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Social Innovation Policy in the European Union

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Introduction

In recent years, social innovation has become an increasingly prominent concept employed by political leaders and administrations across the world. In 2003, the Organisation for Economic Co-operation and Development (OECD) supported a range of initiatives and research to promote inclusive entrepreneurship and 'improve social cohesion through the identification and dissemination of local innovations'. In 2009, President Barack Obama established the Office of Social Innovation and Civic Participation to support cross-sectoral, bottom-up solutions to social problems and challenges in the USA. In Europe, social innovation has proved to be equally conspicuous in pan-European strategies and domestic policies. Innovation has been of enduring interest and concern for European Union (EU) policy for many years (Borzaga and Bodini 2014), but since the late 1990s social innovation in particular has

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captured the political interest of supranational organisations and domestic actors (Pol and Ville 2009; Grisolia and Ferragina 2015). In the EU, social innovation has been posited as a solution to both old and new social risks at a time of heightened uncertainty and pressure on public administrations and finances (Bonoli 2005; OECD 2011; Sinclair and Baglioni 2014). It seems clear that this considerable interest in social innovation has been intimately linked to the Great Recession, structural unemployment and the social challenges arising as a result (European Commission 2014a). Indeed, a key feature of the Europe 2020 strategy was to facilitate and embed social innovation across Europe to 'deliver the kind of inclusive and sustainable social market economy we all want to live in' (BEPA 2010: 16).

In political and policy rhetoric, the European Union has repeatedly cited social innovation as a solution to the persistence of socio-economic, environmental and demographic challenges. These challenges have placed increasing pressure on Europe's systems of welfare, health, education and care provision. Budgetary constraints and increased demand on public services have fuelled the desire to capitalise on social innovation so that public and private institutions can do and achieve *more* with *less,* stressing both increased efficiency and increased effectiveness (TEPSIE 2014). Not only has social innovation been understood as a means of achieving an end in this regard, it has also been recognised as an end in itself. Social innovation has been cited by the European Commission as 'another way to produce value, with less focus on financial profit and more on real demands or needs … for reconsidering production and redistribution systems' (European Commission 2014a: 8).

As a result of this policy interest, there has been a series of flagship initiatives and process innovations to encourage EU member states to engage with social innovation (see further below). These activities have been informed and supported by the EU's largest public research funding programme, Horizon 2020 (European Commission 2013a), which has had a key research focus of establishing the origins and effects of social innovation as well as the efficacy of related policy instruments. Yet, despite all this interest and activity, social innovation remains a nebulous and contested subject across the EU. A principal objective of this chapter is therefore to establish exactly how the concept of social innovation has been understood, applied and managed in pan-European policy. In spite of its varied and often inconsistent use, 'the current interest in social innovation transcends both national borders and political divisions' (Sinclair and Baglioni 2014: 469). What, then, has stimulated such an applied and conceptual bi-partisan preoccupation? A number of accounts have attempted to rationalise the policy interest in its potential. However, it has been suggested that first among the drivers has been the perceived constraints on public expenditure that have challenged the state's capacity to respond to and address social problems. For example, during his presidency of the European Commission, José Manuel Barroso stated that 'the financial and economic crisis makes creativity and innovation in general and social innovation in particular, even more important … at all levels for the benefit of our citizens and societies'. This, in part, reflected a broader crisis within mature capitalist economies and traditional welfare systems (Taylor-Gooby 2013). Both endogenous and exogenous factors have been propagating old social problems, as well as creating new social risks. Demographic and familial change, socio-economic globalisation and structural underemployment have been bearing down on public finances and challenging the state's capacity to respond to these phenomena (Caulier-Grice et al. 2012). As a consequence, many have suggested that a reconsideration is needed of how welfare is financed and delivered—one aspect of this has been a new focus on the role of the social economy, social investment and social innovation within policy development.

Paradigmatically, rising interest in social innovation across the EU has also reflected the recognition that old or institutionalised policy responses have often inadequately addressed the distinct but integral domestic shifts and international challenges facing member states (Chen et al. 2014). Whether this marked an ideological shift or a continuation in the strategy of pan-European institutions and EU member states is less clear. Some have argued that social innovation, in its various permutations, is symptomatic of a 'neoliberal orthodoxy' that draws on the 'eclectic concept to dissimulate political choices, legitimated by the doctrine of budgetary constraints' (Grisolia and Ferragina 2015: 167).

Others have been less critical of social innovation and have suggested that its privileged position in EU policy-making has demonstrated a profound disaffection with the 'neoliberal' policies implemented since the 1980s across the EU. The liberalisation and deregulation of welfare functions and services have not, in many cases, had the desired or expected effects. This has called into question the capacity of the free market economy to meet both social and economic needs. It has been suggested that this 'crisis of capitalism' has induced political administrations to look for alternative models of production and consumption—not only within the welfare sector but also the private sector (Langergaard 2014; Green and Hay 2015). According to this interpretation, the prominence of social innovation represents an increasing appreciation of the structural causes of inequality and social problems.

This social innovation has been considered a policy priority within an essentially *economic* union, and has been deemed a measure of its success in certain respects. However, there has still been some contestation as to whether the strategy and vision for a *social* Europe has matched the implementation of policy targets and measures. Many have been sceptical of the Europe 2020 strategy and its capacity to tackle poverty, inequality, structural unemployment, health and demographic challenges (Nolan and Whelan 2011). It becomes particularly difficult to discern the origin, role and effect of social innovation within this complex nexus of meanings and applications that have been employed so disparately. In spite of its presence at the forefront of EU policy, there has been very little consensus on the meaning and interpretation of social innovation in this context (Mulgan et al. 2007).

