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The CRESSI project explores the economic underpinnings of social innovation with a particular focus on how policy and practice can enhance the lives of the most marginalized and disempowered citizens in society.

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Strategic Policy Recommendations

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The responsibility for the analysis rests on the authors.
1. Introduction

CrESSI has developed a theoretical-analytic framework to explore the economic underpinnings of marginalisation and social innovation in Europe. This framework takes an institutionalist perspective that draws on a range of theoretical contributions from economics, sociology and philosophy. From this framework it is possible better to understand the structural determinants of marginalisation and social innovation that operate within the market and social sphere. In order to tackle marginalisation, it is necessary to identify and address the structural processes that give rise to it. Similarly, the conditions under which social innovation flourishes or fails need fully to be understood to explore its potential as a driver of structural change. CrESSI proposes that marginalisation and social innovation are shaped by the prevailing socio-economic and political system. Drawing upon prior work in economic sociology – notably that of Beckert (2010) - this process is described here as framed and shaped by a ‘Social Grid’ wherein co-evolutionary relationships shape the social and economic space within which marginalisation (and other socio-economic phenomena) occurs. Concomitantly, these social dynamics also influence the capacity for social innovation to act as a means of redress. This Social Grid is comprised of three key social forces: ‘institutions’, ‘social networks’ and ‘cognitive frames’ (see Figure 1).

![Figure 1: The Social Grid (Beckert, 2010).](image)

According to the framework, these three social forces do not exist in isolation – they operate in dialectic with one another. The context- and time-specific equilibrium between institutions (rules or norms), cognitive frames (mental structures with which people filter reality), and networks, which constitute the social reality of relationships, communication and exchange between people, resembles a specific institutional dominance (von Jacobi and Nicholls, 2017a). The social dynamics between institutions, social networks and cognitive frames will have some bearing on the prevalence of marginalisation within a given society and the capacity for social innovation to address this.

This has important implications for social innovation policies and innovations in social policy. First of all, the social dynamics described are often poorly attended to in the policymaking process. For example, a policy initiative will challenge public perceptions of Roma communities (cognitive
frames) or promote civic engagement (social networks) without in parallel addressing institutional arrangements and social dynamics that are complementary. Further, implementation of social innovation often occurs without a wide and deep consideration of the structural factors that affect its nature, potential and effects. Social innovation initiatives or funding for it often do not fully account for external costs and constraints that need to be overcome. Ex-ante and ex-post evaluations of social innovation often overlook its reflexive nature and, thus, the diffuse feedback-effects it may have on policy and on the three key social forces outlined. Crucially, whilst public policies have the capacity to alter social relations and the dynamics between them, the Social Grid also shapes and constrains the development and implementation of policy itself. Such process of structuration is iterative and constant and has significant effects on how public policy perceives, conceptualizes and responds to the causes and manifestations of marginalisation, as well as to which degree social innovation is seen as policy solution.

This report is structured as follows: part I outlines key notions of an analytical framework with which social innovation policymaking needs to confront itself. Part II focusses on current policy shortcomings at the European level and part III summarizes the key policy recommendations that CrESSI has identified thanks to theoretical and empirical work. While the topics covered may be of interest to a wider audience, it may be of particular interest to policy-makers, policy analysts and researchers in the social sciences.

**PART 1 - Analytical framework**

**2. The broad landscape of social innovation and of policies that may support it**

Two axes with which to conceive of social innovations:

Social innovation is often conceived of as a *means* to implement a known end, e.g. job creation or the reintegration into work force. In the best case, social innovation serves for the aim of introducing plurality into the provision of welfare services. In the worst case, social innovation is abused of to save public resources and responsibility. Yet, there are also many social innovations that are borne out of the desire to take genuine goals forward, which are new and not necessarily in line with traditional goals of top-down driven policies. They embed visions and values with innovative *goals* and therefore represent an important leeway for co-creation in policy-making.

On the side a simple representation of the continuum that can be observed in the social innovation landscape: some innovative processes insert into traditional goals that are top-down driven, such as employment creation or other attempts of social inclusion usually pursued by social policies. Other social innovations on the other hand introduce completely new ambitions, such as e.g. being independent from big supply chains in food consumption and therefore represent grass-root driven initiatives in which values that are emerging in society are channelled into new forms of organisations.

For policy-making, recognition of this difference has important implications: where social innovations are used as *means* to achieve consolidated policy goals, the kind of support needed is different than in those cases in which social innovations are introducing completely new topics. Policy-making needs to distinguish and to
consider differentiated strategies for those social innovations that need to be treated as new *ends*. The more social innovations move towards the top of this axis, the more they become true channels of agency for civil society. For policy making support to social innovations with true potential of co-creation implies much greater openness to what people value and pursue.

Below, a second axis is depicted on the hand of which social innovations can be viewed. It refers to the degree of disruption that they potentially enshrine: most social innovations have incremental nature, seeking to improve or complement existing institutional dominance. Sometimes, however, the implications of social innovation may be more disruptive, by e.g. discrediting existing cognitive frames or rules and by contributing to the breaking down of previous networks.

While the terms used are tentative, in the sense that it is difficult to clarify exactly what is "disruptive" (van der Linden and van Beers, 2017), the axis interprets social innovations as "conservative" when they do not alter the existing equilibrium between prevalent social forces in society, namely cognitive frames, social networks and institutions intended as rules of the game. This second axis therefore represents a continuum in terms of the attitude towards existing institutional dominance. When combining these two axes, a clearer picture emerges on the variety of types of social innovations that can be observed (figure 1).
Figure 2 hints, that as long as social innovation is treated as *means* to existing policy goals, its transformative potential is limited because of reduced *inflow* of new ideas and reduced *critique* of existing structural arrangements.

Where the ambition of policy-making is to unleash the democratic potential of social innovation, efforts need to go towards those approaches that propose alternatives to existing arrangements, even if this sometimes means putting own institutional dominance at risk or into question (Edmiston, 2015, 2016a; Nicholls and Edmiston, 2017).

In figure 3, a synthetic grouping of different kinds of social innovations is sketched: these can comprise public sector improvements and new coalitions across the public, private and third sector, but also more open-ended support to grass-root initiatives and to broader processes that may ultimately lead to social change in line with democratic values.

Recognising the variety comprised by the social innovation concept is
relevant mainly to avoid misleading "one-size-fits-all" approaches in which support is intended to benefit different typologies contemporaneously. Flexibility in the design of support to social innovation seems to be key.

Figure 4 depicts some examples of typologies of support that could be given to the different types of social innovations. Where social innovations occur within the public sector, mainly with the aim to improve service efficiency and modalities of delivery, the kind of support needed is more of administrative type, e.g. by rationalizing on concurring initiatives, or by overcoming "silo" thinking which makes different ministries, departments or sections work in isolation without exchange. Especially within the realm of tackling marginalisation this seems to be a problem, as deprivation tends to be multidimensional (Sen, 1999) and disadvantage "corrosive" (Chiappero-Martinetti, Peruzzi and Spreafico, 2014) leading often to a condition in which single social service providers are bound to experience failure unless they embrace a more holistic approach that tackles different dimensions of social disadvantage at once.

Public sector reform may therefore promote significant social innovation by simplifying, bypassing and modifying existing rules and practices. A good example is the Brazilian conditional cash-transfer programme *Bolsa Familia* thanks to which 25% of the population, considered to be vulnerable and poor, has been reached with a social policy that aims at breaking the generational transmission of poverty.

Administrative steps that were key were linked to the creation of a new dedicated ministry that forced collaboration across different ministries (horizontally, e.g. across health, education, social services, housing, etc.) and across governmental levels (vertically, e.g. Federal Union, Federal States and municipalities). A series of innovations emerged from such improved dialogue among public sector levels, e.g. the creation of a unique dataset *CadUnico*, which is a single registry for vulnerable families that seek support from social policies, and currently comprises about 99 million individuals (Simões, 2012; Soares, 2012; von Jacobi, 2014). A common database does not only facilitate access to information but also fosters the breaking down of "silo" thinking as different ministries all use the same information tool for their diagnosis and policy designs.

In some cases public sector reform necessarily implies the opening up to new partnerships, either with the private or the third sector. Such new "alliances" can represent important innovations when the prevalent logic of one sector (e.g. market-driven, non-for profit) overcomes the typical obstacles of the public sector embedded in the working principles of bureaucracy and of politics. Sometimes, the formation of new "coalitions" or of new typologies of actors/intermediaries may also imply new "roles" for consolidated policy levels. In case the EU-level leapt over national governments, for example, to seek direct collaboration with local authorities, or even with local third-sector organisations, this would also resemble a new kind of "coalition" with strong potential for social innovation in its actions.

For such cases, the scope for supporting social innovation through policy making has mainly to do with increases in flexibility and openness to "new ways of doing old things", possibly with new partners and new distributions of responsibilities. A more difficult quest for policy-making however relates to those initiatives that seek to depict rather new horizons for society.

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**Why neo-classical economics only tells half the story in case of social innovation**

In line with Europe's 2020 strategy of smart, inclusive and sustainable economic growth, the Bureau of European Policy Advisers (BEPA) suggests that a “social innovation” culture has spread in support of the...
Europe 2020 Strategy and its implementation. Despite claims that the social and economic objectives of Europe 2020 are interrelated and mutually reinforcing, there appears to be a continuing tendency to focus on ‘after-market intervention’ rather than socialising the function of the economy to address marginalisation across Europe (Grusky and Wimer, 2010). By acknowledging (and addressing) the limitations of neoclassical economic assumptions, which still have a profound influence in mainstream economics and the functioning of the market, it is possible to attend meaningfully to the economic underpinnings of social innovation. Perhaps the most crucial weakness of the neoclassical economic (NCE) approach is its supposedly amoral conception of the market and economic growth. In fact, however, the NCE approach is moral, or at least normative, in several respects. According to neoclassical economics, individuals should pursue self-interest, because only via this route can the highest possible level of output (maximum welfare) be attained. Both the objectives of the market – maximization of economic growth – and human behaviour are normatively prescribed in this regard. If economic growth is achieved in ways that create inequality or marginalise people, this is justified in two ways. First, wealth inequality or poverty reflects an individual’s marginal productivity. In other words, the causes of marginalisation are conceived on the basis of individual agency with little appreciation of the role of socio-structural dynamics that shape the individual factors of marginal productivity or exclusion (economic or otherwise). Second, higher rates of economic growth thus attained allow society to compensate those who have been less fortunate in the market. Thus, a market may be perfectly efficient and optimal, despite a high degree of marginalisation arising from its operation (Sen, 1970).

1 Within neoclassical economics, individual motivation and incentive structures are rather narrowly conceived as a matter of self-interested rational choice. Yet, the very notion of a social market economy challenges the NCE approach by suggesting that economic actors and institutions can and should make social, economic and/or political commitments to others via economic transaction. The NCE approach leaves little conceptual or applied space for ethical individualism or economic actions and motivations rooted in the interests of others. This poses a particular challenge for explaining and scaling social innovation, which principally derives its purpose and character from incentive structures orientated towards the welfare of others.

2 A theoretical framework capable of analyzing social innovation needs to recognize the plurality and co-dependence of incentive structures. However, it also needs to capture the financial and non-financial capital that contributes towards social innovation. Trust, motivation and commitment are broadly necessary to realize social or economic commitments.

3 The NCE approach tends to conceive of markets at a level of abstraction that is rather static and ahistorical. In addition, NCE was not originally developed to deal with innovation, and it can deal with (technical) innovation only when some of its core assumptions – such as perfect competition, and perfect information regarding the costs and consequences of economic transactions – are relaxed. An accurate analysis or effective measure designed to facilitate social innovation must accommodate and account for uncertainty and dynamic efficiency, as, by its very nature, social innovation involves experimentation, and thus a high degree of uncertainty. The dynamics and processes that enhance or stifle social innovation are subject to socio-structural factors (see introduction).

4 A neoclassical economics understanding of social innovation struggles to reconcile the creation of knowledge and the financial support necessary for its sustained development. When the returns on an innovation are social in nature (i.e. cannot be privately appropriated), how is the creation of knowledge financially supported? This is an enduring challenge for social innovation that seeks to create and disseminate new knowledge. Particularly, when that knowledge supports the development of products, services and processes in a non-exclusive way. Namely, where the benefits of knowledge creation are diffuse (accruing, for example to society generally) and so too are the financial and social returns. This can lead to an under-production of new knowledge necessary for social innovation.

5 Similarly, a theoretical framework centred on neoclassical economics is less able to capture the non-economic returns of social innovation. The financial resources and investments available to support innovation tend to be contingent on specified, short-term, private and financial returns. The benefits of social innovation are often long-term, social and non-monetized. Sourcing funds for social innovation designed to tackle marginalisation is particularly difficult in this regard. For example, the fulfillment of capabilities is hard to quantify and the economic returns of such are invariably diffuse. An economic sociology of social innovation is better equipped to account for this.

[extracted and adapted from Nicholls and Edmiston, 2015b: D1.4 Policy Brief]
Sometimes the goals pursued by social innovations are not altering structural factors too much. They may for example avoid putting existing rules into question, and simply promote an idea that takes an existing trend one step further. An example could be Solidarity Purchasing Groups (SPG) in Italy, which are in line with a general trend of preferring organic food and of growing mistrust in the food industry. Solidarity Purchasing Groups are groups of individuals or families that self-organize in order to collectively buy food or other everyday consumption goods, selecting suppliers of such goods on the basis of solidarity and critical consumption criteria. In Italy, the prevalently informal movement is supporting mainly small-scaled organic farming but also other alternative production realities such as involving ex-prisoners or people with disabilities. This action can be viewed as grass-root initiative with potential impact on small-scaled, organic farming and other kinds of typically marginalised production realities (Chiappero-Martinetti, von Jacobi and Maestripieri, 2017). The initiative tends to construct new networks and to bypass existing intermediaries of food distribution, such as supermarkets. Yet, their actions cannot be viewed as radically changing social structures, mainly due to their reluctance to engage in any kind of political activity (Maestripieri, 2017).

Another example investigated in the CrESSI project is the Kiútprogram, or Way-Out Programme (Molnár, 2017) that seeks to overcome deeply rooted prejudices against Roma in Hungary through an integrated approach that combines microcredit with supportive activities seeking to improve social capital (especially knowledge and networking capabilities) of Roma in their attempt to engage in successful self-employment or small businesses. While the initiative represents an important attempt to fill in gaps in public provision, it is led by actors in the non-for-profit sector and is dependent on philanthropic and public (e.g. EU in the pilot phase) funding. Its potential to permanently alter social structures crucially depends on continuity of the action, which is not guaranteed. Support to these typologies of social innovation, which bring in new ideas, building upon chunks of existing social networks in the attempt to extend and broaden them requires delicate calibration. Conditionalities in public tenders and in project funding may often represent barriers in this sense, for example because grass-root initiatives maintain an informal nature (SPGs typically refrain from constituting a formal association) or because process- and time-constraints embedded in project funding frustrate emergent processes that need longer time frames and more breadth of action to properly unfold (Kiútprogram, see Molnár, 2017). More scope for experimentation and less conditionalities of funding appear to be viable tools in this case.

Last but not least, policy support to social innovation also implies providing those framework conditions that actually make it possible for new grass-root initiatives to emerge. This first of all requires the careful construction and maintenance of an environment of trust: not only among citizens, which is typically associated to the levels of social equality, cohesion and the absence of violent episodes, but also trust in institutions and their work is important. So, outreach and dissemination of policy activity is an important field of action. When it comes to social innovation for the marginalised, a further important issue is the investment in the capability to associate: poor and deprived people often lack the time, resources and connections to engage in initiatives that better represent their aspirations and needs. Support should therefore flow into careful attempts to foster the ability of marginalised people to speak up, to meet others with similar needs and to promote own initiatives.
Social Impact Bonds (SIB), which in CrESSI have been studied in the UK, represent a combination of these different social innovation typologies. These are payment by results (PBR) contracts that leverage private social investment to cover the up-front expenditure associated with welfare services. In the UK, the desire to improve service quality, mitigate risks associated with service experimentation and enhance the social outcomes achieved using public resources has pushed for welfare pluralism. SIBs are one of the latest manifestations of this trend seeking to stimulate public sector innovation and maximum social impact. On one hand they resemble public sector innovation, as they are deeply embedded in traditional goals of social policy-making. On the other hand they promote an innovative alliance of actors that fosters plurality in welfare provision by making public sector, private investors and third sector actors ally in a common quest to reduce marginalisation (Edmiston and Nicholls, 2017). Their holistic (and costly) approach allows for better recognition of the needs of the marginalised, by attentively listening to their perception of what "good impact" of a social policy directed at the implies.

Figure 5 sketches some ideas for policy support to different typologies of social innovation, in particular in view of the rather initial stadium at which social innovation research is currently at: the next years are likely to represent a period of consolidation of theory and practice, which however will require continued effort to understand social innovation processes and their facilitators. More space for experimentation and continued investment in improving metrics of social impact will constitute crucial strategies to take support for social innovation further.
Why social innovation is a path towards systemic change

Between 2000 and 2010, one of the primary objectives of the Lisbon Strategy was to reduce the extent of poverty and social exclusion in Europe. Despite substantial economic growth across the majority of the European Union during this decade, Member States did not meet the targets prescribed. With a renewed emphasis on the social market economy, Europe 2020 is the EU’s key strategic framework to promote ‘smart, sustainable and inclusive growth’ within and across Member States. This ten-year strategy is designed to inform the direction of economic growth and job creation within the European Union between 2010 and 2020. The headline targets of this strategy include raising the employment rate, investing in research and development, reducing greenhouse emissions, increasing educational attainment and tackling poverty and social exclusion. A key feature of Europe 2020 is to facilitate and embed social innovation across Europe to ‘deliver the kind of inclusive and sustainable social market economy we all want to live in’ (EC, 2009). Social innovation includes forms of action, process or change that may affect the social and economic space within which marginalisation occurs. There are three domains of public policy that are of relevance in this regard. Firstly, there are social innovation policies that are specifically designed to have a direct bearing on the capacity for agents and organizations to affect structural change through social innovation. Secondly, innovative social policies offer novel approaches to the design and delivery of assistance, services and initiatives that have some bearing on structural relations and/or the outcomes of citizens. Finally, there are other public policies that, whilst not directly targeting social innovation or marginalisation, have indirect effects. There is now a broad recognition that social innovation is contingent on effective coordination across the policy spectrum but particularly in the realm of social policy. This has significant implications for the design, delivery and evaluation of public policies that seek to facilitate social innovation tackling marginalisation.

