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Improving social inclusion at the local level through the social economy

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OECD LEED Programme

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This document incorporates comments made by delegates at the 52nd Session of the Directing Committee on the draft conceptual framework for cross-country analyses on the capacity to foster social inclusion through the social economy.

IMPROVING SOCIAL INCLUSION AT THE LOCAL LEVEL THROUGH THE SOCIAL ECONOMY

Introduction

1. This document presents, in detail, a project of work on social inclusion and the social economy; its methodology, objectives and outputs. The specific focus of the project is the improvement of social inclusion capacity through the social economy¹, and the provision of guidance to national, regional and local actors as to the most efficacious ways of doing so. To this end, the project will identify the obstacles which preclude the effective working of the social economy and draw attention to the potential opportunities for the social economy to improve social inclusion. Frequently underutilised, the contribution which social economy organisations can make to furthering the social inclusion agenda, and the importance of raising the profile of the social economy amongst policy makers, will be highlighted. This will be accompanied by an emphasis on the need to integrate the social economy into the design and implementation of social inclusion strategies. By developing recommendations tailored to local needs, this project will respond to the needs of a given territory and assist policy-makers to develop a sound understanding of the potential of the social economy and what is required to fulfil that potential. These recommendations will be accompanied by examples of international good practice ('learning models'), which are one way the project can demonstrate how other national, regional and local strategies have sought to enhance and support the social economy's role in improving social inclusion.

2. Clearly the issue of social inclusion is a broad one, and a single study cannot highlight in all areas, nor in all ways, how social inclusion can be improved at the local level through the social economy. It is for this reason that the project, in its implementation, will be sharply focused on the specific areas partners have identified as being most interested in, following discussions between the OECD and partners. This point notwithstanding, what follows is the rationale for the project, an outline of it, a general discussion of key issues which could form the basis of the project and the proposed methodology for the cross-country analysis.

Background

3. The complex challenge of improving social inclusion has been an area of significant attention within the OECD LEED Programme since its inception. Promoting effective strategies to increase social inclusion at national and local levels is a central priority for the OECD and its member countries. This can be evidenced, for example, by the establishment of government ministries explicitly mentioning social inclusion in their names, such as a Ministry of Labour and Social Inclusion in Norway, a Ministry of Social Integration in Belgium, and social inclusion units and offices within government in the United Kingdom, Australian states including Tasmania and South Australia, and Ireland. The most effective ways of fostering social inclusion, and the roles of various national, regional and local actors in doing so through active social policies, have been examined by the LEED Programme in a range of different activities,

¹ The social economy refers to a wide-range of organisations which inhabit the space between the State and the market and extends beyond the traditional idea of the 'non-profit sector' to include a diverse range of organisational forms. Such organisations include associations, co-operatives, foundations, mutuals, social

including studies, seminars, and publications. In parallel to this, extensive analysis has also been undertaken in the fields of the social economy and social entrepreneurship. One of the elements that has emerged from these activities is the importance of the social economy and the contribution it can make to building greater social inclusion and cohesion. It is this contribution that has led to the social economy becoming an increasingly prominent actor in delivering well-being policies in many countries.

4. However, there is the potential for the social economy to play an even greater role in increasing well-being and prosperity if appropriately supportive mechanisms are in place. In countries where the social economy is under-developed, or lacks support, there is the need to raise its profile and the support it receives by designing frameworks which enable it to develop and flourish, thereby enhancing its contribution to fostering and improving social inclusion. It must nevertheless be noted that the social economy's role is not exclusively limited to the contribution it can make to social inclusion. This would fail to capture the multi-sectoral nature of the social economy organisations that exist both in the production of goods and services, as well as in new areas of activity, including culture, social tourism, environment, public utilities, communications, etc., where they play an active role in creating wealth and in generating innovation and social innovation.

5. International events and capacity building seminars held by LEED² have highlighted the need to raise policy-makers' awareness of the value and importance of incorporating the social economy into the design and delivery of social inclusion strategies, in order to make them more effective. A focus has also been placed on the opportunities for the social economy in OECD member and non-member countries to address social exclusion through the provision of goods and services. The requirements necessary for social economy organisations to be able to seize such opportunities have also been identified. At the same time, seminars and publications have highlighted the wealth of good practice that exists regarding the involvement and incorporation of the social economy into social inclusion strategies, which could be shared through cross-country analysis. Accordingly, the specific focus of this project is on the improvement of social inclusion capacity through the social economy, and the provision of guidance to national, regional and local actors as to the most efficacious ways of doing so. Clearly, the current and potential roles of social economy and social entrepreneurship in fostering a dynamic, inclusive local development will be central to the study. This is mainly due to the highly localised roots and scope of social economy organisations and the importance of local development, not only as a complement to national development strategies, but as an autonomous lever for economic growth and social inclusion.

