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Local welfare systems and the risks of short-term innovation: philanthropy role in fostering permanent and inclusive social change

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Abstract

In the last decades local welfare systems have been emerging as more and more relevant in Italy and in many Western countries. The growing centrality of the local approach to social policies has been studied by experts and scholars focusing on different issues: expenditure and efficiency; efficacy; social cohesion; a better understanding of local fragmented needs and an improved capacity to meet them; the creation of (authentic) public-private partnerships.

This paper investigates the necessity of involving private actors, particularly from Third Sector and philanthropy, in local welfare system organization, to promote policies sustainability and to join professional competences, human resources, ideas and programmes. Furthermore, the paper argues that Foundations of Banking Origin (FOBs) may have, especially in the Italian context, a "comparative advantage" in fostering multi-actor networks engaged in rethinking, improving and innovating local welfare systems.

In the last decades, FOBs proved to be crucial players in Italian welfare systems: thanks to their role in financing measures and operations, FOBs became effective promoters of social innovation. Both Italian and international literature attribute to them an important role in the promotion of experimental projects, which can be stabilised by local welfare systems once they have been positively assessed. However, this stabilisation does not always occur – especially in the last few years – because of a lack of money, competences and human resources in local welfare systems. From this point of view, FOBs managers, as well as researchers, started to focus on FOBs' potential role in promoting permanent social change in local welfare systems. On the other side, scholars thoroughly discussed the dangers of FOBs and philanthropy protagonism in public policies: lack of accountability and of transparency; poor legitimation; self-referentiality.

This paper discusses FOBs' role and potential through a various range of tools: a quantitative analysis of the most recent data available in Italy on institutional FOBs activity; a study of grant opportunities and projects promoted in North-Western Italy (a region that hosts a great number of relevant FOBs). The paper then focuses on two experimental projects supported by FOBs in

North-Western Italy: (a) a research action aimed at redesigning local services for intellectual disabilities with the involvement of local stakeholders - both private and public - and with the contribution of persons with disabilities and their families; (b) the creation of a local Observatory - representing both public and private institutions - aimed at registering emerging needs and at helping the local system to face economic and social consequences of the pandemic crisis.

The analysis of the two cases aims at identifying favourable conditions, enabling factors and obstacles that could facilitate or hinder FOBs' proper involvement in local welfare systems transformational processes, fostering permanent, reliable and inclusive social change instead of short-term social innovation.

Keywords: local welfare system; social innovation; second welfare; philanthropy; Foundations of Banking Origin.

1. The territorialisation of social policies

In the last decades local welfare systems have been emerging as increasingly relevant in Italy, Europe, and many Western countries. This process has been explained in different ways. According to Andreotti and Mingione (2016) the relevance of the local dimension emerged in response to two different – and often opposed – pushes: 'a drive to achieve more effective protection against the new (and sometimes the old) risks' (p. 253) and the intention and need to reduce public spending. Hence, the choice of the local dimension which, being nearer to people's needs, is naively and rhetorically meant to be better at addressing these needs efficiently. Academic literature agrees on the occurrence of many social changes in Western countries' demographic and social dynamics such as those concerned with family and employment (Bettio and Plantenga, 2004; Esping-Andersen, 2009; Naldini and Saraceno, 2011; Korpi et al., 2013). These changes generated new social needs, and at the same time, they modified the answers traditionally implemented for old (and new) needs. An example can be seen in women's role in the family and in society: their increased involvement in the labour market, as well as the 'masculinisation' of their lifecourse, has reduced women's time and desire to take charge of domestic and care work for free. This evolution, accompanied by a missed 'feminisation' of men's lifecourse, has determined a care gap and the need for new or renewed policies, measures, and services to allow for a work–life balance. Regarding the other push described by Andreotti and Mingione, the need to reduce and redirect public spending has emerged as more and more evident in Italy in the last decades (Ferrera, 2019). The economic crisis which occurred in 2008 – as well as the health and social crisis generated by the outbreak of the pandemic in 2020 – has made this request even more compelling and urgent.

Governa and Salone (2004), Cimagalli (2013), and Maino and Ferrera (2013) pointed out another dynamic that may have fostered the territorialisation of welfare systems: public institutions show a growing interest in the mobilisation of private actors' resources (human, economic, and instrumental). The idea of an 'active' (Andreotti and Mingione, 2016, p. 253) local system where voluntary organisations, Third Sector players, and firms somehow contribute to the promotion of

welfare has strengthened in the last decades because of cuts in public spending but also as a result of the belief that complex needs require complex answers with the involvement of every possible actor.

This process of territorialisation and involvement of new stakeholders has been supported by European institutions in the last decades, through the concepts of vertical and horizontal subsidiarity (Kazepov, 2008). Vertical subsidiarity can be defined as the belief that 'welfare provisions should be constructed at the lowest possible scale, which permits the most practical provision of effective social protection' (Andreotti and Mingione, 2016, p. 254); horizontal subsidiarity means instead the involvement of private and voluntary organisations in the promotion and implementation of social policies and services. Both forms of subsidiarity were supported by European institutions in the last years through political stances and regulatory frameworks, as well as structural funds that indirectly contributed to legitimating and strengthening the strategic political role of regions, districts, and cities (Bifulco, 2016). In Italy, horizontal and vertical subsidiarity are encoded in the Republican Constitution; pushes to a regionalisation of social policies – and to a more general territorialisation – have been reinforced since the 1990s through a series of ordinary and constitutional law reforms (Governa and Salone, 2004; Andreotti and Mingione, 2016) and they have reached a turning point with the recent organic Reform of the Third Sector, which is still underway (Campedelli, 2018; Fici, 2018).

