**Benedict Wauters and Louis Vervloet[[1]](#footnote-1)**

**Creating a social innovation lab with the European Structural and Investment Funds (ESIF)**

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**Summary**

**This article addresses the trend for the public sector to create “innovation labs” to deal with societal challenges. More specifically, the role that the European Structural and Investment Funds (ESIF) can fulfill is examined. To this end a typology of four kinds of lab as well as six roles of relevance to innovation processes are put to use. These roles and typology are applied to existing Flemish and Polish ESIF programmes. However, they apply to any kind of public funding source that aims to support innovation concerning societal challenges.**

**Introduction**

Since 2010 there has been a flurry of publications issued by various services of the European Commission on the topic of social innovation, including BEPA (2010, 2014), DG Enterprise and Industry (2011, 2012, 2012b), DG Regional and Urban Policy (2013), DG Research and Innovation (2013) and DG Employment, Social Affairs and Inclusion (2015). No uniform definition of social innovation is provided by these sources.

This article is not intending to provide such a definition. It rather focuses on the fact that most of these sources share the idea that the European Structural and Investment Funds (ESIF) should play a key part in supporting social innovation, no matter how it is defined.. The European Structural and Investment Funds are the EU’s main funding programmes for supporting growth and jobs across the EU. Five main Funds work together to support economic development across all EU countries, in line with the objectives of the Europe 2020 strategy: European Regional Development Fund (ERDF) , European Social Fund (ESF) , Cohesion Fund (CF) , European Agricultural Fund for Rural Development (EAFRD), European Maritime and Fisheries Fund (EMFF).

While strategic priorities and common regulations are set in a collaboration between the European Commission and EU Member States, concrete implementation of these funds is left to the Member States. For this, “Managing Authorities” must be designated at national or regional level. It is this “Managing Authority” that is responsible (in collaboration with other relevant institutions) for launching calls for proposals to which project promoters (which must be legal entities, not persons) can respond. It is also the role of the Managing Authority to set up the selection process to ensure that the best project proposals are funded. In addition, it must set up monitoring and evaluation processes to follow-up on funded projects. In Flanders, the body responsible for deploying the European Social Fund is the autonomous Flemish ESF Agency[[2]](#footnote-2).

While such Managing Authorities have put in place across the EU procedures and ways of working that suit the delivery of mainstream policies with ESIF funding, practical guidance on how to modify such procedures and processes to suit the different logic of social innovation has been lacking. Indeed, funding the delivery of known solutions is a very different idea from funding a search process for new or improved but as yet, unknown, solutions.

It is for this reason that the Flemish European Social Fund Agency, decided to undertake a research and capacity building project with the aim of preparing itself and its fellow ESIF Managing Authorities across the European Union to support social innovation in the most effective manner.

Early on in the project, one of the key insights was that simply providing finance was not sufficient to realize the high expectations that were raised by the discourse at EU level concerning social innovation. Indeed, DG Research (2013), raised several barriers to innovation that hinder the public sector. As the ESIF is part of the public sector, the same barriers are also present when Managing Authorities attempt to use their funds to support social innovation:

* 1. weak enabling factors or unfavourable framework conditions e.g.:
     + lack of mechanisms at EU and Member State level to concentrate innovation on pressing issues of common concern;
     + diverse and unresponsive regulatory and legal frameworks (incl. from the EU) and administrative cultures hampering experimentation;
     + resource constraints for staff and management to innovate where funding for innovation is coming pre-dominantly from departmental budgets (with markedly different availability across Member States) rather than from cross-departmental ones that would foster more radical innovation;
     + lack of support for diversity and fear of mistakes (with incentives for staff preferring success) coupled with lack of skills and tools for staff to innovate;
  2. lack of innovation leadership at all levels: innovation is not embedded organizationally and is not strategic and systematic enough. It mostly happens through uncoordinated initiatives rather than as a result of deliberate efforts. Barriers are:
     + mindset: managers need to be serious about personal responsibility in doing better and testing the boundaries of current practice and thinking;
     + lack of staff with formal skills in creativity and innovation;
     + rigid organizational rules, high amounts of paper chasing, focus on being on time and budget, …
     + discouragement by superiors and colleagues to go for new ideas especially when outcomes are intangible or difficult to measure;
     + lack of communication successes and failures;
     + fear of failure and losing one’s job reinforced by skepticism of public opinion and negative media;
  3. limited knowledge and application of innovation processes and methods:
     + lack of methods and tools and experience with them incl. with criteria for launching, implementing and evaluating innovations;
     + lack of collaboration incl. weak citizen focus and involvement, capacity to partner (including in public-private partnerships), inter-administrative collaboration, strong boundaries between administration levels and sectors;
  4. insufficiently precise and systematic use of measurement and data.

