



ENRD Coordination Committee
Focus Group on
Knowledge Transfer & Innovation

EIP Operational Groups

*Lessons and recommendations from the
2007-2013 Rural Development Programmes*

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List of acronyms

CAP	Common Agricultural Policy
EAFRD	European Agricultural Fund for Rural Development
EIP-AGRI	European Innovation Partnership for Agricultural Productivity & Sustainability
ENRD	European Network for Rural Development
EC	European Commission
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FG	Focus Group
INTERREG	Community initiative which aims to stimulate interregional cooperation
KT&I	Knowledge Transfer & Innovation
LAG	Local Action Group
LEADER	Liaison Entre Actions de Développement de l'Économie Rurale
MA	Managing Authority
NGO	Non Governmental Organisation
MS	Member State
NRNs	National Rural Networks
RD	Rural Development
RDP(s)	Rural Development Programme(s)
R&D	Research and Development
SME	Small Medium Enterprise
TNC	Transnational Co-operation

1. Introduction

The reports “**Recommendations for EIP Operational Groups**” and “**Successful Innovation Brokerage¹**” present the findings of the second working phase of the Focus Group (FG) on Knowledge Transfer & Innovation, (February to June 2013).

The FG was established in June 2012 under the Coordination Committee of the European Network for Rural Development (ENRD). Its objective is to look into current rural development practices in order to draw lessons for improving the future generation of RDPs (2014-2020). During the first phase of the FG activities that were concluded in December 2012, the investigation focused on how the Member States have been supporting Knowledge Transfer and Innovation through the European Agricultural Fund for Rural Development (EAFRD). The evidence gathered by the FG from relevant practices across the EU contributed to identify a series of possible intervention areas and practical suggestions for current and future RDPs. The outcomes of this investigation are summarized in the **Focus Group’s Phase 1 Report²**.

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 in the context of the new EIP-AGRI. Building on the evidence and experiences collected during Phase one, as well as on additional information and study material provided by the FG members, the analytical work aimed at providing practical recommendations through:

- identifying current examples of multi-actor projects that demonstrate features similar to the future Operational Groups; collecting study material on innovation support activities which may contribute to the understanding of the innovation brokering process;
- capturing and illustrating possible pitfalls and good practices from current experiences of implementing multi-actor projects and providing an insight of the different steps of the innovation brokering process;
- extracting lessons learnt relevant for the successful operation of the future EIP-AGRI Operational Groups and identifying criticalities and main factors for successful innovation brokerage.

The report on **Recommendations for EIP-AGRI Operational Groups** introduces a synopsis of the legislative framework for rural development policy for 2014-2020 most relevant to the EIP-AGRI operational groups based on the Commission proposal³ (section 2). It then sets the methodological basis for the work of the group and summarises the findings of a screening of the phase 1 case studies in terms of entailing features of Operational Groups (section 3). Finally, lessons learnt and some practical recommendations are provided which can inform the successful operation of the future Operational Groups (section 4).

¹ The report on *Successful Innovation Brokerage* is 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 KT&I Focus Group Phase 1 Report: http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=B16BBB7D-ACD0-6C6C-2AAE-94E5AD789E16

³ Proposal for a Regulation of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development, November 2011 – [COM\(2011\) 672 final/2](http://ec.europa.eu/agriculture/policies/2014-2020/com2011_672_final2_en.pdf)

2. Background information

According to the European Commission's press release on Innovation Partnerships⁴, the major challenge for agriculture in the future is to ensure food security. As the global food demand is forecasted to increase by 70% by 2050 (FAO)⁵, agriculture is required to increase its productivity while at the same time confronting a slow down in productivity growth. This slow down is partly due to a reduction in investment in agricultural research and the increased pressure on the environment and natural resources. Thus the key challenge for agriculture is not only to produce more, but also to do this in a sustainable manner.

In response to the above and in alignment with the EU 2020 strategy⁶, the legal proposal for the new rural development regulation⁷ includes the European Innovation Partnership on Agricultural Productivity and Sustainability⁸. The EIP aims to foster a competitive and sustainable agriculture and forestry that "achieves more from less" and works in harmony with the environment. This will be achieved by bridging the gap between farming practice and science. The EIP adheres to the "interactive innovation model" which focuses on forming partnerships - using bottom-up approaches where farmers, advisors, researchers, businesses, and other actors work together in Operational Groups. This will generate new insights and ideas and mould existing tacit knowledge into focused solutions that are quicker put into practice. Innovation under the EIP may be technological, non-technological, organisational or social, and based on new or traditional practices. The operational objective is to apply the interactive multi-actor model of knowledge exchange in concrete actions producing end-user-focused solutions or developing new opportunities. In interactive innovation, building blocks for innovations are expected to come not only from science, but also from practice and intermediaries, including farmers, advisory services, NGOs, researchers, etc. as actors in a bottom-up process. Existing and sometimes even tacit knowledge which is not always purely scientific is also part of the interactive innovation.

