

Innovation and Rural Development

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Index

Introduction	5
Chapter 1: The concept of innovation applied to rural areas	7
1.1. Innovation, a new solution to the problems of rural areas?	
1.2. Innovation in three directions	
1.3. A more positive general context	
Chapter 2: The stages of the innovation process	21
2.1. Clarifying the context	
2.2. From the creation of an innovative idea to its gradual collective appropriation	
2.3. From the innovative idea to the project	
2.4. From the project to its implementation	
2.5. Ensuring that the change is viable	
2.6. Successes and failures of the innovative process	
2.7. Knowing how to manage conflicts to create the necessary synergies	
Chapter 3: Innovation, a process of a fundamentally social nature	27
3.1. Comparison of the “local” and the “global”	
3.2. The creation of new learning mechanisms	
3.3. Negotiation between actors and/or institutions	
3.4. New common references	
3.5. When the rules of the game change	
3.6. The “snowball” effect	
Chapter 4: Three examples to illustrate the innovation process	33
Chapter 5: Innovation as a result	39
5.1. Three types of innovative action for the area, which lead to different but interdependent results	
5.2. The development spiral	
Chapter 6: Innovation and context	45
6.1. Innovation in the different types of context	
6.2. Context and complexity of innovative actions	
Conclusions	53

Introduction

Innovation, a key concept of LEADER

Innovation is a key concept of the LEADER Community Initiative which aims to “*support innovative, demonstrative and transferable operations illustrating the new paths that rural development could follow.*”^[1]

Since the launch of the second phase of the Initiative, many local action groups (LAGs) and other collective actors have been looking at the “innovative” dimension of the action they are backing or implementing, and in some cases even reflecting on what innovation actually means.

It is not easy to identify the innovative nature of a rural development action; this depends on the geographical, economic, social, cultural, etc. situation of the area.

The global context generally presents a dilemma for rural areas:

- > the development of new opportunities that are not always easy to detect. This requires a lot of voluntary work, creativity and local consultation.
- > or, on the contrary, the lack of reaction to the new constraints that appear, which may have a domino effect and lead to a weakening of the area’s identity, a decline in its population, a deterioration of local services, etc., as has already occurred in many rural areas.

This is one challenge that rural areas should today be able to take up; one which comes in a variety of forms depending on the area. On the one hand, the specific contexts of areas vary considerably, on the other, the weight of the global context also differs from one area to another. For example, the new relationship between town and country has a different impact depending on whether one is in a periurban area or in an area that is further away from towns.

Each area is therefore confronted with the challenges specific to it in the face of the global context. **Innovation then appears as an initiative of the local actors who bring a new solution to the specific challenges facing the area.**

That is why understanding the nature of the innovation in rural areas is greatly facilitated by the careful and systematic analysis of the practices of the local actors themselves.

80 case studies

To analyse innovation in a rural environment is already an innovation in itself. This document therefore aims first to highlight the specific nature of the concept of “innovation” as applied to rural areas, then to analyse the conditions in which an “innovative” development action emerges, the process of it and the various characteristics.

In order to do this, the LEADER European Observatory set up an “**innovation working group**” which focused on some 80 case studies located in various rural areas of the European Union but not necessarily implemented under the LEADER initiative. *The annotations (factsheet ---) refer the reader to the “**Innovative Actions of Rural Development**”^[2] directory which presents all the case studies in the form of detailed factsheets.*

The 80 odd actions chosen were identified by the rural actors themselves without any predetermined direction. As such, it is worth emphasising that many of these actions were not seen by their coordinators as innovations. Their main objective was not to innovate, especially since the concept of innovation is often seen as a slightly mysterious phenomenon, far away from the local situation and daily life, and specific to researchers or inventors; rather, it was through these actions that new ways to develop were to be sought.

Clarifying the concept, exploring different ways to innovate

The aim of this document is therefore above all to clarify the concept and explore the different innovative paths taken by the coordinators of the innovative actions analysed. This has been done in several stages:

- > The first stage (**Chapter 1: The concept of innovation applied to rural areas**) consisted in determining which types of problems the local socio-economic actors were seeking to resolve, which types of challenges they wanted to respond to and how the solutions provided led to an action or a set of “innovative actions”.

[1] “**Innovation at the service of rural development**”, LEADERII presentation brochure, 1994, European Commission, Directorate-General for Agriculture (DG VI), Brussels.

[2] LEADER European Observatory, 1996. Available in English, French, German, Greek, Italian, Portuguese and Spanish.

To do this, the 8 key points identified in the “*Methodological Guide for Analysing Local Innovative Needs*”^[3], were used: mobilising the community and social cohesion; the area’s identity; the area’s image; activities and jobs; competitiveness and access to markets; migrations, social and professional insertion; environment, management of space and natural resources; technological development.

- > Secondly, the way in which an innovation is generated and implemented in rural areas was examined as were the main stages in its progression and the main difficulties encountered (**Chapter 2: The stages of the innovation process**). Hence, the innovation process was usually seen to involve the formation of stronger ties or new relationships between actors, translating particularly into collective learning, the creation of new common references and a change in certain rules of the game at local level (**Chapter 3: Innovation, a process of a fundamentally social nature**). Finally, to illustrate the diversity of these innovation processes, three examples of innovative actions were analysed (**Chapter 4: Three examples of innovative processes**).
- > Then (**Chapter 5: Innovation as a result**), a typology of the results of the innovative actions was drawn up, and the way in which each type of innovation is involved in

the creation of an area-based dynamic was examined. Thus, the results were identified as having an impact either in terms of “coordination” of the area, in terms of “structuring” or in terms of “consolidation” of activities.

- > Finally (**Chapter 6: Innovation and context**), the relationship between the innovation and the characteristics of the area in which this innovation emerged was analysed; in other words: how the local context influences or determines the innovation. The innovation appears to develop in a reasonably favourable context depending on the level of diversification and/or specialisation, as well as on the extent to which the area has opened up.

The theme of innovation in rural areas being particularly complex, this work as a whole leaves numerous questions unanswered. These include: How can the original contribution of rural areas to the objective of innovation in the European Union be further exploited? How can the multiplier effect of the innovation be evaluated in the light of integrated development? How, in particular, can innovation, in addition to the greater competitiveness that it creates, be placed at the service of cohesion and social harmony? How can the social demand for innovation be identified? What are the endogenous and exogenous factors that influence the innovation dissemination processes? These questions will be the subject of subsequent dossiers.

[3] LEADER European Observatory, 1996. Available in English, French, German, Italian, Portuguese and Spanish.

Chapter 1

The concept of innovation applied to rural areas

1.1. Innovation, a new solution to the problems of rural areas?

The 80 or so actions that have been analysed up to now (September 1997) by the LEADER European Observatory show that new, and often innovative, solutions are appearing today to the steadily growing, nearly century-old problems facing many rural areas (rural exodus, desertification, crisis of the “classic” farming model, etc.).

These solutions go against common prejudice, which dictates that for a rural society “lagging behind” in terms of development and “subjected to” innovations (technological, cultural, organisational, etc.) that first appeared in an urban environment, benefiting from them “after the fact”, “intermediate solutions”, “compensation” or “stopgap measures” always need to be found.

On the contrary, these solutions reveal innovative rural actors exploring new paths of development, paths that could even play a part in resolving such problems as unemployment, social exclusion, pollution, the loss of social ties, etc. which affect the whole urban environment.

These new solutions are not the result of chance: rural areas are discovering new opportunities that practically did not exist only one generation ago and which reflect the changes that society as a whole is today undergoing. Consumers are therefore increasingly seeking products, quality services and new social links that the rural environment is able to offer. New needs are also appearing which do not strictly follow market logic, such as needs associated with preserving the quality of rural areas and natural resources. But in what way are these solutions new? How do they fundamentally differ from those already tested?

On the basis of 8 key points serving as a general framework in which to analyse the innovative needs of rural areas^[4], the specific problems facing rural society can be identified, and on the basis of the “**Innovative actions of rural development**” directory, the trends in innovation and how they differ from other paths that have already been explored can be examined.

8 tables of 3 columns each relate to these 8 key points:

- > the first column presents the problems which constitute the challenges for the development of rural areas;
- > the second column shows the paths that have already been tested; although not necessarily bad, they sometimes proved to be unsuitable to meet the development needs of the rural areas concerned; in many cases, for reasons related to changes in our society, these paths are today no longer possible.
- > in the right-hand column are the new solutions, which are more or less “innovative” and which come from the 80 case studies (each of these solutions is based on one or several factsheets of innovative actions, whose code is indicated in brackets, enabling the reader to easily find the corresponding factsheet in the “**Innovative actions of rural development**” directory).

These tables are, of course, in no way exhaustive and do not claim to represent the complete reality of European rural society. They represent a specific moment in the thinking of the LEADER European Observatory based on the information gathered from the actors on the ground. They reveal many possible solutions to the situation facing rural areas and the different ways to achieve the same solution.