While this chapter pays some attention to definitional issues of social innovation and the potential implications of conceptualising it in a particular way, our principal objective is to identify and review social innovation in the context of European policy-making (Borzaga and Bodini 2014: 412). As such, the range of ways in which social innovation has been conceptualised and translated into European public policy is considered at the pan-European level. Specifically, this chapter examines how various interpretations of social innovation have been translated and realised in the EU policy-making process.

Social Innovation

There are a number of conceptual and empirical challenges in seeking to map differences and commonalities between social innovation policy agendas at the domestic and pan-European level. This chapter serves partly as a data collection exercise to identify how social innovation is understood and supported at the European Union level. This is a necessary step towards identifying the different contextual factors that give rise to marginalisation, social innovation and particular policy responses. However, the diversity of the social, economic and institutional environments considered in this research makes it difficult to track systematically, let alone compare, how social innovation operates, and the conditions under which it flourishes.

This challenge is exacerbated by the fact that social innovation as a concept and phenomenon has been essentially (and perhaps necessarily) emergent and contested. Policy-makers, practitioners and academics have often differed over exactly what they understand social innovation to be (see Nicholls and Murdoch 2012; Nicholls et al. 2015). However, a distinction can be drawn between 'policies for social innovation' and 'policies as social innovation'. 'Policies for social innovation' include those designed to support social institutional entrepreneurship, social service entrepreneurship and social change entrepreneurship. 'Policies as social innovation' denote measures fostering public-sector innovation through social policy entrepreneurship and social entrepreneurship policy-making via regulations, fiscal policy and public procurement.

Some have argued that social innovation is defined by its process, methods and socio-structural functions; others have defined social innovation according to preceding approaches and organisational forms; and others still have believed that social innovation is characterised by its outcomes and objectives. Many of the most influential definitions conflate these different dimensions to describe the essence of social innovation. Very often, however, it is less clear which characteristics (or even outcomes) are necessary and/or sufficient conditions. Indeed, some have suggested that the 'uses and definitions of the concept are so disparate that it is becoming increasingly difficult to assess whether social innovation is in fact a helpful construct or just another fad that will soon be forgotten' (Borzaga and Bodini 2014: 411). In this light, Jenson (2012) argued that social innovation is effectively a 'quasi concept' that has a reputable intellectual basis but is also open to theoretical, analytical and empirical criticism and interpretation. The conceptual malleability of the term and phenomenon make it particularly susceptible to modification and reinterpretation.

This perhaps goes some way to explaining why the popularity of, and interest in, the term have gained such momentum in recent years. Beyond its capacity to effect social change in an innovative manner, there is little agreement as to the nature, role and purpose of social innovation. The conception of social innovation and its potential within the EU was largely shaped by the definition of social innovation employed by the European Commission. At first, the Commission was reluctant to commit to one definition because it was believed that 'social innovation, as a new and emerging concept, cannot be encapsulated within a tight definition with strictly designated objectives and means' (BEPA 2010: 30). The Bureau of European Policy Advisers (BEPA) argued that there were a number of facets to social innovation that needed to be attended to or accommodated within a common working definition employed by the European Union:

> Social Innovation relates to the development of new forms of organisation and interactions to respond to social issues (the process dimension). It aims at addressing (the outcome dimension):
>
> 1. Social demands that are traditionally not addressed by the market or existing institutions and are directed towards vulnerable groups in society.
> 2. Societal challenges in which the boundary between 'social' and 'economic' blurs, and which are directed towards society as a whole.
> 3. The need to reform society in the direction of a more participative arena where empowerment and learning are sources and outcomes of wellbeing. (BEPA 2010)

According to the BEPA, these objectives of social innovation were not mutually exclusive. Meeting social demands and societal challenges, and encouraging empowerment as a source and outcome of well-being were understood as being interdependent and mutually reinforcing objectives of social innovation. Innovations that addressed social needs were able to address societal challenges, and through the development of new forms of organisation and social interaction it was possible to facilitate empowerment and active participation.

Despite its initial resistance, by 2013 the European Commission had developed its own definition of social innovation as:

> The development and implementation of new ideas (products, services and models) to meet social needs and create new social relationships or collaborations. It represents new responses to pressing social demands, which affect the process of social interactions. It is aimed at improving human wellbeing. Social innovations are innovations that are social in both their ends and their means. They are innovations that are not only good for society but also enhance individuals' capacity to act. (European Commission 2013b: 6)

We next consider the different ways in which social innovation appears to be understood and supported. By identifying the differences and similarities in how public policy agendas conceive of and support social innovation, it is hoped it will be possible to establish some of the factors shaping this emergent concept and phenomenon in public policy discourse.

