

Coordination Committee Focus Group Knowledge Transfer & Innovation

Executive Summary of Phase 2 Report on EIP Operational Groups
October 2013

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Introduction

The objective of the ENRD Focus Group on 'knowledge transfer and innovation' (FG) is to look into current rural development practices in order to provide recommendations for improving the future generation of Rural Development Programmes (2014-2020). From June to December 2012, the FG looked into how Member States have been supporting knowledge transfer and innovation (KT&I) through the European Agricultural Fund for Rural Development (EAFRD)¹. The second phase of the FG analytical work focused on the collection and comprehensive analysis of study material on actors involved in innovation, in view of learning how to best support EIP Operational Groups and innovation brokering activities under the rural development programmes and in the context of the new EIP². Building on the experiences and study material provided by the FG members, the strand of investigation on EIP Operational Groups aimed at:

- identifying current examples of multi-actor projects which demonstrate features similar to the future Operational Groups;
- capturing and illustrating possible pitfalls and good practices from current experiences of implementing multi-actor projects;
- extracting lessons learnt that are relevant for the successful operation of the future EIP Operational Groups.

1 The reports presenting the findings of the Phase 1 & 2 of Focus Group on Knowledge Transfer & Innovation are available on the ENRD website: http://enrd.ec.europa.eu/themes/research-and-innovation-gateway-development/en/research-and-innovation-gateway-development_en.cfm

2 <http://ec.europa.eu/agriculture/eip/>



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In order to provide practical recommendations that have the potential to contribute to successful Operational Groups, the FG conducted a screening of the case studies collected during the first phase of its analytical work³. Emphasis was placed on the case studies that described multi-actor projects with features that were similar to those of the future Operational Groups, or included relevant messages. 28 initiatives were deemed to be relevant. A full list of the screened case studies can be found in Annex I of the FG Report on EIP Operational Groups. A face-to-face meeting of the FG members was also held, where the initial findings and recommendations were further distilled and articulated.



The EIP Operational Groups

The draft guidelines on programming for innovation and the implementation of the EIP⁴ emphasize on a number of key points for framing the function of the EIP Operational Groups:

- Operational Groups will form themselves around a certain (practical) problem or opportunity that may lead to innovation in the agricultural sector;
- Following the interactive innovation model, an Operational Group may involve various interested actors as relevant for the concrete objective of the OG project, such as farmers, researchers, advisors, NGOs and businesses involved in the agriculture and food sector, and apply a participatory approach;
- The Operational Group should draw up a plan, describing their innovative project to be developed, tested, adapted or implemented and the expected results of the project;
- Operational Groups will be required to disseminate the results of their project and they will have the possibility to connect with other Operational Groups, through the EIP network.
- In order to ensure transparency in their operation and avoid situations of conflict of interest, Operational Groups will also be required to establish internal procedures.

The establishment and operation of Operational Groups may be supported under the co-operation measure of rural development programmes 2014–2020.

³ http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=B16C6E54-95D9-07B8-6EC1-4CA9D6E42519

⁴ http://ec.europa.eu/agriculture/eip/pdf/draft-eip-guidelines_en.pdf

Recommendations towards successful Operational Groups

The analysis of the examined multi-actor projects and the outputs of the FG meetings indicated a number of recommendations and key points on how to best support EIP Operational Groups.



1 Public Administration's support to Operational Groups

Recommendations for Ministries, Managing Authorities, Regional and local Authorities:

- **Clearly point out what innovators may expect from Public Authorities in innovation processes. This will build trust in the innovation policy.**
- **Ensure a flexible framework for the Operational Group projects to develop, including: low administrative burden, risk tolerance, freedom in defining their project objectives and innovation process, simplicity in funding options, wide range of eligible costs etc.**
- **Provide a clear and simple set of financial indicators for monitoring the innovation process.**

Lessons learnt:

In all innovation policies, the Public Administration is considered a key-player. The case studies examined clearly highlighted that the good collaboration of Public Administration and OGs is highly relevant. Creating enabling conditions for innovations is one of the crucial roles that the public administration will be called to perform.

17 cases insisted on a wide range of specific points to be considered in program design for innovation. Among the points are included: simple policy regulations specifically for small enterprises, flexibility in time, risk tolerance, simplicity in funding options, access for private business partners to funding for innovation, clear and simple indicators for monitoring etc.

Funding issues were raised in a number of case studies. These suggestions appear to be in line with the legal proposals for the next programming period rural development regulation. The case studies highlighted the need to provide for the costs of facilitation of projects and on-farm experimentation, allow for private sector participation (as it may help marketing the innovation), fund the involvement and training of advisers in innovation processes and also allow broad access to funds for farmers, advisers, researchers as well as innovation brokers who cooperate in a project. The Focus Group summarised these issues as 'light' funding rules.



