

The Tiresia Handbook in Management for Sustainability and Impact



Chapter 1 Global challenges and policy advocacy

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Global challenges and policy advocacy

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1. Global challenges

The contemporary world is challenged by dramatic changes and trends. They involve important transformations in the social, economic, political life as well as structural challenges related to consumption and availability of resources and environmental sustainability. The Covid-19 pandemic exposed some of these trends in their urgency, but most of them have been developing in the last decades.

This paragraph briefly outlines these global challenges and trends to illustrate the context in which some international institutions have developed their policy responses. These responses, particularly the Agenda 2030 and the European strategies, are outlined in section 2.

Societal challenges: demographic trends, family models, urbanisation and migration flows

Since the beginning of the century, society has been changing dramatically in terms of its **demographic composition**. According to the United Nation World Population 2019 prospect¹ on a worldwide level, in 2050 more than 20% of the world population will be aged over 60. Of course, these figures vary across continents, but the trend is global. For instance, in Europe the percentage of under-35 population in 2000 was close to 35%, in Sub-Saharan Africa it reached 65%; in 2100 the same percentage will lower to 45% in Sub-Saharan Africa and to 25% in Europe. This trend is linked to the changes in life expectancy and in fertility rates. Total fertility rates have fallen in each of the world's regions: in 2050, total fertility rate in Africa is expected to be close to 3 (it was 6.5 in 1950), in Europe it is expected to be around 1.5 (from 2.6 in 1950).

At the same time, societies all over the world faced important changes concerning evolution of **family models and gender roles**. Concerning family models, from 2007 to 2016, in Europe, «one-person families» increased from 30% to 35%². At the same time, a growing proportion of female population became active in the labour market, having a disruptive effect on the male breadwinner family model that characterized western societies for centuries. For instance, in the US, the proportion of the female population aged 15 and over that is economically active changed from 28% to 58% from 1950 to 2010³.

Another important trend concerns the moving of people across different regions of the world, both in terms of internal displacement from rural areas to urban centres and in terms of migration flows.

Nearly 7 of 10 people in the world are expected to live in **urban areas** by 2050⁴. In many parts of the world, rural areas remain «left-out», suffering from an increasing economic and social marginalisation. In recent years, some of these areas, both in Europe and in the US, often took their revenge by voting for populist parties, leading to serious political and institutional consequences (Rodriguez-Posès, 2018).

1 <https://population.un.org/wpp/>

2 [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=%20People in the EU %E2%80%93 statistics on household and family structures&oldid=375234#Household composition: number of persons](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=%20People_in_the_EU_%E2%80%93_statistics_on_household_and_family_structures&oldid=375234#Household_composition:_number_of_persons)

3 <https://ourworldindata.org/female-labor-supply>

4 <https://www.worldbank.org/en/topic/urbandevelopment/overview>

The strengthening of **migration flows** across different regions of the world, according to UNCHR⁵, saw the forced displacement of 82.4 million people worldwide. At the end of 2020, the number of refugees and asylum-seekers amounted to over 29 million. Although data show that most of the refugees worldwide are hosted in developing countries (86% of refugees) and that Turkey, Colombia, Pakistan and Uganda are the major hosting countries⁶, in the last decades, the topic has been at the centre of political debates in many western countries, and migrants have been often pictured as a cause of worsening life condition for local population and drain of public resources.

The impact of these demographic trends and social changes is huge. Just to mention some of the main issues, the demographic composition of the population is linked to the amount of active working population and to the sustainability of pension systems, while changes in family composition and gender roles are leading to important shifts in welfare and caring models and to the emergence of new uncovered social needs. At the same time, the management of migration flows has an important impact on both demographic composition and social provision in the hosting countries.

As these global trends developed, also important changes occurred at an economic level. One key issue, which relates to the emerging of new social needs and sharpening of the old ones, is growing inequality. In the last decades, inequality has been growing in most western countries, reversing a trend that characterized most of the 20th century. The French economist Thomas Piketty showed that income inequality in Europe followed a u-shape in the 20th century, similar to the share of top income percentile and top wage percentile in total wage. Particularly after the financial crisis in 2008, these trends led to the flourishing of movements challenging the status quo and the mainstream economic thinking.

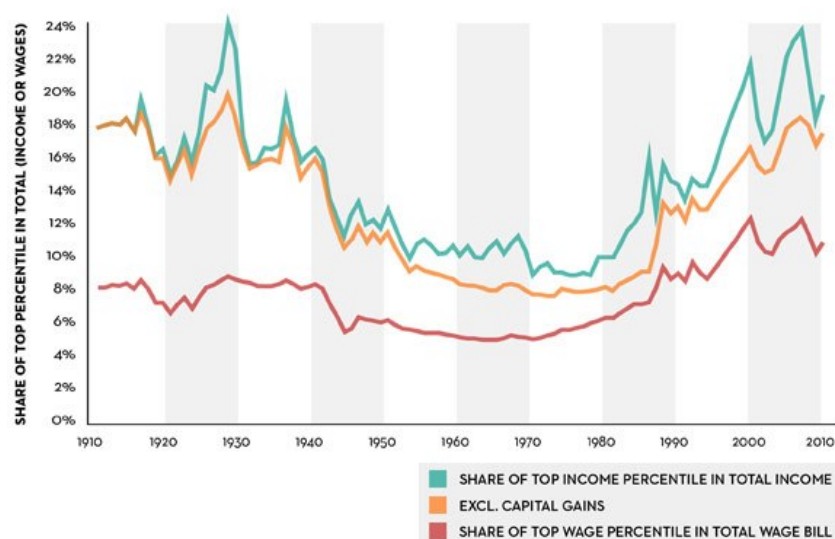


Figura 1 - Transformation of top 1% in the US (Source and series: Piketty.pse.ens.fr/capital21c)

