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CHAPTER VI**European Commission Notices to the Member States****LEADER II**

Notice to the Member States laying down guidelines for global grants or integrated operational programmes for which the Member States are invited to submit applications for assistance in the framework of a Community Initiative for rural development - LEADER II (Links between actions for the development of the rural economy).

Ref. 94/C180/12

LEADER+

Commission Notice to the Member States of 14 April 2000 laying down guidelines for the Community Initiative for rural development (LEADER+)

Ref. 2000/C139/05

LEADER II dossiers**Innovation notebooks**

No. 4: Assessing the added value of the LEADER approach (1999)

No. 6: Creating a territorial development strategy in the light of the LEADER experience – Part 2: Social competitiveness (2000)



Observatory dossiers

No. 2: Innovation and rural development (1997)

No. 3: Mainstreaming LEADER in future rural policies (1999)

Guides

Methodology guide for the analysis of innovative actions (1996)

Methodology guide for the analysis of local innovation needs (1996)

Support systems for new activities in rural areas (1998)

LEADER Magazine

No. 16: Special LEADER Symposium

“Towards a new Community Initiative for rural development:
800 leaders give their views” (Winter 1997-1998)

No. 23: The added value of LEADER (Summer 2000)



LEADER I dossiers

1) Technical dossiers

Tourism at the service of rural development (1993)

Involving people in local development (1993)

Managing the local project (1994)

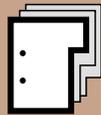
Exploiting local agricultural resources (1994)

Diagnosis of the area and the mounting of a development project (1994)

Analysis of the impact of the development project (1994)

Support for small and medium-sized rural enterprises (1994)

Marketing quality rural tourism (1994)



Examples

“Innovative actions” factsheets

E10 - E15 - E23 - E24 - E32 - M01 - M02 - M06 - M08 - M14 - M16

- M18 - M25 - M27 - M28 - M36 - M38 - M39 - M43 - M45

- M47 - M50 - M53 - M54 - P03 - P04 - P17 - P22 - P23 - P37 - P53

- S18 - S23 - S27 - S32 - S39 - T09 - T31



“Innovation” is a complex term. In this instance, it applies to:

- > The concept of the LEADER **approach** itself;
- > The way in which it is interpreted and applied by local action groups;
- > And most of all, the innovative nature of the **actions** undertaken in the programme;

Even though this triple dimension runs right through the presentation of the approach, this chapter focuses primarily on the innovative nature of the **actions** tested under LEADER.

We have noted various kinds of innovation at varying levels in most of the rural areas that have participated in the LEADER experience, whatever their situation. They include the following random selection of projects:

- > New job sources,
- > Support for micro-businesses,
- > Creating links between players and sectors,
- > Promoting the environment as a development lever,
- > Adapting services more effectively,
- > New attitudes and practices of local democracy (new forms of collective organisation, of organising knowledge, etc.),
- > Reassessing an area’s resources,
- > recreating a local identity,
- > Instituting new forms of financial organisation and management of public policies.



II,V



M36, M47, P23

M43, P17

M14, M25, P22, T09

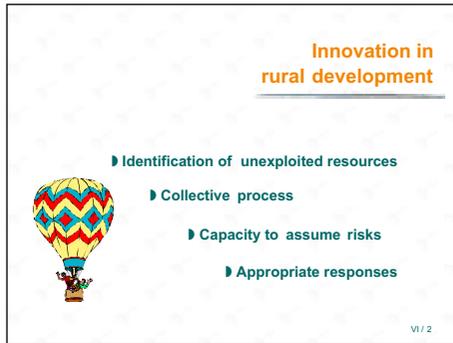
E15, E32

S32, S39

E10, E24, P04, T31

M18, M54

M53, P53, S23, S27



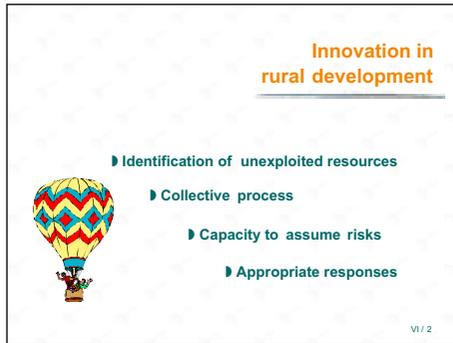
Spotting the innovativeness of a rural development **action** is no easy task, as it depends on local geographical, economic, social, cultural and other factors. The global context generally presents rural areas with the challenge of exploiting new opportunities that are not always easy to pinpoint and require determination, creativity, local consultation, a fresh look at the area's resources and the ability to identify potential ideas and innovators.

