



# EUROPEAN POLICY BRIEF

## SOCIAL INNOVATION IN POVERTY REDUCTION AND SUSTAINABLE DEVELOPMENT



This policy brief is an initial summary of some of the main issues in the policy field of Poverty Reduction and Sustainable Development (hereinafter referred to as PRSD) midway through the research being undertaken by SI-DRIVE. It briefly examines the main challenges of PRSD, the social innovation practices in this context, the drivers and barriers involved in relation to both current and future developments, as well as outlining policy issues and providing policy recommendations. Active participation from eleven countries has contributed to this policy brief: Denmark, Chile, China, Colombia, Croatia, Egypt, India, Italy, South Africa, Turkey and the UK. All have also contributed material from a large number of other countries, resulting in a relatively robust global perspective.

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### INTRODUCTION

Poverty is herein defined as having an income lower than an absolute minimum or as being insufficient to enable individuals or groups to participate in a normal way in society, leading to various forms of exclusion, vulnerability or marginalisation. Whilst global poverty has decreased, it is rising in Europe and the gap between the highest and lowest income groups is widening everywhere. Research by the IMF, the OECD and the EC show conclusively that this is both socially and economically damaging to everyone, including those on high incomes. PRSD social innovations are typically bottom-up, small scale and highly local and contextualized, at least initially. All United Nations member countries agreed in 2015 to a 15-year strategy to tackle these challenges through sustainable development to meet the needs of the present without compromising the needs of future generations. A huge number of initiatives around the world are successfully using social innovation approaches to meet these needs, even though most do so without using this term.

#### ***European and Global Challenges***

Global sustainable development challenges are multi-dimensional with most vulnerable people experiencing deprivation across many areas of their lives. These include lack of adequate income,

hunger, little or no education, healthcare and jobs, as well as often poor or even dangerous natural and man-made habitats and energy sources. Women and girls, as well as minorities, are sometimes doubly or even multiply marginalised through traditional practices and even legal constraints. Public goods and services are often in short supply and of low quality, and the market may be weak or dysfunctional. Climate change is now starting to compound many of these problems, adding to deprivation and increasing migratory pressures. The UN recognises that to achieve sustainable development, innovative shifts are required which focus on the participation and inclusion of people, partnerships amongst all actors, gender responsiveness, the use of new technology, and improvements to risk and disaster management. In part as a result of SI-DRIVE, social, inclusive and frugal innovation is now becoming explicitly embedded in the development of UN policy and practitioner discourses related to the public and other services needed to support the 2030 Sustainable Development Goals.

In Europe, relative poverty often leads to social exclusion, pushing people to the edge of otherwise prosperous societies. This makes them vulnerable because they lack sufficient resources, are at risk of debt, suffer poor health and experience educational disadvantage, poor working conditions and inadequate housing. The fight against poverty and social exclusion is at the heart of the Europe 2020 strategy, where the aim is to target these challenges through growth and employment as well as modern and effective social protection.

## EVIDENCE AND ANALYSIS

SI-DRIVE has found that social innovations in support of PRSD are typically undertaken by collaboration with non-mainstream actors, bound together by a common vision of inclusion and solidarity. This extends to the people actually experiencing poverty and exclusion, so their inclusion is vital. This also helps to prioritise the coordination and integration of initiatives, given that vulnerable people typically experience multiple deprivation challenges that single sector or actor interventions can often exacerbate rather than ameliorate. Success is thus often cross-sector and cross-actor, bottom-up, small scale and highly local and contextualized, at least initially, and works closely with the local target beneficiaries to increase their capacity and knowledge about their own needs and how they can achieve them. Advocating for the right to have their social needs met is often an important component, both vis à vis the government and other powerful organizations, but also within the community itself to raise their own awareness in order to take collective action. The most common social innovation practices for PRSD reflect the focus on poor and vulnerable people and include micro-financing and financial safety nets, combatting inadequate nutrition and hunger, creating jobs and new skills through social entrepreneurship and self-employment, as well as finding and creating accommodation. Innovations which coordinate support across different sectors and actors, focus on supporting women, families and children, as well as coping with the displacement of people due to corruption or conflict, are also typical.

In addition to the common need for flexible ecosystems of diverse actors, networks and groups, many of these developments are being driven and motivated by volunteerism, enthusiasm and non-monetary assets, which can sometimes be more important than financial inputs. The use of social and digital media is quite important, but mainly in developed countries and there has not been much impact of these technologies so far elsewhere.

