



Policy brief

**How policy can help bring
about social innovation in
rural areas**



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NINE KEY MESSAGES FOR THE POLICY COMMUNITY

Key message 1: A broad conception of social innovation creates space for local realities and needs to be addressed

Call for action: Review and revise the widely-used BEPA definition, which is too narrowly defined and currently excludes civil society action associated with economic and environmental improvements.

Key message 2: Silos created by different funds and institutions need to be broken down to enable joined up action at the community level

Call for action: Create cross departmental working groups within the European Commission to ensure more effective policy alignment for social innovation across ESIF funds and develop common regulatory obligations at EU level. At national and regional level multi-fund approaches should be supported.

Key message 3: Policy alignment across scales is critical if social innovation is to be effectively supported

Call for action: Support the creation of enabling architecture across scales, to ensure that key policy ideas from the EU can be delivered by national, regional and local agency effectively.

Key message 4: EU policy instruments with ring-fenced funds can contribute to wider acceptance of the importance of social innovation

Call for action: Provide ring-fenced components of different ESIF funds to stimulate action and give greater prioritisation to social innovation policy.

Key message 5: National/regional level policy architecture supporting community empowerment is essential

Call for action: Build a national level legal basis for civil society engagement in policy design and implementation in fields as diverse as social care, community transport, environment and climate change.

Key message 6: Animation and capacity building in marginalised communities are critical for long-term benefits but take time to realise

Call for action: Provide support to least advantaged communities and regions with animation and capacity building to strengthen the skill base of civil society actors to operate where markets are weak and solutions that transcend market logic are needed

Key message 7: Social innovation has much to contribute to the European Green Deal

Call for action: Use social innovation as a tool to engage civil society, maximise community engagement and promote novel solutions to the identified areas for action.

Key message 8: Sharing good practice helps

Call for action: Build and sustain subject-specific networks at national and international level to share good practices (e.g. in community transport; community energy; local food systems).

Key message 9: Different countries are at different stages in developing support structures for social innovation

Call for action: Take affirmative action and find solutions in countries where the policy architecture for social innovation is least developed and civil society's capacity is weaker by supporting training visits/exchanges to best practice exemplars.

1. Introduction

On November 6th 2018 Carlos Moedas, as EU Commissioner for Research and Innovation stated that ‘in the European Union, we are going to put more money into social innovation, not because it’s trendy, but because we believe that the future of innovation is about social innovation.’

As researchers and practitioners have discovered, the reach of social innovation is extraordinarily broad, covering topics as diverse as enhancing social welfare, especially of disadvantaged groups, more effective third sector service delivery, enhanced environmental management and the more effective use of digital technologies. It can help in addressing grand societal challenges such as the ageing population and climate change. The overarching aim is to enhance sustainable development outcomes.

This briefing explores the challenge of raising the profile of social innovation in policy making, because although social innovation may happen as a result of citizen action alone, its impact can be much enhanced by the design of supportive policies. Although there are now some European Union policy vehicles, such as the Action for Smart Villages and the extension of the Employment and Social Innovation (EaSI) action in the future ESF+, which carry the idea forward, permeating other policy fields with the principles and practices of social innovation could yield even greater rewards. The new President’s mission letter¹ to Janusz Wojciechowski points to the need to bring policy closer to EU citizens.

In this policy brief we will:

- Define what we understand to be rural social innovation, its drivers and key concepts
- Explain the role of social innovation in marginal rural areas, using examples to explore the potential of social innovation to contribute to improvements in social, economic and environmental outcomes
- Show how public policy can enhance the opportunities for social innovation and increase its beneficial impacts and outcomes

Since its inception in 2016, the Horizon 2020 project on Social Innovation in Marginalised Rural Areas (SIMRA) has been at the forefront in highlighting the contribution of social innovation to social, economic and environmental development in disadvantaged rural areas. This briefing is based on its findings.

The full potential of social innovation is often overshadowed by its more attractive sounding cousins, such as technical, business or public sector innovations, but nonetheless it has the character to shape transformative change. The OECD’s latest Oslo Manual on Innovation gives only passing reference to social innovation. It has been given moments in the headlines when Manuel Barroso, former President of the EU Commission, asserted its importance in the reconstruction project after the global financial crisis and when President Barack Obama set up an Office of Social Innovation and Civic Participation. The EaSI component of ESF+, the ongoing EU Smart Villages initiative and a rebooted Leader all offer

¹ https://ec.europa.eu/commission/sites/beta-political/files/mission-letter-janusz-wojciechowski_en.pdf

suitable platforms of support to social innovation. Further, social innovation has capacity to deliver to equalities policies which sit at the heart of the European project.

