



FIRST EUROPEAN RURAL STARTUP PLATFORM

FERSP Position Paper and Workshop Report

**Key Policy Recommendations and
Conclusions of the 2 December 2014 FERSP
Workshop**

Budapest, December 2014

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Background

FERSP was created by professionals with diverse experiences. We tried to build a team which is able to integrate up-to-date business thinking with the logics of public policy intervention. We believe that rural Europe has a great potential to become a relevant place to live and work for talented, young professionals if we are brave enough to think out of the box in searching solutions for rural employment and diversification. We are not against the traditional rural development approach but we are sure that new and innovative ways must be introduced to complement traditional solutions.

This is the reason we suggest that one of the trendiest business concepts - the creation of a startup ecosystem - should be implemented to have a disruptive innovation in the field of rural development.

Relevant trends for FERSP

Rural economy: transformation from a declining traditional sector into a growth leader with huge innovation potential

Basic data of rural economy in EU

The combined agricultural and food sector accounts today for 30 million jobs (13.4% of total employment) and for 3.5% of total Gross Value Added in the EU-28.

The agri-food sector is relatively more important in New Member States, particularly concerning the employment in primary sector, and in rural areas.

Despite the long-term trend of urbanization, rural areas still represent in the EU-27 some 91% of the territory and 56% of the population. In 2004, they generated 43% of GVA in the EU-27 and provided 53% of the employment.¹ Rural areas tend to lag as regards a number of socio-economic indicators compared to non-rural areas (income per capita, lower employment rates, higher unemployment, demographic situation in some areas, development of the tertiary sector, activity of women and young people, human capital). For example, in rural areas, income per habitant is around 20% lower than in urban areas, with lower employment rate and higher unemployment rate. Over the last years, whilst the employment rate progressed slightly less in

¹ http://ec.europa.eu/agriculture/rural-area-economics/more-reports/pdf/agri-food-sector_en.pdf

rural areas (respectively +0.9 and +1.5 percentage points), the rate of unemployment decreased more than in urban areas (respectively -0.4 and +0.2 percentage points). However income per capita increased at the same rate in rural and urban areas (on average around 4.5% per year between "1996" and "2003").

Like in urban regions, the economy of EU rural areas depends largely on the manufacturing and service sectors, with services dominating. Many rural areas are now driven by urban economies as in-migration has occurred around metropolitan centers. For the EU-27, the share of Gross Value Added of the different sectors in rural regions⁶ in 2004 was 4% for the primary sector (agriculture, forestry and fishing), 29% for the secondary sector and 67% for the tertiary sector. For urban regions the respective shares stood at 1%, 24% and 75%. The corresponding shares for employment reached 11% / 29% / 60% in rural regions against 1% / 23% / 76% in urban regions. Whilst in most regions the primary sector accounts for less than 10% of total employment, this share stands around 14% in the predominantly rural areas, with rates above 25% in some rural areas of the East and South of the EU.

Agricultural innovation: a growth area in the global effort to feed the world

To meet the challenges of the coming years, the EU and Member States will require ambitious policies – policies that unlock the great potential of the European agri-food chain and maintain its place as a world leader;

The agri-food chain invests in the future and constantly looks for new ways to be competitive, productive and sustainable (economically, environmentally and socially)

As the world needs more and better food: a new era of agricultural innovation has arrived. Some of the major trends in agricultural innovation

- Precision farming
- Smart resources use (e.g.: water-irrigation)
- Big data analysis (e.g.: sensors, RFID in animal husbandry)
- Agrirobotics
- Biologicals
- Autonomous vehicles
- Agricultural drones
- Healthy foods
- Short Value Chains

Quality of life in rural areas: a potential business opportunity

There are two major factors driving innovation in rural services: the aging of population and a new migration towards rural areas in search of a better quality of life, healthier environment.

- The first group has the right in a welfare society to be served at a higher level
- The second group has the resources to finance the access to high quality services
- Major areas for service innovation in remotely populated areas:
 - Broadband
 - Health-care
 - Transport
 - Housing
 - Life-long learning, education

A new concept in disruptive innovation: the world of startups

A new era in global business: the lean startup methodology

Many studies have identified factors that are thought to be essential and effective in motivating the establishment of new firms. Moreover, resources and cultural inheritance of entrepreneurs' intentions are different between rural and urban areas.

Innovation activities have undergone fundamental changes during the last decade. Low cost technologies and outsourcing of innovation has entailed the advent of the world of startups. There has been a new branch of industry built up supporting the innovative startups.

Innovation is going through fundamental changes in today's economy: it has been shifted towards startups. Even the bigger organizations tend to outsource innovation: they let smaller, entrepreneurial companies search disruptive, new business models and if they find one, they become target of acquisition for large corporations. Innovation cycles have become faster: some decades ago the trendsetter was the automotive industry (model redesign every 6-8 years), now it is the smartphone industry (2 renewed models per year).

Business theory like to brand every trend. This new approach described above also has its name: lean startup methodology. According to the major evangelist of this concept Eric Ries, startups can shorten their product development cycles by adopting a combination of business-hypothesis-driven experimentation, iterative product releases, and what he calls "validated learning". Ries' overall claim is that if startups invest their time into iteratively building products or services to meet the needs of early customers, they can reduce the market risks and sidestep

the need for large amounts of initial project funding and expensive product launches and failures.

Now, it is trendy to be a „startupper” among young professionals, so rural development should use this hype in its own favour. Showing openness towards this concept is an indicator for many young people that this policy area has not remained in the past.

In some years time from now, the startup concept will be part of the mainstream management culture, it will be stronger than ever but nobody will talk about it (like Just In Time production was a buzzword of the 90's: now everyone does it but nobody talks about it.)

Startup Europe: policy reactions in Brussels

European policy-makers were fast to react to this new trend of startups. There is a program called Startup Europe "to strengthen the business environment for web and ICT entrepreneurs so that their ideas and business can start and grow in the EU." This program is independent of the geographical area so it is not concentrating on rural areas but these territories are not excluded.

If we look at how the rural development policy of the EU was shaped in the last decade, we can say that it has become much more innovation oriented. Current structures and tools in rural development – including LEADER Local Action Groups, EIP-AGRI, ENRD, rural development resources – have the potential of supporting this initiative. There is no need to establish new organisations, to launch new initiatives but to finetune the existing ones. Concerted action of stakeholders might result in creating a more favorable environment for rural and agro-startups in Europe, including a more supportive approach to these startups at European, national and local level.

Public intervention in rural areas: the need for a special approach

The development of rural territories always required the active intervention from national, regional or local level governments and authorities. In the field of economic development, government intervention shall be based on the real needs of rural stakeholders and shall be targeted to those enterprises and entrepreneurs who can create the most added-value and generate sustainable economic growth. Rural startups are definitely among those who should be in the focus of the government support programs. That is why it is necessary to raise awareness and enhance the knowledge of the responsible national, regional and local authorities and to encourage them to better address the needs of rural startups in their relevant development programs.

There are huge challenges and an untapped innovation potential in agricultural and rural development. Urban startups (and the founders of them) usually cannot recognize these opportunities, therefore, they are unable to set up companies addressing rural needs. Consequently, public intervention is necessary to focus on this innovation potential by developing and launching appropriate measures and tools to support rural and agro-startups.

Supporting rural and agro-startups in the EU could simultaneously contribute to achieving the EU 2020 objectives. It could be conducive to creating and preserving jobs in rural areas. As startups are mostly launched by the young, public intervention to boost rural entrepreneurship could mitigate youth unemployment, primarily facilitating self-employment of young entrepreneurs. It might help to channel more R&D resources into rural and agro-startups, not only increasing the innovation potential of rural territories but also leveraging it. Indirectly, this could also be beneficial to ease the social problems of rural areas.

Providing equal opportunities for all is a cornerstone of all European policies. Nevertheless, throughout the EU, experiences of recent development programs revealed two types of drawbacks that hit rural and agro-startups: first, startups funds are primarily set up within the framework of the Regional Operational Programs, which devote a minimal attention to innovative rural and agro-startups. Second, rural development programs concentrate more on traditional projects and are lagging behind in dealing with innovative business ideas. These two factors are exacerbated by the digital gap, detrimental to rural and agro-startups.

Also a geographical division within the EU is to be marked: Member States in the CEE region are lagging behind in terms of supporting rural and agro-startups and channeling venture capital to the rural economy.

And finally, the recent economic meltdown in the European Union poses new challenges to rural SMEs, particularly startups. New ways of thinking are necessary for both entrepreneurs and public decision-makers in order to give a boost to rural economy and employment.

Definitions in the context of rural startups

Our concept of promoting startups in rural areas sounds quite unorthodox for both of the major stakeholder groups: business actors viewed rural areas as underdeveloped irrelevant territories from an innovation viewpoint and public authorities responsible for rural development viewed startups as irrelevant in fulfilling their objectives. So our suggestion to promote innovative rural startups is quite unfamiliar. Thus, we need a clear set of definitions to make it clear what we are working for.

- Startup: startup is a company designed to search for a repeatable and scalable innovative business model, which is adaptable to different markets. These companies, generally newly created or in their early lifecycle, are in a phase of either creating new markets or changing and disrupting existing ones. Startups face increased risks, which is counterbalanced by the significant growth potential.
- Rural startup: any startups located in rural territories and/or focusing on rural needs. Business models of rural startups usually but not necessarily reflect to rural needs. The table below shows the different versions of rural startups highlighting the most classic version of a rural startup which is located in a rural area AND focuses on rural needs
- Agro-startup: any startups active in the field of agriculture and food industry in any phases of the food value chain as well as startups which are subcontractors to any companies along the food chain or startups connected to agricultural biotechnology. Usually it is connected to traditional farming businesses as a supplier or service provider but in special cases even a farm with an innovative way to organize production can qualify. Agro-startup is the major subcategory for rural startup.
- Startups focusing on rural services: the special geographical features of rural areas make it more complicated to organize services for some basic needs so it is a huge potential for disruptive innovation (telemedicine, collective transport solutions). This is a subcategory for rural startup.
- Startup ecosystem: A startup ecosystem is formed by people, startups, organisations, interacting as a system to create new startup companies. These organizations can be further divided into categories such as universities, funding organizations, support organizations (like incubators, accelerators, co-working spaces etc.), research organizations, service provider organizations (like legal, financial services etc.) and large corporations.
- Public sector: all stakeholders in the public sphere dealing with or connected to the startup ecosystem and to SME development, including LEADER Local Action Groups.

- Rural territories: defined in the respective national Rural Development Programs of any EU Member States.