2 Encouraging diversity in the Operational Groups

Lessons learnt:

Recommendations for Managing Authorities, regional networks, innovation brokers and emerging Operational Groups:

- » **Bring together a range of different actors within the Operational Groups.** Public Administration could also become partner in an operational group in cases where their input is useful for the objectives of the project, e.g. if current or future legislative requirements are involved.
- » **Cross-fertilisation of different types of knowledge helps breaking out of old views.** OGs could engage partners from different regions or from sectors not only relevant to agriculture.
- » **Encourage freedom in enabling dialogue among the partners.**

Operational Groups' effectiveness will strongly rely on co-operation, sharing of knowledge and the creation of new ideas via cross-fertilisation between actors. In case where their input is useful for the objectives of the project, also public authorities could consider membership of an operational group.

Case studies from Finland and France indicated that development efforts throughout the value chain can be a fast and cost effective way of achieving results. Operational Groups may have a strong component of farmers and private industry and a business-oriented approach. According to a case study from France, the combination of different types of knowledge from the 4 actors involved was a success factor. In this case, the combined conceptual vision of the researcher, the knowledge of the technician on the family business structure, the contribution of the chamber of agriculture in facilitating the exchanges between the different actors involved and the experience of the farmer on the operational exploitation of the business led to a successful result.



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3 Building partnership in Operational Groups

Recommendations for emerging Operational Groups, innovation brokers and Managing Authorities:

- » **Decide together on clear and concrete objectives before starting the project.**
- » **Allow for time to build the objectives together and to mature. Do not force a working model, as each partner should be happy with his/her role and position.**
- » **Together, partners are the owners of the process. Ask partners for private and personal investment in the process. This would decrease fear of free riders in the operational group and hence help building trust.**
- » **Ensure a good exchange of information and sharing of experiences between all partners. Help overcoming “language” barriers (e.g. between farmers and researchers or specialists).**
- » **Consider farmers also as sources of knowledge and reward them as such.**

4 Acknowledge the importance of brokers and project leadership

Recommendations for emerging Operational Groups, Managing Authorities, and National or Regional Authorities:

- » **Accept that an outsider broker (external institute or network) can foster the emergence of innovation. Involve them.**
- » **Provide innovation brokers with a clear mandate and means.**
- » **Ensure clear group leadership throughout the project’s lifetime. One of the members of the project could be entrusted the leadership and coordination of the project in order to ensure its smooth implementation.**
- » **Set up networks for innovation brokers and maintain them for a minimum of 4 to 5 years.**

Lessons learnt:

Many cases recognise the importance of building a partnership that is based on trust. Very often at the early stages of the process, competition can hamper co-operation. This is mainly related to the initial lack of trust among the partners. Sometimes this is also generated by lack of mutual understanding and use of “different languages” (e.g. between farmers and researchers). Mistrust from farmers may be alleviated by a good project plan with an ex-ante assessment of the expected technical and financial advantages and constraints of the novelty. Objectives have to be clear and concrete. A key factor for building trust among the members of the partnership is to promote the exchange of information among the partners so that they can better understand the work of each other. A case study from Belgium emphasised that a significant starting period is required in order to get acquainted, gain trust and really get operational.

Agri-food cooperatives are considered as an important player for encouraging diversity. Cooperatives could help to connect research with farmers as well as work on transfer of research results, best practices and on dissemination activities.

Lessons learnt:

The role of innovation brokers appears to be very important not only to support partners in finding each other and creating the partnership. At the beginning of a co-operation project in the Czech Republic the farmers of the co-operative were sceptical about what researchers could offer. The language was different and seemingly far from their practical needs. The problem was overcome as practical solutions were made available by the research institute that became highly appreciated by the farmers. As a result a fruitful collaboration gradually developed. An example from Spain remarked the significance of advisory services for knowledge transfer. The advisors have gained credibility and trust among farmers, as they know the local conditions and they also are independent. As a precondition to the above, a clear mandate will be required for the innovation brokers.

The FG also reflected on the leadership of OGs. The leadership role could be entrusted to an active member of the group in case this person has the right qualities and mandate and he/she could as well act as facilitator during the whole lifetime of the operational group.

The analysis also pointed out the need to establish networks for innovation brokers so that they can keep up with knowledge developments and exchange knowledge within a broader network. The funding of such networks should be maintained for a longer period of at least 4–5 years, in order to have an initial period to get informed and then still have time to offer their services. National authorities (also through EIP Networks and National Rural Networks) could support the setting-up of such networks.

5 Supporting transnational / trans-regional Operational Groups

Recommendations for emerging Operational Groups, innovation brokers, Managing Authorities, Regional Authorities and Ministries:

- » **Overcome competitiveness and mistrust by emphasising the common problems and expected benefits.**
- » **Provide support for overcoming barriers such as language issues.**
- » **Align national policies (e.g. green energy pricing).**
- » **Consider involving SMEs in order to take advantage of possibilities for funding inter-regional co-operation initiatives under INTERREG.**

Lessons learnt:

The implementation of co-operation projects that engage partners from different regions of Member States appear to encounter additional constraints such as language issues, different legislative and funding frameworks. In Hungary, co-operation with partners from other Member States on innovation in renewable energy production was restrained by huge differences of the prices paid for the green energy produced in each Member State.

