



MARCH 2019

ACTION PLAN

FOR RURAL SMES IN THESSALY,
IN THE FRAMEWORK OF THE
'INNOGROW' PROJECT



**HELLENIC REPUBLIC
REGION OF THESSALY**

INNOGROW 
Interreg Europe



European Union
European Regional
Development Fund

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1 General Information

INNOGROW Action plan
Project
'INNOGROW – Regional policies for innovation driven competitiveness and growth of rural SMEs'
Partner
Region of Thessaly
Stakeholders involved
N/A
Country
Greece
NUTS2 region
Thessaly
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2 Regional context for rural SMEs in Thessaly

The primary sector holds a central position in the composition in the economy of the region of Thessaly, as it covers about 35% of its GDP. The region's SMEs produce 58.6% of national livestock production, 18% of domestic sheep's milk and 16% of domestic goat's milk. However, the volume of production of beef, pork, cow and goat milk and meat is channelled for national consumption, hampering the internationalization of SMEs and access to foreign markets.

The competitiveness of agricultural and livestock production in Thessaly, based on European and global measurements, is low due to high competition from other countries with higher productivity, higher economies of scale and lower unit costs. The introduction of R&D innovation and results in the production process can lead to lower production costs, improved product quality and increased competitiveness of the primary sector; a challenge recognized by RIS3 in Thessaly.

Businesses in the food and beverage industry are the only ones among other industries in the region that have increased turnover between 2011/2012. However, as the market is highly fragmented, none of the companies in this sector holds a dominant position or can be considered a 'national champion'. According to Thessaly's RIS3, there seems to be no company that can act as a model company in terms of innovation. There is also a need to strengthen the competitiveness of regional businesses by better integrating key enabling technologies, in particular ICT. The region should place particular emphasis on supporting ICT in critical sectors of the economy, i.e. agriculture, food and beverages, to promote the non-technological innovation of rural economy SMEs (e.g. design, marketing).

3 Policy instrument addressed: ROP Thessaly 2014-2020

The development needs of the ROP of Thessaly regarding the objectives and actions of the project 'INNOGROW' are as follows:

1. Entrepreneurship / Competitiveness / Extraversion

The productive and business fabric of Thessaly is dominated by micro and small farms and businesses, with the presence of a few medium-sized and large enterprises in particular sectors as well as farms active in crop and livestock production, (which before the outbreak of the economic crisis and recession and financial downturn, were dynamic with modernized operation and some of them with extrovert productive activity). Most of these businesses have a low rate and pace of incorporation of innovation and research and technology outcomes and a very low level of ICT use. The aforementioned characteristics of the productive and business fabric of the Region of Thessaly, identify the individual needs, which refer to the following:

- Increasing the productivity and efficiency of the primary sector by modernizing and diversifying farms and using innovations in the production and commercial process.
- Modernizing the production and disposal of manufacturing products as well as operational and productive business interconnection to create positive external economies and economies of scale.
- Upgrade and expansion of services and tourist related services through the use of all natural and anthropogenic tourist resources of the Region and the interconnection / exploitation of primary products and manufacturing to tourism services / activities.
- Orientation of companies in foreign markets, adjusting their products accordingly and their organizational operational procedures.
- Creation / support and support for new innovative businesses in all sectors of the economy.
- Strengthening / training and widening the scope of intervention of support services to enterprises and producers of agricultural products.
- Creating conditions for easy, direct and low cost access to financial services.

2. Research / Innovation / Linking research to production

Given the particular importance of the contribution of research, technological development and innovation to the competitiveness of the economy and entrepreneurship, the need for strengthening the research and technological development and innovation sector in the Region of Thessaly is evident. This necessity is exacerbated, on the one hand, by the country's obligations under the E2020, on the one hand, because of the high return of funds invested in the sector, especially when it is linked to social and / or entrepreneurial activity. It focuses on this necessity, notably in linking research and technological development and innovation, with social services (mainly health) and with businesses, exploiting the results of research on the Region's productive base. The individual needs that should be covered to reduce inequalities and alleviate the disadvantages of the Region of Thessaly in this area are as follows:

- Supporting the development of research infrastructures (institutions and laboratories) of research and technology, aimed at achieving the objectives of smart specialization.

