PROJECT H2020

LIVERUR

Living Lab Research Concept in Rural Areas

EXECUTIVE SUMMARY

DELIVERABLE 2.4:

Report on the creation of the benchmarking study

LIVERUR - 773757

www.liverur.eu

PROJECT TITLE	Living Lab Research Concept in Rural Areas
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TABLE OF CONTENTS

1 INTRODUCTION

1.1 About LIVERUR

"The short term objective of LIVERUR is to improve knowledge of business models growing in rural areas, including an understanding of their potential" (Grant agreement).

LIVERUR is a pioneering H2020 project (2018-2021) because it addresses Living Lab concepts, circular economy and new business models creation inside the rural communities in Europe and beyond.

LIVERUR combines relevant rural topics (Agriculture, Tourism, Innovation, Energy & Environment, Food, Water, Mobility, Entrepreneurship, Social Innovation, Competition, etc.) for future challenges in rural/remote/mountain areas, in order to give them real and sustainable perspectives to cope with existing challenges (among others, climate change effects and globalization of food value chain).

The consortium is collaborating on a unique initiative and open innovation approach (called Living Lab) providing knowledge transfer from research results, reusable/ replicable methods and tools in order to foster an effective rural sector transformation (technological, socio-economic, human centric) for all **LIVERUR** partners in their targeted territories.

The **LIVERUR** project aims at bringing rural innovation along with high impact to the wide spectrum of the agricultural activities, entrepreneurship, job creation, digital skills improvement, shared and circular economies among new business models and prototypes for better decision-making and community engagement.

1.2 About WP2

"The objective of this WP is to iterate a complete and extensive analysis of existing business models in European rural areas with specific attention to the following sectors:

- fruits and vegetal products (Latvia, Turkey),
- dairy products (Malta, Azores),
- cultivation from arid territories (Spain, South of France)
- agritourism and specific regional production (Czech Republic)
- organic farming (Slovenia)
- handcraft (Tunisia)
- agribusiness favouring social inclusion / providing social services (Italy)
- smart rural sector (Austria),
- livestock (West of France).

Capitalizing upon past European projects on rural economic development and rural jobs, this WP will create a benchmarking study where 10 traditional value-chain approaches (such as mass production, development of prices, optimising the cost structure of the enterprises, rationalisation, etc..) will be identified and compared taking into account the circular economy principles. The number of 10 will guarantee a highly diversified analysis without losing sight of the target aim, which is creating a benchmarking study between rural living lab techniques and the most currently utilized business models and value – chain approaches.

The aim is to identify, describe and benchmark different business models in terms of starting conditions, obstacle faced, enabling factors, financing mechanisms, generation of added value, jobs and other potential environmental and social benefits, gender issues, attractiveness to young workers, and the distribution of the value generated.

Specific objectives:

● Creation of **an extensive analysis of the existing business models in rural territories** in order to foster collection and capitalization of existing knowledge.

● Development of **a comprehensive approach to rural business models analysis**, which will identify relevant benchmarking criteria and suggest innovative comparison strategies.

1.3 About T2.4 "Report on the creation of the benchmarking study"

WP2 final task is depicted by the creation of the first **LIVERUR** milestone: the benchmarking study on rural traditional business models in Europe. "This study will be a fruitful exercise for entrepreneurs and entrepreneurs to-be in rural context that will utilize this study in order to improve and renovate their business activities" (Source: **LIVERUR** Grant Agreement).

In order to provide a global picture of the rural traditional business models in Europe, this study compares the pilot territories (with a NUTS 2 scale) regarding a set of criteria that have been defined in the task. The criteria used to do this comparison fit into the categories defined in T2.2: Economical, Social, Environmental, Technological/Innovation Infrastructure, Circular Economy.

2 METHODOLOGY

2.1 Global process of T2.4

Once the benchmark criteria were defined and approved by the consortium, partners from pilot zones provided the data from their territory. The CEA then analysed this data and compiled the analysis into this benchmark study.