Innovation in rural development consists of:

- a) **the possibility of developing specific resources** that are unexploited, neglected or underestimated. In fact innovating does not necessarily mean starting from scratch. Most of all it means taking the existing situation and bringing in know-how, knowledge, resources and structures in a different way and reassessing the role of the players involved;
- b) **a collective process** consisting of recognising and relying on a group with a vision and a project, initiating collective learning approaches and setting up and putting into operation totally new products and services, etc;



II/2



c) the capacity to assume the risks of experimentation and change, which takes the form of:

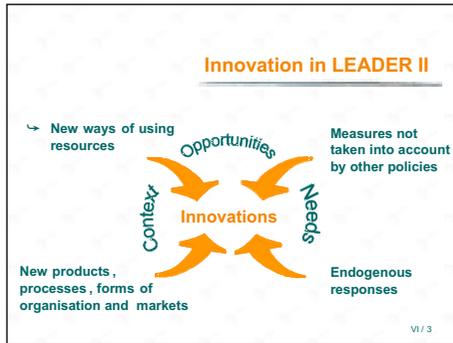
- > support for risk-taking (finance, making players accountable for all phases in the process, use of research centres and laboratories, etc.);
- > support for initiatives promising change (creation of synergies) and a “new local culture”;

d) the ability to provide appropriate responses to:

- 1) the needs of rural areas (exploration of new ideas, creation of original combinations of new resources);
- 2) changes in the global context.



VI/4



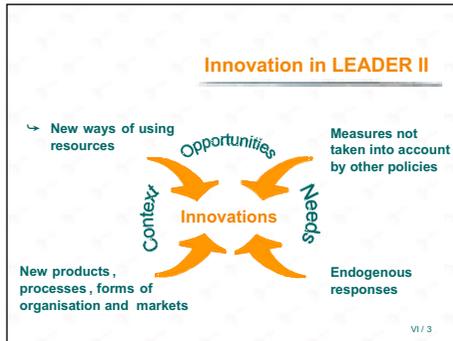
Under LEADER II, the European Commission presented innovation as a concept for supporting projects that can serve as models, are transferable and illustrate the new directions that rural development may take.

“New” is defined in relation to the **context, needs and opportunities of a local area**. On a local scale, an activity is “new” if it previously did not exist or was not widespread in the area concerned. It may have come from somewhere else. Actions considered to be “innovative” are those likely to produce a multiplier effect throughout the area concerned, whilst at the same time opening up prospects for long-term development.



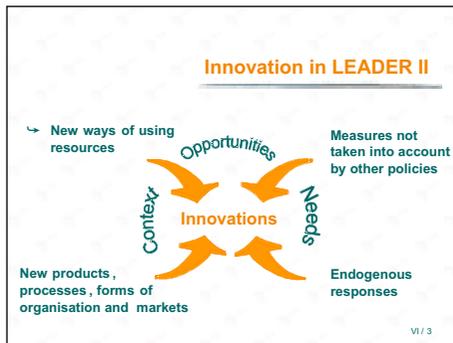
I/7

VII/3



By way of illustration, the European Commission proposed a series of innovation themes:

- > measures to offset the impact of the reform of the Common Agricultural Policy, including environmental and renewable energy aspects;
- > application of new information and communication technologies in the rural environment;
- > provision of services adapted to low population density;
- > devising and marketing new products and services;
- > job creation in the rural environment, including the integration into the labour market of people in difficult circumstances;
- > production and promotion of cultural activities in the rural environment as a contribution to local identity and a tourist attraction;
- > raising awareness among the local community of what is to be gained from development and its own capacity to take initiatives.



