

Assessing the framework conditions for social innovation in rural areas

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Rural regions across the OECD depend on a wide range of economic engines for growth, as well as the quality of place to attract and retain people. Social innovation seeks new answers to social and environmental problems, using new solutions that improve the quality of life for individuals and communities. Social innovation can be a tool to create vibrancy in rural areas by filling public service gaps, experimenting with new business models, and creating a stronger sense of community. However, not all rural areas are equally equipped to engage in social innovation. This paper provides guidance for policy makers and proposes an approach alongside a dashboard of indicators for measuring readiness and capacity to engage with social innovation in rural areas.

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Executive summary

Social innovation seeks new answers to social and environmental problems, using new solutions that improve the quality of life for individuals and communities. It is often triggered as a response to an event or a crisis rather than purely as a response to a commercial need.

Social innovation goes hand-in-hand with local development. While social innovation has a role to play in both urban and rural areas, what occurs—and the distinct challenges it addresses—can vary significantly depending on the local context. Many rural regions, for example, are geographically remote, with the local economy often having a dominant specific sector or firm, less developed infrastructure (e.g. roads and public transport) and fewer (and lower-quality) public services. Some rural areas also face additional challenges related to population decline and ageing, outmigration, and skills mismatches in their labour markets.

While many examples of social innovation exist, most come from urban settings. Consequently, less is known about social innovation in rural contexts and whether it has the same issues and drivers as in urban contexts. Unlike in urban areas, rural social innovation is distinctive in its dependence on local actors, which in many cases include seniors. Civil society and social enterprises play an even more important role in starting social innovations in a rural context as compared to their urban counterparts. Finally, land use is an important and relatively more abundant resource that can be utilised for experimentation in a rural context.

Rural social innovation is also distinctive due to barriers that may be territory-specific. In some cases, these may include a lack of access to funding opportunities, a smaller pool of individuals available for tailored mentorship support, and lesser developed social entrepreneurial support ecosystems.

Social innovation can empower communities to take action and innovate especially in a rural setting. Social innovation plays a particularly important role in rural areas, where it often addresses a variety of market failures, fills the public service gap and brings partners together to deliver necessary products or services. Working together, social innovators can better experiment, apply new models, and propose new services or products specifically relevant to the local context.

Measuring social innovation is essential for understanding, improving and optimising efforts to address social challenges. Greater awareness of the models and the ecosystems of social innovation initiatives could contribute to their overall effectiveness, sustainability and accountability. As social innovation is driven by a number of different factors, include place, it is challenging to develop a single approach or measure to understand the framework conditions that enable it.

This paper identifies factors that can support social innovation. It proposes an approach to help policy makers understand the state of local social innovation ecosystems, based on previous work (OECD, 2021^[11]), with new elements specific to rural social innovation, such as land use.

This paper's proposed approach includes a dashboard with five dimensions and 17 sub-dimensions representing areas relevant to social innovation. Its objective is to gather a comprehensive body of information relevant to local social innovation and to transform what are largely qualitative inputs into quantitative indices that can be compared across time and place. However, comparable data available at the rural (TL2 and especially TL3) level is limited. Indeed, often indicators are only available at the national level. Improving data at the sub-national level will help inform policy to support the promotion of social innovation in rural areas.

1 Social innovation in a local context

Social innovation has proven effective in identifying, designing and implementing new solutions to social and environmental problems. It seeks to increase socially desirable outcomes, such as well-being and health, quality of life, social inclusion, solidarity, citizen participation, environmental quality, and the efficiency of public services. Social innovation has proven to be a useful tool in enhancing new models, enabling collaboration and developing resilient solutions (OECD, 2021^[1]). This was demonstrated most recently during the COVID-19 crisis (OECD, 2020^[2]). While many examples of social innovation exist, most come from urban settings. Consequently, less is known about social innovation in rural contexts and whether it has the same issues and drivers as in urban contexts. The objective of this document is to explore its particularity in rural areas and suggest an approach allowing policy makers to benchmark a variety of relevant policy areas across territories.

What are social innovations?

Social innovation is not a new phenomenon, and rural areas are embracing it. Examples of social innovation have long been recognised and integrated into rural and regional development programmes promoting sustainable development such as the EU-funded LEADER¹ programme. The LEADER approach was introduced in response to the failure of traditional, top-down policies to address problems faced by rural areas in Europe, and it has initiated a number of social innovations by empowering local action groups. These groups are typically made up of private, public and community sector volunteers with a wide range of experience and knowledge of local rural issues. The LEADER programme focuses on empowering local actors to become self-sustaining and thus rely less on public support. Local actors can join forces together and initiate a variety of social innovations in areas of mobility, education, environmental protection and energy. A concrete example of social innovation addressing mobility issues in rural areas is the set-up of a shared electric car by the residents of Barsikow, Germany. In response to limited public transport, local residents partnered with the county and village association to buy an electrical car that can be shared among themselves (Barsikow, 2021^[3]). This example demonstrates how something relatively common in an urban context can be an innovation in a rural setting.

How is social innovation different from traditional (technological or business) innovation?

Business innovation and social innovation are different, yet these concepts share some similarities. The development of social innovation resembles that of technological or business innovation in that they are both triggered by an initial impetus, which could be a need for a social change or change in attitude or concrete behaviours and approaches. A social need is often the starting point for social innovation, while invention on the other hand triggers traditional innovation. However, what separates social innovation apart from the traditional closed model and open models² of innovation is that it does not start with the intention, but rather with the “problematism” (Neumeier, 2012^[4]). For one, a driver for traditional innovations is profitability. In contrast, social innovations often emerge despite the lack of commercial markets on which they can be sold to customers (Anheier et al., 2014^[5]). This is also one of the reasons why it might be more difficult to scale social innovations.

In some cases, social and traditional innovations are linked and may collectively tackle a variety of issues such as health, environment and migration. An example of an innovation that can be simultaneously technological and social is the application of e-health solutions for the elderly, as demonstrated by the IMPROVE (*Involving the community to co-produce public services*) project in Västernorrland, Sweden. The project used an open innovation or “living lab” approach to tailor a sustainable public service solution for homecare in peripheral and sparsely populated areas. Technological solutions such as cameras for night-time monitoring and sensors for incontinence management also count as social innovation, as they have improved the quality of life of carers (less travel time for the provision of care) and seniors (greater independence) (European Network for Rural Development, 2018^[6]).

Definition of social innovation

There is no single definition for social innovation reflecting its broad multidisciplinary scope. Typically, definitions of social innovation, which are spread across a variety of academic disciplines and fields (van der Have and Rubalcaba, 2016^[7]), recognise that it “is a new practice; is born as a response to social or environmental need; is open to engaging a variety of actors; and is social not only in its purpose, but also in the way it is delivered” (OECD, 2016^[8]; OECD, 2010^[9]; OECD, 2021^[11]). Most academic literature agrees that social innovation originates locally and is perceived to be a “highly contextual phenomenon” (Moulaert, 2007^[10]).

Building on the OECD working definition of social innovation (OECD, 2000^[11]), recent OECD work refers to social innovation as “seeking new answers to social and societal problems and referring to new solutions that aim primarily to improve the quality of life of individuals and communities by increasing their well-being as well as their social and economic inclusion”. These solutions can be new services, new products and new relationships with stakeholders.

Rural development and social innovation

Social innovations have a role to play in both urban and rural contexts; however, challenges and opportunities in rural areas are often different from those in urban areas. Rural areas are often characterised by geographical remoteness and low density which may lead to the dominance of a specific sector or in some cases, a single large firm (often referred to as “company towns”). In addition, some rural areas are facing demographic changes due to depopulation (Copus et al., 2011^[12]), higher rates of youth outmigration and an ageing society (OECD, 2021^[13]). Because of higher cost of delivery and lower density, many individuals living in rural areas also tend to face less developed infrastructure and lower access to public services. In turn, this impacts the provision of services to rural areas (Moulaert et al., 2007^[14]; Richter et al., 2019^[15]) (see Box 1.1 for more information). Unlike in urban areas, new projects and ideas also face challenges related to a lack of mentorship support, access to funding opportunities and support systems such as incubation (CERUSI, 2022^[16]). Several academics have started looking specifically into social innovations in rural areas (Bock, 2016^[17]; Christmann, 2020^[18]; Neumeier, 2017^[19]; Noack and Federwisch, 2020^[20]), and a number of other research projects have been initiated (SIMRA³, CERUSI⁴).

Box 1.1. Rural-urban linkages: What are they, and why do they matter for social innovation?

While rural and urban areas are often separated by traditional administrative boundaries, they are nonetheless deeply interconnected through a variety of complex relationships. Urban and rural areas enjoy different, yet often complementary, assets, and better integration between these areas is important for their development. Rural-urban links enable one another to complement the other's assets and help address the other's shortcomings, potentially unlocking socio-economic benefits for both. Linkages tend to be stronger in rural areas that are close to cities. Firms and workers in these rural areas benefit from access to markets, services and agglomeration of talent present in urban areas.

