

Social Innovation in Europe

*An overview of the concept of social innovation in the
context of European initiatives and practices*

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Social Innovation in Europe

An overview of the concept of social innovation in the context of European initiatives and practices

by

[Umberto Pisano](#), [Lisa Lange](#) and [Gerald Berger](#)

Social Innovation is very high on the political agenda, not only as new way of addressing social issues often overlooked either by the private sector or the public sector, but also as a chance to respond to the multiple social, economic and environmental crises that are faced by societies all over the world. In Europe, austerity, budget cuts, unemployment, ageing, migration, and climate change are only a few of the many issues that can be cited as examples of the effects of such crises. Whereas the public sector is often having difficulties to address such challenging issues adequately, the business sector often does not find it profitable to address those issues. Therefore, civil society and individual citizens are often attempting to react and to seek new ways through 'social innovation' and, thus, new structures, hybrid organisations or a multitude of attempts across sectors are on the rise. Despite this strong involvement of civil society, and the fact that citizen engagement should be seen as a constant of social innovation policies and activities, social innovation can emerge from any sector.

In general, the link between social innovation and the sustainable development agenda and policies is very apparent, especially with regards to social and equity issues. In this Quarterly Report (QR), our intention is to understand and showcase the main initiatives and activities undertaken at the EU level, and present several examples that help to understand how social innovation works in practice.

This QR comprises four chapters: The first chapter defines the concept of social innovation, also focusing on the role of social entrepreneurship in the context of the social innovation discourse. The second chapter provides an outlook on the policy activities that are happening in the European Union. In the third chapter, we portray three practical experiences of social innovation that are able to explain of what social innovation is all about. The report concludes by summarising the main topics treated in the previous chapters so as to offer several considerations that can guide the reader in reflecting deeper on the topic.

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1 The concept of social innovation

Social Innovation¹ is very high on the political agenda (Haxeltine et al., 2013; BEPA, 2014; 2010), not only as new ways of addressing social issues often overlooked either by the private sector or the public sector, but also as a chance to respond to the multiple social, economic and environmental crises that are faced by societies all over the world. In Europe, austerity, budget cuts, unemployment, ageing, migration, and climate change are only a few of the issues that can be cited as examples of the effects of such crises. Whereas the public sector is clearly having difficulties to address such challenging issues adequately, the business sector often does not find it profitable to address to those issues. In this context, civil society and individual citizens are attempting to react and to seek new ways through 'social innovation' and, thus, new structures, hybrid organisations or a multitude of attempts across sectors are on the rise. Despite this strong involvement of civil society, and the fact that citizen engagement should be seen as a constant of social innovation policies and activities, social innovation can emerge from any sector (TEPSIE, 2014).

1.1 Context and definitions

Social innovations **“are new solutions (products, services, models, markets, processes etc.) that simultaneously meet a social need (more effectively than existing solutions) and lead to new or improved capabilities and relationships and better use of assets and resources.** In other words, social innovations are both good for society and enhance society's capacity to act” (Caulier-Grice et al., 2012, p.18).

In other words, social innovation needs to engage with a social problem in a way that is **“more effective, efficient, sustainable, or just** than existing solutions and for which **the value created accrues primarily to society as a whole** rather than private individuals” (Phills et al., 2008). More explicitly, as Phills et al. (2008) put it, a social innovation can appear as a product, production process, or technology, but also a principle, an idea, a piece of legislation, a social movement, an intervention, or some combination of them.

Nonetheless, social innovation is very **context dependent**: it takes place in broader social, cultural, economic and environmental contexts. It is in these specific contexts that social innovations are formulated and embedded. Moreover, social innovations are socially and politically constructed, and are, therefore, not value neutral (Caulier-Grice et al., 2012, p.17). Social innovation relates to new responses to pressing social demands by means that affect the process of social interactions, and it is very concerned with wellbeing (BEPA, 2010, p.6). Also based on the work by Nicholls and Murdock (2012), in their review of the use of the term 'social innovation', Caulier-Grice et al. (2012) found that 'social innovation' has been used to describe: 1) societal transformation; 2) a model of organisational management; 3) social entrepreneurship; 4) the development of new products, services and programmes; and, 5) a model of governance, empowerment and capacity building.

¹ Our perspective on social innovation is guided in many ways by the work done by the FP7 project TEPSIE (<http://www.tepsie.eu>), which explored the 'Theoretical, Empirical and Policy Foundations for Social Innovation in Europe' and ended officially in January 2015.

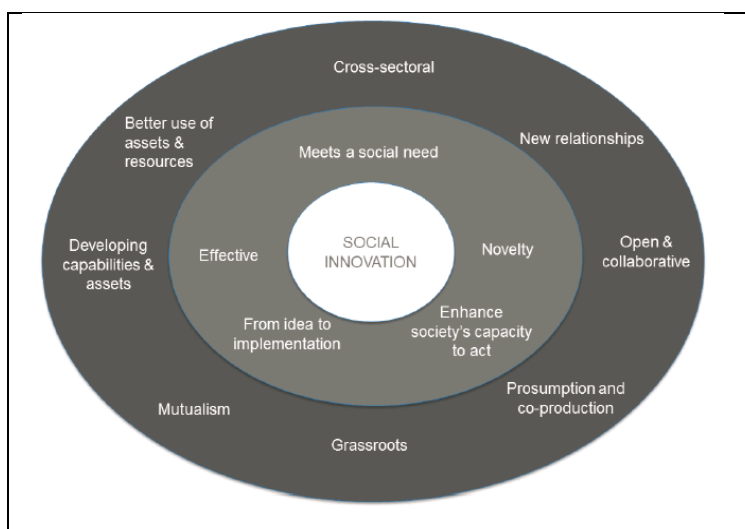
From their review, several common themes emerge that help to conceptualise social innovation:

- It is a distinct sub-type of innovation;
- It is new to the unit of adoption;
- It leads to specific outcomes which are a measurable improvements on existing practices;
- It can occur in any sector and often cuts across different sectors;
- It has various stages and phases;
- It is context specific;
- It is not value neutral;
- It has a product or content dimension as well as a process dimension;
- It changes social relations with regard to governance;
- It enhances societal resilience and increases beneficiaries socio-political capabilities and access to resources (empowerment dimension).