2.1 The EIP operational groups

Operational Groups (OGs) are a pivotal element of the EIP according to the legal proposal on support for rural development after 2013. The EIP aims at a flexible and open system for the creation of a multiplicity of Operational Groups. The EIP operational groups will capture ideas from interested actors and set up of innovation projects. They will build themselves around a concrete innovation project targeted towards finding a solution for a specific issue while not necessarily being bound to a specific territory or an upfront fixed strategy. It is envisaged that these groups will be created from the bottom-up by interested actors who wish to work together – farmers, scientists, farm advisers, enterprises or whoever. Significantly, there are no obligations in the EU rules as regards the composition, functioning or themes covered by the groups as highlighted in the EIP reference documentation⁹.

⁴ http://europa.eu/rapid/press-release_IP-12-196_en.htm?locale=en

⁵ http://www.fao.org/fileadmin/templates/wsfs/docs/Issues_papers/HLEF2050_Global_Agriculture.pdf

⁶ http://ec.europa.eu/europe2020/index_en.htm

⁷ http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627_en.pdf

⁸ <http://ec.europa.eu/agriculture/eip/>

⁹ http://europa.eu/rapid/press-release_MEMO-12-147_en.htm?locale=en

The draft guidelines on programming for innovation and the implementation of the EIP¹⁰ emphasize on a number of key points for framing the function to the EIP Operational Groups:

- ✓ Operational Groups will be set up in order to tackle a certain (practical) problem or opportunity that may lead to innovation in the agricultural sector.
- ✓ following the interactive innovation model, the operational groups shall be set up and include interested actors such as farmers, researchers, advisors, NGOs and businesses involved in the agriculture and food sector, through a participatory approach on the part of stakeholders.
- ✓ The Operational Groups will draw up a plan, describing the innovative project to be developed, tested, adapted or implemented and the expected results of the project.
- ✓ Disseminating the results of their project and having the possibility to connect with other Operational Groups on similar topics, in particular through the EIP network, is another element of the EIP Operational Groups.
- ✓ In order to ensure transparency in their operation and avoid situations of conflict of interest, Operational Groups will be required to establish internal procedures.

The focus of Operational Groups will be on issues related to the agriculture and forest value chain, while involving the appropriate actors in view of the particular subject of each operational group project. Operational Groups will be active on testing out new ideas, implementing pilot projects which adapt existing techniques/practices to new geographical / environmental contexts.

Some possible areas for EIP innovation actions are listed below. This list is not at all exhaustive, as operational group actions will grow bottom-up where certain actors find a common interest to work together.

1. primary production, towards providing technical solutions to increasing productivity and economic viability;
2. resource management, including eco-system services, soil functionality, water management, and genetic resources (“public goods”);
3. bio-economy, promoting innovative technology for the bio-based economy bio-refinery; new products; reduction of post harvest loss;
4. supply chain, offering integrated supply chain solutions; new services; logistics, and management systems;
5. quality and consumers, ensuring food quality, food safety, and healthy lifestyles (consumer information and consumer choice).

The EIP network is set up in order to network Operational Groups, but it will also contribute in connecting Operational Groups under rural development with Horizon 2020¹¹ research consortia on specific topics. Also, mixed practice experimentation groups or pilots projects under Horizon 2020 may provide innovative project ideas to Operational Groups.

In the framework of the Rural Development policy, the projects/actions of Operational Groups may use funding from the national/regional rural development programmes, possibly also by combining various measures favourable to innovation. Indicatively and not exhaustively, innovation projects implemented by Operational Groups may be supported by a single or any combination of the

¹⁰ http://ec.europa.eu/agriculture/eip/pdf/draft-eip-guidelines_en.pdf

¹¹ http://ec.europa.eu/research/horizon2020/index_en.cfm

following or possibly other measures (N.B.: the number of articles mentioned refers to the Commission proposal and is likely to change in the final version of the regulation):

- Article 36, co-operation measure (see below);
- Article 15, knowledge transfer and information actions;
- Article 16, advisory services;
- Article 18, investments in physical assets;
- Article 20, farm and business development;
- Article 27, investments in new forestry technologies and in processing and marketing of forest products;
- Other measures supporting the type of operations carried out by the Operational Groups.

The establishment and operation of Operational Groups of the EIP will be supported under the co-operation measure of the rural development regulation. According to the Commission proposal, the maximum contribution from the EAFRD under the co-operation measure can be up to 80%. When implementing a business plan or an environmental plan or a forest management plan or equivalent, support under the co-operation measure may cover through a "global amount" both the costs of co-operation and the costs of the projects implemented. Alternatively, support under Article 36 may cover only the costs of the co-operation while the project implementation costs may be covered by funds from other rural development measures, from national funds or from other Union Funds.

Operations of EIP Operational Groups can also benefit from increased aid intensity as indicated on Article 18 on investments in physical assets. The maximum support rate may be increased by 20% from what is envisaged for operations not involving Operational Groups, provided that maximum combined support rate does not exceed 90%.

