

**"How can Social Innovation contribute to reaching the poverty reduction target of Europe 2020"**

**hosted by Hon. Lope Fontagné MEP (ES, EPP)**

**3 March 2016**

**Speaking points for Manuela Geleng, Acting Director,  
European Commission, DG Employment, Social Policies**

Introductory formula

- Ms LOPE FONTAGNE (MEP), representative of EAPN, relevant organisations, distinguish participants, I would like to thank the organisers for inviting the European Commission to participate in this relevant event.

On EU social situation

- If we look at the picture of the current situation you can see that there are currently 22.1 million people unemployed, half of which have been so for more than a year. And if we look at the young, 4.6 million are out of jobs. It is unacceptable that one in five of those wanting to work cannot do so.

- The recent report by the European Commission on the Employment and Social Situation in Europe 2015 stresses that while households disposable income is increasing gradually, poverty and exclusion remain high, fuelled by unequal opportunities and rising market inequality. Today, close to 125 million people - almost a quarter of the population in the EU – is in one way or another at risk of poverty.
- Low- and middle-income households have borne a disproportionate share of the burden, as the share of wages in GDP has fallen. In the EU the top 20% tier of the population earn 5 times more than the bottom 20%. To me it is very clear that the course to sustainable economic growth must involve reducing inequality. Moreover, the divergence between the Member States — especially between those in the south or on the periphery of the euro area and those in the north or centre — is a huge cause for concern.
- Finally, new challenges in terms of integration are compounding here, in particular the increased flow of refugees that Europe has been facing since last year.
- I do not need to say here that such a state runs contrary to the values and principles that the European Union stands for and undermines the confidence of people in Europe- and thus the essence of the European project.

### On stocktaking of the EC's 1st year in Office

- Allow me to recall you briefly main concrete actions that the European Commission has taken during 1st year in Office to address this situation.
- Already within the first month in office, this Commission presented the 315 billion euro investment plan and, immediately started work to rebalance the Union's economic governance so that social considerations were equally taken into account with the economic ones: as well as in order to ensure that – rather than becoming a race to the bottom - convergence is a positive upward process.
- I need to refer also to the European Semester. As President Juncker announced, the work on revamping the European Semester will continue. In the coming period, our focus will be on ways to strengthen the democratic accountability and legitimacy of the Semester. This involves more systematic consultation and involvement of national Parliaments, and stakeholders, such as social partners and civil society in the whole process.

- Swift actions have also been taken to address two of the sorest legacies of the crisis for people in Europe, youth and long-term unemployment; Firstly, by making available to our Member States advanced payments worth a billion euro to help our young people find their way to education, training or a job. Secondly, with our proposal, recently adopted by the Council, to help the 12 million long-term unemployed in Europe- that is people who are out of work for more than a year- get back into the labour market.
- We have also reacted rapidly to the ongoing refugee crisis with a comprehensive and balanced migration agenda, which sets labour market and social integration at the core of a successful migration management.
- While many initiatives have been implemented during this year, many other need to be taken if we really want to deliver real outcomes. The European Commission programme 2016 foresees new initiatives with a strong social component and where DG Employment will have a leading role to play, in particular those related to "a pillar of social rights" and "a fresh start to support working parents and people with care responsibilities".

### On Social Innovation

Europe must reform and modernise to survive and prosper. Social protection reforms are crucial to ensure long-term sustainability and adequacy of social protection itself. I believe that social innovation and social entrepreneurship have a very important contribution to make in this modernising process.

In your deliberations, you have been looking at the many existent definitions of social innovation. In this regard, our specific focus, that pays attention in a pragmatic way to policy implementation, is on "Social Policy Innovation". Social policy innovation can help to identify and promote new approaches that foster modernisation of social protection systems and generate social and economic returns.

There is an added value in focusing on innovative social policies and in embedding innovation in evidence-based policy making. Social innovations can have an impact also on the governance of cities and municipalities by bringing new forms of collaboration between the city administration, citizens, social service providers, social organisations and other local stakeholders.

