Social Innovation in Marginalised Rural Areas

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Report D6.1

Political Framework Conditions, Policies and Instruments for SIs in Rural Areas

Authors: Alice Ludvig, Gerhard Weiss, Ivana Zivojinovic, Maria Nijnik, David Miller, Carla Barlagne, Manfred Perlik, Peter Hermann, Thomas Egger, Cristina Dalla Torre, Thomas Streifeneder, Elisa Ravazzoli, Patricia Sfeir, Robert Lukesch, Klaus Wagner, Sigrid Egarter, Bill Slee and Marie Clotteau

Approved by Work Package Manager of WP6: Alice Ludvig and Gerhard Weiss, BOKU University
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Approved by Project Coordinator: Maria Nijnik, James Hutton Institute
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### Acronyms

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<th>Description</th>
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<tbody>
<tr>
<td>AMAP</td>
<td>Association for the Maintenance of Peasant Agriculture</td>
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<td>ARF</td>
<td>Association of French Regions</td>
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<td>CAP</td>
<td>Common Agricultural Policy</td>
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<td>CLLD</td>
<td>Community-Led Local Development</td>
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<td>CS</td>
<td>Case study</td>
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<td>EAFRD</td>
<td>European Agricultural Fund for Rural Development</td>
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<td>EaSI</td>
<td>Employment and Social</td>
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<td>EC</td>
<td>European Commission</td>
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<td>EIP</td>
<td>European Innovation Partnership</td>
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<td>ELER</td>
<td>Europäischen Landwirtschaftsfonds für die Entwicklung des ländlichen Raums</td>
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<td>EMFF</td>
<td>European Maritime and Fisheries Fund</td>
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<td>ENRD</td>
<td>European Network for Rural Development</td>
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<td>ERDF</td>
<td>European Regional Development Fund</td>
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<td>ESIF</td>
<td>European Structural and Investment Funds</td>
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<td>ESP</td>
<td>European Social Fund</td>
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<td>ESPON</td>
<td>European Spatial Planning Observation Network</td>
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<td>EU</td>
<td>European Union</td>
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<td>FARNET</td>
<td>Fisheries Area Network</td>
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<td>INTERREG</td>
<td>Commonly used term for European Territorial Cooperation</td>
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<td>LAG</td>
<td>Local Action Groups</td>
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<td>LEADER</td>
<td>Liaison Entre Actions de Développement de l’Économie Rurale</td>
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<td>MRAs</td>
<td>Marginalised Rural Areas</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>RIS3</td>
<td>Research and Innovation strategy for Smart Specialisation</td>
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<td>RDP</td>
<td>Rural Development Programme</td>
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<td>SI</td>
<td>Social Innovation</td>
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<td>SIMRA</td>
<td>Social Innovation in Marginalised Rural Areas</td>
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<td>SMEs</td>
<td>Small and Medium-sized Enterprise</td>
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Executive Summary

The analysis takes into account broader governance framework conditions in order to understand how they support social innovation (SI) in rural areas. The report examines SI policies as both sectoral and cross-cutting innovation policies. The methods applied are in-depth desk research (secondary literature and primary documents), qualitative in-depth expert interviews with national and international policy experts and researchers, focus groups with stakeholders and SI case study report screening for assessing the policy instruments of relevance for SI.

The results identify three key dimensions of policies tackling SI in rural areas:

1. **Policies targeted at social needs and demands**: Here SI can be a response to social demands not addressed by the market and existing (public) institutions. SI is directed towards vulnerable groups in society, such as younger and elderly people, migrants, unemployed people, single mothers and the otherwise socially excluded. Examples are the European Social Funds (ESF) and social programmes at EU and national levels.

2. **Policies targeted at societal challenges at large**: Here SI can enable the integration of social, economic and environmental dimensions. Examples are the integrated approaches within the European Cohesion 2020 strategy and policy integration efforts at Member State and local levels. We have divided them into:
   a. **Integrated financial policy instruments**: “Funding” initiatives within the EU Structural Investment Funds (ESIF), together with synergies from the largest public research programme Horizon 2020 as well as some of the EU and local SME and social business instruments. At the national and regional levels these include all schemes funding SMEs that include social entrepreneurs (e.g. in Catalonia and Italy).
   b. **Networking and upscaling/incubation policy initiatives**: Examples are the “Social Innovation Europe portal” (SIE) and incubator projects dedicated to SI (TRANSITION: Benisi, 2017). Such projects also exist in the UK and other Member States.

3. **Policies targeted at institutional change, participation and inclusion of civil society**: We distinguish between: a) *Policies for SI*, and b) *SI within Public Policy making*. Both approaches are demanding and target processes of institutional development and changes in the relationships between stakeholders and public organisations and institutions. A good example of (a) is the LEADER/CLLD “Local development method” or the formation of “operational groups” in the EIPs (European Innovation Partnerships). The most often cited relevant example of (b) is the implementation of BUILD, “the Bilbao Urban and Innovation and Leadership Dialogues”. The principles of BUILD advocate changes in participatory public policy formulation and implementation through intensive interaction processes and public forums.

Despite the numerous initiatives at EU level, policies at national and local levels tend to be diverse in terms of implementation. Our results show that innovation needs to evolve from a prevailing division by departments and funding within sectors. One example is the EIP-AGRI innovation partnerships (2014-2020) which are heavily dependent on the associated national programming for SI to be included. For example, community supported agriculture (CSA), social farming initiatives and direct marketing initiatives do not come under the remit of EIP-AGRI programming (Annex 1, EIPs).

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1. Common Provision Regulation 1303/2013
3. Facilitation of a portal is a networking initiative and thus a cooperative policy initiative with informational policy instrument features.
4. For more details, see section “Conclusion” on this.
5. www.gmfus.org/forum/bilbao-urban-innovation-and-leadership-dialogues-build
6. In Italy, Social Farming is a measure within the Rural Development Programme (RDP), see Sections 3.2 and 3.5.1 of this report.
Such constraints are consistent with the remits of many public administration bodies. However, it is clear that SI cannot be planned directly, but it can be stimulated and supported by creating the enabling conditions for it to emerge (Biggs et al., 2010).

Implications and further steps

The forthcoming SIMRA report (D6.2, Policy Implications for SI in MRAs) will deal with detailed questions of policy involvement and grade of significance of policies in the SIMRA case studies, taking into account the characteristics of MRAs.

If the practice of social innovations is about changes in social relations (in the context of SIMRA), these are necessarily also conflict-prone and political. Any study of the phenomenon has to take this into account. Resistance and opposition, risks and dangers, as well as negative effects need to be incorporated into the research. Some authors concentrate on the normative “good” of social innovations (Murray et al., 2010). Conflicts are not discussed in the current mainstream literature on SI available to us. In order to understand the processes of SI fully, we will tackle such questions in the subsequent SIMRA research in empirical case studies (forthcoming D6.2).

One important implication from a policy perspective, and not discussed in the mainstream literature on SI, is the interaction of SI with the local/national welfare state regimes. Most obvious within key dimension 1 (see above), and valid for the other dimensions, is that social innovations targeting marginalised groups make a difference as they are non-market based and (merely) non-technical, but take shape within a local context and (existing) welfare state systems. Our hypothesis is that creating room for social innovations will lead to more diversity and more localisation in welfare arrangements. Such arrangements would be go beyond those examined in welfare state policies (e.g. Schmidt et al., 2007), which are limited to framing social policies as top-down services in post-war welfare systems (Esping-Andersen, 1990).

Without abandoning social standards, it is likely that new social arrangements can be captured by new SI concepts of social welfare policy based on deliberate mixing and pluralism amongst actors, resources and responsibilities in MRAs. This should not be confused with any view of SI substituting welfare state achievements. Neumeier questions “whether social innovation can function as an appropriate policy means for realising development as a replacement for governmental involvement” (Neumeier 2016, p.42, emphasis by authors). Present understanding from research is that SI can complement present welfare state arrangements and achievements of social equality. We recognise that in times of economic crisis, and pressures on public social support systems, concepts such as SI are becoming increasingly attractive, However, SI cannot replace or substitute social services. Some outcomes of innovation can influence and facilitate social services and the inclusion of marginalised social groups (elderly, handicapped, unemployed, and others), in accordance with welfare state achievements and social policies. Based upon the literature on SI, little is known about the broader effects of SI and how these interrelate to other established programmes, such as regular social policy support systems.

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7 www.bmlfuw.gv.at/land/laendl_entwicklung/weitere_programminhalte/EIP-Innovation/eipaustria.html (last access 2017-04-28)
1 Introduction: What is a Policy?

The concept of “politics” embraces three complementary dimensions: the polity, politics and policy (e.g. Alemann 1995; Meyer, 2000; Patzelt, 2003). Polity denotes norms, institutions and rules of the game, politics refers to the resulting conflicts, consensual and negotiating activities in the political arena, whilst policy means the contents of political decisions, political arrangement and planning. From this point of view, a policy is a “plan of action”. To transfer the plan into reality, there needs to be “policy programmes” (in written and negotiated form), and subsequently related agreed and decided “policy instruments” for delivery and implementation.

There are three kinds of instruments for a policy to be implemented: (i) legal policy instruments, e.g. laws and regulations; (ii) monetary policy instruments, e.g. subventions, funding, access to cheap loans or tax reduction; (iii) informational policy instruments, e.g. information campaigns, support through education and training or awareness rising and understanding.

This report focuses on three questions:

i) What are the political framework conditions and policy initiatives that currently foster SI?

ii) What are the political framework conditions and policy initiatives that potentially can foster SI?

iii) What factors hinder policies? What such factors result from political framework conditions/policies for SI?

For subsequent steps in SIMRA, such as the focus on diverging paths in the role of policies in the SIMRA case studies (D6.2), related questions will be addressed. These include:

i) the differences in the political formation of regimes and forms of governance make to the results in policies in support of SI;

ii) the types of impacts that different institutional settings, types of actors and actors’ preferences in governments can have on policies in support of SI.