European Union Policy Frameworks

The European Union has supported a range of measures designed to instigate, embed and support social innovation. These measures are generally considered 'rich but scattered' (BEPA 2010: 46), operating across diverse policy domains and different socio-structural levels. None the less, there were three core policy frameworks that underpinned and gave cohesion to these activities. These were the Europe 2020 strategy (2010–2020), the Social Business Initiative and the Social Investment Package. These policy frameworks provided an overall logic and organisational structure to the social innovation policy in practice. Importantly, they also articulated the broader social, political and economic objectives of the EU towards which social innovation policies were intended to contribute. Importantly, however, social innovation policies have to be viewed within their broader setting to appreciate how countervailing priorities, interests and challenges are mediated by public bodies and actors.

Europe 2020

Europe 2020 is the European Union's jobs and growth strategy, running from 2010 to 2020 and conceived as the 'overarching framework for a range of policies at the EU and national level. In particular, the strategy has served as a guide for the design and programming of the European Structural and Investment Funds over 2014–2020' (European Commission 2015a: 1). The primary objective of the strategy was to create the conditions and environment for 'smart, inclusive and sustainable economic growth'. The overall priorities of Europe 2020 include significant investments in education, research, development and innovation, sustainable energy consumption and a strong focus on job creation and poverty reduction. These priorities have been operationalised in the following targets to be met by 2020, which aimed to:

- Increase the proportion of the working-age population in employment to 75 %.
- Invest 3 %of the EU's gross domestic product (GDP) in research and development (R&D).
- Reduce greenhouse gas emissions by 20 % compared to the 1990 level.
- Increase the share of renewables in final energy consumption to 20 %.
- Increase energy efficiency by 20 %.
- Reduce the proportion of early school-leavers to below 10 %.
- Increase the proportion of 30–34-year-olds who have completed tertiary education to at least 40 %.
- Lift at least 20 million people out of the risk of poverty or social exclusion.

Seven flagship initiatives were conceived to realise the objectives of Europe 2020: Digital Agenda for Europe; Innovation Union; Youth on the Move; Resource Efficient Europe; Industrial Policy for the Globalisation Era; an Agenda for New Skills and Jobs; and the European Platform Against Poverty and Social Exclusion. Despite the claim that 'social innovation is often reflected in the provisions of these initiatives' (European Commission 2014a: 60), not all of the seven flagship initiatives engendered a commitment to social innovation. In addition, the Digital Agenda for Europe purported to deliver sustainable economic and social benefits, but the legislative actions within it do not pay adequate attention to social, cultural or economic dimensions for tackling marginalisation and facilitating social innovation.

The Innovation Union Initiative aimed to create an environment in which innovation could flourish, so that ideas could be turned into products and services. While this initiative articulated a more explicit commitment to the social dimensions of innovation, social innovation featured in only one of its ten substantive objectives. The majority of the Innovation Union objectives focus on enhancing the capacity of research, development and innovation, and translating this into economic benefits and growth for Europe. By contrast, the one objective concerning social innovation emphasised its capacity and potential to instigate economic growth, but also to address social problems. To realise this latter objective, a number of measures and actions were taken that focused on social innovation specifically in the context of public-sector innovation:

- Establishing the Social Innovation Europe (SIE) virtual hub for social entrepreneurs, policy-makers and the third sector.
- Piloting a European Public-Sector Innovation Scoreboard to measure, but also to champion the extent of innovation in the design and delivery of public services within member states. This was also intended to open up opportunities for dialogue and policy transfer.
- Strong promotion of social innovation as a focus and objective through key funding instruments such as the European Social Fund, the Progress Programme (2007–13) and the EU Programme for Employment and Social Innovation (2014–20).
- Investment in a significant research programme on social innovation and public-sector innovation to explore measurement, evaluation, finance, and barriers to scaling up and development.

- Piloting a network of social innovation incubators to assess, support and scale up (TRANSITION).
- Supporting innovative social experiments through the European Social Fund (ESF) and the European Platform Against Poverty and Social Exclusion.
- Introducing five European Innovation Partnerships which bring together EU, national and regional actors for joint investment and to collaborate on challenges and issues facing Europe. Two of these partnerships focus on active and healthy ageing, and smart cities and communities.

Another flagship initiative, Youth on the Move, aimed to increase labour market integration and mobility while also improving the rate and quality of education and training received by the young working-age population of Europe. A range of actions was introduced focusing on lifelong learning, higher education, learning mobility, vocational education, and training. The value of innovation was principally understood as a vector of growth in the knowledge economy that needed to be supported through increased education, training, and R&D. However, at the *strategic* level, there was little, if any, substantive demonstration that social innovation featured as part of the Youth on the Move initiative.

An Agenda for New Skills and Jobs came closer to specifying how 'inclusive growth' might be achieved. The initiative outlined a number of priorities to address the challenges of structural unemployment, global competitive pressures and a shrinking working-age population. These included better-functioning labour markets supported by job creation and 'flexicurity' policies, a more skilled workforce and better-quality jobs and working conditions. The European Commission suggested that these priorities were 'essential for the scaling up of social innovation' or indirectly contributed to 'wider social innovation' (European Commission 2014a: 65). However, the actions and instruments underpinning the initiative did not represent clearly enough 'new responses to pressing social demands' (European Commission 2013a: 6).

The final flagship initiative was the European Platform Against Poverty and Social Exclusion. The Platform was established to reduce the share of the total population at risk of poverty or social exclusion (AROPE) in the

European Union. It aimed to tackle poverty and social exclusion by delivering action across the policy spectrum; protecting and making better use of funds to support social inclusion; promoting evidence-based innovations in social policy, and incorporating civil society actors and organisations into the design and delivery of inclusion strategies. The European Commission also proposed that 20 % of the ESF (see below) should be earmarked to tackle poverty and social exclusion, and called for greater policy co-ordination between EU countries through the open method of co-ordination for social protection and social inclusion, and through the Social Protection Committee.