Overall, social innovations for PRSD use new technology less than other such innovations. Conducive governance, regulation and politics are not highly important drivers, given that many social innovations take place below the radar and in the gaps left by the state and the market, where regulation may be uncertain. This can sometimes lead to conflicts around interests, rights and legality with governments and the private sector, which might retard or even block successful initiatives through lack of understanding or even hostility, for example due to corruption. Other factors holding back social innovation for PRSD is lack of human capital and knowledge, as well as finance and lack of scale.

In terms of finance, a case's own and its partner's inputs are by far the most significant source for PRSD social innovation, but both public and, especially, private sector finance can also be important. The private sector is even more likely do this in developed compared to other countries, possibly because the sector is much stronger in more advanced economies and thereby involved

in the provision of similar products and services to a wide range of users, so sees such activity directed at PRSD as complementary to its wider business. In comparison, the role of foundations and philanthropic financing is greater in developing countries, given that the mission of such organizations is typically directed specifically at these. Again in contrast, the more developed countries are much more likely to use crowd-funding for PRSD initiatives, probably because the wider population and business community have access to considerably greater financial resource.

## POLICY IMPLICATIONS AND RECOMMENDATIONS

### ***Policy issues***

The theories underlying policies which address PRSD are still largely framed by classical market economic notions of development. However, the theoretical review by SI-DRIVE has shown that over the last thirty years these have been supplemented and, in some cases, superseded by new theoretical and practice-led approaches focusing on human development, the social economy and new approaches to innovation and globalization. Even more recently, sustainable development theories and practices themselves have become strongly embedded, particularly by insisting that the viability of both the physical and man-made environments be put on an equal footing with economic growth and social cohesion, and that in fact all are mutually interdependent.

Despite this, however, policies for the future development of PRSD social innovation need to be able to address a number of conflicts and tensions, such as those experienced in practice between economic, social and environmental goals. Policy issues also arise from the observation that most successful initiatives are strongly embedded in their local and/or cultural and governance contexts and processes, so scaling is often difficult. Place-related contextual differences are highly significant, for example in terms of the role of civil society, historical path-dependencies, political culture, economic and social standards, etc., all requiring highly contextualized policies, which however can also learn from other contexts and attempt to achieve greater scale through, for example policy learning.

Other tensions arise from the interplay of people and technology, given that innovation in the latter has traditionally been seen as the main driver of development. In contrast, the experience of PRSD social innovation is almost the opposite, whilst still recognizing that technology can be a powerful tool of people-driven solutions so that careful policy formulation is required. From the public policy perspective, the role of government needs to be highly flexible given that sometimes it is better to step away, and sometimes the opposite. Indeed, PRSD social innovations are seen by some as a strategy for government to be absolved of its responsibilities, which is also seen in the increasing privatization of public services and responsibilities that can be driven both politically and through enforced government austerity. This, in turn, can lead to an increasing disintegration of service delivery and a 'post-code lottery' of impacts. Indeed, many PRSD social innovations arise out of ethical motivations of civic duty and solidarity aiming to tackle major deficits in public systems of provision.

These tensions bely the fact that a huge number of initiatives around the globe are successfully using social innovation approaches to meet PRSD challenges, but that most do so without using this term. This often means that the potential and strength that a more systematic deployment of social innovation theories, methods and practices would bring is missed. As mentioned above, this can sometimes also lead to misunderstanding and hostility from governments, at least initially, when confronted with successful bottom-up social innovations. For example, in a community capacity building and advocacy initiative providing basic education for children who would otherwise receive no schooling in Ghana, its success initially led to resistance from government. This was due to the fact that it was, in effect, doing the government's job quite effectively and thereby showing the official education service in a relatively bad light. However, outreach from the initiative led to highly beneficial cooperation which has helped to significantly scale the innovation, including to other countries, and increase its impact.

### ***Policy recommendations***

At this halfway stage of SI-DRIVE a number of policy recommendations, primarily to the European Commission but also more generally, can be made. Most important given the above findings, it is important to embed a clearer understanding of social innovation in general as well as for PRSD specifically, into the thinking of policy makers given the fact that it often operates very successfully under the radar but that greater awareness and overt cooperation with the public sector, as well as indeed with other actors, can be highly beneficial. In addition to this, public policy makers need to think more medium- and longer-term as the best impacts take time to materialize. Short-termism tends to be counter-productive, and both financial as well as other investments can be wasted if adequate time is not given. Many of the benefits arise from the capacity building of participants, and especially of the beneficiaries themselves, which takes time and are more intangible as compared to the often more tangible outcomes like increased income or improved access to nutrition and basic services.