In order to compete for support under Research policy, projects have to involve partners from at least 3 Member States. Additional funding opportunities might become available under the regional funds in case the Smart Specialisation Strategies drafted by Member States or regions would target innovation in (parts of) the agriculture sector as a priority. Other policies, namely Cohesion and Education Policy, could offer additional funding opportunities for Operational Groups.

2.2 The co-operation measure in the programming period 2014-2020

During the 2007-2013 programming period the co-operation measure (measure 124) supported only one type of co-operation, as it was focused at the development of new products, processes and technologies in the agriculture and food sector and the forestry sector¹². Although this type of support is still necessary it became clear that supporting a much broader range of types of co-operation, with a wider range of beneficiaries and activities can contribute to achieving the objectives of rural development policy. This can be realised by helping operators in rural areas to overcome the economic, environmental and other disadvantages of fragmentation. Therefore, the measure had to be widened.

The future co-operation measure is significantly reinforced and extended to support a wide range of types of co-operation (economic, environmental and social) between a wide range of potential

¹² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32005R1698:EN:NOT>

beneficiaries. It will also play an essential role in the implementation of the EIP and the establishment and operation of Operational Groups.

Raising awareness and animating the participation in innovative actions are key for the successful implementation of the EIP. Single actors might have difficulties in finding partners and getting an Operational Group project started. An "innovation broker" is an impartial person that could help this process by acting as a go-between for developing grassroots innovative ideas. Innovation brokerage focuses on discovering innovative ideas, connecting partners in an operational group, finding funding sources and preparing a project proposal on which all actors agree that it will bring what they expect to be a targeted solution or the development of an opportunity. Ideally, innovation brokers should have a good connection to and a thorough understanding of the agricultural world as well as well-developed communication skills for interfacing and animating.

In view of allowing a sufficiently flexible and open handling of matters, it may be useful to publish calls that leave the specification of the themes to the applicants. In general, to encourage co-creation and interactivity during the implementation of innovation projects, selection criteria could put emphasis on the targeted composition of the project partnership in view of getting sufficient involvement of key actors with different types of knowledge to reach the project objective and spread its results. Furthermore, the selection might take into account how the project objectives are targeted to problems and / or opportunities.

The co-operation measure could contribute to raising awareness and animating the participation in innovative actions. Innovation brokerage services could be funded under the measure in view of fostering the establishment of EIP Operational Groups. In that case, funding would be used for brokerage services that support the setting up of Operational Groups. If the project gets funded under the rural development programme, funding for facilitating its implementation can be provided for under Article 36 (5) (c). The innovation broker could also provide organisational support and become the facilitator of the project, but this would not automatically be the case.

As clarified in the legal proposal for the new programming period regulation, co-operation under this measure may be combined with projects supported by Union funds other than the EAFRD. Finally, the co-operation measure support will be limited to the maximum programming period of seven years, but operational group projects may cover a shorter period, according and as necessary for the objectives they want to reach.

2.3 Measure 124 - Some lessons for the future co-operation measure

The implementation of measure 124 (co-operation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector) provides relevant lessons about establishing co-operation initiatives geared on "innovation and knowledge transfer" with the support of RDPs in the current period. The measure was introduced in 2007-2013 RDPs in order to ensure that agriculture and forestry sector can take advantage of market opportunities through widespread innovative approaches in developing new products, processes and technologies. Co-operation initiatives were therefore encouraged for this purpose. Measure 124 contributes to Axis 1 objective of improving the competitiveness of the agricultural sector and therefore co-operation is strongly oriented towards the agri-food chain and the wood supply-chain. It aims at organisations/entities gathering primary producers in agriculture and forestry, the processing industry and third parties with the scope of facilitating innovation and access to

research and development (R&D), including actions undertaken under the Seventh Framework Programme¹³.

In this view the measure supports a range of costs including: preparatory operations such as design, product, process or technology development; tests and other tangible and/or intangible investments related to the co-operation, before commercial use application of the newly developed products, processes, technologies.

Measure 124 is programmed in 14 Member States (55 RDPs) with a total allocated budget for 2007-2013 of €586 million¹⁴. From 2007 until 2011, only 28% (€160 million) of the measure's allocated funds had been used. In terms of achieved outputs, until 2011 the measure had supported 9,145 cooperation initiatives, of which 8,326 concerned the development of new techniques and 819 the development of new products. This general slow uptake (with the exception e.g. of Austria which had used half of the budget allocated to the measure by 2012) partly derive from the novelty represented by the measure within rural development programming. To date a comprehensive assessment of measure 124 implementation across the EU is not available. RDPs mid-term evaluations provide limited information on its performance. Because of the general late start of the measure only a few on-going initiatives and data were available in 2010 to provide meaningful insights about to what extent the measure has supported market access for primary products through the development of new products, processes and technologies by means of cooperation initiatives. At EU level, RDP monitoring indicators show a rough 74,000 holdings introducing new products or new techniques.

