INTERPRETATIONS OF INNOVATION IN RURAL DEVELOPMENT. THE CASES OF LEADER PROJECTS IN LECCE (ITALY) AND GRANADA (SPAIN) IN 2007–2013 PERIOD

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Abstract: In the Leader approach, innovation plays a key role in European territories, especially in marginal and peripheral ones, being essentially assumed, from a programmatic point of view, as social innovation. This paper aims to understand the interpretation and the declination of innovation in the practice of Leader initiative at local scale and analyze contextual factors related to its implementation in two southern provinces of Spain and Italy (Granada and Lecce). The study aims to analyze the projects reported as innovative by the leaders of the Local Action Groups, starting from the literature and using a key Community document entitled “Extended report on preserving the innovative character of LEADER”. Lastly, the study reveals common significant problems linked to local awareness of the role of social innovation, as well as the absence or limitations of key institutions.

Keywords: social innovation, rural development, LEADER approach, rural areas, marginal areas

1. Introduction
Since the 1990s in European Community rural development policies, innovation has been recognised as having a key role for the growth and development of territories, especially for marginal, outlying areas. Innovation is characterized by a pluridimensional nature, in fact it is...
quite difficult to define it and especially to understand its "social nature". An innovation process is effective and contributes to higher productivity and greater competitiveness of a firm, an organisation, a community.

Thus, since the early 90's, the practice of rural development having the LEADER as a main tool approach has used innovation as one of its main transformation elements and tools for rural areas of the European Union (EU). LEADER in French "Liaisons entre activités de Developement de L'Economie Rural", has seen its appearance, introducing innovative tools and standards in rural areas, until the 2007–2013 programming cycle, when it was intended as a "testing laboratory". Then, the interest to understand not only the evolution of this initiative, but especially its contributions and impacts produced in the territories has gradually grown. For this reason, in fact, a specific European Measure (3.1.3) was planned for the Animation of Rural Network Unit to identify, analyze and disseminate good practices.

The LEADER approach could be understood as a laboratory for innovation, where Local Action Groups (LAGs), partnership governance structures are the main actors fostering it. The original aim of this community initiative was to create innovative projects for rural development. In fact, innovation was one of eight so-called LEADER specificities or guiding principles. According to EC (2006, p. 5), LEADER “can play an important role in encouraging innovative responses to old and new rural problems, and become a sort of “laboratory” for building local capabilities and for testing new ways of meeting the needs of rural communities”. This is further confirmed by a survey of relevant Community documents, for which innovation may concern products, processes or services, or their adaptation to different geographical or environmental contexts but in particular, it concerns social, institutional and contextual processes (EU Rural Observatory 1997; EC 2006, 2009, 2013, 2014a, 2014b; Metis 2010).

The present study aims to show, on one hand, the interpretation of innovation, the predominant typology in the practice of LEADER and on the other hand, analyze the contextual factors concerning the implementation of innovative LEADER projects at local scale. Two southern provinces of Spain and Italy (Granada and Lecce, respectively) were analyzed in order to capture critical issues and common elements such as the nature of innovative projects implemented, composition and degree of actors involved, operational difficulties lessons learned, impacts. The absence of a complete database about innovative projects in Leader areas (especially for the Italian case) required field research, through the direct involvement of Local Action Groups.

2. Theoretical background

Starting from the theoretical point of view, it is necessary to understand not only the role but also the interpretation of the concept of innovation. Traditionally, it has been understood as significant changes to improve the product, process, marketing or the organization to get better results from a company or a territory. These changes are applied through new knowledge and technologies (OECD/EC 2005). However, the “contemporary form of innovation has begun to move beyond technological advancement and is now more frequently viewed as a process of improvement and change” (Fhlatharta and Farrell, 2017, p. 16).

In addition, the concept of social innovation is more comprehensive and not so easy to assess within the mainstream approach to innovation” (Moulaert et al. 2005, p. 1976). This is confirmed by the most popular literature (Moulaert et al. 2005; Howald and Schwarz 2010; Mcallum et al. 2009; Schucksmit 2000; Dargan and Schucksmit 2008) and the main European documents (EC 2006; 2009; 2013; 2014; LEADER European Observatory 1997). Moulaert (2008) noted the importance of institutions, mainly at the local level to foster social innovation with the tools of local inhabitants participation in local decision making. In this sense, Neumeier (2011, p. 48–49, 59) noted that “a lack of social innovation is often one of the strongest restraints of the vitality and further development of rural communities”, and that “social innovations could play a central role in the development of rural areas”. On the other hand, Copus et al. (2008) added other key elements to foster innovation: entrepreneurial culture, the institutional context, existence of partnerships, vision, leadership, cooperation, trust and synergy; characteristics that we can find scarcely in deep rural areas, explaining the low potential for innovation in these peripheral
zones. Dax et al. (2016, p. 57) pointed out the importance of social innovation “as a concept and means of realizing neo-endogenous development strategies”.

A geographical vision of the concept is was because of Bock (2016, p. 570), noting that only the most resourceful territories are able to develop this kind of innovations:

“Social innovation is not about finding solutions for the problems in individual rural places, but rather about how to address the uneven but interrelated effects of social change. Urbanisation and rural marginalisation are, after all, two sides of the same coin. If social innovation is to fulfil its promises, rural-urban linkages must be reconsidered and revalued and interactions and mutual dependencies must be taken into account. The social innovation of marginal rural areas is, then, not only a task for individual and disadvantaged rural areas but a common concern”.