Rationale

6. Although there has been a tendency to focus on poverty as a key indicator of exclusion³, social exclusion must be recognised as conceptually referring to more than just (income) poverty.⁴ Poverty is clearly a component factor, particularly when understood in the wider context of deprivation, however as a concept, social exclusion incorporates the idea of an inability for individuals and groups, such as disabled people, ex-prisoners, long-term unemployed, etc., to participate in the economic, social and cultural life of the society in which they live, as a result of a range of factors which combine to effectively preclude participation.⁵ These factors include unemployment, income, educational attainment, housing, financial

² See List of Seminars (Annex 1)

³ For example, the European Union's 2007 Report, *Modernising Social Protection for Greater Social Justice and Economic Cohesion: Taking Forward the Active Inclusion of People Furthest from the Labour Market*, COM(2007) 620 Final, Brussels, European Union.

⁴ Klasen, Stephan (n.d.) *Social Exclusion and Children in OECD Countries: Some Conceptual Issues*, available at: <http://www.oecd.org/dataoecd/19/37/1855901.pdf>

⁵ Bynner, John (2003) *Risks and Outcome of Social Exclusion: Insights from Longitudinal Data*, available at: <http://www.oecd.org/dataoecd/19/35/1855785.pdf>

exclusion and a lack of financial assets, health and mobility, as well as many others. Key issues include the way in which such factors interact, the consequences of that interaction on individuals and groups, as well as inter-generationally⁶, and how social exclusion can be avoided or the barriers to social inclusion overcome. Indeed, owing to the importance of the interaction of factors leading to social exclusion, it has also been suggested that exclusion should be seen as ‘more a process than a state’⁷, a process which can, by its very nature, be difficult to reverse.⁸

7. Policies directed at fostering social inclusion must also take into account the geographical concentration of disadvantage. The causes and consequences of poverty and exclusion can often be found clustered together in particular areas, effectively interacting in such ways as to exacerbate and compound each other.⁹ Common patterns in the geographical concentration of disadvantage are evident across the OECD. Indeed, it is clear that the intrinsic characteristics of poor neighbourhoods (in terms of location, housing, educational attainment, and job opportunities) worsen over time and that geographic exclusion may preclude such areas from being able to exploit wider positive macroeconomic changes.¹⁰ Differences between the experiences of disadvantage and exclusion in rural and urban areas must also be recognised, as social exclusion does not develop in the same ways nor does it take the same forms in these two different contexts. The so-called spatial poverty trap will therefore continue to pose additional challenges to job creation and entrepreneurship development, unless the design and delivery of local development policies effectively addresses patterns of social exclusion at both the individual and community levels. Accordingly, the territorial element of social exclusion is an important one to consider when designing and implementing active social policies.

8. Given the complexity of the factors associated with social exclusion it is evident that its measurement is far from simple, particularly when seen as a dynamic process which also incorporates ideas of relational issues vis-à-vis participation.¹¹ Indeed, social exclusion can only be measured by utilising data as proxies. Notwithstanding the wide range of data which can act as proxies for social exclusion, it remains difficult to identify clear cause and effect relationships between factors, including between poverty and social exclusion. Nor should the socio-political element of choosing which indicators to use be overlooked.¹² It is not surprising, therefore, that the complexity of social exclusion itself has led to difficulties in its definition and measurement and that there has been an emphasis on poverty.

9. The European Union’s development of the Laekan indicators for social exclusion, which emphasise poverty, but include a smaller number of indicators on education, health and employment, has been one clear attempt to develop indicators, albeit one which relies heavily on poverty. Research funded by the Joseph Rowntree Foundation in the United Kingdom also utilised poverty and employment, but incorporated data on disadvantage and insecurity at work, financial exclusion, and housing, in an attempt

⁶ OECD (2007) *Intergenerational Transmission of Disadvantage: Mobility or Immobility Across Generations? A Review of the Evidence for OECD Countries*, OECD Social, Employment and Migration Working Papers No. 52, Paris, OECD.

⁷ OECD (2007) *OECD Economic Survey: France*, Paris, OECD.

⁸ Atkinson, A.B. et al. (2005) *Taking Forward the EU Social Inclusion Process*, Luxembourg, Luxembourg Presidency of the Council of the European Union.

