

Viable rural businesses are crucial for the development of rural areas

The Cork 2.0 declaration states that “[Union policies] should reflect emerging business opportunities for agriculture, forestry and rural enterprises”, such as circular, green, and fossil-free economies, the growing concerns of consumers about the quality of products and production processes, and demand for healthy food. It also states that “rural economy and rural businesses will depend increasingly on digitisation as well as knowledge workers who make the most of the digital transformation”.

ENRD Thematic Group on Smart & Competitive Rural Businesses

The ENRD Thematic Group (TG) on Smart & Competitive Rural Businesses ran between July 2016 and July 2017* and explored how Rural Development Programmes (RDPs) can be used to support rural businesses. The TG identified and focused on a number of approaches and initiatives that contribute to creating a **flexible business support environment** (see chart below): (i) identifying new trends, opportunities and ‘wild ideas’ for rural businesses; (ii) business support approaches to help realise innovative business ideas; (iii) supporting access to broadband and digitisation opportunities, and (iv) building digital capacity. This factsheet aims to **assist policy-makers at regional, national and European levels** on how to improve the support system of businesses in rural areas.



New trends &
opportunities
Wild ideas

Building innovation
capacity of rural
businesses

Broadband
connectivity & digital
opportunities

Digitisation support

New trends & opportunities offered by rural areas

Rural areas can provide **similar or even better standard of living** than their urban counterparts, and offer a wide range of new opportunities for businesses, including growing interest of consumers in healthier local food, demand for new services and ‘experiences’ (tourism, health, recreation, etc.) and opportunities offered by the environment. **Business innovation** is not an urban phenomenon but can be triggered also by rural businesses. In order to be able to seize new opportunities, businesses need a supportive ecosystem, including:

- ✓ flexible business support tools to realise innovative business ideas that seize new opportunities;
- ✓ supportive business environment, especially access to fast or superfast broadband connectivity;
- ✓ support for digitisation and building (digitisation) capacity (including the use of rural digital hubs),

Rural Development Programmes are tools that, if designed and implemented in the right way, can help to create such ecosystems.

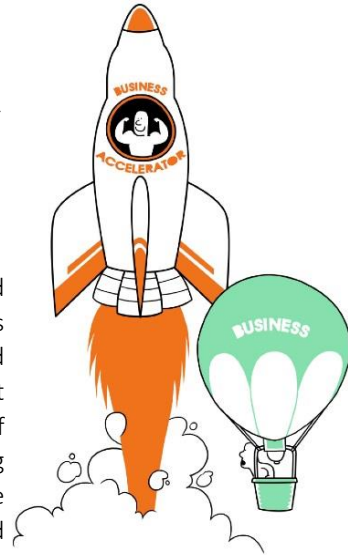


* For more information on the Thematic Group visit:

https://enrd.ec.europa.eu/thematic-work/smart-and-competitive-rural-areas/rural-businesses_en

Flexible support to innovative Business ideas

Business support is most efficient and powerful when different types of support tools and services are combined to meet business needs at different stages of development. Peer-to-peer learning and networking are often at the heart of these integrated business support services, and are coupled with more traditional forms of business advice (e.g. legal services, advisory on funding sources, etc.). The **rural business accelerator approach** has been identified by the TG as one of the most useful integrated tools that support business innovation.



Accelerator approaches speed up the development of business ideas by providing focused business support over a short period, for a small number of entrepreneurs who have strong innovation potential. They use creative, inspirational and dynamic methodologies.



Read the AgriEnt (Greece), Masterclass (the Netherlands) and the Academy on Tour (Belgium) case examples on the [TG webpage](#)*.

Photo: Academy on Tour

What are the benefits of rural business accelerator approaches?

1. They support new emerging (innovative) business ideas, help to create new revenue streams for existing businesses, and new businesses or business activities.
2. They increase the innovation capacity and self-confidence of rural entrepreneurs to turn their ideas into viable business propositions.
3. They create new network connections and partnerships through peer-learning, exchanges and networking opportunities.

Interested in the practical steps of setting up an accelerator programme? Read the ENRD case study on 'Rural Business Accelerators' on the [TG webpage](#).

How to best support?

1. Use the combined potential or various RDP Measures to support different elements of accelerator approaches (such as Measure 1 on knowledge transfer, Measure 2 on advisory services, Measure 6 on start-up aid and Measure 16 on Cooperation and Measure 19 on LEADER).
2. Ensure suitable business support tools to both farming and non-farming businesses: either through the RDP measures themselves or through good coordination with other EU and national funds.
3. RDPs should support the testing and piloting of new business ideas, and Managing Authorities should be aware that innovative approaches may only yield results in the long-term.
4. Partnership and cooperation of a wide set of stakeholders is one of the main ingredients of accelerator approaches. RDPs can support accelerator approaches through supporting cooperation (e.g. through Measure 16 and LEADER).

Supporting next generation broadband connectivity in rural areas

One of the main challenges for efficient business support is **overcoming the digital divide** including (i) improving fast and superfast rural broadband connectivity and (ii) building the capacity of rural businesses and the wider rural community to seize digital opportunities.

Rural areas have important assets (advantages) compared to urban areas, such as their natural environment, cheaper housing and cheaper office spaces.



Read the Kuhmo Village Optical Fibre Cooperative (Finland) & Molenwaard Community Broadband (the Netherlands) case examples on the [TG webpage](#).



Photo: North-Western Kuhmo

Experience shows that when rural areas have next generation broadband connectivity, this (coupled with the local rural assets) can attract **new entrepreneurs** to the area (e.g. on-line retail). Next generation broadband connectivity also improves available **services for the wider rural community** (e.g. healthcare for elderly people).

Community broadband initiatives contribute to setting-up rural broadband infrastructure when commercial interests and/or public policies do not ensure appropriate fast and superfast broadband in rural areas.