Environmental challenges

Besides social and economic challenges, but related to them, environmental challenges got to the forefront in the last decades. **Climate change**, its relation to the **emission of CO2** from human activity, its

⁵ <https://www.unhcr.org/figures-at-a-glance.html>

⁶ <https://www.unhcr.org/globaltrends2019/>

consequences for economy and society, and the urge to develop a “Green Deal” became one key issue in national and international policy debates.

Just to mention a few data, in 2017, greenhouse gas concentrations reached new highs, with globally averaged mole fractions of CO₂ at 405.5 parts per million (ppm), up from 400.1 ppm in 2015, and at 146 per cent of pre-industrial levels. Experts noted that moving towards 2030 emission objectives compatible with the 2°C and 1.5°C pathways requires a peak to be achieved as soon as possible, followed by rapid reductions⁷.

Future effects of climate change may include effects on the environment but also on economy and society. Among others, some of the main effects of climate change include: global temperatures rise, longer frost-free season, changes in precipitation patterns, more droughts and heat waves, stronger and more intense hurricanes, rise of sea Level (30-120 cm by 2100). These may have a direct impact on global economy and society. For instance, economic losses from disasters caused by climate change were estimated at almost \$3 trillion during the period 1998–2017 and climate-related and geophysical disasters claimed an estimated 1.3 million lives⁸.

The nexus: energy food and water

Rising global population, rapid urbanization, changing diets and economic growth are also determining an increasing **demand for energy, food and water**. A dramatic increase in their consumption and waste has been registered.

To mention a few data, we can note that while the proportion of population using safely managed drinking water services increased from 61 to 71 per cent between 2000 and 2015, in 2017 still 2.2 billion of people do not have access to safely managed water⁹. Regarding food, from 2019 to 2020, the number of undernourished people grew by as many as 161 million, due to conflicts, climate change, and the COVID-19 pandemic¹⁰. At the same time, one third of all food produced for human consumption is wasted (1.3 billion tons)¹¹. Concerning energy demand and availability, although global electrification rate rose from 83 per cent in 2010 to 87 per cent in 2015, with the increase accelerating to reach 89 per cent in 2017, in 2018, 789 million people around the world still lacked access to electricity¹².

Also, energy efficiency remains an issue, with CO₂ emissions caused by energy consumption remaining a key challenge for a sustainable development¹³. In 2020, the largest emitting sector overall was energy use in buildings and industry (accounting for over 40% of global emissions)¹⁴.

In this context, the water-food-energy nexus has become a key element in the path towards a more sustainable development¹⁵ and awareness is spreading about the need to find new ways to manage the

7 IEA – World Energy Outlook 2018: <https://www.iea.org/weo/> - <https://www.iea.org/tcep/>

8 <https://climate.nasa.gov/effects/>

9 <https://www.who.int/news-room/detail/12-07-2017-2-1-billion-people-lack-safe-drinking-water-at-home-more-than-twice-as-many-lack-safe-sanitation>

10 <https://www.actionagainsthunger.org/world-hunger-facts-statistics>

11 <http://www.fao.org/zhc/detail-events/en/c/889172/>

12 <https://www.un.org/sustainabledevelopment/energy/>

13 <https://www.iea.org/weo2018/>

14 <https://ourworldindata.org/emissions-by-sector>

15 <http://www.fao.org/3/a-bl496e.pdf>

access, supply and consumption of energy food and water, to avoid their depletion and assure their fair distribution.

The Covid-19 pandemics and the need for an interconnected global governance

As we recently experimented, in this interconnected scenario, human health can also be threatened by the spread of new pandemics. The recent **Covid-19 emergency** exposed the urgency to address some of the challenges mentioned above, contributed in exacerbate some of the existing trends, and moved others into the background.

The pandemic proved that the resilience of our globalized economic and social systems is linked to the anticipatory capacity of decision makers and the strength of a global governance able to implement prompt responses at a social, environmental and economic level. These needs for a change in economic and social models is widely perceived by national and international institutions and the pandemic represented a window of opportunity to reimagine and reset our world.

In this context, the **World Economic Forum**, launched in June 2020 the Great Reset initiative, to promote a global reset of economic and social foundations. The idea behind the initiative is that the world must act jointly and swiftly to revamp all aspects of societies and economies, from education to social contracts and working conditions. To promote, a 'Great Reset' of capitalism. The Great Reset agenda has three main components:

- Steer the market toward fairer outcomes to create the conditions for a “stakeholder economy”.
- Ensure that investments advance shared goals, such as equality and sustainability and that large-scale spending programs implemented by governments (such as the Eu recovery plan post covid) contribute in creating a new more sustainable system.
- Harness the innovations of the Fourth Industrial Revolution to support the public good, especially by addressing health and social challenges.