[4] See “*Methodological Guide for Analysing Innovative local Needs*”, 1996, LEADER European Observatory.

a) Mobilising the population and social cohesion

Challenges for the rural environment	Conventional approach	New trends
<ul style="list-style-type: none"> > creation of development strategies 	<ul style="list-style-type: none"> > “top-down” institutional approach > sectoral approach > creation of sectorised and undifferentiated structures > emphasis on the disadvantages and handicaps > undifferentiated strategies 	<ul style="list-style-type: none"> > integrated approach conceived at local level (M12) > creation of ad hoc institutions and structures (M20) > establishment of a climate favourable to cooperation between the local institutions (E11) > creation of public-private partnerships and areas for consulting communities on the projects and decisions of local institutions (M20) > promotion of areas for collective thinking on the area’s development (M16, M19) > carrying out of specific analyses which take into account the context (M06, M12) > coordinating actions to mobilise the population and stimulate ideas and projects (M02, M06, E11)

b) Image of rural society

Challenges for the rural environment	Conventional approach	New trends
<ul style="list-style-type: none"> > image of rural society 	<ul style="list-style-type: none"> > imitation of urban models > reproduction of an often archaic image of rural society > design of facilities and infrastructures insufficiently taken into account > development and transformation of structures usually without an overall vision 	<ul style="list-style-type: none"> > assertion through communication of a rural modernity (T10, T13, M17) > use of landscape as a tool to mobilise the population (M10) > renovation of villages and the building heritage to trigger new dynamics (T01, T06, T08, T10, T12, T03, S02, M13) > reuse of symbols of local identity (M22) > rehabilitation of old structures (industrial, transport, etc.) for new functions (T07, T05)

c) The area's identity

Challenges for the rural environment	Conventional approach	New trends
<ul style="list-style-type: none"> > local identity and specific cultural aspects 	<ul style="list-style-type: none"> > substitution of cultures and traditional products by undifferentiated mass products > purely "modernist" vision ("traditional cultures and know-how are condemned to disappear") > reference to the past from an often "folk" point of view 	<ul style="list-style-type: none"> > use of local cultures and know-how as assets for development (M13, E10, E12) > development of identity as a new element in the rules of trade with the markets (P01, M13) > development of minority languages as a lever of development (M18) > creation of new perceptions of rurality (M08, M03)
<ul style="list-style-type: none"> > behaviour and mentality of the population 	<ul style="list-style-type: none"> > creation of expectations towards public intervention > underestimation of rural actors' abilities to initiate and innovate > wait-and-see attitude towards the outside ("salvation can only come from the outside") 	<ul style="list-style-type: none"> > involvement of the population in the definition of local strategies (M06, M19, M20, M21, M07, M12, M16) > easier access to information (S07) > awareness of and training in entrepreneurship and individual and/or collective risk-taking (M01, M02, M03, M13) > organisation of exchanges aimed to increase self-confidence and promote dialogue between the population and political representatives (M14, M06, T01, M07) > improvement of social cohesion through spatial planning (S02) > creation of poles of cultural dissemination and assertion of local culture (S01, S07)

d) Activities and employment

Challenges for the rural environment	Conventional approach	New trends
<ul style="list-style-type: none"> > job creation 	<ul style="list-style-type: none"> > increase of public employment > quantitative approach in relation to employment > encouragement of mobility of workforce (usually translating into rural exodus) > female employment underdeveloped 	<ul style="list-style-type: none"> > implementation of flexible policy in favour of employment and job-sharing (part-time, self-employment); exploration of new forms of work organisation (M14) > promotion of female employment in non-agricultural activities (T08, S01, S08) > search for new sources of employment in culture, leisure, services, the environment; development of traditional know-how (E12, E16, M20, M22) > creation of possibilities of insertion through voluntary work (M20) > networking of training and professional insertion structures (P17, P18, P15) > creation of new jobs in rural areas (E01, E06, E12, E16)
<ul style="list-style-type: none"> > financing of rural activities 	<ul style="list-style-type: none"> > emphasis on public financing as main source of investment in rural areas > non-retention of savings and local capital > call for outside capital, loans and subsidies 	<ul style="list-style-type: none"> > mobilisation of savings and local investment through the participatory approach (P12, P17, T01) > call for investments from migrant workers (M09) > provision, privatisation or reconversion of public property for new job-creating activities (T12, E09) > collective investment approach (P02, P03) > financing of technical assistance and coordinating services through the development of commercial activities (M09, P05)

d) Activities and employment (continuation)

Challenges for the rural environment	Conventional approach	New trends
<ul style="list-style-type: none"> > vocational training 	<ul style="list-style-type: none"> > standardisation of professional profiles > specific know-how insufficiently taken into account > separation of training and activity, research and practice > organisation of training with the aim of integration in an urban environment > organisation of higher-level training in an urban environment > lack of targeted training for groups with specific needs (the unemployed, workers needing vocational requalification, etc.) 	<ul style="list-style-type: none"> > organisation of “tailor-made” training courses (P18) > renewed promotion and modernisation of traditional jobs and know-how (E10, M15) > promotion of the “learning by doing” approach (P19) > organisation of training programmes through exchanges and participation in networks (M03) > organisation of distance training (S06) > creation of support services adapted to on-going training (P14, M03) > support for research applied to typical products (P02, P09, P10, P13, P15, P17) > integration of training, experimentation and services for farmers (M03) > training of producers in collective marketing approaches (P01, P08) > organisation of training programmes aimed at professionalising multi-activity situations (S03)

e) Competitiveness and access to markets

Challenges for the rural environment	Conventional approach	New trends
<ul style="list-style-type: none"> > competitiveness of farming and rural society 	<ul style="list-style-type: none"> > introduction of a policy of subsidies and compensation > vision of rural society often limited to farming and related activities > over-determination of the role of farmers (“the only ones capable of diversifying rural society”) > lack of rural development policies allowing non-agricultural activities to be supported > vision of rural society exclusively in terms of productivity 	<ul style="list-style-type: none"> > increase of value added through local processing and direct marketing of agri-food products (P03, P02, P09) > shift from concept of farmer to concept of “rural entrepreneur” (E17, T10) > development of the role of other actors in the diversification of the rural economy (P06, T12, E02) > development of multi-activity situations (S03, T08, P05) > switch from intensive farming to “sustainable” farming (P12) > reintroduction of traditional local crops (P01, P19) > diversification of production and farming methods (P10, P13, P07)
<ul style="list-style-type: none"> > economies of scale 	<ul style="list-style-type: none"> > concentration of farms and encouragement to intensify production > development of industrial poles based on the establishment of large companies in the area > organisation of agricultural producers into large marketing cooperatives 	<ul style="list-style-type: none"> > additional support through a policy of diversification (P10, P13, P15) > promotion of economies of diversification or of scope to complete the economies of scale (P03, P09, P07, E02, M01, P02) > orientation of production towards niche markets (P04, P10) > creation of network economies (M13, P08, P14, P16) > structuring of the supply of several products around a unifying theme (T05) > structuring of the supply of several products around a new need (T08, T11) > reintroduction of traditional crops and products (P01, P19)

e) Competitiveness and access to markets (continuation)

Challenges for the rural environment	Conventional approach	New trends
<p>> extension of agricultural and rural markets</p>	<p>> subsidies for marketing agricultural products on world markets</p> <p>> lack of ambition for non-agricultural rural products (“they have no outlets other than local markets”)</p>	<p>> creation of new products and services for outside markets (E06, E01)</p> <p>> creation of products according to the markets (P04, P09, P10)</p> <p>> organisation of short marketing channels (or reduction of the number of intermediaries) (P11, P12)</p> <p>> organisation of producers to place processed products in long marketing channels (P09, P07, P02, P13, P16)</p>
<p>> comparative advantages and disadvantages</p>	<p>> productive specialisation of areas, regions and countries</p> <p>> static vision of the economy (“the comparative advantages are established once and for all and are not likely to change”)</p> <p>> confusion between “rural” and “disadvantaged” (“the rural area is by definition a disadvantaged environment”)</p>	<p>> creation of new comparative advantages through:</p> <ul style="list-style-type: none"> • the development of rural areas for new functions (residential, environmental, linked to quality of life, etc.) (E09, E06) • the development of new relationships between rural and urban (M03) • the development of area-based identities (P01, P02, P03, T01) • the elaboration of specific labels and territorial quality charters (M05, T04, M13) • the systematisation of knowledge and know-how acquired through the management of innovative rural development practices (E06) • the setting up of inter-sectoral partnerships generating new activities (M01, P17)

