



**European Committee  
of the Regions**

**SEDEC-VI/020**

**123rd plenary session, 11-12 May 2017**

## **OPINION**

### **Social innovation as a new tool for addressing societal challenges**

#### **THE EUROPEAN COMMITTEE OF THE REGIONS**

- In social innovation, the Committee sees an important instrument, involving the public, private and third sectors, for tackling current societal challenges and for improving Europeans' quality of life. Socially innovative projects have a greater impact on society and the economy in general, when they are combined with technological support, since these engender better solutions for our fellow Europeans.
- The Committee agrees with the definition of social innovation as new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships and partnerships.
- For successful social innovation not to be shared and just to remain local is a missed opportunity. Innovation often begins locally and on a small scale, but can be useful and applicable to people throughout Europe. In order to use the potential of social innovation to the full, an environment is needed which allows it to be scaled up and publicised.
- The Committee calls on the European Commission, when formulating policy, to expressly take into account how policy can be implemented at local and regional level, in keeping with thinking behind the EU Urban Agenda, where the Commission, Member States, and towns and cities map out the practicability of EU policy and legislation at local level. This is all the more relevant for social innovation projects, which are often supported by local and regional authorities during the whole innovation process (emergence, experimentation, diffusion and evaluation).

Rapporteur

Marcelle Hendrickx (NL/ALDE), Member of the Executive Council of Tilburg

## **Opinion of the European Committee of the Regions - Social innovation as a new tool for addressing societal challenges**

### **I. POLICY RECOMMENDATIONS**

#### **THE EUROPEAN COMMITTEE OF THE REGIONS**

##### *General comments*

1. The Committee realises that Europe is facing major social challenges: Europeans are uncertain about their future; unemployment is still higher than before the financial and economic crisis, especially with regard to the youth employment rate; the effects of climate change are becoming more and more pronounced; the population is ageing; and the arrival of refugees, asylum-seekers and immigrants is creating new issues for local and regional authorities.
2. Committee members are seeing society change: nowadays, Europeans are more demanding as well as being more qualified than before. As a consequence, they increasingly determine the path they take in life themselves and want to improve their living standards and participate more in the process of addressing socially relevant issues. At the same time, local and regional authorities are aware that, in this, Europeans may be calling for very different things.
3. Moreover, societal challenges are becoming increasingly complex: they do not fit conveniently into policy areas, nor do they respect administrative borders or begin and end with administration mandates. They require both direct action and a long-term vision and approach, as well as a paradigm shift with regard to the social dimension of EU policies, including that of EMU, in order to reach out to all citizens and strengthen solidarity among people and Member States.
4. At the same time, local and regional authorities have fewer financial resources available to cope with these new and complex challenges in a rapidly changing society, so any intervention in this domain will require objective, pragmatic and effective links between the various levels of governance.
5. The Committee notes the limitations of the current approach and policy instruments regarding efforts to devise solutions to today's societal challenges. Yet at the same time, the aforementioned developments also offer opportunities for a modern, innovative Europe.
6. In social innovation, the Committee sees an important instrument, involving the public, private and third sectors, for tackling current societal challenges and for improving Europeans' quality of life. Socially innovative projects have a greater impact on society and the economy in general, when they are combined with technological support, since these engender better solutions for our fellow Europeans.

### *Hallmarks of social innovation*

7. The Committee agrees with the definition of social innovation as new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships and partnerships<sup>1</sup>.
8. Social innovation can be a key instrument for tackling all societal challenges. Examples include combating youth unemployment, facilitating care for the elderly and boosting their independence, bringing people with greater difficulties into the labour market and revitalising more outlying regions, as well as regions facing a range of demographic challenges and depressed urban areas.
9. Taking a bottom-up approach, seeking solutions in co-creation while working closely with the people concerned<sup>2</sup>, providing tailor-made solutions, and ensuring new links and cooperation between authorities, companies, knowledge and educational institutions, social organisations and citizens' interest groups<sup>3</sup> are, to the Committee's mind, the hallmarks of social innovation.
10. The Committee would like to single out consumer panels as a good example of a bottom-up approach. Consumer panels provide a point of contact with consumers who are familiar with certain services. Consumer panels are suitable for collecting consumer feedback (e.g. user experiences), developing services and products as well as generating and testing new ideas (on a bottom-up basis). Consumer panels promote inclusion and provide consumers with a real opportunity to have a say.
11. For the authorities, social innovation is another way of working. It requires local and regional authorities to keep an open mind vis-a-vis initiatives and ideas from the public, businesses, knowledge and educational institutions, and social organisations. What is important here is the awareness that the solution to many of today's problems may not lie only with the authorities. An open mind, however, does not mean adopting a passive approach. Promoting social innovation often requires local authorities to play a leadership and coordinating role, in terms of brokering partnerships, bringing stakeholders together, creating innovation ecosystems, promoting good initiatives by the public and by local communities, creating flexible legal frameworks, ensuring that knowledge is shared and encouraging dialogue.
12. The European Commission rightly states that the EU must deliver tangible results which can meet the needs and wishes of the European public. Already by supporting and facilitating social innovation at the forefront of policies being devised and the decision-making process, we will obtain better solutions and more support for them.

