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#### PROJECT AT A GLANCE

INNOGROW will play an important role in supporting the modernisation of existing rural SMEs and the proliferation of innovative start-ups through policies that promote the adoption of technology and business model innovation by rural SMEs



Dear reader,

Welcome to the second edition of Newsletter series of the INNOGROW project!

INNOGROW is a European project funded by the INTERREG Europe Programme that aims to support the modernisation of existing rural economy SMEs and the proliferation of innovative start-ups through policies that promote the adoption of technology and business model innovation by SMEs in rural areas.

In the following pages, you will find information about past, current and future project activities, key project results, upcoming events, as well as interesting conclusions drawn from regional stakeholder & public consultation meetings and the first interregional workshop on innovation support centres for rural economy SMEs.

The INNOGROW Newsletters are published on a 6-months basis. Through our project website and this periodic newsletter, we will keep you informed about our progress and key outcomes.

**The INNOGROW project team!**

#### DO YOU WANT TO BE PART OF IT AND KNOW OF IT?

Subscribe to our newsletter through the website  
([www.interregeurope.eu/innogrow](http://www.interregeurope.eu/innogrow)),

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## New Technologies' Impact on Rural Economy SMEs

The purpose of the INNOGROW Activity 1.1 was to present the impact of 12 new technologies (e.g. organic farming, novel crop, selective breeding, online orders and delivery tools) suitable for rural economy SMEs, to identify the enablers and barriers for adopting each technology to support rural economy, and to provide policy recommendations useful for the public authorities on how to establish favourable conditions and offer incentives to SMEs for integrating innovative solutions.

The adoption of new technologies demonstrates numerous economic, socio-economic and environmental benefits for rural economy SMEs, such as contributing to business competitiveness and productivity. The main benefits associated with the adoption of innovation by rural economy SMEs are a) improved profitability, b) internationalisation and access to new market, and c) creation of new jobs.

Businesses adopting new technological innovations (e.g. selective breeding) also benefit from business process efficiencies, reduction in operating costs, and diminishing environmental footprints. For example, the use of smart meters can reduce the cost of running a business through better utilisation of resources; and precision farming can essentially diminish the uncertainty of crop yield by providing an appropriate combination of technological elements in crop production.

Research results showed that rural economy SMEs face a wide range of barriers, hampering the adoption of innovation. The main obstacles to innovation activity can be found at the level of organisation and skills. Rural economy SMEs are affected primarily by lack of technological expertise, lack of relevant market information and a shortage of skilled workers. Financing difficulties, unfavourable regulatory conditions and market risk also constitute significant obstacles to the adoption of new technologies.

Given the diversity of barriers to innovation, innovation support for rural economy SMEs should be broad-based and comprise both financial and non financial support.

This requires different support offerings to address the main barriers faced by SMEs, seeking to stimulate the adoption of new technologies among SMEs in rural areas. Policy makers are strongly encouraged to provide incentives to SMEs by a) making available diversified funding sources whilst minimising the time needed to receive the necessary grants, b) promoting collaboration among rural economy SMEs (vertically or horizontally) to achieve economies of scale or to acquire access to knowledge, skills and specialisation that are currently not available inside the firm, and c) assisting SMEs operating in the agriculture, forestry, animal husbandry and aquaculture industries to enter new markets, fostering internationalisation.



## Regional stakeholder meetings & public consultation meetings

During the first year of the INNOGROW project, 13 regional stakeholder and 6 public consultation meetings were organised by project partners at regional level with the participation of key regional stakeholders and policy makers.

Such events was an excellent opportunity for project partners to gather valuable insights for the specific measures and incentives to be planned to support the adoption of innovation by rural economy during the project lifecycle and to ensure consensus building as regards innovation changes in the field.

A series of discussions and working groups allowed participants to a) investigate innovative technologies' socioeconomic and

environmental impact at both regional and business level, b) identify the drivers and barriers influencing the adoption of innovation by rural economy SMEs, and c) explore the different approaches that can be employed by policy makers to stimulate the adoption of business model innovation and support the establishment of innovative collaboration schemes.

Project partners and key stakeholders also worked through potential support activities that could be provided in order to further enhance SMEs' participation in project activities, ensuring thus the valorisation of project outputs and multiplication of impact.

Overall, stakeholders acknowledged INNOGROW's big potential to improve rural

SMEs' competitiveness and productivity and to contribute to sustainable regional development and smart specialisation.



# Interregional workshop on innovation support centres for rural SMEs

The interregional workshop on innovation support centres was held on 2nd and 3rd March 2017, in Lecco, Lombardy, Italy. Lombardy Foundation for the Environment (FLA), as the hosting organisation, orchestrated the policy workshop. All project partners participated in the first policy workshop with members of their stakeholder groups and external experts.

