2] As a result of this vision, a reform of the sector was launched in 2014, aimed at harmonizing the different regulations on the issue and pushing for an entrepreneurial turn which could make NPOs less dependent on public funding. After a debate in which the G8 national advisory board expressed full support to the draft published by the government (G8 Task Force SII, Italian Advisory Board, 2014: 12), the reform was finally adopted in 2016 (Law 106/2016, 'Reform of the Non-Profit Sector'). Among the pillars of the Law, we find the promotion of the hybridization between for-profit and non-profit with the goal of making the latter more attractive for private investors. In particular, two norms fitted very well with the SII agenda: (1) the introduction of social impact measurement as a key element for the legal recognition of social enterprises, contributing to the *making of assets and liabilities*. The Law offered a general definition of social impact as 'the quantitative and qualitative evaluation of the short-, medium-, and long-term effects of the [organizations'] activities on communities, with respect to an explicit goal' (Art. 7); thus, it made social impact measurement an important element in the evolution of the Italian non-profit sector (Polizzi and Vitale, 2018). And (2) the creation of a 'low profit' regime for NPOs, allowing partial remuneration of invested capital (Art. 4), contributing to *structuring monetary flows*.

In the same direction, in the years 2014–16 the first attempt to develop an SIB in Italy took place in the field of environmental sustainability, based on the collaboration between the public administrations at the local level, a private bank specialized in debt products for NPOs and a group of social cooperatives. The experiment failed due to a combination of financial and political issues (Gambardella and Lumino, 2019).

[1] https://archivio.quirinale.it/aspr/audiovideo/AV-001-001418/presidente/giorgio-napolitano/il-presidente-del-consiglio-incaricato-comunica-lista-ministri-del-nuovo-governo

[2] www.vita.it/renzi-il-terzo-settore-e-un-pezzo-della-scommessa-educativa-economica-e-culturale-del-paese/

2017–18: The landing of a mobile policy

The second phase (2017–18) is characterized by a different political-institutional conjuncture since, after the fall of the Renzi government at the end of 2016, a new government, supported by the same coalition took office, led by the Democratic MP Claudio Gentiloni. Despite a far more traditional political and institutional style, the new government (December 2016–May 2018) continued along the path traced by Renzi on some key issues regarding the non-profit sector and SII, although with less political enthusiasm and emphasis. More specifically, it is involved in three important initiatives aimed at supporting the development of assets and liabilities and the structuration of monetary flows.

First, with regards to the regulation of the non-profit sector, in March 2017, the Ministry of Work and Social Policy appointed a special Commission for specifying the general formulation of 'social impact measurement' included in Law 106/2016. After a lot of work, the Commission guidelines were approved by the parliament (July 2019), defining a new impact measurement tool, named VIS (Valutazione Impatto Sociale). VIS was meant as a tool for NPOs' self-evaluation and accountability and, as such, it was fiercely criticized by SII proponents who argued it was unfit to develop a real culture of accountability in the non-profit sector and to favour the penetration of SII into national public policy. The establishment of VIS was therefore a contradictory step in the implementation of SII in the wide SII-supporting coalition: on the one hand, it represented the institutionalization of impact measurement as a key tool for the non-profit sector, but on the other hand it did not offer a useful tool for the SII ecosystem evolution. This also marked a fracture in the SII-supporting coalition, signalling divergent interests between the different actors of the welfare mix: while most of the established NPOs, especially small association and social cooperatives, remained focused on relatively traditional forms of public-private partnerships that had been institutionalized in the 2000s (based on public grants and output-based contracts) and appreciated VIS as self-evaluation, the most market-oriented area of the non-profit sector, pushing for SII experimentation and institutionalization, depicted VIS as a deceptive and conservative tool (Caselli, 2020).

Second, in December 2017, a new initiative was launched by the national government, as a result of the strong lobbying activity of SII proponents, establishing a €25 milion 'Outcome fund'. The fund was aimed at supporting a *capacity-building* programme for municipal administrations on the basic principles and techniques of SII and PFS programmes, and at conducting feasibility studies and eventually setting up SII projects. In order to realize this programme, the government established the Fund for Social Innovation (FIS) at the Department of Public Administration; a special fund circumventing the national budgeting regulations hindering the use of the PFS mechanism.

Later on, in 2019, the Fund launched a call for proposals inviting the largest municipalities (Città Metropolitane) to present preliminary projects to be developed through feasibility studies. The call received 79 proposals and selected 21 of them, granting up to €150,000 to each one for the realization of the Feasibility Study (Intervento I), up to €450,000 for the realization of the project (Intervento II) and up to €1 million for the continuation and scaling of the project (Intervento III). Each phase could not exceed the duration of one year. The former G8TF members' lobbying and training activity plays an important role in this initiative, so much so that the Permanent Committee for evaluation and monitoring of FIS established by the Ministry of Public Administration is chaired by the already mentioned Professor Mario Calderini.

Third, Public Administration was strongly involved also in the third initiative, with the launch, in March 2017, of the second attempt to develop a SIB, with the publication of the Feasibility Study for a SIB focused on the prevention of carceral recidivism. The study was carried out by Fondazione CRT (an FBO), KPMG, Politecnico di Milano and Human Foundation, in collaboration with the Ministry of Justice (Human Foundation, 2017).