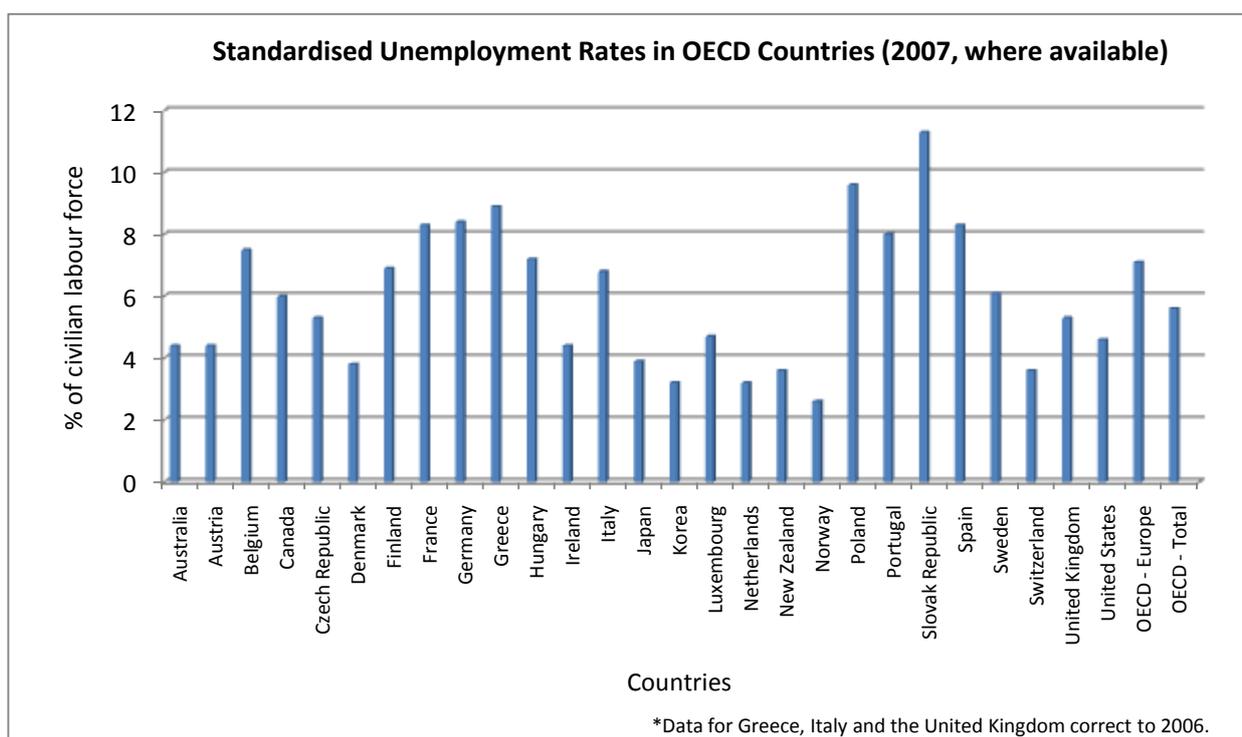
⁹ North, D. and S. Syrett (2008) ‘Making the Links: Economic Deprivation, Neighbourhood Renewal and Scales of Governance’, *Regional Studies*, Vol. 42, No. 1, pp. 133-148.

¹⁰ OECD (1999) *A Caring World: The New Social Policy Agenda*, OECD, Paris.

¹¹ O’Brien, M. and S. Penna (2008) “Social Exclusion in Europe: Some Conceptual Issues”, *International Journal of Social Welfare*, No. 17, pp. 84-92.

¹² Levitas, Ruth (1999) “Defining and Measuring Social Exclusion: a Critical Overview of Current Proposals”. *Radical Statistics*, No 71, available at: <http://www.radstats.org.uk/no071/article2.htm>

to assess the myriad of interacting factors which contribute to social exclusion.¹³ However, the indicators that should be used for assessing social exclusion have not yet been identified definitively. Indeed, the difficulty of identifying the causes of social exclusion has led to a plethora of indicators being suggested and used as proxies. These range from the more standard indicators of poverty and employment, through to wider ones, such as the Gini co-efficient (a measurement of inequality)¹⁴, benefit take-up and 'quality of life' factors (such as access to transport and facilities for disabled people).¹⁵ What is evident is that the complexity of the factors which contribute to social exclusion ensures that identifying indicators is problematic: without certain cause and effect relationships social exclusion must be seen as the result of a complex interplay of factors which contribute to precluding individuals and groups from participating fully in society.



