

# INTERREG IVC

## 3rd Call for Proposals

European Territorial Cooperation Objective of the Structural Fund policies for the period 2007-2013



PROPOSAL DEVELOPED BY QeC-ERAN



**SOCIAL ECONOMY AND MICRO-FINANCIAL SERVICES. A RESPONSE TO THE EUROPEAN ECONOMIC CRISIS.** The overall goal of this proposal is to support the development of local/regional strategies which integrate the development of the social economy and micro-finance services into mainstream strategies for employment and enterprise development in European regions.

## **Background**

The global slowdown in the economic growth due to the great economic crisis in 2008 has its bigger impact on social development. Realization of the effect of policy measures, namely, restoring confidence in the financial sector and on the economy, all take time. Short-term contractions seem inevitable while the economic recovery may take months, even years, to occur. The consequences are multiple and the negative effects of the economic downturn are mainly visible on the impact on employment, which is visibly falling in all European countries. As the latest European Commission's Labour Market Monthly report states, EU has undergone a year of decline in employment, with the contraction particularly strong over the first half of 2009. As a result, employment has continued to contract in the second half of 2009 across almost all Member States, most notably in Spain, in the UK, in the Baltic States, Ireland and Slovenia.

Moreover, public funds have been used in support of financial sectors to avoid a complete breakdown of the financial system. As a consequence, the allocation of public resources for social development risks to be pushed further down the ladder of priorities.

The result is that the main impact of the recession is on people: the most affected by cuts back of public expenditure will be marginalized group of people, such as the poorest ones, persons with disabilities, young and older persons.

In order to reach a sustainable financial and social recovery, Europe must not just tackle the recession but turn it into an opportunity to create a more productive, innovative, better skilled low carbon economy, with open and inclusive labour markets, offering a more cohesive and equal society and jobs that respond to the social challenges of Europe: demographic ageing, climate change and globalisation. The European Parliament Report on the Integrated Guidelines on growth and jobs (2008-2010) states that more remains to be done to prepare the European Union and Member States for globalization and strengthen foundations for economic success and more social cohesion in the medium and longer term. It also considers that growing imbalances, aggregated demand and global inflationary pressure may become a significant challenge for monetary policy given the prolonged uncertainty of financial markets. Moreover, in the interest of a macroeconomic stability, the rise of productivity must go hand-in-hand with a fairer distribution of benefits of growth and strengthen social cohesion.

In order to positively manage this change, modernise labour market and undertake an economic reconstruction, it is extremely important to invest in people. It is crucial to promote an entrepreneurial culture and creating a supportive environment for SMEs. European citizens are looking towards new social policy actions that need to be socially progressive and economically sustainable.

In this view, the European Economic and Social Committee adopted an opinion in July 2008 on the need of a new European Social Action Programme, to underline the need of EU social developments to keep pace with economic and markets development, and to relaunch a more participatory and dynamic Social Europe. In the framework of a rapidly changing European society due to the challenges of globalization, demographic ageing and climate change and the financial crisis, new social risks are emerging: different incomes and equal opportunities, changes in the labour market, gender equality and pay gaps, child poverty and social exclusion, the "generation fracture", changing family patterns and access to housing and child care, the

situation of disabled, migration and integration. Combining economic competitiveness with social justice and solidarity is the most appropriate way to promote the well-being of people in Europe. Economic development and social progress are mutual enhancing and interdependent. Foster entrepreneurship, for example, will improve both economic and social performance. Plurality of enterprises must be safeguarded and promoted in order to take advantage of the specificities of small and medium enterprises and social economy enterprises and their contribution to the social dimension.

The Commission working document on the future of the “EU 2020” strategy, based on the policy recommendations of the president Barroso, declares that the exit from the crisis should be the point of entry into a new sustainable social market economy, a smarter, greener economy, where prosperity will come from innovation and from using resources better, and where the key input will be knowledge. These new drivers would help tap into new sources of sustainable growth and create new jobs to offset the higher level of unemployment.

It is therefore increasingly recognized and higher in the EU agenda that the third sector and social economy could be a new kind of economy that profoundly changes the future of public services as well of daily life of citizens. This emerging economy can be seen in many fields, including the environment, care, education, welfare, food and energy. Social economy brings together features which are very different from economy based on the production and consumption of commodities. The innovative way in which social economy is based on care and maintenance rather than consumption, can address some of the most intractable problems facing modern society, including climate change, globalization, ageing and inequality.