The final deliverable is meant to be used by entrepreneurs and entrepreneurs to-be to improve and renovate their business activities. Therefore, this task "benchmark study, is closely linked to the following steps and WP of **LIVERUR**:

WP3: extension of the benchmark criteria to Rural Circular Economy

WP4: use of the benchmark profiling (cf graphs §III.2) to identify the suitable profile connected to living lab concept

WP6: integration in the RAIN Platform, providing territories and RAIN users an "entrepreneurial benchmark tool" to understand their situation compared to other territories, and identify the counterpart territories they could take as example and with who they can discuss.

2.2 Benchmark methodology and steps

Benchmarking is the practice of comparing business processes and performance metrics to industry bests and best practices from other companies. Dimensions typically measured are quality, time and cost.

Benchmarking is used to measure performance using a specific indicator (in industry typically: cost per unit of measure, productivity per unit of measure) resulting in a metric of performance that is then compared to others.

This process is used in management, in which organizations evaluate various aspects of their processes in relation to best practice companies' processes, usually within a peer group defined for the purposes of comparison. This then allows organizations to develop plans on how to make improvements or adapt specific best practices, usually with the aim of increasing some aspect of performance. Benchmarking can be used as a one-off event, but is often treated as a continuous process in which organizations continually seek to improve their practices.

Here the objective is to compare pilot regions to one another regarding a given set of criteria, and taking into account the dominant business model attached, to identify the best practices and weaknesses in order for everyone to be able to know what they can change to improve.

The steps followed during the drafting of the benchmark study are adapted from A Methodology for Performance Measurement and Peer Comparison in the Public Transportation Industry (2010). In this methodology, eight steps are described, but in this case, as the objective is peer comparison (a level 2 benchmarking exercise), only steps 1 to 4 will be needed. (Ref A Methodology for Performance Measurement and Peer Comparison in the Public Transportation Industry).
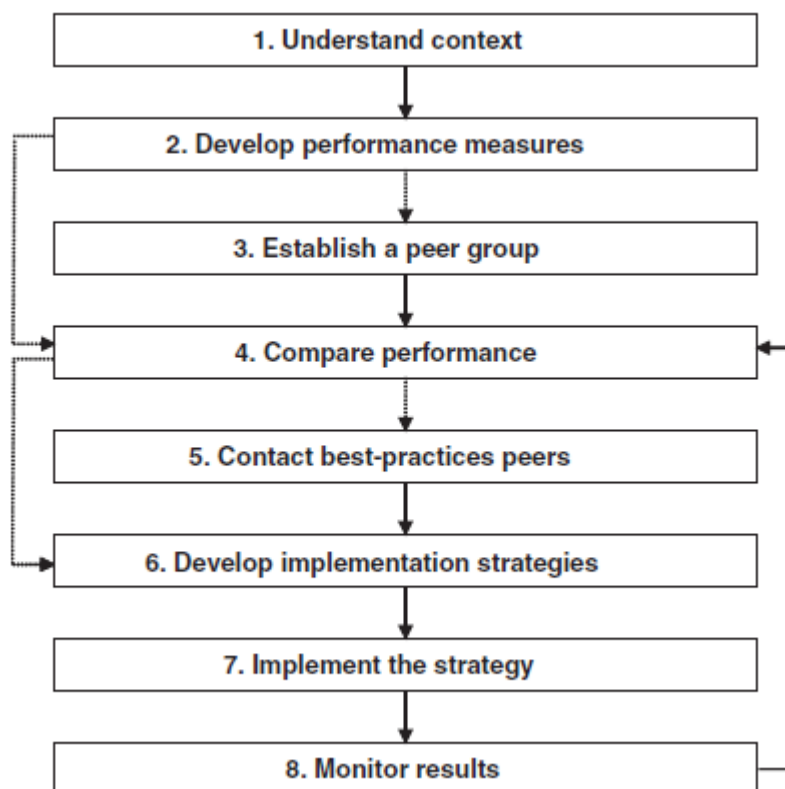
Figure 1. Benchmarking steps. Source: A Methodology for Performance Measurement and Peer Comparison in the Public Transportation Industry - 2010.