Source: *OECD.Stat 2007* <http://stats.oecd.org/>

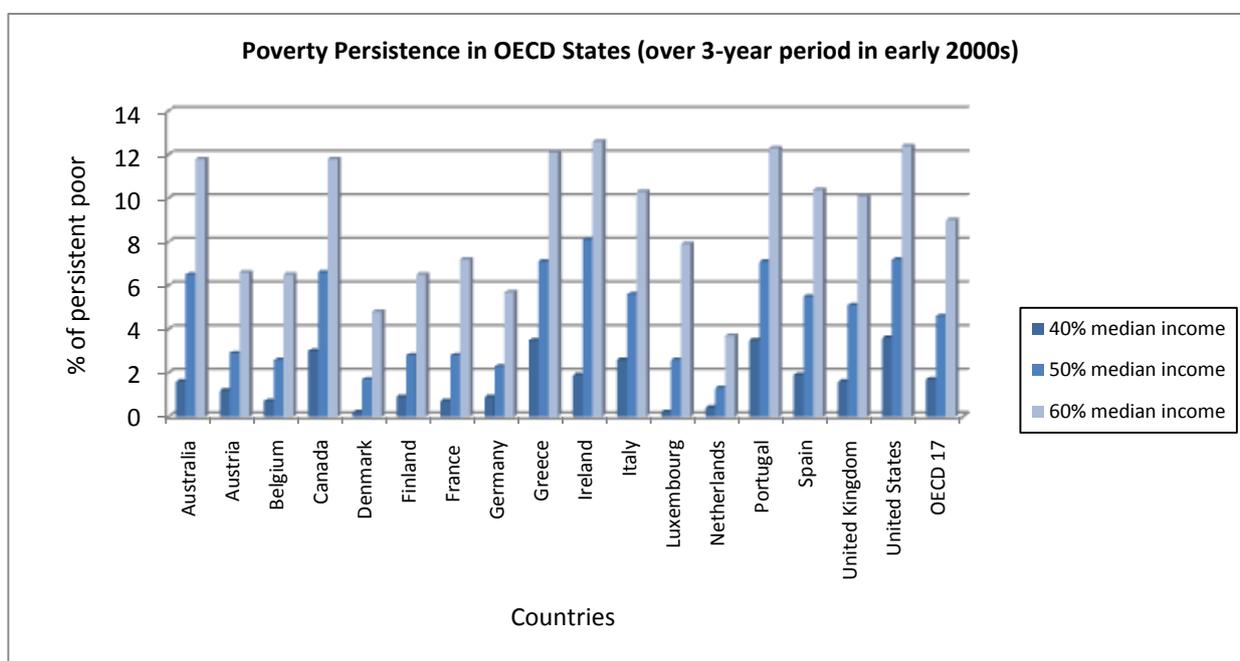
10. The tables above and below demonstrate the complexity of social exclusion and the way in which no single indicator can adequately capture its multi-faceted nature. At the same time, they also highlight the difficulties of identifying appropriate measurement tools for social exclusion. Indeed, examples from the tables, such as Australia and Canada, with relatively low levels of unemployment but significant levels of poverty persistence (at the 60% median), demonstrate the need for active social policies to be accompanied by schemes to ensure adequate income. However, it must be recognised that data may not always fully reflect the complexities of certain issues. For example, exclusion from the labour market may

¹³ Palmer, G. *et al.* (2007) *Monitoring Poverty and Social Exclusion 2007*, York, Joseph Rowntree Foundation.

¹⁴ Ministry of Social Affairs/Ministry of Interior Affairs and Health (Denmark) (2006) *National Report on Strategies for Social Protection and social Inclusion*, Copenhagen, Ministry of Social Affairs/Ministry of Interior Affairs and Health.

¹⁵ Parcar, Guy (2008) *Disability Poverty in the UK*, London, Leonard Cheshire Disability.

be masked by the use of incapacity benefits, rather than recording it as unemployment. As the OECD noted in 2005, at a time of decreasing unemployment in the United Kingdom, levels of inactivity remained steady, with some 2.5 million (or seven per cent) of 25-54 year-old men outside the labour market¹⁶ and at risk of social exclusion.



Source: *OECD.Stat 2007* <http://stats.oecd.org/>

11. It is not simply the multi-faceted nature of social exclusion which makes it difficult to capture, but the fact that the same set of factors interacting may not necessarily lead to social exclusion in every case. It is for such reasons that social inclusion strategies should be based on a recognition of this complexity and the need to involve a variety of interlocutors in the design and delivery of policies and programmes. National and local governments have an important role to play, as does the private sector. Nevertheless, it is important not to overlook the role that social economy organisations can have in fostering social inclusion at the local level.

Improving Social Inclusion through Social Economy Organisations

12. Actors seeking to tackle the complex dynamics underpinning social exclusion are presented with difficult challenges. It is this complexity which demands that policies, if they are to be effective, must be coherent in their design and implementation. This means not only across government departments but also between national and sub-national levels of government, as well as involving and incorporating other actors in the design and implementation of policies. The most critical opportunity for encouraging social inclusion lies in the development of active social policies which seek to increase access to economic opportunities.¹⁷ Such policies can address education and training short-falls for both young people and adults, as well as the provision of employment opportunities for those who experience difficulties accessing employment as a result of long-term unemployment, poor skill levels, health problems or

¹⁶ OECD (2005) *Economy Survey: United Kingdom*, OECD, Paris.

¹⁷ OECD (1999) *A Caring World: The New Social Policy Agenda*, OECD, Paris.

disadvantage due to disability. They can also contribute to incorporating older people into economic activity, thereby addressing the challenges of ageing populations.¹⁸ By equipping individuals with the necessary skills to access economic opportunities and thereby helping them to avoid the poverty trap of welfare dependency, vulnerability to risk factors for social exclusion is reduced and intergenerational outcomes improved.