		FOCUS ON AGRI / RURAL NEEDS	NOT FOCUSED ON AGRI / RURAL NEEDS
LOCATED IN RURAL AREA		Rural startup	Rural startup
NOT LOCATED IN RURAL AREA		Rural startup	Not rural startup

Vision, mission

Via supporting rural and agro-startups, a completely new segment of the European economy could be channeled into its development and into the European innovation. We believe that rural Europe has a huge untapped entrepreneurial potential. Agriculture and food industry have become new focus areas for breakthrough innovations, and the special constraints and opportunities attached to the rural lifestyle and mindset bring new chances for innovation. Additionally, digital and income gap in rural Europe as well as urban-rural connections bring along significant development potential. **In sum, FERSP strives for helping rural Europe realize this potential, and rural startups to benefit from available private and public funding.** To bring a new era of rural startups in Europe a whole set of actions should be carried out in the long run. It is a cultural change involving education, advisory services, financing methods and business development approaches, etc.

A new European-wide ecosystem should be developed for supporting SMEs active in developing new, scalable business models in the area of agri-food chain and rural services (rural startups)

Objectives and planned actions

Building a platform for different stakeholders to have a common understanding of rural startups

Stakeholders of the initiative of FERSP can be grouped around three key pillars:

- Potential entrepreneurs, mostly young people in rural areas;
- European, national and local authorities and public bodies connected primarily to rural development (programs), including Local Action Groups, but also to other EU funds and resources (structural funds – Jeremie programme, SME instrument, etc.);
- Key players of the startup ecosystem: business angels, accelerators, venture capital funds.

In order to achieve the vision above, all the key stakeholders, entrepreneurs, actors in the public sector and the startup ecosystem shall take their own parts. The objective of FERSP is to encourage these stakeholders to make a closer cooperation with each other in order to exploit the potential of the rural and agro-startup arena.

In the process of mainstreaming rural startups, all the stakeholders shall take their parts:

- Young entrepreneurs shall take the initiative to launch their own business ideas and start their own businesses;
- The actors of the public sphere, at EU, national, regional and LAG level shall be supportive to rural and agro-startups and shall ensure that the regulatory framework is favorable and encouraging to them;
- Members of the startup ecosystem shall recognize the business potential which is embedded in rural and agro-startups, and shall pay enhanced attention to these startups.

The objective of FERSP is to encourage the stakeholders of these three pillars to make a closer cooperation with each other in order to exploit the potential of the rural startup arena. FERSP provides a platform for exchange of views among stakeholders with diverse background but with the commonly shared objective of supporting rural startups throughout the EU. Basically, FERSP's work is centered around campaigns aimed at awareness-raising and dissemination of information and ideas related to rural startups in the EU.

Supporting authorities in designing public intervention measures for helping rural startups

FERSP aims at gathering the best practices of government programs and interventions. Best practices can be shared with other policy makers in other Member States. FERSP welcomes governmental actors to join its platform for rural startups: a community of stakeholders sharing the view that EU co-financed development policies should highlight rural startups from 2014.

FERSP encourages Member States' governments to develop pilot or demonstration projects between 2014-2020 that could raise awareness of rural startups to participate in the funding schemes and could also raise attention of other MAs to launch similar initiatives. These pilot or demonstration projects could be first launched at the level of a local community based on the capacity of a voluntary LEADER Local Action Group. At a later stage, co-investment and co-selection schemes between Managing Authorities and Venture Capital Funds shall be elaborated and inserted into the program documents applying pitch-like project selection methodology and support for rural mentoring programs carried out by accelerators.

According to FERSP, EU funds should serve as a catalyst for boosting rural entrepreneurship. There is an opportunity to raise awareness and enhance the knowledge of the responsible national authorities and to encourage them to better address the needs of rural startups in their relevant development programs. The EU legal framework is given: rural startups can be eligible for funding in the Rural Development Programs (RDPs), from the Structural Funds (SFs) and also, innovative financial instruments can be launched in the framework of both the RDPs and other Operational Programs financed by the SFs. Now, it is up to the national and regional decision-makers to use these funding opportunities for helping an innovative and thriving entrepreneurial climate in rural areas or they stick to the old-school instruments.

Supporting the birth of the European rural startup ecosystem based on private actors

One of FERSP's main objectives is also to increase the visibility of rural startups and their embedded potential in the eyes of venture capital funds. Venture capital funds shall recognize

this development potential, which could help them diversify their investment portfolios and also to channel new ideas and investment opportunities into their project selection processes.

FERSP could also play an intermediary role between the accelerators and rural startups: FERSP could help startups to eliminate the barriers rural startups face to get involved in cross-national

The Rural Accelerator Program should be set up within the national or regional rural development programmes with a combination of measures.

accelerator programs. FERSP could also serve as an EU-level interest-representing organization for those accelerators which are dealing with

rural startups across Europe so that FERSP could make their voice heard by EU decision-makers.

FERSP's objective is to influence EU-level decision-makers – primarily those working for the EU institutions – to devote distinguished attention to startups in the rural territories of Europe. FERSP also would like to create a European network of stakeholders connected to rural entrepreneurship, including venture capital funds, accelerators, etc. Additionally, the network of the rural startups could also be set up so that rural entrepreneurs could exchange of view on their experiences.

The 1st campaign of FERSP: targeting Rural Development Managing Authorities to include the support of rural startups in their programmes

Objectives

The objective of FERSP is to mainstream the idea of supporting rural and agro-startups and to give more weight and resources to this policy area in the 2014-2020 rural development programs. It would pave the way for setting up a new instrument aimed at funding rural and agro startups from 2020.

FERSP launched its first campaign in July 2014, which targeted Managing Authorities (MAs) of RDPs in Europe. The campaign focused on convincing and helping decision-makers in MAs to elaborate tailor-made measures for rural startups and integrate them into their respective RDPs already from the beginning of the current EU programming period.

Between 2014-2020, the EU legal framework is now given: rural startups can be eligible for funding in the Rural Development Programs and in the Structural Funds and also innovative financial instruments can be launched from rural development instruments.

Regarding the 2014-2020 development programs, several key decisions have already been made by national and regional authorities. The outcomes of FERSP's first campaign show that

The EU legal framework is given: rural startups can be eligible for funding in the Rural Development Programs

many countries properly addressed the needs of rural startups. Nevertheless, the flexibility of programmes, the

strengthening of the startup ecosystem in the EU as well as the long after-crises recovery of the European economy makes it both possible and necessary to put further emphasis to rural startups by authorities in charge. FERSP's objective is to influence the relevant authorities to use the new funding opportunities for helping an innovative and thriving entrepreneurial climate in rural areas.

RDPs could play a pivotal role in boosting rural entrepreneurship and supporting rural startups by providing the necessary financial means and policy framework. Managing Authorities are now in the position to elaborate and launch measures aimed at boosting rural startups in the framework of their RDPs. A thoughtful RDP can bring the following opportunities for the rural entrepreneurship revolution:

- It can raise the awareness towards entrepreneurship in the rural community, channeling potential entrepreneurs into the RDP project selection process.
- It can establish a framework in which startups are helped throughout their complete early lifecycle: the first steps through advisory services, the first small investments through grants and the first significant investments through venture-like funding, etc.
- The higher risks of innovative investments are mitigated as the RDP support shares and decreases these risks.
- It can support a rural startup ecosystem in which the various players (incubators, accelerators, academia, financial institutions, consultants, etc.) can work together to bring activities with high added value to rural areas.
- It can decrease the urban-rural gap, making entrepreneurship in rural areas a real alternative for startups.

Actions

Rural Startup Survey

We conducted a survey among public authorities, mainly Managing Authorities about rural startups. The result of this survey can be found in the annexes of this study.

Rural Startup Workshop

FERSP organized a workshop in December 2014 in the European Parliament with the help of MEP Csaba Molnár. The presentations of the speakers can be found as annexes to this paper.

Policy recommendations

The major output of the 1st campaign is a set of policy recommendations for rural development Managing Authorities. In the following sections, we will describe these and reveal our plan to cooperate with MAs in promoting these policy recommendations.

Detailed policy recommendations based on the results of the 1st campaign

As we stated above, the general legal background for supporting rural startups is given. The relevant EU regulation (Regulation (EU) 1305/2013)² makes it possible to support rural startups. It does not explicitly focus on them but if we analyze the objectives of this regulation, it is clear that one of the best ways to serve these objectives is to support rural startups. Article 5. of Regulation (EU) 1305/2013 defines six EU priorities for rural development:

1. fostering knowledge transfer and innovation in agriculture, forestry, and rural areas;
2. enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests;
3. promoting food chain organization, including processing and marketing of agricultural products, animal welfare and risk management in agriculture;

² Unless otherwise stated, legislative references in this document refer to the REGULATION (EU) No 1305/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 december 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

4. restoring, preserving and enhancing ecosystems related to agriculture and forestry;
5. promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors;
6. promoting social inclusion, poverty reduction and economic development in rural areas.

Supporting rural startups could mostly and directly contribute to objectives 1. and 2., but to a lesser extent – indirectly – also to objectives 5. and 6.

The founders of the FERSP have experience in rural development public policy formulation. Thus, our recommendations are shaped with a view towards implementation. However, it is impossible to give policy recommendations which are relevant and implementable in every Member State. In order to finetune these recommendations and find out how they can be included to a given Rural Development Program, we advise Managing Authorities to build a closer cooperation with FERSP (you can read about the possible cooperation with us in the following chapters).

Below, you can find potential actions to include in RDPs. The best option is to include as many as possible of these proposals which establishes a complete rural startup scheme in the RDP but if it is impossible, it is still sensible to include some of the actions proposed below. Some of the recommendations might need a program modification (depending on the approved version of the relevant RDP) some of them can be implemented without changing the program, only with the wise shaping of implementing regulations.

Overview

1. Our first recommendation is not connected to a given measure, it is a more general one, summarizing the attitude how regulators should approach the rural startup issue. Managing Authorities shall collect data concerning the share of startups in the total number of enterprises in rural areas. MAs shall describe if there is an entrepreneurial culture in rural areas that fosters launching rural startups as well as examine if provision of support to rural startups might be a tool for encouraging young people to live in rural areas. In the description of the situation chapter of the RDPs, distinction could be done among the three types of rural startups: first, startups connected to agribusiness along the food chain (agro-startups), second, startups addressing the needs of rural communities and third, startups which are located in rural areas but their field of activity

has nothing to do with rurality and agribusiness. Out of these three categories, the first category might get the most emphasis in the RDPs as innovation is one of the Union priorities in agriculture. The second category might help MAs to use rural development resources aimed at increasing the quality of life in rural areas more efficiently. The third category is needed in order to encourage young people and entrepreneurs to stay in rural areas, to strengthen urban-rural connections and possibly to foster startups to change their urban location to a rural one. All this could contribute fairly to the Union priorities for rural development as stipulated in Regulation 1305/2013: achieving a balanced territorial development of rural economies and communities including the creation and maintenance of employment; fostering innovation in rural areas; enhancing the competitiveness of farms, etc.