(More information about the Great Reset are available at: <https://intelligence.weforum.org/topics/a1G0X000006OLciUAG?tab=publications>).

The World Economic Forum initiative is one of the most recent ones emerged as a response to the pandemic to tackle the emerging challenges. In the last decades, other international organisations and institutions have promoted various strategies and initiative to tackle the social, economic and environmental challenges mentioned above and to advance a more sustainable model of social and economic development.

In this chapter, we focus particularly on the **2030 Agenda for Sustainable Development**, ratified by the UN, and on the main strategies and programmes developed by the **European Union**.

Finally, it is important to mention that the global trends and challenges described above have an important **impact on the functioning of existing welfare systems**. Welfare state is the key instrument developed by western societies in the course of the 20th century to tackle social exclusion and inequality. As described in the next section of this chapter, the crisis of welfare state developed in parallel with some of the above

mentioned trends and was intensified by the emergence of others. The last section of this chapter describes the crisis of welfare state and gives some insights on its future development.

2. The crisis of welfare policies

As new global challenges emerged, the traditional ways in which most countries, particularly western developed countries, had faced societal challenges in the past century faced a period of decline and crisis. During the 20th century, western countries developed different strategies to address societal needs, reduce inequality and improve citizens' wellbeing, and implemented different forms of social protection through the development of the so-called welfare states.

The launch of various forms of insurances to cover work injuries, illness, and old age happened in different countries at different times at the end of the 19th and early 20th century. Welfare systems were gradually introduced by many governments initially motivated by some contextual factors. For instance, in some countries, the introduction of the first measures was in response to the growing demands of workers for a better quality of work and life, and was initially aimed at legitimising the power of the establishment in the face of these pressing mobilisations (Ferrera, 2012).

The first forms of welfare measures were introduced in Germany under Chancellor Bismarck, and in other monarchic regimes, such as Austria-Hungary, Norway, and Italy. In parliamentary regimes such as Britain and France, forms of insurances were introduced only at the beginning of the 20th century, under pressure from labour parties (Ferrera, 2012).

Between the two World Wars welfare systems underwent a period of strengthening, in which the ideas of insurance and compensation, that had been grounding principle of many interventions, were gradually replaced by the principle of minimum social protection commensurate with citizens' needs.

Welfare systems underwent an important period of expansion after the Second World War. Across all countries, the coverage was gradually enlarged to involve not only workers but also their families, and the grade and quality of the protection offered by the state improved. Different countries developed different models of welfare provision, recognised by the literature as various families or regimes of welfare (Esping-Andersen, 1990; Arts and Gelissen, 2002, Ferrera 2012).

Esping-Andersen's *Three Worlds of Welfare Capitalism* (Esping-Andersen, 1990) argued that during the expansion period three main regimes consolidated in western countries: the liberal regime, the conservative-corporatist regime and the social democratic regime. Each regime is characterised by different relationships between social policies, the market, and families. Later, the literature recognised the existence of other models, for instance a Mediterranean model and an Antipodean model, and suggested other classifications of welfare families using various criteria (Arts and Gelissen, 2002).

The review of classification of welfare regimes is out of the scope of this course. However, it is important to note here that after the period of expansion, lasted until the 1970s, all welfare models faced a period of crisis caused by important changes in society, such as the ageing of the population, new gender roles, growing expectations towards the quality of services, globalisation, and internationalisation of economies (Ferrera, 2012).

Particularly the crisis of welfare policies after the 1970s can be traced back to important social, economic and political changes. All the welfare state models that were developed after the Second World war were grounded on some social and political premises that have dramatically changed over time. Particularly the old premises of welfare states and their changes have been identified by Ferrera (2012):

- **Rapid growth**
A continuous and rapid growth was one premise for the redistribution of income through welfare policies. This type of growth was able to produce high tax revenue that allowed redistribution by the state. Since the 70s, most western economies have been suffering for a decline in the growth rate and the focus on the redistribution of fiscal dividends was replaced by the ideas of spending review and cuts to public spending.
- **Industrial society**
Welfare systems were initially developed in an economic context based on industrial production (mainly driven by the male workforce) and mass consumption. After the 1970s, most western countries have embraced a new postindustrial economic model, based on a prevalence of services and new models of productions.
- **Stable family**
Traditional welfare models are based on a model of family seen as a stable institution ruled by a clear division of work and roles between men and women. In the 70s, the female participation in the labour market increased and important changes in society had repercussion on the stability of families and on the types their need for new services.
- **Stable demographic scenario**
Concerning age distribution and migration, traditional welfare models were based on a stable demographic scenario. The decline in fertility rate, the increasingly ageing population, important migration coming from developing countries, led to a new scenario that traditional welfare models were unable to respond to.
- **Limited and stable expectations**
An important change occurred also on a sociocultural level: initial welfare state was based on the assumption that beneficiaries had stable and measured expectations, in line with their class and work, and limited to a level of minimal assistance. In the new changing society, expectations started to increase and to become more mutable and flexible.
- **Stability and centrality of national states**
An important premise for the functioning of the welfare state was the strength of national states and their central role in designing welfare services. This changes since the international scenario started to foster dynamics of economic interdependency and political integration.

Under the pressure of these challenges, the quality and extension of welfare provision began to differ significantly between different countries, and different welfare models showed different levels of resilience and different ability to keep up with newly emerging social needs.

