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InnoSI

(Innovative Social Investment: Strengthening communities in Europe)

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WP2: State of Art

Deliverable: D2.3 A provisional overview of public policy according to 'social investment' from institutional perspective according to policy instruments analysis and public policy analysis. (Report on best practices according to "social investment")

Editors	Stephen J. Barnett (EN), Dr. Gavin Bailey (MMU), Prof. Chris Fox (MMU)
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Acronyms and abbreviations

InnoSI Innovative Social Investment (the project)
ECEC Early childhood education and care
AI Active Inclusion
LTC long-term care (of older people)
FI Finland
SE Sweden
NL Netherlands
GR Greece
HU Hungary
PL Poland
IT Italy
ES Spain
DE Germany
UK United Kingdom
WP Work Package
DOW Description of Work
NEET Young people not in employment, education or training
SIP Social Investment Package
Social Investment
ESF European Social Fund
EU European Union
EAP Economic Adjustment Programme
ECB European Central Bank
IMF International Monetary Fund
R&D Research & Development

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This is a snapshot of the state of play in 2015 of the ways in which welfare states are moving towards social investment approaches and the extent to which these developments are being impacted by EU policy and funding. InnoSI takes a special interest in a community/citizen-led, bottom-up (including social economy organisations and private companies) approaches to social investment, rather than a government-led top-down perspective. This not of course a binary distinction: governments may involve non-State actors in welfare state reforms and in turn non-State actors may pilot reforms themselves, which are then adopted by governments.

1.1. INNOSI Project context

Placing this report in the overall context of the INNOSI research project, it contributes to INNOSI Objective 1 "Identify and evaluate existing innovative and strategic approaches to social welfare reform which utilize social innovation at regional and local level". It is one of six reports prepared simultaneously within Work Package 2 and 3 in the first 6-7 months, the others being:

D2.1+D2.2 Scientific literature overview
D3.1 Overview report on welfare performance including typology and welfare challenges
D3.2 Overview report on the role of the social economy in social investment
D3.3 Integrated report on the role of social economy in delivering social outcomes

They all lay the groundwork for the remainder of the project "Innovative Social Investment", in particular by contextualizing the 20 case studies (WP4) and providing orientation for creating public policy impact from INNOSI findings (WP7).

INNOSI WP4 case studies

Country	*Case studies*	*Country*	*Case studies*
Finland	Youth Guarantee Community services in Kainuu	Poland	Community activation of older people Active inclusion initiative
Sweden	New forms of collaborative partnerships School reform to improve teaching for immigrant children	Italy	Integrated ECEC in Emilia-Romagna Individual care plans in Sardinia
Nether-lands	'T Groene Sticht mixed community Urban Farming	Spain	Energy cooperatives Social protection from unemployment
Greece	Work experience for low-skilled youth Women's participation in trade unions	Germany (NRW)	Leave no Child Behind Vocational preparation for deprived young women with socio-educational needs
Hungary	Integration of Roma children in school Social land programme	UK	Working Well Pilot Troubled Families

This report falls within WP2 "State of Art" and provides a preliminary grounding in:

1. National policy contexts for social investment based on social innovation
2. The impact of European policy and funding
3. Current policy trends towards innovative social investment, including policy reforms that may be close to 'best practices'

Under point 3, the three key policy areas for INNOSI are: early childhood education and care; and active inclusion in the labour market.[1] In each area, we will pay special attention to the legal and financial

[1] At the point this project was developed (early 2014 to early 2015) the migration of large numbers of people across the Mediterranean was a less critical issue than it is now and so was not chosen as a key priority for this Work Package.

framework and to the distribution of policy, social and managerial roles between public, private and social economy sectors.

1.2 Objectives

If this report is to identify innovative and strategic approaches to social investments then definitions of those terms are necessary. InnoSI has adopted a working definition of Social Investment from the Social Investment Package (SIP) in full knowledge that social investment is an emerging rather than a fully formed paradigm:

> "The social investment approach stresses the case for considering certain parts of employment and social policies — and possibly other policy areas, such as education — as entailing investments improving prospects for future employment and social participation, together with more social cohesion and stability … thus stressing the life course dimension of social policies and their long-term benefits for society." (European Commission 2013a p. 3)

According to the authors of the European Social Policy Network (ESPN) study, "social investment spending has been contrasted with 'social consumption' (or compensatory spending), consisting of old-age protection and passive labour market policies."[2]

InnoSI proposal adopts a definition of 'social innovation' from Mumford 2002[3]:

> "The generation and implementation of new ideas about how people should organize interpersonal activities or social interactions to meet one or more common goals". Further, this may imply new partnerships across sectors, flattening of hierarchies (i.e. between organisations), co-production and personalization (DOW, p20).

"Strategic" is a word which is much used and seldom defined. Here, we take it to mean "the identification of long-term or overall aims and interests and the means of achieving them" (Oxforddictionaries.com)

Drawing on these three definitions, this report is looking for approaches to welfare reform which:

a) improve people's prospects for future employment and social participation over the life course = social investment
b) create new relationships between people and organisations across public, private and social economy sectors = social innovation
c) have identified long-term aims and the means of achieving them = strategic

This report will evaluate the extent to which these characteristics are present in the current welfare reform trends – and what are the opportunities and threats to the emergence of such approaches in future.

1.3 Method

This report draws directly and exclusively on ten national country profiles produced by INNOSI partners (NL, FI, SE, HU, PL, GR, IT, ES, DE, UK) within WP2.

A template for gathering information was prepared and distributed to partners. The questions from the template are set out in Appendix One. It is important to note that each partner only had limited time and resources to address the questions. Data collection was predominantly desk-based and relied on

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[2] http://www.policy-network.net/pno_detail.aspx?ID=4910&title=National+social+investment+strategies+in+the+shadow+of+the+economic+crisis accessed 7 December 2015

[3] Mumford, M.D. (2002), 'Social Innovation: ten cases from Benjamin Franklin', *Creativity Research Journal* 14:2, 253–66.

published documents. Some partners also contacted a small number of key informants where they judged that published documents were insufficient to form a judgement. The completed templates will be made available as appendices on the INNOSI website (http://innosi.eu). An additional profile was prepared on the general EU policy & funding context (EU).

1.4 Structure

In the following sections we have, for ease of reading, brought together the countries into four groups based on a categorisation that makes sense for the task in hand, that is an examination of the changes towards social investment and innovation in welfare state provision.

- Group A comprises smaller North European countries with an advanced welfare state and some characteristics of social investment (NL, FI, SE).
- Group B comprises three countries that have an emerging welfare state and in which EU programmes are a significant funder and EU guidance is influential in some specific areas (PL, HU, GR).
- Group C covers Italy and Spain, which are characterized by an historic reliance on family/kinship' care and regional variations.
- Group D covers the UK and Germany, large EU Member States with an established welfare state that have followed a mixed welfare economy, are focused strongly on active labour markets and are open to emerging practices in social entrepreneurship and social impact investing.

The authors recognise that there are similarities and differences within those groups as well as between them, yet the groupings are an attempt to reveal something new about each country. The groupings can of course be contested: indeed, the recent ESPN study (Bouget et al. 2015)[4] provided a different set of three groups.

This categorisation is by no means a fully-fledged typology of welfare states: indeed, given the range of areas of life a state can provide in and the different ways it could do so, it is debatable whether such a typology is possible or even desirable. Esping-Andersen's (1990) Three Worlds typology has been widely used, and this introduced important 'dimensional' components to measuring and categorising welfare states. It is clear that merely assessing the proportion of national income spent on welfare, or measuring inequality, cannot be used to judge the performance of a welfare state, and the inclusion of questions of which bodies pay for welfare and who is eligible for assistance was an important move.

Esping-Andersen's (1990) typology has been subject to much criticism, not least because the omission of health and education, and other welfare services (Jensen 2008[5]), and the inclusion of only a small number of nations (Ebbinghaus 2012) in Esping-Andersen's analysis does contribute to his findings. Many others have used similar data to create different typologies, or a reordering of nations in the original typology. Further, it is important to remember that Esping-Andersen's typology described ideal types to which individual welfare regimes were fitted imperfectly: as Arts and Gelissen show, 'real welfare states are hardly ever pure types and are usually hybrid cases'[6]. Even where a nation-state has an explicit commitment to a particular welfare philosophy, the reality is messier – based on what can be done as much as what one would like to do – and not necessarily coherent. Thus, even where welfare states are broadly different they may have elements that are very similar.

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[4] Bouget, D., Frazer, H., Marler, E., Sabato, S. and Vanhercke, B. (2015) Social Investment in Europe: A Study of National Policies, Brussels: DG for Employment, Social Affairs and Inclusion
[5] Jensen, C. (2008) "Worlds of welfare services and transfers" in Journal of European Social Policy May 2008 vol. 18 no. 2 151-162
[6] Arts, WIL & Gelissen, J. (2002) p.137 "Three worlds of welfare capitalism or more? A state-of-the-art report" in : Journal of European Social Policy May 2002 vol. 12 no. 2 137-158

For the task at hand, then, it is better to avoid seeking a perfect typology but to examine how the case studies have similarities and differences with regards to social investment and social innovation. As Midgley argues, 'the use of static models and the field's typological preoccupations have deflected attention from the volatile nature of social and economic change and its impact on social policy.'[7] This volatility means that welfare regimes with different histories might find themselves at similar positions or following similar trajectories.

While these groupings are not a welfare state typology, we believe they are helpful in thinking about where, how and why particular forms of social investment and social innovation do and can arise. In some, the role of the state is paramount and almost sacred, and in others for-profit companies can work as agents of the state without comment. Social economy organisations may be more likely to step in where the need is greatest. Similarly, some aspects of social investment are based in a universalistic paradigm (e.g. investing in children and young people), thus it would seem more likely that the Group A would be at the forefront here.

In Section 2, we set out the understanding of the social investment and social innovation concepts in the different country groups. In Section 3, we explore the extent to which reforms are adopting an "innovative social investment" approach in early childhood education & care and active inclusion in the labour market. In Section 4, we examine the impact of EU policy & funding on welfare state reforms.