2. Our next recommendation is still a general one but it is highly connected to the measures and not even only to one of them but to the most. We call this recommendation barrier analysis for traditional measures. The basic objective is to make all the funds – especially those available for business development according to Article 19, 1) b) of Regulation (EU) No 1305/2013 (EAFRD Regulation) but many other measures as well – accessible for startups. According to our survey results and consultations, previous RDPs frequently narrowed the eligibility for the business development measure by setting up the prerequisite of a number of years of operation, another example is the case when the regulator defines a list of eligible activities for the business set-up aid, which ruins the innovation as it is unpredictable for a regulator what kind of industries can be enhanced or even disrupted by an innovative start-up. Logics should be reversed: there can be reasons to exclude startups but that should be justified. Arising concerns of MAs that these resources might be misused by startups shall be addressed by a streaming measure, for instance, startups must elaborate a special, more detailed business plan or the startup founders must participate in special advisory services under Article 15. of the EAFRD Regulation.
3. This leads to our next recommendation on the knowledge measures. Startups need investment aid as any other company but sometimes they need information and knowledge even more. FERSP suggests that the special topics needed for rural startups – business planning, access to funding opportunities, innovation management, disruptive marketing techniques etc. – shall be covered by knowledge sharing activities under Article 14. of the Regulation. Another option is to use the Article 15. advisory services to delegate mentors to the decision-making bodies of LEADER LAGs to help

increase the quality of project selection of rural startups. If these measures are coordinated with investment measures than we can have a holistic program for Rural Startup Accelerators - which is one of our major recommendations and we have a separate section for that.

4. Awareness raising for potential and already established rural startups is also important. Therefore, MAs are encouraged to support a series of info days under Article 14. of the Regulation to show young rural people and entrepreneurs that a wide range of opportunities is available if they have a groundbreaking business idea.
5. The best option for funding rural startups in the RDPs is Article 19 1 a) ii): Farm and business development, business startup aid for non-agricultural activities in rural areas. It is very important to use the resources available under this measure wisely and not to create constraints for innovative actions with sectorial delimitations. This measure is the key, and Managing Authorities should harness this opportunity to fund rural startups. However, this measure is a risky one therefore we advise to implement it in coordination with mentoring and consulting activities. This coordinated approach serves as the basis of our suggested Rural Accelerator Program.
6. In later stages of their development it is a huge opportunity for startups to receive venture funding. Therefore, FERSP recommends MAs to set up a rural startup seed or venture fund in line with the provisions of Article 37. of EU Regulation No 1303/2013 (Common Provisions Regulation, CPR). With the help of the venture capital funds, FERSP is committed to influence the Managing Authorities of Rural Development Programmes in the EU to set up a venture fund in the period of 2014-2020. FERSP believes that it is highly advisable to use the possibility of Financial Instruments to set up a venture fund focused on investment in high-growth, innovative companies along the agri-food chain. Hopefully, some of the earlier accelerated ventures reach a level of maturity by this time that they are ready to absorb venture capital. This action has a significance mainly because it is able to draw the attention of the wider venture capital and investor community towards the rural sectors. However, this is a recommendation which certainly requires program modification. According to our survey, the majority of the MAs have not chosen to include this opportunity so we plan to launch a separate campaign on this issue before the mid-term revision of programs.
7. Co-investment with private venture funds is an opportunity to raise the level of investment and to get mentors behind the projects financed by rural development funds as well. A pilot measure could be launched based on Article 19 1 a) ii) of the EAFRD

Regulation, in which representatives of the financial industry community (angel investors, venture fund managers) could be involved in the project selection process, giving them the opportunity to co-invest in the selected people, ideas or projects.

8. The co-investment scheme above can be tested at LAG level in the framework of the LEADER programme. LAGs should be free to use their funds based on the above-described logic with the measures and means described in this action plan.
9. Clusters shall be eligible for funding under the Co-operation measure of the EAFRD Regulation (Article 35.) Those clusters should be preferred during the project selection which commit themselves to involve the startup community in the marketing of their innovation results.
10. Both the European Innovation Partnership (EIP) and the European Network for Rural Development (ENRD) provides room for professional discussion among the stakeholders of the startup ecosystem. Rural startups and entrepreneurship shall be a core theme from 2014 when Managing Authorities set up and manage their national networks under the EIP or ENRD.
11. Besides, accelerators, venture capital funds could also be given the possibility to participate in the national, regional or local level rural development project selection. In the first two cases, venture capital funds or their associations could either be the members of Monitoring Committees of RDPs or project selection committees of rural development measures, while in the latter case they could participate in the decision-making procedures of the LEADER Local Action Groups.

A holistic approach: a Rural Accelerator Program

Rural Accelerator Programs should be set up within the national or regional rural development programs with a combination of measures. FERSP could help both Managing Authorities and accelerators to develop and implement this program.

Article 14. – Knowledge transfer and innovation actions – creates a good opportunity for rural startup accelerators.³ These accelerators in rural areas can operate long-term or temporarily. By coaching they ensure that funds used for startups will be wisely spent and they can be the background for private co-investment activities.

³ Seed or startup accelerators are fixed-term, cohort-based programs, that include mentorship and educational components and culminate in a public pitch event or demo day. While traditional business incubators are often government-funded, accelerators can be either privately or publicly funded and focus on a wide range of industries.

The acceleration activity can be financed from the measure "Knowledge transfer and information actions" as training and skills acquisitions activity. Professional, experienced accelerators could be involved through tendering. The most important step is to connect this activity with the measure "Farm and business development, business start-up aid for non-agricultural activities in rural areas" as those should be granted with the start-up aid who successfully go through the professional acceleration process.

Disseminating the results of the 1st campaign: cooperation with Rural Development Managing Authorities

FERSP has a solid background in rural policy formulation. Some of our members worked for MAs, so we are ready to integrate the aspects of the startup community and the opportunities and constraints faced by a policy maker. We are open to any kind of cooperation but we developed the following methods to work with a Managing Authority.

- Managing Authorities or colleagues of MAs could be registered by sending an e-mail to info@fersp.eu.
- FERSP is able to audit the RDP's of Member States / regions in order to identify bottlenecks and obstacles to rural startups and proposing solutions to eliminate them;
- If requested by Managing Authorities, FERSP elaborates a measure fiche on how to launch and implement a special measure for rural startups under their development programmes;
- FERSP provides advisory workshops for Managing Authorities at their venues to give them a practical, hands-on toolkit during the elaboration and implementation of their RDPs.
- FERSP also provides complex advisory services for Managing Authorities if needed.
- FERSP helps MAs in partner search and setting up connections with venture capital funds, accelerators and hubs throughout the EU.

ANNEX I. Key conclusions of the FERSP first campaign

Based on the answers of the Rural Development Programme Managing Authorities 9 tables have been elaborated.

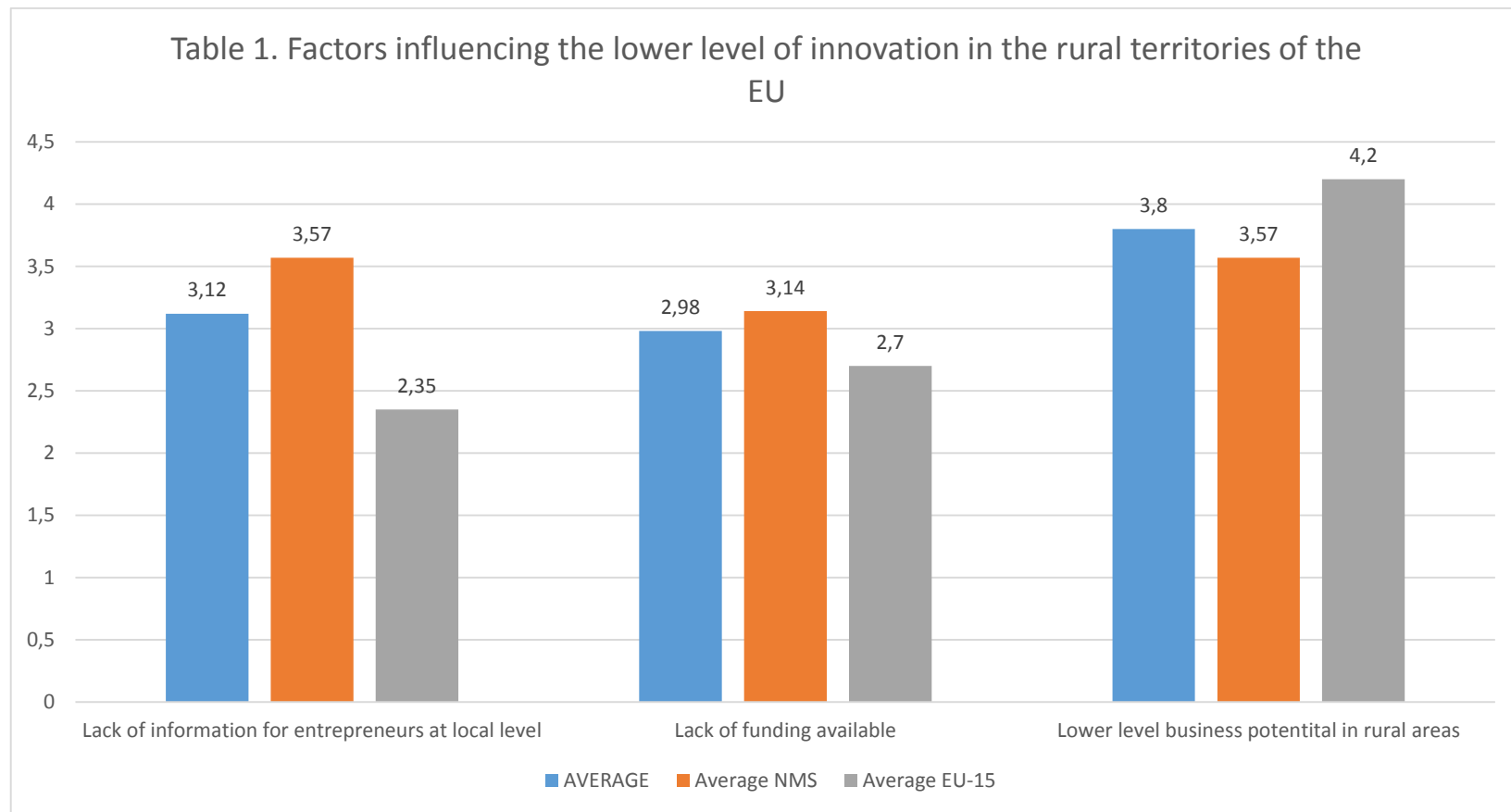


Table 1. shows the reasons for the low level of innovation in the rural territories of the EU. MAs consider the lower level business potential in rural territories as the main reason for the lower level of innovation, followed by the lack of information for entrepreneurs and lack of available funding.

As for new Member States, lower business potential and lack of information tops the ranking followed by lack of available funding.

As for the EU-15 Member States, the lower level of business potential is followed by lack of available funding and lack of information. Both in case of lack of information and lack of funding, the values of new Member States are higher than that of EU-15 Member States, meaning that NMSs consider these factors a more severe problem. To the contrary, EU-15 Member States consider the lower level of business potential more an impeding factor; NMSs are more optimistic about the exploitation of the business potential of rural areas and enterprises.