Qualitative information is instead available in certain cases on the type of cooperation initiatives supported, their scope and, on emerging issues about implementing procedures and measure uptake. This together with information provided by analysis carried out at MS level and other sources (including from the Focus Group and previous analysis undertaken by the EC) provide some lessons that can be relevant in the context of setting-up and running future Operational Groups under article 36 of the EC proposal for rural development 2014-2020 (the future 'co-operation measure'):

National and regional contexts and previous experience with promoting co-operation initiatives will likely determine the extent to which RDPs will exploit the potential offered by the future co-operation measure. In some cases measure 124 will be the only available experience in establishing co-operation initiatives. In other cases previous experiences (e.g. 'thematic' or 'umbrella projects' in Finland) of collaboration provide a fertile ground for the generation of innovative ideas and adequate skills to realise them.

The focus on agri-food and forestry sectors was perceived in some cases as a limitation to the potential offered by the current cooperation measure. This reinforces that the new art. 36 - serving all priorities of the future rural development policy - has a strong potential to meet expectations towards a wider promotion of co-operation initiatives.

¹³ Council Decision of 20 February 2006 on Community strategic guidelines for rural development 2007-2013 (2006/144/EC): <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:055:0020:0029:EN:PDF>

¹⁴ ENRD Measure information sheet: http://enrd.ec.europa.eu/app_templates/enrd_assets/pdf/measure-information-sheets/C_Infosheet_124.pdf

Likewise, the flexible approach provided by the future rural development regulation will facilitate a coordinated use of the co-operation measure with actions for knowledge transfer and information, advisory services and investments. In some cases these synergies were recognised¹⁵ even if not or scarcely exploited in current programming. In other cases, the cooperation measure played a central role in integrated approaches ('packages of measures') for the development of agri-food chain projects¹⁶, which were adopted for example by the majority of Italian RDPs.

Application procedures and financing mechanisms are critical factors for implementing cooperation initiatives through measure 124, particularly for establishing partnerships and ensuring adequate support is provided to innovation projects (in the start-up phase and beyond their formal conclusion).

More concretely these include aspects such as: level of support (too low), availability of advance payments (without bank guarantee), eligibility of interventions (e.g. not Annex I products), complex and time consuming administrative procedures, lack of focus and guidance; all of which will need to be jointly addressed by future implementing rules (EU) and delivery procedures put in place at RDP level (MAs).

In particular, in some cases MS have pointed out how current State Aid rules on research and development provided a too rigid framework resulting in comparatively low and thus insufficient support rates; it also caused delays in implementation for the need of having separate approval of state aid notifications.

¹⁵ See for example Mid-term evaluation reports of ES-Catalonia, ES-Galicia, UK-England.

¹⁶ An example of the integrated supply-chain project adopted in Italy can be found here:
http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=244C53E6-DA24-D7D6-6F57-7B9CA2F1AE41

3. Methodology

This strand of the focus group's second phase analytical work, seeks to provide practical recommendations with potential to contribute to successful Operational Groups. This investigation was carried out through a number of steps. Initially, an overview of the relevant literature was conducted in order to collate the most relevant information on the future EIP Operational Groups. The main sources of information included the legal proposal for the next programming period (2014-2020) rural development regulation, the draft EC guidelines on programming for innovation and the implementation of the EIP for Agricultural Productivity and Sustainability, as well as the European Commission's Communication on the EIP. This exercise allowed the focus group to map the key features that characterise Operational Groups.

As a next step, the work focused on screening the case studies collected during the first phase of the FG activities. The case studies collected during the first phase of the focus group work were intended to provide insights and a better understanding of the innovation process, how it is supported in the different Member States and what could be the implications for or points to consider for rural development programming. Thus the objective of this process was to identify the case studies which described multi-actors projects with features that are similar to those of the future Operational Groups or include relevant messages. Then the distinguished case studies were re-examined in order to extract lessons learnt that could be used for providing practical recommendations for successful Operational Groups.

The final step of this process involved a face-to-face meeting of the FG members where the initial findings and recommendations were further distilled and articulated through the experiences of the members of the focus group.

3.1 Overview of the most relevant case studies

From the 68 case studies collected by the focus group from June to December 2012¹⁷, 28 initiatives were selected as the most relevant to distil useful lessons learnt for the future Operational Groups.

In all of the case studies selected, a common characteristic was the involvement of different actors in the innovation process such as farmers, agri-food businesses, advisors, researchers etc. These case studies could be clustered in two major sub-groups: those case studies which appear to be significantly compliant to the notion of the operational groups and can potentially be considered as illustrative examples (see Annex 1 / part A.); and those that - although useful for the analysis - are missing one or more critical components (see Annex 1 / part B.).