Both the European Commission and a number of its Directorates-General considered the Europe 2020 policy agenda to be the most explicit commitment to the idea, practice, means and ends of social innovation in the EU. Europe 2020 has been said to encapsulate a social innovation approach and ideal (European Commission 2014a). However, on closer inspection, there was occasionally little in the way of social innovation in the detail of the strategy. The overall priority was to 'move decisively beyond the crisis and create the conditions for a more competitive economy with higher employment'. The relative separation of the social and economic objectives of Europe 2020 belied the integrated social market economy model espoused by political and policy leaders, and somewhat contradicted the BEPA's suggestion that a 'social innovation culture has spread in support of the Europe 2020 strategy and its implementation' (European Commission 2014a: 9).

Social Business Initiative

The second policy framework that established social innovation on the EU's policy agenda was the Social Business Initiative (SBI). Launched in 2011, the SBI was a product of the Single Market Act I. The Act outlined a series of structural reforms to integrate the European market economy, boost growth and strengthen confidence in the economic and monetary union. In addition, though, the Single Market Act I also encouraged the European Commission to 'continue to improve its coverage of the social dimension of the impact assessments which accompany legislative proposals concerning the internal market' (European Commission 2011a: 5). As part of this, the European Commission developed 12 key actions that included mobility for citizens, intellectual property rights, taxation reform and consumer empowerment (European Commission 2011a). A number of other actions were also launched that had the capacity to support social innovation:

- *Access to finance for SMEs*: making it easier for venture capital funds established in a member state to invest freely in any other member state, without obstacles or additional requirements.
- *Public procurement*: revising and modernising public procurement legislative frameworks, with a view to underpinning a balanced policy which fosters demand for environmentally sustainable, socially responsible and innovative foods, services and works. It was hoped that this revision would result in simpler and more flexible procurement procedures for contracting authorities.
- *Social cohesion*: improving and reinforcing the EU Posted Workers Directive by enforcing and sanctioning any circumvention of the applicable rules, to protect freedom of establishment and freedom of association, alongside other fundamental social rights. The rationale for this action was to realise the ambitions of a 'social market economy by ensuring, with no race to the bottom, that businesses are able to provide their services … whilst at the same time providing more high quality jobs and a high level of protection for workers and their social rights' (European Commission 2011a: 17).
- *Social entrepreneurship*: creating a level playing field for 'social purpose' organisations in terms of their mobility, the economic environment within which they operate, their legal status and the regulations to which they are subject.

By supporting businesses motivated by social, cultural and environmental commitments, the European Commission argued it should be possible 'to introduce more fairness in the economy and contribute to the fight against social exclusion' (European Commission 2011a: 14). To help organisations realise their objectives relating to social, ethical or environmental development, the European Commission proposed to develop legal models better adapted to their needs, set up a European framework facilitating the development of social investment funds and establish the Social Business Initiative.

The Act also announced a new Commission on corporate social responsibility, which led to a new EU strategy encouraging businesses to pursue actions with social or environmental objectives as part of their daily activities: the Social Business Initiative (SBI). The SBI was designed to create a favourable climate for social enterprises and key stakeholders in the social economy. Outlining the rationale for the initiative, the European Commission stated that the 'single market needs new, inclusive growth, focused on employment for all, underpinning the growing desire of Europeans for their work, consumption, savings and investments to be more closely attuned to and aligned with "ethical" and "social" principles' (European Commission 2011b: 2). As part of the SBI, social enterprises were championed as a key mechanism for inclusive economic growth that contributed to social cohesion and responded to unmet need through social innovation. The European Commission defined a 'social enterprise' as the following types of business: those for which the social or societal objective of the common good is the reason for their commercial activity, often in the form of a high level of social innovation; those where profits are mainly reinvested with a view to achieving this social objective; and those where the method of organisation or ownership system reflects their mission, using democratic or participatory principles, or focusing on social justice.

Such definitions captured the potential for a social enterprise or 'social business' to contribute towards social and economic transformation. As part of the SBI, a range of measures sought to:

- Improve access to financial markets, private funding mechanisms and social investment funds through favourable regulation;
- Improve analysis, promotion and development of the legal and institutional environment for microfinance;
- Encourage microfinance by issuing guarantees for lending to social enterprises;
- Mobilise European Union funds through the European Regional Development Fund (ERDF) and European Social Fund (ESF) to prioritise the capacity-building, activities and impact of social entrepreneurship;

- Develop tools to gain a better understanding of the sector and increase the visibility of social entrepreneurship;
- Reinforce the managerial capacities, professionalism and networking of social business;
- Develop appropriate legal forms which could be used in European social entrepreneurship;
- Enhance the element of quality in awarding contracts in the context of the reform of public procurement, especially in the case of social and health services; and
- Simplify the implementation of rules concerning state aid to social and local services

In January 2014, the Strasbourg Declaration was signed as a follow-up to the SBI. The Declaration outlined a series of agreed recommendations to continue developing the potential of social entrepreneurship across the EU. The European Economic and Social Committee established a working group to implement a set of substantive actions stemming from the declaration (European Commission 2014a).

