



6th newsletter

March 2019

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Dear reader,

Welcome to the sixth 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 last period of implementation all activities contributing to the exchange of experience and the communication of project results have progressed significantly. Partners organised stakeholder group meetings in their regions, participated in the European regions summit in Ljubljana on 12th and 13th February 2019, and are currently planning to host action plan infodays in their regions with the participation of consultants, public authorities, and representatives of rural economy SMEs.

In this newsletter, you will find interesting stories from the partners' study visits and information about past, current and future events. Through our project website and this periodic newsletter, we 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

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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



European Union
European Regional
Development Fund



UK Industrial Strategy: Progressing Rural Contributions

Newcastle University will host a workshop on Industrial Strategy: Progressing Rural Contributions, on the 27th March 2019. This workshop explores progress in delivering Industrial Strategy for rural economies. It will facilitate a three-way discussion between those who defined and oversee delivery of the UK's Industrial Strategy, those tasked with its delivery, and business or community stakeholders keen to benefit from its successful implementation in the UK's rural areas.

A particular focus of the day will be to explore how the Industrial Strategy's Grand Challenges (An Ageing Society, Clean Growth, Future Mobility, and AI & Big Data) and wider measures to boost SME Productivity in rural areas are, or could be, embedded and

addressed through Local Industrial (or Economic) Strategies, and Sector Deals. For further information regarding the event, please contact:

pattanapong.tiwasing@newcastle.ac.uk



Molise story: all is well that ends well

One day the Secretary General of the Chamber of Commerce receives a phone call. On the other end of the line, a very professional voice answers. It shows up. He is the Director of the online journal of the Ministry of Agricultural, Food and Forestry Policies. The magazine's title is Planet PSR – Rural Development Policies. The Director explains that the newsletter puts news on the web with the service information on rural development. It is the magazine of the rural development. But he immediately came to the point and asked information on the INNOGROW Project of which he had already read something and was so intrigued that he wanted to deepen. The purpose? Publish an article on the objectives, the activities carried out up until then and the results achieved and to be achieved. At this point the Secretary General, realizing that it was an opportunity not to be missed, decided to entrust the management of this activity to the Project Manager of the project.

Thus began the exchange of e-mail between the latter and the Director of the Journal. It turns out that the magazine plays a very important informative role in the Italian rural

world. Indeed it intends to enhance not only agriculture as an economic activity, but also the new role of supplier of public goods, capable of creating employment and to play a decisive role in terms of environmental protection and territorial growth, with particular reference to rural areas. A role that the European Union has placed at the center of the Common Agricultural Policy (CAP) for some years now and which it intends to strengthen also in the future with the next reform that will regulate European agriculture until 2020.

The articles and services are inspired by news and current affairs that directly or indirectly involve the Rural Development Policy and the related Regional Programs. In the spotlight also the intense activity of the National Rural Network and the narration of the most significant case histories in Italy. The "Young branch" section, with which Pianeta Psr wants to contribute to the generational turnover, reporting stories of business success, testimonial of projects that have had the decisive leverage in the funds of the PS, is very important. Particular attention is paid to the development of the so-called "green economy" and the large chapter of related activities, whose role of diversification and integration of agricultural income has a strong anchoring precisely in the measures of the Psr. The thematic framework of the information is completed by also monothematic insights, published in the "Magazine RRN" quarterly

annex of the Pianeta Psr newsletter. With this in mind, Pianeta Psr has the ambition to propose itself as a meeting point for farms, local authorities, trade organizations, trade unions and institutions - in a word, the so-called partnership - also open to the contribution of experts and opinion leaders to provide important points of view and interpretations to understand the socio-economic dynamics of agriculture and rural areas.

The heart of the editorial staff is represented by the many managers, officials and collaborators of the National Rural Network, the real experts of this subject, whose main task will be to "translate" their professional knowledge into service information accessible to all. After the initial skepticism, collaboration with the newspaper begins and we decide to send an article about the INNOGROW project. An important moment of dissemination. So is important to write the right things. It is not possible to make a mistake. The newsletter is catchy, has beautiful graphics and interesting content. The article is sent. Some days later finally in newsletter number 70 this title appears: "Molise, INNOGROW: a tool to grow and make rural areas more competitive". It was really a great satisfaction because the dissemination of the project exceeds finally the regional borders.