In the first group of 9 case studies most of the key features of future operational groups can be identified. The partnerships are built according to the interactive innovation model and combine a range of actors. For example, in one case these comprise a farmers' group, a Regional Chamber of Agriculture and R&D partners for the development of simplified cultivation techniques to control of plant diseases and especially Fusarium and mycotoxins in France (example No.34). The actors also came together towards addressing a very specific issue, for example the development of a new

¹⁷ http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=B16C6E54-95D9-07B8-6EC1-4CA9D6E42519 - The numbers identifying the case studies in this document refer to those used in Annex 1 of the FG Phase one report.

method for controlling pests in Spain (No.20) or enhancing and strengthening the bioactive maize components in a measure 124 project in Italy (No.48). In addition, the dissemination of results was part of the process and was accomplished through activities related to consultations, publications, field trips, networking, seminars, etc. and they contributed to the objectives of the EIP as they were previously described, e.g. ensuring food quality and healthy lifestyles, in the later project in Italy. However, limited information is available as to indicate whether internal procedures had been established and if the plans included both the description of the project and the expected results. Below is presented an example among the cases studies which shows significant commonalities with the future Operational Groups.

Example No.43 - The Burren LIFE project (BLP) in Ireland

The Burren landscape in Ireland had come under threat due to a shift away from traditional farm management practices. The market and social trends that became dominant over the last decades resulted in socially beneficial traditional (extensive) farming practices in the Burren becoming financially non-viable. Moreover, to a certain extent, gradual abandonment of the land for off farm employment was occurring. These factors had a negative impact on the Burren landscape.

The Burren Life project project was designed with the objective to improve the preservation of the Burren habitat area by making the traditional farming practices more economically viable through developing a marketable value-added "conservation" meat. This combination of resource management and increased productivity would deliver public goods by protecting the Burren's unique cultural, physical, biodiversity and social environment.

To design and implement the project, a range of actors came together including farmers (the Burren Beef and Lamb producers group), advisors (Teagasc), NGOs (National Parks Wildlife services) and applied researchers.

The primary innovation was for the BLP to enhance the efficacy of existing agri-environment schemes due to its locally targeted, participatory approach to land management issues. There were three innovations applied. First, innovative spatial targeting and delivery; the project set out to address local challenges and thereby deliver environmental public goods that are unique to the landscape of the Burren, in a way that existing agri-environmental schemes (e.g. Rural Environment Protection Scheme - REPS) couldn't. It did this primarily through the promotion, following on from an intensive applied and participatory research process, of innovative farming process and practices that were sympathetic to the environment but react to market and social challenges. In addition, the Burren Beef and Lamb producers group, with the support of the BLP, developed an innovative product, 'conservation-grade' meat.

As a result, this project helped to address the challenges of resource constraints and also to improve the livelihoods of the farm families in that area by utilizing local farm knowledge. The project was accompanied by a comprehensive awareness and dissemination activity associated with the project (e.g. establishing communication with similar EU regions/projects; website development; media campaign; educational programmes; publications etc.). In addition, to facilitate the project operation and monitoring activities (environment/ecological, agricultural, farm finances) a BLP office was established in the village of Carron, in the heart of the Burren area.

The case studies that were clustered as including useful insights but not compatible to all Operational Groups' features in most cases were about networks for knowledge transfer and exchange.

Therefore, they were not aimed at tackling a specific / practical problem or opportunity that may lead to innovation. For example, the Sietinet initiative in Flanders (No.3) concerned the establishment of an information point that would bridge the gap between the research and the ornamental plant production sector by facilitating the flow of updated information towards the businesses and capture the developments in the sector. Nevertheless, these case studies provided in the analysis that will follow very useful insights on specific issues relevant for the future Operational Groups such as possible challenges and pitfalls in bringing together the actors etc.

Particularly on measure 124 - *Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector* - and given its' relevance to the future co-operation measure, the majority of the available case studies (11/14) were considered for further investigation and were included in the 28 most relevant as presented above.

4. Recommendations towards successful Operational Groups

A range of different recommendations towards successful Operational Groups has been identified. The recommendations provided are not an exhaustive list of how a successful operational group should be supported. They tend to focus on more practical ideas and suggestions building upon what is already included in the legal proposal for rural development for the next programming period (2014-2020) as well as the draft guidelines for supporting innovation. They are inspired by what has worked, what has not worked and what improvements are needed for the future according to the phase 1 case studies and the experiences of the Focus Groups members. These recommendations are summarised in the following table.

Table 1 in the following page aims to more emphatically indicate the interactions and synergies that might be required by concerned actors at different levels towards achieving these recommendations. The recommendations are then more explicitly articulated in the last section and are accompanied by the supporting lessons learnt as emerged from the examined case studies. The numbering in the table follows the articulation followed in the section 4.1. "Recommendations and lessons learnt".

4.1 Recommendations and lessons learnt

This section summarises the different recommendations as emerged from the lessons learnt that were identified as the most relevant for successful Operational Groups in the examples provided by members of the FG.

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 Groups 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.

Indicatively, a lesson learnt from a case study about promoting local food in Scotland emphasised that the project would not have been successful without the practical and financial support of the Regional Authority (No.67). A case study from the Czech Republic concerning the development of a new type of product – cheese - (No.6) stressed out the issue of high administrative requirements, particularly in more complicated projects focused on innovation when co-operation with a research entity is envisaged.