f) Migrations, social and professional integration

Challenges for the rural environment	Conventional approach	New trends
> low population density	<ul style="list-style-type: none"> > creation of services that do not correspond to the area's real needs > reduction or elimination of services > abandonment of land (fallow land) and the building heritage 	<ul style="list-style-type: none"> > creation of multifunctional services (S08) > creation of mobile services (S11) > adaptation of services to the area's demographic situation (S06, S10, S05) > community involvement in the creation/implementation of collective services (M19) > development of the ecological and recreational potential of rural spaces (T07, T10)
> ageing of the population	<ul style="list-style-type: none"> > emphasis on building retirement homes 	<ul style="list-style-type: none"> > setting-up of distance assistance services (S05) > adaptation of transport services (S10) > utilisation of the know-how and the "historic memory" of the elderly > creation of joint service centres for the elderly and children (M19, S02)
> rural exodus	<ul style="list-style-type: none"> > training of young people for jobs located outside the area > emphasis on large-scale economies in farming > encouragement of the setting-up of outside businesses by creating conditions favourable to their establishment 	<ul style="list-style-type: none"> > creation of local conditions to help young people start up a business (E17, M23) > support for endogenous development (T10, E10) > promotion of multiactivity situations (S03)
> population renewal (integration, exchanges)	<ul style="list-style-type: none"> > policies and strategies aimed at the traditionally resident population > lack of measures encouraging new residents to settle 	<ul style="list-style-type: none"> > opening for new arrivals, bearers of new activities (E01, S04, M23) > support for groups in difficulty to settle or start up again (E11, M04, P11) > support for the integration of secondary residents or daily migrants (S03, S10)

g) Environment, management of space and natural resources

Challenges for the rural environment	Conventional approach	New trends
<ul style="list-style-type: none"> > use of natural resources and the countryside 	<ul style="list-style-type: none"> > inclusion of the environment without direct involvement of producers > utilisation of natural resources without taking into account their necessary renewal > spatial management amounting to rules of protection > appeal to the public authorities to repair the damage caused to the environment 	<ul style="list-style-type: none"> > payment of farmers for spatial management (E11, E17) > development of the specific quality of the area thanks to new products and services (E07) > support for environmentally responsible tourism (E16) > creation of leisure centres and environmental information centres (E01, E16) > modernisation of the traditional image of rural areas by introducing an ecological dimension (E06, E07)
<ul style="list-style-type: none"> > economic opportunities and the environment 	<ul style="list-style-type: none"> > over-determination of the role of farmers (“farming is the only activity that can protect space and the environment”) 	

h) Technological developments

Challenges for the rural environment	Conventional approach	New trends
<ul style="list-style-type: none"> > development, formalisation and transfer of knowledge and technologies 	<ul style="list-style-type: none"> > search for expertise only outside rural areas > separation between technology, processes and methods of organisation > “consumer” vision of technology (“it can be bought and transferred automatically”) > emphasis on training provided by specialised centres (“learning by training”) 	<ul style="list-style-type: none"> > Renewed promotion of productive traditions by modernising them (P02, M03) > creation of specific innovative capacities (E01, E04, E06, E13) > introduction of “learning by doing” approach (E04, E08) > development and promotion of local know-how outside the area (E06) > organisation of local companies to access state-of-the-art technologies (P03, P10, P13, P19) > organisation of technological transfer between rural areas (P12)
<ul style="list-style-type: none"> > identification of appropriate technologies 	<ul style="list-style-type: none"> a) in agriculture: <ul style="list-style-type: none"> > emphasis on intensification and mechanisation as growth strategies > emphasis on professional producer associations b) in areas outside of agriculture: <ul style="list-style-type: none"> > transfer to rural areas of technologies and businesses that have already proved their worth exclusively in towns 	<ul style="list-style-type: none"> > development of own technologies and adaptation of existing technologies to local know-how (P13, P14, P01, P02, P03) > development of technologies based on environmental management (E14) > introduction of technologies adapted to quality products in all fields (P02, P03) > introduction of biotechnologies (P10, P12, P07) > introduction of new technologies reducing distances and isolation (S05, S10, S06)

1.2. Innovation in three directions

For the past twenty to thirty years now, new conditions of development have been established, making the trends observed through the above analysis of some 80 case studies inevitable. These changes favour innovation, principally in three directions:

- > the diversification of local economies;
- > the intensification of interactions between the local and global context;
- > the strengthening of relations between local actors: towards new internal or local synergies.

a) The diversification of local economies

For a very long time, the technologies available, the existing markets and the policies implemented favoured production concentrated in large units, leading some rural areas to specialise around a dominant activity, while many others were neglected and deserted.

The foundations of this logic are today being called into question: for example, the presence of cheap labour and/or energy is no longer a sufficient factor for locating activities in rural areas within the European Union; companies looking for this type of comparative advantage relocate outside the Union.

On the other hand, new opportunities are emerging:

- > current technology enables small units, just as productive as large ones, to be created in the same sectors of activity;
- > the demand for quality products is considerably increasing and may be an opportunity for these small units of production which are mainly centred on economies of scope rather than on economies of scale;
- > new needs in services for the population are appearing in rural areas; these particularly concern the elderly, secondary residents, etc. The increase in the standard of living and quality of life in rural areas is also a factor for expanding and asserting these new demands;
- > similarly, new rural functions are springing up in the field of environmental protection and the management of natural resources. The return to extensive farming in less productive areas is linked to a growing environmental awareness; the strongly expressed need to preserve the countryside and the heritage creates the conditions for a better balance between agriculture and the environment, a diversification of the functions of farmers and the creation of activities for new communities;

- > the precariousness of markets and jobs gives rise to diversification strategies, both at area level and among businesses and individuals.

b) New interactions between the local context and global context

Until the 1970s, a number of rural areas were still relatively isolated; today, a series of factors is encouraging an increased opening to the outside world:

- > the construction of the European Union and the establishment and strengthening of the Single Market have brought an end to the isolation experienced by certain regions;
- > thanks to the large-scale infrastructures built across Europe in the 1970s and 1980s, the countryside has become more accessible and communications have intensified, although often at the price of increased competition;
- > the new information and communication technologies are also a very important factor for relations. Enabling distances and transport to be transcended, they create direct links between companies, areas and distant markets;
- > linked to these technologies, the rapid development of information systems is also an element to facilitate relations with the outside. Databanks supply the most remote rural businesses with the information they need, thus enabling their products and sales systems to be segmented in accordance with well-targeted niche markets;
- > this reduction in space-time, made possible by these technologies, encourages businesses looking for space and a lower rent to locate in rural areas;
- > for the same reasons, teleworking is developing, offering new possibilities to rural society;
- > also worth mentioning is the important role of exchanges which have been set up, notably through European transnational cooperation programmes, or a network such as LEADER.

With such ease of communication, the question that is today being asked boils down in particular to knowing how to properly manage the links with the outside world: although each rural area is today able to come out of its isolation and access information useful for its development, it still has to know how to make good choices, form the most important links, establish open and transparent partnership relations, etc.

c) The development of new internal synergies

In the face of the evolution of the general context, the creation of new links between actors from the same area also appears to be necessary:

- > So that the new opportunities offered by opening up to the outside do not become a threat to the local identity and the area's social cohesion (the case of periurban

- “dormitory zones” or more remote attractive areas experiencing heavy land pressure, for example);
- > so that **new demands for quality local products can be developed;**
- > so that **the new tourist demand can be met** (which favours tourist products incorporating accommodation respecting the heritage, cultural exploration and social interaction);
- > so that **new markets can be accessed** (which require local businesses to structure their offer and come together to attain the necessary volumes and quality levels);
- > so that **new technologies can be accessed** (often, the scope of the investment that they require prevents them from being acquired by the isolated producer or entrepreneur).

Today's general context offers them several advantages in

1.3. A more positive general context

this respect:

- > **the rural demographic context is more favourable in certain regions**

In some regions, the current economic and social crisis is leading rural populations to seek alternative solutions to the problem of under-employment and unemployment other than exodus to the city or emigration. Young people are finding less and less work in towns where the cost of living is, moreover, high;

- > **the change in policies of assistance is also a factor in favour of local development**

The European Union and the Member States find themselves faced with the stagnation of public budgets, which leads to a better evaluation of the impact of the use of public funds, to the possible management of these funds in conjunction with other private or voluntary partners, to the reduction of the considerable investments and, as a result, to the promotion of smaller projects.

In the same way, the disengagement of a certain num-

ber of respected activities that before were public responsibility initially caused certain services to disappear. But gradually an adjustment was made, leaving more scope and possibilities for local actors to take the initiative to manage domains traditionally covered by the public sector (health, education, population services, etc.);

- > **a new town-country relationship is being established behind the new demands of the market**

The “myth of the town” has surreptitiously been replaced by the “rural myth”: the decrease in the quality of life in towns (problems of traffic, housing, stress, pollution, weakening of social ties, etc.) creates, in the minds of city-dwellers, an “imaginary picture of the countryside” which, even though it is in part more the result of a dream than reality, improves the image of rural society by associating it with quality of life.

Chapter 2

The stages of the innovation process

As mentioned in the introduction, **innovation is simultaneously characterised by its process and its result.**

Any innovation corresponds to a **temporal process** that can be likened to a project cycle comprising several successive stages during which different social links are created:

- > the action begins by clarifying the **context**, this favours the birth of an **innovative idea** in a person or among a group of people,
- > this idea gradually becomes a **project**,
- > the project then enters an **implementation** phase,

> finally, the innovation is consolidated and becomes **viable.**

The temporal process can be presented as follows:

Context → Innovative idea → Project → Implementation → Making viable

It goes without saying that the duration of each stage is variable: the process can be slowed down or speeded up depending on very different factors; it may enter a “lethargic” phase and then start back up with even greater momentum. It can also fail at any stage.