[7] Midgley, J., Social Development: Theory and Practice. London: Sage Publications, 2014: p164

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2. Concepts of social investment and social innovation

2.1 Social investment

This chapter will compare and contrast the understandings and origins of social investment and social innovation. The country profiles present quite different pictures of the origins and ownership of "social investment" as a concept in these countries. In most countries, there is awareness of the EU definition within the policy community (ES, GR, HU, IT) and several have produced original thinking on the concepts and variant definitions (DE, PL, NL, SE, UK). In a number of countries, the existing welfare approaches are regarded as highly consistent with the EU social investment concept (SE, FI, NL, UK, some regions of ES and IT). Overall, social innovation appears to have a greater penetration than social investment in policy communities and public discourse. The capacity of governments to adopt and pursue social investment approaches is reportedly hampered in many cases by fiscal consolidation.

2.1.A Social investment in Finland, Sweden, Netherlands

The emergence and development of **Sweden's** welfare state is seen as highly consistent with SI from the inter-war thinking of the Myrdals[8] which underpin the Nordic welfare model. SI may have penetrated Sweden's municipalities more strongly than its central government, as a third of municipalities now use the term in their local welfare policies. Around a fifth of Swedish municipalities and two regions now have a social investment fund, which can be drawn on to pilot new approaches. Their definition of SI converges on:

> "boosting early targeted measures, that social investment besides economical gains brings social gains, allows to coordinate policy measures, possibility to prioritise general preventive measures and possibility to try new solutions and ideas."[9]

The Swedish government is considering the development of a national framework for social investments.

Spotlight 1. Social investment practices in Swedish municipalities and regions

Alongside the long history of social investment by the national government, two major political administrative levels in Sweden – local/municipal and county/regional – have worked out some ambitious policies for complementary (to legislative obligations) preventive social investment in children and adults with the aim to improve their health and future chances in the labour market.[10] Starting in 2010 from pioneering municipalities of Norrköping and Umeå by year 2015 64 out of 290) and two regional governments have already introduced *social investment funds.* The funds target complementary initiatives aiming at early social investment measures mainly within education, social support, labour market measures. Applicants vary from municipal departments to (occasionally) implementing actors from private and third sector. This innovative bottom-up approach to social investment stems from a municipal policy innovation with a potential to become a social innovation. Presently however this model struggles with short-term municipal budgeting rules and practices that undermine the model's principles. [11]

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[8] In the economic crises of the 1930s, Alva and Gunnar Myrdal developed an approach to social policy aimed at mitigating production and reproduction, which opened up for an investment perspective on social policy. The Myrdals advocated policies of direct economic support to families with children and indirect support to housing with the provision of opportunities for female labour force participation.

[9] See the Report by Lars Hultkrantz 2015 on an on-going 2014-2016 SNS research project on investing in equal life chances in Sweden *Sociala investeringsfonder i Sverige - fakta och lärdomar*, SNS Förlag: Stockholm. Lars Hultkrantz is a professor in national economy at Örebro university.

[11] Ibid.

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In **Finland**, SI is seen as consistent with the common Nordic origins of its welfare state but the concept of SI itself is not widely used and some actors prefer the phrasing a "policy of social opportunities" over SI. The perspective of social opportunities is a rather new and only just emerging paradigm in Finland. Some social scientists - led by professors Juho Saari and Heikki Hiilamo - have for a few years now been outlining this new kind of social opportunities policy. The idea is that the authorities have created a risk management system to meet the different welfare deficit products which have been seen as a negative deviation from the normal and acceptable. Policy and research have followed this traditional risk approach, but there's a need for a perspective of positive change, i.e. social opportunities. An emphasis on opportunities instead of risks is seen e.g. in the proposals of the SATA Committee (the Government set up the Committee in 2007 to prepare a reform of social protection) for reforming social protection (2009) and in the report of the parliamentary Committee for the Future on the development of the welfare state (2010). In Finland government investments in R&D are consistent with SI approaches, but public sector debt is seen as an inhibitor to social investment.

In the **Netherlands**, SI is seen as implicit in government policy, though the term is little used. There appears to have been some rich thinking from think-tanks on 'social investment': the Council for Social Development (RMO) in 2006 stated:

> "Social investments are interventions in the social infrastructure that focus on 1) long term; 2) total population; 3) sustainable effects 4) preventing problems 5) system change."

Others (Wiardi-Beckman[12]) state that social investment should be taken up by the third sector and citizens themselves. Although SI is not central to public policy of recent governments, it is used by businesses in CSR and by social entrepreneurs. Hemerijk has criticized recent Dutch governments for 'social disinvestment'[13], i.e. for reducing welfare expenditure that is generally aligned to Social Investment.

2.1.B Social investment in Greece, Hungary, Poland

This group of countries is marked by a significant presence of the EU policy and programmes within its welfare programmes. The influence is strongest from the European Social Fund (ESF) rather than the Social Investment Package (SIP). In Greece's case, there is a unique deepening of international involvement in public policy through the Economic Adjustment Programmes (EAP) negotiated with the "Troika" of international lenders: the European Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF).

In **Hungary**, there are problems in translating SI into the Hungarian language. Actors in social policy do not use this term and do not exploit its potential as a new approach to social policy-making. Public policy has been through a series of political shifts from passive benefits towards strong activation. Since 2010, the Fidesz governments of Viktor Orban have pushed for a "productive social policy" which prioritises benefits to families over the "undeserving" and has adopted a major programme of government-mandated work programmes for job-seekers. This is presented as driven by radical political priorities rather than by social investment thinking – in fact, the EU has criticized this policy explicitly in the context of the European Semester[14].

In **Poland**, there has so far been no government document referring to social investment as a concept in welfare state development. However, the concept is implicit in some individual government programmes

[12] Ingrid Doorten en Rien Rouw (red.)(2006): *Opbrengsten van sociale investeringen*. Raad voor Maatschappelijke Ontwikkeling, Uitgeverij SWP, Amsterdam
[13] Hemerijck, Anton (2012): Sociale investeringen betalen zich dubbel en dwars terug. In: *S&D*, 1-2, p. 83-92, Wiardi Beckman Stichting, Amsterdam.
[14] See Chapter 4 on EU policy & funding

that have emerged from the 1990s onwards following the transition. EU guidance and funding have been significant in Poland on the road to EU membership and thereafter, including through the ESF. As in Germany and the UK, social investment may be used in specific circles to refer to investment by private companies in social impact.

In **Greece**, the EU definition from the SIP is generally if not officially accepted. Prior to 2010, the pre-Troika Greek welfare state was underdeveloped and consisted of basic benefits and some social services funded by special EU programmes. After 2010, with the involvement in the Troika in public policy-making, the Troika is reported as tending to see social expenditure purely in cost terms and there is no sign that policy-makers are endorsing social investment as a consistent approach to welfare state reform. The EU and the Troika are mainly concerned with decreasing long-term and youth unemployment and there are specific ESF programmes in certain areas. The Greek State is reportedly rather rigid and fragmented and has not taken a strategic whole-government approach to social policy, even before the recent debt crisis.

2.1.C Social investment in Italy and Spain

There appears to have been little independent thinking in **Italy** or **Spain** about the social investment concept. Rather the governments are in dialogue with the EU institutions over reform to welfare in this direction, to some extent with the support of EU funds. In the main, social innovation and social investment are not spontaneous community-led movements but respond to EU economic incentives.

Italy can be seen as having several political phases that provide the context for the (non-)emergence of social investment approaches. In the 1990s the Social Democrats pursued a mixed economy of welfare, seeking a greater role for social economy organisations in municipal service delivery; in the 2000s Berlusconi's centre-right governments adopted a more competitive neo-liberal approach and advanced the regionalisaton of welfare; the 2011-13 Monti technical government focused on fiscal consolidation. Italy has tended to privilege old age benefits over (social) investment in children and young people. There was a strong regionalization of social policy: one commentator has said that Italy has moved from a Welfare State to Welfare Regions.[15] The North has strong public institutions with some contracting to social economy and private providers. The South has sporadic programmes, supported inter alia by the ESF.

Spain too has had phases of welfare state development according to different governments and economic circumstances. 2010-13 is presented as the era of contention between welfare and fiscal consolidation in which there was a period of severe welfare regression; 2005-10 as a process of welfare reform. Even in 2015, Spain is still undergoing effects of recession which have massively hampered any potential adoption of social investment approaches. Like Italy, Spain is strongly regionalized with Catalonia and the Basque Country being seen as spearheading social investment and social innovation.

2.1.D Social investment in Germany and the UK

In **Germany**, there are competing definitions of social investment, each putting an emphasis on either: social return on investment, social impact investing or social investment in the EU sense of investment in human capital. Germany has a federal system which allows for some variance across regions and municipalities. The federal government regulates the insurance regimes (social assistance, unemployment health, long-term care) while the regions develop and regulate employment and social services. The

[15] Ferrera, M. 2008, Dal welfare state alle welfare regions: la riconfigurazione parziale della protezione sociale in Europa, in «Rivista delle politiche sociali», 3, pp. 17-49. (In Italian)

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welfare providers of the social economy sector have a privileged role in delivery. There are some examples of innovation funds set up by ministries, foundations, regions and cities. The political phases in recent years could be described as: (1) Red-Green era under Chanceller Schröder, in which unemployment insurance and social insurance were combined in an effort to favour activation; (2) the various governments under Chancellor Merkel, which maintained the Schröder reforms and extended the reform agenda to ECEC and school education. This is fairly consistent with the social investment thinking of the SIP.

