

# Evaluation of Measures Fostering Social Innovation

## The Portugal Social Innovation Initiative (PSII)



PSII is a pioneering and experimental government initiative in the context of the European Union,

aimed at promoting social innovation and stimulating the social investment market in Portugal.

## EVALUATION OBJECTIVE



To evaluate how support measures to social innovation within the framework of PT 2020's Portugal Social Innovation Initiative (PSII) aiming at reinforcing or improving the programmed initiative, through the evaluation of the quality how it has been implemented and of its organizational context and of the identification of non-anticipated factors.

## METHODOLOGY

The evaluation of PSII and MFSI has been led using a theory-based methodology. Faithful to the principles that “the realistic evaluation doesn't ask “what it is' and ‘what works or ‘whether this programme works’, but on the contrary ‘what works for whom, in what circumstances and in what dimensions and how’”. In this framework, the model ‘mechanisms- outcomes- anticipated and non-anticipated results’ is transversal to all the approach, with a significant effort made to conceive mechanisms searching for evidence to show whether they operate or not, although sometimes appealing to indirect variables or “proxies”.



Documentary analysis



Semi-directive interviews



Survey addressed that involved two online survey to entities that presented applications to PSII. The questionnaire was focused on the operation itself



2 case studies



Focus group

## GLOBAL ANALYSIS\*

Strong demand showed by CSI and PFI operations, respectively with 141% and 376% times the initial resources endowment. Lower demand regarding the SIB (83%).

More 5,2M€ of SIF Capital approved (ESF+CN).

More 3,2M€ SIF Capital. PFI 28,7M€ and SIB 9,2M€.

Globally, around 51% of social investment was carried out by Municipalities and 26% by private companies.

17 Contests and 1.169 applications

75M€ approved financing (ESF + OSS)

37,9 M€ Social Investment

678 Social Investment

575 approved projects

28% Global execution rate

446 entrepreneurial entities

More 8 projects SIF Capital and 2 projects SIF Credit. 201 projects of Capacity Building for Social Investment (CSI), 356 projects Partnerships for Impact (PFI), 18 Social Impact Bonds (SIB).

CSI has na execution rate of 76%. PFI 24% and SIB 23%.

188 social economy organizations (SEO) with CSI approved projects. 248 entities with PFI projects and 10 with SIB projects.

## MAIN CONCLUSIONS

62% of entities that answered the survey had contact with the regional activator

For 85% the activator follow-up it's very important

The great **relevance of the work done by Portugal Social Innovation Mission Unit (EMPIS)** and the activation teams locally working in what may be seen as a follow-up function, well recognized by the stakeholders that answered the survey. This valuation cannot be dissociated from how an innovative approach with specific language and terminology not integrated in the SEO lexicon has been progressively disseminated.

Survey to entities with approved projects

### Degree of achievement of contracted results is promising,

particularly regarding the capacity building operations. Although the sample shows a lower degree of achievement for PFI and SIB, one may conclude that the introduction of the new result-based financing approach, although combined with the innovation challenge, has been well succeeded.

**Incipient implementation of Social Innovation Fund (SIF):** late beginning of SIF Credit and of SIF Capital, in the case of the former, one should add the existence of more attractive credit lines in the market available to SEO, in case of second another problem exists, the formation of demand. This fact could justify the reallocation of financial resources towards SIF Capital.



The PSII should be seen **as a good example of innovative approach in ESIF programming in Portugal**, including in this statement the also innovative solution of creating a dedicated

Body Mission. The evaluation concluded that, considering the results achieved, the learning lessons observed, the maturity of the initiative, the potential scaling up of solutions and the room to a more intense transferability to the mainstream of public policies, the continuity of PSII in the next programming period is well justified.

### The internal coherence of PSII has been penalized by three factors:

The desired sequence of the core instruments, CSI, PFI and SIB has been hardly achieved.

A small number of calls to support CSI as autonomous operations has been launched.

The core instruments and the SIF have been in some way disconnected.

90%

### Perception of belonging and identification with a social innovation and entrepreneurship ecosystem

This high perception of belonging and identification doesn't mean that an already consolidated and with high collaborative intensity is in place. The evaluation interprets this as a confirmation of a "club effect" essentially explained by the PSII' emergence conditions of PSII, claiming that in the next programming period specific measures to support specifically the increase of the ecosystem's collaborative intensity and the strength of the ecosystem itself should be adopted.