In sum, the SBI demonstrated a sustained strategic commitment to the actors and organisations engaged in features of social innovation. These commitments ranged broadly from light-touch regulation encouraging corporate social responsibility among for-profit businesses to more heavy-handed regulative frameworks, funding mechanisms and knowledge creation to enhance the capacity of social enterprises and social purpose organisations.

Social Investment Package

The third policy agenda was the Social Investment Package (SIP). While social protection and stabilisation of the economy have been recognised as core functions of the welfare state, the EU also emphasised the value and potential of the third function of the welfare state: social investment. As a response to the economic crisis of 2008/9, the European Parliament launched the SIP in 2013 as an integrated framework designed to help European public authorities modernise and reform their social and public services.

The SIP encouraged member states to 'use their social budgets more efficiently and more effectively and to tackle the social consequences of the crisis by identifying best practices and providing guidance on the use of EU funds for social investment' (European Commission 2013c: 3). The European Commission argued that public policies and finances should focus more on preventative measures and actions. As part of this strategy, the European Commission claimed that member states should be investing in people or 'human capital', so that public authorities would be able to reap the maximum social and economic 'dividends' on their 'social investment'. The implementation of the SIP included measures to tackle childhood inequality; improve the sustainability and provision of healthcare; enhance personalised social services; tackle gender inequality; modernise pension systems; reduce poverty; and improve employment and activation services (European Commission 2014b).

The European Commission identified social issues principally as a threat to the sustainability of EU welfare regimes, and they were understood as being functionally disruptive (European Commission 2015b). The SIP was seen as a key strategy to make the best use of limited financial resources to address these issues—notably growing poverty and social exclusion (European Commission 2013c). The ambition to move from a 'welfare state model' to a 'social investment state model' was understood as a key means by which to cope with the social effects of macroeconomic shifts, demographic changes and globalisation (European Commission 2013c).

According to the SIP, 'social innovation (and social policy experimentation), need to be embedded in mainstream policymaking and connected to social priorities' (European Commission 2014a: 72). The SIP shaped member states' policy reforms in the framework of the European Semester. Moreover, the performance of member states was monitored through indicators underpinning the employment and poverty targets of the Europe 2020 strategy. The reforms set out in the SIP were wide-ranging and focused on the social dimensions of the European Semester.

Member states were expected to realise key objectives by making use of EU financial and non-financial support services for social policy experimentation, testing new approaches to social policies and scaling the most effective innovations, exchanging experiences and expertise, and exploring new financing mechanisms such as Social Impact Bonds.

Crucially, the SIP approach focused on methods of activation that prioritised individual solutions and interventions to socio-structural causes of marginalisation and resource scarcity. Indeed, a great deal of the SIP focused on reforming public services and social policies in a way that better equipped people with the knowledge, skills, resilience and resources to adapt to social risks. This end goal of 'adaptation' was particularly interesting given the European Commission's focus on the structural factors propagating marginalisation and resource scarcity (European Commission 2013c). Rather than addressing the structural causes of social exclusion, the SIP advocated a 'preventative' strategy based on 'activating and enabling policies' that improve social inclusion through access to the labour market.

Regulatory Frameworks

To improve the regulatory environment for actors and organisations engaged in social innovation, the European Commission introduced a number of measures to instigate a change in public procurement practices, state aid regulations and the legal status of organisations engaged in social innovation. In fact, some of the primary actions of the SBI were designed to improve legal and regulatory frameworks so that actors and organisations could produce or execute social innovations more effectively. Governance and reporting mechanisms, such as the open method of coordination for social protection and social inclusion, and the Social Protection Committee, helped to monitor the extent to which EU member states were supporting social innovation or public-sector innovation. A variety of impact assessments examined the economic, social and environmental impact of regulations. However, the European Commission has also explored how regulatory and legal frameworks can increase organisational capacity for socially innovative activities. These actions focused principally on facilitating cross-border activity as part of the wider project of EU integration.

Privileged Legal Status

Introduced in 2006, the European Cooperative Society (SCE) was a legal entity in company law that enabled co-operatives to bypass the need to establish a subsidiary in each EU member state within which they operated. A study on the implementation of the SCE found that the regulation had only limited success. This was in part because there has been a low uptake (only 17 organisations), but it was also caused by a lack of harmonisation. More recently, the European Commission also funded data collection, organised events, and ran a consultation process on the need to amend the existing legislation.

In 2012, the European Commission published a proposal for a new regulation for a 'European Foundation'. Designed to support public benefit purpose foundations undertaking cross-border activity, it was hoped that the legal status of the 'European Foundation' would reduce the bureaucratic and administrative burden of operating across EU member states. Very often, foundations engaged in activities in more than one country were faced with legal and administrative obstacles that meant they were compelled to commit financial and non-financial resources to navigating these challenges. By creating a single European legal form, the European Commission hoped it would be possible to overcome some of these challenges. Organisations taking this new legal status would operate alongside domestic foundations.

In 2013, the European Parliament adopted a specific resolution with recommendations on the Statute for a European Mutual Society. This statute was principally motivated by a desire to reduce the legal and administrative burden for mutual societies undertaking cross-border activities. The European Commission aimed to support co-operatives across Europe by guaranteeing 'that enterprises of this type, independently of their size, can continue to operate in the market by preserving their social role, particular style of functioning and ethics' (European Commission 2014a: 100).