In the field, this takes the form of:

- > actions to renew and update **methods of adding value to local resources**. This may, for instance, involve identifying market “niches” and creating solvent demand for local products and services, or else seeking to diversify activities where a sector is under threat;
- > measures **not taken into account by other policies** or **complementary** to other programmes. For instance, in a number of cases LEADER has financed the aspects of “animation” and harnessing resources, whilst other programmes have funded actual project implementation. By accepting and encouraging “intangible” investments, LEADER helps to reinforce the social, cultural and environmental sectors, which have generally been overlooked by other programmes;
- > actions to provide **endogenous responses to the weaknesses and problems of rural areas**: search for “in situ” solutions to problems which, after failing to receive an adequate institutional response, had created distrust and fatalism (services, transport, etc.);
- > technological innovation (**new products, processes, forms of organisation and markets**).

These actions make it possible to find new ways of combining traditional local knowledge with technology available elsewhere.



E23, P22, P23

E32

E24, M16, P53

P37, T31



Under LEADER+, the European Commission aims to support original and ambitious rural development approaches that reinforce the experimentation process started under LEADER I and II.

The “**pilot**” concept will be assessed on the basis of the **development strategy** presented in each development plan. This strategy must put forward means of achieving sustainable development which are new by comparison with previous practice in the area concerned.

The “pilot” concept is judged in terms of:

- > **creating products and services** that incorporate the distinctiveness of the local area;
- > **methods for combining the area’s human, natural and/or financial resources**, resulting in better use of indigenous potential;
- > the combination of and **links between economic sectors** which are traditionally separate (integrated approach);
- > original forms of organisation **and involvement of communities** in the decision-making process and in implementing the project.



VII/2

IV/3



Learning through innovation

- Challenging perceptions
- Altering attitudes and practices
- Promoting the learning process
- Seeking compatibilities
- Facilitating experimentation

VI / 5

It is not only the action itself that can be creative, but also the way in which it is implemented. For instance, any enterprise can produce food according to traditional recipes. However, when, for example, the recipes come from the domestic culinary tradition of an area whose folk decide to set up a “collective kitchen” and to take charge of fulfilling the quality requirements for accessing markets themselves, the action is considered to be out of the ordinary and becomes a source of learning and cohesion.

Deciding to work on innovation from the outset involves changing ways of thinking and leads to a process of:

- > **challenging perceptions**, the status quo and certainties and building a global vision of the area’s resources, potential and expectations, by adopting a partnership-based, bottom-up, area-based approach;
- > **altering attitudes and practices** (by, for example, “enhancing the value” of endogenous resources instead of “exploiting” them without analysing the impact on the renewability of the resource or on the landscape; by taking recognition of the local culture as the basis for uniting collective identities, etc.);



M01, M06, M08

E15, M47

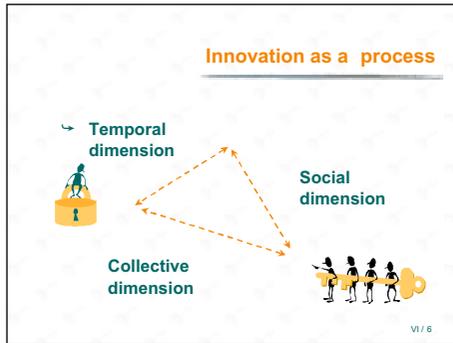


Learning through innovation

- Challenging perceptions
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- Seeking compatibilities
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VI / 5

- > **promoting the learning process** (by, for example, encouraging exchanges, especially through development training, participation in defining project selection criteria, etc.);
- > **associating apparently incompatible elements** (by, for example, reconciling environmental and economic development concerns, integrating European standards whilst at the same time preserving local distinctiveness, etc.) This effort can help to overcome handicaps, break down barriers and unleash local economies crippled by dispersed resources and fragmented institutional support);
- > **facilitating experimentation** using small-scale, low-cost solutions, before moving up in scale. The term “pilot”, even more than the term “innovative”, implies the notion of “transferability”. Moreover, this is where the innovative approach can come up against its limitations, when problems arise in applying to a more general context experiments that have proved valid in specific situations.



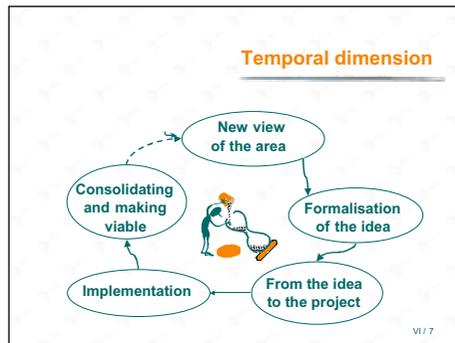
Innovation in LEADER is essentially defined as a process.