2.1. Clarifying the context

The traditional context of rural areas is often one of slowness and sluggishness which do not favour the emergence of innovations. However, at some point, a new idea comes to light, which after a fairly lengthy period becomes a project. This does not happen ex nihilo: it is usually the result of the action of a “**clarifier**” or “**new local leader**” (person, group or institution), capable of “reading” the context with fresh eyes and identifying initial solutions and new development perspectives.

In South Pembrokeshire (Wales, United Kingdom), a local development association, SPARC, played the role of clarifier: the community appraisal that it organised revealed a strong tourist development potential in the “Landsker Borderlands”, an area situated on the language border between Welsh and English. The implementation of development actions filling this niche have led to the creation of new local activities based on cultural tourism (factsheet T01).

In the Gulf of Amvrakikos (Epirus, Greece), scientists and planning officials played the role of “clarifier” by aiming the development strategy for this area of deltas and lagoons at

the environment. They then devoted a lot of effort to convincing the population of the validity of this approach (factsheet E15).

The clarifier may have been aware of the problem for a long time but may not have had the opportunity to put forward his point of view as he did not have a sufficient balance of power within the social environment in which he found himself.

It is often when a disruptive element with a trigger effect occurs (an exceptional element, a change within the area or outside pressure) that the clarifier may become credible, be “where the wind blows” and put forward his point of view. *In the Pays de Lanvollon (Brittany, France), a storm in 1989 revealed the extent of the problem of cluttered rivers and deforestation. At the same time, the area was designated an “area with a structural excess of nitrogen in agricultural effluents”. Numerous operators (in particular the communes) were aware of the problem before these two incidents but had not been able to get across their point of view (factsheet E05).*

2.2. From the creation of an innovative idea to its gradual collective appropriation

This new clarification of the context stimulates an awareness able to generate an innovative idea.

In the beginning, the idea is very often the work of one individual alone. It only really becomes reality when it gains a social dimension, because the initiator feels the need to share it and especially to compare it to other points of view in order to verify it, enrich it, consolidate it and better formalise it. Also, the idea only has a point if it is at least shared in part by the people concerned by its development.

The “idea holder” is therefore going to seek to raise collective awareness. This leads him, knowingly or unknowingly, to play the role of clarifier, as referred to above, and to look for an opportunity to transform his idea into a project.

It is an important time: other actors are going to come round to the clarifier’s point of view and thus form the group of “**initiators**”.

*At a meeting of the elected representatives of the **Vallée d’Aulps** (Rhône-Alpes, France), an operator judiciously presented the photographs of a village taken in the 1960s and*

*then in the 1990s. The comparison of the two sets of photographs showing a deterioration of the village environment was the trigger element that made the elected representatives decide to launch an intercommunal programme for the management of space (**factsheet E11**).*

Furthermore, the birth of the idea is not an occurrence established once and for all but a gradual process of enlargement. The idea is shared by a group of people and/or institutions which, by expanding, enrich the idea, give it form and credibility.

The birth of the idea and the formation of the group of initiators are therefore phenomenon which are intrinsically linked. Often, the initiators correspond to an institution or a group that has already been set up. They are therefore used to working together, which makes it easier to come up with and share the idea.

*In the Tarn-des-Montagnes LEADER area (Midi-Pyrénées, France), the development agency, AGATE, played this initiator role by developing a method of “combing” local potential projects (**factsheet M02**).*

2.3. From the innovative idea to the project

Once the innovative idea has appeared and the group of initiators been formed, a project may take shape. The initiators are going to look for other alliances or set up a new partnership, which is broader and better suited to the action envisaged. The transformation of initiators into **project promoters** normally translates into an increase in the number of people and institutions involved in the approach.

It is during this transfer from idea to project that the role of each person becomes clear so that it has a maximum number of chances to succeed. This stage therefore represents a qualitative jump in terms of involvement in the project: each person initially commits himself implicitly before becoming more and more explicitly involved as the implementation stage draws near.

In Barroso (Norte, Portugal), an initiative to promote traditional clothes was initially supported by a cooperative. The initiative was then taken over, in the project’s development

*stage, by a private company that was set up in the mean time (**factsheet P06**).*

*In Haut-Allier (Auvergne, France) a local farmers union initiated the creation of a “group providing services” offered by farmers. A company, “43 Services”, was then formed to put the project into operation (**factsheet S03**).*

Sometimes the group of initiators systematically looks for another group to take over the project. This is particularly the case when a public institution, having launched the project, would like other operators to take over the project.

*In Tycherio (Evros LEADER area, Thrace, Greece), several initiatives (the creation of social and recreational facilities, educational farms, craft activities, etc.) were launched by the town authorities, who came up with the ideas but sought to have them taken over by local businesses or organisations when the project arrived at the implementation stage (**factsheet M14**).*

2.4. From the project to its implementation

This stage supposes that the different actors concerned fulfil the conditions necessary for the project to get off the ground. In particular, this involves close cooperation between all the operators able to meet the requirements of the implementation: analysis of potential markets, know-how, workforce, materials, capital, decision-making power, etc.

*In the **Montaña Palentina** (Castile-Leon, Spain), the project to revive disused railway tracks for recreational purposes*

*thanks to the use of an innovative device (the “cyclorail”) could only begin the implementation stage once all the vital partners (designer and builder of the cyclorail, railway companies, financiers, local authorities, etc.) were effectively involved in the project (**factsheet T07**).*

The project’s shift to the implementation stage supposes that the advantages, disadvantages and the risks involved have been evaluated. It is on the basis of this evaluation that each partner will decide.

2.5. Ensuring that the change is viable

Since the projects must find the means to exist, most will have to have some kind of solvent request. In this case, viability is in economic and commercial terms; it will depend on the ability of the projects to permanently adapt to demand and/or create their own demand. This implies being in tune with the market by being able to depend on concrete operational relations with consumers and/or distributors.

*A bookshop in the Vallée de la Bruche (Alsace, France) succeeded in increasing local demand namely by setting up a local cultural association, a genuine network of readers and friends of the bookshop. In doing this, the bookshop managed to stay afloat in a difficult starting context, where the demand for books and cultural services was initially very limited (**factsheet S01**).*

In other cases, demand is in terms of non-commercial or monetary products or services, particularly in the case of coordination actions. The solvency of the demand then depends on the ability and will of the public and private actors to guarantee that funding will be continued or even to reach a consensus on the usefulness of this coordination.

*In the Pays de Collombey-les-Belles (Lorraine, France), the local partnership has managed to sustain itself for the past 20 years by mobilising the local actors who convene in the automatic working groups. The participation of these groups in decision-making together with the elected representatives, through their representation within a “countryside general assembly”, is a determining factor for maintaining this mobilisation in the long term (**factsheet M20**).*

2.6. Successes and failures of the innovative process

The five stages described above represent the ideal situation for an innovative action to succeed. In reality, the risks of failure are very high and only a limited number of actions reach the completion stage.

In order to understand the reasons why an innovative action succeeds or fails, it is important to identify the elements common to the five stages described above.

These stages correspond to successive validation and enlargement processes: the transfer from a “clarifier” to a group of “initiators”, the validation of the idea and the increase in the number of actors for the transfer from the idea to the project, etc. These successive validations and enlargements are made possible by forming new connections, more often than not indispensable for proceeding to the next stage.

At each stage, connections are formed not only with new actors but also with ideas, sources of information, know-how, means, demands, etc.

The diversity and solidarity of these connections are essential for the innovation process to succeed. Generally speaking, the more solid and diversified the connections are, the greater the chances the innovative action has of succeeding.

In the case of a private company, for example, the viability of the innovation will fundamentally depend on the connections that are made within the company (e.g. involvement and improvement of the personnel, cooperation between the various services involved) and with the outside (strength of relations with suppliers, service providers; feasibility of stable and durable markets, etc.).

This is especially true in rural areas where isolation, the problems of access to suppliers and markets, the constraints to guarantee product promotion, to obtain sufficient volumes, etc. make the establishment of diversified and solid connections even more necessary to ensure that the innovative process succeeds.

2.7. Knowing how to manage conflicts to create the necessary synergies

The causes of failure are multiple and varied but subsequent analysis shows that they are linked to the impossibility of making the necessary connections. This is because although the innovative action still results from connections and alliances, it is also **a story of conflicts** for various reasons: innovation always more or less disrupts the “established rules”, the cultural plans, it creates conflicts, etc.

Sometimes unsuspected opponents emerge during the initial stages of the process and seek to join forces against the envisaged action, sometimes through complex and subtle games of power and influence.

Guaranteeing the success of an innovative action often, therefore, in the end amounts to **knowing how to manage conflicts**^[5].

Managing the conflicts by getting round them or turning them into alliances is a difficult art that is more or less empirically learned through experience. But how does one go from empirical and personal learning to a more systematic understanding, which may be useful to the “actors on the ground”? How can one rapidly gain “social know-how” while avoiding numerous failures? For this it is necessary to understand what is at stake in the permanent reconstitution of conflicts and alliances and therefore to understand the fundamental social processes that characterise the innovation.

[5] In the factsheets of innovative actions everything seems to be relatively consensual, whereas in reality all these actions have needed much tact, imagination and patience on the part of their initiators in order to overcome the conflicts, convince the people that had to be convinced and build the alliances necessary for the action to succeed.

