

ENRD Thematic Group on Smart Rural Businesses

4th Thematic Group Meeting

Event Summary |
18-19 May 2017

About the Thematic Group meeting

The aim of the 4th (and final) thematic group meeting was to discuss the outcomes of the thematic work, and how these can be refined and disseminated to practitioners and policy-makers. During the meeting, two field visits were organised to a greenhouse and an organic farm business, both are supported through RDP funding. The Finnish Smart Countryside initiative and the upcoming ENRD thematic work on 'smart villages' were also presented.



Finnish Colleagues at the 4th TG meeting (from left to right): Sirpa Karjalainen (DG AGRI), Krista Antila (LAG Pohjois-Satakunta), Marianne Selkäinaho (Ministry of Agriculture), Kari Kylkilahti (LAG Kantri), Joel Karlsson (Finnish NRN), Marko Mäki-Hakola (Central Union of Agricultural Producers & Forest Owners/ COPA), Juha-Matti Markkola and Teemu Hauhia (Finnish NRN)

From the contents...

In this Event Summary:

- ✓ Finnish Rural Network colleague (Juha-Matti Markkola) explains their **motivation to organise the TG meeting in Finland**.
- ✓ The **main outcomes of the TG on Smart and Competitive Rural Businesses** and the next steps agreed during the meeting to finalise these are described.
- ✓ Two **Finnish rural businesses and their approach to innovation** are presented.
- ✓ The **'Smart Village' theme** is introduced including work on the 'Smart Countryside' initiative in Finland and the upcoming ENRD Thematic Group on Smart Villages.

Why Finland?

Juha-Matti Markkola from the Finnish Rural Network tells their motivation to host the final TG meeting in Finland...

"We are always happy to cooperate with our European friends. We in Finland really believe in the importance of rural development, and Finland is one of the 'most rural' EU member states."

Kari Kylkilahti, LAG Kantri, Finland

The combination of participants from different countries with different kinds of backgrounds has created an excellent pool of expertise and new ideas. By inviting the TG to Finland we wanted to have more "food for thought" to our national discussion, especially to our national working group on **Future of Rural Entrepreneurship**. The other reason for hosting the event is that Finland has been an independent country for 100 years. The theme of Finland's centenary celebration year is 'Together'. We wanted to invite our friends to work together with us and celebrate Finland's special year.

The main message for me from the event was that 'Little can think big!'. Although rural businesses might be small (or not so centrally located), they can still think and act big. Rural Europe is full of these examples. That is a big issue to be highlighted. The whole RDP chain from European Commission to national and regional Managing Authorities should learn and be inspired from their experiences.

TG outputs:

Turning case studies and RDP analysis into useful tools

As a final output of the Thematic Group work on Smart and Competitive Rural Businesses¹, three thematic case studies were developed. Furthermore, an RDP analysis was carried out by the ENRD Contact Point (CP) in five Member States with a summary report on how to best use RDPs for supporting rural businesses.

Each of the three thematic case studies are based on two or three practical examples:

- The first case study on **Rural Digital Hubs** has been based on the findings from the examples of Ludgate Hub (Ireland), CoCotte Numérique (France) and #hellodigital (Scotland);
- The second case study on **Rural Business Accelerators** is based on the findings from the AgriEnt example (Greece), the Masterclass (the Netherlands) and Academy on Tour (Belgium);
- The third case study on **Community Broadband** is based on the findings of Broadband Molenwaard (the Netherlands) and Village Optical Fibre Network Cooperative of North-Western Kuhmo (Finland).

During the final meeting it was agreed that:

- ✓ In order to be able to disseminate the case studies to practitioners, their format needs to be shortened and simplified. Some of the sections can be turned into a 'toolkit' format. Potential target groups of the simplified (toolkit-format) case studies are LAGs and business support organisations.
- ✓ Policy-makers need to be aware of the added value of innovative business support tools. Therefore, the costs and respective results of innovative business support approaches need to be better demonstrated towards policy-makers.

*Edina Ocsko &
Elena Maccioni:
What have we achieved?*

Case studies



¹ https://enrd.ec.europa.eu/sites/enrd/files/tg4_rural-businesses_achievements_maccioni_ocsko.pdf

RDP Analysis & Rural Review



The results of the RDP analysis (carried out in five Member States/regions: Finland, Basque Country in Spain, Scotland in the UK, Portugal and Slovenia) was circulated as a draft to TG members. A short report as well as a Rural Review article is summarising the key findings of this analysis.

