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Social Innovation - a Nordic Perspective

Presentation at 'Boosting innovation for a better social outcome, Milan 23 October 2014

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If social Innovation and entrepreneurship is the answer

What really are the questions?

- More elderly members of our communities (social isolation, dementia)
- New social risks and mechanisms of exclusion – among the young
- Economic limits to state financed service production
- Organisational inefficiencies – more money into old institutions will not do

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New Agenda – to develop public services as to

mobilise – not crowd out – private sector resources (co-production)

utilise new ideas, enthusiasm and creativity of entrepreneurs (innovation)

improve quality of life for all members of society

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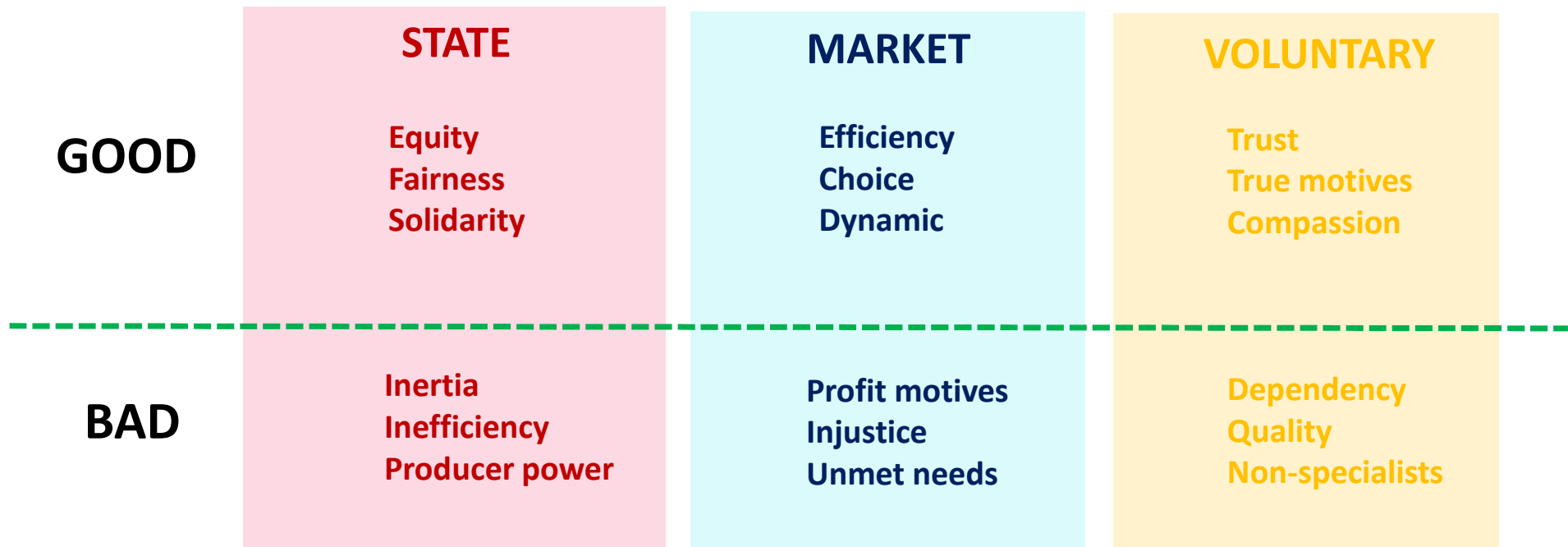
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Historical backdrop: The Nordic tradition

A theory of comparative institutional advantages



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Historical backdrop: The Nordic tradition

A theory of comparative institutional advantages

Policies in theory and rhetoric: To mix elements from state, market and voluntary sector

Policies in practice:

State financing of socialised private actors, contracting out

Focus on reducing costs, not on innovation and new dynamics

Now a call for innovation – in order to

*** let private entrepreneurs ‘arrange’ the encounter between state resources and human needs – and apply market-like modes of management and organisation**

*** foster and try out in practice new and radical ideas for welfare provision**

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Innovation involves risk, failure and learning

A new role for the welfare state – and between central state and local government

- Innovation and risk taking is local – risk socialisation must be central**
- Legal challenges and matters must be solved at central level**
- 'Zero-failure cultures' in public sector (and mass medias) must be challenged**
- State resources needed for accumulating experience and facilitate learning**
- Rights and welfare guarantees for the target group ('users') must be secured**
- The overall Welfare State responsibility for every citizen must not be questioned**

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Three examples

- For people with disabilities: 'User organized personal assistant'
- For elderly in early phases of dementia. 'Into the countryside'
- For socially isolated elderly: Targeted labour market measures

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For people with disabilities: 'User organized personal assistant

- Users are organised as an interest group
- The state provides a legal regime for the user-assistant relationship
- Users recruit personnel and serve as employer for the assistant
- The welfare state pays the wage (with more or less co-payment)

Needs are defined by the users (not by welfare state professionals)

Transaction costs are small

State regulation prevents a master-servant-relationship

Employment opportunities are created for unemployed

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For elderly in early phases of dementia. ‘Into the countryside’

State subsidies to agriculture are high – and politically sticky

Exposing patients to outdoor activities and contact with animals have positive health effects

Thus: Instead of paying farmers to produce food

**Old age institutions are provided with funds (from the Ministry of Agriculture)
to purchase activities from farmers – at the farm.**

**Needs/target group are defined by professionals,
social entrepreneurs acts as agents between farmers and old age institutions.**

**Farmers receive (alternative) income, state expenditure is constant,
and quality of life of patients is dramatically enhanced.**

For socially isolated elderly: Targeted labour market measures

A Scandinavian preference for 'staying in ones own home as long as possible' has as an effect a growing number of lonely people (with worsening health)

Labour market measures (for young unemployed) are redirected as to provide practical help (and thus inter-generational personal contacts) with the elderly.

Social entrepreneurs serve as agents in organising the demand side, professionally run labour market measures provide the supply side.

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Conclusion

- **non-profit, altruistic motives is a powerful generator for new ideas for fighting social problems in a post-modern welfare state**
- **A shift in focus – form regarding the third sector not only as an alternative producer of welfare services, but as an ‘agent’ in arranging the encounter between a quality of life defined demand side and the economic resources of the state.**
- **Innovation implies risk-taking and legal matters which must be taken seriously in a state-regime for decentralized innovation processes.**

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