The process of territorialisation that occurred in the last decades – and which was fostered by European and Italian institutions – has resulted in the generally increased capacity of local welfare systems in planning, financing, and implementing social policies (Andreotti et al., 2012).

2. Social cohesion, territory, and second welfare

Some concepts examined in the literature are useful for describing attitudes, features, and potentials of an active context for social local policies inspired by vertical and horizontal subsidiarity.

The involvement of both private and public actors and resources is a key aspect in the concept of 'second welfare' (Ferrera and Maino, 2011; Maino, 2012; Maino and Ferrera, 2013; 2019; Maino and Lodi Rizzini, 2019). Second welfare can be defined as a set of social interventions alongside those guaranteed by the public institutions – 'first' welfare – that offers innovative answers to new and old social needs and risks affecting people and communities. Second welfare projects have four key features: (1) the active involvement of actors from the market and the Third Sector; (2) the creation of effective and authentic partnerships between local stakeholders (both private and public); (3) the pursuit of social innovation (i.e. the search for new or more effective services, products, and models); (4) a participatory and empowering perspective in which all the actors are called to pool skills and resources (economic, human, and instrumental).

Coinciding with the attention of second welfare on benefitting local actors and resources through the creation of effective partnerships, another useful study was conducted by Governa and Salone (2004) about the concept of territory. These authors also recall dynamics such as the growing centrality (and ability) of the local dimension in social policies and the interest in mobilising resources external to the traditional arena of welfare systems. According to the authors these changes go hand in hand with a shift in the paradigm of territory, no more considered as a static, passive space: 'territories of a given size, delimited by administrative boundaries, appear rather as dynamic, active territorial spheres, whose shape and limits are defined in the shared action of the subjects operating in them' (Governa and Salone, 2004, p. 797). Governa and Salone (2004) adopt a conception of territory in which the geographic dimension is a necessary but not sufficient condition to delineate the boundaries of the territory itself. Therefore, the concept of territory is realized 'only if and when the mobilization of groups, interests and territorial institutions enables the local system to behave and act as a collective actor' (Ibidem). This process doesn't take place automatically, by chance, or simply by reason of physical proximity: cooperative attitudes and previous experiences play a role in facilitating it and specific attention must be directed to local stakeholders and resources. An action can properly be defined as 'territorial' only if it is shared among territorial actors and, more importantly, if it aims

to enhance and 'increase the value of territorial resources, understood in the most varied and widest way possible' (Governa and Salone, 2004, p. 815). In this way a virtuous circle is generated: a specific project exploits the resources of the territory but, at the same time, it multiplies and strengthens them.

The concepts of social innovation and territorial empowerment that characterise second welfare are finally recalled in the study conducted by Cimagalli on social cohesion (2013). The scholar recalls a definition of social cohesion taken from Jeannotte (2003, p. 3): 'the willingness of individuals to cooperate and work together at all levels of society to achieve collective goals'. According to Cimagalli this definition describes social cohesion as both the aim and the means to achieve inclusive social policies. A local dimension where different public and private actors authentically co-operate perfectly enshrines this conception of social cohesion. Moreover, the practice of social cohesion allows the expression of 'innovative ways of connection between traditionally separate fields of action' and therefore the assumption of 'original perspectives for reading social dynamics and intervention' (Cimagalli, 2013, p. 265). Thus, social cohesion may help communities to face complex social needs that often call into question different fields of intervention (even beyond the strict perimeter of traditional welfare systems).

3. Local welfare systems beyond rhetoric and simplifications

Although scholars – as well as European and national institutions – see the territorialisation of welfare systems as innovative and full of potential, they have also underlined many critical issues, disproving the rhetoric and simplifications that often characterise the discussion about welfare territorialisation. In addition to the clarifications made by Governa and Salone (2004) about the importance of coordinated action between local actors involving and increasing local resources (see § 2), many scholars and researches have pointed out that it is not enough for an action to be carried out at the local level for it to be effectively 'territorial': it needs to be supported by effective partnerships authentically involving public and private actors, especially from the

Third Sector (Cimagalli, 2013; Gasparre and Bassoli, 2020). More generally, while acknowledging the local dimension as innovative, scholars underline its ambiguity (Governa and Salone, 2004) and the risk that it is considered 'inherently good' (Purcell, 2006; Bifulco, 2016, p. 632) and spontaneously able to represent and satisfy the needs and resources of the territory.

