



European Network for  
Rural Development



# Revitalising rural areas through business innovation

## Seminar highlights

### Event information

**Title:** Revitalising rural areas through business innovation

**Date:** 30 March 2017

**Location:** Brussels, Belgium

**Organisers:** ENRD Contact Point

**Participants:** Over 150 representatives of National Rural Networks, LEADER groups, Managing Authorities, Paying Agencies, Advisory Services, farmers organisations and other EU organisations

**Outcomes:** Inspiring examples and key messages for both practice and policy

### INTRODUCTION

Rural communities and businesses are undergoing massive change. They face many challenges but also possess a series of advantages – which digitisation and other processes are providing increased possibilities to exploit. Rural communities themselves have developed many inspiring responses. The aims of the seminar were to draw lessons for both policy and practice by:

- Examining how key EU policies for business innovation – such as smart specialisation, digitising EU industry, social innovation and social enterprise – can help to create the enabling conditions for rural business innovation.
- Sharing inspiring examples of business innovation taking place in rural communities and exploring how these can be taken up through the Rural Development Programmes.

## SEIZING THE NEW OPPORTUNITIES FOR RURAL AREAS

### Introductory remarks



“ Innovation does not only mean something radically new or involving advanced technology. We are also talking about shifting development paths, creating an enabling environment which helps rural business respond to emerging challenges – and very importantly seize new opportunities which are opening up for rural areas – for instance as a result of the digital economy and the bio-economy. ”

“ The EU's rural and agricultural policy alone cannot bring about the needed change in rural areas. Other EU policies must also play a significant role. The Cork Declaration calls for "rural proofing" – looking at other policies through a rural lens – not only to understand and improve their impact but also to learn about approaches which could be beneficial for rural communities. ”

**Josefine Loriz-Hoffmann**

Director, DG AGRI, European Commission

## Opportunities for business innovation in today's rapidly changing rural world



### Emerging rural trends in OECD countries

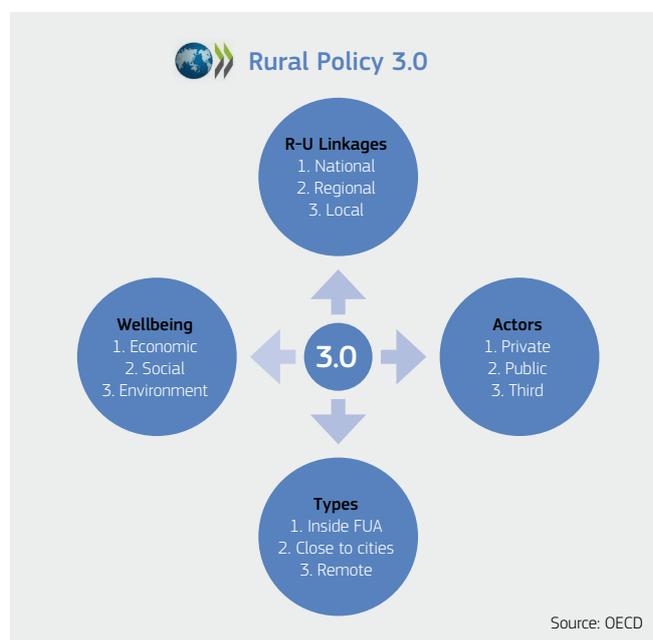
- Low density (rural) regions are catching up with urban areas.
- Rural areas close to cities are particularly dynamic.
- Rural regions make an important contribution to national growth – nearly 70 % of growth takes place outside metropolitan growth hubs.
- The productivity of tradeable activities (goods sold outside the area) is key for sustainable rural development.
- Good service provision is also vital for retaining and attracting entrepreneurs.
- With smart specialisation there is potential for rural areas to have an absolute advantage over urban areas.

[Jose Enrique Garcilazo](#)

Head of Unit, Rural and Regional Development Programme, OECD (Paris, France)

### Some key messages for policy from the OECD

- Focus on the competitive niches where specific rural areas have comparative and absolute advantages.
- Smart specialisation can be more important in rural areas than in cities (which have more diverse and diffuse economies).
- Add value to the core domains by focussing on enabling factors – skills, accessibility, market intelligence, institutions, business innovation.
- Deal with all aspects of wellbeing – not just the economic and environmental sides.



