

# Growing the Field of Social Innovation in Europe

November 2014

Deliverable 7.4 of the  
FP7-project: TEPSIE (290771)



## Acknowledgements

This report was made possible by the individuals who kindly agreed to be interviewed by us. We are very grateful to the following people for their input:

- Eddy Adams, URBACT
- Filippo Addarii, The Young Foundation
- Jonathan Bland, Social Business International
- Francesca Bria, Nesta
- Max Bulakovskiy, i-propeller
- Chiara Davalli, European BIC Network
- Maria Luisa Ferreira, European Investment Bank
- Rob Halford, Head of Planning and Strategy, Welsh European Funding Office
- Bregtje Kamphuis, London School of Economics
- Alberto Masetti-Zannini, Impact Hub Kings Cross
- Ann Mettler, The Lisbon Council
- Eleanor Morgan, Euclid Network
- Damien O'Brien, Welsh European Funding Office
- Anne-Sophie Parent, AGE Platform Europe
- Louise Pulford, Social Innovation Exchange
- Peter Ramsden, URBACT and Freiss Ltd
- Paul Waller, Brunel Business School
- Charu Wilkinson, ICF International
- Kevin Williamson, EU Social Policy Manager at the UK Department for Work and Pensions
- Greg Winfield, The Young Foundation
- Marco Zappalorto, Nesta

We are also grateful to those members of the commission who agreed to speak to us on an informal basis.

Special thanks to Ann Mettler, Robin Murray, Peter Ramsden, and all of our partners in the TEPSIE consortium for commenting on early drafts.

## Suggested citation

TEPSIE, 'Growing the field of social innovation in Europe'. A deliverable of the project: "The theoretical, empirical and policy foundations for building social innovation in Europe" (TEPSIE), European Commission – 7<sup>th</sup> Framework Programme, Brussels: European Commission, DG Research

## TEPSIE

TEPSIE is a research project funded by the European Union under the 7th Framework Programme and is an acronym for "The Theoretical, Empirical and Policy Foundations for Building Social Innovation in Europe". The project is a research collaboration between six European institutions led by the Danish Technological Institute and the Young Foundation and runs from 2012-2015.

Date: October 2014  
TEPSIE deliverable no: 7.4

Authors: Julie Simon, Rachel Schon, Hannah Kitcher,  
Jeremy Millard, Gwendolyn Carpenter and  
Anna Ingermann

Lead partner: The Young Foundation  
Participating partners: Danish Technological Institute, University of  
Heidelberg, Atlantis Consulting,  
Universidade Católica Portuguesa, Wrocław  
Research Centre EIT+

Contact person: Amy Kwan  
The Young Foundation  
Amy.Kwan@youngfoundation.org  
+44208980 6263

## CONTENTS

|   |           |
|---|-----------|
| <b>1. Executive Summary</b>                                 | <b>7</b>  |
| <b>2. Introduction</b>                                      | <b>9</b>  |
| <b>3. Social Investment and Welfare Reform</b>              | <b>11</b> |
| 3.1 The Social Investment Package                           | 12        |
| 3.1.1 Summary of aims, objectives and outcomes              | 12        |
| 3.1.2 Strengths and weaknesses, achievements and challenges | 14        |
| 3.2 PROGRESS  | 15        |
| 3.2.1 Summary of aims, objectives and outcomes              | 15        |
| 3.2.2 Strengths, weaknesses, achievements and challenges    | 17        |
| 3.3 European Platform against Poverty and Social Inclusion  | 18        |
| 3.3.1 Summary of aims, objectives and outcomes              | 18        |
| 3.3.2 Strengths, weaknesses, achievements and challenges    | 19        |
| 3.3.3 Conclusions and recommendations                       | 21        |
| <b>4. Cohesion Policy and the Structural Funds</b>          | <b>24</b> |
| 4.1 European Regional Development Fund                      | 25        |
| 4.1.1 Summary of aims, objectives and outcomes              | 25        |
| 4.2 European Social Fund (ESF)                              | 25        |
| 4.2.1 Summary of aims, objectives and outcomes              | 25        |
| 4.3 Strengths, weaknesses, achievements and challenges      | 26        |
| 4.4 Conclusions and recommendations                         | 27        |
| <b>5. Supporting Public Sector Innovation</b>               | <b>28</b> |
| 5.1 Public sector innovation in research programmes         | 30        |
| 5.1.1 Summary of aims, objectives and outcomes              | 30        |
| 5.1.2 Strengths, weaknesses, achievements and challenges    | 32        |
| 5.2 Expert Group on public sector innovation                | 33        |
| 5.2.1 Summary of aims, objectives and outcomes              | 33        |
| 5.2.2 Strengths, weaknesses, achievements and challenges    | 35        |
| 5.3 Conclusions and recommendations                         | 36        |
| <b>6. Scaling and Incubating Social Innovation</b>          | <b>40</b> |
| 6.1 BENISI  | 40        |
| 6.1.1 Summary of aims, objectives and outcomes              | 40        |
| 6.2 Transition  | 41        |

|            |   |  |
|------------|---|--|
| 6.2.1      | Summary of aims, objectives and outcomes.....                               | 41                                       |
| 6.3        | Strengths, weaknesses, achievements and challenges .....                    | 42                                       |
| 6.4        | Conclusions and recommendations .....                                       | 43                                       |
| <b>7.</b>  | <b>Supporting Social Enterprise .....</b>                                   | <b>44</b>                                |
| 7.1        | The Social Business Initiative.....   | 44                                       |
| 7.1.1      | Summary of aims, objectives, achievements and outcomes .....                | 44                                       |
| 7.2        | Strengths, weaknesses, achievements and challenges .....                    | 47                                       |
| 7.3        | Conclusions and recommendations .....                                       | 48                                       |
| <b>8.</b>  | <b>Creating and Strengthening Networks.....</b>                             | <b>50</b>                                |
| 8.1        | Social Innovation Europe.....   | 50                                       |
| 8.1.1      | Summary of aims, objectives and outcomes.....                               | 50                                       |
| 8.1.2      | Strengths, weakness, challenges and achievements.....                       | 51                                       |
| 8.2        | European Innovation Partnership on Active and Healthy Ageing (EIP AHA)..... | 52                                       |
| 8.2.1      | Summary of aims, objectives and outcomes.....                               | 52                                       |
| 8.2.2      | Strengths, weaknesses, achievements and challenges .....                    | 54                                       |
| 8.3        | Conclusions and recommendations .....                                       | 57                                       |
| <b>9.</b>  | <b>Learning and Disseminating Best Practice.....</b>                        | <b>58</b>                                |
| 9.1        | The European Social Innovation Competition .....                            | 59                                       |
| 9.1.1      | Summary of aims, objectives and outcomes.....                               | 59                                       |
| 9.1.2      | Strengths, weaknesses, achievements and challenges .....                    | 59                                       |
| 9.2        | European Investment Bank (EIB) Institute Social Innovation Tournament.....  | 60                                       |
| 9.2.1      | Summary of aims, objectives and outcomes.....                               | 60                                       |
| 9.2.2      | Strengths, weaknesses, achievements and challenges .....                    | 61                                       |
| 9.3        | RegioStars .....  | 62                                       |
| 9.3.1      | Summary of aims, objectives and outcomes.....                               | 62                                       |
| 9.3.2      | Strengths, weaknesses, achievements and challenges .....                    | 62                                       |
| 9.4        | Conclusions and recommendations .....                                       | 63                                       |
| 9.5        | URBACT .....  | <b>Fejl! Bogmærke er ikke defineret.</b> |
| 9.5.1      | Summary of aims, objectives and outcomes.....                               | 66                                       |
| 9.5.2      | Strengths, weaknesses, achievements and challenges .....                    | 67                                       |
| 9.6        | Conclusions and recommendations .....                                       | 69                                       |
| <b>10.</b> | <b>Digital Social Innovation.....</b>                                       | <b>71</b>                                |
| 10.1       | European policies that support digital social innovation .....              | 72                                       |
| 10.1.1     | Europe 2020 .....   | 72                                       |
| 10.1.2     | The Innovation Union and Digital Agenda for Europe.....                     | 73                                       |

|            |  |           |
|------------|--|-----------|
| 10.1.3     | Multi-Annual Financial Framework (MFF) .....             | 73        |
| 10.1.4     | Horizon 2020 .....                                       | 73        |
| 10.2       | CAPS (Collective Awareness Platforms).....               | 74        |
| 10.2.1     | Summary of aims, objectives and outcomes.....            | 74        |
| 10.2.2     | Strengths, weaknesses, achievements and challenges ..... | 75        |
| 10.3       | Digital Social Innovation Research Project .....         | 77        |
| 10.3.1     | Summary of aims, objectives and outcomes.....            | 77        |
| 10.3.2     | Strengths, weaknesses, achievements and challenges ..... | 79        |
| 10.3.3     | Conclusions and recommendations .....                    | 80        |
| <b>11.</b> | <b>EU-Supported Social Innovation Research .....</b>     | <b>84</b> |
| 11.1       | EU Fifth, Sixth and Seventh Framework Programmes.....    | 84        |
| 11.1.1     | Summary of aims, objectives and outcomes.....            | 84        |
| 11.1.2     | Strengths, weaknesses, achievements and challenges ..... | 86        |
| 11.2       | EU Horizon 2020 .....                                    | 90        |
| 11.2.1     | Summary of aims, objectives and outcomes.....            | 90        |
| 11.2.2     | Strengths, weaknesses, achievements and challenges ..... | 93        |
| 11.3       | Conclusions and recommendations .....                    | 93        |
| <b>12.</b> | <b>Conclusion .....</b>                                  | <b>97</b> |

## 1. Executive Summary

This report examines the policy measures the European Commission has taken to promote social innovation since 2009.

A key approach taken by the Commission has been to support Member State governments to promote social innovation as a matter of public policy. In this report we look specifically at welfare reform (Chapter 3), cohesion policy and the structural funds (Chapter 4) and measures to promote public sector innovation (Chapter 5). In particular, we examine the EU's 'Social Investment Package', adopted in 2013 to provide policy support to member states to help them adopt preventative strategies to prevent social breakdown. The Commission is now closely monitoring the performance of individual Member States' social protection strategies, and assisting by making country specific recommendations. We also look at the PROGRESS axis of the Commission's Programme for Employment and Social Innovation, which was in its previous iteration effective at highlighting issues and galvanizing co-ordinated action. It is hoped that by managing it together with other programmes to promote job mobility and access to micro-finance, it will have greater impact in the fight against poverty and social exclusion. It is important however, that more be done to improve decision-making at a regional level, in addition to continuing to promote and encourage governments to work in partnership with the private and third sectors.

With regard to the structural funds, it is promising that from 2014-2020, at least 25% of cohesion policy will be directed to social investment. Further, social innovation has now been explicitly included in the structural funds. However, more effective monitoring and reporting of structural fund monies are still needed, as are ways to ensure that Member States do not simply pay lip service to the concept of social innovation but instead understand its potential and how best to promote it within their funding programmes. For this reason we examine EU supported initiatives to promote public sector innovation, and in particular the research that has been done in this area. We conclude that more could be done to include the learnings from social innovation research in work done around public sector innovation and to improve the links between these two areas.

Another approach to social innovation adopted by the European Commission has been to support on the ground social innovators to scale, and assist in creating a favourable climate for social entrepreneurs. This has taken the form of establishing networks of incubators throughout Europe through the BENISI and Transition programmes (Chapter 6), and also the promotion of social entrepreneurship through the Social Business Initiative (Chapter 7). Transition and BENISI have been successful as they have used existing infrastructure while integrating research and practice, although they could benefit from increased funding as they have had to use modified understandings of scaling. The Social Business Initiative has also been effective at putting social entrepreneurship high on the European agenda, and has achieved some promising changes to the legal and regulatory environment. However, these changes will have little impact if they are not promoted and implemented within the member states themselves, and for this reason more needs to be done to build on this promising start.

In addition to the work directed at forming networks of incubators, the European Commission has put resources into developing larger communities of social innovators through the Social Innovation Europe consortium and the European Innovation Partnerships (Chapter 8). Social Innovation Europe has been successful at providing an online hub for social innovators, as well as hosting several offline events. In the future, however, resources should be invested into ensuring better engagement across different regions of the EU. Similarly, the European Innovation Partnership on Active and Healthy Aging, which we explore in detail, would benefit from engaging with a wider group of stakeholders.

Yet another step that the Commission has taken to promote social innovation to a wider audience has been to promote social innovation competitions (Chapter 9). In this chapter, we highlight the European Social Innovation Competition and the Regiostars initiative. These have provided opportunities for people to meet and showcase projects, as well as promote the concept of social innovation more widely. The URBACT programme has also given cities the space and opportunity to innovate and share best practice between each other.

Lastly, the European Commission has recognized the promise inherent in digital social innovation, and as such has invested money into research projects which will explore its potential (Chapter 10). These include highly experimental projects such as the CAPS (Collective Awareness Platforms) initiative. In terms of the European Commission's research into social innovation more broadly, this has been wide ranging and comprehensive (Chapter 11). We recommend that more be done to ensure that work directly tackles policy challenges, and that relevant stakeholders are involved from the start. Finally, stronger links could be made between research, policy and practice. Our aim with this report is to begin linking research with practice to further understand the European Union's policies to promote social innovation and the opportunities and levers for improvement.



## 2. Introduction

*The financial and economic crisis makes creativity and innovation in general and social innovation in particular even more important to foster sustainable growth, secure jobs and boost competitiveness.*

José Manuel Barroso,  
BEPA Workshop on 'Europe and Social Innovation' 20th January 2009.

The field of social innovation is growing rapidly. There are now a range of networks, funds, institutions and government departments specifically focused on supporting and promoting social innovations of various kinds. In part, this has been accelerated by the European Commission's support for social innovation. Indeed, since 2009, social innovation has moved up the EU's policy agenda and has been mainstreamed through a wide range of policies, programmes and initiatives.

In 2010, The EU's Bureau of European Policy Advisors (BEPA) published the report, *Empowering People, Driving Change: Social Innovation in the European Union*. In that report, social innovation was seen as a way of making up for the failures of the Lisbon Strategy<sup>1</sup> and as a way of realising the commission's new EU 2020 strategy which aims to foster smart, sustainable and inclusive growth. In this sense, social innovation was a way of combining two agendas – realising growth through innovation, entrepreneurship and the creation of a knowledge society, while at the same time finding new ways of addressing the most pressing social and environmental challenges facing Europe. Indeed, a number of academics and policymakers had already called for the realignment of innovation and R&D policy around social and environmental challenges, most notably in the Aho Report of 2006, the Lund Declaration of 2009 and the findings of the Business Panel on Future EU innovation Policy in 2009. The BEPA report also argued that social innovation could offer a way forward in coping with the economic crisis facing Europe at the time. The report then summarised the actions that the Commission had already taken to support social innovation and finished with a set of recommendations to 'make it easier for social innovators at every level to act, get funding, network and scale up their ventures'. It called for the creation of a Social Innovation Initiative which could itself be based on 40 identified actions. This report essentially created a blueprint for the kinds of activities and initiatives that the EU would come to support over the following years.

The four years since its publication have seen a flurry of activity – the creation of the Social Business Initiative and Social Innovation Europe, a number of social innovation research projects funded through the 7<sup>th</sup> Framework Programme and Horizon 2020, practical projects to support the incubation and scaling up of social ventures and the unveiling of the Employment and Social Innovation programme (EaSI) which has a budget of EUR919m. One of the key initiatives of the Europe 2020 strategy is the 'Innovation Union', which includes ground breaking initiatives like the European Innovation Partnerships and changes to the regulations of the Structural Funds to better integrate social innovation.

---

<sup>1</sup> [http://ec.europa.eu/archives/growthandjobs\\_2009/objectives/index\\_en.htm](http://ec.europa.eu/archives/growthandjobs_2009/objectives/index_en.htm)

This report aims to review and present these initiatives in detail, assess what achievements there have been to date and make recommendations for how these might best be taken forward.

## About this paper

The paper is organised into the following sections:

- Social investment and welfare reform
- Cohesion Policy and the Structural Funds
- Supporting public sector innovation
- Scaling and incubating social innovation
- Supporting social enterprise
- Creating and strengthening networks
- Learning and disseminating best practice
- Digital social innovation
- EU supported social innovation research

The paper is based on desk research and interviews with a wide range of stakeholders. Many thanks to all of these individuals for spending time speaking with us, without whom this report would not have been possible.

This report forms part of a broader programme of work looking into ways of growing social innovation across Europe. The first part of this work strand focused on growing specific social innovations. We carried out a literature review focusing on the diffusion of innovations, and strategies for scaling social impact.<sup>2</sup> We also carried out a series of case studies to better understand the ways in which specific social innovations have spread.<sup>3</sup> The second part of this work programme looked at how to build the field of social innovation across Europe. We outlined an ecosystem that described the tools, approaches, resources and institutions that might need to be in place to support social innovation across Europe. It examined the supply and demand side measures, as well as the role of intermediaries and broader framework conditions in growing and developing the field of social innovation.<sup>4</sup> All papers are available for download from [www.tepsie.eu](http://www.tepsie.eu)

---

<sup>2</sup> A Davies and J Simon, Growing social innovation: a literature review. A deliverable of the project: “The theoretical, empirical and policy foundations for building social innovation in Europe” (TEPSIE), European Commission– 7<sup>th</sup> Framework Programme, Brussels: European Commission, DG Research, 2013. Available at: <http://www.tepsie.eu/images/documents/d71final.pdf>

<sup>3</sup> A Davies, ‘Spreading Social Innovations: A Case Study Report’. A deliverable of the project: “The theoretical, empirical and policy foundations for building social innovation in Europe” (TEPSIE), European Commission– 7<sup>th</sup> Framework Programme, Brussels: European Commission, DG Research, 2013. Available at: <http://www.tepsie.eu/images/documents/d72final.pdf>

<sup>4</sup> TEPSIE, ‘Building the Social Innovation Ecosystem’. A deliverable of the project: “The theoretical, empirical and policy foundations for building social innovation in Europe” (TEPSIE), European Commission– 7<sup>th</sup> Framework Programme, Brussels: European Commission, DG Research. Available at: <http://www.tepsie.eu/images/documents/d73final.pdf>

### 3. Social Investment and Welfare Reform

Since the late 1980s, a majority of European governments have come to enact a wave of social reforms to make their social policy systems more efficient and employment-friendly. There have been deliberate attempts to rebuild social programmes and institutions and thereby adapt welfare policy repertoires to the new economic and social realities of the 21<sup>st</sup> century, including supporting and enabling social entrepreneurship and social innovation. The overall extent of change has however varied widely across the Member States of the European Union.

Following the financial crisis, the European welfare state and the European Union (EU) found themselves caught up in a double bind. This is the argument of Anton Hemerijck in a recent article about “The Social Investment Package and the Europe 2020 Policy Agenda”<sup>5</sup>. On the one hand, he argues, “domestically, EU members are politically bound by national social contracts on welfare provision, which in hard economic times are especially difficult to cut or renegotiate. On the other hand, at the supranational level, the (reinforced) rules-based macroeconomic governance structure of the EU, giving priority to low inflation and budget consolidation, commits its members to a long-term project of negative market integration, which in a downturn implies intrusive austerity reform of their welfare systems.”<sup>6</sup>

Currently, fundamental changes to the macroeconomic policy regime are underway which may have profound influence on social investment policies and, as a consequence, on social innovation support and financing across Europe. Hemerijck amongst other observes “impressive ‘economic governance’ change, reinforcing stricter EU control of Member State public finances”<sup>7</sup>. He concludes that this macro change away from a single focus on inflation, targeting and deficit and debt reduction by pro-cyclical market deregulation and retrenchment, should be taken very seriously by social actors in national and EU policy-making arenas who are anxious to mitigate social hardship and foster long-term social and economic progress in tandem. What is therefore needed, according to Hemerijck, is a balanced macro-economic coordination process inciting governments to pursue medium-term budgetary discipline and long-term social investment reforms. This should be done by giving greater breathing space with tangible support to Member States that opt for social investment strategies based on well-defined Europe 2020 ambitions, while making maximum use of mutual learning.

There have been a myriad of working groups and policy programmes aimed to improve social investment & welfare reform. The G8 for instance created a Social Investment Taskforce<sup>8</sup> in June 2013. It aims to catalyze the development of the global social impact investment market. Its recent

---

<sup>5</sup> Hemerijck, Anton, *The Social Investment Package And The Europe 2020 Policy Agenda*, Social Europe Journal, published 17/07/2014 – read it here <http://www.social-europe.eu/2014/07/social-investment-package/>

<sup>6</sup> Ibid

<sup>7</sup> Ibid

<sup>8</sup> See more here <http://www.socialimpactinvestment.org/> or The European Commission 2014, Social investment: Commission urges Member States to focus on growth and social cohesion, viewed June 11 2014, <http://ec.europa.eu/social/main.jsp?langId=en&catId=1044&newsId=1807&furtherNews=yes>

reports highlight recommendations for developing this market including the role of national governments and the European Commission<sup>9</sup>.

In this chapter, the EU Commission's Social Investment Package (SIP) is reviewed as well as the Community action programme for employment and social solidarity, known under the name of PROGRESS, which is now part of the programme for Employment and Social Innovation (EaSI). We also examine the European Platform against Poverty and Social Inclusion.

## 3.1 The Social Investment Package

### 3.1.1 Summary of aims, objectives and outcomes

The Commission's Social Investment Package<sup>10</sup> (SIP) was launched in 2013 as an integrated policy framework<sup>11</sup>. It addresses the need for human investment and modernisation of social policies among Member Countries. Social investment in the context of this policy framework means investing in human capital as well as well-functioning societies. More specifically, it means efforts made to develop and improve skills-training and work performance as well as investments in social welfare. The Social Investment Package aims to support Member Countries as they pursue these objectives.

Key policy areas are:

- education;
- quality childcare;
- skills training;
- healthcare;
- job-search assistance and rehabilitation.

From 2014 to 2020, at least 25% of cohesion policy funding (ESF, ERDF and Cohesion Fund) will be directed to social investment. In addition to these funds, the individual Member States are encouraged to seek further means by the support of the World Bank, the Council of Europe Development Bank and the European Investment Bank. Within the EU framework, Member States might apply for funds from the European Social Fund (ESF), the European Regional Development Fund (ERDF) and the European Agricultural Fund for Rural Development (EAFRD). Finally, EU Member States are encouraged to improve their current tax collection regimes so as to make them more efficient, leaner and simpler, as well as more favourable to employment and growth.

---

<sup>9</sup> For a full overview of the recommendations, please read on here: <http://www.socialimpactinvestment.org/report-findings.php>

<sup>10</sup> <http://ec.europa.eu/social/main.jsp?catId=1044>

<sup>11</sup> Read the relevant EC communication here - The European Commission 2013, Communication COM(2013) 83 of 20 February 2013: Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014–2020, 21 May 2013 - [http://www.cep.eu/fileadmin/user\\_upload/CEP-Analysen/Sozialinvestitionen/cepPoliycBrief\\_COM\\_2013\\_83\\_Social\\_Investment.pdf](http://www.cep.eu/fileadmin/user_upload/CEP-Analysen/Sozialinvestitionen/cepPoliycBrief_COM_2013_83_Social_Investment.pdf)

The aims and objectives behind the Social Investment Package are primarily to assist Member States in developing national social systems which are sustainable and adequate for today's as well as tomorrow's many challenges. More specifically, the Commission seeks to support the development of welfare systems which promote: efficiency and fiscal proficiency; activity and competence; as well as welfare systems which offer social support tailored to all stages of life. The policy framework suggests a broad and all-inclusive welfare reform mentality based on the underlying notion that as social protection systems become better customized and responsive to citizens' needs, social breakdowns and higher social spending can be more easily prevented. In other words, preventive social support measures are better than reactive solutions for both the EU citizens as well as the respective budgets of EU Member States.

The Commission's Social Investment Package (SIP) has a number of objectives. It:

- seeks to strengthen people's current and future capacities, and improve their opportunities to participate in society and the labour market;
- guides EU countries in using their social budgets as well as EU financial support more efficiently and effectively to ensure adequate and sustainable social protection;
- focuses on the development of integrated packages of benefits and services that help people throughout their lives and achieve lasting positive social outcomes;
- stresses prevention rather than cure, with the aim of reducing the need for benefits;
- encourages investment in children and young people to increase their opportunities in life by means of better education and prevention of early school leaving.

Furthermore the Social Investment Package gives special attention to child-friendly social investment as it includes a Commission Recommendation against child poverty. For instance, Member States have been asked to implement in full the recommendation "Investing in Children: breaking the cycle of disadvantage".

Another key element of the Social Investment Package is the promotion of women in the work place. Women's income per hour is on average 16% lower than that of male employees.<sup>12</sup> Although this might in part be linked to lower activity and working hours, as well as the fact that women often hold positions of lower pay, it must not be forgotten that part of the trend is due to the fact that women are paid less for work of equal value.

Member States are encouraged to address this disparity through reforms within social policy areas such as parental leave, labour market reforms and by the use of fiscal incentives designed to assist people to take up work or work longer hours.

The Social Investment Package aims at the following outcomes:

- improved youth employment figures in all Member States;
- skills-training and job-search assistance which is integrated and easy accessible;
- easy and equal access to the labour market for men and women by means of affordable quality childcare and housing support;

---

<sup>12</sup> [http://ec.europa.eu/justice/gender-equality/files/gender\\_pay\\_gap/140319\\_gpg\\_en.pdf](http://ec.europa.eu/justice/gender-equality/files/gender_pay_gap/140319_gpg_en.pdf)

- older people able to take an active part in society, and disabled people capable of independent living through assistance and adapted workplaces;
- homeless people are better integrated into society;
- societal and welfare gains as a result of higher productivity, higher employment figures and more welfare in society.

An example of a concrete outcome under way is a legislative proposal concerning financial sector transparency and comparability across bank charges so as to ease EU citizens' route to participation in the economy and employment.

A legislative proposal which focuses on the transparency and comparability of bank charges and does not give rise to additional costs for banks - such as in the form of subsidised accounts - may lead to increased employment because access to a bank account is essential for participation in working and economic life. An EU regulation introducing a legal right to a bank account is unnecessary, however, because, as part of the free competition between banks, accounts are offered at prices which cover the costs. If these prices are too high and prevent individuals from gaining access to a bank account, assistance should come from the policy on the redistribution of wealth - such as by way of subsistence benefits.

### **3.1.2 Strengths and weaknesses, achievements and challenges**

The idea behind the Social Investment Package is that Member States' social services need to adapt and reform in order to be sustainable in the future. Therefore, the launch and implementation of rapid and far-reaching welfare reforms must be of highest priority for all Member States. This aim however is not enough by itself. The Social Investment Packages seeks to re-frame welfare reform as social investment, stressing the importance of spending money to develop people's skills and capacities so that they have an enhanced ability to contribute to society in the future. Efforts must be centred on further personalisation and modernisation of social initiatives.

One strength of the Social Investment Package is the fact that the implementation of the Country Specific Recommendations formulated annually in the framework of the European Semester will be monitored. This will be done based on an assessment of implementation and effective results, and in addition to the formal annual assessment, several expert panels and detailed guidelines dealing with social investment have been launched and submitted since 2013. Another strength is that the social investment approach is different from the traditional view on social services. It addresses the need for early interventions and preventative elements in policies and services, as well as a more personalised approach suited for today's diverse societies. Furthermore, it seeks to integrate socially marginalised groups to a far larger extent than previous EU policy initiatives.

Yet another positive aspect of the approach is that the Commission encourages the development of welfare systems which include and collaborate with non-governmental actors such as social enterprises and voluntary organisations in the planning and implementation of state welfare measures.

Finally, the Social Investment Package is very specific in its approach as it takes into account the divergences of different Member States in its policy recommendations. However, a weakness is arguably that the Social Investment Package primarily deals with the Member States at a national level and fails to interact with regional decision makers.

## 3.2 PROGRESS

### 3.2.1 Summary of aims, objectives and outcomes

The Community programme for employment and social solidarity<sup>13</sup>, given the name PROGRESS, was initially launched in 2007 to provide financial support for the implementation of EU objectives concerning social affairs and employment in Europe as described in the renewed Social Agenda, which was part of the re-launched Lisbon Strategy for Growth and Jobs<sup>14</sup>. PROGRESS responded to the European objectives of solidarity and prosperity through fundamental priorities: employment, and action to tackle poverty and promote equal opportunities. PROGRESS replaced four previous programmes covering discrimination, gender equality, employment and social exclusion. As a financial instrument, PROGRESS was planned to run from 1 January 2007 to 31 December 2013 with a budget of EUR 683m.

PROGRESS was implemented against a background of pressure to tackle the economic crisis and get the EU back to sustainable growth. The programme supported the employment and social objectives of Europe 2020, especially its flagship initiatives “Agenda for New Skills and Jobs”, “Youth on the Move” and the “European Platform against Poverty and Social Exclusion”. Its activities targeted the challenges faced by the EU, such as youth unemployment, the social impact of the crisis and demographic changes. PROGRESS helped the Commission make proposals on policy priorities such as improved performance of public employment services, social investment for inclusive growth, and pensions.

