



**European Economic and Social Committee**  
**Group III - Various Interests**

**Extraordinary meeting in Milan**  
**23 October 2014**

## **Boosting Innovation for a Better Social Outcome**

### ***Milan Declaration on EU policies***

The social dimension of the European Union is under severe pressure. With complex societal challenges, economic changes and the aftershocks of the crisis, a new fragile social landscape has emerged, clearly indicating the **need for a paradigm shift** from solely a jobs and growth strategy, to one bringing back a stronger social approach and welfare society.

At the centre of this social dimension lie prevention and early intervention, with a long-term approach, rather than a focus on short-term gains. The cost of non-social policies is highlighted by a wealth of empirical research and is the very basis of the **Social Investment Package** launched by the European Commission in 2013. This provides policy guidance and action to support emerging processes, combining a top-down and bottom-up approach to build a more resilient society.

The current pressure on public welfare systems has already prompted a quest for new and innovative forms of organisation for the financing and delivery of benefits and services in various sectoral, regional and national contexts.

Some Member States are already showing signs of innovation and experimentation along these lines. This movement, known as **social innovation**, is driven by the necessity to address unmet social needs, but is also a reaction to the need to tackle societal challenges and bring about social and economic change. Social innovation is important since it directly supports general social investment. It is cross-sectoral, has a multi-dimensional approach, includes social action and activation and goes further than employment creation and social cohesion. Clearly, in order to be sustainable and have a full systemic effect this must be embedded in a social investment policy approach. Moreover, the result must be a more resilient welfare society.

In order to denote this array of **novel forms of welfare provision, which has been expanding at an increasing rate over the past decade, especially during the crisis**, the Italian debate has recently coined a new term: "secondo (i.e. second-line) welfare" which has a triple connotation: 1) temporal: these are provisions that have been grafted on to the trunk of the "first-line" state-based welfare edifice that was built during the twentieth century, especially during the so-called Golden Age; 2) functional: second-line provisions and initiatives are typically a complementary addition to, not a replacement of first-line and state-based provisions; and 3) financial: it strives to mobilise extra, non-public resources made available by a wide range of economic, social and private actors. In addition, such welfare may also be characterised by a fourth dimension: the mobilisation of social forces, creating social capital, reinforcing the role of communities and building democracy.

As a bottom-up practice involving all sectors of society, for example, social economy enterprises and a multitude of non-state actors working in partnership with local communities and authorities, social innovation has demonstrated the potential **to bring about systemic change and reshape society at large**, including changing the way the State operates.

The conference **showcases examples** of innovative approaches and potential solutions to rebuilding and consolidating the European social dimension. Drawing on these experiences and to further their development, the following **specific proposals and general recommendations** are being delivered to the Italian presidency, the Commission, Parliament and Council.

### **Specific proposals**

- A. Social innovation and social investment policy should be explicitly incorporated in the review of the Europe 2020 strategy and supported by a specifically dedicated flagship.
- B. Eurostat should prioritise reporting on social policy innovation and social impact measurement. This should be supported by capacity building and training in social impact measurement for all relevant stakeholders.
- C. Member States should be asked to report on progress in social innovation, using social indicators based on activation, empowerment and community involvement.
- D. The Commission and Member States must ensure that major instruments such as procurement, the Structural Funds and social services of general interest are employed to support wider social innovation in the Member States and the broader landscape of social economy enterprises.
- E. Establish a high-level working group for social innovation and social policy innovation. This should bring together social and economic stakeholders at the Member State and European levels, in order to discuss and balance policy development with appropriate strategic thinking.

### **General recommendations**

#### **Continued social investment approach**

1. Re-assert that there is no single model of European welfare system and that the social dimension of the European Union is of fundamental importance to Europe's future social, economic and political well-being and cohesion, as stated in Article 3 of the Treaty on European Union<sup>1</sup>. This should be affirmed by embedding social innovation in social policy, in order to deliver more effective social investment;
2. Recognise the necessity for and measure the usefulness of a resilient welfare system, which should include an efficient prevention system and early intervention, and which should intervene in periods of transition in the lives of individuals. This would not constitute a burden but would be a multiplier for growth;
3. Accelerate and strengthen the implementation of the road map for the Social Investment Package proposed by the Commission and endorsed by the Council in March 2013. Consider introducing a similar concept of welfare, in order to combat vulnerability and promote resilience, as proposed by the recent UNDP report on human development.

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*Article 3 of the Treaty on the European Union:*

1. The Union's aim is to promote peace, its values and the well-being of its peoples.

2. The Union shall offer its citizens an area of freedom, security and justice without internal frontiers, in which the free movement of persons is ensured in conjunction with appropriate measures with respect to external border controls, asylum, immigration and the prevention and combating of crime.

3. The Union shall establish an internal market. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance.

It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child.

It shall promote economic, social and territorial cohesion, and solidarity among Member States.

6. The Union shall pursue its objectives by appropriate means commensurate with the competences which are conferred upon it in the Treaties.

### **Stimulating the development of public policy**

4. Reiterate that it is the State and public authorities at large which have the ultimate responsibility for ensuring equal and universal access of citizens to a high standard of welfare, but also recognise that Europe's welfare systems need to be reformed and modernised in all Member States. Even if the existing welfare set-up remains relatively strong in meeting the needs of the general population, it may be weak in providing effective personalised support to its citizens, including marginalised individuals, thus necessitating social innovation;
5. Facilitate knowledge-sharing by researching social innovation and social policy innovation, the opportunities, challenges and risks they present, relative to the development of and interconnection with public policies.

### **Supporting broad partnership and communities**

6. Develop specific national agendas for social innovation and better link different policy areas, so as to promote the co-design and co-production of multidimensional social outcomes. Such policy development must empower both individual beneficiaries and whole communities;
7. Promote personalised support to people throughout their lives, by activating and enabling services that support inclusion in the labour market and society;
8. Remove barriers to social innovation and experimentation, in order to create an innovation friendly environment and culture. Closely monitor the effects, transferability and contributions of new partnerships in the broadest sense, whilst recognising and supporting the different roles of each stakeholder (such as foundations, cooperatives, associations, mutual societies, insurance institutes, private funders, SMEs and other companies, etc.), both as a voice and service provider;
9. Continue to develop the ecosystem for social economy enterprises at the EU and Member State levels (access to financing, public procurement opportunities, greater visibility, capacity-building, a supportive regulatory environment, etc.), so as to unleash their full potential as catalysts of social innovation;
10. Reinforce the principle of participation by involving civil society actors in the monitoring and reporting of implementation at the national level of the "European Code of Conduct on the Partnership Principle", in the European Structural and Investment Funds.

### **Applying social impact measurement**

11. Review progress and monitor the performance of social policies (in terms of efficiency, effectiveness, outcomes and social and economic returns), by including social indicators and social impact measurements in Member States' progress reports. Such action will require the capacity and skills for social impact measurement to be built up;
12. Create a framework for learning, by facilitating an exchange of best practices and policy experiences, possibly in the context of a new "Open Method of Coordination". This will facilitate the establishment of benchmarks for the renewed European semester and Europe 2020 strategy.