It is clear that lack of (financial) resources is only one problem. A key question was then what roles Managing Authorities or other stakeholders should be taking up in providing support for social innovation, apart from the provision of finance. For example, should Managing Authorities look for and provide key information concerning societal problems, or is this to be left to project promoters?

The project drew on recent literature regarding innovation and, specifically, regarding what is referred to as “innovation labs” (Puttick et al, 2014) or “innovation teams” (Puttick et al 2014b) to provide coherent guidance on this subject. Puttick et al (2014) makes the point that some kind of “labs” are needed, not just in government but in all sectors, because everywhere most staff are usually focused on day-to-day activities, there is limited time to think about new approaches, mainstream budgets support existing approaches and of bureaucracy (in government but also elsewhere) can reject and hinder experimentation and change. “Governments, like business and other organisations, need dedicated structures, capabilities and space to allow innovation to happen”. (p. 10)

DG Research (2013) also put forward the idea of an EU level Innovation Lab that would be “a physical creative space and a core staff with a focus on supporting, facilitating and fostering more innovation across Commission Services.” (p. 44), as well as provide technical assistance to Member States.

The lessons learnt from the project are more widely applicable than the ESIF context. They are relevant to all decision-making concerning the allocation of funding to “innovation” in a public sector context.

1. **Innovation labs serve as inspiration for ESIF social innovation activities**

Christiansen and Sabroe (2015) define a “lab” as “a process that constitutes a dedicated explorative space for discovering new ways of addressing problems and designing the appropriate processes to develop new ideas into practical outcomes”. Ståhlbröst and Holst (2012) however, make clear that labs are both an approach (methodology, process) and an environment (milieu, arena) which encompasses the approach.

DG Research (2013) in a similar vein put forward that the EU level innovation lab should provide (p. 44):

* a 'safe space and neutral ground' for cross-departmental testing and developing solutions, where creative thinking and collaborative problem-solving is rewarded.
* a strong focus on how to deliver better policy outcomes via more and better user involvement;
* the latest tools and techniques for analysis, brainstorming, concept development, prototyping, simulation, experimentation, etc.
* key activities of user research, workshops, stakeholder engagement, analyses, e-tools (for networking, co-creation, user-feedback)…

Hence, labs provide a space (including financially) as well as working methods to come up with new solutions to (old or new) problems.

Puttick et al (2014b) provide many examples, linked in some way to the public sector, that conform to these definitions, of which those active in Europe are: VINNOVA, Stockholm, Sweden; La 27ième region, Paris, France (regional); Mindlab, Copenhagen, Denmark; SITRA, Helsinki, Finland; Barcelona Urban Lab, Spain; Behavioural Insights Team, London, UK; NESTA innovation lab, London, UK; Fonds d’experimentation pour la jeunesse, Paris (national). Interestingly, some of these labs are not themselves part of government (e.g. la 27ième region and NESTA) although some originated as a government initiative (e.g. the Behavioural Insights Team) or are fully funded by government.

Puttick (2014), situates these public sector innovation labs also in a larger collection of “labs” that can be found in universities, social innovation parks and several hundreds “living labs” around the globe that focus on involving users in shaping new technologies. These are sometimes connected in networks such as the European Network of Living Labs or the Design for social innovation and sustainability network (DESIS).

According to Puttick et al (2014) there are four major functions for labs:

* Creating solutions to solve specific challenges: these labs focus on solving high priority problems, and developing usable and scalable solutions, often in collaboration with colleagues in government agencies. These labs are “creators” and “developers” of innovations (for example the Behavioural Insights Team in the UK);
* Engaging citizens, non-profits and businesses to find new ideas: these labs focus on opening up government to voices and ideas from outside the system, often adapting the open innovation and challenge-led approaches more commonly seen in the private sector and making use of strong communications and engagement strategies. They are “enablers”, creating the conditions for innovative ideas from outside government to thrive, without focusing on their actual development into working solutions (fro example the Australian Center for Social Innovation);
* Transforming processes, skills and culture: these labs focus on changing the way that actors (in the publication, governments) approach innovation, often through consultancy and training, as well as through secondments and placements, to develop the skills and mind-sets of actors. They are educators, providing the insights and knowledge needed to empower others to innovate. The focus is on capacity building, not on delivering innovation (e.g. PS 21 in Singapore);
* Achieving wider policy and systems change: these labs focus on bringing about transformation, looking beyond specific interventions to the wider policy context and complex systems that need to change, for example in healthcare, energy or education. They are “architects” (e.g. NESTA in the UK).