1.1.1 Core elements and common features

Starting from their literature review, Caulier-Grice et al. (2012) suggest a number of common features and core elements of social innovation, which can be visualized in the following **Fig. 1.1**.

Fig.1.1 Core elements and common features of social innovation



Source: Caulier-Grice et al., 2012

Five core elements should be present to define a social innovation:

- 1) **Novelty:** Social innovations need to be new in some way, either new to the field, sector, region, market or user, or to be applied in a new way;
- 2) **From ideas to implementation** Social innovation is concerned with the practical application or implementation of a new idea that need to be (or have the potential to be) financially sustainable in the mid- to long-term;
- 3) **Meets a social need:** One of the distinguishing features of a social innovation is that it is explicitly designed to meet a social need, understood as something that can cause serious harm or socially recognisable suffering when not met;

- 4) **Effectiveness:** Social innovation should be more effective than existing solutions by creating a measurable improvement in terms of outcomes (i.e. quality, levels of user-satisfaction, rates of adoption or a reduction in costs or higher level impacts such as improved wellbeing or social cohesion);
- 5) **Enhances society's capacity to act:** The process of social innovation is important: in fact, the process of social innovation enhances society's capacity to act and often entails changes in social and power relations. It empowers beneficiaries by creating new roles and relationships, developing assets and capabilities and/or better use of assets and resources.

In addition, Caulier-Grice et al. (2012) identified eight common features of social innovation that can help describe it better and more comprehensively:

- 1) **Cross-sectoral:** Social innovations can cut across and occur in all sectors, move between sectors, and occur at the interfaces between the different sectors;
- 2) **Open and collaborative:** Social innovations are often inclusive and engage a wide range of actors;
- 3) **Grassroots and bottom-up:** Social innovations are often bottom-up, grassroots, distributed and local;
- 4) **Pro-sumption and co-production:** In social innovations, boundaries between producers and consumers seem to be less defined, and individuals are not seen only as passive recipients of services anymore²;
- 5) **Mutualism:** Notion that individual and collective well-being is obtainable only by mutual dependence;
- 6) **Creates new roles and relationships:** Social innovations can also be identified by the type of relationships they create, and also by new roles for users and beneficiaries;
- 7) **Better use of assets and resources:** Social innovation often recognises, exploits and coordinates assets and resources which would otherwise be wasted, under-used or not used at all. In some cases, these assets and resources can be latent (i.e. the skills that communities have at their disposal), intangible (i.e. finance) and/or physical (i.e. buildings and physical spaces);
- 8) **Develops assets and capabilities:** Many social innovations explicitly aim to develop the capabilities of beneficiaries enabling them to meet their needs over the longer term, highlighting human agency and advocating participation.

² Prosumption involves "both production and consumption rather than focusing on either one (production) or the other (consumption)". See also: Ritzer, G. and N. Jurgenson (2010) Production, Consumption, Prosumption: The nature of capitalism in the age of the digital 'prosumer'. *Journal of Consumer Culture* March 10(1):13-36

Several examples, drawn from Caulier-Grice et al. (2012), are particularly valuable to clarify how social innovations can look like (Fig.1.2).

Fig.1.2 Examples of social innovations

Types of social innovation	Examples
i) New products	Assistive technologies developed for people with disabilities
ii) New services	Mobile banking
iii) New processes	Peer-to-peer collaboration and crowdsourcing
iv) New markets	Fair Trade or time banking
v) New platforms	New legal or regulatory frameworks or platforms for care
vi) New organisational forms	Community interest companies
vii) New business models	Social franchising, or just in time models applied to social challenges

Caulier-Grice et al. (2012)

Social innovation does not refer to any particular sector of the economy, but to innovation in the creation of social outputs, regardless of where they emanate. As such, social innovation can take place in all four sectors or as combination of them: (1) the non-profit sector; (2) the public sector (both in terms of policies and service models); (3) the private sector; and, (4) the informal sector (i.e. Slow Food movement) (Caulier-Grice et al., 2012, p.26).

1.2 Social innovation and social entrepreneurship

We devote now a brief section of our report to the topic of ‘social entrepreneurship’. We approached this topic guided by two main interrogatives: (1) What is the role of ‘social entrepreneurship’ in such a debate? (2) Is this the only way for social innovation to get results? Our main interest is to show here that social entrepreneurship should not be confused with social innovation, but as one of its main ‘tools’. This point is well captured by Phills et al. (2008). Social entrepreneurs, they say,

“see new patterns and possibilities for innovation and are willing to bring these new ways of doing things to fruition even when established organizations are unwilling to try them. And enterprises are important because they deliver innovation. But ultimately, innovation is what creates social value. Innovation can emerge in places and from people outside of the scope of social entrepreneurship and social enterprise. In particular, large, established nonprofits, businesses, and even governments are producing social innovations.”