The formulation of policy is never “neutral”, as it is human-made and represents aspirations, preferences and interests. In 1977, Dye summarised the principal interest in policy analysis as follows: “What Governments do, why they do it, and what difference it makes.” (Dye, 1977). This set of questions includes three descriptive dimensions on what is happening, what are the intentions (i.e. how do they reason what they do, and what is the policy goal?), and what are the impacts (i.e. what is the result of the policy measure?).

Subsequent, literature has been published on methods of policy analysis (e.g. Nakamura, 1983; Dery, 1984; Tsebelis, 1990; Héritier, 1993; Fischer and Miller, 2006; Moran et al., 2006; Knoepfl et al., 2011). Some authors expressed doubts about the analytical conceptualisation of policy instruments as mechanistic instruments for steering expectable outcomes in terms of measureable direct or indirect social, economic and environmental effects. Linder and Peters (1987, p. 459) argue that “Concentration on implementation has added little to our theoretical understanding of policy making beyond the fundamental idea that implementation cannot be taken for granted in a complex policy making environment.” Not every policy is implemented directly, and not all policies have direct outcomes. Some policies may have no effect (Elmore, 1979). This is all a reflection of policy-making as a complex and multidimensional process.

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8 It’s origins trace to “politeia”, the title of the book by Plato and subsequent use by Aristotle in ancient Greece with the focus on how to form political organisations and the rule of the people (the “demos” of the citizens of the polis).
In policy terms, the topic of social innovation (SI) in Marginalised Rural Areas (MRAs) can be considered as being at the intersection of at least four distinguishable policy fields:

- Social Policy
- Rural Development Policy
- Regional Development Policy
- Innovation Policy (most often embedded in economic/industrial policy and R&D Policy).

These policy fields are embedded and dealt with in numerous, various and often distinct policy domains. Examples of such domains are: social welfare, social care, employment, small business development, energy, resource and raw material use, technical infrastructure, agriculture, forestry, food industry, alternative food supply, regional development, technical research and innovation, tourism and education. Underlying these domains we detect different interests and power imbalances, most evidently differences in terms of equipment with resources and budget within individual policy departments.

1.1 Report Structure

This report (D6.1) outlines the results of analysis of political framework conditions for SI, and examples for policy instruments for SI. This will provide a basis for a more detailed analysis of policy implications on SI with examples in detailed case studies in MRAs (D 6.2)\(^9\). The report is structured as follows:

i) Section 2 presents our conceptualisation of political frameworks and the results for the question of SI in rural areas.

ii) Section 3 presents the policies and instruments identified as being relevant to SI at the EU level. It also presents our insights on the diversity of relevant SI policies at national levels, and describes selected relevant SI policies and instruments at local, rural levels.

iii) Section 4 discusses factors that hinder policy towards SI as identified by our research.

iv) Section 5 summarises the main findings and conclusions.

1.2 Methods

This report is based upon analysis of literature and (policy) documents in combination with qualitative semi-structured interviews of key experts. The results of four expert interviews (international and Austrian) were used. More interviews will be undertaken for subsequent deliverables.

The literature search used the “snow ball” system. The first focus was on high ranking, refereed articles and book chapters, in combination with edited editions and grey literature (e.g. conference papers). Principally, the search of policy documents was conducted online. The SIMRA research teams contributed to the data collection with their local expertise and knowledge.

Documents in the public domain clearly state an organisation’s aims and objectives, hence can be used as suitable benchmarks against which on-the-ground reality can be measured. For step one policy documents were identified by SIMRA partners, focusing on those considered to be relevant in partner countries and research contexts. For step two a literature and document search was undertaken. Only those documents deemed to be explicitly relevant as leading to potential impacts on SI were selected. Selection criteria for the documents were evidence of links with regional and rural development, social innovation, social policy and the building of social capacities.

Key experts were identified for interviews. Their selection was based upon expertise in: innovation, social innovation, policy implementation, and policy administration. The interviews of key experts

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\(^9\) The research will target the influence of policies on the success of the SI and ask about what difference policies are making?
This project has received funding from the European Union’s Horizon 2020 research and innovation programme under Grant Agreement No 677622

complemented the findings of the literature review and served to guard against biased findings from documents.

The selection of key experts followed the principle of salience of topics, i.e. social innovation, innovation support, political framework conditions, and innovation systems, as well as specific aspects of social innovation such as social inclusion, participation, social change, social policy, employment, rural problems and marginalisation. The topics for discussion in the interviews were informed by work of Mayring (2007), and were:

- From what level do the documents originate? (categories for non-EU, EU, national, regional)
- How is SI (generally) described in policy documents? (categories for perception of SI)
- What policy instruments are suggested for SI? (categories for monetary, legal, informational)
- Where is SI located? (urban, rural, specifics for rural areas)
- Who are the main audiences or beneficiaries of SI? (categories for community support, socially excluded groups, participation, beneficiaries, private, semi-private, the role of public institutions, notions of civil society, notions of stakeholders)
- Who are the main actors perceived to be involved? (categories for community support, socially excluded groups, participation, beneficiaries, public, private, semi-private, notions of civil society, notions of stakeholders)
- How is the budget allocated to specific measures? (power distribution)
- How is the role of public institutions designed in the measures?

Research deliverable (D6.2) will apply key functions for policy support (Edquist and Johnson, 1997; Neumeier 2016) using examples of the SIMRA empirical case studies of SI in MRAs.
2 Background

In 2009, former US-President Barack Obama established two agencies for social innovation. Since then, as with Obama’s green economy strategies (for so-called “green jobs”), SI has been an increasingly prominent concept for political leaders and policy administration. It has been presented as a solution to many kinds of old and new social risks at a time of growing uncertainty and economic pressure on public administrations as deliverers of social welfare (OECD, 2011; Sinclair and Baglioni, 2014).

The definition of SI developed within SIMRA (Deliverable 2.1) is “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”.

Although SI is aimed at creating social value and having positive impacts on social settings (see above), we believe that its outcomes are not necessarily positive. As with other forms of innovation, SI can create benefits for some whilst having negative impacts for others. For this report, targeting political framework conditions, we introduce another distinction: SI is sometimes merged with terms such as “social enterprise” or “social business” (BEPA 2014, 67f.) and the “social economy” (BEPA, 2014, p. 37f.), both having particular goals and forms of organisation. In short, a social enterprise is an organisation that applies commercial strategies in order to maximise social impacts together with profits. It is part of the social economy. The social economy describes a broader range of organisations, such as co-operatives, non-profit organisations, social enterprises, and also “charities”, the latter being a form of organisation very common in the UK.

For policies to impact on SI, SI cannot be limited to being associated with the social economy. SI can be, and ought to be included in the private and public sectors, in new technologies, research institutions and with other actors and institutions of civil society.

Against this backdrop, the European Commission’s “Guide to Social Innovation” (European Commission, 2013) can be understood as a policy document aiming at widening the focus on innovation from technical innovation and enterprises to other sectors, such as health, social services and education (p.3). The guide was jointly commissioned by Directorate General (DG) Regional and Urban Policy and the DG Employment, Social Affairs and Inclusion. Inputs came from other DGs and BEPA (The Bureau of European Policy Advisors). The guide identifies the European Structural and Investment Funds (ESIF) as having the mandate to promote social innovation (p.51) within the EU’s cohesion policy as one of the main instruments for implementation of the Europe 2020 Strategy (p.48).

Although some authors are critical towards terms of “common parlance”, seeing it as an opportunity for government support for social wellbeing (Pol and Ville, 2009), others welcome it as a general means to tackle marginalisation (Jacobi et al., 2016). These authors frame SI in terms of fulfilling social needs. From a more economic perspective, the EC webpage “What the Commission does on social innovation” (under DG Growth, “Internal Market, Industry, Entrepreneurship and SMEs”) states objectives which are closely related to SI as a source of (economic) growth and employment. This has corresponding instruments of support of Start-Ups under the SME instrument, incubation, open manufacturing and collaborative economy. Social needs are not the direct focus, although SI in the SIMRA definition (see D2.1) can be linked with such measures. The Directorates General of the EC have diverse approaches to the issue of what SI is or should address.

10 The Office of Social Innovation and Civic Partnership and the Social Innovation Fund (SIF)
11 For an introduction to EU-Polity and political framework background see Hix, 2007.
12 http://ec.europa.eu/growth/industry/innovation/policy/social_en (last access 02.02.2017)
For example, environmental challenges, including climate change, need to be addressed by society. Adaptation strategies are of particular importance for people living in North Africa amongst those within the area of interest to SIMRA, where these considerations are of high societal importance and require solutions that have features of SI. Such features are collaborative forms of work, cross-sectoral integration, interactive participation and grassroots movements and approaches to finding solutions. In this way, SI can direct solutions to environmental problems that are more effective than top-down policy approaches. One recent example in Europe is the renewable energy sector in which citizens in a number of Member States started to fund their own collaborative solutions such as wind energy developments. In the UK, such grassroots initiatives have existed since the 1970s (Hargreaves et al., 2013). As the movement grew sufficiently though the 1990s, UK policies recognised their potential. “New localism” and “the Big Society” were policy initiatives to enhance the benefits of a decentralised energy system with higher levels of community involvement.

In 2013, the “REScoop” umbrella organisation was founded in Brussels¹³ to provide services to other renewable energy initiatives and to lobby for a revision of the European renewable Energy Directive to include local energy communities. SI with environmental concerns also includes diverse initiatives such as wood recycling social enterprises, organic gardening cooperatives, low-Carbon-impact housing developments, farmers direct marketing, car-sharing schemes or community litter recycling and composting schemes (Biggs et al., 2010; Hargreaves et al., 2013).

¹³ https://rescoop.eu/what-rescoop
3 Policies and Policy Instruments for SIs in rural areas

In this section policies that relate to SI are examined to deepen our understanding of the institutional and governmental factors that influence SI, and to understand how these create and/or support SIs in rural areas. EU policies are described first, followed by national and regional policies.

