



Your Excellency the Minister Miguel Poiars

Your Reverence Dom Rino Passigato

Your Reverence Dom Gianpietro Dal Toso

Embassadors

Distinguished guests

Friends, many of you, who came here today to listen and participate in the first debate on Civic Economy organized by the Platform for Sustainable Growth, of which I am a member and an active friend since day one, and the Young Foundation, of whom I am a friend for not as long, that is responsible for the fact that we are able to talk and address this concept in our country, this innovative model of community that is the Civic Economy.

Firstly, I would like to thank Eng. Carlos Pimenta and all the Management of the Platform for Sustainable Growth, especially my dear friend Carlos Costa Neves, the trust that was put in this initiative, this model, this Movement, as a valid challenge and extraordinarily appropriate in the current national and European context and thus shown to the Portuguese society so it can be discussed and, eventually vote it, assume it and participate in its construction.

I also would like to very much thank Simon Willis, Filippo Addarii, Indy Johar and Sara Piteira.

I met them first of all in the papers, the many papers I read on social innovation, two years ago, when I was invited to lead the Department of Social Entrepreneurship. I met them personally then, in London, in one of my many trips to the lands of the existing scientific knowledge and practical experience on social innovation, a step that is absolutely indispensable when we have the responsibility to start whatever new project we have been mandated to develop that is focused on the life



conditions of human beings. I asked for help and they generously and thoroughly transferred to me the knowledge, the experience and, more important than that, the passion and courage to go ahead with disruptive social innovation, a risk but also a need, when we are dealing with the present social and economic problems, needs and challenges of the Portuguese people.

I want to publicly thank my team of the Santa Casa. I have the most tangible proof that the most rewarding investment ever is the one made in human beings, independently of their knowledge or experience, professional or academic background. Miracles can be achieved if we believe, support and cherish a human being and give him or her the space, the tools and the energy to achieve his or her dreams. I am very thankful to them because we built and shared, together, a dream and were able to testify that this dream was shared by others, our partners, our tutors, our entrepreneurs, citizens. They all are the reason why I firmly believe that it is possible, though difficult, to achieve one's dreams. And if that dream is finding a way out of the crisis that surrounds us and depresses us, the starting point and the right path is to believe, to cherish, to invest in our people and give them the right tools, the right environment, the right support to achieve their dreams.

Finally, I would also like to sincerely thank the Santa Casa Misericórdia de Lisboa, for the immense opportunity that was given to me of building this dream as well as the conditions and means to define it, test it and implement it; and therefore for being here to talk to you about this concept, the model, supported on a real experience, tangible and credible.

The Civic Economy, as a social, economic and civic model for living together and collective development that I am introducing, was born from the combination between the knowledge and the experience acquired in the course of these 2 years and the conclusions drawn from the social experimentation carried out in the incubator that BIS (Social and Innovation Bank) has been to me.



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I understand and accept without any reservations that honestly it is time to assume (in one way or the other and starting from different bases) the true challenge that emanated from the BIS and that is based on the need to approach, treat and resolve the problems and needs that the Portuguese society is systematically facing; sustained by an economic and social development model and sense of community, participative and collaborative, transversal across the society, having as primary instrument the investment of social nature, and in the collective impact the way of returning the whole to the society that created it.

Yesterday, after speaking with a journalist that showed interest on this debate, I helped her admit that this is a complex concept and still difficult to get the whole picture. It is especially difficult for those who are not totally receptive to open to other ways of looking at the society and create new ways of social and economic organization. It is not just the details that are different from the usual ones but also the way the model operates in the field, in the current community setting, in the current institutional setting, in the existing economic and social routine, in the daily life of each one of us.

I had to face several times the astonishment of the entrepreneurs, tutors and even of my own team when subjects of reflection and action were proposed that fill in the gaps left void by the existing economic and social model. These subjects force to change the perspective from which we look at and understand the concepts that are common, taken for granted, integrated and, who knows, even worn-out by its improper use or underuse.

It is also true that most of the times when we had this exchange of ideas, it ended almost always with the same exclamation of surprise we do when we face the unknown; the unknown that in the end is nothing else but a good and old forever friend that was always there and that all of sudden takes a different meaning in our life.

However, and despite the fact that the concepts and the economic and social models that serve as a base to the Civic Economy are supported in



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notions and experiences known already, the truth is that it demands that we make use of these concepts, make them available in the field, acquire knowledge, build an institutional foundation, develop financial instruments, build a community, give a context and a meaning to the citizens' participation different from what we are used to - innovative when compared to the existing ones.

The citizen is the centre of the Civic Economy. All of us. Each of one of us. We are all of us and individually the starting engines of the model; with our personal, family and social situation, our cultural, academic, professional, institutional background in the Community.

