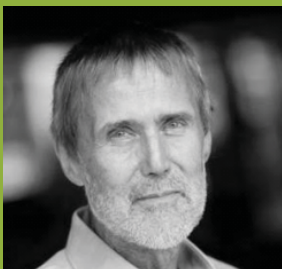


TEPSIE NEWSLETTER – ISSUE 3: DECEMBER 2012

Welcome to the third newsletter of the TEPSIE project which also marks the end of its first year! This has been quite momentous, at least for us. Attempting to get to grips with what social innovation is, developing a conceptual framework and definitions, and starting work on some of the basic research areas. We have also launched the social innovation research portal (siresearch.eu), which is already proving to be very lively with news, stories and blogs, and have engaged with many other social innovation projects and activities across Europe.

Another highlight was the ambitious joint EU-USA workshop in April in San Francisco, where social innovations often take on a different complexion. A full conference report is now available which documents what happens when Europe's approach to social innovation meets the USA's sharing economy. In this issue we update you on our research, keep you posted on the latest social innovation news from Brussels, report back from a couple of interesting conferences we attended and much more. A lot's in here, so you better get going!

Season's greeting from the entire TEPSIE Team.



Jeremy Millard, Project manager

RESEARCH UPDATE

Robert Patrick and Anna Davies, The Young Foundation



We start off by updating you on our research in three of our eight content-related work-packages related, in turn, to measuring social innovation, overcoming barriers to social innovation and generating capital flows.

Measuring Social Innovation (Work Package 2)

Work Package 2 is focused on measuring social innovation at the macro level: in what kinds of sectors and organisations does it occur and what tools can we use to measure social innovation?

The research began with an attempt to assess the state of the social economy – in both monetary and structural terms – across Europe. This was based on the hypothesis that the social economy is an important (but not the only) incubator for the creation and support of social innovations. The social economy itself is a set of organisations that are driven by the mission to pursue social or environmental goals (i.e. to meet a social need or tackle a social problem), instead of seeking profit-maximisation and distribution to owners. Therefore, understanding social economies from an internationally comparable perspective can be seen as a first step towards analysing the organisational landscapes that best support social innovation.



The key tasks of this work were to develop a common understanding of what the 'social economy' means, which organisations belong to it, how its social and economic value can be estimated, what kind of data exists in different member states and how this data can be combined.

Although we were able to use existing data sources to get an insight into the state of social economies across Europe, our research revealed major data gaps, making valid comparison of national social economies very difficult. To address this issue, we have recommended the establishment of a comprehensive social economy information system, suitable for long-term observation, under the leadership of Eurostat. You can read the full report at: <http://tepsie.eu/images/documents/tepsie.d2.2themeasurementofsocialeconomiesineurope.pdf>.

The next stream of work for Work Package 2 relates to understanding existing methodologies for measuring innovation and to what extent, if any, these can be applied to social innovation. We will be reviewing existing tools that attempt to measure innovation and assessing their effectiveness.

These will include international indexes such as the European Union Innovation Union Scoreboard and the World Economic Forum Global Competitiveness Index as well as country index tools such as the German Institute for Economic Research Innovation Indicator. Our findings will contribute to the development of recommendations for an indicator suite to measure social innovation in different fields, such as health, environmental, and community governance. The result of this work, including a policy paper on the future of measurement, will be completed by June 2013.

Overcoming barriers to social innovation (Work Package 3)

Many good ideas fail to get translated into social innovations. In some cases, this is because they are too expensive, or are not wanted, or simply because they are not good enough in comparison to existing alternatives. But many have raised concerns that there are more fundamental barriers in terms of taking ideas from inception to social impact. Some point to the fact that the impacts of social innovation are hard to measure, or difficult to quantify financially, and therefore unattractive or risky for funders to invest in.

Others have argued that social innovations are inherently risky because their outcomes are uncertain and unpredictable, and it is therefore difficult to form coalitions of support around the social innovation. Some emphasise the way in which organisational cultures can stifle creativity and risk taking and therefore limit the number and quality of social innovations which emerge. Others still point to the lack of adequate mechanisms to promote, adapt and grow social innovations.