13. The State is continuing to reduce and change its role in the provision and delivery of services¹⁹ and is emphasising the responsibility of individuals to actively participate (both economically and socially) in society. Addressing an issue as complex as social exclusion at such a time has led to an increasing plurality of actors involved in the delivery of services, particularly at the sub-national level. This growth in alternative service providers must be seen as part of wider trends across the OECD, that is an increasing emphasis on the role of the private sector and the traditional non-profit sector, whether as a way of increasing efficiency in the provision and delivery of services, enhancing choice for users, and/or promoting fiscal savings.²⁰

14. The increasing emphasis on the private sector in the process of welfare reform has also led to a renewed role for the traditional non-profit sector. The emergence of new organisational forms, such as social enterprises, which combine a social focus with business-like ventures²¹, alongside the more recognisable forms of co-operatives, associations and charities, has created a new dynamic within the non-profit sector. These new entities have emerged in response to the broad changes that have taken place in social assistance policies and the growing focus on active social policies. As a result of these changes terms, for example ‘social economy’ and ‘Third Sector’, have come into use to recognise and highlight the way in which the new organisations operate in the space between the State and the market.²²

15. The social economy’s ability to improve social inclusion lies partially in the way in which social economy organisations are embedded in local communities. Social economy organisations (co-operatives, associations, mutuels, foundations, social enterprises, etc.) mainly operate at the local level, and are rooted in local communities, relying on, and contributing to, the development of formal and informal networks of people, knowledge and resources. The potential comparative advantage of the social economy in combating social exclusion therefore lies in two distinct areas. Firstly, many social economy organisations have local roots which enable them both to recognise and address local needs, and, crucially, to engage with ‘hard-to-reach’ people who may be otherwise unwilling to involve themselves with government agencies. Secondly, the social economy organisations have the potential to be conduits for greater participation, acting as advocacy and empowerment organisations for users.²³ By simultaneously addressing the tangible needs of people, as well as less tangible issues, social economy organisations are able to enhance the development of social inclusion.

16. Social economy organisations operate in a competitive environment together with, and alongside, traditional for-profit enterprises regarding welfare provision arrangements. However, they appear to be better suited to tackling the limitations of traditional for-profit incentive structures when

¹⁸ OECD (1998) *Meeting of the Employment, Labour and Social Affairs Committee at Ministerial Level on Social Policy: 23-24 June: The New Social Policy Agenda for a Caring World*, SG/COM/NEWS(98)70 OECD, Paris.

¹⁹ OECD (2007) *The Social Economy: Building Inclusive Economies*, OECD, Paris.

²⁰ OECD (2007) *The Social Economy: Building Inclusive Economies*, OECD, Paris.

²¹ OECD (1999) *Social Enterprises*, OECD, Paris.

²² OECD (2007) *The Social Economy: Building Inclusive Economies*, OECD, Paris.

²³ OECD (2007) *The Social Economy: Building Inclusive Economies*, OECD, Paris.

addressing market failures that warrant public provision of social protection (i.e. public good nature of social services, informational asymmetries and distributional objectives of social policies). This is not to suggest that the private sector does not have a role, nor that the social economy is a panacea for the challenges which confront society, but simply that OECD experience has highlighted the potential effectiveness of the social economy in addressing many of the components of social exclusion and that such potential should not be overlooked.²⁴ The social economy's contribution, in the delivery of tangible goods and services, as well as in intangible areas, such as building greater community cohesion and empowering individuals to participate more fully in society, are areas which would benefit from greater evaluation.²⁵ Effective evaluation requires not only a focus on the tangible goods and services provided by social economy organisations, but also the potentially difficult to evaluate intangible ones.

17. Whilst the social economy should not be seen as a panacea for the complex problems which contribute to social exclusion, there is a growing body of evidence to suggest that innovative social economy organisations are making an important contribution to fostering social inclusion. Use of such approaches as the 'social return on investment analysis' to evaluate the performance of social economy organisations has demonstrated the benefits which can accrue through their activities. Whilst this approach does not provide a 'cost comparison' between service providers, it is a useful tool for showing the contribution social economy organisations are making. For example, a recent report on a supported employment programme run by the Salva Vita Foundation in Hungary utilising the social return on investment analysis highlighted not only that supported employment programme had been successful in integrating disabled people into the labour market with positive economic consequences for them as individuals and for the state, but critically that it had also contributed to enhancing social inclusion by raising awareness of understanding of disabled people both amongst colleagues and customers.²⁶

18. The importance of partnerships between the public and private sectors, and the social economy, should not be underestimated. Particularly in terms of labour market re-integration programmes, it is becoming clear that partnerships between social economy organisations and the private sector can make a valuable contribution to individuals entering or re-entering the labour market. In Trento, Italy, the importance of such partnerships can be seen in certain social co-operatives that provide training and guidance to those, such as disabled people, who require extra support to enter the labour market. Work experience is gained within the social co-operative before the individual is placed into the private sector, with the social co-operative continuing to play a supportive, mentoring role. These links between the social economy and the private sector play an important role in encouraging insertion into the labour market and ensuring its medium- and long-term success.

