

## Social Innovation in Belgium



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Before the Second World War, Belgium had a remarkably rich history of social movements, cooperatives, autonomous and radical social organizations. After the war, the Government sought to boost the role of these initiatives as ‘employment creating agents’, channelling ever-larger grants to this sector. In doing so, one might say that the Government (implicitly) encouraged social innovation to flourish outside of the economic sphere or market. Notably, the resulting social economy landscape became increasingly fragmented, as the different public sector entities — linked to Belgium’s different language groups, unions and political pressure groups — each sought to create their own flows of grant finance to the social economy sector.

The 2008 crisis and its aftermath have arguably had a profound influence both on the way ‘social innovation’ is understood in Belgium, and its most recent manifestations. For some organizations active in the social economy sector, the crisis was a wake-up call to the risks involved with heavily, if not solely, relying on public subsidies. Indeed, one of the implications of the financial crisis and the prolonged ‘government formation’-crisis (since mid-2010) has been a reduction and stalling of government spending in this sector. For other such organizations, notably those employing disadvantaged people in the production of supplies for the car manufacturing industry, the crisis led (more directly) to an immediate reduction in sales. Both types of social economy organizations have thus come to see an acute need to innovate – to experiment with new revenue generating activities and/or the introduction of new product or service lines.

The crisis also accelerated the trend of mainstream businesses becoming more attuned to the needs of the ethical, socially responsible consumer. To see this, it suffices to consider the remarkable success of socially innovative banks like Triodos Bank Belgium where, prior to crisis there were around 800 new clients joining quarterly, while after this number increased to some 1500-2000, demonstrating a considerably increased demand for their services.

In addition, a growing group of front-running businesses are becoming more eager to exploit the business benefits that engaging in social innovations can bring – they are keen to work out what they can do as a business, drawing on their core expertise and capabilities to address, for example, their ability to supply the current and future needs of the elderly, to help green society, to make our society more inclusive, etc.

The societal trends where we see a lot of social innovation activity are manifold, and as such arguably not so very different from trends elsewhere in Europe. As 60% of the Belgian population now owns a smartphone or a tablet, and with the recent rapid development of digital platforms, many digital socially innovative initiatives have been flourishing. They cover a wide variety of services (mobility – BlaBlaCar, CarAmigo, Uber, Djump (stopped in 2015) -, catering – Menu next door -, neighbourhood services – Weareallparents, Listminut, Freecycle, Peerby, La ruche qui dit oui -, accommodation – AirBnB, Bewelcome, CouchSurfing - crowdfunding – MyMicroInvest – or fablabs). They intend to revolutionize how some social needs are responded, with positive side-effects such as boosting social interactions, creating new job opportunities or reducing environmental impacts. Yet, their disruptive characteristics and the fact that a few of them are not local but global make these initiatives controversial. They compete with traditional businesses and non-for-profit actors and challenge some of the regulatory frameworks.

The complexity of regulatory environments in Belgium may hinder socially innovative start-ups. One of the other major obstacles for both businesses and third sector organizations alike when it comes to spearheading sustainable social innovations is lack of expertise – businesses often lack a good understanding of social/environmental needs, and third sector organizations often lack the economic and financial skills to smoothly navigate markets independent of government grants.

In 1995, Belgium, launched a new legal status called ‘company with social purpose’, (‘société à finalité sociale’ in French and ‘vennootschap met sociaal oogmerk’ in Dutch). This status includes many clauses similar to those of a classical commercial entity, but also explicitly stipulates that the organization’s mission is to create social profit and not the accumulation of wealth by its associates. Since its launch, the take-up of this legal status has been very low (roughly 450 such ventures existed by 2008), arguably due to the few advantages (for instance regarding taxes) it offers compared to its many constraints (for instance, one is obliged to publish a report justifying how financial profits are allocated to the social mission). There is arguably scope for more innovations in this area: innovations that can help make it more attractive for organizations to launch social innovations in Belgium!

In spite of increasing awareness of the added value of social innovation and of the need for supporting social innovators, the initiatives remain fragmented. In Flanders, the Social Innovation Factory is a networking organization that promotes, guides and supports social and societal innovative concepts. Flanders Region also uses the European Social Fund to support social innovations, with a sophisticated methodology (described in the Toolkit for supporting social innovation with the European structural and investment funds it published in 2015). In Wallonia, UNIPSO – Union of social profit enterprises – advocates for a structured social innovation support policy. Brussels Region’s Economic and Social Committee hold a seminal conference with stakeholders in November 2015. Throughout the country, Ashoka and King Baudouin Foundation actively contribute to the visibility of social innovations. A number of social innovation prizes were created during the recent years.

Finally, the topics of social innovation and social entrepreneurship are also increasingly becoming integral to Belgian universities’ teaching and research agenda (e.g., at the Catholic University of Leuven, University of Liege, Ghent University, Antwerp Management School). Research outcomes have not been confined to academic networks only, and indeed have fuelled various new innovation platforms, gathering public authorities, social innovators,

private companies and researchers around a problem to find innovative solutions to tackle it (e.g., Plan C on sustainable material use, KOMOSIE on recycling). Initiatives designed to support social enterprises in Belgium include organisations such as Transforma Bxl (a co-working space), the Innovation and Action Lab (an incubator) or Positive Entrepreneurs (a networking engine for social entrepreneurs). The Hub Brussels, a work and networking space, went bankruptcy late 2012.