These benefits are often referred to as “borrowed” agglomeration effects. This is also relevant for social innovation, as socially innovative ideas can get easier access to finance and talent as well as the necessary infrastructure. In a rural area close to a city, social innovation would arguably have similar access to the same level of support infrastructure and resources as that in a city. However, this proximity to cities can also generate negative effects such as brain drain.

Remote rural areas also face a different set of problems than rural regions located close to a city, where a wider range of services and opportunities can be found. A remote rural context typically offers fewer community spaces and physical spaces to meet, limited access to finance and talent, and other hurdles related to access to infrastructure.

Source: (OECD, n.d._[21]); (Marshallian, Chan and Bournisien de Valmont, 2023_[22]).

Specificity of social innovation in a rural context

Social innovation in rural areas is typically triggered by changes or events. The SIMRA⁵ project identified over 300 examples of rural social innovations addressing challenges such as an ageing population, outmigration, diversification of rural businesses, climate change, access to skills, changing lifestyles and inclusiveness among others (SIMRA, 2021_[23]). The project also identified that social innovation is often triggered by events, for example, suspension of a local transportation solution or closure of a bakery, which instigates a response resulting in a social innovation at the local level. Typically, social innovation responds to place-based challenges without the ambition to grow the initiative beyond the place where it occurred. However, rural areas can offer a wide array of solutions to societal challenges and may substantially contribute to a more sustainable and resilient future beyond the location where social innovations develop (Schermer and Kroismayr, 2020_[24]).

Rural areas offer fewer community spaces and physical spaces to meet, which can hamper the exchange of ideas and development of social innovation. One of the hindering factors for social innovation is the lack of meeting places (Christmann, 2020_[18]). A recent report on social infrastructure highlights that there are rich, organic links between community institutions and the activism and mutual support that local communities sustain (The Bennett Institute for Public Policy, 2021_[25]). Availability of physical spaces and community facilities that bring people together to build meaningful relationships is an important resource for inspiration and capacity-building. This lack of places for people to gather and exchange ideas can create an important challenge for the development of social innovation, as much of the social innovation process is made up of capacity-building and co-learning at the local level. Digitalisation and new technologies arguably can play an important role in addressing this issue (see Box 1.3).

Civil society, social entrepreneurs and the elderly play an important role in rural social innovation. Rural social innovation can be generated from the public sector, civil society, the social economy and the

private sector (OECD, 2021^[11]). Specifically for rural areas, research (Jungsberg and al, 2020^[26]) on social innovation refers to civil society as the most important actor during the initiation phase, even if often it is less present in rural areas. Social entrepreneurs (Richter and al, 2019^[27]) and seniors (Noack and Federwisch, 2020^[20]) are also specifically highlighted by some researchers as particularly active sub-groups in rural social innovation. Indeed, many social innovations were initiated by groups of retired individuals who searched for a social activity with a purpose. An example of such an initiative is Men's Sheds, where men living in rural areas and feeling lonely (typically recently retired) can meet to practice skills and enjoy making and mending. This is particularly relevant to rural places with a lack of social spaces such as local pubs or community centres (Men's Shed, 2022^[28]).

Social innovation in the rural context is often hidden, as actors respond to a need and do not necessarily consider the novelty of the solutions they provide. The main difference between rural development and social innovation in rural development is that the latter needs to be perceived as a novelty by the community involved in its creation (Neumeier, 2012^[41]). This novelty could also be justified by new partnerships and collaborations in a new territorial setting. Moreover, actors are often reluctant to regard themselves as social “innovators,” rather preferring to see themselves as simply bringing social good to their communities. This makes it difficult to gather data and identify relevant examples.

Finally, land plays an important role in rural social innovation. Land management approaches can also enable social innovation built through the combination of technological advancements and civic activities (Asiama et al., 2021^[29]). For example, new land restoration technological advances coupled with civil society's proposal for land management was used to restore lands in the Threave Gardens Landscape Restoration Project, Scotland. Particularly in rural contexts, land is an important asset and enabler of innovation, including social innovation. However, land ownership issues could also be a major constraint for social innovation, as they might hinder projects that require land for experimentation. There is a multiplication of initiatives designed to overcome constraints related to land, specifically addressing agricultural and environmental issues. Developments in new forms of land ownership and management also offer new opportunities for social innovation in rural areas (Léger-Bosch et al., 2020^[30]). For example, the Scottish Land Fund offers grants to help communities take ownership of the land and buildings that matter to them, as well as practical support to develop projects. This allows for the implementation of innovative, community-driven projects and experimentation (Scottish Land Fund^[31]). This also builds on the Scottish Land Reform that provides the right to buy land to further sustainable development (Scottish Land Reform^[32]).

There is an increasing amount of literature that explores social innovation in rural areas; however, there is little data. Only a few research projects aim at exploring the hindering and supporting factors for social innovation. Again, many of these elements seem to be relevant in general to social innovation, but the literature also confirms their relevance specifically to that in the rural context. A summary on some of the relevant factors for developing a social innovation ecosystem to consider when developing a potential measurement system is provided in Box 1.2.

Box 1.2. Selected hindering and supporting factors for social innovation in rural areas

Supporting factors

- **High social need and pressure** contribute to progress and innovative solutions (Bund and al, 2015^[33]).
- **High levels of altruistic values of social capital** (i.e. the sum of *trust*, *networks* and *norms*) (Calcagnini and Perugini, 2019^[34]; Wiesinger, 2007^[35]) promote collaboration opportunities, and rural contexts generate greater trust among stakeholders (Debertin, 1996^[36]).
- **Being pro-environmental, high levels of volunteering** (Anheier et al., 2014^[5]), **and active public participation** contribute positively to an increased initiation of social innovation in a rural context (Zivojinovic, Ludvig and Hognl, 2019^[37]).
- Closer **urban-rural linkages** are another factor that can act positively on the number of social innovations in a rural context (Noack and Federwisch, 2019^[38]).
- **Access to land can promote** socio-economic empowerment and be an important enabler of social innovation (Cotula, Toulmin and Quan, 2006^[39]). It can also provide an opportunity to set new models of land use and social innovations.
- **Decentralised, community-level government frameworks** allow for more decisions to be taken at the local level and may help foster social innovation. (Georgios and Barraí, 2021^[40]).

Hindering factors

- **Lack of trust** among actors (Zivojinovic, Ludvig and Hognl, 2019^[37]) could be a barrier for collaboration.
- **Lack of public funding and resources**, including financial resources, can impede the development and growth of social innovation (Zivojinovic, Ludvig and Hognl, 2019^[37]; Krylov et al., 2022^[41]).
- **Weak civil society and organisational instability of institutions involved in social innovation** (Georgios and Barraí, 2021^[40]; Zivojinovic, Ludvig and Hognl, 2019^[37]) can slow down social innovation initiation and ensuing support needed.
- **Narrow and inadequate understanding of social innovation as a concept** within levels of decision-making (SIMRA Project, 2018^[42]; Zivojinovic, Ludvig and Hognl, 2019^[37]) can create confusion in defining the criteria of public support.
- **Difficulty to measure created impact** can impact decisions relating to possible investments into social innovation, such as community buy-in and/or public or private investments. (Nicholls, 2018^[43]) points out that the lack of established accounting regulations and standards for social impact leads to a mismatch among competing investment demands.

Source: Please refer to specific references in the text above.

Why should policy makers promote social innovations in rural development?

There are numerous reasons for policy makers to take a closer look at social innovation as a contributor to resilient and sustainable local development. Social innovation can help deal with some of the challenges that rural areas face, as it can empower local collaboration and find innovative approaches. Some of these challenges are also applicable to urban areas, but in rural contexts, they could be more aggravated due to a lack of incubation support infrastructure, outmigration of youth, and the limited availability of required skills and financial resources.

Social innovation can support resilience at the local level. Such resilience has been demonstrated in several crises, demonstrating the important role that social innovation, social entrepreneurs and social economy played in addressing unexpected and urgent needs. By activating the power of collective knowledge and advancing collective learning processes, social innovation supported the development of new approaches, models and delivery mechanisms that addressed a variety of challenges related to health, provision of general services and well-being during the COVID-19 pandemic (OECD, 2020^[44]; OECD, 2020^[21]). It also facilitates local resilience by building a sense of community and links among its members.

Social innovation can create positive economic and social impact as well as well-being at the local level. Recent research looking at 55 social innovation initiatives has found that social innovation seems to have a positive outcome on regional GDP and on the Regional Human Development Index (Wintjes, Es-sadki and Notten, 2019^[45]). This builds the argument that social innovation should not be seen as an economic cost, but as an investment that can diversify socio-economic systems, develop new models and create cooperation modes for specific places to address local problems.