An experience to remember:

INNOGROW study visit in Thessaly, Greece

INNOGROW is more than a project implemented by partners, we became a community that brings together people from different regions producing and making different products, having different business models and that need to follow or are supported by different policies for rural SMEs' innovation. INNOGROW enables us to experience, learn and bring back to our regions new knowledge and good practices on innovation and sometimes just simple solutions that derived from the need for perseverance in a competitive market of agricultural produce and other products from rural areas. Throughout the project we have had study visits and every one of them brought something different. In July we have had a meeting and a study visit in Győr, Hungary and in September 2018 in Larissa, Greece. While in Győr it has been interesting to see how relatively small orchards can present several working places and a growing business from producing jams and spirits, Larissa experience brought a serious thought about our commitment to sustainability and quality of products. Greece exceeded any expectations, not just from Greek experience but also because of the stakeholders from other countries. The nice thing is we have shot a video about it and we can share parts of this experience.



What was so fascinating?

EPSA A.E. is a production company for fruit juices in Larissa and has survived the crises without reducing salaries or letting go workers. The history of EPSA dates back to 1924, when there was a surplus of lemons in the geographical area of Pelion. Observing sales



increase of traditional lemonade by peddlers, the owners of EPSA set the goal to create a factory that produces Soft Drinks. A German Chemical Engineer was invited to assist with the production of lemonade. It was then that the secret recipe was born and is preserved until today. To this day they are emphasizing tradition in terms of quality and brand and implementing innovation related to production process and new production lines. The last years, next to the classic Orangeade, Lemonade, Lemon Soda and Soda Water, many new products have been added: Iced Drinks with Tea in several flavours: Tonic, Sour Cherry Drink, Organic Lemonade and Orangeade and Lemonade, Orangeade and Cola light (with sweetener from the stevia plant). Also, "light drops", a liquid sweetener from the stevia plant, has been the latest innovation, along with the Pink Lemonade product. However there is a dark cloud coming over the company in terms of environmentally and health friendly product. EPSA has until now filled their beverages into glass bottles, the most environmentally friendly package. Next year they are going to start bottling into plastic bottles. By some data every year Europeans generate 25m tonnes of plastic waste and less than 30% is collected for recycling. Is it more expensive to bottle into glass bottles? According to EPSA the answer is no, it is less expensive to bottle into glass bottles; therefore glass is cheaper. It brings more profit if excluding mentality of the consumer. The business model that they have now is that glass bottles are collected and returned to them. Customer is motivated to return the bottles for the price reduction. Bottles are washed and disinfected and returned to production. Damaged bottles are easily recyclable. So why are they going to do this? "Because the consumer wants it", the marketing director replies. Glass bottles are a bit heavier and contain a bit less beverage than plastic ones. However the consumer does usually not notice the difference in quantity and is just about light weight and a fact that the plastic bottles don't

"need" to be returned but are just discarded. This is something we need to think about as consumers and this is something policy makers and tax collectors should think about. The plastic industry employs 1.5 million people in Europe and generated close to 350 billion EUROS turnover in 2017, while EU-28 glass industry employs about 185,000 people and the turnover data for the industry are not easily accessible. How much our environment, our health and the health of the planet is worth? How much is costing us and will cost us to manage plastic waste in Europe and globally? The change starts with 1 company 1 person at a time.



ThesGala is the dairy farmers' cooperative that formed during the period of the economic crises. The payments to the distributors of milk and to the farmers were not paid in due time or not at all, the distribution channels and dealerships were collapsing. To survive they were forced to come up with a new business model. They found a way to preserve the highest quality of milk and to form logistic channels to sell their own fresh milk directly to consumers using milk vending machines in the city. Starting installing milk vending machines in the city of Larissa in 2013, the number increased to 16 outlets and extended to Thessaloniki in 2015 with 17 outlets. After winning a Greek innovation prize in 2016, ThesGala set up its first vending machines in Athens. This innovative approach

has been proven very popular, and the cooperative now supplies 63 vending machines in 3 cities, selling milk to approximately 25.000 customers every day. On the other side this has been implemented also in Slovenia and somehow did not stick. Why? Well, there has been no brand, although traceability was insured, no quality analysis to promote the produce and it was inconvenient to go to vending machine separately, when one can buy everything in the supermarket. Now since times had changed a bit also in Greece and the same consumer logic resides also in the mind of the Greek consumer ThesGala supplies also supermarkets and smaller shops keeping the standard of high quality milk.