The Focus Group had the opportunity to reflect about cross-border type of co-operation for EIP Operational Groups and possible interactions with INTERREG. In particular discussions highlighted the possibility for operational groups to access INTERREG funds for establishing cross-regional cooperation projects through including SMEs in the partnership.

6 Incentives for bringing together actors around topics of public interest

Recommendations for Managing Authorities, Regional Authorities, rural networks involved in innovation, emerging Operational Groups, LAGs:

- » **Creating an Operational Group around a topic of public interest (e.g. environmental concerns in a specific territory) can be very relevant. It can build on existing social capital or economic relations in addition to specific territorial aspects.**
- » **Regional and local authorities may be inventive in setting-up regional/local initiatives with groups of farmers for the provision of public goods.**
- » **Challenge LAGs to play more innovative roles, especially in issues of public interest and local development models.**

Lessons learnt:

Several examples offered useful insights on Operational Groups that are organised at territorial level with a specific focus on public or environmental challenges. In rural development policy this may be highly relevant in addition to many more technologically oriented Operational Groups. A project from Ireland highlighted that clustering regional or local actors makes sense in achieving public aims. The case study from Belgium concerning agro - environmental co-operatives stresses the need for regional contracts between regional authorities with groups of farmers for the provision of public goods. This option for rewarding collective approaches is already foreseen in the future RDPs.

LAGs or future CLLD-groups –as spatially organised actors– could also play a role in the spatial clustering of various actors and stakeholders. In Sweden a LAG had an important role in fostering the co-operation between stakeholders and in preparing a business plan. Innovation brokering activities of this type by LAGs could be developed, as is shown by the initiative of another LAG promoting local food in Scotland. That LAG had given constructive feed-back on a proposal, ensuring a genuine paradigm change towards truly innovative applications in the food network. This illustrates a possible role for LAGs to support a genuine paradigm shift towards a grass -roots economic development model.



7 Continuity of the innovation after the funding period

Recommendations for Operational Groups, innovation brokers, Managing Authorities and Public Authorities:

- » **Take into account the market opportunities or demand potential of the novelty already in the project plans, and be ready to follow and adapt to future changes. For example, involve customers in the OG in order to assess the market potential of the innovation.**
- » **Invest in self-sustaining solutions (e.g. market creation) if the idea is to become a real innovation (i.e. much applied).**
- » **Public Authorities and MAs should realize that not all innovations will be paid by the customer market. Some innovations (e.g. providing for public goods and services) may need other type of incentives.**

Lessons learnt:

The continuation of the innovation process after the funding period will determine the successfulness of the operational group. Market creation is often overlooked but may be part of the work of innovation brokers preparing a project plan. Innovation of commercialising the innovation should be done simultaneously with the product innovation. MAs and public authorities could facilitate the provision of market information and trends to OGs.

The Focus Group also asks attention from Public Authorities that some innovations do serve the provision of public goods and services, which are not paid for by the market. Hence such innovations will require longer term public funding or other incentives for application.



8 Dissemination of results versus private interests

Recommendations for Ministries and Managing Authorities:

- » **Conciliate the interests of partners investing in the projects, and those who can benefit most from the innovation. Consider different approaches that take into account the specificity of the innovation and the general public interest.**
- » **Where applicable, clarify intellectual property rights issues before starting the project.**

Lessons learnt:

The FG put forward the question as to how feasible it would be to demand private partners to disseminate information while they have invested in the innovation project, and when intellectual property rights comes in play. A general principle emerged during the FG discussions is that 'the higher the public investment share, the stronger the rationale for disseminating the results'. When publishing innovation results is felt as an insurmountable obstacle, the companies can consider apply for support dedicated to SMEs, which has a lower funding rate but is less demanding on publishing the results of the innovative project.



9 Smart selection criteria for assessing Operational Groups' proposals

Recommendations for Management Authorities and National Authorities:

- » **Establish effective criteria that will help selecting the most promising project proposals among those that are considered eligible.**
- » **Establish as far as possible common rules at national level to ensure equity of treatment amongst OGs and co-operation possibilities between different regions, ensuring the quality required for achieving the envisaged objectives.**
- » **Consider face-to-face interviews in supporting the assessment of project proposals.**
- » **Consider the importance of the “multi-actor approach”.**

Lessons learnt:

Expectations are high where innovation is concerned. Innovation actors are likely to seek opportunities to cover the costs of their operations through RDP funds. The FG considered that clear selection criteria should serve two goals: i) they should help to concentrate the available funds towards the most promising proposals; ii) they should help to ensure the quality of Operational Groups, thus increasing their chances for achieving their goals.

It may be useful for Authorities to publish calls that leave the specification of the themes to the applicants. Selection criteria could emphasize the targeted composition of the operational group. Furthermore, the selection might take into account how the project objectives are targeted to problems and / or opportunities.