Chapter 3

Innovation, a process of a fundamentally social nature

In addition to the five stages described above and the need to manage the conflicts that arise at each stage, it is interesting to highlight the different aspects of the social dimension of the innovation process:

- > comparison of the “local” and the “global”;
- > the creation of new learning mechanisms enabling new knowledge to be fixed and systematised locally;
- > negotiation between actors and/or institutions;
- > the creation of new common references (socio-economic, cultural, environmental, etc.);
- > the change in the rules of the game (political, institutional or economic).

3.1. Comparison of the “local” and the “global”

Comparison of the “local” and the “global” plays the role of revealing:

- > on the one hand the value of what is particular to the area (know-how, culture, art, etc., everything that constitutes the “local genius”);
- > on the other hand the area’s failure to adapt to changes in the world outside. This may concern fields as varied as markets, legislative frameworks, technologies, human resources, etc.

This comparison highlights the new risks or the new opportunities of development, and, on the basis of this, the elements of the global context that may enable the specific features of the “local” to be developed.

It is this comparison that is going to guide the local actors, enable them to identify the possible solutions and

needs (i.e. knowledge to be acquired, new alliances to be formed, renewal in terms of quality, management of the environment, etc.).

*In the **Maiella Verde LEADER** area (Abruzzi, Italy), “pecorino” cheese was a traditional product sold on the local markets. For farmers, being able to access other markets meant being able to meet certain requirements in terms of product quality, availability and regularity. Modern technology was introduced in a cooperative of young breeders who had mastered traditional production techniques. When, in addition, marketing relations were established with a distribution cooperative, these facilities enabled production to be diversified and a “unique” product to be placed on the national market (**factsheet P02**).*

3.2. The creation of new learning mechanisms

Innovation also involves **collective learning processes** incorporating various domains (technological, managerial, marketing, negotiating, etc.).

These learning processes, which enable new knowledge to be gradually fixed and systematised, are necessary throughout the different stages of innovation, from clarifying the context to guaranteeing the project's durability. The learning is partly informal between the actors involved, but formal learning (in particular through processes of flexible training, adaptable training, training-development) can inspire or complete the informal process.

These learning processes concern the techniques, products, working methods but also the symbolic representations, habits and capacity of the actors to become better acquainted with one another. As the process progresses, the actors concerned learn to work together and share the responsibilities.

Learning also involves the ability to assume a certain level of risk in the innovation: since it is not, a priori, possible to completely control an action's outcome, the whole approach is based on the assumption and gamble that a certain solution will materialise. The risk involved in the implementation of this solution may constitute a considerable obstacle to the project, which can be overcome through specific financial assistance.

The systematisation of the collective knowledge acquired can in the end lead to a diversification of the area's offer, thanks to the know-how acquired.

In the case of the Maison du Patrimoine (Centre for local heritage) of the Ile Crémieux (Rhône-Alpes, France), a structure created to manage an archaeological site, the learning processes connected with the site's management, the creation of a museum, the organisation of tourism and education, etc. has led to the acquisition of know-how which is currently being marketed in the form of consulting services to other areas facing the same problems (factsheet E06).

In the Abruzzi Scientific and Technological Park (Italy), the technical knowledge developed by a multidisciplinary research group to improve local products (particularly cheese) was subsequently offered as "know-how" to other rural areas wanting to improve their cheese production. The diversification of the area's offer thus concerned both a material product (cheese) and an immaterial product (systematised or codified technical knowledge)^[6]

[6] LEADER 1997 seminars: "Innovating by creating complementarities between sectors of activity" (Bregenzerwald, AT 16-03-97)

3.3. Negotiation between actors and/or institutions

The comparison between the local and the global as well as the learning processes lead the actors concerned to note contradictions and shortcomings (e.g. weaknesses due to isolation, the need to reach a minimum threshold to reach new markets). Differences of interest, awareness, etc. also appear, all elements that may cause conflicts and/or needs for negotiation and collaboration among actors. Negotiation can encounter resistance (fear of losing past gains, uncertainty in the face of change, etc.).

Difficulties also arise because the actors, private or public, are often more sensitive in the short term than in the long term. Furthermore, this negotiation will not be conclusive if an atmosphere of trust is not created - step by step - and balances of power and differences in awareness are not taken into account.

In Vorarlberg (Austria), talks between the Natur und Leben Bregenzerwald association and 22 small cheese producers to convince the latter to join a quality label lasted two years. The determining factor in the talks, which led 18 producers to finally agree to cooperate, was the emphasis on the fact that isolation and the small size of their businesses risked signing away their future development.

The negotiating processes can therefore be arduous and carry considerable risks, especially during the initial stages when conflicts are more numerous. Confrontation occurs between those who are for and those who are against (for and against the idea, then for and against the project, then finally for and against the action). The aim of the promoters will naturally be to convince a maximum number of supporters at each stage. They need to be good strategists in order to involve the actors essential for the action's success.

3.4. New common references

Common references are an essential element of any society: the forms of social organisation, the methods of spatial management, the symbols of a shared identity and the ways of using this identity, the behaviour towards non-residents, etc., are all features of the local culture specific to each area, a product of its history. In each culture and each area, a hierarchy is established between the common references. These common references influence the level of development and the way in which each area evolves. They may constitute the bases of a certain type of relatively effective functioning but may also create obstructions.

The common references are either codified elements or not, explicit or implicit, shared by the different actors of a formal or informal social group (family, business, institution, local community, area, etc.). They determine the social behaviour of each person within the social group. Awareness of sharing these common references is a fundamental ele-

ment for the group's cohesion. This is because each person knows that these references are shared by the others and that they are integrated into each person's way of thinking and social behaviour. The common references are in a way the cement of any social group.

New common references are often born of one or several of the social processes described above (comparison of the local and the global, new learning mechanisms, negotiation between actors). Over time, they become more and more consistent, more and more asserted and codified and gradually shift from being implicit to explicit.

In some LEADER areas, "quality charters" have been drawn up to create common references in terms of the quality of amenities and the services offered by the local inns and restaurants. This new reference has often been expressed by a common label or symbol of quality alluding to participation in a common action (factsheet M05).

3.5. When the rules of the game change

“Rules of the game” is understood to mean the distribution of power among the actors within the same social structure (family, community, business, institution, etc.), within the same area or between different areas.

A distinction is made in particular between the political and economic rules of the game, even though they are in many ways closely linked: it can schematically be said that the political rules of the game concern more the distribution of institutional decision-making powers, whereas the

economic rules of the game concern activities, jobs, know-how, etc.

These “rules” are the result of a long historical process of adaptation and, as such, may often slow down the change in the common references - except when the change reinforces the existing powers.

Therefore when the rules of the game change, it is the result and the very expression of the changes in the common references. It is rarely the cause.

3.6. The “snowball” effect

Through analysis of the various stages of the innovation process and its social dimension, it seems that as the innovation progresses it has what could be likened to a “snowball” effect. The innovation is initially virtual, non-existent or a source of controversy. It should, however, be noted that it is often at this stage that important decisions concerning research, political strategy and allocation of human or material resources must be taken, that the area must take a gamble. It is therefore the skill and the determination of the actors that will enable the innovative project to take shape.

It is through this “snowball” effect that the innovation becomes more and more firmly established on the ground and generates more and more alliances that may not subsequently be completely challenged. The innovation therefore stabilises progressively.

*In the case of the revival of an old recipe for bread, the “**Ur Paarl Nach Klosterat**” (Trentino-Alto Adige, Italy), the innovation process began with a training session comprising 14 bakers from the valley. It then increased to about 15, and then to around 50 farmers, who agreed to produce organic spelt. Care was taken to satisfy consumers and restaurant owners by engaging in a quality approach (**factsheet P01**).*



To illustrate this process, three innovative actions have been examined: the “**Magnoac Green Gold**” operation (Midi-Pyrénées, France), the construction of a **collective water reservoir in the village of Inazares** (Murcia, Spain) and the **promotion of the Welsh language in the South Gwynedd LEADER area** (Wales, United Kingdom).

The different stages of their development as well as the social processes that characterise them were isolated. Since each action has its own history and progression, these examples do not enable systematic conclusions to be drawn but illustrate the complexity and specific nature of the process of each innovative action. The tables below could have been completed in their entirety, but for reasons of clarity only the most deciding elements are presented.

It can also be noted that this reading grid makes it easy to identify the key elements of the innovation (in bold). These are genuine “landmarks” on the winding road of the innovation.

The three examples described illustrate three innovation processes occurring over different periods of time:

- > the case of the “**Magnoac Green Gold**” is a *long-term action*. The producers will continuously have to face the ever changing conditions of the market and find the answers which allow them to keep the activity going. The project’s success is therefore linked to its durability;

- > in contrast, the construction of the collective reservoir of **Inazares** has a *well- defined time limit*. The action is considered completed and successful once the reservoir has been built and the new water management system has been set up and is operational;

- > in the case of **South Gwynedd**, the population’s support for the promotion of the Welsh language for local development purposes is an action whose *duration is limited but cannot be initially defined*. Here, the operation will be considered completed and successful once support from the population is such that a specific coordination action has no more *raison d’être*. However, the time when the action is no longer justified cannot, a priori, be defined, since its indicator of success and completion is not that explicit.