Papayiannis bros is a family enterprise producing mainly sesame halva, a traditional sweet of the Levant, hugely popular in the

whole Mediterranean region. The INNOGROW Group had the privilege of seeing production line, which is based primarily on manual production. Literary strong men are turning sweet mass of halva with their hands to get the perfect consistency and then the mass is filled into backing models, however it does not go to backing but to the fridge. End product may be a bit addictive for the ones with a sweet tooth and the taste of warm halva is simply sublime. Today, "PAPAYIANNIS BROS S.A." produces a broad range of traditional food products based on sesame seeds (halva, tahini sesame paste, sesame bars, bakery sesame seeds), as well as other foods such as fruit jams, honey and loukoumi (oriental delight). Currently, the company has invested in a new fully automated production line for tahini with honey, which is considered as an innovative product itself.

Some honourable mentions of Greek study visit: Agroil - Staff Colour Energy, an industrial plant providing specialised services to the largest biodiesel companies; Tirnavos Cooperative one of the most well-known cooperatives in Greece, mainly for producing the notorious Greek spirit tsipouro; Olympos, one of the best examples of how an SME can be transformed to a large company by investing in innovation; and Epilektos Biogas with one of the biggest biogas power plants in Europe.

Study Visit: Slovenian Ministry of Agriculture, Forestry and Food

Slovenian Ministry of Agriculture, Forestry and Food hosted 20 stakeholders from 7 European countries on the February 13th 2019 in their premises in Ljubljana.

In cooperation with the Regional Development Agency Gorenjska, BSC, Ltd, Kranj, the Ministry of Agriculture, Forestry and Food organized a meeting with the aim of presenting Rural development programme 2014-2020, specifically measure 16: Cooperation, to which 20M EUR are dedicated.

The delegation of stakeholders from Greece, Italy, Latvia, Bulgaria, Czech Republic, Hungary and Slovenia was greeted by Simona Vrevc, Deputy Director – General of Agriculture Directorate and Vesna Miličič, the representative of EIP Vem point (info point), who also presented the Rural Development Plan 2014-2020 (RDP 2014-2020) and Measure 16, specifically European Innovation Partnership (EIP).

The meeting also gave the opportunity to the members of the delegation to represent the state of play in terms of measures for cooperation and EIP in their countries.

The RDP 2014-2020 funds action under five out of six Rural Development Priorities:

1. Knowledge transfer and innovation in agriculture, forestry and rural areas

2. Competitiveness of agri-sector and sustainable forestry
3. Food chain organisation, including processing and marketing of agricultural products and animal welfare
4. Restoring, preserving and enhancing ecosystems related to agriculture and forestry
5. Local development and job creation in rural areas.



Measure M16 supports various forms of cooperation with which different actors in rural areas will be able to overcome economic, environmental and other constraints which they face due to fragmentation and lack of connection. The measure is particularly aimed at promoting cooperation projects aimed at greater productivity and better sustainability in agriculture. Special emphasis is put on promoting technological development and reducing the negative impacts of agriculture on the environment, particularly in the field of biodiversity and the quality of surface water and groundwater.

Operational groups of the EIP are founded by interested entities, such as farmers,

researchers, advisers, enterprises, non-governmental organisations and other participants that operate in the agricultural and food sector with the purpose of filling the gaps between research and agricultural practice by stimulating the more rapid and extensive use of innovative solutions – innovations – in practice.

The international meeting was organized within the project INNOGROW, "Regional policy for innovation-driven competitiveness and growth of rural SMEs", co-financed by the European funds of the Interreg Europe program. The total value of the project is EUR 1,574,322, bringing together partners from Greece, Italy, Latvia, Great Britain, Bulgaria, Czech Republic, Hungary and Slovenia.