Thinking of the Citizen and its absolute right to well-being, the Welfare State was born, in the post-war era, ensuring through public systems, and more recently public-private – be it health, social services and social protection, education – its universality. In the time it was created, it was considered a social innovation as it provided an innovative, sustainable and efficient answer to a social need and a structural injustice, which derive from the reserves of those who had better income to the access to rights that were inherent to the human being.

This Welfare State was based on a perfect logic. The State would provide constitutional dignity to an ensemble of rights, considering those fundamental, and the taxes paid would finance it without interference of political changes, or any economic tendency in trend, impermeable to the market economy.

That was our social contract. The State would guarantee, we would pay, the system, with more or less quality, would work.

I will not enumerate the endogenous and exogenous factors that challenged the system: first, destabilized it, then drove it to rupture, as we now see. A deadly decline of the population, the endemic stagnation of the economy, the exponential increase of costs, all costs and the rupture of the financing model, the sudden transparency of the inefficiencies, the refinement of the demands, the complexity of social situations. There are



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many and varied factors that force us to find a solution to the way we should carry on ensuring the fundamental rights we are entitled to and aspire as human beings while a society and community.

There cannot be a regression in these fundamental rights. No society can wish to regress in the social achievements reached by previous generations. I want that my children to count on my solidarity as I could count on the solidarity of my parents.

Therefore, finding a solution is imperative; and a solution that is limited to a more efficient production of goods and public services alone does not work. The solution lies neither in management improvement nor in pure privatization. On the contrary, the fundamental nature of the rights in question stands out and, thus, the ownership of the Community so that its general interest (a notion that fell into disuse) is ensured.

To this analysis one must add the existing answer that is ensured by the so called third sector, or social economy, that under the aegis of the State and with the majority of the financing by the State ensured many of the answers that our Welfare State provides today. Unfortunately, the social economy does not generate enough own revenue to, under current conditions, be able to stand as a true alternative to the dichotomy public-private.

Hence, we are before a deadlock. The fundamental nature of the rights in question demands of the State to continue guaranteeing that the production of goods and services is based on ensuring the general interest; but how?

Facing this dead-end, Europe and Portugal embarked in the gradual reduction of the goods and public services costs accompanied by the increase, at all cost, of the productivity of the work factor.

In Portugal this formula was not able to stimulate the economy. All insist in saying that the solution is in investment. That is correct. But where could one search investment in a decapitalized country? How to boost resources needed for investment and to guarantee economic growth?



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The civic economy model proposes a path, not a closed solution. As I said earlier - looking at the same reality but from a new perspective - it is a question of understanding and treating expenditures for public goods and services as an investment and not as a cost. Let alone as non-repayable funding or cost, as it is commonly called. It is not.

If the State is considering building a health center in a particular location, if the municipality has in place a senior home care service, if a particular school is to be kept going, if care and protection for women victims of violence is to be improved... before doing so, the State has the obligation to determine first which impact is to be achieved and at which cost. And, above all, the State must think that this "funding" has necessarily to generate efficiencies and savings that can again be re-injected into the system and generate new efficiencies and savings and so on and so on.

Following this perspective, the State has always invested in the providing for public goods. But not with that view, and much less with that concern. This system worked, as I mentioned earlier. Taxes, as a sufficient resource, fed the system and the State ad eternum and we all laid back in comfort.

We propose things not to be like that. We propose that the State adopts the view that considers the "reproductive", "impacting" aspect of expenditures when producing public goods and services.

But beware: this is not a mere change of perspective; not even a question of simply being more efficient in managing resources. This view implies re-evaluating and re-organizing the principle of the production chain of public goods. Also, it does not simply translate in the creation of financial and legal instruments to operationalize this view.

The change is systemic. Because, if the State adopts this view, how can it ensure that return? Who, in the field, be it the public economy, the social economy or the private economy, is able to ensure, on the one hand, the careful prosecution of the public interest, the production and achievement of a particular impact, (assuming it to be better than what existed already), and on the other hand, the return of that investment to the State



and, therefore, to the Community?

And this is not the only issue that we are facing. Other arise immediately after, which are no less difficult to answer. How to calculate exactly the value of that good or service? How to calculate the impact? What knowledge do we need? What tools do we have? How do we organize ourselves?

And other – many - issues that need to be envisaged, analyzed, structured and answered, not individually but in dependence of the preceding. This makes us think that the new civic economy needs a context where its many realities and assumptions are pondered interdependently. A new ecosystem.

In the first place, an ecosystem of proximity. Because public goods and services, although universal, should be molded according to the needs of the people and the communities they are associated to. Only then can we ensure that the goods and services attain the desired impact. And not just the specific impact you want to achieve with that particular good or service, but the overall impact it may have upstream or downstream throughout the local Community. It is also a guarantee of efficiency. Contemplated in the context of proximity, the good or service can be adjusted also to local economic conditions, taking into account the different situations and assumptions.