Furthermore, the economic issue is also the subject of discussion: local intervention is not necessarily more efficient and cheaper. The two pushes described by Andreotti and Mingione (2016) – the drive to achieve more effective protection against social risks and the need to reduce public spending – often collide. Proximity is not enough to respond appropriately to people's needs: adequate economic and human resources are also needed. From this point of view the involvement of private actors cannot be a solution: the resources deployed by private actors are not comparable to those necessary for the maintenance of public services (Ferrera, 2013). At the same time the experiments carried out at the local level are not costless for public institutions: they need to be stabilised with an investment of economic and human resources so that an effective improvement in the quality of social services and policies is determined (Cibinel, 2019). Otherwise, the risk is that local projects – however innovative and participatory – exhaust their effects when the initial funding ends.

Andreotti and Mingione (2016) highlighted two other serious risks related to the local dimension: the emergence or increase of territorial inequalities and the risk of inappropriately changing priorities within social policies due to the excessive involvement of specific private actors. Although the first risk mentioned does not fall within the scope of our discussion[1], the issue of territorial differentiation must be emphasised: 'the specific local socioeconomic and cultural conditions give rise to different arrangements' (Andreotti et al., 2012, p. 1926). Therefore, local welfare systems will be all the stronger in relation to the solidity of public institutions, the

[1] Although the issue of territorial inequalities is not discussed in this paper, it is a relevant matter in Italy, where the regionalisation of social policies started in 2001 but was never accomplished (Arlotti and Sabatinelli, 2020; Pascuzzi and Marcello, 2020). As pointed out by Andreotti and Mingione (2016) setting national minimum levels and providing adequate public funding for services are two essential issues from this point of view.

presence and availability of private and Third Sector organisations, and the human capital of the territory.

Regarding the second question, the 'fragility' (Bifulco, 2016, p. 642) of the actions and projects that arise in local welfare systems must be supported by adequate actors, skills, and resources. Local welfare systems must be able to effectively 'exploit the contributions of voluntary organisations and private firms, organising these in a synergic way' (Andreotti and Mingione, 2016, p. 259). Finally, a risk is represented by the fragmentation of the interventions (Maino and Ferrera, 2019; Maino and Lodi Rizzini, 2019), which can occur when different actors work on the same territory, operating according to different logic and without coordinating their actions (Governa and Salone, 2004). A solid and competent governance will be able to limit the risks of self-referentiality and to effectively support decision-making and policy implementation processes.

4. Foundations of banking origin: a precious ally in the territorialisation of welfare

Scholars and researchers recognise the Foundations of Banking origin (FOBs) as among the most relevant players in the local welfare system in Italy. These actors have proved to have a 'comparative advantage' (Barbetta, 2013, p. 126) in fostering multi-actor networks engaged in rethinking, improving, and innovating with regard to local welfare systems.

The FOBs are private non-profit organisations which originated in Italy at the beginning of the 1990s (with the law no. 218 – July 30, 1990). This legislative intervention aimed to favour a gradual process of the privatisation of local savings banks, who were the representatives of two fundamental vocations (Bandera, 2013): the management of credit at the local level and the promotion of solidarity actions which favoured local communities. The purpose of the legislative intervention was therefore to implement a separation of economic and financial activity from that linked to solidarity. The element that distinguishes FOBs from other foundations in Italy, Europe, and the United States is precisely the peculiar path which determined their origin.

Generally, foundations derive from donations or bequests made by one or more people, or by an organisation, for the pursuit of a specific statutory purpose. The FOBs are private organisations born at the request of the legislator and called to administer private funds 'created thanks to the efforts of an entire local and sometimes national community' (Barbetta, 2008, p. 9), without a specific initial purpose. Therefore, the first decade of the FOBs' activity has been characterised by the search for a precise function and identity, for a specific role in relation to the spheres of the State and the Market and for appropriate operating procedures. The philanthropic vocation was clearly outlined and began to be the object of strategic planning only since the end of the 1990s[2].

4.1 The actions and methods of the FOBs' intervention

According to Cavaletto (2015), the action of the foundations and of the FOBs has four essential features: (1) territorial roots; (2) presence within networks; (3) the use of specific operating methods; (4) the promotion of innovative and experimental interventions.

The first aspect is in close relationship with the genesis of FOBs and with the origin of their assets: the historical link with the territory is translated into a deep knowledge of the needs and resources of the territory itself and a close relationship with local actors. This knowledge has been strengthened over the years also through a progressive professionalisation of FOBs' managers and collaborators. The link with the territory is also expressed through the composition of the governing bodies of the Foundations (to which representatives of the main local public and private institutions are always appointed). These elements ensure that FOBs are particularly suitable for promoting interventions that are able to respond to emerging local needs – or can even anticipate them – and which are precisely calibrated to the peculiarities of the territory.

The second feature of FOBs' activity is their capacity to favour or to be an active part of 'local development-oriented networks' (Cavaletto, 2015, p. 51) involving local actors. In their 30 years

[2] For an in-depth analysis of FOBs' evolution see Cibinel (2019).

of activity FOBs have been able to inspire a climate of accountability, trust, and recognition around their actions. For this reason, they are in the better position to be catalysts of ideas, skills, and economic, human, and social resources of the territory. FOBs, over the years, have increasingly been able to play this role becoming the architects of a 'reticular subsidiarity [capable of] connecting territorial, social, and economic communities' (Quadrio Curzio, 2019, p. 18).