Favourable Procurement and Commissioning Guidelines

One of the key actions of the SBI was to emphasise social value metrics in public-sector procurement and commissioning guidelines. This led to the adoption of new regulations on public procurement in several sectors (European Commission 2014c), utilities (European Commission 2014d), and a new directive on specific concessions (European Commission 2014d). The aims of the new public procurement rules included contributing to the implementation of environmental, social inclusion and innovation policies.

These new regulations enhanced the competitiveness of actors and organisations engaged in social innovation—specifically in terms of their ability to bid for public-sector contracts and deliver public services. This included reducing the administrative and financial burden incurred by organisations engaged in public-sector procurement and bidding, providing clear and simple rules awarding concession contracts and eliminating price as the sole award criteria for the procurement of social and health services. This enhanced the competitive advantage of smaller organisations engaged in social innovation.

The regulations also enabled public authorities to consider the long-term social value of certain contracts, such that they could factor into their consideration how public services or goods might be delivered, purchased or produced if a particular provider were to be awarded the contract. In addition, for some social services it was possible to reserve contracts for not-for-profit organisations that had a public service remit based on employee participation. Reserved procurement procedures enabled 'sheltered workshops' or social enterprises to participate, provided that 30 % of their workforce was deemed to be 'disadvantaged'. Previously, social enterprises working for the inclusion of disadvantaged groups were required to be able to define at least 50 % of their workforce as 'disadvantaged'. This possibly enabled social enterprises to compete for contracts on a more competitive basis as a result of their lower—social—operating costs.

Social Innovation Funding and Finance

European Regional Development Fund

The principal objective of the ERDF was to address the key regional imbalances within the EU. The fund was therefore concerned with economic regeneration and development, territorial co-operation and increasing competitiveness. There was also a particular focus on reducing economic, environmental and social problems in urban areas. For the period from 2007 to 2013, the overall budget totalled €210 billion, but for the period from 2014 to 2020, the budget fell to €183 billion. While the EU allocated the funds, member states and managing authorities controlled the funding and were able to exercise some degree of discretion as to how the money was used. This was borne out by the variation across the regions and territories in terms of how the funds were used. While the majority of the investment priorities did not focus formally on social innovation, the regulations outlined for the ERDF stated that:

> It is necessary to promote innovation and the development of SMEs, in emerging fields linked to European and regional challenges such as creative and cultural industries and innovative services, reflecting new societal demands, or to products and services linked to an ageing population, care and health, eco-innovation, the low-carbon economy and resource efficiency. (European Commission 2013d: 290)

In addition, one investment priority focused on supporting social enterprises to promote social inclusion, and combat poverty and discrimination. This opened up the opportunity for significant investments that could scale the capacity and impact of social innovation. However, there was little substantive specification of what this support could and should entail.

Perhaps in an attempt to ensure social innovation featured in funding outcomes, a number of changes were made to the regulations surrounding ERDF 2014–2020.

European Social Fund

The ESF was designed to reduce inequalities across and within EU member states, and promote economic and social cohesion (SIE 2011). Between 2007 and 2013, around €75 billion were distributed to member states—representing around a tenth of the total EU budget. During this period, the proportion of funds allocated to social innovation varied across member states, but generally ranged between 1 % and 5 %t of the total funding received by the country in question (European Commission 2013c). It is estimated that more than €2 billion of these funds were dedicated to public-sector innovation, and more than €1 billion were dedicated to innovative activities designed to support the development of skills and combat unemployment (European Commission 2013c).

For the period 2014–2020, member states negotiated the funds they received from the ESF. Member states partially matched the funding received through the ESF, and managing authorities in member states then distributed these funds to operational programmes. These programmes aimed to support local and specialist organisations in delivering a range of employment-related projects. While member states and managing authorities were, to some extent, able to interpret the strategic priorities of the ESF, the funding priorities were principally negotiated and agreed at the EU level. The strategic priorities of the ESF from 2014 to 2020 focus on 'getting people into jobs' by providing opportunities to obtain training, qualifications and skills with a view to finding gainful employment, promoting social inclusion, enhancing the educational outcomes, skills and training received by young people, and improving the quality of public administration and governance. According to the European Commission, the ESF represented the EU's biggest 'human capital investment', with almost €80 billion committed between 2014 and 2020.

The ESF was committed to promoting social innovation in all areas falling under its scope. This commitment was aimed at 'testing, evaluating and scaling up innovative solutions, including at the local or regional level, in order to address social needs in partnership with the relevant partners and in particular, social partners' (European Commission

2013e: 477). Across policy areas, the ESF intended to ensure social innovation contributed towards the headline targets of Europe 2020. As a condition of their funding, member states were required to identify fields of social innovation that corresponded to their specific needs. This could be undertaken during the development of operational programmes or at a later stage. Each operational programme co-financed by the ESF would have to demonstrate how planned actions contributed towards social innovation (European Commission 2013a).

A particular aim of the ESF was to support innovation and experimentation by measuring evidence-based solutions and selecting the most effective ideas before scaling them on a larger level. In addition to a dedicated social innovation facility in the new ESF regulations, the European Commission also proposed support for innovative policies and public services that were responsive to social change.