As outlined in the theoretical framework adopted in CrESSI and in the introduction to this report, social innovation is embedded within existing structural interdependencies. The concentration and dispersion of power furthermore affects these relations and the extent to which it is possible for social innovation to address societal challenges. Power can be exercised within and across cultural, economic, military, political, scientific and environmental domains to enact the macro-structural context. The administration and implementation of social innovation embodies a variety of means and ends that work across these domains. The potential of social innovation is, therefore, contingent on power relations that exist within and across these areas. This raises questions about the relationship between power, marginalisation and social innovation. For example, who decides the priorities and strategic framework of the European Union? How do institutions govern the behaviour and outcomes of European citizens (particularly those that are marginalised)? Who controls common or shared ways of thinking? What role can social networks play in instigating a realignment of power when they are concurrently subject to power relations? The transference of power from the powerful to the powerless helps ensure that social innovations are enacted, but more importantly, that these are implemented in a way that maximally benefits the most disempowered citizens in Europe. Accordingly, if social innovation and innovative social policies intend to tackle marginalisation through structural change, it is necessary to take account of, and where possible address, the power imbalances that exist at the individual, collective and institutional level. Within this framework, the effects, potential and function of social innovation need to be seen as directly addressing marginalisation, but also contributing towards structural change that, in turn, alters the conditions and processes that lead to poverty and social exclusion. This mode of analysis has significant implications for policy design, implementation and evaluation - not only within the arena of social innovation, but more broadly across other policy domains. Social innovation is contingent on a complex system.

Public policy further has many diffuse and unintended impacts. As a result, it is often hard to anticipate how individuals are going to respond to legislative or distributive change. It is, therefore, equally, if not more, difficult to anticipate how the interconnected and co-evolutionary relationships between institutions, social networks and cognitive frames are affected by policy change. In acknowledging the complexity of socio-structural relations, it becomes particularly difficult to anticipate how and which policies might be able to address power imbalances and social forces when the relationships between them are inherently dynamic. Further, the irreducibility of socio-structural relationship makes it difficult to assess the efficacy of social innovation. However, presuming it is possible to capture this process, if a social innovation does not lead to a disruption in social relations, can this be considered a success? Whilst it might directly address some of the effects of poverty and social exclusion, it may not directly address the causes of marginalisation. Should such an activity be considered a policy priority?

[extracted and adapted from Nicholls and Edmiston, 2015a: D1.2 Policy Brief]
3. The politics of social innovation policy

The ostensible capacity of social innovation to generate political and policy consensus seems to lie in its diffuse and indefinite character as an essentially (and perhaps necessarily) contested, or rather collaborative concept (Gallie, 1956; Ziegler, 2017a). Instead of only focusing on the alignment, complementarity or institutional hybridity through which support for social innovation is procured, it also seems important not to neglect the tensions that are avoided accommodated and ignored in the social innovation policymaking process (Edmiston, 2016a). A certain (a)political character of social innovation policy seems to be prevalent in Europe, hinting for a lack of recognition of that structural embeddedness characterizing marginalisation and the possibility of social innovation to act as redress.

By non politicizing the roots of marginalisation, social innovation policy on one hand leaves scope for a plurality of opportunities and new collaborations that may be of benefit. However, such opportunities are bound to remain of remedial nature, which has two important implications: on the one hand, remedial actions betray the supposedly transformative power of social innovation. On the other hand, they are more likely to remain scattered and small in scale. This may bear the advantage of reducing social inequalities through locally adapted solutions and of guaranteeing pluralism in the interpretation of what social innovation really is about. Yet, policymaking in social innovation should be aware of the double-edged sword that a lack of politicising implies. It means not replying to questions that investigate the drivers of marginalisation and inequality, and possibly even to reinforce existing inequalizing mechanisms through the means of social innovation: in Edmiston's (2016a) words, "the neutral framing of social innovation in public policy dissuades questions concerning culpability, accountability and responsibility regarding marginalisation. For example, who is responsible for rising levels of poverty and inequality? How should they be held to account? And what role can the market economy play in contributing towards inclusive growth going forward?"

What would a greater politicizing of social innovation imply? Political subjectivity and collective action of those most marginalised that are typically seen as final "beneficiaries" of interventions seems to be key (cf. Edmiston, 2016a, Nicholls and Edmiston, 2017, Ziegler and von Jacobi, 2018). Furthermore, greater reflexivity and awareness of own embeddedness into a specific institutional dominance is also necessary to exit a remedial logic and instead support social innovation as a truly transformative power for society. How can such embeddedness into a specific institutional dominance be interpreted?

Social innovation is a nested micro paradigm within the prevailing European political economy. Specific mind-frames that are prevalent e.g. in macroeconomic policymaking will trickle downwards to more specific themes and topics, such as social innovation. Power imbalances that result from such mind-frames and their concrete applications through rules, practices and policies will therefore be created, reinforced and reproduced at different "levels" of policymaking, across different themes. A transference or realignment of power towards the powerless seems to be central to the political project of social innovation in Europe (Edmiston, 2016a; Nicholls and Teasdale, 2017). To better understand this interplay of different policy levels and the related power relations it is useful to investigate which levels and power imbalances can affect social innovation policy agendas. Compare this with Edmiston (2015), who also highlights a concrete gap between the de jure or formal declarations of the EU and the de facto or concrete implemented action it takes forward:

*The definition of social innovation endorsed by the European Commission promotes the active participation and empowerment of European citizens as a source of and outcome of wellbeing. The European Union has*
attempted to encourage participatory methods as an approach to domestic policymaking and embed it in networks and organizations engaged in social innovation. However, consultations on existing strategies tend to be more commonplace than initiatives that enable citizens to actually set the social and economic agenda themselves. As such, activities and measures designed to support social innovation tend to be imposed rather than co-constructed by stakeholders at different socio-structural levels. Whilst it is clear that EU public authorities encourage the means of social innovation, there is less cognitive space and institutional support for the ends of social innovation (p.3)

Nicholls and Edmiston (2017) further highlight that the precise type of marginalisation addressed - specific to each case - will be co-shaped and be co-dependent on a set of specific social forces - institutional, social network and cognitive elements of the Social Grid. These social forces, their dynamic relationships and their specific political and power particularities will play a role in setting the stage of which power imbalances should be addressed in order to tackle marginalisation. Nicholls integrates the multi-level nature of these different political elements, reclassifying them in terms of a multi-level schema of power. In terms of a political analysis, the three constituent elements of the Social Grid (see introduction) can be mapped against specific political forces in society (see Table 1).

**Institutions** map against formal government action and structures as rule setting bodies. Within this realm two types of social innovation can be observed: External that focuses on social policy to encourage social innovation outside of government; Internal that introduces social innovation into the policy-making process within government.

**Social Networks** map against prevalent power relations in market structures. Within this realm, two levels of social innovation are present: macro-level (social dynamic innovation) action that aims to (re)shape market structures and dynamics; micro-level (social service innovation) action that responds to market as it is.

Finally, **Cognitive Frames** map against the reframing action typical of social movements and community led, grassroots, initiatives. Here too, two types of social innovation can be seen: formal and (semi-) permanent, organized, collective action around a political grievance; informal and impermanent, grass-roots clusters of actors around a new idea for change.

<table>
<thead>
<tr>
<th>Type of Social Innovation</th>
<th>Social Grid Referent</th>
<th>Institutional Locus</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy For Social Innovation</td>
<td>Institutions</td>
<td>Government Departments (External Policy)</td>
<td>Community Interest Company Legislation</td>
</tr>
<tr>
<td>Social Innovation in Policy Making</td>
<td>Institutions</td>
<td>Government Departments (Internal Policy)</td>
<td>Social Impact Bonds</td>
</tr>
<tr>
<td>Social Dynamic Innovation</td>
<td>Social Networks</td>
<td>Social Enterprises (Systems Focus)</td>
<td>Fair Trade</td>
</tr>
<tr>
<td>Social Service Innovation</td>
<td>Social Networks</td>
<td>Social Enterprises (Welfare Focus)</td>
<td>Work Integration Models</td>
</tr>
<tr>
<td>Formal Social Change Innovation</td>
<td>Cognitive Frames</td>
<td>Formal Social Movements</td>
<td>Greenpeace</td>
</tr>
<tr>
<td>Informal Social Change Innovation</td>
<td>Cognitive Frames</td>
<td>Informal Collective Action</td>
<td>Occupy Wall Street</td>
</tr>
</tbody>
</table>

**Table 1**: Typology Of Politics in Social Innovation (Nicholls and Edmiston, 2017)
This multi-level analysis of politics and power across the socio-structural spectrum allows the inter-relations of political actors and their agendas to be considered. It reveals where the drivers of social innovation policy lie and how well or badly they align with related agendas at other socio-structural levels. Such an analysis also helps explain why policy agendas encounter resistance and may fail at the implementation phase. This typology also underlines the observations made above concerning the dangers of institutional dominance and centralization in terms of the effective articulation of social innovation policy agendas (Nicholls and Edmiston, 2017).

A second feature of the typology is that it facilitates a granular analysis of the strategic tools employed at different socio-structural levels within the policy process (see Table 2). It also demonstrates how these tools relate to strategic objectives. For example, in terms of macro-level government policy to encourage social innovation, the strategic tools will primarily be regulation, fiscal policy, and direct commissioning or investment. The strategic objectives will relate to the successful implementation of desired policy outcomes. In contrast, for social innovation within the policy making process the strategic tools will be reform-based, typically around new commissioning practices such as the introduction of quasi-markets or outcomes based contracts. The strategic objectives will be the articulation of new policy discourses and frameworks as institutional ‘rules of the game’ that frame, shape and constrain the actions of government itself.

<table>
<thead>
<tr>
<th>Type Of Social Innovation</th>
<th>Social Grid Referent</th>
<th>Strategic Tools</th>
<th>Strategic Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy For Social Innovation</td>
<td>Institutions</td>
<td>Regulation Fiscal Policy Direct Commissioning and Investment</td>
<td>Policy Implementation and Outcomes</td>
</tr>
<tr>
<td>Social Innovation Policy Making</td>
<td>Institutions</td>
<td>Reforms to Commissioning Practices</td>
<td>Policy Discourses and Frameworks</td>
</tr>
<tr>
<td>Social Dynamic Innovation</td>
<td>Social Networks</td>
<td>Hybirdity Boundary Blurring</td>
<td>New Market Structures</td>
</tr>
<tr>
<td>Social Service Innovation</td>
<td>Social Networks</td>
<td>Innovative Public Goods (Outputs) New Social Relations (Process)</td>
<td>New Markets</td>
</tr>
<tr>
<td>Formal Social Change Innovation</td>
<td>Cognitive Frames</td>
<td>Advocacy and Protest</td>
<td>Cognitive/Normative Frame Shifts</td>
</tr>
<tr>
<td>Informal Social Change Innovation</td>
<td>Cognitive Frames</td>
<td>Collective Action</td>
<td>Localized Solidarity and Mobilization</td>
</tr>
</tbody>
</table>

Table 2: Strategic Processes In Social Innovation (Nicholls and Edmiston, 2017)

For social enterprises operating at the meso-level to shape and respond to market environments the strategic tools and objectives will also differ. Social enterprises engaged in social dynamic innovation often focus on boundary blurring activities by creating new hybrid organizations in order to achieve strategic objectives based on reshaping existing market structures. For example, micro-credit represents a new, Bottom of the Pyramid, market that links the traditions of development aid to the commercial logics of retail lending and debt in hybrid market format. The consequence is both to
give access to finance to poorer borrowers and to reshape how capital markets conceive of the poor as customers – primarily by correcting inaccurate risk assumptions in terms of repayment rates. Social enterprises working on social service innovation, on the other hand, usually focus on strategic objectives that aim to create new markets within existing market structures. The strategic tools employed are often either the creation of innovative public goods (an outputs focus) or forming new social relations (a process focus). An example of the former is Project Impact that offers a new, low cost, foot-pump to improve irrigation and crop yields for the poorest farmers. An example of the latter is Fair Trade – a new model of the supply chain that passes more of the total value chain to the (poor) producer than in existing practice (Nicholls, 2017).

Finally, at the micro- or grassroots level, organizations engaged in formal social change use the strategic tools of advocacy and protest to shift normative and cognitive frames around a key issue such as Climate Change to a new (in this case more sustainable) equilibrium. For informal social change organizations collective action offers a strategic tool by which to achieve strategic objectives around new localized solidarity and mobilization (Nicholls and Edmiston, 2017).

An additional insight from this typology is that to achieve social innovation policy outcomes it may be necessary to achieve consensus and objective alignment across the three levels of action set out here. But this has its hazards too. The multiple framing and pursuit of social innovation in public policy, makes it possible to encourage collective action for a particular outcome or activity, but this equally detracts from mobilizing resources and individuals against the structural determinants of exclusion. For example, if utility maximizing approaches – as enshrined in the dominant neo-liberal policy paradigm in the EU - are presented as complementary to, rather than in conflict with, more grassroots and radical approaches to social innovation, then this runs the risk of presenting both approaches as compatible or mutually conceivable. At a stroke this removes the potential of bottom-up social innovation as a driver of policy reform disempowering many of the most marginalised communities (Nicholls and Edmiston, 2017).

The typology above suggest that, on the contrary, the political subjectivity, local embeddedness, and collective action of marginalised groups may be a key resource for ensuring social innovation policy is able to tackle the structural determinants of marginalisation and, thereby, contribute towards systemic and ‘positive’ social change. This presents a particular challenge for public policy in trying to overcome the paradox of embedded agency that characterizes both institutional entrepreneurship and social innovation. As noted above, it requires, first, a process of self-reflection to recognize institutional dominance and, then, a process of reform to develop new participatory structures by which individuals at different socio-structural levels can engage meaningfully in policy development and implementation. This would be, of course, in itself a social innovation in policy making (Nicholls and Edmiston, 2017).

To achieve this, social innovation policy makers seeking to improve the human capabilities and empowerment of marginalised individuals would focus on fostering localized and collective action with measures that encourage self-organization. These measures would aim to develop individual and collective competencies (Nicholls and Edmiston, 2017). These would serve to recognize needs, and to advocate for change - out of the socio-structural position of marginalised communities. Concretely, this would lead to new mechanisms of participation and voice. Moreover, the typology of politics suggests that to foster systemic social innovation, public policy must go further not only to engender collective identification amongst marginalised individuals but also to identify how their individual disadvantages are shared and connected to broader regimes of production, consumption, inequality, welfare and power (Edmiston, 2016a; Nicholls and Edmiston, 2017). This process brings in the meso-level of market analysis highlighted above and connects marginalised populations with market actors and structures that can mediate the socio-structural space between grassroots and government via social innovation (Nicholls and Edmiston, 2017).
In doing so, it would be possible to foster collective material and post-material transformations that effectively resource and politicise social innovation as a policy concept. This would advance a social innovation paradigm that entails collective action for measures that seek to fulfil human capabilities and social needs. However, it would also encourage measures that venerate and foster collective action against those institutions, networks and cognitive frames that structure social disadvantage. Without a policy approach that offers systemic solutions to overcoming marginality (through problematizing its structuration), social innovation policy runs the risk of being co-opted as another tool of oppression that distracts from, and thereby legitimizes persistent inequalities of resource, power and opportunity (Edmiston, 2016a; Nicholls and Edmiston, 2017).

4. Key actors: government, grass-root movements and fluid power structures

The role of government can be seen to have varied over the lifecycle of the cases under analysis. A typical model of the development of public welfare programmes in the historical cases demonstrated the gradual nationalization of initially private welfare innovations and initiatives during the twentieth century reaching a high watermark of centralized command and control during the period of dominant liberal welfare states from around 1945–1975. This shift from private to public located social innovation experiments largely outside of government – the charitable or philanthropic sector acting as something of a ‘research and development’ operation for the state. The role of government, therefore, becomes to identify successful social innovation experiments and scale and institutionalize them, via public sector structures. The period of dominance of welfare states was then followed by an extended period of privatization and marketization as neo-liberal ideologies gain traction in key public policy discourses. This is the current status quo in EU policy discourses - with a range of problematic elements as noted above. Thus, a social innovation solution can be more or less market-based at different points in time whilst the core social mission remains the same (Nicholls and Edmiston, 2017).

For example, in the case of social housing in Germany, a historical analysis reveals five phases of development. Initially, private philanthropy drove early experiments in providing shelter and accommodation for the poor during a period of accelerated urbanization and industrialisation. These social innovations were then institutionalized by a growing number of municipalities from a private into a public social innovation. Subsequently, two major exogenous events – the Great Depression and World War Two – had a significant effect on the further growth and establishment of social housing models across Germany, effectively mainstreaming the social innovation often drawing on market-based solutions with public subsidies and being provided by a variety of different societal actors. However, following the rise of neo-liberalism, the fifth and most recent phase of development has seen a fragmentation of, and decline in, the provision of public social housing as processes of individualization and marketization come to dominate. The nested policy paradigms analysis above helps unpick these historical shifts and explains how some key discourses persisted whilst others waxed or waned (Scheuerle et al., 2015; Nicholls and Edmiston, 2017).

The historical case analysis implemented in CrESSI demonstrates that the more dominant policy paradigm in recent years across the EU has been a neo-liberal one. This perspective suggests that ‘free’ markets are deemed to be the best allocators of both private and public goods, typically reducing in the process the scope of the state with regard to social provision. In this situation, the emergence of new ‘hybrid’ (private-public) models has offered a way forward for government. However, overall, the historic case analysis suggested that for social innovations to succeed over time and at scale, government participation is required in order to compensate for market failures that produce resource constraints, especially when there are high infrastructure investments such as in
social housing or clean water and sanitation (Nicholls and Edmiston, 2017).

A final issue relates to how government functions as an articulator of ideology (see also below). For example, as social housing in Germany increasingly moved into public sector governance, social innovation solutions were subject to ideological influence and change. Both municipal and co-operative social housing facilities were closely linked with major political groups, such as the trade unions, Social Democrats, Christian trade unions, or the Centre party. Each of these groups formed federal associations supporting and proselytizing for their own ideologically framed model of social housing.

The long-term perspective of the historical case studies suggests that many social problems are never entirely solved, but, rather, re-emerge in different contexts and manifestations according to changing social needs and expectations. Thus, many social innovations - when examined over longer time scales - demonstrate continuous adaptation and improvement often by engaging with a range of different actors and loci of power and dominance at different points in the lifecycle. The interrelations and interactions of different actors around a social innovation often demonstrate fluid and shifting power structures and changes in institutional dominance. The historical perspective reveals many key social innovations to be the product of joint endeavours between a variety of actors in multiple inter-relating field positions over time (Scheuerle et al., 2016; Nicholls and Edmiston, 2017).