The use of specific operating methods is the third characteristic aspect of FOBs' activity. They act according to two main modes of intervention: the grant-making approach and the operating approach. The first model consists in the transfer of economic resources from the Foundation to a third organisation which carries out the initiative; in the operating approach, Foundations are directly involved in the design and implementation of actions on the territory. The grant-making model has been broadly widespread since the first years of FOBs activity (see Cibinel, 2019), while they have opted for purely operating approaches less frequently because of organisational, structural, and competence reasons (see § 5). However, in the last 20 years, forms of hybridisation (Bandera, 2013) between the two approaches have become increasingly widespread. An example of these forms of hybridisation is the use of instrumental entities specifically set up by the Foundations to pursue particular purposes in the field of scientific research, social policies, and education. Another interesting example is the so-called 'pooled' interventions: through ordinary calls, FOBs fix specific aims, tools, methods of action, and actors while not undertaking the implementation of the initiatives. In these interventions many different local subjects may be involved in the design, implementation, and management of initiatives (also, but not exclusively, through co-financing mechanisms). The use of this instrument configures a strategic and directing role for the Foundations and, moreover, it enhances and stimulates the skills of local actors.

The promotion of innovative and experimental interventions is the last feature described by Cavaletto (2015). Italian and international literature has recognized FOBs' ability to respond in innovative ways to old and new social needs with the involvement of various players and through small experimentations with products, services, and models. In many cases these are

'demonstrative actions' (Bandera, 2013, p. 24) which, starting from the in-depth analysis of problems and needs and by the identification of clear aims and priorities, try to test possible alternatives for intervention. The various activities which are promoted and limited in time and space, are often monitored and evaluated and the results of these observations are subsequently shared with local actors. Therefore, experimental interventions can be rejected or – if they are effective – confirmed, expanded, and adopted by the local welfare system. From the outset, therefore, there must be a perspective of 'stabilisation and autonomy of the projects from the promoter / financier institution' (Cavaletto, 2015, p. 74). Thus, social innovation, characterised by experimental actions limited in time and space, assumes a transformative perspective: it produces a stable social change that lasts over time and involves all local actors.

4.2 FOBs and local welfare systems

This tendency to undertake experimental and innovative actions expresses a great potential of FOBs: to operate where the State and the Market have limited room for manoeuvre. In fact, FOBs are not subject to immediate economic profitability constraints, like firms. At the same time, FOBs are also different from public institutions for political, organisational, and economic reasons: their action is not bound to electoral consent; they have a leaner and more flexible functioning. Furthermore, they are not expected to promote stable initiatives inspired by the principle of universality. In addition, public institutions are reluctant to take on the risks caused by experimenting with innovative projects whose outcome is not certain.

However, it is essential to point out that FOBs do not simply assume this role because other players could not do it: it is precisely the characteristics of their action (see § 4.1) which put them in the condition to perform this in the best possible way. Therefore, FOB contribution represents an example of authentic subsidiarity, based not only on the re-composition of economic resources but on the 'functional specialization of the different subjects that populate welfare

systems, each of which is called to play the role for which it enjoys a «comparative advantage» compared to the others' (Barbetta, 2013, p. 126).

5. The institutional activity of the Foundations of Banking Origin

Acri – *Associazione di Fondazioni e di Casse di Risparmio Spa* (the association representing the 86 Italian FOBs) – annually publishes a document in order to report on the activity of the FOBs and to highlight developments and peculiarities in the work of these subjects. The XXV Report (Acri, 2020) was published in the autumn of 2020 and refers to data from 2019, therefore it does not take into account the effects of the pandemic. With regard to institutional activity, in 2019 the FOBs disbursed 910.6 million euros (-11.1% compared to 2018), financing 19,379 projects (-3.5%). Such a significant decrease in funding is attributable to the mechanism through which the resources used for the institutional activity are identified: they are in fact calculated based on the operating surpluses generated in the previous year, therefore 2018, was a particularly complicated year from a financial perspective for the FOBs[3].

Acri identifies different sectors of intervention for the institutional activity and, for each one, it carries out in-depth analysis in terms of disbursed resources, approved projects, and management methods. The sectors attributable to the area of welfare[4] in 2019 were allocated a total of 428.7 million euros (47.2% of the total resources disbursed) which financed 6,877 projects. Although resources for the welfare area are down compared to those established in 2018 (-1.3%), it should be emphasised that there are only two institutional sectors that grew compared to the previous year, and they are both included in the area of welfare (volunteering, philanthropy, and charity; local development).

[3] To learn more, see XXV Report's Preface (Acri, 2020).

[4] Volunteering, philanthropy, and charity; Social assistance; Public health; Family and connected values; Fund for the fight against juvenile educational poverty; Local development.

As underlined, the most recent report available does not take into account the dynamics generated by the pandemic. However, a study conducted on philanthropic foundations in the United States (Finchum-Mason et al., 2020) points out that they significantly changed their activity during the pandemic: they established funds specifically related to the pandemic and changed funding priorities. Furthermore, they changed their relationship with grantees, loosening or eliminating restrictions on current grant funding, increasing communications, and making payment schedules and reporting requirements more flexible. Therefore, it will be essential to study the consequences of the pandemic on FOBs' activity, and also to understand whether the changes determined are temporary or permanent[5].