Digitalisation has created new opportunities for citizens to get involved in addressing societal challenges and play more active roles in social innovation, especially in rural areas. Although a lack of physical infrastructure has long been seen as a hindering factor for rural social innovation, technological advancements and expanded internet coverage create new opportunities. This is supported in particular by digitalisation, which has allowed for the evolution of civil society activism through the emergence of new citizen initiatives and new forms of mobilisation that may also positively affect well-being and a sense of community belonging (Sept, 2020^[46]) (See Box 1.3).

Social innovation helps address market failures and find innovative approaches to local development, particularly when public authorities have less resources. Social innovation initiatives are well placed to address market failures and public service gaps in ways for which local governance organisations do not have capacity or resources and more fundamentally, to transform hegemonic relationships and values (Bartels, 2021^[47]). Rural social innovation is distinctive in its collaborations as well as its dependence on civic self-reliance and self-organisation, often reflecting for example 'austerity' measures and state withdrawal (Bock, 2016^[17]). Indeed, in difficult times, the need to reorganise and reinvent local service provision promotes the establishment of novel forms of collaboration between citizens, businesses, the third sector and the government, as well as stimulating connectivity in rural areas. Social innovation as a means of survival can help local communities to innovate. It helps deliver local welfare services by innovating locally and finding new ways to spark co-operation and offer everyone an opportunity to contribute with his or her skills to meaningful projects. One concrete example is initiatives from rural communities to create local waste collection facilities that are in some cases, missing in low-density areas (Zivojinovic, Ludvig and Hogl, 2019^[37]). An online survey of socially innovative projects (under LEADER) noted that 63% had direct links to the creation of local economic value and 54% dealt with local transport and mobility alternatives (Lukesch et al., 2021^[48]).

Social innovation is a means to create a sense of belonging to a local area and community. Social innovation can help citizens get engaged in projects they consider important locally (Zivojinovic, Ludvig and Hogl, 2019^[37]). Creating a sense of belonging and engagement, as well as enhancing knowledge

about one's local community, can increase citizen well-being and serve as an argument for remaining in a rural community. Social innovation can thus contribute to rural inclusion, cohesion and empowerment of citizens at the local level. Social innovation should not be reduced to merely stepping into filling a public service gap. It can do much more by repairing and transforming the relationships that created and maintained the problems in the first place.

Box 1.3. Digitalisation in rural areas and how it impacts social innovation

Recent work on social innovation in rural areas calls for more attention on new technologies and digitalisation to decrease costs and provide new opportunities. The recent COVID-19 crisis has also pushed for an increasing use of digital tools when developing novel solutions, building on integrating digitalisation into the way things are done. In doing so, it also enabled new emerging business modalities such as teleworking to increasingly be applied in remote and rural locations, creating opportunities for individuals to return or move to rural areas while keeping the same job.

The recent publication of Arianne Sept (Sept, 2020^[46]) explores the opportunities rural digitalisation projects create in Germany. These projects demonstrate that rural actors not only make use of new technological possibilities, but also break with pre-existing ways of acting by combining digital innovations with new social practices to solve problems in their villages such as mobility and health. Many of these projects are characterised by a top-down and bottom-up interplay. Driven by institutions at county, state or federal levels, problems and possible digital solutions are elaborated within structured participation processes involving different local actors and rural inhabitants.

One such example is the Digital Villages project in Rhineland-Palatinate. In 2015, the Development Agency Rhineland-Palatinate and Fraunhofer Institute started to analyse local needs in three rural pilot project municipalities and developed a digital platform connecting different applications regarding local supply, mobility and collaboration. It showcased concrete initiatives that a local community can undertake. As of the end of 2019, the platform with its applications, and in particular, the community app, is already being used by more than 30 municipalities, some of which are from areas outside of Rhineland-Palatinate. This example demonstrates that digital technology adoption could also be supported by local authorities in demonstrating how practically it could be put in place and showcasing concrete initiatives.

Even if digitalisation can bring many opportunities, policy makers should not forget the challenges some users can experience. Not all rural areas have good infrastructure enabling digitalisation and internet access. Specific attention when adopting digitalisation should be paid to the digital divide and the elderly population who might need specific support and capacity-building.

Source: (Bock, 2016^[17]; Sept, 2020^[46])

Notes

¹ The acronym “LEADER” derives from the French phrase "*Liaison Entre Actions de Développement de l'Économie Rurale*" which means “Links between activities for the development of the rural economy.”

² The open innovation concept, described by Chesbrough in 2003, explains the evolution of the innovation management processes not relying only on internal resources of the organisations for sourcing knowledge. The open innovation principles are currently widely used by various organisations sourcing ideas and data from outside of the organisations and enhancing collaboration with external actors.

³ [Social Innovation in Marginalised Rural Areas \(SIMRA\)](#)

⁴ [Central European Rural Social Innovation \(CERUSI\)](#)

⁵ Social Innovation in Marginalised Rural Areas (SIMRA) is a project funded by the European Union's Horizon 2020 research and innovation programme.

2 An approach for exploring social innovation readiness in rural areas

Measuring social innovation and its facilitating factors is challenging

There are several reasons why measuring social innovation is a challenging endeavour. Social innovation requires simultaneous action on a number of interlocking levels (Seelos and Mair, 2017^[49]), as it can take a variety of forms and produce impact wither directly or indirectly (van Wijk, 2018^[50]). Social innovation is typically locally embedded, suggesting that its conditions could vary from one territory to another. Finally, similar to social impact measurement (Krlev, Bund and Mildemberger, 2014^[51]), social innovation encompasses and is shaped by “soft” social indicators which are not easy to capture, let alone quantify. This means that social innovation indicators should be able to cover a wide span, ranging from technological social innovations to innovations relating to social prosperity and progress, well-being, and others. Such indicators are typically dispersed across social, innovation and community surveys.

There is a growing number of data sources that can help measure elements building framework conditions for rural and social innovation

There are a number of measurement approaches relevant to social innovation or its ecosystem applied at the local or regional level, which can also be of interest for local policy makers. The majority of research around the measurement of social innovation ecosystems concerns the national level (Bund and al., 2013^[52]; Castro and al., 2016^[53]; IndiSI, 2020^[54]; Klaverbeck and al., 2019^[55]; The Economist Intelligence Unit, 2016^[56]; Terstriep et al., 2021^[57]). Many of these approaches have similar elements, but they are also different in their foci and methodologies, significantly hindering comparisons. Spatial considerations are important when analysing data. Country or large territorial data can hide inequalities, distribution of wealth between different population groups and income available to households of people living in a region.

With respect to measuring social innovation at the local level, the challenges are greater, not least concerning data availability. However, as shown in Box 2.1, there have been a number of interesting local data and measurement initiatives that can help inspire and support the development of an approach to comparably measuring elements of social innovation across territories.

Box 2.1. Examples of relevant data sources

Index of Regional Quality of Development (QUARS)

The QUARS is a composite indicator of well-being applied for Italian regions. It is based on the priorities around sustainable well-being set by organisations joining *Sbilanciamoci!*, a network of Italian civil society organisations. It is composed of 41 variables split in seven dimensions: environment, economy and labour, rights and citizenship, education and culture, health, gender equality, and democratic participation. Its main weakness is linked to the fact that it is a composite index and that it is a challenge to identify distance-to-target, but it allows a comparison among the regions. The initiative is meant to promote an alternative approach to economic development, stimulate debate on the choice of components and advance work on their measurement.

Rural Opportunity Map

It is a tool that provides a collection of data in an easy-to-understand and spatial format with information on broadband infrastructure, educational attainment, young companies and other local assets in the United States. It was created by the Center on Rural Innovation and Rural Innovation Strategies, Inc., with the objective of allowing various stakeholders to get a better understanding of trends, issues and opportunities in rural areas in the United States. For example, users can access the Distressed Communities Index (DCI) to compare two distinct time periods: 2007-2011 and 2012-2016. The DCI combines seven complementary metrics into a single measure of economic well-being, resulting in a clear snapshot of the economic and social state of the United States' zip codes, counties, cities and congressional districts.

OECD's *How's Life in Your Region?*

The OECD report is another example of an initiative that gathers different types of data in a harmonised way. The report is in part perception-based, and it aims to measure regional and local well-being for policy making (OECD, 2014^[58]). Its data are updated through the OECD Regional Well-being web tool covering 394 OECD regions based on eleven topics central to quality of life.

EU Social Progress Index

The EU regional Social Progress Index aims to measure the social progress of each EU region as a complement to traditional measures of economic progress such as GDP. It is designed as a tool to facilitate benchmarking across the regions on a wide range of criteria, helping policy makers and stakeholders to assess a region's strong and weak points on purely social and environmental aspects. These aspects include basic services (health, education, water and waste), access to information and communication technologies, energy efficiency, education and skills, and pollution. It had two editions for 2016 and 2020, providing data for European regions at the NUTS2 level.

Source: (Calcagnini and Perugini, 2019^[34]); (Segre, Rondinella and Mascherini, 2010^[59]); (Rural Opportunities Map, 2021^[60]); (OECD, 2021^[13]); (European Commission, 2020^[61]).