Survey to entities with approved projects

The supported capacity building operations, either through autonomous applications or through PFI encompassing capacity building actions, are associated to efficiency gains in delivering public services, that are particularly visible when the savings of public resources can be demonstrated.

A potential of solutions transferability exists, although it will be necessary to work on this potential and not to associate that participation to a spontaneous dissemination.



The formation of local and sub-regional ecosystems will represent an important progress in tackling specific territorial social needs. In the case of the Porto Metropolitan Area, although the number of approved operations represents an important concentration of social innovation resources but with a weak collaborative intensity between the 17 municipalities, the concentration of resources is still below what one may expect and desire in terms of ecosystem's consistency. Otherwise, in the case of Centre Region, the cases that have been studied point out to the progressive strengthening of local ecosystems, revealing a high potential of convergence and integration of different policy instruments, including the social municipal investment itself.

# RECOMMENDATIONS



## Recommendations concerning the best practice represented by EMPIS:

- ✓ Dissemination of the best practice of investing in the preparation of programming of innovative approaches and creation of dedicated Mission Bodies;
- ✓ Technical and human strengthening of internal staff and increase of division of labour in activation teams;
- ✓ EMPIS's technical and human capacitation to intervene in SEO organizational and financial constraints and in the weakness of private social investment market;
- ✓ Efforts to implement a second cycle of calls focused on autonomous capacity building tenders, fine tuning of capacity building outputs, focused on the results-based financing logic and improving the progression towards PFI and SIB;
- ✓ Priority to a set of appealing demonstration actions, particularly of well-succeeded PFI and more innovative SIB, associating the divulgation of results concerning savings of public resources;
- ✓ Design and implementation of measures targeted at operations focused on incremental social innovation actions and progressive adaptation to a results-based financing logic;
- ✓ Stabilization of simplification administrative processes seen as necessary to reduce transaction costs stressed by the great majority of stakeholders that answered the survey;
- ✓ Organization of working groups involving EMPIS and public authorities to assess the transferability conditions of solutions revealing higher potential of savings of public resources;
- ✓ Revision of the participation conditions of public authorities in SIB operations, elaborating a guide of best practices to follow and achieve;
- ✓ Promotion of wider and more diverse SIB operations, enhancing the continuity of participation of social investors with higher experience of managing this instrument;
- ✓ Design and implementation of specific measures target at scaling up pilot solutions revealing higher potential of public resources savings;
- ✓ Communication actions at national level focused on divulgating the international projection showed by social innovation approach in Portugal in different organizations and events;
- ✓ Creation of conditions to ensure the continuity and maturity of EMPIS in the next programming period.



## Recommendations concerning the SIF:

- ✓ Definition of new operational conditions for the SIF, including the review of SIF Credit, submitted to the condition that it should be ended if the ex-ante evaluation be not able to identify competitive advantages relatively to another credit lines and reallocating funds to the SIF Capital;
- ✓ Streamlining of SIF Capital, strengthening technical staff and increasing the division of labour in Banco de Fomento team and improving the communication with co-investors;
- ✓ Design and implementation of capacity building operations for social entrepreneurs and increase of demand to SIF capital;
- ✓ Review of eligibility conditions to SIF Capital in order to cover better the life cycle of social start-up';
- ✓ Support the mobilization by social innovation incubators of financing resources for "early stage" social entrepreneurship projects.



## Recommendations concerning research activities:

- ✓ Measures to foster research and knowledge production processes focused on social innovation processes enlarging and updating the initial investment that induced the emergence of social innovation approach in Portugal, covering domains like: (i) impact evaluation methodologies for SEO; (ii) life cycle of social entrepreneurship projects; (iii) organizational culture of SEO constraining the absorption of social innovation approach; (iv) leadership models for social innovation projects; (v) capital instruments; (vi) incremental innovation and social innovation.



## Recommendations concerning the strengthening and collaborative densification of the Social Innovation and Entrepreneurship Ecosystem (SIEE):

- ✓ Design and implementation of instruments and measures to strengthening and collaborative densification of the SIEE;
- ✓ Measures to foster the participation of private social investors and of capital financing instruments, mainly through the modality of dedicated calls;
- ✓ Design and implementation of supports to increase the collaborative density of local and sub-regional ecosystems, facilitating the participation of tech-based organizations and specialized in promoting entrepreneurship.

Complete information from the evaluation study available at:

**Evaluation Team:**



**Cofinanced by:**