- Strengthening the extroversion of the Region's research system and networking with other research institutes in the Country and abroad.
- The containment and development of the research potential of the Region, as well as the attraction of researchers and the orientation of their engagement with the connection of research and technology with the enterprises.
- Strengthening the links between the research and business sectors with the cooperation and support of the regional administration

According to the results of the Smart Specialization Process (RIS3), the development strategy of the Region of Thessaly is built on horizontal and vertical priorities. The horizontal priorities are upgrading the institutional capacity of the regional innovation system and include: a) improved design capability and documented implementation, comprehensive and coherent regional strategy for innovation, provided with feedback loops, b) improving research strategy design capability from public academic and research organizations with a global and regional perspective; (c) developing capacity building evolution of technology, and risk factors in the external environment and their impact on the regional innovation system, and d) the establishment of governance system including monitoring and evaluation subsystem.

Within this framework, the main challenges that the Region of Thessaly will have to face are the following:

- Upgrading, maintaining and further exploiting human capital.
- Strengthening business-research links with the support of the regional administration.
- The "stimulated stimulation" of the absorption of knowledge, experimentation and entrepreneurial dynamism.

In these challenges, the academic / research sector will have a key role to play in transforming the regional economy, contributing to specialized areas and applied research at national level. This includes, inter alia, strengthening the interconnections of the academic sector with the regional economy, through technology transfer activities and knowledge exchange support from academia / research institutions to disseminate knowledge and innovations developed elsewhere to the benefit of the regional economy.

Vertical priorities concern two main pillars, around which three satellite and one emerging activities are being developed. The first pillar focusing on the regional innovation strategy is the agri-food cluster, ie the primary sector, first processing and the food sector - as a single intervention area. The fields of research, technological development and innovation in the heart of the first pillar are the following:

- Modernizing and improving regional added value through technology-driven innovation:
 - Developing new, competitive and certified agricultural and quality products.
 - Developing new, competitive and quality-certified products in food and drink by using input from the primary sector.
 - Using modern technologies and production systems to reduce inputs to the production process.
 - Reduction of production and distribution costs (including energy and transport).
 - Utilizing by-products of the primary sector by-products, including their use as an energy resource.

- Improving regional added value by adapting and using organizational and promotional innovations, including the use of ICT, enhancing uniqueness sources (eg PDO products) and linking the sector to "creative" tourism and upgrading human resources.
- Implementing innovative tools in the agro-food product chain to reduce the volume and toxicity of their waste and to further reduce their environmental footprint.

4 ROP objectives addressed by INNOGROW

The ROP of Thessaly covers 10 thematic objectives. The third objective focuses on the competitiveness of SMEs. More specifically:

Relevant thematic objectives	
03 - Improving the competitiveness of small and medium-sized enterprises and of the agricultural and fisheries and aquaculture sectors	
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and supporting the creation of new businesses, including through business incubators	<p>It has been noted that the Region's business sector has shrunk mainly due to the crisis and economic downturn, but also because of the low competitiveness of the Region's enterprises and the small integration of research and / or innovations.</p> <p>With the selection of this investment priority and in accordance with the directions of the Region's smart specialization strategy, the following are the objectives of the ROP of Thessaly:</p> <ul style="list-style-type: none"> • Utilization of new tools and support services by existing and new businesses in the Region to improve their productive activity and / or to develop new products, including ICT. • Utilization of local products, mainly through the establishment of new innovative enterprises, with the possibility of receiving support services. <ul style="list-style-type: none"> • • Operation of support services / mechanisms to provide specialized business services for innovation integration and extroversion.
3c - Support the creation and expansion of advanced capabilities to develop products and services.	The choice of this investment priority aims at addressing the low competitiveness of the Region's businesses by developing new competitive products and services in line with the RIS3 strategy guidelines.
3d - Support the capacity of SMEs to grow in regional, national and international markets, and participate in innovation processes.	There is a lack of innovative entrepreneurship in the Region. With the RIP interventions, in line with the RIS3 strategy guidelines. It aims at the exploitation of research and technology results by enterprises, in order to promote, in particular, the production / valorisation of products of local origin and the increase in exports of Thessaly.