There is a growing body of interest in widening the idea of an Agricultural Knowledge and Information System (AKIS) into an Agricultural and Rural Knowledge and Information System (ARKIS). We concur with the need to broaden the focus on innovation across all the key elements of the rural economy to embrace third sector social innovation in the ARKIS and believe that there is a timely opportunity for the EIP AGRI to give its full support to such a move.

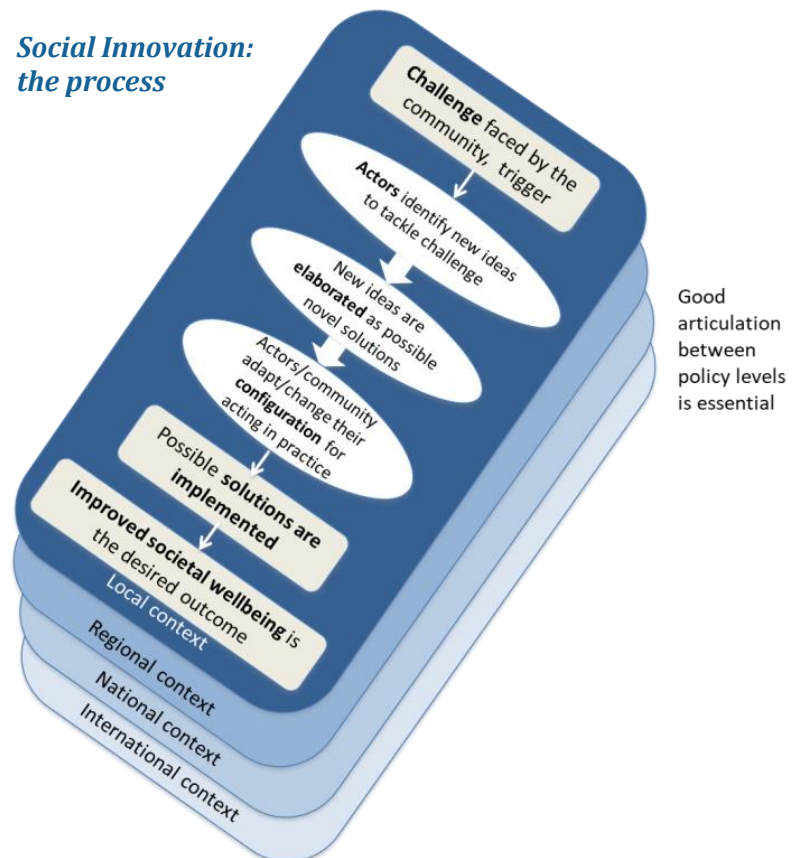
The third sector is a key driver of social innovation and provides a vital contributor to wellbeing, especially in areas where markets are weakest, and state and municipalities struggle to deliver key goods and services.

We suggest that both before the economic crisis, and even more forcefully since, in meeting the SDGs and addressing grand challenges such as climate change and migration, the simplistic binary model of market and state needs to be replaced by a model that recognises the third sector and the important role of citizen-led or socially motivated activities.

2. Our definition of Social Innovation

We see social innovation as having scope to generate improvements in social, economic and environmental wellbeing with a reach beyond the purely social domain. We emphasise the role and the impact of civil society actors driving social innovation, alone or in partnership with others with beneficial impacts in social, economic and environmental domains. We have defined social innovation as: *“the reconfiguring of social practices, in response to societal challenges, which seeks to enhance outcomes on societal well-being and necessarily includes the engagement of civil society actors”*.

Social Innovation: the process



3. The pressures driving social innovation

It has long been recognised that there are special difficulties in marginalised and disadvantaged areas of Europe. From Cohesion Fund, to the application of European Regional Development Fund, to support for Areas of Natural Constraints, it has long been recognised that some regions face compound challenges. These include the regions where heavy industry and coal mining previously had a major role and many remoter rural areas dominated by the primary sector, where the environment is harsh, the population often declining, and the economy is weak.

Our emphasis in SIMRA is on the rural dimension of social innovation. Our context is the diverse rural communities in isolated dwellings, in villages and in small market towns that make up large areas of the European Union. However, in any area where the market economy is weak and the public sector compromised by austerity or other challenges, social innovation can play a vital role in regeneration and building greater resilience. When existing weakness has been compounded by the effects of global economic crisis and there are major new challenges such as climate change to be addressed, the capacity of markets and state may be further compromised and the need for complementary modes of provision even greater.