## RURAL BUSINESSES AND COMMUNITIES TAKE THE INITIATIVE

### Artic Smart Community Cluster (Finland)

Ilari Havukainen and Johannes Vallivaara presented the [Artic Smart Community Cluster](#) that provides an impressive example of how one of the most remote and rural areas of Europe (under 2 inhabitants per sq.km) is putting into practice a bottom up strategy for smart specialisation. By working closely with entrepreneurs from the villages they identified the huge potential for reducing the capital outflow and adding local value in two key fields – energy and food. They have developed an integrated strategy to support local entrepreneurs which includes education in schools, opening up public procurement and building local food and energy hubs.



### Ludgate Digital Hub (Ireland)

Grainne Dwyer told the remarkable story of the [Ludgate Digital Hub](#), in the rural town of Skibbereen on the West Coast of Ireland. The community managed to link up to a pilot national broadband scheme providing them with 1 Gb of connectivity. Then, by mobilising private and community resources they invested over 1.7 million pounds to convert a disused cinema into a state of the art digital hub. This has already attracted over 25 co-working entrepreneurs, carried out major exercise in digital education and created the first “digital shopping high street”.

### Island of Eigg (Scotland, UK)

Amanda Bryan told the equally inspiring story of the small Scottish [Island of Eigg](#). In 1997 the residents bought the land from its absent landlord for 1.5 million pounds – raised from residents and thousands of non-residents. They formed the Eigg Heritage Trust which set up three subsidiaries that have successfully put into place a range of community-based solutions for renewable energy, the island shop, post office and team room, affordable housing, wireless broadband and land management.



## POLICY PANEL: HOW TO ENSURE EU POLICIES REACH AND ARE USEFUL FOR RURAL BUSINESSES?

Ronan Burgess DG CONNECT (speaking on Digital Innovation Hubs), Jan Larosse DG REGIO (Smart Specialisation) and Patrick Klein DG GROW (Social Innovation and Social Enterprise)

- **Smart specialisation** is designed to help regions to invest in innovations which build on their strengths and turn the big challenges they are facing into opportunities. The ERDF has programmed over € 41 bn for this during this period.
- **Digital Innovation Hubs** are a tool for digitising all European industries and ensuring they are competitive on a world stage. They work mainly at national and/or regional level.
- A wide range of **social enterprises** are playing an increasing role in meeting societal challenges. Rural areas are important in this.



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### To be effective, the policies need to be joined up...

- Smart specialisation may be technology driven but it is critical to build capacity through an “ecosystem” of integrated development. For example, the Smart Specialisation Platform on Agro-foods has been developed by several DGs to connect investors.
- Both fixed and mobile technologies are important for connectivity in rural areas, as well as the skills to use them.
- DG GROW works in close cooperation with other DGs and the EIB and EIF to guarantee loans and create an effective ecosystem of support for social institutions and enterprises.<sup>1</sup>

### ... and to reach rural areas, policies need to connect to rural communities

- Smart specialisation involves a bottom up process of entrepreneurial discovery in which businesses identify the priorities for investment in different areas. Each region is very specific.
- Digital innovation hubs typically work at national/ regional level, so further multipliers are important to reach local rural businesses.
- A culture of social proximity, which is more common in rural areas, is important to develop social enterprise.

#### The million-dollar question:

“Two of the examples presented at the seminar happened in spite of policy rather than because of it, does this have to be the case?”

**Bill Slee**  
James Hutton Institute

#### Answers by panellist:

- “Policy often runs a little behind in reality”.
- “Policy frameworks can create the conditions for a marriage between top-down policy and facilitate and spread bottom-up initiatives”.
- “Policy now needs to be co-created involving all stakeholders in the design and delivery”.

(1) A social enterprise operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It can take various legal forms.