Innovation can be analysed on the basis of three components:

- > The temporal dimension, which can be equated to a **project cycle** (slide 7);
- > The social dimension (slide 8);
- > The collective dimension (slide 9).



VI/7-9

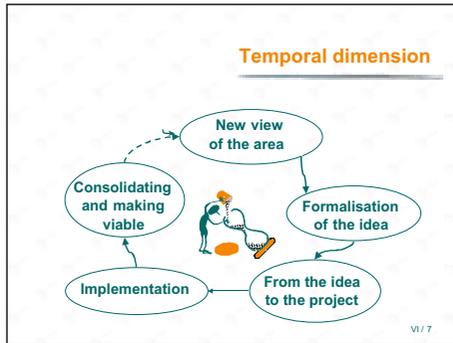


Any project to create an activity, product or service has a **life cycle** that can be divided into five phases.

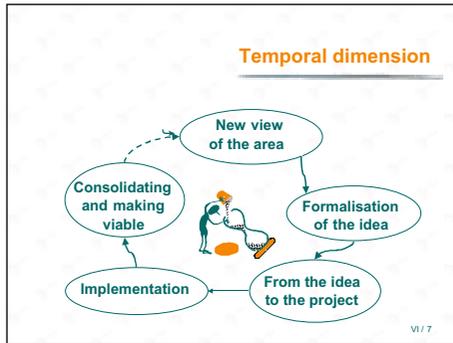
- > **Phase 1: taking a new view of the area** – An idea does not spring from nowhere. Mostly it springs from the ability of a “pathfinder” or “trailblazer” to interpret the local context in a new light and to identify new development prospects and outline possible solutions. Under the LEADER approach, this trailblazer may be either a group, like a LAG, or an institution, enterprise or individual.
- > **Phase 2: formalising the idea** – An idea only takes on real substance when it acquires a social dimension. Trailblazers may feel the need to share their idea and to compare and contrast it in order to verify, enhance and better formalise it. They will therefore seek to provoke collective awareness, resulting in the establishment of a group of initiators.
- > **Phase 3: from idea to project** – Once the idea has been formulated and the group of initiators set up, a project may take shape. The initiators will seek other alliances or create a broad enough partnership to suit the planned action. Turning “initiators” into project “leaders” often entails expanding the number people and institutions involved in the approach. In moving from idea to project, roles are defined more clearly.



M43, M14, M16



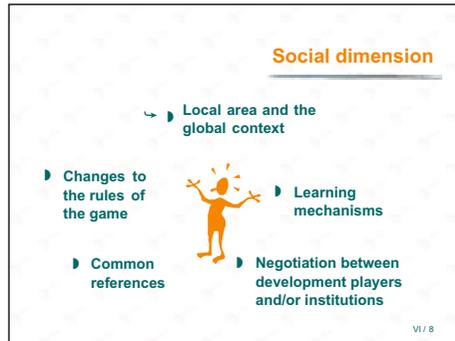
- > **Phase 4: implementation** - At this stage the partners have to fulfil the necessary conditions for implementing the project. Close collaboration is required between all those capable of meeting the implementation requirements (analysis of potential markets, know-how, manpower, equipment, capital, decision-making powers, etc.). An assessment of the project's advantages, drawbacks and risks must be made before embarking on the implementation phase.
- > **Phase 5: consolidating and making viable** - Projects require resources and hence, must generally meet a solvent demand. In this case their viability is seen in **economic and commercial terms** and will depend on the ability to continually adapt to demand and/or to create a specific demand. This means keeping tuned to the market by relying on networks of consumers and/or distributors. In other cases the need is for products or services that are neither commercial nor monetary, such as "animation" actions. The solvency of demand therefore relies on the capacity and will of public and private players to provide continual funding, or else on a consensus regarding the collective usefulness of the action.



The ideal route to success for an innovative action is to progress through all five phases. In reality, the risks of failure are very high at each stage and only a small number of actions actually come to fruition.

