

# SOCIAL INNOVATION IN SPAIN: THE LEADING ROLE OF CIVIL SOCIETY

Social innovation has not yet found its place in the Spanish public agenda. Although Spain participates in EU initiatives on social innovation and has a national framework programme for innovation in general, the development of social innovation schemes and plans have been consistently put into civil society's hands and, more recently, onto some cities and municipalities promoting citizen-led initiatives.

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## OVERVIEW

Spain ranked 28 out of 45 countries in the 'Social Innovation index' carried out by The Economist [1]. It is the most notable underperformer, alongside Japan, considering its income level. The report underlines little national public awareness of social innovation (SI), lack of national-level strategies and funding to encourage its adoption. In addition, research and impact measures are still insufficient and total social public expenditures are comparatively lower than EU standards.

Until the 2008 financial crisis, Spain had experienced a remarkable decade of economic growth and job creation. Yet, this economic growth was only partially effective in modernising Spain as it failed to turn the country into a productive and competitive economy. The "Spanish miracle" was manifested in a growth model that was highly dependent on low competitiveness and low productivity sectors, with high trade deficits. Spain is one of the countries where inequalities increased the most during the crisis, and it is part of the group of OECD countries with the highest aggregated levels of inequality. The risk of financial gridlock has triggered urgent institutional changes in social protection, which have been paralleled with severe social spending cuts [2].

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In this scenario, civil society has assumed a leading role in expanding and promoting SI that imposes some limitations but also opens new windows of opportunity to consolidate a bottom-up pathway.

## DEVELOPING AND REINFORCING SOCIAL INNOVATION FROM CIVIL SOCIETY

Given the weak role of public institutions, the most successful initiatives have emerged from civil society groups that have created an increasingly well-articulated network of experienced and professional nodes. This reaction has spread to practically all aspects of SI from financing to entrepreneurship, and through co-working spaces, production and consumption. Although this is not the place for a detailed account of the thousands of SI projects, enterprises and initiatives promoted by civil society organisations, some data and tendencies show the importance of civil society in promoting SI in Spain. 'Responsible & Sustainable Investment' (R&S) has achieved €185,000M, with 16% annual growth. Although it is difficult to foresee the amount exclusively devoted to SI, the report underlines a new type of R&S investment called 'social impact investment' that achieved €310M in 2017 [3].

Similarly, crowdfunding platforms, projects, investors and money raised have increased significantly in the last years, moving from €17M in 2013 to €156M in 2018. Around €40M are social impact investment [4]. The development of coworking spaces are increasingly becoming the natural environment for new initiatives and entrepreneurship models highly related to SI logics. There are 1,547 coworking spaces nowadays, which offer 504,000 square meters, 33,000 working spaces and raise €140M/year [5]. Entrepreneurship

is also key in the promotion of SI. The creation of new types of enterprises highly connected to SI logics and methods are growing significantly.

