

The UN 2030 Agenda and Social and Solidarity Economy: toward a structural change?

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Abstract. *This paper was initially made public on the SSE Knowledge Hub for the SDGs in the form of a draft paper developed for UNTFSSSE Call for Papers 2018 on "Implementing the Sustainable Development Goals: What Role for Social and Solidarity Economy?". The research illustrates the role of the Social and Solidarity Economy (SSE) in narrowing territorial, economic, and social imbalances while fostering resilience, economic growth, and sustainable innovation. Indeed, in a territorial framework characterized by spatial inequalities, the market economy and the public sector might supply an inadequate level of goods and services in socially and/or physically remote places due to insufficient demand and higher distance costs. Within such a scenario, SSE institutions might have a comparative advantage with respect to other institutions in addressing instances and needs of peripheral territories and marginalized actors. Therefore, a potential "institutional gap" shows up, i.e., relative underdevelopment of SSE institutions, and a lack of clear acknowledgment of the SSE aims and scopes within a broader institutional picture. A major finding is that when solidarity and social actions can foster the implementation of the SDGs, closer cooperation with other private and public institutions might foster mutual institutional recognition, while the observed distortions should be punctually assessed and corrected through appropriate policies. Based on these premises, five scenarios are illustrated, and policy recommendations are drawn.*

Keywords: Sustainable Development Goals, Social and solidarity economy, Territorial and social inequalities

JEL Codes: L31, Q01, R11

1. Introduction

This article was initially published on the SSE Knowledge Hub for the SDGs in the form of a draft paper (Salustri, 2019) developed in response to UNTFSSSE Call for Papers 2018 "Implementing the Sustainable Development Goals: What Role for Social and Solidarity Economy?"¹. The article illustrates how SSE institutions often have comparative advantages with respect to other institutional forms (local and central public administrations, market enterprises, financial intermediaries...) in minimizing trade-offs among the multiple dimensions of sustainable development and in promoting integrated approaches. This is due to the SSE's partially informal nature and to proximity to peoples' ethics and territorial needs, especially when considering peripheral settings where spatial inequalities and distance costs (Salustri, Viganò, 2017) might limit or distort the activities of market and public entities. However, the effectiveness of the SSE might vary over time and space according to the historical background, the local territorial and social scenario, the actors and the institutions involved, and to the technologies adopted. As an example, while market enterprises and public bodies might foster the implementation of the SDGs through the involvement of SSE institutions, biased

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incentives might also contribute to worsen information asymmetries and generate an adverse selection. On the other hand, individuals and households might have incentives in fostering SSE institutions that might be revealed as misaligned with the common interest, generating forms of instrumentalization (Utting, 2018) of solidarity and mutualistic behaviors. Finally, infrequent or isolated social and solidarity initiatives are usually of scarce relevance when compared with the scale at which the SDGs should be implemented, therefore replication and scaling up of successful initiatives in other local settings are crucial to achieving effectiveness. However, the latter might induce some sort of isomorphism (*ibidem*), unintentionally raising cognitive biases that might decrease the proximity of SSE initiatives to the territorial and social fringes.

Without neglecting the existence of "solidarity and social failures," this paper aims at illustrating the theoretical optimality of the SSE in addressing instances and needs of peripheral actors. Specifically, this research addresses a potential "institutional gap," i.e., relative underdevelopment of SSE institutions and lack of clear acknowledgment of the SSE aims and scopes within the broader institutional picture. The debate on sustainable development has so far had mainly a global reach, and its multilevel, multidimensional and pluralistic nature has been advocated since its origins². While at the global scale and theoretical level policymakers have achieved a clear comprehension of what sustainable development means and what tools to use to achieve it, at the national scale, several successful experiences have shown that much has been done, but also that private initiatives and public effort should be intensified. Also, considering the importance of Local Agenda 21 (LA21) and other initiatives mostly related to urban and territorial sustainability, the theoretical picture still lacks clarity at the local scale, and only a few relevant cases can be recognized when compared to the global scale of implementation of the SDGs.

While focusing on the local settings and advocating more qualitative approaches, most of the issues discussed in this paper come from a theoretical approach that reconsiders the SSE within a model-based framework of analysis with the aim of identifying the existence of an optimal space for implementing social and solidarity actions (Salustri and Viganò, 2017). It becomes evident that a model-based approach fostering sustainable development should not exclude the humanitarian, social, and political issues of democracy expressed within SSE institutions by implicitly focusing only on eco-efficiency and innovation. Furthermore, a model-based approach enables an in-depth analysis of people's motivations to participate in the SSE and the role that the latter might have in fostering the implementation of the SDGs within a complex institutional framework. Finally, theoretical tools might help to reveal the rationale lying behind the distortions in the effectiveness of the SSE related to episodes of isomorphism and instrumentalization (Utting, 2018), allowing the implementation of sound policy recommendations in support of policy action.