International Conference in Rodica

An international conference on the promotion of the development of innovative technologies and new business models in small and medium-sized enterprises in rural areas took place at the Biotechnical Faculty in Rodica, on February 12th 2019, attended by 40 visitors from 8 European countries.

In cooperation with the Regional Development Agency Gorenjska, BSC, Ltd, Kranj, the University of Ljubljana, the Biotechnical Faculty organized an international conference, which was attended by speakers from four European countries.

Prof. Phd. Luka Juvančič, from the University of Ljubljana, Biotechnical Faculty, presented the process of transition to the bio-economy and the consequences for the economic convergence of rural areas. He emphasized the importance of the bio-economy, the new way of thinking and business models that support the exploitation of all possible materials, products, and by-products and are based on the idea of a circular economy. It is extremely important to care for the harmless production of food and products, both for nature and people. Organically produced food also has greater added value in the market as well. According to him, Slovenia has the greatest potential, for economic development in terms of exploiting natural resources, hidden in the sustainable exploitation of forests, especially in the processing of wood in semi-products and products.

Matthew Gorton from the University Newcastle, UK, presented lessons from INNOGROW and the UK on supporting innovation for rural economy SMEs, which included reflections on the development of an online benchmarking tool, rural enterprise analysis for England and rural enterprise hubs as a mechanism for facilitating rural enterprise innovation and growth. Rural enterprise centers represent a mechanism to promote innovation and the growth of rural businesses. Entrepreneurship in rural areas is not lagging behind business in urban areas. Businesses in rural areas usually start at home because at a stage of a start-up entrepreneurs want to reduce the cost of renting offices and transportation. Depending on the technological capabilities of distance communication and mobility they often need not to change the location even during the expansion phase. Business centers are great support in rural areas that offer business space and an entrepreneurial environment.



The location changes usually due to the growth of the company and the need for more space, which can be a problem, in case there is no possibility of renting or buying the proper space in the primary environment.

Norbert Bodor from the Ministry of Finance, Department for the Development of Regional Programs, Hungary, presented the policies of the Hungarian Territorial Operational Program. The Ministry has introduced a new policy-making approach, from the bottom up, which eliminates competition for the allocation of financial resources within the public sector. An integrated development planning system in rural areas was introduced, identification of needs in the economic sector and specific development needs, and how they are transferred to policies at local level: the Development concept for settlements and the Integrated Development Strategy for settlements; at municipal, county level: district, municipal plans; at the territorial level: Integrated territorial programs and at national level: the territorial and settlement development operational program. For the providing local and regional conditions that indirectly help the operation of businesses, with the support of the local authorities, Hungary allocates EUR 4,000 M to Hungary.

Sandra Muižniece-Brasava from the University of Latvia, Faculty of Food Technology, presented support from the Center for Technology Transfer for the innovation adoption in rural small and medium-sized enterprises. The Center is part of the Faculty and promotes various types of economic activities, such as environmental engineering and water management, spatial planning,

construction, landscape architecture, environmental sciences and others. An example of this kind of incentive is the Pupuchi project, a fava bean. Fava beans (*Vicia faba*) are known in the culinary sense as beans and are a type of flowering plants in the family Fabaceae peas and beans. It is known as super food and contains a lot of protein. Incentives for product development were offered by the Faculty in the form of entrepreneurial environment, space, expertise and financial incentives. The product consists of various treatments and flavours of fava beans (roasted, salted, spicy, natural or coated with chocolate ...) and dry apple with sesame seeds.



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Regional Infodays on the Action plans from FLA



Three years after the beginning of INNOGROW project, Lombardy Foundation for the Environment has developed an Action Plan to support sustainable growth of rural SMEs in Lombardy. The document contains analysis and elements that will support the regional authority in the definition of measures and policies devoted to improve the degree of innovation and competitiveness of the companies. The document, that is the result of all the activities carried out in these years in the framework of the project, is now ready to be received by the Managing Authority of the policy instrument addressed by INNOGROW project, the Axis 3 of Lombardy Region Regional Operational Plan for European Regional Development Fund (ERDF fund), in order to define and implement policies in the framework of the Programming Period 2014 – 2020 tailored to the needs of rural SMEs, that in Lombardy are located in the inner areas of the Region, the part of the regional territory that is less developed but offers great opportunities for economic development.