In this paper it appears useful to deepen, in particular, the general characteristics of interventions in terms of operating methods and involvement of other actors. In 2019, the FOBs confirmed the tendency to allocate most of their resources to activities attributable to the grant-making approach, to the detriment of interventions carried out directly by the FOBs according to the operating model or through instrumental entities (see Table 1).

Table 1 – Percentage distribution of disbursements in relation to the role of the Foundation in carrying out the interventions

Type of intervention	*2018*		*2019*	
	Number of interventions	*Amount*	*Number of interventions*	*Amount*
Subsidising of works and services	94.6%	83.4%	93.6%	80.5%
Direct implementation of the Foundation	4.5%	7.3%	5.4%	9.9%
Subsidising of instrumental entities	0.9%	9.3%	1.0%	9.5%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Acri (2020).

[5] Our Observatory is currently conducting a survey on this topic. The results will feed into the *Quinto Rapporto sul secondo welfare in Italia* 2021 (the fifth report on second welfare in Italy 2021), to be published next autumn.

If the previous table identifies how the funded actions are concretely implemented, great importance must also be given to where the ideation of the interventions takes place. For this reason, the Acri Report explores the origin of funded projects distinguishing between initiatives conceived and presented by third parties, initiatives originating internally at the foundations and projects initiated in response to a call emanating from them. In this sense, the tendency to allocate more resources to projects submitted by third parties is confirmed. However, it should be noted that although the initiatives of internal origin represent a small percentage of the projects realised in 2019 (9.1%), they could count on a substantial amount: 22.6% of the resources disbursed (see Table 2).

Table 2 – Percentage distribution of disbursements in relation to the origin of the projects.

Type of intervention	*2018*		*2019*	
	Number of interventions	*Amount*	*Number of interventions*	*Amount*
Projects and applications submitted by third parties	51.6%	42.2%	52.2%	44.9%
Disbursements resulting from calls	39.8%	35.0%	38.7%	32.5%
Projects originating from within the Foundation	8.6%	22.8%	9.1%	22.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Acri (2020).

The involvement of third parties is essential for the strategic action of FOBs. The Acri Report also detects this data through the registration of 'pooled interventions', designed and implemented with the participation of other local subjects. These interventions are confirmed as being residual with respect to the activity of FOBs. However, it should be emphasised that the economic commitment is significantly higher, in percentage, than the number of initiatives carried out (see Table 3).

Table 3 – Percentage distribution of disbursements in relation to the involvement of other donors.

Type of intervention	2018		2019	
	Number of interventions	Amount	Number of interventions	Amount
Disbursements without the involvement of other donors	96.7%	83.9%	96.1%	86.7%
Pooled disbursements	3.3%	16.1%	3.9%	13.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Acri (2020).

6. FOBs and permanent social change

Since the 2008 global financial crisis, local public administrations have struggled more and more to ensure the extension and stabilisation of social innovation processes stimulated by FOBs (see Cavaletto, 2015). In this way, social innovation is not followed by the promotion of stable and permanent social change, which is able to redefine actors, roles, and the services of the local welfare system (see Whitman, 2008). Moreover, this risk is underlined more generally in the territorialisation of social policies, especially in relation to the involvement of private actors (see § 3). Scholars and practitioners of philanthropy are increasingly aware of the need to abandon the exclusively experimental approach to social innovation, and to move towards a broader perspective of social change. However, reflection on social change does not arise from a simple question of necessity: FOBs operate in ways and with characteristics that confer on them a particularly advantageous position in order to promote social change (and not just temporary innovation, as described in § 4.1). According to Mendel and Brudney (2014, pp. 25-26) philanthropic organisations implement change in the field of the public good through (at least) three different channels: the achievement of their own mission; the creation of 'third spaces' in which public–private partnerships can be born, develop, and operate; and the expert accompaniment of these partnerships.

Achieving their mission represents a first tool of social change for FOBs: financing projects and initiatives in the social field help to create the premises for social change. This happens not so much (and not only) thanks to the individual projects being implemented, but since they – as a whole – stimulate the creation of social capital in the area, strengthen ties within the community, and foster the relationships of trust that make up the very fabric of civil society.

FOBs promote social change also through the creation of 'third spaces' that make collaborations possible between the various local public and private actors. In the constitution of territorial partnerships FOBs create and guide spaces – understood not only as physical places – which provide the 'frame' within which different subjects can meet with the purpose of collaborating and not competing. These spaces are perceived as 'third spaces' with respect to one's own organisation, thus public bodies, firms, and Third Sector players can find time and ways to imagine, design, experiment, and implement new approaches and interventions.

The third way in which FOBs promote social change is the accompaniment they play right inside these 'third spaces': they not only provide an institutional space within which public–private partnerships can meet freely, but offer professional support so that these collaborations can be successful. The Foundations, being themselves 'third parties' and independent, can overcome organisational and institutional dynamics and obstacles that hamper other actors involved. Through this role of being 'bridge builders' (Anheier, 2018, p. 1597), philanthropic institutions ensure that third spaces become places capable of nurturing the collaborative processes that take place within them.