All of these functions are in line with the expectations put forward by the aforementioned EU-level publications, in terms of what ESIF support for social innovation could be doing.

1. **Linking the “lab” movement to wider reflections on roles in innovation**

While these four functions seem to make sense, they do not yet provide a sufficient grasp of the various roles that are associated with them. According to Kotler and Trias De Bes (2011), there are a number of important roles to take into account when setting up and supporting innovation processes:

1. Activators: initiate the innovation process by putting forward a need, a trigger;
2. Browsers: search for information, throughout the process;
3. Creators: produce ideas (new concepts, possibilities, solutions) at any point of the process;
4. Developers: turn ideas into products/services (also referred to as invention);
5. Executors: bring innovation to the organisations that will use them and to the market (also referred to as implementation);
6. Facilitators: approve funding and, if needed, de-block the process.

It should be clear that these roles are not functions. Indeed, this is one of the key points that these roles can be taken up by various functions within various units and departments. Who will actually take on these roles may be very different from context to context.

Kotler and Trias De Bes (2011) put forward that the innovation process takes shape as an interaction process between all of these roles. They provide elaborate insights into the differences of these roles and how to execute them. It therefore provides a useful framework for ESIF Managing Authorities to decide what they should be doing and what should be done by others. Indeed, the idea of a “lab” as a “space” does not entail that all roles are to be carried by the same entity.

These different roles can also be linked to the four functions that were described by Puttick et al (2014). This is done in the table below. In addition, this table shows that not all types of lab need to cater for all roles, irrespective of who should carry these roles.

Table 1: roles in four lab functions

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Lab function (based on Puttick et al, 2014)** | | | |
| **Role to be taken up by the lab / ESIF authority (based on Kotler and Trias De Bes, 2011)** | Creating solutions to solve specific challenges | Engaging citizens, non-profits and businesses to find new ideas (but not to develop them) | Transforming processes, skills and culture regarding innovation in other organisations (capacity building) | Achieving wider policy and systems change |
| Activators: initiate process (by putting forward a need, a trigger) |  |  |  | X |
| Browsers: search for information, throughout the process | X | X |  | X |
| Creators: produce ideas (new concepts, possibilities, solutions) at any point of the process | X | X |  | X |
| Developers: turn ideas into products/services (invention) | X |  |  | X |
| Executors: bring innovation to the organisations that will use them and to the market (implementation) |  |  |  | X |
| Facilitators: approve funding and de-block the process | X | X | X | X |

In the next sections, the meaning of these various innovation roles as elaborated by Kotler and Trias De Bes (2011) will be explored. In addition, suggestions will be given, based on the author’s own experience, on how could perform which roles in an ESIF context. It will be clear that for many of these roles, a variety of options exist of who is going to do what: will it be a task for the ESIF Managing Authority, possibly in collaboration with other government actors, or will it be a task for the funded project promoter and their partners? Or both?

* 1. **Activators are in charge of the innovation strategy**

Activators are in charge of the innovation strategy. They are the ones who lift others out of their routine and “provoke” them. They usually first define a “scope” by answering the following questions:

* whom should innovation target (organisations, geography, citizens, government agencies ...) eg. Unemployed young migrants in large cities? Or more broadly all unemployed in a region?
* what existing or future problems/threats and/or what more specific bottlenecks should be tackled? E.g. discrimination of unemployed migrants in search of jobs and /or their low level of qualifications, not having networks etc...? Or more broadly any kind of issue?
* what trends offer positive opportunities that should be capitalised on? E.g. widespread access to social networks? Or more broadly any kind of trend?
* what kind of innovation is aimed for, as described in the table below ?

Table 2: different types of innovation

|  |  |  |
| --- | --- | --- |
|  | Needs, user group, context | |
|  | New | Existing |
| New  Concept | **Radical**  Service provision that [in region or country] is either very rare or non-existent, provided to a user group newly conceptualised [for region or country] | **Evolutionary (service)**  Service provision that [in region or country] is either very rare or non-existent, for a user group that [in region or country] is already recognised |
| Existing | **Evolutionary (user group)**  Service provision already existing [in region or country] but now provided to a user group newly conceptualised [for region or country] | **Incremental (instrument)**  Improvement of method already well distributed [in region or country] for user group that [in region or country] is already recognised |

Source: author’s own adaptation of Kotler and Trias De Bes, 2011

* what is the focus of innovation? E.g. the innovation efforts can be targeted at a precise desired benefit or even tangible aspect of a specific service for a given need/customer group/ context;
* what other key requirements are there? E.g. for any innovation to receive funding there should be involvement of certain stakeholders, etc.;
* how decision-making will happen throughout the process, based on what key criteria?
* how support throughout the process will be provided?