In the **UK**, the EU social investment concept competes with "social impact investing", i.e. finance provided for voluntary and community organisations and social enterprises (i.e. the social economy) by investors. This finance is expected to generate a return for the investor, as well as creating social value – the term seems to have originated with the Social Investment Task Force, set up in 2000 by Labour and was also associated with 'the Big Society' thinking of David Cameron's Conservatives, i.e. a stronger role for non-State actors in achieving social justice. Investment in society has been discerned in UK welfare reform for many years by successive governments. It was associated with New Labour's 'Third Way' politics from the mid-1990s and included the major ECEC initiative SureStart and services and benefits designed to reduce early school-leaving and promote labour market activation by linking benefits with employment services. Under the Coalition welfare reform was also linked with financial innovations such as 'payment by results' and Social Impact Bonds. Regional variation is a characteristic of the UK – Scotland, Wales and Northern Ireland do pursue different policies on health and welfare, though employment benefits and services are more uniform.

2.2. *Social innovation*

2.2.A *Social innovation in Finland, Sweden, Netherlands*

Social innovation seems to have a greater penetration in the public discourse than social investment. SITRA, **Finland**'s innovation fund sees social innovations as structural changes and new models which improve the quality of life and functioning of the society. The concept was present in a number of government programmes and was intended to stimulate innovation beyond the technology sector.

Sweden's *National Innovation Strategy* recognizes social innovation as a concept and notes that it often takes place at the interface of different sectors and is reliant on a strong third sector (social economy). Even so, social innovation is seen as presenting a risk to Sweden's welfare state model with its strong reliance on public sector funding and delivery.

In the **Netherlands**, the EU definition of social innovation clashes with a separate national definition focused on innovation in the workplace and in organizational processes. A government advisory body on technology (AWT) realigned social innovation more closely with the EU definition and stressed the potential role of entrepreneurs, citizens and scientists in creating and realizing innovation.

Spotlight 2 Innovillage, Finland

Innovillage is an open innovation environment for health and welfare. Innovillage provides tools, events and support for the collaborative and open development of different ways to promote health and welfare. The users of Innovillage include public service providers and developers, non-governmental organizations and private service providers. The web-service has a collaborative development environment where people can work together and produce and evaluate novel solutions and other service innovations. It also makes the results of development activities available to anyone. Innovillage enhances the distribution of successful solutions and new models of services by

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organizing events and making all results available to everyone. Innovillage also organizes tutor training to improve the know-how for creating and developing new service innovations.[16]

2.2.B Social innovation in Greece, Hungary and Poland

Social innovation seems to be a more known concept than social investment in these countries. Rather than having its own definition, Greece works with the EU definition of social innovation. It could be said that the current rare polices on social investment and social innovation are usually top down, i.e. initiated by the State, building on EU funds and focused mainly on dealing with unemployment, NEETs and gender inequality. These types of activities are fragmented and there is usually no evaluation of their impact.

Hungary likewise has no original definition of social innovation. Here, the State tends to be seen as responsible for solving social problems. The grassroots civil society culture in Hungary is arguably weaker than in other EU Member States and the NGOs tend to be financially dependent on State support (which has been declining) and EU Funds. There are sporadic examples of social innovation within a generally weak culture of community-led innovation.

In Poland, the definition of social innovation emerged with the implementation of the "Social Innovation" programme.[17] The programme is meant to provide national-level support for the realization of the Europe 2020 Strategy and facilitate public-private partnership for the development of solutions towards improving quality of life and social services standards (at national, regional and local level). The programme defines social innovation as “solutions that respond to social needs and simultaneously result in a permanent change in a given social group”. Support for social innovation is strongly associated with EU funds.

2.2.C Social innovation in Italy and Spain

The fear of further debt due to an overly burdened welfare state due to the economic crisis was, in the case of social innovation, the major trigger for the reaction of the civil society, which has provoked more interest in social innovation and activity. At official levels, social innovation has really been more of a murmur than a reality and one that has barely been touched upon in the political arena, overshadowed by constant austerity measures and other political debates that are higher on the agenda (e.g. regional independent movements). One of the pillars of the State Innovation Strategy “e2i” is on human capital and refers to social innovation – the Basque Country is noted as a leading region. However, the most important examples exist in civil society where there is an enormous variety of social innovation projects, which have arisen in the wake of acute problems derived from unemployment, school failure, integration, an ageing population and their impact on social security, housing, transport and access to energy sources.

Spotlight 3: Social innovation in the Basque Country, Spain

It is only in the more advanced regions around Spain that other forms of innovation have taken on greater significance within the political debate. In this sense, the Basque Country is a pioneer with regard to adopting the term “social innovation” and have included in their strategic plan important initiatives, such as Innobasque, the Basque Innovation Agency (which recently presented the Strategic

[16] https://www.innokyla.fi/about-innovillage accessed 17.01.2016
[17] As proposed by the National Centre for Research and Development (NCBR) and the National Science Centre (NCN)

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Plan for Social Innovation in Euskadi), commitment on the part of the city of Bilbao to establish a Centre for Social innovation (EUTOKIA) and a Social Innovation park in Bilbao DENOKINN.

Italy takes the EU definition as a working definition and the ESF operational programme for "Inclusion" 2014-20 is consistent with this approach – and also in a recent strategy for research and innovation. It is intended to support new models of social services along the lines of social innovation, with a central role for the social economy actors. However, given the great variability across regions (and local municipalities) with regard to the implementation of policies and the relative presence of SE actors, in practice examples of social innovation can be found at the local and regional level, thanks also to an increase of collaborations between public and private actors. The process follows typically a bottom up process, sometimes driven by the financial constraints of the public sector. In this respect, there is a possible tension between the experimentation of social innovative practices and their general implementation at a systemic level.

2.2.D Social innovation in Germany and the UK

As in the Netherlands, social innovation may also refer to workplace innovations in **Germany**, but is predominantly associated with social impact investing and social entrepreneurship. Drawing together the facets of various definitions of social innovation, the INNOSI partner Münster University defines it as new or newly configured institutions, regulations, and networks that have been implemented (1) consciously and (2) in a goal-oriented manner for (3) improving the functioning and the quality of social practices (4) under involvement of different actors from state, economy and civil society, (5) no matter if similar institutions, regulations, and networks were introduced already in another context (e.g. another country or area of life).

Social innovation in the **UK** is most widely used among start-up social enterprises and social impact investors. The Young Foundation describe it as "new ideas (products, services and models) that simultaneously meet social needs and create new social relationships or collaborations."[18] More broadly, we can see government attempts to facilitate social innovation in a variety of re-engineerings of the State, including 'payment by results', 'social impact bonds' and personal budgets, all of which have re-engineered the ways in which finance is distributed to achieve welfare outcomes. Considering the INNOSI-adopted approach to social innovation, Together for Children is a joint venture of Serco (private sector) and 4Children (charity) and supported local authorities in the set-up phase of Sure Start; it is also a substantial provider of nursery places.

[18] Murray, Caulier-Grace and Mulgan (2010) p.3 "The Open Book of Social Innovation", Nesta and Young Foundation, 2010.

3. Overview of country groups

As a reminder, this report seeks to assess the extent to which contemporary welfare reforms fulfil our three indicators of innovative social investment:

a) improve people's prospects for future employment and social participation over the life course = social investment
b) create new relationships between people and organisations across public, private and social economy sectors = social innovation
c) have identified long-term aims and the means of achieving them = strategic

In chapter 3, we do this according to two key policy areas for social investment: early childhood education & care (ECEC) and active inclusion in the labour market.

3.1 Early Childhood Education and Care

3.1.0 European context

Within the EC Social Investment Package, there was a specific Recommendation from the European Commission to Member States entitled "Investing in Children"[19]. A Commission Recommendation is a non-binding legal instrument which "allows the institutions to make their views known and to suggest a line of action without imposing any legal obligation on those to whom it is addressed."[20] It was the most politically significant of the documents of the SIP. The Recommendation sets out six horizontal principles to address child poverty and social exclusion. It has three pillars:

1. Access to adequate resources to support parents' labour market activation and provide for adequate living standards
2. Access to affordable quality services, including ECEC, education, health, housing, family support and child protection
3. Children's right to participate in play, recreation, sport and cultural activities and in decision-making that affects their lives

In addition, the Recommendation provides guidance on developing policy governance in this area and on the use of EU funds. The guidelines for ECEC within the Recommendation focus on accessibility for children from a disadvantaged background, support for parents as educators and raising awareness of the benefits of ECEC.

The EU also a parallel initiative specifically on ECEC[21] and predating the 'Investing in Children' Recommendation of the SIP. The Commission has set out the priorities for early childhood education and care – with the aim of improving access to and the quality of services from birth to the start of compulsory schooling. This initiative includes a target as part of the EU's annual education and training monitor[22] that at least 95% of pre-school children of four years or older should participate in early childhood education. The Commission issued a communication on ECEC in February 2011 which sets ECEC as "the essential foundation for successful lifelong learning, social integration, personal development and later employability." ECEC is seen as an instrument for later access to the labour market and to social cohesion. The communication covers access (universal and inclusive ECEC, efficient and equitable funding) and quality (curriculum, staff, governance). This communication was later endorsed by the Council (i.e. by the Member States).

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[19] http://ec.europa.eu/social/main.jsp?catId=1060&langId=en
[20] http://europa.eu/eu-law/decision-making/legal-acts/indexen.htm
[21] http://ec.europa.eu/education/policy/school/early-childhooden.htm?page=2&mxi=1, accessed 04.12.15
[22] http://ec.europa.eu/education/tools/et-monitoren.htm, accessed 04.12.15

3.1.A ECEC in Finland, Sweden, Netherlands

Finland offers universal ECEC for all pre-school children – this is legally enforced right. In case parents decide not to enrol their child(ren), there is a cash benefit called the 'home-care allowance'. Municipalities deliver 90% of all day-care themselves leaving only a small market share to non-State providers. Parents' fees contribute around 14% of overall costs, the rest being covered by municipalities. Some municipalities are allowing private day-care providers to operate and distribute vouchers to parents to purchase those services. The role of non-profits is restricted to a supporting role, e.g. Church-based NGOs and the Mannerheim League for Child Welfare[23]) offers extensive support services to families across Finland. Given the predominant role of municipalities, Finland is not a pioneer of the kind of social innovations which require close and equal collaboration between organisations from public, private and third sector; innovations are driven by municipalities. It seems that it is very much at the discretion of individual municipalities, but perhaps also parents seeking a choice of providers to open up possibilities for community-led innovation in this area.