Table 2. contains the graphs on how important role the various institutions could play in fostering rural entrepreneurship according to the opinion of Managing Authorities.

As for the total number of MSs, the most important role should be played by LEADER Local Action Groups, followed by regional and local authorities as well as national governments and Managing Authorities. Consultants and NGOs should also play an important role in fostering rural entrepreneurship. The representatives of academia, accelerators, incubators and venture capital funds and – surprisingly, EU institutions –got the lowest remarks.

Regarding EU-15 Member States, the top three institutions are the same. Universities and research institutions got higher marks than the average and also EU institutions and accelerators. Venture capital funds and – surprisingly – NGOs got the lowest grades.

Therefore, Managing Authorities of EU-15 Member States believe that NGOs shall (could) play a minor role in fostering rural entrepreneurship.

Concerning New Member States, also LAGs, regional and local authorities top the ranking. Consultants took the third position. Consultants and NGOs got above-average grades. Managing Authorities of New Member States have the view that European institutions (should) play the least important role in fostering rural entrepreneurship.

Table 2. How important role the following institutions should play in fostering rural entrepreneurship

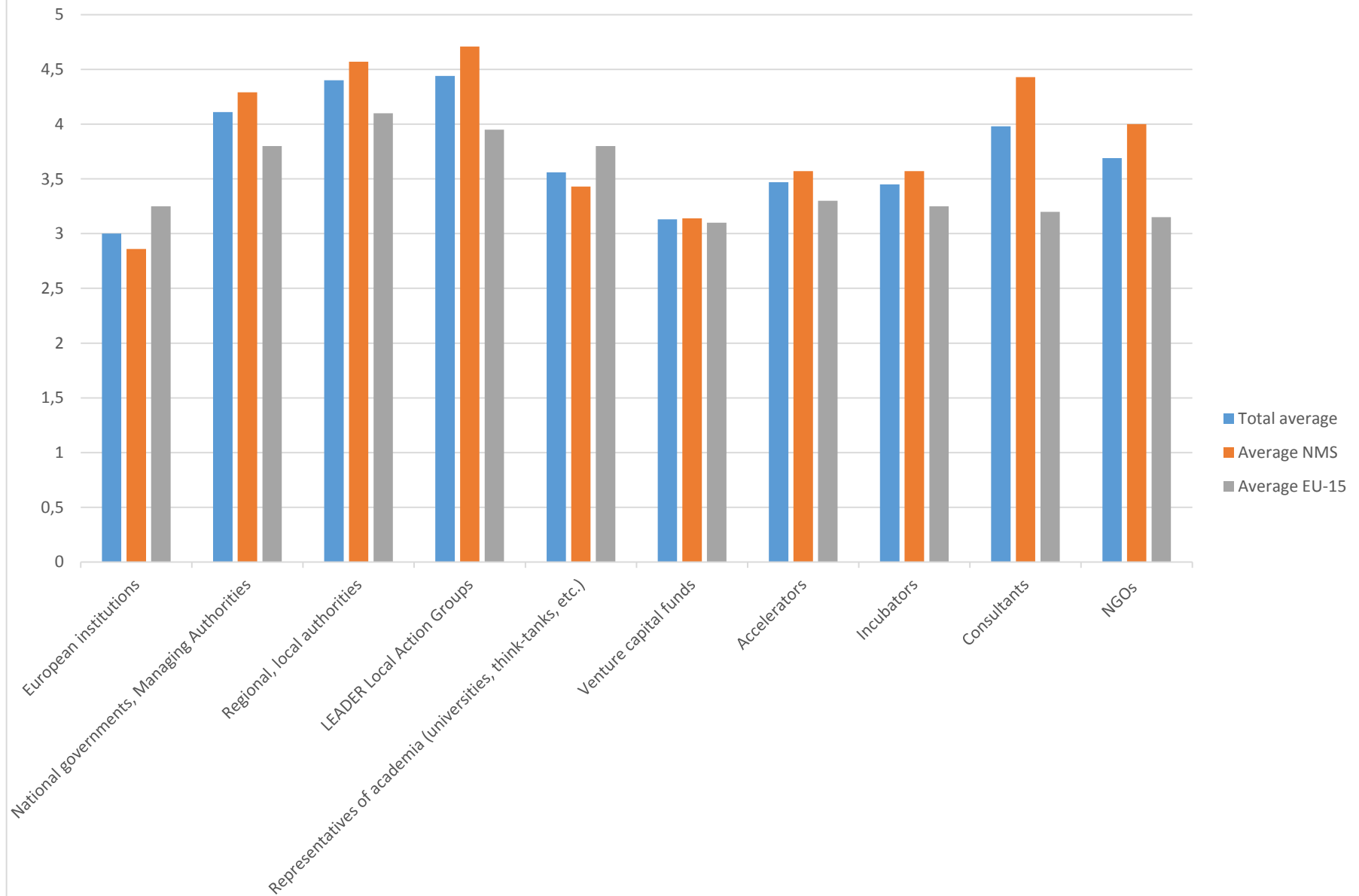


Table 3. gives an overview on the opinions of Managing Authorities regarding the 2007-2013 programming period.

Regarding all Member States, Managing Authorities share the position that EAFRD resources contributed to boosting rural entrepreneurship the most. The statement that LEADER LAGs played a key role in fostering rural startups and entrepreneurship got the lowest marks.

For EU-15 Member States, Managing Authorities ranked the following statement the first: 'there were enough resources allocated to rural entrepreneurship in the RDPs', while they think that LEADER LAGs played a key role in fostering rural startups and entrepreneurs the least.

For New Member States, MAs mostly believe that EAFRD resources contributed to boosting rural entrepreneurship.

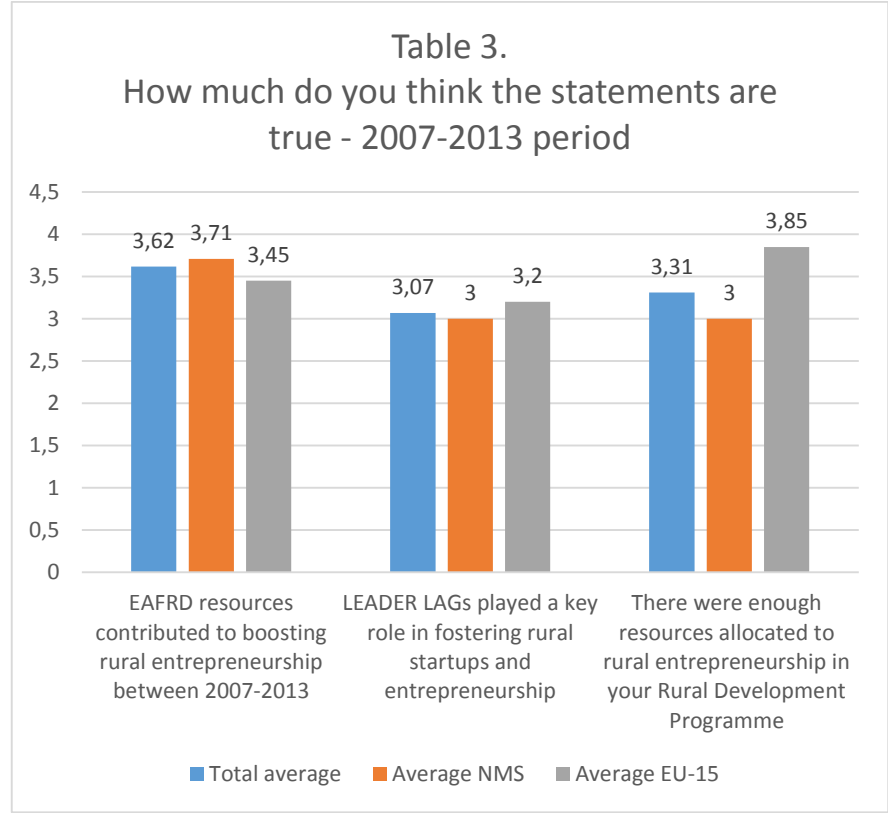


Table 4. lists the answering Managing Authorities by the number of measures targeting rural startups. The Canary Region and Finland tops the ranking, while Lithuania and Greece are the lasts in the row.

Table 4. Ranking of Managing Authorities regarding the number of measures for rural startups between 2007-2013

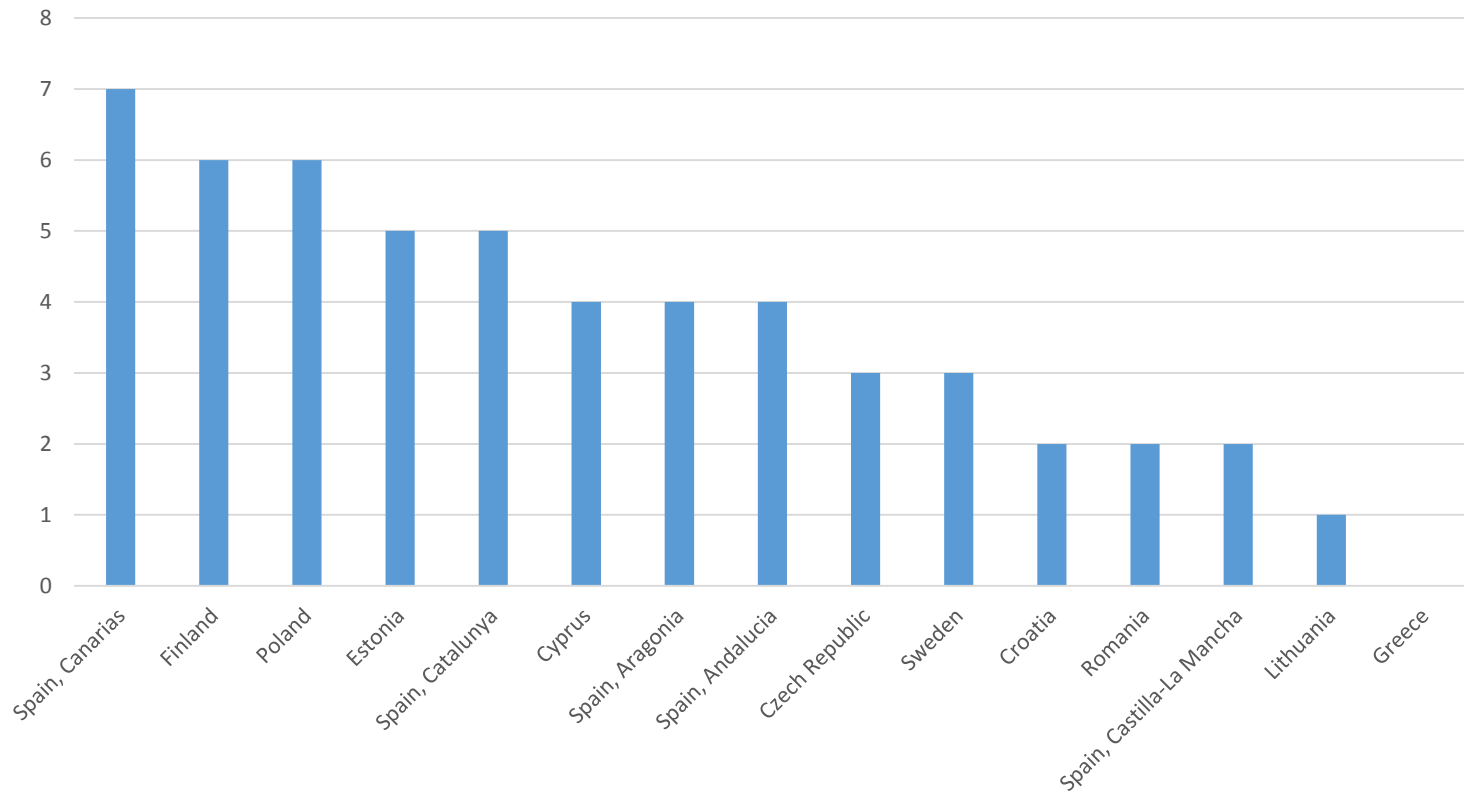


Table 5. is the continuation of Table 4. This table contains the plans of the Managing Authorities for the 2014-2020 programming period in terms of the number of measures to be launched. Croatia, the Canary region and Estonia plans to launch the most measures, while Finland, Sweden and Catalunya region the least.