Based on these premises, the issues discussed in this paper mainly focus on Goal 8 (specifically on how SSE institutions might contribute to achieving economic development and decent work), but they are broadly related to the whole implementation of the 2030 Agenda as well. As an example, the research focuses also on reducing inequalities within and among countries (Goal 10), on promoting peaceful and inclusive societies and accountable institutions at all levels (Goal 16), and on creating partnerships between governments, the private sector and the civil society to implement the 2030 Agenda (Goal 17). Indeed, the SDGs are deeply intertwined, and SSE institutions might play a crucial role in identifying and fostering new connections among the multiple dimensions of sustainable development by offering a fresh perspective on their interaction in local (social and territorial) settings. While keeping in mind this general structure, it seems that scarce attention has been paid to the role of the SSE in fostering a bottom-up strategy for territorial and social cohesion, economic growth

² It means that global goals should be implemented by defining integrated regional, national and local agendas involving a plurality of actors characterized by potentially conflicting interests (research institutions, financial intermediaries, market enterprises, public institutions, social networks, local communities, individuals and, of course, the natural environment).

and new job creation. Instead, this issue was analyzed more in-depth in several recent contributions (Viganò and Salustri, 2015; Salustri and Viganò, 2017).

Providing this general framework, it is worth noting that recent literature has focused on the risks of instrumentalization associated to the SSE's exposure to co-development processes involving market and public institutions and on the risks of isomorphism with private and public institutions (Bance, 2018; Utting, 2018). While these risks should not be ignored, the research supports the argument that it may be myopic to limit the cross-fertilization and the interinstitutional co-development and co-production implicitly assumed in the SSE's participation to the implementation of the SDGs to avoid political and economic biases. Instead, when solidarity and social actions can foster the implementation of the SDGs, distortions should be punctually assessed and corrected through appropriate policies and openness should be promoted to gain benefits of mutual institutional recognition without incurring unsustainable costs of isolation.

2. Research elaboration

This paper illustrates the main results of research investigating the role of SSE institutions in activating a process of transformative change toward sustainable development. The research heavily relies on previous analyses on the effects of the Great Recession initiated in 2008 and of the subsequent European sovereign debt crisis. While initial researches (Salustri, 2014, 2016) tried to identify the deep social and territorial effects of the crisis and to recognize a space for action in marginalized contexts mostly focusing on resilience, a subsequent stream of papers (Salustri and Miotti, 2015; Salustri and Viganò, 2017, 2018, 2019) illustrated and discussed the role of SSE institutions in narrowing social and territorial imbalances. Finally, recent analyses contribute to discover new connections between SSE institutions and the implementation of the 2030 Agenda (Salustri, 2018, 2019; Salustri, Miotti and Miotti, 2018), and this research mostly focuses on this issue.

The documentation process (results of which are widely discussed in the literature overview), merges: i) academic and institutional literature already surveyed in previous researches on non-profit institutions and social and territorial imbalances; ii) CIRIEC's reports on the consistency of the European SSE and researches on the involvement of the SSE in co-production processes with the public sector, and a recent literature on the involvement of SSE institutions in (local) sustainable development published in the UNTFSSSE Knowledge hub. A specific goal of this research is to elaborate a framework of analysis encompassing most of the issues discussed within the three main streams of the literature surveyed.

Due to the specific (and limited) scope of this research, in the scenario analysis a narrative style is adopted, but several topics discussed have been investigated more rigorously in previous theoretical analyses (some of them unpublished, but illustrated in Scientific Conferences) based on standard microeconomic and sociological and political approaches³. Finally, the topics discussed in the regional case study illustrated for Italy, i.e., the analysis of the role of the SSE in the Lazio Region, are discussed more in detail in other analyses conducted by the author (consider, as an example, Salustri, 2016, 2019) and most of them are coherent with the view expressed in the *Forum Salviamo il Paesaggio per Comune di Roma, Provincia di Roma, Regione Lazio Manifesto*⁴.

³. As an example, three pieces of research (Salustri, 2017, 2019 and forthcoming) provide an analysis of the EU-MENA region, while the Italian social and territorial imbalances are illustrated in Salustri and Miotti (2015) and Salustri, Miotti and Miotti (2018).