Through the ESF, social innovation was only recognised and supported officially in a way that reproduced existing social relations. While it may have been innovatively social in its *means*, the activities and objectives funded were not innovatively social in their *ends*. That is, the existing funding structures limited the capacity for social innovation significantly in terms of disrupting or altering 'the process of social interactions' (European Commission 2013a). Social innovation did occur that was genuinely transformative as a result of the ESF, but this was largely a by-product rather than an explicit objective of operational programmes. This limitation was perhaps propagated by the lack of systematic evidence collected on how the funds were used to support social innovation (TEPSIE 2014).

European Union Programme for Employment and Social Innovation

The Employment and Social Innovation Programme (EaSI) was a much smaller financing instrument designed to support employment, social policy and EU labour mobility. The European Commission claimed that 'the concept of social innovation, which has a special focus on youth, is at the heart EaSI' (European Commission 2013b: 7).

This integrated programme was originally going to be called the Programme for Social Change and Innovation, but was later renamed to reflect its changing focus. With a total budget of €919.5 million, the Programme for Employment and Social Innovation, which runs from 2014 to 2020, focused on:

- Supporting the development of adequate social protection systems and labour market policies, and promoting good governance, mutual learning and social innovation by modernising employment and social policies with the PROGRESS axis (61 % of the total budget).
- Promoting geographical mobility and boosting employment opportunities through the development an open labour market with the EURES axis (18 % of the total budget), increasing the availability and accessibility of microfinance for vulnerable groups and micro-enterprises, and increasing access to finance for social enterprises through the Microfinance and Social Entrepreneurship axis (21 % of the total budget).

The PROGRESS axis, or the Programme for Employment and Social Solidarity, was the EU's main instrument for promoting welfare reforms through employment and social policy experimentation. The programme aimed to contribute towards fulfilling the targets of the Europe 2020 strategy by identifying innovative methods of designing and delivering public services so that these were more responsive to the social and economic needs of EU member states. Between 2009 and 2013, PROGRESS funded 23 projects on social policy experimentation, with a total budget of €21.4 million (European Commission 2014a).

Between 2014 and 2020, PROGRESS has committed between €10 and €14 million each year to test labour market policy innovations and social policy experimentation, looking at methods, processes and finances. Overall, PROGRESS aimed to:

- Increase the capacity of organisations to contribute towards the implementation of European Union strategies;
- Finance labour market and social policy innovations; and

- Support the development of an analytical and comparative evidence base that could lead to effective information-sharing, mutual learning and dialogue, to share and learn from best practice in social innovation.

Once again, innovation (social or otherwise) was only accommodated and supported in a way that was financially and strategically valued by EU public bodies and activities.

Beyond the funding programmes already discussed in this section, various EU bodies were also involved in a range of other regulatory and funding initiatives that, in some measure, were designed to create economic space for actors and organisations engaged in social innovation. These initiatives focused on financial operations that ranged broadly from increasing the availability of microcredit and microfinance to supporting infrastructure projects that could grant access to larger capital markets for social businesses or organisations engaged in social innovation.

In 2011, the European Commission published a European Code of Good Conduct for Microcredit Provision, which outlined a set of recommendations and standards to encourage and foster good practice in the microcredit sector. Developed in collaboration with stakeholders and practitioners across the small but growing European microcredit market, the Code of Good Conduct sought to address some of the main challenges facing the sector.

Developed during the programming period between 2007 and 2013, the European Commission provided technical assistance to microcredit institutions through a range of special support instruments. These included:

- JEREMIE (Joint European Resources for Micro to Medium Enterprises): promotes the use of financial engineering instruments to improve access to finance for small to medium-sized enterprises through European Structural and Investment Fund (ESIF) interventions.
- JESSICA (Joint European Support for Sustainable Investment in City Areas): supports sustainable urban development and regeneration through financial engineering mechanisms.

- JASMINE (Joint Actions to Support Microfinance Institutions in Europe): seeks to improve access to finance for small businesses.
- JASPERS (Joint Assistance to Support Projects in European Regions): offers technical assistance to 12 member states that joined the European Union between 2004 and 2007.

In 2013, the Regulation on European Social Entrepreneurship Funds (EuSEF) was established to create a label so that investors were easily able to identify funds that invest in European social businesses. Provided funds met certain criteria, social enterprise funds would be able to use the new label and market their funds across Europe. In order to use the label, social enterprise funds had to ensure that at least 70 % of their funds were 'invested in businesses whose primary aim is to provide goods and services to vulnerable, marginalised, disadvantaged or excluded people, use a method of production of goods and services that embodies its social objectives or provide financial support only to social businesses that are trying to achieve those ends' (European Commission 2014a: 105–106).

Under these new regulations, organisations using the EuSEF label were required to measure the social impact of their funds and ensure profits distributed to investors did not undermine the objectives of the social businesses supported. EuSIF could also only invest in social businesses that did not currently have access to capital markets to fund their operations or growth.

Following the launch of a Taskforce for a European Social Investment Facility, the European Investment Fund also established the Social Impact Accelerator—the first public—private partnership supporting social enterprises. The Social Impact Accelerator invested in social impact funds targeting social enterprises across Europe. The aim of the initiative was to address the emerging need for social enterprises to access equity finance.

The European Investment Fund rationalised this initiative by highlighting the increasingly prevalent role of social enterprises in tackling social exclusion and promoting alternative forms of employment for 'disadvantaged' groups. The Social Impact Accelerator was considered to be the first step in cultivating a sustainable funding market for social enterprises across Europe. It was hoped that this would be achieved by developing a financial market infrastructure that supported the operation of organisations seeking a social impact.