Secondly, the civic economy presupposes knowledge. New knowledge, aggregated from various scientific subjects, that demands from our Universities a greater involvement to find the most appropriate responses to the needs, problems and societal challenges, the most scientifically advanced and innovative ones. Universities shall not limit themselves simply to being an “educator”, to prepare our young people for their life or to invest in accumulated knowledge that is interchanged within the walls of the scientific community. We must look at these institutions, which have in our society par excellence the role of generating knowledge, as a contributor to the development of social responses of higher quality, greater efficiency, higher profitability and greater impact, through



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research, new interdisciplinary studies and the promotion of innovation and entrepreneurship.

Thirdly, the civic economy calls for all social economy and social entrepreneurs to organize and re-organize so that their effort and commitment to the common good can renew itself permanently. This requires that we all invest in the social economy with the means that best suit its reality and the role it plays in the community. For this, the ecosystem must provide the knowledge, skills, financial resources, networks and space that allow together and complementarily to build solutions; solutions, which enable to contribute more substantially to the local development, the national economy and the welfare of the Community.

Fourth, the civic economy presupposes the existence of a set of financial instruments that can be fitted and adapted to the production of goods and services that have social impact. There are numerous experiences that have reached a maturity level that allows us to conclude its suitability as an instrument capable of encouraging the new civic economy. These are funds that impact through investments aiming primarily at creating social, environmental and financial value, which, once identified, shall be reinvested back into the Community to compensate those who invested. But these instruments will not be sufficient to meet the needs and demands of the civic economy in our country, where capitalization is badly needed. A financial institution is required; one that is capable of attracting capital and credit and providing it to this economy, tailored to its needs, which are often small but vital to bring forward projects of social value for the community.

Fifthly, this Civic Economy, built from the local communities, is interwoven with the action of the State, as the latter should provide the most suitable political, economic and legal framework: two movements that converge in the middle and therefore complement and need each other. Within the current EU financial framework, the Portuguese Government announced the creation of a Social Innovation Fund that will provide adequate



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financial resources for investment in this new economy, so we believe. However, let us not be mistaken. It is vital to build the ecosystem of knowledge, empowerment, participation and value creation. Without it, the investment will be lost and we will be facing yet another lost opportunity, so often the cause for regrets and our collective setbacks in the past.

Finally, and here I close where I started: the new civic economy is based on different ways of active citizenship. We are all responsible; we are all stakeholders, investors and entrepreneurs of our wellbeing. We all have to play a role, according to our personal and professional circumstances, in the definition of the best public responses, in the creation of social value. A new State/Citizen relationship is possible provided the latter is given space and meaning to cooperate in defining and producing the common good. Every citizen has a notion of what general interest is and no one can arrogate to be the only one, ultimately not even the State. It is the responsibility of all, of the collectivity. And it is this vision - putting the citizen as the architect of common interest and its operationalization through active participation in the design and production of the common good by the citizenship – that sustains the premisses of the Civic Economy.

The best definition is one that reflects itself in a plural mesh of entities and persons that are organized in a Community as an ecosystem of knowledge and capital, which start from their different circumstances, knowledge and experience to contribute with their creativity, ingenuity and art for the production of the common good, defined in a participative and comprehensive manner and funded intelligently and productively.

We can do this. The experience of the last two years clearly tells me that this is the way forward, this is what people expect, and this is what the institutions seek. From north to south I found willingness to work together, in innovative and informal ways, awareness that it was no longer possible for anyone to work disconnectedly and without this vision of cross and participative management of the common good. In Fundão, Gouveia, Gondomar, Maia, Gaia, Matosinhos, Porto, Vila Real, Belmonte,



Algarve, Lisbon. All I saw was the vision, the openness and the willingness to make first steps towards this citizenship based economy, embedded in a network, productive and focused on social value. Our human capital is our capital of hope. All we need to do is to get down to work, get organized, trust each other, work in a network, share the knowledge, do better, do it together, with the participation of all. We are all called; we all we have to say “here I am and I take responsibility today to build the future for our children”. There is not much time. We don’t have much time and we cannot waste it. And, we are not alone. As far as I could see, our country can be an example to others who also seek new forms of productive coexistence, new development models, new ways of ensuring the collective wellbeing.

We have accepted the challenge. We are already building the partnerships, knowledge, capital, a movement of citizens. We are launching today a public debate on the strategy. We don’t have all the answers nor are we in the possession of all the tools nor is this the right way to build the Civic Economy. Both tools and answers are to be collectively built, step by step, by everyone. By all of us.

I thank you all for your generosity, patience and interest. The strategy in its broad lines is on the table. Now, it’s your turn.

Thank you very much.