PROGRESS as a financial instrument was open to both EU countries and EFTA/EEA countries (Norway, Iceland and Liechtenstein) and applications for funding might come from national or regional authorities, but also from non-governmental organisations, universities or research institutions. For the period 2007-2013, PROGRESS provided financial aid to projects concerning the development and coordination of EU policy in specifically the following five policy areas:

- Employment
- Social inclusion and social protection
- Working conditions
- Anti-discrimination
- Gender equality

PROGRESS also addressed special attention to the following focus points:

---

<sup>13</sup> [http://europa.eu/legislation\\_summaries/justice\\_freedom\\_security/combating\\_discrimination/c11332\\_en.htm](http://europa.eu/legislation_summaries/justice_freedom_security/combating_discrimination/c11332_en.htm)

<sup>14</sup> [http://europa.eu/legislation\\_summaries/employment\\_and\\_social\\_policy/social\\_agenda/em0010\\_en.htm](http://europa.eu/legislation_summaries/employment_and_social_policy/social_agenda/em0010_en.htm)

- Effective information sharing and learning
- Evidence-based EU policies and legislation
- Integration of cross-cutting issues and consistency
- Greater capacity of national and EU networks
- High-quality and participatory policy debate

These five policy areas also served as a programme structure as every area is linked to certain strategic objectives. For instance, the area of employment supported the implementation of European Employment Strategy (EES). PROGRESS' initial objectives were<sup>15</sup>:

1. **Effective application of EU rules on worker protection and equality.** This implies promoting better standards of inspection, monitoring and enforcement by EU countries and reviewing how EU legislation has been applied
2. **Shared understanding and ownership of EU objectives.** EU countries have agreed to common guidelines and goals to inform, coordinate and strengthen national-level reforms
3. **Effective partnerships with essential stakeholders.** This intermediate objective was to result in the involvement of stakeholders throughout the policy process: problem definition, information gathering, consultation, development of options, decision-making, implementation and evaluation.

The initial programme delivered many valuable and effective outcomes. The published year-at-a-glance impact highlights<sup>16</sup> for this programme found that PROGRESS:

- provided a platform for effective information sharing and learning among the member states on EU law and policy
- maintained and developed a robust evidence base necessary for the EU employment, social and equality policies and legislation in 2013
- promoted capacity building and involvement of national and pan-European networks
- promoted high-quality and participatory policy debate at EU and national levels
- ensured the integration of cross-cutting issues and greater consistency among policy areas
- promoted high-quality and participatory policy debate at EU and national levels

#### *PROGRESS as part of EaSI, 2014*

In 2014 PROGRESS became part of the EU Programme for Employment and Social Innovation (EaSI). EaSI is a financing instrument at EU level to promote a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty and improving working conditions. EaSI brings together three EU programmes managed separately between 2007 and 2013: PROGRESS, EURES and Progress Microfinance. EaSI will operate with a proposed budget of almost EUR 920 million for the 2014-2020 period of which 61% will go to PROGRESS.

<sup>15</sup> <http://ec.europa.eu/social/main.jsp?catId=657&langId=en>

<sup>16</sup> See the publication of the 2013 impact highlights here:

<http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7716&type=2&furtherPubs=yes>



The Employment and Social Innovation (EaSI) programme continues to support EU regional, employment and social policy during the period 2014-2020 by coordinating support actions relating to policy coordination, sharing of best practices, capacity-building and testing of innovative policies. What is new is that the programme explicitly envisages that the most successful measures be up-scaled with support from the European Social Fund. This calls for a synthesis of information on best practices and requires the development of impact assessments tools or methodologies to quantify the potential impact of best practices in the light of EaSI funding to be allocated.

For the period 2014-2020, the 'Progress' element of EaSI will continue its current activities (analysis, mutual learning and grants) and will have a specific budget for social innovation and social policy experimentation<sup>17</sup>. The intention of EaSI was that by bringing three instruments together under one umbrella, the Commission would be able to improve effectiveness and policy coherence of these activities.

### 3.2.2 Strengths, weaknesses, achievements and challenges

One of the clear strengths of the first PROGRESS programme 2007 – 2013 is that it combined several previous programmes under one. The impact and success of PROGRESS has been assessed regularly. For instance, in 2012, Ecorys provided a mid-way evaluation report<sup>18</sup> which reported that PROGRESS has delivered positive results in all five social policy areas, namely employment, working conditions, gender equality, anti-discrimination, as well as social inclusion and social protection. In particular, Ecorys concluded:

*[...] that PROGRESS went reasonably far in achieving it in the area of gender equality but it was not equally effective in a number of policy fields. In our assessment shared understanding and ownership leaves more to be desired. A possible explanation includes suboptimal dissemination, which is a shared responsibility between the European Commission and Member States. An integration of the findings of research and mutual learning, accompanied by state-of-the-art dissemination is a necessary bridge to go from findings to insight and then understanding. Effective partnerships score better, but vary for the different policy fields. There are strong partnerships at EU level in the social protection and social inclusion, gender equality and anti-discrimination fields. PROGRESS support to networking amongst PES and Labour Inspectorates has helped the development of partnerships between the Commission and implementing bodies in the fields of employment and working conditions. The partnerships between the Commission and Member States are developing through the Employment and Social Protection Committees and PROGRESS further fosters them through horizontal networking among national and local government officials.*

---

<sup>17</sup> See <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1093>

<sup>18</sup> Ecorys, 2012, *The Mid-term Evaluation of PROGRESS - Final Report* – Client: European Commission DG Employment, Social Affairs and Inclusion, Rotterdam, available at: <http://ec.europa.eu/social/keyDocuments.jsp?type=0&policyArea=86&subCategory=987&country=0&year=0&advSearchKey=progressevaluation&mode=advancedSubmit&langId=en>

In other words, there seems to be evidence that PROGRESS as a unifying financing instrument has increased overall efficiency compared to the programmes it combined. However, the evaluation report clearly also concludes that there is still room for improvements.

The nature of PROGRESS-funded activities is often indirect, in the sense that the activities try to improve the quality of debate, improve processes, enhance cooperation or share best practices, rather than directly aiming at core policy final outcomes (such as employment targets). As a consequence the achievements of final outcomes are also often indirect and dependent on further actions at the Member State level (e.g. extending knowledge to all or most EU countries on a certain subject through comparative studies, benefits of joint EU versus national action for improving design and implementation of law) and sometimes causality is simply too difficult to establish. This makes the true evaluation of impact achieved difficult to assess.

A potential weakness of PROGRESS is that funding is often given based on evaluation of the potential benefits of EU wide project proposals with less thought given to the actual Member States behind the ideas. This might at times result in overspent or miscalculated expenses as the Member States in question, for some reason do not have the capacity to manage projects of such a large scale.

### **3.3 European Platform against Poverty and Social Inclusion**

#### **3.3.1 Summary of aims, objectives and outcomes**

The European Platform against Poverty and Social Exclusion<sup>19</sup> is one of seven flagship initiatives which comprise the Europe 2020 strategy. With more than 120 million people in the EU at risk of poverty or social exclusion, EU leaders have pledged to bring at least 20 million people out of poverty and social exclusion by 2020. The fight against poverty and social exclusion is at the heart of the Europe 2020 strategy for smart, sustainable and inclusive growth, and there is clear overlap with social innovation, particularly when it comes to sharing knowledge around what works.<sup>20</sup> More specifically the aim of the platform is to target poverty and social exclusion through growth and employment as well as modern and effective social protection. The platform was launched in 2010 and will remain active until 2020 in support of five types of action:

- Delivering actions across the whole policy spectrum such as the labour market, minimum income support, healthcare, education, housing and access to basic banking accounts.
- Better use of EU funds to support social inclusion. The Commission has proposed that 20% of the European Social Fund be earmarked for fighting poverty and social exclusion.
- Promoting robust evidence of what does and does not work in social policy innovations before implementing them more widely.
- Working in partnership with civil society to support more effectively the implementation of social policy reforms. The participation of people experiencing poverty is now acknowledged as a catalyst for inclusion strategies.

---

<sup>19</sup> <http://ec.europa.eu/social/main.jsp?catId=961>

<sup>20</sup> [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)

- Enhanced policy coordination among EU countries has been established through the use of the open method of coordination for social protection and social inclusion (Social OMC) and the Social Protection Committee in particular.

Several communications and White Papers have been developed focusing on areas such as healthcare, pensions and the promotion of active living for the elderly, as well as efforts to ensure basic banking services and transparency and comparability among bank charges. In addition, alongside many other initiatives and agendas, child poverty and early childhood education and care have been addressed. These policy responses are in line with the social investment approach.<sup>21</sup> The individual Member States have translated many of these, as well as the overall Europe 2020 targets, into national targets and growth enhancing policies. The resulting outcomes and achievements are being monitored by the European Semester which is a yearly cycle of economic policy coordination.

The Commission has identified a number of actions to be implemented at European level and designed to help meet the poverty target, and will publish regular scoreboards on the work in progress. There is also an Annual Convention of the Platform which has to date convened three times in 2011, 2012 and 2013. In terms of stakeholder participation, the platform organises regular EU Stakeholder Dialogue meetings with NGOs, social partners, businesses and social economy actors, academics, foundations, think tanks and international organisations to ensure that they are involved in developing and implementing policy initiatives to combat poverty and social exclusion. These stakeholders in turn reach out to national stakeholders and regional and local authorities. This provides the opportunity for dialogue between policy makers, key stakeholders and people who have experienced poverty. Its objectives are to take stock of progress made towards the Europe 2020 target, to review the implementation of the Platform actions, and to provide suggestions for future actions.

In summary, The European Platform against Poverty and Social Exclusion is a broad umbrella, covering a wide range of policies, designed to help reach the 2020 target. It provides the basis for a joint commitment among national governments, EU Institutions and key stakeholders to fight poverty and social exclusion, focusing on the policy objectives set out in the Social Investment Package.<sup>22</sup>

### **3.3.2 Strengths, weaknesses, achievements and challenges**

The European Platform against Poverty and Social Exclusion has, since its establishment in 2010, been instrumental in highlighting the issues and galvanising coordinated action at both European and national levels. The increased awareness engendered by the Europe 2020 strategy target has provided an incentive for Member Countries to develop a stronger focus on poverty and social exclusion. The Platform provides an improved governance structure and clear strategy for coordination between Member Countries. Furthermore, the increased attention on 'robust'

---

<sup>21</sup> <http://ec.europa.eu/social/main.jsp?catId=1044&langId=en>

<sup>22</sup> <http://ec.europa.eu/social/main.jsp?catId=1044&langId=en>

evidence helps to direct funding to programmes which have proven to be successful as small scale projects. The Annual Growth Survey each January serves this aim as it provides inter alia a progress review and thus increased and continuous accountability. In addition, the Platform considers various agents such as volunteers, private foundations, the social enterprise sector and efforts made by the corporate world through so-called Corporate Social Responsibility (CSR). By considering these stakeholders, their importance in securing social welfare in today's society is acknowledged and a starting point for further collaboration and knowledge sharing is established. In this sense, the Platform has been successful, however, its task appears to be getting more challenging rather than less: "EU countries are far from reaching the 2020 target and the worsening social situation caused by the economic crisis is undermining the sustainability of social protection systems. Millions of Europeans are still on the side-lines, both from the labour market and from social inclusion and integration. Their numbers are increasing, as witnessed by the statistics from 2011".<sup>23</sup>

- 24% of all the EU population (over 120 million people), are at risk of poverty or social exclusion – this includes 27% of all children in Europe, 20.5% of those over 65, and 9% of those with a job.
- Close to 9% of all Europeans live in severe material deprivation - they do not have the resources to own a washing machine, a car, a telephone, to heat their homes or face unexpected expenses.
- 17% of Europeans live on less than 60% of their country's average household income.
- 10% of Europeans live in households where no one has a job.
- There is a wide gap in performance between the welfare systems in different EU countries - the best reduced the risk of poverty by 35%, the least effective by less than 15% (EU average 35%).
- 12 million more women than men are living in poverty in the EU.
- Specific populations such as the Roma are especially challenged: two-thirds are unemployed; one in two children attends kindergarten; and only 15% complete secondary school.

This view was endorsed by the late June 2014 meeting of the European Council, when it announced it wanted to 'reverse inequalities' and asked the question whether Europe is a continent of rising inequalities?<sup>24</sup> According to the Council:

*The answer is clearly yes. Since the 1980s, inequalities have generally been increasing in Europe, although with some differences across countries in inequality trends and impacts, highlighting the important role of institutions and policies, including education. One out of 7 European citizens is at risk of poverty and we have to expect nearly 150 million people living in poverty in Europe by 2025. Currently, 46% of the world wealth is in the hands of 1% of the world population. These inequalities have consequences on citizens' well-being, economy, social cohesion, poverty, solidarity and democracy. The Social Science and Humanities research programme of the European Union has funded several projects to analyse further these inequalities, among which GINI (Growing Inequalities Impact) and GUSTO (Meeting the*

<sup>23</sup> <http://ec.europa.eu/social/main.jsp?catId=751&langId=en>

<sup>24</sup> <http://ec.europa.eu/research/social-sciences/index.cfm?pg=newspage&item=140722>

*challenges of economic uncertainty and sustainability through employment, industrial relations, social and environmental policies in European countries), were the most important.*

Based on this evidence, this research makes several policy recommendations, including:<sup>25</sup>

- “Think twice before dismantling your Welfare State.”
- “If you are really serious about inequalities, start with clever investments in education.”
- “Adopt a taxation system which ensures proportional tax contributions by rich people to their national community.”
- “Never separate security from flexibility when you reform your labour market.”

One EU official reflected that the recent growing inequalities across Europe seem to have gone hand in hand with the cutting of benefits and weakening of regulation, alongside some shifts to regressive taxes with more attention to (poorly designed) property than to other wealth taxes and tax avoidance. She advocates using past lessons from crises and policy reactions in order to better address the causes of inequality than the effects of crises, and to shift the attention of policy to (a wise assessment of) wealth and top incomes.

### **3.3.3 Conclusions and recommendations**

A consequence of the financial crisis is that governments face shrinking public budgets. This means that several typical features of programmes like PROGRESS (e.g. sharing best practices, publishing meaningful statistical indicators), become more important. Moreover the drive towards evidence-based policy becomes increasingly important not only at the EU level but also in Member States. This calls for policies that demonstrate better value for public money spent. The new PROGRESS programme should therefore continue the path towards evidence-based policy making and support the development of Europe-wide measuring frameworks to show impact. This has consequences for the Programme itself as well as for the way individual activities are selected, monitored, disseminated and evaluated.

*“The Social Investment Package could be a game changer for social innovation financing across Europe”* notes Anton Hemerijck<sup>26</sup>. He concludes:

*“A careful reading of the ‘Social Investment package’ reveals a quiet paradigm revolution. On various occasions, DG Employment, Social Affairs and Inclusion explicitly distances itself from the traditional stable money, fiscal austerity and structural reform paradigm by explicitly arguing that active social policies ‘crowd in’ economic growth and competitiveness, high productivity job creation and tax revenues, thereby reducing long-term fiscal pressures. In the context especially of demographic ageing, attention should not only be paid to social expenditure and the costs of ageing populations, but also to exploring and exploiting new sources of revenue from high-quality childcare in promoting talent, reducing early school*

<sup>25</sup> <http://ec.europa.eu/research/social-sciences/index.cfm?pg=newspage&item=140722>

<sup>26</sup> Hemerijck, Anton, The Social Investment Package And The Europe 2020 Policy Agenda, Social Europe Journal, published 17/07/2014 – read it here <http://www.social-europe.eu/2014/07/social-investment-package/>

*dropout, and improving employment opportunities for adult family members, especially mothers. The 'Social Investment Package' in effect and at long last breaks away from the negative theory of the (welfare) state by underscoring the key importance of activating social services as core providers for dual-earner families and labour markets."*

Irrespective of the crisis there are features in the 2020 agenda that deserve attention. Relevant Flagship 2020 initiatives are an 'agenda for new skills and jobs to modernise labour markets and to stimulate a better match between skills demand and supply', and 'the European platform against poverty to improve territorial and social cohesion across the EU'. The flagship initiatives stress the importance of social innovation. Just sharing or adopting best practices will not be enough to meet the future challenges. PROGRESS can be used as a vehicle for promoting social experimentation and transfer of innovation through mutual learning and partnerships - the last call for proposals on social experimentations being an example of this. As such, initiatives at the European level can become drivers for social innovation at Member State level. In line with this thought, a high-level European Commission representative summarized the potential improvements of the SIP in a telephone interview concerning the role of social innovation in the European Commission: "Broader partnerships between the public sector, the private sector and the third sector will ease the way to innovation in reorienting social policies. We are also seeing the emergence of strategic partnerships between public authorities and civil society organisations working in the third sector for the delivery of services in innovative ways".

In addition, a European Commission representative mentioned the need for a private sector which takes its social responsibility beyond traditional corporate social responsibility approaches, as well as public administrations in the social field which learn from the corporate world and engage in innovation without reservation. The Social Investment Package encourages this collaborative and holistic concept of social investment and welfare reform. Thus, the programme might help develop the role of the public authorities as key innovators within social support systems.

The task of the European Platform against Poverty and Social Exclusion is immense and complex. Poverty is a transversal and multi-dimensional issue *par excellence*. It is about lack of money and thus of the tangible basic means of life and subsistence like housing, food, heating, mobility, etc., but it also impacts many intangibles such as physical and mental wellbeing, social and cultural capital, and access to a wide range of resources, etc. Both these tangibles and intangibles represent an inability to meet basic human needs. The real challenge is that, although poverty – especially when measured in terms relative to the societies in which it occurs – is by definition always present, it has been rising inexorably since the crisis and has started to affect the middle class and professional groups, threatening social cohesion and stability, as well as economic growth and prosperity.<sup>27</sup> The need for the Platform is thus undeniable.

---

<sup>27</sup> Indeed, the erstwhile champion of trickle-down economics, the International Monetary Fund, published research in April 2014 which showed that inequality directly damages overall economic growth for everybody: <http://www.imf.org/external/pubs/ft/survey/so/2014/res041214a.htm>

The main challenge for the Platform is that poverty and social inclusion result from a very wide range of social, economic, political, cultural and institutional factors, which are often interrelated but typically addressed piecemeal by different entities and at different levels. Addressing poverty and inequality is compromised by 'silo' thinking and 'silo' policy initiatives, where negative interactions between different policies are rarely considered. The task is thus complex and daunting, not least because many of the underlying macro-economic conditions and trends are also globally determined in addition to being governed by European policies and initiatives. The main achievement of the Platform is to recognise this and attempt to coordinate action across all the many relevant areas, at all levels and involving all relevant stakeholders. It is ambitious but arguably necessary, especially in light of the latest data and the deliberations of the aforementioned June 2014 European Council meeting.

The recent recommendations arising from the Social Science and Humanities research programme (see below) are welcome as they provide robust evidence, sound analysis and clear recommendations for action, particularly at Member State level. The challenge remains, however, that these recommendations are likely to be seen as politically controversial in some countries as well as difficult to achieve, both because they require breaking down the 'silos' of policy making but also because they require relatively long-term efforts and commitment which may be costly in the short-term and difficult to implement given electoral cycles. Key among them would seem to be initiatives on tax and tackling low pay, perhaps through a minimum wage or even 'living wage' policies. Broader global issues impinge on this, however, especially on Member States' tax base when, for example, multi-national companies are able to make large profits in a given jurisdiction but pay tax on those profits in a different jurisdiction. These and similar issues need to be addressed at a European level as well as in consultation with global partners, despite the challenges this represents.

The Platform rightly seeks to include national, regional and local partners as well as NGOs in their efforts to prevent poverty and social exclusion, and these should be encouraged further to increase the visibility and priority of the task. In addition, involving people who have experienced poverty is being attempted, and this should be developed further and adopted more widely in order to improve future initiatives as well as citizen communication and participation so as to enhance legitimacy through a 'shared ownership' approach. An important aspect missing to date seems to be lack of recognition of the opportunities provided by digital technologies for communicating and disseminating information, coordinating efforts by policy makers and other actors and, perhaps most importantly, providing tools for people directly experiencing poverty to achieve better control over their lives and over the lives of their families and communities. The role and potential of digital social innovation is thus further explored in Chapter 10.

## 4. Cohesion Policy and the Structural Funds

EU Cohesion Policy is budgeted to spend 325 billion Euros between 2014 and 2020 and aims to reduce disparities between Member States and regions.<sup>28</sup> The EU Structural Funds, which form part of cohesion policy, are largely focused on improving research and innovation capacities and ecosystems with the objective of regional growth and economic transformation. The Structural Funds have supported innovative approaches for many years and particularly since the 1989 reform which introduced four principles (additionality, concentration, partnership and programming) into the revised regulations.<sup>29</sup>

For 2014-2020 social innovation has been explicitly integrated into the Structural Funds Regulations and reporting mechanisms. This has the aim of making it easier for Member States and regions to invest in social innovation using existing EU financial instruments. In order to support Member States in doing this, thematic guidance has been provided on social innovation.<sup>30</sup> The structural fund regulations for 2014-2020 will offer new opportunities for social innovations linked to social inclusion, migration, urban regeneration, the social economy, microfinance, health and ageing, incubation, workplace innovation and regional strategies.

The central role of social innovation throughout is demonstrated by the explicit requirement of reporting on progress of actions in the field of social innovation. This requirement obliges the Member States to complement the 2017 and 2019 annual implementation reports of their operational programmes with specific information on actions in the field of social innovation.<sup>31</sup>

Both the European Regional Development Fund (ERDF) and the European Social Fund (ESF) have a delivery system based on the principles of 'shared management'. This means that the European Commission defines the overall strategic guidelines of investment and then agrees seven year investment programmes with the Member States which focus the resources on agreed objectives.

Within the framework of the structural funds, mechanisms have been developed to accelerate the transfer of good ideas across Europe. The ERDF has used the URBACT programme to link over 250 cities in learning and exchange projects on a range of themes, and additionally particularly innovative projects funded by either the ERDF or ESF can apply to participate in the RegioStars competition. These initiatives are both examined separately in Chapter 9 of this report, on 'Learning and Disseminating Best Practice'.

---

<sup>28</sup> 'Refocusing EU Cohesion Policy for Maximum Impact on Growth and Jobs: The Reform in 10 points': [http://europa.eu/rapid/press-release\\_MEMO-13-1011\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-1011_en.htm)

<sup>29</sup> European Commission, 'Guide to Social Innovation', 2013  
[http://ec.europa.eu/regional\\_policy/sources/docgener/presenta/social\\_innovation/social\\_innovation\\_2013.pdf](http://ec.europa.eu/regional_policy/sources/docgener/presenta/social_innovation/social_innovation_2013.pdf)

<sup>30</sup> Ibid

<sup>31</sup> Ibid



## 4.1 European Regional Development Fund

### 4.1.1 Summary of aims, objectives and outcomes

The ERDF finances direct aid to investments in companies – in particular small and medium sized enterprises (SMEs) – to create sustainable jobs as well as infrastructures linked notably to research and innovation, telecommunications, environment, energy and transport, but also social infrastructures like hospitals, schools and nurseries. The ERDF also provides financial instruments (capital risk funds, local development funds) to support regional and local development and to foster cooperation between towns and regions as well as technical assistance measures.<sup>32</sup>

The ERDF supports the development of social enterprise in a number of ways similar to the ways in which it supports other types of business. This can include finance for business advice and guidance or premises for start-up centres, amongst other types of support. One example of how the ERDF has been used to support social enterprise has been through the Yorkshire Key Fund. The Key Fund is now the fund manager for a range of social investment funds in four neighbouring regions and sub regions and has ERDF backing of £3 million (with matched funding provided of an additional £3 million from UK organisations).<sup>33</sup>

The ERDF has also been used to finance social innovation aside from social enterprise. For example, Finland has used the ERDF to co-finance a living lab based on health and welfare services. It combines technological advances with social innovations co-created by user groups, and brings together private enterprise and public services. This Living Lab was then a finalist of the 2013 RegioStars competition.<sup>34</sup>

For the period 2014-2020, investments under the ERDF will be concentrated on 4 key priorities: innovation and research, the digital agenda, support for small and medium-sized businesses (SMEs) and the low-carbon economy.

## 4.2 European Social Fund (ESF)

### 4.2.1 Summary of aims, objectives and outcomes

The European Social Fund was set up to reduce differences in prosperity and living standards across EU Member States and regions and promote economic and social cohesion. In particular, it acts to promote employment, educational attainment and poverty reduction. As such, it is the EU's main budgetary instrument for supporting vitally needed structural reforms and investments across the Member States in the areas of employment and social policy.

---

<sup>32</sup> Ibid

<sup>33</sup> <http://www.thekeyfund.co.uk/erdf-partners>, accessed 29<sup>th</sup> October 2014

<sup>34</sup> [http://www.tamk.fi/cms/tamken.nsf/\(\\$All\)/DF32677EB076E596C2257B11003D9820?OpenDocument](http://www.tamk.fi/cms/tamken.nsf/($All)/DF32677EB076E596C2257B11003D9820?OpenDocument), accessed 29<sup>th</sup> October 2014

The ESF works in partnership with about 117 Managing Authorities in Member States and regions and distributes funding to finance their operational programmes. These programmes then fund employment related projects which are run by a range of beneficiaries. Over the period 2007-2013 some €75 billion was distributed to Member States and regions, representing approximately 10% of the EU's total budget and reaching approximately 10 million people per year.

For the period 2014-2020, at least 20% of the investments under the ESF will be concentrated on social inclusion, including social entrepreneurship. Additionally, funds will be concentrated on education, employment and institutional capacity building.<sup>35</sup>

### 4.3 Strengths, weaknesses, achievements and challenges

The EU oversees a programme of monitoring and reporting with regard to how structural fund monies are spent. However, there is little data thus far as to the extent to which funds are being used to support social innovation and social entrepreneurship. More data is needed to understand whether funding is sufficient to help social entrepreneurs to become sustainable, and whether this is generating enough impact to justify resource flows.

Furthermore, although the funds are intended to help equalise social conditions across Member States, in practice if Member States lack capacity they are liable to not bid for their full quota of funding and in this case the funds are returned to the Commission. This is known as the 'regional innovation paradox'.<sup>36</sup> The causes of these difficulties in taking up EU funding include shortage of resources to co-finance projects, a lack of long-term strategic vision from policy-makers, low administrative capacity to manage funds in terms of insufficient human resources and skills, weak inter-institutional cooperation and underdeveloped public-private partnerships.<sup>37</sup> What this means in practice is that innovative grassroots projects will miss out on funding if there is a lack of capacity at governmental level. This problem was highlighted by the recent EU Regional Innovation Scoreboard report<sup>38</sup> and additional work needs to be done to build this capacity.

Both the 2009 World Bank report on the role of economic geography to local development<sup>39</sup>, and the 2009 Barca report for the European Commission on reforming cohesion policy<sup>40</sup> emphasised the importance of taking the interactions of economic geography and local and regional institutions into account, and of capitalising on the knowledge of local and regional actors by engaging them in participatory processes when delivering development policies to encourage innovation. It is

---

<sup>35</sup> European Commission, 'Guide to Social Innovation', 2013

[http://ec.europa.eu/regional\\_policy/sources/docgener/presenta/social\\_innovation/social\\_innovation\\_2013.pdf](http://ec.europa.eu/regional_policy/sources/docgener/presenta/social_innovation/social_innovation_2013.pdf)

<sup>36</sup> Oughton, C., Landabaso, M. and Morgan, Kevin John 2002. The Regional Innovation Paradox. *Journal of Technology Transfer* 27 (1) , pp. 97-110.

<sup>37</sup> [http://ec.europa.eu/news/pdf/2014\\_regional\\_union\\_scoreboard\\_en.pdf](http://ec.europa.eu/news/pdf/2014_regional_union_scoreboard_en.pdf)

<sup>38</sup> Ibid

<sup>39</sup> [http://siteresources.worldbank.org/INTWDRS/Resources/477365-1327525347307/8392086-1327528510568/WDR09\\_16\\_Ch08web.pdf](http://siteresources.worldbank.org/INTWDRS/Resources/477365-1327525347307/8392086-1327528510568/WDR09_16_Ch08web.pdf)

<sup>40</sup> [http://ec.europa.eu/regional\\_policy/archive/policy/future/pdf/report\\_barca\\_v0306.pdf](http://ec.europa.eu/regional_policy/archive/policy/future/pdf/report_barca_v0306.pdf)

encouraging that these approaches have been integrated into the Cohesion Policy for 2014-2020, and it is hoped that the national and regional implementation mechanisms in Member States will change as a consequence.<sup>41</sup>

#### **4.4 Conclusions and recommendations**

Member States are currently in negotiation with the Commission to decide on the support that they will receive from the period 2014-2020. It is too early to tell how they will interpret the new requirement to treat social innovation as a priority, and care will have to be taken that regions are not merely paying lip service to the idea. It will also be instructive to understand how different Member States are interpreting the requirement to fund 'social enterprise', given the variety of understandings of this term. There are however promising signs. For example, the EU is encouraging the use of Structural Funds to fill an identified gap in microcredit provision.<sup>42</sup> In Portugal it is being suggested that structural funding could be applied to create a wholesale initiative, 'Social Innovation Portugal', which would combine capacity building grants with a fund of funds for social investment.<sup>43</sup> This initiative is being supported by international social innovation experts, and this is no surprise for it is likely that managing authorities will require assistance at least at first in interpreting the new guidelines and realizing the possibilities that they bring.

---

<sup>41</sup> [http://ec.europa.eu/regional\\_policy/what/future/index\\_en.cfm](http://ec.europa.eu/regional_policy/what/future/index_en.cfm)

<sup>42</sup> <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2139&furtherNews=yes>, accessed 29<sup>th</sup> October 2014

<sup>43</sup> Miguel Poiaras Maduro, 'A Strategy for the Civil Economy in Portugal': <http://youngfoundation.org/wp-content/uploads/2014/08/Minister-Maduros-Speech.pdf>

## 5. Supporting Public Sector Innovation

The term public sector innovation goes back to the late 1960s in academic literature<sup>44</sup> but is a relatively new term in policy and practitioner circles in Europe.<sup>45</sup> It probably first appears in the late 2000s<sup>46</sup> and there have been an increasing number of important contributions since.<sup>47</sup> It builds, however, on a long tradition of efforts to understand and implement public sector change and modernisation, often in the context of new enabling tools such as Information and Communication Technology (ICT). In the 1990s, the New Public Management approach encompassed inter alia a strong emphasis on the need for the public sector to adopt private sector management disciplines.<sup>48</sup> These typically related to measurement, target setting and the often wholesale outsourcing of public sector functions to the private sector which was deemed to be more efficient in fulfilling them. In the 2000s, critics of this approach included Dunleavy and Margetts<sup>49</sup> as well as Stoker<sup>50</sup> in his proposals for Public Value Management that linked the changes seen or needed in the public sector to networked government and the need for open systems.