4.1 Improving the ROP through INNOGROW

Thessaly SMEs face sustainability challenges, not only because of the financial crisis but also because of the low level of R&D results. To this end, the region of Thessaly recognizes the need to develop innovation support services so that SMEs can use new technologies and models to develop innovative products and access new markets. The WFP lacks such specific measures, which require improvement by the Managing Authority.

In particular, it has been observed through the experience gained from the 'INNOGROW' project that the development of innovation support services to enable SMEs to use new technologies and models for the development of innovative products and access to new markets can give a major impetus to the competitiveness of rural SMEs in the countryside. Incorporating the lessons learned from interregional cooperation, the Region of Thessaly aims to improve the ROP 2014-2020 through:

- New projects on innovation support services, both in terms of infrastructure (innovation support centers) and advisory services for SMEs in the rural economy.
- Management changes in the ROP of Thessaly, on how to efficiently allocate amounts between loans, guarantees and types of venture capital financing.

As a Managing Authority, the Region of Thessaly has the capacity to manage grants, to introduce new projects to be funded, to select the investment priorities to be covered and to develop funding procedures and selection criteria for beneficiaries.

5 Presentation of Actions

5.1 Action 1

Action 1	Innovation support services for rural SMEs
Expected outcome	
Establishment of a Regional Innovation Support Center	
Relevance to the project	
<p>The provision of business support services, usually in the form of advisory and technical assistance, is considered to be a key factor for the sustainable development of SMEs, allowing companies to increase their competitiveness and their ability to access new markets. The mission of the first interregional workshop of the INNOGROW project ("Innovation Support Centers" hosted by the FLA consortium partner in Lecco, Italy) was to contribute to the exchange of ideas and experiences on setting up innovation centers, as well as being inspired by successful business support programs.</p>	
<p>Business Support Centers cover a wide range of non-financial services such as:</p>	
<ul style="list-style-type: none"> • The provision of human resources training and development services • Support for the development of technology and products • The development of business links • Help with marketing (eg production of promotional and promotional materials) • The provision of infrastructure and market access services (eg access to expensive equipment) • Provide practical information on market opportunities and national legislation 	
<p>The Region perceived that the fragmented market in the food and beverage and tourism sectors, as well as the low competitiveness of the agri-food sector, could greatly benefit from the services of a Regional Innovation Support Center. The reason for this choice is that business innovation support services focus on co-operation, dissemination of knowledge and the mediation of advisory methods, including indirect support to SMEs in the form of business-tailored services (e.g. innovation management, management, participation in competitions), networking and collaborative actions (e.g., innovative collaborative networks). In short, Innovation Support Centers provide the following services and functions to SMEs:</p>	
<ul style="list-style-type: none"> • Dissemination / exchange of research finds and knowledge of innovation. • Training to enhance the capacity of SMEs to manage technology and innovation. • Encourage participation in research projects and facilitate access to funding through European and national programs. • Strengthening SMEs' research and innovation capacities, contributing to the creation of synergies with other research bodies and promoting technological cooperation. • Provide practical information on market opportunities / tenders and national legislation. • Business planning consultancy, including drafting business plans for all business activities, including research, sales, marketing and human resources. • Promoting internationalization by enabling SMEs to access new markets and expand their customer base. 	
<p>The Region has been inspired by two cases that have been made known through the 'INNOGROW' project. The first is the case of 'INNOVA BIC', which aims to promote sustainable economic growth and employment in the rural areas of Messina province. The second case concerns Business</p>	

Innovation Center Plzen, which supports quality and innovation and technology transfer to economic practice in the Pilsen region, focusing on new or enhanced technologies that could be applied in agriculture and industry (the largest economic sectors in the region that operates the center).