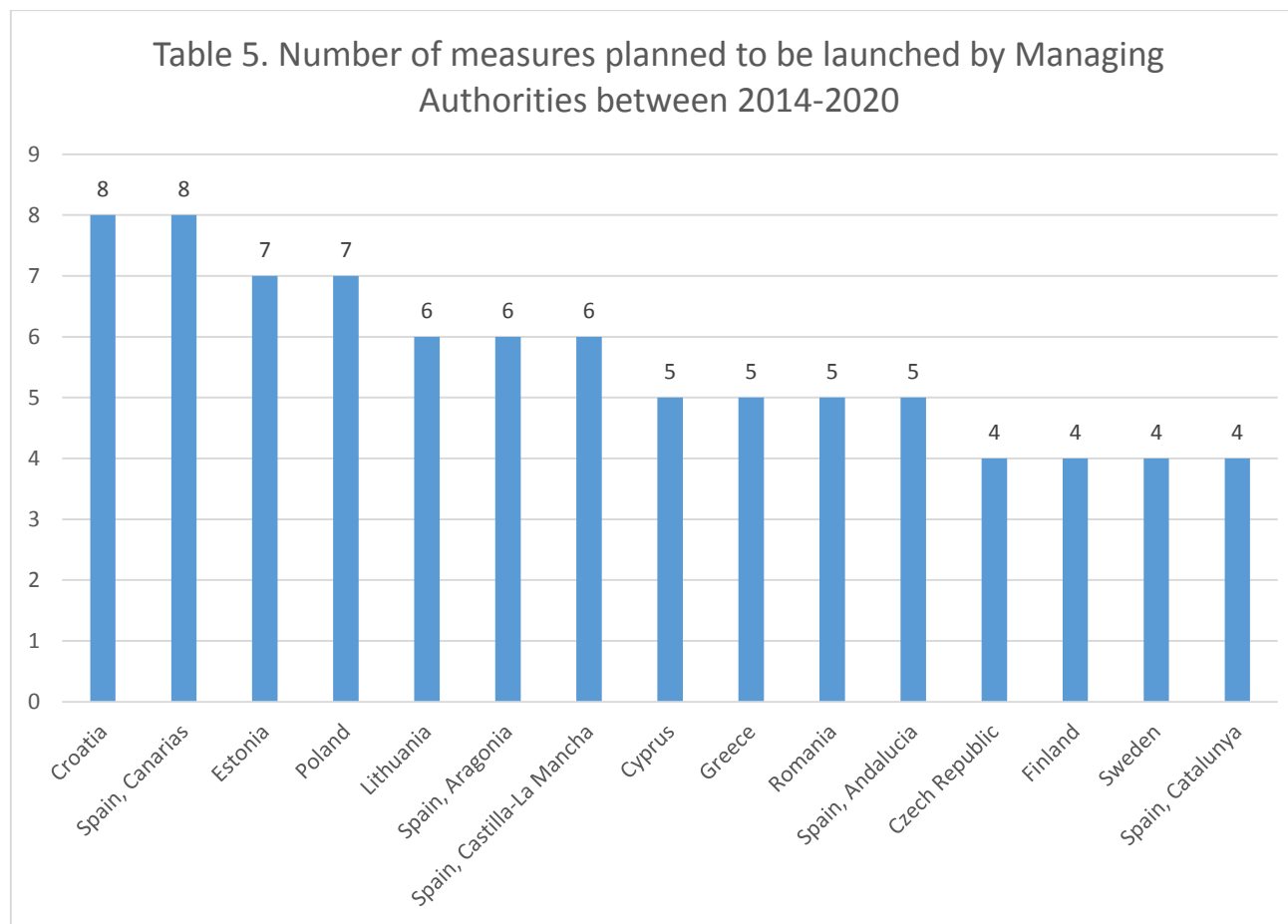


Table 6. summarises the concrete measures the Managing Authorities launched in the 2007-2013 programming period. The most frequently launched two measures were 'Organising a series of information days or other knowledge sharing activities' and 'Providing investment support for development for rural startups'. In most of the measures it can be clearly seen that new Member States launched more startup measures in the last EU programming period.

Table 6. Measures launched for rural startups between 2007-2013

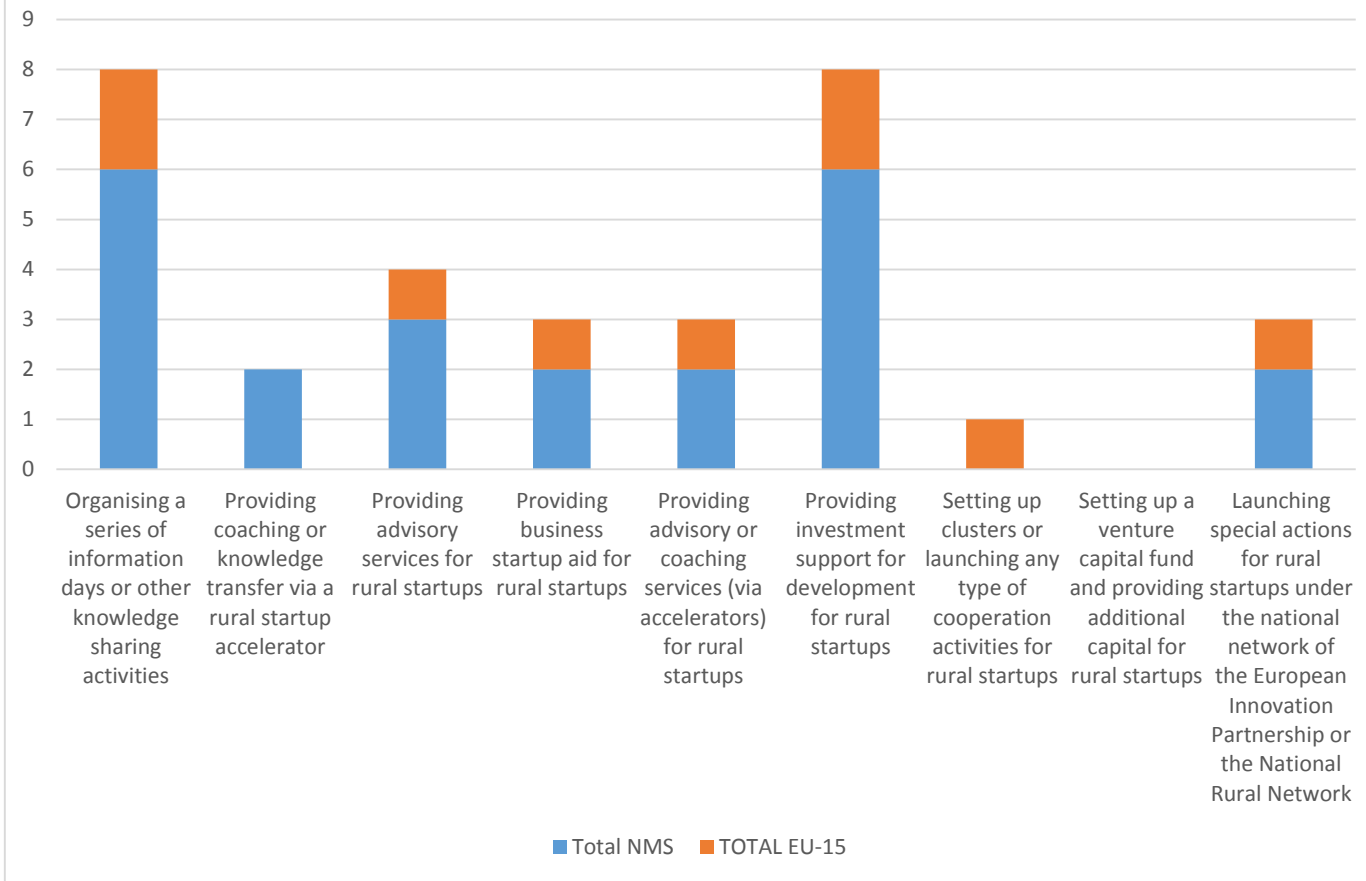


Table 7. contains the measures to be launched in the forthcoming EU programming period. Managing Authorities plan to launch the information (Organising a series of information days or other knowledge sharing activities) and investment (Providing investments support for development) measures the most. On the other end, only one of the Managing Authorities (Castília) launched the 'Setting up a venture capital fund and providing additional capital for rural startups' measure.