Other literature has grown up around and beyond these traditions, notably work on the embeddedness of public sector innovation in the politico-administrative system<sup>51</sup>, and from a public value perspective, the role of strategic management in government<sup>52</sup>. Public value is also examined in the context of ICT enabled public sector reforms<sup>53</sup> and is seen as contributing to making government processes more transparent and accountable through ‘transformational government’ and business process reengineering. More recently issues of ‘lean government’ and doing ‘more for less’ became prominent in the context of austerity to increase efficiency. These approaches also focus on the orchestration role of government. Present initiatives focus strongly on conceptions of ‘open government’, for example through the creation of the global Open Government Partnership (OGP), launched in 2011 to provide “an international platform for domestic reformers committed to making their governments more open, accountable, and

---

<sup>44</sup> Mohr, LB (2009) “Determinants of innovation in organisations”, in *American Political Science Review*, 63(1), 111-26.

<sup>45</sup> There is, as yet, no specific entry on ‘public sector innovation’ in Wikipedia.

<sup>46</sup> Mulgan, G (2007) “Ready or not? Taking innovation in the public sector seriously”, *Nesta Provocation 03*, April 2007, London.

<sup>47</sup> Such as Bason, C (2010) “Leading public sector innovation: co-creating for a better society”, The Policy Press, University of Bristol, UK.

<sup>48</sup> Hood, C. (1991). “A Public Management for All Seasons”, *Public Administration*, 69 (Spring), 3-19.

<sup>49</sup> Dunleavy, P and Margetts. H “New Public Management is Dead: Long Live Digital Era Governance”, *Journal of Public Administration Research and Theory*, July 2006.

<sup>50</sup> Stoker G (2006) “Public Value Management: A New Narrative for Networked Governance?”, *The American Review of Public Administration*, 3(1), 41-57.

<sup>51</sup> Niehaves B (2007) “Innovation Processes in the Public Sector – New Vistas for an Interdisciplinary Perspective on E-Government Research?” *Electronic Government*, vol. LCNS 4656, pp. 23-34, Springer.

<sup>52</sup> Moore MH (1995) “Creating Public Value: Strategic Management in Government”, Cambridge, Massachusetts: Harvard University Press.

<sup>53</sup> Cordella A & Bonina CM (2012). “A public value perspective for ICT enabled public sector reforms: A theoretical reflection”, *Government Information Quarterly*, 29, 512-520.

responsive to citizens.<sup>54</sup> Since then, OGP has grown from 8 to 64 participating countries in each of which the government and civil society are working together to develop and implement ambitious open government reforms.”<sup>55</sup>

Recent literature reflects these developments, for example, by conceptualising an open governance paradigm that, in addition to being efficient and effective, is highly participative, transparent and collaborative, both internally across the whole of the public sector and externally with all societal actors. This also encompasses new approaches to service design and delivery, including mass customization and design thinking, as well as open engagement that touches all parts of the public sector.<sup>56</sup> Such developments are predicated on a fundamental realignment of some traditional public sector functions, so that it significantly changes many of its roles and relationships, recognising that it does not have a monopoly on creating and innovating public value but that it still needs to provide society with long-term stability, continuity and investment. In this conception, the public sector also needs to retain its unique role as the only actor legitimized by a universal democratic mandate, making it the actor of last resort responsible for fairness, equal treatment, accountability, service quality and standards, citizen and human rights, and not least balancing society’s diverse, complex and often contradictory needs and interest groups through open decision- and policy-making.

On such a basis it is argued that, notwithstanding the requirement to often do ‘more for less’, the public sector can also achieve ‘more with more’ by maximising public value over the long-term through leveraging many of the often under used assets across society. This can be done by providing platforms for collaboration that provide support, incentives, resources, facilitation and arbitration where necessary, and where innovation, experimentation and user engagement are key factors. New flatter, networked and bottom-up governance models are part of this mix. Much of this is enabled or strongly reinforced by information and communication technologies (ICT), but is ultimately based on appropriate policies and leadership, as well as by building trust and being trustworthy. Despite the huge differences in institutional sizes, scope and histories, it is also clear there are many parallels and much potential for cross-fertilisation between public sector innovation and social innovation. For example, both emphasise moves towards open de-centralised and often bottom-up approaches, with strong emphasis on collaboration where processes aim to be transparent, inclusive and participative, whilst creating new solutions for meeting the individual and social needs of target beneficiaries.<sup>57</sup>

This chapter examines two important EU initiatives to support public sector innovation and what the relationship is between these and social innovation. First, how the EU’s research programmes support public sector innovation, and second a recent report from an EU-commissioned Expert

---

<sup>54</sup> Note, strictly speaking, the ‘government’ consists of the policy making body (mainly ministers) and is thus just one component of the ‘public sector’, but much of the literature does not make this distinction.

<sup>55</sup> <http://www.opengovpartnership.org>.

<sup>56</sup> Millard, J (2014 forthcoming) “Open governance systems: doing more with more”, in Government Information Quarterly.

<sup>57</sup> Ibid

Group on public sector innovation. Finally, a conclusion provides reflections and recommendations on future developments.

## 5.1 Public sector innovation in research programmes

### 5.1.1 Summary of aims, objectives and outcomes

Since at least the beginning of the Fifth Research Framework Programme (FP5) in 1998, the European Union has been supporting public sector related research mainly in the area of electronic government (e-government). These projects have been supplemented by other initiatives such as successive Europe-wide E-Government Action Plans laying out roadmaps for e-government at Member State and EU level, as well as various studies and pilots like the so-called Large Scale Pilots in which a number of countries collaborate to develop common standards in the areas of interoperability, e-procurement, e-ID and others. The perception and focus of e-government has undergone dramatic change over this period, from simply putting existing public services online, to transforming the structures and processes of government, making it lean and highly efficient, and today emphasizing the openness of government and the public sector. In this context the term ‘e-government’ has largely disappeared from the research programmes and been replaced by ‘ICT-enabled public sector innovation’. This emphasises the need for the public sector to fully exploit the potential of ICT to innovate and experiment, both in its internal structures and operations, as well as in its external relations to society, if it is to meet the challenges both face.

In the last ten years, EU support has also increasingly been given to research projects linking both public sector innovation and social innovation, although this is often difficult to define, but not on the scale of the e-government related research. In the early 2000s, FP5 funding supported two such projects: the PUBLIN project specifically aimed to get a better understanding of innovation in the public sector with a focus on health and social services in participating countries; and the SINCOGOM project which examined social innovation, governance and community building especially related to excluded groups. In the mid and late 2000s, FP6 funded two social innovation projects in education (INCLUDE-ED and LIFELEARNING 2010), one on civic participation (CIVICWEB), one on overcoming social exclusion (KATARSIS) and one on reconciling work and welfare (RECWOWE).

Many of the FP7 projects in the early 2010s – some of which are still ongoing – look at social innovation and social entrepreneurship and the third sector. The majority examine the overlap space between social innovation and public sector issues, as can be seen in the table below.

| Name      | Purpose/Goal   |
|-----------|--|
| ITSSOIN   | Impact of the Third Sector as Social Innovation  |
| CITISPYCE | Combating inequalities through innovative social practices of, and for, young people in cities across Europe                             |
| SOCIETY   | Social Innovation – empowering the young for the common good   |
| LIPSE     | Learning from innovation in public sector environments and specifically on the building blocks of social innovation in the public sector |

|              |  |
|--------------|--|
| IMPROVE      | Poverty Reduction in Europe  |
| WWWFOREUROPE | Welfare, wealth and work   |
| INNOSERV     | Developing a social platform for innovative social services                                  |
| WILCO        | Welfare innovations at the local level in favour of cohesion                                 |
| COCOPS       | Coordinating for cohesion in the future public sector  |
| SOCIAL POLIS | Providing an open social platform for dialogue between the policy and scientific communities |
| SERVPPIN     | Examining public-private innovation networks   |
| GUSTO        | Social and environmental policies in European countries                                      |
| CSEYHP       | Combating social exclusion among young homeless populations                                  |

The follow-on research programme to FP7 is Horizon 2020, directly embedded in the Europe 2020 Strategy and its goals. The first Work Programme of Horizon 2020, between 2014 and 2015, is currently underway but it is, at time of writing, unclear which projects will be supported although the focus areas of the calls are set. There is only one possibility for explicit social innovation research in the form of a 'Social Innovation Community' as a "network of networks", although there are many in the context of broader aspects of "new forms of innovation" such as open innovation. There are more opportunities for focusing on public sector innovation, including a strong focus on youth in relation to jobs, mobility and lifelong learning, as well as ICT in the public sector in terms of open government, learning and inclusion, and innovative mobile e-government applications by small and medium-sized enterprises (SMEs).

As an input to the 2014-2015 Work Programme, DG CONNECT published a paper on "A vision for public services"<sup>58</sup> after a wide-ranging expert workshop and open public consultation on 'ICT-driven public sector innovation'. This examined the drivers and trends of public sector innovation in terms of open government, open services and open participation, as well as perceiving government as a broad platform for public value creation which deploys experimentation and bottom-up innovation. In addition, it highlighted the technology tools and other enablers required to achieve these outcomes, including infrastructures and processes, open and big data, policy-modelling and -making, as well as new competences and mindsets within the public sector. Finally, it called for research which has a strong focus on addressing society's challenges as well as being academically robust.

Preparations for the Horizon 2020 Work Programme 2016-2017 are well under way and are expected to be adopted and published by the summer of 2015.<sup>59</sup> Expert Advisory Groups for each of the seven Societal Challenges making up Horizon 2020 have already developed detailed proposals for further consideration by the European Commission and Member States. For SC6, concerned with 'inclusive, innovative and reflective societies', where both social innovation and

---

<sup>58</sup> European Commission (2013a) "Research on social innovation - inventory of projects funded under the EU Research Framework Programme: FP7, FP6, FP5": [http://www.net4society.eu/\\_media/ssh-projects-fp7-5-6-social-innovation\\_en.pdf](http://www.net4society.eu/_media/ssh-projects-fp7-5-6-social-innovation_en.pdf)

<sup>59</sup> Presentation by DG Research and DG Connect at the kick-off meeting of the HORIZON 2020 Advisory Group on Societal Challenge 6, 28 March 2014 in Brussels.

public sector innovation are mainly focused, one of the proposed five thematic priorities recommended is most relevant in this context: 'building an open, engaging and innovative public sector'. The Rapporteur of the SC6 Advisory Group, Jeremy Millard (Danish Technological Institute)<sup>60</sup> summarises this thematic priority as follows:

*“Underpinning Europe’s policy, governance, investment and social support response to the crisis and its aftermath is the need for a more open, engaging and innovative public sector. This will continue to be the biggest actor in Europe, both because of its economic importance and because of its responsibility for ensuring that fundamental structures and systems around health, education, jobs, prosperity and sustainability are in place and are able to address Europe’s growing inequality and poverty. However, to drive the modernisation process and meet these requirements, the public sector needs to undertake some quite radical and far reaching structural re-designs, and to adopt new forms of policy innovation and experimentation, including lessons and approaches derived from the open and social innovation paradigms. ICT has already provided many benefits to public sector reform, for example by reducing its costs and administrative burden, but much more needs to be done through innovating and deploying digital technologies in new ways to design better policies and to co-create new services using, for example, open data, as well as to reconnect with citizens. This must take place at all levels, from local, to national, European and on a global scale through international cooperation, given that many 21st Century challenges do not respect political borders, and the biggest impacts are seen when the public sector as a whole is joined-up, interconnected and collaborative.”*

### **5.1.2 Strengths, weaknesses, achievements and challenges**

Overall, public sector innovation, as a relatively recent conceptual framework, has been well reflected in EU-supported research programmes, which in turn have been embedded within broader EC-facilitated Member State cooperation on e-government over many years.

The first work programme of Horizon 2020 has recognized public sector innovation as an important focus more explicitly and strongly than in FP7. This was an early and relatively successful attempt, drawing on a large number of policy makers, practitioners and researchers and an open process of consultation, to demonstrate the importance of ICT across the broad issues confronted by public sector innovation. It was able to provide a new and substantive focus for the erstwhile e-government paradigm, moving it away from any notion that 'e-government' is a separate entity from 'government', so that it is hardly possible to imagine any public sector innovation that does not employ ICT in some form. This means in turn that ICT is no longer the real focus but simply and critically one of the main tools for achieving many of the goals of the public sector. This move also underlines the fundamental realignment of earlier e-government thinking and activity towards collaboration, openness and new forms of innovation, including bottom-up and social innovation, where ICT is an important tool for joining-up the different parts of the public sector as well as joining the public sector to the rest of society.

---

<sup>60</sup> As member and Rapporteur of the SC6 Advisory Group, 4 August 2014.



The current status of preparation for the 2016-2017 Horizon 2020 work programme is also endorsed by a member of the SC6 Advisory Group, Christian Bason (Director of MindLab, Denmark).<sup>61</sup> In supporting the focus and detail of the approach, he emphasised that it should also bring an understanding of the evolution of public governance, moving from a layered approach starting with bureaucracy, to a market-driven paradigm and then to a new model led by ICT towards fundamental structural change today. Questions to ask include how has ICT modernised the public sector? What is an appropriate governance system fit for the 21st century? What is the role of the responsible citizen? What is the role of a responsible media? Is our democracy broken?

The ‘building an open, engaging and innovative public sector’ thematic priority should delve into a deeper systemic exploration. Systemic design is also an integrative and human-centred discipline, so design, innovation and diversity should be integrated into the approach. Part of this should encompass a strong focus on how public value is created and the extent to which this might be measured using, for example, return on investment tools, given the difficulty of so doing since quality of life and well-being also represent public value. We are witnessing a structural transition in which innovation teams and labs are vehicles that create space and both legitimise and enable innovation in government. An important issue is how to legitimise innovation in institutions that are normally built to be resilient, change averse and immobile? In this regard, the role of civil servants is critical.

## 5.2 Expert Group on public sector innovation

### 5.2.1 Summary of aims, objectives and outcomes

The overall objective of the Expert Group on “Powering European Public Sector Innovation: towards a new architecture”<sup>62</sup> is to address innovation in the public sector focusing on its internal (administrative) and external (policy) objectives. The Group notes that innovation through, or supported by, the public sector is also important but is beyond its remit. With this focus, its report examines the key principles, approaches, policies, opportunities and barriers to public sector innovation at EU and Member State level. Public sector innovation is “defined as the process of generating new ideas, and implementing them to create value for society either through new or improved processes or services. The available evidence indicates that innovation in the public sector mostly happens randomly, rather than as a result of deliberate, systematic and strategic efforts. Innovation in the public sector, through strategic change, needs to become more ‘persistent’ and ‘cumulative’, in pursuit of a new and more collaborative governance model”.<sup>63</sup> Although much can be done in individual Member States, the European institutions should also play significant roles in fostering innovation across Europe.

---

<sup>61</sup> Brussels, 6 July 2014. Note, Christian Bason was also the Chair of the Expert Group on “Powering European Public Sector Innovation: towards a new architecture”.

<sup>62</sup> European Commission (2013) “Powering European Public Sector Innovation: Towards a New Architecture”: [http://ec.europa.eu/research/innovation-union/pdf/PSI\\_EG.pdf](http://ec.europa.eu/research/innovation-union/pdf/PSI_EG.pdf)

<sup>63</sup> Ibid

The Group recognises numerous barriers to public sector innovation including weak enabling factors or unfavourable framework conditions; lack of innovation leadership at all levels; limited knowledge and application of innovation processes and methods; and insufficiently precise and systematic use of measurement and data. The Group concludes that to overcome these barriers Europe needs a new policy framework for its public sector, built on a pro-active and engaging narrative of institutional innovation and an ethos of stewardship in the use of public funds. This framework should be built on a number of design-principles that should be embedded across the public sector:

- Co-design and co-creation of innovative solutions (with other Member States, other parts of government, businesses, the third sector and citizens).
- Adopting new and collaborative service delivery models (across public, private and non-governmental actors, both within and across national borders).
- Embracing creative disruption from technology (the pervasive use of social media, mobility, big data, cloud computing packaged in new digital government offerings).
- Adopting an attitude of experimentation and entrepreneurship (government itself needs to become bolder and more entrepreneurial).

The Group recommends that these principles should be mainstreamed throughout the entire ecosystem of public sector actors for the greatest gains in quality, efficiency, fairness, transparency and accountability, and that this can be achieved through three main initiatives:

*“Firstly, there should be a Public Sector Innovation Platform to act as a coordinating body, ensuring maximum leverage of the resources and activities applied across the EU in order to drive strategic and systematic innovation within Member States and the EU institutions. There should also be a three-year Public Sector Innovation Mainstreaming Programme to carry out a comprehensive review process of major EU initiatives, leading to proposals for concrete changes that will help catalyse innovation as an integral part of existing processes across the Member States and EU institutions. A New Public Sector Innovation Movement should be incited, starting with the launch of a series of small-scale, highly networked activities that build on how social movements form and scale-up.”<sup>64</sup>*

In conclusion, the Group roughly estimates the collective investment at €5 billion over five years, but the Members of the Expert Group are confident that such an investment will pay off in light of the expected benefits: the quantifiable benefits could reach EUR 50 billion by 2020.

---

<sup>64</sup> Ibid

## 5.2.2 Strengths, weaknesses, achievements and challenges

The main strength of the Expert Group's report is twofold. First, it contains a robust and geographically representative analysis of the barriers and potentials of public sector innovation across Europe. Second, it includes ambitious but also realistic recommendations that could, if carried out in the manner proscribed, deliver significant benefits and cost savings over the long term. This report is the first attempt of its kind at this level to survey the field and provide a clear forward path for delivering the opportunities that public sector innovation promises.

However, there are also a number of weaknesses and continued challenges revealed by the report. First, and beyond the immediate control of the Expert Group itself, there is no explanation of either the provenance of the report, nor the use to which it could be put. It is unclear both what its intended role is and how it relates to other ongoing policies and programmes. Although the report contains relatively detailed proposals concerning how its individual recommendations might be mainstreamed within existing European programmes and initiatives, it proposes no clear articulation or roadmap of how and when these recommendations might be implemented. There is thus a strong risk that this otherwise important report will become side-lined or forgotten as it does not appear to be embedded in any ongoing process.

Second, in terms of content it appears to suffer at least to some extent from the departmentalism inherent across the European Commission in responding mainly to the remit of DG Research and Innovation. This is valuable, but the perspective of other DGs appears to be lacking. For example, there is good understanding in DG Connect of the role of ICT and how this is transforming the public sector and the need to demonstrate this in practical projects over a three year period. However, the report does not adequately cover the deeper transformation ICT is likely to have.

Indeed, a general weakness of the report is that its view of innovation is largely of short-term technocratic change exploiting existing ICT systems and capabilities, rather than the equally significant longer-term prospects of the impacts of highly rapid technological innovations. Examples include developments in areas like Web 3.0 and Web 4.0, G4 and G5 mobile, the Internet of Things, virtual reality, gamification, artificial intelligence and the meshing of the virtual and physical worlds through augmented reality. Many of these technologies are already starting to revolutionise areas like health (such as the mass customization of health care and mobile body monitoring, maintenance and repair), education (massive online open educational courses) and democracy and participation (participatory budgeting, conflict resolution and local planning).

Each of these are clearly external (policy) objectives of the public sector and thus within the Group's brief. Given the highly departmentalised structure of the EC, and the current mainly short-term preoccupations of most national governments, this is perhaps to be expected. However, seen in light of both the remit and intellectual resources of the Expert Group, an opportunity may have been missed to also address such issues, in addition to short-term and pressing challenges.

Related to this, the report also fails to take account of the policy and political systems and how they operate. Indeed, in this sense, the report is somewhat technocratic and sees this as entirely separate from the functioning of these systems. These systems are important especially in the current period of austerity and early post-crisis recovery, to which the report directly responds. However, these systems are subject to change over the medium- to longer-term, but the report provides no hint or exploration of alternative policy scenarios and the policy processes required to achieve them, in which the outcomes expected of public sector innovation are likely to be quite different. For example, in addition to tackling societal challenges like the ageing society, rising social security and healthcare costs and high youth unemployment to which the report refers, there are other long-term issues not considered, but which further reinforce these challenges. These include diminishing resources for social investment, growing exclusion, inequality, poverty and, as well as governance challenges such as the increasing challenges of tax collection and security in a globalized world and more opportunities for corruption. All these issues, and others, are increasing in severity and becoming more visible in both national and EC policy discussion and policy-making, but it is difficult to see how the public sector innovation outlined in this report might tackle them. (See, for example, the European Platform against Poverty and Social Exclusion in Chapter 3).

Another weakness of the approach the report adopts is the absence of any consideration of how public sector innovation relates to technological innovation and to broader developments and reassessments of the role of innovation across society as a whole. New forms of innovation are being recognised, promoted and subject to experimentation, not least in relation to social, open, user driven, inclusive and bottom-up forms of innovation. Public sector innovation is demonstrably part of this process of re-evaluating and reinventing innovation, and can and should contribute to and learn from this debate. In the report public sector innovation is largely treated as a stand-alone phenomenon perhaps reflecting a traditional view of the public sector as being separate from the private sector and civil society. The report could have benefited from some anchoring in other emerging forms of innovation in order to put it in context and to see how cross-fertilisation and mutual learning between public sector innovation and its technological forebear might be promoted.

Despite these criticisms within its own terms the report has clearly articulated arguments and is well executed. The failings identified above appear to derive as much from the terms of reference and the brief that the Expert Group was given, than to any lack of vision on the part of the Expert group itself. Nevertheless this context is glaringly absent from the report or in the summaries on relevant EC websites.<sup>65</sup>

### 5.3 Conclusions and recommendations

---

<sup>65</sup> Such as <http://ec.europa.eu/digital-agenda/en/news/powering-european-public-sector-innovation-towards-new-architecture>

EU-supported public sector innovation initiatives have progressed from the nostrums of New Public Management and e-government in the 1990s, to more comprehensive modernisation and reform conceptions of open and collaborative governance today in which the role of innovation is explicitly promoted, often enabled by ICT. This development has been well reflected in the framework research programmes, with proposals for Horizon 2020 showing that it is likely to continue and be strengthened in future. The “Powering European Public Sector Innovation: towards a new architecture” report marks a milestone in putting public sector innovation firmly on the map at European level, built on clear analysis and many relevant examples, and provides ambitious yet achievable recommendations. However, it suffers from an unclear context and lack of forward positioning in European programmes and initiatives, whilst its considerations are somewhat constrained by emanating from a single DG. It also tends to take a short-term and largely technocratic approach separate from the policy and political processes to which it needs to relate, and its analysis and prognosis could have been usefully supplemented with a longer-term approach looking beyond the immediate concerns of austerity and early post-crisis recovery, however important these are. The absence of any linking to other new and emerging forms of open, bottom-up, inclusive and social innovation also misses an opportunity to see public sector innovation as an integral part of broader societal changes.

A broader comment on EU-supported public sector innovation activities, related specifically to the Expert Group report examined in section 3, but which is relevant more generally, comes from Paul Waller (Research Fellow, Brunel Business School, UK, and former UK civil servant).<sup>66</sup> He posits that an underlying problem in looking at public sector innovation in the ways described is that they tend to assume that public bodies are like autonomous service businesses and their managers have the power to change what they do and how they do it in order to meet the needs of their clients. Hence phrases like ‘public entrepreneurship’ in the Expert Group report. In reality, the public sector is a complex and variegated system consisting of a number of policy goals and policy means, each of which operates quite differently depending on the level concerned: the macro policy level of aims and implementation preferences, the meso programme level of operationalisation, and the micro level of on-the-ground measures.<sup>67</sup> These policy goals, means and levels determine the type and scope of innovation or reform possible. These range from choosing to regulate a competitive market rather than to act directly through a public organisation such as in healthcare and utilities at the macro policy level, to the instruments to use to implement this policy at the meso level, and then to changing the specific settings and tools used on the ground at the micro level.

Paul Waller contends that much of the debate about public sector innovation is about the micro level, or sometimes the meso level, but here the scope for discretion (and hence innovation) by managers is minimal. Indeed, there is potentially a conflict between managerial empowerment and the principles of objectivity in administration and legality (e.g. in the potential for bias or corruption). Everything is predetermined by that point, being more or less set in stone when a public function is defined in detail by legislation. Innovation is possible, and sensible exploration

---

<sup>66</sup> Paul Waller was also language editor of the Expert Group report on “Powering European Public Sector Innovation: towards a new architecture” (European Commission 2013b).

<sup>67</sup> Howlett, M (2009) “Governance modes, policy regimes and operational plans: a multi-level nested model of policy instrument choice and policy design” in *Policy Sci*, 42: 73-89.

can be done, but it needs to be grounded in the language and structures of policy design, public administration and administrative law, not models of the 'public sector as service businesses'. This analysis applies to the use of ICT as well, i.e. it needs to be related to these different functions and levels that determine the actual structure and modus operandi of the public sector.

As mentioned above, this chapter has shown that there are many parallels and much potential for cross-fertilisation between public sector innovation and social innovation. For example, both are interested in the societal level and in systemic change, despite operating mainly at micro at meso levels. Both emphasise moves towards open de-centralised and often bottom-up approaches, with strong emphasis on collaboration where processes aim to be transparent, inclusive and participative, whilst creating new solutions for meeting the individual and social needs of target beneficiaries. However, these links and synergies remain to be adequately exploited although some moves in this direction are apparent in current developments within the HORIZON 2020 research programme which should arguably be strengthened. Stronger linking is also needed to other relevant initiatives, both in the European Union (e.g. Joinup, the common portal for e-Government solutions), DG CONNECT's e-practice.eu portal, and globally (e.g. the OECD's Observatory of Public Sector Innovation). In terms of promoting good practice, links should also be made to the European Public Sector Awards organised by the European Institute of Public Administration (EIPA) since 2009, and to the Prize for Innovation in the Public Sector launched by the EC in 2012.

However, what is perhaps remarkable is that although the majority of FP5, FP6 and FP7 social innovation projects have strong, sometimes dominant, relevance for public sector innovation (22 out of 33, 61%), the European debate and research around the latter rarely, if ever, refers to, or draws upon, research or other findings from social innovation. Although this public sector innovation debate has recently begun to examine the role of social entrepreneurship and civil society and their relations to the public sector, the theories and concepts drawn upon invariably remain focused on the private sector and market models. Social innovation concepts and approaches are largely absent. This may partly be explained by the more recent emergence of social innovation as a mainstream issue, and thereby its under-developed theoretical and conceptual repertoire compared to commercial and market approaches, this does represent a blind spot in the public sector innovation debate. This continuing market dominance is perhaps reinforced by the financial crisis and the focus on value for money, but should urgently be rectified, as also mentioned above in relation to the need for more emphasis on longer-term policy challenges. This would maximise the important potential synergies which exist between social innovation and public sector innovation, and avoid replicating research and related activities across different subject areas and disciplines.

In this context, it might be appropriate to better understand the strengths of the public sector in adopting and supporting social innovation approaches, such as its control over large resources, its scope in terms of size and reach, and its networking and partnering capabilities. Weaknesses, however, might be seen as the public sector's tendency to be top-down and hierarchical, traditionally slow and not used to innovation. Further, attempts to introduce some aspects of social innovation into the way the public sector operates, such as in the UK's so-called 'Big Society' initiative, which is attempting inter alia to supplement and sometimes to replace the role of the

public sector in public service delivery through partnership with civil society organisations and volunteers, have also been strongly criticised. There is a danger that these attempts too often treat such partners as cheap and largely unqualified labour, leading to highly variable quality standards and increasing post-code lotteries in service provision, making it more difficult to provide joined-up services around an individual beneficiary, and that also pose threats to civil servant professionalism and career structures. These issues also need to be mitigated by a better understanding of how the public sector actually operates, and arguably needs to operate, as outlined by Paul Waller, given its reliance on public policy decisions which limit the scope for innovation more than often envisaged, although noting that innovation is still possible and potentially transformative if this is taken into account.

## 6. Scaling and Incubating Social Innovation

In March 2012, The European Commission held an event titled ‘How do we incubate social innovation in Europe?’ This brought together over fifty participants to discuss the most effective trans-national methods to incubate social innovation and social enterprise. At the end of the conference delegates had three clear messages: stories needed to be shared which illustrated the impact of social innovation incubation, lessons should be learned from tech-based incubation, and European funding tools needed to be utilized to provide support for scaling up.<sup>68</sup> Shortly afterwards, in July 2012, a call was issued by DG Research and Innovation to provide two million Euros in funding to support up to two transnational networks of incubators, which could scale up social innovations from a local level across Europe. As a result of this call, BENISI and Transition emerged as twin projects with one goal: to incubate hundreds of promising social innovations across Europe, and capture learnings in the process.