Obviously the **duration of each stage varies**, with the project cycle sometimes experiencing periods of “sluggishness” before starting up again on a better footing.

Finally, **evaluation and monitoring** are essential right throughout the process.



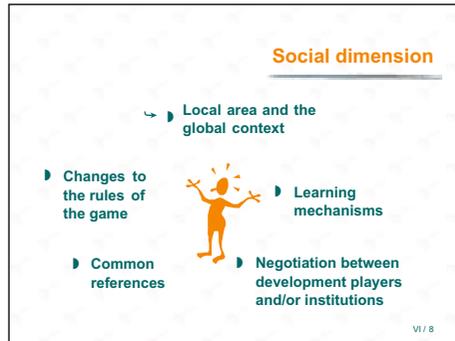
From a social standpoint, the innovation process entails the following dynamics:

- 1. Local area and the global context** – Innovation often leads to taking a fresh look at the area. This reveals not only the value of the area’s distinctive features but also any failures to adapt to changes in the outside world (markets, legislative frameworks, technology, human resources, etc.)
- 2. Creating learning mechanisms** – Innovation makes it possible to determine and systematise new knowledge, either informally between the players involved, or formally, notably through training.



III/3-5

M36, M39, M50,
T31



3. Negotiation between development players and/or institutions – The desire to create links between players or institutions accustomed to working in isolation cannot be fulfilled without creating tensions. The main difficulties to be overcome involve reluctance (fear of losing ground already gained, uncertainty in the face of change, etc.) or diverging interests (between individual or corporatist interests and the general interest). Very often private or public players are more sensitive to short-term than to long-term issues. Periods of regulation through negotiation or mediation are therefore needed. If it is to succeed, negotiation requires a climate of trust and the consideration of power relationships and sensitivities.

4. Creating new common references – These are the elements shared by all members of a social group (family, enterprise, institution, local community, local area, etc.) and determine the social behaviour of every individual in the group. The realisation of sharing these common references is a fundamental prerequisite for social cohesion.

5. Changing the rules of the game – Innovation also means decentralising some funding and management methods, as well as bringing closer to the local level the decision-making process shared with new partners.



S18



IV/5-8



M38, M53, T09

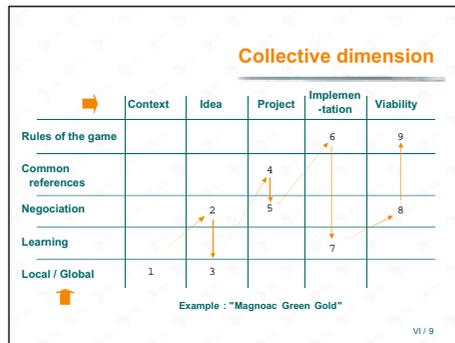


II/10, IX/2-4



M01, M16

M45, M53



The collective dimension follows on from the temporal and social dimensions. As the process of innovation evolves it has a knock-on effect.

At first innovation is either virtual or non-existent and may even be a source of controversy. However, it is often at this stage that important decisions have to be taken regarding research, political strategy and the allocation of human and material resources. It is the competence and determination of the development players that will enable the innovative project to take shape. This allows innovation to take root in the local area and creates alliances that cannot be completely called into question afterwards. Innovation therefore tends to gradually become stabilised.

The "Magnoac Green Gold" project (slide 9), to develop and market agrifood products from Magnoac, a small region in the French Pyrenees, illustrates this effect:

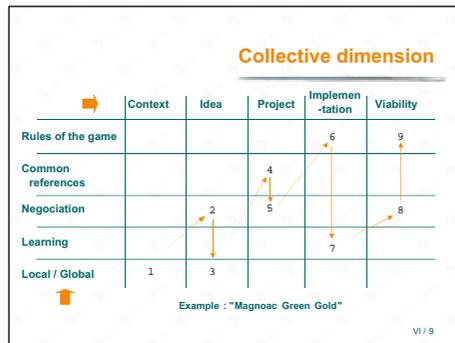
Foie gras is one of the region's traditional products and there was a desire to develop it on a larger scale. In order to expand from domestic processing to a larger scale, the region needed an abattoir and cannery meeting European Union standards.

An analysis of the local context compared with the global context (comparison) revealed new stakes for the area.(1)



M43

P03



In 1985, in order to create the right framework for achieving the required quality standards, eight farmers created a cooperative for pooling agricultural machinery (CUMA).