## PARALLEL WORKSHOPS

Participants at each of the morning and afternoon workshops had the opportunity to listen to two inspiring case studies. This led to a rich range of ideas and discussion which has been condensed below around some of the main messages made by the workshop reporters.

## MAKING SUPPORT TOOLS FOR BUSINESS INNOVATION WORK IN RURAL AREAS

### 1

#### Rural digital hubs

How to ensure that that they successfully help rural businesses seize the opportunities of digitisation?

- [Swedish Local Fibre Alliance](#)  
Per Fröling (Sweden)
- [Lozère Digital Network](#)  
Frédéric Dumortier (France)

#### Main messages

- Rural digital hubs can build community responses to improve **both the supply and uptake (demand) of broadband**.
- **Network and share the experience of rural digital hubs**. There is now a large body of experience of what works, why, how and where. There are many things to avoid (e.g. focusing on building and hardware) and many lessons of what to focus on.
- Establish the **multiplier effect** that (local) rural digital hubs can have within the wider ecosystem of EU, national and regional ecosystem of Digital Innovation Hubs and Competence Centres.
- Create a **structured system of exchanges and placements** for the people involved in rural digital hubs.



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### 2

#### Business accelerators and other tools for supporting change in rural businesses

How to encourage new ideas – from farm and non-farm businesses and get them successfully to the market?

- [Growbiz](#)  
Jackie Brierton (Scotland, UK)
- [Thessaloniki Accelerator](#)  
Mara Tsoumari (Greece)

#### Main messages

- Policies must be designed to **capture and stimulate an entrepreneurial spirit, innovative ideas, and risk taking**. It is not enough to offer standard off-the-shelf courses, advice or grants.
- Policies must address the challenge of **mobilising** people at the outset and then keeping them engaged over time. Group work and cultural events can help to overcome the barriers of distance, small populations and busy work schedules.
- There is a need for **building innovation ecosystems**, networks of stakeholders (public, private, community, urban, rural) that respond to diverse and evolving needs and can provide support through the innovation process from start-up to market roll-out.



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### 3

#### Social innovation in rural areas

How to build capacity, mobilise resources and generate new economic activities?

- [Alston Moor](#)  
Sue Gilbertson (England, UK)
- [3 EVA](#)  
Peter Wollny (Aude, France)



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#### Main messages

- **Connect to community driven action.** Focus on creating the enabling conditions for communities to meet their own needs. This means access to the knowledge and skills required to enter new fields, flexible finance, networks and peer learning and a supportive legislative framework.
- **Find ways of handling hybrid forms of business** (private-public-social business models). This means

recognising the public goods that community engagement brings and, also that communities – on their own – cannot be expected to overcome market failure and limited public funding.

- **Build long term resilience.** Long term viability needs to be built into projects to avoid community burn-out and disappointment.

## IMPROVING SMART BUSINESS SUPPORT THROUGH THE RDPs

### 4

#### Extending business innovation through LEADER (M19)

How can LAGs be enabled to provide more effective support to promising but potentially risky ideas and projects?

- [LEADER Central Cataluña](#)  
Eduard Barcons (Spain)
- [Aryshire LAG](#)  
Sarah Hyslop (Scotland, UK)



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#### Main messages

LEADER is still one of the most versatile and flexible measures in the RDP toolkit. To fully use its potential to support business innovation at all stages, both Managing Authorities (MAs) and LAGs should:

- Strengthen their support for **community based animation** by organising training, sharing information, creating networks, encouraging new ideas through inter territorial and transnational cooperation.

- Open-up a **wider range of more flexible sources of finance** adapted to local business needs. LEADER should not see its primary role simply as a standard grant provider.
- Develop the LAGs role as an **innovation broker** and embrace risk at different stages of the innovation cycle. Rather than relying purely on their own resources, LAGs can use them strategically to build linkages with other programmes, measures and sources of support.

## 5

### Extending business innovation through cooperation (M16)

How can the cooperation measure be made more effective in supporting business ideas get to the market?