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<sup>1</sup> Empowering people, driving change; Social innovation in the European Union, BEPA (Bureau of European Policy Advisers) – 2011.

<sup>2</sup> Opinion of the Committee of the Regions on the EU social investment package, CDR1999-2013\_00\_00\_TRA\_AC.

<sup>3</sup> Opinion of the Committee of the Regions – Towards an Integrated Urban Agenda for the EU, COR-2013-06902.

13. Public support is crucial at a time when confidence in our democratic institutions is taking a beating. Social innovation is generated by the public and by local communities, from public consultation in order to determine societal needs, to the devising of solutions and their implementation through a process of inclusion, sharing, co-responsibility, reciprocity and the establishment of multi-stakeholder networks. This dimension must be integrated with the territorial dimension, corresponding as closely as possible to the needs of individuals, families and the community.

*Using potential and removing obstacles*

14. The Committee welcomes the European Commission's recognition of the importance of social innovation, and in particular the potential of the Social Innovation Community Portal and the annual European Social Innovation Competition. The Committee would stress that social innovation is not just about economic growth and creating jobs. It is important that social innovation be acknowledged and recognised as a resource that should be used in different policy areas, including in combating poverty and economic exclusion, which can improve quality of life for people in Europe.
15. Indeed, successful social innovation projects ensure complementarity between reinforcing social inclusion and solidarity, and creating growth and jobs. The Committee therefore insists on the need to mainstream social innovation into local and regional development strategies;
16. Moreover, social innovation gives rise to better innovation. Technological developments are accelerating and trends such as digitalisation and automation are reshaping the labour market and wider economy in fundamental ways in cities and regions: on the one hand, jobs are disappearing because of automation and robotisation, on the other, new jobs are being created. Big data is intruding on people's privacy and not everyone is equally able to follow or process technological developments. Social innovation can help boost resilience in our societies. The Committee sees good examples of social innovation being carried out by local and regional authorities across the EU.<sup>4</sup>
17. For successful social innovation not to be shared and just to remain local is a missed opportunity. Innovation often begins locally and on a small scale, but can be useful and applicable to people throughout Europe. In order to use the potential of social innovation to the full, an environment is needed which allows it to be scaled up and publicised.
18. There are numerous examples of good practice in social innovation that help both women and children who are at risk. These practices should be highlighted so they can be extended across Europe to people in such circumstances, where necessary by facilitating funding through the structural funds.

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<sup>4</sup>

For instance, the Proeftuin Dementie (Dementia Testbed) in Tilburg, Netherlands. Businesses, educational and knowledge institutions, carers and patients and their families are working together to help patients live longer and more comfortably at home. The technical innovation being employed there is being developed with these different groups.

19. Steps must be taken to simplify the cohesion policy and to cut back the red tape associated with it in order to exploit the full potential of such innovation. The current complexity and scale of the regulatory framework puts applicants off. The Committee has repeatedly called on the EU institutions to properly simplify the legislative package for cohesion policy<sup>5</sup>.
20. Europe's cohesion policy makes it difficult to make use of social innovation as an instrument. The fact that projects are small in scale, that partners are small and non-traditional, and that social innovation is not always used as a criterion in applications for European funds means that EU funding for social innovation projects is being hampered.
21. Consequently, not all European funds and programmes are suitable for social innovation. Just as with technological innovation, social innovation needs room to be able to experiment, and a willingness is needed to accept that not all innovation will be successful.
22. The Committee highlights that social innovation can successfully be taken forward through, inter alia, the social economy. It would point out in this respect that social economy initiatives, being based on cooperation and civic engagement among the individuals who make up communities, contribute to boosting social, economic and territorial cohesion and to raising the level of trust throughout the EU. It is therefore essential to support social innovation also through unlocking the potential of the social economy by improving access to various forms of financing and by tapping sufficient financial resources at local, regional, national and EU levels<sup>6</sup>.

#### *Innovation vs social innovation*

23. The Committee recognises the importance of innovation for the European Union to be able to offer Europeans the best education possible and enough jobs, face the challenges of today and ensure that people continue to enjoy a high level of well-being and a good quality of life. Against this background, the Committee would stress the importance of the Innovation Union initiative for making the EU more innovation-friendly, enabling it to turn good ideas into products and services more quickly.
24. The Committee welcomes the various efforts being undertaken by the European Commission to promote social innovation, in the fields of the EU Programme for Employment and Social Innovation (EaSI), collaborative economy models, Horizon 2020, cultural awareness platforms, and SME Instrument programmes.
25. However, the Committee considers that, despite the fact that the EaSi programme sets out, among other things, to tackle long-term unemployment and combat poverty and exclusion, there are still no European-scale mechanisms capable of responding effectively to these shared problems.

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<sup>5</sup> Inter alia: Opinion of the Committee of the Regions on the Simplification of ESIF from the perspective of local and regional authorities (COR-2016-00008).

<sup>6</sup> CoR opinion on The role of the social economy in restoring economic growth and combating unemployment (COR-2015-01691).