Much of the literature which deals specifically with the barriers to social innovation tends to be highly descriptive. In order to overcome these barriers, we need a deeper understanding of what they are and how they come about. In particular, we need to complement contemporary descriptions of barriers with a deeper conceptual analysis of the obstacles and challenges facing social innovators in developing and growing their solutions to social challenges.



We have just finished our first deliverable in this work package. In it, we review existing literature on barriers to social innovation and make some tentative steps towards developing a conceptual framework which will guide the rest of the work package on identifying and overcoming barriers to social innovation. We looked at:

- The various 'traps' within social systems that prevent or impede change and innovation. In particular, we looked at resilience theory to explore the idea of 'poverty' and 'rigidity' traps and, psychology to explore the notion of 'social traps' and approaches for overcoming these.
- Economic theory on barriers to entry which sheds some light on why it can be difficult to set up socially innovative activities.
- Growth mechanisms, and whether the lack of economies of scale, economies of scope and so on, might be another barrier to the growth and development of social innovations.
- Leveraging mechanisms and in particular, the critical role for leadership in developing networks and collaborations. A lack of leveraging mechanisms might present a barrier to growing social innovation.
- The collective nature of the goods and services delivered by social innovation. Social innovation often delivers collective goods and services (e.g. public goods) which raise specific challenges for social innovators such as the need to organise some form of collective action.
- The collective nature of the goods and services delivered by social innovation also often implies that public organisations and social economy organisations play an important role in triggering, supporting and scaling up this kind of innovation, but these organisations face their own specific challenges when it comes to social innovation.

- Social innovators may face a range of barriers: they might not have sufficient resources to motivate others to participate in social innovation processes; they may not be capable of improving outcomes for their target populations, and/or they may not be able to prevent the process from being co-opted or captured by vested or other interests.

In the next stage of our research we will conduct in depth case studies to explore the barriers that social innovators face and the strategies they use to overcome these barriers.

Generating capital flows (work package 4)

Much has been written about social innovation on the one hand and social investment on the other. However, the relationship between the two remains under-researched and poorly understood both theoretically and empirically.

A general undercapitalisation of social innovators seems to be prevalent. At the same time, social investment is still in its infancy even in the major European markets, and therefore still faces its own start-up problems. In order to say something meaningful about generating capital flows for social innovation, our project needs to establish the link between the two.

And if we are successful in shedding some light on the relationship between social innovation and social investment, then we will be in a good position to project these insights back and learn something about the (reasons for the) undercapitalisation of social innovators and social investment markets' start-up problems. Insights into this relationship could help us to understand whether the development of social innovation is being hampered by the lack of a fully developed social investment market.

In particular, we want to see whether the undercapitalisation of social innovators is a result of the infancy of social investment markets across Europe.

Work package 4 began with an analysis of the existing instruments, products and vehicles to finance social innovation as well as looking at social finance markets and cultures across the EU. The first report is divided into three main parts: theory and literature review; data and evidence gathered by the six TEPSIE partner institutions; summary of findings and areas for further research. The data in the report was aggregated to provide an overall picture which can be used as the basis of further research and comparisons. You can read the full report here: <http://tepsie.eu/images/documents/tepsie.d4.1.4.2socialfinanceinstruments.pdf>

Our next task is to assess the financial needs of social innovators through an online survey and a series of in-depth interviews with both innovators and investors in Denmark, the UK, Poland, Greece, Portugal and Germany. Based on the findings, we will be developing recommendations for optimising existing capital flows and generating new flows to social innovators.

In particular, we will be exploring whether different phases of social innovation require different types of capital and typical financing instrument mixes, the role and importance of non-financial resources in developing social innovations, and whether some financing instruments tend to stifle social innovation while others tend to stimulate it, and if so, how and why.

It is easy to say that social innovation flourishes best when the financial resources available are free from any restrictions: people are free to experiment and thus to innovate. Thus, grants and donations without any conditions appear to be ideal forms of finance for social innovations. We will explore whether this is the case, and the extent to which 'free capital' distorts the funding landscape for social innovation.

All the TEPSIE reports can be found on the TEPSIE website – www.tepsie.eu – on the publications page.