Table 7. Plans of Managing Authorities to launch rural startup measures between 2014-2020

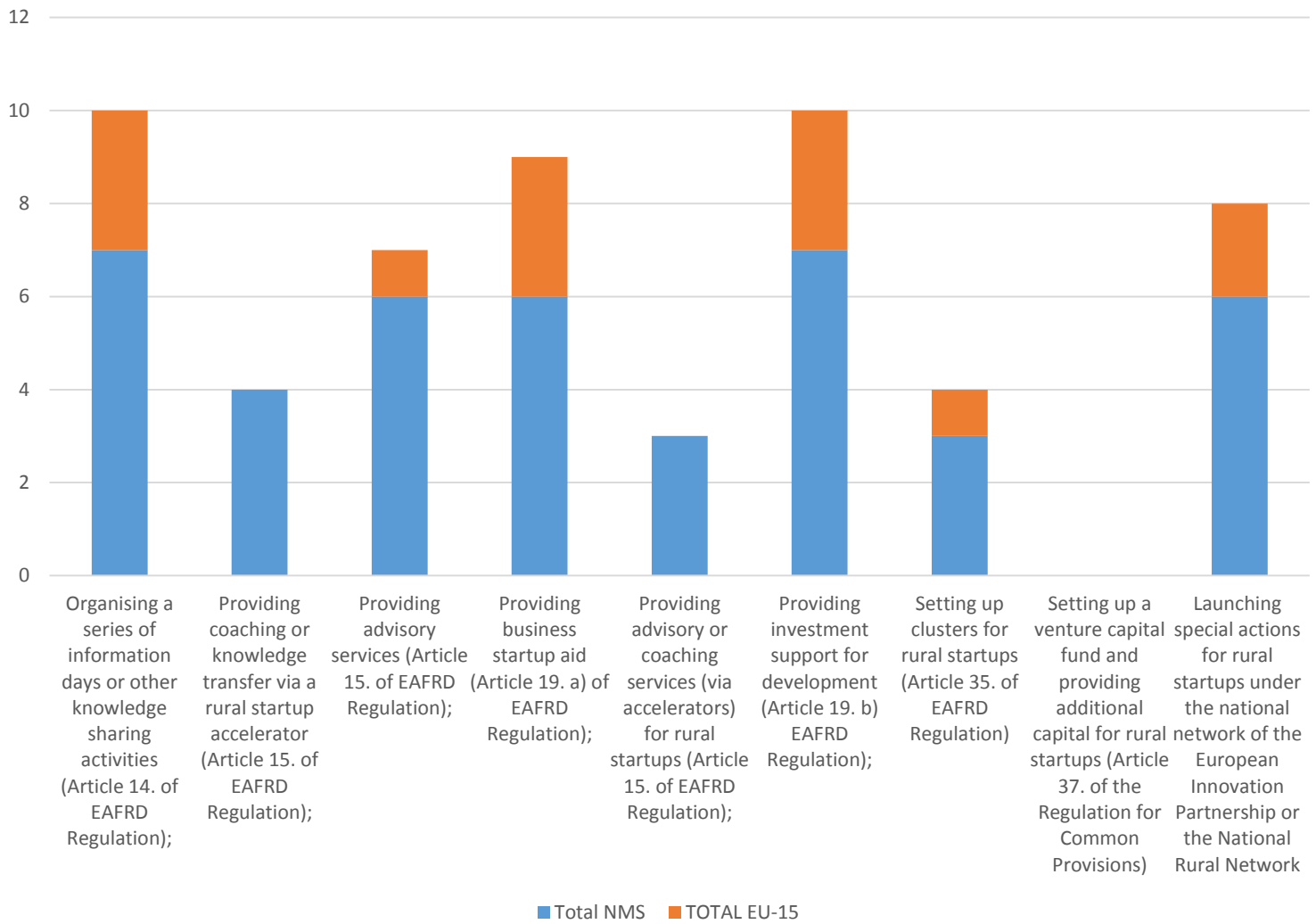
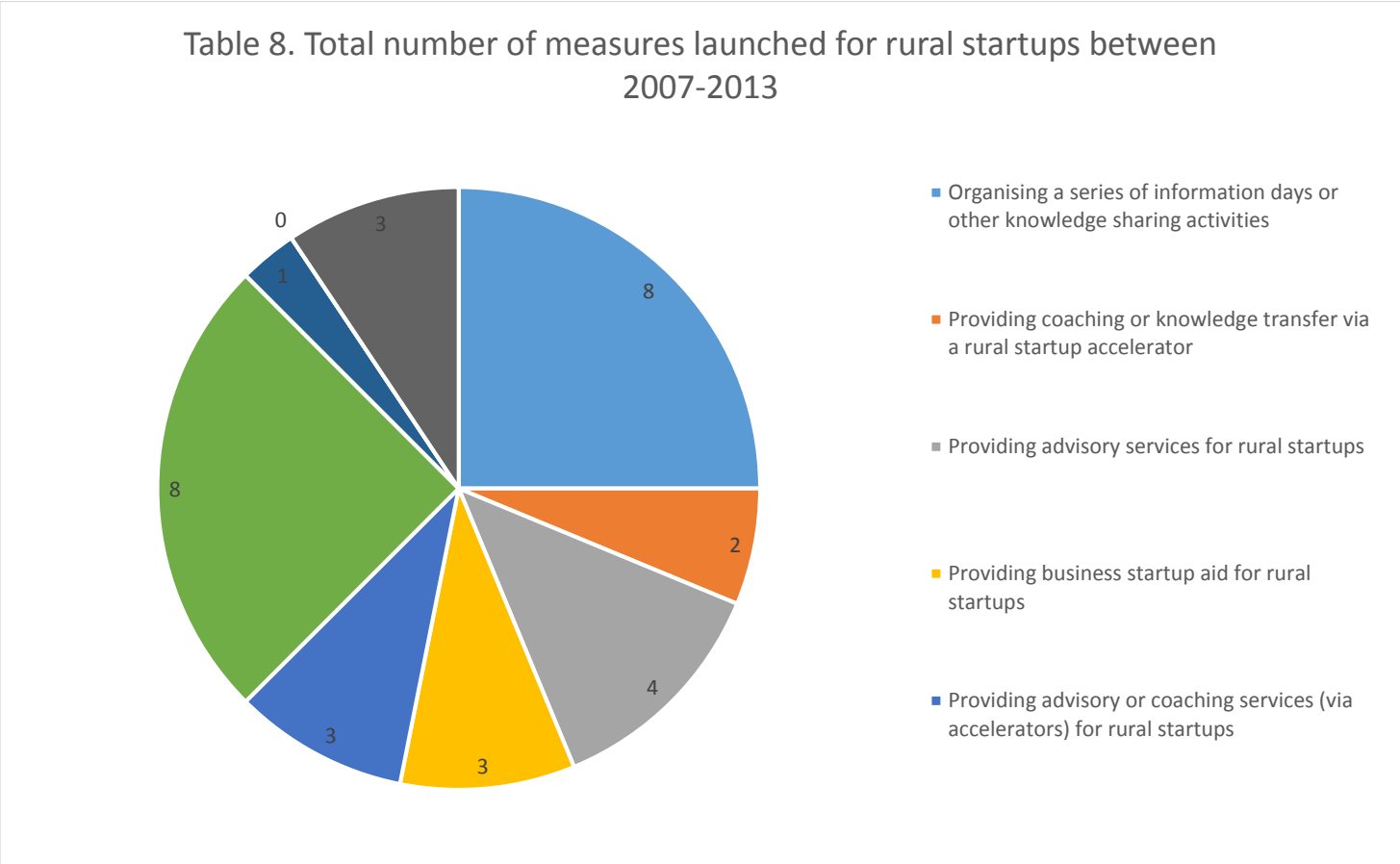
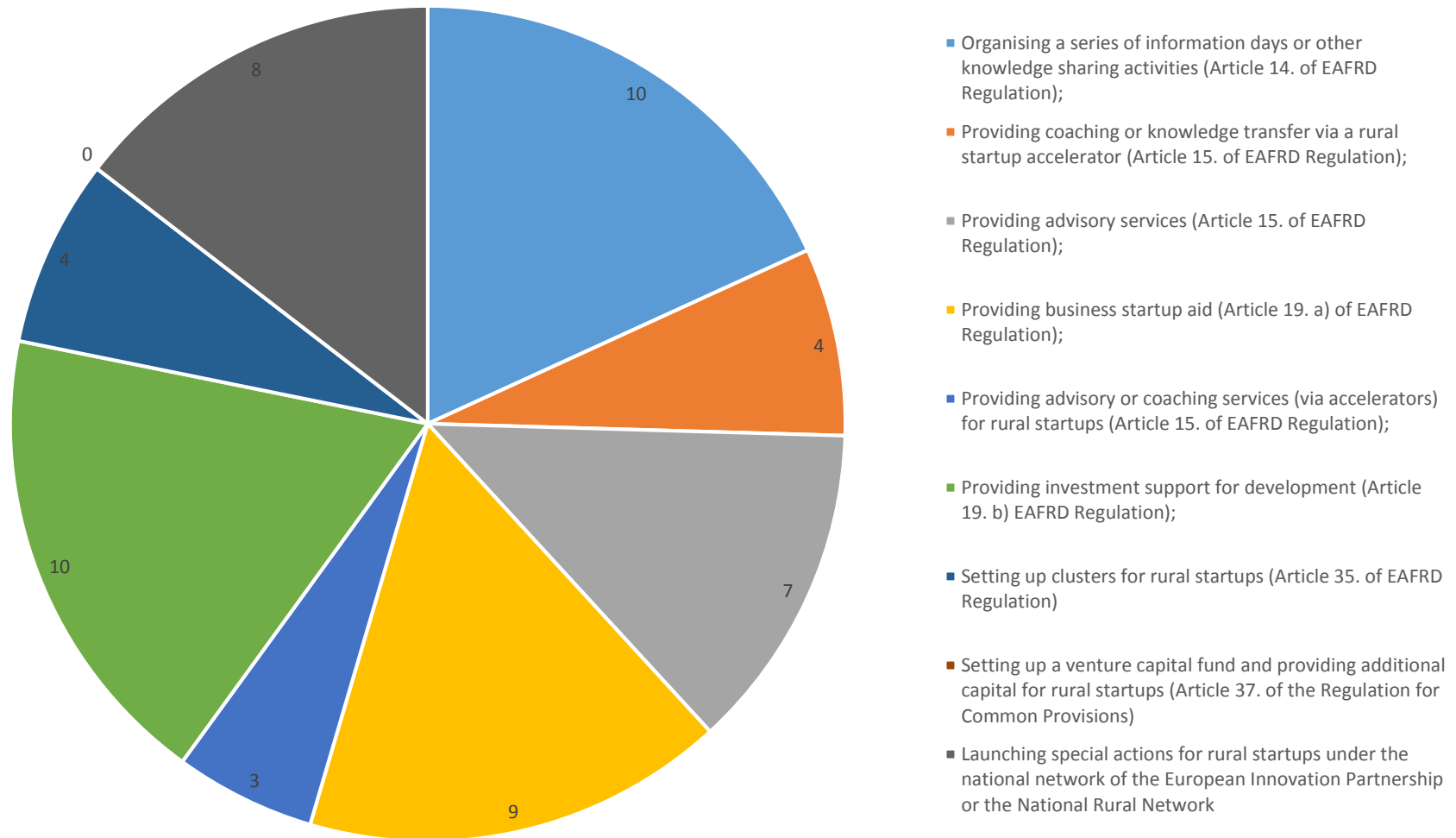


Table 8. shows the distribution of rural startup measures in 2007-2013. The conclusions that can be drawn here are that of the conclusions relating to Table 6.



And finally, Table 9. contains the distribution of rural startup measures for the 2014-2020 programming period.

Table 9. Plans of Managing Authorities to launch rural startup measures between 2014-2020



Annex II.

S&D and FERSP Conference

Innovative rural startups in the European Union

How they contribute to achieving the EU2020 objectives?