Who should be the activators in an ESIF context (or other public resource allocation process)? Clearly, there is a big role here for policy-makers. However, it is also possible that “activation” is taken up by a group of people e.g. stakeholders, the academic community, frontline workers…

The activators should consider that a broader and less defined scope can trigger more ideas for innovation, yet many of these could fail to be of interest to the activators. On the other hand, the potential for truly radical and unpredicted innovation decreases as the scope narrows. This is why Kotler and Trias De Bes (2011) recommend to have two mechanisms at the same time: one where innovation on a more narrow scope is requested versus one that leaves the scope very broad, defining only the kinds of services for whom that one is interested in. The latter they refer to as “exploratory” innovation.

A useful strategy for ESIF programme managers may indeed be to launch different kinds of calls for proposals. Most ESIF programme strategies consist of several rather broad objectives which can be left as such in a call for innovation, but which can also be narrowed down.

* 1. **Browsers search for information**

Browsers search for information. Traditionally browsers are drawn from “marketing” type functions (e.g. researcher, communication staff and “marketeers” and, in the public sector, ‘policy advisers). However, they could also be drawn from operations staff which is more prevalent in service environments as opposed to R&D departments in product environments.

Browsers can support “creators” by bringing existing information to their attention.They do this for example by reviewing innovations that have already occurred in a particular area of service provision or for particular citizens, from radical to incremental ones, as well as successful and failed ones, going back as far as the last 10 years, covering a broad geographical scope (e.g. by going abroad). The actors that are connected to these innovations are also identified. This allows to identify innovation paths as well as who is carrying them forwards. It also allows to identify if innovations that failed in the past, may now have a better chance, due to changes in the context (e.g. new technology or trends).

Another way browsers can support creators is by finding existing research about the situation in terms of target groups, about the size and prevalence of issues, specific trends relating to this, etc. as well as more exploratory research about latent needs of citizens and possible opportunities for innovation.

They can also draw on networks of experts and frontline service providers, asking them for relevant things (regarding users and their characteristics, motivations and barriers they experience; technical or organisational possibilities and constraints; strengths and weaknesses of current solutions, etc.) that should be taken into account.

Browsers can also bring interesting general social trends forwards for consideration by creators. These can be used to identify opportunities for being at the forefront of an emerging trend.

Also, next to drawing on existing information, browsers can and should engage in fieldwork. Kotler and Trias De Bes (2011) indeed state it is very difficult to get insights into opportunities to innovate without first hand experiences. They also state that it is key that browsers should not just inform but inspire. They “advocate an active role for information, data and insights that go beyond mere description and that, in a certain manner, are part of the creative process.“ (p. 47). Kotler and Trias De Bes (2011) especially advocate the use of ethnographic research (immersion in the user context). Taking the “creators” along in the “browsing” is therefore highly recommended.

Browsers also support other roles. By creating actionable insights, they also support “facilitators”. Indeed, the “insights” or opportunity areas for innovation that they uncover must be approved by facilitators because these may have no interest in pursuing certain of these routes for innovation. Then it would be a waste of time to find ideas that link to those routes.

Browsers can also support “developers”. These require information of a more technical nature. Browsers can then research how technology has been adopted successfully in other services.

Browsers can, finally, also support executors. This concerns mainly information how to bring the innovation to the users in a full scale launch. This can be found by looking at introductions that have some analogy with the innovation at hand. In addition, insights regarding possible pitfalls is very useful.

Who should be the browsers in an ESIF or other funding programme context? Regarding browsing support for creators, one extreme is that browsing is left entirely up to ESIF beneficiaries (organisations that receive funding) with no role for the ESIF authority. Another extreme is that the ESIF authority expends considerable resources to provide all project with a comprehensive innovation diagnostic that accompanies a call for proposals.

How much can be done by either party is a matter of resources and position: sometimes a public actor can have access to information that is not available to others or only at a prohibitive cost. For example, it can be more efficient to commission a study at the level of a region or country, that can be made use of by many actors, rather than asking all of these actors to all invest some of their resources to do the same thing. Especially in the case where an “activator” has demarcated the innovation scope quite precisely, should the ESIF authority consider pooling resources and acting as a browser to provide an innovation diagnostic. The support browsers give to developers and executors is best left to the ESIF beneficiaries themselves, as this is more closely tied to how they intend to deploy the solutions. What is very clear however, is that field research, especially ethnography, should be conducted by the ESIF beneficiaries who are going to come up with creative ideas, as this part of browsing is itself an integral part of the creative process and this process is mainly a task for project promoters themselves as will be put forward below.