It is now clear that this is the crisis of the real economy, of an old form of production, consumption and its sources of energy. A new transformation of infrastructures and institutions enabling the recognition of the value of social economy will be the precondition for a new qualitatively and different period of growth. To attend this change, social innovation has as well a central place, because it enables radical and creative new ways on which existing resources can be used.

The European Parliament resolution on social economy on February 2009 points out that the this sector has a key role to play in attaining the Lisbon Strategy objectives of sustainable growth and full employment. It counteracts the numerous imbalances of the labour market, in particular by supporting female employment, and establishes and provides community care services (such as social, health and welfare services). It creates and maintains the economic fabric of society, thus helping to promote social cohesion. In addition, social economy enterprises should be interpreted as a genuine investment in creating solidarity networks that can strengthen the role of local communities and authorities in developing social policies.

The “third sector”, encompasses all organizations which are non governmental and it embraces voluntary and community organizations, charities, social enterprises, mutuals and cooperatives. Third sector is indeed very good in inventing new services in response to new social needs. Nowadays, there is a clear mismatch between traditional services and new needs, for example concerning health as a consequence of the ageing population. Commodities, traditional domestic tasks, home-based care, whose responsible were primarily women, have moved from the informal to the formal economies. The ways in which these activities are carried out are potentially central to a new wave of social innovation.

In this view, social economy and third sector social enterprises can combine these new needs in a sustainable new economic model:

- They use business success to address social or environmental challenges such as regeneration and social inclusion;
- They better respond to new market needs, addressing the need of a more ethical consumerism
- They respond to the urgency of improving public services
- They create quality sustainable employment opportunities, especially among the most excluded group of people.
- It supports sustainable development and strongly supports social innovation.

The summary Report on the “Social Economy in the European Union” done by CIREC for the European Economic Social Committee states that the main conclusion to be drawn is that the social economy in Europe is very important in both human and economic terms, with over 11 million paid employees, equivalent to 6% of the working population in the EU. Social economy enterprises are present in nearly all activities of the economy. These aggregates underline the fact that this is a reality which cannot and should not be ignored by society and its institutions.

### **Overall goal of the proposal:**

**The overall goal of this proposal is to support the development of integrated regional/cross-regional/sub-regional action plans which strengthen the economic and social cohesion through the impact of the social economy and micro-finance tools/services, to address the new challenges that Europe is now facing in the context of the financial crisis.**

Given the above overall context, this proposal seeks to establish a trans-national exchange programme which would facilitate the transfer of policies, good practices and experiences between local authorities, capitalizing the best examples in Europe on social economy and microfinance.

In this sense, there are a various number of experiences at local/regional and state level and projects that have been implemented across Europe and that could be used by Regions as excellent examples to improve policies and practices.

During the programming period 2000-2006, the **Equal programme** developed a number of good practices around new systems on how to develop entrepreneurship and new social services using social economy at local/regional level.

The project called “Excelencia na Solidariedade” developed in the region of Antelejo, Portugal, focused on new models for new services and products in the scope of the social economy, developed through systems of best practice-benchmarking. The aim was to enhance the continuous development of plans for the improvement of quality of the institutions. Also, new models of strategic management allowing to respond to new social problems were implemented, on the basis of the need of technological innovation to create new practices of modern management in public and private institutions.

Always in Portugal, the “C 3 – Consultoria para o 3 sector”, developed in the region of Centro, aimed to promote the third sector competitiveness and sustainability. This project was built on the basis of the need of a new definition of the role of the State in the current context of globalization. A new partnership with private institutions needed to be found to cover all social risks, opening a path to the so called welfare-mix (the triangle state, market

and civil society). In order to achieve this, the specific objective of the project was to find consultant solutions to promote better management and services quality, innovative resources management (human, finance, information, ICT) and create more activity diversification and better financing capacity. The “C 3” project intends to customize this methodology to the third sector, leading in the end to the creation of learning organizations. “SEEM” it’s an East Midland network for the social economy funded through ESF under the EQUAL programme to facilitate the development of cohesive and mutual working, enabling social enterprises to deliver benefits to individuals and to communities who are experiencing discrimination and exclusion from the labour market. The project had a great impact in strengthening the social economy across the region, emphasising the deliver of core services into local communities and improving the quality of jobs. It helped as well in clarifying the objectives of social economy activity within the region and across the UK, providing local and regional mainstreaming and information policies development through the involvement of key strategic agencies. The added value of this project was the use of innovative systems and methodologies, in particular in creating electronic networking enabling sharing good practice and method of engaging excluded groups, new practical social enterprise training programmes and development of training packages for social enterprises.

