RISE High-Level Policy Meeting

"New trends in Social Innovation"

MEETING SUMMARY

<u>Participants:</u>

- **RISE members:** Julio CELIS; Willie DONNELLY; Marga GUAL SOLER; Luke GEORGHIOU; Dainius PAVALKI; Maria Teresa RIERA MADURELL; Francesco VELOSO
- **External speakers:** Filippo ADDARII (PlusValue); Filipe ALMEIDA (Inovacao Social Portugal); Mario CALDERINI (Politecnico Milano); Luis JERONIMO (Gulbenkian Foundation); Sune KNUDSEN (Danish Design Center); Margit NOLL (JPI Urban Europe)
- **EC Staff:** Maria da Graça CARVALHO (DG RTD); Vitalba CRIVELLO (DG RTD); Grzegorz DROZD (DR GROW); Claire GRAPELOUX (DG EMPL); Ruby GROPAS (EPSC); Kirsi HAAVISTO (DG RTD – B1); Aline HUMBERT (DG RTD); Philippe KERAUDREN (DG RTD); Dionysia LAGIOU (DG RTD); Pia LAURILA (DG RTD); Philippe MARTIN (DG RTD); Gianluca MISURACA (JRC Sevilla); Tuomas NOUSIAINEN (DG RTD); Eleonora PEZZAROSSA (DG RTD); Alexandre POLVORA (JRC Brussels); Iphigenia POTTAKI (DG RTD); Fabrizio SESTINI (DG Connect); Johan STIERNA (DG RTD); Françoise TSHIALA DE WOUTERS D'OPLINTER (DG RTD); Kurt VANDENBERGHE (DG RTD Dir A)

1. Why Social Innovation now?

a) Political reasons:

- Need for the EU to have a **social face** and to stress on the social actions for the benefit of the society.
  - Launching today the new package initiative on the reflection on the social dimension of Europe by 2025 (http://europa.eu/rapid/press-release_IP-17-1008_en.htm) and adopting its proposal for the European Pillar of Social Rights (http://europa.eu/rapid/press-release_IP-17-1007_en.htm).

- Setting up the next FP9 : we have to decide how to put social innovation in it, how we can do it. We need a systemic approach beyond the anecdote to

transform our society. Not a discipline on its own but connected to the Innovation Agenda. The new FP should also be trans-dimensional on agriculture and industry.

b) Technical (digitalization)

- Information & Communication Technologies (ICTs) play a crucial role but to take full advantage of them a cultural and organisational change is needed. Most of the traditional approaches to welfare production and provision are becoming obsolete. We have to address new risks and challenges; including by deploying a social impact investment approach embedding the social dimension in the economic one.

- ICT based multi-partnerships and open collaborative processes may serve as an instrument to attract private investment in welfare services production and provision through enabling new inter-sector governance models. This can increase impact of policies and quality and effectiveness of services thus addressing societal challenges and contributing modernising welfare systems.

2. Potential of Social Innovation

a) Vision

- **Systemic approach – holistic view:**
  - A change of mind-set and not only a new innovation area. The role of the State to produce common goods move to a new place outside the State calling for a collective action involving non State-non market actors to provide new solutions for the common goods to be achieved.

  - We have to forget the Spiral of Fibonacci starting from the minuscule and changing the world, we need some BIG decision, some big act at the systemic-public policies level.

  - The changing public problems cannot be overcome with the existing methods. We are no more in the complicated area, or in the simple area where good and best practises can tackle the problems. We are in the complex area of systemic policy experiments. We have now to leave the box of the good practises, we need new experiments and we need to do it together.

- **Co-designing**:

  - We have to leave the traditional approaches, strategies and tools for welfare production and provision (government that provides regulations, services and funding to citizens) and enter a new broader systemic approach, we have to enter a cooperation approach where governments, citizens, business, NGOs are cooperating and finding outcomes together.

  - The black and white system i.e. public sector versus citizens is not working anymore. Citizen and public sector will take the lead in co-creating in a positive loop, not "us versus them", we need to co-create new solutions, participating in a democratic dialogue, finding prototype and being able to scale.

  - Need to involve end-users and co-design the agenda and co-creating solutions. Policy has to create value not only at economic but societal level as well. The Innovation Agenda needs to be transdisciplinary as well as science will have to be horizontal and have an holistic approach. We have to experiment on the ground like in the cities as a living lab with a sustainable approach. The experiments will have to be sustainable and linked to sustainable and development goals.

- **Emphasis on "4 C":**

  - Celerity of change (speed of change)

  - Complexity of innovation process (that is consumer driven)

  - Concentration of innovation benefits (meaning we have to scale up quickly)

  - Consumers as innovators (involve people in the process to return the benefit to the society quickly)

b) Values

- **Not only refer to social values but values in general.** We need to address the cultural roots, but EU doesn't' want to go into the values (Christian, Greeks, etc); we don't want to go in that dimension because there are potential conflicts in there. Not engaging is no more a solution. We need consistency and we need to sell a solution to end-users. The behaviour of the citizen is not just in the economic domain (more social and psychological), we have to empathize.

- Any redesign of social policy in Member States depends on **active citizenship**, that is seen as a pre-requisite for calibrating welfare provision mechanisms.

- Need to strenghten **human capital** as a driver of sustainable development and better understand the behavioural dynamics of 'agents' taking into consideration the needs and aspiration of the citizen.