6.1 Challenges and conditions for social change

Under what conditions can FOBs therefore act from the perspective of social change? If some ideas can be detected in the field of philanthropy by the very concept of social change (see § 6), other aspects can instead be grasped from the main criticisms levelled at the 'protagonism' of FOBs in the development of public policies.

A first element emerges from the considerations contained in the previous paragraph: FOBs, pursuing their mission, must increasingly orient themselves towards intervention methods aimed at supporting strategic objectives. Therefore, a first discernment must take place on the objectives underlying the choices in terms of financing and implementation of projects: FOBs should primarily support initiatives that aim at systemic objectives clearly oriented to promote long-lasting change in their territory. In this sense, the duration of the interventions takes on strategic importance: long-lasting change requires a significant investment of time in identifying the lines to follow, in experimenting, and in setting up initiatives. The implementation of multi-year interventions implies a continuous and progressive adaptation dictated by the changing conditions and actors over time. Goals strategically directed to achieving social change must therefore be pursued through appropriate tools. As pointed out by Mendel and Brudney (2014) philanthropic organisations can foster social change not only by financing projects, but also by playing the role of promoters and companions of 'third spaces' where all local stakeholders can co-plan and coordinate actions and projects, also in order to overcome the fragmentation of the interventions (see § 3). In this sense – Mendel and Brudney still point out – it is also necessary to encourage a shift in the concept of accountability within foundations: it is important that they equip themselves with measurement and evaluation tools that do not report only on the numerical data of expenditure and interventions carried out. Reports should instead focus on operational methods and objectives that characterise the projects financed.

However, a second element can be found in one of the criticisms often levelled towards FOBs: the risk of self-referentiality. Several observers report the possibility that foundations, although animated by good intentions, may take decisions based on a lack of knowledge of the complex policy issues they intend to address (see Reich, 2016; Anheier, 2018). Therefore, it is essential that FOBs can count on experienced professionals (both internal and external to their organisation) and that they increasingly operate on the basis of solid theoretical and empirical references. The interventions must be based on an in-depth analysis that differs from those already envisaged in the field of social innovation experimentation. This analysis should be fully

oriented towards the implementation of new large-scale strategies or at least aimed at identifying conditions that may foster the extension and stabilisation of the proposed model.

The third and final condition for the FOBs to help implement social change is related to the main challenge they face when they operate as co-promoters of social policies: legitimation. Many scholars have underlined the risk that philanthropic organisations may enjoy an excessive influence in the field of public policies (Rogers, 2015), free from the democratic control exercised by voters for public administrators (Reich, 2016). Several observers have subsequently highlighted the risk of the foundations being bearers of private visions of the public good (Rey-Garcia, 2019) by operating according to a paternalistic logic towards beneficiaries, public administrations, and Third Sector entities or – at worst – acting in bad faith (Anheier, 2018). Therefore, FOBs have to account for their actions not only from a strictly 'procedural' point of view (respecting constraints and rules established by law); FOBs must ensure that this legitimation is accompanied by a recognition of authority. In other words, it is necessary that the work of these institutions is not only correct from a formal point of view but is perceived as 'right' and shareable by local actors and citizens (see Heydemann and Toepler, 2006, p. 19). The answer to this legitimation challenge – and also, in part, to the risk of self-referentiality – is the expansion of participation to all possible interlocutors and the use of bottom-up approaches involving local stakeholders in decision-making and implementation processes of the initiatives promoted by FOBs. In this sense, the so-called 'pooled interventions' are of particular interest – although they are currently a minimal part of the action of the FOBs (see § 5) – since they represent a concrete opportunity for the realisation of actions shared between all local subjects.

The three identified 'conditions for social change' can be summarised in the analytical framework shown in Table 4.

Table 4 – Obstacles and conditions for the promotion of social change by FOBs: an analytical framework.

Challenge/ obstacle	*Condition for social change*	*Approaches and tools required*
Achievement of the mission and methods of intervention	Strategic action	• Identification of strategic, systemic and change-oriented objectives; • Support for multi-year interventions; • Choice of appropriate financing and intervention instruments; • Promotion and accompaniment of public-private partnerships; • Evolution of the concept of accountability: measurement and evaluation of interventions in the light of the concept of social change.
Self-referentiality	Evidence-based action	• Involvement of experienced professionals (internal or external to the organization); • Solid theoretical references; • Implementation of empirical surveys aimed at stabilising the experimental interventions.
Legitimation	Shared action	• Bottom-up approaches; • Expansion of participation; • Involvement of all stakeholders in the decision-making and implementation processes of the interventions (co-planning and co-production of the initiatives).

Source: developed by the author.

7. A case study: The Observatory for the social needs of the territory of Biella

Although quantitative data are not yet available on how the pandemic has changed the action of FOBs, it is possible to conduct in-depth observations on individual projects carried out precisely in relation to the pandemic. The following section is dedicated to the discussion of a project promoted by the *Cassa di Risparmio di Biella Foundation* (the CRB, an FOB operating in the northern province of Biella in Piedmont) in collaboration with the Observatory of Second Welfare.