There are different activities and instruments we are using related to social innovation. First, our Policy work in the context on the European Semester and the activities in cooperation with Member States in the Social Protection Committee. Peer reviews, in-depth analysis of social reforms and social development trends, are regular tools we can use more systematically to incorporate outcomes from major innovation initiatives.

Second, the European Social Fund (ESF). Better mainstreaming innovative action into policies and thus better exploiting the systemic potential of social innovation has been the leitmotiv of the Commission proposal for the current ESF programming period. 2014 - 2020. The ESF Regulation states that social innovation is mandatory, should take place in all areas falling under the scope of the four ESF thematic objectives and is aimed at testing and scaling up innovative solutions. During the period 2014 - 2020, investments through the European Social Fund will promote social innovation in the activities implemented in Member States.

As you know, the adoption of the Operational Programmes (OP's) for this period has just been finalised and we are moving to the implementation phase. Our first content assessment of the OPs indicates an important take-up of social innovation, in particular in relation to activities under the Thematic Objective on Active Inclusion (second highest according to the preliminary results of the Analysis of the Partnership Agreements and OP's performed by FGB). This is particularly important bearing in mind that in order to fulfil the ex-ante conditionality's under TO9, ensuring that a national strategic policy framework for poverty reduction aiming at active inclusion need to be in place.

We have also seen relevant examples regarding social innovation, such as the new ESF operational programmes (CZ, AT, ES), or some regional ones Sachsen Anhalt (DE), Friuli Venetia (IT), Flanders (BE).

In order to support implementation of ESF's operational programmes, a common framework has been established for enhanced transnational cooperation under which Social Innovation will be dealt horizontally under the Thematic Networks created with the aim of encouraging innovation, validations of new approaches and policy delivery mechanisms and to promote exchange of knowledge and good practices as well the dissemination of innovative approaches.

Third, the EC is also supporting Social Policy Innovation initiatives in Member States through the Programme for Employment and Social Innovation (EaSI). Calls for Proposals on social Innovation are expected to encourage innovative responses to current key social challenges, such as the integration of social services, the personalised support to address long-term unemployment or the social integration of migrants and refugees.

EaSI Call for Proposals are not only targeted to national initiatives. For instance, when looking at the seven innovation initiatives on integrated social services granted in the first Call for Proposals (2014), you can see that Cities, such as Rome, Salamanca or León, are using this funding opportunity for innovative initiatives supporting the reform of social services; and also that civil society organisations are partners in the different consortium projects.

It is also important to recall that the EaSI calls have expanded opportunities in supporting innovative initiatives based on extended partnerships. In this regard, the 2015 Call for Proposals clearly states that private or non-profit entities which play a key role in social policies and /or on delivery of social services, are eligible as lead applicants and co-applicants of the consortiums applications..

Fourth we share also your attachment to an effective utilisation of social considerations in public procurement, and area where many innovations by public authorities are taken place. In this regard, as recent EU\_rules are at the moment in the transposition period, it is important that we provide guidance on them and identify good practices. In this regard, we are intending to update our guide "Buying Social" for that purpose.

Fifth, we are living in an era of technological and digital innovation. ICT-enabled social innovations are already shaping our social protection systems and social services delivery. For instance, the introduction of tele care national development programmes - such as TDP in Scotland - allowed more elderly people to live at home for longer, with safety and security. Therefore, a future strategic policy challenge is to ensure that ICTs contribute to improve and to maintain an adequate supply of quality social services under an increasing demand and budget constraints. We are starting to explore some possible work in this area.



I think, we need to ensure the best impact of these instruments and join forces to come up with innovative approaches that reduce and prevent poverty and exclusion - and bring more people into the jobs market; with new approaches that reach those furthest from the labour market, and those who need tailored support.

As a final remark, I would like to mention that one of the main conclusions of recent meetings of Commissioner Thyssen with civil society organisations on how to forge common action for a stronger social Europe was the need for a structured and pragmatic civil dialogue that would respond to the changing social needs. An annual Convention for Inclusive Growth (21 March) will be the central and most visible part of this newly strengthened civil dialogue that it is expected to be followed by a series of Strategic dialogues.