There is not a single universal approach on how to measure relevant elements of social innovation in a rural context. However, there is a demand for policy makers as well as local stakeholders to have a relatively simple and applicable approach to measure their capacity to engage with social innovation, if not measuring the level of social innovation at the local level (Calcagnini and Perugini, 2019^[34]; Segre, Rondinella and Mascherini, 2010^[59]).

A Unit Cost approach is another example of an open and transparent reporting practice that is relevant for local and rural communities. It gathers a set of estimated unitary costs in areas such as health, education, housing, and social services at local levels that can inform policy makers about rural communities. A Unit Cost Database is a useful mechanism especially for delivering public services through outcome-based mechanisms, as it can provide a reference to price outcomes on national and local levels. It is also relevant for social innovation strategies, as it provides useful quantitative data at the local level (EVPA, 2018^[62]). Box 2.2 provides a concrete example of a Unit Cost Database in Portugal.

Box 2.2. Example of Unit Cost Database in Portugal: One Value

One Value is a free and user-friendly knowledge centre that aggregates information (qualitative and quantitative) about public investment in several social issue areas that are a priority in Portugal.

One Value gathers a set of estimated unitary costs in areas such as health, education, housing, social services and other sectors with high impact on social and economic welfare. This information is particularly relevant when delivering public services through outcome-based mechanisms, as the estimated costs can be used as references to price outcomes.

In doing so, it makes it useful for 1) the promotion of discussion around public policy priorities; 2) developing new intervention mechanisms that can be compared to existing interventions; and 3) assessing the relevance of outcome metrics that are commissioned through Social Impact Bonds, an outcome-based funding mechanism (Brown, 2019^[63]).

Under each of the five social issue areas, One Value has gathered useful information which can be consulted via its webpage. For example, under the area of social protection, one of the available indicators is the amount of monthly subsidy paid by the government for a day nursery per child.

This information would also be useful for those who are planning to start a new initiative around nursery. It can additionally be used by local institutions when developing new projects involving nursery services in building a business model and providing more social impact for the same cost.

This is also a way for the public sector to improve efficiency thanks to the Savings Calculator across all thematic areas. The Savings Calculator allows for a simulation of potential savings in public spending according to the efficiency rates delivered by innovative interventions.

Source: www.onevalue.gov.pt; (Brown, 2019^[63]; EVPA, 2018^[62]).

The aforementioned initiatives provide examples of comparable and harmonised data which could be relevant for social innovation. The highlighted initiatives often cover elements pertaining to local social innovation such as the environment, education and culture, health, gender equality, and democratic participation. For example, one of the dimensions of the *EU Social Progress Index* is “Tolerance and Inclusion,” which benchmarks regions based on a set of indicators around volunteering, tolerance towards disabilities and gender employment gap among others. These regional indicators can be useful for analysing the ecosystem around social innovation and comparing the locality in question to a different territory.

Despite the increasing number of available data, some challenges should still be highlighted. Data quality, reliability and availability are some of the biggest challenges facing the producers of many alternative indicators. Some data are published irregularly with a substantial time-lag. Also, the quantification of concepts such as “well-being,” “sustainability,” and “quality of life” is problematic, as these

may be difficult to express in numbers. Finally, some indices date back just a few years, posing a problem for tracking their evolution and thus interpreting their outcomes (European Parliament, 2016^[64]).

Acquiring comparable and reliable data at the rural level is even a bigger challenge and may require additional efforts to complement with new data via surveys and alternative data sources. Lower-density areas often present the problem of small sample sizes, resulting in censoring of statistics to protect individual identities. Instead, this type of challenge makes a stronger case for the use of bespoke surveys or proxies. These proxies could either be built through the use of pre-existing data or alternative sources of non-conventional and private sector data that measure contributing factors for social innovation. It should be noted, on the other hand, that while ad-hoc surveys can have advantages in terms of cost-effectiveness, they still impose a reporting burden. Measuring elements of social innovation could also involve a broad range of actors and their activities related to social innovation (Wintjes, Es-sadki and Notten, 2019^[45]). Furthermore, exploring new data collection methods, including big data, could help complement information and data gathered on social innovation (Desouza and Smith, 2014^[65]). However, there are always challenges in using big data which relate to quality checks, validity of results and interpretation of data. Even if progress is being made, it is slow. In the future, new sources of data could be more commonly used for social impact measurement of specific initiatives (Lee et al., 2019^[66]).

What is possible to measure at the rural level?

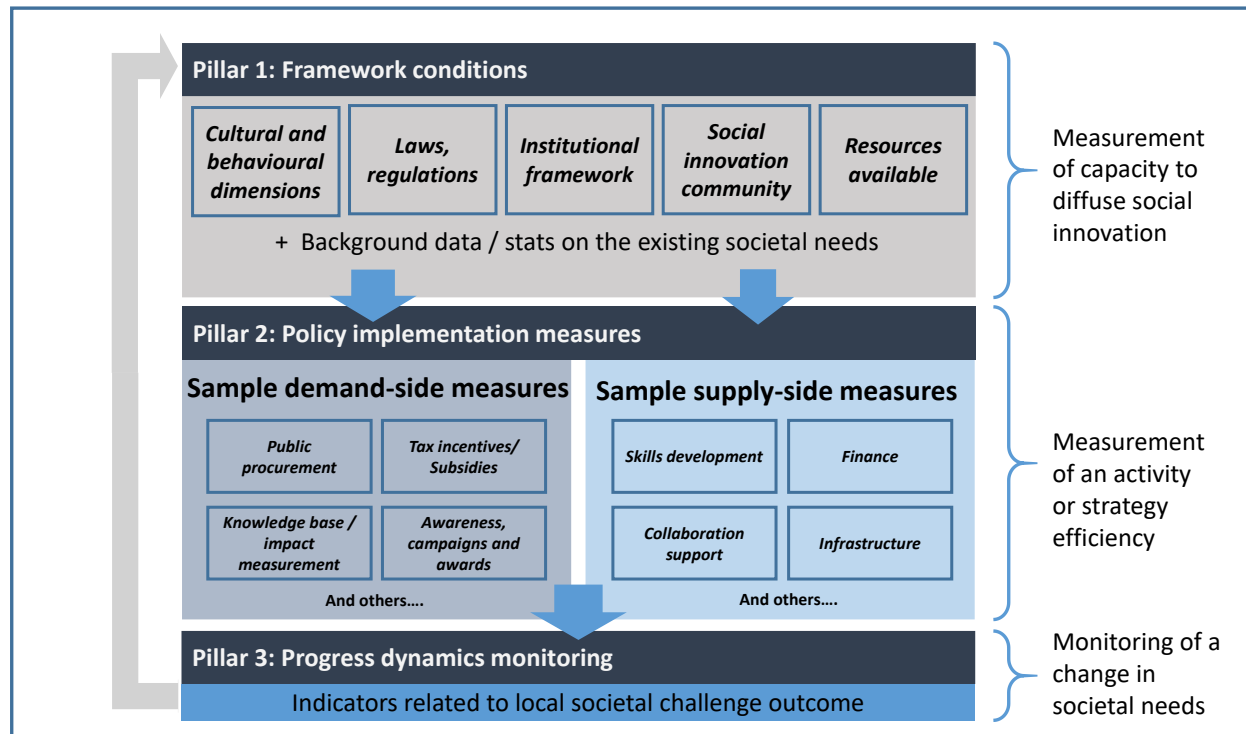
Policy makers at the local level can benefit from the OECD approach (OECD, 2021^[1]) that looks through a methodological framework for understanding local development in rural places. It proposes a step-by-step approach for an analysis of the ecosystem (see Figure 2.1) and helps policy makers better understand the current situation, as well as designing, planning, implementing and evaluating policies relevant to social innovation. The analytical framework is built around three pillars, the first of which focuses on understanding the framework conditions to engage with social innovation.

Pillar 1 can help measure the capacity to diffuse social innovation in a rural context. Analysing and comparing available data could allow the benchmarking of rural areas based on five distinct policy areas. This could be a helpful exercise to understand the current policy context of social innovation, as well as the stronger and weaker points of a specific territory. Measuring the capacity to diffuse social innovation can be useful for policy makers and help them engage with social innovation by developing a relevant strategy and action plan.

Pillar 2 can help measure the effectiveness of individual instruments put in place to support social innovation in a rural context. For this pillar, standard programme evaluation techniques could be applied. By integrating clear and measurable key performance indicators prior to the implementation of a strategy and individual instruments, it would enable measuring whether these instruments have been effective. Evaluation of social innovation measures helps establish whether policies supporting social innovations are successful in meeting their objectives and identify how they can be improved.

Finally, Pillar 3 focuses on monitoring and evaluating the activities implemented to understand progress. It should be noted, however, that because social innovation is about experimentation, it requires testing and development of new piloting approaches. This needs to be taken into account by policy makers and translated into programmes and instruments, accepting a higher level of risk acceptance and greater attention to feedback loop processes for any new initiatives.