The European Commission appears also to be very engaged in this area, by expressing willingness to contribute to the creation of a favourable environment for the development of social business in Europe, and of the social economy at large³. Social entrepreneurship seems to be one of the most considered avenues and – potentially – most effective ways for social innovation to offer solutions to the most pressing social problems. But it is definitely not the only way. From the point of view of the European Commission and, therefore, EU policy, social enterprises contribute to social cohesion, employment and the reduction of inequalities, which are one of the main goals

³ See for instance: http://ec.europa.eu/internal_market/social_business/index_en.htm

of the EU (i.e. Europe 2020 Strategy). In its view, social enterprises seek to serve the community's interest (social, societal, environmental objectives) rather than profit maximisation.

As Phills et al. (2008) noted, the underlying objective of social entrepreneurs and social enterprises is to create social value that is seen as the creation of benefits or reductions of costs for society – through efforts that address social needs and problems – in ways that go beyond the private gains and general benefits of market activity. Seemingly, the EU Commission sees social enterprises as often having an innovative nature, through the goods or services they offer, and through the organisation or production methods they resort to, often employing society's most fragile members (socially excluded persons). In Dees's view (2006), social entrepreneurs uncover or create new opportunities through a process of exploration, innovation, experimentation, and resource mobilization. This is, therefore, an active, messy, highly decentralized learning process, but highly necessary if social innovations are to be practically discovered and implemented to solve social problems. Additionally, for social entrepreneurs, the social mission is explicit and central, as it defines how social entrepreneurs perceive and assess opportunities (Dees, 1998). In terms of creating social value, therefore, wealth is just a means to an end for social entrepreneurs.

From an academic perspective, as defined by Zahra et al. (2009), social entrepreneurship “encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner” (p.522). Another useful conceptualization is offered by Peredo and McLean (2006, p.64) that, after an examination of 'social entrepreneurship' in its common use, suggest the following comprehensive definition: Social entrepreneurship is exercised where some person (or group)

- (1) aims at creating social value, either exclusively or at least in some prominent way;
- (2) shows a capacity to recognize and take advantage of opportunities to create that value ('envision');
- (3) employs innovation, ranging from outright invention to adapting someone else's novelty, in creating and/or distributing social value;
- (4) is willing to accept an above-average degree of risk in creating and disseminating social value; and,
- (5) is unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture.

2 EU initiatives and activities on social innovation

Guided by several initiatives started by the European Commission⁴, the European Union is very active on social innovation. Although there is no single policy strategy on social innovation at the European level, this section aims at mapping and summarising the main initiatives and actions that constitute the work done until now by the European Commission and that represent the way Europe is moving forward with social innovation.

2.1 The EU Commission's guiding role in social innovation

Fostering social innovation is a key objective of the European Commission that defines it as an instrument for developing new ideas, services and models to better address social issues⁵. The Europe 2020 Strategy also points to social innovation as one of the avenues to explore to attain the strategy's targets. As such, social innovation can play a key role in reaching the Europe 2020 targets. The European Commission identified the following key challenges that can be addressed through fostering social innovation:

- How to address societal challenges effectively and efficiently within a tight budget?
- What does strategic social investment look like and how can social policy support it?
- How to support people in lifelong learning to ensure adequate livelihoods in a changing world?
- How can innovative partnerships bring private and non-governmental resources to complement state funding?
- How to strengthen evidence-based knowledge in policy-making and reforms?

In three Europe 2020 Flagship Initiatives, namely 'Innovation Union', 'European Platform against poverty', 'A Digital Agenda for Europe' and in the innovation partnership 'Active and healthy ageing', social innovation figures prominently. Social innovation is also included in the Horizon 2020 framework programme for research and in the new Cohesion Policy proposal⁶.

In great part, the European Commission's (EC) actions on social innovation stem from the Europe 2020 Flagship Initiative, 'Innovation Union'⁷, which was launched in 2010 with the aim to foster Europe's capacity to innovate. The EC tries, therefore, to facilitate the market uptake of social innovation solutions and job creation. The main objectives are described as:

- (1) stimulating social innovation as a source of growth and jobs;
- (2) promoting and sharing information about social innovation in Europe; and,
- (3) supporting social innovation projects through the Social Innovation Competition.

⁴ See also: http://ec.europa.eu/growth/industry/innovation/policy/social/index_en.htm

⁵ See also: <http://ec.europa.eu/social/main.jsp?catId=1022>

⁶ See also: EC (2013) Guide to Social Innovation. DG Regional and Urban Policy. Available at: http://ec.europa.eu/regional_policy/sources/docgener/presenta/social_innovation/social_innovation_2013.pdf

⁷ http://ec.europa.eu/research/innovation-union/index_en.cfm

In this Flagship Initiative, two commitments are made specifically with regard to social innovation:

- **Commitment 26:** The Commission will launch a European Social Innovation pilot which will provide expertise and a networked ‘virtual hub’ for social entrepreneurs and the public and third sectors.
 - It will promote social innovation through the European Social Fund (ESF) building on the significant investments in social innovation which the ESF has made over the last ten years, all along the innovation cycle. This will be complemented by support to innovative social experiments to be developed in the framework of the European Platform against Poverty.
 - Social innovation should become a mainstream focus in the next generation of European Social Fund programmes. Member States are encouraged to already step up efforts to promote social innovation through the ESF.
- **Commitment 27:** Starting in 2011, the Commission will support a substantial research programme on public sector and social innovation, looking at issues such as measurement and evaluation, financing and other barriers to scaling up and development. As an immediate step, it will pilot a European Public Sector Innovation Scoreboard as a basis for further work to benchmark public sector innovation. It will explore with Member States whether it is appropriate to bring together new learning experiences and networks for public sector leaders at European level.

