



# 3<sup>rd</sup> newsletter

September 2017

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## TABLE OF CONTENTS

- Factors that influence rural economy SMEs to adopt innovation
- Regional stakeholder meetings, third party events & info-days
- Interregional workshop on stimulating innovation products development
- Project activities in progress
- Upcoming events

## PROJECT AT A GLANCE

INNOGROW is a European project funded by 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.



Dear reader,

Welcome to the third edition of Newsletter series of the INNOGROW project that promotes the adoption of innovation by rural economy SMEs, through sharing practices and experiences between regions and actors relevant to rural economy SMEs competitiveness, and integrating lessons learnt into regional policies and action plans.

During the second year of implementation all activities contributing to the exchange of experience and the communication of project results are progressing significantly. The report on the barriers and enablers that influence rural economy SMEs to invest in innovative technologies and get involved in innovative collaborative networks and models is among the most important projects outputs. The main findings will be used by regional authorities for developing territorial action plans that will promote the diffusion of innovative solutions and new business models among rural economy SMEs. Moreover, the existing measures in INNOGROW regions for promoting innovation have been analysed.

In this newsletter, you will find information about past, current and future project activities, key project results and upcoming events, as well as interesting conclusions drawn from regional stakeholder meetings and the interregional workshop on stimulating innovative products development. 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 <https://www.interregeurope.eu/innogrow/>

or contact the Project Coordinator: [s.papadimopoulou@thessaly.gov.gr](mailto:s.papadimopoulou@thessaly.gov.gr)



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## Factors that influence rural economy SMEs to adopt innovation

The report on the barriers and enablers that affect rural SMEs' investments in innovative technologies and involvement in collaborative innovation models is now available to the INNOGROW project partners and stakeholders.

When examining the current state of innovation among rural economy SMEs, 90% of respondents declared that their organisation has previously engaged with R&D activities or has participated in collaborative networks focused on stimulating innovation adoption at firm level. Overall, the majority of rural economy SMEs (64%) show a low intensity of innovation, having adopted only one or two types of innovation as part of their business strategy; whilst the "Use of new production technologies and processes" seems to be the most common form of innovation. Evidence also shows that the most important motivation behind the adoption of innovation for rural SMEs is the need to

improve their operational efficiency.

According to the main findings and conclusions drawn from the survey, rural economy SMEs experience certain **limitations** to engage in innovation, as they have difficulty in accessing funding, lack sufficiently qualified personnel in-house or receive limited support from regional authorities. The factors that can be referred as "the most pronounced barriers to innovation" are those related to funding, regulation and uncertainty over business benefits. This clearly indicates that financial constraints remain one of the biggest barriers, hampering SMEs' potential to create innovative products. Interestingly enough, "Cultural and traditional issues" and "Accountability / Management problems" resulted as the least important factors hindering the adoption of innovation.

The key **enablers** of business innovation can be grouped into three clusters: a) internal capacity and capability (e.g. availability of existing technological infrastructures, internal capital, employees with relevant skills), b) market structure (e.g. market potential, collaboration with other business actors across the supply chain, availability of business support) and c) the external

environment (e.g. favourable regulatory framework, external funding). Overall, the regulatory framework was found the most pronounced driver of innovation, followed by market potential and employees' skills.

Regarding the expected organizational impact, SMEs' representatives assume that improvements related to productivity, service quality and operational efficiency appear to be the most expected benefits associated with the adoption of innovation.

The report offers an overview that will enable policy makers to understand the inhibitors and the policy obstacles related to innovation adoption by SMEs, and improve the management and implementation processes of own policy instruments.



## Regional stakeholder meetings, third party events & info-days

During the last period of the INNOGROW project implementation, all consortium members advanced with the organisation of the next series of regional stakeholder meetings. The events were 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 and to ensure consensus building as regards innovation changes in the field.

Project partners also participated to third party events organised by public authorities in relevant areas of policy-making, to build collaborations and disseminate INNOGROW outcomes. Stara Zagora Regional Economic Development Agency (SZREDA) participated to the international scientific conference

entitled "Agricultural science, ecology and business for smart growth", organised by Trakia University on May 25<sup>th</sup>-26<sup>th</sup> 2017. Venelin Dobrev delivered a presentation in the context of the section "Animal Science", focusing on the impact of main new technologies for rural economy SMEs.

Partners also organised regional information days, aiming to a) raise awareness on the issues tackled by INNOGROW and the expected impact on the policy instruments and b) increase the pool of stakeholders involved in project activities. Lombardy Foundation for the Environment (FLA) organised a regional Information day on June 22<sup>nd</sup>, at the headquarters of Lombardy Region, in the context of the works for the "Agreement for the Development, Economy,

Work, Quality and Social Cohesion of Lombardy Region" with the participation of several key stakeholders: chambers of commerce, the Federation of Italian Farmers, the Italian Federation of SMEs. SZREDA also organised an information day that took place on May 3<sup>rd</sup>, at Trakia University, with the participation of 33 local stakeholders, including representatives of the Ministry of Economy and regional businesses.