In several cases, participatory models of engagement and co-production - such as when residents were given significant control over the design and management of new or refurbished social housing in Vienna - played an important role at different points in the evolution of social innovations. These empowerment strategies reflect a desire to get close to the end-user beneficiaries of a social innovation to ensure that design and development processes are fit for purpose. Moreover, democratic theory suggests that state authorities also cede power at times when playing the role of formally elected representatives - for example, municipal housing in Vienna aimed equally to represent the interests of the different groups of tenants according to age, gender, ethnicity and so on. In Lyon, there was an open consultation process with inhabitants of deprived areas where residents were asked for specific information about their living experience to inform planned improvements to social housing and neighbourhoods (Schimpf et al., 2017; Nicholls and Edmiston, 2017).

**What it takes for social innovation to provoke systemic change**

There is increasing consensus that systemic change will not be driven by technology only but that it also depends on social innovation, which consequently impacts on capabilities and practices as well as on institutions, social networks and collective cognitive frames. Social housing in Europe not only brought people out of the slums, in which they had to live in during the early phases of industrialisation; but out of marginalisation in overall. The case of social housing in the early 20th century in Vienna can therefore serve as an example of systemic change. To underpin the elements of such change, three socio-structural levels can be distinguished, at which appropriate and effective solutions might be introduced through the social innovation process:

1. At the micro-level, solutions can aim at directly improving/changing human capabilities or social relations between individuals.  
2. At the meso-level, solutions can aim at changing institutions, social networks and collective cognitive frames (i.e. the fabric of the social grid according to Beckert (2010)). Although such innovations are ‘only’ indirectly impacting human capabilities and social relations at the micro-level, when impacting on the social grid (institutions, social networks and cognitive frames), social innovations can have long-lasting effects, once path dependencies and lock-in effects have been overcome.  
3. At the macro-level, solutions can aim at framework conditions leading to changes or triggering innovations at micro and meso-level. These conditions can be of legislative nature including changes in constitutional right and laws which are reaching further than the social grid at meso-level. Policy measures at macro level will in most cases have even more durable effects than those taken at the meso-level as the decisions are harder to reverse.  

In the case of social housing in Vienna, this can ex post be identified as based on an orchestrated and
systematic policy design during the 1920s with durable impact on the situation of previously marginalised groups. Workers, coming from all regions of the Austrian empire, who were attracted by the economic boom at the turn of the 19th century, formed the most marginalised group. After WWI the working class in Vienna became part of society, meaning that in the sense of Mann and Cressi’s concept of power workers were empowered in terms of artefactual, political, cultural and economic power. This transformation was strongly supported through the social housing policy in Vienna and formed the fundament for further improvements for the working class after WW II.

Selected examples of measures taken at different levels follow. At the micro-level: Training courses were provided by settlement co-operatives for unskilled workers and soldiers returning from war in order to reduce unemployment; In kind contributions to building houses “Muscle mortgage” were accepted instead of payment, which helped lower social classes to improve their living conditions; Job creation programs were implemented through communal housing in the construction of ‘super-blocks’ such as Karl-Marx-Hof, Goethe-Hof etc; The social housing projects improved the quality of life of the dwellers by providing less humid living conditions, better air, running water and toilets. This also substantially improved sanitary and health conditions for the working class; Through large scale Communal Housing the status of dwellers improved significantly as people got out of the slums.

At the meso-level: A network of libraries was established in the super-blocks all around Vienna. Building libraries provided the institutional support for less educated and low-income groups to access information and literature openly; Establishment of kinder gardens as day-care institutions for working class in 1920s in super-blocks allowed women to enter the job market. Even modern education-concepts like Montessori were already applied in some cases; As architects became aware of the needs of working class without coming out of this class, they formed new alliances with the working class; Some 50 co-operatives emerge out of the settler’s movement representing more than 80 local groups; New social networks in the form of workers associations (Arbeitervereen) profited from the local proximity in the super-blocks. This helped in coordinating political activities and improves political influence.

At the macro-level: The cognitive frame provided by feminism lead to the active and passive voting right for women in the First Austrian Republic (1918) and changed the composition of the sovereign; Constitutional rights and laws with an impact on individual capabilities for inclusion were introduced. Particularly the voting right for women lead to more emphasis on social issues in legislation at large; Legal reforms of building co-operative law helped working class improve their inclusion and gain social acceptance. It primarily helped to get organised for housing projects, as well as to improvement of their bankability; The autonomy status for City of Vienna (1921), allowed the city government to set its own legislation in social policy.

Looking back over more than one century, the systemic change which took place in cities like Vienna or Amsterdam with respect to social housing led to empowering the marginalised group of the working poor in early phases of the industrial revolution. What has been achieved particularly in the 1920s is impressive and changed the identity of individual people, the working class as a social group and the identity of the cities which are still shaped by the built-environment established in that time period. Learning from this historic case, the conclusion can be drawn that systemic social change requires changes at multiple levels (micro-, meso- and macro-level) and types of social and technological innovations as well as changes in the framework conditions enabling for these innovations.

At micro-level social change can be achieved by innovations directly addressing and influencing the capabilities of marginalised individuals and social groups and provide them with appropriate technologies and infrastructures to make the change happen. Direct policy interventions would be to make resources available for social innovation providing better or cheaper access to technologies (e.g. frugal innovation) and to build infrastructures matching the needs of the marginalised (e.g. by applying the principles of user innovation). At meso-level social change can be achieved by innovations in elements of the social grid in which marginalised individuals and social groups are acting though changes in social networks, collective cognitive frames and institutions. Policy measures could focus at supporting marginalised groups in establishing working social networks and new alliances. Furthermore participatory forward looking processes could help in changing collective cognitive frames of the group of marginalised. This can help them in coordinated action and to build or transform institutions to better support their capabilities. At macro-level systemic change can be fostered by providing the framework conditions for innovation and empowerment at micro and meso-level. However, as this goes beyond the competences of social policy makers, a broader consensus within society and between political parties will be needed to change those framework conditions and rules of the game. Social policy makers might have to prepare themselves for windows of opportunity to shaping the broader framework conditions in alliance with actors in other policy fields. For social innovation policy making it is important to
highlight the importance of technological aspects and access to infrastructure. Both, technologies and infrastructure are usually built for and mainly available to the mainstream. As a consequence, they are often not accessible to marginalised groups. Social innovation policy should also target access to these, as those aspects are often shaped by technological innovation policy.

[extracted and adapted from Kubeczko, Giesecke and Wagner, 2017: D4.4 Policy Brief]

Of course, social innovations are also constrained by power structures despite concerted attempts by some actors to introduce more fluidity. Thus, in some situations, the extant structures of institutions, networks and cognitive frames can reproduce rather than mitigate against marginalisation (Nicholls and Edmiston, 2017). For example, for the historically marginalised Roma people in Europe - mainly in Central and Eastern Europe - there has been little success in seeking to change power relations. Indeed, the national authorities in Hungary have not been a neutral player aiming to reduce marginalisation problems, but rather have been responsible actors in the process of reproduction. As a consequence, to achieve success, social innovation must, at times, move from action in one political level to another. In the case of the Roma, this move would be from the national to the EU level in order to seek direct investment to end the social exclusion of the most marginalised. In this way, funds could reach the key actors supporting marginalised communities, bypassing the national and local administrations and the ideological agendas that continue to suppress the Roma (Ziegler et al. 2017).

The historic case analysis also suggests that social innovation as disruptive change is very rare and tends to occur not as a consequence of innovation itself, but, rather, as a by-product of major societal realignments after epochal events such as wars, serious economic crises, political shocks, or major technological breakthroughs. This realization serves to moderate some of the hyperbole around disruptive social innovation as a stated policy or practice objective (Nicholls and Edmiston, 2017).

5. No single, no easy solution: the winding roads of social innovation

An important feature of social innovation processes that policymaking should keep in mind has to do with its typically decentralized nature: often, social innovations appear as ‘characterised by a multitude of small operators and initiatives rather than by a small number of big players (Terstriep et al., 2015: 80). CrESSI’s investigation of historical case studies confirms that social innovations are typically not promoted by one, central actor, but that they instead depend on a complex multitude of actors that act in part independently, in part in complementary ways.

Scheuerle et al. (2016) have investigated and compared the patterns with which social housing, the supply of freshwater and generalised access to education have emerged and consolidated across Europe. These historical examples of social innovations that have "made it" to institutionalization show that major social innovations often do not have a single starting point, but grow from different responses to a social need over time. These responses are influenced by different social forces and thus create diversity within the social innovation from the beginning: different solutions with different particularities emerge in different contexts. This contribution highlights the relevance of a multi-level approach to analysis since it suggests that many actors – potentially at different socio-structural levels from government to the grassroots - will be involved in the long-term evolution of a social innovation.
In an in-depth case study on social housing in the city of Vienna, Giesecke finds that there is scope for multi-level analyses, also with reference to work by Geels and Shot (2007):

*The debate on transition towards holistic sustainability at the turn of the millennium gave rise to an understanding of innovation as a lifecycle, developed by Geels and Schot. It is connected to the terminology of 'multi-level perspective', meaning that transition is seen as an 'outcome of alignments between developments at multiple levels' (Geels and Schot, 2007). The multi-level perspective approach is meant as a heuristic concept distinguishing the three levels niche, regime and landscape. Here, multi-level does not stand for the policy levels region, nation, supra-nation. Rather, the heuristic approach describes the scope of an innovation: operating restricted to a niche market; is the scope of the innovation at the level of a socio-technical regime; and how do innovation activities react to the transformative pressure from the socio-technical landscape (Giesecke in Scheuerle et al., 2016, p. 238)*

Historical analysis also highlights that not all social innovations are "meant" for scaling up. Some of them remain a niche-solution. Others on the other hand find their way to convince more and more different segments of society: they start mainstreaming and typically succeed in engaging with the political environment at some point. When they engage with elements at the regime level, social innovations start a process of institutionalization, becoming themselves part of or contributing to the change of the existing regime. Historical analysis however also shows that changes in landscape, such as the constitution of the European Union, or World Wars can have profound influences on the life-cycle of social innovations, sometimes lifting them out of a niche, other times pushing them back, other times changing the way they are implemented.

So, the analysis articulated in the Geels and Shot model highlights three levels of action as a pathway for the growth and institutionalization of innovation: niche; socio-technical regime; socio-technical landscape. Whilst these say nothing about power and politics they do reflect the same basic structure as the typology of politics previously outlined: namely micro, meso and macro. However, CrESSI research adds to this conceptualization by introducing agency and multi-directional action between levels (Nicholls, 2017).

Overall, the historic case studies suggested that a range of actors were involved in the development of social innovations in a variety of different contexts and within a variety of ecosystem structures. At different socio-structural levels, different individuals, groups and social networks engaged with developing social innovations in continuous interplay with dynamic changes in institutions and cognitive frames.

What historical analysis applying the ESGM does not automatically highlight is the specific dynamics in agency that single actors or groups enact to realize and promote social innovation. Agency, from the perspective of human capabilities is that ability to change one's environment, to have an influence on the surrounding world, in line with own values and goals. It therefore implies, at the very individual level, the ability of people to formulate own goals, first of all, and secondly, to enact them in a satisfying way. Historical analysis tends to show successes and processes, mostly, but less the individual micro cosmos within which goals, decisions and actions take place as ego-documents of marginalised people rarely exist.

For this reason, besides historical reconstructions of social innovations in the 19th and the beginning of the 20th century CrESSI has also empirically investigated current cases of social innovation, that allow capturing the perception of participants and therefore to gain insights on the role that social innovation may have in fostering agency.
For this scope, CrESSI has collected primary data on three social innovation cases in Europe; in particular, the research team explored the scope, organisation and possible impact of three social innovations:

- complementary currencies in the Netherlands and the role they have in reducing marginalisation through greater access to credit or employment opportunities, in particular by promoting the local economy;
- solidarity purchasing groups in Italy and their potential for reducing marginalisation of small-scale, organic farmers and other producers that embed a solidarity-value in their products and services;
- communal interest groups in rural and remote areas of Germany that seek self-determination in water provision and waste water management and the role that these groups can play for local empowerment.

In order to gather comparable information across the three cases, a coordinated primary data collection used mixed methods, combining qualitative and more exploratory interviews with social innovators with more structured responses to a survey that gathered subjective opinions and perceptions of active participants and control groups. The data collection took place between October 2015 and May 2016.

As part of CrESSI’s multi-level theoretical framework, detailed attention was paid to capturing (1) subjective evaluations of agency and change that may be attributed to participation in the social innovation; (2) the role and importance of specific social forces such as institutions, cognitive frames and networks, for the implementation and success of the social innovation; (3) the possibility of singling out the social impact of the studied processes by using control groups.

Results have shown that participants expect social innovations to change people's minds, altering cognitive frames, or mental structures, mainly. Participants further all reported that they have benefitted from social innovation, again mainly by acquiring intangible opportunities, such as new knowledge and social relations that have positive implications for their business (von Jacobi and Chiappero-Martinetti, 2017; von Jacobi et al, 2018).

What the analysis of current cases does not provide is that long-term breadth of historical cases. For this reason, impact of social innovations that are still on going are often unclear and maybe - to the eye of evidence-based policymaking - insufficient. Yet, how should concrete evidence be gained and measured on a process that is changing the way that people think? How should we quantify the gains from a new social contact that brings with it horizontal sharing of knowledge, or maybe just imitation of behaviours? Yet, CrESSI seems to get to the conclusion that these processes are of crucial importance, and probably the beginning of what could be called social change. If social innovation is acknowledged to having transformative potential, policymaking needs to be aware of its intangible effects and consider the possibility of "leaps of faith" in which support and investment goes beyond neatly quantifiable outcomes and impacts in the short-term. Yet, this should recall the need for politicising social innovation more: if politics is to promote long-term visions of social change, these are bound to having political meaning.
What social innovation policy can learn from business innovation policy

Social innovation policy, if considered as a separate policy field, could profit from the long tradition of innovation policy applied to fostering business innovation and technological development. This relates to the understanding of the functions and failures of innovation (eco-) systems (actors, networks, institutional rules of the game, etc.), and the importance of getting users and customers engaged in the innovation process (user-led innovation). Policy instruments (e.g. competence centres, living labs, etc.) might be adapted to the social innovation context. Also, methods and tools for policy advice developed to support science, technology, and innovation [STI] policy makers (e.g. foresight, horizon scanning, social network analysis, etc.) could be of use in social innovation policy design and counselling. When trying to learn from business innovation policy, two key issues should be kept in mind: (1) The implementation of novel technology embedded within a new (or significantly improved) good or service provided on a market; or the implementation of process innovation as a new or significantly improved production or delivery method per se cannot be seen as a success criterion for innovativeness in the case of social innovation, unless it serves the intended policy aim, which usually refers to some kind of social need. (2) As in the context of business innovation policy, invention should not be confused with innovation. Social innovation policy measures should be designed in a way that allows ideas or inventions (which might even be new to the world) to materialise through the social innovation process, thus leading to the successful implementation and diffusion of social innovation.

When considering social innovation as a sub-field of STI policy, it must be noted that evidence and concepts created over the last years in the mainstream of research on business innovation focussed either on the average-customers or the most visible sectors and regions (e.g. ICT and Silicon Valley). Thus, the prevalent conceptual frameworks and analytical tools have a blind spot when economic benefits cannot be expected and “frugal innovation”, which aims at solutions for economically less favoured customers is only an emerging research field. What should be highlighted and acknowledged is that technology plays an important role in social innovations (though not necessarily new technological developments might be triggering the innovation process). A new trend seems to be emerging, namely that technology is adapted to the needs of the users of social innovation. When turning around the perspective, namely when attempting to fit business innovation studies to the needs of social innovation analysis and policy making, it should be kept in mind that the definitions provided by the OECD in the Oslo Manual on business product/process/organisational innovation are not transposable to social innovation for the marginalised - as investigated in CrESSI - unless the criteria for successful implementation of the social innovation becomes the same as in business innovation, i.e. the creation of economic value for the marginalised group.

[extracted and adapted from Kubeczko, 2016: D4.2 Policy Brief]
PART 2 - Current Policy Shortcomings

From a detailed analysis of European policy documents (cf. Edmiston, 2015) it is clear that social innovation is a key strategic and policy interest for the European Union. Particularly since 2008, there has been a notable shift in how the European Union conceptualises societal challenges and the potential role of different private and public actors in meeting social and economic needs. Across the dominant EU policy frameworks, social innovation is repeatedly cited as a means and end to meeting social needs within the context of resource scarcity. From this it is clear, the European Union and its attendant administrative bodies have championed the potential for actors and organisations engaged in social innovation to strengthen the social dimensions of the economic and monetary union (European Commission, 2013d). However, in a number of important respects, there is a fissure between the ideals and high-level strategies articulated by the European Union and the policy instruments and mechanisms by which public authorities have attempted to foster social innovation (Edmiston, 2015).

From the perspective of practitioners: the limits to ideals

On 20th June 2016, CRESSI partners at the University of Tampere facilitated a practitioner seminar on social innovations fostered through the Finnish PAAVO housing programmes, which seek to tackle long-term homelessness. Delegates attending the event represented civil servants from various departments of the City of Tampere, companies that provide social housing services, and various third sector organisations. A total of 19 people participated in the seminar. Several delegates raised the issue of heterogeneity amongst the long-term homeless in need of social housing services. This leads to the question, how the housing first principle should be defined and used when providing and planning services for different groups of homeless people. In everyday social work it is a challenge to recognise the special needs of each customer. There is also more than one form of providing housing: it makes a difference if the person is living in a housing unit, where the services are available locally, and if the customer is in a single flat or is dependent on floating social services. Currently both the Housing First model and the so-called Staircase Model are in use, because they are both instrumental depending on the situation and housing needs of the customer in each case. It was concluded that these two models are both needed and this should be accepted for the sake of the functionality of the whole housing service system and it would be unwise to think, that some new arrangement could replace the whole system altogether.