Concretely, for the practice of European rural development, starting from the EU Rural Observatory (1997), innovation is understood as anything new to a specific area. The Observatory identified eight key points to study “local innovative needs”: 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, and technological development. The Report also identified three directions in innovations: diversification, intensification of the local and global interactions, and the strengthening of relations among local actors towards local synergies. The presence of innovative projects in rural development depends generally on the existence of a network of stakeholders that show a high commitment with the territory, such as the LAGs. These partnerships configured by local private and public actors are the main stakeholder to foster innovative projects in rural areas. On the other hand, the presence of knowledge or human and social capital is necessary.

Later, under LEADER + Community Initiative, innovation is defined by the Commission Notice and LEADER LAGs as: “new types of projects (territorial projects, collective investment, building local networks); new categories of beneficiaries; the creation of new enterprises or new economic activities; the testing of new applications and technology development projects of an experimental nature, aimed at developing new technologies into pilot plants; demonstration projects/dissemination of innovation; and finally, studies, including market oriented research projects” (European Network for Rural Development –ENRD – 2010, p. 6).

In the programming cycle 2007–13, “preserving the innovative experimental character of LEADER has been identified as a key challenge for those involved in its implementation. The concept of innovation is an integral element of the LEADER axis” (ENRD 2010, p. 4). Even so, in this period, there is no “official” definition in European and regional levels, and therefore, it may be left to the interpretation of local stakeholders and actors.

The role of the LEADER approach is a central, discussed theme in most of the literature about rural development in European territories. It can be considered, for example, a tool for: the practice of participatory and endogenous local development (Ploeg, Renting & Brunor, 2000), democratizing rural development (Ray, 1998), improving decentralization, community empowerment and renewal of social capital (Shucksmith, 2000; and Farrel & Thrion, 2005; among others) and finally, to support rural areas to become more resilient, having public-private partnerships constituted as LAG (Martínez, Sacristán & Yagüe, 2015). However, some critical issues are revealed. Firstly, in most cases, participation has been more formal than real (Midmore, 1998; Esparcia & Escribano, 2012; Augustyn & Nemes, 2014; Bosworth et al., 2015). In fact, the top-down controls (mainly from regional administration) have reduced local decision-making (Navarro, Woods & Cejudo, 2016), and at local scale, these decisions have been controlled by local economic and political elites and lobbies (Esparcia, Noguera & Pitarch, 2000), in many cases, involving few community members (Dargan & Schucksmith, 2008; Shortall, 2008; Furmankiewicz, Thompson & Zielinska, 2010; and Gardner, 2011), contributing to the detriment of specific social groups marginalized (Osti, 2000; Böcher, 2008; Nardone, Sisto, & Lopolito, 2010; and Navarro, Cejudo, & Maroto, 2014).
The importance of innovation, especially social innovation, has become a widely discussed topic, in particular in the practice of neo-endogenous rural development, and specifically, in the LEADER approach. Ray (2006) argued that for the implementation of rural development in every area, one of the central objectives is the need for vigorous new economic opportunities, to definitely foster and enhance innovation, with the contribution of local partnerships and participation. For Bosworth (2016, p. 445), in LEADER Initiative, “a great deal was achieved in supporting innovation among rural businesses and community groups, generating both economic and social values and overcoming some of the disadvantages of remote locations”. Lowe et al. (1995) noted that to create innovation, LEADER mixed different types of knowledge: local, managerial, technical, expert, ..., resulting in a particular approach, the “neo-endogenous” approach whereby top-down programmes meet bottom-up approaches to development. In addition, Esparcia (2014) noted that innovation plays a key role for the development of rural areas, in terms of diversification, competitiveness and new ways of governance. According to the author, networks of stakeholders are essential to create innovation projects. There are several types of actors involved: scientific and technical support, information and knowledge, physical infrastructure (provided mainly by local governments and associations), organizational, promotional and financial support, entrepreneurial and business advice, and finally, labour and financial support. He highlighted the importance of LAGs as stakeholders. They represent the critical, technical and know-how team for innovation, creating structures for cooperation among local actors, organizing and supporting innovations, creating innovative projects, supporting management in obtaining funds (at different levels), contributing to organizational, administrative regulation, scientific and technical support, and providing advice to local companies and professionals. For the author, LEADER is the main approach and public funding source to promote innovation in rural areas, fostering the promotion of a wide range of innovative activities: rural leisure and tourism, preservation of the environment as well as sustainable exploitation (Esparcia, 2014; Belligiano and De Rubertis, 2016).

Dargan and Shucksmith (2008) focused on the social innovation in the practical experience of LEADER. In fact, innovation is understood more in terms of social innovation (encouraging local linkages and collective learning cultures) and cultural innovation (improving the rural milieu) rather than in the sense of science policy and technological innovation. For the authors, social innovation is one of the main elements for the success of every rural development effort (Dargan and Schucksmith 2008, p. 284):

“ Innovation projects achieved innovation in social processes, creating and deepening networks and social relationships between different local actors, between different institutions and between institutions and communities. Furthermore, some of the projects have had a profound impact on relationships within communities, building social capital, increasing local people’s confidence in themselves and creating and reinforcing collective identities”.

According to Pollermann et al. (2013), LEADER approach has a high potential to foster “smart places” and innovation. But, its role is rather limited due to the administrative obstacles. Thus, it was pointed out that “for the development of creative solutions and new ideas, it is beneficial if there are no narrow administrative limitations to these kind of projects, as long as they fit the aims of their strategy” (Pollermann et al., 2013, p. 116).