### 6.1 BENISI

#### 6.1.1 Summary of aims, objectives and outcomes

BENISI stands for ‘Building a European Network of Incubators for Social Innovation’. It is a 36-month project, running from May 2013 to April 2016. The consortium brings together twelve organisations<sup>69</sup> from seven different Member States and is led by i-propeller, a social innovation and entrepreneurship research consultancy based in Brussels, Belgium. The partner organisations represent diverse interests such as the co-operative movement, the public sector, the social economy and the charity sector. The network aims to identify at least 300 social innovations with a high potential for scaling successfully, and ensure the delivery of necessary support services to those social innovations. It has four key goals:

1. Increase the innovation capabilities of social innovators
2. Support small and locally successful social innovations to be implemented across Europe
3. Provide new evidence of the role of incubators and networks in accelerating and scaling up social innovations,
4. Test social incubation processes and show what works and how across Europe

BENISI defines scaling social innovations as ‘making them grow in and beyond their locality by providing them with support and financial services’. BENISI is acting to scale a variety of social innovations, including public sector initiatives, projects led by social enterprises, informal initiatives led by individuals and initiatives that do not fall into any of these boxes. Partners are given freedom

---

<sup>68</sup> [http://ec.europa.eu/enterprise/policies/innovation/files/sie-incubators-workshop-newsletter\\_en.pdf](http://ec.europa.eu/enterprise/policies/innovation/files/sie-incubators-workshop-newsletter_en.pdf), accessed 29<sup>th</sup> October 2014

<sup>69</sup> These organisations are: i-propeller, Impact Hub, Dysis [European Research and Development Service for Social Economy], Eurada [European Regional Authorities Development Agency], Impact Hub Vienna, Impact Hub King’s Cross, Impact Hub Stockholm, Impact Hub Bucharest, Impact Hub Amsterdam, Impact Hub Milan, Fondazione Cariplo and Perforde [European Network of the Foundations for Social Economy].



to use their own methodologies for scaling, with the aim of identifying successful strategies and adjusting processes over the life of the project.

The consortium acts as a ‘network of networks’, as many of the partner organisations are hubs for social enterprise activity globally and are extremely well connected. Partner organisations are brought together around four key activities or ‘axes’. These are:

1. To provide a new infrastructure for knowledge sharing based around five geographic clusters.
2. To reach across different types of social innovations and social innovation actors
3. To provide a flexible framework for different types of scaling (capacity building, branching, dissemination of knowledge and affiliation)
4. To foster an open network structure which allows diverse stakeholders to participate

BENISI partners have created a ‘Social Innovators’ Accelerators Network’<sup>70</sup> to support their scaling work, which connects BENISI members to supportive partners such as TrustLaw Connect.<sup>71</sup> To date, BENISI partners have worked with 150 different social innovations, and are not yet half way through the project. Alberto Masetti-Zannini, BENISI co-ordinator for the Impact Hub Network, observes that the programme has enabled much deeper collaboration between the six impact hubs involved. In particular, he notes that they would never previously have had the resources to help members to expand into other countries, or been able to link them to such a variety of supportive institutions.

## 6.2 Transition

### 6.2.1 Summary of aims, objectives and outcomes

Transition, or the ‘Transnational Network for Social Innovation Incubation’ is a 30-month project (September 2013 – February 2016) that supports the scaling-up of social innovations across Europe by developing a network of incubators which brings together established partners within the fields of social innovation (SI) and innovation-based incubation (IBI). Transition is also providing learning output on which scaling methodologies are most effective in a given region, and the level of impact of these methodologies when transferred between regions.

Transition is coordinated by the European Business & Innovation Centre Network (EBN), a European network of innovation-based incubators. Partners in the consortium are all pioneers in social innovation and incubation, and provide a broad geographical spread for six Scaling Centres<sup>72</sup>: In addition to the six scaling centres, Nesta (UK) and Social Innovation Exchange (UK) have been commissioned to evaluate the programme to make sure learning is shared.

---

<sup>70</sup> <http://www.BENISI.eu/sian>, accessed 29<sup>th</sup> October 2014

<sup>71</sup> <http://ebn.be/>, accessed 29<sup>th</sup> October 2014

<sup>72</sup> These are New Factory (Finland), Paris Region Innovation Centre (PRICE), WestBIC (Ireland), Politecnico Milano (Italy), Denokii (Spain) and The Young Foundation (UK).

The six scaling centres have taken a shared approach to finding social innovations that could benefit from the programme (the 'Social Innovation Journey'). For the first cohort of ventures, each centre held a 'Spark' session which was promoted widely amongst the social innovation community. After this day of networking, social innovators were encouraged to apply to their local centre for support covering design, financial matters, legal advice, social impact and business coaching to help them scale. For example, at The Young Foundation, this involved organizers holding four compulsory sessions over a period of four months, culminating in a 'demo day' where organisations had the chance to meet funders and sector experts.

In addition to this, Transition recently launched the 'Transnational Start-Up Lab' programme. This involves identifying social innovators who might benefit from the opportunity to introduce their social innovation to another European country, and supporting and accelerating them to make this happen.

### **6.3 Strengths, weaknesses, achievements and challenges**

In these incubation examples, research and practice have been well integrated from the beginning. Not only does each project include an evaluation element, but additionally the Transition project looked to the Tepsie research project in order to develop their definition of social innovation. BENISI and Transition are also planning to hold their mid-way conferences alongside the conferences of the FP7 research projects, Tepsie and SI Drive.

Moreover, both BENISI and Transition have used existing infrastructure and networks to find and scale social innovations, which has been one of their strengths. As a consequence the projects are reaching a large number of social innovators, and amassing a large amount of research data to aid future learnings. That said, individual centres have still found it challenging to reach enough social innovators who fit their minimum criteria and this may be partly because the figure of three hundred innovations to be scaled up is too ambitious. Those involved in both projects expressed the view that scaling up three hundred social innovations using one million Euros of funding was an ambitious goal and one that could only be realized by mobilising extra resources and by using a modified understanding of scaling. For this reason, BENISI is now focusing on facilitating peer to peer support between different social innovations and involving new actors in the process of scaling such as foundations and angel investors, while Transition defines scaling as something that occurs between stages of growth.

Another challenge experienced by those working on these projects was the wide variety of social innovation projects that they are working with, and the way in which this differs across Europe. For example, Max Bulakovskiy, the initial co-ordinator of BENISI, observed that projects in Northern Europe tended to be more focused on environmental issues ('smart growth'), whereas those in the South were more classically 'social' ('inclusive growth'). These differences have made it harder for learnings to be straightforwardly transposed from one context to another, and have also made the designing of a common curriculum more difficult. Similarly, Bulakovskiy commented that when the project began, he had assumed that organisations would follow similar and specific scaling

trajectories, whereas the actual experience of the project has been that organisations have idiosyncratic journeys to scale.

With so many partners and so many innovators, Bulakovskiy identified a final challenge around guaranteeing the quality of the support that was offered in addition to its appropriateness for the innovator in question.<sup>73</sup>

While some might question the wisdom of having two partner projects that are extremely similar, Chiara Davalli from the European Business Network explained that the two have in fact adopted quite different approaches.<sup>74</sup> In particular, BENISI has focused on spreading social innovations, whereas Transition has focused more on supporting the innovators themselves. This is perhaps not surprising given the fact that the original call spoke of building a network of incubators to scale social innovation, a concept which combined early stage support with latter stage expansion and for this reason invited added focus.

## 6.4 Conclusions and recommendations

It would be beneficial in future to encourage clearer links between Horizon 2020 social innovation research projects and practical social innovation projects such as BENISI and Transition. Hybrid research and development projects could be developed to better link practices and research. While such initiatives should continue to use existing networks, they would nevertheless benefit from substantially increased funding. It was suggested that realistically €20-30,000 are needed to scale one innovation, whereas the current programme budgets provide for about a tenth of this cost. More private sector involvement may help to attract more funding, as would better links between these projects and social investment intermediaries. This would also allow for more learning and sharing between the social innovation sector and commercial business. In particular, the definition of social innovation could be widened so that more ideas and projects from the private sector were included as eligible for support. Another way to increase funding would be to collaborate with foundations, which could match fund some of this activity.

---

<sup>73</sup> Interview with Max Bulakovskiy, 7<sup>th</sup> July 2014

<sup>74</sup> Interview with Chiara Davalli, 25<sup>th</sup> July 2014

## 7. Supporting Social Enterprise

Although the EU has done previous work in the field of the social economy, the Commission's flagship programme for supporting social enterprise in recent years has been the Social Business Initiative (SBI). This communication<sup>75</sup> was adopted on 25 October 2011 and featured three strands of action thought to have the potential to make the biggest difference to the lives of social entrepreneurs. These were improving access to finance, giving social enterprises more visibility and optimising the legal environment.

### 7.1 The Social Business Initiative

#### 7.1.1 Summary of aims, objectives, achievements and outcomes

The Commission defined social enterprises as covering the following types of business:

- those for which the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation;
- those where profits are mainly reinvested with a view to achieving this social objective;
- and where the method of organisation or ownership system reflects their mission, using democratic or participatory principles or focusing on social justice.

At the launch event for the SBI (Conference on 18 November 2011<sup>76</sup>), Commissioner László Andor described the initiative as "an invitation to national and regional governments and stakeholders to develop eco-systems for social enterprise, to strengthen efforts at national and regional levels, and to make best use of the Structural Funds and other available sources of support."<sup>77</sup>

Under the three headings, eleven different actions were identified, of which nine have been completed and two remain in progress. They are assessed below, with information taken from the Commission's own progress report<sup>78</sup> and interviews with relevant actors at the Commission.

#### *Improving access to finance*

1. *Create a regulatory framework for funds which invest in social enterprise.* The Commission has established the regulatory instrument of a European Social Entrepreneurship Fund (EuSEF) with the aim of helping social entrepreneurs get easier access to finance through creating greater clarity and standardisation around what can be marketed as a social

---

<sup>75</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0682:FIN:EN:PDF>

<sup>76</sup> [http://ec.europa.eu/internal\\_market/social\\_business/docs/conference/18112011\\_programme\\_en.pdf](http://ec.europa.eu/internal_market/social_business/docs/conference/18112011_programme_en.pdf)

<sup>77</sup> Mr. László Andor, EU Commissioner responsible for Employment, Social Affairs and Inclusion 'Using social business to improve the European economy' Social Business Initiative Conference Brussels, 18 November 2011

<sup>78</sup> [http://ec.europa.eu/internal\\_market/social\\_business/docs/expert-group/updated-follow-up\\_en.pdf](http://ec.europa.eu/internal_market/social_business/docs/expert-group/updated-follow-up_en.pdf)

investment fund.<sup>79</sup> The aim is that a label will boost investor confidence and encourage investment in social enterprises. The instrument has been available to investors since July 2013, however currently only one EUSEF has been registered, although more are being discussed.

2. *Encourage the development of microcredit in Europe.* A European Code of Good Conduct for Microcredit Provision was published in October 2013. The Employment and Social Innovation Programme contains components named 'Progress Microfinance' and 'Microfinance and Social Entrepreneurship', which will extend the support given to microcredit providers and institutions in order to make more loans available. The latest Commission report on this topic found that over 20,000 entrepreneurs have already benefited from loans and guarantees worth a total of €182 million under the European Progress Microfinance Facility. However, an accompanying external study also found that there is unmet demand for microloans throughout Europe and a gap of roughly €2.7 billion in the market.<sup>80</sup>
3. *Set up a c. €90 million EU financial instrument to provide easier access to funding for social enterprises.* This has been established under the 'Microfinance and Social Entrepreneurship' axis of the programme EaSI and will not directly finance social entrepreneurs but instead will enable selected social enterprise investors to increase lending. DG Employment has entered into a partnership with the European Investment Fund in order to deliver this instrument. They hope to start awarding funds at the beginning of 2015.
4. *Make social enterprises an investment priority of the European Regional Development Fund and European Social Fund from 2014*<sup>81</sup>. Regulations on Structural Funds were adopted on 17 December 2013. These included an investment priority to support social enterprises. At the moment information on take-up is limited, but more data will be released in the Autumn by DG Employment and DG Regional Affairs who administer the funds.

#### *Increasing the visibility of social entrepreneurship*

5. *Establish a register of social enterprises in Europe.* This ambitious project should be completed by the end of 2014 and is being done by research company ICF International. It will map the social enterprise sector i.e. characteristics, business models, economic weight, growth potential, tax regimes, in order to identify best practices.<sup>82</sup>
6. *Create a public database of labels and certifications applicable to social enterprises in Europe to improve visibility and comparison.* This is waiting on the mapping exercise above to be completed.

---

<sup>79</sup> <http://evpa.eu.com/wp-content/uploads/2013/07/Summary-of-EuSEF-and-AIFMD.pdf>, accessed 29<sup>th</sup> October 2014

<sup>80</sup> <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2139&furtherNews=yes>, accessed 29<sup>th</sup> October 2014

<sup>81</sup> [http://ec.europa.eu/regional\\_policy/what/future/proposals\\_2014\\_2020\\_en.cfm](http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm)

<sup>82</sup> [http://ec.europa.eu/internal\\_market/social\\_business/docs/expert-group/20131128-sbi-sector-mapping-study\\_en.pdf](http://ec.europa.eu/internal_market/social_business/docs/expert-group/20131128-sbi-sector-mapping-study_en.pdf)

7. *Help national and regional governments introduce measures to support, promote and finance social enterprises.* In February 2013, the Commission published a 'Guide to Social Innovation' with a section on how public authorities can best be supportive within the context of the Structural Funds. In addition, the 2015 Regiostars competition (which recognises Europe's most promising and innovative regional projects) will contain possibilities for projects with social enterprises. The Commission has said that it is preparing to facilitate peer to peer learning and also to provide strategic and operational assistance in setting up and improving schemes to support social entrepreneurship, however much concrete action in this area is waiting on the new Commission to begin work at the end of 2014.
8. *Create a multilingual exchange platform for social entrepreneurs and investors;* The Social Innovation Europe platform was launched in March 2011 as a pilot project, and is expected to be enhanced under Horizon 2020. However, the SBI has not yet fully delivered on its promise to provide content in multiple languages.
  - *Increase the visibility and accessibility of EU programmes to support social entrepreneurs* (such as ERASMUS for young entrepreneurs, TEMPO, 'Youth in Action' 2007–2013, and HORIZON 2020). These programmes generally contain discrete components with the potential for social entrepreneurs to win funding. They have continued to be promoted by the Commission, although there would certainly be scope for more publicity.

#### *Making the legal environment friendlier for social enterprises*

9. - *Simplify the rules regarding legal recognition as a European Cooperative Society in order to make it easier to create them.* The legal statute for a European Co-operative Society was created to guarantee equal terms of competition between cooperative societies and capital companies when working across borders. At first it was thought that the rules needed to be simplified to encourage take-up, however as part of the SBI it was decided that there were other factors aside from complexity that were preventing people from registering European Cooperative Societies, mainly a lack of awareness of the instrument itself. The Commission say they are taking steps to address this so that it will be easier for people to engage in cross-border co-operative operations.
  - *Put forward a regulation creating a legal status for European foundations in order to facilitate foundations' cross-border activities;* The Commission adopted a proposal for a European Foundation for the purpose, however this was blocked at European parliament level.
  - *Conduct a study on the situation of mutual societies across Europe in order to examine their cross-border activities.*<sup>83</sup> This study was launched in November 2011 and results were published in October 2012. The Commission are now considering a European Mutual Society Statute, however there is disagreement between Member States which is delaying its adoption.

---

<sup>83</sup> [http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/social-economy/co-operatives/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/social-economy/co-operatives/index_en.htm)

10. *Make quality and working conditions more important criteria for the awarding of public procurement contracts, particularly for social and health services.*<sup>84</sup> New Procurement rules were adopted on the 17<sup>th</sup> April 2014 which allow purchasers to take into account the process by which goods or services are being produced and any social value that may be associated with that. DG Internal Market and Services is helping Member States in the process of incorporating these into their national law, however this may take up to two years, so it is too early to assess any effects.
11. *Simplify the rules for awarding public aid to social and local services.* Following a public consultation, the Commission adopted a new Services of General Economic Interest (SGEI) package on 20<sup>th</sup> December 2011 in order to define the conditions under which state aid in the form of public service compensation can be considered compatible with EU rules. A specific SGEI *de minimis* regulation was adopted in April 2012 which establishes a threshold below which compensation is not deemed aid. This could benefit social enterprises, when they provide social services or services that do not have an effect on trade between Member States.<sup>85</sup>

In addition to these key actions and following the explicit mentioning of this in the Single Market Act II of October 2012, the European Commission set up an expert group on social entrepreneurship (GECES) which consists of practitioners and experts in the field who advise on policy and implementation. This group formed a sub-group on social impact measurement<sup>86</sup> in order to agree a methodology which could be applied across the European social economy? A report<sup>87</sup> was drafted and adopted in June 2014 by the GECES.

## 7.2 Strengths, weaknesses, achievements and challenges

EU officials that we spoke to considered that the initiative had been successful at putting the social economy high on the European agenda. It was noted that the wide scope of the actions implemented have addressed both the supply and demand aspects of the social economy. In addition, public money has been mobilised to support social enterprises through EaSI, and also through reform of the Structural Funds.

One interviewee at the Commission noted that the amount made available for investment in social enterprise through EaSI (86 million Euros) is extremely small when divided between the twenty-eight Member States and the length of the programme (2014-2020). However, as this is the first fund of its kind supported by the Commission, it may be that the intention here was to pilot one approach to funding social enterprises. In addition, other EU wide initiatives have also been set up to fund social enterprises outside of the scope of the SBI. For example, the European Investment Fund launched a Social Impact Accelerator in May 2013. This is also organised as a ‘fund of funds’ and aims to build up the existing market infrastructure for social impact investing.

---

<sup>84</sup> [http://ec.europa.eu/internal\\_market/publicprocurement/modernising\\_rules/reform\\_proposals\\_en.htm](http://ec.europa.eu/internal_market/publicprocurement/modernising_rules/reform_proposals_en.htm)

<sup>85</sup> [http://ec.europa.eu/competition/state\\_aid/legislation/sgei.html](http://ec.europa.eu/competition/state_aid/legislation/sgei.html)

<sup>86</sup> [http://ec.europa.eu/internal\\_market/social\\_business/expert-group/social\\_impact/index\\_en.htm](http://ec.europa.eu/internal_market/social_business/expert-group/social_impact/index_en.htm)

<sup>87</sup> [http://ec.europa.eu/internal\\_market/social\\_business/docs/expert-group/social\\_impact/140605-sub-group-report\\_en.pdf](http://ec.europa.eu/internal_market/social_business/docs/expert-group/social_impact/140605-sub-group-report_en.pdf)

The SBI has fallen short in some areas. Certain measures have been blocked by the Commission and others (such as the development of a multi-lingual web platform) were difficult to implement due to the co-ordination and agreement that was necessary between different directorate generals. In addition, there was a general trend within the Barroso II College that legislation proposals should not be proposed to the European Parliament or the Council unless there was confidence that it would be well-received by the co-legislator, and this stalled legislative measures which were considered controversial by some Member States.

The adoption of regulation on a European Social Entrepreneurship Fund (EuSEF) is considered by some as the main action of the SBI. It must be noted however that take-up so far has been slow. Filippo Addarii, former member of the GECES group on behalf of Euclid Network, suggests that this is because the regulation contains too many requirements, including fees to register in the first place and a requirement that social enterprises find matched funding. Furthermore, it has not been well publicised. The Public Procurement Reform Package is also significant and has been long anticipated, as social enterprises had suffered under previous legislation that made it difficult for authorities to award contracts on any criteria save cost. However, as the directive is only now being transposed by Member States, it is too soon to assess any impact.

There has been widespread disappointment that support for social enterprises has not been institutionalised within the Commission. Other criticism has however centred upon the definition of social enterprise used by the SBI. Some perceive a lack of tightness in the way that social enterprise is defined, specifically around participative governance and non-distribution of profits. There is a fear that this will contribute to privatisation of public services 'by the back door' in some Member States. However, this is not seen as a universal negative, for example Karl Richter of Euclid Network believes that the form of a company is irrelevant and instead what should be emphasised is accurate measurement of social value created. For this reason, there are those who believe that the SBI should target the whole of the social economy and not only social enterprises. A similar point has been made by Big Society Capital in the UK with regard to the Structural Funds. They have suggested that the European Social Fund would be better structured so that outcomes are paid for as opposed to outputs, and it is encouraging that the GECES group is currently considering the question of how the Commission might accurately measure social value.

### **7.3 Conclusions and recommendations**

Many in the social enterprise community consider the SBI as only a first step in the right direction, and as such there is a hope that much of the work started will be continued by the next Commission led by Juncker. In January 2014 the event 'Social Entrepreneurs – Have Your Say!' was held in Strasbourg and provided a platform to take stock of achievements so far, and to identify useful actions for the future. Delegates to this conference produced the 'Strasbourg Declaration' which suggests that a second phase of the Social Business Initiative should be considered which would broaden its scope and deepen partnerships with Member States, regional and local authorities, civil society organisations and key players in the ecosystem. Furthermore, they suggested that the Commission follow through on its commitment to create a supportive eco-



system for social enterprises by mainstreaming this in its wider policies. There was backing too for the idea that new policies be co-created with the social enterprise community, in a similar spirit to the creation of the Declaration itself. Many of these points were reiterated in the recent report published by the Social Enterprise Project of the European Economic and Social Committee (EESC).<sup>88</sup> The EESC's Ariane Rodert has suggested that Member States be encouraged to draft their own national versions of the SBI and facilitate support programmes for social enterprises.<sup>89</sup>

Among those we interviewed, there was general agreement that the second phase of the Social Business Initiative should include more funding for social enterprises. Although funding has been made available in the Structural Funds, take up here will depend on how much Member States and Regions decide to prioritise social enterprise when defining priorities then making awards. Monitoring has not yet been used to incentivise certain outcomes, rather being focussed on making sure that money has not been spent fraudulently, and this is something that could be looked at further. This is just one example of a general rule that more needs to be done to make sure that the key actions of the SBI are embedded and not forgotten. For example, the Commission must promote EuSEF as an option to investors and provide Member States with guidance around interpreting the new procurement laws. Given the importance of attitudes toward social entrepreneurship within Member States in deciding how and whether to implement the actions contained within the SBI, it would be useful to implement more monitoring and reporting so there is a better understanding of which Member States take up which measures and why.

It also seems clear that there is more work to be done in increasing the visibility of social entrepreneurship and demonstrating its value. The results from the mapping exercise will be important here and will provide a tool to demonstrate how widespread social enterprise activity is across Europe, and amongst each Member States. Perhaps this will provide the impetus needed for the Commission to create permanent posts with a responsibility for social enterprise. The new Commission must ensure that they do not lose the momentum from the SBI in acting boldly to develop the field of social entrepreneurship in Europe, and furthermore in encouraging all businesses to concern themselves with creating shared value.

---

<sup>88</sup> EESC project group on Social Enterprise, at <http://www.eesc.europa.eu/?i=portal.en.social-entrepreneurship-make-it-happen-finalreport.33397>

<sup>89</sup> <http://www.pioneerspost.com/news/20140115/light-the-end-of-the-euro-tunnel-new-eu-rules-could-open-450bn-year-market-social>, accessed 29<sup>th</sup> October 2014

## 8. Creating and Strengthening Networks

One of the key areas of action for the European Commission has been creating and strengthening networks. Some of these networks are specifically related to social innovation, such as the Social Innovation Europe Initiative<sup>90</sup>, which was specifically tasked with creating a community of social innovators from across Europe when it was created in 2011. Since then, the European Commission has supported a variety of networks which support social innovation less explicitly but function very much in this way. For example, the European Innovation Partnership on Active and Healthy Ageing brings together a wide range of stakeholders and policymakers to identify priority areas for action and develop favourable framework conditions for innovation in this field. Community and network building is one of the core functions of the Commission in relation to social innovation. This section looks at how effective these initiatives have been and how the Commission could support such efforts in the future.

### 8.1 Social Innovation Europe

#### 8.1.1 Summary of aims, objectives and outcomes

The Social Innovation Europe initiative (SIE) marked a major contribution to building a community of social innovators across Europe. The project was run by a consortium of partners including Euclid Network and the Danish Technological Institute and was led by the Social Innovation Exchange (SIX). Funded by the European Commission's DG Enterprise, the SIE initiative initially ran over 2 years from January 2011 to January 2013 but was extended into 2014, and has since been extended for a further 2 years until July 2016. The initiative aimed to connect policy makers, entrepreneurs, academics and third sector workers with other innovators from across Europe, with an overarching aim to provide a meeting place 'where innovative thinkers from all 27 Member States can come together to create a streamlined, vigorous social innovation field in Europe, to raise a shared voice, and to propel Europe to lead the practice of social innovation, globally' (SIE, 2012). To do this, SIE undertook a set of activities including:

- The creation of an online hub – [www.socialinnovationeurope.eu](http://www.socialinnovationeurope.eu). The aim of this online hub was to provide resources regarding the latest information on European social innovation - a clearinghouse featuring interviews with prominent innovators, case studies of successful ventures, the latest research, and in-depth analysis from the leading thinkers in the field;
- The publication of a number of reports with key recommendations for actions. Publications included: "Financing Social Innovation," "Metrics for Social Impact" and "The Future of Social Innovation in Europe";
- Organising and hosting a series of events across Europe to bring social innovators together offline and build partnerships across countries and across sectors. As part of this, SIE organised events in Belgium (March 2011), Poland (November 2011) and Denmark (September 2012).

---

<sup>90</sup> <https://webgate.ec.europa.eu/socialinnovationeurope/>

The first two reports on finance and measurement were well received and included inputs from a broad range of stakeholders. However, the main achievements of the SIE initiative concern the online hub and the events organised over the course of the programme.

By March 2012, the website had received more than 73,000 visitors, with 26,000 regular site users, 5,000 followers and thousands of contributors who engaged via social media. According to the consortium, 'SIE online has convened a community of self-identified social innovators around a strong sense of purpose' (SIE, 2012). More importantly, community members were able to use the platform to share insights about social innovation in their local regions through the creation of national social innovation scouts. As one SIE country partner explained: "To me SIE is valuable because it helps me to be very well informed about projects, initiatives and good ideas in other countries and use them to convince the national government and civil society institutes in my country that social innovation is urgently needed (SIE, 2012)."

Within the first contract period, SIE also hosted events in Belgium, Poland and Denmark and core network members represented SIE at more than 40 other events across Europe. The high profile launch took place in March 2011 in Brussels and included a keynote from President Barroso in which he stated that 'it is not smart to cut investment in innovation' and that now is the time to draw on the 'strong European tradition of social innovation' to rebuild markets, and make Europe a world leader.<sup>91</sup> Interestingly, the event was very successful at bringing together a broad range of Directorate Generals including DG Enterprise and Industry, DG Employment, Social Affairs and Inclusion, DG Information Society and Media, DG for Research and Innovation, DG for Regional Policy and the EC's Bureau of European Policy Advisors (BEPA). The events in Poland and Denmark attracted some 300 participants from across Europe.

In addition, as a result of SIE's recommendations, the first Social Innovation Prize for Europe was established and launched in September 2012.

### **8.1.2 Strengths, weakness, challenges and achievements**

According to Louise Pulford, Co-ordinator of SIE, the initiative was very successful in creating a community of social innovators. In particular, the initiative "provided a place to showcase different examples of social innovation".<sup>92</sup> It also "played an important role in developing person-to-person contacts which are crucial for establishing good working relationships which are the foundation for effective EU collaboration projects". Indeed, the European Commission have recognised the important role the SIE initiative played in encouraging and supporting social innovators and innovations across Europe and has plans to support the community to enter a new phase of development through the new Social Innovation Community call in the new Horizon 2020 Work Programme.

---

<sup>91</sup> [http://ec.europa.eu/enterprise/policies/innovation/files/sie-conference/conference-report\\_en.pdf](http://ec.europa.eu/enterprise/policies/innovation/files/sie-conference/conference-report_en.pdf)

<sup>92</sup> Louise Pulford, Interviewed 13th June 2014.

Despite its many successes, the SIE initiative was not regionally representative. As Pulford explains, ‘SIE was too focused on Western Europe, and too focussed on people who identify themselves as social innovators. There are many more people across Europe – from large institutions, traditional service providers, and micro initiatives, who would benefit from the knowledge and resources provided on the SIE website, and sharing of good practice at SIE event. The next iteration of the SIE – SIE 3 and the Social Innovation Community – needs to do more to reach out to these institutions, as well as social innovators in Eastern and Southern Europe.’ This could be achieved by extending and formalising the network of social innovation scouts. These scouts could, for example, provide access to relevant information, access to other members of the network and potentially training for national stakeholders through a series of workshops and other events on issues and subjects relating to social innovation. In addition, the working language of the SIE initiative has been English. This has proved to be a barrier in certain parts of Europe and for certain social innovation practitioners. More resources need to be devoted to translating materials into local languages and some workshops need to be held in the local language.

Although a strong focus of SIE has been the online hub, Pulford argues that the offline events were more successful in terms of creating and strengthening the community of social innovators. As such, more resources need to be invested into face to face activities, such as workshops and conferences for building stronger ties and relationships.

## **8.2 European Innovation Partnership on Active and Healthy Ageing (EIP AHA)**

### **8.2.1 Summary of aims, objectives and outcomes**

European Innovation Partnerships (EIPs) were established as a core initiative of the Innovation Union, the European Union’s strategy to create an innovation-friendly environment, and are a new approach to EU research and innovation. They are intended to address some of the major societal challenges facing Europe, while enhancing Europe’s competitiveness. They are not a new European legal or financial instrument and do not replace existing decision making processes, rather they aim to bring together actors at all levels and were established in order to help ‘provide favourable conditions for research and innovation partners to co-operate and achieve better and faster results compared to existing approaches’<sup>93</sup>. They act across the ‘whole research and innovation chain, bringing together all relevant actors at EU, national and regional levels in order to:

1. Step up research and development efforts
2. Coordinate investments in demonstration and pilots
3. Anticipate and fast-track any necessary regulation and standards
4. Mobilise ‘demand’ in particular through better coordinated public procurement to ensure that any breakthroughs are quickly brought to market.’<sup>94</sup>

---

<sup>93</sup> EuropaMedia (2013). *EU Funds: European Innovation Partnerships – EIP*. [online] Available at: <<https://www.eustrainingsite.com/2014-2020.php?id=161>>

<sup>94</sup> ibid

There are currently five EIPs in the following areas: Active and Healthy Ageing; Agricultural Sustainability and Productivity; Smart Cities and Communities; Water; and Raw Materials.