Community broadband means community involvement in the initiation, coordination and in the physical setup of broadband networks and, in some cases, direct financing (e.g. crowdfunding). Community broadband can complement the top-down organisation of broadband investments and can contribute to better take up of digitisation opportunities once the network is in place.

What are the benefits of community broadband?

1. **Makes the construction of broadband network more cost-effective** (including voluntary work).
2. **Increases the penetration rate** (i.e. number of subscribers) through identifying local needs and through local awareness-raising.
3. **Improves the take-up of digitisation opportunities** once the appropriate connectivity is in place.

Interested in the practical steps of setting up community broadband? Read the ENRD case study on 'Community broadband' on the [TG webpage](#).

How to best support?

1. **Support the bottom-up organisation of broadband infrastructure and provide investment** (e.g. through LEADER), including self-organisation of community groups, the preparation of business plans and investment in the infrastructure.
2. **Give space to piloting and testing of new approaches at a small scale.** Community broadband allows the step-by-step approach for assessing demand and testing the feasibility of investments (e.g. starting with a smaller set of local villages first and assessment of demand).
3. **However, next generation broadband requires large investments.** Community broadband initiatives are more effective in countries where national broadband programmes (targeted also at rural areas) are in place.

Improving digital capacity

Rural Digital Hubs have been identified as one of the key tools that can contribute to both improving next generation rural broadband connection and **building digital capacity** of local businesses and the local community. Rural digital hubs offer physical spaces with fast, reliable internet access. However, the main added value of hubs is that they also provide a wide range of business and community support activities (capacity building, basic services, etc.) connected to new digital opportunities.



Read the Ludgate Hub (Ireland), Cocotte Numerique (France) and #hellodigital (Scotland) case examples on the TG webpage.

Photo: the Ludgate Hub



What are the benefits of rural digital hubs?

1. **Help to organise and provide incentives to invest in better broadband connectivity.**
2. **Attract new businesses and entrepreneurs**, especially young people (with connections to the rural area) and their families.
3. **Improve the digital literacy** of both businesses and the wider community, including children and older people.
4. **Strengthen communities and local partnerships** especially when the hub operates as a community centre.
5. **Contribute to the socio-economic revival and 'rebranding' of rural areas** as dynamic places with attractive living conditions.

How to best support?

1. **Support required at different phases:** At the early phases physical investment and planning support (including feasibility studies); once the digital hub is set up, support for the provision of services (including training courses, community-building activities, basic services, etc.).
2. **Use the Rural Development Programmes** to support rural digital hubs through various Measures, as they not only support businesses but also strengthen the community.
3. **Use rural digital hubs also for promoting rural areas** as viable places to live in, and support the hubs in their territorial marketing efforts.

Interested in the practical steps of setting up a rural digital hub? Read the ENRD case study on 'Rural Digital Hubs' on the [TG webpage](#).



Lessons, recommendations

Rural entrepreneurs need different types of support at different stages of their development.

Complementarity between national and various European policies (e.g. rural, regional and social policies) is necessary.

Allow experimentation and give flexibility. Small scale experimental investments are important for generating innovation. Piloting is crucial for learning and investing in the right business support tools in the long run. Specific funding needs to be targeted at these at the early stages.

There are no 'one-size-fits-all' solutions for business support. Business support tools need to be adapted to the needs of different kinds of businesses at different stages of development. The feasibility-assessment of relevant approaches is necessary.

Businesses need to have the opportunity to develop and test 'wild ideas' to achieve change and innovation. Peer-learning, networking, and getting new inspiration are crucial for this.

Policies should address both specialisation and diversification processes. All types of – farming and non-farming – rural entrepreneurs should be given the opportunity to receive support for starting new and developing existing businesses.

Investments in physical infrastructure and equipment are not sufficient on their own and need to be backed up with certain services. Next generation broadband is not sufficient without improving digital literacy and digital (public) services; Digital Rural Hub buildings and equipment are not sufficient without enterprise and community-support activities and services.

Certain support for rural businesses can be particularly efficient when provided locally. Local organisations can contribute to identifying local business needs and engaging local stakeholders more effectively from planning to implementation. "Nodes" and animators of local networks can particularly contribute to this process, and therefore, need to be supported in their efforts.

Implications for the RDPs

RDPs can provide integrated packages of business support services. Managing Authorities should create mechanisms for coordinating and linking Measures (e.g. making the access of one Measure conditional on another and/or integrating various Measures into specific schemes).

RDP Measures can be made more flexible through adapting eligibility conditions to the needs of businesses and using selection criteria to target innovative businesses more effectively.

Knowledge transfer (through Measures 1 and 2) can facilitate the access to technical as well as entrepreneurial knowledge through a combination of traditional one-to-one advice support and more experimental (e.g. peer-learning, networking, etc.) knowledge transfer methods.

Cooperation: Measure 16 provides funding for sharing ideas among stakeholders and opens possibilities to implement more complex 'multi-stakeholder' and innovative projects.

Investments into new businesses: Measure 6 provides direct support for start-ups, new farming and non-farming activities and pilots; and can promote innovative projects through specific selection criteria.

National Rural Networks: National Rural Networks funded under Measure 20 can make rural business support one of their priorities and use their networking tools (e.g. events and thematic working groups) to monitor and improve business support through the RDPs.

LEADER (Measure 19) has a long history of community-based business support. In some RDPs it is the only Measure providing support for non-agricultural businesses. The bottom-up approach allows better understanding of the social and economic conditions of rural areas and businesses. LEADER's role in supporting rural businesses through integrated and targeted services should be further recognised and empowered.

Interested in the lessons of the ENRD RDP analysis carried out for 5 RDPs? Read the RDP Analysis Report.