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**Social Innovations, partnership and networks:
Which place for third sector, third system, social economy?**

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Introduction

Good evening ladies and gentleman, let me start by introducing myself.

*My name is Nadine Richez-Battesti, I am a Professor of **Economics** at the University of Aix-Marseilles in the south of France. What I'd like to talk about this evening is the place of the third sector, or the third system if you like, of social economy in the development of social innovation.*

But first of all, I would like to thank the organizers for the opportunity to participate to this workshop on a theme which is particularly important to address the challenges of this difficult period for Europe and the World.

I would also like to thank Carlos Costa for his clear and helpful presentation: I note the expertise of the EIB in building public private partnerships, as well as the role of local authorities in its funding strategies and the development of joint products like the JESSICA programme between the Commission and the EIB.

Social innovation is a fashionable subject, but neither its definition nor its characterization is yet stabilized. At the beginning of the 2000s, the OECD (in 2002) contributed to develop the notion of social innovation, independently from any technological dimension.

In a first approach, it was considered that social innovation applied to "*initiatives taken to answer social needs and expectations*" in the places where people live and work. They are generally developed within the framework of collective dynamics.

We can see four main characteristics of social innovation (which I mention in my own book of 2007): Two concern the objectives (inclusion and social cohesion) and two concern the procedures.

- Firstly, they promote the emancipation and empowerment of individual or groups facing problems of social and occupational integration, and contribute to the economic and social cohesion of territories

- Secondly, they deal with activities which are overlooked by the market or by the governments (national or local) and serve collective interests
- Thirdly, they rely on rules of co-operation based on partnership, reciprocity (role of cooperation models, public private partnership and collective learning) and
- Finally, they mobilize resources which are not only monetary but also not necessarily marketable, and they provide for their reproduction.

I. Financing and devices for social innovation yes, but for which

Through the previous interventions, we note a double stake:

- Financing is necessary to start up and develop these innovations. It also contributes to cover part of the risks. Here the role of the EIB is quite clear
- Also there are specific provisions in connection with particular themes.

But the question remains as to who are the operators and who do they address. In the perspective of social innovation, these operators have to combine three competences:

- A capacity to manage **local mediation**, with a strong territorial anchoring and an organizational model of multiple stakeholders
- A capacity to work in **networks** and to be able to promote **public private partnerships and**
- A relational capacity which gives a priority to the place of the users-customers of these services, their accessibility and their sustainability

As we will illustrate now, the third sector combines these three competences and through them, contributes to strengthen economic efficiency and social cohesion.

II. Now, the Third sector as an operator combining economic efficiency with social and territorial cohesion

- First, local anchoring and mediation

The anchoring in territories or the link with local development comes with the dual status as owners and customers which we call in French "*la relation sociétaire*". It contributes to foster networks and participation in a local perspective. This principle combines the business approach and geographical

proximity. This membership approach provides for outcomes which are adapted to the territory and value diversity.

The anchoring in territories is also the result of multi stakeholder organisations that try to organize the interface between the needs of the individuals and ways to answer these needs. This function of mediation supposes a sharing of information, debates on how to best address a specific problem and the capacity to promote agreement at the local level.

Finally, the commitment creates an opportunity to build a "partnership governance" ("*gouvernance partenariale*") with an enlarged group of stakeholders.

- An economic model between public-private partnerships, and networks

We can observe a strong link between third sector and public Policies both in terms of innovation and the search for efficiency. So, for the definition of public policies, third sector initiatives play a central role in the introduction and the experimentation of new provisions which public policies can then widen and generalize. Downstream (for implementation), the contribution of the third sector is also essential

The use and development of networks and partnerships, and the trust relations which result from it, contribute to the **management of uncertainty** and to the opportunity and broad choice of adapted solutions.

Some third sector operators explicitly express a strong commitment to the most disadvantaged populations. Their concern is mostly to provide access for all and non-exclusion by costs or other obstacles to access. They assert finally a voluntary contribution to emancipation of citizens by collective learning and to promotion of "*community by participation*".

- A presence in all the areas of activities, but strong involvement particularly in services and notably proximity services

Having historically been set up to answer unsatisfied needs and to take care of people, the third sector acquired an important additional element in the fields of social and employment, training and education, both from the point of view of the provision of services (innovation of product) and of their implementation (organizational innovations).

It is generally a model work intensive that can meet difficulties in achieving capital. It is also a model which answers local needs, very much linked to a proximity production, with jobs which are not very delocalised It is finally a model which saw a strong growth in the number of jobs, (for instance in the associated component in France or in the cooperative component in Italy):

- Either on activities in development (one notices proximity and local services, as well as housing)
- or for people with disabilities (for example Italian social cooperatives or foundations for social and work integration of handicapped persons in Hungary)

In brief, the third sector is an economic model which combines effectiveness as well as justice.

To conclude, I'd like to leave you with the following questions for your further reflection...

How do we reinforce the accessibility of the organizations of the third sector which are often small?

Second, having already spotted social innovations carried out by the third sector, how do we contribute to their construction and wider dissemination despite their strong anchoring in the territory and their role at the local level?

Lastly, how to promote initiatives of the European Social Fund and reinforce its actions during the whole process of social innovation?

Thank you for your attention