19. Embedding the social economy into formal partnerships can be a valuable way of ensuring that it has the opportunity to improve social inclusion. In Andalusia links between the social economy and the private and public sectors have been formalised through two official Pacts. Andalusia has long been characterised by a high number of active co-operatives. The contribution of these co-operatives was recognised by the signing of the First Andalusian Pact for the Social Economy by the Andalusian Government and social economy organisations in 2002. The Pact was designed to strengthen the social economy in Andalusia. In 2006 the Second Andalusian Pact for the Social Economy was ratified, its purpose being to stimulate further multi-sectoral development in Andalusia. The Second Pact was a landmark document, with its aim to stimulate innovation and research in co-operatives and mutual

²⁴ OECD (1999) *Social Enterprises*, OECD, Paris; OECD (2007) *Social Economy: Building Inclusive Economies*, OECD, Paris.

²⁵ OECD (2007) *The Social Economy: Building Inclusive Economies*, Paris, OECD.

²⁶ *Salva Vita Foundation – A Social Return on Investment Analysis*, http://www.sroi-europe.org/files/salva_vita_sroi_report.pdf

societies. Endorsed by the Ministry for Innovation, Science and Enterprise of the *Junta de Andalucía*, in addition to the Confederation of Social Economy Enterprises in Andalusia (*CEPES – Andalucía*) and trade unions, the document was also prepared in co-operation with the Ministries for Agriculture and Fisheries, Education, Employment, Tourism, Sports and Commerce and the Ministry for Equality and Social Welfare. The Second Pact is characterised by the strong emphasis it places on consensus-building between public administration, trade unions and the social economy sector and highlights the ways in which it is possible to incorporate the social economy and to stimulate its growth and development.

20. The growth of the social economy sector attests to the sector's capacity to respond flexibly to evolving patterns of social exclusion whilst stimulating community development through the design and delivery of new social and community services and labour market integration tools. For example, there were over 11 million people in the European Union employed in the social economy sector in 2002/2003. Between 1990 and 2000 employment in the social economy grew by nearly 60% in Spain, and by 60% in Italy between 1991 and 2001.²⁷ In Austria the revenue of the social economy was approximately four billion EURO in 2005.²⁸

21. Flexibility and responsiveness has been of critical importance to the social economy's ever increasing role in fostering social inclusion. In the United Kingdom, the central government has recognised the social economy, and the potential of social enterprises to contribute to social inclusion by meeting the needs of vulnerable groups and by working with communities which the government finds 'hard to reach'.²⁹ In particular, the UK government has argued that social enterprises help reduce social exclusion not only by meeting social needs, but also by improving the design and delivery of public services and by 'pioneering new approaches'.³⁰ This recognition of the social economy's current and potential contribution, led the UK government to articulate strategies for promoting and supporting the development of the social economy³¹, and to develop a new legal form, the Community Interest Company, which seeks to meet the specific needs of social economy organisations.

22. The social economy has a critical role to play in addressing the many components of social exclusion and in fostering social inclusion. However, despite the potential benefits associated with the social economy, it remains underutilised and may also confront significant obstacles to its effective working. Such obstacles may result from the failure to recognise the potential benefits of incorporating the social economy into the design and delivery of policies, or, alternatively, from the failure to develop coherent policies which enable social economy organisations to play an active role. It is important to identify the hindrances confronting the social economy, whether they be in terms of legal framework and a failure to recognise the unique status of social economy organisations, or in terms of financial and contracting requirements which disadvantage or even prevent social economy organisations from participating in tenders. Although social economy organisations are commonly rooted in local communities, they still require support at the national and regional levels. Enabling governments and other

²⁷ CIRIEC (2007) *The Social Economy in the European Union*, (No. CESE/COMM/05/2005) for the European Economic and Social Committee.

²⁸ Judith Puehringer (Austrian Association of Social Enterprises) (2005) European Anti-Poverty Network 16th General Assembly, Liverpool 23 – 25 November.

²⁹ Cabinet Office/Office of the Third Sector (UK) (2006) *Social Enterprise Action Plan: Scaling New Heights*, Cabinet Office, London.

³⁰ Cabinet Office/Office of the Third Sector (UK) (2006) *Social Enterprise Action Plan: Scaling New Heights*, Cabinet Office, London.

³¹ Cabinet Office/Office of the Third Sector (UK) (2006) *Social Enterprise Action Plan: Scaling New Heights*, Cabinet Office, London; Department of Trade and Industry (UK) (2002) *Social Enterprise: A Strategy for Success*, DTI, London.

actors to remove barriers, and to offer the support necessary to the development of the social economy is an integral part of addressing social inclusion, and is central to the proposed project.

PROJECT OUTLINE AND BASIC CROSS-COUNTRY ANALYSIS FRAMEWORK

23. The OECD LEED Programme proposes a project whose purpose is to assist national, regional and local governments, and their partners at national and sub-national levels, to build their capacity to design and implement effective strategies for social inclusion. Given the wide range and variety of social inclusion strategies, the project outline provides a general framework, supported by a rigorous methodology. The framework will need to be further adjusted and adapted to the specific needs of the countries, regions and/or localities studied. Such adjustments will be discussed at the beginning of the study with the partners involved. The development of tailored recommendations is a key objective of the project.