3.1 The European Structural and Investment Funds (ESIF)

The European Structural and Investment Fund (ESIF) was declared in Regulation (EU) No 1303/2013, the Common Provisions Regulation for all ESIFs. It is the basis and common framework of the EU Cohesion Policy. The European Public Policy Advisor group denoted the ESIF as “the promoter of SI” (BEPA, 2014). According to BEPA (2014, 73ff.) there are three main funding schemes within the ESIF for SI in MRAs:

- the European Social Fund (ESF),
- the European Regional Development Fund (ERDF),
- the European Agricultural Fund for Rural Development (EAFRD).

In addition, the European Maritime and Fisheries Fund (EMFF) recently launched initiatives for SI, most importantly the Fisheries Area Network (FARNET) contact point, where social inclusion in fishery areas is promoted.\(^\text{14}\) For the first time in the history of the EU, there is one common regulatory frame\(^\text{15}\) for all five financial instruments of the EU cohesion policy: EFRD, including European Territorial Cooperation, ESF, EAFRD and EMFF. Figure 1 illustrates an overview of the relevant policy programmes under ESIF for rural areas.

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\(^{14}\) https://ec.europa.eu/fisheries/cfp/eff/farnet_en

The “Partnership Agreements”\textsuperscript{16} are between the European Commission and individual EU Member States. They set out the plans of the national authorities on how to use funding available from ESIF between 2014 and 2020. These contracts link the development strategies at Member State level with the EU Strategy 2020. Every Member State is required to report on a yearly basis and all national and regional ESIF programmes have to comply with the Partnership Agreement.

To date, the structure outlined in Figure 1 reflects the situation at an EU level. In the following section (3.2) we highlight the policies at national and regional levels, some of which are also partly or fully funded by ESIF. In terms of monetary co-funding at the national levels there is a major distinction between the full funding (100\%) from EARDF for former Pillar 1 funding of the CAP and EARDF under CAP Pillar 2, where there is obligatory national co-funding. The latter concerns all Rural Development Programmes (RDPs).

INTERREG has a mixed source of funding (EU and national), depending on the programme. In terms of national manoeuvre to influence the funding no funding is through direct EU measures once the regulations are adopted (e.g. everything within the CAP Pillar 1), but there are some options for national implementation by Member States within the framework delivered by the EU for all CAP Pillar 2 measures (such as LEADER or EIP).

Within the EAFRD (e.g. 2014 Programming) there is the option for sub-programmes for mountain areas but no Member State has used them to date, or applied for their use (based upon Information supplied by SIMRA project partners).

The total ESIF budget (planned) for the current period (2014 to 2020) is approximately Euro 638 bn, of which the largest share, approximately 43\%, is devoted to the ERDF, 23.5\% to EAFRD and 19.5\% to ESF. The remaining share of funds (15\%) is spent within the EMFF (see above). Thus, most of the budget is allocated via the European Regional Development Funds (ERDF). Amongst these funds, the ESF funds different kinds of local projects (and regional and national projects) linked to employment and employability (such as the EU Programme for Employment and Social Innovation - EaSI). Many such programmes can be considered as fostering SI in the sense that the programmes target socially excluded groups. For example, the Aragon regional government in Spain is developing a bottom-up social inclusion plan with ESF funding consisting in a call for projects proposed by Local Action Groups (LAGs), third sector and others.\textsuperscript{17}

The following sections outline the policy instruments which underpin these funds that are directly relevant for SI and provide a perspective on the diversity of national and regional policies.

3.2 The Rural Development Programme RDP

The Rural Development Programme (RDP) is an EU-policy tool and funding mechanism used by Member States for implementing EU rural development policy in specified territories. A RDP territory can cover an entire country or a specific region. There are over 118 RDPs operational in the EU, each of which is designed to provide particular types of rural development support that are needed in the designated territories. Each RDP has a budget from the European Agricultural Fund for Rural Development (EAFRD).\textsuperscript{18} The RDP budget is used to help Member States fund actions associated with the themes/axes of EU rural development policy, namely for 2014-2020: Improving the competitiveness of agriculture and forestry; Improving the rural environment and countryside; Quality of life in rural areas and diversification of the rural economy; as well as the ‘LEADER’ rural development methods.

\textsuperscript{17} http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/guidance_clld_local_actors.pdf (page 43)
\textsuperscript{18} For more details on funding in the current period, see the very recent report by the Committee of the Regions on EU rural development funding and RDPs. http://cor.europa.eu/en/documentation/studies/Documents/Evolution-Budget-Dedicated-Rural-Development-Policy.pdf
3.2.1 The LEADER instrument

The acronym ‘LEADER’ derives from the French words "Liaison Entre Actions de Développement de l’Économie Rurale” which means, ‘Links between activities for the development of rural economy”. The original concept was to engage the energy and resources of people and bodies as development actors rather than beneficiaries, empowering them to contribute to the future development of their rural areas by forming area based Local Action Group (LAG) partnerships between the public, private and civil sectors. These Local Action Groups are the main tool for the application of the LEADER approach to area development, directly involving local representatives the creation and delivery of local strategies, decision-making and resource allocation.19

In the first (founding) Council Regulation, the corresponding LEADER-requirement required that some of the funding must support projects based on experience with the Leader Community Initiatives (as defined in LEADER+, the follow-up initiative, 2007 to 2013) (see Regulation (EU) No 1305/2013, repealing Council regulation 1698/2005). The "Leader approach” to rural development should involve projects designed and executed by local partnerships to address specific local problems. It introduces possibilities for innovative governance through locally based, bottom-up approaches to rural development20.

In the 2014 to 2020 programming period, the LEADER method is extended to three additional EU Funds under the broader term Community-Led Local Development (CLLD): ERDF, ESF and EMFF (see Figure 1 above). Although LEADER is obligatory only under the EAFRD (this means that more than 5% of funding must come from EAFRD), a single action can now be supported under two or more of the four EU Funds at the same time through the concept of multi-funded CLLD. Where this is applied, it enables LAGs to comprehensively integrate local needs and solutions and helps to reinforce the links between rural, urban and fisheries areas. The new term was introduced to replace the former notion of “rural” with respect to the other funds.

Many of the pressures for reforming LEADER originated in the work of three Focus Groups (FG). These were launched in November 2009 and hosted by the ENRD contact point21 to examine LEADER implementation throughout the EU. The aim was to develop recommendations for the improvement of the implementation of LEADER. The three FGs comprised of representatives of National Rural Networks, Local Action Groups, Managing Authorities and NGOs, all under the co-chairmanship of different NRNs or organizations. A Focus Group on Better Local Development Strategies was launched in May 2011, the aims of which were to work on the two key aspects of local development strategies - creation and implementation. The Focus Groups reported to the LEADER subcommittee and directed their results into other activities related to the implementation and improvement of EU rural development policy by the European Network for Rural Development (ENRD). One significant point of criticism was the “watering down” of the LEADER concept through its integration into the RDPs. The following subsection (3.2.2) outlines the results of the assessment by the focus groups.

3.2.2 Assessing the effects of mainstreaming CLLD/LEADER

It was in the reform of the CAP in 2007 to 2013 that LEADER was formally “mainstreamed” and integrated into the Rural Development Programmes (RDP). Conceived as a horizontal priority scheme, all RDP measures became eligible for LEADER funding (European Commission, 2006). One expert referred to this as the damaging of the original faith and spirit of LEADER (Int I). The literature on LEADER notes that “Experimental and innovative project orientation was no longer a compelling eligibility option” (Dax and Oedl-Wieser, 2016, p.32), and moreover that the whole practice of LEADER was losing its innovative character (Dax et al., 2016).

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20 See http://ec.europa.eu/agriculture/rur/leaderplus/index_en.htm (last access 2014-05-06)
21 http://enrd.ec.europa.eu/contact/enrd-contact-point_en
Indeed, in the reprogramming for the period 2014 to 2020, extension of the scope of applications through in the new Multi-Fund Local Development Programmes through Community Led Local Development (CLLD) is intended to redirect LEADER towards its original concept. A frequently cited comment is the requirement of the management boards to comprise at least 51% from “civil society” actors. The awareness of the problems and needs of disadvantaged groups has risen substantially in the LAGs (Local Action Groups) (Dax and Oedl-Wieser, 2016, 33). However, the innovative character seems to be weakened with the shift to low-risk, large scale, agricultural projects (Dax et al., 2016, 9). One expert dealing with social activities in rural areas emphasised that LEADER is not a social programme targeting socially marginalised groups (Int III). Such social projects in rural areas for which they have responsibility are funded by national social funds and the ESF.

LEADER is not directly responsible for supporting socially excluded groups. Its aims are the support of inclusion of civil society at large. However, this does not mean that socially excluded groups cannot benefit from LEADER measures. To date, policy aspects of SI reflect a distinction between policies that deal with social aspects and marginalised groups, and those that focus on strengthening the inclusion of civil society and stakeholders more widely (LEADER). Dargan and Shucksmith (2008) note that the innovative potential of LEADER remains poor in areas with no history of collective action. They argue that is difficult to apply LEADER in rural areas with no “intrapreneurship”, internal limitations such as missing networks, and a lack of knowledge brokers who may be more likely to live in urban areas (Pertoldi et al., 2016). In some LAGs, a lack of resources for the stimulation of participation has been identified (Int I). LAGs would need dedicated funds for expert coaching in social involvement and management as well as communication skills for administering such tasks such as organisation of the local stakeholder community around a certain interest.

Based upon expert interviews, we identified shortcomings in EU-wide implementation, with criticisms that the LEADER system is overly complex, with a heavy bureaucratic delivery system which tends to suffocate innovation. However, there are a lot of positive examples of CLLD implementation which are worthwhile studying, such as those taking place in Sweden and Tyrol, in western Austria.

