Supporting social innovations through ESIF

Bratislava 11 December 2014

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THE CASE OF PORTUGAL

- National debt 132% GDP (March 2014)
- GDP 1% contraction in 2013
- Partial loss of sovereignty (EU - IMF Troika)
- Banco Espirito Santo Group got bust: €4bn bail-out
- Unemployment: 15.2% (March 2014)
- 2m people insolvent (our of total pop 10m)
- 19% population below poverty line
- Migration: 300,000-360,000 qualified workers since 2011
- Youth: 35.4% graduate unemployment (between 15 and 24 years old), 57% plans to migrate
“Europe today accounts for just over 7% of the world’s population, produces around 25% of global GDP and finances 50% of global social spending”

Angela Merkel
Why doesn’t Europe turn its social spending into actual investments for a new type of economic growth?

Portugal a laboratory for participatory innovation & blueprint for post-industrial transformation… the civic economy
“Portoguese €150m Social Innovation Fund in the first one in Europe which pays for the success of social entrepreneurs in tackling school drop-outs and criminal re-offending”

Miguel Poiares-Maduro
SOCIAL INNOVATION FUND

- €150m financial facility
- Capitalized with EU structural funds
- Mix investments, grants, vouchers & SIBs
- Partnerships with all sectors consortia
- Payment by results
- Capacity building for the transition
- Open to private investors
- Revolving fund
“It does not matter what happens to me if it’s for the good of the country”

Maria-Do-Carmo Marques-Pinto, Social Innov. Bank
1M Euro
Misericórdia Lisboa
Misericórdia Porto
Montepio
Caixa Crédito Agrícola

Fundo de Investimento Social
Investment Grant

ROI = SOCIAL VENTURES + SOCIAL OUTCOMES + INVESTED CAPITAL
PROGRAM CIVIC ECONOMY

- New Investment fund for social ventures established within BGP & co-funded by Gov fund & Municipalities
  - Transformation fund: family business & non-profit orgs
  - Capacity building grants for new ventures
- Territorial Platforms: city based platforms combining incubation, acceleration & investment
- Citizen mobilization program: seniors & juniors
- Institute 4 Social Innovation and Civic Economy: data collection, impact measurement, outcome finance & new professionals
- EuropeLab: network of innovation living labs across EU
A NEW DEAL

1) State, citizenship & democracy

- End of State monopoly of public good production
- Gov strategic role to build market infrastructure
- From delivering/financing outputs to buying outcomes/results
- Legitimacy & authority decentralised in emergent & complex system
- Power & responsibility shared with stakeholders
- Civic entrepreneurship redefines gov – citizens relation
- Democracy as movement & new narrative – more than electoral ritual
A NEW DEAL

2) Capital, market & innovation

• Transformation of social services & social economy
• Economic and social agents to lead
• Innovation driven locally
• Multistakeholder partnership – across boundaries
• Democratised capital - decision on capital allocation decentralised & co-financing - not just philanthropy & corporate finance
• To channel retail finance into local innovation
• Solid data and a systemic impact assessment - beyond current anecdotal & craft
CHALLENGES

• **Narrative**: commodification of public good to enhance democratic capitalism, not further privatization of wealth and inequality

• **New business culture/model**: transformation of the social sector and service providers from a grant economy to social investment market

• **Investment infrastructure**: creation of a network of regional funds and incubators for civic entrepreneurship to share the new opportunities instead of concentrating them in few hands/places

• **New citizenship**: how to switch on citizenship helping people to move from passive consumers to active agents and co-producers of public good

• **Value measurement**: tapping into the potential of Big Data and massive citizen peer-review, and not creating a new set of red-tape and professional gate-keepers
LESSONS TO SHARE

• Not about technology
• New social contract, new narrative (redefinition State – markets – citizens relationship)
• Redefinition of public good beyond welfare services
• Public good production as economic engine
• Institutional innovation beyond products & services
• To align public and private interests
• Conflict with centralized State power & social sector
• What’s value in 21st century: beyond economic value?
• What’s governance for 21st century?
THANKS!

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