Step 1: Understand the context of the benchmarking exercise

This first step of the process is to define the goal of the benchmarking exercise in order to determine the kind and amount of data needed. Here the objective is to conduct a one-time peer comparison; therefore, this is a level 2 benchmarking exercise.

Step 2: Develop performance measures

The performance measures used in a peer comparison depend on the performance question asked. In this case, the objective is to qualify the pilot zones, therefore the study will focus on business model and social/environmental/economical/technological impacts.

As each performance question is unique, there are no standard set of measures to use. Therefore, the set of measures should be developed specifically for each benchmarking exercise. **LIVERUR** benchmark criteria were originally sourced from D2.2 (see I.2. Report) and completed with the early draft of criteria from T4.1. The first list obtained was sent to work package leaders for feedback and then improved.

Step 3: Establish a peer group

The selection of a peer group is an essential part of the benchmarking process. Done well, the selection of an appropriate, credible peer group can provide solid guidance, point towards appropriate directions. On the other hand, selecting an inappropriate peer group at the start of the process can produce results that are not relevant to the situation, or can produce targets or expectations that are not realistic.

Ideally, between eight and ten peers will make up the peer group. This number provides enough breadth to make meaningful comparisons without creating a burdensome data-collection or reporting effort.

In this case, the peer group chosen was already defined in the Grant Agreement as the pilot zones. See Figure 11 for more details.

Step 4: Compare performance

This step focuses on gathering the performance data for the peer group defined and analysing it. The analysis itself consists in two steps:

* data checking: once the data is gathered, it is necessary to check for potential data problems, such as unusually high or low values for a given criteria for a given peer

* data interpretation: each measure, is compared to the average of the peers and interpreted. Interpretation takes also into account the main business model of the region, identified during T2.3.

3 RESULTS AND FINDINGS

3.1 Data base of the benchmark criteria at regional level

The data were gathered with the collaboration of pilot zones partners: each one of them had to fill in an Excel file containing the final list of criteria and precise sources where the data could be found (mostly Eurostat). When data could not be found on EUROSTAT, partners were invited to look for a more local source of data.

The data was then checked for outlier values and normalised with a scale of 5 (5 being the biggest value for each criteria), in order for the data to be displayable on a radar graph, which facilitates the comparison and interpretation. Through these visual profiles, regions can easily compare their profile to the other ones, identify their strengths and weaknesses and the criteria to boost to move to their circular Living Lab model.

These graphs for the pilot regions, combined with the graphs of WP4 for projects in the pilot regions will give a good overall picture of existing situation and transition to circular economy criteria.

See Annex 8 with all data gathered.

Limits of this data collection

The data was gathered using mostly EUROSTAT source. However, some problems appeared:

● The data was not available at the NUTS 2 scale, in which case the data gathered was either at the national level or was provided by a more local source (data not harmonized).
● The data provided by EUROSTAT did not include all European NUTS 2 areas, in which case missing data was provided by a more local source (data not harmonized).
● The data provided by EUROSTAT has not been actualised at the same time for all NUTS 2 regions, which means that some of the data gathered is old enough for its relevance to be questioned.

