

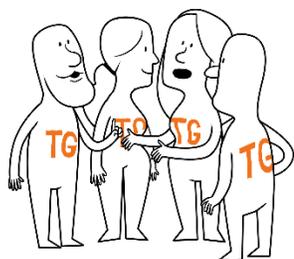
ENRD Thematic Group on Rural Businesses

1st Thematic Group Meeting

Event's Summary |
13 October 2016

About the Thematic Group

The ENRD Thematic Group on Rural Businesses was set up based on interest expressed by various stakeholder groups in the Rural Networks Steering Group. The first meeting was organised on 13 October 2016 in Brussels, with the participation of more than 20 representatives from local business support organisations/ advisory services, LEADER Local Action Groups, European and national stakeholder organisations, research institutes, National Rural Networks, Managing Authorities, and European Institutions. Until July 2016 further three thematic group meetings and a larger seminar will be organised on the theme of rural businesses.



ENRD Rural Businesses Thematic Group agrees on specific themes to work on

Based on the discussion during the 1st Thematic Group meeting, the group decided to focus on the overarching concept 'new trends and wild ideas', which themselves influence two more operational aspects: 'smart business support' and 'digitisation'¹.

New trends & wild ideas

New trends and wild ideas mean identifying new, products, services, sectors, technologies and markets for rural businesses. Businesses need to understand and anticipate new trends to stay viable in the long run. Building on new trends can support strategies for 'smart specialisation'², i.e. finding innovative areas for specialisation based on local cultural, natural and community assets.



¹ An initial survey among potential participants identified four possible themes for discussion: (1) Digitisation & ICT, (2) Smart networking for rural businesses, (3) Business development based on local community, natural and cultural assets (smart specialisation), (4) Urban-rural linkages. See briefs here: https://enrd.ec.europa.eu/themes/smart-and-competitive-rural-areas/rural-businesses_en. The three themes that the TG will work emerged based on discussion and reorganisation of the initial four themes.

² Smart specialisation has been defined in the regional development context as a placed-based approach. It builds on the assets and resources available in a region and on their specific socio-economic challenges in order to identify unique opportunities for development and growth.

“The accelerator process means that you put farmers and/or other stakeholders together; you shake them; then you ‘drop’ them back to their own areas. But after the whole process they are all energised and inspired by new ideas.”

Several **innovative methods**, that build on strong participative techniques and stakeholder involvement, are used to **help businesses identifying new trends** and creative ideas. Examples include the LEADER2030 consultation in Finland (see further down the perspectives from Juha-Matti Markkola), and ‘business accelerator’ approaches used both within and outside the rural development context. There has been a common agreement among TG members that it is important to **help farmers and other businesses to ‘get out of their boxes’** and provide them with new inspirations and ideas.

‘New trends and wild ideas’ are an overarching concept for the work of the thematic group. It is expected to filter through more operational aspects of ‘smart business support’ and ‘digitisation’.

Smart business support

Smart business support means **providing ‘fit-for-business’ support and tools for businesses**. There is a wide range of support that business-support organisations can provide (including through RDPs and other programmes). ‘Fit-for-business’ support means creating the best **conditions and providing tools for businesses to let new wild ideas emerge** (see above): from providing inspiration for (potential) entrepreneurs to more traditional support for realising new ideas in practice. Among necessary business support, Thematic Group members highlighted the importance of supporting **networking and creating new linkages, access to information about funding opportunities, skills and access to know-how and to more flexible forms of finance**.

“Smart specialisation is often not a ‘one-man job’ but a networking process that takes time, therefore you need to insist on the idea that people work together.”

Networking is crucial for both gaining new ideas and efficiently developing and running businesses. One key form of networking is peer-to-peer exchange that involves co-learning and mentoring. Networking is also crucial for better accessing relevant markets, e.g. through links between farmers and the wider economy (including big food companies). Access to internet and new technologies are key tools for smart networking.

Access to information (including about funding) **and access to finance** are important aspects of business support. It is important to explore opportunities regarding the combination of different funds, programmes and initiatives, according to the specific needs of businesses. Examples of new ways of funding, including crowd-funding, community-based financial support, access to seed funding, etc. are on demand.

Skills and access to know-how includes more technical training and advisory, as well as mentoring. Such support is often best provided locally, based on specific conditions and needs. Developing entrepreneurial skills and access to know-how are also essential to identify new trends and develop and put into practice innovative ideas (see above). A specific area of skills development and access to know-how is with regard to digitisation (see below).