The recent Staff Working Document (SWD) on Innovation Union (EC, 2014) takes stock of how it has been implemented and what first results it has delivered from its launch. While this document points out that an emphasis has been put on “new strategies and tools with the goal of achieving increased cohesion whilst encouraging excellence, tackling societal challenges and creating jobs through innovation”, it also realizes how social innovation has “moved towards the top of political attention”. In particular, the report acknowledges that the Commission is now supporting social innovation in a number of ways, including support for the up-scaling of successful projects.

More generally, several and diverse actions are taken by the European Commission in the context of social innovation revolving around a number of areas, such as:

- (i) Networking,
- (ii) Competition,
- (iii) EU funding,
- (iv) Finance,
- (v) Framework conditions,
- (vi) Results,
- (vii) Incubation and scaling up.

We will explain each of these points very briefly in the following paragraphs, also by showing a number of examples and references where more information can be found.

Networking

Especially through the [Social Innovation Europe portal](#), the European Commission supports organisations across Europe to connect, learn from each other, and share experiences. The portal – also known as **SIE initiative** – aims to connect policy makers, entrepreneurs, academics, and third sector workers with other innovators from across Europe, with the goal of becoming a hub for innovative thinkers from all member states can join and meet. The site provides the latest information on European social innovation.

This first concrete action was launched in 2011 as a virtual hub connecting social innovators and providing an overview of actions throughout Europe. Since its creation, the platform has 5,000 registered users/contributors from 35 countries and receives on average 7,000 visits a month. It has become a reference portal in Europe, which is recognised for its hands-on content (EC, 2014).

Competition

Every year since 2012, the European Social Innovation Competition is organized to support new solutions and raise awareness of social innovation. The Competition invites Europeans to develop new solutions to reduce unemployment and minimize its effects on the economy and society.

The first two editions focused on the best social innovation solutions to help people move towards work or into new types of work. The first edition attracted more than 600 ideas and the second more than 1,200 ideas for that purpose.

Other competitive funding or awards can be found also as part of [EU RegioStars awards](#), [Naples 2.0 - International Social Innovation Competition](#), and [Social Innovation Tournament](#).

EU funding

Direct funding to support social innovation is offered by the [EU programme for Employment and Social Innovation \(EaSI\)](#) – it replaced the [Progress programme](#) since January 2014 - or [Horizon 2020](#), particularly under the [SME instrument](#) which is open to social enterprises. Additionally, EU funding can be found under the EU Structural and Investment Funds. Support for social innovation against poverty and social inclusion is also provided by the European Platform against poverty and social exclusion.

In the 2014-2020 programming period, social innovation is going to be mainstreamed. In the new regulation on the European Social Fund, the approach to social innovation is more strategic. Member States have to programme social innovation-related activities, but they are given the flexibility to target social needs that are particularly relevant to them. Such measures are meant to test and scale up ideas that will influence other policy areas, therefore spreading social innovation to new sectors.

Support for social innovation research has increased in scope and budget in the last three years of FP7 (from €4 million in 2011 to around €12 million in 2013, also with more topics). The areas of research include the role of social innovation in the fight against inequalities, its role in the public sector and in innovative social services, its economic underpinnings, its role for empowering

citizens and promoting social change, and the role of the third sector in socio-economic development and social entrepreneurship.

Horizon 2020's broad approach to innovation further strengthens social and public sector innovation and provides many opportunities for take-up across all areas. For the first multiannual work programme of Horizon 2020, social innovation is relevant to many topics, such as industrial leadership and societal challenges. Specific actions supporting social innovation are also included under the 'new forms of innovation' call in Societal Challenge 6: Europe in a changing world: inclusive, innovative and reflective societies. These include support to create mobile, personalised public services, using open data and services, enhancing transparency and decision-making processes of public administrations, the launch of a Social innovation community in 2015, support to the public sector observatory of the OECD, a new competition for the prize of the European capital of Innovation, as well as continuation of support to the Social innovation competition for the next years

Finance

Information about available financial support for social innovation is made public by the European Commission that prepared a well-structured report to describe the main typologies of support. The report – "[Financing social impact. Funding social innovation in Europe](#)" – among others recommends a "coordinated and pan-European approach for the EU to create a family of funds that will encourage social innovation", in different forms at different stages ranging from: (i) funding for fundamental research and development of concepts; (ii) seed funding for promising ideas; (iii) funding for pilots and prototypes, as well as for evaluations; (iv) finance for embedding successful models; and, (v) finance for growth.

Framework conditions

The European Commission aims to improve the conditions for social innovation and social enterprises in Europe, for instance through the EU single market, the [Social Business Initiative](#) and its 11 key actions. The Social Business Initiative (SBI) was launched by the European Commission in 2011 with the aim of fostering a fertile environment for the development of social business in Europe.

Results

Another important contribution of the European Commission's activities is gathering and disseminating evidence about the benefits of social innovation and methodologies for result measurement⁸.

The following table (Fig.2.1), for instance, provides a first assessment of the progress made at the European level in terms of social innovation by looking at the commitments made under the Flagship Initiative 'Innovation Union'.

⁸ See for instance the report "[Strengthening Social Innovation in Europe](#)"

Fig.2.1: Social Innovation in the flagship initiative Innovation Union

COMMITMENTS		ACTIONS DELIVERED	EXAMPLES OF IMPLEMENTATION
26	<ul style="list-style-type: none"> - Launch a Social Innovation pilot; - Promote social innovation in European Social Fund 	<ul style="list-style-type: none"> - Social Innovation Europe platform launched in 2011; - Bigger role for social innovation in the European Social Fund 	<ul style="list-style-type: none"> - European Social Innovation Competition; - Support to networks of incubators for social innovation.
27	<ul style="list-style-type: none"> - Support a research programme on public sector and social innovation; - Pilot a European Public Sector Innovation Scoreboard 	<ul style="list-style-type: none"> - Social and public sector innovation included in Horizon 2020 topics; - European Public Sector Innovation Scoreboard piloted. 	<ul style="list-style-type: none"> - European Prize for Innovation in Public; - Expert group on public sector innovation; - iCapital.

