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Foreword I

Challenge Social Innovation

Agnès Hubert¹

The expression, the concept and hopefully some concrete social innovations have gained an immense popularity in the last few years, in the EU and beyond. “Social innovation is becoming a global phenomenon that concerns all countries. From Europe to the United States this new process has recruited politicians, entrepreneurs, civil talent and intellectuals. Social innovation is now gaining more attention in developing countries”. These lines were recently published in an article on the “growing importance of social innovation” in *China Daily*, by Yu Keping, deputy director of the Communist Party of China’s Central Compilation and Translation Bureau.² They would certainly not be contradicted by the growing movement witnessed in Europe, emerging both from grassroots movements and policy circles.

To say that a newly found passion for social innovation started in the wake of the current financial crisis would not fully reflect the reality. Not only the concept was born much earlier (some place its real beginning in the late nineteen’s century in the wake of industrialisation and urbanisation) but it was revived on many occasions. What is interesting in the current situation is first to understand not necessarily the why but what social innovation means and can achieve and how it can help address, now and in the future, the challenges we are facing.

After having met stakeholders in a workshop organised in Brussels in January 2009, President Barroso concluded: “Social innovation is not a panacea but if encouraged and valued, it can bring immediate solutions to the pressing social

¹ *Agnès Hubert* is a member of the Bureau of European Policy Advisers (BEPA) of the European Commission. She was the responsible editor of the BEPA Report, the Commission’s programmatic paper on Social Innovation, and she co-ordinates social innovation initiatives across the Commission’s Directorates-General.

² http://www.chinadaily.com.cn/cndy/2012-02/08/content_14556022.htm

issues citizens are confronted with". He added: "In the long term, I see social innovation as part of a new culture of empowerment that we are trying to promote". This wide-ranging view of social innovation as a lever for societal change has ever since been underpinning initiatives promoted at EU level to boost social innovation in EU policies and on the ground in Member States. The first function of social innovation is to develop solutions to better answer the growing social demands which are further exacerbated by the crisis. It also challenges the traditional ways markets and public sectors have provided answers to social demands by making room for the engagement of society itself to generate social value. The culture of people's empowerment to create social change is central to the Commission's systemic approach to social innovation.

Following the workshop attended by the President, a networking collaborative exercise steered by the Bureau of European Policy Advisers started within the Commission to promote a new vision of social innovation. A report was produced³ and BEPA has been given a light coordination mandate on social innovation initiatives in European policies. From a wealth of important but fragmented initiatives and programmes that were developed in the past (e.g. the EQUAL initiative), we moved to a situation where social innovation is a frontline issue for high-level decision makers in the institutions.

It is now firmly embedded into the two major EU policy documents to frame the next 10 years: The EU 2020 Strategy for smart, sustainable and inclusive growth and the Multiannual Financial Framework, that is the EU budget that will support European policies from 2014 to 2020. Also, the Single Market Act, a series of measures to boost the European economy and create jobs,⁴ includes the promotion of social entrepreneurship.⁵

In the EU 2020 Programme with its five measurable targets (including poverty reduction) and its seven flagship initiatives (including in particular "Innovation Union" and the "European platform against poverty and social exclusion"), social innovation is an instrument to reach the objective of a smart, green and inclusive growth which Member States have agreed upon for 2020.

As for the Commission's proposals for the next seven years EU Budget (2014–2020), social innovation features explicitly in several of the draft financial regulations⁶ by policy areas. In the European Social Funds for instance, social innovation will be promoted in all areas with the aim of testing and scaling up innovative solutions to address social needs; member states will be asked to identify themes for social innovation corresponding to their specific needs and the Commission will facilitate capacity building for social innovation, through mutual learning,

³ "Empowering people, driving change: Social innovation in the European Union Publications Office ISBN 978-92-79-19275-3".

⁴ http://ec.europa.eu/internal_market/smact/index_en.htm

⁵ The social business initiative, adopted in November 2011 http://ec.europa.eu/internal_market/social_business/index_en.htm

⁶ http://ec.europa.eu/budget/biblio/documents/regulations/regulations_en.cfm

the establishment of networks, the dissemination of good practices and methodologies. The same goes for the new research and innovation program, Horizon 2020, for which the Commission has proposed the largest budget increase of all EU policy areas (from €54.9 to €80 billion or 46 % increase). The programs presented for cohesion policy, agriculture, education, IT policies and the new digital agenda, and even Culture, contain either a mention and/or open opportunities for supporting social innovations.

So there are and there will be means at EU level (and hopefully at national, regional and local levels) to promote actions and initiatives to deepen our knowledge and practice of social innovation. The question is how we can best plan to use these resources to “empower people and drive change” to face upcoming challenges. This is where our knowledge about how social innovation works, grows and changes the way societies are driven is crucial.