During the final meeting, it was agreed that the synthesis report on the RDP analysis and the upcoming EU Rural Review could be used to raise awareness among policy-makers about the importance of flexible and integrated use of EAFRD and other funds to support rural businesses. The good practices within some of the RDPs will be highlighted.

Inspiring businesses in Southern Finland

Two inspiring businesses were visited in the rural area near Helsinki. Both businesses received RDP funding. 1) Robbes Little Garden is a greenhouse that is also a pilot of a vertical growing system and a test-field for the collection of big data for research. 2) Knehtilä Farm received several awards for its environmentally friendly nutrient-efficient farming and is part of a larger local cooperative food production system.

Robbes Little Garden: “Small firms can think big.”



“You first ask the wrong kinds of questions and you do various calculations. Then you speak to specialists and you gradually get to a viable business idea.”
Robert Jordas, Robbes

Robbes Lilla Tädgård (Robbes Little Garden) was founded in 2002 by Robert Jordas. It produces plants and herbs in greenhouses of 8 000 m², employing 20 people of ten different nationalities, and having a yearly turnover of 2.5 million euros. It has received several batches of RDP funding.²

Robert himself is a local businessman who had the entrepreneurial spirit and enthusiasm to realise his idea. “*I have no agricultural education,*” – describes Robert. “*I got this idea and was nurturing and developing it in my head, while running or while in the sauna.*”



One of the greenhouse’s main innovations is a **completely closed vertical growing system** that has been tested in a pilot greenhouse over the past two years. Strong cooperation has been established with Fujitsu that collects and analyses metadata on the environment and the growing system.

Robbes Little Garden mainly sells in Finland (3-4% of its sales made in Sweden). Its main buyers are supermarkets, local restaurants and markets in Helsinki capital area.

The greenhouse has to optimise its production to deliver the same amount every day, except for Christmas and some other peak periods during the year. This requires careful planning of the growing systems. “*Since production is expensive near Helsinki, we need to be very efficient on every square metre,*” explains Robert.

² The project received RDP funding for (1) Building new greenhouse of 4 608 m² (from RDP 2007–2013); (2) New packing line (RDP 2007–2013); (3) New bioenergy power plant for the greenhouse (700 kWh, uses wood chips) (RDP 2007–2013); (4) Building new greenhouse of 5 500 m² and a vertical growing ‘house’ area of 1 600 m² (RDP 2014–2020).

At the end of their visit, Thematic Group members were shown the vertical ‘fast growing area’ within the greenhouse. The pilot greenhouse operates in a very steady environment, and this is where data about the production system is collected and analysed. Mr Shinji Yoshioka from Fujitsu (Japan)³ and Robert explained that their cooperation started when a group of Japanese businessmen came to Finland to learn about urban growing projects. They were introduced to Robert and his project and they organised mutual visits between Finland and Tokyo. They established fruitful cooperation with regard to data collection and knowledge development.

“Our cooperation is not only useful for developing new knowledge and improving growing systems, but it’s also really interesting to learn about the differences in our cultures and growing systems,” says Robert.

Although Rob’s Greenhouse is little, it is ‘thinking big’ and is planning to become the largest vertical growing system in Finland with plans to expand further through investing in similar greenhouses in other parts of Europe. Cooperation on the collection of big data with Fujitsu is also continuing.



Knehtilä Farm

Knehtilä Farm is at the centre of a **cooperative food production system** based on energy and nutrient self-sufficiency. This multi-enterprise network, located in Hyvinkää, is the first of its kind in Finland.

Knehtilä Farm was founded in 1796, and currently the 8th farming generation is living and working on the farm. Finnish couple Markus Eerola and Minna Sakki-Eerola are farming on 350 hectares of arable land. The farm has received several awards for their environmentally friendly and nutrient-efficient farming. Since 2010, they have converted their farm to organic farming.⁴ Parts of the system are already functioning; others are still to be set up.

