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Projekt meziregionální spolupráce zaměřený na programy podporující konkurenceschopnost malých a středních podniků.

Projekt INNOGROW je zaměřen na podporu malých a středních podniků ve venkovských oblastech s cílem zvýšení jejich konkurenceschopnosti prostřednictvím programů, které podporují přijetí inovativních technologií, nových obchodních modelů a přístupů k modernizaci.

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POLICY BRIEF 5

REGIONAL TRENDS IN RURAL
ECONOMY INNOVATION

SUMMARY

THE policy brief in hand provides a snapshot of current rural economy trends in regions participating in the INNOGRROW project. In particular, this brief reports on the proceedings of regional consultations of project partners with rural economy stakeholders. It intends to stimulate interest in regional trends of innovation uptake and enable policy makers to draw useful lessons on how to proceed with “bottom-up” approaches to fostering innovative growth for rural SMEs in practice.

Why regional consultations?

Rural growth management authorities can be facilitated in achieving their targets, notably the implementation of regional actions plans, by engaging and involving rural growth stakeholders in consultations. Such meetings offer unique opportunities for expertise exchange and create the space for cross-sectoral collaboration. Governing authorities address policy instruments, priorities and regulatory measures, rural enterprises from different sectors expose their challenges and share their innovative practices, while other groups of stakeholders, notably, training and research actors with a stake in rural innovative development, provide indispensable input in terms of facilitating the other groups in considering technological innovation as a source of growth and an opportunity for business restructuring and training to meet the challenges of a fast-changing technological environment.

Innovation lines

The challenge lies in shaping the conditions in such way to unlock the possibility of not only ‘innovation’ in a single product of a single company. The aim should rather be integrated and explore the potential for ‘synergic innovations’ involving a system of SMEs working along an ‘innovation line’. An innovation line is the outcome and tangible validation of a ‘bottom-up’ approach to innovation. Some possible ‘innovation lines’ around farming as the *par excellence* rural economic activity are:

- SMEs supporting innovation. Includes all SMEs from all sectors that support the farming system and agri-foods innovation. (e.g. IT companies); includes the research sector (e.g. biotechnologies and agri-production), and the sector providing technical and infrastructural capital (e.g. agricultural machines)
- SMEs supporting innovation “using” farming output and products. Commercial and research sectors using agricultural products as raw materials or transforming them for various uses (e.g. pharmaceuticals).
- SMEs in close geographical proximity to the agricultural system that “use” its products (e.g. tourism & cultural activities sector).
- SMEs operating in the energy sector. Energy production is often associated to biofuel produced with agricultural products, and agricultural products require considerable energy amounts for their production.

Innovation Trends

LOMBARDY REGION (IT)

In the context of the INNOGROW project the Lombardy Foundation for the Environment organized the 1st Regional Meeting for stakeholders in rural economy. FLA has put considerable effort in bringing together a number of groups' representatives from adjacent sectors related to rural economy. FLA introduced the thematic by presenting the relevant Policy Instruments. The representative of Lombardy regional authority addressed issues regarding innovation in the tourism sector and spoke of 'clusters of mountain refuges'. ETIFOR – a University of Padova spin-off specializing on environmental issues, contributed with a presentation on business models based on deseasonalization and preservation and sustainable growth of social and natural assets. Various other stakeholders from EUPOLIS, RELAB and Progettoverde Studio addressed issues regarding agroecology, traditional culture as innovation driver, green companies and companies as a source of knowledge and culture. From a different, managerial aspect, obstacles to innovation such as lack of IT skills and lack of data monitoring infrastructure, such as indexes of agricultural companies and a National Strategy for Remote Areas, were discussed with fruitful insights produced. Kick-off stakeholders' meetings serve the purpose of mapping out the field and enabling communication and viewpoints' sharing among the different groups. Regional consultations should be subject to planning and consist in successive, periodical meetings. In the 2nd Regional Meeting, the factors that affect SMEs investments in new technologies, business models and engagement with innovation support centers. In the 3rd consecutive meeting that took place, experiences with successful investments in innovative production processes and product development were discussed. Several needs were identified with the valuable input of attendees, such as the necessity of harmonizing the different managing authorities of regional funds to ease access to information and ensure uniformity and integrity in funding procedures for innovative rural growth. In this context informatics services and 'synergic innovations' could unlock the potential for collaboration and information flow that would have an enabling effect overall. Ongoing projects such as the Lecco Innovation System and the research support program in the areas of Lodi – both managed by the Chamber of Commerce in Lombardia

Outcome: The main conclusion drawn in the course of the 3rd Regional Meeting is that rural SMEs, in order to increase their competitiveness and integrate innovation in their operations need the following: first, expert consulting services that inform them about the right funding opportunities. Second, support in the phase between research and commercialization of innovative products

Innovation Trends

STARA ZAGORA (BG)

The first stakeholder meeting in Stara Zagora (BL) took place in the conference hall of the Chamber of Commerce and Industry. The meeting was attended by 15 stakeholders representing a plurality of sectors with stakes in rural development. Notably, among them, were representatives from the Region of Stara Zagora, municipalities, educational and financial institutions and agricultural businesses. The 2nd Regional Meeting was attended by representatives of the Ministry of Economy, the National Agency for supporting SMEs, the Agricultural Institute in Stara Zagora, the Agricultural Faculty of Trakia University and employment-related organizations. The meeting served well the purpose of identifying specific issues affecting innovative development prospects for SMEs. Specifically, the inability of obtaining financing for early innovation ideas, the lack of human resources' capacities to work with innovative technologies. Importantly, lack of credible and consistent information on innovative technology and funding, was one of the main obstacles identified. As representatives of SMEs pointed out barriers associated to language and expertise in funding procedures, meeting attendees reiterated the workings, advantages and pitfalls of previous approaches to SMEs and cluster scheme support.