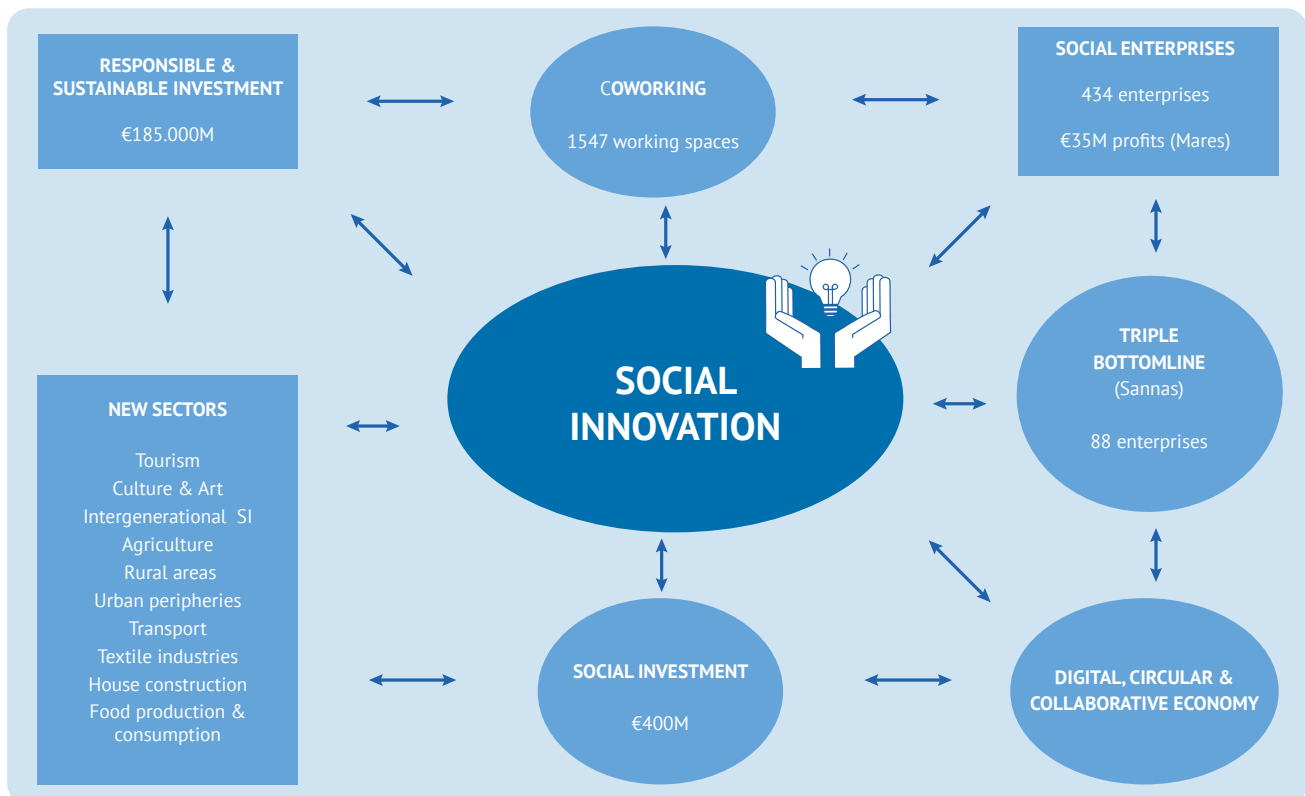
Among the most successful entrepreneurial initiatives, we highlight SANNAS and REAS. The first is an association formed by 88 entities and social enterprises within the framework of the Triple Bottomline economy (Economic-Ecological-Social). REAS (Alternative and Solidarity Economy Network) is an association made of 382 social enterprises that represent 88% of the total social enterprise sector in Spain. They have created 8,967 jobs and earned €35 million in net profits.

This steady and consistent growth opens a very attractive scenario for SI in Spain. The expected involvement of public institutions in SI may significantly improve this civil network. However, if the arrival of the administration displaces the civil society instead of reinforcing it, then the drive and creativity shown by the Spanish civil society is likely to vanish. Yet, if the administrations make themselves available to existing projects, helping their sustainability by providing technical assistance and financial support, then the ‘Spanish model’ based on civil initiatives may combine to form an alternative. The project MARES is a good example. It is a pilot project

promoted by the Madrid City Council together with eight civil society partners and EU funds. Within this activity, 100 projects mainly focusing on energy, recycling, food, human care and mobility have been advised. In addition, 197 projects for self-employees in the social economy have been launched and 200 citizen initiatives have been identified and promoted.

‘Match-funding’ is also increasing. Some public administrations, mainly at the local level, participate as backers in those crowdfunding social projects that have an impact on their municipalities. Similarly, new tax benefits apply to those social foundations specialised in financing SI projects and an increasing number of municipalities provide subsidies to those young social entrepreneurs not able to afford co-working spaces at market prices. This nexus comprising public administration and civil society expresses a new conception of how administrations are meeting the challenge of collaborating with SI initiatives stemming from civil organisations (bottom-up logic).

**Spanish administrations, however, must also implement pro-innovation policies at the macro level.**



Spanish administrations, however, must also implement pro-innovation policies at the macro level. The debate on the necessity of transforming the productive model into a highly productive and value-added economy has been frequently invoked to overcome the crisis. Yet, public expenditure in research and development (R+D) has been continuously cut, down to 1.18% GDP (2018), which contrasts with other leading countries where private expenditure in innovation is higher than public ones. Indeed, Spain is one of the few big European economies where public expenditure in R+D is still higher. It is thus imperative to link technical and social innovation at country level, putting the emphasis on inclusive growth strategies by catching up with EU countries in social and R+D expenditure. This two-fold strategy focuses on enforcing civil society projects, and reinforcing the social and innovative character of the Spanish economy to put Spain at the forefront of a new era of SI.

## CONCLUSION

The leading role of civil society in promoting SI initiatives is certainly good news. Yet, a two-fold strategy is required to spread and consolidate SI in Spain, and to put this country in a coherent position relative to its income level. On the one hand, it is necessary to raise public awareness and engagement with the SI ecosystem in order to strengthen the role of public institutions and educational system in promoting and financing SI initiatives. This is particularly relevant to EU initiatives on SI. On the other hand, a new agreement/commitment including public/private institutions and civil society is needed in order to co-design new SI programmes and also to activate and connect consolidated players while encouraging newcomers and new initiatives.

This strategy must coexist with an ongoing effort to catch up with its European partners in technical and social innovation by increasing expenditure in order to consolidate a model where civil society continues to play a key role in SI.

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