The three cases therefore correspond to three different types of paths:

“Magnoac Green Gold”

The creation of a new context induces a new cycle in the action. The action is sustained over time.

Collective reservoir of Inazares

The action is completed once the new common references have been created and are operational.

Promotion of the Welsh language

The action is completed once the new context that it has created makes it no longer justified.

**FIRST EXAMPLE: The “Magnoac Green Gold” agri-food association
(P03) MAGNOAC (Midi-Pyrénées, France)**

	CONTEXT	IDEA	PROJECT	IMPLEMENTATION	VIABILITY
RULES OF THE GAME				6	9
COMMON REFERENCES			4		
NEGOTIATION		2	5		8
LEARNING				7	
LOCAL/GLOBAL	1	3			

- 1** Foie gras is a traditional product of the region. The switch from family processing to a larger scale requires an abattoir and a canning factory under European Union regulations.
- 2** In 1985, in order to create the appropriate context to achieve the required quality standards, 8 farmers create a CUMA (Cooperative for the Joint Use of Agricultural Equipment).
- 3** A technical study leads to the EU's approval for the abattoir and canning factory in 1987.
- 4** The farmers create a collective processing and marketing structure, the “Magnoac Green Gold” association with its “Fermes du Magnoac” registered trademark. A new common reference has been created.
- 5** The number of members increases to 40 producers over a 100 km radius and the canning factory and abattoir are enlarged.
- 6** The collective management of the processing and marketing workshop offers farmers a new field of activity by allowing them to assume the role of businessmen.
- 7** This practice enables members to be trained and made aware of matters of hygiene and quality and guarantees them a better control over the markets.
- 8** The manufacturing techniques of the members of the “Fermes du Magnoac” collective registered trademark association have been harmonised.
- 9** Henceforth, foie gras and other processed products have access to outside markets. At present, 20 000 ducks are processed, resulting in 60 tonnes of meat and 10 tonnes of foie gras per year.

**SECOND EXAMPLE: “Construction of a reservoir for collective use”
(E-03) INAZARES (Murcia, Spain)**

	CONTEXT	IDEA	PROJECT	IMPLEMENTATION	VIABILITY
RULES OF THE GAME					
COMMON REFERENCES					
NEGOTIATION					
LEARNING					
LOCAL/GLOBAL					

- 1** The village’s water supply was traditionally distributed between 37 holders of hereditary rights. This system resulted in much wastage during the winter, whereas in summer the water available was not sufficient to irrigate all market gardening plots (13 ha). Furthermore, almost half of all holders of these rights no longer lived in the village.
- 2** A proposed technical solution was not accepted on the grounds that the ancestral rights were considered untouchable.
- 3** In 1993, the town hall suggests building a mini-reservoir to the inhabitants, on the condition that a suitable legal regulation be found and accepted by all holders of rights, the refusal of one holder alone being sufficient to block the project.
- 4** The area’s employment agency offers its technical assistance for the feasibility studies.
- 5** The presence of one respected person (a 70-year old farmer who has been mayor of the village since 1979) facilitates negotiations. After more than 15 meetings, organised over several months, unanimity for the new management system is obtained.

- 6** A “community of non-contributory property” is created to which all the inhabitants must give their historical rights (evaluated beforehand by a technical committee).
- 7** The reservoir which was subsequently built is managed by the 37 holders of water rights. In summer, the water collected in the mini-reservoir is distributed according to the amount of land cultivated. Domestic water consumption is recorded by a meter installed in each home. Modern technology has been incorporated into the traditional collective management.
- 8** The action has enabled an atmosphere of trust to be restored between farmers and the local authorities.
- 9** The inhabitants of Inazares have succeeded in resolving the water problem without having to resort to marketing a resource - spring water - which has been shared since time immemorial, while preserving the management criteria specific to their traditional culture.

**THIRD EXAMPLE: “The local language, a development asset”
(M-18) SOUTH GWYNEDD (Wales, UK)**

CONTEXT	IDEA	PROJECT	IMPLEMENTATION	VIABILITY

- 1** 70% of the population of South Gwynedd is bilingual (Welsh/English). After demanding it for twenty years, bilingualism is made official.
- 2** The presence of the language in schools, at university, in government agencies and even in companies maintains family interest in bilingualism.
- 3** It is realised that the bilingual population, traditionally a provider of labour for the mines, is under-represented in the strong economic sectors, such as tourism.
- 4** **The “Welsh Language Board” is created with the aim of coupling bilingualism with matters concerning the region’s development.**
- 5** The CYMAD local development agency favours the participatory approach to development. The concerns and needs of the population are “negotiated” in public.
- 6** Noting the lack of entrepreneurship, the agency carries out 12 village appraisals, an analysis of the “professional assets” of the Welsh people, an analysis of the local tourist potential and identifies project holders.
- 7** The agency stimulates the creation of activities and jobs in the tourist and cultural sectors, thus making the “immaterial heritage” (language, literature, music) visible.
- 8** This approach has enabled a “hard core” of motivated people to be formed, capable of organising an initial circle of initiatives. Awareness seminars have led to the establishment of a second circle of hotel owners willing to develop the activities of the first circle.
- 9** **A plan of action is defined, including restoration of the house of writer Ellis Wynne, support for local leisure centres, support for writing seminars for writers, the organisation of an annual festival of Welsh music and the creation of a permanent centre for Celtic music.**
- 10** The agency has accompanied the implementation of these projects with a training programme aimed at project holders and young people to overcome the cultural obstacles hampering the spirit of enterprise.
- 11** The action helps link new job opportunities to a mastery of the language and to an understanding of the cultural tradition. Its viability is in this way guaranteed.
- 12** **The development of the minority culture has changed the region’s positioning vis-à-vis the outside.**



The result, or rather **the results**, are the total impact of the innovation throughout its development which still remain once the action has come to an end.

Among these results, some are tangible (e.g. a new product, a new process) and are specific to the sector to which the innovation applies. Others are intangible because they are “immaterial”: new ways of organising local actors, changes in mentalities, attitudes, collective appropriation of new methods, new symbols, etc.

Since the aim of this document is to propose a general

context in which to approach innovation in rural areas, we will limit ourselves to identifying a few essential elements of the innovations which may clarify the dynamics of area development (*a more in-depth analysis of the results of the innovations is presented in a “Methodological Guide for Implementing the Innovation”, to be published in 1998*). This leads to three types of innovation being identified in terms of general results for the development of rural areas. These three types of innovation tie up with the three examples presented in the previous chapter.

5.1. Three types of innovative action for the area, which lead to different but interdependent results

The innovation and rural development processes are complex by nature: they result from the interaction of many diversified and complementary actions, coordinated by different actors. Any innovation which lasts over a period of time (the case of the “Magnoac Green Gold”) supposes the implementation of previous actions which create the conditions for its implementation and viability. From this point of view, actions aiming to gain the support of the local population (the case of South Gwynedd) or create infrastructures which generate new dynamics (the case of the reservoir for collective use in Inazares) become essential levers for consolidating innovations in the area. Thus, three types of innovation which had been identified in the previous chapter can also be examined here; this time no longer as a process but as a result.

a) The innovative “coordinating” actions

Actions such as the promotion of the Welsh language at the service of local development (South Gwynedd) are what we propose calling **innovative coordinating actions**. They aim to create links between the communities and the economic actors, to identify potentialities and to give con-

fidence (back) to the local actors by highlighting their assets and those of the area.

The innovative coordinating actions do not create economic activities immediately, but make them possible. Two types of innovative coordinating actions can be identified:

> **“broad” coordinating actions**, such as community participation in carrying out area analyses, help give the area an identity and, for those who live there, the feeling of belonging to a community which collectively has a future.

In Ballyhoura (Ireland), the local development agency recruited and trained coordinators from local communities and organised an appraisal in each village in order to discover the existing resources and skills. These appraisals led to the elaboration and implementation of village action plans (factsheet M06);

> **more targeted coordinating actions**, centred on a challenge to be met to develop the area.

The method of “combing projects”, developed by the Tarnes-Montagnes LEADER group, belongs to this type of coordinating action (factsheet M02).

b) The innovative “structuring” actions

Actions such as the construction of a reservoir for collective use in Inazares are what we propose calling **innovative structuring actions**. They aim to alter, on the basis of a selective action that is limited in time, the material or immaterial environment of the area to make it more favourable to the creation of activities.

Like in our example, these actions may consist in building a reservoir to increase the amount of cultivated land that is irrigated but also in creating a quality charter or logo-type for local products, all actions that will later facilitate the creation of economic activities or businesses. In the same way, rehabilitating a natural or building heritage, creating hiking trails or amusements for tourists, making an inventory of the historical heritage and discovering an area’s identity in order to exploit it are unavoidable prerequisites for any tourist development strategy.

More generally speaking, all the innovations which relate to the protection of “amenities” (countryside, clean air, water, fauna, natural flora, etc.) fall into this category.