The EIP on Active and Healthy Ageing (EIP AHA) was the first, set up in October 2010, to pilot the concept of the Partnership and gauge levels of support and appetite from stakeholders. It specifically tackles the common challenge of an ageing population across Europe and aims to bring together public and private stakeholders to develop innovations which can improve the quality of life for older people in Europe, while also creating market opportunities for business. The EIP AHA's ambitious but measurable aim is "by 2020 to enable citizens to live longer independently in good health by increasing the average number of healthy life years by 2". Of all the EIPs, the AHA has the most relevance for social innovation and was set up with the specific aim to 'accelerate and scale-up the uptake of innovation'.<sup>95</sup>

A Steering Group comprised of 30 stakeholders from both supply and demand side, representing local and regional authorities, industry and health officials, worked together to decide the different challenges surrounding active and healthy ageing and to commit the priorities of the partnership in a Strategic Implementation Plan (SIP). The SIP, published in November 2011, identified three broad areas for action, reflecting the 'life stages of the older individual in relation to care processes':<sup>96</sup>

1. *Prevention, screening and early diagnosis* – developing organisational, process and technical innovation to maximise the impact of prevention, including older people vaccination, screening and early diagnosis
2. *Care and cure* - integrating health care by collaboration between social, health and community care providers
3. *Active ageing and independent living* – supporting innovations, particularly around ICT that enable new ways of organising society around active ageing and independent living.

To make these priorities more concrete, the Steering Group identified a set of priority action areas:

1. Prescription and adherence at a regional level
2. Falls prevention
3. Prevention of functional decline and frailty
4. Integrated care for chronic diseases
5. Independent living
6. Age-friendly environments.

Around each of these key areas the Partnership created Action Groups tasked with developing concrete action plans around these priority action areas. The first results from these were expected

---

<sup>95</sup> AGE Platform Europe (2011) *How to promote active ageing in Europe: EU support to local and regional actors*. [online] Available at: <[http://www.age-platform.eu/images/stories/EN/brochure\\_activeageing\\_en.pdf](http://www.age-platform.eu/images/stories/EN/brochure_activeageing_en.pdf)> (p.6)

<sup>96</sup> European Innovation Partnership on Active and Healthy Ageing Steering Group (2011). *Strategic Implementation Plan for the European Innovation Partnership on Active and Healthy Ageing Steering Group Working Document*. Brussels. [online] Available at: <[http://ec.europa.eu/research/innovation-union/pdf/active-healthy-ageing/steering-group/implementation\\_plan.pdf](http://ec.europa.eu/research/innovation-union/pdf/active-healthy-ageing/steering-group/implementation_plan.pdf)> (p.6)

in 2013-2015. To recruit for these groups the Commission put out a call for organisations working in this area to submit projects or initiatives they are working on that the support the six specific actions.

## 8.2.2 Strengths, weaknesses, achievements and challenges

Overall, the EIPs have been effective in ‘their integrative function, bringing together different stakeholders and serving as an EU-wide observatory of practice in innovation. They have deepened the dialogue between policy-maker and innovator and have established an effective mix of longer-term systemic targets and short-term operational goals. The governance structure has been effective in getting the early activities of the EIPs on their way’.<sup>97</sup>

These findings are also true of the EIP AHA<sup>98</sup>. Firstly, a particular strength of the Partnership is its ability to bring together different actors from across the innovation cycle and health and social care field to communicate and to be, according to an EC official, at “the same table at the same time” (an EC official). The networking opportunities it provides is what the involved stakeholders describe as the added value provided by the EIP as it facilitates the exchange of good practices with others, from more remote regions, that they may have not known about otherwise. As Anne-Sophie Parent from the AGE Platform Europe explains, “it has created the networking opportunities that didn’t exist before”.

However, whilst the Partnership involves an extensive array of stakeholders, the group isn’t entirely representative of the whole of Europe. A contact at the Commission explained, there is a significant predominance of partners from the old Member States of the EU and less participation from newer Member States. Furthermore, an Independent Review of all the EIPs found that they have been less successful at bringing in new actors, with those from industry and SMEs less well represented<sup>99</sup>. Whilst not such a problem for the EIP AHA<sup>100</sup>, it remains important that, for all EIPs, the Commission ensures any missing or underrepresented groups are directed to the partnership through clearer channels. This will help to widen the scope and improve the functioning of the EIPs as there is currently concern that industry’s representation had been hampered by ‘insufficient understanding of their role with the EIPs’<sup>101</sup>, whilst SMEs have ‘suffered from their limited experience of being engaged in the EU process and fear of complexity’.<sup>102</sup> Despite this however, a contact at the Commission explained that, overall the EIP AHA is working well because participation is on a voluntary basis (i.e. because it is not supported by a specific grant and it is not a funding

---

<sup>97</sup> Aho, E., Schwaag Serger, S., Monig, W., Wilson, P., Garmendia, C., Steinberg, M., and Swieboda, P. (2014) *Outriders for European Competitiveness: European Innovation Partnerships (EIPs) as a Tool for Systemic Change*. Brussels: European Commission. [online] Available at: <[http://ec.europa.eu/research/innovation-union/pdf/outriders\\_for\\_european\\_competitiveness\\_eip.pdf](http://ec.europa.eu/research/innovation-union/pdf/outriders_for_european_competitiveness_eip.pdf)>

<sup>98</sup> Based on consultation with Anne-Sophie Parent, AGE Platform Europe, and two EC officials.

<sup>99</sup> Aho et al. (2014: 4)

<sup>100</sup> Abadie, F., Lluch, M., Sabes-Figuera, R., and Zamora, B., (2013) *Monitoring and Assessment Framework for the European Innovation Partnership on Active and Healthy Ageing (MAFEIP)* [pdf]. Luxembourg: European Union. Available at: <<http://ipts.jrc.ec.europa.eu/publications/pub.cfm?id=6815>> (Figures 3, pg. 9)

<sup>101</sup> Aho et al. (2014: 12)

<sup>102</sup> Aho et al. (2014: 12)

instrument), which encourages a “true spirit of collaboration and openness” and so far essential stakeholders in the innovation chain are indeed present.

Despite some of these limitations it seems clear that the EIP AHA is serving as an ‘EU-wide observatory of practice in innovation’. When the Action Groups put out their Invitation to Commitment, 261 projects from across all sectors submitted themselves to be included in the Partnership and 54 regions and municipalities submitted themselves to be included in the ‘reference sites’ to exchange good practice and share knowledge and experience of the six priority areas. In addition, so far, the Action Groups have mapped over 300 examples of good practice. A contact at the Commission explained that these examples make it possible to extract all the important information on how to do things successfully and develop recommendations, guidelines and toolkits and minimise the learning curve for transferring the ideas to other regions. A review<sup>103</sup> of their first year achievements of the Action Groups has also shown that they have been successful at facilitating the ‘sharing of good practice, mutual learning; dissemination and awareness raising, and cooperation among partners’. As Anne-Sophie Parent, AGE Platform Europe, explained, “Now with the EIP they have been able to demonstrate what can be concretely done with social innovation...They need concrete examples of what social innovation could mean otherwise it remains a very abstract concept.”

One constraint, however, has been the lack of an effective digital platform for sharing best practice. The aim of the platform was to provide a ‘marketplace to link up interested stakeholders to create partnerships’<sup>104</sup> and help organisations to share ideas and practices, access data, find partners, and link to other innovation and active ageing platforms. However, Anne-Sophie Parent, explained that it is difficult, technically, to set up a user-friendly database that is quickly searchable and the platform is not functioning as well as it should be. This therefore may have limited the growth of the network. The European Commission are currently considering how to adapt the platform; any development would be welcome as this provides an effective way of transferring best practice.

The EIP has also ‘deepened the dialogue between policy-maker and innovator’. In particular, the Partnership is starting to have an influence on the way EU funding programmes are designed and implemented; many of their large calls for projects have been related to the priorities in the SIP of the EIP AHA. Parent argues this results in the programmes being more informed by the Partnerships’ discussions and therefore are more related to needs of the user as they are shaped by those who are working on, and directly involved with, the issue: “It’s a nice way of getting funding opportunities which are much better adapted to the real needs on the grassroots, rather than coming from the top”.

---

<sup>103</sup> European Commission. (2013) *European Innovation Partnership on Active and Healthy Ageing: Action Groups First Year Achievements*. [online] Brussels: European Union. Available at: <[http://ec.europa.eu/research/innovation-union/pdf/active-healthy-ageing/achievements\\_2013.pdf#view=fit&pagemode=none](http://ec.europa.eu/research/innovation-union/pdf/active-healthy-ageing/achievements_2013.pdf#view=fit&pagemode=none)>

<sup>104</sup> European Innovation Partnership on Active and Healthy Ageing Steering Group (2011). *Strategic Implementation Plan for the European Innovation Partnership on Active and Healthy Ageing Steering Group Working Document*. [online] Brussels: European Union. Available at: <[http://ec.europa.eu/research/innovation-union/pdf/active-healthy-ageing/steering-group/implementation\\_plan.pdf](http://ec.europa.eu/research/innovation-union/pdf/active-healthy-ageing/steering-group/implementation_plan.pdf)>

Finally, Parent identified a further success of the network has been its facilitation of better connection and coordination within the European Commission. She argues that the various DGs are now pulling their efforts together and this results in them having a greater impact. For example, Parent explained that AGE Platform Europe, who are working in the Action Group on Innovation for age-friendly buildings, cities and environments (D4) have been able to get DG Employment and Social Affairs actively involved in the promotion of age-friendly environments in the work they do on social inclusion, participation in the labour market and better long-term care facilities, as well as DG Enterprise, to work on improving tourism for seniors and joined forces with the EIP AHA Action Group on age-friendly environments. Further, in order to engage more industrial actors, a contact at the Commission explained that holding a ‘Silver Economy Event’ in September 2014 will help find out what are the issues and opportunities around older people in the consumer market. This will also help to raise awareness of the issues politically.

However, the evaluation report has suggested that one of the weaknesses of EIPs in general is its lack of a ‘single dedicated structure at the Commission to deal with the EIPs, but rather a selection of key players from the lead DGs’<sup>105</sup>, therefore, whilst the EIPs are attracting broader interest across the Commission, this needs to be better organised going forward.

As the Action Groups of the EIP AHA are in the process of taking forward their specific activities, it is vitally important that in this stage they, as well as the action groups of all EIPs, have in place a comprehensive set of indicators to measure progress. The evaluation report recommended that the Commission needs to ensure they are sufficiently open to developing a robust evaluation system.<sup>106</sup> In addition, whilst still in the early stages for some, all partners (e.g. those who run integrated care services or monitoring systems for their patients) need to be clear about how they engage with this through the collection and provision of data.

In general, the evaluation highlighted that EIPs have suffered from ‘inconsistency in execution’<sup>107</sup> and recommends improvements in the execution of the current EIPs, calling for a second iteration of EIPs based on modified targets and approaches. Specifically, building upon some of the recommendations featured in the evaluation report, to ensure EIPs continue to act as good networks for social innovation, the following are priorities: improve engagement from a wider group of stakeholders; develop clearer communication channels to facilitate knowledge transfer and the dissemination of best practice, most notably through the development of an online platform; to secure high-level leadership and; to pay attention to the ‘how’ of implementation<sup>108</sup>.

---

<sup>105</sup> Aho, E., Schwaag Serger, S., Monig, W., Wilson, P., Garmendia, C., Steinberg, M., and Swieboda, P. (2014) *Outriders for European Competitiveness: European Innovation Partnerships (EIPs) as a Tool for Systemic Change*. Brussels: European Commission. [online] Available at: <[http://ec.europa.eu/research/innovation-union/pdf/outriders\\_for\\_european\\_competitiveness\\_eip.pdf](http://ec.europa.eu/research/innovation-union/pdf/outriders_for_european_competitiveness_eip.pdf)> (p.12)

<sup>106</sup> Aho et al. (2014: 13)

<sup>107</sup> Aho et al. (2014: 4)

<sup>108</sup> Aho et al. (2014: 13)



### **8.3 Conclusions and recommendations**

Social Innovation Europe and the Innovation Partnership on Active and Healthy Aging demonstrate two models for creating communities of action and networks around key issues. Despite their differences, they both face similar challenges in their quest to engage new actors and to broaden the reach of their online activities. However, they represent a good start in engaging social innovators and citizens in the activities of the EU, and the significance of the fact that the EIP AHA is beginning to have an impact on the Commission's funding plans should not be underestimated. It is important for the EU to continue its role as a facilitator of networks, and one particular opportunity for social innovation will be the upcoming social innovation community call.

## 9. Learning and Disseminating Best Practice

In this chapter we explore two models of learning and disseminating best practice in social innovation; competitions and the European exchange and learning programme; URBACT.

Competitions spread social innovation through attracting ‘new people, who use new kinds of resources’<sup>109</sup> to address a problem. Beyond producing new solutions to social problems, competitions can act as ‘a kind of megaphone for a cause, contributing to dissemination and diffusion of social innovations’,<sup>110</sup> thus acting as a platform for showcasing examples of good practice in social innovation happening across the EU. The European Commission has introduced several EU wide competitions (The European Social Innovation Competition; RegioStars) with the aim of sharing and disseminating best practice in social innovation. In addition to exploring these European Commission competitions, we also chose to examine a competition from the European Investment Bank. This section will examine how effective these competitions have been as well as provide recommendations for their future development. Although we focus specifically here on three competitions, there are more detailed case studies of other competitions featured in a previous Tepsie case study report deliverables<sup>111</sup>. In addition, the Bloomberg challenge<sup>112</sup> and the European Capital of Innovation ‘iCapital’ Award<sup>113</sup> are equally significant competitions in the field of social innovation but are not explored in detail in this report.

URBACT is an example of a European-wide programme which facilitates learning between European cities in order to promote and integrate sustainable urban development within them. The city networks which work under the URBACT programme often explore how to social innovation has and can be used to tackle chronic social problems and create more sustainable cities<sup>114</sup>. URBACT therefore provides an example of an EU programme which is actively encouraging the spreading of social innovation, through the sharing of best practice between European countries.

---

<sup>109</sup> Davies, A, Simon, J, (2012) ‘Citizen engagement in social innovation – a case study report’. A deliverable of the project: “The theoretical, empirical and policy foundations for building social innovation in Europe” (TEPSIE), European Commission – 7th Framework Programme, Brussels: European Commission, DG Research. P. 54

<sup>110</sup> TEPSIE, ‘Building the Social Innovation Ecosystem’. A deliverable of the project: “The theoretical, empirical and policy foundations for building social innovation in Europe” (TEPSIE), European Commission– 7th Framework Programme, Brussels: European Commission, DG Research. Available at: <http://www.tepsie.eu/images/documents/d73final.pdf>

<sup>111</sup> Davies, A, Simon, J, (2012) ‘Citizen engagement in social innovation – a case study report’. A deliverable of the project: “The theoretical, empirical and policy foundations for building social innovation in Europe” (TEPSIE), European Commission – 7th Framework Programme, Brussels: European Commission, DG Research

<sup>112</sup> For more information see: < <http://mayorchallenge.bloomberg.org/>>

<sup>113</sup> For more information see: <[http://ec.europa.eu/research/innovation-union/index\\_en.cfm?section=icapital](http://ec.europa.eu/research/innovation-union/index_en.cfm?section=icapital)>

<sup>114</sup> See URBACT report on ‘Supporting Urban Youth through Social Innovation: Stronger Together’. [online]. Available at: < [http://URBACT.eu/fileadmin/general\\_library/19765\\_URBACT\\_WS3\\_YOUTH\\_low\\_Final.pdf](http://URBACT.eu/fileadmin/general_library/19765_URBACT_WS3_YOUTH_low_Final.pdf)>

## 9.1 The European Social Innovation Competition

### 9.1.1 Summary of aims, objectives and outcomes

The European Social Innovation Competition was set up in 2012 in memory of Diogo Vasconcelos, to find new solutions to unemployment.<sup>115</sup> It is managed by DG Enterprise and Industry, with the support of Nesta, Euclid Network and the consortium Ascent Communications. The competition is open to any European who would like to propose innovative solutions to create opportunities for (better) employment. All applications are examined by an international Commission of experts in social innovation and go through a selection process. This procedure consists of six stages:<sup>116</sup>

1. an open call for entries
2. selection of up to 30 semi-finalists
3. mentoring for the semi-finalists (two-days mentoring session)
4. re-submission of revised entries by semi-finalists and a selection of 10 finalists
5. the award ceremony – an announcement of 3 winners among up to 10 finalists
6. follow-up mentoring sessions for winners and finalists

In the first edition three proposals were awarded a prize of EUR 20,000, and in the second edition the prize fund was increased to EUR 30,000 each.

The judges assess the applications using three criteria: 1) degree of innovation, 2) potential impact, 3) potential for sustainability and scale. Each of these is assigned a weight that determines its relative importance. Weights vary depending on the stage of the selection procedure. While in the first phase the degree of innovation is the most important (50% compared to 30% and 20% respectively), in subsequent rounds, all three criteria have an equal weighting which means that the adoption/diffusion capacity of competing projects becomes as significant as novelty or potential impact.

### 9.1.2 Strengths, weaknesses, achievements and challenges

The organisers of the competition have used a diverse range of communication tools to publicise the competition and the concept of social innovation.<sup>117</sup> Social media have been particularly effective in spreading information about the competition. Marco Zappalorto from Nesta explained this method of communication has helped to give the competition a ‘different feel to one of the

---

<sup>115</sup> Euclid Network. *European Social Innovation Prize Competition*. [online]. Available at:

<<http://www.euclidnetwork.eu/projects/current-projects/social-innovation-competitions/european-social-innovation-prize-competition.html>>

<sup>116</sup> For more see the competition official site see: <<http://ec.europa.eu/enterprise/policies/innovation/policy/social-innovation/competition/>>

<sup>117</sup> Winners from the first edition have stated that it has helped to make their solution accessible to more people. See: <[http://ec.europa.eu/enterprise/policies/innovation/policy/social-innovation/competition/index\\_en.html](http://ec.europa.eu/enterprise/policies/innovation/policy/social-innovation/competition/index_en.html)>

usual European tenders' and therefore helped to break the norms of EU funding in social innovation thus also attracting a higher number and more diverse range of applications.<sup>118</sup>

The competition has also facilitated peer-to-peer learning. Firstly, participants from the first edition were invited to share their experiences of the competition and discuss with the second edition's semi-finalists what they had learnt and what they would do differently if they were reapplying. Secondly, participants are encouraged to connect with fellow competitors, even once the competition has finished, via social networks, blogs and mentoring sessions. As Eleanor Morgan from Euclid Network explained, 'a strong aspect of the social innovation competition is the peer-to-peer learning that takes place throughout it, so we bring semi-finalists together at various stages so they are working together. It's not dog-eat-dog.'

All finalists are given coaching and mentoring to ensure that they are in a stronger position at the end of the process than they were when they applied, even if they didn't win. The participants are also given access to a wide support network. Indeed, participants benefit from Nesta and Euclid's contacts. Euclid, for example, have a strong network of over 5,000 contacts from across Europe which finalists can access even after the competition is complete.

## 9.2 European Investment Bank (EIB) Institute Social Innovation Tournament

### 9.2.1 Summary of aims, objectives and outcomes

The Social Innovation Tournament was established by the EIB Institute in 2012 as the flagship initiative of their Social Programme. They considered this the best way to meet their main aim of promoting the 'generation of innovative ideas' and identifying and rewarding 'opportunities promising substantial societal benefits or demonstrating best practices with tangible, scalable outcomes.'<sup>119</sup> The focus of the competition is fighting social exclusion and covers a wide range of fields, 'from education and health care to natural or urban environment'. It is open to all; individuals or teams of any size. Submissions may be for projects at different stages of the innovation life cycle; the competition will support both innovative ideas as well as already implemented innovative solutions.

The competition is run in two rounds. In the first, a 'screening committee of EIB Group experts in innovation and other relevant disciplines'<sup>120</sup> select up to 15 finalists to proceed to the 2nd round. These finalists attend a two and a half day 'boot camp' where they are taught pitching skills and are aided to refine their business plans and improve the sustainability of their ideas. The 15 finalists then present their projects at a final event, to a Selection Panel, composed of specialists from the academic and business worlds, before they identify and nominate three winners.

---

<sup>118</sup> DG ENTR (2014). *European Social Innovation Competition In Memory of Diogo Vasconcelos: Final Report to the European Commission*. European Commission.

<sup>119</sup> EIB (2014) *Social Innovation Tournament*. [online] Available at: <http://institute.eib.org/programmes/social/social-innovation-tournament/>

<sup>120</sup> EIB. *Objectives*. [online] Available at: <http://institute.eib.org/wp-content/uploads/2012/11/Objectives.pdf>

All projects compete for the General Category 1st and 2nd prize of EUR 25,000 and EU 10,000 respectively. The competition asks for proposals for innovative solutions to all forms of social exclusion. This is very broad and so in 2013 EIB decided to introduce a Special Category prize which would give additional emphasis to a specific field each year. In 2014 this will award projects in urban and natural environment. Projects falling under the Special Category will also compete for the Special Category Prize of EUR 25,000. After the competition, to assist with the further development of the participating projects', the Jury may also allocate awards for projects presented at the Final event that entitle prize winners and/or finalists to benefit from subsequent coaching and mentoring services. Some finalists will also have the opportunity to attend an investors' fair.

### **9.2.2 Strengths, weaknesses, achievements and challenges**

Coaching and mentoring is central to the competition. After the first edition of the tournament, the EIB found that the majority of applicants lacked business skills and, as a result, mentoring has become a more central feature of the competition than they first expected. For the second edition they introduced the mentoring 'boot camp' to support teams to develop their plans, as well as to help participants learn different ways of presenting their ideas from other participants.<sup>121</sup>

Networking is also a core part of the competition. Luisa Ferreira, Economic Advisor at the EIB explained that, in addition to the mentoring and the prize money, it is the networking opportunity that attracts most people to apply. This is both in the form of peer-to-peer exchange of ideas and the access EIB can provide to in-house expertise and to their networks. As Ferreira explains, "people that would never ever have met before were able to exchange networks and that was one of the things that's very important about the mentoring bootcamp ... there was a lot of cross-fertilisation".

The EIB aims to host the final event in different countries each year to raise awareness about the competition and to attract a more diverse range of participants. The first edition was held in Luxembourg and the second in Budapest, Hungary. However, whilst EIB are good at reaching a broader audience for the final presentation, some countries are better represented in applications than others; they have had high representation from Italy, Spain and Greece, where almost 50% of the applications come from, which suggests they could do better in their publicity surrounding the open call for applications.

---

<sup>121</sup> This is based on an interview with Luisa Ferreira, an economic Advisor at the EIB.

## 9.3 RegioStars

### 9.3.1 Summary of aims, objectives and outcomes

The RegioStars competition is distinct and different from the European Social Innovation Competition and EIB's Social Innovation Tournament in that, as opposed to being 'ex ante'; rewarding new initiatives in response to the announcement of a challenge, it uses an 'ex post' competition format. Therefore, the aim of the competition is to recognise and award finalised or 'sufficiently advanced'<sup>122</sup> social innovation projects from different regions across Europe that make use of the EU Structural Funds (i.e. co-financed under the ERDF, ESF, the Cohesion Fund or the Instrument for Pre-Accession Assistance after 1 January 2000).

The competition, which has been running since 2008, aims to identify good practices in regional development and highlight innovative projects which could be attractive and inspiring to other regions. It awards Europe's 'most promising and innovative regional projects'<sup>123</sup> and was introduced with the purpose of enhancing the 'visibility of the EU Cohesion and Regional Policy including its results and impact'.<sup>124</sup> The 2014 event was particularly significant since it showcased the first projects that reflect the reform of the EC's Cohesion Policy and it came at a crucial time when Member States were finalising their strategic investment plans ("Partnership Agreements"). Applications are made and awards given in four different categories. In 2014, the categories reflected the priorities of the Europe 2020 Agenda:

- Smart Growth – SME Innovation
- Sustainable Growth – Green growth and jobs through bio-economy
- Inclusive Growth – Creating jobs for the younger generation
- CityStar: Investment projects in sustainable urban public transport

Managing authorities must submit or endorse the applications and may submit a maximum of one entry per category. The 2014 awards received 80 applicant projects, with the jury singling out 19 finalists on the key criteria of: innovation; impact; sustainability; and partnership.

### 9.3.2 Strengths, weaknesses, achievements and challenges

The competition encourages the exchange of best practice between project managers. The idea is that networking will facilitate the spread of information about particular innovations. In addition, Damien O'Brien, from the Welsh European Funding Office, said that the fact that they have four award winners, and a number of shortlisted projects, has generated interest from other regions in the EU to visit Wales and see how they manage their funds in Wales and hear more about what

---

<sup>122</sup> demonstrating progress in the achievement of the original objective in the region, locality or urban area (*RegioStars 2013: The awards for innovative projects supported by EU cohesion policy, 6<sup>th</sup> Year, Guide for applicants*)

<sup>123</sup> European Commission (2014) *RegioStars Awards*. [online] Available at: [http://ec.europa.eu/regional\\_policy/projects/regiostars/regiostars\\_en.cfm](http://ec.europa.eu/regional_policy/projects/regiostars/regiostars_en.cfm)

<sup>124</sup> From DG Regio's 2008 Information and Communication Plan. [online] Available at: [http://ec.europa.eu/dgs/regional\\_policy/document/complan\\_2008.pdf](http://ec.europa.eu/dgs/regional_policy/document/complan_2008.pdf)

they are doing. Therefore, the competition enables both managing authorities and projects to share, learn and develop relationships with others across national boundaries. The benefit of the competition, O'Brien explained, is the credibility it provides when it comes to partnering with other organisations and institutions.

The competition also promotes regional policy and European funded projects to citizens and other stakeholders. An EC official explained said this is particularly true in regions where they have award winners. O'Brien also agreed that the competition has offered good publicity for Wales and has showcased it as a region that is making good use of European funds. However, the impact of the competition is likely to be lower in regions without award winners where it is less likely to be picked up in the media.

One common criticism is that the competition could do more to spread information about social innovation projects across the EU. The EC regards the final award ceremony as a 'flagship event'.<sup>125</sup> The 2014 event had an audience of over 400 individuals and organisations from across the EU and benefited from a strong media presence of more than 30 journalists. Overall, in a survey evaluation of stakeholders<sup>126</sup> involved in the competition, 63% were convinced that the RegioStars Awards actively contributed to making European Regional Policy more known in their region. However, as the event is held in Brussels each year, it is currently limited in its scope for reaching beyond the 'usual suspects'.<sup>127</sup> Whilst the 2015 event is also likely to be held in Brussels, DG REGIO are currently thinking of ways to overcome these issues, including advertising more through local associations and stakeholders, and organising events on a more local level in order to engage with more EU regions and local level stakeholders.

Finally, one other constraint of the competition is that it focuses on ERDF rather than ESF projects. As O'Brien explained, this is one of the constraints of the competition and leaves ESF projects at the margins. Since ERDF projects tend to get a lot of exposure through RegioStars, one option to better spread and promote ESF projects is to have an equivalent to RegioStars specifically to promote social innovation projects funded through the ESF.

## 9.4 Conclusions and recommendations

Overall, each of these competitions has played a role in spreading information about social innovation. It is worth highlighting three factors in particular. First, ex-ante competitions are a good way of engaging a more diverse range of stakeholders in social innovation. The ESI has increased

---

<sup>125</sup> ICF MOSTRA (2014) *REGIOSTARS Awards – innovative EU regional projects celebrated with class*. [online] Available at: <[http://www.mostra.com/en/news/regiostars-awards-innovative-eu-regional-projects-celebrated-with-class\\_103.html](http://www.mostra.com/en/news/regiostars-awards-innovative-eu-regional-projects-celebrated-with-class_103.html)>

<sup>126</sup> A survey of 79 stakeholders was conducted online from Feb 3<sup>rd</sup> to Feb 28<sup>th</sup> [by who] of all managing authorities, regional offices in Brussels and the inform network, asking for their opinion on several topics in relation to the RSA and its ceremony. Approximately 50% of respondents had already submitted a project for a RegioStars Award.

<sup>127</sup> 76% of respondents to their survey answered that they do not 'think the RegioStars Award and its ceremony are known by Regional Policy stakeholders in [their] region'

the number of applications received from 605 in the first round to 125, 4128 proposals for the second. The EIB has also seen an increase in the numbers of applications, despite making the terms of the application stricter for the third edition; from 50 in the first year to 171 in the third. In particular, the use of social media has been important in driving up numbers of applicants and disseminating results to a wider audience. Therefore, a well promoted ex ante competition can help to promote social innovation beyond the usual suspects.

However, for competitions to drive idea generation and interest in social innovation it is important that they have clearly identified aims to ‘focus minds’ and attention. Marco Zappalorto from Nesta explained that he believes one of the main explanations for the large increase in the number of applications for the second edition of the ESI was due to their improved communication of their goal of reducing unemployment. Similarly Luisa Ferreira from the EIBI explained that since the introduction of the Special Category, they have received an increase in projects in this area. This is supported by the evaluation of the Naples 2.0 social innovation competition<sup>129</sup> which states that what is ‘essential for a prize competition is a clear question or challenge’ which ‘must be narrow but not prescriptive’<sup>130</sup>.