The Equal development partnership called “Social Networking”, concentrates on public institutions, social NPO’s and their employees, focusing on disadvantaged people at the labour market, and regional decision makers in the region of Kärnten, in Austria. The project was divided in three levels: first, the realisation of a research containing the global collection and analysis of the life, work and training situation of the social NPO’s and their employees in Kärnten. Second, creating and studying new financing models for the social-economy, in particular for project investments to realize new jobs and protect the workplaces in the third sector. Third, to create new training courses to improve the economical qualification of the employees in the third sector. The data of the research and the data base are used both by the provincial government as well as by the NPO’s.

“Response”, implemented in Finland, aimed at helping social enterprises to improve their management process, helping them in being sustainable to be able to promote working possibilities for people having difficulties entering in the labour market. Developing methods for continuous improvement measurements and evaluation proved to be the way to help social enterprises to improve their business functions. Through this project, new models for improvement of business management for social enterprises were created and new methods for measuring and demonstrating social impacts of operations of SEs and similar organization were established. In addition, partners produced as a result of the project, new innovative ways and methods of using recycled materials and other recycling processes.

Under the **INTERREG III C** programme, the project TOWER (Towards Sustainable Excellence by Innovating Regions) was funded to create and improve strategies, methodologies and tools for sustainable economic growth and to establish a platform for a long-term exchange of experiences and best practices between the regions involved.

The project launched four calls for proposal and a total of 13 sub-projects were funded. They contributed to sustainable economic growth in the participating regions by developing, improving and testing regional development strategies and tools. Partners especially focused on how to successfully monitor and carry out economic growth strategies and how to mainstream horizontal criteria such as gender equality, youth and integration of minorities in economic growth. Furthermore, the sub-projects helped to strengthen the technology infrastructure in the participating regions and to improve the technology transfer

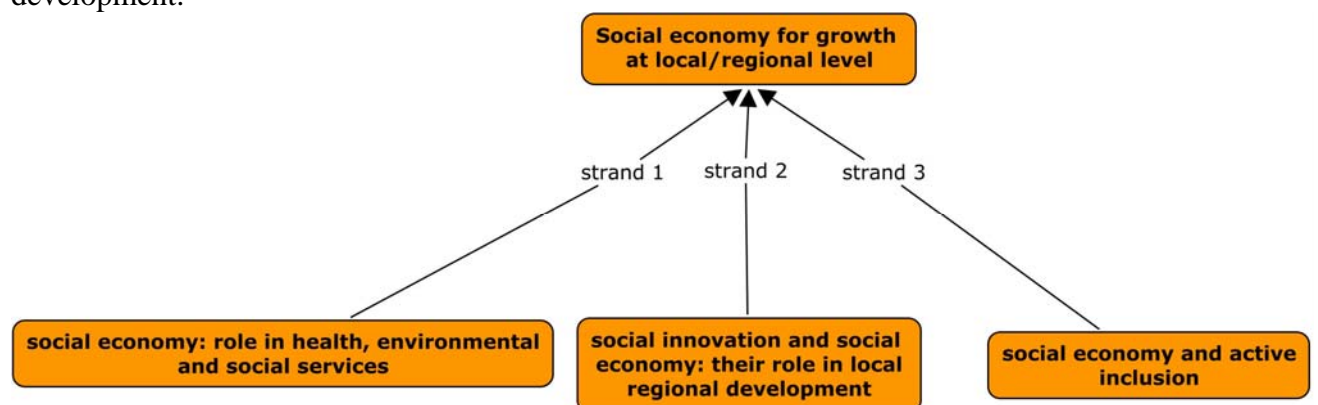
to SMEs. This results in an increased level of innovation in SMEs. Knowledge-based business clusters and networks are developed as well as new methods and financial instruments for spin-offs. Also, new models and tools for promoting entrepreneurship and teaching entrepreneurial skills are developed and new ways of start-up support are tested.

On the theme of access to finance of small and micro enterprises in deprived urban areas, the ECO-FIN-NET network in the framework of the **URBACT I programme**, dealt with the issue of support to small enterprises. It focused on the access of SMEs to finance through innovative financial instruments and in particular on the access of the smallest companies in the most disadvantaged urban areas. More generally, the network has paid particular attention to the possibilities of maximizing public support in the form of different types of partnership with private and public entities and to reduce the costs of small loan applications, improving the quality of information to entrepreneurs, through non financial services (such as information and orientation, training, mentoring) and network support (setting up business networks between entrepreneurs).