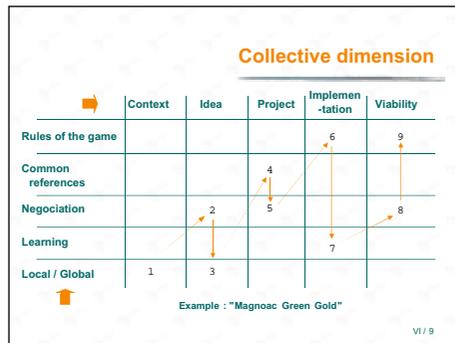
To remedy the problem, the planned ideas required new game rules. (2)

The local authorities commissioned a technical study that led to European Union approval for the slaughter-line and cannery in 1987.

These rules were consolidated only following a further learning phase, after which a project could be formalised. (3)

The farmers created a collective processing and marketing structure, the association "L'Or Vert du Magnoac", which registered the trademark "Fermes du Magnoac", creating a new "common reference".

The configuration of the chosen project called for new negotiations between the potential stakeholders. (4)



The number of members rose to 40 producers in a 100 km radius and the can-
nery and abattoir were expanded.

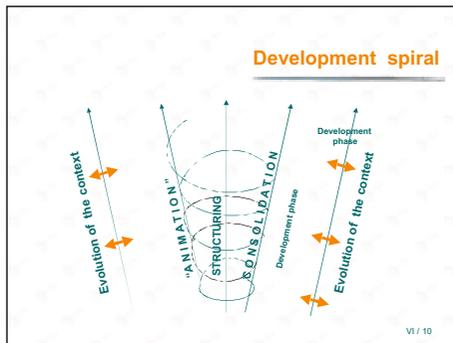
*At the implementation stage, new "common references" gradually emerged.
The resulting synergy led to the initial project being expanded.(5)*

The collective management of the processing and marketing unit guaranteed
a new action capability for these farmer/entrepreneurs. This made it possi-
ble to train members, raise their awareness of hygiene and quality issues and
give them more control over markets.

Specialised training was needed. (7)

The manufacturing techniques of the members of the association registering
the collective trademark "Fermes du Magnoac" were harmonised. This allowed
access to outside markets for their foie gras and other processed products.

*The consolidated project allowed the local game rules to be altered.(9)
This will make it possible to adopt a new marketing approach.*



As we have seen, the processes of innovation and rural development are complex because they result from the interaction of a multitude of complementary actions conducted by different players.

During this process, the local area evolves and structures itself. This evolutionary process can be depicted as a **spiral**.

The development spiral of rural areas is one of step-by-step development. Each stage - corresponding to one helix in the spiral - is made possible thanks to a **combination of actions relating to "animation", structuring and consolidation**.

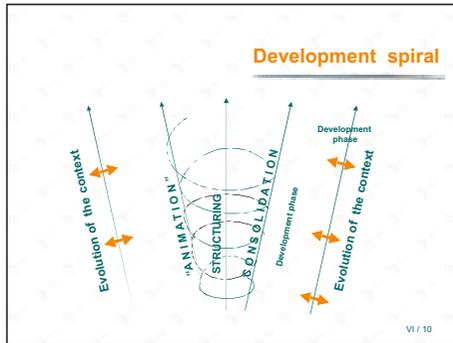
- > **"Animation" actions** aim to **create links between** communities and economic or institutional players, to pinpoint potential or to give local players confidence (or renewed confidence) by highlighting their assets and those of the local area. This approach is preceded by community participation in area-based analyses.
- > **Structuring actions** aim, on the basis of an ad hoc short-term action, to modify the area's tangible or intangible environment to make it more conducive to the sustained creation of activities (e.g. creating a quality charter or developing walking routes).
- > **Consolidation actions** are generally encompassed within an entrepreneurial or institutional framework. They aim to ensure the sustainability of an **economic** activity in various fields.