As in Finland, **Sweden's** ECEC policy is also based on the role of municipalities. They have to provide a certain number of hours per week free-of-charge and there are additional State support for unemployed and low-income parents, including for childcare outside of normal hours. Social economy and private providers' role in ECEC has been growing since the 1990s from a low base, even in the face of public scepticism, to about 20% of childcare places (in 2013).[24] Today, their market-share is roughly equal and there are significant variations between municipalities. There are various examples of innovative social investment:

- Nacka municipality's voucher system whereby parents choose among providers based on an online information tool[25]
- The emergence of family health centres that promote wellbeing of very young children and their parents – it grew up from a movement of professionals and is now State-funded
- "Good parenting" project in Kronoberg county carried out in 2010-11 where municipalities collaborated with a regional university, regional authorities and civil society organisations[26]

In the **Netherlands**, specialised ECEC for children from a disadvantaged background is the preserve of the municipalities, whilst mainstream ECEC is mainly run by private companies; there is no mention of a role for the social economy. There is a State childcare allowance as in FI and SE but apparently no means-testing for access to ECEC. Participation in ECEC had been rising up to 2012, but various cutbacks led to the close of a large number of private providers thereafter.

3.1.B ECEC in Greece, Hungary and Poland

Hungary has been deploying EU Structural Funds to expand ECEC coverage, especially in disadvantaged regions. An alternative form of fee-charging ECEC has emerged in Hungary: the 'family day care home', alongside nurseries established by municipalities with over 10 000 population. Since 2009, Hungary has had an EU-funded Sure Start scheme that offer complex supporting services to children and families. Social economy organisations tend to be financially dependent on State funding – Hungary does not have a strong culture of charity, though NGOs do play an important role in some local initiatives, with State

[23] http://www.mll.fi/en/
[24] Skolverket (National School Agency) 2014. *Privata aktörer inom förskola och skola. En nationell kartläggning av enskilda huvudmän och ägare.* Rapport 410.
[25] Vinnova. *Innovativa kommuner: Sammanfattning av lärdomar från åtta kommuner och relevant forskning*. Vinnova Rapport, VR 2013:10. Available at: http://www.vinnova.se/sv/Aktuellt--publicerat/Publikationer/Produkter/Innovativa-kommuner/.
[26] http://detgodaforaldraskapet.se/om-projektet/.

funding and some public giving through the income tax system. The limited purchasing power of the population and the regulations on establishing ECEC structures mean that few for-profit companies are operating in the ECEC sector. Fewer than 10% of nurseries and just under 80% of family day care centres were.[27] There is also a serious risk that many services could close when EU funds are withdrawn in future.

In **Poland**, the policy of support for early childhood development is mainly financed from the central budget and local self-governments, with a limited role of social economy or for-profit providers. Most of the tasks are provided by municipalities supported by the central authorities (based on their guidelines. Municipalities can pursue their own ideas and decide on how to implement some solutions. The public sector regulates, controls and supports the provision of services in the scope of child care by social economy organisations, private (profit-driven) corporate organisations and individuals. Around 68% of the 1600 nurseries for 0-3s are run by non-State actors and around 36% of the 11000 kindergartens (3-6s) – most providers seem to be small private companies. In Poland there are no significant networks, partnerships and cooperation projects that would fit the INNOSI working definition of community-led social innovation, rather innovations have emerged out of EU-funded projects which have led to new professional roles such as day-time caregiver or family assistant. Social economy organisations cooperate with the public sector to support children and families, including to provide in-kind support and material aid.

Greece has no national strategic framework for tackling child poverty and social exclusion and for promoting children's well-being. Since 2006, consecutive governments in Greece have been increasing the provision of early childhood education and care services, confirmed by ECEC participation data. The financing has been heavily supported by EU Structural Funds, especially the programme for the "Reconciliation of Family and Professional Life" from 2011. Yet, affordable early childhood education and care services are still not widely available. Private nursery schools participate in the EU programme and are being financed by EU funds through the Municipalities. There are some initiatives of NGOs and foundations to support vulnerable children but these appear not to be coordinated with the EU programmes. To date there has been no government effort to design and implement any kind of comprehensive policy/intervention in the area of parenting services.

3.1.C ECEC in Italy and Spain

In **Italy**, the traditional weaknesses of the early-childhood education and care system (underfunding, low availability and access to care, territorial differences at regional levels) have not been ameliorated by the introduction of the SIP. To be noted is the increasing (albeit still very limited) use of welfare packages at company level which can provide also child care for workers' children. Government funding tends to be focused on low-income families and there is a tendency to privilege family benefits over targeted capacity-building services. There is a North/South divide in the role of non-State actors: the North tends to have a mainly public service of 0-3 ECEC services with a supporting role of the social economy, whilst for-profit providers dominate in the South. There is a State-funded universal pre-school for 3-6 year-olds. At national level, there has been a panoply of laws, funds and action plans but no stable national funding over time for 0-3 year-olds. There are targeted family services through the National Health Service. In view of the high degree of regionalization, there are various approaches that rely on a partnership between public authorities and social economy actors (e.g. Lombardia). The Con Il Sud Foundation is a collaboration between banking foundations and social economy actors and supports numerous social and cultural projects in the Southern regions.

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[27] *Szociális Statisztikai Évkönyv, 2013.* KSH, 2014.

In **Spain**, there has been a big push to expand ECEC coverage in both 0-3s and 3-6s age groups, as a result of the Barcelona targets and latterly the SIP itself. As a result of the Educa3 programme, nearly 100% of 3-6 year-olds are now in nursery and a rising percentage of 0-3 year-olds. The regions ("autonomous communities") have a strong role in setting priorities, quality and access criteria; the Basque Country and Catalonia tend to be in advance over others – also Aragón or Navarra placed a notable emphasis on the social investment agenda. There are major social economy organisations that provide services and campaign for policy reform, including criticisms of high cost of ECEC fees and low availability of places.[28] In a 2013 strategy for childhood and youth, the government wanted to see more companies certified as having family-friendly policies for staff.

3.1.D ECEC in Germany and the UK

Germany has had a significant East-West divide, with a very good level of ECEC coverage in the former GDR and undersupply in the West. There have been significant measures to equalize and since 2015, municipalities must ensure all children above 1 have access to a place 40 hours per week. Quality standards and implementation is the responsibility of the regions ('Länder'), who are also making efforts to expand the workforce and boost qualifications. Social economy organisations are the biggest ECEC provider and has seen an enormous growth level in the five years to 2015, compared to a small but growing market share for for-profit providers (around 3% market share today). There is also a federal programme for early assistance to children and families at risk, which is implemented by networks of municipal and social economy actors. Generally in **Germany**, there is a subsidiarity principle in welfare, which means that municipalities only implement services themselves if there is no social economy or private actor capable of doing so. There are various specific innovations funded by numerous foundations, as well as the central government and the regions. Among these are one focused on promoting science in ECEC[29] and a mixed finance kindergartens drawing on municipal funds, companies, crowdfunding and social impact investors. [30]

In the **UK**, mainstream ECEC coverage is dominated by (small) for-profit providers, with government subsidy for a limited number of hours per week for children over 3 years old. SureStart was launched in 1998 and driven by various public sector bodies, with parents on local SureStart boards. Overtime, it has been argued that SureStart moved away from its child development focus to a more mainstream childcare role; government cuts have also impacted on the extent of available services. The government has made attempts to support social economy provision of ECEC by providing grants for investment readiness. Big players include Serco (private sector) and 4Children (charity) who combined to set up Together for Children which supported local authorities in the set-up phase of Sure Start. 4Children is also a substantial provider of nursery places. There has been a trial of payment by results in SureStart centres but the evaluation cast doubt on the model due to the difficulty of assigning cause and effect.

3.1.E Conclusions: innovative social investment in ECEC

What emerges from the INNOSI profiles is a complex lattice of benefits and services for families and children in different circumstances. In some countries, the high degree of regional or municipal variation makes it difficult to present a single picture. The Finnish ECEC infrastructure is very different from the Greek, but in neither case is there a strong social economy presence. In two other mature welfare states there are also contracts: social economy actors have a strong and long-established role in ECEC in

[28] Later in the project, INNOSI partners intend to explore further the roles of the market share of social economy and private providers of ECEC services.
[29] Haus der kleinen Forscher, URL: http://www.haus-der-kleinen-forscher.de/en/
[30] Kinderzentren Kunterbunt, URL: http://www.kinderzentren.de/impressum.html

This project has received funding from the European Commission Horizon 2020 Programme Societal challenges: European societies after the crisis under grant agreement no. 649189

Germany, whilst in Sweden their role is growing. The SIP and other European guidance on ECEC does not take a strong view on the distribution of roles between the public, social economy and private sectors.

The reality is that it would require more detailed research to be able confidently to identify individual reforms that improve prospects, create new relationships and set strategic objectives. There are numerous smaller, municipal or regional projects which work across sectors and a systemically strong role for certain actors (be they social economy, private or public) in certain countries. It may be that when organisations become fixed in certain roles, it is very difficult to reorganise the pieces of the puzzle in a complex system. Sweden is seeing a gradual expansion of non-State provision of ECEC services whilst the UK has an intriguing example of cooperation between the public, private and social economy sector in 'Together for Children'.

3.2. Active inclusion in the labour market

3.2.0 European context

The European Commission's Active Inclusion Recommendation predated the SIP by five years, being released in 2008. It could be seen as an attempt to weave together the EU's social inclusion agenda with its Lisbon Agenda for Growth and Jobs – as it provided guidance on how to activate those furthest from the labour market into work. Like the Recommendation on "Investing in Children", it had three pillars[31]:

1. "adequate income support together with help to get a job. This could be by linking out-of-work and in-work benefits, and by helping people to access the benefits they are entitled to
2. inclusive labour markets – making it easier for people to join the work force, tackling in-work poverty, avoiding poverty traps and disincentives to work
3. access to quality services helping people participate actively in society, including getting back to work."