- **Impact measurement:** Despite all the big investments and funding on social innovation from EU and UK (which has been a pioneer in this field) we are still waiting to see impact on the citizens, then we are still stuck at the beginning. We haven't seen anything big in terms of perceptions. People are not so happy and they are manifesting their discontent.

c) Value creation

- Commodification of social goods referring to **tentative of new liberalism** and new democrats in UK and US which **produced side effects on the social side**, a lost in social values and a failure to transform the State from within. Blair and Clinton respectively invented the SI space to change the State from outside. But we cannot expect charities and social organization to do everything!

- **Underestimation of the impact of the global change.** We cannot expect to solve global issues (such as climate change) with national solutions; we have to start to set up a global cooperation and collaborative solutions (global governance).

- **Social Innovation overlooked the power of digital transformation**. Digitalisation is affecting the daily life. We have to unpack the concept of Social Area, social rights are different from societal and technology.

- **Civil society is not always a force for the good.** We can see that in the anti-establishment movements and populism arising. We have to stop thinking we are inviting the good "guys" from the civil society" and we are doing the right thing

3. What is Social innovation?

- **Definition:**
    o Social innovation is the good for society + enhancing the society capacity to act and adapt to change.

    o It is about taking use of all the different resources in the society – we need to find a way to connect all the actors in an eco-system then we will scale up.

    o SI is a new solution for the social problem. But what is the social problem? Is it a threat? Or an effective limitation of the quality of life?

We need to use concept from the market and assess the impact. It is not the social project that needs to be sustainable is **the SOCIAL IMPACT that has to be sustained**

4. Dimensions of Social Innovation

- **Social entrepreneurship is not a third sector monopoly**.

    o The domain of grants/philanthropist has to meet the domain of traditional finance investment and at least no give a negative return.

    o We need a for-profit for social sector; it will be a hybrid combination originating from the traditional 3rd sector a part from the for-profit sector.

    o Between the impact first or finance first strategy we need a social impact finance that should be intentional, have financial and measurable returns on ivestments.

- **3 new features**
    ✓ Blended value
    ✓ Social sector need to become more structured
    ✓ Technology is changing the rule of the game – it is becoming a commodity so financial resources are relevant.

- **Keys words:**
    ✓ INTENTIONAL (intentionally pursuing profit and measurable social impact objectives)
    ✓ CAPITAL INTENSIVE (no more labour intensive) – social ventures
    ✓ SPECIALIZED FINANCE

- At level of policy challenges at the moment finance is doing its part but the problem is that nowadays the investors will not find anyone in which to invest. The public sector should invest in capacity building (public procurement as a demand side stimulus).

- We need a venture philanthropic model. Portugal 2020 initiative it is a way to invest in the social markets funding the Capacity Building for Social Investment, Partnerships for Impact, Social Impact Bonds, Social Innovation Fund up to 95 million.

- **Scaling up:** We need to understand what does scale up mean: is it just let them grow? Or just a replication? Or understanding the experiment and from that make a new set of rules? What kind of modification the system needs to do? We have to find a way to be more flexible because the need to comply with rules can be a burden.

- The main idea is that the public institutions (national and supranational ones) shall promote the creation of an enabling environment for **venture finance** (including risk capital) to be supportive of social change, rather than channel funds directly to the market or social economy organisations.

- Provide impact ventures with grant funding to build internal capacity with a focus on management control systems. Also allow national experimentation as blueprint for other jurisdictions and exchange good practices so to support a fertile ground for scaling-up, replication and transferability.

5. Should EU act? EU added value?

- Important focus to the EU social dimension in President Juncker's White Paper on the Future of Europe (linked with the Social Pillar of Rights)

- **Funding:** EMPL is investing in social innovation through the European Social Fund (article 9 of the regulation makes is mandatory in the programming) and the Employment and Social Innovation Programme (EaSi). EaSi programme allocates around 11 million/year for testing social policy experiments notably in the integration and delivery of social services. Projects concern a variety of services, such as childcare, long-term care or services to prevent school drop-out, and services for the integration in the labour market, including the integration of refugees into the labour market. The approach is to foster a quick replication and scaling up of successful and evidence-based innovative policy approaches to support the design of effective and efficient social protection systems, to help bringing more people into the labour market and reducing poverty. Moreover, use of innovative public procurement modalities, such as pre-commercial procurement (PCP) or innovative public procurement (PPI), is also a way for speeding up the transfer of innovative solutions to address social challenges.

- **Experimentation:** Manifesto of DIGITAL SOCIAL INNOVATION.

  - 2012 Collective awareness program, experimenting on collecting people idea, a bottom-up collaborative IDEA solutions, real community people (people from the local community), new economic models, open data open sources and multidisciplinary approach.

  - CAPS projects with 61 million was an effective example such as experiments in re-using the food before expiration date, in enhancing

responsible behaviour of the consumers, in disasters that requires the participation and the help of lots of people. Deploying tools for democratic participations, vote solution, collaborative policy making (Wikipedia as a good example in co-creating a public knowledge to be shared).

- Fix asymmetry in data governance. We need new innovative solution on request of the user, decentralized solution for citizens but to do so we need strong public support.

- **Complementarity:**
  - How to encourage a risk taking approach from Social Investors and Social Entrepreneurs? Public bodies should do the first step. EU complementary initiatives. EU complementarity is crucial to efficiently mobilise private capital.

- **Social Incentives:**
  - The social Agenda needs to be not only capital intensive but also skills intensive, need to be a primary source of talents.

  - **Rewards and social protection system for the social innovators are still nation based**, when we will have a European social insurance and social protection system we will have made it right.