3. The responses of the global community

To address the global challenges and trends presented above and to respond to the emerging needs that traditional welfare states are unable to answer, the global community elaborated broad strategies aiming at support a more sustainable development. Among these strategies, a key role is played by the 2030 Agenda ratified by the United Nations in 2015, whose SDGs became the cornerstone for the development of many national and local strategies. At the same time, the European Union developed strategies

attempting to address social economic and environmental challenges and support a sustainable and inclusive model of growth. This section introduces the SDGs and outlines the core elements of these European strategies.

3.1 The 2030 Agenda and Sustainable Development Goals

In September 2015 the General Assembly of the United Nations ratified a resolution, the 2030 Agenda for Sustainable Development. It contains 17 Sustainable Development Goals (SDGs). The official start of the agenda was at the beginning of 2016 and all Member States of the United Nations (193 countries) declared their commitment to take part in the transition towards a more sustainable and resilient model and to reach the goals in 15 years, before 2030.

The agenda poses at its centre the eradication of poverty in all its forms as an indispensable requirement for sustainable development. The formal resolution states:

“This Agenda is a plan of action for people, planet and prosperity. It also seeks to strengthen universal peace in larger freedom. We recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development.

All countries and all stakeholders, acting in collaborative partnership, will implement this plan. We are resolved to free the human race from the tyranny of poverty and want and to heal and secure our planet. We are determined to take the bold and transformative steps which are urgently needed to shift the world on to a sustainable and resilient path.” (United Nations, 2015)

The Agenda states that sustainable development requires simultaneous and balanced progress in the three dimensions of sustainable development:

- environment (air, water, land, plants, animals)
- society (education health, safety, opportunity)
- economy (money, jobs, trade, business)

There are three features that make the 2030 agenda an important and innovative resolution:

- UNIVERSALITY: the SDGs are universal, in the sense that they apply to every nation and encompass every sector. Everyone is challenged to act: from businesses to public authorities, to any type of public and private organization.
- INTEGRATION: Integration among the SDGs is key since the Goals are all inter-connected, in a system. We cannot aim to achieve just one Goal, we must achieve them all to implement sustainable development.
- TRANSFORMATION: Achieving the Goals involves making very big, fundamental and transformative changes in how we live on Earth

The 17 SDGs (United Nations, 2015):

- ✓ Goal 1. End poverty in all its forms everywhere
- ✓ Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- ✓ Goal 3. Ensure healthy lives and promote wellbeing for all at all ages
- ✓ Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning

- opportunities for all
- ✓ Goal 5. Achieve gender equality and empower all women and girls
 - ✓ Goal 6. Ensure availability and sustainable management of water and sanitation for all
 - ✓ Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all
 - ✓ Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
 - ✓ Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
 - ✓ Goal 10. Reduce inequality within and among countries
 - ✓ Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable
 - ✓ Goal 12. Ensure sustainable consumption and production patterns
 - ✓ Goal 13. Take urgent action to combat climate change and its impacts*
 - ✓ Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
 - ✓ Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
 - ✓ Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
 - ✓ Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development



Figura 2 - The SDGs

The SDGs are framed within a wide program that encompasses 169 specific targets and set off more than 240 indicators (Figure 3)

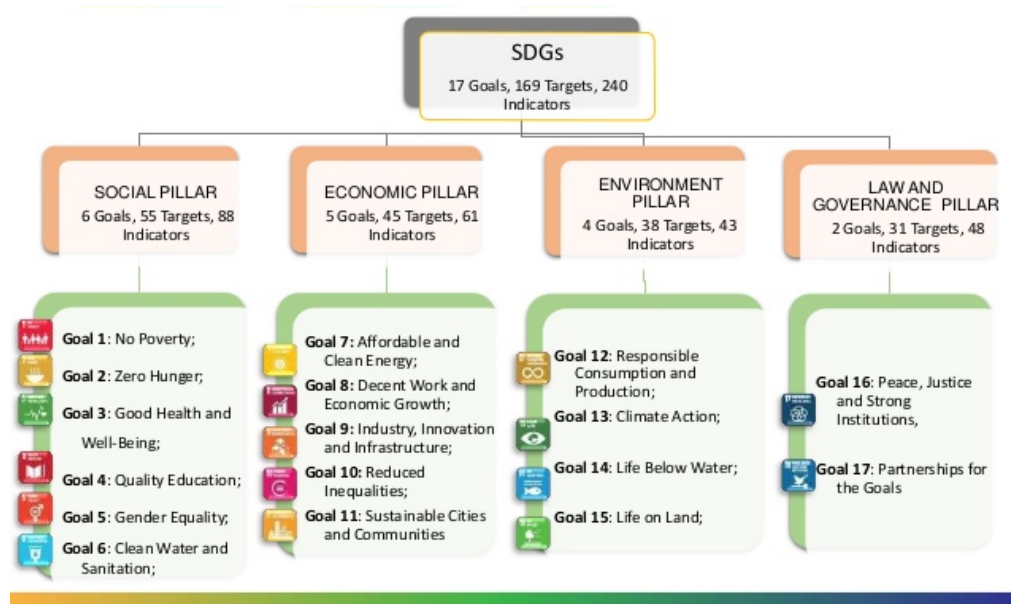


Figura 3 - SDGs targets

3.2 European strategies

Europe 2020

In 2010 the European Commission proposed a 10-year strategy, called Europe 2020, aiming at advancing the economy of the European Union through a "smart, sustainable, inclusive growth" (European Commission, 2010).