The Social Impact Accelerator sought to support funds that, in addition to financial return targets, also pursued explicit social impact targets through their portfolio of investments. The EIB managed the fund, and Crédit Coopératif and Deutsche Bank also funded the Scheme. Fifty-three million euros were dedicated to the accelerator. For the purposes of the scheme, the EIB also developed its own specific definition of social enterprises and a methodological approach to measuring social impact.

The European Commission also undertook public consultation on crowdfunding to identify opportunities and costs associated with this emerging form of finance. As well as a form of social innovation in itself, this funding model also opens up economic space for social innovation projects. In 2014, the European Commission published a Communication that set out a number of measures to encourage the growth of this form of finance. This included establishing an expert group on crowdfunding to provide advice and expertise to the Commission, raising awareness of crowdfunding and its benefits, and mapping national regulatory developments to support, where possible, optimal functioning of the internal market (European Commission 2014e). The European Commission also supported a number of crowdfunding stakeholder forums.

As awareness of the needs, opportunities and challenges facing social innovation organisations increased, the European Commission responded accordingly. The European Commission has, via research and public consultation, explored the changing financial needs of the social economy, and either provided funds for capacity-building and social innovation projects, or opened up access to private and larger capital markets for organisations engaged in social innovation through new regulation or market infrastructure.

In addition to the policy measures outlined above, the European Commission has also supported a wide-ranging body of research that has sought to identify barriers to social innovation as well as identify measures and examples of best practice. This body of research has aimed to act as an evidence base to make the case for future interventions as well as to inform future policy direction. The Commission has also supported applied networks, capacity-building, incubation, peer learning, knowledge exchange and networking. These efforts were not only intended to support private actors and organisations engaged in social innovation, but also to encourage public-sector innovation so that public authorities were better able to meet the evolving needs and expectations of public service users. The definition of social innovation endorsed by the European Commission promoted the active participation and empowerment of European citizens as a source and outcome of well-being.

There has, on occasion, been a mismatch between the strategic objectives of the EU and the measures taken to realise these ambitions. This mismatch arose from the tensions and limitations inherent in any social innovation supported by existing institutions that are the product of, or have a significant bearing on, socio-structural dynamics, power relations and cognitive frames. Within this context, the EU has often only supported social innovation within the parameters deemed strategically and financially valuable by other policy priorities. Where the ideals and ends of social innovation have competed too strongly with other priorities of the EU, it appears that the underlying ideals have either been lost in translation or sacrificed to countervailing concerns. The blurring of the boundary between the social and economic against the backdrop of fiscal austerity has been particularly troubling in this regard.

EU policy documentation and rhetoric has used the term 'social innovation' interchangeably to refer to a very broad range of activities, processes and outcomes. Very often, the term has been used in a way that does not accurately represent the phenomenon or definition endorsed by the European Commission. Moreover, post-hoc identification and justification of initiatives has made it particularly difficult to track social innovation, and in particular, the effect of EU public policy purportedly designed to support it.

Conclusions

The EU social innovation policy survey presented here has taken stock of the public policy agendas associated with social innovation in Europe. Across the EU, social innovation has generally been defined inconsistently, and has often been treated as a concept that is either associated, or interchangeable, with social entrepreneurship, the third sector, volunteering, the sharing economy, the social economy, civil society, or public service reform. As a result, the parameters of what could be considered a relevant policy framework change from one institutional context to the next. Social innovation has rarely been a *central* policy priority, and has typically been seen as more of an addendum to the other policy programmes of political administrations.

Moreover, social innovation policy across the EU has often reflected a more generalised disaffection with the existing socio-economic order, and has been positioned as a mechanism with which to affect economic, social or institutional change. Across the EU, the specified objectives of social innovation typically differ according to the political priorities and socio-economic challenges faced by individual member countries. Furthermore, the nature, goals and effectiveness of public policy agendas supporting social innovation vary significantly according to the social macro-structures in operation within a given country context. Furthermore, the fluidity and adaptability of the meanings associated with social innovation have made it very attractive to policy-makers as something of a panacea for complex and contingent social problems.

With this in mind, despite its transformative potential and ideals, social innovation has only tended to be recognised and supported by public institutions when it does not compete too strongly with the *existing* socio-economic and political settlements. This perhaps goes some way to explaining the domestic policy agendas that have emerged to conceive of and support social innovation in distinctive ways. Yet if social innovation tends only to be supported publicly within the parameters of a country's existing institutional and political landscape, this poses a number of problems for its capacity and transformative potential. While it becomes possible to mobilise resources around social innovation in a way that is potentially advantageous to the needs and challenges faced by a country, it may equally block disruptive social and economic action at a structural—or more transformatory—level. Public policy agendas may provide the much-needed support (financial or otherwise) to foster social innovation. However, they may equally moderate the impact of a publicly sponsored social innovation that aims only for incrementalism rather than disruption. This means—for very different reasons—that publicly supported social innovation may be predisposed to *capture* by extant institutional logics. In trying to scale the capacity of social innovation, public bodies have been faced with a perennial challenge: how to support and incorporate activity that is essentially transformative or peripheral without compromising the methods and objectives from which it derives its value.

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