Many participants expressed concern regarding the scale and depth of problems in finding solutions to people who have a long history of insecure housing. Some of these problems are very pragmatic and are the result of structural circumstances. For example, within the Finnish context many services are mainly available on-line and in order to have access to these, one needs to have a strong electronic identification. Usually online bank identifiers are used for this purpose. The problem for long-term homeless people is that banks are not willing to have them as their customers due to their history of financial difficulties and as a result of this, they don't have access to online bank identifiers. Another difficulty encountered is the challenge of building trust with customers and finding ways to increase their commitment to the housing and support service system. In the discussion, a number of examples were drawn upon to illustrate discrepancies between the ideals of social work and everyday practice. The current ideology in social work emphasises the respect for the customer's freedom of choice, and the difficulty in the practice of social work is finding the ways to support customers to make reasonable choices in their lives. Also the current ideology in social work advises to give more responsibility to customers, but sometimes they are given responsibility for matters they have difficulties managing, such as paying rent on time.

The current system of public procurement in arranging housing and social services for the long-term homeless stimulated much debate. It was evident that recent changes have caused concern about the future of the social housing service system amongst service providers. This was often expressed by emphasising the need to retain high quality services and that price should not be the only or most central criteria in making decisions on new contracts. Delegates also remarked on the importance of trust between different actors and clients in the whole system of housing support and service provision. High standard service models are made from a wide range of...
services and many organisations that provide these services. It takes a significant amount of time and networking to create well-working co-operation in this service field. It was also noted that changes in making service contracts also encourages actors to seek new relations of co-operation. On this basis, different stakeholders have a renewed and vested interest in becoming acquainted and co-ordinating their activities and services with one another.

[extracted and adapted from Aro, 2016: CrESSI Practitioner Seminar Summary on 'Social Innovations in PAAVO housing programmes in Finland 2008-2015']

6. From short-term welfare programmes to long-term strategies for social change

Constraints on public expenditure have challenged the state’s capacity to respond to and address social problems. Within this context, social innovation has regularly been cited as a means ‘to do and achieve more with less’ (TEPSIE, 2014). This in part reflects a crisis with mature capitalist economies and the response from traditional welfare systems (Taylor-Gooby, 2013). Endogenous and exogenous factors are propagating old social problems, as well as creating new social risks. Demographic and familial change, socio-economic globalisation and structural underemployment are bearing down on public finances and challenging the state’s capacity to respond to these phenomena (Caulier-Grice et al., 2012). Many have suggested that a reconsideration of how welfare is financed and delivered is needed with some turning to consider the promises of the social economy and social investment as a policy response. Paradigmatically, rising interest in social innovation reflects a recognition that old or institutionalised policy responses inadequately address the distinct but integral domestic shifts and international challenges facing EU member states (Chen et al., 2014). Some have argued that social innovation, in its various permutations, is symptomatic of a ‘neoliberal orthodoxy’, dissimulating political choices and legitimated budgetary constraints’ (Grisolia and Ferragina, 2015: 167). Such academic and political commentators have suggested that social innovation represents a marked withdrawal of the state from social welfare and a liberalisation of need provision and social assistance (Edmiston, 2015:1-2). In spite of its promises, many have argued that social innovation, both conceptually and in its implementation, obscures the structural determinants of social and economic problems (Grisolia and Ferragina, 2015; von Jacobi, Edmiston and Ziegler, 2017).

Others are less critical of social innovation and suggest that its privileged position in EU policymaking at present demonstrates a profound disaffection with the ‘neoliberal’ policies implemented over the course of the last three decades in the European Union. The liberalisation and deregulation of welfare functions and services have, in many instances, not had the desired effects that were expected. This has brought into question the capacity of the free market economy to meet both social and economic needs (Edmiston, 2015). It has been suggested that this ‘crisis of capitalism’ has induced political administrations to look for alternative models of production and consumption – not only within the welfare sector but also the private sector (Langergaard, 2014; Green and Hay, 2015). According to this interpretation, the prominence of social innovation represents an increasing appreciation for the structural causes of inequality and social problems. As Borzaga and Bodini (2014: 411) note, ‘the ensuing quagmire has left policymakers looking for new solutions that can enable them to tackle growing social problems with dwindling resources’. On the other hand, social innovation often brings with it a plurality of modes of providing goods that challenge the 'monotheism' of the free market as sole provider of goods and services (Ziegler and von Jacobi, 2018). New alliances, partnerships and divisions of responsibilities and tasks can often challenge 'market fundamentalism". Among those that adopt this perspective, many point to the speculative potential of social innovation in tackling old and new social problems in an
unconstrained and transformative manner.

The large range of possible interpretations of the scope and best 'use' of social innovation is largely dependent on the fact that definitions of social innovation are vague. "Some argue that social innovation is defined by its process, methods and socio-structural function; others define social innovation according to preceding approaches and organisational forms; whilst others believe social innovation is characterised by its outcomes and objectives" (Edmiston, 2015:6). Many of the most influential definitions conflate these different dimensions to describe the essence of social innovation. Very often however, it is less clear which characteristics (or even outcomes) are necessary and/or sufficient conditions. With its character so loosely and inconsistently defined, social innovation can be understood as: 'a hybrid, making use of empirical analysis and thereby deploying scientific methods, but simultaneously having an indeterminate quality, making it adaptable to a variety of situations and flexible enough to follow the twists and turns of policy' (Jenson, 2012).

However, this bi-partisan, cross-sectoral interest in social innovation does not necessarily reflect an abuse or re-alignment of values practices and interests. Rather, it may well be that the indefinite character of social innovation is able to accommodate a plurality of applications and motivations.

A secondary effect that the polysemic nature of social innovation has, however, is that it is hard to identify the phenomenon and impact of social innovation, no matter whose initiative is to be evaluated. For this reason it is also hard to evaluate the impact of social innovation policies and hold public authorities, organisations and actors accountable when allocating resources or funding. An ostensible claim to be social or innovative does not necessarily count as such. There is a danger that false definitions, ideals and descriptions are superimposed onto a phenomenon or initiative with markedly different origins and motivations. A measurable impact of a state intervention could be construed or presented as social innovation to obscure underlying policy objectives. Equally, social innovation may be supported through policy instruments and agendas in ways that are neither recognised nor intended (Edmiston, 2015:7).

The more a perspective is adopted in which social innovation is conceived of as driver of long-term change, the more it becomes difficult to fully account for effects and monitoring them. Social change is a complex, multi-levelled, multi-layered phenomenon that requires many slow-moving social structures to change. As empirical findings suggest, social innovation has in fact the potential to be triggering such change, as it seems to mainly address cognitive frames and social relationships (von Jacobi and Chiappero-Martinetti, 2017). These however are intangible and hard to measure or quantify. Furthermore, changes in the way people think only slowly materialize, first in modified attitudes, then in behaviours (Dhondt and Weber, 2017). Until these behaviours reach the necessary diffusion and breadth to form new organisations - and eventually, institutions - this takes other time. For this reason, the finite (if any of such processes can be considered as finite at any moment in time) effects become visible only after considerable time and it is typically impossible to foresee the exact time-frame by when this may occur. The intrinsic difficulties to properly assess effects and composite impact on social change of a given social innovation initiative may constitute a real obstacle for policy makers that are inclined to conceive of social innovation as a long-term strategy for social change instead of a means to implement short-term welfare programmes.

A neat distinction between these two perspective, however, seems to be difficult to combine with the mechanics of policy-making. Compare this with Edmiston (2015:8) resuming how social innovation as welfare substitute still maintains a deep link to social change, especially when it comes to tackling big societal challenges: "In a recent report prepared by the DG Regional and Urban Policy and the DG Employment, Social Affairs and Inclusion, there was broad recognition that growing interest in social innovation was intimately linked to the Great Recession, structural unemployment and the social challenges arising as a result (European Commission, 2014b).

In political and policy rhetoric, the European Union repeatedly cites social innovation as a solution to
the persistence of socio-economic, environmental and demographic challenges. The European Union and its attendant public authorities emphasise that these challenges are placing increasing pressure on Europe’s systems of welfare, health, education and care provision. Budgetary constraints and increased demand on public services has fuelled the desire to capitalise on social innovation so that public and private actors are able to do and achieve more with less (TEPSIE, 2014). Not only is social innovation understood as a means to achieve an end in this regard, it is also recognised as an end in itself." Accordingly, it has dealt with the vagueness of social innovation definitions in a cautious way, mainly in order to possibly accommodate as much 'plurality' as possible.

Social Innovation relates to the development of new forms of organisation and interactions to respond to social issues (the process dimension). It aims at addressing (the outcome dimension):

1. Social demands that are traditionally not addressed by the market or existing institutions and are directed towards vulnerable groups in society.

2. Societal challenges in which the boundary between ‘social’ and ‘economic’ blurs, and which are directed towards society as a whole.

3. The need to reform society in the direction of a more participative arena where empowerment and learning are sources and outcomes of well-being.

Source: BEPA (2010a)

In its earlier stages, the EC was reluctant to commit to one definition because it was believed that ‘social innovation, as a new and emerging concept, cannot be encapsulated within a tight definition with strictly designated, objectives and means’ (BEPA, 2010a: 30). The Bureau of European Policy Advisers argued that there were a number of facets to social innovation that needed to be attended to or accommodated within a common working definition employed by the European Union: According to BEPA, the objectives of social innovation reported in the box are not mutually exclusive. With reference to the analytical framework introduced in part I, it seems advisable to separate out short-term from long-term effects and to adopt a credible commitment to the long-term impacts of social innovation, while rationalizing the kind of monitoring that can be reasonably implemented within the short- and medium term (Nicholls, von Jacobi, Chiappero-Martinetti, Mildenberger and Kubeczko, 2017).

Social innovation policy is necessarily context- and time- specific

Among other research strands, CrESSI has focused on a detailed examination and comparison of domestic social innovation policy agendas tackling marginalisation in Finland, Hungary and the UK, specifically, the PAAVO housing programme in Finland, Social Impact Bonds in the UK and social co-operatives in Hungary. Some key insights of this exercise are reported here. With different varieties of welfare capitalism, (social and public sector) innovation eco-systems, and varying degrees of marginalisation, an examination of one particular policy programme or instrument in each of the three countries has made it possible to: (1) explore by what processes individual member states develop distinctive policy agendas for social innovation; (2) understand how social innovation policy reflects wider social structures and power relations within member states and across states; (3) identify where institutional dominance (Fligstein and McAdam, 2012) lies within and across member states in social innovation policymaking. These aspects shape for example the role and value of social innovation policies with respect to their capacity to develop partnerships, networks and finance for social innovation that improve human capabilities of marginalised populations across Europe. From the analysis undertaken, it is clear that social innovation policy, including its origins, operation and effects, is contextually and historically contingent. The contested policy concept of social innovation, invariably intersects with established institutional frameworks that mediate its significance, salience and efficacy in mobilising resource and action to tackle marginalisation. The diverse ways in which social innovation has been conceived and supported is subject to an ‘historically constructed set of institutional constraints and policy feedbacks that structure the behaviour of political actors and interest groups during the policymaking.
process’ (Béland, 2005: 1). Viewed through the theoretical lens of historical institutionalism (Hall and Taylor, 1996), it is possible to identify the amalgam of ideational mechanisms, socio-economic and political structures within which social innovation policy is embedded. Historical institutionalism ‘views the polity as the primary locus for action, yet understands political activities, whether carried by politicians or by social groups, as conditioned by institutional configurations of governments and political party systems’ (Skocpol, 1992: 41).

With that in mind, there are inevitable limitations and challenges in terms of identifying ‘best practice’ and transferability across heterogeneous socio-economic contexts. Finland, as a hybrid market economy, has a relatively high level of decommodification and low levels of social stratification and marginalisation. With a high budget surplus and strong track record of investment in (public sector) innovation, the Finnish context represents a potentially conducive environment for the policy motif of social innovation. Examination of the PAAVO housing programme suggests it was a relative ‘success’ in terms of financing and fostering innovative solutions and services to tackle long-term homelessness. As an example of a centrally supported and financed initiative, the PAAVO housing programme was able to create effective networks and public-private partnerships that exemplify a social democratic interpretation of social innovation in public policy-making.

By contrast, the UK political administration has pursued and framed social innovation as an alternative policy approach and solution in rather different ways. With high levels of public sector debt, disinvestment in public and social services has been justified through institutional (Scott, 2001) and rhetorical logics of resource scarcity. Against this backdrop, social innovation has received a privileged political and policy position as a means through which to leverage private social investment to deliver costly welfare services, but also instigate innovative welfare interventions that mitigate against the risks of service failure, improve social outcomes and save public money. SIBs have been drawn upon as one such mechanism through which to achieve these aims and these can be seen as symptomatic of a liberal market economy and welfare regime.

As a transition market economy, Hungary has undergone (and is still undergoing) substantial social, economic and political transformations. As a result, the Hungarian government has tended to interpret and support social innovation in ways that formally coheres with EU policy frameworks and financing programmes, but in actuality pursues rather different goals. As a public policy agenda, Hungarian support for social innovation has principally been motivated by a need to address high levels of structural unemployment and social exclusion. The introduction of ‘new type’ social co-operatives has undermined the democratic and co-operative potential of some social economy organisations in Hungary. In many respects, this can be seen as characteristic of an eco-system that lacks the policy infrastructure and domestic socio-economic and cultural conditions to foster social innovation without corrupting its integrity. These conditions have deteriorated as the result of a political and policy climate in Hungary that has, in many respects, undermined democratic accountability and due process, aggravated social conditions and misused and misappropriated EU funds.

Invariably ‘new ideas and solutions’, or at least the motivations behind them, are not conceptually pure. Arguably, the features of social innovation are a transmutation of (or indeed, against) previous approaches and paradigms. Within any setting, this transmutation is instigated by certain socio-economic, cognitive and institutional processes. Whilst many EU member states have observed conditions similar to those outlined above; their particular configuration within different domestic contexts has given rise to a plurality of social innovation policy agendas that are relatively distinctive.

[extracted and adapted from Edmiston and Aro (2016): D6.5 Public Policy, Social Innovation and Marginalisation in Europe: A Comparative Analysis of Three Cases]

7. Why not to focus only on employment: from social innovation as means to social innovation as end

Alongside a series of other factors of disadvantage, the European Commission argues that ‘unemployment is the main cause of poverty for the work-age population’ (European Commission,
Invariably, this informs Europe 2020’s overall strategy for tackling marginalisation but also how the European Union views the role of social innovation in this process (Edmiston, 2015:10):

'\textit{the fight against poverty and social exclusion needs to rely on growth and employment as well as on modern and effective social protection. Moreover, innovative social protection intervention must be combined with a broad set of social policies including targeted education, social care, housing, health, reconciliation, and family policies, all areas where welfare systems have so far tended to intervene with residual programmes}' (European Commission, 2010: 5).

At least 20 per cent of the European Social Fund running from 2014 to 2020 has been allocated towards promoting social inclusion to ensure ‘people in difficulties and those from disadvantaged groups’ receive the same opportunities as others to integrate into society. The European Social Fund views social innovation as a key mechanism by which to tackle marginalisation. The regulations surrounding the European Social Fund state that it will commit to the ‘promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health’ (European Commission, 2013c: 470). Having said that, tackling marginalisation is principally understood as an activity focused on the (re-) employment and activation of marginalised groups (Edmiston, 2015:25). This however, stands in contrast with the definition of social innovation that the European Commission itself proposes, defining it as:

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

While this definition allows for a treatment of social innovation as both, means and ends, it seems as if the concrete implementation of initiatives in support of social innovation had not yet been able to live up to this definition. For example, the European Union emphasises the value and potential of the third function of the welfare state: social investment. As a response to the economic crisis, European Parliament came to a resolution on the Social Investment Pact in 2012. Launched in 2013, the Social Investment Package is an integrated framework designed to help European public authorities modernise and reform their social and public services. The initiative encourages member states to ‘use their social budgets more efficiently and more effectively and to tackle the social consequences of the crisis by identifying best practices and providing guidance on the use of EU funds for social investment’ (European Commission, 2013c: 3).

Rather than reactionary state intervention focused on alleviating social or economic challenges, the European Commission argues that public policies and finances should focus more on preventative measures and actions (Edmiston, 2015:18). This would be in line with CrESSI’s framework according to which social innovation that tackles marginalisation needs to address those structural drivers that represent the root causes of (re)production of social disadvantage (von Jacobi, Edmiston and Ziegler, 2017). Yet, as part of the strategy mentioned, the European Commission claims that member states should be investing in people or ‘human capital’, so that public authorities are able to
reap the maximum social and economic ‘dividends’ on their social investment. Implementation of the Social Investment Package includes measures to tackle childhood inequality, improve the sustainability and provision of healthcare, enhance personalised social services, tackle gender inequality, modernise pension systems, reduce poverty and improve employment and activation services (European Commission, 2014a).

Whilst old and new social risks are recognised as an ethical, social and economic problem, these social risks are principally framed as a threat to the sustainability of EU welfare regimes and understood as functionally disruptive (European Commission, 2015). The Social Investment Package is seen as a key strategy to making the best use of limited financial resources to tackle growing poverty and social exclusion (European Commission, 2013b). The ambition to move from a ‘welfare state model’ to a ‘social investment state model’ is understood as a key means by which to cope with macroeconomic shifts, demographic changes, globalisation, as well as old and new social risks that bear down on public finances (European Commission, 2013e).

According to the Social Investment Package ‘social innovation (and social policy experimentation), need to be embedded in mainstream policymaking and connected to social priorities’ (European Commission, 2014b: 72). The package informs member states’ policy reforms in the framework of the European Semester. The performance of member states is monitored through indicators underpinning the employment and poverty targets of the Europe 2020 strategy. As Edmiston (2015) points out, the reforms set out in the Social Investment Package are wide-ranging and centre on the social dimensions of the European Semester. Member states are encouraged to:

- improve targeting of social policies to ensure those most in need of support or assistance receive it whilst reducing fiscal burden;
- develop strategies for social innovation through public-private-third sector partnerships;
- ensure adequate and predictable financial support including innovative ways of securing additional private financing for social investment;
- simplify the administration of social security and protection to reduce fraud and increase benefit take up;
- improve tax revenue collection and broaden tax bases in a growth-friendly manner that doesn’t compromise labour demand.

Member states are expected to realise these objectives by making use of EU financial and non-financial support services for social policy experimentation, testing new approaches to social policies and scaling the most effective innovations, exchanging experiences and expertise and exploring new financing mechanisms such as Social Impact Bonds. Ostensibly, these measures already have come some way to introducing new objectives, procedures and tools into the social policymaking process (Edmiston, 2015:18). Crucially, the social investment approach focuses on methods of activation that centre on individual solutions and interventions to socio-structural causes of marginalisation and resource scarcity. Indeed, a great deal of the social investment package focuses on reforming public services and social policies in a way that better equips people with the knowledge, skills, resilience and resources to adapt to social risks. This end goal of ‘adaptation’ is particularly interesting given the European Commission’s focus on the structural factors propagating marginalisation and resource scarcity (European Commission, 2013e).