The strategy has three priorities (European Commission 2010, p.3):

- Smart growth: developing an economy based on knowledge and innovation.
- Sustainable growth: promoting a more resource-efficient, greener and more competitive economy.
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

The Europe 2020 strategy gives recognition to the economic, social and environmental dimensions of sustainable development by drawing attention to five thematic areas: education, research and development and innovation, climate resilience and environmental impact, job creation, poverty reduction.

Under the priorities the strategy identified 8 targets that belong to the five thematic areas:

1. Employment:
 - 75% of people aged 20–64 to be in work
2. Research and development (R&D)
 - 3% of the EU's GDP to be invested in R&D
3. Climate change and energy:
 - greenhouse gas emissions 20% lower than 1990 levels
 - 20% of energy coming from renewables
 - 20% increase in energy efficiency
4. Education:
 - rates of early school leavers below 10%

- at least 40% of people aged 30–34 having completed higher education
5. Poverty and social exclusion:
- at least 20 million fewer people in – or at risk of – poverty/social exclusion

The target needs the collaboration of both national and European policies to be achieved and the EU promoted some flagship initiatives to catalyze the implementation of the targets (figure 1).

- "Innovation Union" to improve framework conditions and access to finance for research and innovation so as to ensure that innovative ideas can be turned into products and services that create growth and jobs.
- "Youth on the move" to enhance the performance of education systems and to facilitate the entry of young people to the labour market.
- "A digital agenda for Europe" to speed up the roll-out of high-speed internet and reap the benefits of a digital single market for households and firms.
- "Resource-efficient Europe" to help decouple economic growth from the use of resources, support the shift towards a low carbon economy, increase the use of renewable energy sources, modernise our transport sector and promote energy efficiency.
- "An industrial policy for the globalisation era" to improve the business environment, notably for SMEs, and to support the development of a strong and sustainable industrial base able to compete globally.
- "An agenda for new skills and jobs" to modernise labour markets and empower people by developing their skills throughout the lifecycle, with a view to increase labour participation and better match labour supply and demand, including through labour mobility.
- "European platform against poverty" to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society.

(European Commission, 2010)

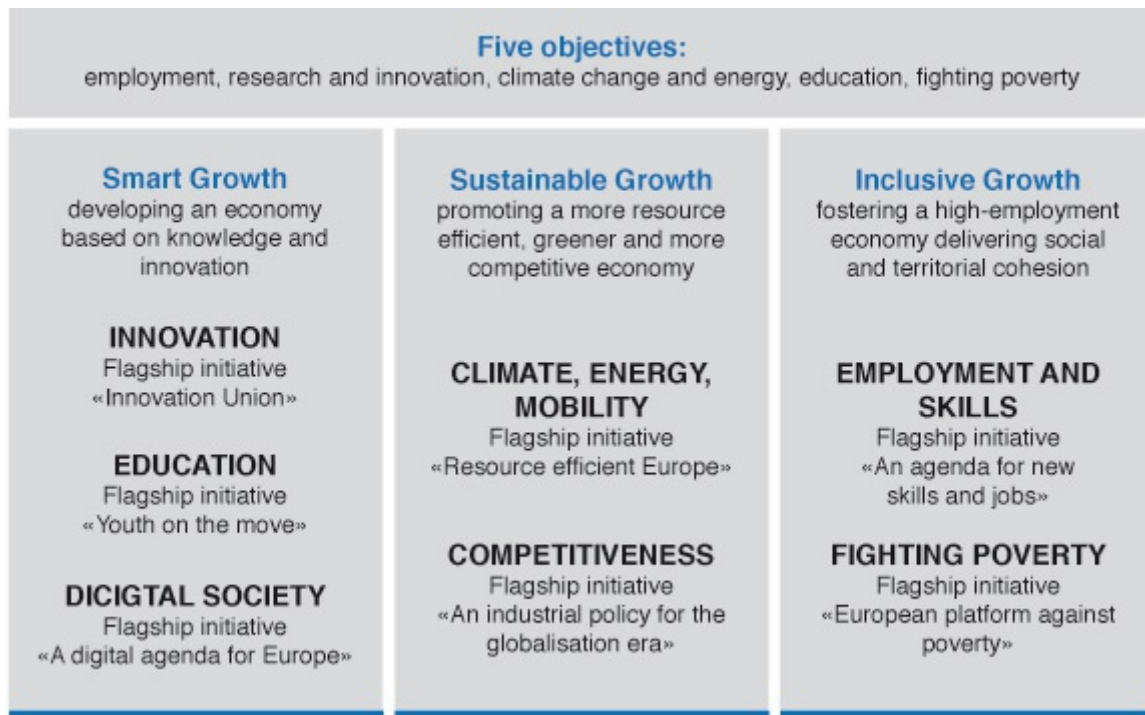


Figura 4 - The flagship initiatives related to the three key priorities

In the Europe 2020 strategy, social economy and social impact organisations play a key role. Initiatives, such as the Social Business Initiatives, were launched to support and foster the development of forms of entrepreneurship pursuing social objectives. These organisations are recognized as important players making an important contribution to society and to develop social and economic resilience.