* 1. **Creators**

Creators are ultimately there to provide plausible ideas that can actually be implemented. Although creativity matters for both executors and browser, the bulk of the function of creators is to provide developers with ideas. Together, they turn ideas into concepts. A concept has the following elements:

* a name that makes clear what service will be delivered to whom in what context;
* the need that will be addressed for the targeted constituents, their motivation to use the innovation, what will convince them (e.g. the need to be healthy). Here it is important to support the existence of this need throughout the innovation track (with qualitative rather than quantitative research);
* the core benefit: how the need will be addressed by the innovation (e.g. much more simple, faster, agreeable way to stay healthy);
* trends within which the concept is situated;
* images that embody the concept and contrasting images that do not;
* alternative already existing solutions with which the new idea will have to compete. This is important for developers who will have to determine where/how the innovation is to be embedded;
* verifiable, objective elements that can convince the targeted users that the benefit can be realised (e.g. because they can try the service out OR because third parties will provide a form of accreditation).

The concept is an important element for facilitators who have to be able to judge whether it has sufficient potential for being developed. Ideally, facilitators want many concepts that they can select from. They can then rank the concepts according to potential (strategic, advantage for users, innovative) and difficulty (easy or hard to develop, to launch/embed, to finance). Of course, ideas that are easy to develop and with high potential should be prioritized. High potential concepts that are also very difficult to develop can perhaps be revised. Easy to develop but low impact concepts are not very interesting but could merit (low) investment while difficult to develop concepts with low potential should be avoided all together.

Who should be the creators in an ESIF context? Anyone can in principle be involved in creation. However, as the ultimate goal for creators is to come up with plausible ideas that can be implemented, the process should be owned by those who ultimately are supposed to implement, which situates this task more at the level of ESIF promoters and relevant partners. It should be well-understood however that “owning” the process does not mean “controlling” the process. The worst thing to do is for example give control over a creative process to an executor as this will lead to nipping the creative process in the bud. However, creators, in the sense of actors that know how to run creative processes with others, seem sometimes to be in short supply at the level of beneficiaries. An ESIF authority could provide active support to actors who are missing this expertise in creative processes.. This does not mean the ESIF authority then “owns” the process. In fact, it then rather acts as a facilitator for creators.

* 1. **Developers**

The role of development is played mostly by people with technical expertise, which in a service environment means people with experience in service design and provision. Usually these are people from operations, supported by designers (especially for tangible aspects of a service) as in services, as stated above, there are no real R&D departments. But also marketeers, communications staff or policy advisors can be involved in this role.

Developers can answer the following questions:

1) do we have the know-how and the technology that is needed for developing the concept? If not, then external parties must be found to acquire this and this then tends to be a more costly, lengthy and difficult process?

2) do we have the resources (incl. financial) or capacity to deliver it once developed? If not, extra resources or partners must be found.

The answers to these questions may lead to dropping a concept, maintaining it and starting to look for partners, suppliers, resources… or to modifying the concept to make it more realistic.

In the latter case, a risk arises: to get a highly feasible concept that is so diluted that it has no more potential. Basic ideas and benefits of the concept must be maintained. All the roles involved in the innovation should track the concept as it evolves and work together to overcome limitations via new ideas, information, research or additional resources.

The development process itself runs along the maxim of failing soon, fast and cheap as also discussed by Thomke, S (2001) in a general context and Potts, J. (2009) in a public service context. Hence service concepts should be made tangible as soon as possible in cheap ways, to gain knowledge. For services, the following scheme is applicable: concept – configuration of the service –prototype(s) – real test (pilot) –established service. During these steps, checks are made on: 1) use: does it work well enough? Is it safe / in compliance with regulations? Does it meet the expectations of users? 2) Can we deliver it in a real context up to this standard? 3) Are we preserving the core benefits and the key insights that defined the concept in the first place?

In terms of who should be the developers in an ESIF context, the same line of argumentation as for the creators is applicable.

* 1. **Executors**

Executors take care of the practical roll-out of an innovation, be it as a first pilot or a full scale implementation. They need the other roles to provide them with a synthesis of the key ideas they have dealt with over the process. Their aim is to communicate the unique innovation value to users in a launch.

Executors may be present inside the organization that developed the solution, but also outside. The latter can be by setting up a new organization or by engaging in a kind of joint venture. Moving an innovation outside the place where it was developed makes more sense…

* the more radical the innovation is;
* the longer the projected trajectory is;
* the more there are barriers and resistance in the developing organisations;
* the lower the costs are;
* the more resources you have.