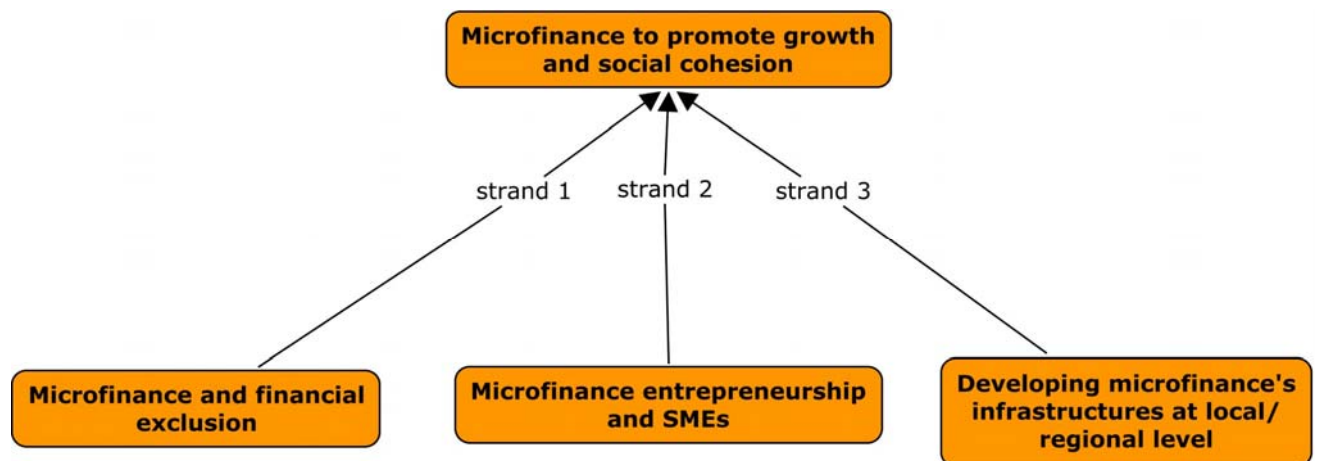
The choice of the themes for this proposal is based on the increasing awareness that the social economy constitutes a strategic motor for local and regional development. Within the context of local regional development the social economy is able to mobilise not only the agents with the best knowledge of their medium and in the best position to initiate suitable initiatives, but also the resources that exist at local level.

For these reasons the aim of this proposal is to develop a transnational exchange programme involving 10 partners from at least 5 Member States and their Managing Authorities on the themes of:

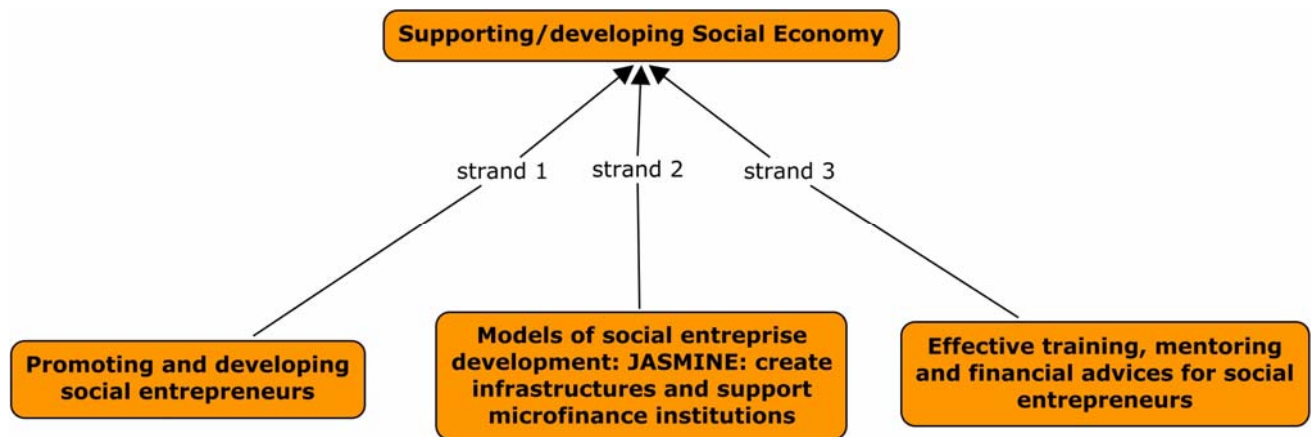
**Social economy for growth at local/regional level.** Social economy is a sector emerging in many fields, including the environment, care, education, welfare food and energy. Social economy deals in an innovative way with the global challenges which Europe is now facing such as climate change, demographic ageing and social exclusion. Social economy can turn these challenges into opportunities, as the demand for services which match new needs is raising and public expenditure is now more concentrated on restoring the financial system. In addition, European society grows older and the need for health and social care will multiply. The aim is to implement an exchange of experience between partners on how to use social economy and social enterprises as an innovative force for local economic development.