⁴ http://www.salviamoilpaesaggio.roma.it/wp-content/uploads/2013/01/MANIFESTO_FORUM_SiP_ROMA_E_PROVINCIA_15-1-2013.pdf

3. Literature overview

An exhaustive overview of the academic and institutional milestones goes beyond the scope of this research. Instead, it is worth noting that in Europe, the frontier of sustainability is still placed at the country level. Besides the upcoming revision of the Europe 2020 Strategy, the 2030 Agenda is going to be implemented through the adoption of national strategies, as without the latter, it seems unfeasible to achieve improvements with respect to the baseline scenario observed in 2015 (Salustri, 2018). However, several countries have adopted their national sustainable development strategies (NSDS) only recently, and in some cases (Italy is among them), the latter has been almost ignored by politicians (ASVIS, 2018).

As several European countries are still far from being on a sustainable development path, the UN 2030 Agenda implies some sort of structural change involving technologies, markets, territories, networks, resources, and people. The issue has been discussed in several recent contributions (i.e., Giovannini 2018 and Raworth, 2017), but it is important to emphasize here that such a wide institutional framework necessarily implies a coexistence of multiple stakeholders and value holders and, therefore, requires complex and heterogeneous coordination mechanisms to work properly. Specifically, the wide array of principles, values, and interests involved also raise some concerns about the most appropriate coordination mechanisms and the optimal mix of good governance, multi-stakeholder global partnerships, and democratic and participative approaches developed in local settings. The heterogeneity of the actors involved is also reflected in the plurality of principles that should inspire the implementation of the SDGs. Actually, the latter should be placed at the foundation of a strategy aimed at improving the sustainability of global, national and regional systems while increasing societal and people's wellbeing and should activate some sort of "transformative resilience" (Giovannini, 2018) fostered by a "just transition" (ILO, 2015, UNFCCC, 2016; JTC, 2017) and an "eco-efficient innovation" (OECD, 1998).

Therefore, the achievement of the SDGs implies a mix of resilience and innovation as necessary but not sufficient conditions to move toward a sustainable path of development. In fact, in the absence of the former, innovation might backfire, causing new inequalities and conflicts in the short run and leading the economic systems on unsustainable and path-dependent trajectories in the long run. On the other hand, in the absence of innovation, resilience might fuel an unfair exchange between short-run achievements and long-run development, alimentering vicious circles and creating new fragilities (Salustri, Miotti and Miotti, 2018). Social progress lies between the two issues discussed, i.e., the institutional and individual capability of fostering a just transition and an equitable and decent level of wellbeing.

Notwithstanding such "in-between" role of justice and societal issues, the research advocates a mixed approach to the implementation of the SDGs in which a different level of priority might be assigned to resilience, justice, and innovation depending on the external context, the human and institutional actors involved, and the access to the global (spatial) patterns of technological progress. Based on these premises, the new and old linkages between sustainable development – that given the current scenario raises the need to innovate – and the SSE – habitually involved in resilient activities – might fuel synergic and integrated approaches aimed at connecting the global narratives of the challenges that the mankind will face in the medium and long run and the identification of those values and social norms able to foster and increase people's participation and agency at a local level, facilitating a just transition toward sustainable development (Salustri, 2018).

In fact, as illustrated in Salustri and Viganò (2017), in a territorial framework characterized by structural territorial and social inequalities, the market economy and the public sector might supply an inadequate level of goods and services in socially and physically remote places due to insufficient local demand and higher distance costs. Indeed, on the supply side, progressively higher distance costs might increase total costs, reducing the efficiency of firms' supply, while on the demand side, a lower per capita (disposable) income and

a lower population density might reduce the amount of revenues that firms can earn. As a result, market activities might leave numerous (and often basic) needs unsatisfied due to insufficient profit margins. Also, the public sector, in the process of implementing welfare policies, might incur specific distance costs of a territorial or social nature, and therefore might achieve sub-optimal results when serving peripheral territories or marginalized social groups. Finally, marginalized actors might have reduced access to the labor market due to higher social and physical distance costs.