In 2013, the SIP followed up on the recommendation, urging governments to "speed up their implementation" and drawing attention to related problems of in-work poverty and disincentives to work – linked to tax and benefits systems. This paper also gave detailed advice for governments on how to boost inclusion, stressing a person-centred approach and support to employers and workers after a long-term job-seeker takes up a new job. The Commission also recommended making more use of the European Social Fund to help EU governments implement active inclusion approaches.

This EU initiative needs to be seen alongside others, including the European employment strategy, which goes back to 1992 and is now implemented through the annual European Semester cycle of policy guidance and reporting. The latest set of employment guidelines (March 2015) covers four areas[32]:

1. "Boosting demand for labour, and in particular guidance on job creation, labour taxation and wage-setting.
2. Enhanced labour and skills supply, by addressing structural weaknesses in education and training systems, and by tackling youth and long-term unemployment.
3. Better functioning of the labour markets, with a specific focus on reducing labour market segmentation and improving active labour market measures and labour market mobility.

[31] Bullet points taken from the European Commission webpage, accessed 29.12.2015: http://ec.europa.eu/social/main.jsp?catId=1059&langId=en
[32] Bullet points taken from the European Commission webpage, accessed 29.12.2015: http://ec.europa.eu/social/main.jsp?catId=101&intPageId=3427

This project has received funding from the European Commission Horizon 2020 Programme Societal challenges: European societies after the crisis under grant agreement no. 649189

4. Fairness, combating poverty and promoting equal opportunities."

Among these, the detail of the fourth guideline carries the main messages of the social investment package. This is significant because it means that the social investment strategy is adopted as part of the EU's overall strategy.

3.2.A Active inclusion in Finland, Sweden, Netherlands

The **Netherlands** has had a strong activating policy, having worked to combine social and unemployment benefits since 2004. The more recent Participation Act (2015) seeks to enhance labour market participation of people with disabilities, reducing reliance on sheltered work schemes and seeking to work more with employers to integrate people with disabilities into the workforce. Municipalities have the central implementing role. Even in the face of reduced budgets for activation since 2010, the Dutch approach creates incentives for municipalities to reduce the number of recipients of social benefits and greater responsibilities for recipients of benefits. Municipalities are able to purchase reintegration services from non-State providers.[33]

Finland has been moving in the same direction by adopting legislation in 2014 to allow the creation of one-stop-shops, in which municipalities, the national employment services and the social insurance agency work together. This has been difficult in Finland as there is a strong segmentation of roles within the public sector. There was also a more recent reform to incentivize municipalities to activate recipients of social assistance by shortening the period in which the central government would reimburse payment of those benefits. It sounds like the new government (elected 2015) is intending to introduce a role for the private sector (with those closest to the labour market) and social economy actors in a field which has been almost exclusively the preserve of the public sector. There have been some attempts to strengthen cross-sector collaboration in the Youth Guarantee. The social economy associations come in with food aid, clubs and peer support for job-seekers. It would be interesting to return to reassess the role of non-State actors in five years' time but it is marginal today.

Sweden can be seen as somewhere between Netherlands and Finland in terms of its emphasis on activation. It has also been tightening access criteria and cutting back on retraining and rehabilitation services. Sweden has repealed two reforms that other countries are now progressing:

- the central government has taken back management of employment activation and benefits from the municipalities in order to unify standards
- the labour market agency (LMA) ended a contract with private sector actors for mediation services following a negative evaluation.

Numerous work integration social enterprises (WISEs) are contracted to the LMA to support the integration of marginalised job-seekers. The ESF too is pushing for a stronger role for social economy actors so the new government is currently exploring this issue. It is also wanting to invest more in young people, migrants and long-term unemployed.

3.2.B Active inclusion in Greece, Hungary and Poland

An active inclusion strategy is still missing in **Greece**.[34] Before the public debt crisis in Greece, entitlement to unemployment and long-term unemployment benefits (separate) were insurance-based and very low. Even then, as few as 1 in 8 of the registered unemployed were entitled. Since the crisis, the benefits themselves and their duration have reduced significantly. There has been a big growth in social problems

[33] Later in the project, INNOSI partners intend to explore further the roles of the market share of social economy and private providers.
[34] Bouget, D., Frazer, H., Marler, E., Sabato, S. and Vanhercke, B. (2015) Social Investment in Europe: A Study of National Policies, Brussels: DG for Employment, Social Affairs and Inclusion, p.12

leading to what INNOSI partners called a "pauperization" of large parts of the population. The new Syriza government of 2015 has introduced free food vouchers for 300 000 people and subsidized electricity for the 30 000 poorest households. Under ESF funding, a minimum income scheme is being piloted in 13 municipalities and is tied to access to employment and social services – significant, given the low coverage of insurance schemes – however, its further and wider funding is not assured. The Manpower Employment Organisation (OAED), a government agency, runs numerous programmes to subsidise private sector jobs, community service work, entrepreneurial initiatives and (re)training programmes and commissions some services from private companies and enterprises.[35]

Hungary has undergone a radical transformation in the last five years since the Orbán government abolished unemployment insurance, tightened access criteria and reduced their duration. Nowadays 50% of job-seekers receive no unemployment benefits; there is also a major public work programme, in which job-seekers work in exchange for benefits – this is an increasingly heavy item in the government spending. This is part of a political drive towards a "work-based society", which is meant to be completed by 2018. The number of claimants and value of payments is decreasing steadily for social benefits. In Hungary, social economy is usually associated with social cooperatives[36] that receive ESF funding to deliver public work programmes.[37] The National Association of Social Cooperatives[38] and others[39] has heavily criticised social cooperatives within public employment, which it thinks is the total opposite of the original goals of the social cooperative movement.[40] So, Hungary comes out as a unique case where there is strong cooperation between the public sector and the social economy, but its content is controversial and has been criticized by the EU (see chapter 4 below). Private companies usually work as profit-oriented labour recruitment and temporary work agencies.

Poland's emphasis on active labour market measures has also been growing, but its primary focus is on income support. Cash benefits are mainly funded by the national insurance funds and complemented by funding from the local social welfare centres. The most recent reform of 2014 strengthened career counselling, (vocational) training, start-up finance, subsidized private employment, and public work schemes. Considerable actions are undertaken towards young and 50+ unemployed people - financing from the European funds is of paramount importance. The law allows for the commissioning of some services from social economy organisations and private companies.[41] Social economy organisations collaborate with the public sector (mainly municipalities) in the sphere of social welfare assistance and support for disabled people. On the grounds of the research studies run by the 'Klon/Jawor' Association in 2012 it can be concluded that there are slightly more than 100 000 non-governmental organisations in Poland, 16% of which operate in the sphere of social services and 7% of them in the sphere of the labour market, employment and professional activation (chiefly trainings, vocational courses, professional activation, organisation of internships).[42]

[35] INNOSI plans to do further work to access information about the extent of private sector and social economy involvement in OAED programmes.
[36] http://www.szoszov.hu/sites/default/files/letoltheto/deakdaniaelszocszov.pdf
[37]http://www.szoszov.hu/allasfoglalas-az-eu-szocialis-gazdasag-fejlesztesere-adott-forrasainak-magyarorszagi
[38] See the website of the Association with their mission and founding documents here: http://www.szoszov.hu/szovetsegrol
[39] Éva, Fekete and Katalin, Lipták (2014): Social cooperative from public employment (study) http://www.eco.u-szeged.hu/download.php?docID=40071
[40]http://www.szoszov.hu/allasfoglalas-az-eu-szocialis-gazdasag-fejlesztesere-adott-forrasainak-magyarorszagi
[41] There is no aggregate statistical data on participation of individual entities (including private units and social economy organisations) in the financing of these tasks.
[42] J. Przewłocka, P. Adamiak, J. Herbst (2013), Basic facts about NGOs - 2012 report, Klon/Jawor Association, Warsaw

3.2.C Active inclusion in Italy and Spain

In **Italy**, activation policies replicate the salient characteristics of its original welfare regime: widespread fragmentation, regional differentiation, weak attention to individual needs and weak or absent protection for temporary workers. The introduction of a wide-ranging labour market reform (Jobs Act) in Italy in December 2014 aims to reduce the segmentation of labour market, facilitating flexibility, improving participation and a better link between active and passive labour market policies. In this framework, the creation of a National Employment Agency is proposed to combine active services and passive benefits and overcome regional differences. As in Greece, there is a new pilot initiative on income support being implemented in 12 municipalities using a social card voucher system; further, the inclusion card is used in eight southern regions. Almost half (49%) of the 11 000 Italian social cooperatives are active in the "Economic Development and Social Cohesion" sector, which includes the job insertion activities.

In **Spain**, unemployment benefits fall under the social insurance system. Spending cuts due to the economic crisis have led to shrinking coverage and difficulty in allocating resources to activation policies. Reforms in 2012 led to cuts in spending, reduced benefits, stricter eligibility obligations and sanctions and the elimination of certain benefits, whilst further reforms of this kind were introduced in 2014. Several different programmes, some with ESF funding, target different sub-sectors of the unemployed and are administered by the autonomous regions. In most cases, the programmes both active and passive elements. It seems that the role of the social economy in service provision is strong in working with people with disabilities and in food aid. Otherwise, there are notable examples of a campaigning role, such as the Platform of People Affected by Mortgages, a civil movement directed at preventing evictions, that became commonplace following mass unemployment.

3.2.D Active inclusion in Germany and the UK

Active inclusion in **Germany** began with the "Hartz" concept of 2002 and involved the merger of unemployment and social insurance followed by reforms to integrate access to benefits with activation services through new local structures, "JobCentres", run by municipalities or in some cases by municipalities in partnership with the Federal Employment Agency.[43] In all cases, there are difficulties in delivering services in the context of municipal debt and professional and inter-departmental barriers. Private organisations and nonprofit organisations can offer social services for unemployed and get paid from the FEA, e.g. with a placement voucher. In most cases, social economy organisations are commissioned to provide welfare services to support employment services as Germany adopts a subsidiarity rule, whereby the municipalities can only provide services themselves if others are not capable to do so. A study of Mueller et al. (2013)[44] found that about 7 out of 200 innovative social entrepreneurs in Germany focus on labour market integration and are finding new ways to close the gap between supply and demand or offer services for urgent unmet social needs.