Public policy should attempt to provide better coordination and integration of initiatives for PRSD given its multi-dimensional nature, as demonstrated by one of the main practice fields focusing on coordinated cross-sector and cross-actor support. As exemplified above, an important barrier to PRSD social innovation, government suspicion of community and grass-roots activism, especially when it leads to demands for better services, greater transparency and more decentralized power, leading to detrimental regulation and perhaps even hostility. Instead, policies should promote the capacity building of government agencies themselves to engage in greater collaboration with local communities. This should also lead to 'smart' regulation that encourages social and other types of open innovations by clearly specifying desirable outcomes. In terms of public policy nurturing and expanding the impact of PRSD social innovation, it is clear that successful initiatives can readily grow in situ under a variety of conditions as described above. However, it is much more difficult to transfer good basic ideas and practices to other contexts elsewhere, even in the near proximity, and this gets even harder as the geographical distance increases given that contextual conditions become increasingly alien. Research and policy should make greater efforts to attempt to identify powerful practice fields that provide good vision and ideas as well as effective mechanisms that address in a systemic way common challenges faced by most people and communities, and which are therefore less likely to be context dependent at that level.

Related to this, it is very important to monitor and measure the impact in a professional and scientific manner, whilst still enabling the beneficiaries and other actors to be involved in this process. Given the general shortage of resources, both monetary and non-monetary, this of course needs to balance the cost of such monitoring and measurement with the increased benefits and impacts it enables. The social innovation actors must collect as much relevant evidence about impact as possible. In addition to qualitative assessments and listening to real beneficiaries and people on the ground, for example through their own stories, it is advisable to use standardised but also scientifically robust approaches to monitoring, evaluating and analysing progress and outcomes.

### ***Conclusions and future work***

Social innovation addressing PRSD often arises in response to individual, contextual and often unique needs. This analysis recognizes a number of overarching barriers to social innovation which, if addressed inter alia by public policy, can become enablers of social innovation:

- Existing institutions and regulations often constrain the potential of PRSD social innovation.
- Mobilizing resources and funding for PRSD social innovation remains a critical issue.
- Public policy plays an important enabling and supporting role.
- Cooperation between the public, private and civil sectors is critical to explore new business models exploiting the potential.

In terms of the ambition to grow, transfer and upscale PRSD social innovation, public policy should recognize that:

- Compatibility with the prevailing governance and policy regime is important in facilitating uptake.
- Cooperation with the public sector is essential in many instances, but this can also hinder uptake if incompatibility or conflict (as referred to above) is too great.
- Systemic, traditional and ineffective social innovation path-dependencies need to be overcome, and new ones created such as beneficiary-led strategies.
- The removal of constraints and barriers is essential for releasing the potential of PRSD social innovations.

- The professionalization of PRSD social innovation is an important step in transfer and up-scaling, but one which continues to encourage flexibility and innovation.

There are a number of public policy challenges apparent in this:

- The tension between centralization and decentralization of public policy and decision-making.
- The declining authority of public institutions, and the growing importance of intermediaries and other non-public actors to enhance flexibility and impact.
- Building ecosystems and supporting their growth.
- Place-related contextual differences are highly significant, for example in terms of the role of civil society, historical path-dependencies, political culture, economic and social standards, all requiring highly contextualized policies, which can also learn from other contexts and attempt to achieve greater scale.

Given the above, some initial policy options include:

- Understanding and propagating the benefits and impacts of PRSD social innovation.
- Transparency, collaboration and learning to overcome deficits and conflicts resulting from PRSD social innovation.
- Thinking and acting in the medium and long-term, given that PRSD social innovation with its complexity and embeddedness in diverse societal settings takes time to implement and harvest the benefits.

## RESEARCH PARAMETERS

**Social Innovation – Driving Force of Social Change**, in short **SI-DRIVE**, is a research project aimed at extending knowledge about social innovation (SI) in three major directions:

- Integrating theories and research methodologies to advance understanding of social innovation leading to a comprehensive new paradigm of innovation.
- Undertaking European and global mapping of social innovation, thereby addressing different social, economic, cultural, historical and religious contexts in eight major world regions.
- Ensuring relevance for policy makers and practitioners through in-depth analyses and case studies in seven policy fields, with cross European and world region comparisons, foresight and policy round tables.

SI-DRIVE involves 15 partners from 12 EU Member States and 10 partners from all continents, accompanied by 13 advisory board members, all in all covering 30 countries all over the world.