02.12.2014. European Parliament, Brussels

Summary of keynote speeches

Unofficial draft version

Csaba Molnár (MEP): (opening speech)

I would like to welcome all participants in this conference organized by the S&D Group of the EP and the First European Rural Startup Platform. It's a great honour to participate in such a conference with acknowledged members of the Committee on Agriculture and Rural Development of the European Parliament Mr. Paul Brannen and Mr Laurentiu Rebega. I would like to thank the representatives of the European Commission that they could accept my invitation, Mr. Martin Scheele Head of Unit for consistency on rural development at DG Agriculture and Mr. Isidro Laso Ballesteros, Head of Startup Europe Sector and DG Connect. I would like to also welcome today Mrs. Davorka Hajdukovic, Assistant Minister, Ministry of Agriculture in Croatia, Mr. Mihai Herciu General Director, Ministry of Agriculture and Rural Development in Romania and Mr. Philippe Vanrie CEO, EBN innovation network. And last but not least I would like to thank all the help of Mr. Ádám Ficsor my old friend and colleague founder of the First European Rural Startup Platform, former State Secretary of Hungary responsible for agricultural and rural development issues without whom today we couldn't be here discussing the largest challenge ahead of us desperately needed for innovation in Europe. And I warmly welcome of course all the other participants of this conference. Dear colleges I would like to begin by making some general remarks starting with some very well-known but I think also important facts. Europe's global economic ranking is changing, the competitiveness in the European Union has drastically decreased in the recent few years. Maybe the most excellent example for this that the patent per million people rate is 1200 in Japan, more than

300 in the United States and it's only 30 in the 28 Member States of the European Union. The main economic driver of the economic growth in the EU must be innovation. Therefore we, European decision-makers need to act together in firm partnership with initiatives like the First European Rural Startup Platform to help the innovation flourish in the EU. As you agricultural and rural development experts know very well, in the EU one fifth of the entire population live in rural areas that means more than one hundred million people in Europe. Thus stimulating economic growth in rural areas by better use of EU funding is essential to create new jobs in the EU and to increase living standards of the European citizen in the - I think - worst crisis of the history of the Union. Therefore I do believe that enhancing rural entrepreneurship is essential. Keeping in mind the aforementioned the conference will be primarily focused on innovation, entrepreneurship and of course start ups in the rural territories of Europe. If you want to prevent Europe lack behind others particularly American and Asian competitors we need to provide new recipes to relaunch European economy. If you want to prevent Europe lack behind others we have to create our own Silicon-Valley in Europe, we have to support innovators and start ups all over the continent. And I repeat, if you want to prevent Europe lack behind others, we need more European funds for innovation and of course we shall give young innovators the chance they deserve to build up the basis of European smart growth. We have to give them the possibility to create a new Europe. I do believe that one of the most promising initiatives is the First European Rural Startup Platform founded by my friend *Ádám Ficsor* and his excellent colleagues. Dear friends, with these words I wish all the participants a successful and I hope a fruitful discussion for today. Thank you very much.

Paolo De Castro: (MEP) (welcome speech)

- The primary objective of European Rural Startup Platform is to develop and strengthen the sustainability and competitiveness of rural areas.
- To achieve these goals it is crucial to transfer knowledge and make connections between innovation and rural entrepreneurship.
- I look really forward to the result of this discussion.

Paul Brannen: (MEP)

- We all know that the nature of the European Union's Common Agricultural Policy is changing and with the latest CAP reform we are moving towards a CAP with greater responsibility. CAP has to achieve more with less money while responding at the same time to growing expectations. The CAP must become relevant to more people. We all agree that European rural development should be delivered for the people of rural Europe. 20-23% of European citizens live in rural areas, and we would like to see these people to get the same opportunities as the citizens living in cities.
- Rural areas face multiple challenges: insufficient infrastructure, insufficient energy supply system and limited access to high speed internet.
- Innovations are necessary for everyone in the countryside, not just for the people who are actively engaged to farming. Developing the rural areas is a crucial point of EU2020's employment targets. In EU15 countries only 17% of the people is employed in rural areas, while in the 13 newest members 37% of people work in rural areas. 35% of all EU farmers are engaged activities other than farming.
- In the UK we pay attention to innovation and entrepreneurs. Innovation is one of the key drivers of our productivity in addition to agriculture in the countryside. Innovation is a priority in all investment areas. As regards the use of the CAP in England, firstly we're looking at knowledge transfer and information actions, and these measures facilitate the much needed link between the research and innovation sector and agricultural and rural startups. Secondly we have farm business development, a measure that provides startup capital to young farmers and new entrance into the farming market, but also helps startup businesses with non-agricultural activities. And thirdly basic services in rural areas are aiming to diminish the gap between the living conditions in the countryside and in the cities (e.g. make internet available in the rural areas). The fourth measure is cooperation and support pilot project and new technologies. That was our first source of funding: the CAP. The second one is the European Regional Development Found.
- Rural Growth Network was a special program in Northeast-England. The key actors in setting up the network were the local enterprise partnership and north-east farming and rural advisory network. They started with identifying the main key challenges to rural businesses growth e.g. the exclusion of the women from entrepreneurship and insufficiency in engagement of micro businesses with enterprise support services.

- In England with this program we have already demonstrated how European funds can be successfully combined with a package deal. Close cooperation between the actors involved is vital.

Laurentiu Rebeaga: (MEP)

- Innovation is the key for growth and the new startups could be one part of the solution
- What is the innovation itself? We do not give a technical definition, I assume it is nothing more than accomplish something differently. To be better, faster or more convenient or all together. The innovation must be achieved with a relation between several actors as researchers, consultants and farmers, which helps the final operators to implement the innovations in a practical way.
- In agriculture defying the concept of innovation often faces difficulties and the innovation sometimes may be refused. Innovation can be accepted by some and rejected by others, but we can all agree that innovation is a product of creative activity. Innovation must be the key word in addition to growth in rural areas.
- Today we are all aware that there is a difference between the old and the new member states. The governments of central European countries must be more active and be able to adapt themselves more quickly.
- The innovation and the transfer of knowhow from old member states to new ones are the key elements of growth.
- Europe need a complex action involving politicians, economists and administrative authorities.
- Speaking about innovation is beautiful but you must take it into account, that the first driver of innovation is checking the possibilities for the operators to get positive income.
- In Central and Eastern Europe in the concept of rural development, politicians and governments have to be able to explain what inputs and tools are available for the rural operators in order to innovate the sector and then accomplish actions targeting rural areas (as enhancing human capital, give the sectors the opportunity to get proper education, enhance a more functional organization of companies that provide consultancy services and improve the communication between them).
- A common problem of rural areas is related to the average age. The operators in rural areas are more than 60 years old and the startup projects are dedicated rather to young people.

- I think that the First European Rural Startup Platform which stimulates the entrepreneurship in rural areas is an excellent way to encourage economic growth in all EU countries and will be an important support for all of us.

Ádám Ficsor: (Founder of FERSP)

- Let me have a presentation which is not so specific on our recommendations to the managing authorities, because I will have a broader view on this whole project.
- There are three important trends going on in Europe and all over the world:
 - Agriculture is becoming the new focus area for innovation (smart resources use, big data analyses). It is a totally different industry than before and it is under a transformation. The most modern farms are using very up to date technology.
 - There are new approaches to tackle rural needs. There are two major factors driving innovation in rural services: the ageing population and new migration wave towards rural areas in a search of a healthier and better life. There are major areas for service innovation: healthcare, education, transport etc.
 - And finally, what is the answer of the modern economy to the faster innovation cycle? The general answer is the lean startup concept.
- I think the people involved in the rural development must use these trends to get young people on board.
- Our vision is to have the rural area benefit from this three trends, in order to create quality employment in rural areas, to give possibility to younger people. Our platform would like to build a new European-wide ecosystem supporting SMEs active in developing this new module.
- I have to make clear what we mean by rural startups (there can be many interpretation of this concept):
 - A startup is a new founded SME usually in the high-growth business model based on an innovative solution.
 - Rural area we mean define in the respective national rural development programmes.
 - Rural startup is a startup located in a rural area.
 - The business module of the startup are focusing on rural needs located in rural areas. There are also startups which located in rural areas but not concentrate on rural needs.
- Major challenges of rural startup:

- It is an unfamiliar concept for the market players. It is like two concepts that do not fit together.
- It is more risky, and that's why it lacking financial capital.
- Startups normally meant to a local concept.
- Public intervention is vital to solve these problems. On the long run we believe that this platform is not just a policy lobby group, it should be a balanced network of public and private players finding new solutions to the problems, but the first kick-start must come from a public sphere. Knowledge transfer also has to be supported by public found.
- There are quite many instruments in European level (EU2020, Regional Development Found) and found which can be used to promote this issue. But if the rural development management authorities are not committed to this issue, they won't start this whole movement.
- We didn't target this campaign on the EU level decision makers because the EU level framework is given.
- Tools of our first campaign were survey to the managing authorities, consultation with the stakeholders, and this workshop. Based on these by the end of the year we will have a complete setup policy recommendation targeting the managing authorities.
- Our recommendations:
 - We have to analyse the traditional measures. You don't have to justify to have an open measure, you have to justify if you have a closed measure. Normally you should have an open measure; for example in a business startup aid even if you are the cleverest regulator it is impossible to predict which will be the sectors that should have more potential.
 - Improving the mentor programme is also important with the business startup aid, and these mentors would be able to know which projects have the potential.
 - Financial instruments are usually not involved in rural development programmes but maybe later there will be a possibility to do that.
 - If you don't want to commit your whole programme for this rural startup scheme, you can find an innovative local action group that is a good test environment to test this concept.
- To close this first campaign successfully we will conduct a report and present them to the managing authorities and to the commission services. We will suggest a self-assessment test to the managing authorities how open they are for these innovative measures.
- Our second campaign in 2015 will focus on the market players.

Martin Scheele: (Head of Unit, DG AGRI)

- When we accept a program there are three challenges: speed, quality and verification.
- We have already reached some limits of water or soil. If we want to produce more, we need to ensure sustainable management.
- The farming policy faces the challenge of protecting of nature habitats.
- We don't have uniformed agriculture in Europe, there are areas which lack behind (e.g. with technology). We have to find a common solution for this very diverse picture which is well-adopted to the circumstances.
- We should not just focus on primer production.
- We have to share knowledge and experience in order to stimulate innovation.
- We have the interest in economic viability.
- Farmers should work in alliance.
- We have the issue of resource and energy efficiency also in connection with climate change.
- We have to consider the wider concept of rural development.
- We also face poverty in rural areas.
- Researches, life-long learning and vocational training are crucial to innovative solutions.
- Investment monies sometimes don't reach their destinations, therefor could not meet their goals. Investment plans have to be connected with farming advisory and knowledge transfer, in order to put the money in investments, which are likely to be successful.
- The grounds don't trigger leverages which can be helped with financial instruments.
- There should be a better understanding between DG AGRI and the European Investment Bank. The purpose of this better understanding is to establish a world programme: how to use financial instruments in the Member States. We have a similar platform for all DGs dealing with the European investment funds, the so called financial instrument compass. It has two levels: on one hand EU guidance, on the other hand a more targeted program to regions.
- Another new programme is the European Innovation Partnership for Agriculture. The key issue is setting up operational groups which are action oriented. It must be a very concrete project and it combines competences (farmers, researchers, NGOs).
- We have to also invest more to the practical side of researches.