Digitisation

TG work should not be concerned with the investment in broadband infrastructure, but rather with 'what we do with broadband and ICT once we have it'.

Digitisation is both a specific tool and opportunity for improving rural businesses. Digitisation can benefit entire value chains. New opportunities are provided, among others, through connecting consumers to producers, access to market information, overcoming the generational divide, consideration of satellite options, mobile connectivity (4G and beyond), use of 'big data', and new approaches to public service provision. Digitisation is a key tool for following new trends and developing wild ideas. It has the potential to allow rural areas not only to catch up but even to leapfrog urban areas in certain aspects. The importance of digitisation has been reinforced by the Cork 2.0 Declaration³.

Through digitisation it is possible to attract companies and skilled people who want to become rural based. Improving local knowledge and skills is crucial. In order to consolidate the "digital market" and overcome the digital divide between urban and rural areas, a number of initiatives are being rolled out such as "digital villages" and "digital hubs". Business support is needed (see above) to develop new ways of working. In this regard it is important to match the timing of infrastructure with the timing of support services becoming available. The TG can identify and help share good practices in this field.

Members perspectives

Juha-Matti Markkola
(Finnish Rural Network)



What do 'wild ideas & new trends' mean for you?

Smart and competitive rural businesses should meet the **challenges and opportunities that the future offers**. The sharing economy and platform economy are coming, bringing new services involving e-commerce, mobile payment, logistics, transportation and connected health. New technologies, including digitisation and robotisation, are changing the business environment. Work is more and more 'fragmented', meaning that people most often do not have one single occupation or job, but several. This way they already act as 'entrepreneurs'.

Which of these trends can be spotted in rural areas? Which trends should be considered when we are talking about smart businesses? Can we detect some early signals of the future? The first and most innovative rural businesses have already noticed these possibilities. We need to identify the forerunners we have across Europe.

We are launching a **new thematic working group in Finland dealing with 'Rural Businesses'**. For that work it would be very valuable to have input from the European perspective: what trends and early signals are spotted through the TG's work? TG members are a huge pool of expertise.

How can the TG add value?



In our national thematic working group work we want to raise a discussion about these new aspects. Do we agree with the results of the ENRD Thematic Group work and what does it mean on a national level? Furthermore, in our national thematic group we address the question on what the NRN should do to foster the rural businesses development and how the tools of RDP can be used in order to meet the possibilities of the future.

³ The Cork 2.0 Declaration states *'that the rural economy and rural businesses will depend increasingly on digitisation as well as knowledge workers who make the most of the digital transformation and enhance rural production in a sustainable manner'*.

Can you share one of your examples on 'wild ideas & new trends'?

The **LEADER2030** process in Finland started in May 2016. The goal is to have new vision for Finnish Leader post 2020 period. We used an online platform (Viima) for **spotting early signals**. The platform contained suggested 'signals'. People could vote the importance of the signal and submit their comment. The more popular a signal was the bigger the balloon visualising that aspect got.

An **expert and research director** in Finland Futures Research Centre from University of Turku, commented on the spotted signals on Viima platform and how they went along with the trends they have predicted.

We organised a **foresight camp**. A group of 40 (including LAG employees and board members, new comers and ones with many years of experience, people from the ministry, paying agency and regional managing authorities, researchers, and representatives of municipalities) discussed lively around the issue for 3 days.

Jackie Brierton
(GrowBiz, Scotland)



What does local business support mean for you?

Community-based - or local - business support is particularly important in rural areas, where there is less infrastructure and fewer resources, and should provide new and growing enterprises with a range of easily accessed services, networks and expertise. The most interesting aspects are the unexpected collaborations and partnerships which emerge, and the organic growth of ideas and innovation as a result of local connectivity.

Creating an enterprise 'community' is important for the 'health' of rural entrepreneurs and for the sustainability of rural economies. It's also interesting to see how businesses 'give back' to newer enterprises, in the form of mentoring, advice or exchange of skills. Creating a peer support network is a cost-effective way of supporting business growth.

How can the TG add value?

I would like the TG to **promote recognition of the diversity of enterprises in rural areas**, with less focus on agricultural and farm businesses, and more on the wide range of newer (and also revisiting of traditional) sectors – for example, using ICTs, revitalising landscapes, development of traditional craft skills, innovative use of retail space, upcycling materials, care & wellbeing etc.