Research is dedicated to seven major policy fields: (1) Education (2) Employment (3) Environment and climate change (4) Energy (5) Transport and mobility (6) Health and social care (7) Poverty reduction and sustainable development.

The approach adopted ensures cyclical iteration between theory development, methodological improvements, and policy recommendations. Two mapping exercises at the European and the global level are carried out in the frame of SI-DRIVE: Initial mapping captures basic information of about 1000+ actual social innovations from a wide variety of sources worldwide, leading to a typology of social innovation. Subsequent mapping will use the typology to focus on well documented social innovation, leading to the selection of 70 cases for in-depth analysis in the seven SI-DRIVE policy areas. These case studies will be further analysed, used in stakeholder dialogues in seven policy field platforms and in analysis of cross-cutting dimensions (e.g. gender, diversity, ICT), carefully taking into account cross-sector relevance (private, public, civil sectors), and future impact.

Up to now five key dimensions (summarised in the following figure) are mainly structuring the theoretical and empirical work:



The outcomes of SI-DRIVE will cover a broad range of research dimensions, impacting particularly in terms of changing society and empowerment, and contributing to the objectives of the Europe 2020 Strategy.

## PROJECT IDENTITY

<b>PROJECT NAME</b>	SI-DRIVE - Social Innovation: Driving Force of Social Change.
<b>COORDINATOR</b>	Antonius Schröder, Jürgen Howaldt, Technische Universität Dortmund, Germany schroeder@sfs-dortmund.de
<b>Consortium</b>	Technische Universität Dortmund – Sozialforschungsstelle (Social Research Centre) - TUDO -, Dortmund, Germany (Coordinator) Applied Research and Communications Fund – ARCF -, Sofia, Bulgaria Australian Centre for Innovation - ACIIC -, Sydney, Australia Austrian Institute of Technology – AIT -, Vienna, Austria Bertha Centre for Social Innovation and Entrepreneurship, University of Cape Town – UCT-, Rondebosch Cape Town, South Africa Brunel University – UBRUN -, London, United Kingdom Centre de recherche sur l'innovation sociale, Center for research on social innovation University of Quebec - CRISES -, Montreal, Canada Corporation Somos Más - SOMOSMAS -, Bogota, Colombia Heliopolis University - HU -, Cairo, Egypt Istanbul Teknik Universitesi - ITU –, Istanbul, Turkey Institut Arbeit und Technik / Institute for Work and Technology, Westfälische Fachhochschule Gelsenkirchen – IAT -, Gelsenkirchen, Germany Institute of Socio-Economic Development of Territories of the Russian Academy of Sciences - ISEDT RAS -, Vologda, Russian Federation International Organisation for Knowledge Economy and Enterprise Development, FORENINGEN - IKED -, Malmö, Sweden Kazimiero Simonavičiaus Universitetas - KSU -, Vilnius, Lithuania LABORATORIJ ZA DRUSTVENE INOVACIJE UDRUGE, social innovation lab - SIL -, Zagreb, Croatia Lama Development and Cooperation Agency - LAMA -, Florence, Italy Netherlands Organisation for Applied Scientific Research – TNO -, Leiden, The Netherlands Ryerson University - RU -, Toronto, Canada Tata Institute of Social Sciences - TISS -, Mumbai, India The Young Foundation – YF -, London, United Kingdom United Nations Economic Commission for Latin America and the Caribbean - ECLAC -, Santiago de Chile, Chile Universidad de la Iglesia de Deusto / University of Deusto - UDEUSTO –, Bilbao, Spain University Danubius Galati - UDG -, Galati, Romania Zentrum für Soziale Innovation / Centre for Social Innovation Vienna – ZSI -, Vienna, Austria Zhejiang University Hangzhou - ZJU -, Hangzhou, China (People's Republic of)
<b>FUNDING SCHEME</b>	FP7 Programme for Research of the European Union – Collaborative project Socio-economic Sciences and Humanities SSH.2013.3.2-1 Social Innovation – empowering people, changing societies?
<b>DURATION</b>	January 2014 – December 2017 (48 months).
<b>BUDGET</b>	EU contribution: 4 888 551.20 €.
<b>WEBSITE</b>	<a href="http://www.si-drive.eu">www.si-drive.eu</a> .
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**FURTHER  
READING**

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SI-DRIVE (2016) Policy Briefs on Social Innovation in Employment, Environment, Energy Supply, Transport and Mobility, Health and Social Care, and Poverty Reduction and Sustainable Development <http://www.si-drive.eu/?p=1934>