THE BRUSSELS UPDATE

Julie Simon, The Young Foundation



Social Innovation is on the European Agenda in a big way! The European Social Fund (ESF) and the Programme for Social Change and Innovation (PSCI) will together constitute the comprehensive European Employment and Social Inclusion Initiative. Both the ESF and the PSCI include specific actions on social innovation.

The European Social Fund (ESF) makes social innovation a priority

According to the draft ESF proposal published in October, "Support for social innovation is crucial for making policies more responsive to social change and to encourage and support innovative social enterprises. In particular, testing and evaluating innovative solutions before scaling them up is instrumental in improving the efficiency of the policies and thus justifies specific support from the ESF."

As such, the ESF will focus on transnational cooperation and social innovation. In Article 9 of the draft ESF regulation, it is stated that social innovation will be promoted "within all areas falling under the scope of the ESF.. in particular with the aim of testing and scaling up innovative solutions to address social needs." In addition, the "Commission shall facilitate capacity building for social innovation, in particular through supporting mutual learning, establishing networks, and disseminating good practices and methodologies."

Social innovation will be a funding priority of the ESF, and social innovation related actions will receive a higher co-funding rate than other kinds of support: "The draft Regulation aims to reinforce social innovation and transnational cooperation under the ESF, through an incentive in the form of a higher co-funding rate for priority axes dedicated to them, specific programming and monitoring arrangements, and a stronger role for the Commission in the exchange and dissemination of good practices, joint actions and results across the Union." The draft regulation is now being discussed and negotiated and will come into force in 2013.



The new Programme for Social Change and Innovation (PSCI) will support social innovation and experimentation. The new EU Programme for Social Change and Innovation (PSCI) was announced in October. It will be managed by the Commission and aims to support employment and social policies across Europe. It is part of the Commission's proposal for EU regional, employment and social policy for 2014-2020 and aims to contribute to the Europe 2020 Strategy for Growth and Jobs.

The PSCI brings together three existing programmes - Progress (Programme for Employment and Social Solidarity), EURES (European Employment Services) and the European Progress Microfinance Facility.

Progress will continue its current activities (analysis, mutual learning and grants) but will have a new and specific focus on social innovation. Progress will have a specific budget of around EUR 97 million for social innovation and experimentation which aims to test innovative policies on a small scale and then scale up the most successful projects, together with support from the ESF. The total Progress budget will be EUR 574 million.

Microcredit providers will continue to be supported under the current European Progress Microfinance Facility. EUR 192 million is earmarked for social entrepreneurship and microfinance for the period 2014-2020. Activities include developing and expanding social enterprises, capacity building for microfinance institutions and microloans. EURES will be funded under the European Social Fund. The new PSCI programme will come into force in January 2014.

REPORTING BACK

The TEPSIE experts are often present at key social innovation conferences and workshops throughout Europe. Two of them, Will Norman, research director at The Young Foundation and Project Manager, Jeremy Millard from The Danish Technological Institute report back from two interesting events.

Social innovation workshop in Bologna

Will Norman, The Young Foundation



In October, we had the opportunity to attend an international workshop on social innovation hosted by the University of Bologna that brought together academics, policy makers, entrepreneurs and students. Set in one of Europe's oldest universities, in a city with a history of radical politics, it was unsurprising that Europe's many current challenges were never far from the debate. Youth unemployment, political legitimacy, and the reform of the European Union were all raised during the sessions.

The workshop started with a series of theoretical papers providing a conceptual framework for the day ahead. Dennis Harrison from the Research Centre of Social Innovation at UQAM, Montreal used Bauman's concept of 'liquid modernity' to provide a theoretical underpinning to the increasing overlap between different sectors and circulation



of actors. This convergence of traditionally distinct sectors is creating a new social economy in which innovation has the potential to flourish.

There is no doubt that 'social innovation' is beginning to dominate the European policy agenda for achieving social change – one only has to look at the current FP7 calls. Lars Hulgard from Roskilde University warned us that as we focus on addressing the problems of the future, we should not forget about what we can learn from the past.

Hulgard argued that in order to better understand social innovation, we must look at the analyses of social change offered by some of the classic sociologists. He illustrated his argument by drawing on Max Weber's analysis of the Protestant Work Ethic, which Weber saw as an innovation underpinning socialism. Hulgard suggested that Weber's four-stage analysis provides a useful methodology for looking at social innovation today.