Further, it is now widely acknowledged that large firms lured into remote areas by policy

incentives do not give good value for money in use of Regional and Cohesion Funds and that it is better to support local SMEs. Remoteness has often led to outmigration of talented young people, leaving an ageing population and increased problems of inadequate service provision, social exclusion and isolation. Remoteness from centres of power means that residents of such areas often do not feel able to influence political or administrative decisions which might improve their conditions.

When public transport services decline, shops close, social care systems are not working, environmental services (such as forest fire management or water quality) are compromised, the spiral of decline can be averted by civil society-led action. Social enterprise and community ownership now extend into farm and forest ownership, community renewables, recycling and waste management. These wide-ranging applications range way beyond the narrow social conception of social innovation.

Different areas face very different social, economic and environmental challenges. It is widely recognised that one-size-fits-all policies cannot be imposed from above, but we contend that the power of social innovation offers assistance in building partnerships with civil society and in helping to ground policy frameworks in local realities.

4. Four key ideas that underpin social innovation: the innovation ecosystem, social capital, niche development, creativity

The nature of globalisation creates large disparities in wealth and wellbeing in different areas and at different times, with concentrated investment and wealth in core regions, leaving disadvantaged regions facing major adjustment challenges. The convulsions of the market economy beginning in 2008-9 exacerbated these pressures.

Effective innovation is widely considered to be the outcome from multiple stakeholders collaborating towards common ends and in which civil society is an active player. The strength of the innovation ecosystem varies from place to place. Where it is weak, multi-level policy interventions can be used to strengthen it.

Social capital has been shown to be a powerful influence on community-led development and active citizenship, supporting collective action through new networks, common vision and trust building. The eminent American political scientist Robert Putnam has shown decisively how strong social capital can contribute positively to development, and how weak social capital and a decline in trust undermines civic engagement and good governance.

The challenge of moving towards a more sustainable world is widely acknowledged nowadays but change in established socio-technical regimes is slowed down by path dependencies. Well-designed policy can be a key factor in providing support for the development of **exploratory niches and in nurturing transitions**.

The American socio-economic theorist Richard Florida argued that positive development outcomes are strongly associated with the presence of **creative people** - not just artists but also managers and the research community. Creativity lies at the heart of innovation. Areas with a larger proportion of “creative class” are thought likely to be more prosperous, but whether the creative class moves into some places and drives growth, or the presence of creative residents drives improvements in well-being is less certain. Florida’s ideas apply as much to rural as urban Europe.

Where there is an open dynamic innovation system and social capital is strong, social innovation is more likely to flourish and more sustainable development outcomes can be anticipated. Key concepts and theories support recognition that without strong social capital, social or indeed any type of innovation is likely to be impeded. The creative exploration of niches is an essential part of finding new solutions and new ways of delivering enhanced outcomes. And where creative individuals work together, enhanced economic social and environmental outcomes can be expected.

5. Four examples of social innovation with benefits going far beyond the social

Several booklets of good practice examples have been produced by the SIMRA project². The four examples below show the breadth of coverage of social innovation is very wide and that social innovation is capable of generating enhanced outcomes in the economic, social or environmental arena. Throughout Europe we can find thousands of examples of locally designed responses to problems ranging from enhancing mobility and transport, to taking over shops as community cooperatives, even to the purchase of islands by communities in Scotland, UK. There are community energy projects, projects to integrate refugees into mainstream society, environmental projects dealing with recycling, emissions reduction and water quality, projects to reduce the fire risk in Mediterranean forests, projects to help ex-soldiers cope with post-traumatic stress disorder. Central to all of these projects is the active engagement of civil society and in almost all cases, a willingness of people to commit to supporting their community in ways that transcend market logic, that help to overcome the deficiencies of both markets and the delivery of public services that municipalities are struggling to maintain.

South Tyrol farm women, Italy

In Northern Italy, a South Tyrol farm women's cooperative provides care for both children and elderly people which links generations and creates economic gains. Starting with childcare services, the cooperative has grown to include over 150 farm women who provide childcare facilities in their own homes for 800 children. They have recently decided to extend their range of care provision to include elderly people. Providing social care diversifies the farm household's income stream and links both young and elderly in the farming community. The benefits are both cultural and economic, giving young and old the valued experience of being cared for in a farm setting.