Furthermore, categories which are of current political and social interest can increase the awareness of social innovation as a potential solution to contemporary problems. This was identified as one of the key reasons behind the successes associated with Nesta’s Big Green Challenge, a social challenge prize run in the UK from 2007-2010, as it focused on an issue that is particularly high on the political and media agenda - climate change.<sup>131</sup> Therefore, including an annually changing special category of current relevance, as the EIB does, may be one way of capturing this interest.

These competitions provide ‘real life case studies that will act as inspiration for others’<sup>132</sup> and help to ‘promote new initiatives’ (DG ENTR, 2014: 3). RegioStars does this by providing the winning projects with high-quality professional videos that can be used for dissemination activities. The ESI provides media training to all semi-finalists to help them in dealing with local and national media. In addition, one of the key criterion used to assess the applications for the ESI competition is the

---

<sup>128</sup> DG ENTR (2014). *European Social Innovation Competition In Memory of Diogo Vasconcelos: Final Report to the European Commission*. [online] European Commission.

<sup>129</sup> A prize competition run in 2011 by Euclid Network, UniCredit Foundation and Project Ahead which invited participants to ‘present innovative solutions for six persistent, concrete social challenges in Naples, Italy, which both state and market had been unable to address’ (Euclid Network. *International Social Innovation Competition: Naples 2.0*. [online] Available at: <http://www.euclidnetwork.eu/projects/current-projects/european-social-innovation-naples-20.html>)

<sup>130</sup> Euclid Network. *Replicating the Model*. [online] Available at: <<http://www.euclidnetwork.eu/projects/current-projects/european-social-innovation-naples-20/replicating-the-model.html>>

<sup>131</sup> Davies, A, Simon, J, (2012) ‘Citizen engagement in social innovation – a case study report’. A deliverable of the project: “The theoretical, empirical and policy foundations for building social innovation in Europe” (TEPSIE), European Commission – 7th Framework Programme, Brussels: European Commission, DG Research

<sup>132</sup> DG ENTR (2014). *European Social Innovation Competition In Memory of Diogo Vasconcelos: Final Report to the European Commission*. [online] European Commission. (p.3)



‘potential for sustainability and scale’, including the project’s ‘capacity to be inspirational for others in Europe – e.g. to be applied/transferred/adapted by another area of the same country, to another or more EU Member State(s), to another issue and to another population category’ (p.13). This at least suggests that winning projects have the potential to spread across the EU. However, there are no mechanisms for supporting or facilitating this at the moment.

Most importantly, these competitions have contributed to growing the community of social innovators in Europe. This is especially the case with the ESI competition and RegioStars which both have a more significant reach than the EIB Tournament. Indeed, these competitions have helped to strengthen and create social networks between participants, thereby enabling the exchange of best practice and forms of peer to peer support. This has been done in part through mentoring events both before and after final events. The ESI competition claims it provides a platform for people to come together and share ideas and experiences, as well as to help spread ideas from one country to another. Luisa Ferreira, from EIB also explained there is a concrete example where peer-to-peer networking has facilitated the spread of social innovation across EU countries, with one of the prize winners from the environment category going to another country to implement their idea there with the help of another award winner. And in the case of RegioStars, the final event provides the opportunity for people to meet and showcase their projects.

However, one of the greatest challenges is the relatively limited reach of the competitions – although the extent of this varies between the three competitions. The EIB Tournament, for example, has a significant number of applications from Southern Europe while RegioStars receives a very high number of applications from Nordic countries.<sup>133</sup> One option, already being pursued by the EIB Tournament and ESI competition respectively is to host final events and mentoring events in new, regional locations. As face-to-face contact has been identified<sup>134</sup> as particularly important for aiding the sharing of best practice, and necessary for supporting online networks to work most effectively, competitions could encourage more of this with more events held in more diverse locations to reach a wider audience. Other suggestions for accessing a wider range of stakeholders, at a more local level include running roadshows to showcase good projects in different regions, or working more closely with regional partners to identify local instances of social innovation. In addition, an EC official advised that EU communication activities should think more about how they can implement and design strategies that find the right balance between local communities, communication on the EU level and corporate communication.

## 9.5 URBACT

URBACT is a European exchange and learning programme promoting integrated and sustainable urban development. The programme runs in the 7 year cycles of the European Structural Funds; URBACT II has been running from 2007-2013, for which projects are now being completed. URBACT

---

<sup>133</sup> European Commission (2014) *RegioStars Awards 2014 : Presentation of the Finalists*. [online] Available at : [http://ec.europa.eu/regional\\_policy/projects/regiostars/doc/regiostars/2014/regiostars\\_brochure\\_2014.pdf](http://ec.europa.eu/regional_policy/projects/regiostars/doc/regiostars/2014/regiostars_brochure_2014.pdf) > p.44

<sup>134</sup> By Eleanor Morgan, Euclid Network

III is due to start in 2015 and will run until 2020. The programme is small by European standards; URBACT is funded through a contribution of EUR65 million by the EU (European Regional Development Fund) and match funded by the 27 Member States, as well as Norway and Switzerland<sup>135</sup>. URBACT III will also be co-financed by Croatia, the 28<sup>th</sup> Member State.

### 9.5.1 Summary of aims, objectives and outcomes

The programme facilitates the partnership of European cities to work together to develop ‘effective and sustainable’<sup>136</sup> solutions to major urban challenges. Approximately 52 networks were developed as part of URBACT II, which focus on urban development and some on social innovation, for example, the ‘Diet for a Green Planet’ project which aims to ‘contribute to a change in eating habits that supports a local and sustainable food production and development’.<sup>137</sup> Each project receives approximately EUR1million (including expert costs) and involves 6 to 12 cities working together over a 2-3 year period on a specific urban issue. These city networks have a lead partner (the city who bears overall financial and legal and administrative responsibility for a project) and a lead expert who works to manage and support the partnership, as well as to produce a report on the topic they are addressing. The lead experts are appointed in each project and are responsible for supporting the network throughout the life of the project, ‘steering the work programme, topics and content’<sup>138</sup> and for ‘contributing to programme level activities in the name of the network’.<sup>139</sup> The aim of each city in a network is to produce a Local Action Plan (LAP) which outlines the pragmatic and sustainable solutions to the issues the networks address. The plans can be implemented in the cities, or used by other city practitioners and policy makers in Europe. The programme outlines its four missions as:

1. ‘Coordinating exchanges to make things happen’<sup>140</sup>: URBACT projects encompass primarily cities, but also other local authorities, universities and research institutions’<sup>141</sup>. URBACT helps to coordinate exchanges among these numerous, diverse and geographically distant partners. The programme aims to ensure quality and realistic outputs by involving key players from each partner city via Local Support Groups, URBACT will then help them to define a relevant Local Support Group and effective Local Action Plan (LAP).
2. ‘Analysing and capitalising on learning’<sup>142</sup>: URBACT collects what is learned by the projects and develops integrated responses that encompass the economic, social, cultural, and environmental dimensions of urban development. They mobilise the expertise of

---

<sup>135</sup> This content of this section is based on consultation with Peter Ramsden, Thematic Pole Manager for URBACT and Eddy Adams, URBACT’s advisor on Social Innovation and Human Capital.

<sup>136</sup> URBACT. *URBACT Projects*. [online] Available at: <<http://URBACT.eu/en/about-URBACT/our-organisation/URBACT-projects/>>

<sup>137</sup> URBACT. *Diet for a Green Planet: Our Project*. [online]. Available at: <<http://URBACT.eu/en/projects/quality-sustainable-living/diet-for-a-green-planet/our-project/>>

<sup>138</sup> URBACT. *The URBACT II Programme 2007-2013: Thematic Poles*. [online] Available at: <[http://courses.arch.ntua.gr/fsr/126451/UII\\_Thematic\\_Pole\\_Note\\_-\\_23052008.doc](http://courses.arch.ntua.gr/fsr/126451/UII_Thematic_Pole_Note_-_23052008.doc)>

<sup>139</sup> *ibid*

<sup>140</sup> URBACT. *Our Missions* [online] Available at: <<http://URBACT.eu/en/about-URBACT/our-missions/>>

<sup>141</sup> *ibid*

<sup>142</sup> *ibid*

practitioners from the partner cities, experts working on each project, and the Thematic Pole Manager<sup>143</sup>.

3. 'Disseminating information and outputs'<sup>144</sup>: URBACT disseminates information about the programme, particularly related to calls for proposals. The programme then makes the outputs of its work available to all city policy players throughout Europe. URBACT use their web site and National Dissemination Points, relay points that spread the information in each country's national language, to do this. URBACT also regularly distributes publications and organises conferences open to a broad audience.
4. 'Funding project operations'<sup>145</sup>: URBACT funds project operations i.e. the cost of networks, with maximum budgets ranging from EUR 300,000 to EUR 710,000. They do not finance the implementation of Local Action Plans, which can be funded by the partners or by other programmes (ERDF, ESF etc.).

### 9.5.2 Strengths, weaknesses, achievements and challenges

The project's city focus is distinctive. Eddy Adams, URBACT's Pole Manager on Social Innovation, sees this as a benefit and believes that the EU should have a much stronger emphasis on urban issues in the new programme period in order to build the EU's capacity for social innovation. URBACT will continue to have a strong remit within the next funding programme, with its funding being increased by 40% for URBACT III. As Peter Ramsden, Thematic Pole Manager for URBACT explained, it is the only programme of its type that is having its budget increased, which is evidence of its value to the European Commission.

Another interesting feature of the programme is the fact that it works across the whole of Europe and particularly with medium-sized cities, such as Birmingham and Preston in the UK, as well as with the larger, 'usual suspect' city examples such as Helsinki, Amsterdam or London which may feel less relevant to the majority of Europeans. URBACT is also required to balance its work between more and less developed parts of the EU28. This ensures that the programme's principle of exchange and transferability is embedded. Adams explained that it also helps to show the range of different ways in which cities are working, and demonstrates the different contexts in which social innovation is happening.

With regard to the project's ambition to 'coordinate exchanges to make things happen', the programme appears to have been successful at meeting this mission in two ways. First, URBACT has brought together a wide group of stakeholders. The programme requires that every city creates a Local Support Group; a multi-stakeholder group which brings together all the key players relevant to the topic being addressed. For example, Roma-Net, a project led by the city of Budapest which

---

<sup>143</sup> Each URBACT project is assigned to a Thematic Pole. A Thematic Pole Manager supports a number of URBACT projects, 'addressing content and methodological issues particularly close to the pole's theme'. He or she communicates with other Pole Managers to 'share pertinent information relevant to other themes' in order to 'support and help in the common goal of maximising the value of activities and outputs of the projects themes' and 'keep abreast of all the activities which could provide raw material for capitalisation at programme level.'

<sup>144</sup> URBACT. *Our Missions* [online] Available at: <<http://URBACT.eu/en/about-URBACT/our-missions/>>

<sup>145</sup> *ibid*

focuses on the integration of Roma populations, includes people from the Roma community in its group. Peter Ramsden explained that this is an aspect of a desire to ‘do with rather than do for’ and Eddy Adams agreed, explaining that the programme places a strong emphasis on equal participation. This philosophy helps to bring together many different perspectives and experiences on the topic being addressed. Eddy Adams emphasised that ‘learning-by-doing’ with peers helps to build trusting relationships and incubate good working partnerships which are an ‘important factor in promoting social innovation’<sup>146</sup> as they allow risks to be taken in safe spaces as well as helping to re-engage disconnected citizens.

The URBACT programme has also been able to promote social innovation through facilitating transnational meetings for the cities involved in the projects. Ramsden explained that such meetings are a basic but extremely important activity of URBACT projects. The different projects which fall under URBACT tend to employ a carousel-approach whereby they move from city to city looking at the different practices in each. This helps to reach beyond the usual suspects. York (UK), for example is the lead city for the GeniUS project on Open Innovation where stakeholders work together with the city to create innovative solutions to city challenges.<sup>147</sup> The project provides a ‘framework for knowledge transfer’<sup>148</sup> from York to its three ‘receiving’ or partner cities: Siracusa (Italy), San Sebastian (Spain) and Tallinn (Estonia) on how to identify and solve urban challenges with Open Innovation. This transfer has been facilitated with York holding an initial transfer workshop, followed by the three ‘receiving’ cities holding their own open innovation events in which project leads and stakeholders meet to plan how to solve local challenges.<sup>149</sup> Ramsden explained that the single most important thing is that everybody learns something and “cities learn from other cities”; it becomes much easier to learn when you see things in action. Ramsden argues that “you can sometimes see a presentation but you don’t get much from it, but cross-examining a practice, maybe even doing a peer review, which some of their projects do, is where you are really understanding what they’re doing in detail, seeing how they do it; that’s a step.” Further, Eddy Adams explained that the biannual URBACT Summer University holds a big ‘learning-by-doing event’ with more than 400 participants.

However, there remains a challenge around how to convert inspiration to action, particularly when partners are working in such different contexts. While Ramsden emphasised the importance of peer-to-peer learning, he felt it was equally necessary to have some expertise to ‘oil the wheels’. Every URBACT project currently chooses a Lead Expert who works on the project for its duration.

---

<sup>146</sup> Adams, E. and Arnkil, R. (2013) *Cities of Tomorrow – Action Today. URBACT II Capitalisation. Supporting urban youth through social innovation: stronger together*. Saint-Denis: URBACT [online]. Available at: < [http://URBACT.eu/fileadmin/general\\_library/19765\\_URBACT\\_WS3\\_YOUTH\\_low\\_Final.pdf](http://URBACT.eu/fileadmin/general_library/19765_URBACT_WS3_YOUTH_low_Final.pdf)>

<sup>147</sup> URBACT (2014) *Genius: Open*. [online]. Available at: < <http://URBACT.eu/en/projects/innovation-creativity/genius-open/homepage/>>

<sup>148</sup> URBACT. (2014) *Key to the city: unlocking open innovation: URBACT Pilot Transfer Network 2014/15*. [online] Available at:<[http://URBACT.eu/fileadmin/Projects/Genius\\_\\_Open/outputs\\_media/Genius\\_Open\\_Innovation\\_baseline\\_report\\_01.pdf](http://URBACT.eu/fileadmin/Projects/Genius__Open/outputs_media/Genius_Open_Innovation_baseline_report_01.pdf)>

<sup>149</sup> Based on consultation with Tricia Hackett, Programme Leader in Applied Innovation, The Young Foundation and Thematic Expert for the GeniUS project.

They are chosen for their high level of knowledge and experience on the issue the particular project addresses and they provide support in terms of both content and methodology.<sup>150</sup> They also help to facilitate transnational exchange as they will have visited each of the cities in the partnership and have good relations with each. This is important as not all of the cities will be able to attend every meeting.

Furthermore, Lead Experts can act as a ‘capacity building mechanism’ such as through explaining how to write an action plan. What is clear, however, is capitalisation and the dissemination of results, does not solely operate at the smaller project level. The experts are also working on capitalising on the results of the URBACT project overall. Particularly concerning social innovation they are interested in exploring how to build the social innovation ecosystem such as through understanding what leadership styles and characteristics are most likely to encourage, support and adopt innovation in cities and what is the city framework that is needed, virtual or physical, to “kick start and support social innovation across Europe” (Eddy Adams). Furthermore, Thematic Experts are also important in bringing more specialised knowledge to project exchanges. For example, Tricia Hackett of the Young Foundation is a Thematic Expert for URBACT’s Social Innovation in Cities work stream. She brings her social innovation knowledge and expertise to help facilitate the thinking about the role of social innovation in tackling urban challenges.

URBACT facilitates the dissemination of new knowledge ‘to foster mainstreaming of good practices and policy recommendations’.<sup>151</sup> URBACT does this through making the outputs of their work ‘available to all city policy players throughout Europe’. They do not ‘propose universal, ready-to-use recipes to the major urban challenges cities are facing’, rather they make ‘available solutions that have proven effective in certain situations.’<sup>152</sup> These are disseminated through the URBACT website and National Dissemination Points. URBACT also regularly holds conferences that are open to a broad audience and distributes publications.

## 9.6 Conclusions and recommendations

Currently URBACT do not fund the implementation of Local Action Plans, which can be funded by partners, or other programmes (e.g. ERDF, ESF etc.). Many projects which have been good at producing Local Action Plans have struggled with getting them fully implemented because of the difficulties they’ve experienced in obtaining funding. We therefore recommend that the Top 5 Local Action Plans be automatically fast-tracked for ERDF funding. This should be accompanied by improved communication, from the EU, about the routes to funding as URBACT projects are expected to find funding within the main EU programmes which is not always possible. Despite these difficulties most cities do raise finance for all or part of their action plans. The issue of access to EU programme funds was raised in URBACT II’s mid-term evaluation which stated that ‘at

---

<sup>150</sup> URBACT. *URBACT Projects*. [online] Available at: <http://URBACT.eu/en/about-URBACT/our-organisation/URBACT-projects/>

<sup>151</sup> URBACT. *Social Innovation in Cities: URBACT Capitalisation*. [online] Available at: <http://www.sustainable-everyday-project.net/URBACT-socialinnovationincities/about-URBACT/>

<sup>152</sup> URBACT. *Our Missions* [online] Available at: <http://URBACT.eu/en/about-URBACT/our-missions/>

present there is not a clear route from the project to possible funding streams to help implement actions in Local Action Plans’.

There is a further challenge in getting innovation into programmes. Audit culture and risk aversion is a problem for social innovation and prevents new ideas coming forward. The EU should therefore allow for properly structured and innovative parts of programmes to take risks in the form of proportional audit, making clearer recognition that small scale experiments should be allowed to fail and large scale implementations shouldn’t. Ramsden explained that ‘as long as you are spending proportionally you can afford to fail’ but it is very difficult to teach this to programme managers. Adams supported this and explained that URBACT has and can help to provide a ‘space for risk taking, creativity, innovation and learning across cities’. The programme has given cities the incentive to do things they wouldn’t have otherwise had the space and funding to do and this is something which should be continued and developed further.

There are a number of issues with building a better social innovation ecosystem that are out of the control of the URBACT programme. Ramsden explained that part of the issue is that the public sector is “terrible at reinventing itself” due to a lack of skills. In addition, there are differences in the quality of public officials across the EU regions and their ability to drive change from the inside. URBACT runs a capacity building exercise in the form of a summer university and national training schemes in national languages to up-skill people in various essential techniques, however, more needs to be done, particularly in Southern and Eastern Europe. Adams explained that this should be done with more hands-on capacity building and particularly with more visible learning-by-doing opportunities where cities can shadow one another and share best practices which will help in “demystifying some of the unhelpful notions of social innovation” (Adams).

During the 2007-14 programme period social innovation has been embedded as a core feature of the work of URBACT. This will develop further in URBACT III.

## 10. Digital Social Innovation

Digital social innovation (DSI) now occupies a central place in European policy aiming towards economic and societal development (including recovery from the current economic crisis). We are seeing a full realisation of the potential of information and communication technologies (ICTs) to address a range of pressing societal challenges, some of which arise from the interaction of technological, economic and societal forces. Digital technologies are seen to provide the tools to face key European challenges by improving quality of life through, for example, better health care, safer and more efficient transport solutions, a cleaner environment, new media opportunities and easier access to public services and cultural content. Digital social innovation is a central element of the process by which those tools are employed, which is acknowledged by many commentators, and independent reports and studies.<sup>153</sup>

Digital Social Innovation (DSI) is social innovation supported, enabled and propelled by digital technologies, and at a general level is of three main types:

1. Digital technologies are a key enabler of social innovation by increasing efficiency and effectiveness, facilitating better social innovation through greater connectivity, simplicity and convenience. In other words they permit existing types of social innovation to function better with improved outcomes. For example, local community self-help initiatives in the Netherlands, as in the town of Geldrop-Mierlo, are enabled to function more efficiently and achieve better outcomes by providing information and brokering self-help service offers online.
2. Digital technologies provide opportunities for new types of social innovation through the 'network effect' of collective, dispersed or large scale intelligence<sup>154</sup>. By facilitating new types of bottom-up and decentralised forms of collaboration, they potentially open vast new fields of social innovation, which we have only recently begun to glimpse but not fully understand, and where the potential is enormous. These types of DSI can be highly disruptive of existing processes, roles and relationships, particularly because their forms and impacts are unpredictable. For example, the UK government required the Ordnance Survey (OS) to release its digital map data for free one year ago, accompanied by fears its revenues would dry up. However, one year later the OS is generating more income by selling its expertise in support of the free data to companies developing geo-based business applications, whilst NGOs are now able to develop geo-based social applications as well as target their activities much more easily, with much less effort.
3. Digital technologies can improve, change and disrupt governance and framework structures in society and thus open new possibilities for social innovation. This is a more indirect form of DSI but nevertheless has enormous potential as it re-balances the playing

---

<sup>153</sup> See for instance the recent insight report by McKinsey: M Chui, J Manyika, J Bughin, R Dobbs, C Roxburgh, H Sarrazin, G Sands & M Westergren, *The social economy: Unlocking value and productivity through social technologies*, McKinsey Global Institute, 2012

<sup>154</sup> See for instance the recent insight report: D Scearce, G Kasper & H McLeod Grant, *Working Wikily 2.0: Social Change with a Network Mindset*, San Francisco, Monitor Institute, 2009

field in favour of the majority, even those who do not use ICT given that the role of intermediary civil organisations and communities is enormously strengthened. For example, some European countries have freedom-of-information legislation and enable citizens to see the electronic data the government holds about them, but few have gone as far as Estonia where citizens and business can request information on which public or other agencies have used these data and for what purpose. Individual citizens, as well as interest organisations, are thereby given vastly improved tools to ensure that government performs well, ethically and for fully legal purposes in their case-handling and decision-making.

Given the importance of the second and third types of DSI sketched above, it would be wrong to try to 'over-engineer' the future of ICT-based or ICT-enabled innovations. History has already demonstrated the remarkable creativity and surprising development-oriented innovations that have emerged once access to ICT is made available. A more productive path would consist of, first, enabling innovative individuals to flourish, develop, and succeed locally, and, second, foster 'serendipity' by promoting multi-stakeholder and interdisciplinary approaches as often and in as many different areas as possible.

## 10.1 European policies that support digital social innovation

European policy in this area – driven by DG CONNECT (and its various predecessors) - has been growing since the late 1970s with the discussion on telematics and the threat of ICTs for Europe's competitiveness. The flagship EU policies, with Europe 2020 following on from the Lisbon Strategy(ies), have consistently had an ICT-related component (eEurope, i2010 and the Digital Agenda respectively) accompanying them since the Bangemann Report<sup>155</sup> emerged shortly after the famous 'Delors White Paper' on Growth, Competitiveness and Employment<sup>156</sup>:

### 10.1.1 Europe 2020

The Commission launched Europe 2020<sup>157</sup> to help improve socio-economic conditions across Europe. Europe 2020 represents a strategy for smart, sustainable and inclusive growth that focuses on getting the European economy back on track after the economic and financial crisis. The strategy consists of three key components (1) three priorities – to mutually reinforce growth, (2) headline targets – to be met by 2020, and (3) seven flagship initiatives – to catalyse progress. Europe 2020 forms the main policy chapeau under which the proposed examination of DSI is positioned. More specifically, the Innovation Union and Digital Agenda for Europe (DAE) are two of

---

<sup>155</sup> Bangemann, Martin, Enrico Cabral da Fonseca, Peter Davis, Carlo de Benedetti, Pehr Gyllenhammar, Lothar Hunsel, et al. 1994. Europe and the Global Information Society - Recommendations to the European Council. Luxembourg: Commission of the European Communities. Available from <http://europa.eu.int/ISPO/infosoc/backg/bangeman.html> .

<sup>156</sup> As argued in Shahin & Finger, The history of a European Information Society: Shifts from governments to governance, Jirapon TUBTIMHIN and Russel PIPE (eds), Global e-Governance: Advancing governance through innovation and leadership, Amsterdam, IOS Press, 2009, Global E-Governance Series, Vol. 2, 62-83

<sup>157</sup> [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)



the seven flagship initiatives of the Europe 2020 Strategy that underscore the key enabling role that the use of Information and Communication Technologies (ICT) will have to play if Europe wants to succeed in its ambitions for 2020 and the two flagship initiatives in which the role of DSI is currently most evident.

### **10.1.2 The Innovation Union and Digital Agenda for Europe**

In today's increasingly networked and global world, successful economies must be able to transform the best research ideas into marketable products and services that generate jobs and growth. Fostering innovation is therefore central to the Europe 2020 strategy as laid out in the Innovation Union strategy document<sup>158</sup>. With over 30 action points, the Innovation Union aims to improve conditions and access to finance for research and innovation to ensure that Europe is better able to meet the challenge of globalisation head-on. The Innovation Union is premised on the conviction that Europe's future economic growth will increasingly have to come from new and more creative approaches to developing products and services. Currently, however, EU investment in ICT research – a fundamental driver of innovation - is still less than half US levels. In this regard, the Digital Agenda for Europe (DAE) seeks to enhance Europe's competitive edge through elimination of Europe's fragmented efforts in the digital arena.<sup>159</sup> The DAE outlines eight pillars of policies and actions to help foster a flourishing digital economy by 2020, including pillar five - Research and Innovation - which recognises that Europe needs a world class infrastructure and adequate research funding to generate cutting edge innovation and generate future growth.

### **10.1.3 Multi-Annual Financial Framework (MFF)**

The growing role of DSI is also recognised in the recently proposed Multi-annual Financial Framework for 2014-2020<sup>160</sup> (MFF), which calls for a significant increase to Research and Innovation funding under Horizon 2020, proposes a Common Strategic Framework for research, innovation and technological development and defines three focal areas: (1) excellence in the science base, (2) tackling societal challenges, (3) creating industrial leadership and boosting competitiveness.

### **10.1.4 Horizon 2020**

Horizon 2020, as the new European Research funding structure and successor to the FP7 programme, provides support for research, development and innovation from 2014. These policy initiatives as integrated strategies directly support formal innovation activities and strengthen the connections between the creation of new knowledge (or new contexts for existing knowledge) and application in commercial and societal arenas. They also, therefore, create an indirect platform for the pursuit of DSI initiatives that enhance this structure in two ways; by helping to mediate between the realms of invention and application and by providing a complementary source of new

---

<sup>158</sup> European Commission, Innovation Union: A Europe 2020 Initiative, [http://ec.europa.eu/research/innovation-union/index\\_en.cfm](http://ec.europa.eu/research/innovation-union/index_en.cfm).

<sup>159</sup> <http://ec.europa.eu/digital-agenda/>

<sup>160</sup> [http://ec.europa.eu/budget/mff/index\\_en.cfm](http://ec.europa.eu/budget/mff/index_en.cfm)

knowledge, new issues, new approaches and new platforms for application of the fruits of formal innovation. Additional examination of Horizon 2020 can be found in Chapter 11.

Although all the initiatives identified earlier are important, this chapter focusses on reviewing two important but very different EU initiatives the European Commission is currently supporting that are more specifically focused on DSI. First, we present CAPS (Collective Awareness Platforms) a multi-million research programme and second, the Digital Social Innovation Project - a study to map the digital social innovation field in Europe led by Nesta and delivered in partnership with Esade Business School, Waag Society, Institut de Recherche et d'Innovation, FutureEverything and Swirrl. This work complements the work done on digital social innovation as part of Tepsie.

## 10.2 CAPS (Collective Awareness Platforms)

### 10.2.1 Summary of aims, objectives and outcomes

Collective Awareness Platforms (CAPS) use ICT tools and networks for supporting and propelling new forms of sustainability and social innovation. This is done through a people-centric approach that aims to actively involve citizens in creating new multi-dimensional communities at the grassroots, whilst at the same time linking into wider social, economic and democratic systems. It is important to see the purpose of CAPS within the broader context of the EU's EU 2020 Strategy<sup>161</sup> that in 2010 established three priority areas designed to help Europe “emerge from the crisis stronger”: smart growth, sustainable growth and inclusive growth. It is also derived from the Digital Agenda Europe<sup>162</sup> flagship setting out the key enabling role of ICT in achieving these goals. Specifically, CAPS aims to support: extended awareness of the social world; the environment and the consequences of people's actions in developing environmentally friendly lifestyles; new economic models; and participatory global governance.<sup>163</sup> More specifically, the ambition is to:

- harness the ‘network effect’;
- build sustainability alongside jobs, growth and economic recovery;
- support behavioural change, reputational processes and self-regulation to the maximum degree these are trustable and effective, for example in new life styles and in consumption and production patterns;
- be bottom-up and dispersed, and support distributed situational awareness;
- give power not only to for-profit platforms but also to those which are non-commercial;
- promote new individual motivations and behaviours in the context of collective models for new forms of value creation.

Calls for CAPS commenced at the end of the Seventh Framework Programme for R&D (FP7) in 2013 when the focus was on “research projects for grassroots experiments and pilots”,<sup>164</sup> and then

---

<sup>161</sup> Europe 2020 [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)

<sup>162</sup> Digital Agenda Europe [http://ec.europa.eu/information\\_society/digital-agenda/index\\_en.htm](http://ec.europa.eu/information_society/digital-agenda/index_en.htm)

<sup>163</sup> <http://ec.europa.eu/digital-agenda/en/collective-awareness-platforms-sustainability-and-social-innovation>

<sup>164</sup> <http://caps2020.eu/about-caps/caps-ict-workprogramme-2013/>

funded topics in areas like: increasing trust in collectively-generated statistics; new collaboration models; environmental challenges; collectively removing barriers to inclusion; collective intelligence; rating companies on corporate social responsibility; new tools for direct democracy and participation; and digital social innovation based on the network effect.