Table 1: Who and how to support successful Operational Groups

	Operational Groups	Advisors / Innovation brokers	Regional / local authorities	Managing Authorities	Ministries	EIP networks, NRNs, LAGs
1. Public Administration's support to OGs						
Clarify the role of public administration			X	X	X	
Ensure a flexible framework for OGs				X		
Provide a clear set of financial indicators				X		
2. Encourage diversity						
Bring different actors within the OG	X	X		X		X
Combine different types of knowledge	X	X		X		X
Encourage freedom in enabling dialogue				X		
3. Building partnership						
Establish clear / concrete project objectives in advance	X	X				
Allow for time to start and to grow	X	X		X		
Ask partners for private & personal investment in the process	X	X				
Ensure exchange of knowledge & experiences within the OG. Overcome "language" barriers	X	X		X	X	
Consider farmers as sources of knowledge and reward them	X			X	X	
4. Brokers and project leadership						
Acknowledge the role of innovation brokers	X		X	X	X	X
Provide a clear mandate to innovation brokers	X		X	X	X	
Ensure clear group leadership	X					
Set up networks for innovation brokers			X	X	X	X
5. Transnational, trans-regional groups						
Emphasize on common problems and expected benefits	X	X	X		X	
Provide support for overcoming barriers / language issues		X	X			X
Align national policies					X	
Involve SMEs to benefit from inter-regional co-operation	X	X				
6. Support thematic clusters						
Bring together actors around topics of public interest	X		X	X		X
Set-up regional contracts for public goods			X			
Challenge LAGs to be more innovative				X		X
7. Continuity of the innovation						
Consider the market potential of the novelty from the beginning	X	X		X		
Look into self-sustaining solutions	X	X		X		
Consider specific support for innovations of wider public interest			X	X	X	
8. Dissemination of results <i>versus</i> private interest						
Consider solutions to conciliate private vs. public interest			X	X	X	
9. Smart selection criteria for OGs' proposals						
Establish effective selection criteria				X		
Provide for common rules at national level					X	
Consider face-to-face interviews in the project selection process				X		
Consider the importance of the "multi-actor approach"				X		

A significant number of cases (17 cases) insisted on a wide range of specific points to be considered in program design for innovation. Among the points to positively affect Operational Groups are included: simple policy regulations specifically for small enterprises, flexibility in time, risk tolerance, freedom for Operational Groups in defining the bottom-up innovation project objectives, simplicity in funding options, provide incentives for innovation, promoting collaboration, paying for innovation brokers and all actors involved, access for private business partners to funding for innovation, clear and simple indicators for monitoring, support training and involvement of advisors 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, on-farm experimentation and research, allow for private sector participation (as it often helps 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. The Focus Group summarised these issues as 'light' funding rules.

Indicatively, a measure 124 supported project in Italy for the production of native plants certified for ornamental and natural use in the region of Lombardy used the project fund for testing and verifying the possibility of producing certified native plants directly in specific nurseries.

2. Encouraging diversity in the Operational Groups

➔ 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.

Lessons learnt:

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.

A case study from Germany on the activities of a grassland centre (No.11) concluded by referring to the usefulness of bringing together strong regional partners who are willing to invest into the partnership. This did not concern only farmers or researchers, but also to the engagement of a trusted regionally based organisation (farmers union, chamber of agriculture, etc.) and individuals willing to invest time into the process. The same case study also highlighted the need to ensure that Operational Groups have an open dialogue between the farmers, scientists, developers and regional stakeholders involved and defining the innovation project according to their needs.

The message of bringing together different actors was reinforced by another two case studies from Finland (No.23) and France (No.28) about the collaboration between farmers and industry. These cases indicated that development efforts throughout the chain can be a faster and more cost effective

way of achieving results. In the example from France, the strategic differences between industrial entrepreneurs and farmers were an important constraint. Nevertheless, it is evident that their co-operation and partnership have great potential to result in innovations. Therefore, as it emerged from this example, Operational Groups may have a strong component of private actors and a business-oriented approach. According to a different case study about developing innovative crop systems from France (No.33), the combination of different types of knowledge from the 4 actors involved was another success factor. In this case, the combined conceptual vision of the researcher, the knowledge of the technician on the family business structure, the systems approach of the chamber of agriculture and the experience of the farmer on the operational exploitation of the business lead to a successful result.

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.
- Ask partners for private and personal investment in the process. Together, partners are the owners of the process. This would decrease fear for free riders in the Operational Group and hence it helps 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.

Lessons learnt:

Many cases reflect on 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).

A case study from Spain about the co-operation of farmers and scientists to develop new methods for controlling pests (No.20), states that mistrust from farmers can be a constraint. However, this 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. Along the same lines, the Belgian example on establishing a network for organic farmers (No.4) advised that to gain the trust of farmers the objectives have to be clear and concrete. A participatory problem assessment helps a lot in identifying the concrete issues and the real innovation objectives. Another lesson learnt from a case about a co-operation working on simplified cultivation techniques in France (No.34) suggests giving a share in returns to innovative farmers who were not paid for bringing their knowledge to the operational group.