If execution will happen inside the organisation that developed the innovation the question arises which team will execute:

* it could be a team that is dedicated only to this innovation : the cost is higher but the team is totally focused;
* it could be a shared team where the executors are also running other existing services: this is cheaper but there is a risk the team will be too stretched;
* it could be that several innovations are grouped together and given to one team. This makes sense if innovations complement each other or if there is synergy between them in some way.

Before an actual full scale launch, it is best to execute with a smaller group of selected users in a real life situation. Or the launch could be in a smaller geographical area (e.g. in one city or neighbourhood). These small scale launches are referred to as pilots. They can be the subject of an intensive evaluation to gauge impact and opportunities to improve. This is for example the focus of what the European Commission (2011) refers to as “social experimentation”. However, it should be clear that such social experimentation and innovation as a process should not be confused. The former is only the very final stage of the latter.

Who should be the executors in an ESIF context? Execution seems obviously not to be a task for an ESIF authority. However, an ESIF authority as a browser can still help developers to find execution partners if they are not able or willing to execute themselves.. ESIF authorities as facilitators can also provide resources for an extended period of time to support executors until execution can be financed in another way. This applies particularly to situations where the new service is in competition with an existing publicly funded alternative. It takes time before the government can reformulate laws and decrees to suit the new alternative. In the meantime, support needs to remain for the better alternative or it will wither away before it has a chance to become regular policy.

* 1. **Facilitators**

Facilitators have the following tasks: approve investments, select the best concepts, jumpstart innovation teams when bogged down, give the definitive go for a launch.

It is healthy that they stay a bit at a distance from the process so that they can act objectively. However, they should always be ready to make the necessary decisions.

Facilitators can be different people or groups as the innovation process progresses or depending on the type of innovation. For example, as an innovation moves forward and investments become larger, more senior or expert decision-makers may have to be involved. Also innovations that carry greater risks (e.g radical versus incremental innovation) may require more senior or expert facilitators. In some cases, activators and facilitators can be the same people, but this is not necessarily so.

Useful input when selecting concepts are concept tests with prospective users. Also, the aforementioned pilots provide the information to facilitators for deciding whether a service really should be fully launched or not.

Who should be the facilitators in an ESIF context? Clearly, when it concerns decision-making this is a role that an ESIF authority should take up.However,, the ESIF authority should not be the only one taking up this role. Activators could also be involved in selecting concepts and, once the concept has been piloted and has demonstrated its potential, to approve funding for mainstream implementation and scaling.

When it concerns jumpstarting innovation processes, this is also a role for the ESIF authority, in so far as it is needed. Obviously, when promoters and their partners are not in need of facilitation, or when they are accessing the require expertise in another way, it may be wiser to not interfere. The person involved in facilitating the actual innovation process should in any case not be the same person that was involved in facilitation understood as decision-making as the latter needs to remain objective.

1. **Four types of lab ESIF Managing Authorities can create**

How many and what kind of staff is needed within an ESIF Managing Authority depends on the choice made regarding what kinds of roles, as given by Kotler and Trias De Bes (2011), are effectively taken up by these ESIF authorities. Four types of lab can be proposed, corresponding with a different focus as a lab, as described by Puttick et al. (2014), where for each type, more or less roles can be taken on by the ESIF-authorities.

1. Intensive lab

A first level of support is quite intensive, with roles of browsing, creating, developing and facilitating to be taken up by a Managing Authority. This function corresponds to the lab function of “creating solutions to solve specific challenges”. Mindlab in Denmark is a good illustration if this.

MindLab is a cross-governmental innovation unit which involves citizens and businesses in creating new solutions for society. They are also a physical space – a neutral zone for inspiring creativity, innovation and collaboration. They are a part of three ministries and one municipality: the Ministry of Business and Growth, the Ministry of Education, the Ministry of Employment and Odense Municipality and there is a collaboration with the Ministry for Economic Affairs and the Interior.

Generally, a project that is taken up by Mindlab is operated by a number of public servants seconded to the Mindlab project by the sponsoring ministry/ministries. Mindlab then augments their knowledge of the public sector issue with its own expertise in qualitative research and design thinking. Mindlab’s approach is based on a process model which passes through seven phases: project focus, learning about users, analysis, idea and concept development, concept testing, the communication of results and impact measurement. Working in this way allows to break down silos between government departments and (re)develop policies from a citizen perspective.