In the BEPA report, we distinguish three complementary approaches to social innovation:

Social: The grassroots social innovations which respond to pressing social demands which are not addressed by the market and are directed towards vulnerable groups in society

Societal: The broader level which addresses societal challenges in which the boundaries between social and economic are blurred and which are directed towards society as a whole

Systemic: The systemic type which relates to fundamental changes in attitudes and values, strategies and policies, organisational structures and processes, delivery systems and services

The question is not which category should be nurtured, financed, made more visible and researched, but how we build on the complementarities of the three approaches to engage the systemic change which is necessary to effectively address poverty, ageing, unemployment, social justice, climate change, resource efficiency and growth in times of financial crisis. Empowering people and driving change are the twin key objectives, which we see as essential for innovation in general but also to allow the shift in attitudes, preferences and production for a sustainable, inclusive and smart economy of EU 2020.

By empowerment we mean education and knowledge plus governance and anticipation. Why do people need to be empowered? Because social innovations most often challenge conventional wisdom. As John Stuart Mill wrote when analysing the subjection of women, when the intentions and effect of an innovation is contrary to what is considered as “superior wisdom”, one needs a disproportionate amount of conviction and perseverance to get it done.

Driving change: Should we rely on crisis to create change? After all, the post 1929 period is widely known as very fertile in social innovations and 9/11 has promoted a culture of solidarity and responsibility never seen in New York. Or should we try to shape change? As underlined by Josef Hochgerner in this volume, innovations do not develop in a vacuum but in a socially constructed environment. Where the dominant paradigm is hegemonic, innovation will not emerge; for

example, where patriarchy is dominant, efforts to promote gender equality are doomed; the same is true for social innovation where the economic paradigm is too powerful.

How does this connect with our common future? Within our remit as an internal think tank for the European Commission, BEPA commissions research on dominant trends of the future. The most recent forward study, under the title “facing the future, time for the EU to meet global challenges”,⁷ identifies the main trends ahead and possible disruptive global challenges. It suggests how the EU could position itself to take an active role in shaping a response to them. Based on the criteria of urgency, tractability and impact, this research confronts quantified trends towards 2025 and beyond with experts’ and policy makers’ opinions on the likely consequences of these trends. It concurs with other future studies to point to three major challenges with a global scope which require action at the EU level:

- A green challenge: the need to change current ways in which essential natural resources are used – due to the non-sustainable human over-exploitation of natural resources. The most well-known effects are climate change, loss of biodiversity, increasing demand for food, deepening poverty and exclusion linked to continued exploitation of the natural resources, energy and water scarcity leading to competition and conflict, mass migration and threats in the form of radicalisation and terrorism.
- An inclusive challenge: the need to anticipate and adapt to societal changes including political, cultural, demographic and economic transformations in order for the EU to develop into a knowledge society. The main dimensions related to this challenge are economic growth mainly depending on increases in efficiency and productivity; ageing societies increasing pressures on pensions, social security and healthcare systems; flow of migrants from developing to developed countries; empowerment of citizens through enhanced education; barriers to the social acceptance of innovations due to lack of understanding of technological possibilities and related consequences; and inability to keep up with the speed and complexity of socio-economic changes.
- A smart challenge: the need for more effective and transparent governance for the EU and the world with the creation of accountable forms of governance able to anticipate and adapt to the future and thus address common challenges, and to spread democracy and transparency on the global level. Related to this challenge are the weakening of borders between nations with the problems of (especially neighbouring) developing countries increasingly affecting the EU, single policy governance approaches which can no longer cope with global issues and the lack of balance in representing nations in global fora.

Based on the above, the study presents a blueprint for policy makers at the EU level which includes detailed recommendations on policy alignment towards

⁷ <http://ftp.jrc.es/EURdoc/JRC55981.pdf>

sustainability, social diversity and citizens' empowerment (including ICT) anticipation of future challenges to turn these into new opportunities.

My main message in mentioning these wide-ranging challenges is not to go beyond social innovation but to the heart of it, in its transformative power. The behavioural changes and innovative collective action triggered by social innovation on a large scale are *the* essential components to drive public policy reform to address these challenges.

To conclude: the commitments to Social Innovation made by the Commission as part of the EU2020 strategy and in the preparation of the new EU budget provide the elements of an agenda for change towards a smart, inclusive and sustainable growth. They range from the support to networking and access to funding for grassroots social innovations and social entrepreneurs to experiments of social policy instruments. They also include research in methodologies and changes in governance modes. It is now firmly embedded in the most important EU policies for the next decade and its contribution to the reform of social policies and to behavioural and systemic changes is promising. However, while the practical framework is ready to sustain a large development of social innovation, theoretical foundations are still insufficient to describe the potential scope and range of social innovation as a transformative concept. The "Challenge social innovation conference" contributed to highlight new theoretical insights and explored experiments in a large range of sectors and human activities. This is largely reflected in the rich contributions in this volume. Hopefully, as social innovation will be developing on a larger scale, so will the need to redefine value creation and the basis for growth and well-being. Reversely, social innovation will only make a difference where risk taking for the creation of social value by those most concerned becomes a respected activity. In this context, public debates on indicators of growth beyond GDP which was initiated by the Commission in 2007 may come to be seen as a great opportunity to complement the systemic changes which social innovation creates to address the challenges mentioned earlier. This is not only a debate for statisticians but it must engage social scientists, sociologists, anthropologists and economists. One of the elements of this debate is also about the slow transformation of what Durkheim called "the non-material social facts".