Within this context, non-profit organizations can foster local, sustainable development rebalancing, or at least narrowing economic and social inequalities. In fact, in peripheral territories, and for marginalized social groups, the opportunity costs of solidarity and social actions are reduced because, due to distance costs, their access to market products and public services is reduced, while the goals that they can achieve are of higher (real) value, as several (often primary) needs and aspirations are neither fulfilled by the state nor by the market (Salustri and Viganò, 2017, 2018). However, in places where non-profit and social concerns inspire actions on the margins of a market economy supported by the public sector, territorial dualism might emerge between a core linked to global patterns of development and marginalized territorial and social peripheries. The rise of territorial and social dualisms and the need to foster equitable and sustainable development emphasize the mission of not-for-profit institutions (i.e., all those SSE institutions that can make profit while having a mission of different nature: cooperatives and social enterprises are good examples), as the latter exert a productive and distributive function that at the same time can facilitate market access for local initiatives, improve workers' employability and raise the factor productivity of market activities (*ibidem*).

Besides its human and social purposes, the SSE is also crucial in the provision of public services of general interest and in triggering commoning practices in local settings, as well as in nonmarket production of goods and services of recreational value. Furthermore, due to their capability of increasing landscape quality and people's quality of life, as a positive by-product, SSE institutions might also increase the touristic attractiveness of territories, enabling touristic operators to achieve higher revenues and to explore new business opportunities. Two recent contributions (Salustri, 2018; Cocco, Nardo and Salustri, 2018) discuss more exhaustively the relation between tourism, welfare policies, and the role of SSE institutions in raising human development and wellbeing. Here, it's worth noting that in local settings, the SSE might contribute to identifying the untapped territorial and social capital and might develop bottom-up initiatives to exploit its value. Finally, from being initially a final goal, touristic development might become an intermediate step needed to attract and accumulate resources in local settings that could be used to foster local, sustainable development by investing in more strategic public and private businesses.

However, as widely documented in the recent literature on the connections among the SSE, the public sector, the market, and the international institutions involved in the implementation of the UN 2030 Agenda, several "social and solidarity failures" could emerge in adopting an open and collaborative perspective (Utting, 2018). Specifically, a higher degree of openness to collaborative processes involving other institutional actors might raise the risk of contrasting a transformative change by the involvement in incremental changes pursued by instrumentalizing the role of SSE institutions and by fostering their isomorphism to other institutional forms (*ibidem*). In assessing the risk of instrumentalization, Utting highlights the importance of contextualization within the existing "policy regimes and development strategies" and refers to the "three ideal-type development pathways," i.e., market liberalism, embedded liberalism, and alter-globalization (*ibidem*, p.7). Of course, in all three scenarios, various sources of instrumentalization can be identified, and some considerations of economic nature are added here to those presented by the author.

In case of a market-liberal pathway, while devaluing the "associative and collective dimension of the SSE" (*ibidem*, p.7), the added value of SSE institutions could be at least partially exploited by the market and the state by way of requiring increased input productivity (usually, labor productivity) *coeteris paribus* the

level of input costs (usually wages), keeping a large share of population far below a decent level of wellbeing. In the second scenario, however, notwithstanding the achievement of a decent level of wellbeing, SSE institutions might be instrumentalized to transfer the risks (and the associated costs) from market or state initiatives to society through crowding-out effects (i.e., by raising efforts of SSE institutions in achieving goals of private or public nature while arbitrarily reducing the engagement of market and public institutions), so that the instrumentalization might rather consist in an unfair redistribution of the opportunities of achieving wellbeing, development, and economic growth (see also Viganò and Salustri, 2015). Finally, in the third scenario, while fostering some sort of structural change, in the absence of know-how to achieve a just transition toward sustainability, counterintuitive results could prevail despite egalitarian concerns.

When assessing the risk of isomorphism, on the other hand, the optimal dimension of SSE activities makes for a challenging issue. In a recent contribution (Salustri, Viganò, 2018), it was illustrated how SSE institutions were credibly committed to their nature and mission when they operated in-between pure humanitarian activities and market initiatives. By agreeing on this principle, at first glance, it seems difficult to consider optimal the large size of many SSE institutions, as they are exposed to a higher risk of losing their social and territorial connections that generally are place and group-specific. However, not all groups and places have the same dimension; therefore, the optimal size of SSE institutions might vary according to the degree of the universalism of their mission. Indeed, the performances of SSE institutions mostly depend on people's sentiments and territorial dynamics, as, at least in their philanthropic and redistributive concerns, they implicitly assume some degree of eudaimonia inspiring people's actions in social and political life (Easterlin, 1974; Becchetti, Bruni and Zamagni, 2015). However, other feelings (greed, envy, jealousy to quote only a subset of them whose consequences have been analyzed using economic tools) might prevail, introducing biased motivations in social and humanitarian action and generating isomorphism with other market and public institutional forms.