Both Centers set out the possibilities that such a center could play for the Region of Thessaly. For example, over the past 22 years, INNOVA BIC has created an impressive history of innovation services, making a significant contribution to the regional economy: (a) providing non-financial support to more than 200 companies (including innovation management, new product development, new markets, introduction of new production technologies and new business models); (b) mobilizing investment of some EUR 300 million for sustainable production; and (c) providing training of more than 15,000 hours in innovative technologies in rural SMEs. Finally, INNOVA BIC is a member of the European BIC Network (EBN), an EU-supported network of more than 250 European Business Innovation Centers involved in the selection and support of innovative businesses with high growth potential.

Description of the Action

The implementation of the Action consists of two sub-actions:

- Sub-Action 1 (1.1): Development and operation of innovation support centers for rural economy SMEs focusing on:
 - Providing support for the costs and use of patents for innovative products and innovative production processes to assess the commercial potential of new products.
 - Providing support to rural economy SMEs to develop business plans for new diversified products for access to new markets.
- The aim is to create synergies with the whole ecosystem of rural SMEs in the region, as well as with interregional (e.g. between SMEs, clusters, cooperatives, universities, chambers of commerce, etc.).
- Sub-Action 2 (1.2): Training of staff who will manage the Center. To this end, the Region will train (and will regularly retrain) the relevant staff.

Stakeholders involved

Indicatively, the stakeholders in the Action will be (in a consultation process):

- Region of Thessaly
- Decentralized Management of ROP Thessaly - Sterea Hellas
- Special Management Service of the Rural Development Program of the Ministry of Rural Development and Food
- University of Thessaly (Unit of Innovation and Entrepreneurship of the University of Thessaly (MOKKE))
- Technological Educational Institute of Thessaly (Innovation and Entrepreneurship Unit of TEI of Larissa (MKE))
- CERTH
- Institute of Research and Technology of Thessaly
- EBETAM
- ELGO Demeter
- GSRT Association of Thessalian Businesses and Industries
- Association of Thessalian Industries of Thessaly & Central Greece
- Economic Chamber of Greece Department of Thessaly
- Federation of Livestock Associations and Livestock Farmers of the Region of Thessaly

<ul style="list-style-type: none"> • Development Companies of Thessaly
Timeframe
2019 - 2023
Indicative costs
N/A
Indicative funding sources
ROP Thessaly 2014-2020

5.2 Action 2

Action 2	Developing criteria and mechanisms for monitoring competitiveness and innovation in future calls from the Regional Operational Program of Thessaly
Expected outcome	
Introduce criteria and mechanisms for monitoring competitiveness and innovation in future calls from the Regional Operational Program of Thessaly	
Relevance to the project	
<p>The Region of Thessaly has strong scientific expertise in the field of research. Its research potential is concentrated mainly in the two Institutions of Higher Education (University and TEI of Thessaly), which contributed over the last decade to the overwhelming part of the research effort (85% of Equivalent Full-time Researchers and 69% of total R & percentage of GDP). The research potential of the Region includes a) the Institute of Research and Technology of Thessaly (IETEHT), which supports the research field of agro-technology, among others, and b) the departments of the Hellenic Agricultural Organization "Dimitra".</p> <p>Despite the R&D dynamics shown by the Region, only 10% of businesses have reported research that R&D has even indirectly led to the development of a new product, which can be attributed to incorrect research-based targeting, and probably due to a lack of knowledge and experience in exploiting the results of research. The general picture is that the ability to incorporate new ideas and innovations, even to the most dynamic enterprises of the agri-food complex in Thessaly, is limited.</p> <p>This is why the Region has benefited greatly from the 'study visit' under the project 'INNOGROW' in Lombardy, Italy, where project partners have been introduced into the daily life of SMEs investing in the restructuring of the business model by introducing technology-driven innovations. The visit explored a series of case studies on investments in technology by rural SMEs and provided useful policy recommendations to promote rural business environments that foster technological innovation.</p> <p>In this context, the Region, in view of Lombardy's good practices and the implications of the introduction of ICT innovations in SMEs in the countryside of Italy, considered that criteria and mechanisms for monitoring competitiveness and innovation should be developed in future calls for the Thessaly ROP especially for rural SMEs.</p>	
Description of the Action	
<p>The action includes three sub-actions:</p> <ul style="list-style-type: none"> • Sub-Action 1 (2.1): Development of eligibility criteria for beneficiary enterprises • Sub-Action 2 (2.2): Developing Business Evaluation Criteria • Sub-Action 3 (2.3): Develop indicators to monitor the selected businesses. 	