Mindlab acts, together with a “client” team, as a browser, creator and developer. It does not carry out these roles exclusively but rather in collaboration with other actors. In addition, they also act as a facilitator as they will also themselves stop projects if they feel conditions for success are not fulfilled. An ESIF managing authority can do exactly what Mindlab does, of course restricted to the scope as defined by an ESIF programme. However, in an ESIF context, within the programme, a strict separation of the facilitation role in terms of appraising concepts and deciding on funding versus browsing, developing and creating should be maintained.

1. Intermediate lab

A second type of lab can be labeled as “intermediate”, with ESIF authorities taking up the roles of browsing, creating and facilitating. This corresponds to the labfunction of “Engaging citizens, non-profits and businesses to find new ideas”. An example of this are the Flemish Innovation Centres. These centres provide the following support to potential innovators :

* they help them to clarify their innovation and its potential (facilitating);
* they help them to find and access relevant funding sources (incl. assistance in writing a proposal) or experts and partners via their extensive networks (browsing and facilitating);
* they can provide a limited support in terms of organizing creative workshops (creator).

An ESIF authority can take on these roles in similar fashion to the Innovation Centres, of course within the scope of the ESIF programme. Again, in an ESIF context, a strict separation of the facilitation function in terms of appraising concepts and deciding on funding within the programme should be maintained.

1. Minimal lab

A third, minimal type of lab focuses on facilitation only. This is indeed a minimalist approach as the ESIF Authority as a “lab” only takes up a narrow understanding of one role. This therefore corresponds to the lab function of “transforming processes, skills and culture regarding innovation”. It is the most traditional choice for managing authorities.

In this type of lab everything revolves around approving or declining funding, based on appraisal of the project with a set of criteria. However, there should also be support to build capacity for actors interested in innovation and keep the innovation process flowing. Staff (e.g. call manager, project manager, dedicated expert) can be called on to help project partners sort out any conflicts that may arise, but there is no active involvement of the ESIF authority in browsing, creating, developing or executing. In the ESIF context, financial resources are then the most important means to realise this type of lab.

1. **Transition platforms: the most intensive degree of support**

One lab role that still remains to be discussed is the most intensive one: “Achieving wider policy and systems change”.

Avelino, F and Wittmayer, J (2014) equate “social innovation” with new business models, services and practices while reserving the term “system innovation” for working at the level of entire societal subsystems (fulfilling societal needs e.g. housing, health care, energy,…) including institutions, social structures and physical infrastructure . Such system innovation is deemed necessary to tackle societal challenges, which are defined as “a question related to a persistent societal problem” (van den Bosch,S. and Rotmans, J. 2008, p. 18). According to van den Bosch and Rotmans (2008) these challenges are complex as:

* they are deeply embedded in dominant practices, culture and structure of society;
* both nature of the problem (e.g. the scale of the problems relating to the ageing population for health care provision) and their solutions are uncertain.

Issue number 8-1 (2015) of Vlaams Tijdschrift Voor Overheidsmanagement was fully dedicated to the topic of system innovation from the perspective of transition theory and management. Hence, it is not needed to further elaborate this.

What does matter is that in terms of defining a “lab” an interesting shift has become visible. Where “labs” seemed to focus initially mostly on “social innovation” as defined by Avelino, F and Wittmayer, J (2014) above, or even more narrowly on technological innovation , as evidenced for example by a publication by the European Network of Living Labs by Ståhlbröst, A. and Holst, M. (2012). This publication elaborates the “Living lab methodology”where the focus is completely on developing (technological) concepts and testing them. However, in a subsequent publication by the same network in collaboration with the World Bank by Eskelinen, J., García Robles, A., Lindy, I., Marsh, J. and Muente-Kunigami (eds., 2015) to help mayors in cities set up innovation labs, the proposed methodology resembles much more what is suggested by the transition management literature, with the development of concepts into pilots being only one element in a larger whole.

It is also interesting to note that transition management is put forward explicitly by the European Commission (DG REGIO, 2013) in the context of ESIF as being relevant in a longer term social innovation perspective as step 6 of the proposed regional social innovation strategy entails setting up transition innovation platforms that then serve as incubators for innovation.

In fact, since it is only a “fund”, not a policy, it can be argued that ESIF is particularly well-placed to provide resources for initiating and supporting transitions. It can cut across traditional “policy domains” and fund both the platform (consisting of the broader set of transition management activity clusters) as well as the experiments that are initiated and / or nurtured by the platform.

These intensive labs are taking up all innovation roles. Those which are to be addressed by a managing authority must be decided case by case. From the perspective of transition management, it is put forward that this concerns networks in which (continuously changing) actors take up and drop various roles over time. Hence this also applies to the managing authority that participates in such a network as an equal partner.