In brief, the risk of instrumentalization or isomorphism is inherent in every institutional form and every form of institutional cooperation. Therefore, this research suggests focusing on intrinsic motivations that might justify the implementation of a strategy based on the empowerment of SSE institutions, rather than on assessing the effectiveness of interinstitutional cooperation. In fact, having recognized the existence of peculiar motivations for social and humanitarian actions, instrumentalization and isomorphism can be easily detected *ex-post* or *ex-ante* in all those cases where such motivations are absent or diluted. It is worth noting that the assessment should consider the SSE's effectiveness in fostering intergenerational and intragenerational equity while controlling for all those factors that might obstacle the SSE's action. Therefore, having a negligible role in economic development but endeavoring to increase its relevance sometimes might be considered as a positive outcome, i.e., a way of advocating the future achievement of a just, or at least fair, part in the process of co-development and co-construction of an equitable and sustainable society.

Furthermore, in all those cases in which solidarity and social failures might have been detected, the evaluation should account for the following counterfactual scenarios. First, SSE institutions might have improved people's resilience to change, including the transformational change advocated by the UN 2030 Agenda. Second, the SSE might have achieved its socioeconomic program at least within its institutional space, and in this case, the widespread diffusion of SSE institutions, even in cases of external instrumentalization, might improve its effectiveness. Third, SSE institutions might have developed some (not necessarily technical) know-how in specific fields of activity, improving people's capabilities through learning-by-doing processes and therefore contributing to their employability via increased productivity. Fourth, SSE institutions might have alleviated the costs of public administrations involved in the same (or in another) sector of activity, raising the sustainability of public finances for a given level of welfare and citizens' wellbeing. Fifth, SSE institutions might have achieved some degree of bargaining power that might be used to advocate a more sustainable and

socially responsible model of business. Finally, well-developed SSE institutions might have achieved in a democratic and legal way a political relevance that might be used to foster a just transition toward sustainability using a bottom-up approach.

Lastly, it is worth mentioning that considering the SSE as a means of implementation of the SDGs has something in common but is not the same as enabling the SSE through public policy and market access. Indeed, the former is about fostering widespread diffusion of institutions that by their nature are closer to people's ethics and needs as they usually originate from initiatives of individuals interested in pursuing goals of humanitarian or environmental nature that are currently neither satisfied by the market nor by public institutions. Public policies and improved market access might foster this process but should not dilute people's intrinsic motivation with disproportionate or inappropriate regulatory and monetary incentives. Saying it differently, incentives might be used to scale up successful initiatives but should not constitute themselves as a reason for SSE institutions to exist. In fact, the rationale for solidarity and social action should be found in the incentives provided by social and territorial fringes to a voluntary and collective action aimed at satisfying basic needs, increasing wellbeing and agency, creating new jobs, and advocating a transformative change toward sustainable development.

4. SSE institutions and structural distances

Based on these premises, the research focuses on the analysis of five scenarios that might fit well into a socially progressive “embedded liberal” policy framework (Utting, 2018) characterized by distance costs generated by territorial and societal issues (Salustri, Viganò, 2017, 2018). The exercise tries to identify a set of conditions under which, in a mild political scenario, the concept of sustainable development might consolidate its universalism despite the critiques of mainstreaming and fostering an “unjust transition”, i.e. an equal distribution of burdens toward sustainability compared to the high concentration of political and economic power observed in the current global scenario and to the rise of distance costs of social and territorial nature with asymmetric impacts on territories and social groups.

4.1. The SSE in the Mediterranean Region

Wealth and income inequalities have grown in the Mediterranean region over the last four decades, increasing the number of poor and pushing development toward unsustainable patterns. The forced and economic migrations from North Africa and West Asia toward the EU are still far from the notion of sustainable mobility advocated in target 10.7 of the 2030 Agenda. Specifically, migration choices often depend on ongoing conflicts, human rights violations, extreme poverty, and negative effects of climate change on agricultural productivity. Moreover, migration flows are often vehiculated by illegal and criminal organizations that achieve consistent profits by trafficking migrants and by offering them support to pass the borders illegally (Reitano, Adal, Shaw, 2014; Reitano, 2015; Horwood and Reitano, 2016; Shaw, Reitano, 2014).