Participants worked through the problematic aspects of existing associations and were in line with the recognition that novel, more functional associations of SMEs are necessary. A hybrid model of combining 'bottom-up' with 'top-down' approaches that would allow effective and voluntary clustering of SMEs on the basis of their common interests in yielding the benefits of collaboration, and effective communication channels with authorities and regulatory frameworks. The most plausible principle that was agreed upon was the commitment to inclusive governance, including management characterized by democratic decision-making processes. Interestingly, representatives of the banking sector expressed their willingness to consider the provision of funding under favorable terms to members of such associations, provided that these associations would be in a position to vouch for their members' credibility, capacity for innovation implementation and quality of processes and products.

The 3rd Regional Meeting revolved around two key issues SZREDA put forward: *first*, taxation schemes to facilitate revenue reallocation from taxation to R & D and growth-inducing activities; *second*, nation-specific restrictions in applying for funding – restrictions that negatively affect rural micro-enterprises.

Outcome: a policy proposal was articulated clearly for the creation of an interdepartmental working group between the Ministry of Economy and the Ministry of Agriculture and food. Participants consented with the idea that there must be in place assurance mechanisms to monitor taxation relief funds diversion exclusively for R & D activities in cooperation with research institutions. Further results of the meeting will take the form of policy recommendations and the way forward was decided to be their inclusion in the Annual Program for implementing the National Strategy for stimulating rural SMEs in Bulgaria into innovative growth.

Innovation Trends

PARDUBICE (CZ)

Stakeholders from the Pardubice region in the Czech Republic participated in the 1st Regional Meeting organized by the Regional Development Agency in the context of INNOGROW activities supporting “bottom up” consultations at the regional level to foster innovation adoption by rural SMEs. A substantial trend identified by the end of the 1st meeting were the difficulties RRAPK faced in engaging a plurality of stakeholders in the process of consultations. Low participation characterized the 2nd Regional Meeting, yet a small cluster of representatives from various sectors showed commitment and intense interest. A range of financial instruments were explained such as the Rural Development Program and the Operational Program Enterprise and Innovations for Competitiveness (OP EIC). The General Secretary of the Association of Innovative Entrepreneurship (AIE CR) – an organization working with the most innovative organizations in the Czech Republic – talked about the factors affecting the adoption of innovations by SMEs. Stakeholders agreed in the identification of funding-related issues as the number one factor affecting negatively innovation, specifically, funding of clusters. Funding clusters is a practical approach to enable synergistic innovation and subsequent consultations are addressing this issue. The innovation broker of the Ministry of Agriculture gave a detailed account of best innovative practices on the part of SMEs, focusing on new technologies and processes used by local farmers in the course of the 3rd Regional Meeting. The 4th RM focused on the idea of circular economy as a means of thinking about sustainable innovation. As a good example the Strategy 2050 of Brno city where the municipality succeeded to use about one hundred per cent of biodegradable waste for households as a source for biogas stations. The concept of circular economy triggered stakeholders to think about innovation in other sectors, notably in the farming industry.

Meeting the desired target of stimulating innovative growth in the case of Pardubice is challenging, yet a number of dedicated stakeholders is a good base from which to further disseminate opportunities for SMEs to join productive synergies. Information flow and incentives for SMEs to participate, have their say and contribute to emerging regional action plans, is the way to go forward and create strategic plans per sector and cross sectorally. Funding for clusters is important in this regard, however, funding sourcing should take place in consultation with a proto-cluster of SMEs seeking resources for specific innovative projects.

Innovation Trends

ZEMGALE REGION (LV)

The 2nd INNOGROW project's stakeholder meeting in Latvia was organized by Zemgale Planning Region's (ZPR) project team on 9th of March, 2017. The meeting brought together all project's stakeholders in Latvia: Ministry of Economics of the Republic of Latvia; Latvian Rural Support Service; Latvia Rural Advisory and Education Centre; Latvia University of Agriculture; Association "Farmers Parliament". The participation of 3rd party organisations was ensured by the representatives from: Latvian Central Finance and Contract Agency; Latvian Green And Smart Technology Cluster; rural MVU "Mūsmāju dārzeni".

The main conclusions of the 2nd INNOGROW stakeholder meeting might be defined in the following statements below:

- Key factors for successful development of clusters are: clear, comprehensive understanding of the topic, interested and motivated entrepreneurs, rational state support program and appropriate cluster management;
- Priority fields in Zemgale region (according to economic profile): agriculture manufacturing, metalworking, forestry. These fields should be revised in relation to future market opportunities;
- There needs to be defined the future vision of Zemgale region: what will be the main industries. There is a need to bring together people from different fields who are interested in the development of region: this will provide the basis for rational cluster development;
- There needs to be gathered the information from all 22 municipalities of Zemgale region about their future visions. This needs to be analysed to develop common view on the potential of region;
- There needs to be developed collaboration of entrepreneurs with the University of Agriculture (Technology and Knowledge Transfer Centre). University should define and communicate its services for business;
- Each party should perform its tasks responsibly, with initiative and in cooperation with other development (future-oriented) institutions in the region.