During the workshop, regional authorities' representatives seized the opportunity to exchange views and ideas with their peers, familiarise themselves with policy measures and strategies implemented in other regions and co-shape a common approach for

developing, organising and running successful innovation support centres that will provide practical information for new technologies, innovative processes and appropriate financial instruments.

Discussion was revolved around three thematic areas: a) the challenge of innovation for rural SMEs, b) new disruptive technologies for rural economy SMEs, and c) business development and innovation support services. Guest speakers delivered presentations in each session, while the roundtable discussions and interactive exercises that followed essentially facilitated participants' interaction and exchange of ideas, as well as the demonstration and application of relevant policy making skills.

In addition, the workshop was also an occasion for the project counterparts to discuss and share their experience in the implementation of regional policies to stimulate the adoption of innovative technologies among rural economy SMEs and support the proliferation of innovative start-ups, connected with rural-specific

activities. Oral presentations were also delivered on the following topics: i) governance tools to support innovation in food policies and sustainable food chains best practices, ii) EU territorial innovation related projects, and iii) Lombardy's previous successful experience in innovation support centres.

The fruits of the interregional workshop have been documented in a summary report, with detailed minutes of the sessions, action lists, summaries of results and key conclusions.



## Project activities in progress

The research phase of the project (referred as "Joint analysis and peer review" in Interreg Europe) is well underway with 2 core project activities to be in progress.

### Activity 1.2: Identifying successful new business models for rural economy SMEs

The Activity 1.2 includes the identification of good practices on new business models for rural SMEs such as restructuring or diversification of production and commercialization, joint international marketing operations, new horizontal and vertical collaborations.

The purpose of this activity is to inform policy makers about the existing and potential benefits of new business models for rural SMEs, and to promote the improvement of own policy instruments' implementation, by prioritising measures based on successful cases and examples.

The partnership is currently working on the gathering of 40-80 cases of new business models for rural economy SMEs across the EU, out of which 20 cases will be presented as good practices.

### Activity 1.4: Investigating the factors that influence rural economy SMEs to adopt innovation

The Activity A1.4 includes the implementation of a survey with stakeholders in INNOGROW regions to analyse the barriers and enablers that affect rural SMEs' investments in innovative technologies and involvement in collaborative innovation networks and models.

The analysis of the evidence collected will result in an analysis report, presenting the barriers and enablers that affect rural economy SMEs' investments in innovative

technologies and involvement in innovative collaborative networks and models.

This activity aims to offer an overview that will enable policy makers to understand the inhibitors and the policy obstacles related to innovation adoption by rural economy SMEs, and to improve the management and implementation processes of own policy instruments by providing incentives to SMEs to invest in innovative technologies and participate in innovation collaborative networks.

The partnership is currently working on the collection of evidence/data through a structured questionnaire addressed to administrators, managers and executives of SMEs in rural areas.

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## Upcoming events - Policy workshop in Stara Zagora (BG)

**Project activity A3.3** includes the organisation of an interregional workshop on stimulating innovative products development in Stara Zagora, Bulgaria. All partners will participate with members of their stakeholder groups and external experts to discuss regional strategies on how to steer policy implementation in stimulating innovative products development. The mission of the workshop is to facilitate the exchange of ideas and experiences, acquisition of knowledge and inspiration on how to implement support services for rural SMEs regarding the adoption of new technologies and innovative production processes that lead to innovative and competitive products.

Workshop details	
Thematic focus	Innovative products development
Host organisation	Stara Zagora Regional Economic Development Agency
Date	6-7 June 2017
Location	Stara Zagora, Bulgaria
Language	English
Number of participants	20 – 35 participants
Type of participants	Regional authorities' officials, stakeholders, external experts
Format	Oral presentations, roundtable discussions, interactive exercises
Contact details	Venelin Dobrev office@szeda.eu



### PROJECT PARTNERS



Region of Thessaly (GR)



Lombardy Foundation for the Environment – FLA (IT)



Zemgale Planning Region (LV)



The University of Newcastle upon Tyne (UK)



Stara Zagora Regional Economic Development Agency (BG)



Regional Development Agency of the Pardubice Region (CZ)



Chamber of Commerce of Molise (IT)



Regional Development Agency of Gorenjska, BSC Business Support Centre Ltd., Kranj (SI)



Pannon Novum West-Transdanubian Regional Innovation Non-Profit Ltd (BG)



The project will be implemented in two stages. Starting from the year 2016 until 2019, the implementation of the project plan will take place, aiming at achieving improvements in the tackled area. These improvements will, in the second phase of the project from 2019 to 2021, be tested within participating target groups: small and medium-sized enterprises and policy makers, to promote entrepreneurship and competitiveness in rural areas.