According to Dax and Oedl-Wieser (2016, p. 31) “innovation within LEADER has involved economic initiatives but in particular shared learning processes and the mutual exchange of knowledge and ideas. (…). The notion of social innovation is widely recognised as of central importance to the aims of LEADER”. The authors noted also the “learning deficit” of LEADER, the administrative problems and obstacles caused by a sectoral perspective, limiting the innovation projects, the low strategic vision, and the excessive focus of this approach’s evaluation and effectiveness in good practices projects. For the implementation of LEADER in the last programming period, Dax et al. (2016, 64) argued that “the orientation towards activities of an experimental character (…) is diminishing. (…). LAGS nowadays feel constrained and squeezed in between a growing set of regulations”.

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Labianca et al. 2016 showed that, in the LEADER approach, innovation is seen in social and cultural terms rather than as a technological issue, but it has been interpreted by national and, above all, local policies almost exclusively in the latter sense, as will be analyzed later. On the one hand, social, cultural and institutional innovation is poorly supported by regional programming, while on the other, a general difficulty on the part of LAGs emerges, in which innovation is too complex to implement and usually reduced to banal business-as-usual techniques. Thus, for example, Bruchmeier (2000), considering the case of Germany LEADER projects, showed that they were rarely innovative, only were “new to that area”.

And finally, Bonfiglio et al. (2017) notes the territorial imbalances in the distribution of innovation in Rural Development Programmes (RDP). For the authors, imbalances come from both top-down political decisions and bottom-up capacity to attract and spend EU funds. In this sense, “they are a result not only of top-down political decisions but also of a different bottom-up capacity of local economies to attract and spend knowledge transfer and innovation funds. This kind of expenditure tends to selectively target urban areas while, on the contrary, more remote and rural EU regions focus on other measures and payments” (Bonfiglio et al., 2017, p. 85).

Definitely, another aspect concerning LEADER is the emergence of a “project innovation class” of technicians and entrepreneurs, mainly able to formulate new innovative projects for developing marginal areas. The authors also detected several problems in LEADER in creating innovation: bureaucratic inefficiencies and lack of flexibility coming from regional government, delayed payments, low participation, lack of trust in collective action and top-down controls over LEADER LAGs.

Thus, innovation is understood as the improving, valorization and implementation of different types of knowledge; mainly as social and network innovations, creating partnerships, increasing local people’s confidence and collaborative projects. Innovation fosters diversification, competitiveness and new ways of governance. LEADER works as an approach for rural development policies and a public fund, also creating an innovation project class mainly including here the members of LAGs (technical team and private actors) and local visionaries and entrepreneurs. In many cases, the main problems detected are related with: bureaucratic inefficiencies coming from regional government, delayed payments, low participation, top-down control, and reductive interpretation of innovation.

3. Methodology and study areas

The indeterminacy of innovation and the need to define the term, is clearly evident in the European documents, as well as the absence of well-defined criteria, as observed in the early stages of our research and confirmed by the Extended Report on Preserving the Innovative Character of Leader, elaborated in the year 2010 (ENRD, 2010). According to previous and ongoing research, it was decided to deepen the theme, starting from the most popular literature and basic documents of the Rural Network. Although innovation is often recognized as a key element of the 2007–2013 programming cycle and of the next one, little is discussed at the local level (as confirmed by our previous researches and the most popular literature, such as Neumeier, 2012).

A key document to interpret the concept of innovation at European scale, has been the Extended Report on Preserving the Innovative Character of Leader (2010), elaborated by a specific Focus Group established by the Leader subcommittee (ENRD, 2010). This Report can be considered as the central document of the preliminary analysis because it highlights indications and main components of innovative projects. It is a basic document, because it argued that the “main objectives of the Focus Group were: to define the scope of innovation relevant for LEADER; to identify different examples of good practices in the design and implementation of eligibility conditions for innovative projects and innovation support schemes, at both RDP and local strategy level; to propose suggestions to the COM, NRN and MS; to propose recommendations for the future” (ENRD 2010, p. 5).

Definitely, in this document, four main types of innovation, closely connected, emerged: territorial; human; integrated and economic; and finally, social innovation. Firstly, territorial
innovation, being here territorial projects, such as new products and services in which local elements are strengthened; new methods in which human, natural or financial potential can be integrated and thus better used; implementation of ideas and solutions known in other territories but new in the territory of action; and renewable energies. Secondly, innovation in human capital; professional training and dissemination of specific knowledge and new practices. Thirdly, economic integration and innovation: new enterprises or new economic activities associated with innovation, combinations and links between economic sectors that have traditionally been separated, new methods for products or services already existing in the territory, projects of an integrated nature, and combination of certain projects contributing to a cross-cutting objective. And finally, social innovation: collective investments, building local relationships, new categories of beneficiaries, new ways of organizing and involving people in decision-making processes and project implementation, inter-territorial cooperation and new types of partnerships (ENRD, 2010).

These kinds of innovations have been used to consider and interpret the most innovative projects selected by the managers in each area of the LAG of the chosen provinces (Lecce and Granada). Fifteen projects considered innovative by managers of the LAGs were analyzed: 10 for Granada and 5 for Lecce (Table 1). In this way, the predominant interpretations and readings of innovation in the LEADER approach will be known.