The example of the initiative to link research and the ornament plant production sector in Flanders (No.3) showed that companies do not compete on knowledge if their knowledge needs are complementary to each other, e.g. working in a production and marketing chain. 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. This became evident

from a co-operation project in Spain in which dairy farmers collaborated successfully with universities and research institutes for introducing a series of innovations in their sector (No.16). National authorities could support the exchange of information and sharing of experience between partners through sufficient attention to the quality and quantity of knowledge exchange activities when selecting projects.

It is often the case that at the early stages a lot of time is required before a new operational group finds its pace and is able to draft an operational project plan. As indicated by an example from the Czech Republic concerning through measure 124 the production of a new product – fruit fillings (No.5), over time and due to the successful results, the originally compulsory co-operation between theory and practice may develop into a highly appreciated network and outlast the project period. A case study from Flanders in Belgium on the establishment of a network for organic farmers (No.4) emphasised that a significant starting period is required in order to get acquainted, gain trust and really get operational.

The agri-food cooperatives could be 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.

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 institute or broker or regional 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:

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 co-operation project in the Czech Republic for the modernisation of a cheese processing unit (No.9), it was not easy to find a way of collaboration between the partners. 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 in which experts from the Spanish Agro-food Cooperatives tested new varieties of plants used for biological control of pests (No.20) remarked the significance of advisory services for knowledge transfer. The advisors 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 as found in the conclusion of the initiative to link the research sector with the ornament plant production sector in Belgium (No.3).

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. Once the innovation brokering process is finished and the project gets funded, the broker may also become the person facilitating the communication between partners during the innovation project.

The case study about setting up a network of organic farmers in Belgium (No.4) also pointed out the need to establish networks for innovation brokers so that they can keep up with knowledge developments and exchange the national 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. The example of the grassland centre in Germany (No.11) comments that although the EIP will be an important tool to promote the dialogue between farmers, science/developers and regional actors, it will be challenging to find a common understanding of regional, national and European players. In the INTERREG project Redbio in France (No.32), competition between the farmers on each side of the border was identified as the main bottleneck. This could be overcome by identifying common technical problems and pooling experimental tools.

Language barriers can also be a problem for transnational co-operation. In the case of a new internet platform called "Chil" bringing together actors from France, Spain and Portugal involved in the agri-food sector (No.18), a common language was needed to allow communication between actors, however for rural areas and rural environment it proved to be difficult. In Hungary where a new type of training on renewable energy technicians was developed in co-operation with partners from other Member States (No.39), a restraining factor was that for expanding renewable energy production and related innovation there are the 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 authorities may be inventive in setting-up regional 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. This seems to be highly relevant in addition to many more technologically oriented Operational Groups. The Burren LIFE project is the first farming conservation project in Ireland (No.43). In this example, it became understood that the formerly voluntary nature of conservation measures was not enough to generate relevant impact. However, the spatial focus combined with a participatory approach reinstated traditional farming practices. A very strong awareness and dissemination campaign perhaps fostered the strong conservation partnerships. The case study also reminded that an adequate policy environment is a key driver for innovative environmental measures. Similarly in another project from Ireland, where foresters were clustered for the production of energy from wood (No.42), it is highlighted that clustering spatially functional actors – possibly built on existing social or economic relations in addition to territorial aspects of groups - can be more purposive in achieving public aims. This idea is present also in case study from Belgium concerning agro-environmental co-operations that are formed at the initiative of local farmers (No.2). It is about the need for regional contracts between regional authorities with groups of farmers for the provision of public goods. This option for rewarding collectives is already foreseen in the future RDPs.

LAGs –as spatially organised actors- could also play a role in the spatial clustering of various actors and stakeholders. However, the cases presented do not substantiate adequately this assumption. Only 2 of the case studies refer to an active role of a LAG. In Sweden, the co-operation between farmers and a commercial firm specialising in biogas technology (No.61) was supported by a LAG. The LAG had an important role in fostering the co-operation between stakeholders and in preparing the business plan. Innovation brokering activities of this type by LAGs could be developed, as is shown by the following example. The initiative of a LAG to promote local food in Scotland (No.67) was based on the constructive feed-back given by the LAG, 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 is a factor that will determine the successfulness of the Operational Groups. As the case study from Flanders (No.3) noted, as soon as the project funding for covering the cost of the technical consultant hired to act as an intermediate between the research and the ornament plant production sector ended, the activities were greatly decreased. Later on, the initiative was reactivated in the framework of a new project. Despite the successful results, the producers did not pay to continue the knowledge collection and transfer after the funding of the project ended. On this point, an example from Ireland (No.42) argues the innovation will carry itself forward if it is relevant and rewarding enough. In this example, where foresters came together to produce energy from wood, the key challenge was to make the innovation 'self-sustaining', particularly the institutional innovation, like market creation. This is often overlooked but may be part of the role of innovation brokers and would be possible under article 36 of the future rural development regulation. This observation is also supported by the case study of a mill that used infrared technology for improving the quality of olive oil produced in Spain (no.19). As the case study indicated innovation of *commercialising the innovation* should be done simultaneously with the product innovation.