The project originated with a patient examination of the needs expressed by the actors of the territory, through a commission specifically set up by the CRB Foundation following the pandemic: the exchange with local actors has brought out the importance and the need to have tools and moments to constantly read the needs of the territory. Hence, the idea emerged for the

creation of an Observatory of the main demographic, social, and economic dimensions of the area.

The Observatory of Second Welfare was involved in this discussion by the CRB Foundation and proposed a project strongly inspired by reflection on social change (see § 6.1). The path for the creation of the local Observatory has two key principles: the protagonism of local actors and consistency with the 2030 Agenda. As regards the first aspect, the Observatory has been conceived in such a way as to provide constant opportunities for meetings between all public and private stakeholders. Furthermore, we decided to concentrate research activities in order to enhance the data already collected by local authorities, but not adequately shared so far. In this sense, we mapped the information collected by municipalities, the local social and public health services, and the public schools office. We also involved actors from the Third Sector (such as cooperatives, parish volunteer groups, etc.), employers' organizations and unions, and the Chamber of Commerce. Particular attention was also paid to the data that European, national, and regional statistical and research institutes collect and make available at the provincial level. The other principle of the Observatory is represented by adherence to the Sustainable Development Goals (SDGs) contained in the United Nations 2030 Agenda. The work of the Observatory has therefore adopted the vision of the future that is embedded in the document: a future that could and should be sustainable from an environmental, social, and economic point of view.

7.1 Building the Observatory with the help of local stakeholders: the survey

At the beginning of 2021, after a series of introductory meetings, the Observatory started the research and survey work. Starting from a list of possible indicators compiled by the Observatory of Second Welfare, local actors were involved in participatory workshops aimed at soliciting possible ideas, objectives, and indicators (already locally collected). The list – divided up by Goals – was enriched and developed during about ten thematic meetings with open participation held

in March. Each meeting was dedicated to a single SDG or to thematic groupings of SDGs and was intended to involve the most significant parties with respect to the issues addressed. Following about 20 hours of meetings, we were able to collect more than 450 possible indicators, each complete with the main characteristics such as the source of the data, the timing of the survey, and the presence of specific variables.

The month of April was dedicated to the selection of indicators to be included in the Observatory's Annual Report. This document will represent the main instrument for observing the territory: a document which, while being accessible and easy to consult, aims to offer an articulate reading of the local context by collecting the same indicators from year to year. The indicators were selected on the basis of a series of criteria: relevance and rigour of the collected data, provincial territorial coverage, annual surveys and those which are as recent as possible, completeness of the data, and – where fragmentation is inherently present because of a lack of data – differentiation of data sources (local and national authorities, private and public organisations, etc.).

Through this complex process of compilation and analysis it was possible to identify about 160 indicators that best describe, in line with the Sustainable Development Goals, the local context of Biella and the social needs of its residents. The selection of indicators was subjected to a verification by the actors in the territory and through an online questionnaire the members of the Observatory were able to suggest changes, raise doubts, and share reflections. This phase ended at the end of May, while a final review was launched in June based on the suggestions received through the questionnaires. The actual survey phase will take place between July and September. The Observatory's first Annual Report will be published in autumn 2021.

7.2 Some reflections on the path taken so far

The path that led to the selection of the indicators brought out the substantial wealth of data already existing in the province of Biella. The work carried out by the Observatory up to now has

great value from a scientific point of view, as it provides valuable information on the availability of data at the provincial level in Italy. The work also benefits the Biella area, and the aim is to expand the Observatory's survey, while conducting analyses on specific issues and planning specific projects on the basis of reliable data. Therefore, in the coming months the Observatory will think about the most appropriate channels to share with the whole territory, not only the Annual Report (with its 160 indicators), but also the database which has been built thanks to the commitment of all local actors (and which contains more than 450 potential indicators).

In addition to the Annual Report and the database of local indicators, a third concrete result of the work of the Observatory is a specific annual qualitative-quantitative analysis. This research will enrich the Report, integrating it with additional indicators and other surveys relating to a specific theme that will be identified by local actors from year to year. The idea is to reconcile the wide time horizon of the Report's indicators – a selection that will remain unchanged over the years, to allow comparison – with the need to investigate specific dynamics and themes that will emerge in the future. For this reason, the Observatory will identify as the theme of the annual focus an issue of particular urgency and relevance (for example, because it refers to a problem that has arisen or worsened, or because some entities show a willingness to work on it with specific projects, etc.). The annual analysis may use some indicators excluded from the Observatory Report (because they were considered too specific, incomplete, or not sufficiently up to date) and will be able to rely on specific surveys conducted by research institutions (for example, our Observatory will carry out this work in the first two years of activity).

To decide on the first focus, the thematic meetings conducted in March on single and grouped SDGs also concentrated on identifying urgent problems and issues. In the light of the dialogue with local actors, the Observatory has identified the condition of women between employment and work–life balance as the in-depth topic for 2021.

The Observatory of Second Welfare will accompany the Biella area in the first year of the project (autumn 2020 – autumn 2021) by writing the first Annual Report and carrying out the annual in-depth analysis. We will also continue to support the initiative in 2022, when the Observatory will

already be able to operate independently, so that the project can strengthen and become an effective reality, affirmed and recognised by all the actors of the territory.