24. One of the key methodological approaches used by the OECD is the cross-country analysis. This involves bringing together a team of international policy makers and advisers, practitioners, and/or academics to exchange views and experiences with local policy makers from the countries and regions participating in the OECD studies. The aim is to help identify the strengths and weaknesses of current approaches, to make recommendations for policy development and to provide learning model policy and programme examples to help inspire the development of locally-tailored approaches. It is anticipated that a core team of experts will be identified, who will participate in all of the studies. Accompanying this core team will be *ad hoc* experts, chosen as specialists in the area under analysis.

Box 1. Detailed Objectives

1. Review the strategies for social inclusion in a given territory.
2. Examine the enabling environment, namely the legal, political regulatory and financial environments in which social economy organisations operate. Such environments may act to help (or hinder) social economy organisations to contribute to social exclusion.
3. Identify appropriate good practice ('learning models') from local and abroad examples.
4. Deliver tailored policy recommendations to improve social inclusion capacity.

Key issues to examine

25. The specific areas to be addressed will be ascertained during initial discussions with partner(s), according to the situation of the selected countries and territories. These could include: health, housing, education, welfare, enterprise creation and other policy areas. Attention may also be focused on geographic concentrations of exclusion. Furthermore, the historical/cultural, political and economic factors which have contributed to the country's development of the social economy will also require explicit consideration. At this stage, the indicators already used to measure social exclusion in the country, region or with reference

to a specific group, will be discussed, and the potential to take into account alternative, or complementary, factors will be considered.

26. How to enable the social economy to deliver on its potential will be critical to the analysis, and outlining successful strategies will be central to the study. Accompanying this will be a consideration of the most effective implementation strategies, including which actors should be involved, and in what ways. The following sections explore this in more detail.

Understanding Social Exclusion

27. Before considering how to improve social inclusion, and the strategies required to do so, it is necessary to develop a clear, coherent understanding of the types of problems which confront individuals and groups within society. Therefore, the types of social exclusion under consideration for the study will be identified and examined in greater detail. Given the problematic nature of ‘measuring’ social exclusion, identifying appropriate indicators, depending upon their availability in a country/region/locality, or suitable proxies, will be an important element of the initial stages of the study. It may also be beneficial to consult with groups identified as being socially excluded and/or with the social economy organisations taking care of their needs, on how they perceive social exclusion – and what issues they highlight as hindering their inclusion.

Current Government Strategies for Social Inclusion

28. Prior to recommending strategies to improve social inclusion through the use of the social economy, it is necessary to identify the pre-existing strategies for addressing social exclusion at the national, regional and local levels and to assess their efficacy. This will include establishing an understanding of the wider economic and political contexts in which these strategies have been developed, including the policy environment and institutional structures. It will also be necessary to explore to what extent social inclusion has been mainstreamed across government and government policy making and how effective communication about the importance of social inclusion has been across government.

29. Examining the context in which social inclusion strategies have been developed will enable an assessment of the involvement of both the private sector and the social economy in the design and delivery of policies and programmes will be explored. Complementing this will be a consideration of the way in which the social economy’s role is perceived with regard to the delivery of programmes to foster social inclusion by government actors and/or the private sector. Such perceptions may have an important impact on the social economy and its involvement in policy design and delivery.

Social Economy: Current Frameworks and Activities

30. The type of existing social economy organisations in a country are affected by the legal, regulatory and fiscal frameworks already in place, which inform and guide their operation. Before considering how to enhance the social economy’s ability to improve social inclusion, it will be necessary to identify the current frameworks and how they contribute to the functioning of the social economy, as well as the formal and informal financial support structures (including tax breaks, etc.) which exist. At the same time, the barriers which may hinder social economy organisations from fully acting as service providers (such as restrictions on tendering for contracts, etc.)

31. The social economy can only flourish in an environment which recognises its contribution and supports its operation. It is also important to acknowledge that many social economy organisations require the same support as other enterprises, and accordingly, it is necessary to examine the policy environment for social economy ‘start-ups’, the mechanisms for providing business advice to social economy organisations, and the general policy environment to encourage the development of the social economy.

32. Accompanying this, the activities of social economy organisations will be examined. This may focus on a specific group, or in a specific locality or region through the identification of patterns. The linkages between the operation of frameworks and the activities of social economy organisations will be identified, enabling an assessment of these frameworks and their ability to improve social inclusion at the local level. At the same time social economy organisations' perception of the strengths and weaknesses of current frameworks will be explored.