1. **The Flemish and Polish ESF programmes as cases**
2. Initiating a move towards an intermediate lab in Flanders

In Flanders, the ESF programme authority has traditionally played the role of facilitator only. Today, a discussion is taking place whether or not it is needed to move towards a more “intermediate” lab, taking up more of the roles of browsing, creating and facilitating. Similar to the Vlaamse Innovatie Centra, there is now a (small scale) innovation support function within the ESF authority to help beneficiaries execute their browsing and creative processes, with advice but also directly in the field if necessary.

This function is independent from the “operations” of the ESF and hence does not endanger the objectivity of the facilitator as decision-maker role in the authority. This means that the involvement of the innovation support function in projects cannot be invoked to influence decision-making concerning these projects.

The function does not yet have sufficient scale to do this for all ESF-beneficiaries and hence must limit itself to those beneficiaries that have the greatest need for this kind of help. As the ESF programme in Flanders is relatively small the budget for so-called “technical assistance”, reserved for the management and support of the programme as a whole and hence also the functioning of the managing authority, is also small. Given the ever increasing demand for more controls, reporting and evaluation, that also need to be funded with this technical assistance, it is highly unlikely that the support would ever become more substantial than today. The size of technical assistance budgets hence creates a bottleneck towards taking on more innovation roles in an more intensive fashion.

1. Setting up an intermediate lab via a call for proposals in Poland

A managing authority is not necessarily limited what the technical assistance resources in its programme allow. It can also execute calls for proposals to fund intermediary organisations to take on the innovation roles that cannot be covered sufficiently by using technical assistance funds. In Poland, the ESIF Authority has, for example, a social innovation priority in its ESF programme, within which it has launched a call for “operators” to act as “incubators” for four different “themes”. These operators are, according to the call, to:

* organize calls for innovative ideas and developments;
* manage the grants for innovations and support on every level of innovation incubation (incl. testing and evaluation);
* mainstreaming successful innovations.

They must achieve a minimal number of 30 chosen innovations, which can receive up to 100000 PLN (+/- 25000 EUR).

A key element is that these “operators” are not just redistributing funds, but are to offer an “intensive” form of collaboration, comparable to what Mindlab does in Denmark. Hence, they engage in “creating solutions for specific challenges”.

For this they must, according to the ESIF call, have at a minimum:

* 3 years of experience within the selected theme;
* experience in the use of various financial and non-financial resources for supporting innovations;
* proven cooperation with other organisations who have similar aims and/or are addressing similar target groups and hence the potential to create a real innovation hub/ innovation-friendly eco-system, which will be sustainable after the project;
* key personnel in the project must have minimally 3 years’ experience in innovation incubation and research.

The overall budget for each operator therefore includes funds for the support function as well as for the innovators that it supports to develop and test their ideas.

This provides therefore an example how to fund more substantial innovation function than would be possible with technical assistance funds only. There is therefore no reason why this model could not also be used for setting up transition platforms for systems innovation such as indicated by the European Commission (DG REGIO, 2013).

1. **Conclusion**

This article described the most important innovation roles, specifically “activators”, “browsers”, “creators”, “developers”, “executors” and “facilitators”. These were situated within the phenomenon of “innovation labs”. This article also offers guidance to funders (including in an ESIF context) of innovation in the public sector to determine how they can use their financial resources.

A first step is for a managing authority (or any public funder) to ask oneself what kind of “lab” or “space” for innovation it wants to create. Choices vary between a minimal function to a very intensive transition platform. This implies a choice in terms of more or less of the above mentioned roles to be taken on. In a minimal function the managing authority may choose only for a role as facilitator while for a very intensive function all roles are to be implemented.

A second step then concerns whether the managing authority will carry all the relevant roles via its own organisation or whether it will work with an intermediary structure. Decisive in this choice is in what way the financial resources that are need to exert the roles can be mobilised by the managing authority itself. If the roles can be addressed sufficiently within the normal budgets for setting up and implementing a programme (so calles technical assistance within ESIF programmes) then this can be the most simple option. Then it also needs to be judged whether the typical culture of a managing authority does not form an impediment to taking on other roles than the usual one of the facilitator. If financial means are not sufficient or the culture not conducive enough, then the main programme budget can be used by setting up a “project” that allows to fund an intermediary structure.

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1. Respectively strategic advisor innovation, impact evaluation and methodology and general manager of the ESF Agency. [↑](#footnote-ref-1)
2. As of 1/1/2016 this Agency will be fully reintegrated into the department of work and social economy [↑](#footnote-ref-2)