Rather than addressing the structural causes of social exclusion, the social investment package advocates for a ‘preventative’ strategy based on ‘activating and enabling policies’ that improve social inclusion through access to the labour market. The Social Investment Package seeks to:

'invest in our human capital, from cradle to old age. Building upon people’s professional and social skills, and ensuring they have an opportunity to apply them in the labour market is an investment we need to make. It is what social
Whilst this investment in human capital is believed to ‘strengthen people’s current and future capacities’ (European Commission, 2013e: 3), the nature of these capacities is largely pre-defined and prescribed by the European Union, in particular being centred on the ability to remain productive on the labour market. Rather than enabling individuals to define and realise their own interests and preferences as a means through which to overcome marginalisation, the social investment approach championed by the European Union encourages social and labour market integration as the key mechanism by which to tackle poverty, inequality and social exclusion.

The example just outlined of the social investment approach to ‘human capital’ and ‘capacities’ is particularly significant because it focuses on social innovation as a means to overcoming marginalisation. Rather than affecting the process of social interactions (European Commission, 2013a), the social investment approach requires those experiencing marginalisation to overcome structural barriers, participate within the labour market, integrate and operate within the existing institutions that however co-structure marginalisation (Edmiston, 2015). Such centrality of work and training to the EU social inclusion strategy is further demonstrable through slogans such as ‘more jobs, less marginalisation’, ‘give people skills not benefits’ and ‘supporting people to support business’. The European Social Fund views employment as ‘the most effective way of giving people independence, financial security and a sense of belonging’. The European Social Fund focuses on investments that help individuals adapt to a ‘rapidly changing job market’. In line with the Social Investment Package, these solutions to poverty, inequality and structural unemployment centre on ‘re-training’, ‘re-skilling’ and ‘up-skilling’ disadvantaged, unemployed or young people. Consequently, such funds to tackle marginalisation are principally used to facilitate the integration of individuals into the existing economic paradigm and system of production and consumption (Edmiston, 2015). Thus, the European Social Fund aims to capitalise on innovative ideas, methods and services mainly to enhance the efficacy of employment assistance and activation services: ‘promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment’ (European Commission, 2013c: 475).

Such an approach may mitigate the phenomenon of marginalisation in terms of one specific dimension, namely employment and - possibly - income, but it is unlikely to dismantle the social process through which marginalisation emerges and is being reproduced. For this reason, it does not appear to be an efficient approach in the long term. Furthermore, the compensatory effect of mitigating marginalisation without uprooting its causes implies the systemic confirmation of power structures that are systematically producing inequality in society. This is likely to trigger potentially dangerous unintended effects such as the spread of mistrust in institutions. More open approaches that truly allow for co-designing of objectives by citizens on the other hand, bear the potential of opening new channels of communication and collaboration between institutions and citizens that can foster trust, democratic participation and social cohesion. Particularly in view of big future societal challenges it seems crucial to avoid the perpetuation of cleavages between technocrats in institutions and marginalised citizens.

How stakeholders perceive social innovation policy evaluation

On 6th May 2015, CRESSI partners at the University of Oxford hosted a seminar on EU level social policy, hosted at the National Endowment for Science, Technology and the Arts (Nesta) in Central London, UK. The seminar was well attended by academics, practitioners, independent consultants and representatives from think tanks and umbrella body organisations. The discussion that emerged after engaging with CrESSI’s research focus and programme is synthesized in the following four key issues:

(1) The definition of social innovation employed by the European Commission is both useful and problematic. The vagueness of the concept makes it possible to support activities and organisations that extend well beyond the dominant paradigm of ‘doing and thinking’. Prescriptive definitions or metrics designed to assess the
impact of social innovation policy agendas can stifle creativity and dynamism. Equally, bound classifications may make certain activities and organisations ineligible for assistance or support. Conversely, vagueness makes it difficult to identify (let alone assess) social innovation and policies designed to support it. This is a challenge faced by academics and policymakers alike. To illustrate this point, one delegate mentioned that there are ‘social innovation champions’ within domestic ministries but often, these actors are not entirely clear about how, specifically, they are expected to foster social innovation.

(2) The definition of social innovation employed by public institutions has significant repercussions for measuring success and impact. In this regard, measurement and impact were recurring themes. Social value and social return on investment were understood to be benchmarks of progress. A number of delegates raised questions about how to conceive of social innovation within the context of domestic and EU policymaking. For example, delegates encouraged to consider how it may be possible to measure and capture the impact of social innovation policy when it is not always nominally recognised as such? Further, how can policy findings and recommendations be made tractable with domestic, departmental and pan-European strategies in this regard? There was further some discussion about accounting for positive and negative externalities during the assessment of social innovation policies, programmes and activities.

(3) With regard to exploring the effects of policy implementation, delegates encouraged to consider carefully units and areas of analysis. Specifically, to consider whether the focus of analysis should be on instances of ‘success’ or ‘failure’ to establish the effects of public policy agendas. In addition, there was a reminder of the tendency to conflate social innovation and social entrepreneurship at the political and policy level. To evade this problem, one delegate suggested establishing a clear rationale for case selection in the organisations and activities that become object of analysis or evaluation. That is, a rationale that extends beyond existing confines to capture social innovation within and across a diverse range of organisations in a comparative context.

(4) The question of accountability was another recurring theme. Delegates discussed how to ensure public funds are spent effectively by auditing activities, organisations and public authorities. Many were mindful of the challenges and costs associated with doing this. Some felt that ‘quantification is reduction’, whilst others suggested it was more a matter of effectively capturing the ‘market value’ of activities. These points lead to a broader discussion about the challenge of developing a social investment market and the obstacles facing social innovation funding and finance.

[extracted and adapted from Edmiston and Nicholls, 2015: D6.2 EU level policy seminar on 'EU Public Policy, Social Innovation and Marginalisation: Reconciling ambitions with policy instruments']

8. Insufficient intellectual space: the need for courage to alter structural factors

As previously introduced, social innovation policy faces a large spectrum of possibilities and a variety of different foci through which it can channel support for it. To the degree that social innovation is being seen as driver of social change, policy support will gradually have to widen up from targeted, short term goals to more horizontal, long-term mechanisms that also directly address structural factors that constitute the social process through which marginalisation is being (re)produced (von Jacobi, Edmiston and Ziegler, 2017). Yet, structural factors are deeply intertwined and co-evolving with power dynamics. For this reason, the particular equilibrium existing between social forces (cognitive frames, social networks, institutions) at a given time in a given context can be interpreted as institutional dominance, or the institutional status quo (von Jacobi and Nicholls, 2017a). Consequently, the paradox of challenging institutional dominance out of which social innovation policies emerge is of relevance.

First, the potential of social innovation to unfold and to effectively address/redress marginalisation is contingent on existing power relations enshrined in a given equilibrium between social forces (von
Jacobi et al., 2018): to some extent, successful social innovation necessarily needs to induce institutional change and therefore represents a threat to the current institutional dominance. This however necessarily raises questions about the relationship between power, marginalisation and social innovation. For example, who decides the policy priorities and strategic framework of the European Union? How do institutions govern the behaviour and outcomes of European citizens, and in particular of those that are marginalised? Who controls common or shared ways of thinking? What role can national and trans-national social networks play in instigating a realignment of power when they are concurrently subject to power relations? (Nicholls and Edmiston, 2015a)

The transference of power from the powerful to the powerless can help ensure that social innovations are enacted, but more importantly, that these are implemented in a way that maximally benefits the most disempowered citizens in Europe. Accordingly, if social innovation and innovative social policies intend to tackle marginalisation through structural change, it is necessary to take account of, and where possible address, the power imbalances that exist at the individual, collective and institutional level (Nicholls and Edmiston, 2015a).

One aspect of such transference of power may again imply greater openness to ideas and values that emerge among citizens and their absorption into policy making. The inclusion of such values is intrinsic in the notion - and goal - of social innovation to be improving capabilities, as these resemble the ability of people to "live the lives they have reason to value" (Sen, 1999:87). Opening up the political decision-making process to new objectives and long-term goals indeed constitutes a transference of power and voice itself, and a connected change to prevalent structural factors, in as much as people's agency is directly connected to the ability to “act and to bring about change”, in line with own “values and objectives” (Sen, 1999:18).

The inclusion of collective goals or values of groups that were previously excluded can be interpreted as a modification in those power relations that govern an institutional status quo (von Jacobi and Nicholls, 2017a). This is in line with BEPA's (2010) conception of social innovation itself, as a process that "aims to: meet the social demands of vulnerable groups that are not currently met by the existing socio-economic settlement; address societal challenges in which the boundary between the “social” and “economic” blurs; and promote a participatory approach to social organisation and interactions that centres on empowerment" (see previous section). Within such perspective, the transformative potential and effects of social innovation need to be seen as directly addressing marginalisation on one hand, but also to be contributing towards structural change that, in turn, alters the conditions and processes that lead to poverty and social exclusion in the first place (Nicholls and Edmiston, 2015a). Social innovation in this case targets the social process that (re)produces marginalisation and seeks to modify it. This mode of analysis has significant implications for policy design, implementation and evaluation - not only within the arena of social innovation, but more broadly across other policy domains. If policy makers are to design and implement effective social innovation agendas to address marginalisation, it is necessary first to identify and address the complexities of the power hierarchies that frame their own policy objectives. Such a process implies for policy makers to recognize and overcome their own institutional dominance, requiring both self-reflexivity and institutional entrepreneurship (see Nicholls and Edmiston, 2018). Importantly, this will require the introduction of politics into the so-far mainly apolitical character of social innovation policy making (Edmiston, 2016a).

To get back to the example of the European Social Fund, Edmiston (2015) outlines how social innovation is only officially recognised and supported in a way that reproduces existing social relations. Whilst it may be innovatively social in its means, the activities and objectives funded are not innovatively social in their ends. That is, the existing funding structures currently limit the
capacity for social innovation to significantly disrupt or alter ‘the process of social interactions’ (European Commission, 2013a). Whilst social innovation may (and almost certainly does) occur that is genuinely transformative as a result of the European Social Fund, this is largely a by-product, rather than an explicit objective of operational programmes. Again, initiatives with such design may help create the conditions and environment for social innovation to flourish, but they may equally lead to an embedding of the existing paradigm and approach to tackling social and economic challenges, which does not modify the process at the roots of inequality and marginalisation (Edmiston, 2015:13).

The inability to adopt a self-reflexive approach in which the current institutional dominance is put into question seems to be the greatest fallacy of current European social innovation policymaking: by both the European Commission and the various DGs within it, Europe 2020 is considered the most explicit commitment to the idea, practice, means and ends of social innovation.

Europe 2020 is said to encapsulate a social innovation approach and ideal (European Commission, 2014b). However, upon closer inspection, there is, on occasion, little in the way of the social dimension mentioned in much of the strategy. The overall priority is to ‘move decisively beyond the crisis and create the conditions for a more competitive economy with higher employment’. The relative separation of the social and economic objectives of Europe 2020 belies the integrated social market economy model espoused by political and policy leaders. A claim to be social or innovative doesn’t necessarily count as such or lead to such a transformation (Edmiston, 2015).

While the European Social Fund has placed an interesting particular emphasis on social experimentation and public sector innovation to tackle pressing social need, this emphasis tends to operate within the confines of work integration, employment and activation policies, as previously mentioned. Similarly to many of the initiatives funded under the Programme for Employment and Social Innovation, the concept and potential of social innovation is only accommodated and supported in a way that is financially and or strategically valued by EU public bodies and activities.

In spite of the expansive definition publicly endorsed by the European Commission, its way of operationalizing it - precisely within the confines of established institutions and cognitive frames - limits the impact of public support for social innovation that seeks to alter structural factors. While the European Union has attempted to encourage participatory methods as an approach to domestic policymaking and to embed these into networks and organisations engaged in social innovation, the reality melts down to consultations on existing strategies: these tend to be more commonplace than initiatives that enable citizens to actually set the social and economic agenda themselves. As such, activities and measures designed to support social innovation tend in fact to be imposed rather than being co-constructed by stakeholders at different socio-structural levels (Edmiston, 2015).

Whilst it is clear that EU public authorities value the means of social innovation, there is less cognitive space and institutional support for the ends of social innovation. At present, those experiencing marginalisation and practitioners engaged in social innovation are to some degree subject to the ends the European Union deems valuable in scaling social innovation. Furthermore, where the ideals and ends of social innovation jolt too strongly with the competing priorities of the European Union, it appears its underlying ideals are either lost in translation or sacrificed to countervailing concerns.

The key element behind this dynamics is neglect for structural determinants that need to be addressed by social innovation processes that seek to alter power structures. Larger degrees of co-designing are necessary to live up to the policy goals the European Commission already endorsed: this however requires two crucial modifications to the prevalent logics of social innovation policymaking, much in
line with the schemes introduced in part I. On one hand, policy making needs to truly open up to new goals and to accept that social innovation may be financed even when not emerging from an own political agenda. On the other hand, the power structures within which policymakers find themselves to be empowered in, may have to become subject of revision in order to empower the marginalised.

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<th>How EU policy makers perceive social innovation policy</th>
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<td>In January, 2017, CrESSI presented intermediate findings to EU policy makers and discussed emerging social innovation policy recommendations. The following points were object of discussion, key reactions of policy makers are summarized in what follows:</td>
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<td><strong>(1) Collaboration is king (most of the time):</strong> Cross-departmental collaboration opens up some of the clearest means by which to solve entrenched societal problems and emerging social risks; <strong>(2) Protecting the Integrity of Sectoral Approaches and Provision:</strong> The integrity of the public, private and third sectors is a necessary pre-condition for successful strategies that seek to tackle marginalisation through cross-sectoral collaboration; <strong>(3) Markets Matter:</strong> Whilst social innovation policy-making has actively supported the insertion of private features into the public and social economy sector, there has been much less policy attention and support given to introducing public and social economy features into the private market economy; <strong>(4) Moving from Incremental to Institutional Transformation:</strong> The policy paradigm of social innovation emerged from a recognition of the need to address structural factors, but these are addressed in a minimalist way. Whilst in this way social innovation policy contributes towards incremental and localised improvement, the prevailing socio-political and economic settlement remains largely unchallenged and unchanged. <strong>(5) Scaling Initiatives:</strong> The majority of social (policy) innovation activities tend to be small, localised and short-term by a wide range of small players. <strong>(6) For And Against:</strong> The multiple framing and pursuit of social innovation in public policy makes it possible to encourage collective action for a particular outcome or activity, but this equally detracts from mobilising resources and individuals against the institutions and determinants that undermine inclusive economic growth.</td>
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| In response to the findings and recommendations outlined, representatives from European Commission raised a number of points for consideration and reflection. With regards to the importance of protecting the integrity of sectoral approaches and provision, representatives pointed to a number of tensions and challenges arising here. Whilst policymakers recognized the validity of the observation, they nonetheless felt that it was necessary and important to mobilise private sector resources and activities in ways that enhance the efficiency and effectiveness of the public and civil society sector. In relation to this point, a number of representatives thought that greater clarity could be provided on the role of the market in social innovation policymaking. That is, a more practical distinction needs to be made between policy areas where the market matters and where it does not. Representative affirmed that public and civil society sectors can greatly benefit from private approaches and logics. They nonetheless recognized that there were circumstances where the encroachment of the market into public and civil society spheres was neither desirable nor appropriate. In terms of thinking about the particular role of the market in contributing towards inclusive economic development, a discussion ensued about whether this was the role of public policy agendas seeking to foster social innovation, or whether a more conventional approach would be better suited to this project through labour market regulation, enforced and progressive corporate and income taxation and conventional social policy approaches to meeting human needs. Some felt that there was an important place and role for the market in social innovation policy that related to encouraging *fair economic space* through ethically informed production and consumption practices. With regards to scaling initiatives, one representative suggested that it was not necessarily problematic that the majority of social innovations supported through public policy were small, time-limited and diffuse. They suggested that once a social need was fulfilled, it could be entirely legitimate for actors and organisations engaged in the social innovation to cease their activities. However, a number of representatives did rightly suggest that the diffuse nature of a social innovation may not necessarily be problematic. Diffuse instances of social innovation across Europe may well be fulfilling social needs. However, the problem is increasing the visibility of these activities and the diffusion process so that other actors might take these up. The potential of approaches such as social franchising were discussed and recognized as one way of achieving this. With regards to the final finding and recommendation (*for and against*), representatives discussed the role of (political) participation in social policymaking and how collective action against institutions, actors and processes might feature in such a process. Representatives emphasized a number of clear examples where co-construction and co-creation approaches to policy design and implementation had increased the representation
and participation of marginalised groups in the policy process. It was pointed out though that marginalised groups were rarely part of the agenda-setting process and this limited the extent to which meaningful political participation was being achieved through social policymaking. A discussion ensued about conventional approaches to innovation and what role ‘creative destruction’ might have in social innovation activities. Whilst some suggested that the object of ‘destruction’ might necessarily be existing sectoral approaches and provision, others pointed out that the broader dismantling of existing institutions may be necessary in order to adapt to shifting trends in globalization and technological innovation. All representatives agreed that it was important to not do away with existing approaches and institutions that present some capacity to address social problems and societal challenges.

In thinking about the role social innovation might play in mobilising collective action and resources (material and post-material) against the factors contributing towards marginalisation, a number of representatives point out the potential danger of collective identification. Specifically, one representative pointed out that collective identification of disadvantaged groups may result in a realignment of power relations, but not necessarily in ways that are socially beneficial to the most marginalised citizens in Europe. This representative spoke specifically about the rise of right-wing populism and how this might be understood somewhat controversially as a social innovation. This lead to a number of other delegates pointing out and agreeing that there was some danger attached to politicising the concept and practice of social innovation. Whilst it may help mobilise people, it may equally temper the extent to which public institutions are able to support it, or its inclusive capacity.

[extracted and adapted from Edmiston, 2017: Building an Inclusive Economy through Social and Public Sector Innovation - Policy Memo]
PART 3 - Policy Recommendations

This final part of the report distils the major policy recommendations produced by CrESSI as a result of various empirical and theoretical analyses. Each policy recommendation is introduced by a brief description and a more detailed explanation. References to case studies investigated in CrESSI are meant to provide actual examples of successes or failures with regards to the specific recommendation. The examples mentioned are not exhaustive, but just exemplary. For a more succinct version of these policy recommendations, see also the EU Social Innovation Policy Recommendations, D6.7 (von Jacobi and Nicholls, 2017b).