In Friesland (Netherlands), the rehabilitation of old public

buildings and their conversion into first-rate accommodation has led to the creation of new cultural and tourist activities (factsheet T12).

The elaboration of a quality charter for the rural tourism establishments of the Oscos-Eo LEADER area (Asturias, Spain) has enabled a tourist promotion strategy to be developed, based on the criteria of quality and harmony with the area’s environment and culture (factsheet T04).

c) The innovative “consolidating” actions

Actions such as the “Magnoac Green Gold” operation are what we propose calling **innovative consolidating actions**. In general, they fall into an entrepreneurial or institutional context. They aim to consolidate an economic activity in fields as diverse as agri-food, crafts, tourism, services for the population, cultural services, natural resource management services, etc.

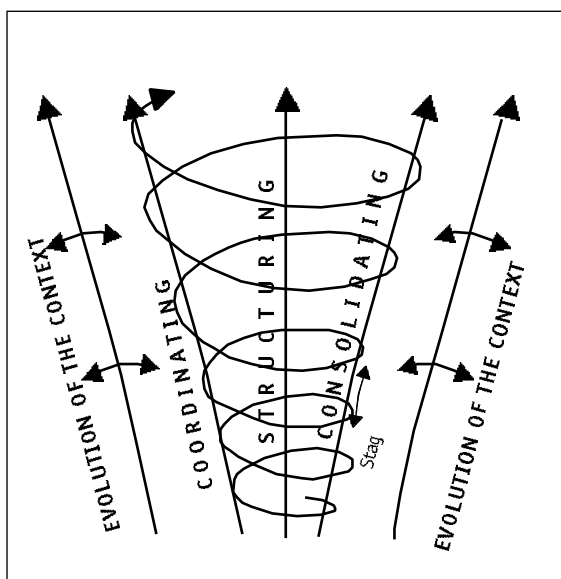
Actions of this type are in some way the concrete expression of the opportunities created by the two other types of innovative action. Their implementation is, for example, facilitated by the coordinating actions.

5.2. The development spiral

These three types of innovative action are therefore inter-linked and complement one another in the development processes of rural areas. Each type prepares the other two and makes them possible, and as the actions progress, the area evolves and reaches more advanced stages of development.

The evolution of rural areas can therefore be compared to a spiral:

The development spiral of a rural area



The development spiral of rural areas makes one evolution appear per “stage”. Each stage (corresponding to each helix of the spiral represented on the graph) can be achieved through the combination of innovative coordinating, structuring and consolidating actions

The case of the Valle del Jerte LEADER area (Extremadura, Spain) is a good illustration of this spiral model.

Valle del Jerte (Extremadura, Spain)

The Valle del Jerte LEADER area is a mountain valley where small-scale farming is predominant (average farm size: 1.5 ha). In order to make their operations viable, the farmers of the region have found a market opening in cherry production that they have gradually developed to make it the area's speciality.

The creation of cooperatives in each village has been a deciding factor in this specialisation process. At this level, a combination of three types of innovation can be found:

- > coordinating, which has been essential to prepare the farmers for their involvement in the cooperative;
- > structuring actions, particularly at the level of planting, access roads, etc.;
- > the launch of the cooperatives themselves, the feasibility of which appears as the consolidation of this process. The installation of refrigerating equipment also allows them to better protect themselves against price fluctuations.

During the 1970s, the fresh cherry market was not very strong and was unstable everywhere. Other areas of plains took to growing cherries, with lower production costs. The Valle del Jerte's share on the Spanish market fell, even though local production increased. A disease affecting cherry trees also revealed the fragility of an economy based on one (fresh) under-developed product.

To cope with this crisis, a new process was developed, resulting in the formation of a union of cooperatives whose size enabled it to access new markets and diversify production, in particular by brewing cherry brandy (the heads of the cooperatives had been on a study trip to Italy and France in the 1980s to evaluate the challenges of this production, and this gave rise to the launch of a pilot project which was able to expand in particular with the support of LEADER).

Three types of innovation can thus be found here:

- > coordinating work carried out with farmers to convince them of the need to diversify;
- > structuring actions in terms of defining quality standards for the new product;
- > the creation of a distillery managed within the union of cooperatives.

[7] The sole purpose of this diagram is to illustrate the structuring of the types of innovative development action. Therefore it only has educational worth and in no way claims to be a mechanical representation of reality.

With the launch of the LEADER programme in 1991, the area began a new phase of diversification of its activities, in particular at the level of tourism, crafts and agri-food products. This was made possible through the coordination by the LEADER group of young people and women in particular;

- > structuring actions to define quality standards for tourist products, to define designations of registered origin and to clear the rural habitat for tourism, as well as measures for maintaining the countryside,*
- > small businesses were launched, giving concrete expression to this diversification. Today, the partnership is expanding with nearby regions in Spain to constitute a sufficient economic weight and to inform people at national and European level of the specific nature of local productions by designations of registered origin and to improve the competitive position of local businesses.*

The necessary balance

The effective management of an innovative development process requires a balance in the implementation of the three types of action (coordinating, structuring and consolidating).

The search for this necessary balance sheds light on some of the difficulties observed:

- > some areas that have undertaken coordinating actions then sometimes find it difficult to proceed to innovative consolidating actions. A logic with an essentially socio-cultural nature predominates;
- > other areas, involved in structuring actions, sometimes find themselves in the impossible situation of creating a coordinating and consolidating dynamic linked to the actions that have been carried out. This logic may have more to do with facilities than development;
- > finally, other areas are particularly oriented towards economic-type (consolidating) actions and do not take into account the two other types of action essential for any local development process. The aim is to create activities and jobs, without first establishing the basic conditions of a development process: mobilising the population and setting up a certain number of structuring facilities.

Chapter 6

Innovation and context

6.1. Innovation in the different types of context

The Valle del Jerte is only one example of how much the innovations depend on a particular context, specific to each area and each moment of its development.

This evolution, however, differs considerably from one area to another:

> some areas have already reached a relatively “advanced” stage of development. This, for example, is the case of a number of Objective 5b areas.

Vinschgau/Val Venosta (Trentino-Alto Adige, Italy) can count on a relatively solid and well-organised farming economy based on the production of apples and dairy products. The tourist sector is expanding thanks to a well-preserved natural and cultural heritage. The craft sector, which is also very active, relies on specific local resources such as very high quality marble. However, the local culture does not particularly favour cooperation between actors, most development having for a long time been based on initiatives by individuals or very small family businesses. This pervading individualism is currently an obstacle to new stages of development, preventing access to new markets in particular.

In this context, the innovation is coordinated so that a partnership culture can be developed and lead to the creation of new companies or groups of companies allowing them to position themselves in new niches. Furthermore, the local action group has implemented a number of structuring actions: e.g. the creation of a cycle track throughout the valley to diversify the tourist supply;

> at the other end of the spectrum, other areas, which have been isolated for a very long time, still live today in a state of withdrawal. This is the case of a number of Objective 1 areas (*), where the local economy can still often be very dependent on revenue from emigration, the area’s almost sole link with the outside world.

This type of situation can be found in **Barroso**, in the extreme north of Portugal: the history and isolation of this mountain area which is difficult to access and the specific culture of its inhabitants have meant that very lively local traditions have been maintained. But at the same time, the possibilities of developing the area’s opportunities (e.g. tourism) are practically non-existent.

A basic coordinating operation has thus been necessary, involving a long-term action with its own financial means, and that is what a group of young people from the region, some sons of immigrants, have got down to. At this stage, the consolidating actions correspond to operations which are still very basic, but which play an essential pioneering and demonstrative role: this, for example, is the case of Modabarr which designs, manufactures and markets clothes linking tradition and modernity. In such a context, the needs of structuring actions essentially concern the installation of basic equipment, a type of operation generally undertaken by the public institutions (**factsheet P06**).

All these examples show to what extent the contexts of rural areas can be very diverse and very distant from one another and therefore involve different types of innovation. There is, therefore, the question of knowing what innovations are possible in one specific context or another. This is, of course, a fundamental question that each LEADER group asks itself in relation to the context in which it works. This is very much like the question concerning the definition of innovation: what will be innovative in a certain area and in a certain context will not necessarily be so in another.

To answer this question, a few general landmarks are necessary, capable of placing each area in relation to the others in the diversity of the situations that can be found in the European Union.

Two elements seem to be fundamental in locating these differences:

> on the one hand, **the extent to which the local economy has diversified**: some areas have a very specialised economy, either inherited from the industrial society of the last century, as in some industrial valleys in Catalonia or in the Basque Country (Spain), or as the result of an historic evolution which has taken place over the last 30 or 50 years in particular. This is the case, for example, of great cereal producing areas such as the Paris

(*) The regions eligible for European Structural Funds are classified under Objective 1 (“regions lagging behind in development”), Objective 2 (“industrial regions or areas undergoing conversion”), Objective 5b (“fragile rural areas”) or Objective 6 (“Nordic areas with a very low population density”). LEADER can concern areas situated in Objectives 1, 5b or 6.

