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POLICY BRIEF 11

**SUPPORTING INNOVATION THROUGH
INVESTMENTS IN TECHNOLOGY**

OVERVIEW

This policy brief revisits technological investments as a driver for fast-track rural growth. It examines a selection of case studies of investments in technology by rural SMEs and provides useful policy recommendations for fostering a business environment conducive to technological innovation. To this end, policy interventions aimed at linking investors with SMEs and reducing uncertainty through administrative arrangements, training and research support, are mostly crucial. The question of technological investments was a central topic of the INNOGROW study visit in Thessaly, Greece, where project partners were introduced to the everyday operations of innovative SMEs which took a clearcut technology-intensive direction.

INNOGROW study visits

The contents of this policy brief reflects the issues that were raised and discussed during the course of the 2-day INNOGROW study visit in Thessaly. The overarching theme innovative production processes with an emphasis on technology investments. Indeed, rural SMEs are reportedly facing substantial obstacles in acquiring information and guidance on financing opportunities for technology intense restructuring of production processes. The latter are much needed by rural SMEs due to geographical restrictions they face, and isolation from advisory and consulting sources.

That said, the very idea and practice of study visits that INNOGROW exchange of expertise activities include, constitute one of the easiest and cost-efficient methods policy implementation authorities have at their disposal in order to disseminate good practices across and within regions. In the pages that follow, the reader will be guided through selected cases of innovative production & technological investment and the corresponding policy lessons for future uses.

The INNOGROW team,



Selected Biogas Farsala S.A.

Selected Biogas Farsala S.A. is an exemplary case of innovation, sustainability and technology-intense investment from plural sources in the energy production sector. The company is developing the largest biogas plant in Southern Europe which entered the commissioning phase in January 2018. Its capacity is 5.25MWe and will be using 300,000 tons of livestock and agricultural waste from 100 farms.

Apart from energy production, the plant will de facto function so as to reduce organic pollutants discharge in aquifers and landfills. Therefore, the renewable energy and circular economy concept in this case not only contribute to resource efficiency and reaching 'zero waste' targets, as one sector's waste become the resource of another, but also, this facility alters the regional investment, since until recently no new investments on livestock units were underway, discouraged mainly by environmentally non-viable waste management options resulting in recurrent penalties. Biogas plants present flow-on effects increasing the overall performance of regional economies and the rejuvenation of existing rural sectors.

But this is a large scale investment... How was it made possible?

The cost of the investment reached 17.5 million euros spent on state-of-the-art mechanical equipment. The funds were mobilized by the parent textiles company (which essentially entered a new market) and third parties. 10,5 million were sourced from JESSICA project. Several institutions are implicated through this procedure: the European Commission, the European Investment Bank, and the Council of Europe Development Bank. In Greece, the Ministry of Development & Competitiveness, and Piraeus Bank, were implicated in the Programme roll-out.

Transferability potential: High

Recommended actions:

- secure competent administrative personnel to track and process EU financing instruments at EU level, notably, EIB, EIC CEB and ERDF, ESIF, HORIZON 2020
- Engage the private and banking sectors and create broad partnerships for long-term financial and operational planning of resource efficiency and cross-sectoral circularity

Agroil/ Staff Colour Energy

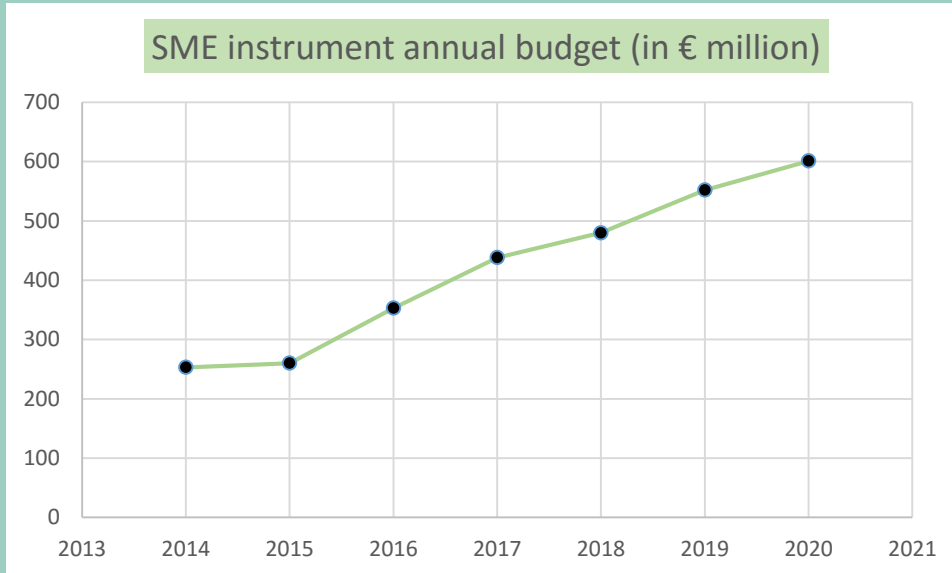
A lot of innovative products, services or technologies simply derive from looking at a situation from a different perspective when dealing with a problem. Agroil is doing precisely this. The

Thessalian company specializes in processing cooking oils and animal fats for biodiesel production. What's innovative about Agroil? Agroil prides a strong R&D department which, among others, helps the company expand and implement its strategies. Through partnerships with academic research institutions and close observation of EU sustainability policy and advances, Agroil has come to pioneer in Greece, in terms of adopting innovative product development processes for fuel production. As far as circularity in energy production, Agroil is paving the way in the



field of RES and specifically in implementing EC directive on biodiesel production from sustainable sources, which as of yet is not integrated in national legislation. Cooked oils is a key waste. Innovation here not only involves the perspective shift required to deal with waste as resources, but also in capitalizing on existing resources, for instance, legal developments and triggering by way of international partnership, innovation in regional and national contexts. SMEs should be aided to operate in an innovation-friendly ecosystem

The Agroil case drives a key point home, namely that private initiative can act as a bridge for the alignment of national and EU policies



Source: Horizon 2020 SME Instrument Impact Group

The “soft blending tool” is a “grant that later attracts private funding”. [...] only 4 years after the start of the SME Instrument, each €1 invested by the EU generated €1.6 of private investment.

INNOGROW POLICY BRIEFS INNOGROW POLICY BRIEFS

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