1. Adopt a long-run perspective

Social innovations for the marginalised do not pay off in the short term, and there is a trade-off between costs of interventions and the degree of marginalisation addressed. Reaching more marginalised people is more expensive, yet social innovations that do so significantly contribute to the construction and renovation of social peace.

In some cases, e.g. the European Social Innovation Competition that takes place yearly, specific solutions to the needs of specific (marginalised) groups in society are awarded support. Such initiatives tend to represent exceptions to social innovation policy making. Whilst social innovation and innovative social policies often enhance capabilities at an aggregate level, they can, at times, fail to address the needs of the most marginalised and disempowered citizens. Individuals and groups suffering multiple forms of deprivation or exclusion are often the least able and likely to make use of services, initiatives and goods (Flanagan and Hancock, 2010; Lord et al., 2011). In addition, agents and organisations are often better equipped to address minor aspects of marginalisation, rather than, for example, chronic or absolute poverty. In the political economy of social policy and social innovation, policymakers, practitioners and social innovators need to be mindful of this and its repercussions for tackling poverty and social exclusion (Nicholls and Edmiston, 2015). Sever marginalisation and social exclusion are characterized by multiple, corrosive disadvantages that cross several life domains: from poor health to unemployment, from lack of social relations to poor housing and living in harnessing environments, from domestic violence to abuse: often the marginalised are entrenched in complex constellations of conditions that make it difficult for them to lead a life in dignity. Tackling such multi-dimensional phenomenon requires highly articulated efforts and time. When investment is discounted in terms of any of these, this goes to the detriment of the efficacy of reducing marginalisation, either because interventions reach only the least marginalised (Molnár, 2017), or because only parts of the multiple disadvantage are being addressed.

A zoom-in on Social Impact Bonds (SIB): SIBs are payment by results contracts that leverage private social investment to cover the up-front expenditure associated with welfare services (Edmiston and Nicholls, 2017). In the UK, the desire to improve service quality, mitigate risks associated with service experimentation and enhance the social outcomes achieved using public resources has pushed for welfare pluralism. SIBs are one of the latest manifestations of this trend seeking to stimulate public sector innovation and maximum social impact. In comparison to other EU member states, there is a stronger and much more explicit social innovation public policy agenda in the UK. Particularly since 2010, political and policy rhetoric has, towards different ends, advanced the case for social innovation (Edmiston and Aro, 2016:9). In policy terms, horizontal policy interventions have attempted to scale social innovation as a holistic concept. Vertical policy interventions have attempted to embed specific aspects of social innovation in service design and delivery to address common (but rarely specified) economic and societal challenges in a pre-emptive manner. Perhaps the clearest manifestation of policy interest in social innovation in the UK has been the development of social

impact bonds.

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<th>UK: Insights from Social Impact Bonds</th>
<th>EU: Insights from Public Freshwater Provision</th>
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<td>Biggest savings to public expenditures on chronically marginalised, such as drug-users or criminal re-offenders, are obtained when focussing on interventions that target these most disenfranchised directly. While integrated approaches have proven to incur high costs: despite of targeting only a small portion of the population, they are well justified by their significant effect on reducing the undesired phenomenon, and thus producing very high social benefits.</td>
<td>The expansion of water supply to all urban areas in the 19th and 20th century needed to be publicly subsidised. Neighbourhoods in which the marginalised were concentrated represented an unattractive location for investment as no return could be expected. Public health improvements, however, function as network goods(^1), accruing all and depending upon widespread diffusion/ adoption of healthy practices, such as clean potable water.</td>
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As a payment-by-results contract that leverages private social investment, social impact bonds have been presented as a vehicle through which to support innovative service interventions for marginalised groups to improve their social outcomes and opportunities. As such, examination of social impact bonds makes it possible to explore the role of private social investment in outcome-based commissioning and how this affects public sector innovation, the capacity of third sector organisations, the social outcomes of targeted populations and the cost-savings accrued through public service reforms (Edmiston and Aro, 2016:9).

Social impact bonds seem to bear great potential for innovation in the public sector, in particular in view of delivering targeted, comprehensive and integrated services to specific marginalised groups. Their leverage of private capital raises hopes for such services to being financially viable in the long-term. Yet, social impact bonds are not spared debate: to many, the involvement of private capital is not desirable. Furthermore, the complex partnership between private investors, public commissioning and third sector organisations implies very high transaction costs that absorb money and time. However, the design of social impact bonds, in particular their payment-by-results feature may constitute a tool for funding that seeks empowerment of beneficiaries and greater process freedom through which service providers can adapt along the way.

Some elements of social impact bonds are likely to influence future public commissioning too: compare this with Edmiston (2016b:6) in which the discussions of delegates during a policy round table on SIBs are reported: "A number of delegates felt that more attention and resource should be directed towards supporting public sector commissioners. Such support could help commissioners in the effective design of payment-by-results contracts, as well as the development of alternative strategies of performance management and measurement. In certain instances, this may have the capacity to increase the efficiency, effectiveness and equitability of public services without the presence of private capital and the high transactions costs associated with this. Beyond this, some delegates felt that greater resource was needed to facilitate knowledge transfer between public sector commissioners so that they are able to capitalise on lessons learnt from existing SIBs and scale successful service innovations more widely across the public sector."

Social impact bonds therefore represent an interesting example in which the long-term goal of tackling marginalisation is approached through an innovative design that reshuffles both, agents involved in assessing criteria and metrics (payment by results: the perception of beneficiaries matters!) and partnerships across public private and third sector. Investigations made in CrESSI

\(^1\) Network goods are those that have network externalities, meaning that an additional user of the good has a positive effect on the value the product has for others using it. The overall value of the good increases with the number of users.
suggests that: a) the potential of SIBs to secure social outcomes is derived more from the small and experimental nature of services rather than, purely or even necessarily, the financial mechanisms that underpins it; b) that complex social problems require at least some degree of service continuity and support infrastructure existing alongside SIBs offering more intensive, if only temporary, assistance to target populations; and c) that the tool can only be expected to work in specific contexts, not as a one size fits all instrument (Edmiston and Aro, 2016; Ziegler et al. 2017).

2. Invest in the capability to associate

The ability to associate and to get organised to speak up for one's ideas, needs, and proposals is not always given. Especially among the marginalised, the ability to be part of a network that can represent, defend and diffuse public requests for new solutions is often missing or insufficient.

Finding bottom-up solutions that actively involve those disadvantaged or that ensure their say in the promotion of social innovation relies on the capability to associate. CrESSI research suggests, however, that this capability cannot be taken for granted. The disadvantaged do not necessarily organize themselves, either in formalized associations, or in social innovation processes. The social innovator is likely, at least initially, an actor external to the disadvantaged group (Scheuerle et al., 2016; Ziegler et al., 2017).

If the goal is to promote social innovation processes that at least in the medium-term involve the "beneficiaries" as active co-shapers of the process, there is a need to actively invest into the capacity to associate: examples are network approaches that at the respective community level (neighbourhood, village, hamlet) start with information-sharing and group formation, and the building of bridges to other, similarly affected, as well as non-marginalised, groups and actors (Molnár, 2017; Ziegler et al., 2017). While Social Innovation Europe represents a tool for network support, there are margins for action in the way this initiative could promote the capability to associate of those that are still not organized in functioning networks.

There are a series of different, rather horizontal ways, in which policy-makers can invest into the capability to associate. Education can represent a viable mechanism, by promoting shared values and experience. This can facilitate cohesion and trust across different social strata especially in public schools, in which there is mixing of different social classes. Enrolment rules can have important effects on the quality and diversity of social ties, which also has a bearing on who is taken as example, as object of imitation, etc.

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<th>HU: Insights from the Kiútprogram</th>
<th>DE: Insights from Decentralized Water Management</th>
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<td>Microcredit programmes targeting socially excluded groups such as Roma can only be effective when they are multifaceted, e.g. when they provide cultural and social capital by developing capabilities and facilitating networking in addition to traditional micro loans. This comprises financial literacy, vocational and communication training, mentoring and business network development. Such transversal skills can be provided in addition to credit with more integrated approaches.</td>
<td>When local communities seek to resolve issues around common-pool resource management, such as water provision and wastewater, local democratic association laws, such as the right to call a town hall meeting, are essential. They can facilitate grass-root movements that aim at self-determination and seek to propose innovative solutions to urgent problems, such as the quality of drinking water.</td>
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Furthermore, an early focus on civic education and on learning from concrete involvement in civic organization can reduce psychological barriers to getting engaged. Also, curricula can affect the respective capacity to aspire of students via textbook examples, specific awards and other initiatives that stimulate reflection on own life goals etc. (Ziegler et al., 2017). Labour and unemployment policies can also play a role in this sense, e.g. by providing space, incentive and spare time for association, as well as by establishing a climate, in which freedom of expression and tolerance reduce the real or perceived risk of participating in collective action. Finally, association policy that encourages the formation of association, especially among the least advantaged and reduces economic, political and administrative costs associated with it can also represent a further political instrument (Ziegler et al., 2017).

3. Improve network support

Networks are crucial for social innovations as they mediate conflicting requests and coordinate actors in view of common goals. Existing co-ordination activities and new types of intermediaries, who take over these tasks appear to be underfunded, more support should reach grass-root movements, especially when they create ties between marginalised and non-marginalised communities.

Social innovations typically involve citizens and seek to support them in having a say in decisions that govern basic aspects of their lives. This often implies the involvement of civic groups and networks for the coordination of this task. Any support for social innovation that takes this participatory aspect seriously should therefore not only (and probably much less) support new ideas and innovations via for example project based support and competitions. Instead, an alternative and viable support mechanism could focus on networks that have already established themselves and can demonstrate a live of their own. The stable number of network members or the duration since the network has existed could for example inform regarding the extent of establishment of a network. Networks are living, social entities confronted with numerous organisational challenges: how are decision arrived at? How to effectively document and share knowledge? How to identify and agree upon rules that stabilise interactions and modes of action within the network? These questions crucially require some kind of coordination, which however - as typical with public or club goods - has positive externalities of non-rival nature (von Jacobi et al., 2018). For this reason, coordination is typically underfunded, in line with economic theory.

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<th>DE: Insights from Decentralized Water Management</th>
<th>IT: Insights from Solidarity Purchasing Groups</th>
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<td>In rural areas of Southern Germany, citizens have gathered together to restore their local water sources. They needed help and technical know-how to do this. They formed a network – the IKT, a non-profit organization that provides space for peer validation, knowledge exchange and lobbying. Such networks generate added social value but frequently lack network coordination capacities and coaching to fully unleash their social and democratic potential. Public or private network support can compensate this.</td>
<td>Across Italy, families gather in groups to acquire consumption goods produced in ethically correct ways. Many of these are informal but they represent a new type of intermediary between producers and consumers. The groups could often increase their reach and impact if more support were available. Guidelines on participatory certification systems and for non-marked based intermediaries would help, as these are initiatives typically pursued by groups.</td>
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As other activities with positive externalities, coordination activities justify public intervention and support. In the case of support for networks promoting social innovation, the positive spill-over effects are not constrained to the innovative process itself but also bear significant synergies with the scope of promoting capability to associate more generally.

Such network support could focus on financial resources to be used for coordination work, as this is precisely the kind of work that is largely responsible for additional social value and that at the same times is a blind-spot of project focused innovation support (Ziegler, 2017c). Coordination is also necessary when new networks are to be constructed that leap across established and internally cohesive social groups. Especially for social innovation that targets the marginalised, this may be relevant. On the one hand, marginalised groups may generally have less time and facility to associate among each other. On the other hand, their position within society is likely to constitute barriers to crossing into other, non-marginalised, societal groups. Yet, creating networks that move across marginalised and non-marginalised groups is a key challenge for altering social structures that (re)produce marginalisation. Coordination is also necessary when new networks are to be constructed that leap across established and internally cohesive social groups. Especially for social innovation that targets the marginalised, this may be relevant. On the one hand, marginalised groups may generally have less time and facility to associate among each other. On the other hand, their position within society is likely to constitute barriers to crossing into other, non-marginalised, societal groups. Yet, creating networks that move across marginalised and non-marginalised groups is a key challenge for altering social structures that (re)produce marginalisation. In view of the profound interactions between networks, cognitive frames and attached claims for new institutional solutions, the creation and support of new mechanisms of affiliation that may break down previous stereotypes of segregations in social behaviour is of utmost importance (von Jacobi et al., 2018). Coordination on behalf of some actor or organisation is likely to be necessary however, in order to make the attempts of a new collective identity to arise in a new network become reality.

Another type of network support could come in form of know-how and advice: networks frequently emerge from local and regional struggles that - at least initially - frequently require strong leaders. Such feature can however - at later stages - create difficult questions of passing on leadership and for sharing responsibility within the network: in other words, emergent networks risk high mortality due to lack of experience. While these challenges are not new, support to networks could take on the form of coaching and exchange between networks to deal with common trouble-shooting and to share lessons learnt (Ziegler, 2017c).

**Two different examples of social innovation networks:** As previously introduced, Italian Solidarity Purchasing Groups (SPG) are groups of individuals or families that self-organize in order to collectively buy food or other everyday consumption goods, selecting suppliers of such goods on the basis of solidarity and critical consumption criteria. Groups emerge at the very local level, such as the neighbourhood or the municipality. Often different groups co-exist for example in large cities. In Italy, the prevalently informal movement is supporting mainly small-scaled organic farming but also other alternative production realities such as involving ex-prisoners or people with disabilities into the manufacturing of goods or services. While a national network officially exists, SPGs tend to prefer working autonomously, granting each group independence in the identification and conservation of consumption choices and preferences. In this sense, the national network does not seek and wish for a systematic scaling or the homogenising of activities. Yet, many groups complain about similar difficulties, such as for example the lack of access to spaces in which they can stock and distribute products. Targeted network support that refrains from scaling but takes the movement's particularities seriously could help many groups overcoming current barriers.

The interest community for communal drinking water supply (IKT) in Germany is a network for the promotion of decentralized water management. It was established in Bavaria (DE) in 1986 out of concern that the new threshold values for nitrate (50 mg/litre) would in the light of high de facto nitrate values provoke a push towards large freshwater supply systems, away from communal freshwater sources. The IKT was founded to push instead for restoration of communal freshwater sources and, in 2002, added decentralized wastewater treatment to its mission. While the IKT has already elaborated productive modalities of exchange with public institutions at different levels, targeted support to the network could help them in making their scope and techniques more visible to the European public.
4. Compensate disempowering arrangements at the national level

Social processes that (re)produce marginalisation are shaped by local or national institutions. Where this represents a barrier for overcoming the marginalisation and exclusion of the respective groups, the roles and possibilities of involvement of different policy levels should be reconsidered. There is sometimes a need to leap over national governments to counter disempowering social processes.

The interactions between institutions, networks and cognitive frames can reproduce marginalisation. A grave example for this is the longstanding marginalised position of the Roma, mainly in Central and Eastern Europe. As it seeks to change power relations, social innovation must target all three social forces and what connects them, as it is the interdependence of existing social forces that play a crucial role in (re)producing marginalisation. National authorities are not a neutral, long-term funders of solutions tackling marginalisation, but in part responsible actors in the process of its reproduction. Schools and municipalities, employment and regional development policies all potentially contribute to its persistence. Under such conditions, even the utilisation of EU funds for the inclusion of the most deprived social groups can be ineffective and inefficient, as long as it is facilitated via those existing authorities that are constituent part of the social processes (re)producing marginalisation. Leaping over political levels from the national to the EU level for direct investment into the social inclusion of the most marginalised might provide an alternative option: funds could directly (and really) reach the NGOs supporting marginalised communities, bypassing the national and local administrations (adapted from Ziegler et al., 2017).

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<td>Recent regulation in Hungary has disturbed an emerging field of social entrepreneurship, as it allowed local municipalities to become members of the so-called new-type social co-operatives. A more recent measure introduced in December 2016 forced all original social co-operatives to convert themselves into a new type social co-operative by the end of 2017. The inclusion of a (local) governmental body into the co-operatives strengthens the existing power structures, castrating empowerment.</td>
<td>National authorities are not a neutral, long-term finance provider to tackle marginalisation problems; rather, they are in part responsible actors in the process of reproducing marginalisation. In the case of this integrated microcredit programme, direct investment by the EC has leapt over political levels to directly invest into the social inclusion of Roma. Funds have reached NGOs supporting marginalised communities directly, bypassing the national and local administration, and therefore enabling a more integrated approach that breaks down prejudices.</td>
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A zoom into the case of integrating Roma: As the Roma population is the largest ethnic minority in Europe, and is mostly marginalised, or even socially excluded, the direct promotion of their social inclusion can be a good test case for direct investment that leaps over administrative levels. CrESSI research has found that in cases of long-term marginalisation, marginalised people might be better supported if investments for inclusion are managed directly by the European Commission instead of the member states so as to increase efficiency and effectiveness in the spending of funds. Direct investment has the potential to improve the legitimacy of the EU by demonstrating its capacity to link investment to long-term social-economic development. Such proposal is not without precedent.

Between 2010 and 2012, the Pan-European Coordination of Roma Integration Methods – Roma Inclusion pilot project directly financed activities in the fields of improving the access of Roma children to quality early childhood education and care, facilitating self-employment through access to finance for marginalised communities, combatting discrimination against Roma people through awareness raising campaigns, and improving evaluation methods of Roma integration programmes.
These pilots were considered successful, their experiences, however, were utilised by EU member states only sporadically or not at all (Molnár, 2017).

The majority of the Roma are disadvantaged in almost all aspects of life: education, employment, income, housing, or health conditions. They frequently face discrimination in the fields of education and employment. Open or covert prejudices against the Roma are visible in everyday life and in the media. While this is generally known, the CrESSI research puts additional emphasis on the fact that such disadvantages and marginalisation are closely connected, and reinforce each other through interactions between institutions, social networks and cognitive frames. School segregation and exclusion from the labour market eliminate possibilities of forming ties with other social groups, strengthen prejudices, and erode the ability of those affected to change their own life circumstances. The lack of inter-community social ties makes it more difficult to find a job, increases vulnerability to local power structures, and has a deeply negative impact on the cognitive frame of the majority of the society (Scheuerle et al., 2016). On the side of marginalised people, it leads to a feeling of redundancy and undermines self-esteem (Molnár, 2017). Cognitive frames also strongly influence social networks and the formation of institutions.

National and local authorities are not a neutral, long-term funder of solutions to tackle problems associated with marginalisation, but in part, responsible actors in the process of its reproduction. As such actors, they frequently share, or at least are strongly influenced by, the dominant cognitive frames in the society. Under such conditions, even the use of EU funds such as of the Structural Funds for the inclusion of the Roma can be questionable, consequently ineffective and inefficient, if facilitated via the national authorities.