Basin in France, or even areas with a very strong tourist vocation such as many Greek islands. Others, on the contrary, have maintained or developed diversified economies;

- > on the other hand, **the extent to which the area has opened up to the outside world**, its isolation or on the contrary its proximity to towns, major consumer markets and centres of decision-making. As we have seen throughout this document, the links between the area and its socio-economic actors with the outside world are an essential factor of innovation. Isolation hinders innovation and, in a rapidly evolving global context, may drag the isolated area into the spiral of under-development.

By comparing these two variables, we essentially obtain four types of situation.

These are evidently borderline cases between which a whole series of intermediary situations exist. The table entitled **“Innovation logics of rural areas depending on context types”** gives an outline of them:

- > some areas may be like **“Type 1”**: they have few links with the outside world and external markets and have a traditional diversified economy. This is still the case in some rural areas of Portugal (**Barroso, Sierra do Caldeirao**, etc.); it was the case in many other European rural areas barely 40 years ago. In this type of situation, the individual scale is too small to allow the local fabric to really appropriate new technological and economic developments in order to reach a certain level of competitiveness. Unable to adapt to the general evolution, many of these areas risk falling into a process of gradual decline if **pioneering actions** are not introduced;
- > other areas more or less correspond to the **“Type 2”** situation: these can, for example, count on a small-scale farming specialisation, geared towards external markets. Local relations are then structured more around farming cooperatives (the case of **Valle del Jerte** for cherries, certain areas of **Sicily** (Italy) for oranges and olives;

Cavan and Monaghan (Ireland) for livestock farming, etc.), but their links with the outside are few and are mainly limited to the sector in which they are specialised. Diversification actions can probably be envisaged within the specialisation network concerned, by appropriating new technological developments in the same sector of production (cold rooms for preserving products), by transforming a part of production and by positioning themselves on new, more targeted markets. Diversification outside the main sector of activity can initially be relatively difficult in this type of context but can be achieved through the involvement of the heads of the dominant network or sector of activity. Therefore, in the **Valle del Jerte**, or in **Cavan and Monaghan**, the farming cooperatives have played a major role in implementing LEADER and in supporting a broad diversification of activities;

- > others may be similar to the situation illustrated by **“Type 3”**: in this case, the economy is highly specialised. These areas have close ties with the outside in their field of activity, and this has allowed them to benefit from numerous supports to further their specialisation (subsidies policy, major European markets: cereals, meat, etc.). The level of specialisation and dependence of these areas is such that actions to diversify the economy have become very difficult, given a certain loss of know-how caused by mono-activity. Some of these areas, even if they are today sometimes in a privileged position, may, in the long term, find themselves faced with a declining internal productive system (this may be the case in certain large cereal-growing plains or in areas of intensive meat or fruit and vegetable production; this may also be the case in coastal areas of intensive tourism; this was the case in many traditionally industrial rural areas which are for the most part today undergoing difficult conversion processes, etc.); it should be noted that the local development approaches are often difficult to implement in this type of area.

> other areas may finally be like “**Type 4**”, characterised by strong links with the outside and a high level of diversification. These areas are encouraged to develop forms of integration between sectors of activity and structure their economy around leading sectors. Frequent cases of this type can be found, for example, in Northern Italy, in several areas of Aquitaine or Midi-Pyrénées (France), or even in Bavaria (Germany) or Austria, etc.


For each situation different innovation logics can be observed. These are either geared towards a **deepening and diversification** of activities within or around the network or dominant sector (search for economies of scale combined with economies of scope in an often very competitive context, making the development processes very fragile), or towards **diversification** (search for economies of scope), or even towards a **horizontal integration** of the local economy (search for synergies between sectors of activity).


Innovation logics of rural areas according to context types


Context type

	1 Weak outside connections/ traditional diversified economy	2 Weak outside connections/ specialised economy	3 Strong outside connections/ specialised economy	4 Strong outside connections/ diversified economy
Synergies between sectors, horizontal integration				
Diversification of activities, economies of scope				
Specialisation/ diversification within or around the network or dominant sector				

Innovation logics

 Innovation in a favourable context

 Relatively difficult innovation

 Very difficult innovation

From this diagram it is evident that the shape that the innovation takes depends mainly on the context:

> *if the context is favourable to it, the innovation reinforces and entrenches a practice which already exists. This is often an “in-depth innovation”;*

*In the **Arca Umbria** LEADER area (Umbria, Italy), perfecting new technology for the recycling of ceramic waste, an important activity in the area going back many years, is an in-depth innovation that solves the main environmental problem created by this type of activity (**factsheet E08**);*

> on the other hand, if the context is not favourable to it (“difficult” or even “very difficult” innovation), the innovation is necessarily more modest and must show greater flexibility and the ability to adapt and be imaginative. This is often a “**pioneering innovation**”, sometimes initially looked down upon by the traditional institutions.

*On the **Millevaches** plateau (Limousin, France), the creation of a group of private tourist operators, in a context where the promotion of tourism was traditionally the responsibility of the public sector, had to be very adaptable, using original solutions. The initiative remains modest but its leaders have shown an ability to be imaginative enabling them to gradually gain recognition at local level (**factsheet T11**).*

This typology is an additional tool for reflection and analysis. It can in particular help the LEADER groups to better understand the specific context in which they are evolving, to better evaluate the local possibilities in terms of inno-

It can therefore be seen that the LEADER groups differentiate their strategies of intervention depending on the contexts:

- > in many Objective 1 areas, this is initially geared towards the search for small-scale diversification, involving less risks;
- > in the Objective 5b or 6 areas, especially in those which benefit from an economy which is still fairly diversified,

the LAGs and other collective actors tend to seek innovations through networking with local actors and support more and more complex actions.

The evolution of the areas therefore tends to follow the arrow indicated in the diagram: priority is given to the diversification of activities; this will be the basis on which it will be possible to develop both connections with the outside world and internal networks.

6.2. Context and complexity of innovative actions

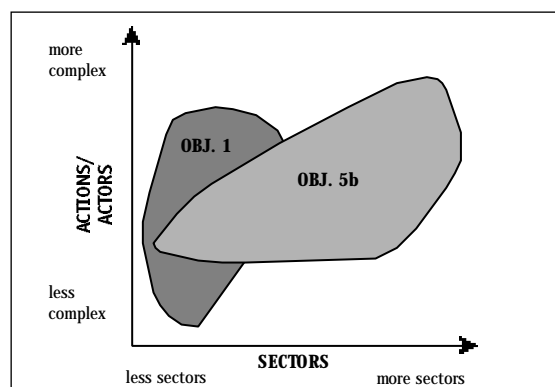
The innovative actions are reasonably complex depending on the number and diversity of the actors involved, and depending on the number and diversity of the sectors concerned.

Based on these two characteristics, analysis of the complexity of the 84 innovative actions examined has also led to certain trends being identified between Objective 1 areas and Objective 5b or 6 areas:

- > in the case of Objective 1, the innovative actions are often initially less complex in terms of the number and diversity of the sectors concerned. Two types of innovative actions can be found in general:
 - **coordinating actions** targeting a broad cross-section of the local community. The aim of these innovations is to increase the “human capital” and begin creating the local dynamic which will be necessary for development;
 - **consolidating actions** which are targeted at individual investment groups through support for projects;

- > in the Objective 5b or 6 areas, the innovative actions are often more complex. In terms of coordinating the actors, they are generally more targeted depending on the aim sought and bring together a larger and more diversified number of operators. They often also bring into play several sectors of activity which are going to cooperate in common approaches (graph. no. 2).

Graph no. 2: Complexity of the innovative actions in relation to the context



Source: *Innovative Actions of Rural Development*

Conclusions

This document has attempted to examine innovation in rural areas from several angles:

- > innovation as a **new response to challenges** already encountered;
- > its emergence in a **project cycle**;
- > innovation as a **social process**;
- > innovation as a result in terms of **area-based dynamic**;
- > its characteristics in relation to **different area-based contexts**.

These different approaches show the complexity of the innovation when it refers to an area.

Beside the diversity of the situations, each area finds itself faced with a similar European or global context. This varies considerably from one era to the next: after having pushed for the specialisation of rural areas, the context today tends to open up the possibilities of diversification.

The analysis carried out here tends to show that the areas do not confine themselves to adapting or imitating innovations elaborated by the research centres which are external to them. Original possibilities for innovation with specific methods today exist for rural society, which is an asset for the development of European rural areas in the future. **Innovation may follow a great diversity of strategies and there may exist many solutions to the same problem.**

In spite of the effort made, several questions which are important in order to understand innovation in rural society, some of which have already been mentioned in the introduction, would be worth analysing in more detail, in particular:

- > the social demand for innovation and its identification are insufficiently discussed. How the needs of innovation are formulated and who formulates them are two topics which need to be analysed in more detail;
- > the processes of diffusing and transferring innovation are also worth analysing in greater depth: what are the endogenous and exogenous factors which influence this diffusion? Do there really exist diffusion strategies defined by the local actors, the local action groups, etc.?
- > the local/global or internal/external duality is also an extremely wide topic of analysis. The areas are systems which are becoming increasingly open and integrated in encompassing contexts: the local development approach and exploitation of the diversity will probably require an increase in the dimensions of networking at all levels, from the local to the European, even the international.