In the UK, there are various benefit regimes for people in different circumstances and these are meant to combined into a single system over the coming years called "Universal Credit". People go to a local JobCentrePlus (overseen by a national agency) to apply for the unemployment benefits and have work assessments. The most prominent part of the UK's 'active labour market policies' is the Work Programme, to which job-seekers are referred from JobCentrePlus. This is a 'supply-side intervention', in that it aims to help individuals to find work and does not attempt to stimulate demand for labour. The Work Programme is delivered by a series of large private companies ("primes") commissioned by central government; those

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[43] Bundesagentur für Arbeit: Gebietsstruktur der Grundsicherungsträger SGB II, URL: http://statistik.arbeitsagentur.de/nn_10278/Statischer-Content/Grundlagen/Regionale-Gliederungen/Gebietsstruktur-Traeger-Grundsicherung/Gebietsstruktur-Traeger-Grundsicherung.html.

[44] Mueller, Susan; Lurtz, Kathrin; Rüede, Dominik; Kopf, Hartmut; Russo, Peter (2013): Mechanismen Sozialer Innovationen I: Entstehung, Entwicklung und Verbreitung. Oestrich-Winkel: World Vision Center for Social Innovation.

primes may subcontract other private or social economy actors to deliver activation measures. Of the delivery organisations working directly with the unemployed, around 50% were third sector (social economy), 25% each were public or private sector organisations. The Work Programme might appear to be a top-down model but it leaves significant space to "primes" to design activation programmes.

3.2.E *Conclusions: innovative social investment in active inclusion*

In the active inclusion policy area, policy and financing instruments are based to a large extent on entitlement to benefits that are paid out by the government. Some complementary services like food aid are organized by the social economy or private sector role in temporary work agencies. Probably the best known form of collaboration are the work integration social enterprises, in which people furthest from the labour market, gain a sheltered and subsidized job. The extent to which WISE schemes concretely improve people's prospects to progress into the primary labour market is contested; there are also situations of disability or illness where this may not be appropriate. It has been difficult to identify reforms which obviously fulfil all three INNOSI requirements. This is largely because of the apparently limited extent to which such reforms create new relationships across the public, private and social economy sectors.

The story of reforms within labour market activation seems to be more about creating new partnerships between different actors in the public sector. Those reforms in DE FI, NL (and in different ways) SE and UK appear to correspond with the INNOSI criteria for 'innovative' social investment: (1) to strengthen human capital – by offering training & support alongside essential cash benefits; (2) to build new relations between people, organisations and sectors – by combining different public services, though with limited private sector or social economy involvement; and (3) to meet agreed objectives – i.e. to reduce unemployment. In those countries, active inclusion is consistent with the current policy system; there is then a secondary question about the efficacy of those programmes. In the other INNOSI countries (ES GR HU IT PL), active inclusion reforms have not been introduced at strategic national level, but regional or EU-funded programmes do contain elements of active inclusion. This raises interesting questions about whether there is inherent value in cross-sector collaboration, e.g. a strong involvement of social economy actors.

4. Impact of EU policy & funding (Europeanisation)

4.0 Europeanisation

In political science, Europeanisation is understood to be "change within a member state whose motivating logic is tied to a EU policy or decision-making process"[45]. What interests us in this section is how far EU policy and funding are instigating national welfare state transformations. What emerges here is different 'vectors' of EU impact arising from:

- EU guidance in order to achieve EU membership
- EU guidance as a result of Eurozone membership, i.e. the need to reduce "excessive deficits" (constraining resources available for social investment)
- The requirements of the Memoranda of Understanding which set out the conditions of the financial assistance from the EU and IMF, notably to Greece
- The country-specific recommendations (CSRs) issued by the Council of the EU to a Member State within the European Semester

[45] Ladrech, R. (2010), "Europeanization and national politics", Palgrave Macmillan

- Soft influence of collective European policy thinking (e.g. Social Investment Package) and mutual learning
- The priorities of the EU structural Funds in order to agree European Social Fund operational programmes
- Transposition of EU legislation into national law – e.g. through employment law

The EU is a complex political system, in which Member States – and subnational government, social economy and commercial actors – are not only influenced by the EU but also influence it – and through the EU law-making, funding and coordination, influence each other's welfare systems.

4.A EU impact in Finland, Sweden and the Netherlands

In the **Netherlands**, government policies are seen as consistent with overall EU policy orientations as set out in the Europe 2020 Strategy. There has been no special effort to adapt to the recommendations of the SIP package specifically in 2013. It is reported that the National Reform Programme 2014 was drafted following consultations with stakeholders including from the social economy. In 2015, the EU made three country-specific recommendations with regards to social investment: These are in the areas of: investment in innovation, housing and pensions. The Commission sees a challenge for the Netherlands in maintaining its welfare state and recommends "a regulatory framework that supports growth and investing in research, innovation and education".

In **Sweden**, some of the government's policy initiatives to promote employment may be traced back to EU recommendations. Sweden's 2013 National Reform Programme cites the influence of EU recommendations on tackling long-term unemployment among vulnerable groups. In the area of ECEC, the SIP's recommendation "Investing in Children" appears to have nudged the government to increase spending on family centres. Two ESF projects on tackling early school-leaving are cited. Since 2013, there have been a series of CSRs relating to labour market integration of young people and people with a migrant background. In 2014, there was a recommendation to increase outreach and early intervention with people not registered with the public services.

In **Finland**, brings a different perspective and cites the impact of the EU's stability and growth pact and the single currency as reducing the funding available for the welfare state. It also sounds a note of caution about the potentially adverse impact of a growing convergence in social policy: that it might weaken the Finnish social benefits and services, seen as more extensive than in many other countries. The Finnish ESPN report had pointed out two problems in advancing the SIP: (1) lack of coordination across the system and (2) the time horizon of decades for return on investment in human capital reduces political impact. Recent CSRs to Finland have been issued on reducing long-term incapacity pensions; increasing the efficiency of municipal social and health services whilst preserving quality; promoting job-relevant skills among young people, older job-seekers and the long-term unemployed.

4.B EU impact in Greece, Hungary and Poland

The ESF is highly relevant in all three countries but the SIP itself tends to be unknown beyond expert circles. **Greece** is in a unique situation because of the EAPs negotiated with the EU and IMF. There seems to be little pressure from European institutions for adopting a social investment approach. After the last bailout agreement in August 2015, the EU is going to fund Greece with about €35 billion to confront unemployment.[46] There are plans to utilize some of the primary budget surplus as a 'social dividend' to

[46] See: http://ec.europa.eu/social/main.jsp?catId=89&langId=en&newsId=2273&furtherNews=yes.

provide emergency financial support to the more vulnerable groups in society.[47] The new[48] coalition government's ambition was to alter the policy directions and constraints imposed by the fiscal consolidation programmes, and replace them by an approach that would focus on the protection of the most vulnerable groups (and the society at large), but this has proven impossible to achieve at the desired scale in negotiation with the creditors.

For **Poland**, EU accession was seen as a widespread positive influence in developing the welfare state and securing significant investment in the country, especially in reducing regional disparities in infrastructure. The European Commission concluded that Polish policy is not consistent with its 2008 active inclusion recommendation on various criteria, suggesting a low impact of this fore-runner to the SIP itself. Nowadays, the (previous) Polish government appeared to be making a renewed effort to respond to the SIP with its "National Programme for combating poverty and social exclusion. A new dimension of active inclusion", which considers some dimensions of social investment in children and young people, older people and those in vulnerable housing as well as structural changes to welfare state system.

The EU's influence on **Hungary** comes through the Europe 2020 strategy and specific ESF programmes rather than the SIP, which was rejected by the government in a 2011 speech by the President in favour of a 'workfare society'. In 2015, the EU issued a recommendation against the public work programme, judging it of "bad efficiency and lack of results" and noting that its budget has now reached 0.8% of GDP and could double again up to 2018. The Hungarian government rejects this CSR whilst accepting two others on reducing early school-leaving and improve labour market transitions for young people.[49]

4.C EU impact in Italy and Spain

Spain's entry into the EU and EMU were determining factors in welfare state. Social investment was promoted by the EU in Spain, but not as strongly as fiscal consolidation and the last centre-right government shared this approach. Nonetheless, the increase in the number of children 0-6 years old attending ECEC seems to be the most significant instance of EU influence. The common pattern with both social movements (outside the political arena) and policy in recent years in Spain is that it has been governed by EU guidance, and that institutions at all levels have followed the lead of the EU Commission to a greater or lesser extent, just as they have done with the Troika in economic terms. In this sense, neither social investment nor social innovation are spontaneous movements that respond to a social need, but rather respond to economic incentives from the EU. There are CSRs relating to the excessive deficit procedure; improving cost-effectiveness of health care; improve quality of public employment services; fostering inter-regional mobility; and streamlining aid to families.

Since the sovereign debt crisis of 2011, **Italy** has followed a strict macro-economic adjustment path according to the requirements of the stability pact which has implicitly dictated the welfare agenda. The centre-left Renzi government has followed the EU guidelines closely since taking office and introduced a Jobs Act and School Reform accordingly. The ESF Operational Program "Inclusione" will contribute substantially to meeting EU and national targets on poverty reduction. Planned investment includes an experimental minimum income support scheme (as in Greece), better quality and standards in the

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47 "The amount [was] paid out as a one-off benefit (€500 for a single person). The annual income for beneficiaries [should] be less than €7.050 while for a family with two children the income should be less than €11.750.
Additionally, full exemption of the new single property tax (ENFIA) [was] granted to families with three children and large families, based on specific criteria. See: http://europa.eu/epic/countries/greece/index_en.htm.