Administrative levels that are more detached from the local reality are likely to be less influenced by those cognitive frames and institutions. Therefore, jumping political levels from the national to the EU level for direct investment into the social inclusion of the most marginalised may present an opportunity for the EU to demonstrate leadership in tackling severe societal problems. The most evident opportunity is the post-2020 planning period portion of the Structural Funds intended to promote social integration. For this, the EU direct investment needs to tackle a dual challenge seriously. Firstly, to ensure funding in sufficiently long-term to foster systemic social innovation activities. Secondly, to ensure funding programmes account and accommodate for local institutional and regional variation so that social innovation activities reflect and address the specific contextual features contributing towards the reproduction of disadvantage.

Beyond this, other strategic possibilities could also be considered such as the further development of the Juncker Plan to better include strategic investment that tie social innovations for marginalised populations to long-term human and economic development of the EU. The most important areas where direct EU investment could be efficient are empowerment of state-independent Roma communities, support of NGOs that help Roma communities, civil legal protection, anti-discrimination and anti-segregation activities, awareness raising, and social innovation projects. Finally, while the Roma are an especially important paradigmatic case for the direct investment argument, similar opportunities should also be considered for other long-term marginalised populations (adapted from CrESSI Policy Memo - The Case for more direct EU-investment).

5. Support the plurality of actors

Eligibility criteria help foster transparency, but they may hamper new collaborations and partnerships among public, private and third sector actors: inflexibility introduced by certain types of legislation and criteria for funding may have to be revised to support present and future social innovation.

For the transformative potential of social innovation, the reshaping of old and the formation of new networks of actors is a fundamental aspect for achieving effects within society. For policy-making,
support to the re-formation or creation of networks comes along with the re-distribution of tasks and of responsibilities. Often, the formation of new networks enshrines new methods of sharing tasks (e.g. Public-Private Partnerships) or the assignment of responsibilities to new type of actors (e.g. the provision of social services through the third sector). New partnerships and emerging actors constitute a key opportunity for the identification, experimentation and testing of innovative solutions. Empirical investigations implemented in the CrESSI project have shown, that existing rules or laws defining eligibility criteria often hamper such new partnerships. Legal frameworks that regulate e.g. public provision or the eligibility for public funds often - in an unintended way - constitute barriers of access to actors that may have blurred legal identities (informal associations, not legally constituted as organisations) or that may resemble new types of actors (e.g. co-working spaces), not properly "captured" within the existing laws and regulations (von Jacobi et al. 2018).

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<td>Families gathering to make collective consumption choices often shy away from constituting a formal organisation. Yet, current legal frameworks stress the necessity of being a formal association to access: 1. Public spaces 2. Civil society’s councils at local level 3. Funding for local social and cultural projects. Thereby, the potential social impact of the innovation in terms of supporting marginalised farmers (acquisition of their products) is reduced.</td>
<td>Making social co-operatives eligible for the receipt of public support when providing social services (as e.g. social and child welfare services - as typical for the so-called A-type co-operatives) would be an important step forward to make co-operatives more effective in their goal to contribute to community development. In Hungary, social co-operatives are currently not eligible for receiving public support when providing these services.</td>
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**A zoom into Hungarian social co-operatives:** social co-operatives were introduced in Hungary as a previously unknown legal form in 2006, when the law on co-operatives was substantially amended. Their main objective was set as “creating employment opportunities for its unemployed and/or marginalised members, as well as improving their social conditions in other ways". Another legal form, the so-called new-type social co-operative, was created when amendment to the law allowed local governments to become one of their members (2012). The underlying objective of new-type social co-operatives is to create an exit route from the massive, highly expansive public works schemes.

Despite limited public support or recognition of the concept, there is a growing interest in social innovation in Hungary. One of the principle factors impelling interest in its application and potential is the large inflow of EU funds, much of which is tied to the promotion of social innovation (Kengyel, 2013). As a result, policy attention to, and interest in, the concept of social innovation has tended to entail the adoption of an approach to public governance that coheres with EU policy and investment strategies pertaining to social business, innovation, work integration, the sustainability of the social economy sector, and the social inclusion of disadvantaged groups.

As mentioned, in 2012, newly introduced legislation made it possible for local authorities to become members of social co-operatives. CrESSI research has critically examined whether these measures exhibit the capacity to foster effective social innovation capable of tackling marginalisation (Havas and Molnár, 2016a; 2016b; 2017). In particular, tensions were highlighted between the underlying principles of co-operatives (especially democratic control by the members, autonomy, and independence) and the strict rules for new type social co-operatives (how many members should be formerly employed by a public works scheme, how long their membership should be maintained, etc.). The bottom-up principle should be a major feature of social co-operatives, but the rules regulating the 'new-type' co-operatives overrule this principle (Havas and Molnár, 2016a:3). Without appropriate mechanisms and infrastructures of support for social economy organisations and actors, these measures are unable to fully capitalise on the opportunities that social innovation presents...
within a political climate that places very little value on civic participation, democratic accountability and human capabilities.

Comparison with other cases (Edmiston and Aro, 2016:88) confirms that the construction of partnerships and flexibility in dealing with eligibility criteria is of crucial importance. In the UK, SIBs have been established and supported in ways that contribute towards public sector innovation, but the integral role of civil society and private actors has been financed with new sources of money and with an outcomes-focus to improve the human capabilities of targeted populations. In Finland, an integrated approach has involved policies for social innovation that directly support the capacity development of civil society organisations. Whilst the PAAVO programme involved measures to improve public service innovation (via regulations, fiscal policy and commissioning), it has also pursued a strategy of social change entrepreneurship that has proven most effective in diffusing social innovation capable of tackling marginalisation. This has also opened up opportunities for greater policy feedback and learning so that lessons are taken on board beyond operational programmes.

6. Review conditionalities of funding

Shift the funding paradigm from a process-based managerial approach to one based on results, in which experimentation and greater flexibility during implementation allow to better acknowledge complexity, context-specific problem-solving, and innovation; envisage the provision of unsecured loans to overcome learned helplessness among the marginalised, or loosen up financial sustainability criteria.

Undoubtedly, project-based and longer-term initiatives are both necessary to innovative initiatives, but social innovation policy tends to centre on the former to the neglect of the latter. This perhaps stems from an inevitable tension between social impact measurement and the autonomy of social innovation actors and organisations supported through public policy and finances (Edmiston and Aro, 2016:92). There is an intrinsic tension at the source of policy-making that seeks to support social innovation, which in turn puts the prevalent logic of project-cycle-management and top-down driven policy design into question. First, policy approaches defined in line with the managerial approach of "command-and-control" are intrinsically in contrast with the principles of co-creation that actively search and embed ideas originated within civil society. Second, policy-making may often attempt to isolate a single action or policy target from other, complementary actions or conditioning factors. Yet, the interdependencies between social forces highlighted in CrESSI direct the attention of both social innovation practitioners and policy-makers to the complex environment within which social innovations emerge and unfold.

For policy-making, this implies the recognition that it is basically impossible to exactly know and foresee all interdependencies that characterise a social innovation process. Social innovations are unlikely to follow "predictable trajectories", and the possibility to identify "best practices" and to transplant "optimal" solutions may seriously be hampered by specific features of other contexts (von Jacobi et al. 2018). Less focus on intermediate process control, such as indicators should give way to a greater focus on payment-by-results logic, in which the perception of final beneficiaries feeds into the monitoring process. This would allow for a gradual opening of funding mechanisms to greater empowerment of beneficiaries who would become active agents of change, on the one hand, and allow for innovation and the experimentation of new ideas along the way, on the other.
Social innovation may have different effects on various marginalised groups. If a social innovation targets the least marginalised only, then the marginalisation of the others could even worsen. This becomes particularly evident when working with Roma. Constraints on financial sustainability of programmes leads to the paradox that the worst-off are not being helped. Financial sustainability criteria should therefore be loosened up when the target is tackling severe marginalisation, given the high cost of capability building and the provision of social capital.

Benefits of public provision of healthy drinking water have been various: beyond targeting specific groups (e.g. the marginalised), the societal effects have been mayor, although their unfolding was unknown ex-ante. Comparison across European implementations shows that the more public policies ignored the complexity and local specificity of social problems, the more the solutions adopted have created costly problems in the long run. Complexity and unintended effects are accrued when more political levels act contemporaneously. Funding has to account for complexity.

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A zoom into the Hungarian Kiútprogram and the need to loosen the concept of financial sustainability: this is a project launched by the Polgár Foundation for Opportunities, offering social microcredit, aimed at fostering Roma inclusion, in the most disadvantaged regions of Hungary. Its first phase, which run from June 2010 until September 2012, was funded by the EU. Kiútprogram focusses on participants’ self-employment rather than profitability for the lenders; demonstrating the participants’ commitment to break out from the trap of poverty; and empowering them in running a viable business in the formal economy through actions that complement the loan. Given the importance of capability building and the ensuing costs of these kind of integrated actions, CrESSI research (Molnár, 2017; Ziegler et al., 2017; Schimpf et al., 2017; von Jacobi et al., 2018) has highlighted that expecting financial sustainability from social innovation for the marginalised seems to be a major policy misconception, potentially leading to serious mission drift.

However, the removal of financial sustainability as a requirement may lead to irresponsible spending of public funds. Involving private funders, who are likely to have a strong interest – in most cases coupled with the necessary experience and expertise – to check if spending is responsible, can reduce this danger. (This solution corresponds to the co-payment system suggested by Le Grand and Bartlett, 1993). Greater amounts of investment in order to tackle the most marginalised are justified by the expected (high) social returns (cf. von Jacobi et al., 2018).

7. Do not "pick the winners" but provide horizontal support

Horizontal support is here intended to be comprising two slightly distinct elements, which however relate to each other. Social innovation requires a stable financial basis, not just project funding to create favourable framework conditions for the emergence of new solutions. Horizontality also calls for approaches that allow for a diversity of solutions to develop, as “scaling up” is unlikely to work: diffusion with necessary modifications/adaptations to a given context is more promising.

As previously mentioned, funding social innovation merely through project-based financing may be insufficient in order to truly empower the targeted beneficiaries and promote the emergence of innovative solutions. More emphasis could be put on enabling framework conditions, which typically
require long-term thinking and stable finance. Favourable framework conditions are likely to facilitate the emergence of different - possibly competing - solutions to societal problems.

Beyond this point that calls for more horizontal "thinking" in terms of financing of social innovation, supportive policy approaches should also refrain from the temptation to identify a "winner" in the sense of an ideal solution to a given type of marginalisation, with the ambition to subsequently "scale it up", which always bears the risks of disregarding that contexts are likely to be rather different. CrESSI research strongly suggests that "scaling up" may be a misconception: the diffusion of new practices inevitably entails adaptation to the new context. In this case the notion of horizontal support called for can be understood as creating the conditions in which various types of innovation can take place contemporaneously. Less specific and more horizontal support can furthermore also be understood as a way to facilitate the unfolding of solutions that may be able to address multiple and interconnected disadvantages contemporaneously. The Finnish case presented below represents a successful example in this sense. While the European Employment and Social Innovation (EaSI) programme already adopts a horizontal kind of logic, particularly in its capacity building and guarantee schemes, a more thorough paradigm shift in funding at different policy levels seems to be necessary to properly capitalize social innovation processes as drivers of social change.

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<tr>
<th>IT: Insights from Solidarity Purchasing Groups</th>
<th>FI: Insights from the PAAVO Housing Programme</th>
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<td>These self-organised initiatives often encounter physical difficulties in their operations, for example due to lack of spaces, in which the distribution of consumption goods can occur. Public spaces require formally constituted associations, which go against the logic of the movement. Each group further elaborates own principles and does not wish to be homogenised into a single, national format. Greater impact of the social innovation, e.g. through awareness rising on organic agriculture and ethical consumption lacks supporting mechanisms.</td>
<td>In their attempt to tackle homelessness, the Programme Group of Paavo adopted a horizontal perspective, with the aim to overcome &quot;silo-thinking&quot; and to mobilize different networks, which could represent a wide spectrum of organisations and actors. In this way, ministries, cities, third sector and financing organisations all jointly took part in the planning phase and, subsequently, the steering committee of the programme. This fostered support through a collaborative approach that produced a new network of actors in operations, especially between service providers and local authorities.</td>
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A zoom into the Finnish social housing programme PAAVO: emerged in 2007 as part of the government’s housing policy. Its aim was to reduce long-term homelessness between 2008-2011. While there was a certain degree of freedom and flexibility in terms of its implementation, an exceptional and important feature of the government’s housing policy was its duration - 8 years, not just over the 4-year term of the cabinet. Experiences, research and knowledge gathered in previous housing programmes during the 1990s and early 2000s in Finland and especially in Helsinki were used in the PAAVO planning process. It gathered a variety of relevant actors, setting up a network between service providers and authorities to the benefit of participants.

In Finland, there is a strong tradition of government-sponsored innovation, particularly technological innovation. The concept of social innovation has stimulated considerable debate, but there is still as yet, little shared understanding of what social innovation amounts to or entails in Finland. The PAAVO housing programme was launched with two phases: “PAAVO 1” over the period of 2008-2011 and “PAAVO 2” over the period of 2012-2015. To permanently reduce long-term homelessness, attention was focused on converting temporary shelters into housing units and on acquiring rental housing for the homeless based on the ‘Housing First’ principle.

The financial support system for acquiring, building and re-purposing housing units, as well as the implementation of joint-up housing support services, has proven instrumental to the achievements of
the programme in reducing long-term homelessness. Similar to other public policies that demonstrate some capacity to foster social innovation, the PAAVO programme sought to facilitate new networks of governance, action and organisation that transcend existing sectoral boundaries in welfare and need provision. For a social democratic welfare regime such as Finland, this presents new opportunities and challenges for tackling marginalisation (Edmiston and Aro, 2016:9). One innovative aspect of PAAVO, therefore, was the manner in which all relevant actors were brought together and formed into an operational network to implement the programme. The co-ordination of the PAAVO programme was in some respect ‘special’. This approach to service provision and housing assistance was underpinned by cross-governmental and cross-sectoral collaboration and learning. This made it possible to better identify and address the multiple and distinctive needs of the long-term homeless (Aro, 2016).

8. Harvest from the past

*Look back in history to learn from previous processes: old ideas tend to return, constellations of actors and adaptation processes during diffusion become more evident.*

Historical analysis of social innovation cases can often contribute to the understanding of how complex interactions of a given institutional dominance have been put under pressure and modified by social innovation processes. Within CrESSI research, the historical analysis of some cases across Europe (e.g. social housing or freshwater supply) has produced the following insights for social innovation policy making: There may not be a neat and clearly identifiable target group. Beneficiaries of social innovation can be multiple and very different among each other. In *broader* and more general beneficiary approaches, the social innovation tends to address society as a whole. This means that also people who are not severely affected by a social problem (i.e. who are not really marginalised) are implicitly addressed through the social innovation process or can potentially benefit from it, for example from a good social mix in social housing, or from the reduction of epidemics due to healthy potable water. When network goods are targeted, such as in the case of freshwater delivery, which also resemble public goods with natural monopoly characteristic, public intervention leads to a situation where society as a whole can profit from the social innovation, not just the marginalised, which are the immediate target. (Scheuerle *et al.*, 2016:172). Historical analysis shows that when benefits of social innovation are envisaged and communicated as multiple, reaching the entire society, they are more successfully implemented, as *consensus* across different societal strata is obtained. This is just an example of lessons that can be learned by looking at the past. Generalizations from historical analysis should not lead to neglect of context-specificity, however.

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<th>AT: Insights from Social Housing</th>
<th>EU: Insights from Public Freshwater Provision</th>
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<td>Pressure for the public provision of decent housing rose quickly in the city of Vienna in 1919-1925 due to a massive influx of migrants from the previous Austro-Hungarian empire and soldiers returning from war. Instead of suppressing the &quot;settlers' movement&quot;, left-wing political factions supported the grassroots movement, which started to provide a new collective identity, especially through the emergence of associations (Vereine) that built up important ties to political parties (Social Democrats). Together, they managed to influence policy agendas for subsequent decades.</td>
<td>Access to clean water used to be considered a personal problem: water was a drink for beggars while alcoholic drinks or hot drinks (coffee, tea) were generally preferred. Water as a healthy drink had to be promoted. One driver of the pressure for public provision of clean water was the considered self-interest of the upper class: reduce epidemics (and own risk of infection); reduce immoral behaviour of poor (less alcoholism, lower costs for prison, less crime). Paternalistic motivation led to new thematic networks across different professions that significantly shaped the movement for public provision of clean water.</td>
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CrESSI research has investigated different historical cases, but the most comprehensive findings have been achieved in the historical reconstruction of two social innovations that have achieved institutionalization in Europe: the public and universal provision of potable water and social housing.

**Social Housing** foresees the provision of adequate housing for those with less purchasing power. It is understood as crucial element for social cohesion. Social housing comprises different approaches and solutions, in different contexts and moments in time. The historical reconstruction describes and analyses developments in Europe from the mid of the 19th century onwards and then goes in depth of the circumstances and implementation in one country and especially in one specific city: Vienna (AT). Results allow for a consistent account of different transitions, from the period of the settler’s movement after the first world war, to the superblock’s period, the era of corporatist housing policies and finally neo-liberal economicalisation. **Public Freshwater Provision** has been a key social innovation that started gaining momentum in the 19th century. Today, it represents an excellent example for investigating actor constellations, emergent ideas, policy approaches and the dynamics between them that have made it possible for the public sector to deliver fresh and potable water to basically every household, across Europe. The historical reconstruction pays attention to the implications of infrastructural developments, path dependencies and how to get all groups of society aboard of a so-called network good. It provides insights on key questions that remain today, e.g. whom (and how fast) to include in the network, by which means/pre-conditions, as well as who is responsible, how provision is organised. 

### History confirms the scope for public sector involvement for optimal funding and framing

For major social innovations to be provided on a broad scale, such as general access to housing, fresh water provision, or generalised access to education, public resources are necessary. Private actors usually cannot provide or generate the needed resources sufficiently, given the scale of such tasks when they become a generally accessible good. For example, fresh water supply became a public assignment in many European countries at the end of the 19th / early 20th century, when it became clear that private providers would not built up the supply system as fast and inclusively as expected. In many cases, marginalised inhabitants were not connected to the supply system if there was no obligation for all to do so. In social housing it quickly became self-evident, particularly after WWII, that the extensive need for accommodations required governments to take the lead, since the task was beyond the competence or willingness of the (barely functioning) private market industries. The same holds for the vast investments required for the infrastructure of generalised education; interesting to note in this respect is that the forces currently at work to marketise education build on that initial public investment without which they could presumably not get momentum. Social innovators pave the way to this understanding, and create or modify solutions that are adaptable for public entities. The involvement of public resources bears some consequences, e.g. that they are usually subject to allocation debates of different political parties and other societal actors with their different ideological backgrounds and motives.