Source: EC (2014)

Incubation and 'scaling up'

One of the main initiatives taken by the European Commission is also the support of incubation structures for social innovation in Europe. Two EU-wide networks of incubators are particularly notable. Firstly, '[TRANSITION - Transnational Network for Social Innovation Incubation](#)' is a project that supports the scaling-up of social innovations across Europe by developing a network of incubators bridging established partners within the fields of social innovation (SI) and innovation-based incubation (IBI). Secondly, '[BENISI - Building a European Network of Incubators for Social Innovation](#)' seeks to build a Europe-wide network of networks of incubators for social innovation, with the aim to identify at least 300 social innovations that are identified with high potential for scaling successfully, and ensure the delivery of necessary support services to those social innovations.

2.2 Research projects in Europe

Several EU-funded research projects are focusing on social innovation. Likely the most influential of EU-funded research projects is the **TEPSIE project**, to which we made reference prominently in the first chapter, when we discussed about the concept of social innovation. However, we are interested here in providing an overview of those projects on social innovation that have started in 2014 within the FP7 SSH Programme and are all ongoing (BEPA, 2014). A brief explanation will follow each of the listed projects:

- (1) **SI-DRIVE** Social Innovation: Driving Force of Social Change;
- (2) **TRANSIT** Transformative Social Innovation Theory project;
- (3) **CRESSI** Creating Economic Space for Social Innovation;
- (4) **SIMPACT** Boosting the Impact of Social Innovation in Europe through Economic Underpinnings;
- (5) **EFESIIS** Enabling the flourishing and evolution of social entrepreneurship for innovative and inclusive societies;
- (6) **SEFORIS** Social Enterprise as Force for more Inclusive and Innovative Societies;

- (7) **Third Sector Impact** The Contribution of the Third Sector to Europe's Socio-economic Development;
- (8) **ITSSOIN** Social Innovation and Civic Engagement.

SI-DRIVE (***Social Innovation: Driving Force of Social Change***). The project will integrate theories and research methodologies to advance understanding of SI leading to a comprehensive new paradigm of innovation; undertake European and global mapping of SI, thereby addressing different social, economic, cultural, historical and religious contexts in eight major world regions; and ensure relevance for policymakers and practitioners through in-depth analyses and case studies in seven policy fields, with cross European and world region comparisons, foresight and policy round tables. SI-DRIVE involves 15 partners from 12 EU Member States and 11 from other parts of the world.

TRANSIT (***Transformative Social Innovation Theory project***). The project unpacks the relation between social innovation and systemic change in the context of a rapidly changing world that faces 'game changing' developments (e.g. financial crisis, climate change or the ICT-revolution). The main research question is: How and under what conditions do social innovations lead to systemic change, and how are actors (dis)empowered in transformative social innovation processes? Empirically, TRANSIT takes an embedded case-study approach to conduct a multi-level, cross-national comparative analysis of social innovation projects and networks across Europe and Latin America, combining in-depth case-study analysis with quantitative meta-analysis.

CRESSI (***Creating Economic Space for Social Innovation***). The project will explore the economic underpinnings of social innovation with a particular focus on how policy and practice can enhance the lives of the most marginalised and disempowered citizens in society.

SIMPACT (***Boosting the Impact of Social Innovation in Europe through Economic Underpinnings***). The project advances understanding of social innovation's economic dimensions, creating new concepts, models and instruments for policymakers, innovators, investors and intermediaries. It systematically investigates how social innovations can enable the most vulnerable in society to become economic assets, integrating critical analysis of current and previous work with future-oriented methodologies, new actionable knowledge and continual stakeholder participation.

EFESIIS (***Enabling the flourishing and evolution of social entrepreneurship for innovative and inclusive societies***). The project provides advice to stakeholders on how to foster Social Entrepreneurship and Social Innovation; drafts an Evolutionary Theory of Social Entrepreneurship to explain the different evolutionary paths of Social Entrepreneurship in Europe and how Social Entrepreneurship and institutions co-evolved over time; identifies the features of an enabling eco-system for Social Entrepreneurship; and identifies the New Generation of Social Entrepreneurs, its features, needs and constraints as well as their contribution to Social Innovation.

SEFORIS (*Social Enterprise as Force for more Inclusive and Innovative Societies*). The project seeks to understand the potential of social enterprise in the EU and beyond to improve the social inclusiveness of society through greater stakeholder engagement, promotion of civic capitalism and changes to social service provision through a. investigation of key processes within social enterprises for delivering inclusion and innovation, including organisation and governance, financing, innovation and behavioural change and b. investigation of formal and informal institutional context, including political, cultural and economic environments and institutions directly and indirectly supporting social enterprises.

Third Sector Impact (*The Contribution of the Third Sector to Europe's Socio-economic Development*). The project will create knowledge that will further advance the contributions that the third sector and volunteering can make to the socio-economic development of Europe. These unique 'renewable resources' for social and economic problem-solving and civic engagement in Europe are needed more than ever at this time of social and economic distress and enormous pressures on governmental budgets — not as an alternative to government but as a full-fledged partner in the effort to promote European progress. To take full advantage of this resource we need a clearer understanding of the third sector's scope and scale, its existing and potential impacts, and the barriers to its full contributions to the continent's common welfare.