The TG could support this theme by **identifying relevant research and data on current enterprises**, and encouraging the development of case studies, study visits and toolkits illustrating the best ways rural enterprises can be sustainably supported.

It would also be useful if the TG could **better define what businesses make up the rural economy** – i.e. if the majority are micro and small, the support needs to be relevant, and the growth advice appropriate. And more focus on 'people' and the personal skills, as people are key to create and sustain a successful business in a rural area.

Can you share one of your examples on 'smart business support'?

Before **GrowBiz** the area of Eastern and Highland Perthshire, Scotland, had no community of enterprises that could provide locally-based support and opportunities for collaboration. Any entrepreneur seeking support for his/her business or wanting to start one had to travel to the nearest city (Perth).

The initiative started as a pilot project in 2007 aiming to implement the community-led Sirolli method of supporting businesses. Activities included establishing a volunteer board of up to 10 people from the community and appointing a locally-based Enterprise

Coordinator. Support one-on-one meetings were organised to identify what new entrepreneurs need to get started with their business. These are friendly informal sessions arranged twice per month helping individuals meet others who are setting up or running their own businesses or ventures. A network of volunteers, the GrowBiz XChange, was also set up where they share their skills and help others achieve their goals.

Robert Clarke
*(Euromontana/ Highlands
and Islands Enterprise)*



Digitisation is a **major opportunity for rural business** and has the potential to transform the rural economy. It reduces the impact of distance, allowing businesses to access distant global markets, innovate with other businesses and universities, and develop new and more effective ways of running their own operation.

*What does digitisation mean
for you?*

While there has been large investment in digital infrastructure in rural areas (and this is still important in areas that are still unconnected), **the focus is shifting to helping businesses exploit their new connectivity**. This can be simple – a new website or online sales to new customers for example; or it can be more complex – tourism businesses using social media to build strong relationships with customers or providing new services to visitors for example. An important areas for action is demonstrating to rural businesses what is possible with the new technology – what are the new ideas that businesses may not have thought about?

How can the TG add value?

The thematic group can make a big impact in **demonstrating and communicating how digital connectivity is having an impact**. Identifying good examples of digital connectivity making a real difference to businesses, communities and individuals can encourage others, and also makes the case for investment in infrastructure where it does not exist.

The TG can identify particularly innovative uses of the technology – *Where are rural areas leading with “cutting edge” developments and digital solutions? Where has EU funding and collaboration enabled these developments?* The group can also disseminate effectively, and this could be a demonstration of how digital technology can be used innovatively to engage with partners and “customers”.

*Can you share one of your
examples on ‘digitisation’?*

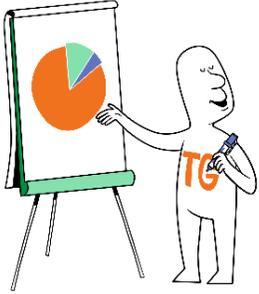
Hellodigital⁴ is the first in what could become a series of digital demonstration centres to help people in Scotland make the most out of broadband and digital technology. Developed by Highlands and Islands Enterprise (HIE) and the Digital Scotland Business Excellence Partnership, #hellodigital connects business and technology.

With the rollout of superfast broadband well underway, businesses across the region have more opportunities than ever to get connected and use digital technology to drive business growth.

#hellodigital offers a diverse range of showcases, master classes and events bringing together industry experts, academic leaders and the business community. Together we will explore the business use of digital technology and share experience, facts, trends and discoveries.



⁴ More info here: <http://hellodigital.scot/about-us/>



Opportunities within the RDPs

The 1st TG meeting demonstrated that RDPs have a lot of unused potential that need to be exploited further. The Thematic Group:

- will identify examples of how RDP measures are used effectively for business support;
- will aim to highlight bottlenecks and opportunities for better using RDPs, building on the experience of members.

There are six focus areas that particularly contribute to rural business support and digitisation:

- 2A - Improving economic performance of all farms, farm restructuring and modernisation
- 2B - Entry of skilled farmers into the agricultural sector
- 3A - Improving competitiveness of primary producers by better integrating them in the agri-food supply chain
- 6A - Diversification and job creation
- 6B - Fostering local development
- 6C - Access to and quality of ICT

The following graph shows the budget available at EU level for the measures that are programmed under the Focus Areas listed above and are expected to have an impact on support for rural businesses and on digitisation. **€64.8b are expected to be spent on these measures, accounting for 41.7% of the EAFRD expenditure on the RDPs.** However, this budget only indicates the possible opportunities open to the RDPs. Member States will only seize these opportunities if they programme and implement these measures effectively to meet the challenges of business support and digitisation.