**Microfinance to promote growth and social cohesion.** Microfinance is recognized as an effective tool in fighting social and financial poverty. It enables those excluded from the classic financial sector to obtain micro-credits allowing them to embark on productive activities and easing the growth of small businesses. Nevertheless, Joint Reports on Social Inclusion and the Joint Reports on Social Protection and Social Inclusion and the National Action Plans of European Member States 2006-2008 conclude that MF initiatives are neither sufficiently known nor valued as a social inclusion tool by politicians and other organizations. MF should move beyond solely microcredit: it should also cover offering financially excluded people basic financial services. Member States NAPs do not analyse social exclusion as a consequence/cause of financial exclusion. Microfinance tools can boost economic and social growth at local level by enhancing entrepreneurship and SMEs creation. The aim is to create an exchange of best practice and experience between partners on examples on how microfinance is a real social inclusion tool, promoting the linkage of microfinance networks and organization with public authorities. Examples of best practices in microfinance infrastructures at local/regional level will be taken into consideration.



**Improving skills and support for social enterprises.** Social enterprises deliver both a financial and a social or environmental bottom line. They need therefore access to appropriate support to maximise their business performance and turn it into social impact. The proposal aims to focus on how social enterprises the right information and advice that they need, enabling social enterprises to be successful businesses, by ensuring entrepreneurs access to good advice and information. Examples of good practices will be explored through appropriate business support existing between case-studies from partners, with the aim to improve their impact and their added value for social enterprises start-up, access to finance and training/mentoring for social entrepreneurs. JASMINE as a new tool to support a sustainable microfinance sector in Europe, through financial support to essentially non-bank Microfinance Institutions (MFIs) and dissemination of best market practices.



We are seeking to create cross-sectoral, multi-governance territorial co-operation working groups in 7 or 8 sub-regions/regions, which will be selected on the basis that the 7 or 8 formal project partners have evidence of past, current and planned work in this field. Our idea is that each local consortium would also have a strong link with the Managing Authorities responsible for their ERDF and ESF Operational Programmes. Indeed, the core partnership would envisage having the participation of the relevant Managing Authorities in the project from the outset.

In terms of impact our goal is to support the “regional” consortiums in developing a framework of measurement that could be incorporated into the impact assessment for their Operational Programmes as well as local/regional strategies for economic growth and sustainable development.