At the economic level, the austerity measures implemented to cope with the sovereign debt crises that afflicted several Mediterranean countries less than a decade ago are still binding, and in the absence of revived solidarity among people both in local settings and at the national and international level, they will continue to exacerbate the economic and social inequalities in the region, reducing employability and workers' rights, raising both inequality and poverty rates, and widening the existing social and territorial divides.

In this scenario, solidarity plays a role that, at the same time, could be over and underestimated. Indeed, solidarity is overvalued when humanitarian action and charity are thought of as the only means for fostering

human development and recreating preconditions that might enable the achievement of the SDGs in the region. On the other hand, solidarity is underestimated when national governments (sometimes, also grassroots movements) claim that they might achieve agency by themselves, without negotiating with the elites and without empowering those who have the resources (time, money, skills...) to help those in need without immediate returns. Lying on these premises, the role of the SSE institutions in the Mediterranean region is of the utmost importance, as they might identify and support new ethic frameworks for providing concrete support to those in need, fostering a just transition at the social, economic and political level, and improving eco-efficiency by narrowing the gap among the first movers and the left behind. Philanthropic and humanitarian initiatives might provide a base upon which to develop a market-oriented sector of the SSE.

4.2. The SSE in the European Union

Due to the scarce economic performances of many European countries and regions in the last decade, the shadow economy has increased in size, providing undeclared work partially as a substitute, partially as a complement of decent work (Williams and Horodnic, 2017; Horodnic and Williams, 2018). Therefore, many European workers have augmented their exposure to the risk of being exploited through various sources of illegal and informal work, especially in urban peripheries and in peripheral countries and regions, and that caused more poverty and new social and territorial needs.

Secondly, in most Southern and Eastern European countries, innovation has revealed insufficient both in qualitative and quantitative terms and the risk of "secular stagnation" is now affecting most of the economies in the area. Moreover, proximity innovation is creating wide productivity gaps within and between regions, and the mix of low and widely differentiated returns push in the short run for conservative rather than for progressive policies.

Given these premises, the role of SSE institutions as a "pole of social utility" is vital in "matching services to needs, increasing the value of economic activities serving social needs, fairer income and wealth distribution, correcting labor market imbalances and, in short, deepening and strengthening economic democracy" (CIRIEC, 2007, p. 7).

The structural nature of the sluggish growth and reduced space for public action in the European Union might narrow the intersection between the philanthropic and social approach to the SSE, creating new convergences on mutually recognized instances of economic and political relevance (i.e., activating sources of local and regional development, fostering decent work, especially in peripheral geographical areas and with respect to disadvantaged social groups). Finally, the empowerment of the SSE might turn sustainable development into a self-reinforcing (circular) process, fostering its universalism at least within the Union.

4.3. The SSE in Southern Europe

The accelerated process of economic, political, social, and cultural change initiated after the Second World War fueled economic growth in Southern Europe but also raised territorial and social divides among Southern European countries and continental Europe and among Southern European countries themselves (Sapelli, 2014). Especially in the last three decades, unsolved problems fueled a "process of modernization without development" in the whole area, mainly characterized by the "lack of relationship between economic growth and political institutionalization" (*ibidem*, p.1). Finally, during the last decade, Southern European countries "have been the most hit by the crisis and in response have cut social spending, among others, leading to increased inequality with many citizens still fearing that worse is to come" (Bughin, Pissarides, 2019).

In this scenario, SSE institutions might play a major role in fostering socio-economic resilience and in narrowing the wide territorial and social divides with the rest of Europe and within the region itself.

Instrumentally, the SSE might contribute to increase the sustainability of public finances and factor productivity both in Italy and in the Balkans, while allowing to achieve a more equitable and sustainable level of wellbeing. Third, the empowerment of the SSE in Southern Europe might allow policymakers to cope with the increasing citizens' distrust in public institutions, fostering democracy and bottom-up approaches to the main social and territorial problems on the agenda.

4.4. The SSE in Italy

The social and territorial imbalances between the South and the Centre-North of Italy can be traced back to the Italian unification during the second half of the XIX century. During the last decade, the Great Recession initiated in 2008 exacerbated the process of divergence between the two macro-regions, generating differentiated impacts both at the territorial and social level, with an unequal burden of the crisis charged on the South. Furthermore, the process of fiscal federalism initiated in 2001 and the austerity measures that followed the sovereign debt crisis, while restructuring the macroeconomic scenario, reinforced the existing territorial and social disparities.