48 After the national elections on January 25th, 2015.

49 "Among the nation specific economic policy protocols prepared by the European Commission there are two, which Hungary can not accept, one is regarding the public employment program, the other is regarding the suggested budgetary adjustment – stated president Viktor Orbán in a press conference after summit of the Heads of State or Government." (26. June 2015)
http://www.miniszterelnok.hu/cikk/magyarorszag_ket_orszagspecifikus_ajanlast_nem_tud_elfogadni

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provision of social services, and specific measures aimed at Roma and the homeless to put them on pathways to autonomous lives. CSRs to Italy include those that led to school reform and the new Jobs Act.

4.D EU impact in Germany and the UK

EU guidance on welfare state reform can be understood as complementary to **German** approaches, but of limited direct impact. The predominant topic in the country is the qualitative and quantitative upgrade of childcare, more efficient and effective active labour market integration for people with special needs – consistent with the SIP but not driven by it. In some cases, the German government has rejected EU recommendations: marriage incentives relating to taxation and health insurance among others. The European Commission is concerned about the consistently high structural long-term unemployment in Eastern Germany and suggests more individualised support including continued assistance following placement in a job. In addition, the Commission suggests more efforts in improving the educational achievement of disadvantaged people, particularly migrants, young people with special educational needs and disabled persons. More broadly, the Commission regrets the relatively low rates of government investments on federal, state and municipal level and suggests strengthening growth in Germany, but is not clear whether this refers to social investment. Most German regions use ESF for labour market activation to a large extent, except the very wealthiest.

The **UK** has tended to sceptical about EU competence and influence in welfare policy and has in the past resisted some aspects of EU social policy. There is some degree of influence on the welfare state from EU employment legislation and the free movement of workers, both by direct legislation and by rulings of the European Court of Justice. In the NHS, the Working Time Directive has been a subject of long-standing controversy. It is very noteworthy that 10% of NHS staff are from European Economic Area (EEA) countries. In the health area, many pieces of EU legislation would “closely mirror what would have been done at the UK level anyway”.[50] The impact of free movement of EU citizens persons on local communities, schools, healthcare and housing has been a controversial topic but hard to quantify. It is estimated that there are 1.4m British citizens living in other EU countries, who are also working and accessing health services and benefits.[51] The UK will receive around €10bn (ca 0.1% of GDP) from the ESF and ERDF for the 2014-20 funding period, meaning a small footprint of EU funding for social investment, but potentially some innovative local projects that would not otherwise have been implemented.[58] The EU has issued CSRs to the UK on addressing youth unemployment, skills mismatches and quality ECEC.

4.E EU impact on social investment policies

It is probably fair to say that the impact of EU policy and funding has been strongest in Member States with less developed welfare states and those that are most dependent on EU funding – be it through the ESF or the Economic Adjustment Programmes. EU impact on welfare states in Greece, Hungary, Poland, Italy and Spain is more pronounced than it is in Finland, Germany, the Netherlands, Sweden and the UK much less so – or rather in more specific ways. That said, Finland and the Netherlands recognise an indirect EU impact through Eurozone membership and fiscal consolidation.

[50] HM Goverenment (2013) “Review of the Balance of Competences between the United Kingdom and the European Union Health” p40
[51] Ibid. p48

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5. Future policy directions (Pathways to Impact)

The present report and other deliverables from INNOSI Work Package 7 contribute to laying the ground for knowledge mobilisation, i.e. utilising research findings to influence policy-making towards innovative social investment. This is at the heart of the design of the INNOSI project, whose consortium is built around academic and impact partners in each country and at EU level. Emerging research from WP2-6 will all be used by impact partners during knowledge mobilisation work: WP4 findings are particularly important. Impact partners and the WP7 lead partner will identify research findings with impact potential and, working with the research partners, 'translate' findings into materials that are meaningful to policy-makers and other stakeholders. Impact partners will use their experience of shaping and delivering social welfare policy to take a leadership role in knowledge mobilisation, in forming productive partnerships with public, third and private sector stakeholders and in working closely with social entrepreneurs and early adopters of policy innovation.

Our starting point for generating pathways to impact is to recognise that there are different types of non-academic impacts (Nutley et al. 2007):

1. *Instrumental use*: direct impact of research on policy and practice decisions. Instrumental impact will be measured by the take-up of specific innovative ways of implementing and financing social welfare systems
2. *Conceptual use*: research changes ways of thinking, alerting policy-makers and practitioners to an issue or playing a more general 'awareness-raising role'. Conceptual impact will be measured by the level of engagement by different groups of stakeholders with the impact process
3. *Capacity-building*: education, training or even development of collaborative abilities will be measured by engagement of different stakeholder groups with the outputs produced during our foresight work (WP6) and our dissemination work (WP8)

From the outset of the project, we envisaged four main challenges to achieving the impact described above as follows:

- *Regional variation*: Many different innovative ways of implementing and financing social welfare systems are possible and how appropriate and effective they are will depend on the current welfare regime in different countries and on regional variations in welfare policy implementation within countries. The key implication for our project is that for effective impact we will need a range of innovative ways of implementing and financing social welfare systems to appeal to a wide range of policy-makers and stakeholders in different European countries.
- *Wide range of potential stakeholders*: Stakeholders will include national and European-level policy-makers and third and private sector organisations across Europe who currently or who might in the future be involved in implementing and financing social welfare systems. The key implication for our project is that sustaining a dialogue with such a large and diverse group will be challenging but is essential to achieving 'conceptual impact'.
- *Relevance*: There is an extensive literature on knowledge mobilisation that consistently shows that there is no guarantee that even methodologically robust and clearly documented research findings will influence policy and practice. There are many potential barriers and obstacles to knowledge mobilisation including the competing claims of different types of (non-research) knowledge, types of research utilisation, models of process, implementation interventions and conceptual frameworks (for a discussion of these dimensions see Nutley et al. 2003). The key implications of this for our project are that research must be translated and that translation should involve research and policy intermediaries.
- *Timeliness*: The social welfare policy environment is fast moving, influenced as it is by changing demographics, the economic situation and political trends in Europe and beyond. Innovations in social welfare that look promising now, may not be useful in 5 to 10 years' time.

Given the findings from the present analysis of public policy directions, we would now add four further challenges:

- *Fiscal consolidation/austerity*: virtually all EU countries are to some extent affected by the need to reduce spending and tackle debt – not just at national/federal level but also in regions and municipalities. This means that knowledge mobilisation will have to make a convincing case that new approaches are an investment in future growth and cohesion rather than merely an expense.
- *Social economy/private sector capacity*[52]: some INNOSI partners reported weaknesses in the capacity of the social economy sector (e.g. GR, HU, IT, PL) even if they also saw potential for a greater deployment of such organisations; others highlighted the difficulties for private companies of operating sustainably in a fractured market with wide variations between municipalities and regions or of providing fee-charging services to people with a low income (e.g. HU, FI) – this may mean that the ideal of community/citizen-led initiatives is difficult to achieve in practice.
- *Modalities of partnerships*: building new relationships between organisations in different sectors can be very challenging in terms of legal contracts and financing; this is clear even when creating new forms of joint working within the public sector.
- *Politics*: the point of time within the electoral cycle, the political colour of the government, the views of individual politicians must all be considered in the potential to create impact (see below).

It is clear from these challenges that the allocation of resources in WP7 will have to be carefully decided to maximise impact of the research findings in political contexts which are likely to be the most open.

The following is a simple overview of the different political situations at national/federal level and any welfare reform indications that have been given by INNOSI partners:

	Country (last election)	*Current government*	*INNOSI case studies*	*Potential reforms*
Group A	Finland (2015)	Centre-Finns-Nat Coalition Part coalition (PM: Juha Sipila)	Youth Guarantee; Community services in Kainuu	Stronger drive towards active labour market policy Opening up employment service to non-State service providers Involvement of public, social economy and private sector actors in implementing the Youth Guarantee
	Sweden (2014)	Social Democrat-Green minority coalition (PM: Stefan Löfven)	Integration of adult migrants; School reform for adult migrants	Further expansion of non-State actors in ECEC Access for social economy actors to municipal social investment funds Potential impact on policy for integration of refugees
	Netherlands (2012)	VVD/PvdA coalition (PM: Mark Rutte)	'T Groene Sticht mixed community; Urban farming initiatve	Large-scale devolution of welfare responsibilities to the municipalities Stronger activation of people with disabilities through the new Participation Act (2015) EU Presidency Jan-Jun 2016

[52] This report has not considered the capacity/performance of social economy organisations and private companies in detail as this was the preserve of Deliverable 3.2 and 3.3

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	Country (last election)	*Current government*	*INNOSI case studies*	*Potential reforms*
Group B	Greece (2015)	Syriza and Independent Greeks (ANEL) (PM: Alexis Tsipras)	Work experience for low-skilled youth Women's participation in trade unions	Implementation of the reforms under the Economic Adjustment Programme 2015 Syriza desire to tackle humanitarian crisis
	Hungary (2014)	Fidesz-KDNP alliance (PM: Viktor Orban) with two-thirds majority	Integration of Roma children in school Social land programme	EU recommendation to eliminate the public works programme and involvement of social economy (politically sensitive)
	Poland (2015)	Law and Justice (PiS) (PM: Beata Szydło)	Community activation of older people Active inclusion initiative	New priorities unclear; requires discussion with partners
Group C	Italy (2014)	Multi-party coalition led by Demoratic Party (PM: Matteo Renzi)	Integrated ECEC in Emilia-Romagna; Individual care plans in Sardinia	Implementation of the Jobs Act and the School Reform Also requires work at regional level to assess impact potential
	Spain (2015)	Elections held on 20 December – government to be formed	Tackling energy poverty through cooperatives; Youth employment	New priorities unclear; requires further discussion with partners, also working in one of the regions that is open to innovative social investment
Group D	Germany (2013)	Christian-Democrats/CSU (PM: Angela Merkel)	Leave no Child Behind; Reintegration of Young Migrants	Main reforms already underway – ECEC. Potential impact on policy for integration of refugees Election due in 2017, potential to influence next manifestos Also look at regional levels
	UK (2015)	Conservatives (PM: David Cameron)	Work Programme; Troubled Families	Delayed reform of long-term care to 2020 Further development of social impact investing (G8 agenda and EU Presidency) Evaluation of the Work Programme and Troubled Families
EU	Commission and Parliament (2014)	Centre-right majority (Jean-Claude Juncker is EC President)	N/A	Mid-term evaluation of Europe 2020 Strategy New priorities for ESF after 2020 EU Presidencies for conceptual use of findings: Netherlands Jan-Jun 2016; Slovakia Jul-Dec 2016; Malta Jan-Jun 2017; UK Jul-Dec 2017.