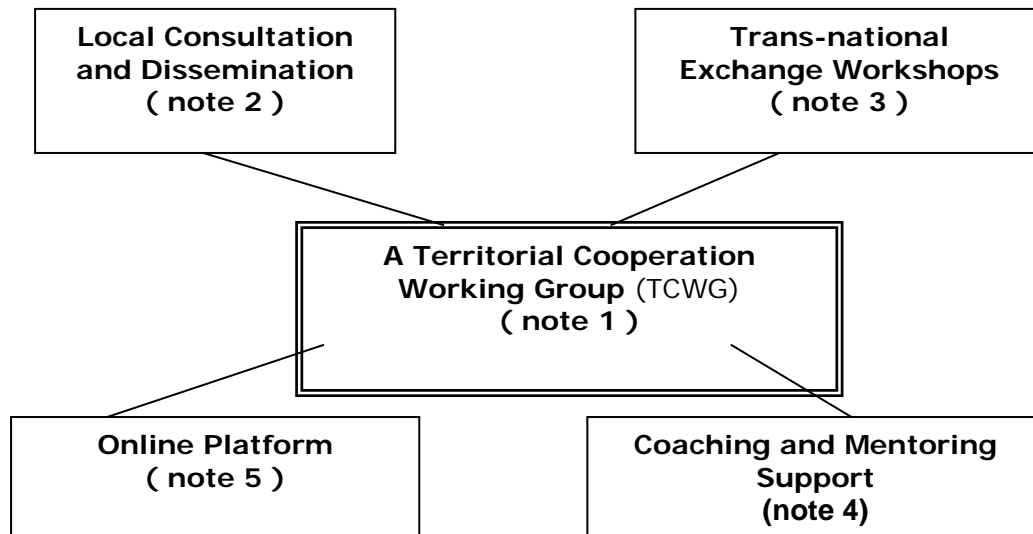
## Methodology and Key Actions

The proposal will use an Action Learning Methodology. Action Learning is inherently based on ensuring that the personal and social capital that participants bring will form part of the exchange and learning process. Action Learning is an organisational, problem-solving technique, which encourages participants to learn with and from each other, in pursuit of the solutions to real-life, work - related problems. It uses problem-solving as a means towards both individual and organisational change. Action Learning also provides external inputs which reflect the needs of participants. The methodology aims to achieve two key goals:

- *Maximise impact at a local level and ensure that the eventual local action plan has wide ownership*
- *Facilitate the effective trans-national exchange of experience and learning*

The two diagrams below provide an overview of the process and key actions in order to achieve both goals:

## Maximising impact at a local level



**Note One:** A Territorial Cooperation Group (TCWG) will be established by each partner. The TCWG will consist of between 10-12 members who will be selected on the following basis:

- Membership has to include participants from public and third sector organisations. Where desirable, private sector involvement should also be included.
- Participants have to be actively connected to the theme of the network at a local level.
- There should be a gender balance in the TCWG.
- Include one local politician responsible for the theme of the network. This politician will also be required to participate in the final trans-national event of the network.

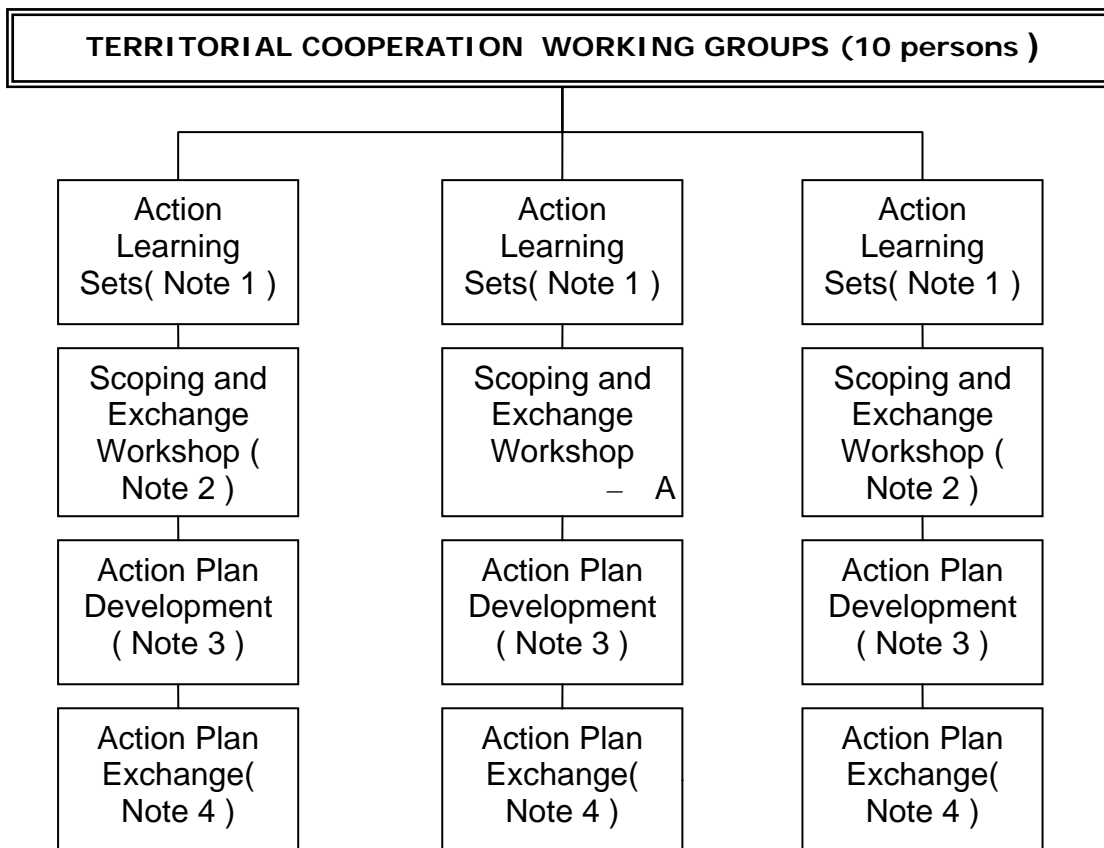
**Note Two:** The TCWG will meet at least 3 times per year. One of these meetings will be linked once a year to a consultation and dissemination event which will attract at least 30-40 other local stakeholders. The goal here is to make sure that the results of the trans-national exchange programme are shared.