Figure 2.1. Analytical framework for a local social innovation ecosystem



Source: (OECD, 2021^[1])

Pillar 3 serves to evaluate the overall outcome and impact of the measures to encourage local (rural) social innovation on objectives set by a strategy. By applying relevant indicators related to societal challenges, policy makers would be able to see if the strategy promoting social innovation had an impact on these challenges (e.g. education, health and care, employment, housing, social cohesion, environment, etc.) (Kriev, Bund and & Mildenberger, 2014^[67]). Although it is challenging to develop a single set of indicators to evaluate the concrete social impact created by social innovations, policy makers could apply a methodology related to measuring processes rather than imposing specific indicators. The classic programme evaluation theory, along with logic models in particular, can help structure impact-oriented assessments (Weiss, 1998^[68]).

The way ahead

This document focuses on the first pillar by which policy makers could assess framework conditions when deciding to support social innovation in a rural context. This approach will support policy makers in systematically analysing the existing local social innovation ecosystem. The implementation of specific social innovation projects and monitoring come at later steps and depend a lot territorially specific conditions.

A starting point would be to have a deep dive into the framework conditions, thereby being able to identify a local ecosystem's strengths and weaknesses. The following chapter proposes an approach to analysing framework conditions through a dashboard comprised by qualitative and quantitative indicators. This approach will allow to compile available data and information across 17 areas and will build a good understanding of the existing local social innovation ecosystem.

Once the picture is clear, policy makers would be able to draft policy implementation measures.

Policy makers are expected to create the right environment and develop measures (instruments, policies and architecture) that support collaboration and the emergence and development of social innovation. The measures would be concrete activities that might include those focused on creating a market for social innovations (demand-side measures) and those improving the quality and quantity of social innovations (supply-side measures). Each territory would need to adopt its own set of measures. Finally, monitoring of progress and evaluations of activities implemented will help spot the occurring changes to the framework conditions. This monitoring will allow to see whether implemented activities have brought the expected results promoting social innovation locally and whether the outcomes have brought the expected impact.

One critical advantage of following this approach is that it can help policy makers not only see the specific impact of what has been achieved, but also learn about the process and see what drivers were more impactful locally. Analysing the entire process of locally promoting social innovation based on specific objectives and indicators would help build knowledge of policy makers and improve their understanding of the more impactful instruments. This can help spread impactful policies and instruments to other geographies and achieve overall much deeper and wider impact. Measuring the capacity to engage with social innovation can thus help identify stronger and weaker points of a local ecosystem and lead to the development of a more adapted set of policy instruments.

3 Exploring the measurement of framework conditions for social innovation in a rural context

What is possible to measure?

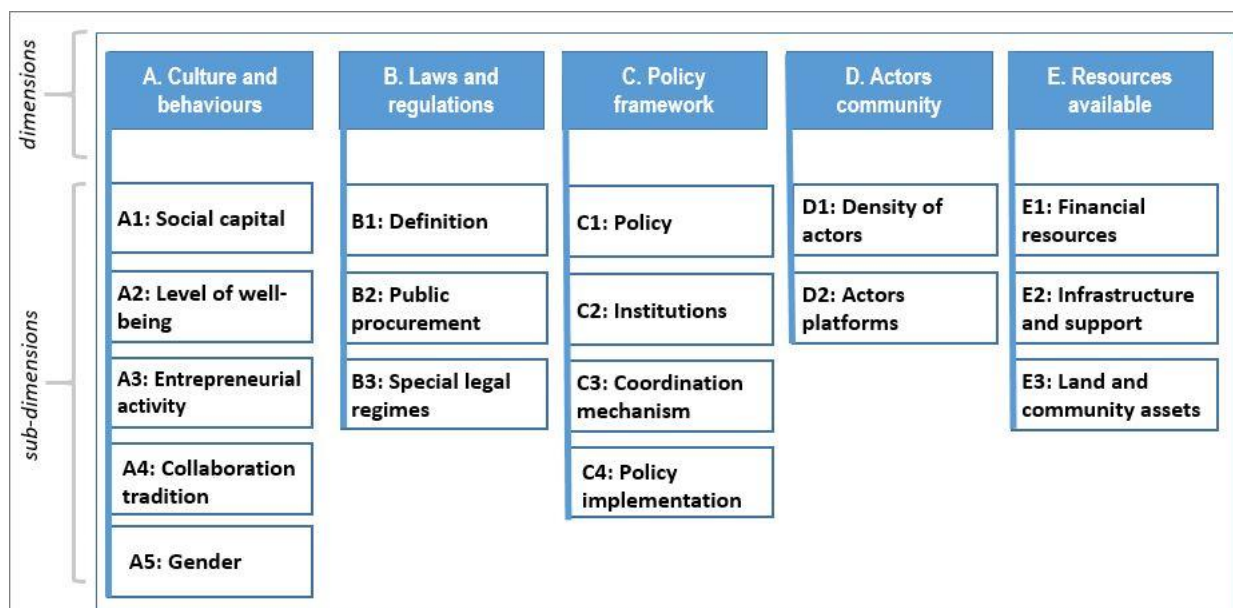
Measuring the capacity to engage with social innovation in rural areas could help identify a local ecosystem's strengths and weaknesses. It could help engage local authorities in policy dialogue, as well as exchange good-practice examples. The challenge is to develop a dashboard transforming a qualitative set of data into a quantitative one. There are already some examples of using dashboards to measure social progress, such as the *OECD's Better Life Index*¹ or *Social Progress Index*². Even if a dashboard has a number of limitations, it is an easy way to summarise and present data and monitor changes over time. The structure of a dashboard offers easy visualisation. By applying this assessment process regularly (every few years), policy makers can see the changes in the scores across a range of policy areas.

How can the dashboard be structured?

The (OECD, 2021_[1]) report identified five dimensions of framework conditions relevant to social innovation ecosystems. The current approach builds on these dimensions and proposes to split them into 17 sub-dimensions relevant to rural social innovation ecosystems (Figure 3.1). The following areas of an ecosystem represent factors that are important for social innovation to thrive: *Cultural and behavioural aspects*, *Laws and regulations*, *Institutional framework*, *Social innovation community*, and *Resources available*. The dashboard is further divided into 17 sub-dimensions (from A.1 to E.3), each composed of a set of indicators. For example, the *Policy framework and institutional set-up dimension* consists of the indicators *Policy*, *Institutions*, *Local co-ordination mechanism* and *Policy implementation*. This approach allows policy makers to identify and target areas where they face notable strengths or weaknesses around a specific policy area. It should be noted that the availability of data on these suggested indicators is limited for many regions and, in particular, at the TL3 level. Therefore, provision of data on these dimensions and sub-dimensions at the regional level is an indispensable part of incorporating this framework. Overcoming some of the challenges of accessing these indicators at the right level requires addressing privacy and security regulations of agencies that gather data, as well as considering the sub-national dimension as a key priority when extracting and analysing such data.

Figure 3.1. Dashboard structure

Dimensions and sub-dimensions



Source: Authors elaboration.

The dashboard indicators are selected based on their relevance to the concept of social innovation. The sections below provide concrete examples of indicators suggested to be used for each of the five dimensions of the composite dashboard. Box 3.1 provides further information on a potential approach to calculating the indicators.

Box 3.1. Potential approaches to calculation of scores

The calculation of scores can be based on a written assessment, which would include a number of questions (indicators). One assessment grid should be filled in per administrative region (which may correspond to different types of regions). The approach to such calculation of scores should be based on the following elements:

- The results are expressed as numerical scores on a scale of 0 to 10, where 10 represents a good policy practice. To calculate these results, indicator scores are weighted based on perceived importance and relevance.
- Each of the indicators can take the form of a standard, a core indicator or an open question.
- For quantitative indicators at the local level whenever applicable, Territorial Level 2 (TL2) or Territorial Level 3 (TL3) data should be gathered. Alternatively, data can come from local sources, but comparability and harmonisation should be ensured.
- Instead of simply scoring a *yes/no* question as 1-yes and 0-no, the following levels are proposed for each indicator allowing for indication of the answer's intensity: 0.0, 0.25, 0.75 and 1.0.
- In order to calibrate the relative importance of the dimensions and sub-dimensions, weights are applied at the indicator and sub-dimension level.

Source: Authors' elaboration.

Culture and behaviours

What are we trying to capture?

The area of culture and behaviours analyses local traditions, behavioural and societal attitudes of the population and stakeholders, and existing needs (OECD, 2021^[1]). Places differ in the level of trust towards the government, institutions and other citizens. Measuring entrepreneurial activities can help predict actors' engagement in transforming an opportunity into reality, as well as their ability to do so.

Which indicators could be relevant?