Taking into account the market potential is an important element in the innovation process. Indicatively, a project from Austria using support under measure 124 for developing the organic plums sector in the region of Styria (No.1), performed a market analysis in order to explore the potentials of the sector. Information about possible strategies to adopt in order to address changes in the market demand is equally important. In this respect MAs and public authorities could facilitate the provision of market information and trends to OGs.

The Focus Group also highlighted the need for public authorities to pay attention to innovations serving 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. The Flanders region offers an interesting case. In a situation of almost no funding for on-farm research and experimentation for innovative initiatives, the EIP offers significant opportunities. When there is a problem on publishing results, the companies can apply for support dedicated to SMEs, which has a lower funding rate but is less demanding on publishing the results of the innovative project. A general principle emerged during the FG discussions is that *'the higher the public investment share, the stronger the rationale for disseminating the results'*. The issue far to be settled, the FG group opened the door to several possible solutions which aim at different degrees of compromise among the interests of those who invested and those who benefit:

- recognise high levels of public co-financing - e.g. 90% - in order to consider the novelty as a public investment and thus justify wider dissemination;
- allow to choose between different funding possibilities, either under e.g. a SME support scheme (respecting private rights and less demanding on publication of the results) or under a Public Private Partnership (respecting public rights as well and therefore more demanding in terms of dissemination).
- Further investigate the possibility of introducing specific rules for State Aid for innovation, under which part of the support can be used for preparing the application for patent rights (investors do not have to disseminate results) or, only part of the results are disseminated which would be for the general public interest.

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:

The Focus Group puts emphasis on the need to establish transparent selection criteria for project proposals from Operational Groups. Expectations are high with respect to future participation of new OGs in future call for projects and the need to allocate EAFRD funds to those proposal that have the highest potential to deliver results. Also, existing innovation actors are likely to seek opportunities to cover the costs of their operations through RDP funds. The FG considered that clear selection criteria serve two goals: i) they will help concentrating the available funds towards the most promising proposals; ii) they will help ensuring the quality of Operational Groups thus increasing their chances for achieving their goals.

The criteria, ideally set at national level - especially if considering regionalised countries - should be transparent and as simple as possible. Several concrete suggestions can be directly derived from the recommendations presented in this document. They can inform smart selection criteria for assessing Operational Groups' proposals.

These criteria would have to be clearly communicated with the invitation to present proposals. On the basis of positive experiences with the programme "Networking in Dairy Farming" in the Netherlands, the FG also suggested to consider including face-to-face interviews as part of the selection process, in order to contribute to the assessment of the integrity of the actors behind the proposal.

Annex 1 – Case studies mentioned in the analysis¹⁸

A. Case studies showing similarities to future Operational Groups

Number and title as per Annex 1 of Phase 1 report

- 1 The collaboration between stakeholders to promote the cultivation of organic plums in Austria (M124)
- 15 The development of a platform for monitoring beehives remotely in Spain
- 20 The development of a new method for controlling pests in Spain
- 34 The project 'CASDAR Simplified Implantation Techniques' in France
- 42 The production of energy from wood in Ireland
- 43 The Burren LIFE project in Ireland
- 46 The project "Alimais" introducing new high quality food products from maize in Italy (M124)
- 47 The joint development by growers of new potato varieties adapted to the local conditions in Emilia Romagna, Italy (M124)
- 48 The production of native plants certified for ornamental and natural use in Lombardy region, Italy

B. Other case studies providing useful lessons for future Operational Groups

Number and title as per Annex 1 of Phase 1 report

- 2 The project ECO² implemented by agro-environmental cooperatives in Flanders Belgium
- 3 Sietinet initiative - Linking the research and the ornamental plant production sector in Flanders, Belgium
- 4 The establishment of organic farmers networks in Flanders, Belgium
- 5 The production of a brand new product - fruit fillings in the Czech Republic (M124)
- 6 The development of a new type of fresh cheese in the Czech Republic (M124)
- 8 The innovative processing of hops into concentrates in the Czech Republic (M124)
- 9 The renovation of a cheese processing unit in the Czech Republic (M124)
- 10 The development of a new method for separating fibre from straw / stalks in the Czech Republic (M124)
- 11 The activities of the Grassland Centre in Lower-Saxony and Bremen, Germany (M124)
- 13 The upgrading of the operations of a canning industry in Germany
- 14 The Micro-dairy project in Estonia
- 16 Introducing a series of innovations in the dairy production sheep farms in Spain
- 19 The use of infrared technology for improving the quality of olive oil in Spain
- 23 The collaboration between farmers and the supply industry in Finland - Agro Living Lab (M124)
- 32 The project Redbio in France
- 33 The Joint Technological Network "Innovative Crop systems" in France
- 49 The use of biosensors for producing quality wine in Italy (M124)
- 63 Baltic Deal - vocational training for agri-environmental practices and measures
- 67 The initiative "Savour the Flavour" to promote the local food in Scotland

¹⁸ http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=B16C6E54-95D9-07B8-6EC1-4CA9D6E42519