CAPS has continued into the new Horizon 2020 Research and Innovation Programme<sup>165</sup> as part of the EU strategy towards more digital social innovation to deal with society's challenges in a more efficient way. The first call for proposals was launched at the end of 2013 with a summer 2014 deadline, and included the ICT10 topic Collective Awareness Platforms for Sustainability and Social Innovation. The objective of Horizon 2020 CAPS is "to harness the collaborative power of ICT networks to create collective awareness of sustainability threats and enable collective solutions". The call includes the four areas of: collective awareness pilots for bottom-up participatory innovation paradigm; multidisciplinary research on collective awareness platforms; Digital Social Platforms; and coordinating activities in CAPS.

At the July 2014 CAPS Conference, CAPS was described as non-commercial, open Internet platforms, connecting citizens to each other (and to the 'Internet of Things' whenever necessary) and providing them with a more effective ways to<sup>166</sup>:

- Spontaneously adopt more sustainable behaviours and lifestyles, based on better information (extended awareness);
- Contribute to a low-carbon economy, for instance by lending, exchanging and reusing goods at scale, across geographic boundaries (collaborative consumption);
- Get facts/evidence from citizens for better decision making, at personal or institutional levels (e.g. crowdmapping);
- Develop alternative collaborative approaches to problem solving (crowdsourcing, crowdfunding, participatory design, collective intelligence, collective decisions);
- Actively engage, innovate and act, individually or collectively, towards societally, environmentally and economically sustainable approaches and solutions to tackle societal challenges.

### **10.2.2 Strengths, weaknesses, achievements and challenges**

Europe's current economic and financial crisis is also a social and political crisis, which is both exacerbating and accelerating the impact of the societal challenges the continent faces, including the ageing society, unemployment, poverty, reduced public sector service levels, congestion, crime and anti-social behaviour, pollution and climate change. CAPS can play an important role in addressing these challenges by supporting sustainability and social innovation, particularly at the grass-roots and bottom-up local level, through both individual and collective awareness raising and action, although the potential for mainstreaming and scaling is also very important. Sustainability and social innovation are highly complementary and interdependent. The former is seen as much

---

<sup>165</sup> <http://caps2020.eu/about-caps/caps-horizon-2020/>

<sup>166</sup> <http://caps-conference.eu/>

more than the physical environment, important as this is, but also focuses on social and economic sustainability, social cohesion and inclusion.

Social innovation is an open and bottom-up approach to innovation which targets social needs with better results than existing approaches, and which also builds the capacity of individuals and communities to themselves act effectively over the long term.<sup>167</sup> Of special relevance to CAPS and ICT is the strong focus of social innovation on identifying and deploying unused assets in communities and in society as a whole. These can include finance, people's time and expertise, data, things, places, buildings, spaces, etc., where the goal is to use CAPS and the matching, orchestrating and coordinating power of ICT to turn what would otherwise go to waste into resources which can be deployed to have real beneficial impact.

CAPS is a highly ambitious programme<sup>168</sup> which understands that success needs to be based on a clear existing (and often physical) community of motivated users and that 'virtual' solutions on their own are not sufficient. It eschews purely technology-driven projects or ones aiming at purely commercial solutions, instead promoting virtual-physical integration, the integration of existing technologies, and the prioritisation of non-monetary over monetary business models. Moreover, in purpose and design, CAPS aims to directly support social innovation through its ambition to<sup>169</sup>:

- demonstrate effectiveness, compared to existing solutions, of new bottom-up, open and distributed approaches exploiting network effects;
- pioneer new models of participatory innovation based on open software, open data and open hardware;
- effectively involve citizens and relevant (and new) actors, as well as establish durable interdisciplinary collaborations;
- define new concepts and models for the development of digital social platforms, and deepen understanding of social innovation processes.

CAPS also has ambitions for impacting at the societal level and social innovation level through its aim to<sup>170</sup>:

- exploit the capability to reach a critical mass and to transpose the proposed approach to other application areas related to sustainability;
- demonstrate how collaborative concepts based on the Internet can offer solutions to societal and sustainability challenges, by making use of common, collective problem solving, knowledge sharing, collaborative journalism, social exchange and community-wide participation at local and global scale;

---

<sup>167</sup> D1.1 Defining Social Innovation, TEPSIE project:

<http://www.tepsie.eu/images/documents/TEPSIE.D1.1.Report.DefiningSocialInnovation.Part%201%20-%20defining%20social%20innovation.pdf>

<sup>168</sup> <http://caps2020.eu/wp-content/uploads/2013/11/CAPS-Vilnius.pdf>

<sup>169</sup> <http://caps2020.eu/wp-content/uploads/2013/11/CAPS-Vilnius.pdf>

<sup>170</sup> <http://caps2020.eu/wp-content/uploads/2013/11/CAPS-Vilnius.pdf>

- achieve in the longer term active citizen participation in decision making, collective governance (including global Internet governance), new democracy models, self-regulation, new business and economic models;
- demonstrate scalability, reusability of results and general applicability of proposed solutions at local or regional level;
- achieve transferability and scalability of the digital social platforms model, to enlarged communities across borders;
- result in measurable improvement in cooperation among citizens, researchers, public authorities, private companies, non-profit, non-governmental and any other civil society organisation in the development of new sustainable and collaborative consumption patterns, new lifestyles, and innovative product and service creation and information delivery.

Given that the CAPS projects have only just launched, it remains to be seen to what extent they will achieve these aims.

## 10.3 Digital Social Innovation Research Project

### 10.3.1 Summary of aims, objectives and outcomes

The European Commission, through DG Connect, has commissioned the Digital Social Innovation Research Project to map the DSI field in Europe, led by Nesta and delivered in partnership with Esade Business School, Waag Society, Institut de Recherche et d'Innovation, FutureEverything and Swirrl. This research aims to explore the potential of the network effect of the Internet (i.e. the service becomes more powerful when more people use it), emphasizing the characteristics of digital tools that can effectively empower citizens and civic innovators. The challenge is to exploit the collaborative power of networks (networks of people, of knowledge, and connected things) to harness the collective intelligence of communities in order to tackle big social challenges. There is great potential to exploit digital network effects both in social innovation activity and in new services and approaches that generate social value. But much of this potential isn't yet being realized. Indeed, the "network effect" of the Internet may still be in its early technical phases and early implementation to maximize social good.

*"Digital social innovation plays a central role in the development of the Future Internet", argue the project managers behind the DSI project in their first interim report to the European Commission in 2014<sup>171</sup>. "The development of open data infrastructures, knowledge co-creation platforms, wireless sensor networks, decentralized social networking, and open hardware, can potentially serve collective action and awareness. However, today it stills fail to deliver anticipated solutions to tackle large-scale problems, and the growth of digital services has resulted in an imbalance between the dramatic scale and reach of commercial Internet models and the relative weakness of alternatives,*

---

<sup>171</sup> European Commission, Bria, Francesca - Digital Social Innovation, First Interim report, 2014 - <http://waag.org/sites/waag/files/public/media/publicaties/dsi-report-complete-lr.pdf>

*mainly filling marginal niches and unable to gather a critical mass of users and exploit the network effect.”*

The overarching aim of this project thus is to address the main gap in the current research and implementation of digital innovation activities and connected policies. To do this the following areas are being investigated<sup>172</sup>:

- The ways in which grassroots civic innovation might lead to systemic innovation – user-driven innovation can be seen as a way to better link disrupting and cumulative innovation to achieve systemic innovation. Continuous and systemic innovation takes more time and requires a holistic approach, including technology development, but also juridical, financial, and social frameworks. If we want to unlock wealth that resides in new sectors such as energy consumption, mobility, education, welfare and so on, we need to be able to solve “wicked” problems through innovation;
- How to accelerate innovations that better align the capacities of the Internet to social needs – The non-technological elements and the so-called soft innovation, such as social relationships, organisational forms, institutions, and social norms need to align with technological development;
- How to de-centralise power to citizens – Using technology to give power and control back to communities and users;
- How to transform individual and collective behaviours to shape a more sustainable society, by leveraging digital networks, which are capable of creating this level of situational awareness, through both centralised and grassroots approaches. These platforms for collective awareness and action would be a key enabler to build resilience and trust in communities in the face of potential shocks, and to connect industrialized big data with collective awareness, while taking into account privacy concerns. The objective would be to harness technology for making the fabric of society as a whole wiser; a genuine product of a more inclusive collective intelligence. Properly defining key terms such as collective intelligence has been one of the key theoretical focuses of this study.

This research forms part of the European Commission’s thinking around its Europe 2020 strategy and the European Digital Agenda and its ambition is to inform the development of better support, regulation and policy and also to help define potential funding programmes from 2014 onwards. This research relates to the European Digital Agenda in three ways, according to Francesca Bria<sup>173</sup>:

- Firstly, DSI might provide ways of working that speeds up R&D and productivity, combining sustainable innovation growth with cohesion and sustainable development;
- Secondly, social and civic innovation can contribute to inclusiveness. Different groups of people, including disadvantaged groups, can participate in innovation processes, and give

---

<sup>172</sup> These project aims are listed in the first interim report, 2014. European Commission, Bria, Francesca - Digital Social Innovation, First Interim report, 2014 - <http://waag.org/sites/waag/files/public/media/publicaties/dsi-report-complete-lr.pdf>

<sup>173</sup> By email, 26<sup>th</sup> October 2014

crucial inputs to tackle societal and local challenges. This will help to leverage citizens' talents to improve Europe's future;

- Thirdly, DSI has a relation with the digital agenda, with respect to promoting R&D on the role of ICT based platforms enabling open digital ecosystems.

The high-level objectives of this research are summarized as follows<sup>174</sup>:

- Analyse policy, research and innovation activities through codified insights and non-codified actual practices to create a favourable framework and research agenda to foster DSI in Europe;
- Mobilise a big variety of constituencies and support a community of innovators. In particular grassroots communities of civic innovators, web entrepreneurs, hackers, geeks, SMEs, open source and DIY makers, but also policy makers and decision makers at various levels;
- Broad engagement with the general public and citizens, to reach out and analyse social needs and integrate feedback coming from end-users;
- Conduct experiments and prototyping in a new and emerging field to inform new ways of shaping policy and practice.

### 10.3.2 Strengths, weaknesses, achievements and challenges

This project is ongoing and hence it is difficult to reflect on the strengths and weaknesses. Two rounds of interim results have been published<sup>175</sup> and the project has developed a crowd-mapping facility (<http://digitalsocial.eu/>) based on open, linked data to crowd-map the different types of DSI organisations, where they are based and how they are connected, including a prototype analysis of strong and weak links between organizations. In the DSI Network Data-Set, there are a total of 901 organisations with a total of 571 activities and the numbers are growing. The emergent network represents DSI organisations and their social relationships mapped in the form of graph that is a collection of nodes and edges between them.

The project highlights five areas that capture key dimensions of the phenomenon under investigation<sup>176</sup>:

1. New ways of making including the Makers movement and open hardware projects like Arduino that is revolutionising open design and manufacturing;
2. Participatory mechanisms and open democracy featuring new projects pioneering direct democracy and citizens participation such as Open Ministry or Liquid Feedback that are transforming the traditional models of representative democracy; or Openspending that

---

<sup>174</sup> See the project website, and their reports - <http://www.nesta.org.uk/project/digital-social-innovation>

<sup>175</sup> European Commission, Bria, Francesca - Digital Social Innovation, First Interim report, 2014 - <http://waag.org/sites/waag/files/public/media/publicaties/dsi-report-complete-lr.pdf>; European Commission, Bria, Francesca et al, Second Interim report, 2014 <http://content.digitalsocial.eu/wp-content/uploads/2014/09/FINAL-2ND-INTERIM-STUDY-REPORT.pdf>

<sup>176</sup> See for instance early thinking about this on the project blog - <http://www.nesta.org.uk/blog/digitalsocialeu-redesign-get-map>

- encourages transparency and accountability; participatory web platforms such as Wikigender and Wikiprogress developed by the OECD that facilitate the linking of National statistics to actual individual living conditions; organisations like MySociety and the Open Knowledge Foundation in the UK that are developing services like FixMyStreet allowing citizen to report city problems; and CKAN, the biggest open source data platform in Europe that is underpinning a new bottom-up ecosystem for digital public services;
3. The sharing economy that includes crypto digital currencies like Freecoin and many sharing economy platforms such as Peerby and Goteo creating new forms of crowdfunding methods, exchanges and new economic models;
  4. Awareness networks enabling sustainable behaviours and lifestyles such as the Smart Citizen Kit – an initiative that empowers citizens to improve urban life through capturing and analysing real-time environmental data, and Safecast – a project that enables citizens to capture and share measurement on radiation levels;
  5. Open access and information Commons including cities like Vienna and Santander pioneering new practices in Open Data and open sensor networks; and mesh networks projects such as Guifi.net, projects such as Confine, Commotion, and Tor that are using bottom up privacy-preserving decentralised infrastructure for the open Internet constituted by open standards, open data, free and open software, and open hardware.

The key challenge that the project has identified is that the value of DSI is still difficult to quantify using traditional indicators of success and impact, such as GDP, profitability and competitiveness. New sustainable business models and socio-economic mechanisms based on collective and public benefit are starting to clearly emerge. The ambition of this project is, however, to inform future European Commission initiatives, research and policy to foster open and inclusive innovation for social good in Europe, once the network of digital social innovation actors in Europe is mapped and its dynamics understood.

### 10.3.3 Conclusions and recommendations

Work conducted across the European Commission has informed and supported policy making in digital social innovation by promoting a positive take up and positive impact of ICTs in society, and will continue to respond to selected ICT challenges for building a sustainable, healthy and secure society.<sup>177</sup> Tepsie’s work to date has inter alia shown that there are a number of dimensions relevant to social innovation which seem to be heavily influenced by ICT. These include changing relationships between bottom-up and top-down activities, between centralisation and de-centralisation, between individuals and groups, between hierarchical and networked forms of organisation, between local or small scale and global or large scale, and between innovation as new ideas and activities on the one hand and copying or emulation on the other. Another major issue is how ICT seems to be able to affect the interplay between tacit and explicit knowledge and content, especially when differentiating between local and global scales. In this context, the potential to be able to scale up some of the attributes of Communities of Practice, perhaps through so-called

---

<sup>177</sup> This argument has been made by numerous commentators, and independent reports, for instance the World Economic Forum’s Global IT report 2012; [http://www3.weforum.org/docs/Global\\_IT\\_Report\\_2012.pdf](http://www3.weforum.org/docs/Global_IT_Report_2012.pdf)



Networks of Practice, may be important. Also currently being examined are the social innovation implications of Community Awareness Platforms (CAPS) currently being heavily pushed by the European Commission research agenda as “ICT systems leveraging the emerging ‘network effect’ by combining open online social media, distributed knowledge creation and data from real environments [...] in order to create new forms of sustainability and social innovation”.<sup>178</sup>

Growing attention is also given to initiatives that aim to empower consumers and prompt them to look at choices and support informed and sustainability-aware decisions, based on extended awareness of the environment and of the consequences of these actions; and explore new forms of public-private partnership. Digital platforms are seen to stimulate new forms of social innovation, leveraging the emerging “network effect” by combining open online social media, distributed knowledge creation and data from real environments (Internet of Things). *ICT WP2013: Objective 5.5* serves as an example, which aims to offer a vehicle to stimulate growth of Collective Awareness Platforms for Sustainability and social innovation (CAPS).<sup>179</sup> DG CONNECT has opted for social innovation in the form of a people-centric approach that aims to involve citizens more actively and create new (truly interdisciplinary) communities – in a grassroots manner. CAPS are expected to look at the key goals as formulated under Barroso II, with a clear ambition:

- to harness the network effect;
- to build sustainability alongside jobs and growth and recovery;
- to use self-regulation to the maximum degree it is trustable and it delivers;
- bottom-up and dispersed and only lightly coordinate; and
- to give power not only the full profit but also to non-commercial platforms.

As noted earlier, it is too soon to judge the impact or effectiveness of the CAPS initiative given that the first projects from FP7 have not yet been completed, and the first batch of Horizon 2020 CAPS projects are still under evaluation. However, CAPS is clearly ambitious and represents an important component of digital social innovation, however this is defined. A strong advantage of CAPS is its highly experimental nature in examining the interface between the physical and digital worlds. It thereby attempts to integrate digital technology into everyday life and strengthen the human, social and cultural understanding of how advanced, but still readily available, technology can be used in practice to address people’s and society’s problems ranging from individual through community and locality scales to society-wide scales. Its focus on non-monetary as well as monetary solutions, as well as on both behavioural and more systematic challenges (ranging from lifestyle issues like obesity to societal challenges like mobility and climate change), underscores the range of issues and potential impacts the CAPS approach can address.

CAPS recognises and attempts to exploit the power of ICT to both help solve ordinary personal problems at the small scale in real time, but also to disseminate and scale more widely through its ability to instantly communicate, analyse and interact regardless of physical distance. Such experimentation within a small containable initiative like CAPS is highly desirable and appears to

---

<sup>178</sup> Find more information here <http://caps2020.eu/about-caps/>

<sup>179</sup> [http://ec.europa.eu/information\\_society/activities/collectiveawareness/index\\_en.htm](http://ec.europa.eu/information_society/activities/collectiveawareness/index_en.htm)

recognise that ‘failure’ can be good if it provides an opportunity to see what works and what does not work for relatively low cost before larger resources are committed to those experiments which are judged successful. CAPS can thus be seen as relatively “daring”, “risky” and “unsafe” in conventional terms, but also as a necessary complement to larger scale investments, whether regional, national or European, which R&I resources should arguably undertake more often.

However, for such experimentation to succeed, a consistent, transparent and thorough on-going evaluation needs also to be set in motion. The current crop of CAPS projects (from the final FP7 call) includes a number of ‘Coordination and Support Actions’ one of which is “IA4SI” (Impact Assessment for Social Innovation) which is designed to help individual CAPS projects in understanding and improving their own impact. The current Horizon 2020 call requested proposals for ‘Coordinating Activities’, one aspect of which is to “compare approaches and distil best practices involving and networking stakeholders from a rich variety of application, areas and disciplines”. However, neither of these seems to have the objective to undertake an arguably necessary meta-analysis of what works and what doesn’t in relation to European seed money in order to feed into recommendations for later Horizon 2020 work programmes or other European or national initiatives. It may be too early to set such an action in motion, but this would seem to be desirable in the near future if the otherwise admirable experimentation being undertaken is to bear maximum fruit. Such a meta-analysis of CAPS grass-roots innovation could also be used to support more top-down targeted action to tackle some of the societal challenges being addressed by Horizon 2020<sup>180</sup> and other European initiatives. Of course, it is also expected that many of the successful CAPS projects will achieve their own scaling momentum without further European support and perhaps also under the radar of any such support or analysis.

“The proposed vision by the Digital Social Innovation project is to facilitate the creation of a bottom-up Digital Social Innovation Eco-system that can exploit the European added value in the digital economy”, says Francesca Bria from Nesta. Digital today means that any data exist in binary form and in standardised formats so that they can be aggregated and analysed in real time. Digital innovation according to the research undertaken to date by Nesta:

*“focuses mainly on data “mash-up” process, which synthesize new information by connecting, reusing, combining, and semantically aggregating and elaborating disjointed information extracted from a plethora of sources, in particular information generated by users (e.g. through social networks) or captured from sensors (Internet of Things). Interoperable, customised, and modular services and applications can be built in a dynamic and flexible way, plugging into existing and future Internet infrastructures. An “ecosystem” means that there is an interdependent and dynamic constellation of living organisms acting within a global socio-economic environment.”<sup>181</sup>*

The ecosystem metaphor emphasises the need for a holistic and multi-stakeholder approach that Europe should give to innovation, for instance linking DSI bottom-up activities with policy making at

---

<sup>180</sup> <http://ec.europa.eu/programmes/horizon2020/en/h2020-section/societal-challenges>

<sup>181</sup> See the interim report for more analysis - European Commission, Bria, Francesca - Digital Social Innovation, First Interim report, 2014 - <http://waag.org/sites/waag/files/public/media/publicaties/dsi-report-complete-lr.pdf>

EU level. In addition, citizens should fully participate into the innovation process, applying collaborative and multidisciplinary methodologies and other innovation tools to facilitate their involvement. Moreover, the DSI Ecosystem should be able to deliver social value, and to activate large-scale communities to mobilise collective action to solve structural problems. This will certainly maximise the societal impact of innovation and it would make sure that services deployed answer to concrete unmet local needs and demand. This process will create learning capabilities, and absorptive capacity, exploiting the creativity of Europe, building digital literacy, skills and inclusion.

The elements below have been identified by the DSI research as key enablers to reach sustainability of DSI initiatives<sup>182</sup>:

- Building communities based on the right mix of motivation and incentives, such as need, passion, and acquisition of reputation;
- Access to knowledge, enabling open and distributed infrastructures, and open licensing schemes;
- Mix of financial and non-monetary incentives and outcomes (beyond GDP and beyond monetisation);
- New indicators and metrics are needed to measure the impact of DSI and to assess what works and what doesn't to calibrate interventions and investments;
- Addressing barriers to growth and scale.
- Making social impact most important.

The big challenges for the EU are how to make it easier for small scale radical innovations involving digital technology to emerge and evolve, and perhaps more importantly, how to create the conditions for the really powerful ones to get to scale – which will nearly always involve disrupting existing structures and institutions.

---

<sup>182</sup> See the interim report for more analysis - European Commission, Bria, Francesca - Digital Social Innovation, First Interim report, 2014 - <http://waag.org/sites/waag/files/public/media/publicaties/dsi-report-complete-lr.pdf>

## 11. EU-Supported Social Innovation Research

Social innovation is a central element of the Europe 2020 10-year strategy for smart, sustainable and inclusive growth.<sup>183</sup> The goal is about more than just overcoming the crisis from which European economies are now gradually recovering, but also addressing the shortcomings of the European growth model, and the need for a strengthened European social model, by focusing inter alia on social inclusion and poverty reduction. Europe 2020 identifies research and innovation as one of its main targets and provides the framework for the Horizon 2020 research programme running between 2014 and 2020. Whilst previous research support has been characterised as research and technology development (RTD), Horizon 2020 prioritises innovation alongside research as the new research and innovation (R&I) programme. In this context, Europe 2020 has established the notion of an ‘Innovation Union Flagship’ to support the alignment of research, policy and action, focused on creating jobs as well as knowledge. Innovation from this perspective goes beyond traditional industrial innovation to include both technological and social innovation.

The European Union’s earlier Framework Programmes (FPs) for RTD have since the early 2000s supported research into areas related directly to social innovation. This commenced explicitly in FP5 (1998-2002) with 4 projects later defined as concerning or directly relevant to social innovation, continued into FP6 (2002-2006) with 6 projects, and culminated in FP7 (2007-2013) with 24 projects. It remains to be seen how HORIZON 2020 as the current framework programme, which has just taken over from FP7 even though many FP7 social innovation projects continue to be active, will support social innovation and which areas will be prioritised.

In this chapter, two initiatives are examined: first the legacy of EU-supported social innovation research culminating in FP7, and second the future of such research in the Horizon 2020 programme. Finally, a conclusion provides reflections and recommendations on future developments.

### 11.1 EU Fifth, Sixth and Seventh Framework Programmes

#### 11.1.1 Summary of aims, objectives and outcomes

According to the European Commission<sup>184</sup>, FP5, FP6 and FP7 have funded a substantial body of research on issues related to social innovation, including in the areas of theory building and conceptualisation, local welfare systems and services, poverty reduction, combating inequalities, and changing lifestyles. At the end of this period, the European Commission’s Indicative Research Roadmap developed for the years 2011-2013 as part of FP7 was built around four priorities, two of

---

<sup>183</sup> European Commission (2010) “Europe 2010: a European strategy for smart, sustainable and inclusive growth”, Brussels, 3.3.2010, COM(2010) 2020: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>

<sup>184</sup> European Commission (2013b) “Social innovation research in the European Union: approaches, findings and future directions -- policy review”: [http://ec.europa.eu/research/social-sciences/pdf/social\\_innovation.pdf](http://ec.europa.eu/research/social-sciences/pdf/social_innovation.pdf)

which were designed directly to incorporate social innovation.<sup>185</sup> Starting in 2011, the first priority saw the Innovation Union in support of smart growth, and included the theme of social innovation in the public sector, looking at issues such as measurement and evaluation, financing and other barriers to scaling up and development. The second priority focused on inclusive and sustainable growth, including social innovation against inequalities and social innovation for vulnerable populations. Social innovation was also included, however, in many other priorities, such as the link between smart specialisation and social innovation and the involvement of users and citizens in the processes of design and decision-making. FP7 highlighted the view that to anticipate changes Europe needs to develop its capacities for innovation in the broadest sense, whether technological, or at social, cultural and economic levels.

“In the spirit of to the Innovation Union Flagship and the Europe 2020 Strategy, research should tackle directly and comprehensively the issue of social innovation, focusing on how it can help fight persistent socio-economic inequalities in Europe, or develop technologies adapted for vulnerable populations.”<sup>186</sup>

The purpose of social innovation research in this context had four objectives, to:

- support methodological developments for a better measurement of costs and benefits of social innovations from economic, social, environmental, cultural and policy perspectives
- support the ex-post and ex-ante evaluation of social innovation initiatives based on similar definitions and approaches to be able to compare, validate, scale-up and monitor such initiatives or to transfer more easily good practices
- develop better knowledge about drivers and barriers of social innovation, including in the public sector
- analyse to what extent social innovations can improve and complement existing public services.<sup>187</sup>

The policy context of social innovation is to design and implement programmes to promote social innovation for the most vulnerable, in particular by providing innovative education, training, and employment opportunities for deprived communities, to fight discrimination (e.g. of the disabled), and to develop a new agenda for migrants' integration to enable them to take full advantage of their potential.<sup>188</sup>

The specific outcomes of EU-supported social innovation research between 1998 and 2013 were developed as part of the European Commission's DG Research's Social Sciences and Humanities (SSH) theme. This consisted of 4 projects in FP5 (1998-2002) covering areas such as social capital; the social economy; social enterprises; the governance of social innovation; and innovation in the

---

<sup>185</sup> European Commission (2011) “FP7 Work Programme 2012 -- Cooperation: Theme 8, socio-economic sciences and humanities”, European Commission C(2011)5068 of 19 July 2011.

<sup>186</sup> European Commission (2011) “FP7 Work Programme 2012 -- Cooperation: Theme 8, socio-economic sciences and humanities”, European Commission C(2011)5068 of 19 July 2011.

<sup>187</sup> See Innovation Union Information and Intelligence System: <http://i3s.ec.europa.eu/home.html>.

<sup>188</sup> Europe 2020 Strategy, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>

public sector.<sup>189</sup> The number of social innovation relevant projects increased in FP6 (2002-2006) during which 6 projects were so designated in areas covering social cohesion and inclusion; lifelong learning society; young people, the internet and civic participation; societal demands on corporate responsibility; inequality and social exclusion; and reconciling work and welfare.<sup>190</sup> FP7 (2007-2013) saw this number increase considerably up to 24 projects, building on and expanding the specific areas of interest of FP5 and FP6. New areas covered were the theoretical, empirical and policy foundations of social innovation; its potential to generate transformative social change; its economic underpinnings; its relationship to social change; socio-economic development issues; young people and cities; poverty reduction and social policy; innovative social services; sustainable lifestyles; public-private innovation networks; sustainability and environmental policy; and homelessness.<sup>191</sup> The current legacy of SSH projects dealing with social innovation starting in FP5 are, as of the end of 2013, 7 ongoing projects which directly address social innovation and 8 starting up in 2014 as the last to be funded by FP7, supported in total by up to €35 million EC contribution.<sup>192</sup>

### 11.1.2 Strengths, weaknesses, achievements and challenges

It needs to be underlined that much of the FP research effort is either very recently completed or still ongoing, so it is premature to reach definitive or final conclusions. However, during 2013 and prior to the commencement of Horizon 2020, two important stocktaking reviews of the EU's support for social innovation research were published: a policy review conducted by two Canadian researchers<sup>193</sup> and a joint submission by five current FP7 projects. These reviewed both the current status of social innovation research and made recommendations for the future design and focus of such research. Among the main achievements of FP research identified by the two sources were success to date in building on existing work (such as the BEPA 2010 report) in order to more systematically increase understanding and clarity in two main areas, the first of which is around definitions, uses and concepts of social innovation. For example, FP research is "highlighting new responses to long-standing social problems such as in health, education and care, as well as focusing on the challenges faced by specific vulnerable groups. It is also showing the importance of initiatives from civil society and the relevance of both working and engaging with the targeted beneficiaries of social innovation."<sup>194</sup> Other insights gained by the research include the importance of governance issues around new forms of collaboration and decision-making when networks and

---

<sup>189</sup> European Commission (2012) "Research on social innovation - inventory of projects funded under the EU Research Framework Programme: FP7, FP6, FP5":

[http://ec.europa.eu/internal\\_market/social\\_business/docs/conference/rtd\\_en.pdf](http://ec.europa.eu/internal_market/social_business/docs/conference/rtd_en.pdf)

<sup>190</sup> European Commission (2013a) "Research on social innovation - inventory of projects funded under the EU Research Framework Programme: FP7, FP6, FP5": [http://www.net4society.eu/media/ssh-projects-fp7-5-6-social-innovation\\_en.pdf](http://www.net4society.eu/media/ssh-projects-fp7-5-6-social-innovation_en.pdf)

<sup>191</sup> European Commission (2014) "Research on social innovation - inventory of projects funded under the EU Research Framework Programme: FP7, FP6": [http://ec.europa.eu/research/social-sciences/pdf/ssh-projects-fp7-5-6-social-innovation\\_en.pdf](http://ec.europa.eu/research/social-sciences/pdf/ssh-projects-fp7-5-6-social-innovation_en.pdf)

<sup>192</sup> *Op. cit.*

<sup>193</sup> European Commission (2013b) "Social innovation research in the European Union: approaches, findings and future directions -- policy review": [http://ec.europa.eu/research/social-sciences/pdf/social\\_innovation.pdf](http://ec.europa.eu/research/social-sciences/pdf/social_innovation.pdf)

<sup>194</sup> *Ibid*

configurations of actors work together to address social needs, as well as the role played by alternative forms of economic organisation such as social enterprise and social entrepreneurship.