The rural context requires a special focus on a number of indicators to analyse local norms and traditions, based on rural needs and situations. This dimension is structured around five sub-dimensions:

A.1: Social capital explores the density and quality of relationships among social actors. There is evidence of high levels of perceived impact of social capital (i.e. the sum of trust, networks and norms) on strengthening collaboration among various actors of a system and its contributions to regional economic growth and supporting social innovation. The measurement of social capital includes elements of civic engagement, interpersonal trust, participation in civil society and level of volunteering. This sub-dimension explores attitude-related information as important pre-conditions favouring the emergence of social innovation.

A.2: Well-being level and perception of life satisfaction can impact the capacity for innovation and collaboration. Improved life satisfaction and well-being can have a positive effect on the capacity for innovation, and ultimately lead to more effective solutions to social and environmental challenges.

A.3: Entrepreneurial activity is important for transforming an idea into a concrete concept and for scaling it. Understanding the level of entrepreneurial activity, including trends in firm formation and firm closure, can indicate whether there is a conducive business environment to engage with, as well as the presence of a risk-taking mind set.

A.4: The collaboration tradition among various actors is an important success factor for social innovation. This sub-dimension can indicate the level of commitment to action by the actors. Increasing the number of collaborations among various actors (including underrepresented private sector groups) could increase the quality and depth of social innovations. These collaborations do not always have to include the social economy or citizens, but could involve the private sector and universities working on solving a societal challenge, for example. The propensity for collaboration will be higher in cultures that have a more collectivist tradition, with a larger number of social economy organisations present locally and proven experience of “open innovation” collaboration principles.

A.5: Gender equality and other diversity measures are good indicators on the openness of the local population. Research shows that environments where the status and rights of women are not recognised could hamper social innovation. Understanding whether different genders or diverse individuals, have equal opportunities to succeed and contribute to their society and economy can help understand in turn the openness of the local population.

Suggested indicators / sources

Table 3.1 provides examples of indicators which could be used in rural areas to assess this dimension. Background information, even if not scored, can be useful in understanding the territory, the challenges it faces, and comparing it to the other places. This information can include qualitative indicators across a variety of social, economic and environmental challenges. Table 3.1 also provides examples of background information indicators, as reference material for comparison with national and regional levels.

Table 3.1. Dimension 1. Culture and behaviours - suggested indicators

Sub-dimension	Indicator number	Indicator	Type (standard/core / open)	Type (qualitative, quantitative, TL3 preferred)	Source
A.1 Social Capital					
	A.1.1	Level of civic engagement (voter turnout in percentage)	Standard	Quantitative, TL2; TL3	OECD Regional Statistics (database) IDEA³
	A.1.2	Participation in civil society as being member of social grouping. (Alternatively, if available, percentage of people who regularly donate to a cause.)	Standard	Quantitative	World Values Survey; European Values Study (GIESIS ⁴) Private philanthropy data
	A.1.3	Level of voluntary working (Question: Did you do voluntary work in the last 6 months?)	Core	Quantitative	World Values Survey; European Values Study (GIESIS)
	A.1.4	Level of social activism ('Question: Do you belong to any voluntary organisation?)	Standard	Quantitative	World Values Survey; European Values Study GIESIS
	A.1.5	Interpersonal trust (Question: Would you say that most people can be trusted?)	Core	Quantitative	World Values Survey; European Values Study (GIESIS)

Sub-dimension	Indicator number	Indicator	Type (standard/core / open)	Type (qualitative, quantitative, TL3 preferred)	Source
A.2 Level of well-being					
	A.2.1	Overall level of perception of life satisfaction per region	Standard	Quantitative, TL2	OECD Regional Well-Being (database)
	A.2.2	Percentage of people who have friends or relatives to rely on in case of need (Question: Perceived social network support)	Standard	Quantitative, TL2	OECD Regional Well-Being (database)
A.3 Entrepreneurial activity around social innovation					
	A.3.1	New enterprise creations over last 3 years.	Standard	Quantitative, TL2, TL3	OECD Regional Business Demography database Local statistics
	A.3.2	Growth in self-employed in social enterprises (15 to 64 years old) over the last 3 years.	Standard	Quantitative, TL2, TL3	Eurostat Local statistics
	A.3.3	New social enterprise creation grown over the last 3 years.	Core	Qualitative	Local registrations, statistics depending on availability
A.4 Collaboration tradition					
	A.4.1	Is there a legal requirement for consultation with the stakeholder groups involving public, private and non-profit sectors?	Core	Qualitative	National / local regulations, interviews
	A.4.2	Has there been collaboration of research or industry with civil society locally, over the last 3 years?	Standard	Qualitative	Local surveys and interviews
	A.4.3	Are underrepresented groups (women, persons with disabilities, migrants, etc.) involved in collaboration locally?	Standard	Qualitative	Local surveys and interviews
A.5 Gender or other diversity indicators					
	A.5.1	Share of social enterprises run by women.	Core	Quantitative	Local statistics, census
	A.5.2	Share of businesses run by women locally.	Core	Quantitative	Local statistics, census
	A.5.3	Percentage of women 25-64years old by educational attainment	Standard	Quantitative, TL2, TL3	OECD Regional Statistics (database)
Culture and behaviours – additional suggested background indicators					
	Indicator number	Indicator	Type	Explanation	Source
	BK.1	Level of unemployment	Quantitative, non-scored	This data will help to understand the percentage of the labour force without a job and whether it is a local concern (TL2 and LT3 level).	OECD regional business demography (database) ; OECD regional Labour (database) European Labour Force survey

Sub-dimension	Indicator number	Indicator	Type (standard/core / open)	Type (qualitative, quantitative, TL3 preferred)	Source
	BK.2	Life expectancy and mortality data (TL2 and TL3)	Quantitative, non-scored	Life expectancy is the key metric for assessing population health. Different life expectancy rates might indicate the different needs for care facilities. Low life expectancy can indicate an issue with the health care system in the territory.	OECD health status data: regional demography (database)
	BK.3	Access to health (active physicians rate per 1000 population for TL2 level)	Quantitative, non-scored	Access to comprehensive, quality health is important for promoting and maintaining health?	OECD Regional Social and Environmental indicators
	BK.4	Regional income distribution and poverty (the regional Gini index for TL2 level)	Quantitative, non-scored	The ratio in income inequality could help indicate well-being disparities in different places. In addition, inequality indicators, for example, based on gender, geographic location, and occupation would help provide additional insight for population demographics.	OECD regional income distribution (database)
	BK.5	Regional skill needs	Quantitative, non-scored	This data will provide information on the level of local skills and labour force with at least secondary education. It can indicate the need to improve skills and explain some of social challenges such as unemployment.	OECD regional skills (database)
	BK.6	Estimated average exposure to air pollution in PM2.5 ($\mu\text{g}/\text{m}^3$), based on satellite imagery data (Environment)	Quantitative, non-scored	This information helps to understand environmental conditions, despite not being able to say whether or not there is a higher level of concern.	OECD regional and environment indicators (database)

Note: Selection of whether the indicator is standard, core, or open is an initial suggestion based on the literature review and expert interviews.
Source: Authors' elaboration.

Laws and regulations

What are we trying to capture?

Existing legal and regulatory frameworks of a given territory can impact social innovation, especially in rural areas where such frameworks are often mismatched. The objective of this dimension is to support policy makers in understanding whether there are laws and regulations that prevent social innovations from developing and growing, including those across different local and rural areas. Laws and regulations are relevant for ensuring an enabling environment for social innovation since they can serve as a reference point in relation to eligibility for public support schemes, notably regarding access to public procurement, and financial and non-financial assistance and benefits. Although a majority of legal definitions and regulatory frameworks are developed at the national level, there are also examples where regional or local authorities have put in place a dedicated regulatory environment around social innovation (for example, Canada or Belgium).

Which indicators are relevant?

Rural areas located in the same region or country will likely have a very similar situation regarding laws and regulations, despite having differences with urban areas and some differences with specific geographies such as, for example, regions characterised by islands, coastal areas, mountains, deserts or mining activities. This dimension is especially relevant when comparing places in a different legal context, for example, comparing places located in different countries. This dimension is structured around three sub-dimensions.

B.1: A common definition of social innovation used by local authorities will facilitate policy settings. This sub-dimension looks at the social innovation definition and whether it is part of the larger innovation agenda. The lack of a common definition could lead to an uneven application of policies and can create confusion in defining the criteria of public support. Application of a common definition (even if it is not formalised) by various organisations helps to improve the consistency and effectiveness of social innovation policies. Recognition of social innovation as part of the local innovation agenda can increase its visibility and access to public budgets supporting innovation.

B.2: Integration and application of social clauses into public procurement can help create a local market for social innovations. In many surveys on public procurement, these clauses are often coupled together with environmental clauses. This sub-dimension shows whether public procurement is a supporting element in the local social innovation ecosystem by creating markets for products and services and creating an opportunity for collaboration among various actors. Outcome-based contracts and the Best Price-Quality Ratio criteria could be beneficial in increasing opportunities for social innovation actors to access public procurement.