ITSSOIN (*Social Innovation and Civic Engagement*). The project's claim is that the Third Sector is better equipped to foster social innovation as the market or the public sector. The project will build a set of testable hypotheses that relate to its key characteristics, e.g.: (1) strong value sets; (2) persistent multi-stakeholder constellations; (3) the mobilisation of multiple resources. Against the update of structural data, the project will test these hypotheses on the qualitative impacts of the Third Sector in terms of capital building (e.g. social networks, cultural values or political participation) and their direct link to social innovation. The research will investigate organisations with a special emphasis on volunteering at the micro level, which serves as a bond from and into society. The analysis will include a screening of framework policy conditions and discourses (citizens/media) on the roles and functions of the sector.

3 Examples of social innovation in practice

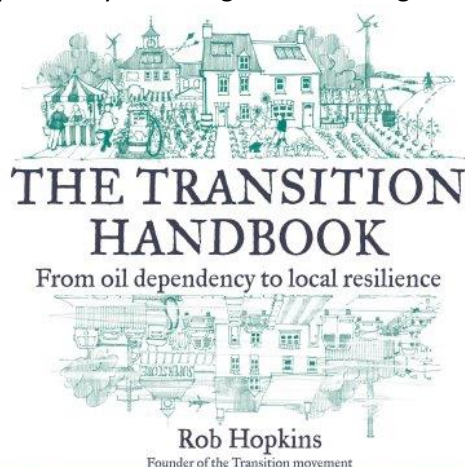
Social innovation is best explained and described through real projects and practical examples. In this chapter, we portray three of such practical examples. In any case, we want to emphasise that the main idea behind this overview is to keep in mind that such case studies are all engaging in social problems trying to find and apply new solutions that simultaneously meet a social need and lead to new or improved capabilities and relationships and better use of assets and resources, as we explained in the first chapter.

3.1 Case study: The Transition Towns movement⁹

Started in 2005-2006, the Transition Towns movement was triggered by the recognition of two main challenges for present and future societies in climate change and peak oil. The main aim of the movement was to



build **local resilience** to climate change and peak oil by building and using strategies that would, for instance, reduce energy use, improve green infrastructure and waste management. Additionally, the Transition Towns movement recognises that all industrialised countries seem to operate by believing that their high levels of energy consumption, high carbon emissions and massive environmental impact can go on indefinitely. With this assumption, the Transition Towns movement's main objective remains to move towards and, hence, transitioning to a lower energy future to respond to climate change and to the diminishing supplies of fossil fuels¹⁰.



"If your town is not yet a Transition Town, here is the guidance for making it one.
We have little time, and much to accomplish." — Richard Heinberg, author of *Peak Everything*

The Transition concept emerged from the work of permaculture¹¹ designer Rob Hopkins with his students of Kinsale Further Education College. The idea was adapted and expanded by Hopkins in 2005 with co-founder Naresh Giangrande in Hopkins' hometown of Totnes. Towards the end of 2006, they were running awareness-raising events and creating the core elements of the Transition Model. The Transition Town concept applied permaculture principles to develop a 12-step approach,

⁹ This section is mainly based on: 1) SCU (2014) *Science for Environment Policy In-depth Report: Social Innovation and the Environment*. Science Communication Unit, University of the West of England, Bristol. Report produced for the European Commission DG Environment, February 2014. Available at: <http://ec.europa.eu/science-environment-policy>; 2) the Transition Network's website: www.transitionnetwork.org

¹⁰ The idea of 'Peak oil' is one of the main motives of the transition towns movement.

¹¹ Permaculture can be defined as '*consciously designed landscapes which mimic the patterns and relationships found in nature, while yielding an abundance of food, fibre and energy for provision of local needs.*' Starting from a permaculture vision of permanent or sustainable agriculture, the concept of permaculture evolved in time and now considers people, their buildings and the ways in which they organise themselves (see also: www.permacultureprinciples.com).

which can involve making an Energy Descent Plan to move towards the low carbon, resilient way of working. Other towns started to show interest and the **Transition Network** was formed to respond to the needs of the Transition Initiatives in their preliminary stages. As the number of Transition communities grows, the Network has acknowledged the need for a range of flexible frameworks or models so communities can choose which best suits their way of working.

As the concept spread across the UK and internationally, the Transition Network was set up to respond to the demand for information, guidance, training and materials from communities engaged in the transition process.

As claimed by the movement, transition Initiatives, community by community, are born to actively and cooperatively creating happier, fairer and stronger communities, places that work for the people living in them and are far better suited to dealing with the shocks that will accompany economic and energy challenges of the future and of a climate *in chaos*. The *Transition Initiatives* are usually



started by a core group of people by creating a number of projects to address various challenges i.e. sustainable food, energy, water, transport or waste management. Different people may run the projects, but the core group remains central to the various activities.

The Transition Towns movement can be seen as a social movement that is adopted by communities all around the world in different formats, according to context. The Transition Network is a charitable network that connects these communities and provides support and training. The individual Transition Initiatives and the projects they create can become social enterprises or other forms of organisation.

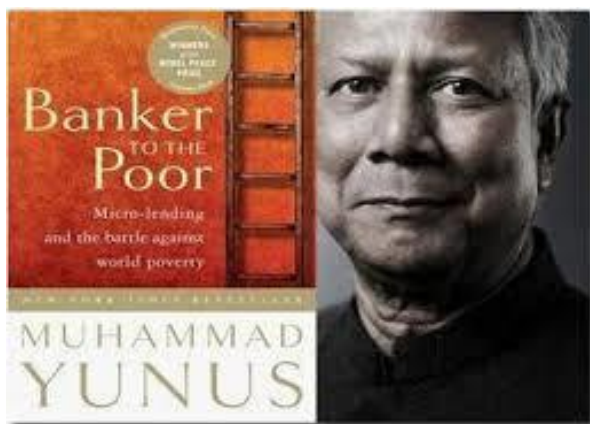
Social, economic and environmental problems are clearly apparent in this example of social innovation. Therefore, sustainable development issues appear to be integrated in the activities of the movement. Climate change adaptation and mitigation measures can be clearly linked to the transition movement approach; well-being and social entrepreneurship are definitively central to it while economic constraints and different patterns of development are suggested.