In summary, social innovation is a notion of central importance to LEADER, despite the structural changes during its many programming periods. It appears to be the most important policy instrument with regard to social innovation and rural development. Because it is a bottom-up regional and rural development method, with strong emphasis on the inclusion of civil society actors it partially maps onto the SIMRA conceptualisation of SI. The extent of that mapping depends upon the form of delivery at the local level in terms of how much the innovative character of projects remains preserved. Currently, LEADER/CLLD includes 2,600 Local Action Groups that cover 54% of the EU’s rural population.

### 3.3 European Innovation Partnerships (EIPs)

European Innovation Partnerships (EIPs) are policy tools for the development of research and innovation actions. They were proposed by the European Commission in its Innovation Union Communication of 6 October 2010. The objectives of the EIPs are twofold: (i) addressing societal challenges and, in so doing, (ii) enhancing Europe’s competitiveness, against the background of globalisation and current fiscal constraints. The concept provides a strategic approach to innovation, which has its origins in the Europe 2020 Strategy.

EIPs have been launched on Agriculture Sustainability and Productivity (EIP-Agri) (COM(2012)79 final) and Raw Materials (COM(2012)82final). Three more address “active healthy ageing”, “water” and “smart cities and communities”. Conceptually, key stakeholders work together in “operational groups”, or Focus Groups, that operate in rural and urban contexts. In EIP-Agri one aspect considered if the promotion of sustainable food as a marketing brand, in the EU and globally. Such
groups are expected to use methods of co-creation and co-innovation, through the involvement of representatives of different stages of relevant supply chains in the innovation process.

EIPs are expected to foster cooperation between all the types of stakeholders in a particular issue at different levels of government. Operational groups in EIP-Agri are expected to be comprised of farmers, advisors, agribusiness, researchers, NGOs and others who are planning an innovation project and who will apply for the funding through the EIP. A group with a project becomes an Operational Group if its project is selected in a call organised by the regional/national RDP managing authorities (Van Oost, 2017).

Based upon information from those responsible for the implementation of EIP Operational Groups and LAGs, in Austrian, there is no overlap in membership in the two calls from the start of the programme. This appears to be due to differences in the orientation of target topics in the programming. According to an innovation expert from the Austrian Government, the orientation of EIP-Agri in Austria might change to include other “societal” topics.

Increases in innovation in the agricultural sector could contribute to assisting countries recover from the economic crisis of 2008 and boost their economies in terms of economic growth and creation of new jobs, in particular in rural areas. Research in business and economic development, and financial mechanisms for achieving the optimum path towards developing a successful competitive agricultural sector is also essential. Through EIP-Agri, actions could be undertaken to push the technological transfer from science to agricultural and forestry practice, providing more systematic feedback about the practical needs of agriculture and forestry to science, and fostering a competitive sector that achieves more from less and works in harmony with the environment. The EIP on Raw materials will contribute to innovative solutions with a view to increasing the availability of raw materials for Europe, including wood. An independent expert group was set up by the European Commission to assess progress and evaluate the overall performance of the European Innovation Partnerships (see regulation (EU) No 1305/2013. The results are expected by 2019.

LEADER is a policy instrument targeted at regional development, funded by ERDF and EAFRD funds (5% of the ELER funds have to be directed into LEADER). Within the European Structural Funds-System, EIP-Agri is located fully within the EAFRD (European Agricultural Fund for Rural Development), priority 1: Technology transfer and innovation (EIP is under Measures 16.1 and 16.2).

Within the EU framework there are different ways of programming EIP-Agri. To date, the seven projects funded in Austria are technical innovations in the agricultural sector. These projects have no direct link with SI. This seems to be because of a narrower definition of Innovation (see Anhang I, programming and directive). For example, Community Supported Agriculture (CSA) of direct marketing from farms would not qualify for support under the present Austrian Directive.

According to interviewees (especially Interviewee IV), implementation in other EU countries was slower, as of February 2017. Only Germany and France had initiatives running under EIP. However the implementation system is not unified across Federal provinces in Germany, resulting in different calls at different times, and a different system of guidance through innovation support (Int IV).

In Italy the projects to be supported by its recent call have not yet commenced, because the Italian Directive has not been finalised. Spain is not (yet) implementing EIPs because it is awaiting the results of the EIP-European Focus Groups.

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22 www.bmlfuw.gv.at/land/laendl_entwicklung/weitere_programminhalte/EIP-Innovation/Operationelle-Gruppen.html, last access 2017-02-16
23 www.bmlfuw.gv.at/land/laendl_entwicklung/weitere_programminhalte/EIP-Innovation/eipaustria.html
24 See presentation of examples at https://ec.europa.eu/agriculture/sites/agriculture/files/civil-dialogue-groups/rural-development/2016-09-20/documents.zip
Poland and Hungary have started disseminating information about the opportunities, but no programming has been undertaken at national levels. To date, the projects funded appear to be mostly technical (see Van Oost, 2017) or “operational groups” (1st call Austrian Ministry of Agriculture 201625). However, EIPs have the potential for fostering SI into the future.

3.4 The INTERREG Programmes

INTERREG comprises a set of five main programmes which aim to stimulate cooperation between regions in the European Union, funded by the European Regional Development Fund (ERDF for 2014-2020)26. Amongst other goals it aims to support innovation in regional and local governments, and thus has the potential to foster SI. Opportunities for collaboration, supported by INTERREG Europe, can be identified by interested parties in discussion with local policy-makers. Such parties include public authorities (local, regional and national Managing Authorities or intermediate bodies) in charge of the Investment for Growth and Jobs programmes or European Territorial Cooperation Agencies, research institutes, thematic and non-profit organisations. The extent to which SI, decentralisation, openness to innovation and inclusion of civil society can be developed will depend upon the specific local programming and its implementation. If decentralisation follows the principle of subsidiarity27, it can foster SI by narrowing the gap between the implementation or design of policy instruments and measures, and the communities to which they are targeted. Ideally, this would create an opportunity for closing the gap between decisions and the people affected by them. So, decentralization policies in general, and in particular those relating to local decentralization, can foster SI.

INTERREG explicitly funds actions that fall into the following categories: Research and Innovation, SME competitiveness, Low-carbon economy, and Environment and resource efficiency. INTERREG has been running for over 25 years. Some experts argue that over that time some of the funding structure and administrative demands for project partners have become increasingly complex. However, progress has been made on some forms of simplification, such as the on-line submission of applications for support.

3.5 The EU Smart Specialisation Strategy

In the current ESIF period, all Member States are obliged to develop a Research and Innovation strategy for Smart Specialisation (RIS3),28 as a prerequisite to receiving funding from the European Regional Development Fund (ERDF, see above). The Smart Specialisation Platform (S3P) was founded to assist Member States and regions to develop, implement and review their RIS3 strategies. These include a focus on identifying niche areas of competitive strength, solving major societal challenges, and an emphasis on greater co-ordination between different societal stakeholders and alignment of resources and strategies between private and public actors at different levels of governance. The EU guide for Smart Specialisation was designed in the previous programming period and identifies Social Innovation as part of Smart Specialisation (European Commission 2012, p. 109f.).

3.6 Policies at the National and Regional Levels

This section provides an overview of the diversity of policy initiatives at the national and regional levels in order to understand how these can create and/or support SI in rural areas. The section starts with Green Care as one relevant, bottom-up initiative, that was later was connected to policy initiatives for rural areas (section 3.6.1), followed by recent SI policy initiatives under their headings.
This project has received funding from the European Union’s Horizon 2020 research and innovation programme under Grant Agreement No 677622

Some SI relevant policies are a delivery of the same EU-policy but with different (national) interpretations (section 3.6.3). We draw on potentially important initiatives at the regional level (sections 3.6.3 and 3.6.4). The SIMRA-Mediterranean countries and their forms of SI are considered (3.5.5), and the role of major private organisations and actors which can support and foster SI (3.6.6). Section 4 will identify policy relevant, problem-centred, framework information for fostering and hindering factors relating to SI, providing inputs to Tasks 6.2 and 6.3.

### 3.6.1 Green Care, Social Farming and related policies

Green Care, according to our definition (see above), is not a “policy” as such, but green-care policies and public initiatives are. The umbrella term “GreenCare”\(^{29}\), includes health services, education and employment on farms, including a certification system for participating farms. In Austria, it is promoted and supported by the Austrian Chambers of Agriculture, which are the official interest groups for farmers in the Austrian Social partnership. As in all Austrian chambers they have obligatory membership and cannot be considered as NGOs. They may be perceived to be semi-public organisations, but not NGOs in the sense of non-governmental civil society organisations.

According to published literature (Haubenhofer et al., 2010; Elsen and Finuola, 2013; Renner and Haubenhofer, 2013), each country has differences and unique approaches regarding green care, both in focus and realm. For example, the United Kingdom primarily focuses on contexts such as social and therapeutic horticulture (STH), horticultural therapy (HT), and green exercise as an option for treatment. In Finland, Norway, and to an extent in Germany and Austria, treatments involving animals are used (animal-assisted interventions; AAI). In The Netherlands and Belgium, care farming is a thriving sector and is highly developed compared with many other European countries. In Norway and Italy, care farming emerged from an agriculture background with links created with healthcare. In Germany, care farming arose from traditional healthcare with links created with agriculture, gardening, and animal husbandry, closely binding it with healthcare institutions. These are examples of some of the diversity of emphasis in green care in Europe.

As with green care, social farming as such is not a policy according to the definition developed by SIMRA, whereas the related social farming policies are. In most countries, social farming is recognised as being a part of Green Care, which includes the provision of employment for marginalised groups. Social Farming is one of the examples that has “upscaled” from the regional to the EU policy-level. Following an initiative and a position paper from a German Social Farming project in 2008 (the "Witzenhausen Position Paper on the Added Value of Social Farming"), that the procedure for an European Economic and Social Committee was launched ("NAT/539 Social farming"; January 2012). The initiative was taken by the EESC Section Agriculture, Rural Development and Environment and has had the official name of "Social farming: green care and social and health policies". These are all important steps, yet the European Economic and Social Committee (EESC) notes that there is no EU or national regulatory framework for social farming as there is a “lack of coordination between various policies or institutions concerned” (Elsen and Finuola 2013, p. 198). This means that the relevant EU institutions and national and regional authorities should encourage and support social farming by putting in place an “appropriate and conductive regulatory framework for implementing some measures” (ibidem.).