Improving the Social Economy's Ability to Foster Social Inclusion

33. Following on from the identification of current frameworks and activities will be an assessment of those factors which could enable the social economy to operate more effectively and to make a greater contribution to social inclusion. The vitality and effectiveness of the social economy depends upon a number of important factors, including: (i) the presence of an enabling environment and the implementation of appropriate and supportive policies; (ii) the development of mechanisms to encourage the long-term financial sustainability of the social economy sector; and (iii) the establishment of mechanisms to encourage the inclusion of social economy actors and organisations in the decision making process.

Conducting the Cross-Country Study

34. Before the study is undertaken, meetings or conference calls will be held between representatives from the OECD Secretariat and its partner organisations to ensure that the study is appropriately adapted to the areas and issues which the partner(s) wish to address.

Background and Diagnostic report

35. Working with an expert from the participating country, social exclusion will be assessed. This may be in general terms or with specific groups in mind, depending on the objectives of the partners. Existing institutional frameworks, national and sub-national government programmes and policies for fostering social inclusion, policy delivery arrangements, the role of social economy organisations, legal/financial frameworks, and the strengths and weaknesses of social economy organisations' current situation will be examined.

Study panel

36. The OECD has a strong and extensive international network of practitioners and experts on policies relating to social inclusion and the social economy. It will use these experts to secure an exchange of information on practices in other countries. In particular, practitioners and experts will participate in workshops and study visits to discuss issues and policy responses with local counterparts and will prepare papers setting out their perspective on policies and programme approaches from other countries that could help inspire further policy development in the country being studied. The panel's knowledge, expertise and access to information will permit the comparison of local social inclusion policies and programmes with international benchmarks on successful approaches and pitfalls to avoid.

Case studies

37. Following discussion with partners, a small number of case studies will be identified as appropriate to the study. These may focus on particular groups who confront social exclusion, or may consider a specific geographic area (town, city, region, etc).

Study visit

38. A week-long visit will be conducted by the study panel during which meetings will be held with partners, national and sub-national government actors, social economy organisations, and other relevant actors, to establish the strengths and weaknesses of current institutions and policies in light of international good practices.

Discussion paper

39. A discussion paper will be drafted following the study panel's visit. This discussion paper will be wide-ranging and will set out key messages on the strengths and weaknesses of current approaches in international good practice. Customised recommendations for national and sub-national government actors, as well as social economy organisations, developed as a result of the initial diagnostic report and the study panel's visit, will be incorporated into the discussion paper.

Workshop(s)

40. Workshops may be held in order to facilitate the dissemination of the discussion paper and its findings to policy makers and other involved actors. Such workshops will assist in refining the discussion paper and its recommendations, before the final report is prepared.

Final report

41. Following the workshops and discussions, a final report will be prepared.

Optional

42. Optional activities could be added to the study process, subject to discussion with partner(s). These may include further case studies; capacity building seminars following the discussion paper and/or the final report; national seminars to present the results; and international seminars to challenge the results at international level.

Box 2. Brief Overview of Cross-Country Study Activities: Methodology and Outputs

- A start-up meeting, or conference calls, to discuss the study with the main partners;
- A diagnostic exercise leading to preparation of a background report on the country conditions;
- A field visit by the international expert panel involving interviews with national administration and visits to regional and/or local actors, including governmental and social economy organisations;
- A final synthesis report, proposing policy recommendations for national and local policy makers; and,
- A seminar/roundtable discussion to present the final report.

Note: Optional activities could be incorporated into the study process, including capacity building seminars

Timeframe

43. The implementation of the cross-country study will take a minimum of nine months. If activities noted above as 'optional' are required, the study may last longer, subject to the partner(s)' agreement. If

funds are made available the work could commence during 2008. If at least three countries joined the study, a comparative report could be prepared at the end of 2010.

Budget

44. The studies will be financed by voluntary contributions from OECD member countries, non-member countries, sub-national authorities, international organisations and LEED Programme Partners. Costs will vary according to the scope and the extent of the study, and a budget will be prepared following discussion with partners and the clear identification of the scope of the study and the activities to be conducted during the study.

Complementarities

45. Complementarities will be sought with other OECD directorates which might be interested in joining this study, specifically the ELS (Employment, Labour and Social Affairs) Directorate and the DEV (Development Center).

ANNEX 1: LIST OF RELEVANT SEMINARS

Financing Local Development: Understanding the Role of Mutual Credit and Co-operative Banks, Paris, France, 23-Nov-2007

Social Enterprises in an Evolving Economy: From Non-Profit Organisations to Social Enterprises, Bucharest, Romania, 12 -13 June 2007

Reviewing OECD Experience in the Social Enterprise Sector, Trento, Italy, 15-18 November 2006

Emerging Models of Social Entrepreneurship: Possible Paths for Social Enterprise Development in Central, East and South East Europe, Zagreb, Croatia, 28-29 September 2006

Developing Social Entrepreneurship: International Overview, Paris, France, 4 July 2006

The Social Economy in Central, East and South East Europe, Trento, Italy, 22-23 September 2005

Social Economy and Social Innovations, Trento, Italy, 14-19 November 2004

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