## Interregional workshop on stimulating innovation products development

The interregional workshop on stimulating innovative products development was held on 6<sup>th</sup> and 7<sup>th</sup> June 2017, in the city of Stara Zagora, Bulgaria. Stara Zagora Regional Economic Development Agency (SZREDA), 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 with their peers, familiarise themselves with existing policy measures and strategies, and co-shape a common

approach for issues such as: support for patents use and costs, studies for new products commercial potential, and feasibility assessments for new technologies.

Discussion was revolved around three thematic areas: a) overview of Innovative production technologies and the ways that they can contribute to increase rural economy SMEs' efficiency, productivity and competitiveness, b) diffusing the adoption of innovation among rural SMEs, and c) business support services for new products development.

During the first day of the workshop the presentations and round table discussions on the subject of stimulating innovative product development took place. Oral presentations were delivered on the following topics: i) Overview of Innovative Production Technologies and good practice of stimulating the adoption and development of innovation and new product development in rural areas in the United Kingdom, ii) Challenges, barriers and drivers to adopting innovation and stimulation of new product

development in rural SMEs across Europe, and iii) Recommendations for the creation of an enabling environment for new products development.

During the second day, the analysis of Best Practice Cases took place and participants attended a study visit to a local SME (located in a rural area of the region of Stara Zagora) that produces Bulgarian Rose Oil cosmetics and was recognised as good practice, both regarding the implementation of innovative technologies and innovative business model.

The fruits of the interregional workshop have been documented in a summary report.



## 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.

The **comparative analysis of existing measures in INNOGROW regions for promoting innovation in rural economy SMEs** is being finalised. The final deliverable will offer an overview of policies measures, and of supportive evidence, enablers, and impacts to allow partners to understand the policy dynamics and potential of the existing policy measures in the partners' regions.

Consortium members have collected good practice cases on the implementation of policies for innovation driven competitiveness and growth of rural SMEs. Newcastle University has prepared the first version of the report analysing selected policy measures promoting the adoption of innovation by rural economy SMEs in INNOGROW partners' regions (Greece, Italy,

Hungary, Slovenia, Bulgaria, Czech Republic and Latvia), such as support for patents' expenses, assessment of new products commercial potential, new technology feasibility assessments, consulting on value chain optimization. The deliverable summarises key information contributing to the adoption of innovation such as the country of the cases, the core industry, the type of innovation adopted, and the main objectives for the adoption of innovative technologies.

Regional Development Agency of the Pardubice Region (RRAPK) will synthesise partners' input and offer policy recommendations on the improvement of existing policies in INNOGROW regions, enabling partners to implement policy instruments more effectively.

Moreover, during the next period the INNOGROW consortium will deliver an **online benchmarking tool to assess**

**regions' performance on supporting innovation for rural economy SMEs**, using indicators developed by Newcastle University.

The final deliverable is expected to support regions assess their performance on improving rural economy SMEs competitiveness through promotion of innovation relative to the average of regions. Using the tool, policy makers & stakeholders will identify what solutions work best in improving rural economy SMEs competitiveness, study how they work and adopt the most suitable best practices to their own regions.

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## Upcoming events - Study Visit in the Region of Lombardia (IT)

During the next semester a two-days study visit will be organised in Lombardy, Italy, in order to transfer experiences on innovative production processes. All partners will participate with members of their stakeholder groups and external experts to visit the selected SMEs, thus fostering interregional learning and capacity building. The expected outcome is the transfer of experience on technological investments exploited by rural SMEs to modernise their production processes, and on the existing policies that led to these results. The mission is to achieve enhancement of cohesion, acquisition of knowledge and inspiration on how to steer policy implementation in modernisation of production processes.

Workshop details	
Thematic focus	Innovative production processes
Host organisation	Lombardy Foundation for the Environment FLA (IT)
Date	February 2018
Location	Lombardy region, Italy
Language	English
No of participants	20 – 25 participants
Type of participants	Stakeholders, external experts
Format	Study visit
Contact details	Lorenzo Cozzi   <a href="mailto:lorenzo.cozzi@flanet.org">lorenzo.cozzi@flanet.org</a>



### 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. From 2016 until 2019, the implementation of the project plan will take place, aiming at achieving improvements in the tackled area. In the second phase of the project from 2019 to 2021, these improvements will be tested within participating target groups: small and medium-sized enterprises and policy makers, with the objective to promote entrepreneurship and competitiveness in rural areas.