The final objective is that grains from the fields are milled in Knehtilä and used by a local organic bakery. The residue from milling and baking has the potential to be used as feed for the hens in the neighbouring henhouse. Organic pellet fertilizers, which the farm is using, are produced from hen manure and animal bones. The green manure from Knehtilä’s organic crop rotation combined with the hen and horse manure would be also the basis of biogas production. The space for the biogas plant is already secured and the plant will soon be built. Among others, the biogas will be used for grain drying, the bakery’s ovens, running the farm machinery, and local sale for passenger cars.

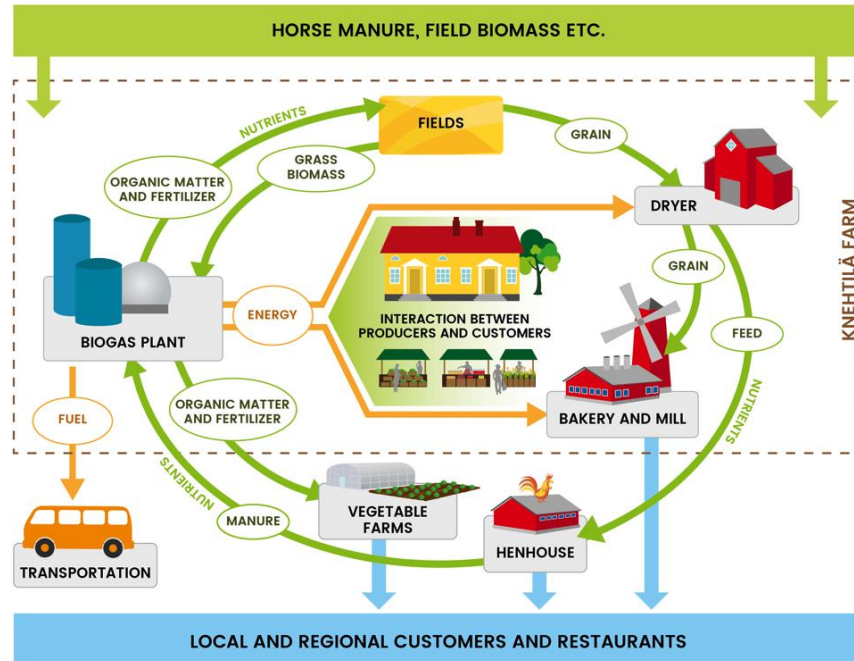
³ Mr Yoshioka is the CEO of Fujitsu Greenhouse Technologies Finland (FGTF) Ltd. FGTF is an enterprise, which develops cloud services for agriculture and vertical growing systems. The firm is 98 % owned by Fujitsu Limited and 2 % by Robert Jordaas.

⁴ RDP 2007-2013: Renovation of the barn; building meeting room and cafe. Investment: € 218 000. RPD funding: € 43 600 (20 %). Knehtilä Farm also receives direct payments for organic farming.

“I tend to start crazy things. Our profit is still low but our motivation is high.”

Markus Eerola, Knehtilä Farm

Palopuro Agroecological Symbiosis



This model of production and processing of local organic food has been developed through a project called “Palopuro Agroecological Symbiosis”, which is funded by the Ministry of Environment’s RAKI programme, involving producers, processors, the University of Helsinki and LUKE Natural Resources Institute Finland.

Knehtilä Farm itself is also an excellent example of on-farm diversification. Local produce is sold in the farm shop. Markus’ farm is close to Helsinki and Helsinki Airport, and the farmhouse has been adapted to host various events (weddings, meetings, etc.). Markus is a glass artist himself. He sells handicrafts to some 200 small shops near Helsinki. In one of the barns, recreational (‘mindfulness’) sessions are organised using horses. A nearby building serves as a metal-art studio.

The farm is a focal point for the local community. It brings together producers to implement the local integrated production and processing model. The bakery will be partly funded from crowd funding. The farm shop and café are meeting points for locals and visitors. Several times a year the farm organises open farm days where local people are involved in the farm’s activities.