Hulgard did not dwell on the past. In the second half of his paper he set us a challenge for the future. "Dissemination is an old fashioned view," he proclaimed, "We need to move into an arena of collaboration." The Tata Institute of Social Science (TISS) in Mumbai, Hulgard argued, is leading the world in demonstrating how a modern university should collaborate and produce knowledge. For decades the Institute has been active in addressing the needs of the nation. In 2011, the Institute began an initiative focused on the problems facing communities living in Mumbai's infamous M-Ward slum.

TISS undertook a massive mapping exercise in which over 20,000 households were surveyed, medical students and doctors visited homes with babies, and staff and students collaborated with informal community leaders and planners mapping school provision, sanitation, shops etc. This comprehensive analysis of the needs and assets of a commu-

nity has built the foundations for the next stage of the initiative: tackling many of these problems. (Find out more at www.platinum.tiss.edu/m-ward-initiative).

In the afternoon we moved from theory and policy to practical action. Three inspiring innovators and social entrepreneurs presented their work. One of these was Stefania Pellegrini, from the University of Bologna's Legal Science Department. She presented the amazing example of Libraterra, which highlighted the role that legal reform and regulation change can play in stimulating innovation and opening new markets to budding entrepreneurs.

In 1996 the Italian government passed a new law that allowed the state to redistribute assets that had been confiscated from the Mafia to not for profit organisations. In the fight against the Mafia, the state had seized land, buildings and whole businesses from organised crime networks. Under the new law these could be put to good use. Libraterra has been setting up social cooperatives to make use of these resources.

The cooperatives have provided new jobs for young people, infused the agrarian sector with entrepreneurial opportunity and empowered communities that had been plagued by organised crime. The cooperatives are now producing a wide range of goods from wine, to olive oil and pasta. Libraterra has developed a trademark, similar to fair trade, and is now supplying products to major distributors across Italy.

Many thanks to the team at Università di Bologna for organising a fascinating and timely workshop that succeeded in sharing ideas and experiences about the theory, policy and practice of social innovation in Europe and beyond.

“Mine is better: how do you know your good practice is the best?”

- Best Practice Workshop, 21 November 2012 in Brussels

Jeremy Millard, Danish Technological Institute

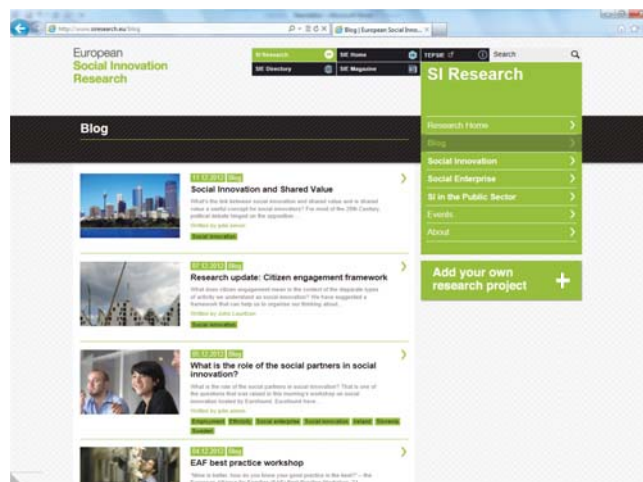


The aim of this Best Practice workshop, organised within the framework of the European Alliance for Families (EAF), was to discuss different approaches to comparing good practices in social policy. The first part of the workshop was devoted to presentations of three different existing evaluation schemes for good practices and programmes, and specifically the new evaluation framework developed for the EAF.

The workshop also featured panel discussions and much interesting debate. TEPSIE was there to make a short presentation of the project, to interject concepts and lessons from the social innovation perspective and to provide constructive comment on the evaluation framework work being undertaken, particularly in relation to social policy making.

The Evaluation Framework attempts to establish what works in family policy based on rigorous testing of the evidence. Its aims are to provide a reference framework for evaluating family practice, to adhere to scientific standards of transparency and replicability and to provide an objective method of distinguishing between practices with differing levels of evidence and benefits.