M02, M06

M16, M28, M43

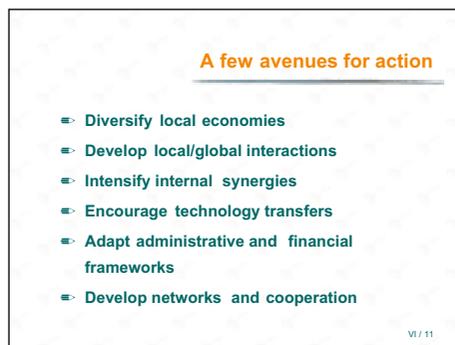
M27, P37



For an innovative development process to be effective, there must be a balance between these three types of action.

In this respect, the experience of LEADER has made it possible to identify certain **problems**:

- > Some areas that have undertaken "animation" actions later find it difficult to progress to innovative actions of economic consolidation. This is basically a socio-cultural problem.
- > Other areas engaged in structuring actions sometimes find it impossible to create a dynamic of "animation" and of consolidation of the actions carried out. The rationale is one of providing facilities rather than one of development.
- > Yet others are geared mainly towards economic consolidation actions, without taking into account other actions essential to any local development process. This may happen with a business creation attempt, for instance, when no effort is made to first engage the community.



In view of the highly diverse situations of Europe's rural areas, there is a multitude of possible forms of innovation and what might be innovative in one area may not be so in another.

From observing past LEADER experiments it emerges that innovation develops in a number of different, but not mutually exclusive, ways:

- > **Diversification of local economies** (creation of new activities).
- > **Development of interactions between the local and global contexts** (access to markets, promoting the local image).
- > **Intensification of internal synergies** (integration of players and sectors).
- > **Encouragement of technology transfer.**
- > **Adaptation of administrative and financial frameworks.**
- > **Opening up to the outside world by developing networks and cooperation.**

However, aiming for endogenous local development does not mean turning in on oneself. Very often new ideas will emerge from drawing on others' ideas (not only other areas, but sometimes quite simply other sectors of activity in one's own area), from exchanging views about one another's problems, from making comparisons with similar situations, etc.



III/3-5

VII/3-4

IX/2-4



Due to the very design of its approach and the innovative nature of the actions it seeks to encourage, the LEADER Initiative makes it possible to “take the risk” of supporting something that cannot be supported by any other means, thereby confirming its pilot nature. Depending on the context of the area concerned, the implementation of such an approach is already a challenge in itself. What is more, the weight of tradition (“what just is not done”) and reticence, not to say reluctance, or even deeply entrenched vested interests, are all potential barriers. Uncertainty and unpredictability are inherent in any form of innovation.

Supporting an innovative venture means:

- > **taking risks** – It is when an innovation is germinating that it must be supported. Support for “trailblazers” is a prerequisite for innovation;
- > **betting on the future** and embarking on a venture of unknown outcome because, however detailed the strategy, it is impossible to guess the outcome of the approach;
- > **creating trust** in development players and processes, by accepting differing points of view, interests and sensitivities;
- > **learning from failure** – this forms an integral part of the innovation process. Rather than the failure itself, it is how this failure is managed that is more important because failure can equally well be seen as a learning opportunity.



P53



Looking ahead

- Experience of innovative actions carried out or in progress?
- Innovation criteria selected?
- Which players have a crucial role?
- Impediments to innovation?
- Results and trials?

VI / 13

Choose one or two significant examples of past or potential innovative actions in the area by specifying the selected innovation criterion:

1. Provision of new products, new development of endogenous resources
2. Provision of new services (commercial or non-commercial)
3. Use of new processes
4. Search for new markets, new customers
5. New forms of partnership and organisation
6. New funding methods
7. Others

Which players have a decisive role in supporting such actions?

1. Members of the LAG Programming Committee?
2. Interest groups consulted by the LAG?
3. Local authorities, central government or regional departments?
4. Development agents?
5. Project leaders, the local community?
6. Former residents who have returned to the area?
7. New residents?
8. Other players or institutions?



Looking ahead

- Experience of innovative actions carried out or in progress?
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- Results and trials?

VI / 13

How can trailblazers and innovators be identified and supported?

What are the main obstacles to the emergence of projects?

What are the anticipated results of innovative actions locally?

1. Improved competitiveness?
2. Diversification of the local economy?
3. Better responses to social problems?
4. Imitation effect within the area?
5. Transferability to other areas?
6. Publicising the LAG and its activities?
7. Other forms of added value?
8. Do such results alter the area's development prospects?