<ul style="list-style-type: none"> • Sub-Action 3 (2.3): Develop indicators to monitor the selected businesses. <p>The development of these Actions can be found in the Annex.</p>
Stakeholders involved (initial phase)
<ul style="list-style-type: none"> • Region of Thessaly • ROP of Thessaly Management Authority 2014-2020
Timeframe
2019 – 2023
Indicative costs
N/A
Indicative funding sources
N/A

Date: 18.10.2019

Signature: _____



Stamp of the organisation (if available): _____

6 Annex

The Annex details the indicative (a) business eligibility criteria, (b) business evaluation criteria, and (c) indicators to monitor the competitiveness and innovation of business processes.

A. Eligibility criteria (indicative)

A. Eligibility criteria	
Businesses should:	Be active in the Greek territory.
	Being active in areas related exclusively to the countryside.
	Be an SME business.
	To operate legally with the appropriate licensing document.
	To operate exclusively with one of the forms of corporate / commercial business.
	Do not be in bankruptcy, liquidation or forced management.
	Not to the detriment of recovery of state aid following a European Commission decision declaring an aid illegal and incompatible with the internal market.
	Commit to the fact that the costs included in this application for funding have not been funded by other national or Community resources.
	There are no grounds for excluding Article 40 of Law 4488/2017.
	Submit a single application for funding per VAT number in this action.

B. Evaluation Criteria (indicative / preliminary)

#	Criterion	A/A	Evaluation	Description	Weighting factor (%)	Grading (0-100)
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1	Innovation	1.1	The company's experience is evaluated and graded.	Research and Innovation costs account for at least 5% of its total operating costs in at least one of the three years preceding the enterprise's application for funding or in the case of a business (and in particular a start-up company) without any economic history, according to its current financial statements.	15%	YES	100
						NO	0
		1.2	The Company's ability to capitalize on its results is assessed and graded	The enterprise has registered at least one technology right (such as patent, utility model, design right, semiconductor topography, supplementary protection certificate for medical products or other products for which this additional protection certificate, plant breeding certificate , or copyright on software).	8%	YES	100
						NO	0
		1.3	The company's ability to undertake a risk that it cannot otherwise perform is assessed and graded	The business is seeking a financial risk investment on the basis of a business plan drawn up in view of the introduction of a new product or geographic market over the past 5 years.	9%	YES	100
						NO	0
		1.4	The company's ability to invest in human capital is assessed and graded	The enterprise has incurred expenditure related to the training / retraining of staff in R & D areas.	7%	YES	100
						NO	0

		1.5	The initial participation in collective innovation actions is evaluated and graded	The company has participated as a member of innovation ecosystems, clusters, and similar initiatives.	6%	YES	100
						NO	0
2	Participation in collective actions or quality systems	2.1	Initial participation in collective actions (such as producer groups or organizations) is assessed and graded	Participation in Producer Groups or Organizations	6%	YES	100
						NO	0
3	Area features	3.1	The characteristics of the headquarters of the company (mountainous and insularity)	Islands with a population of up to 3,000 inhabitants or Islands belonging to non-insular regions or areas classified as mountainous according to Directive 75/268 / EEC or a combination thereof	8%	YES	100
						NO	0
		3.2	The characteristics of the site of permanent residence of the enterprise (population) are evaluated	Local or Municipal Communities with a population of up to 2,500 inhabitants	5%	100	
		Municipal or Local Communities with a population of 2,501 to 5,000 inhabitants	50				
4	Business plan approach	4.1	The contribution of the business plan to the 2014-20-20 RDP target for the production of quality products is assessed	The business plan contributes to the production of quality organic production or integrated management products if it concerns a percentage of the holding's production capacity (expressed as final standard yield) of at least 40% or more of the total holding	8%	YES	100
						NO	0
		4.2	Assess the contribution of the business plan to priority areas of the RDP 2014-20	The business plan mainly contributes to the sheep and goat sector where a percentage of the production capacity of	8%	100	