In recent years, the terms “social forest” (Catalonia) or “green care forest” (Austria) have come to denote certain types of forest related initiatives. In Austria there are numerous examples of health care provisions and therapy within the policy programme. Catalonia provides subsidies to entities providing practical training and employment opportunities for marginalized people under the social forest scheme, enabling social entrepreneurs to thrive in the field of forestry, such as early-school-leavers and young immigrants.

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\(^{29}\) [www.bmifuw.gv.at/land/laendl_entwicklung/weitere_programminhalte/gree_care/greencareeinfuehrung.html](http://www.bmifuw.gv.at/land/laendl_entwicklung/weitere_programminhalte/gree_care/greencareeinfuehrung.html), last access 2017-02-16
To summarize, there is a considerable diversity of green care/social farming across Europe. In Italy and France green care is referred to as social farming and is directed towards labour integration and care inclusion provided by community based care organizations such as care cooperatives (Hassink, 2013). In Norway and The Netherlands, social farming is called green care, provided by single private family farms and are examples of “multifunctional” agriculture. In Germany, Austria, Slovenia, Poland and Ireland the majority of care farms are community based care services offered by institutional public, public-private or private partners (ibidem 2013).

### 3.6.2 Scottish SI-Funds and Austrian “innovation of societal topics” funds

An exception to the thinking within departments (see below, Section 4) is the “Scottish Social Innovation Funds”\(^\text{30}\), administered by the Scottish Government and funded by ESF (the European Social Fund). Its recent Call had the goal of supporting collaborative partnerships between (explicitly non-profit) third sector/social economy organisations and research institutions\(^\text{31}\). The recent “Community Empowerment (Scotland) Act 2015” has the potential to facilitate social innovation in the future across the boundaries of sectors. Through boosting the role of community planning and simplifying how communities can acquire ownership of land and buildings, prospectively it has relevance for SI in Scotland.

In contrast, the recent Call “innovation of societal topics”\(^\text{32}\) from the Austrian Ministry of Agriculture explicitly includes public sector bodies as eligible applicants (“Gebietskörperschaften”, that is the administrative entities of the Federal state, Federal entities and municipalities), together with other public bodies, NGOs, and “public juristic entities”, and profit-oriented health support services.\(^\text{33}\)

According to information from experts, the Austrian social ministry has directed that this call be included in the RDP. It is part of the Rural Development Programme (Target 7.4.1) and as such not a separately identifiable policy strategy, but still a relevant SI policy initiative according to the definition of policies used by SIMRA (see above).

In light of the diversity of approaches to implementation across Europe, this example is impressive as it shows how differently the notion of participation of “civil society” can be associated with different policy programming units at national levels. To some of the Austrian interviewees the inclusion of public bodies is not questioned. This is because many of the public bodies are there to “represent” ordinary citizens, and at the municipal level are elected to do so (e.g. in the municipal councils and approximately half of Austrian cities the mayors have been directly elected since 1998). These types of stakeholder are invited to EIP-operational groups as well as to LEADER Action Groups.

### 3.6.3 UK: Extended training, network and support policy instruments

In the UK, a wide range of umbrella organisations and networks support key actors and institutions that are engaged in SI. Amongst those, these are e.g. the nationwide operating NESTA, The Young Foundation, Social Enterprise UK, Social Firms UK, Creativity NI, Cooperatives UK, Un Ltd (Support for Social Entrepreneurs), NCVO (The National Council for Voluntary Organisations Society Building) or Locality (the national network of ambitious and enterprising community-led organizations). In addition there are also regionally operating networks, such as the Social Enterprise Lancashire Network. In addition there is also a variety of regional enterprise partnerships and funds, such as the Building Change Trust, the Social Enterprise Network, Social Firms Wales, Wales Cooperative, Social

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\(^{33}\) „Gefördert werden können im sozialen Bereich Gebietskörperschaften, nicht gewinnorientierte Vereine und Unternehmen, Körperschaften öffentlichen Rechts, Gemeinden und Gemeindeverbände sowie Arbeitsgemeinschaften der vorgenannten Organisationen. Im Gesundheitsbereich können Gesundheitsdienstleister, soziale Gesundheits- und Pflegedienste, Städte und Gemeinden gefördert werden.”
Value Lab, Social Innovation Exchange, Community Enterprise Scotland, Social Innovation Scotland and Social Enterprise NI. Through funding and in-kind contributions, public bodies provide assistance to these support providers. There is a strong social innovation public policy agenda in the UK. Nonetheless, in the UK there are increasing and crucial cuts to local authority funding, with particularly larger cuts to deprived areas compared with affluent ones (Hastings et al., 2013). Such spending cuts endanger the capacity for SI to tackle marginalisation in deprived areas in the UK (Alcock, 2009).

3.6.4 Sweden and Austria: examples of dissemination of SI-EU policy discourse

In the Swedish government’s National Innovation Strategy (Näringsdepartementet, 2012), the concepts of social innovation and social entrepreneurship are intended to become more common, since services previously performed by the public sector are now increasingly being provided by actors outside of the public sector realm (see also Hartman, 2011; Lundström and Wijkström, 2012). This strategy document states that social innovation and social entrepreneurship occur in all parts of society but that civil society organisations may have a particularly prominent role in these processes. According to the strategy, firms, organised civil society organisations, or grass root initiatives, can develop social innovations individually or collaboratively. This is described as particularly important for the regional development in sparsely populated areas.

The creation of forums for dialogue between actors from different sectors, areas, and levels is regarded as central to reaching collective understanding on challenges and opportunities. However, the term ‘social innovation’ does not appear in the National Strategy for Regional Development and Attractiveness 2015-2020 (Ministry of Enterprise and Innovation). The more general idea of innovation is described, noted as something that can have different forms and create different values, of which social value is only one example. The Partnership Agreement (Näringsdepartementet, Arbetsmarknadsdepartementet, Landsbygdsdepartementet, 2014) states the Swedish priorities under the European Structural and Investment Funds (ESIF) for the 2014-2020 programming period (see above). Social innovation is mentioned twice. Once is with regard to entrepreneurship, including a description of social entrepreneurship and social innovation as examples of alternative business models, and another is with regard to the EU Programme for Employment and Social Innovation (EaSI). The agreement is part of the accord between the Member State and the EU, and it is a basis for co-financing. We compare the Partnership Agreement with the Austrian Agreement, which highlights differences in features.

The Austrian Partnership Agreement for 2014-2020 (STRAT.AT 2020) states the same priorities for Austria under the ESIF. “Innovation” is mentioned 19 times in combination with technological research and research collaboration, for both rural and urban areas, but there is no mention of SI. In the strategy to combat poverty and foster social inclusion (p. 42ff.) the “bundle of measures by public spending” highlights financial measures of the ESF (European Social Fund). Neither rural areas nor local context are mentioned in any of these discussions.

The two partnership agreements show how dissemination of EU discourses on innovation in general is dependent on national interpretations and perceptions of “innovation” within the sectors and authorities of the implementing ministries. In the following we identify policy documents that explicitly refer to “innovation” (not “social innovation”). Like Sweden, Austria has a national Open Innovation Strategy (Ministry of Transport, Innovation and Research, 2016). This uses the European Innovation Score board to show the status quo of “innovation” in Europe, and to define the measures for Austria leading the ranking.
Innovation Leaders are: Sweden, Denmark, Germany and Finland.
Innovation Followers are: The Netherlands, the UK, Austria, Slovenia
Moderate Innovators are: Spain, Hungary, Slovakia, Croatia, Estonia
Modest innovators are: Latvia, Bulgaria, Rumania (p.50).

In Measure 4, reference is made to social innovation, framed as “societal innovation”. The suggested measures are an open innovation platform for SMEs to foster networking of “different” actors (p.73 f.). The notion of “innovation” is narrower in the Austrian policy framework compared to the Swedish one. Unlike the Swedish national strategy (see above), the Austrian strategy originates from a single ministry and is characterised by an economy-centred, technical approach to innovation, with a strong focus on connecting business, research and consumers (the quadruple helix approach in innovation research).

In Austria, as in other countries such as Germany, competencies are strictly divided between different ministries. The division of competences at the level of Federal States, which have different political leaderships (such as in Austria and Germany) is a potential barrier to the implementation of SI, unless such political stratification can be turned into an advantage through widespread “multi-stakeholder” involvement.

Overall, it is apparent that a complex subject such as SI poses many challenges for policy coordination and cooperation at the level of national implementation.

3.6.5 Italy: SI at the national level

Italy has two national policy documents that explicitly describe SI as a point of focus (MIUR, 2012; Ministero del Lavoro delle Politiche Sociali, 2011). One is a call for project proposals for Smart Cities, Communities and Social Innovation, and the second is the national action plan to support the voluntary effort of firms in strengthening their Corporate Social Responsibility. These are listed here because the Italian national action plan includes explicit mention of the terms social cohesion, sustainability and social innovation. Moreover, the Italian Legislative Decree No. 5/2009, converted into Italian Law No. 33/2009, is the so-called “network contract” to support and promote new networks and facilitated access to loans for enterprises in times of financial crisis. These include tax advantages (a share of the profits of up to €1,000,000 to be set aside) for all firms that sign-up to such a network contract (Beralli and Poli, 2016). According to Giaretta and Gesini (2016), this is unique, as in Europe there are no EC regulations or directives for the formation of such networks (ibidem. 3.3). However, although all these documents mention and address the concept of “social innovation”, they would not come under the SIMRA definition of social innovation (see D2.1 and this report, Section 2.1) as they are all focused on profit-making sectors. These documents reveal how the concept of SI can be interpreted differently across the different Member States.