However, the approach can be used much more widely than family policy and also has strong relevance for assessing the effectiveness and impacts of social innovations (their internal validity); the transferability of social innovations, i.e. whether a practice can be effective in a different context; and the sustainability of social innovations, i.e. whether a practice itself can continue over more than the short term (its long-term benefits). Read the full report here: <http://tepsie.eu/images/documents/tepsie.d4.1.4.2socialfinanceinstruments.pdf>



HIGHLIGHTS FROM THE BLOG

Robert Patrick, The Young Foundation



In our last newsletter, we announced the launch of our new social innovation research portal – www.siresearch.eu. Here are some highlights of what you can find on the blog:

- **Ioanna Garefi** writes about social innovation in the context of the Greek crisis. World history has shown that a crisis can act as a precursor of social change – it is not therefore surprising to see the emergence of a number of innovative social initiatives across Greece. Examples include ‘networks without intermediaries’, ‘social clinics’, ‘time banks’, ‘exchange networks’, ‘Reload Greece’ and ‘We are all Greeks’. However, the government can and must do more to support the social economy and social innovation in Greece.
- **Robert Patrick** looks at the new opportunities for social innovation offered by online networks and reviews a recent report from the McKinsey Global Institute (MGI) exploring the economic impact of these social technologies.
- **Julie Simon** writes about whether shared value is a useful concept for social innovation. Both social innovators and those who seek to create shared value aim to develop new products, services and processes which deliver benefits to citizens, communities, society, and future generations.



But what are the politics of shared value? And what is the role of government in a society where companies practice shared value?

- **John René Keller Lauritzen** announces the launch of the first social innovation municipality network in Denmark, a platform for local government representatives to receive and exchange knowledge and inspiration.
- **Anna Davies** reports back from the International Social Innovation Research Conference (ISIRC). The event brought together academics and practitioners to showcase the diversity of work being done across the fields of social enterprise, social entrepreneurship and social innovation.
- **Björn Schmitz** writes about the opportunities for social entrepreneurship in Germany in light of the new study published by the Mercator Research Association on "Innovative Social Acting - Social Entrepreneurship". The Mercator Foundation and representatives of the seven universities involved presented the results at a parliamentary evening. One conclusion was the importance of welfare organisations in spreading the approaches of social entrepreneurs.
- **Jeremy Millard** discusses the importance of ICT enabled disruptive innovation in creating jobs, growing the economy and tackling social problems. Key to social innovation is the collective social and intellectual behaviour that arises out of interconnected networks of people. But do digital technologies change the mix of innovation types, their speed and their impacts? And what role could the network effect have on social innovations?

To find out all the latest social innovation research news see www.siresearch.eu

THINGS TO LOOK OUT FOR IN 2013

John René Keller Lauritzen, Danish Technological Institute



Filling the villa: Interim conference in Heidelberg, Germany

The interim conference of the TEPSIE project will be held in beautiful and inspiring settings in Heidelberg on 1-2 October. It will be a 1½-day event inviting leading researchers and other stakeholders to discuss the findings of the project and provide input for future research. The conference also marks the launch of two new work packages, i.e. "Knowing What Works" and "Growing What Works", which focus on evaluating and scaling social innovation respectively.

A truckload of reading material for your summer

In late June, the TEPSIE project will submit 10 research reports to the European Commission. As they are formally approved, they will be published on tepsie.eu and siresearch.eu. Here are some of the titles to look out for:

- The role of communities and networks in social innovation
- Methodologies on social innovation measurement
- Recommendations for policies, framework conditions and practice for successfully engaging society
- Potentials and feasibility of future instruments for capitalising social innovators



Workshop in the UK: Social innovation and its policy implications

We are currently in the middle of organising a research conference with Nesta and Glasgow Caledonian University to be held in November 2013. As part of the conference, we will host a policy workshop to explore the policy implications of recent research on social innovation and determine how research can best support policy in the field of social innovation. We will release more information about the event in the next few weeks!

Four telepresences with the world's leading social innovation experts

During the course of 2013, we will host four telepresences with leading social innovation experts from around the world. We will publish short discussion papers covering the main points after the sessions. The telepresences will be hosted in collaboration with Social Innovation eXchange (SIX) and Cisco. They will focus on four pressing issues in the field of social innovation:

1. Social innovation, sharing economy and online networks
2. Social innovation metrics
3. Scaling social innovation
4. Financing models

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