On the other hand, it is worth noting that the SSE in Italy has an outstanding tradition (Carrera, Meneguzzo, Messina, 2007), and its empowerment can find a legal legitimation and recognition in several articles of the Italian Constitution. Indeed, the empowerment of the SSE in Italy might contribute to narrow most of the social and territorial imbalances that still affect the country. Instrumentally, SSE institutions might increase workers' wellbeing and productivity, contributing to revitalize the economy and to foster a just transition toward sustainable development through a bottom-up approach.

At the political level, the empowerment of the SSE might contribute to promote democratic instances of inclusion and equal opportunities and to increase citizens' trust in public institutions. Finally, the SSE might compensate for the lack of technological innovation by fostering technological transfer from research centers and universities, by offering workers a capability-enhancing workplace (Viganò, Salustri, 2015) that could be used to achieve new skills and competences, and by promoting a process of reterritorialization and relocation coherent with the global trends.

4.5. Regional and local development in Italy: the case of Lazio

The Lazio Region has been interested in intense urban development, mainly related to Rome's urban sprawl, therefore often unregulated and not supported by the effective supply of public utilities. Furthermore, the built environment expansion has continued despite the loss of important natural and archaeological areas, reducing the current fruition of natural and cultural heritage and its availability for future generations. Moreover, the number of rural and peri-urban dwellers has consistently been increasing over the last decades, raising both the number of commuters and commuting distance between the place of residence and workplace, therefore alighting new poverties related to lack of social capital, public services, and infrastructures. Indeed, many people in Rome are poor even if they have jobs, as their wage net of distance costs might not allow covering a decent standard of living, and because free time net of commuting and other incumbencies related to social and territorial distances might be insufficient to achieve a decent level of individual care, to cultivate social relations and to guarantee freedom of choice. Finally, the management of the regional natural parks and urban green areas has often shown to be ineffective due to a lack of financial resources and of sound programs and plans.

The issues considered are only one part of the problems afflicting the Lazio Region (for example, they only partially include social issues). However, they might be considered an important field of activity in which SSE institutions located in the region might increase their involvement, especially considering that Rome's

municipal and metropolitan policies almost overlap with regional policies, therefore excluding substantial interventions outside the Metropolitan borders. While advocating the empowerment of SSE institutions, it is worth mentioning that the Municipality of Rome is still recovering from “Mafia Capitale”⁵, and this evidence may constitute a case study for comparison with the positive action of many SSE institutions operating within the Region to discuss “without romanticizing” the role of the SSE in implementing the SDGs in local settings.

5. Concluding remarks

This paper supports the thesis that SSE institutions can facilitate the implementation of the SDGs, especially in local settings characterized by not-negligible distance costs of territorial and social nature. Indeed, territorial and social imbalances might discourage the actions of both profit-oriented firms and public institutions, while providing robust incentives for people’s involvement in philanthropic and social initiatives. Therefore, SSE institutions can be empowered by public and private entities to pursue goals of common interest every time the entitled public institutions are unable to achieve their mission or when no institution is entitled to accomplish a goal that a community has a reason to consider valuable.

In fact, SSE institutions can foster (through a bottom-up approach) the achievement of decent work and economic growth, implicitly and explicitly advocating inclusiveness, pluralism, democracy, and equal opportunities. These issues are of the utmost importance in all those settings where territorial imbalances, social inequalities, and new and old forms of poverty might fuel citizens’ distrust in state and market institutions. However, while fostering the involvement of SSE institutions in the implementation of the SDGs in local settings, it is also worth noting that more attention should be paid to the political, economic and social factors that might determine their instrumentalization for legal or illegal purposes, and/or the dilution of their intrinsic political and ethical roots.

Nevertheless, in the case of instrumentalization and isomorphism SSE institutions might achieve results aligned to their intrinsic purposes or at least valuable to other institutional actors. Also, it is worth noting how the risks of instrumentalization and isomorphism are inherent in every institutional form and every form of institutional cooperation. Therefore, rather than assessing the effectiveness of interinstitutional cooperation, this research suggests focusing on intrinsic motivations that might justify the implementation of a strategy based on the empowerment of SSE institutions, as instrumentalization and isomorphism can be easily detected ex-post or ex-ante in all those cases where such motivations are absent or diluted.

Furthermore, it is worth mentioning how considering the SSE as a mean of implementation of the SDGs and enabling the SSE through public policy and market access are distinct concepts, even if with some overlapping elements. In fact, the rationale for solidarity and social action should be found in the incentives provided by social and territorial fringes to a voluntary and collective action aimed at satisfying basic needs, increasing wellbeing and agency, creating jobs, and advocating a transformative change toward sustainable development. Public policies and improved market access might foster and support this process but should not dilute people’s intrinsic motivation, i.e. incentives might be used to scale up successful initiatives but should not constitute themselves a reason for SSE institutions to exist.