The second important contribution to date of FP research identified by the European Commission<sup>195</sup> has been much greater clarity on the role and status of theory. For example, it has demonstrated that much social innovation research draws on numerous disciplines and theoretical traditions, such as economics, political science, sociology, social policy as well as the humanities and cultural studies. It is also clear that this theoretical variety follows in part from the EU's approach to supporting research through SSH and its concern for both "market-making and society-building".<sup>196</sup> However, although a theoretical approach is very important, it is not the main focus of the FP research which is instead more concerned with methodological and research design issues giving greater emphasis to understanding social innovation in action and how to involve stakeholders and users in social innovation.<sup>197</sup> Given the policy challenge orientation of the Europe 2020 Strategy, this appears to be appropriate. Further, the level of analysis of FP7 research to date has mainly been at the individual, institutional and sectoral levels, rather than the societal level, but it remains a contested issue whether or not social innovation research should examine the societal level or not, given the specific needs of the Europe 2020 Strategy. Both the Wilco & Tepsie review<sup>198</sup> and the findings from Tepsie's mid-term Conference (see below) argue that more emphasis should be placed on the societal level and on better understanding the relationship between social innovation and social change. Overall, the FP research focus has had a wide reach at multiple scales, analysing the roles of many types of actors across many sectors, and this is perhaps to be expected given the wide range of specific challenges addressed by the Europe 2020 Strategy.

The European Commission<sup>199</sup> also recognised two types of research projects to date. The first identifies social innovation (however defined and whether implemented by the public, private or third sector) as the lever for improving the circumstances of specific groups or populations. In such research projects, social innovation is seen as the lever of changed, or as the independent variable producing dependent outcomes in society. A second cluster of projects is more interested in following the processes and practices that foster social innovation itself, such as the drivers of innovation in the public sector, the factors accounting for the diffusion of innovation in local social services or in entrepreneurship. In these projects, social innovation is often itself seen as the dependent variable, i.e. the outcome to be achieved. The methodological basis for both types of approach need to be better articulated and contrasted as both are legitimate but treat social innovation in quite different ways.

---

<sup>195</sup> Ibid

<sup>196</sup> Ibid, p26

<sup>197</sup> Ibid

<sup>198</sup> Wilco, Tepsie, Innoserv, Lipse, CSEYHP (2013) "Social innovation research in Horizon 2020: position paper", prepared by these five projects after the seminar on 1 February 2013 "Approaches to research on social innovation: learning from one another for the future", June 2013: <http://www.wilcoproject.eu/wordpress/wp-content/uploads/WILCO-Position-Paper-SocInnov2.pdf>

<sup>199</sup> European Commission (2013b) "Social innovation research in the European Union: approaches, findings and future directions -- policy review": [http://ec.europa.eu/research/social-sciences/pdf/social\\_innovation.pdf](http://ec.europa.eu/research/social-sciences/pdf/social_innovation.pdf)

Further insights are provided by Wilco & Tepsie's 2013 position paper which focused, not just on the types of social innovation research taking place, but also how that research is and should be enabled and supported by the EU. First, the paper acknowledges the important role of EU-supported social innovation research in building the necessary corpus of knowledge through the FPs, and justifies this by pointing out that new ideas and approaches are needed to tackle the severe and wicked problems with which contemporary societies are struggling, such as climate change, social vulnerability, long-term unemployment and ageing. It also contrasts social innovation with mainstream technological innovation, which has and still does receive the bulk of EU support, and points to two main challenges to social innovation itself in Europe, namely the barriers to the generation and spread of social innovations and the fact that many successful social innovations are only weakly disseminated and transferred. In terms of the current ways in which European social innovation research is carried out, the paper shows the risk that, in its current form, competition for funding fragments the research community rather than bringing it together. The challenge is how to combine the added value of EU-funded research (the broad interdisciplinary and comparative perspective, the combined emphasis on academic excellence and practical application) with a more coherent approach to the study of social innovation. This challenge is compounded by this limited flexibility of research projects which acts as an obstacle to more effective collaboration between academics and practitioners.

At Tepsie's European Social Innovation Research Conference and Colloquium,<sup>200</sup> a wide ranging discussion between current and soon-to-start research projects, together with other prominent academics, practitioners and EC staff, highlighted a number of important issues about the current and desirable future state of EU-supported research, although not all of these were uncontested:

- There are important issues of semantics in the results of the research seen so far which do need to be addressed in future. For example, the contested semantics around terms like 'scaling up', 'dissemination' and 'growth', with some proposing to use terms like 'mainstreaming', 'adoption', 'dissemination', etc.) given that 'growth' looks different depending on context, scale, location and the actors involved.
- There has been insufficient attention paid to social networks (not only digital social networks), and social movements, especially in the context of scaling up social innovations. Social networks can be very fruitful, for example in the form of social movements disseminating and re-framing via both intermediaries and users, so there is a need to ask how do things go viral on the internet and how do they get interpreted in different ways, and researchers should look inter alia at viral theory. In these theories, spread takes place both by copying but also through small or large adaptations as an innovation spreads.
- There is thus a need for more focus on imitation as well as innovation, and the link between them and re-invention (adapting). The most successful social innovations often combine these, i.e. imitate, use, exploit, adapt and innovate, and this points to the need

---

<sup>200</sup> The Tepsie European Social Innovation Research Conference and Colloquium, 1-2 October 2013, Heidelberg, Germany.



for a new theory of social change where social innovation is a motivator and driver of social change in order to cope with Europe’s grand societal challenges.

- What are the conditions for scaling; context, politics, power distribution, actors and their roles when, for example, intermediaries can play a crucial part in personalising new services in order for them to be spread, and where each actor has their own agenda, needs and mechanisms? The concept of scale comes from geography and often means something different there, such as nested levels within a hierarchy, so the question is not just whether a social innovation can reach scale but also can it handle scale. Something can be very big with significant impact but also on a small scale. The process of scaling is also about ‘jumping’ around in different governance structures and levels. Social innovation is a mechanism that happens in society. Thus, there is a need to think about how this can be enhanced and to focus less on the push factors but instead more on how existing social innovations can be reused and copied as well as adapted.
- However, it is important to note that there is sometimes an obsession around scaling. Many successful social innovations take place without scaling, so there is also a need to look at the wider context of social change.
- In social innovation, actor roles can become blurred and shift, but do not, of course become undifferentiated, instead perhaps adopting quite different and sometimes multiple roles in different contexts. Thus a radical change of perspective might be needed which is not a simple division of labour between a fixed set of actors (whether inventors, adopters or beneficiaries) but where everybody is a social innovator in some contexts and in some ways. This implies an arena where all can engage. It might also imply the need to ‘break-up’ the systems approach and think instead that its components are not static but often work together and change. This re-thinking could provide better understanding of, for example, the political issues around the regulation of quasi-markets in areas like care of the elderly, health and education, as well as in issues concerning market access, thresholds and entry barriers.

In addition to the above overviews and analyses of EU-supported social innovation research, a number of individual stakeholders have expressed views which seem to reflect more widespread opinions. At the European Commission Conference on Social Policy Innovation<sup>201</sup> it was presented that some of the findings of the FP research on social innovation have already begun to inform policy, such as the Social Investment Package, Social Policy Innovation and Social Policy Experimentation, as well as feeding strongly into the design of HORIZON 2020. On the other hand, European Commission<sup>202</sup> and others contend that there is a poor link between research and policy, as there no specific mechanisms for policy transfer and academics might not have the skills or be best placed to make policy recommendations. Although research has so far produced useful results, there is an even greater need in future and in HORIZON 2020 for a more coherent and concrete focus on Europe’s critical societal challenges, as articulated in the Europe 2020 Strategy, such as demographic change, unemployment, inequality and poverty, health, education, climate

---

<sup>201</sup> At the European Commission Conference on Social Policy Innovation, held in Brussels, 19-20 May 2014.

<sup>202</sup> European Commission (2013b) “Social innovation research in the European Union: approaches, findings and future directions -- policy review”: [http://ec.europa.eu/research/social-sciences/pdf/social\\_innovation.pdf](http://ec.europa.eu/research/social-sciences/pdf/social_innovation.pdf)

change and energy. From the social policy perspective, social innovation can have great potential impact on the Europe 2020 Strategy by providing support to the EU reform process, investments, innovation support infrastructures, and appropriate mixes of both top-down and bottom-up approaches. In turn, this requires a strong crosscutting and interdisciplinary approach and that the EC's own silos cooperate much better in future. One of the biggest challenges faced by EU-supported social innovation research is indeed this 'silo problem'. Filippo Addarii of the UK's Young Foundation<sup>203</sup> comments that different DGs and other agencies and sister institutions (parliament, EIB) have developed their own definitions of social innovation and pursue policies and research needs which need bringing together. Clearly there is a need for better co-ordination of social innovation activities across the different DGs. Recommendations addressing some of the above challenges are provided in part 4 below.

## 11.2 EU Horizon 2020

### 11.2.1 Summary of aims, objectives and outcomes

Horizon 2020, as the current research and innovation programme for the period 2014-2020, is a break from the former FP approach as the unified financial instrument implementing all aspects of the Innovation Union Flagship initiative of the Europe 2020 Strategy aimed at securing Europe's global competitiveness through smart, sustainable and inclusive growth. "Horizon 2020 breaks with the earlier FP RTD programmes by being a single programme that brings together the three earlier programmes/initiatives of FP7, the innovation aspects of CIP (Competiveness and Innovation Programme) and the EU contribution to EIT (European Institute of Innovation and Technology) under one set of rules and financial instruments, thereby both simplifying participation and increasing synergies. Horizon 2020 also increases the emphasis on innovation through, for example, 'close to market actions' such as prototyping, testing and demonstration, and focuses more strongly on societal challenges and key enabling technologies like health, clean energy and transport, nanotechnology, advanced materials and manufacturing, biotechnology, etc."<sup>204</sup>

Horizon 2020 has an overall increase in funding for research of €79 billion for the period 2014-2020, compared to earlier programmes, distributed across the three priorities of Excellent Science (€24.4 billion), Industrial Leadership (€17.0 billion) and 7 Societal Challenges (€29.7 billion). Possibilities for social innovation research are centred on Societal Challenge 6 (SC6) concerned with 'inclusive, innovative and reflective societies' with €1.31 billion in funding. Social Sciences and Humanities (SSH) are given an enhanced role in Horizon 2020 compared to earlier programmes and are integrated across all three priorities, but especially into the Societal Challenges and with a "leading role" in SC6.

At the time of writing, the first work programme for 2014-2015 is already underway but far from complete. At this stage there are only a few possibilities for explicit social innovation research

---

<sup>203</sup> Interview 18 July 2014

<sup>204</sup> <http://ec.europa.eu/programmes/horizon2020/> and an overview of HORIZON 2020 presented by DG Research and DG Connect at the kick-off meeting of the HORIZON 2020 Advisory Group on Societal Challenge 6, 28 March 2014 in Brussels.

although there are many in the context of broader aspects of “new forms of innovation”. According to the European Commission<sup>205</sup> this Work Programme, through the so-called ‘INSO’ Call, “specifically addresses the development of new forms of innovation that can play a big role in overcoming the crisis and creating opportunities for growth. Such efforts include innovation in the public sector, where new and creative ways of delivering public services can improve efficiency, effectiveness and quality, while reducing costs and lessening the burden on citizens and enterprises. They also involve enterprises, young entrepreneurs, incubators, universities and innovation centres and other relevant actors through support to open innovation, business model innovation, public sector innovation and social innovation.” However, there is no mention of social enterprise, social business or social economy, which is potentially concerning.

There is one call specifically concerned with social innovation in the 2015 Work Programme, the specific challenge of which is to:

*“...stimulate and support the establishment of a 'Social Innovation Community' of researchers, social innovators, end users (citizens) and policy-makers. Since the launch of the Innovation Union Flagship initiative in 2010, many actions have developed in the area of social innovation involving research and “hands on” innovation. However many related actions in the field may appear disconnected and not fully exploit the possibilities offered by more effective communication and dissemination means. This could limit the policy uptake of research results. What is needed is to better link research to practice, develop joint methods and concepts in the area of social innovation research and provide a common space for gathering evidence and identifying new areas for social innovation take up in various fields”.*

It is expected that the impact of the 'Social Innovation Community' initiative “will enable convergence towards a common understanding of social innovation as a tool and outcome. It will help to provide more effective measures and a better use of resources. The Community will facilitate the policy uptake of research results and experimentation activities. Evidence-based policy-making will be strengthened by supporting learning processes of 'what works'/'what does not work' and under what conditions. This will contribute to more social innovation initiatives from the ground, new possibilities for up-scaling of small social innovation experiments, and new tools of policy making in the field, thereby accelerating social innovation for growth.”<sup>206</sup> In addition, the EC is also planning to launch a call for a European Social Innovation Competition (prize and support mechanism) in early 2015 which will focus media attention and awareness raising about the benefits of social innovation, and is expected to link social innovation to solutions for employment, job/business creation, (social) entrepreneurship and market uptake (see chapter 6).

---

<sup>205</sup> European Commission (2013c) “H2020 Work Programme 2014-2015 – 13: European in a changing world; inclusive, innovative and reflective societies

[http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014\\_2015/main/h2020-wp1415-societies\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/main/h2020-wp1415-societies_en.pdf)

<sup>206</sup> Ibid

Plans for the Horizon 2020 Work Programme between 2016 and 2017 are well under way and are expected to be adopted and published by the summer of 2015.<sup>207</sup> Expert Advisory Groups for each of the seven Societal Challenges have already developed detailed proposals for further consideration by the European Commission and Member States. For SC6, where social innovation is most directly relevant, the elements considered which future EU-supported social innovation research should further discuss include:

- Analysing how key issues (austerity, societal change, aging population; big data; globalisation; resource constraints; environmental concerns, etc.) affect research prioritization.
- Mobilising resources to build scale and critical mass.
- Exploiting the existence of mature research and innovation agendas building on European knowledge strongholds and business strengths which require a significant investment and for which such investment would act as a clear leverage.
- Realising impact and maximising the chances of securing world class scientific and innovative breakthroughs as they help generate excellence through European and international competition and cooperation.
- Providing genuinely cross-cutting approaches, notably by addressing challenges and areas cutting across different specific objectives and parts of Horizon 2020.
- Aligning implementation with major political initiatives and/or objectives to preserve the longer-term competitiveness and prosperity of the EU and the well-being of its citizens.
- Improving synergies with national programmes, while identifying the most important and most urgent research and innovation issues to be addressed at EU level.
- Improving synergies with international projects and fostering international cooperation.

Focus for 2016-2017 is also, even more emphatically than previously, on multi-disciplinarity, a strong role for both social sciences and the humanities, and multi- and cross-content approaches focusing directly on helping to find solutions for Europe's societal challenges, and especially those Europe shares with most other parts of the world.

According to Jeremy Millard (Danish Technological Institute)<sup>208</sup>, the SC6 Advisory Group recommends a strong role for future social innovation research especially in the context of inclusive, innovative and reflective societies. Of five so-called thematic priorities recommended, social innovation should play a strong role in three:

- Promoting a collaborative, creative and sustainable economy
- Building an open, engaging and innovative public sector
- Overcoming inequalities by developing Europe's human and social capacities.

---

<sup>207</sup> Presentation by DG Research and DG Connect at the kick-off meeting of the HORIZON 2020 Advisory Group on Societal Challenge 6, 28 March 2014 in Brussels.

<sup>208</sup> As member and Rapporteur of the SC6 Advisory Group, 4 August 2014.

Important synergies between social innovation research and innovation initiatives should also be made with complementary and emerging fields like collaborative, inclusive and frugal innovation, especially as these are also priorities beyond Europe. For example, through the United Nations' plans for the post-2016 Sustainable Development Goals, and the World Bank's sharpening focus on bottom-up and ICT-enabled innovation in developing countries and the emerging economies.

### 11.2.2 Strengths, weaknesses, achievements and challenges

As indicated above, at this early stage it is not possible to make definitive or detailed judgments about Horizon 2020 social innovation research taking place or in the pipeline. However two aspects are already clear. First, according to EC staff<sup>209</sup> there is some criticism of the 2014-2015 Work Programme as being somewhat incoherent and un-focused, so attempts to correct this should be made in planning for the 2016-2017 Work Programme. Second, social innovation in HORIZON 2020, after being very firmly established, especially in FP7, is increasingly seen as part of broader aspects of open, inclusive, collaborative and bottom-up innovation. This can be perceived both as a strength (i.e. the influence of social innovation approaches and research is being felt more widely across other related areas of innovation studies), and as a weakness (i.e. social innovation itself might become squeezed and constitute just a small part of ongoing HORIZON 2020 research activities albeit within this broader research and innovation effort).

## 11.3 Conclusions and recommendations

Drawing on the above reviews and discussion, it is clear that the current future of EU-supported social innovation research stands at a crossroads. There is clear evidence of very good results so far from the research already undertaken, with both strengths and weaknesses as highlighted above. Future support to social innovation research in the Horizon 2020 programme also needs to address some of these weaknesses, however, and particularly the sometimes disconnected nature of research to date and the criticism that it has not adequately exploited the possibilities offered by more effective means of communication and dissemination which limits the policy uptake of research results. "What is needed more in future is to better link research to practice, develop joint methods and concepts in the area of social innovation research and experimentation activities, and provide a common space for gathering evidence and identifying new areas for social innovation take up in various fields. Evidence-based policy-making, in particular, will be strengthened by supporting the learning processes of 'what works' and 'what does not work'".<sup>210</sup>

Other important criticisms highlighted above are that, despite the clear influence of the Europe 2020 Strategy on social innovation research to date, it often still remains insufficiently focused on directly tackling the critical societal challenges Europe, as well as much of the globe, faces. Although many sectors, institutions and actors have been examined these are by and large still treated as silos, albeit often quite broad silos. This has the danger of addressing the grand societal

---

<sup>209</sup> At the kick-off meeting of the Horizon 2020 Advisory Group on Societal Challenge 6, 28 March 2014 in Brussels.

<sup>210</sup> European Commission (2013c) "H2020 Work Programme 2014-2015 – 13: European in a changing world; inclusive, innovative and reflective societies

[http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014\\_2015/main/h2020-wp1415-societies\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/main/h2020-wp1415-societies_en.pdf)

challenges in a piecemeal manner, thus reproducing the often somewhat inward-looking stance of traditional disciplines, policy makers at national and sectoral levels, and not least as represented by the EC's DGs and other departments. What is needed is a more concerted multi-content and – method approach to tackling the grand societal challenges and this is already starting to be reflected in preliminary discussions around preparations for the 2016-2017 Horizon 2020 Work Programme. The focus for Horizon 2020 2016-2017 is also likely to be, even more emphatically than previously, on multi-disciplinarity, a strong role for both social sciences and the humanities, and multi- and cross-content approaches focusing directly on helping to find solutions for Europe's societal challenges, and especially those Europe shares with most other parts of the world.

The reviews cited above also point to specific social innovation research areas that should be addressed more closely in future. Wilco & Tepsie (2013) recommend to:

- Focus on the impact and outcomes of social innovation
- Further develop systems for measuring and evaluating social innovation
- Better understand the symbiotic relationship between technological and social innovation
- Encourage the co-production of knowledge between scholars and communities of stakeholders.
- Ensure that the research does not only examine discrete local examples but focuses more on systematic scaling, policy experimentation and longitudinal approaches which addresses the critical challenges facing Europe at societal level and its impact on social change.
- Facilitate greater cooperation with non-European researchers and focus more on global issues.

The European Commission<sup>211</sup> recommends the following social innovation research areas for great focus in future:

- Social innovation to overcome the inequalities of health and re-pattern the social determinants of health, both of which show strong relationships with socio-economic inequalities more generally.
- Social innovation in rural areas and societies, given that most focus has traditionally been on urban settings and issues, despite one quarter of the European population residing in rural areas.
- Social innovation in the financial sector, such as micro-financing and crowdfunding, financial activism and solidarity, social entrepreneurship, and cooperative banking.
- Social innovation and the private sector, such as in areas like the changing nature of work and workplaces, work organisation, performance and results, institutional changes and regulatory, normative and cultural structures in relation to collective power resources,

---

<sup>211</sup> European Commission (2013b) "Social innovation research in the European Union: approaches, findings and future directions -- policy review": [http://ec.europa.eu/research/social-sciences/pdf/social\\_innovation.pdf](http://ec.europa.eu/research/social-sciences/pdf/social_innovation.pdf)

corporate social responsibility, corporate philanthropy, the problems of social exclusion and impacts on the quality of life, sustainability and the environment.

- Social innovation for managing diversity, for example in multi-cultural contexts.

In addition to these social innovation research recommendations, three important recommendations from Tepsie's European Social Innovation Research Conference and Colloquium,<sup>212</sup> should be highlighted: 1) the role of actor; 2) networks and social movements; and 3) scaling versus other forms of growth. (See above)

The biggest challenge of EU-supported social innovation research to date in terms of its organisation is the legacy of siloisation across the EC, which probably needs to be addressed by something like a 'Social Innovation Task Force' spanning the different DGs and other departments of the EC. Indeed, this invokes the need for some sort of matrix structure within relevant areas of the EC, so that issues like social innovation which need to draw on many different DGs, and which can only prosper through good collaboration between them, constitute horizontal crosscutting themes whether on a more or less permanent or temporary basis.

The Wilco & Tepsie (2013) recommendations in terms of organising and encouraging more flexible and agile EU-supported social innovation research also go deeper:

- Allow project managers to keep a floating budget in their research project that can be allocated on the basis of interim results and/or interaction with stakeholders.
- Create a separate budget for small follow-up projects that can be incorporated into running research processes at short notice (e.g. to cover the activities of a new partner).
- Create smaller consortia which are then given the means to set up joint research activities on specific themes (e.g. several consortia of five partners coming together to organise a Europe-wide survey, while operating separately in other areas).
- Invest more deliberately in collaborative efforts, not only by organising meetings, but also by facilitating an effective follow-up. This could include the creation of a more formal social innovation research network, building on existing resources such as the siresearch.eu platform.
- Support the development of a research portal which pulls together all EU research on social innovation and provides a one-stop-shop for social innovation researchers to find out latest news about projects, events and other latest news, potentially building on the siresearch.eu platform.
- Encourage the involvement of stakeholders (e.g. civil society) from the start and a more active dissemination of results to the general public.
- Foster the face-to-face meeting of researchers to reflect upon the research completed on social innovation, by organising meetings where recently completed and on-going research projects on social innovation and related issues are discussed.

---

<sup>212</sup> The Tepsie European Social Innovation Research Conference and Colloquium, 1-2 October 2013, Heidelberg, Germany.

- Set up a small but active “office” or “point of contact” within the European Commission that can assist with practical advice (e.g. what is legitimate to use floating budgets for) and organisational support in real time to help orchestrate the above activities in a non-preferential manner.



## 12. Conclusion

This report poses the question of how a process of social innovation - by its nature highly distributed and bottom-up - can be reached and supported by policies coming from a pan-European body like the EU.

Looking across the whole paper, EU policy responses to this problem can be divided into six broad categories:

- The provision of finance (in various forms, for various projects - this includes investment, grant programmes, and micro-credit promotion);<sup>213</sup>
- commissioning research on public sector innovation and social innovation, including digital social innovation.<sup>214</sup>
- support via promoting intermediaries (e.g. incubators via BENISI and Transition that extend the idea of supporting the process of social innovation from incubation to scaling)<sup>215</sup>;
- changes in legal and regulatory structures, such as the revised law on public procurement;<sup>216</sup>
- encouraging networks, (including Social Innovation Europe, the network on Ageing, and URBACT as a network of cities);<sup>217</sup>
- providing information about social enterprises, labels and certifications, raising awareness of social innovation through competitions;<sup>218</sup>

These policies are primarily supply side, with the exception of the potential role of revised public procurement rules, a policy which is yet to be fully implemented across Member States. There is clearly scope for more action to increase the demand for socially innovative goods and services, and it will be interesting to see the extent to which this is aided by the forward-thinking approach of the social investment package.<sup>219</sup>

In the meantime, it is important they the Commission make sure that the policies profiled above are given maximum promotion and that Member States are supported to understand how they should be implemented. Legislative changes and the creation of new financial instruments only begin to matter once they are integrated into national frameworks and given the publicity necessary for people to make use of them, and ensuring that this happens must be a key priority of the new Commission.

---

<sup>213</sup> See Chapters 3, 4 and 7

<sup>214</sup> See Chapters 5, 10 and 11

<sup>215</sup> See Chapter 6

<sup>216</sup> See Chapter 7

<sup>217</sup> See Chapters 8 and 9

<sup>218</sup> See Chapters 7 and 9

<sup>219</sup> See Chapter 3

It is important to remember that additional work must also be done to explain the meaning and importance of social innovation to individual Member States. Currently, the phrase has very different associations within different countries. For example, many former Communist Bloc countries associate any label incorporating the word 'social' with Communism, while in Northern Europe there has been formal public sector support for social innovation. Finally, in the Mediterranean countries much social innovation remains either in the third sector or operates informally and is therefore less visible. These differences help explain why despite urgings many countries have not yet acted to prioritise social innovation.

One of the Social Business Initiative's existing aims has been to increase the visibility and accessibility of existing EU programmes to support social entrepreneurs<sup>220</sup>, yet there is still a worrying gap between many of the most vibrant examples in this sector and the EU programmes which are offered in support. While the problem is partly informational, there is also a remaining question about whether social entrepreneurs want that knowledge. Some projects are wary of being drawn into the complex bureaucratic web of European financial support, its application processes, the terms and conditions of the funding, and the delays in receiving funds.

It is too early yet to tell how changes to the Structural Funds regulations which have made explicit the possibility to support social innovation will affect the funding that social enterprises and socially innovative projects receive for 2014-2020. It is hoped that certain Member States will lead the way in demonstrating creative uses of the structural funds, such as the initiative which is currently taking place in Portugal.<sup>221</sup> This is particularly important given the scale of demand from social entrepreneurs for support which will help them to scale and progress. Transition and BENISI are half way through their programmes of targeted support for social innovators, and yet both projects complain of a shortage of funding which has limited their scope and reach.<sup>222</sup>

One area where a considerable amount of EU budget has already been spent is in research projects aiming to understand and promote social innovation, however the success of these projects must be evaluated by the reach of their results and the usefulness of these to practitioners and policy makers. For example, there is clearly more work needed on the form and value of social innovation intermediaries. The planned creation of a Social Innovation Community should provide a forum to capture the learning that has already been carried out and capitalise on the momentum that has already begun.<sup>223</sup>

In addition to these initiatives, there exist a number of EU programmes which were not created specifically to support social innovation but in practice are making an important contribution. These include the Social Investment Package and the Platform on Poverty and Social Exclusion.<sup>224</sup> However, it is difficult to disentangle their specific contribution to social innovation. This is because

---

<sup>220</sup> See Chapter 7

<sup>221</sup> See Chapter 4

<sup>222</sup> See Chapter 6

<sup>223</sup> See Chapter 11

<sup>224</sup> See Chapter 3

they were not set up with social innovation in mind, and their measurement systems are more tied to other metrics linked directly to the objectives of their specific policy field (e.g. social investment and social inclusion). Nevertheless, it can be hoped that the versions for the new programming period take account of the need to quantify the impact on social innovation. Their commitment to exchanging learning and sharing results as well as their ability to engage policy makers at all levels from local to European make them significant carriers of social innovation.

All the initiatives profiled here face difficulties with impact measurement, exacerbated by their pan-European focus and the different ways that policies and programmes are implemented across Member States. The recently published GECES report on social impact measurement has the potential to help with this process and build consensus on what should be measured and how this can be achieved in diverse settings.<sup>225</sup>

Turning again to social enterprise, the mapping study which will be completed this year<sup>226</sup> will provide valuable insights into the range and nature of the sector in different parts of Europe. This in turn may shed light on its capacity to contribute to social innovation.

Across the board, one of the biggest challenges still faced by EU-supported social innovation initiatives is the 'silo problem'. Many interviewees criticised how different parts of the Commission Services have developed their own separate social innovation definitions, approaches, policies and research needs which need bringing together. Clearly there is a need for better co-ordination of social innovation activities across the different DGs. This issue is multiplied through the Member States, which attach very different meanings to the concept.

However, this should not be achieved through designating a Social Innovation Commissioner, as this could itself become another departmental silo. Directorate General Heads should openly collaborate around social innovation issues through better coordination and perhaps by establishing a Social Innovation Task Force. A common social innovation framework could be developed across the European Commission which can also foster learning between research, practice and policy, but there should also be a budget shift with greater resources for practice and fewer for research.

The new Commission now has the opportunity to build on the good work that has been done and put more resources into supporting innovation at ground level across Member States, to ensure that the policies, networks and funds profiled above have the greatest opportunity to make an impact.

---

<sup>225</sup> See Chapter 7 and find the report at: [http://ec.europa.eu/internal\\_market/social\\_business/docs/expert-group/social\\_impact/140605-sub-group-report\\_en.pdf](http://ec.europa.eu/internal_market/social_business/docs/expert-group/social_impact/140605-sub-group-report_en.pdf)

<sup>226</sup> See Chapter 7