<table>
<thead>
<tr>
<th>Areas</th>
<th>LAGs</th>
<th>Beneficiaries</th>
<th>Projects</th>
<th>Brief description of the main innovative components</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpujarra</td>
<td>Municipalities</td>
<td>Turistic product linked to witchcraft</td>
<td>Creation of infrastructure and equipment necessary to the valorization of the territorial identity of the municipality through the historical legacy of witchcraft. High participation of the local population. Promotion of the tourism sector.</td>
<td>ES1</td>
<td></td>
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<tr>
<td>Granadina</td>
<td>San Sebastián</td>
<td>Improving competitiveness</td>
<td>A commitment to quality improvement, by oil olive local varieties, and marketing online has been a very positive stimulus that has led indirectly to improvements in the introduction of more environmentally sustainable techniques, production of biomass energy, and a high quality of oil production.</td>
<td>ES2</td>
<td></td>
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<tr>
<td>Alfanevada</td>
<td>Cooperative</td>
<td>Valorization heritage of civil war</td>
<td>Valorization of resources (natural and historic heritage) that are difficult to treat by existing sensibilities but that the LAG has been able to properly treat not to avoid creating controversy. Collaboration of institutions and agents in the territory. Involvement of the entire population through the collection of elements, specific actions, etc., which has produced a very positive effect. Implication of local companies, mainly of the tourist sector. Creation of economic activity.</td>
<td>ES3*</td>
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<tr>
<td>Altiplano de Granada</td>
<td>Bioartesa 2012, Limited Company</td>
<td>Factory of flour, bread and ecological pastries</td>
<td>New differentiated product in the field of baking industry searching for a more demanding and sensitive consumer, ecologically speaking. Use of renewable energy and local products.</td>
<td>ES4</td>
<td></td>
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<tr>
<td>Guadix</td>
<td>Municipality of Jerez del Marqués</td>
<td>Path solidary “The plane”</td>
<td>Small public infrastructure, which recovers part of the history of the municipality; strengthening the sense of belonging, highlighting a landscape environment within the national park. Tourist promotion of the territory. Participation of inhabitants, mountain associations, municipality government and the agency of the national park.</td>
<td>ES5</td>
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<tr>
<td>LAG Guadix</td>
<td>Milk transformations. New opportunities</td>
<td>It is part of a planned training process for the livestock sector of sheep and goats, and potential entrepreneurs to generate new agricultural and food production in the territory, and contribute to the diversification of income of these farms. The proposed methodology is also new. The project will continue in the next period 2014-2020. It is transferable and demonstrative, creating 3 mini cheese factories. The use of local products (milk) is enhanced.</td>
<td>ES6*</td>
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<tr>
<td>Los Montes</td>
<td>Paumartenis, Limited Company</td>
<td>Sport/recreation center; tennis/paddle academy</td>
<td>Creation of a sports center, promoting the sporting spirit and training in tennis, as well as increasing economic diversification and leisure opportunities in a rural municipality.</td>
<td>ES7</td>
<td></td>
</tr>
<tr>
<td>Poniente Granadino</td>
<td>Salto Diabillo, Limited Company</td>
<td>Mini hydroelectric plant Salto del Diabillo</td>
<td>Rehabilitation of the hydraulic plant with the creation of at least three new jobs. Production of electricity from renewable sources which helps to reduce the energy deficit in the territory.</td>
<td>ES8</td>
<td></td>
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</tbody>
</table>
On the other hand, promoters/entrepreneurs of innovative projects of both provinces were directly involved by the administration of a questionnaire\(^8\). In this step, analysis focused on the qualitative aspects: initial ideas, actors involved, strengths, weaknesses, difficulties, critical issues unsolved, impacts, learning lessons, and suggestions for the future. The questionnaire was filled out by 12 projects, 8 in Spanish LAGs and 4 in Italian LAGs: Alpujarra granadina, Alfanevada, Altiplano de Granada, Guadix, Los Montes, Poniente Granadino, Lecrín-Temple-Costa, Vega-Sierra Elvira, Capo S. Maria di Leuca, Terra d’Otranto, Serre Salentine and Terra d’Arneo.

The provinces analyzed, Lecce and Granada, have similar geographical and economic characteristics. In particular, they are peripheral Mediterranean regions, located in the South of each country (Figure 1), characterized by high presence of rural areas, the predominance of traditional agriculture (olive trees and cereals) and livestock farming, consequently dependent on subsidies from the Common Agricultural Policy. They are also included in less developed areas.

\(^8\) The main questions were: public and private actors involved, level of participation and coordination with other planning projects/tools, typologies, characteristics of entrepreneurs and projects (also contents); main strengths, weaknesses and difficulties in the implementation; critical issues (solved/unsolved); main impacts; and learning lessons and suggestions for the future.
regions. Lecce (Puglia, Italy) is categorized as “Less developed regions” of the EU, having 67 per cent of the EU average gross domestic product, the other Granada (Andalusia, Spain) is categorized as “Transition region”, having 75 per cent of the EU average GDP. Also, these regions share a long practice in RDPs, and in the implementation of bottom-up initiatives, such as LEADER, and in the Spanish cases the PRODER programme (Spanish LEADER for areas not covered by this). Finally, both regions are characterized by structural and social problems such as the high unemployment rate, specially worrying in the Spanish case (in the Andalusian region, it reaches 34.6 per cent (2010, according to specific RDP). This high unemployment in the Spanish and Italian rural territories selected is partly historical and reflects a large structural component with large numbers of people caught in a vicious circle in which part of the year they are employed and for the rest are dependent on subsidies (agrarian unemployment subsidy).