26. Despite these efforts, the Committee feels that in the Europe 2020 Strategy, too much emphasis is placed on the technological side of innovation, to the detriment of social innovation. The Committee would emphasise that social and technological innovation complement one another, and it is by providing incentives for ensuring the two are complementary that important outcomes can be achieved for society.

*Role of the European Union and recommendations*

27. Today's social challenges are cross-border in nature and often end up being dealt with by the local and regional authorities in Europe. Social innovation can play an important role in creating social, economic and territorial cohesion. It is desirable for the EU to act as a driving force and facilitator in this and provide a link between the various parties involved.
28. The Committee calls on the European Commission, when formulating policy, to expressly take into account how policy can be implemented at local and regional level, in keeping with thinking behind the EU Urban Agenda, where the Commission, Member States, and towns and cities map out the practicability of EU policy and legislation at local level. This is all the more relevant for social innovation projects, which are often supported by local and regional authorities during the whole innovation process (emergence, experimentation, diffusion and evaluation).
29. The Committee would ask the European Commission to acknowledge and endorse social innovation as an instrument for dealing with highly diverse social challenges and for improving Europeans' quality of life.
30. The European Commission should be in the vanguard of efforts to develop social innovation and share knowledge and good practice in this domain; for example, on the part of social economy bodies it should ensure the adoption of policies conducive to social innovation and to the creation of a genuine European social innovation community, between the various levels of governance – including integrated measures in the field of health, housing and active job seeking.
31. The Committee urges the European Commission to remove the obstacles referred to above and to make social innovation one of the criteria in applications for EU funds, to open up funds and programmes to non-traditional institutions and groupings and to allow room for experimentation such that it would be acceptable for an experiment not to succeed.
32. The Committee asks the European Commission to develop monitoring arrangements and impact assessments, with clear indicators, as well as assessments of developments in social innovation in the different Member States, especially on the part of the social economy. This would allow the results of social innovation to be measured, the impact thereof assessed, and for this information and the success stories to be made known. It would also make it easier to attract funding.

33. In order to use the potential of social innovation to the full, the Committee is also explicitly looking to itself: it is calling on its members to experiment with social innovation at local level, involving other authorities, businesses, knowledge institutions and the general public and to share experiences.
34. The Committee underlines the importance of social clauses in the evaluation of bids for public procurement and asks the European Commission to ascertain that these are properly transposed and implemented by Member States. It further calls for flexibility in the current State Aid rules so as to foster social innovation. Furthermore, it suggests exploring the potential of member capital and participatory innovation for existing social innovation and social investment programmes, which are usually based on investor-led models.

Brussels, 11 May 2017

The President  
of the European Committee of the Regions

Markku Markkula

The Secretary-General  
of the European Committee of the Regions

Jiří Buriánek



## II. PROCEDURE

<b>Title</b>	Social innovation as a new tool for addressing societal challenges
<b>Reference(s)</b>	Not applicable
<b>Legal basis</b>	Not applicable
<b>Procedural basis</b>	Rule 41(b)(ii)
<b>Date of Council/EP referral/Date of Commission letter</b>	Not applicable
<b>Date of Bureau/President's decision</b>	10 October 2016
<b>Commission responsible</b>	Commission for Social Policy, Education, Employment, Research and Culture (SEDEC)
<b>Rapporteur</b>	Marcelle Hendrickx (NL/ALDE)
<b>Analysis</b>	December 2016
<b>Discussed in commission</b>	31 January 2017
<b>Date adopted by commission</b>	31 March 2017
<b>Result of the vote in commission (majority, unanimity)</b>	majority
<b>Date adopted in plenary</b>	11 May 2017
<b>Previous Committee opinions</b>	<p>Opinion on Partnerships between local and regional authorities and social economy organisations: contribution to employment, local development and social cohesion<sup>7</sup>, Rapporteur Ms Rahkonen (FI/PES), March 2002</p> <p>Opinion on the European Union Programme for Social Change and Innovation<sup>8</sup>, Rapporteur Mr Rossi (IT/PES), May 2012</p> <p>Opinion on the Responsible Business Package<sup>9</sup>, Rapporteur Ms Tietari (FI/ALDE), July 2012</p> <p>Opinion on the EU Social Investment Package<sup>10</sup>, Rapporteur Mr Aboutaleb (NL/PES), October 2013</p> <p>Opinion on The role of the social economy in restoring economic growth and combating unemployment<sup>11</sup>, Rapporteur Mr Gomes (PT/EPP), December 2015</p>
<b>Consultation of Subsidiarity Monitoring Network</b>	Not applicable

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<sup>7</sup> [OJ C 192, 12.8.2002, p. 53-59.](#)

<sup>8</sup> [OJ C 225, 27.7.2012, p. 167-173.](#)

<sup>9</sup> [OJ C 277, 13.9.2012, p. 171-179.](#)

<sup>10</sup> [OJ C 356, 5.12.2013, pp. 60-67.](#)

<sup>11</sup> [OJ C 51, 10.2.2016, p. 25-27.](#)