**Note Three:** Participants of the TCWG will take part in at least one of the trans-national exchange workshops. This will ensure that the LSG members are all actively connected to the exchange programme and can thus ensure that there is adequate dissemination at a local level. This step is further elaborated below.

**Note Four:** The TCWG will be required to produce a regional action plan as one of the obligatory requirements of the programme together with locally identified “coaches/mentors” who can advise and guide the TCWG in its development of the regional action plan. The local dissemination and consultation events will form part of the action plan development process. Thus, ensuring that the end product has a wide ownership and a greater chance for implementation.

**Note Five:** An online interactive Web 2.0 platform will be established for the Fast Track project. Each TCWG will be required to ensure that all TCWG member profiles are placed on the platform. The aim will be to facilitate exchange between TCWG members from other TCWGs established by partner organisations in the project. The platform will seek to create a “community of practice” related to the theme of the project. The platform will also provide an online conferencing (telephonic/video) facility and this will be used to offer TCWG members(sub-groups) moderated telephone discussion workshops on key issues related to the theme of the workshop. Finally, the platform will provide access to relevant case studies and resources that can assist TCWGs in their action plan development.

### Facilitating effective transfer of experience at trans-national level



**Note One:** Each Partner would identify 3 participants who would form the Action Learning Set (ALS) for the specific sub-theme. This would mean that each Action Learning Set would consist of 24 key actors plus external experts and the Management Team.

Action Learning Sets will be formed for each of the sub-themes. Whilst there will be some overlap in membership between the ALSs, the intention is also to ensure that membership of each ALS is directly linked to the sub-theme, thus ensuring a close involvement with the issue at regional level. For each sub-theme the composition of the ALS will remain fixed.

**Note Two:** Participation of the 24 members in a trans-national scoping and exchange workshop. This workshop would focus on mapping of practice and identification of need of all partners in relation to the sub-theme as well as show casing good practice.

**Note Three:** This is the action plan development phase. This will involve each local action learning set undertaking a number of activities:

- Participation in an online module which would focus on providing support and coaching/mentoring in developing local action plans.
- Undertaking local consultation and dissemination in order to share the outcomes of the trans-national workshop and clarify local needs/priorities in relation to the sub-theme.
- Liaise with other ALS members via the online platform in order to stimulate peer learning

**Note Four:** This would be the final workshop for each ALS at which all of the ALSs will present their action plans and thus provide a means for further exchange of good practice and good ideas.

The work of each ALS would be undertaken over a 6 to 7 month period thus enabling participants to develop good relationships that will enable ongoing working with each other beyond the life of the group.

Alongside the work of the ALS, the project will create the online resource consisting of:

- Case Studies
- Sub-Theme reports
- Links to relevant websites
- Publications / Reports
- Contacts with regional/city/national/European actors

## **1.1. IMPACT AND OUTCOMES**

This proposal will realise the following projected results/outcomes/outputs:

1. Developing local/regional strategies which integrate the development of the social economy and micro-finance services into mainstream strategies for employment and enterprise development in European regions
2. Creating an action learning exchange for over 90 key actors from 9 regions
3. Establishment of 9 Territorial Cooperation Working Groups
4. 3 sub-theme reports
5. 3 sub-theme linked case-study reports-incorporating at least 40 case studies
6. An online programme of support relating to the specific sub-themes.
7. 8 action plans linked to funding sources at EU, National and local levels
8. Establishment on online interactive platform which will also host an ongoing community of practice at local/regional/national and EU levels
9. Dissemination of results at European regional level

## Outline Budget (Based on 24 months with 9 partners)

### Heading 1 - Staff costs

<b>Management/Coordination (trans-national and national)</b> . . . . .	<b>€420,000</b>
<i>- Trans-national</i>	
<i>Strategic Manager = € 20,000</i>	
<i>Network Co-ordinator = € 70,000</i>	
<i>Technological Steward and webmaster (CoP)= € 60,000</i>	
<i>- Local</i>	
<i>Territorial Co-operation Working Group Co-ordinators = € 30,000 per partner = €270,000</i>	
<b>Administration.</b> . . . . .	<b>€30,000</b>
<i>Administrator = € 30,000</i>	
<b>Accounting.</b> . . . . .	<b>€30,000</b>
<i>Financial Controller = € 30,000</i>	
<i>Other staff.</i> . . . . . 00	
<b>Total - Staff costs</b> .....	<b>€480,000</b>