3.6.6 France and Spain: potential of SI initiatives and related policies at regional level

Regional strategies that incorporate social innovation are beginning to emerge in France and Spain. The French regions appear to be forerunners in terms of policy documents. Many French regions already integrate social innovation in some form in their strategies for innovation and economic development, as indicated in the guidance document, “Regional actions supporting social innovation”37 (AVISE, 2013), and supported by results of a survey by the Association of French Regions (ARF). The regional strategy considers social innovation to be linked to the social economy and/ or work organisation, combining various forms of incubation, co-creation with citizens, or initiatives in the health and care sector.

37 www.avise.org/sites/default/files/atoms/files/20140204/201311_Avise_Panorama_JSRegion.pdf (Les actions de soutien à l’innovation sociale en Région)
In the French rural sector, the “Association for the Maintenance of Peasant Agriculture” (AMAP) responds to the needs of both organic and non-organic farmers to sell their products at a fair price, at a local scale, and without intermediaries. The consumers want to buy locally grown organic products from farmers they know and to whom they can relate. With a common background and basic principles, AMAP is organized in different forms and can go beyond the commercial aspect of buying and selling products. For example the AMAP in Guadeloupe (in the French West Indies, Guadeloupe is within EU territory), where their consumers have been solicited (on a voluntary basis) to participate in the activities of the farms with which it is associated. Some have started their own garden within the farm of one of the producers. They also initiated a discussion group focusing on topics of interest to the group such as education, sustainable consumption and living, food and agricultural policies. The farmers and the consumers share a common discontent regarding contemporary approaches to agricultural production and consumption, and are seeking alternatives to an industrial approach to food production and consumption.

The Basque Countries regional strategy explicitly links social innovation to the Spanish Basque regional innovation strategy. The regional innovation strategy is an example of the regional implementation of the EU Smart Specialisation Strategy. It is partly funded from the European Structural and Investment Fund (ESIF). Every region and every EU Member State which targets EFRD-funds has to develop such a Smart Specialisation Strategy (S3, see 3.5 above) as one ex-ante condition. In most Member States, the SSPs are designed as broad consultation processes with the involvement of actors (based on evidence from an interviewee expert). The example for the Basque Country illustrates how a region can focus on SI and use a wide range of approaches to achieve social innovation more explicitly.

Innobasque is a non-profit private company created in 2007 to coordinate and promote innovation across the Basque Country. It acts as a regional innovation partnership. The Board comprises 57 leading actors from across the region. It includes the Rectors of the three universities, the Chief Executive of the cooperative group Mondragon, representatives from three Ministries, and the Chief Executives from leading enterprises in the region. Innobasque works at the policy level on many aspects of technological innovation, including the general public through reflection groups and workshops such as its world cafe events which focus on ways to promote societal transformations. The OECD described Innobasque as leading work on social innovation and fostering collaborative action and joint research in the region. Innobasque is exploring strategies to support the creation of new social firms (work integration social enterprises, see OECD, 2011). Examples of the achievements of this public-private partnership include:

- lifelong learning via a participatory process with citizens,
- social contract for housing: participatory process with public and private agents defining housing policy for the next 15 years,
- engagement on how a 21st century city could be developed, including urban planning and values,
- new in-house services to help people to live in at home as they get older with a good quality of life and services,
- a social contract for immigration involving all organisations and institutions to support a social contract of coexistence.

In the Forestry sector, the Spanish region of Navarra implemented a subsidy scheme with the umbrella association of forest owners to foster joint forest management in abandoned areas. In Galicia there is a support programme for forest management units (UXFOR, 2008-2013, legal base decreto 101/2008, 30th of April) and another one on Forest Societies (SOFOR, 2014, legal base decreto 45/2011, art.3.1).
Hence, strategic local development plans (according to our definition, see above, count as public policies with strategic development aims), amongst which Local Agenda 21 initiatives have the potential to act as drivers of SI if they include participatory forums or similar tools. They can foster SI when people share concerns and visions about their communities and their needs, and they propose solutions. Any local development plan pursuing such ideas and proposing measures to address them is likely to be fostering SI, in the sense of institutional change, participation and inclusion of civil society in MRA. Thus, by extension, any regional or national policy promoting the elaboration and start of strategic local development plans has the potential to indirectly foster SI.

3.6.7 Switzerland: new policy for regional development

Currently, in Switzerland there are policy initiatives that target rural and regional development, indirectly relating to SI, such as the development of tourism initiatives which involve the participation of civil society (see SIMRA definitions above). The first significant policy initiative on fostering innovation started in 2009, when a new regional policy (“Neue Regionalpolitik”, NRP) was developed. Initially, it targeted entrepreneurial innovation. In the most recent period the focus is on industrial and Regional Innovation Systems (RIS) and tourism, through participation in the INTERREG Programme. Switzerland is directly affected by EU policies via its participation in cross-border cooperation (ETZ) within the frameworks of ESPON, and INTERREG and its funded programmes (e.g. INTERACT, URBACT). The new EU Cohesion policy (see above) has led to changes for the 2014-2020 programming period of the NRP, reflecting goals of job creation, competitiveness and economic growth, improvement of quality of life and support of sustainable development.

Classic policy research on the Swiss welfare state focused on the Swiss example of favouring private initiatives before state action (see Scharpf, 1994). All social tasks were divided hierarchically across the three territorial levels: the confederation, the cantons and the municipalities, and horizontally split between public, private and non-profit organisations.

In Switzerland through to the mid-1970s there were only minor social policies at a Federal level, unlike in Austria or Germany (Schmidt et al., 2007). For example, social insurance was private and arranged by work sector, ideology or religion. This system was changed in the 1980s with the introduction of a public “basic social insurance”. The strong federal nature of the cantons and municipalities means that they have considerable freedom to manage their own social policies.

In 2000, some scholars argued that the Swiss rural/regional development was limited due to:

- insufficient exchange of information between the mountain regions within Switzerland and abroad,
- regional policy remaining sectoral and insufficiently integrated in its organisation,
- no significant turning point is visible with respect to sustainability in the New Direction in Regional Policy (Rodewald and Knoepfel, 2000, p. 40).

A federal regional development committee (the Council for Regional Development; Rat für Raumordnung) was formed in 1997, by the Swiss Federal Decree of 22nd October 1997. Initially, this was criticized for failing to formulate positive targets for regional development (Rodewald and Knoepfel, 2000; Kissling-Naef et al., 2000). Since then, there have been considerable changes, the most recent reform being of the regional policy in 2009 (“Neue Regionalpolitik”, see above).

One example of Swiss regional SI in mountainous areas is the founding of the regional organisation “pro val lumnezia”. The organisation aims to initiate and coordinate a comprehensive and sustainable development of the valley lumnezia. The local industry association (initiator) and all

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38 The Local Agenda 21 is a non-binding, voluntarily implemented global action plan originating in the UN-Rio 1992 earth summit; it is administered by the UN Commission on Sustainable Development, but has to be implemented at the local levels.

39 http://regiosuisse.ch/neue-regionalpolitik-nrp, for INTERREG see above.
communes in the valley worked together, creating an office of coordination and assistance for the regional development of the valley. A coordinator is employed for the office with responsibility for developing visions and strategies for the valley, supporting projects and ideas, and helping their finalisation or realisation. The support consists of consultancy, development of contacts with public authorities, experts and media and the acquisition of financial support. The coordinator is also the point of contact for the local population. Due to the activity of “pro val lumnezia”, over 60 projects have been developed in the valley since 1989 with values ranging from 5,000 CHF to 1.2 m CHF. Initial financial support came from “Pro Natura”, the Swiss Nature Protection Organisation, followed by private sponsors and funders such as the Swiss lotteries. To date, investments have been made in projects to a value of more than 9 m CHF. The valley with its organisation “pro val lumnezia” is a ‘lighthouse project’ of successful comprehensive regional development.

A second example of regional development policy for Si is the cooperation of the association Région Val-de-Travers which is responsible for implementation of regional development policy. The commune administrations and several watchmaking enterprises represent a third of the full time equivalent employment in the valley. Together with the regional development organization of the canton Neuchâtel (réseau urbain neuchâtelois, RUN) the association set up a regional agreement which defines the development policy and the collaboration amongst partners. The region pursues a development policy which is based, and focuses on local watchmaking. In 2007 the regional agreement came into effect and with it the network “Réseau des Fleurons” was founded. “Réseau des Fleurons” (‘the network of the figureheads’) includes private enterprises in the watchmaking and micro-mechanics sector. The regional agreement strengthens the cooperation between the actors as well as defines the mutual support. The supporting measures are explicitly defined and concentrate on requirements of the enterprises, especially in promotion of the sector, education, research and development. The communes are obligated to create a working place which helps the members of Réseau des Fleurons tackle administrative problems, particularly with new branch offices or expansion plans. They are required to coordinate the arrangements for business development, and co-finance training schools for young engineers and postgraduates in research and development. Over time, public-private cooperation has gained an important dimension in the region. The association Région Val-de-Travers has also launched and realised several other innovative projects.

The “Social Innovation Europe Portal”40 (referred to as the SIE-initiative) and its related network have launched calls for Si in Switzerland41. However, to date there is little or no take-up of the concept. Yet at the national level the Regional Innovation systems strategy (RIS)42, and “Innotour Switzerland”43 exist to enhance innovation, cooperation and collaboration in tourism, as well as the exchange of knowledge, science and support between firms and research via the Swiss universities of applied sciences (WTT)44.