Taken together, these important regulative interventions met the G8TF recommendations aimed at 'favouring the match between impact capital supply and demand' and seemed to open the way to stronger developments of SII at the national level.

In these same years, the Italian context is also characterized by another development in the field of SII, namely the development of impact investment funds for the development of 'social impact-oriented' enterprises. In particular, in November 2017, Cassa Depositi e Prestiti (Postal Savings and Loans, CDP) and the European Investment Fund launched the platform 'Social Impact Italia' consisting in €100 million to be invested both directly in specialized financial intermediaries and indirectly in shares of impact investing funds (Cassa Depositi e Prestiti, 2017). This brings the role of banks and FBOs back into the analysis since, in this phase, the biggest ten FBOs started investing in SII programmes both directly and through their participation in investment funds and VP foundations; the great majority of these investments are directed to national and local public-private social housing investment funds (Forum Finanza Sostenibile, 2020).

2019–23: The mire of implementation

The third phase starts with the 2018 general election and is marked by the action of two different governments (supported by two very different coalitions), carrying quite different political agendas compared to Renzi's and Gentiloni's and based on a strong and largely contradictory pledge to the 'return of the state' (Brown, 2019; Gerbaudo, 2021) in the realm of

welfare. More specifically, from 2018 onwards, the political discourse has been centred on public programmes to fight poverty and on the reform of the pension system, with a strong discursive emphasis on the need for strong social protection by the state. The COVID-19 pandemic further strengthened this trend, and SII seemed to vanish from the policy discourse. The 2022 general election, won by a right-wing coalition, does not seem to change these political orientations.

From 2019 onwards, no new initiative has been promoted but existing initiatives started to show their actual consequences (or their failure). As for the SIB launched in 2017, it never went beyond the Feasibility Study, without any public information available on the reasons that led to its failure. As for the FIS programme, a number of PFS programmes have been developed at the municipal scale, directed to different publics and based on different financial tools. In particular, we can see the co-existence of 'pure' SII tools such as SIBs, microfinance, Social Impact Incentives, Social Impact Project Funds, Outcome Funds (amounting to 47 per cent of the total capital raised) with other, less impact-oriented tools such as Crowdfunding (21 per cent) and Social Lending (10 per cent). As for investors, we find a marginal role of foundations (12 per cent) and a major role of banks (57 per cent) and the Società di Gestione del Risparmio (an asset management company) (22 per cent). The projects are currently (January 2024) under development (Intervento II), delayed because of the COVID-19 pandemics.

Tentative conclusions and directions for future research

The chapter focused on the labelling of SII in Italy by looking at the actors that seized and promoted it and at the contradictory results, successes and failures of their efforts. For this purpose, I tried to answer two intertwined questions about the development of SII in Italy in the last decade: the first dealing with its intensity and the second dealing with its temporality. As a complex process that can entail different degrees of development and different layers (discourses, monetary flows, and so on), the financialization induced by SII can be strong or weak (Chiapello, 2018). At the same time, as part of an increasingly global and interconnected *fast policy regime* (Peck and Theodore, 2015), it takes shape through a complex and frictional combination of international circulation and local embedding (Williams, 2020). While circulation tends to be fast and to cut across spaces through the work of financial *qualification* developed by internationally embedded networks of expertise, the work of *making assets* and *liabilities* and *structuring monetary flows* that make 'strong' financialization possible is a slower and more contradictory process; a 'mire' depending on a greater variety of political and institutional elements (Grimwood et al, 2021).

This theoretical move allows, on the empirical ground, to offer a synthetic but articulated account of the experience of SII in Italy, taking into consideration the role of the national and international SII networks of expertise and the role of institutional and political factors.

The analysis has shown that the network of expertise that emerged from the work of the G8TF has successfully and rapidly grown and promoted financial *qualification* by producing a strong public discourse for the legitimation of SII. It also built a relevant supporting coalition that made SII part of the political response to the impending crisis of the national Welfare State system. Its efforts aligned quite well with the political strategy of the Renzi and (partially) Gentiloni governments (2014–19), that considered both established and 'innovative' partnerships with the non-profit and the for-profit sectors as part of the effort to 'modernize' the Italian welfare system. In this phase, national governments took effective action for supporting the shift from weak, purely discursive, financialization to strong forms of financialization where discourses are made tangible and monetary flows are structured.

From 2018, anyway, SII promoters' efforts were weakened by the fragmentation of the coalition (as in the case of the social impact measure elaborated by the Commission appointed by the government) and, above all, by the changing political conditions following the 2018 general elections. The new political conjuncture saw a shift in the political agenda from the centrality of NPOs and public-private partnerships to the contradictory pledge to the 'return of the state' and the focus on policy issues regarding a universal protection scheme against poverty and the pension system reform.

Overall, 'the mire of implementation' prevailed, while the ideological consensus on SII as an opportunity for reforming the national Welfare State system seems now lost. Whether this 'neo-statist' phase will be another form of 'failing forward' (Peck et al, 2010) of neoliberalism eventually opening the road to the labelling of new disruptive, financialized forms of public action, is a question that remains open.

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