			<p>the holding (expressed as final standard yield) of at least 50% or more of the total holding comes from this sector</p>			
			<p>The business plan primarily contributes to the cultivation of fruit and vegetables if a percentage of the production capacity of the holding (expressed as the final standard yield) of at least 50% or more of the total holding comes from this sector.</p>			80
			<p>The business plan primarily contributes to the production of feed if a percentage of the production capacity of the holding (expressed as the final standard yield) of at least 50% or more of the total holding comes from this sector.</p>			80
			<p>The business plan primarily contributes to the cultivation of plants resistant to climate change if a percentage of the holding's production capacity (expressed as a final standard yield) of at least 50% or more of the total farm comes from this sector.</p>			80
	4.3	The contribution of the business plan to the objectives and priority areas of the Strategies of the Region of Thessaly is evaluated and graded	The business plan contributes to the production of quality PDO / PGI or organic production or integrated management products if it relates to a percentage of the productive capacity of the holding expressed as a typical yield) which is at least equal to or exceeds 30% of the total holding	2%	YES	100
					NO	0

	4.4	The contribution of the business plan to the objectives and priority areas of the Strategies of the Region of Thessaly is evaluated and graded	The business plan primarily contributes to the ANIMAL PRODUCTION (milkmeat) sector if a percentage of the holding's production capacity (expressed as final standard yield) of at least 50% or more of the total holding comes from these sectors.	18%	100
			The business plan primarily contributes to the cultivation of GREATER PLANTS (Grain - Cotton - leguminous crops - leguminous crops, etc.), provided that the production capacity of the holding (expressed as final standard yield) is at least equal to or exceeds 50% on the whole farm comes from these sectors.		100%
			The business plan mainly contributes to the following areas: CROPS (FRESHWATER) - VEGETABLES - VEGETABLES) or VINE VESSEL, provided that the production capacity of the holding (expressed as final standard yield) is at least equal to or exceeds 50 % of the total farm comes from these sectors.		100
			The business plan primarily contributes to the cultivation of Crops and / or Crops if the holding's productive capacity (expressed as final standard yield) of at least 50% or more of the holding is derived from these sectors		95

				The business plan contributes primarily to the following sectors: BELLISSOCHEM and / or AROMATIC AND / OR PHARMACEUTICAL PLANTS and / OR BIOLOGICAL FOOD AND / OR TRADITIONAL PRODUCTS if the production capacity of the holding (expressed as final standard yield) is at least equal to or more than 50% of the total farm comes from these sectors.		95
ΕΛΑΧΙΣΤΗ ΒΑΘΜΟΛΟΓΙΑ ΠΟΥ ΟΦΕΙΛΕΙ ΝΑ ΣΥΓΚΕΝΤΡΩΣΕΙ Ο ΕΝ ΔΥΝΑΜΕΙ ΔΙΚΑΙΟΥΧΟΣ (% της μέγιστης βαθμολογίας) [ΒΑΘΜΟΛΟΓΙΑ = ΒΑΡΥΤΗΤΑ Χ ΜΟΡΙΟΔΟΤΗΣΗ]						45

Maximum grade (Grade X Weighting factor)	Minimum grade (Grade X Weighting factor)	Threshold = % of maximum grade
100	45	45%

C. Monitoring mechanism with indicators (indicative)

Indicator	Measurement unit	Target
Number of rural SMEs receiving support	Business (absolute number)	75
Creating new jobs	EME	50
Personnel re-training	Employees (absolute number)	100
R & D partnerships	Collaborations (absolute number)	50
Investing in innovative technologies / products / processes	Percentage of grant (percentage)	80%

New patents	Patents	5
Introduction of innovations in the business model of business	New / Modified Models (Absolute Number)	20