### Heading 2 - Travel and subsistence allowances

<b>Travel.</b> . . . . .	<b>€78,750</b>
<i>- Travel for delegates Steering Group Meetings (1 delegates per partner+ 4 management team € 450 x 18 people x 3 SGMs = € 24,300)</i>	
<i>- Travel for delegates for three trans-national Action Learning Sets (3 delegates per partner + 4 management team + 2 experts €450 x 33 x 3 TALSs = € 44,550)</i>	
<i>-Travel for delegates Final Dissemination Conference (€450 per delegate 2 delegates per partner plus 4 Management team and two experts=€9900)</i>	
<b>Subsistence allowances (accommodation, meals, etc.).</b> . . . . .	<b>€76,330</b>
<i>- Subsistence for delegates Steering Group Meetings (1 delegates per partner+ 4 management team €340 x 18 people x 3 SGMs = € 18,360)-two nights)</i>	
<i>- Subsistence for delegates Trans-national Action Learning Sets (3 delegates per partner + 4 management team + 2 experts €510 x 33 x 3 TALSs = € 50,490)-three nights</i>	
<i>-Subsistence for delegates for final dissemination Conference (€340 x 22=7480)</i>	
<b>Total - Travel and subsistence allowances</b> .....	<b>€155,080</b>

### Heading 3 - Costs of services

<b>Territorial Co-operation Working Group Activities Programme.</b> . . . . .	<b>€450,000</b>
<i>The TCWG will have a budget of = € 50,000 per partner = € 450,000. The use of this will be to support the undertaking of activities linked to developing local/regional framework for assessment</i>	
<b>Translations.</b> . . . . .	<b>€42,188</b>
<i>This will enable each partner to translate up to 180 pages of text.</i>	
<b>Reproductions and publications.</b> . . . . .	<b>€25,000</b>
<i>This will be for the production of a final report. This covers costs of design and printing</i>	
<b>Interpretations.</b> . . . . .	<b>€48,000</b>

Based on working in ALS in three languages PLUS English  
 This will be available at the trans-national workshop BUT not at SGM meetings  
 The rate per interpreter/day = 600 €  
 600€ x 8 interpreters x 3days = 14,400 € per ALS trans-national Workshop x 3 = 43,200  
 7.200 € x 3workshops total= 21.600 €  
 Final dissemination conference (€600x8=€4800)

**External expertise. . . . . €48,000**

2 experts per trans-national Workshop= 12,000 € (lead expert) + 4,000 € (assistant expert)  
 = Total = 16,000 x 3 = 48,000€

**Other services. . . . . €18,300**

Materials/ Hire of beamer/technical equipment = € 4000

Costs of video-conferencing (license fee) = € 14,000 for two years

**Total - Costs of services.....€591,468**

#### Heading 4 - Administration costs

Depreciation for purchase of equipment. . . . . 0.00

**Hire of rooms for ALS's and final conference . . . . . €12000 .**

**Hire of interpreting booths. . . . . €21,000**

Audits . . . . . 0.00

Financial services. . . . . 0.00

Other administrative costs. . . . . 0.00

**Total - Administration costs .....€33,000**

#### Heading 5 – Overheads

**Overheads. . . . . €15,000**

**Total – Overheads.....€25,000**

**Total cost of proposal.....€1,284,548**

We anticipate that the above “total cost of proposal” figure will be a maximum. At the above level, the EC would provide **€1,001,947.44** the remaining **€282,600.56** will have to be paid at *co-financing* by the 8 partners. This co-financing is based on a calculated 22% average. This will mean **€31,400.07 per partner**. However, it is important to bear on mind that this percentage may be modified depending on the actual partnership of the project . The following table shows the **minimum** budget allocation per partner:

Budget allocation per partner	Detail
€40.000	Territorial Co-operation Working Group Activities
€30.000	Coordination
€4.600	Translation
€17.000	Travel and subsistence allowances
<b>€91.600</b>	<b>Total</b>

## **Next Steps:**

If you are interested in being a partner of this project please contact:

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Closing date for submission is **5 March 2010** therefore we wish to finalise the partnership by end of January 2010.

Partners will need to ensure that they can secure the participation of their respective Managing authority for ESF or ERDF as this is an obligatory element of the call.

We will send out to interested partners documentation that they have to complete.