Another aspect regards the presence in the territory of LEADER areas. In particular both the provinces of Lecce and Granada have a high, consolidated number of LAGs, 6 and 8 respectively (Figure 2) (before programmation period, LEADER +); most of them with a historical tradition of cooperation. The province of Lecce, is the most southern province of Apulia. The territory in question, as showed in previous research (De Rubertis 2013; Labianca 2014; Labianca et al., 2016) has within it not only the oldest LAG in the region, but it is characterized by a high long-term stability of the partnership and a significant overlap of inter-municipal cooperation instruments. On the other hand, the province of Granada, is located in the east of Andalusia, and it has a high number of LAGs, most of them created in the 1990s, among the oldest in the region. The LAGs analyzed were: 8 in Spanish LAGs and 4 in Italian LAGs. Alpujarra granadina, Alfanveada, Altiplano de Granada, Guadix, Los Montes, Poniente Granadino, Lecrín-Temple-Costa and Vega-Sierra Elvira, in the first case; and Capo S. Maria di Leuca, Terra d’Otranto, Serre Salentine and Terra d’Arneo in the second one.

Fig 1. Localization of study areas: Lecce (Italy) and Granada (Spain). Source: Own elaboration.
Fig 2. LAGs for Lecce and Granada provinces in 2007–2013 period. Source: Own elaboration.
4. Results

4.1 The interpretations of innovation emerging from the projects selected

According to the results obtained by the questionnaires, it is possible to understand the main types of innovation that emerged (Table 2) according to ENRD 2010. The leading classes of innovative projects were related with *economic and integration activities* (15 times). Concretely, as follows: “products or services which are new to the specific area” (13 times); “creation of new enterprises or new economic activities often associated with innovation” (10); and “new products and services in which local elements are embedded” (9). In second place, appears *territorial innovations* (11), here being mainly “new methods in which the human, natural and/or financial potential can be integrated and thus better used” (7) and “territorial projects” (6). On the other hand, the less numerous types are related with *human capital* (1), concretely, “professional training” (1), and *social innovation* (8), “LEADER cooperation” (2) and “Innovation in the new types of partnerships emerging, thanks to the LEADER method” (3), “collective investments” and “local networks” (7, in both cases).

However, the evident difference in the innovative projects emerged, according to the country. Italian cases were present in a higher number of innovative interpretations or readings: an average of 10 against only 5.1 in Spanish cases. Generally, Italian innovative projects were definitely more elaborate, complete, and closely adapted to the LEADER approach and *social innovations* (collective investments, new types of beneficiaries, partnerships, integration among sectors, cooperation among several territories, …); against less sophistication, more simplicity and scarcity of *social innovations* in Spanish projects (individual and isolated entrepreneurs, classical innovations (product, process or technical, and only attempts at collective investment and partnerships), …). Thus, firstly, projects with multiple interpretations of innovation were Italian: “The itineraries and the trails of Capo di Leuca” (15) and “Promoting Sustainable Local Tourism Systems of Puglia” (12), and only one was Spanish: “Milk transformations. New opportunities” (11). Secondly, projects with less types: “Poultry farm enlargement: improving technical installations” (1), “Mini hydroelectric plant” and “Sport/recreation center: tennis/paddle academy” (2 in both cases). And finally, *social innovations* were more highly focused in Italian projects (in 3 out of 5 Italian cases, 60%) against only 4 out of 10 (40%) projects in Spanish cases.

*Tab 2. Main types of innovation in the LEADER projects studied. Source: LAGs selected*

<table>
<thead>
<tr>
<th>Types of innovation according to ENRD 2010</th>
<th>Innovation understood as...</th>
<th>LEADER Projects</th>
<th>IT1</th>
<th>IT2</th>
<th>IT3</th>
<th>IT4</th>
<th>IT5</th>
<th>ES1</th>
<th>ES2</th>
<th>ES3</th>
<th>ES4</th>
<th>ES5</th>
<th>ES6</th>
<th>ES7</th>
<th>ES8</th>
<th>ES9</th>
<th>ES10</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Territorial projects</td>
<td>IT1, IT2, IT3, ES3, ES5, ES6</td>
<td>1 1 1 1</td>
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<tr>
<td>New methods in which the human, natural and/or financial potential can be integrated and thus better utilized</td>
<td>IT1, IT2, IT3, IT4, IT5, ES3, ES6</td>
<td>1 1 1 1 1 1</td>
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<tr>
<td>Renewable energy projects</td>
<td>ES2, ES8</td>
<td>1</td>
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<td>2</td>
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<tr>
<td>Implementation of ideas and solutions known elsewhere but new in a given area</td>
<td>IT1, IT2, IT4, IT5, ES1</td>
<td>1 1 1 1 1</td>
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<td>Territorial</td>
<td>IT1, IT2, IT3, IT4, IT5, ES1, ES2, ES3, ES5, ES6, ES8</td>
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### Types of innovation according to ENRD 2010