7.3 The Observatory for the social needs of Biella: towards social change?

The experimental project of the Observatory represents an interesting example of how FOBs can promote stable social changes from the perspective of the territorialisation of social policies.

The three 'conditions for social change' referred to in § 6.1 (see Table 4) describe FOBs' actions as strategic, evidence-based, and shared. Regarding the first aspect, the Observatory is characterised by a strategic perspective that has influenced its design and will influence its future development: since the beginning the project has been thought of as a new permanent tool to understand better local needs and dynamics. Moreover, the Observatory's work is closely linked to new future initiatives, which will be able to rely on solid data. It is also interesting to underline the choice of intervention and financing instruments: although the CRB Foundation will bear the living costs of the Observatory (organisational costs, data collection, graphic design, and publication of the Annual Report), the whole local context is called upon to contribute through the census and transmission of the data collected by single organisations. This collaboration between stakeholders calls into question a last interesting aspect from a strategic point of view: the CRB Foundation, to achieve the objectives of the Observatory, has promoted a public–private partnership, providing it with a 'third space' for meeting and qualified accompaniment (offered by the Foundation itself and an external research institution).

The design of the research also brings out the attention to carry out an evidence-based action: as described, the CRB Foundation has relied on an external research institution (the Observatory of Second Welfare) which in recent years has conducted numerous research studieses in the field of philanthropy and has set up the work of the Observatory by anchoring it to solid theoretical references. Moreover, the Foundation itself guarantees expert support from an organizational, administrative and legal point of view (in the matter of data transmission, for example).

As for the promotion of shared actions – the last element that should distinguish the work of FOBs in the field of social change – the Observatory represents a project deeply rooted in the local context: it was requested by the territory itself and was set up to allow the participation of all possible institutions (through co-optation mechanisms but also through press campaigns in the main local newspapers). Also, the planning and implementation phases see the essential involvement of local actors: thanks to an external scientific support, they have chosen the most relevant indicators and will be directly involved in the data collection. Finally, local actors will be asked to imagine projects and interventions that could arise from the work of the Observatory.

The adherence of the project described to the analytical framework of FOBs and social change is summarized in table 5.

Table 5 – Features of the Observatory for the social needs of Biella and social change.

Condition for social change	*Approaches and tools required*	*Features of the Observatory for the social needs of Biella*
Strategic action	• Identification of strategic, systemic and change-oriented objectives; • Support for multi-year interventions; • Choice of appropriate financing and intervention instruments; • Promotion and accompaniment of public-private partnerships; • Evolution of the concept of accountability: measurement and evaluation of interventions in the light of the concept of social change.	• Strategic, systemic and change-oriented objectives; • A link with other projects to be implemented in the area is foreseen from the outset; • Multi-year intervention; • Choice of appropriate financing and intervention instruments; • Promotion and accompaniment of a public-private partnership.
Evidence-based action	• Involvement of experienced professionals (internal or external to the organisation); • Solid theoretical references; • Implementation of empirical surveys aimed at stabilising the experimental interventions.	• Involvement of experienced professionals (internal and external to the organisation); • Solid theoretical references.
Shared action	• Bottom-up approaches; • Expansion of participation; • Involvement of all stakeholders in the decision-making and implementation	• Bottom-up approach; • Expansion of participation through specific mechanisms; • Involvement of all stakeholders in the decision-making and implementation

	processes of the interventions (co-planning and co-production of the initiatives).	processes of the intervention (co-planning and co-production of the initiatives).

Source: developed by the author.

8. Conclusions: social change, FOBs, and local welfare systems

In addition to what is reported in the analytical framework (Table 5), the project described in this paper represents an interesting example of how FOBs can support effective renewal processes of local welfare systems. The Observatory is a project that has specific characteristics (in particular those highlighted in § 7.3) intrinsically linked to the action of the FOBs, although the data illustrated (see § 5) show that projects of this kind are still very few in the overall panorama of FOBs' institutional activity.

The Observatory project represents a response to many limits underlined by scholars in the field of the territorialisation of social policies: difficulties in effectively involving local actors, poor ability to read local needs, fragmentation of interventions, and the presence of impromptu experiments. The Observatory is proposed as a basis for a precise and constant reading of the territory and its needs, in order to favour a more reliable design for future interventions. Moreover, the structure of the Observatory itself represents an opportunity for participation, collaboration, and coordination between local stakeholders. Finally, the involvement of actors of a different nature also facilitates the realisation of the concept of 'social cohesion' (Cimagalli, 2013), favouring the transversal and multidisciplinary reading of the social and economic dynamics of the territory (see § 2). This multidisciplinary vision is reinforced by the adoption of the UN 2030 Agenda as the compass of the Observatory.

The Observatory project, although designed by the Observatory of Second Welfare and funded by the CRB Foundation, represents an initiative deeply shared with local actors. In this sense, as previously described (§ 7.3), the project also represents the opportunity for the territory to develop attitudes to cooperation and to transform the local context into a dynamic and active

territory (see § 2). It is an excellent example of how properly 'territorial' actions (see Governa and Salone, 2004) exploit and strengthen local resources at the same time.

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