- [Austrian MA](#).  
Martina Titlbach-Super (Austria)

#### Main messages

The cooperation measure can be used for a wide variety of business needs including: exchanging ideas between businesses, pooling training expertise, mentors and facilitators, enabling cross and intra-sectoral networking, creating digital skills and platforms, developing the social economy and so on. To realise this potential, MAs should:

- Strengthen early stage support **for new ideas and start-ups** through pilots, start-up kits, innovation brokers, animation and other means.
- Link cooperation strategically with **other measures** such as Measure 1 for Knowledge Transfer and Measure 2 for Advisory Services to provide a clearly signposted support ecosystem.
- **Strengthen business follow-up** and ensure business needs are met at different stages and over a longer time period.



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## 6

### Using the RDPs to implement smart business support packages

How can key measures in the RDPs best be combined to support innovation among both farm and non-farm businesses?

- [Basque Region MA](#).  
Irma Maria Basterra, Jone Fernandez Landa (Spain)
- [Finnish MA](#).  
Juuso Kalliokoski (Finland)

#### Main messages

The RDPs already have a considerable battery of tools that can be used to support rural business innovation. The challenge is to deploy them in a way that responds to business needs in different places, sectors and stages of development; To do this, MA's should:

- Develop **more holistic approaches** to business support based on a mapping of local business needs.
- Avoid over restrictive definitions and conditions that can prevent effective complementarity between different funds and between the measures of the RDPs.
- Ensure **clear information**, signposting and easy access for business to the **flexible support** they need.
- Provide more **flexible and varied sources of finance**, by the use of pilots, experiments, simplified expressions of interest, paying support in installments, collective projects and access to other funds and Financial Instruments.
- Use the full and combined potential of various RDP Measures (e.g. M1, M2, M16, M19) to provide a **system of mentoring, peer-to-peer and network support** adapted to local business needs at different stages - from the first idea to successful market roll-out.

#### Common workshop themes

- Rigid procedures, isolated and sometimes competing programmes and agencies are a barrier to business innovation in rural areas.
- Use the full potential of LEADER and the Cooperation Measure to support business innovation in rural businesses.

## CONCLUDING REMARKS



**Neda Skakelja**  
Head of Unit, EC  
Directorate-General  
for Agriculture and  
Rural Development

- **Respond to community needs**  
“Infrastructure needs to be there and money needs to be there, but in the end the thing boils down to what it is we do, and how we try to make projects work from the community itself with the policies and tools that exist already”.
- **Bring policy and practice together:** “On the question of whether things happen because or despite the policies in place – the discussion showed it works both ways. There need to be enabling policies but they need input from the ground to really work”.
- **“Smart specialisation** needs coherence, exchange of information and cooperation across policy fields”.
- “To deal with the **digital divide** we must work in parallel on the supply side of digital infrastructure and on the demand side

to promote digital skills and applications. This means also being more joined up both within the RDPs and with other funds and programmes”.

- **“Social innovation and social enterprise** are increasingly important in rural areas. In many cases, we have seen that rural businesses and communities are not necessarily waiting for the right policies to arrive – but are developing imaginative solutions themselves”.
- “Finally, within the RDPs **LEADER** and the **Cooperation** measure are important catalysts for innovation”.

These and many of the other points raised in the seminar will be taken up in future events and activities planned by the ENRD and EIP-AGRI Networks.

### FOR FURTHER

- Visit the ENRD Seminar on Rural Businesses page on the ENRD website:  
[http://enrd.ec.europa.eu/news-events/events/enrd-seminar-smart-and-competitive-rural-businesses\\_en](http://enrd.ec.europa.eu/news-events/events/enrd-seminar-smart-and-competitive-rural-businesses_en)
- Visit the Rural Businesses page under the 'ENRD Thematic Work' section of the website:  
[http://enrd.ec.europa.eu/thematic-work/smart-and-competitive-rural-areas/rural-businesses\\_en](http://enrd.ec.europa.eu/thematic-work/smart-and-competitive-rural-areas/rural-businesses_en)

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Explore the **Rural Development policy in figures** page on the ENRD website for an overview of policy design and implementation.