The **social economy** is recognised as a significant proportion of Europe's economy that intends to make profits for people other than investors or owners. It includes some particular organisations, social impact organisations, that can assume different forms and provide a wide range of products and services across Europe.

The specific role of social economy and social impact organisations will be further outlined in the next chapters of this work, but it is important to note that the role of these organisations gained recognition in the Europe 2020 strategy.

In a broader policy perspective, the Europe 2020 strategy also addresses the internationally adopted 2030 Agenda for Sustainable Development, presented in the previous section.

European Innovation Programme Horizon Europe 2021-2027

On a global level, national and international institutions are widely stressing the importance of setting an orientation to innovation policies towards the solution of social and environmental challenges, thus giving an increasing centrality to social innovation, social economy and social entrepreneurship. The role of social innovation and social economy appears widely recognized in the most recent wave of European strategies, even beyond the role of Agenda 2030.

In this context, the value of socially and environmentally oriented policies emerges as a key component of the European Innovation Program Horizon Europe 2021-2027, which displays a clear orientation towards the solution to Grand Challenges.

The Horizon Europe 2021-2027 is based on the vision of a sustainable and prosperous future based on the achievement of the Sustainable Development Goals. The new Horizon Policy aims at strengthening the Europe Capacity in Research and Innovation but also to deliver innovations fully aligned with citizens priorities, thus opening the path for a demand-based innovation paradigm.

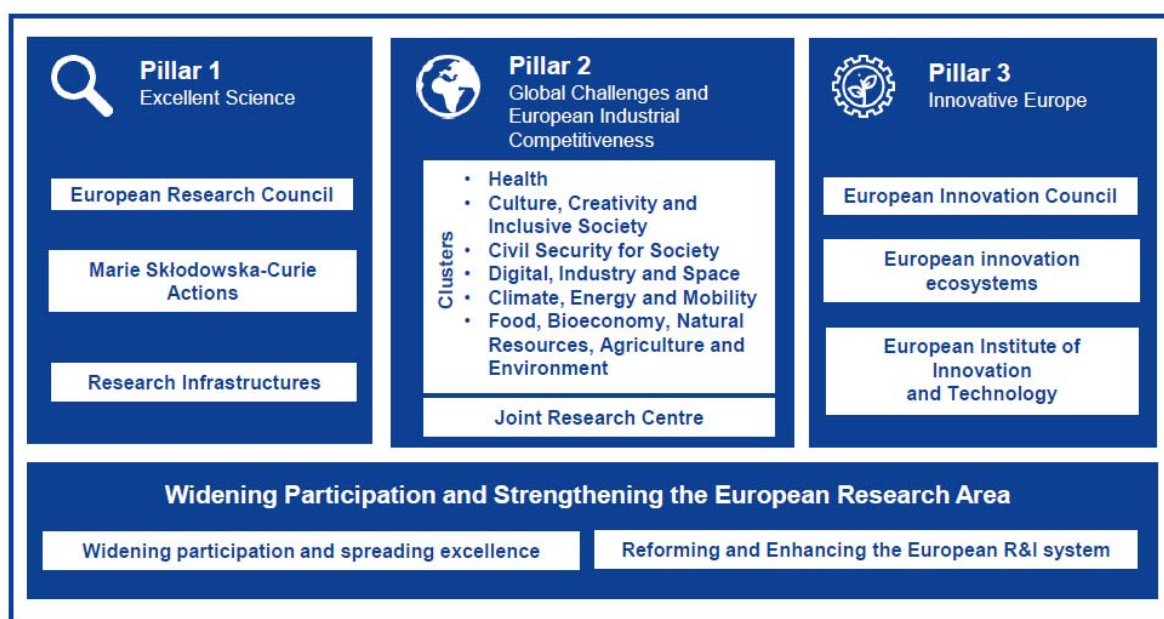
The Pillar 2 of the Horizon 2021-2027 Policy is actually devoted not only to the development of European Industrial Competitiveness, but also to the identification of grand-challenges (Health, Culture, Inclusive Society) which require innovation and scientific solutions. In this perspective, 52.8 billion have been budgeted for Pillar 2 which sums up “Global Challenges and European Industrial Competitiveness”.

The orientation of EU Policies towards grand-challenges is made explicit also throughout the setting of R&I Missions. R&I missions aim at relating EU Research and Innovation to citizens’ needs, improving the societal impacts of research.

In this context, a wide component of EU Innovation missions is devoted to Social Economy and its institutions. Particularly, EU social economy missions aim at:

- Enhancing interaction and improving collaboration between existing social economy networks and stakeholders at regional and local level
- Boosting inter-regional learning between social economy stakeholders (public and private sector) in the field of priorities of “Social economy missions”
- Contributing to a gradual building of a Social Economy community

The new “social economy missions” are expected to bring together regional and local authorities with similar social economy priorities and accompanied by regional and local social economy stakeholders (social enterprises, cooperatives, SMEs, etc.).



A new policy generation: Social Economy as an industrial ecosystem for inclusive growth

Social and solidarity economy is increasingly regarded by policymakers as a relevant sector which may be conducive to an inclusive growth and development pattern. Therefore, international organisations and policymakers are working on improving the resilience of social economy, by collectively strengthening collateral actors which may stimulate a growth and a transformation of the sector itself.