B.3: The presence of special legal regimes can support social innovation by offering more inclusive approaches. This sub-dimension looks at cases where existing laws and regulations could prevent some social innovation actors from benefiting from public support. For instance, in some countries there are different forms of restrictions placed on non-profit organisations, not allowing them to apply for public tenders. Developing special legal regimes for social enterprises could be beneficial in these contexts and can enhance collaboration among the actors and ensure their eligibility for various public support schemes. This could also include specific provisions supporting a specific territory; for example, if it is a national reserve or park, developing environmentally-friendly solutions could be supported.

Suggested indicators / sources

Table 3.2 provides examples of indicators which could be used for Dimension 2. Depending on the local context, policy makers could opt for the application of the most relevant sub-dimensions only. Most of the indicators are of qualitative nature, and they are likely to be collected through interviews, local reports and local surveys.

Table 3.2. Dimension 2. Laws and regulations - suggested indicators

Sub-dimension	Indicator number	Indicator	Type (standard/ core / open)	Type (qualitative, quantitative, TL3 preferred)	Source
B.1: Definition of social innovation					
	B.1.1	Is there a commonly used definition of “social innovation” among local institutions?	Core	Qualitative	Interviews
	B.1.2	Is social innovation recognised as part of innovation?	Core	Qualitative	Interviews, local action plans and strategies
	B.1.3	Is there a special budget provided for social innovation as part of innovation budget?	Standard	Qualitative	Annual plan, national and regional budgets
	B.1.4	Percentage of innovation budget dedicated to social innovation	Open	Quantitative	Annual budget, regional budgets
B.2 Public procurement					
	B.2.1	Do local public procurement rules allow integrating social or environmental clauses?	Core	Qualitative	Interviews, local procurement processes analysis
	B.2.2	Has there been experience of application of social or environmental clauses locally in the last 36 months?	Standard	Qualitative	Interviews, local budget expenditure reports
	B.2.3	Are there examples of use of public procurement to support social innovation locally?	Standard	Qualitative	Interviews, budget expenditure reports
B.3 Special legal regimes					
	B.3.1	Are there gaps, not allowing all local actors (such as social enterprises) benefit from public support?	Core	Qualitative	Local surveys and interviews
	B.3.2	Is there a presence of a special legal status for social enterprise?	Standard	Qualitative	Legal frameworks
	B.3.3	If yes, what is the % of social enterprises as the overall number of enterprises locally?	Standard	Quantitative	Census, local surveys
	B.3.4	Are other special legal regimes exist in the territory?	Standard	Qualitative	Regional and local legislation
	B.3.5	Are there legal provisions, allowing for regional incentives for investments in sectors (supporting social innovation)?	Standard	Qualitative	Interviews, national or regional support programme

Note: Selection of whether the indicator is standard, core, or open is an initial suggestion based on the literature review and expert interviews.
Source: Authors' elaboration.

Existing policy framework and institutional set up

What are we trying to capture?

The area of policy framework and institutional setup shapes the scope and efficacy of interventions. This dimension looks at the vision and availability of a public policy, as well as the strategy and institutional setup surrounding the social innovation policymaking and implementation process. Similar to the previous dimension, policy framework would often be defined by the national or regional context. This dimension could still be relevant for the rural context, especially when analysing the implementation modalities around social innovation. Understanding whether there is a lead in the area, a strategic approach to social innovation and a dedicated budget would provide insights about the existing social innovation ecosystem. When looking at the available strategies and policy documents which could be relevant for social innovation policy makers, one should not be limited to policies containing the wording “social innovation.” Policy makers could consider a wider perspective integrating any policy that can be relevant on the local level. This could include policies that help the private sector collaborating for the benefit of society, policies aimed at collaborating with citizens and many others. The report produced by the EU’s research project provides a guide for policy analysis relevant to social innovation (Anheier et al., 2015^[69]).

Which indicators are relevant?

Indicators around this dimension will be rather qualitative; they will help create an understanding of existing policies and structures around social innovation ecosystems. This dimension is structured around four sub-dimensions:

C.1: Social innovation policy reference is a strong supporting factor for local social innovation promotion. This sub-dimension identifies whether there is an existing supporting policy framework at the national or regional level. This framework could include not only a social innovation strategy and implementation plan, but also policy documents or strategies where elements relevant to social innovation are mentioned. For example, a social economy strategy or action plan as part of the innovation agenda could satisfy the requirements of the indicator for this dimension.

C.2: Availability of a local institution leading work around social innovation is a supporting factor for social innovation promotion. This sub-dimension looks at the way social innovation implementation is operationalised at the local level. It will look at the existence of an institution promoting social innovation, availability of resources and coordination mechanisms to involve a variety of actors locally.

C.3: Availability of an information and coordination mechanism can help non-replication and improved coordination for new and existing social innovation initiatives. This sub-dimension looks at the availability of information and existence of a local coordination mechanism around social innovation. These could include local action groups (as under the LEADER approach) or local community partnerships bringing together stakeholders as well as citizens with the objective to coordinate the activities of partners in the locality, particularly in relation to the local economy and community, and can focus on a specific thematic area to deliver better public services (See Box 3.2).

C.4: The integration of social innovation into a local action plan with a dedicated budget will send a strong support signal to local social innovation stakeholders. This sub-dimension looks at whether social innovation is integrated into the local action plan and whether a dedicated budget has been agreed. The mentioning of social innovation will help mobilise human and public financial resources. Even though this is yet a rare case, there are examples (e.g. Navarra, Spain) where such support has been created.

Box 3.2. The Dumfries and Galloway Community Planning Partnership, Scotland, UK

The Community Empowerment (Scotland) Act 2015 is aimed to help to empower community bodies through the ownership or control of land and buildings, and by strengthening their voices in decisions about public services. It has resulted in a number of initiatives actors Scotland and initiated a number of Community Planning initiatives bringing together local agencies and organisations from the public, private and third sector. Partners work with each other and local communities to deliver better public services. For example in a rural area of the Dumfries and Galloway a Community Planning Partnership was created. It is managed by the Board – the region's highest level partnership grouping. It approves the local outcomes improvement plan; the locality plan; the annual improvement plan and other documents. Further down the Stakeholder Group advises the community planning partnership on the key issues affecting Dumfries and Galloway and helps to set realistic targets by acting as a key consultative group. There are a number of forums and partnerships that have been established such as Employability and Skills Partnership or Poverty and Inequalities Partnership.

For example, the Poverty and Inequalities Partnership have resulted following a number of meetings into the Dumfries & Galloway Poverty and Inequalities Strategy for 2021-2026. The Partnership's Objective is to tackle severe and persistent poverty and maximise income of people facing poverty. The partnership gathered information from all the organisations working on the subject in a centralised manner. It has also created a number of food banks.

Source: (Dumfries & Galloway, n.d.^[70]).

Suggested indicators / sources

Table 3.3 provides examples of indicators which could be used for Dimension 3.

Table 3.3. Dimension 3. Policy framework and institutional setup - suggested indicators

Sub-dimension	Indicator number	Indicator	Type (standard/core / open)	Type (qualitative, quantitative, TL3 preferred)	Source
C.1: Social innovation policy					
	C.1.1	Is there a dedicated strategy (national or local) focused on social innovation promotion?	Core	Qualitative	Interviews, local policy documents
	C.1.2	Is social innovation referenced in one or several relevant policy documents (national or local)?	Core	Qualitative	Interviews, local policy documents
	C.1.3	Are there mentions of activities in the strategy not making a direct reference to social innovation, but which could be supportive of social innovation at the local level?	Standard	Qualitative	Interviews, local policy documents
C.2 Institution(s) dealing with social innovation					
	C.2.1	Is there a local authority leading policy work or implementation work around social innovation?	Core	Qualitative	Local surveys and interviews, local policy documents
	C.2.2	Do institution (s) dealing with local social innovation allocate targeted funds / budget to promote social innovation?	Standard	Qualitative	Local surveys and interviews, local policy documents
	C.2.3	Is promoting social innovation is part of the job description of any member of the public local authority dealing with social innovation?	Standard	Qualitative	Organigram of the institution; job description.
C.3 Social innovation coordination mechanism					
	C.3.1	Is there a coordination mechanism in place to meet and share information around social innovation locally involving various stakeholders?	Core	Qualitative	Interviews; activity record
	C.3.2	Is there a mechanism in place to share information around social innovation at the regional or national level?	Standard	Qualitative	Interviews, open source internet research
	C.3.3	Does coordination take place regularly with a formal set up of at least once a year?	Standard	Qualitative	Interviews, Summary of records
	C.3.4	Do coordination mechanisms (such as community partnership) involve all actors of social innovation including public sector, private sector, social economy and civil society actors?	Core	Qualitative	Interviews, Summary of records
C.4 Social innovation implementation					
	C.4.1	Is social innovation part of a local action plan or specifically referenced in local activities?	Core	Qualitative	Local surveys and interviews, local policy documents
	C.4.2	Is there a section in local budget related to promotion of social innovation locally or its relevant actions?	Standard	Qualitative	Local activity record; local budget
	C.4.3	Are there mentions of activities in the local action plan not making a direct reference to social innovation, but which could be supportive of social innovation at local level?	Standard	Qualitative	Local action plan

Note: Selection of whether the indicator is standard, core, or open is an initial suggestion based on the literature review and expert interviews. Source: Authors' elaboration.