Finally, it seems difficult to identify universal rules to empower SSE institutions in a specific context. Indeed, the mix of public and private policies might need to vary according to the social and territorial context, to the consistency of the SSE, and to the geographical scale adopted. Based on these premises, this research has identified several geographical contexts in which the SSE might have a pivotal role in fostering the

⁵ Mafia Capitale has been depicted as a government structure of a stable and organized system of informal and illegal relations, exploiting a wide array of inputs to guarantee the accomplishment of illegal agreements, directing a wide network of illegal exchanges based on corrupting practices and involving also the political system (Vannucci, 2019).

implementation of the SDGs. Here is worth mentioning how the public sector, when the gap between the available resources and the programmed goals is too wide, rather than operating in deficit should endeavor to improve the dialogue with the SSE to implement a joint action aimed at increasing people's wellbeing and improving territorial cohesion. Similarly, market actors, when the incidence of distance costs over total costs is high, might develop actions in close cooperation with SSE institutions to narrow the existing social and territorial divides.

Lying on these assumptions, further research might be devoted to analyzing more in-depth the informal connections among environmental degradation and crimes, illicit and illegal activities determining the emergence of a "grey area" between the legal (and sustainable) economy and the organized (unsustainable) crime. According to this perspective, the role of the SSE might be of the utmost importance in recreating a dialogue with the grey area, even at a cost of a certain number of failures, as the major risk is that of leaving its government to illegal and criminal powers, depriving a wide share of population of the necessary institutional context to look favourably at a structural change toward sustainable development. Solidarity and civic engagement are, indeed, intrinsic purposes of SSE institutions, as their mandate implicitly includes the enlargement of the public sphere and the contribution to a process of socioeconomic integration and democratic development. Furthermore, by contributing to the widespread availability of welfare services, the third sector might contribute to eradicating old and new poverties while creating new opportunities for employment and economic development. Finally, SSE institutions might foster a process of identification and exploitation of territorial capital within public and private economic initiatives of the legal economy, therefore fostering a self-reinforcing process of structural change toward sustainable development, independently from the initial level of territorial and social development.

Also, further research might be devoted to analyzing more in-depth the optimality of the welfare mix provided by SSE institutions, market institutions (firms and financial intermediaries), and the public sector. As already mentioned in recent research (Salustri, Viganò, 2019), while agreeing on the Pareto-optimality of a comprehensive welfare state, its implementation seems unfeasible in countries, such as Italy, affected by a high and unsustainable public debt, low or even negative GDP growth rates and stagnant labour productivity. Within this discouraging scenario, the Pareto-optimal scenarios are too far to be achieved in the short run. Rather, the tradeoff is between raising the level of current welfare at the cost of a higher public deficit and fostering the empowerment of SSE institutions to raise civic engagement and identify and exploit untapped social and territorial resources. While the two measures seem to pursue the same goal, in a context of low GDP growth and stagnant productivity, the former raises public debt and interests to be paid in the future at the cost of lower public welfare, while the latter provides an opportunity to move toward the welfare-efficiency Pareto-optimal frontier by cutting public expenditure (achieving sound public finances) and/or by reducing taxes (fostering economic growth) (Salustri, Viganò, 2019).

Moreover, further research should be devoted to framing the role of SSE institutions within mainstream economic theory. Indeed, environmental economics widely discussed how negative externalities determine an excessive level of market exchanges, potentially determining the overexploitation of resources, while positive externalities activate the opposite process. The existence of market failures related, rather than to the use of market power, to the externalities of the exchange process (and of production and consumption processes) on the socio-economic and environmental context has already being investigated within the public economics framework in terms of merit and demerit goods, but also within evaluation theories in terms of primary and secondary (economic) value of the objects analyzed. By recognizing that the total value of an entity might overcome or being underestimated by its economic value as the latter does not include its non-monetary and its intrinsic value, a wide field of analysis emerges in which SSE institutions, due to their focus on several non-economic instances, might play a pivotal role in assessing the non-monetary dimension of the phenomena

under inquiry. Instrumentally, SSE institutions might play a relevant role in guaranteeing the efficiency of market-clearing by identifying positive and negative externalities affecting the exchange process, also contributing to the achievement of more sustainable consumption and production patterns (Goal 12).

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