Further, the targeted beneficiaries of SI can be very different. In *broader* and more general beneficiary approaches, the social innovation rather addresses society as a whole. This means that also people who are not severely affected by a problem (i.e. who are not really marginalised) are addressed with the social innovation activities and/or can benefit from them, for example for the sake of a good social mix in social housing. The set-up of freshwater supply in European countries and the infrastructure needed resulted in a situation where society as a whole profited from the social innovation, not just the marginalised. As epidemics could be spread by anybody and affect anybody, a broad focus to reach the designated target made more sense. Water and hygiene mattered to all, and thus an inclusive approach was adopted. Other social innovations take a *narrower* approach and focus on specific communities or even individuals. In early social housing approaches, the ‘skilled and responsible workers’ as well as the ‘deserving poor’ were targeted (in contrast to the most marginalised ‘undeserving poor’; a differentiation that did not matter when it came to fresh water, see above), which was, however, also to reduce social tensions and epidemics and to improve worker capacity. Later on, due to resource scarcity or legislation, social housing focused more on those really in need, i.e. taking a more *residual* approach. Additionally, ideological influences can result in the focus on (or
exclusion of) specific groups, like under the Nazi regime in Germany. SI literature often explains the emergence and diffusion of social innovations by “faith, hope and a sense of calling” (Westley et al., 2007, p. 82) of proactive inventors. However, this might only be one part of the story, at least when it comes to a large-scale adaptation of the social innovation. The tensions in the context of the ‘social question’ in the 19th century are a good example of this. For a social innovation to be developed and scaled, the interests of different stakeholder groups beyond the actual beneficiaries are important too (such as politicians, representatives of the middle-class, or industrialists that are interested in productive working capacities and the reduction of social tensions and epidemics). This also indicates that the social innovation develops through a process of social construction in some respect (cf. Bijker, 2009). Obviously, there is some interpretative flexibility in the question of the value of social housing. The altruistic rationale of improving the living situation of the poor was not enough for a large pervasiveness of social housing activities. The rationale more prevalent within other decisive social networks, such as amongst industrialists and some conservative politicians, was to reduce social tensions and ensure a productive workforce and contributed to this spread considerably. Similarly, in the case of fresh water supply, it was a combination of hygienic, moral, and economic arguments, which raised the acceptance of the social innovation in the whole society and helped the social innovation to gain momentum. [extracted and adapted from Scheuerle (ed.), 2016: D5.1]

9. Improve social innovation data collection

Treat experiments, including unsuccessful attempts for social innovation, as reservoir for future solutions to emergencies. Explore the possibility to gather data on empowerment processes.

CrESSI research has made use of different methodological approaches in order to investigate the potential of social innovation to tackle marginalisation. Historical analysis of - by now - institutionalized social innovations has helped reconstruct their ecosystems and lifecycles. An important learning that emerged from this piece of research is to give a chance to niches, in other words social innovations that have not made it to the mainstream. History seems to teach that there is no one-size-fits-all solution, which undermines the currently prevalent paradigm of "scaling up". Demands and possibilities for solutions might vary from context to context. Historical analysis highlights that in general decentralised solutions should be preferred, although costs tend to get lower if standardisation is introduced. Standardization however also bears risks, in particular because it can create path dependencies (e.g. through infrastructural arrangements) with long-term lock-in effects.

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<th>EU: Insights from Primary Data Collection in Three Countries</th>
<th>EU: Insights from Historical Analysis</th>
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<td>Subjective perceptions of participants in social innovation experiences are good measures to account for their multidimensional impact. While the application of experimental designs (RCT) is difficult in the case of social innovations because of unclear boundaries of participants and &quot;control groups&quot;, empirical attempts to capture &quot;agency&quot; and &quot;empowerment&quot; improvements hint that social innovation has important, often immaterial, effects. Changes to intangible social structures (ways of thinking, personal relations) can explain long-term societal change.</td>
<td>Value the niches, including unsuccessful social innovations or those that have not experienced substantial scaling. Historical analysis of these experiences shows that a quick spurt for the mainstream does not hold a solution in the long run. There is no one best way. Depending on resources available locally, constellations of interests and cultural preferences, a solution that works in one place might not be very useful elsewhere. Path dependencies and lock in effects make subsequent, corrective changes difficult and costly. A reservoir of solutions may help identify approaches in future emergencies.</td>
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History shows that there is no single way to success: different variations of the same solution can emerge in different contexts. Niche solutions could be understood as test beds for future solution approaches ready to be applied when need occurs. The analysis of social innovation processes over 100-150 years further confirms that even stable solutions are not eternal. Discourses and negotiations will again erupt if the framework conditions in which a particular social innovation had found an equilibrium change again. Therefore, a reservoir of niche solutions can be of help as it conserves the memory of alternative solutions already existent, ready to be taken up (Schimpf et al., 2017: 34).

Besides historical reconstructions of social innovations in the 19th and the beginning of the 20th century, CrESSI research (von Jacobi and Chiappero-Martinetti, 2017; von Jacobi et al., 2018) also implemented empirical investigation of ongoing social innovations in Europe, posing particular attention on subjective perceptions of participants. In order to gather comparable information across three European cases, a primary data collection was coordinated that used mixed methods, combining qualitative and more exploratory interviews with social innovators with more structured responses to a survey that gathered subjective opinions and perceptions of active participants and control groups.

The data collection took place between October 2015 and May 2016 and investigated (a) complementary currencies in the Netherlands and the role they have in reducing marginalisation through greater access to credit or employment opportunities, in particular by promoting the local economy; (b) solidarity purchasing groups in Italy and their potential for reducing marginalisation of small-scale, organic farmers and other producers that embed a solidarity-value in their products and services; (c) communal interest groups in rural and remote areas of Germany that seek self-determination in water provision and waste water management and the role that these groups can play for local empowerment. As part of CrESSI’s multi-level theoretical framework, detailed attention was paid to capturing (1) subjective evaluations of agency and change that may be attributed to participation in the social innovation; (2) the role and importance of specific social forces such as institutions, cognitive frames and networks, for the implementation and success of the social innovation; (3) the possibility of singling out the social impact of the studied processes by using control groups.

The results obtained showed that participants expect social innovations to change people's minds, altering cognitive frames, or mental structures. There is also evidence for participants to have benefitted from social innovation, again mainly by acquiring intangible opportunities, such as new knowledge and social relations that have positive implications for their business. Agency improvements and a connected sense of empowerment across different dimensions of life (cultural, economic, security-related, natural and political) appear to underpin these perceived benefits. For future investigations of social innovations, data collection efforts should make sure to include subjective perceptions on empowerment among social innovation participants.

10. Fiscal policies for social innovation

Design preferable tax conditions for organizations, networks and activities that embed social values or that facilitate the spread of network goods, make use of progressive and earmarked taxation to direct funds towards specific social needs.

Given the characteristic of social innovation to be pursuing a solution to a pressing social need, public support for its goals are typically justified. As mentioned earlier in this report, social needs often require public finance to overcome market failures, which are typical of goods with positive externalities. The externalities associated with the goods and services provided through social innovations are furthermore often intangible, feeding into a process of social cohesion and peace, therefore constituting an 'asset' for the public good. For these reasons, leveraging public finance in support of social innovation is economically fully justifiable.
Earmarked taxation can be one tool to guarantee the stable provision of funding for long-term goals of tackling marginalisation. The case of social housing in Vienna is considered a success in terms of how this social innovation has been able to contribute to the construction of a more equitable and cohesive society.

### EU: Insights from Public Freshwater Provision

Across different European countries, a mixture of sanctions, tax reliefs, subsidies and rewards have been used by public municipal authorities in order to make sure every house(hold) has access to clean and affordable drinking water as well as waste water treatment. Fiscal policies were necessary in order to redirect market forces towards poor neighbourhoods, which otherwise would have been left out of the infrastructural development, due to insufficient purchasing power and lack of profit for investors.

### AT: Insights from Social Housing

Social Housing in Vienna at the beginning of the 20th century has been largely made viable through an important tax reform, which earmarked the earnings of the "Construction Tax", paid by both, home owners and tenants in a progressive fashion, that however spared poor families. In addition, earnings of taxes on luxury goods, such as champagne or expensive vehicles, were also earmarked in order to flow into funds for public construction of social housing.

In 1910, a share of the housing tax was earmarked for a housing charity fund, which was a financial foundation for charitable housing. Until 1918, some 8,000 dwellings were constructed through it (Giesecke in Schimpf et al. 2017:267). A new building tax passed in January 1923, which was tied to Vienna's newly acquired independence as city with its own tax sovereignty and the Social Democrats holding absolute majority in the city council. As Giesecke (in Schimpt et al., 2017:268) describes: "tenants did not pay a regular rent to landlords but a tax to the city and this money was invested into the construction of new public housing. Thus the income was earmarked for the building of housing. The taxes were graduated in accordance to the size and location of the home and the financial abilities of the tenants. Poor people in small homes paid only little or no tax. It was a progressive mass and luxury taxation reflecting the creed of social justice, which implied that those who already had a home should help those who did not." While this tax reform inserts into the austro-marxist inter-war context, it has had profound effects in capitalizing the huge impact of social housing on the reduction of socio-economic inequalities - in the long-term.

### 11. Improve legislation in specific areas

Some fields of legislation appear to be key-areas for social innovation, such as e.g. the regulation of social co-operatives, or specific laws that aim at improving protection and political voice of specific vulnerable groups in society, e.g. Roma or migrants.

As emerged in previous sections of this report, social innovation and its goal to pursue solutions for a pressing social need often justify public intervention. While one kind of support can come in terms of funds and resources, another crucial typology of support comes through legislation that on one hand (a) keeps opportunities for innovation open, in particular by allowing new alliances and forms of intermediation across different modalities of providing goods and services (informal, community based, new collaborative alliances across the public private and third sector, see Ziegler and von Jacobi, 2018); (b) specifically targets and provides protection mechanisms for those segments of population that are marginalised by on-going and prevalent social processes. Again, historical analysis confirms that the combination of protection and provision of funds can be "ground-breaking" in the
attempt to tackle marginalisation.

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<th>AT: Insights from Social Housing</th>
<th>NL: Insights from Complementary Currencies</th>
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<td>Social housing in Vienna has been tied to legislative initiatives that explicitly sought to protect and to provide greater voice to specific, marginalised groups: in this case, migrants/poor tenants of low-quality housing. The &quot;new tenant protection policy&quot; was a national law passed at the beginning of the 1920s, introducing limits to the rise of rents for specific types of housing, based on their date and reason for construction as well as on who had paid for it. Concretely, this guaranteed low rents to those relying on social housing. Voting rights for migrants were also introduced.</td>
<td>Complementary currencies, or private money systems often stimulate the local economy by providing alternative means of payment and by focussing on products and services that embed local production and ethical values. Current legal voids in how such activities should be taxed/linked to social benefits, however, represent an obstacle to the growth of these initiatives. Clear rules should be developed about the relation between transactions in private money systems and fiscal and social benefit obligations. Avoid banning private money as they often have social and environmental benefits, and contribute to technological innovation.</td>
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**Examples of new or missing regulation:** Complementary Currencies or 'Private Money' systems are private media of exchange that function alongside the official national currency — legal tender, the euro. Examples of CCs are local exchange trading systems (LETSs), regional money, time banks, commercial barter systems and crypto currencies. They are usually designed to promote a range of 'new-economics' inspired goals of sustainable development and often compensate contractive monetary policy through alternative mechanisms of liquidity injection, which can represent an impulse for local economies (van der Linden and van Beers, 2017). Private moneys are neither issued nor guaranteed by governments (states) or a delegate thereof (central banks), but are instead based on private arrangements, which therefore constitute the base of trust (Bank of England 2015). Two well-known forms of private moneys are "complementary currencies" also referred to as alternative currencies or community currencies, and "cryptocurrencies" or digital currencies. In the last decades the number of private (digital) moneys has increased rapidly. Seyfang and Longhurst (2013) found 3,418 complementary currencies globally. After the introduction of the first cryptocurrency in 2009, Bitcoin, the number of cryptocurrencies has increased to 4,076 in 2017 (van der Linden and van Beers, 2017:302). CrESSI research on complementary currencies in the Netherlands seems to show how their potential in introducing more local exchange into the economy is currently hampered by legal voids, which for example link economic transactions occurring outside of the legal tender to the prevalent system of social benefits and taxation.

With reference to another example, in Finland, the implementation of the social housing programme PAAVO (see previous section of this report) has been dependent on a series of important changes in legislation, which made it possible to allocate public resources to the reduction of homelessness amongst the long-term homeless. "The Act on interest subsidy for rental housing loans and right of occupancy housing loans defined the status of non-profit social housing corporations and social housing construction. This Act regulates the social aims of social housing corporations, how dwellings can be applied for, and how profits from these corporations are shared. An Act on subsidies for improving the housing conditions of special groups regulates the issuing of investment grants to improve housing conditions of those whose income is exceptionally low and who require support services in their housing, because of substance misuse, mental problems or other corresponding problems" (Aro, 2016:2).
12. Widen intellectual space for social innovation

Awareness rising among policy-makers is necessary, in particular regarding openness for solutions outside of the market, e.g. self-provision, informal or communal provision; but also the recognition of interacting/interdependent social structures that are at the roots of marginalisation is key.

Pan-European and domestic policy-makers need to create intellectual, institutional, and economic space for social innovation. Public bodies and regulations need to create intellectual space by giving greater consideration to how policy design, implementation, and evaluation might better capture, assess and reward the impacts of social innovation. Institutional space (DiMaggio and Powell, 1983) might be supported through an increased capacity for governance systems and processes to operate within a climate of uncertainty, experimentation and risk. Policy-making can further enlarge such space by recognizing the need to go beyond the market or the organized public sector when it comes to social innovation: self-provision, informal or communal provision often constitute important cradles of social innovation practices. Given the non-monetary and diffuse nature of the impacts of social innovation, significant public funding and support is needed. Where this is not possible, public bodies should only leverage private sector investment when the diffuse, long-term and non-economic returns on an investment are valued and recognised as the principle objective of social innovation (Nicholls and Edmiston, 2015b).

To widen intellectual space in social innovation policy-making, public policies need to challenge assumptions surrounding self-interested, so-called ‘rational’ choice. Public deliberation and consultations, such as the public consultation on the Europe 2020 strategy should be deepened and extended to identify and give credence to the social and economic commitments that EU citizens value. The functioning of the social market economy furthermore needs to be understood as a crucial feature of the environment in which social innovation unfolds - as both a means and end that can give expression to social commitments. Economic growth and the function of the market are the means rather than the end – that is, a ‘means to expanding the real freedoms enjoyed by the members of the society’ (Nicholls and Edmiston, 2015b).

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<th>HU: Insights from Social Co-operatives</th>
<th>EU: Insights from Public Freshwater Provision</th>
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<td>Social co-operatives in Hungary initially faced the challenge to overcome the negative perception of co-operatives tied to the forced co-operatives established in the late 1940s up to the 1960s. Attempts to widen the scope of social co-operatives failed also due to insufficient political will to support such enlarged space of action. Recent developments referred to in policy recommendations No. 4 and 5 strongly suggest that awareness-raising activities among policy-makers to explain the true nature of (social) co-operatives are still needed.</td>
<td>Successful institutionalization of public and universal freshwater shows that 'vision' on benefits produced must go beyond market logic. The provision of clean water has produced significant societal benefit by reducing epidemics. For policy-making it is important to identify benefits for different groups in society: if all tend to profit, the support of the process is stronger than if only a part of society is targeted. Marginalised people will in the long run profit more if actors from different backgrounds and of a broader movement co-shape the process.</td>
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In view of the embeddedness of both marginalisation and social innovation into structural, interdependent processes, it is necessary to introduce measures that intervene on markets actors and institutions at the same time to sustainably and meaningfully address the societal (structural...
dynamics that lead to marginalisation. Recognition of such double-track of intervention - at the micro level, wherever it is possible to nurture individual capabilities directly; and at the meso level in order to modify or alleviate social processes that (re)produce marginalisation - is of utmost importance if social innovation policy-making is to successfully contribute to the reduction of inequalities. Current practice hints that such recognition is insufficient across different stakeholders, but crucially, amongst policy-makers. Compare this, for example, with Edmiston and Aro (2016:92): social impact bonds (SIBs) in the UK focus on the attainment of social outcomes that address certain factors of disadvantage that may lead to marginalisation (e.g. poor educational attainment), but do little to address the structural under-unemployment endemic to regions faced by poor economic development and growth. Equally, social co-operatives – in principle – present an opportunity to improve the ‘employability’ of disadvantaged groups without sufficient attention to the prospect for labour market (re-)integration. In certain instances, social innovation policy-making fails to consider how the positive attainment of social outcomes (and their subsequent utility) is conditional upon a broader set of structural factors that shapes the prospects for ‘resources’ to be effectively transformed into human capabilities.

Such logic may foster incremental social innovation, but it invariably leads to remedial, rather than systemic public policy instruments. In these cases, the potential of social innovation is likely to be constrained in terms of its success in addressing social inclusion and cohesion. CrESSI research suggests that where public policy agendas and instruments simultaneously target a set of factors of disadvantage that cause marginalisation in a given situation, it is possible to foster a more disruptive kind of social innovation. In Finland, for example, the PAAVO housing programme not only supported long-term homeless people to define and pursue their own ends through housing support and social services; it also addressed a shortage of affordable and secure accommodation for targeted populations. This entailed a broader, structural change to the factors causing homelessness that has proven highly effective (Edmiston and Aro, 2016:93). Similarly, the historical case analysis of social housing in Vienna shows that the parallel addressing of individual and structural factors of disadvantage has led to the successful integration of marginalised groups into a more equal society.

With this in mind, it seems that sustained and long-term commitment from public decision-making bodies, coupled with the orchestration of their policy tools, is necessary to foster those kinds of systemic and disruptive social innovations that can successfully tackle marginalisation. Any such commitment necessarily needs to be capable of meaningfully addressing both the causes and effects of marginalisation processes.
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