Social innovation community

What are we trying to capture?

The area of social innovation community tracks the quality and diversity of local social innovation actors and their interactions. This dimension looks at the density of various actors of social innovation and at the availability of engagement platforms. The greater the diversity of engaged actors and proponents of social innovation is, the higher is the possibility of building interesting and fresh social innovations. However, in order to make this diversity perform, collaboration among different groups needs to be established. Policy makers could aim to measure the mutual interactions among various actors or actor participation within the community of the ecosystem. Whether they are physical or digital, actor platforms enhance participation and have a positive effect on innovation (Storbacka et al., 2016^[71]).

Which indicators are relevant?

This dimension focuses on social innovation actor statistics and other relevant data available on the density of social innovation actors, including cooperatives, private investors, social enterprises, etc. To ensure comparability of this data, regular collection of data on networks of social actors should be reinforced. Social innovation success is not a lone effort and often depends on networks and resources drawn from corporations or the public sector (Chandra, Shang and Mair, 2021^[72]), which is why promoting the presence of local social innovation networks and actor engagement platforms is important. This dimension is structured around two sub-dimensions:

D.1: Information on the availability and density of social innovation actors will help policy makers understand if there are gaps and whether a territory has a larger presence of certain types of actors.

This sub-dimension looks at the number of locally registered cooperatives, associations, private investors, social enterprises and other social innovation actors. Information on the local population could also contribute to a better understanding of active group segments, such as the population of early retired individuals.

D.2: Availability of actor engagement platforms can serve as an indication of social innovation activity in a given territory. This sub-dimension aims to gather information on the possibility for mutual connections. Actor engagement platforms could be physical or virtual touch points where actors exchange information and resources and co-create value. The presence and number of these platforms locally would presumably correlate positively with the number of interactions that actors could have among themselves.

Suggested indicators / sources

Table 3.4 provides examples of indicators which could be used for dimension 4. Data collection for the current dimension would likely come from interviews with local government officials or from local reports.

Table 3.4. Dimension 4. Social innovation community - suggested indicators

Sub-dimension	Indicator number	Indicator	Type (standard/core / open)	Type (qualitative, quantitative, TL3 preferred)	Source
D.1: Density of social innovation actors					
	D.1.1	# cooperatives per capita	Standard	Quantitative	National observatories, national and local data; local registration office
	D.1.2	# associations per capita	Standard	Quantitative, TL3	The EU Labour Force Survey, local registration office
	D.1.3	# private investors per capita	Standard	Quantitative	Interviews and local survey, local registration office
	D.1.4	# social enterprises per capita	Standard	Quantitative	Census, interviews, local registration office (when legal status exists).
	D.1.5	Area inhabitants per age group	Open	Quantitative	National / local statistics
D.2 Actors engagement platforms					
	D.2.1	Are stakeholders' networks or community partnerships related to social innovation present locally?	Core	Qualitative	Local surveys and interviews
	D.2.2	# of social innovation engagement events organised by public authorities per year	Standard	Quantitative	Local surveys and interviews
	D.2.3	Is there publically available information on the possibilities for stakeholder collaboration?	Standard	Qualitative	Local surveys and interviews
	D.2.4	Are there local social innovation groups formed on social media?	Standard	Qualitative	Local surveys and interviews, social media

Note: Selection of whether the indicator is *standard*, *core*, or *open* is an initial suggestion based on the literature review and expert interviews. Source: Authors' elaboration.

Resources available

What are we trying to capture?

The area of resources available analyses the presence of resources on which local actors could rely on. This could include financial resources, availability of infrastructure and support programmes at the local level.

Which indicators are relevant?

This dimension focuses on locally available support mechanisms, which could include public financial support, private financial support, and support with provision of advice and physical infrastructure. Interviews revealed that for rural areas, land is particularly relevant. It is advised to look at the issue of land and see whether land ownership and management allows for social innovation and experimentation. This dimension is structured around three sub-dimensions:

E.1: Access to financial resources, public or private, constitutes one of the main elements of a social innovation ecosystem. This sub-dimension looks at the availability of public support mechanisms for funding to initiate a social innovation as well as its development. This sub-dimension also looks at the availability of impact investors. Even if in rural areas social innovations often do not require substantial amounts of funding compared to urban contexts due to their particularity, finance still remains a crucial factor for the growth and scaling of social innovations.

E.2: Access to the necessary infrastructure could be a major support for establishing and scaling social innovation in rural areas. This sub-dimension helps understand whether social innovators can receive support locally for the initiation and development of their projects. This could include physical infrastructure as well as mentorship and peer support. Availability of places where people can meet and interact (or social infrastructure) such as libraries, sports facilities, cafes, etc. has also been seen as a positive correlation to the number of social innovations, as they provide a forum for the exchange of economic, social and civic values (The Bennett Institute for Public Policy, 2021^[25]). Access to mentoring and capacity-building support through interactions enabled by physical and social infrastructure can help develop financially sustainable business models and help social innovations diversify their model, strengthen revenue-generating activities, and decrease reliance on public funding.

E.3: Access to land-use is a major enabler of social innovation in rural areas. This sub-dimension explores whether social innovation actors could have access to land or other community assets in order to test their approaches or innovations. It also considers whether community land ownership has been applied locally. In some countries, there is a tradition of a community asset transfer when a public sector body transfers the management and/or ownership of a property asset to a social economy actor, which can facilitate social innovation implementation.

Suggested indicators / sources

Table 3.5 provides examples of indicators which could be used for dimension 5 listing social innovation resources available. Data collection for the current dimension would likely come from interviews with local government officials or from local reports.

Table 3.5. Dimension 5. Social innovation resources available – suggested indicators

Sub-dimension	Indicator number	Indicator	Type (standard/core / open)	Type (qualitative, quantitative, TL3 preferred)	Source
E.1: Financial resources					
	E.1.1	Are there public programmes to finance social innovation?	Core	Qualitative	Interviews, local action plan
	E.1.2	Number of impact investors available locally.	Standard	Quantitative	Interviews, local registration office
	E.1.3	Are collaboration vouchers available?	Standard	Qualitative	Interviews, action plan progress report
	E.1.4	Is participatory budgeting applied locally?	Standard	Qualitative	Interviews, local action plan and budget
	E.1.5	Budget of social innovation (or relevant activities) per inhabitant.	Standard	Quantitative	Local budget plan, local statistics
E.2 Infrastructure and support					
	E.2.1	Is there available public support infrastructure (incubators, accelerators)?	Core	Qualitative	Interviews, local action plan
	E.2.2	Are support services such as mentoring, coaching or peer support available locally?	Core	Qualitative	Interviews, local action plan

Sub-dimension	Indicator number	Indicator	Type (standard/core / open)	Type (qualitative, quantitative, TL3 preferred)	Source
	E.2.3	Are there targeted capacity building programmes by private business development support organisations available locally?	Standard	Qualitative	Interviews, research on the internet
E.3 Land and community assets					
	E.3.1	Are there incentives set in place for land allocation from which social innovators can benefit?	Standard	Qualitative	National, local regulations, interviews
	E.3.2	Have local authorities been creating opportunities to allow innovative approach of land use?	Core	Qualitative	Interviews; local reporting
	E.3.3	Are there examples of community land ownership or similar applied locally?	Standard	Qualitative	Interviews, internet research
	E.3.4	Are there examples of community asset transfer to social economy or civil society actors?	Standard	Qualitative	Interviews, local reports

Note: Selection of whether the indicator is standard, core, or open is an initial suggestion based on the literature review and expert interviews. Source: Authors' elaboration.

Notes

¹ <https://www.oecdbetterlifeindex.org/>

² The Social Progress Index measures variety of the social and environmental aspects of progress at national level across 70 countries. These aspects include health, inclusiveness, environmental quality etc. <https://www.socialprogress.org/>

³ IDEA stands for Institute for Democracy and Electoral Assistance

⁴ GESIS stands for Gesellschaft Sozialwissenschaftlicher Infrastruktureinrichtungen and data refers to the GESIS Leibniz Institute for the Social Sciences, a European data archive and research infrastructure provider, www.gesis.org.

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Assessing the framework conditions for social innovation in rural areas

Rural regions across the OECD depend on a wide range of economic engines for growth, as well as the quality of place to attract and retain people. Social innovation seeks new answers to social and environmental problems, using new solutions that improve the quality of life for individuals and communities.

Social innovation can be a tool to create vibrancy in rural areas by filling public service gaps, experimenting with new business models, and creating a stronger sense of community. However, not all rural areas are equally equipped to engage in social innovation. This paper provides guidance for policy makers and proposes an approach alongside a dashboard of indicators for measuring readiness and capacity to engage with social innovation in rural areas.



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