The transition approach – by using the language of resilience, positive local solutions and stressing the power of local communities – holds potential to increase public engagement with sustainability as a result of the increased sense of agency and manageable scale associated with long-term local action (SCU, 2014).

3.2 Case study: The Grameen Bank¹²

This second example is mostly related to two dimensions of sustainability – social equity and economic development – by using social innovation to solve a social problem through a peculiar practice of microfinance. The example we are showcasing here is the famous experience of the Grameen Bank started by university professor Muhammad Yunus in 1976, who initiated it by firstly launching a research project to study how to design a credit delivery system to provide banking services to the rural poor.

After returning from his graduate studies in the US to be a university professor in Bangladesh, Yunus started speaking with the Bangladeshi poor, and realized that they were trapped in a vicious cycle of debt to moneylenders. Then, Yunus decided to loan \$27 to 42 women from the village of Jobra, India (Yunus, 1998). Yunus followed a strategy that contradicted prevailing practice by targeting poor women and offering very small loans. Yunus also saw the potential to change long-held beliefs about gender power imbalances by



loaning almost exclusively to women, which, inter alia, quickly began to alter prevailing prejudices assumptions but also practices in Bangladeshi institutions. Another potent idea and intuition by the Grameen Bank was to change the institution of lending by replacing legal instruments with trust. Coherently, Yunus tried to increase the feeling of interdependence within villages by requiring women borrowers to form groups of five to receive a loan, requisite that created and increased the sense of

obligation as each group remains jointly responsible for repaying each loan, therefore augmenting the likelihood that such a loan is repaid.

Internal processes of the new bank emphasized speedy decision-making, simplified paperwork and reliance on trust. Further, instead of working with the government to provide access to finance, or working with the U.N. or World Bank, Yunus kept Grameen Bank independent with the aim to retain flexibility.

¹² This section is mainly based on: 1) Zahra et al. (2009) (pp.526-527)

The Grameen Bank model has been replicated throughout the world by lending US \$5.1 billion to about 5.3 million people in the developing world. This engineered solution continues to fix a deep systemic problem. New and drastically different financial institutions, in turn, challenge and change the way people think about gender, trust, legal documents, and even social practices. Other have followed in Grameen Bank's footsteps by offering micro-credit to disadvantaged nascent entrepreneurs around the globe (Gangemi, 2005). Schreiner (2003) observes that Gramaeeen Clones have appeared and thrived in North America (Taub, 1998), Europe (Rogaly, 1996), Latin America (Thomas, 1995), Africa (Wall Street Journal, 1998) and Asia (Hulme, 1990).



Micro loans started a new way of economic development very much in line with social needs and local capabilities trying out and succeeding in new practices that rested substantially on trust. This typology of micro-credit loans continue to be based on the concept that the poor have under-utilised skills that, with incentive, can effectively help them earn their livelihoods.

The experience of the Grameen Bank and its long-lasting success gave Mohammad Yunus and the Bank itself the Nobel Prize in 2006.

3.3 Case study: Social Innovation Park (Bilbao, Spain)¹³

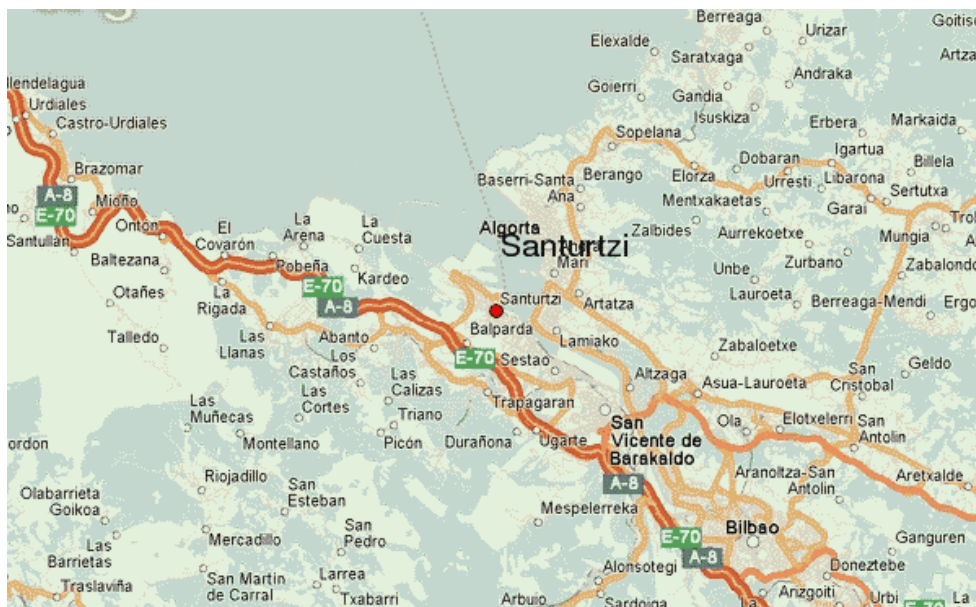
The Social Innovation Park (SI Park) is a business park fully dedicated to third sector innovation and it is the first one of its kind in Europe. Situated in the Greater Bilbao area of Northern Spain, the SI Park hosts consolidated social entrepreneurs and emerging innovation projects aiming to create