3.6.8 Mediterranean Non-EU SIMRA-countries

One focus of SIMRA is on the countries surrounding the Mediterranean Sea. Within the “Euro-Mediterranean partnership”45, with the exception of Syria46, the EU has reached Association Agreements with Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Tunisia and Turkey, representing 8.6% of total EU external trade. The goals of such agreements are to “establish and deepen comprehensive free trade areas” (see fn25). However, there is limited regional economic integration between these countries, thus the EU also aims to enhance the “intra-regional trade”,

40 www.siceurope.eu/
41 see e.g. http://sie_2016.testing.effusion2.db.bytemark.co.uk/it/social-innovation-switzerland
42 http://regiosuisse.ch/ris-netzwerk
43 www.oecd.org/industry/tourism/40242781.pdf
44 www.kti.admin.ch/kti/de/home/ueber-uns/foerderbereiche/wtt-support.html
46 initiation in 2008, but the process is currently ceased.
that is currently comparatively low with 5.9% in exports, 5.1% in imports. The most often mentioned example is the so-called “Agadir Agreement”, initiated by the EU and officially in force since 2007. It aims to strengthen trade relations with Tunisia, Morocco, Jordan and Egypt. In relation to social issues, the EU “works closely with each of its Southern Mediterranean partners to support economic and social transition and reform” (fn25). As of 2017, programmes funded under the “European Neighbourhood policy”[47] focus on supporting and controlling migration paths via Libya and other northern Mediterranean countries[48].

Several notable SI projects operate within the region, partly funded by government or international charities, of which a short description of examples follow.

The Tunisian Centre for Social Entrepreneurship
The aims of the Tunisian Centre for Social Entrepreneurship are to create a website of “social entrepreneurship in Tunisia” which will function as an “online incubator”. Currently, it supports 10 social start-ups: SOS Single Mother, by Monia Medimegh; Student to Student, by Houda Naceur; Human Resources online, by Firas Karoui; Biofuel and Oil recycling, by Bilel Hamzaoui; the Association for Students and Researchers, by Kaouther Nasri; Legal concierge, by Rym Salem; NGO’s online network, by Abdelmajid Zahmoul; Fair trade fashion, by Hayet Ben Amor; Eco-tourism in North Tunisia, by Aroua Gharbi; Sun in my family, by Amira Dkhil; Food for all, by Amira Driss; Next Gen Corp, by Ahmed Nabli, Ismail Trioui and others; and, Ecovision, by Radhouane Boukottaia.

The Centre organises events and workshops in schools and universities about social businesses. It has an aim of creating five sustainable social business education programmes within universities in Tunisia. During summer 2017 it is planned to send five Tunisian interns to social entrepreneurs in other Mediterranean and Arab countries.

Tunisia: The Centre for Arab Women Training and Research (CAWTAR)
CAWTAR was established in 1993 in Tunisia to provide training programmes for undergraduates and postgraduates students in fields, such as: gender mainstreaming, decision-making, leadership, entrepreneurship, women rights and human rights. Courses are 3 to 5 days in duration, with certificates issued upon completion of training. The Centre provides internships for three students a year, in topics such as arts, law, gender and women studies, development, environment, websites design, media and journalism, documentation and librarianship, finance and management.[49]

Egypt: The Badaweya Women’s Handicraft Initiative
This is an initiative to revive and empower Bedouin handicraft producers to start their own business within and beyond the Sinai region.[50] In 2013, the initiative evolved through a connection to an employment programme of the German public development agency (GIZ).

Egypt: Liter of Light Hackathon
Liter of Light[51] brings eco-friendly ‘bottle light’ to communities living without electricity. The initiative started in the Philippines and now operates in India, Indonesia and Africa. It is based on a principle that allows innovators to add their own modifications and enhancements and to implement it in their communities. The project is funded by private firms such as “PepsiCo” and “Schneider Electronics”.

Bottom-Up approaches and Civil Society in Lebanon
The engagement and participation of Civil Society is one of the elements of SI in the definition developed by SIMRA (Klunkóva et al., 2017). In its report “Mapping Civil Society in Lebanon”, funded

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by the European Union (TECAS, 2015), the authors state that “The political system that Lebanon has adopted, makes policy making an obscure process, one that is inaccessible for Civil Society Organizations” (ibid. p.9). In a quantitative survey (a random sample amongst the 1,049 Lebanese registered Civil Society Organizations (CSOs), 13 Focus groups and 12 qualitative interviews, the key conclusion of the report was that the Lebanese CSOs lack human and financial resources. The report emphasizes that the Lebanese law on the right of forming associations should be implemented seriously, and that CSOs have to be supported in their work, rather than hindered as at present.

**Israel/Palestine: Masar Ibrahim Al-Khalil**

Masar Ibrahim Al-Khalil is a non-profit community based tourism initiative that was developed in and around Palestine.\(^{52}\) It is a hiking trail that goes through the West Bank, from the Mediterranean olive groves of the north, the deserts in the south, the area west of Jenin, to the area south of the Sanctuary of Abraham (known in Arabic as Al-Haram Al-Ibrahimi) in the city of Hebron. The initiative is supported by crowd funding through the internet and by hiking tourists.

**The IMPACT initiative in the Middle East and Northern Africa**

IMPACT is a Swiss funded international humanitarian aid agency, supported by several international funding and donor institutions as well as the EU and the UN. It has one aim of the Building of Capacities of Organizations\(^{53}\). IMPACT builds the capacity of organizations to enable them to gain a better understanding of crisis dynamics, be better prepared for future shocks, and have an increased capacity to respond to the needs of affected populations. They achieve this through training, and the provision of tools and mentorship programmes. Currently, it is active in Middle Eastern Countries such as refugee camps in Jordan, and developing a Reporting and Monitoring system for UN agencies in Jordan.

**Conclusions on the role of policies in the Mediterranean SIMRA Non-EU Countries**

The examples described above show that, in some countries, the fostering of political framework conditions for SI takes place at different levels. The economic crisis, the level of poverty, unemployment rates, medical supply, overpopulation and other factors are, compared to the situation within the EU, harsher and would need many more measures, investment and structural change than the few initiatives that we have identified to date for this report. Most of the initiatives are funded by private initiatives and or/external donors. The projects and initiatives described contribute to addressing severe problems in the wider region surrounding Europe in terms of policy delivery and societal problems (e.g. health provision, education, rule of law and democracy, youth unemployment, refugee influx). In terms of “political framework conditions”, the EU has an interest in the economic stability and security of its neighbouring regions. Social innovation can contribute to this economic stability from the bottom-up.

**3.7 Major Private Institutions Supporting Public and Social Innovations**

Private institutions exist with responsibility to allocate funding of such a size that they can be considered commensurate with those of nation states. Such organisations are not responsible for the development of “public policies”, but their own policies have the potential for making significant differences in areas where they invest. Examples of such institutions follow.

#### 3.7.1 NESTA

The National Endowment Fund for Science, Technology and the Arts (NESTA)\(^{54}\) was established as an “executive non-departmental public body”. In 2010, it was transformed by the UK Government to

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\(^{53}\) [www.impact-initiatives.org/our-core-activities](http://www.impact-initiatives.org/our-core-activities)

\(^{54}\) [www.nesta.org.uk/](http://www.nesta.org.uk/)
become an independent charity that funds itself from the interest on the original endowment of £250 million which is kept in a Trust. Its responsibilities and activities include:

- publishing national data on innovation spending,
- testing and running innovation programmes of public service delivery and recommend ways of scaling them up,
- running mentoring networks and providing critical reflections on innovation topics.

A fund of £25 million is used to invest in social ventures with innovative products or services that address three challenges: an ageing population; the employability of young people; and the sustainability of UK communities.

### 3.7.2 ASHOKA

Ashoka, “Innovators for the Public”\(^55\), is a non-profit organisation founded in 1981 in India by the entrepreneur, William Drayton. His idea was to support social change, through the “right” social entrepreneurs, with flows of capital into emerging ideas; the same function as that of business venture capital at that time. Investments are acquired through partnerships with private firms. Ashoka’s main, “global office” is based in Arlington, USA. Ashoka has 200 employees, and supports approximately 3,000 social innovators, in 70 countries across all continents. According to its website it has an annual revenue of US$53 million.

### 3.7.3 Open Society Foundations

The Open Society Foundations were founded in 1979 by George Soros, global investor, to “improve democracy and strengthen civil society” across the world.\(^56\) Currently, their President is Christopher Stone, an international expert on the reform of criminal justice, and the leadership and governance of Non-profit Organisations. The Foundations fund a range of programmes covering public health, education, and business development. According to its webpage, in the last 30 years, US$13 Billion were invested by the Foundations.

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55 [www.ashoka.org](http://www.ashoka.org)
56 [www.opensocietyfoundations.org](http://www.opensocietyfoundations.org/)
4 Policy Factors Affecting Social Innovation

Policies have considerable potential for fostering innovation through regulations, financial support and the provision of information and training. The actors and innovators involved can be supported by policy measures in: (i) normative, regulatory forms; (ii) monetary (financial subventions, special loans, tax reduction, project funding); (iii) material inputs (in kind, such as land, infrastructure, equipment); (iv) informational (coherence of arguments, publication, training, knowledge transfer, coaching, mentoring); and (v) networking (peer-to-peer-actions, exposure trips, twinning, mentoring).

Innovation is more difficult in marginalised rural areas because of a lack of interconnectedness of actors, in combination with limited infrastructure, structural education and employment deficits. Recent literature on regional innovation systems outlines requirements of more local knowledge circulation and knowledge and innovation sources for peripheral and marginalised regions than for any other (Asheim et al., 2016; Isaksen and Trippl, 2016; Isaksen and Trippl, 2017). Efforts of mobilising investment and resources needs might be more demanding than in urban social innovations. Such assumptions will be tested in the SIMRA case studies and the development of policy and practice recommendations (to be reported in D6.2 and D6.3).

Moreover, innovations involve, by definition, taking risks and are prone to failure (Grillitsch and Trippl, 2016). They need utmost openness in terms of budget for the whole process of the innovation (Isaksen and Trippl, 2017; Trippl et al., 2015). These attributes of innovation clash with the traditional logic of public policy making. In this vein, Chapman (2002, p.13) identified a set of barriers to openness in the public sector which can be summarized as follows:

- a strong aversion to failure, exacerbated by the political process which uses failure to score points rather than learn lessons;
- a pressure of uniformity across public services;
- un-reflected shared assumptions between civil servants and ministers that command and control is the correct way to exercise power;
- a lack of evaluation of previous policies;
- a lack of time to do anything other than cope with events;
- a tradition of secrecy used to stifle feedback and learning;
- the dominance of turf wars and negotiations between departments, effectively making end-user performance secondary to other considerations;
- resistance and protection of vested interests by some professional and intermediary bodies.