#### Innovation understood as...

| LEADER Projects | IT1 | IT2 | IT3 | IT4 | IT5 | ES1 | ES2 | ES3 | ES4 | ES5 | ES6 | ES7 | ES8 | ES9 | ES10 | Total |
|------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|------|
| **Human capital** |     |     |     |     |     |     |     |     |     |     |     |     |     |      |      |
| Professional training and information actions for the diffusing of specific knowledge and new practices |     |     |     |     |     |     |     |     |     |     |     |     |     |      | 1    |
| The creation of new enterprises or new economic activities often associated with innovation | IT1, IT2, IT5, ES1, ES2, ES3, ES4, ES6, ES7, ES9 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 10 |     |     |      |      |
| New products and services in which local elements are embedded | IT1, IT2, IT5, ES1, ES2, ES3, ES4, ES5, ES9 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 9 |     |     |     |      |      |
| Combinations and links between economic sectors which are traditionally separated | IT2, IT3, IT4, IT5, ES6, ES9 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 6 |     |     |     |      |      |
| Products or services which are new to the specific area | IT1, IT2, IT3, IT4, IT5, ES1, ES2, ES3, ES4, ES5, ES7, ES9, ES10 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 13 |     |     |     |      |      |
| Creating new methods for products or services which pre-exist in the area | IT2, IT3, ES2, ES4, ES6, ES9 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 6 |     |     |     |     |      |      |
| Concerns projects where the integrated nature and method of implementation or delivery of the projects, represent new and locally innovative approaches. | IT1, IT2, ES6, ES9 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 4 |     |     |     |     |      |      |
| **Economic and integration activities** |     |     |     |     |     |     |     |     |     |     |     |     |     |      |      |
| Combination of different projects which contribute to a more transversal objective, relates to the general LEADER strategy | IT2, IT3, IT5, ES8, ES9 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 5 |     |     |     |     |      |      |
| Economic and integration activities | IT1, IT2, IT3, IT4, IT5, ES1, ES2, ES3, ES4, ES5, ES6, ES7, ES8, ES9, ES10 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 15 |     |     |     |     |      |      |
| **Social** |     |     |     |     |     |     |     |     |     |     |     |     |     |      |      |
| Collective investment | IT1, IT2, IT3, ES1, ES3, ES5, ES6 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 7 |     |     |     |     |      |      |
| Building local networks | IT1, IT2, IT3, IT5, ES3, ES5, ES6 | 1 | 1 | 1 | 1 | 1 | 1 | 7 |     |     |     |     |     |      |      |
| New categories of beneficiaries | IT1, IT2, IT3, ES9, ES6 | 1 | 1 | 1 | 1 | 1 | 4 |     |     |     |     |     |     |      |      |
4.2 The analysis of the questionnaire

In relation to the type of promoters, it is possible to note the important role played by the LAGs (almost half of them, 46.7%), mainly in Italian cases and less in Spanish ones; municipalities (in both cases, 53.3%, working together mainly with LAGs mainly, and working by themselves, 13.6%) and private firms (in Spanish, 33.3%). On the other hand, the absence of single entrepreneurs, and among them, of women is evident. In our cases, women were not “drivers of change”, contrary to the study by Fhlatharta and Farrell (2017).

As regards the origin of the projects, the initial idea, in most cases, came from the entrepreneurs/promoters who acted as visionaries, but did not arise from zero. There was the continuation, professionalization (Sport/recreation center), sophistication or improvement of a pre-existing service, product, labour or family activity (tourism and craft activity, organic food, marmalades), with the support of a training course (marmalade factory). In other cases, the idea came from a similar sector (from construction), from knowledge of the other sector (in the case of the mini hydroelectric plant), or from copying similar actions and knowledge in other companies and places (Exposition of Local Development for Serre Salentine, mini hydroelectric plant, olive oil factory or the tourist product linked to witchcraft –Zugarramurdi, Spain and Salem, USA). In other cases, the anticipation of a new future law (poultry farm), or a new trend in demand (organic pastries), or the need to work together and create a similar tourist product (Promoting Sustainable Local Tourism Systems of Puglia) are significant. For example, in the case of the Path “The Plane”, the idea came from the local community itself and it was a participative innovation and an identity project, with the intention of formalizing it (five hundred participants and one hundred volunteers).

On the other hand, it is important to consider the actors involved in the project. In the case of public projects, promoters were accompanied by several institutions (local, provincial and regional governments, and their corresponding sectoral administrations, …), creating a network of actors. For private projects, in the Spanish cases, the absence of private stakeholders and public support is very important, and was claimed by most of them. They too pointed out the high number of obstacles, inconveniences, documents, procedures and regulations imposed by the various administrations (Industry, Environmental, Water, …). There was only one case where the municipality provided the place free-of-charge, and the employment administration gave economic support together with the Institute of Official Credit. As to private entities, we can only mention the financial entities, as it usually occurs in all investments, but it is significant that there was a total absence of consortia of companies, trade and business associations. The importance of the LAGs must be noticed as actors in innovation, and in management and
support to obtain funds in all the projects. And finally, in most cases, was the absence of the universities.

In fact, if we compare the actors involved in innovative projects according to Esparcia (2014, p. 8) (Figure 3) with the projects we analyzed, our findings show, above all the absence of institutions and associations, which are very important in fostering innovation projects: universities, investigation centers and entrepreneurs associations. Moreover, according to the answers of most of these innovators and entrepreneurs, the regional and sectoral government worked as an obstacle. Finally, we noticed the high involvement of the LAGs in this kind of actions, but at a higher level, in the Italian projects.