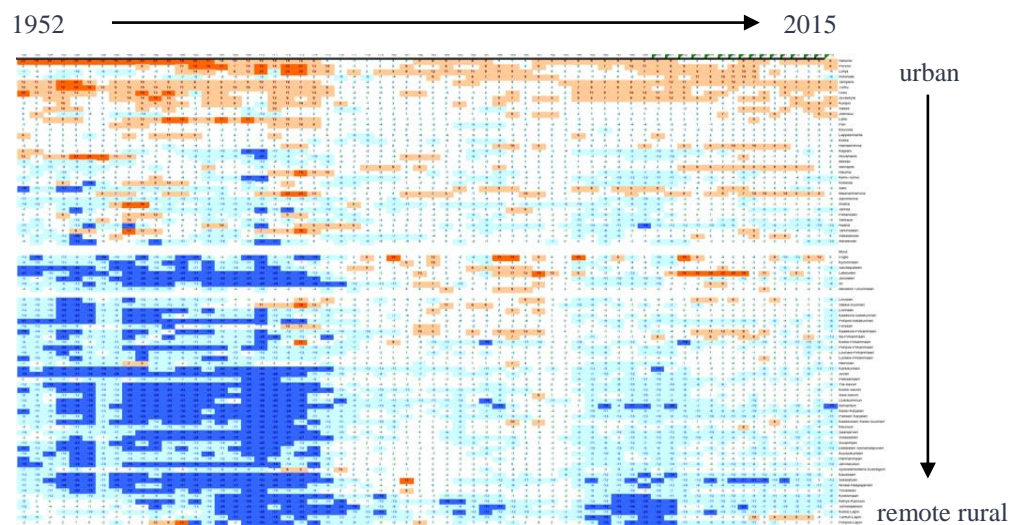
In focus: Smart Countryside initiative in Finland

Janne Antikainen: Smart Countryside

"There is a gap between will and skills among the Finnish people and enterprises. Note everybody has equal level of readiness to seize the opportunities of digitisation."
Janne Antikainen, MDI

In his [presentation on the Smart Countryside initiative](#)⁵, Janne Antikainen (MDI Public Ltd) demonstrated rural migration trends between 1952 and 2015. He explained that in the 1960s and 70s there was a massive migration from rural areas to a few cities (the upper part of the graph below shows cities/municipalities moving towards increasingly rural areas at the bottom; the dark and light blue colours indicate levels of net out-migration, whereas the dark and light orange colours indicate levels of net in-migration). The out-migration from rural areas during this period was somehow compensated by an increase in the birth rates. At this time the Nordic welfare state could provide local services, such as elementary schools, community centres, etc.

In the 1980s the situation became balanced. However, in the 90s, in a period driven by important developments of the technology and knowledge economy in Finland, medium and small rural municipalities again started to lose their population. However, this time birth rates could not compensate for the loss of population.



In order to understand rural challenges, and depopulation in particular, the **Finnish Government commissioned a Study on Smart Countryside**. The study focused on better services in rural areas by using digitisation and experiments. One of the main findings of the study was that the possibilities and advantages of digitisation must be brought out clearer, citizens' skills must be improved and pioneering companies and regions must gain visibility.

Growth Platform - Another 'wild idea' from Finland

Through the Leader2030 (see [Event Summary No 1](#)) and Smart Countryside processes, the idea of 'growth platforms' has emerged. Growth platforms are locally-based platforms for supporting emerging new ideas, initiatives and projects. If set up, 'growth platforms' would provide help for local stakeholders to identify needs, encourage interactions, find partners, and identify relevant funding sources (including public, private and crowd funding). The platforms need to take advantage of locality and the strength of local people, community and networks. As a next step in the Leader2030 process, the Finnish Rural Network is hoping to have some pilot cases, where LAGs would act as 'growth platforms'.

⁵ https://enrd.ec.europa.eu/sites/enrd/files/tg4_rural-businesses_smart_countryside_antikainen.pdf

Planning for the next ENRD Thematic Group on ‘Smart Villages’

Paul Soto:
Smart Villages Thematic
Group: First ideas

Paul Soto presented the [initial proposals for the next ENRD thematic group \(TG\) on ‘Smart Villages’](https://enrd.ec.europa.eu/sites/enrd/files/tg4_rural-businesses_smart-villages_soto.pdf)⁶ recently discussed at the European Rural Networks’ Steering Group⁷.

The goal of the work would be to explore responses to the ‘perfect storm’ faced by many rural areas across Europe, including the reorganisation, centralisation and withdrawal of many public and private services and the loss of population/ lack of critical mass required for sustainability. The rural residents and communities have to find new ways to plan and organise the services.