Isidro Laso Ballesteros: (Head of Startup Europe Sector)

- I am going to talk about the Startup Europe Programme.
- We know the importance of job opportunities created by Startups (so far 1.8 million, and it is going to be 4 million in 5 years).
- In India there is a fund of 10 billion euros from private investors to invest in rural startups. We have to find the right people to invest.
- DG started 3 years ago. We brought together the investors and asked them what is needed to be done in Europe. Now we are implementing these actions, and we are trying to connect a few local ecosystems (e.g. Berlin with Madrid, Dublin and Milano), because it is unrealistic to have an EU-wide connected ecosystem.
- We also have to involve the civil servants not just politicians.
- What we can do is to connect founders, local capital across Europe, universities, and the media.
- We don't only need money, we need smart money that cause connections to share experience.
- There are going to be 18 road shows (by which it is possible to collect new investors across the countries), meet ups (which are like informal workshops), and EU mentor programmes.

Philippe Vanrie (CEO, EBN innovation network):

- Ecosystems are bloody important.
- EBN is a community which was started in Europe and now cover other continents too. It is a specialized organization helping starters to start, to grow and to transform to local economies.
- Making networks is not easy and requires lot of resources.
- We have to work on the functional process and with professional people.
- We run a network of more or less 250 accredited innovation based incubators and similar organization across Europe and we are mainly working on building professionalization to the network and to the operators. It's fair to say that innovation centres, business report organization, innovation support organizations, innovators are not good enough. This is one of our mission to strengthen their credibility and quality.

- The ecosystem is really a complex thing and there is a lot of new things going on, and before you do anything, you must understand what is happening, quickly. You cannot create a universal instrument for all targeted groups.
- We always got a critic that a new programme cannot delete the old players. Some new players will bubble and some new players will revolutionize the ecosystem and some old players will disappear because they don't understand the language of the market.
- The point I wanted to make is that the size of platforms and incubators are really matter.
- It is hard to convince the farmers to take advices, and that the rural startups are serious.

Annex III.

S&D and FERSP Conference

Innovative rural startups in the European Union

How they contribute to achieving the EU2020 objectives?

02.12.2014. European Parliament, Brussels

Summary of the panel discussion

Unofficial draft version

Moderated by: Ms Anna Augustyn,

Rural Policy Consultant, Visiting Researcher at the Hungarian Academy of Sciences

Francesco Martusciello (Co-founder of RuralHub, Italy): Farmers, activist, managers and researchers are all interested in identifying new models of economic development to find solutions to social and market needs. We think that rural startups can play today a very important role in giving greater value to rural enterprises in general. We think that we should also encourage the development of rural social innovation and that the values and objectives ought to have a strong role. We are searching new answers to rural social problems, and we want to identify new services to improve the quality of people's life in communities by increasing new processes of integration to the labour market (e.g. new skills, new jobs). The big question is: what is innovation? Innovation is not only technological innovation. Our proposal is to put the product at the centre, and for a new rural economy is to reorganize the processes in a community in order to restore the value of the material product. The goal of the neo-rural innovators should restore the product into the centre of the system, triggering processes that could generate economic value, but at the same time respect the culture of the community. We use also advanced instruments to study new business models. It is important to share the knowledge and to have an open culture.

Juha-Matti Markkola (Finnish National Rural Network): I live in the middle of the countryside, so rural development is a personal question for me. Rural networking is a very interesting tool for the rural development programmes. The rural development programme is a special fund, because it wants to support knowledge transfer. The European Commission wanted each Member State to set up a special rural network in order to facilitate and enhance this knowledge transformation inside the countries and also across the countries. We have this European network to change knowledge about what the good ideas are and about rural development and its achievements. This is one thing we do at national level but also across Europe. The other thing is that we want to train people who are using the European development funds in order to use it wisely, so the public money will be used as wisely as possible. We should not have borders in these issues, where there is a good development we should go and use it. That is what we had done so far, but we also wondered, as a rural unit, what we can do for innovation? And our idea was the organization of innovation camps, where we do brainstorming with experts. These camps consist of three days and have 50 participants. The first day is about building a team spirit and brainstorming. On the second day we choose which idea we want to develop further and test this idea. On the third day we make a final concept. At the end of the day the judges choose the winner idea, because it is a small competition without big prices, it is the honour that counts (also the media makes reports about the event).

Amir Raveh (EMGI, London): First of all, I'm an entrepreneur. I started a small investment house boutique in London. My real passion is the company within this investment house, called EMGI. We set up an organization that can set up accelerators and has an online platform, entrepreneurs just log in and they can start working right away.

I think the general concept of the ecosystem always starts with education. A Slovak Minister was worried about that barely a few students finish the engineering school in his country. In Tel Aviv, for example, there are 45 accelerators, and in Slovakia I found only one.

The culture and the language of the entrepreneurship is missing, like how to talk to a secretary of the Venture Capital Fund, and how to really make them to meet, hear you and present the idea. Local mentors and role models are also missing (like in Finland the Angry Birds).

We need to make the entrepreneurs understand that failure is not bad, it is a necessity. If you have not failed, please consider that you have not put enough target to play for. The other important thing is that we should not give them fish, we should give them a fishing rod, and on the next level we should teach them how to build a fishing rod.

Now, you have a strong hybrid online system where everybody (e.g. investors, mentors) can log in. So if you are in a distant rural area, you can log in and speak a mentor from London. Creating this platform was vital. We also have a special 3-month mentor program where they can work with the local entrepreneurs. Now, we are setting up with some European partners a non-profit organization to support rural startup youth.

Vittorio Ayra (Enel Green Power, Italy): I am working for Enel Green Power, which is the mean power company in Italy and one of the most significant companies in the world, which uses renewable energy (10.000 megawatt globally). We developed a programme in order to have young Italian entrepreneurs in the Silicon Valley, and later, with the help of the mentorship programme they can start a startup. This scholarship covers everything (e.g. travel expenses, housing, and health insurance). In the last session we had 200 application from which 150 was eligible and 50 were very good ideas, but we have only 12 scholarships. The main goal of this programme is to teach the entrepreneurs how the ecosystem works, what is needed in order to launch startups, how to present themselves to the investors and how to make an investment plan.

We have supporters from the United States. We have also a few success stories: the invention of the economical pesticide, the creation of robotic body parts, the space robot which destroys the useless satellites, and the invention of customer relationship management system. This youth programme is managed together with the U.S. Embassy with the Fulbright Programme and with some Italian public institutions. The Fulbright Commission is responsible for selecting the best applicants with the selection committee and they organize all the programmes in the U.S. After that they find a mentor for each candidates.

What we are trying to do now is to find ways to fund this programme, for example, the European Social Fund in order to scale this programme up. We are trying to build a bridge, so good Italian ideas could get foreign (mainly American) capital.

Mihai Herciu (Ministry of Agriculture and Rural Development, Romania): I am working in the Ministry of Agriculture, I am the Head of the Managing Authority which implements rural development programmes. Now, the situation is difficult because we are closing a programme and opening a new one at the same time, and neither of them is easy. This conference is the third interactive communication platform about this issue on EU level, and it is not only important for the Europeans but also for the mankind.

Innovation aims to build bridges between science and practice. Any research has to directly lead to its concrete results in practice. This could be done by projects (carried out by operational groups), and also through networking activities.

New products, practices and processes are key drivers for innovation and for diversification of agricultural activities. It is vital to improve the competitiveness of the rural economy. Unfortunately, we have to face the lack of innovation culture, especially from agricultural interest. And this situation has a negative effect, because it is depending on the viability of rural businesses. Innovation can be achieved with the transfer of good practices, adaptation of technologies from different countries or researches.

In Romania we decided to open a new measure of cooperation, and we can finance operational groups. Operational groups are very important because they can promote innovative projects. The description of the innovative projects to be developed and of expected results will be necessary, and also a description of the internal procedures to ensure transparency in the decision-making process. In Romania, besides knowledge transfer and advisory services, we also need to improve measures related to the operational groups, setting up young farmers and non-agricultural activities. This way we could give a second chance to farmers after these difficult years.

Four important remarks related to the innovation and the innovation startups:

1. Innovation has to address all the stakeholders on the market including civil society and NGOs to assure an interlinked approach, because if people don't know about a product that it is good, the market can reject it.
2. We need correct communication in the context of innovation, because farmers have to understand how they can benefit from new solutions or innovative projects.
3. The innovative startup concept has to be addressed for all the food chain, not only for production, and we should not just focus on production.
4. It is not possible to avoid all risks, so we have to learn how to handle the risk and how can we minimise its negative effects.

Finally I would like to point out again how important this meeting is, because our future depends on our ability to solve the problems of rural issues.

Davorika Hajdukovic (Ministry of Agriculture, Croatia): In Croatia we don't have much experience in innovation, because we only have pre-accession programmes. This is because Croatia has still regions which are suffering from the consequences of the war. Rural areas are

abandoned, if not, they are at least not developed and the population is not educated. For example 95% of the people who are dealing with agriculture do their job only based on experience, only 5% of the people had some kind of education. So the picture does not look good, but we also have good examples, e.g. the Association of Young Farmers. It is an association of 130 members, and their key priority is education. They are partners of the ministry, they are helping us with the preparation of the rural development programme. Their ideas also available to other young farmers. They have also won a price for making a software to support agricultural production with providing monitoring of the production data. We hope this can be a good example to show the importance of education. But of course within the rural development programme we also have physical investments. We tend to promote to farmers why innovation is good and why it is key for development.

Ádám Ficsor (Founder, FERSP, closing remarks): The most important message of today's workshop for me was that this rural startup concept is relevant in solving the challenges and the problems of the rural areas. There were different types of approaches: more social way of doing this, accelerator in the box, starting the education at a very early stage, and the Finnish approach. We all agreed to have a kind of ecosystem with networking, education, mentoring and supported role models and we also need to have funding. I suggest to go together because that is the only successful formula for this. The third conclusion for me was that the startup concept is in line with EU regulations. The first EU priority of the new rural development areas is the knowledge transfer and innovation. Isidro from the DG Connect invited us to the Startup Europe programme, to be part of it, which was very encouraging. And what was even more important for me is that the stakeholders around the table were very committed and saw the potential of this programme.

And my final point is how to go on? As I promised you will get a complex feedback in a report with policy recommendation and survey results in December. I really hope that we can cooperate with the Managing Authorities here, because we really need to have champions for this issue.

The other conclusion is that we need to broaden this network with investors and entrepreneurs. They have to be more included in our decisions. I believe this is a start of a movement, a start of a network. We will handle it as a network and e-mail you all the relevant material we try to develop and share the best practices among us. I hope we will work as a network with added values. Thank you very much for coming and sharing your thoughts.