The main strengths detected by the promoters in their own actions were, in descending order: Economic sustainability and economic diversification (8 times), Environmental sustainability (7), Innovation (7), Territorial approach and territorial identity (6), Quality (6) and Social sustainability and job creation (5). In a middle position were: Efficiency (4), Networks and relationships created (4) and Bottom-up approach (4). Finally, the lowest ratings were: Integration (2), Creating stable opportunities (2), Efficacy (2) and Replicability (sectoral/regional) (1).

On the other hand, the main weaknesses detected derived from: the low initial integration and proximity among different territories and the need to build a similar tourism marketing strategy (Promoting Sustainable Local Tourism Systems of Puglia); the scarcity of renewable resources (rainfall –drought- or olive pits –own production-); the unfinished actions and the incapacity of local governments to maintain the interventions due to “lack of resources” (Tourist product linked to witchcraft and The itineraries and the trails of Capo di Leuca); the internationalization, marketing and the need for financing in very high risk projects (Marmalade Factory, Sport/recreation center and Hydroelectric Plant). In some cases, the administrations (local and regional) represented the main weakness and obstacle of their respective projects.

Major difficulties encountered to obtain funds coming from LEADER were: bureaucracy (mentioned 10 times with the highest number of the scale); limited funds (7 times); too much time from support request until receiving funds (6 times); and finally, excessive specificity of grants (2). Other issues were: accompany the grant with its own funds, insufficient funding, lack of risk capital funds, low involvement of administrations and high cost of the reports requested,

In red: obstacles found by the entrepreneurs of innovation projects; in brown: low participation; and in yellow: main actor.

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9 In red: obstacles found by the entrepreneurs of innovation projects; in brown: low participation; and in yellow: main actor.
low cooperation and communication among different administrations, limited time to obtain the administrative authorizations and also giving different rules and guidelines.

**Critical issues unsolved** have been the lack of funds to completely finish the project, and so, tourists only see a part of the product, in the case of the project about the **Creation of a touristic product linked to witchcraft; difficulties in involvement with tour operators of the reference area (LAG Serre Salentine, E-learning platform multi-language Italian travel expert)**; the creation of a place for customer direct sales and even an exhibitor in the case of **Implementation of cannery and marmalades Factory** project. Both of them argued that they would not advise making innovative actions. One of them even claimed that the action implemented was in vain because the factory will have to change completely in the future to adapt to ecologic regulations and consumer preferences (*Poultry farm* project). Finally in one case, the “difficulties in engaging and dialogue with the tourism industry and the replicability of the project (**E-learning platform multilanguage Italian travel expert**)

Main **impacts** area related with: the single vision of the territory enhancing the union in the area, best practice exchanges with the companies belonging to the area (LAG Terra d’Otranto, **Promoting Sustainable Local Tourism Systems of Puglia**); increasing demand for foreign tour operators on the services area of Serre Salentine (LAG Serre Salentine, **E-learning platform multi-language Italian travel expert**); the reduction of environmental impacts (renewable energies such as biomass with olive pits) (Olive oil mill and Factory of flour, bread and organic pastries); the production of renewable energy (Hydroelectric Plant); the social mobilization and participation (Path “The plane”, Milk transformation, Valorization heritage of civil war, among others); and the **creation of employment** (tourist product linked to witchcraft, Factory of flour, bread and organic pastries; Factory of marmalades; Sport/recreation center; and Poultry farm); and the increase in overnight stays (Path “The plane”); diversification of activities (Factory of marmalades); and own investment (Hydroelectric plant) in economic issues. Other impacts are related with an increased publicity for the area (Path “The Plane”), and the acquisition of sporting values (Sport/recreation center). Some LAGs claim the need to assess the impact over time (LAGs Capo di Leuca and Guadix among others).

And finally, **learning lessons, and suggestions for the future** such as: the need for adequate time to obtain in time the eventual administrative permissions; the involvement of other LAGs in the network; the need to improve the project with other actions, continue in the innovation and the technical progress, dosing investments, smaller, and making them phased, expanding the size of the factory, making direct sales; the improvement of the territorial continuity; the increase in participation in regional and European programmes (Interreg, Life, Horizon, etc.); the need to promote a territorial “brand”; the improvement in the grants, the times of their payment, the conditions to be supported; the greater support from government/regional administrations or more simplicity in procedures (such as bureaucratic and time obstacles, duplicities, rules, …, exasperating entrepreneurs with good projects). In one case, it was considered that the consumers do not value the effort made by the company, and greater support in marketing would probably be necessary.

5. **Discussion**

The LEADER approach works as a laboratory for innovation, since the main actor in fostering innovation is the LAG, or local partnership for promoting and improving governance. Therefore, to support the emergence of innovative projects, it is crucial to have a network of actors with a high commitment to the territory. Thus, in this study, the more sophisticated projects were led by LAGs, but mainly by one LAG alone and rarely in conjunction with other LAGs, unless at the level of future intentions. They support and contribute to the creation of a **project innovation class** in rural areas of the European Union, and the promoters act as visionaries. This is demonstrated in the projects analyzed. On the other hand, the development of human capital, mixing local and expert knowledge, and the creation of social capital, of collective investments, is essential in the application of neo-endogenous rural development. In the same way, **social innovation** is one of the main axes for neo-endogenous rural development and for the LEADER
approach, since their efforts focus on: trust, cooperation, partnerships, leadership, common vision, bottom-up approach, governance and local linkages.