¹³This section is based on: 1) <https://webgate.ec.europa.eu/socialinnovationeurope/en/magazine/local-development-and-communities/special-features/social-innovation-basque-region>; 2) European Commission (2013) Social economy and social entrepreneurship - Social Europe guide - Volume 4. Luxembourg: Publications Office of the European Union. Available at: http://www.socialinnovationpark.com/wp-content/uploads/guides/DGEMPL_Social_Europe_Guide_Vol.4_EN_Accessible.pdf
3) http://www.euclidnetwork.eu/eu-funding-and-policy/resources/doc_view/73-case-study-social-innovation-park.html

the new “Social Silicon Valley”. SI Park is a pioneering infrastructure promoted by [DenokInn](#), the Basque Centre for Social and Corporate Innovation, which provides an environment for third sector entities to cooperate, learn from each other and build new shared enterprises.

The Social Innovation Park presents itself as ‘a place where businesses, entrepreneurs and nonprofit entities form a community with a common purpose: to respond to social needs in innovative ways’.



The activities of the SI Park aim at creating employment opportunities in an area of economic and social decline, at finding innovative solution to unmet social needs, and transforming them into business opportunities, where the actors can be part of the solution. SI Park works mainly in the development of large scale social enterprises, generating high local impact and with large potential to be replicated.

The Park hosts a range of facilities, which provide incubator services, training for social economy, and access to international networks to nurture and spread the new social enterprises. Three main facilities are well representative of the SI Park’s innovative structure: (1) the Social Innovation Laboratory (G-Lab); (2) the Social Innovation Academy; and, (3) the Social Enterprise Generator.

(1) Social Innovation Laboratory (G-Lab)

SI Park hosts a Laboratory for identifying emerging social tendencies (G-Lab) applying participatory democracy methodologies. G-Lab evaluates current social services provided by the public administration and designs and develops innovative test beds. SI Park operates under an open innovation framework, with membership annually determining potential areas of G-Lab’s research. As a priority, G-Lab’s research is royalty-free to all institutions present in Bilbao. G-lab is associated to the leading international networks of social innovation laboratories.



(2) Social Innovation Academy

SI Park provides on-site and on-line training to bring fresh ideas to services provided by third sector institutions, organizations and enterprises. The Social Innovation Academy offers regularly-scheduled programs: Intensive Training for Third Sector Leaders, project-based education, and welcoming “spin off” training centres from the most successful entrepreneurial schools. The Social Innovation Academy collaborates for this purpose with Euclid, the European Network of third sector leaders, and with the Social Innovation Exchange, the global alliance committed to growing the capacity of the field.

(3) Social Enterprise Generator

Collaborating entities within the SI Park are offered the opportunity to incubate new social enterprises and emerging tendencies identified by the G-lab encouraging SI Park membership to launch new projects.

Another example of facilities offered at the SI Park is for instance the FABLab (fabrication laboratory), which is a smallscale workshop equipped with an array of flexible computer controlled tools that help to transform ideas into real products through digital fabrication.

In terms of financing of new social innovation ventures, the SI Park will contribute to expanding funding opportunities through establishing a ‘Social Business Stock Market’, a place where individuals, companies and the public sector can invest both in developing of new opportunities and in the new business that make these a reality.

4 Key points for reflection

In this chapter, we briefly summarise the main points discussed in the course of this report and suggest several points that could be used for further reflection:

1 – What is social innovation?

Social innovations are defined as new solutions (products, services, models, markets, processes etc.) that simultaneously meet a social need (more effectively than existing solutions) and lead to new or improved capabilities and relationships and better use of assets and resources. In other words, social innovation needs to engage with a social problem in a way that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals. More explicitly, a social innovation can appear as a product, production process, or technology, but also a principle, an idea, a piece of legislation, a social movement, an intervention, or some combination of them. Social innovation does not refer to any particular sector of the economy, but to innovation in the creation of social outputs, regardless of where they emanate. As such, social innovation can take place in all four sectors or as combination of them: the non-profit sector; the public sector (both in terms of policies and service models); the private sector; and, the informal sector.

2 – Social innovation and social entrepreneurship are not the same thing

Social entrepreneurship seems to be one of the most considered avenues and, potentially, most effective ways for social innovation to offer solutions to the most pressing social problems. But it is definitely not the only way. Social enterprises seek to serve the community's interest rather than profit maximization; the underlying objective is, therefore, to create social value that is seen as the creation of benefits or reductions of costs for society – through efforts that address social needs and problems – in ways that go beyond the private gains and general benefits of market activity.

3 – Not a *single, one-fits-all* EU strategy yet, but numerous EU activities and initiatives

Social innovation is very high on the political agenda, not only as new way of addressing social issues, but also as a chance to respond to the multiple social, economic and environmental crises that are faced by societies all over the world. As we reported in the second chapter, the European Commission appears very active in this regard. Numerous initiatives have been started, are in progress and many others will be supported in the future in several areas such as, i.e. research, funding, networking, incubating.

4 - Further research is needed to clarify how SD and social innovation relate

In conclusion, although the linkages between social innovation and sustainable development seem very apparent, we think that research has not yet comprehensively addressed such links. Further research is, therefore, needed and more efforts should be taken in this avenue of research. Some lines of enquiry or guiding questions in this regard could follow, for instance: To what extent is social innovation already part of the sustainable development discourse? To what extent is social innovation different from the social dimension of SD? Is social innovation contrasting/supporting SD? Is there a need for aligning these fields more effectively?

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