© www.kinderbetreuung.it

² www.simra-h2020.eu/index.php/brochure/

Samsø, Denmark

On the isolated Danish island of Samsø, home to 4,000 people, collaborative planning and investment in renewable energy has revitalised the community and massively reduced its carbon footprint. Samsø won a Danish Government competition in 1997 to become a carbon neutral island and through on- and off-shore wind, and biomass for community heat is now carbon neutral, more than offsetting its carbon use with renewable electricity sold beyond the island. The effect has been transformational. Citizens were invited to participate in the planning process and be co-investors and the few sceptics have been drawn in by the project's success. The island is now a go-to destination for those seeking the transition to low carbon lifestyles.

It also now has a renewable energy academy to support research education and training. In 2014, Samsø's CO₂ footprint was negative 12 tonnes per inhabitant, which

includes the output of 10 offshore turbines that were built to compensate for carbon emissions from the transportation sector. In comparison, the Danish average is 6.2 tonnes per inhabitant per year.



© Samsø Energy Academy

Portsoy Community Enterprise, Scotland, UK

In North East Scotland, Portsoy Community Enterprise has revived the local community through an integrated approach to tourism. Twenty-five years ago, some members of the Portsoy community, a village on the north coast of Aberdeenshire, decided to celebrate the 300th anniversary of the construction of their harbour in a one-off festival. The festival evolved into an annual event and the organising committee evolved into a Community Development Trust which now runs a museum, a traditional boat building workshop, a caravan site and a bunkhouse. Portsoy Community Enterprise's work now occupies centre-stage in the revival of this community, linking culture, capacity building and economic development through tourism. In 2016, Portsoy Community Enterprise

employed 5 people, involved 100 volunteers, with an annual turnover of £332,849.



© www.portsoy.org

Baba Residence, Bulgaria

Baba Residence (baba- means grandmother in Bulgarian) is an initiative bringing together urban youth and elderly people living in low-density and remote villages in Bulgaria. Young participants spend one month living the daily life of their hosting community and learning the cultural heritage of a mountain village, with the purpose of creating a meeting point between the entrepreneurial spirit of young people and the traditional culture of elderly people from the Rhodope mountains in Bulgaria. 10 to 20 young urban people have participated every year since 2015, in three different Bulgarian regions. This interaction leads to the creation of specific products, services, events and initiatives, based on traditional knowledge, which are designed with the needs of the

local inhabitants in mind such as a professional studio recording of a CD with folklore songs from the Rhodope or the renovation of an old village bakery. As a result, Baba Residence helps to preserve invaluable traditions, crafts and stories from the villages and to use them as a vibrant source for innovative solutions that can meet the needs of the Bulgarian village.



© Baba Residence (Ideas Factory)

These projects usually need a trigger issue to kick them off, although occasionally a local group grasps an opportunity that is not rooted in a problem. In either case, projects need not only the commitment of local people, but also effective leadership and good planning and delivery skills from key stakeholders. Such skills are not universally available and there is an ever-present risk that the successful communities- smart villages in modern parlance- get smarter still, while the lagging communities fall further behind. Affirmative action may be needed to avert this problem. Skill development and animation need policy support.

We identify strong social capital and good leadership within communities as critical to success. Equally, enabling legislation (such as Scotland's Community Empowerment Act 2015) provides a framework of opportunity to give civil society groups space to act. If such policy is lacking, projects often struggle. Provision of pump-priming finance for small study tours to learn from successful projects and help in creating the legal structures and networks of "kindred spirits" can also make a difference and build opportunities for social learning.

6. Key messages

These are the key messages that have emerged from our SIMRA investigations.

1

Key message 1: A broad conception of social innovation creates space for local realities and needs to be addressed

Policy makers must embrace the breadth of scope of social innovation in rural areas, recognising its potential to provide a cost-effective third sector driven component to sit alongside public and private provision of goods and services, in ways that so often reach beyond the social realm to include activities, and which support positive economic and environmental outcomes.

2

Key message 2: Silos created by different funds and institutions need to be broken down to enable joined up action at the community level

Policy makers from EU to municipal level must realise that their silos of policy formation and delivery are often inappropriate for the needs of rural communities, who find the different rules and administrative arrangements for different funds overly complex and frequently inappropriate for the joined-up actions when trying to deliver support to place-based initiatives. Enabling policy architectures need to be designed, so that the different European Structural and Investment Funds in particular cohere in ways that make sense to practitioners on the ground. Some departments embrace social innovation; others rarely use the term. Cross-fund working groups should be formed to ensure coherence. One-stop shops for managing authorities will enable effective delivery of support at community level.