Drawing from a biology-based terminology, we may label as “ecosystemic” the policy approach characterising the latest generation of policies addressing not solely social economy organisations, but more generally enterprises and innovators communities. In this perspective in 2020, the OECD launched the Global Action “Promoting Social and Solidarity Economy Ecosystems”, funded by the European Union’s Foreign Partnership Instrument.

The project covers more than 30 countries over a period of three years. This work targets all EU countries and non-EU countries such as Brazil, Canada, India, Korea, Mexico and the United States. Coherently with the ecosystem perspective, the project aims at directly supporting social economy organisations, fostering their internationalisation, but also at building and build capacity to create conducive national and local ecosystems, promoting knowledge-sharing and other resource and skills exchanges.

Also the European Commission considers the social economy ecosystem as integral element of its Industrial Policy Package. More specifically the Commission has introduced the Social Economy and Proximity Ecosystems as component of the EU Commission SME strategy aimed at fostering digitalisation, internationalisation and diffused access to finance of enterprises.

Throughout these actions, the Commission aims at working to democratise the benefits of its industrial policies, merging industrial and social policies in an inclusive-development perspective.

The European Action Plan for Social Economy

The European Commission is launching in 2021 the **European Action Plan for the Social Economy**, with a proposed duration of 5 years (2020-2025). Such a plan shall be a key tool to systematically incorporate the social economy into the different socio-economic policies of the European Union, as well as into its actions to achieve the Sustainable Development Goals.

The plan is based on the premise that the Social Economy represents a key asset for the European society and economy. To date, it incorporates around 2.8 million enterprises and organisations, accounting for more that 13.5 million jobs and representing 8% of the EU GDP.

The plan addresses the following key objectives:

1. Recognise the social economy as a transversal actor in the main socioeconomic policies of the European Union
2. Promote the convergence and coordination of the different public authorities involved in the promotion of the social economy by defining strategic objectives and benchmarks at EU level

3. Foster a conducive ecosystem for the growth of the social economy in Europe, improving its contribution to key EU objectives and allowing social economy enterprises to take full advantage of the single market and of EU funds and financial instruments.

In line with these three objectives, the proposed Plan is structured around 7 pillars:

1. Establish a common understanding of social economy enterprises and organisations in Europe
2. Improve the visibility of social economy enterprises and organisations and of their values and characteristics
3. Measure and further document the weight of the social economy and its effective contribution to the socio-economic development of the European Union
4. Provide in the framework of the European Single Market a conducive ecosystem for the growth of social economy enterprises and organisations, supporting them to access to finance and scale up, and by establishing the necessary legal framework, allowing them to fully operate trans-nationally in the Single Market.
5. Further integrate the social economy in EU funds and programmes, such as the ERDF, ESF Plus and the cohesion funds
6. Foster the role of the social economy in the external action of the European Union
7. Consolidate and strengthen a permanent and structured dialogue between EU institutions and the Social Economy

The European post-Covid agenda

The Covid emergency urged the European Commission to promote a major recovery plan, “**Next Generation EU**”, which entails adjustments to the previously designed strategy and the creation of new recovery instruments.

Details about the recovery plan put in place by the Commission are out of the scope of this course. However, it is important to note that many of the features of the plan aim to address some of the key challenges and trends that were mentioned at the beginning of this chapter.

Particularly, the policy fundamentals of Next Generation EU are:

- The **European Green Deal as the EU's recovery strategy**, which includes renovation of buildings and infrastructures, circular economy, renewable energy projects, cleaner transports and logistics.
- **Strengthening the Single Market and adapting it to the digital age**, which entails investing in better connectivity, in technological presence in strategic sectors such as artificial intelligence, cybersecurity, supercomputing, building a real data economy and increase cyber resilience.
- **A fair and inclusive recovery for all**, meaning plans for unemployment, training and education, fair minimum wages, and fight against tax evasion.

The plan is articulated in 5 main pillars¹⁶:

¹⁶ https://europa.eu/next-generation-eu/index_en

Make it Green: “Europe is on track to become the first climate-neutral continent by 2050 – we will produce no more greenhouse gases than our ecosystems can naturally absorb”.¹⁷

Actions planned:

- improve water quality in rivers and seas, reduce waste and plastic litter, plant billions of trees and bring back the bees;
- create green spaces in cities and increase the use of renewable energy;
- make farming more environmentally-friendly so food is healthier.

Make it Digital: “The future will be driven by technology. So we’re making the next 10 years Europe’s digital decade”.¹⁸

Actions planned:

- connect everywhere with 5G and EU-wide ultra-fast broadband;
- receive a digital identity (eID), making it easier to access online public services and giving more control over personal data;
- smarter and more efficient cities ;
- more secure online shopping;
- artificial intelligence to fight climate change and improve healthcare, transport and education.

Make it Healthy: “The coronavirus pandemic has affected us all in one way or another – physically, mentally, socially. Now, we want to build a safer and healthier EU so that we are better prepared for any future crisis.”¹⁹

Actions planned:

- work with all EU countries to protect against health threats;
- invest more in research and innovation to develop vaccines and treatments, not just for new diseases like coronavirus, but also for cancer;
- modernise our health systems so that hospitals in every EU country have better access to new technology and to medical supplies;
- fund training for Europe’s medical and healthcare professionals.