Mulgan and Albury (2003) identified the following barriers to social innovation within the public sector:

- a culture of risk aversion (related to or skills in active risk and change management);
- delivery pressures and administrative burdens;
- short-term budgets and planning horizons;

Subsequently, Mulgan (2007) outlined the following “bad reasons to avoid good innovation” in the public sector:

- innovation is not the job of any one person in public administration (i.e. no one has direct responsibilities for innovation);
- risk aversion;
- too many bureaucratic rules;
- uncertainty in results of innovation;
- high walls dividing departments, agencies, and professions, or linked services;
- monopolistic structures in the public sector.
Some of these issues have been addressed in recent years, and some policy makers appear to be aware of them (INT IV). For example, a new institution of “Innovation brokers” has been created in the EIP-Programmes (2014 to 2020) which will guide the processes of funding with expertise of innovation as an open process.

4.1 Policies with Counter-effects

In addition to structural policy failures, there are direct policy initiatives which can have counter-effects for SI in rural areas. An example is of national regulations which are implemented to increase the hygienic security of milk and cheese produced by small farms, and other local food specialties (e.g. home-made jams or cakes). The policy impacts on small scale economic activities in mountainous areas (e.g. small B&B, agro-tourism, family houses, mountain refuges, and local mountain farms with a small number of cows or sheep). This has affected European regions in Member States such as Italy, Austria, Ireland, Finland, UK and others.

The relevant regulations have often led to the closure or reduction of economic activities, and broken purchase chains between small local producers and small local buyers of local specialties. It is hard to re-establish such supply chains once interrupted, which reduces the potential for social innovation in the MRAs of mountainous regions.

4.2 The Role of the State

Due to problems of risk and uncertainty which militate against social innovation in MRAs, the public sector can have a major role in supporting social innovation. The public sector can provide a solution to such challenges through public funding and public contracting. As social innovations are not intentionally “for profit”, they require some form of support for their maintenance. The collective nature of many of the services and goods characterise SI, which implies that their benefits cannot be “privately appropriated” as surpluses within market and business logic. Gains might be reinvested into the communities involved.

Recent research reveals that even technical and R&D lead innovation may need State intervention and subsidies (Mazzucato, 2015). There are several major examples of private support institutions for SI (see Section 3.5). One of them stems from a governmental initiative and the other works in cooperation with business partnerships.

State intervention has been criticised by some prominent authors as not being able to support, or being too weak with respect to SI. For example, “We are not aware of a single government that has developed a fully-fledged machinery for accelerating social innovation in a major sector.” (Mulgan 2006, p.157). However, to expect the provision of “fully-fledged machinery” may seem a high expectation from the perspective of governments.

Finally, Social Innovation is linked strongly to social capital in SIMRA. Social capital is strongly connected to opportunity structures in rural areas. These infrastructural settings (education, employment opportunities, health care provisions, child care provisions, consumer infrastructure, etc.) are, to a large extent, under public responsibility. Examples from some of the Mediterranean countries show how weak state infrastructure, weak governance structure and weakly imposed rule of law have a negative influence on SI.
5 Conclusions

Recent research reveals that even “ordinary” technical and F+I lead innovation needs state intervention and subsidies (Mazzucato, 2015). Much of the support for SI requires public funding as it is outside most models of business, with no directly marketable benefit. Although some profit might be possible, it is not the principal purpose or characteristic of SI (see SIMRA definition, Deliverable D2.1).

The results identify three key dimensions of policy approaches to social innovation, summarised below.

1. **Policies targeting social needs and demands.** SI responds to social demands not addressed by the market and existing (public) institutions. It is directed towards vulnerable groups in society, such as the young and elderly, migrants, unemployed, single mothers, socially excluded, etc. The most relevant budget is the European Social Fund (ESF) initiative “EU programme for Employment and Social Innovation” (EaSI), which replaced the former “Progress” programme in January 2014.

2. **Policies targeting societal challenges at large.** SI integrates social, economic and environmental dimensions. Examples are the EU’s integrated approaches, which we have been divided into two:
   i) **Integrated financial policy instruments:** These are “funding” initiatives within the EU Structural Investment Funds (ESIF), plus synergies from the largest public research programme Horizon 2020\(^{57}\). We include the “EU SME instrument”\(^{58}\) here because its funding mechanisms have been opened to social enterprises. The specific instrument for “enhancing conditions for social innovation and social enterprises” in Europe is the recent “Social Business Initiative”\(^{59}\) Apart from EU initiatives, at regional levels several relevant initiatives exist. For example, in the Spanish region of Catalonia there are subsidies, tax levies, and loans to social enterprises, including the funding of cooperatives. In Italy, the programme “invitalia” is dedicated to support young and female micro-entrepreneurship\(^{60}\)
   
   ii) **Networking and upscaling/incubation policy initiatives:** The most relevant example is the virtual “Social Innovation Europe Portal”\(^{61}\), (referred to as the SIE-initiative). The portal is an informational policy instrument (see definitions above), with the intention of facilitating networking and circulation of information. We found that in rural areas, “upscaleing” is not easy because of the contextual features of SI, and the lack of incentives for social innovators to upscale, so inconsistent with the aims of business profit-seeking innovators. In response to the weaknesses the EU flagship strategy “Innovation Union” launched two incubator network projects: Transnational Network for Social Innovation Incubation – (TRANSITION)\(^{62}\) and in 2017 the Benisi project (Building a European Network of Incubators for Social Innovation)\(^{63}\).

3. **Policies targeting institutional change, participation and inclusion of civil society.** We distinguish between, i) **Policies for SI,** and ii) **SI within Public Policy making.** Both approaches are demanding, targeting processes of institutional development and changes in the relations between stakeholders and public organisations and institutions.

\(^{57}\) https://ec.europa.eu/research/regions/index.cfm?pg=synergies
\(^{58}\) https://ec.europa.eu/digital-single-market/en/sme-instrument-0
\(^{59}\) http://ec.europa.eu/growth/sectors/social-economy/enterprises/
\(^{60}\) www.invitalia.it/site/new/home/cosa-facciamo/creiamo-nuove-a-aziende/nuove-imprese-a-tasso-zero.html
\(^{61}\) www.siceurope.eu/
\(^{62}\) http://transitionproject.eu/about-transition/
\(^{63}\) www.benisi.eu/about-benisi
The best example of the first policy approach is that of LEADER “local development method”. In this period (2014-2020) it has been extended under the broader term “Community-Led Local Development” (CLLD) in European and national Rural Development Programmes (RDPs). It received obligatory co-financing from the European Agricultural Fund for Rural Development (EAFRD), and now can be supported from three more of the ESIF funds (ERDF, ESF and EMFF). It targets engagement of local actors and enables 2,600 LAGS (Local Action Groups) to integrate local needs and to reinforce the links between rural, urban and fisheries areas. There is a minimum requirement of a 51% majority of non-public actors in the decision making bodies of LAGs.

SI within Public Policy making is an ambitious concept. A frequently cited example is the implementation of BUILD, “the Bilbao Urban and Innovation and Leadership Dialogues”. Its aim is to support changes in participatory public policy formulation and implementation through intensive interaction processes and public forums.

Overall, reports on national policy landscapes related to SI in rural areas indicate that the concept is still under development. Based upon our stakeholder interviews and the published literature we believe that SI in some countries is perceived as an active provider and substitute of public welfare services by non-profit “community actions”. It offers hope of finding “better” solutions to current social problems than before (UK). In other countries, the involvement of civil society follows the EU-funding logic with civil society actors engaged as “stakeholders” in SI processes, e.g. in the field of EIP-Agrì operational groups and LEADER LAGs. In these, public participation and stakeholder involvement serves as provider of “advocacy coalition platforms” and “new network incubators” which are expected to influence the development of social innovation in the country at a regional level (Austria, Italy). Regarding the latter, there is some evidence that programmes supporting participation, cooperation, civic engagement and associations, and support schemes providing income to civic society in order to carry on their activities foster SI (in line with key dimension 3).

Based on our findings we conclude that policies can foster SI but they can also hinder it. Hindrance can be because of a “top-down” logic of public subventions or other supporting initiatives (e.g. due to the level of accountability required for expenditure of public money). This is contrary to the stimulation of innovations as risk taking initiatives.

Public administration does not have authority over civil society organisations and thus no direct mechanisms for ensuring participation in any given activity. Furthermore, even if there is the political will and instruments to support SI, these are slowed down or restricted because of diverse sectoral responsibilities and a lack of cross-sectoral coordination and policy integration. Efforts will be required to overcome such obstacles within systems of existing funding streams, with SI currently located in-between different themes for support. SI is an intra- and interdisciplinary topic meaning that often it will not fit directly into existing categories of support.

We believe that regional innovation systems are better equipped in urban areas than in marginalised rural areas (e.g. Isaksen and Tripp, 2017). Thus, SI in regional systems with poor support and infrastructure will require more effort (and probably more budget) than in better equipped ones. Policies can foster SI in terms of preparing the ground and “room for manoeuvre” (Neumeier, 2016), as well as with investments into knowledge exchange and capacity building in the regions.

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64 http://enrd.ec.europa.eu/leader-clld_en
65 www.gmfus.org/forum/bilbao-urban-innovation-and-leadership-dialogues-build
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Appendix 1: Principal Key Experts Interviewed\textsuperscript{66}

The experts interviewed to inform this deliverable were from the following organisations or backgrounds. Participation was based on anonymity.

Int I  Austrian Expert on LEADER  
Int II  Austrian Expert on Green Care  
Int III  Austrian Expert on Evaluation of rural Development Programmes  
Int IV  Innovation Expert in Austrian Ministry of Agriculture

\textsuperscript{66} We assured anonymity to all our interviewees, but not all of them gave us the authorization to use all information for the report, as their personal opinion does not correspond with the official opinion of their organisational entities.