But, as shown, social innovation projects are very complex to implement. They have been poorly supported by regional governments (bureaucratic inefficiencies coming from regional government, lack of flexibility, top-down controls), with some sectoral administrations acting as obstacles and the cause of delay for innovation projects. Even, “some RDPs do not allow for the explicit support of operations outside the menu of measures (...). Therefore, it is not possible to support operations which do not fit the eligibility criteria of a catalogue measure” (ENRD, 2010, 8), reducing in this way the innovation component in the LEADER projects. As one of the managers interviewed pointed out that “the concept of innovation was weakened after the inclusion of the LEADER approach in RDPs, even neglecting most of their specificities”. Also, the funding is paid later, and promoters might tend to seek private funding or use their own.. These key actors and visionaries, in addition to being called the “project class” (Dargan and Schucksmith 2008, 285) should definitely also be called the “suffering class”. Thus, greater flexibility, better promotion of innovative cooperation projects, highlighting the benefits of innovation, exchanges of experiences in these areas, ways of rewarding innovation (prizes and/or financial bonus) are needed.

It must be noticed too that there is a low presence of key actors for innovation (universities, investigation centers, entrepreneurs, associations), and it is only in public projects that the involvement of other institutions is common. It is therefore obvious that there is a wide gap between the ideal actors for innovation and their real presence. This is more obvious in private cases and in the Spanish projects.

On the other hand, innovations in social and human capitals were the least common types of innovations, showing low sophistication of the projects. Economic and integrated activities and territorial innovations were the predominant kind of projects, and among these, the most numerous interpretations of innovation referred to “something new to the area”: product, service, enterprise or economic activity. It is therefore a relatively “easy” level of innovation. Only a few readings of innovation which improve the human (“professional training”) and social capital (partnerships, collaborative and participative projects, different/new types of beneficiaries in the project or the cooperation among territories), were found in the examples.

In addition, an analysis of the questionnaires filled out by the promoters highlighted the following points: the projects mentioned do not appear in any database (especially of the Rural Network), provided by the technical team of every LAG; the severe limitations and constraints imposed by the regional administration seriously limited the innovative nature of the projects (although the LAGs tried to respond with creative solutions); the emerging of important innovative aspects such as the creation and promotion of the new network of actors (old and new, private and public) and a strong effort to encourage a more integrated approach (trying to combine actions of the same measure or even of different measures or territories belonging to different LAGs); the need to promote the integration of traditionally separate production sectors (culture, environment, heritage, trade, tourism, handicrafts) and also a revaluation of existing local resources (for example, the creation of thematic itineraries, even if influenced by regional indications) by offering new services, new enterprises or products (even if in some projects these processes appeared rather rhetorical and adapted to tourism models far removed from rural sustainable and harmonic development of the areas, such as in Serre Salentine). It is not always clear how the bottom-up approach has been activated in the territories (even if the ratings are quite high). Regarding the participation, although there are interesting attempts (such as survey forms by LAG Capo di Leuca, Path The Plane in LAG Guadix, Valorization heritage of civil war in LAG Alfanevada, ...), it is still weak, and is merely confused with technical or thematic working-groups regarded as moments of participation and sharing of ideas and projects. The main causes are related to: past experiences, lack of awareness on the part of the territories, the time for processes, weakness of the participation.

Finally, as the main strengths and impacts of their projects, promoters selected the valorization of the territorial identity, social sustainability, creation of the networks and relationships, the fostering of the bottom-up approach, the social mobilization and participation, and
the improvement of the connection between local and technical knowledge. All of them are closely related with the social innovation concept and approach.

6. Conclusions

The presence of innovative projects in rural development depends on the existence of a network of stakeholders, which show a high involvement with the territory. An important role, as a key actor, is played by the LAGs, acting as a linking and networking tool between public institutions and private actors. On the other hand, it is necessary to have all kinds of knowledge (traditional, technological, local, basic from community, …) and the improvement of human and social capital. In this case, LAGs, in a bottom-up approach should actively contribute to defining the innovation selection criteria to be included in the RDP. The limited autonomy attributed to LAGs by regional government, has distorted many innovative processes and projects in the areas and reduced LAGs themselves to mere implementing agencies. Regional governments therefore have to re-think their function in neo-endogenous rural development, in their top-down position, acting as facilitators, reducing administrative limitations on this kind of projects. As it has been pointed by Bonfiglio et al. (2017, p. 78), “the presence of innovations come from both top-down political decisions and bottom-up capacity to attract and spend EU funds”.

But, as shown in this study, the need for improvement in the level of sophistication of innovation, and the need to focus it on social innovation is very obvious. There is still much to be done, in practice, in this direction.

In the current, new programming period, it seems that innovation and social innovation projects are going to be strengthened, opening LEADER to inputs from outside sources (Dax and Oedl-Wieser, 2016). In the future, in the implementation of this approach, a more careful maturation and reflection on the term social innovation is needed, especially on a local scale. The emerging needs are also related to greater flexibility in the planning, to the improvement of collecting and exchanging experiences, to the support for participation processes, for coordination and integration with other existing programmes/plans/instruments, to the elaboration of new evaluation modes for innovation, because it can’t be reduced to mere quantitative indicators.

Finally, some of the projects studied were defined as “best practices” by the LAGs. Therefore, in future investigations, it is necessary to examine this qualification in more depth and to see how it has been interpreted by the LAGs. On the other hand, it is necessary to analyse in much more detail the social innovation projects developed by the LEADER approach. It is also necessary to go beyond the collection of best practice and projects.

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**Other sources**


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