Make it Strong: “The pandemic has impacted all of our lives. Many have suffered illness or bereavement, others have lost jobs or income. Now we want to build a stronger, more resilient Europe.”²⁰

Actions planned:

- encouraging young people to study science and technology, which open doors to the green and digital jobs of the future;
- supporting further education and apprenticeships
- offering loans and grants to young entrepreneurs.

Make it Equal: “From north to south, east to west, we want to build a Europe that works for everyone. We want all Europeans to have equal opportunities, whoever they are and wherever they live. And we want to celebrate diversity in all its forms.”²¹

Actions planned:

- fight against racism and xenophobia;
- promote gender equality and women’s empowerment;

17 https://europa.eu/next-generation-eu/index_en#ecl-inpage-30

18 https://europa.eu/next-generation-eu/index_en#ecl-inpage-31

19 https://europa.eu/next-generation-eu/index_en#ecl-inpage-29

20 https://europa.eu/next-generation-eu/index_en#ecl-inpage-32

21 https://europa.eu/next-generation-eu/index_en#ecl-inpage-33

- protect the rights of the LGBTQI+ community and combating discrimination;
- strengthen EU law to cover all forms of hate speech and hate crime.

European Green Deal

As was mentioned above, climate change and environmental degradation are existential threats to Europe and the world. To overcome these challenges, the European Union launched the European Green Deal²². The programme will transform the EU into a resource-efficient and competitive economy ensuring:

- no net emissions of greenhouse gases by 2050
- economic growth decoupled from resource use
- no person and no place left behind

The European Green Deal is also our lifeline out of the COVID-19 pandemic. One third of the 1.8 trillion euro investments from the NextGenerationEU Recovery Plan, and the EU's seven-year budget will finance the European Green Deal. The European Green Deal set the blueprint for this transformational change.

All 27 EU Member States committed to turning the EU into the first climate neutral continent by 2050. To get there, they pledged to reduce emissions by at least 55% by 2030, compared to 1990 levels.

This will create new opportunities for innovation and investment and jobs, as well as:

- Transforming out economy and society
- Making transport sustainable for all
- Leading the third industrial revolution
- Cleaning our energy system
- Renovating buildings for greener lifestyles
- Working with nature to protect our planet and health
- Boosting global climate action

4. Towards social innovation

The international initiatives and strategies that were described above outline some broad guide-lines and goals to address the global challenges and trends described at the beginning of this chapter, and to develop a more inclusive and sustainable model for economy and society. As these strategies have been developed, also traditional welfare systems underwent some radical transformation under the pressure of the factors that were mentioned above.

Misuraca et al. (2018), considering the evolution of welfare models and their ability to prove resilient to the crisis, suggested that three phases can be recognized concerning the resilience of welfare state models. An initial phase was characterized by the *absorptive capacity*, which became just one of welfare state components. With the welfare crisis emerging in the 70s the *adaptive capacity*, i.e. the capacity to adopt a degree of flexibility and make small changes to the system, raised as a key feature. After the financial crisis of 2008, the adaptive capacity proved insufficient and it became clear that "the welfare state of the future, is required to directly support the needed changes by means of strategies and actions able to contribute in building **transformative capacity**, that in turn is expected to positively affect resilience of society and citizens" (p.95).

²² https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_it

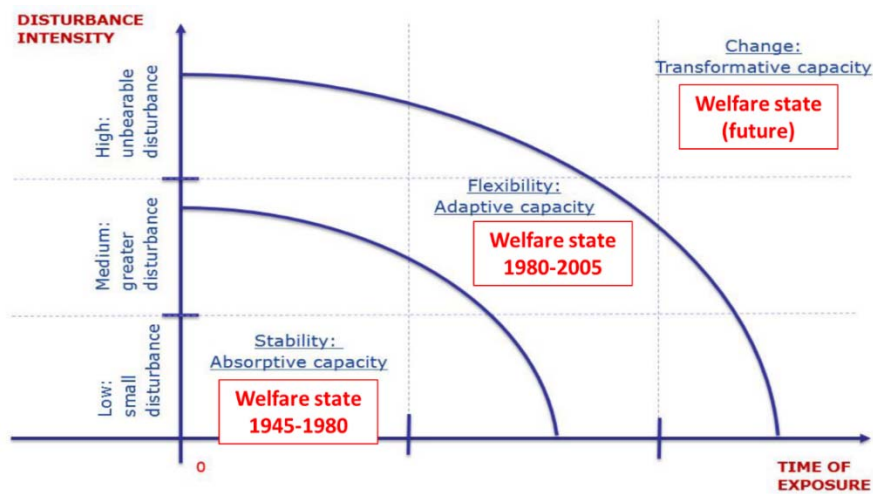


Figure 5 - Transformation of welfare (adapted from Misuraca et al., 2018)

This implies for welfare systems to move beyond traditional welfare state towards a transformative model of welfare. The results of this transformative capacity can be referred to as **social innovation**, as further outlined in the next chapters. It entails new forms of collaboration and synergy between different players and sectors, such as market, state, civil society, and new hybrid forms of organisations.

Learning...

- *Why was the Europe 2020 strategy developed? Which are its main priorities and targets?*
- *What is 'social economy'? And why does it play a key role in European strategies?*
- *Which are the objectives of the Agenda 2030?*
- *What is 'sustainable development' according to the Agenda 2030?*
- *Why is the traditional welfare state in crisis?*

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