So, the proposal for the new TG is to focus on two emerging opportunities for maintaining good quality rural services. Firstly, the new technical opportunities offered by the application of digital technologies and secondly, to explore many of the people-centred initiatives emerging across rural Europe in the form of community-driven service innovation.

In order to do this, the future TG will need to collaborate with and build on a large number of exciting initiatives that are emerging in this area – such as a pilot project on smart eco-social villages being supported by the European Commission and European Parliament, and initiatives by the European Rural Parliament, the European Economic and Social Committee and many others.

TG members broadly supported this approach, and expressed their interest and willingness to contribute to the work. The TG is foreseen to be launched early in autumn, with the first workshop taking place shortly afterwards.



⁶ https://enrd.ec.europa.eu/sites/enrd/files/tg4_rural-businesses_smart-villages_soto.pdf

⁷ See presentation at the Steering Group on ‘Planned activities of the ENRD Contact Point until July 2018’: http://enrd.ec.europa.eu/sites/enrd/files/sg7_enrd-cp_soto.pdf



Members' perspectives:

Did the thematic group meet your initial expectations?

*Marko Mäki-Hakola
(MTK/ COPA, Finland)*

The TG work has showed the **huge potential of rural businesses** but also the challenges in achieving the full potential of individual rural enterprises, farmers and forest owners. I am sure that thanks to this TG we all have a better understanding of business networks in rural areas. The TG has **provided great tools and examples of digitisation and business acceleration**. If we have a profitable and developing farming sector as a backbone of rural areas, then we may also have a wide range of other rural businesses.

*Kari Kylkilahti (LAG Kantri,
Finland)*

Personally, the main motivation to take part in the work of the TG was to have an influence on **improving the future of LEADER** - and RDPs and rural development in general – in supporting rural businesses. I feel that the results of the TG have a fair chance to do so. It was also **extremely interesting to exchange best practices and know-how** with our colleagues from all over Europe. I am convinced that my own region around Tampere can profit from these experiences.

*Markus Stadler
(Ministry of Agriculture, Austria)*

It was a challenging task for ENRD CP colleagues to **bring together the different expectations on the topic of innovative rural businesses** – it was a balancing act to find the right mixture between the “wild ideas” and practical examples, and the reality of the legal framework and audits. **Creating and implementing innovative projects via EU programmes is not always easy** for rural entrepreneurs and farmers. The different reports, brochures and articles are useful outputs, which can be inspiring and give new ideas for future RDP programming and project implementation.

*Krista Antila
(LAG, Finland)*

The working group experience was overall very positive. This kind of thematic group work is useful in terms of **sharing knowledge about working methods across Europe and finding new ideas and solutions**. The fact that some of the meetings were organised in the countryside ("out of office") and the field visits were very useful. I would recommend to use **electronic working application like "Viima" in future** (we use it quite a lot in Finland) to work on the preparation of meetings, to give opinions and to discuss the results.

*Patrick Pasgang
(Innovatiesteunput, Belgium)*

I really enjoyed the networking and the active participation of all members. We discussed some nice case studies from which we will surely use some ideas. Nice job done by the coordinators for organising the different workshops and seminar. I hope to be part of new and interesting Thematic Groups.

*Jan Willem van der Schans
(Wageningen University,
the Netherlands)*

It has been a fruitful and inspiring experience to be part of this Thematic Group. It is always difficult in the first stages of a group to find out each other's individual objectives as well as common interests, but the ENRD CP very skilfully **focused the discussions on business accelerators and rural digital hubs**. For me as coordinator of a business accelerator in the Netherlands, the discussions with peer initiatives in Europe were directly relevant to my work and can help to legitimate my work towards funding parties.

*Rob Clarke (Highlands &
Islands Enterprise, Scotland
& Euromontana)*

The group brought together an interesting mix of expertise and experience from across Europe. I joined the group hoping to **learn from others and to contribute good practices from Scotland and from the Euromontana network**. I was able to do both and I look forward to our thoughts and findings being disseminated more widely. Participating in the group was interesting and enjoyable and a key message that emerged was that while there are many innovative and ambitious rural businesses who are leading in the use of new technology and connectivity, there is the potential for many more.