Legend:

M01	Knowledge transfer
M02	Advisory services
M03	Quality schemes
M04	Investments in physical assets
M06	Farm & business development
M07	Basic services & village renewal
M08	Investments in forest area
M09	Setting up of producers groups
M16	Cooperation
M19	LEADER/CLLD

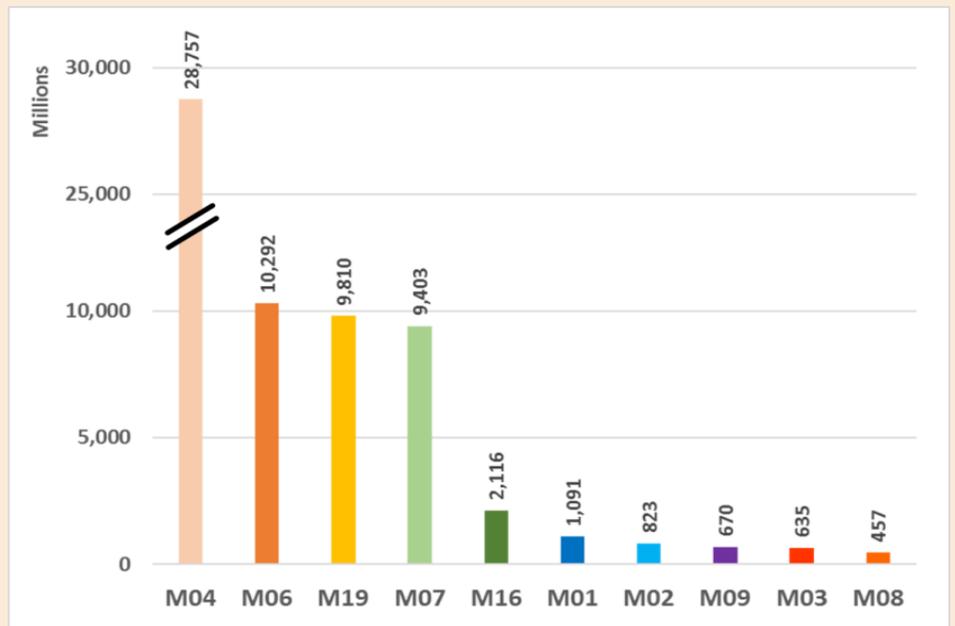


Figure 1- EU level RDP total planned budget: FA 2A, 2B, 3A, 6A, 6B and 6C aggregated data per Measure (Data at 27.10.2016)

With a view to future tools and outcomes

During the meeting members also expressed their ideas and expectations with regard to possible outcomes and products of the Thematic Group. These include:

Exchanging experience and examples on...

- ✓ How to help new businesses to emerge and grow? What are the future **market opportunities**?
- ✓ How to bring more **skilled people** into rural areas?
- ✓ What **digitisation** and smart use of broadband can bring?
- ✓ Mapping **existing tools** (e.g. to support digitisation) and ways to encourage businesses to use them
- ✓ Business **accelerator** approaches (and other tools linking urban and rural experiences)
- ✓ **Co-learning** and peer-to-peer exchanges

Exploring...

- ✓ What **others (e.g. OECD) are doing** on digitisation?
- ✓ What are the new trends in business support (community based, in cities, other funds e.g. ERDF)?
- ✓ How RDP support fits within the larger Enterprise and Digital Agenda?
- ✓ How to best use available measures with relevance for rural businesses?

Communicating...

- ✓ A future vision - 'What rural areas could become in a digital age?'
- ✓ The advantages of ruralisation as opposed to of urbanisation
- ✓ Opportunities and wild ideas for future rural businesses
- ✓ Key messages and recommendations with regard to the current and future programming

Menu of ENRD Tools

- *RDP screening and in-depth analysis*
 - *Good practice examples and case studies*
 - *Rural Review (ENRD publication) and Projects Brochure*
 - *Background research and survey*
 - *Events for dissemination (e.g. seminar)*
 - *Dissemination through relays (e.g. National Rural Networks and EU-level stakeholder organisations)*
-

Message from the meeting...