3

Key message 3: Policy alignment across scales is critical if social innovation is to be supported effectively

Policy architecture is shaped at three levels: the EU, the Member State and at regional and municipal level; and if the architecture is poorly aligned or weakly developed at any level, there is a danger that effective policy support for social innovation will be compromised. Member states and municipalities need support and good practice examples to enable appropriate policy architecture to be developed.

4

Key message 4: EU policy instruments with ring-fenced funds can contribute to wider acceptance of the importance of social innovation

Specific policy instruments, building on both the success of some LEADER groups, co-operation measures under the RDP, emergent policies such as those to support Smart Villages and some EIP AGRI actions provide some focus on social innovation, but unless funds are ring-fenced and, where needed, facilitation is undertaken by skilled animateurs, the huge potential of social innovation to lead to better outcomes will not be realised. Ring fencing funding would back the European Commission's rhetoric with actual support. It would also encourage laggard countries to address social innovation.

5

Key message 5: National/regional level policy architecture supporting community empowerment is essential

National level policies supporting community empowerment are vitally important. As one example, Scotland has led the way with Community Empowerment Acts, Land Reform Acts and new social policies. Beyond these explicitly community-oriented policies, there is a need for appropriate legal and institutional structures for social enterprises, community benefit societies, charities and co-operatives alongside specialist agency guidance that engages with those who are trying to make things happen.

6

Key message 6: Animation and capacity building in marginalised communities are critical for long-term benefits but take time to realise

More policy makers must recognise that ignoring the disenfranchised and those who have become marginalised by globalisation comes at a high cost. The disenfranchised can and have become vulnerable to all sorts of nativist and regressive social movements, which have surfaced in many countries across Europe. Building effective strategies for bottom-up community action to help empower local people and help them to satisfy currently unmet needs is essential to address these challenges. This can take time and require substantial animation and capacity building, but it is a crucial and much-needed investment.

7

Key message 7: Social innovation has much to contribute to the European Green Deal

Social innovation can increase civil society engagement with the action areas in the European Green Deal. It can provide a seedbed for innovative actions and practices to help in the much-needed transformation, engage the hard to reach, support those left behind and help deliver environmental improvements through collaborative action.

8

Key message 8: Sharing good practice can help

There are thousands of examples of good practice in social innovation, but too often they are “under the radar”. More needs to be done to ensure effective sharing of good practice, both by NGOs, local and regional governments, Member States and the EU. Creating a network of social innovators can help local actors overcome bottlenecks and realise opportunities faster.

9

Key message 9: Different countries are at different stages in developing support structures for social innovation

Different histories, legacies and institutions and variations in social capital and trust between civil society and the state make for very different enabling environments. Policies to nurture social innovation and expectations of take-up must be sensitive to these differences.

7. Where next?

Rural Europe faces significant adjustment challenges to address a diverse range of concerns from declining environmental quality, climate change, outmigration and ageing and low levels of economic activity. The current responses to support rural development are still based on a rather productivist framing and the forms of innovation supported are overly technical. In delivering the European Green Deal “the Commission will work on building capacity to facilitate grassroots initiatives on climate change and environmental protection” and social innovation should be a key strategy of this and the developing Long-Term Strategy for Rural Areas.

In our view, the social innovation literature is overly concerned with scaling up or scaling out successful innovations. Some social innovations such as Buurtzorg in the Netherlands, one of the largest social care providers in the Netherlands and a third sector body, has shown considerable capacity for growth. So, in a global setting, did the Grameen Bank. Some social innovations have much scope for scaling out.

However, taking a view from the bottom up,


from village communities around Europe, there is a high spatial variability in the rich range of community-driven activity taking place. These activities can be decisive in creating more resilient communities. They often need pump-priming and facilitation, especially in communities with low levels of social capital. Place-based developments cannot always be scaled up, though ideas can be scaled out and good practice flagged, and networks of interested actors created.


Creating a meaningful supportive policy architecture for social innovation will impact profoundly and positively on rural Europe. Such a policy architecture needs not only high-level support from the European Union, but also the active engagement and support, including coordination and communication among national governments and municipalities to provide the enabling institutional environment in which rural communities can flourish.


European and national level policy communities should check urgently whether they are doing enough to nurture social innovation and realise its high potential contribution to key policy aspirations.




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