6. Conclusions

As a reminder, this report has sought to assess the extent to which new directions in welfare reform:

a) improve people's prospects for future employment and social participation over the life course (social investment)
b) create new relationships between people and organisations across public, private and social economy sectors (social innovation)
c) have identified long-term aims and the means of achieving them (strategy)

This report has reviewed the extent to which these characteristics are present in current welfare reform trends. In section 3, we do this according to two policy areas: early childhood education and care; and active inclusion in the labour market.

In terms of **(a) improving prospects**, the real value of welfare state reforms is not simply economic, in the narrow sense of meeting economic indicators. It is revealed in the ways in which it changes the lives of people and families – and transforms communities. At national and international level, economic justifications of social investment reform agendas appear to weigh more heavily than societal ones. This could be detected in the approach of the ESPN report, which is built around enabling parents to access the labour market through ECEC and long-term care provision of their younger and older dependents. Yet, such provision is justifiable as much in terms of its benefits (if well-designed) to those dependents as to the (potential) working-age population, which would otherwise perform caring roles. One of the overall INNOSI project aims is to investigate the social and psychological impacts of welfare reform, a dimension that is not well-considered in current policy debates.

National governments tend to make choices about which population/age segments they spend most on. Italy could be been criticised for privileging expenditure on the older population over children and young people. Likewise, criticism could be made of GR, IT, ES, HU and PL governments for focusing more expenditure on compensating benefits (for certain conditions/circumstances) rather than capacitating services of counselling, rehabilitation or training. Some governments have pursued extensive reforms that focus now on ECEC (more recently DE, ES) or in the past (HU, UK). Others have sought to bring together benefits and labour market services in systematic and nationwide reforms (FI, NL, DE).
National governments tend to have responsibility for regulating universal benefits whilst regions and municipalities tend to manage the capacitating social services. One could hypothesise that national governments are more conscious of the economic rationale of social investment whilst regional and local governments and social economy organisations focus more on the social impact – this would correlate with their respective responsibilities.

Any welfare state reform may (a) improve prospects and (c) be strategic but not **(b) create new relationships**. Some may be entirely led by public sector actors, with limited social economy or private sector engagement. It also could be that such reforms are delivered through existing relationships and are effective. Considering the large-scale ECEC and active inclusion reforms outlined in this report, those reforms have mainly relied on existing forms of relationships, perhaps with the exception of the UK. It is interesting to see a country like Sweden with its strong public sector, over time expanding the role of non-State actors with a tendency towards stronger formalisation. In a number of cases of active inclusion reform, there have been concerted efforts to break down barriers within the public sector. Given those difficulties, it may not be realistic to expect a rapid and radical redistribution of responsibilities to social economy organisations and private companies.

It is worth recognising that some there are also complex relationships within the public sector and that some reforms affect those. In some countries, the role of regions is very pronounced (IT, ES, DE to a degree, UK through devolution) such that there is no longer a single welfare state but multiple welfare

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regions in which ECEC and active inclusion services (rather than benefits, which generally remain nation-wide) are designed differently and with different levels of funding. In other places, there is a privileged role of social economy actors (DE), just as in Sweden, the municipalities are very powerful. There are gaps between the conceptualisation of social investment in national policy (where present), the academic discourse and implementation at regional and local level. There are other gaps that emerge in particular countries from the reading of the INNOSI profiles: an implementation gap (GR, IT); a gap between certain regions that are more advanced than others and than national governments on social investment (ES, IT).

There is a distinction between well-established models of public-private-social economy cooperation (e.g. public procurement, State aid, concessions) and new models of cooperation (e.g. payment by results, social impact bonds, social impact investment). The legalistic formalisation came in with new public management from the 1980s onwards; in some regions, there is less formalisation even today. In regions of Italy and Spain, banks and foundations with their origins in the social economy have long been funders of welfare programmes. The newer models of those relationships are emerging in some parts of Germany and the UK, yet we would estimate the economic value of the newer models is marginal compared to the core welfare state. It remains to be seen which if any of the newer models will in time become part of the welfare state mainstream, in the way that public procurement is now. It is true that to an extent social innovation practices are being to contribute to welfare state reforms, but generally at the margins in particular initiatives. The uptake of those occasional innovations at a system level is not well advanced. However, many researchers and stakeholders do see potential for greater use of social innovation to drive welfare state reform and are looking for ways to achieve this. The user voice is not present in welfare state reforms but could contribute significantly to the reform agenda.

Do welfare state reforms tend to be **(c) strategic – have identified long-term aims and means of achieving them**? We would argue that wide-scale reforms to ECEC and active inclusion have identified aims and means – on this criterion as in (a) improving prospects, policy evaluation is of vital importance. With major welfare state reforms, it can take many years to fully implement and even longer to (dis)prove their effectiveness: did the identified means actually achieve the long-term aims? That is beyond the scope of this report but is the focus of further research within the INNOSI project. Overall, the role of social innovation in shifting welfare states towards social investment is still marginal but has significant potential. It may require a more pro-active and widespread endeavour by governments to stimulate innovation (as in DE, SE, UK) and substantial efforts to identify and upscale innovations that prove effective (as in FI). Europe is certainly not short of long-standing and emerging societal challenges to address through welfare state reforms that seek to improve people's prospects for employment and social participation over the life-course.

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APPENDIX 1: Template completed by each academic partner (some additional context and guidance on how to complete the template has been omitted).

A) Social Investment context

A1) What is the working definition of Social Investment within national context – (maximum of 250 words).

A2) What are the origins of the Social Investment agenda in the Member State? For instance, when did the concept enter national/regional politics (periods of welfare reform over the last 20 years, specific legislative cycles, is it associated with a particular ideological position(s) and/or political party)? (300 words)

A3) What is the working definition of social innovation within national context? (maximum of 250 words)

A4) Is the concept of social economy developed by CIRIEC (see attachment of Uni Bo) generally recognized in your country, particularly in the context of the social investment debate? If it is not, please write down the concept or the definition that is most broadly used for the mix of actors (100 words).

A5) What are the principle differences and commonalities between Social Investment and Social Innovation in your national context? (300 words)

B) Social Investment policy

For each of the following policy areas,

B1) Support for early childhood development
B1a) Early childhood education and care
B1b) Family benefits
B1c) Parenting services

B2) Support for parents' labour market participation
B2a) Enabling parents, labour market participation through care provision for dependents and parental leave
B2b) Long-term care
B2c) Maternal/paternal/parental leave schemes

B3) Policy measures to address social and labour market exclusion
B3a) Unemployment benefits
B3b) Minimum income
B3c) Active labour market policies
B3d) Social Services for the persons seeking employment (e.g. social housing, mental health provision, disability support)
B3e) Old age, disability and survivor

B4) One other social investment area relevant to national context
Partners may identify one other area of social investment that, in their judgement, would add value to the INNOSI project. If partners are proposing a case study that does not fit with the policy areas covered in B1 – 3 then this policy area should be covered in B4.

For each policy area please complete the following sections:

Describe current main policy initiatives in this area (400 words)

Describe legislative and/or regulatory framework (200 words)
(e.g. a social investment duty placed on each of the Financial Conduct Authority and the Prudential Regulation Authority to encourage sensitive regulation)

Describe financial framework (200 words)
(e.g._the rules governing financial promotions are reformed to take account of investors who invest with social or philanthropic motives, crowdfunding and peer-to-peer lending.)

List the predominant actors by differentiating between governmental, private-commercial and nonprofit-actors and give a short description of their interaction. Please use the categories regulation, financing and implementation for your description.

Describe significant regional variation in social investment policy (200 words)

Describe whether, and if so how, social investments are discussed as an approach for the realisation of gender equality? (100 words)

Are you aware of any evaluations of social outcomes, social returns and effectiveness of interventions carried out (see attachment n.1)? Please describe and add links if available (max 100 words).

Please complete the following SWOT Analysis charts. Indicate for each of the following themes the main Strengths / Weaknesses and Opportunities / Threats present in your Country as summary for the above policy areas.

SOCIAL INVESTMENT

STRENGTHS	WEAKENESSES
1) 2) 3)	1) 2) 3)
OPPORTUNITIES	THREATS
1) 2) 3)	1) 2) 3)

SOCIAL ECONOMY

STRENGTHS	WEAKENESSES
1) 2)	1) 2)

3)	3)
OPPORTUNITIES	THREATS
1) 2) 3)	1) 2) 3)

SOCIAL INNOVATION

STRENGTHS	WEAKENESSES
1) 2) 3)	1) 2) 3)
OPPORTUNITIES	THREATS
1) 2) 3)	1) 2) 3)

D) European dimension

The InnoSI project is being conducted thanks to EU funding and in the context of an EU policy agenda that is encapsulated – but not limited to – the contents of the European Commission's Social Investment Package of 2013.

D1) What has been the general influence of EU policy & funding on the national welfare state? (300 words)

D2) What has been the impact of the Social Investment Package been since its launch in 2013 – both on actual policy change and on ongoing debates about the future of the welfare state? Please pay particular attention to EU policy guidance in early childhood development, active labour market policy and long-term care. (300 words)

D3) Are you aware of any EU-funded employment or welfare programmes that could fit the description of 'innovative social investment', e.g. through the European Social Fund or other EU Structural Funds? Please specify these programmes and provide links to further information (200 words)

D4) Within the EU policy coordination process of the European Semester, what, if any guidance with relevance to 'innovative social investment' has been given to your country in the EU's country-specific recommendations and country reports? (300 words)