In order to disseminate the contents of the Action Plan, Lombardy Foundation for the Environment is organizing on **21st March 2019** a Regional Information Day at Lombardy Region headquarters. Goal of this event is to share with Public Institutions, entrepreneurs, universities and no-profit organizations the most interesting contents of the plan. In particular, the event will focus on the following aspects:

- Activities and results of INNOGROW project
- Threatens and opportunities for rural SMEs in Lombardy ;
- Policy proposals for the promotion of competitiveness and innovation of rural SMEs.

The finalization of the Action Plan will represent the end of the first phase of INNOGROW project (implementation phase). In the next 2 years Lombardy



 INNOGROW Regional Information Day  European Union European Regional Development Fund	
Condivisione del Piano di Azione regionale di INNOGROW per la competitività e la crescita sostenibile delle PMI rurali	
Giovedì, 21 marzo 2019, ore 9:30 – 12:30 presso Regione Lombardia Sala n.6, piano 20° - N1	
A tre anni dall'inizio del progetto, i partner di INNOGROW hanno elaborato Action Plan che suggeriscono alle autorità regionali misure e politiche per la crescita sostenibile delle PMI rurali attraverso competitività e innovazione. L'incontro rappresenta l'occasione per condividere con le amministrazioni pubbliche e i portatori d'interesse delle realtà imprenditoriali lombarde i contenuti di presenti all'interno dell'Action Plan della Lombardia:	
<ul style="list-style-type: none"> ➤ Attività e risultati del progetto INNOGROW ➤ Criticità e opportunità per le PMI rurali in Lombardia ➤ Proposte di misure a sostegno della competitività e della crescita sostenibile delle imprese rurali lombarde 	
09:30 – 09:45	Saluti istituzionali Fabrizio Piccarolo, Direttore di Fondazione Lombardia per l'Ambiente
09:45 – 10:00	Presentazione del progetto INNOGROW - Regional policies for innovation driven competitiveness and growth of rural SMEs - www.interregeurope.eu/innogrow Antonio Ballarin Denti, Presidente del Comitato Scientifico, Fondazione Lombardia per l'Ambiente
10:00 – 11:00	Presentazione delle misure a favore di competitività e innovazione delle PMI Dario Sciunnà, Autorità di Gestione POR FESR di Regione Lombardia – Misure previste all'interno della programmazione 2014 - 2020 Federica Marzuoli, Direzione Generale Presidenza – Anticipazioni in vista della nuova programmazione 2021 - 2027
11:00 – 11:15	Coffee break
11:15 – 11:30	PMI collocate in aree rurali: innovazione e competitività. Massimo di Domenico, Fondazione Lombardia per l'Ambiente – Rischi e opportunità dello scenario economico attuale per le PMI rurali in Lombardia
11:30 – 12:00	Verso la costruzione di un Action Plan condiviso Angela Colucci, Fondazione Lombardia per l'Ambiente – Definizione di misure e politiche per la crescita sostenibile delle PMI rurali in Lombardia
12:00 – 12:30	Discussione

Foundation for the Environment will monitor the implementation of the measures contained and it will report the progress towards project goals in terms of concrete support to the growth of rural SMEs.

The Action Plan was realized thanks to the various activities realized in the first phase of the project. Indeed, in these years many stakeholders coming from all the regions represented in INNOGROW

project were involved, sharing their experience and demonstrating a great interest in the topics related to the growth of rural SMEs. Public officers, entrepreneurs, researchers and experts in the field of territorial planning interacted with the goal of creating a fruitful exchange of experience that supported the definition of policies proposals in several regions. Such level of participation represents also a signal for European authorities in the view of the

next programming period, in order to consider the topics of the development of rural areas into the policies for regional development and territorial cooperation.

For further information about the Regional Information Day, please see the attached agenda (in Italian)

Further information

[FLA website](#)

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)

Find us on:



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