3.2 Profile of pilot regions

Visual graphs give a profile for each of the 13 regions, highlighting the "strong" points and "weaknesses" regarding an average for the **LIVERUR** global territory (in the limit of quite significant standard deviation on several criteria) and regarding the other profiles.
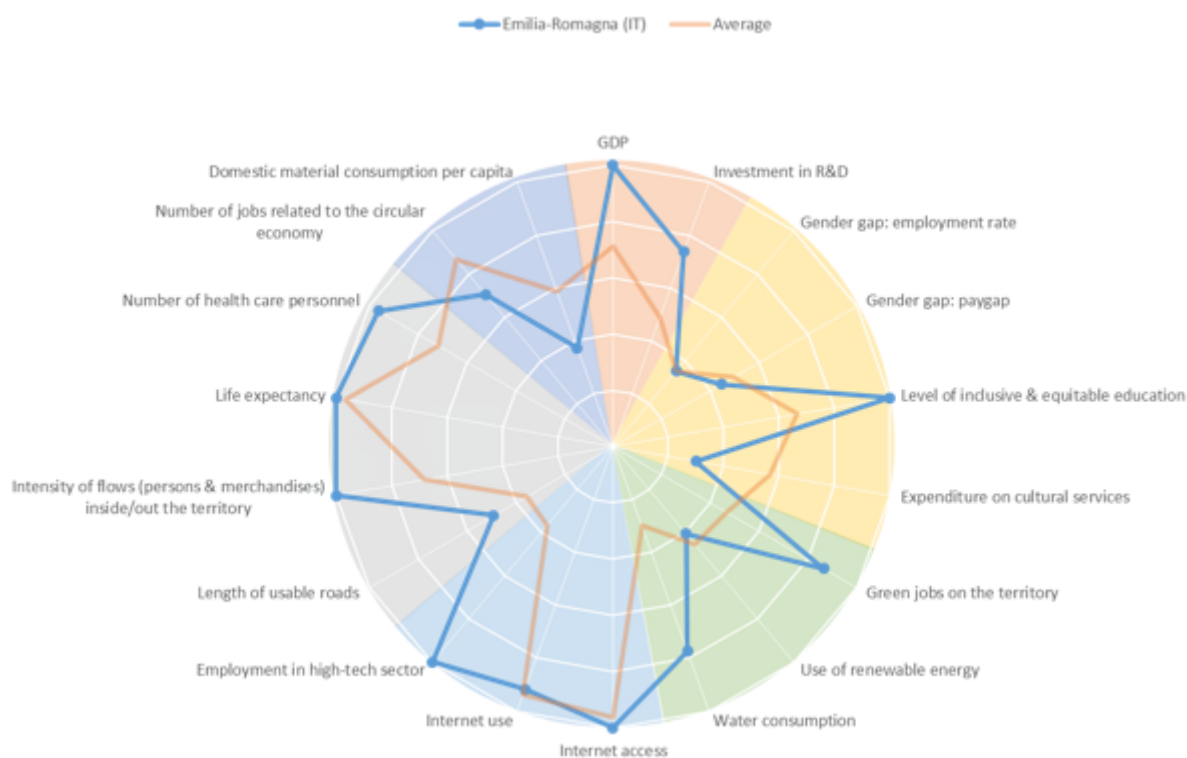

Figure 2. Example of profile (Emilia Romagna).

Name	Partner	Country	NUTS2 Region
Living Lab in agro-tourism and selling of niche products from the farm	UHLAVA	Czech Republic	Pošumaví
Living Lab in organic farming and agro-ecology framework Slovenia	UL	Slovenia	Eastern Slovenia
Living Lab in organic farming and agro-ecology framework Slovenia	UL	Slovenia	Western Slovenia
Living Lab in Cultivation activities (Mediterranean climate) with short supply of water and technological penetration	ADRI & UCAM	Spain	Murcia
Living Lab in double insularity ecosystem Specific aim: attraction of young entrepreneurs In the dairy sector	TRA	Malta	Gozo
Living Lab in raising production and transition from traditional to modern business models	ZEKA	Turkey	Manisa

Living Lab in Lake Trasimeno ecosystem	SOG & UCT	Italy	Umbria
Living Lab in the production of fibre	ZSA	Latvia	Latvia
Living Lab in Short supply chain in agriculture	RMB	Austria	Burgenland
Living Lab in the West of France for the livestock production chain improvement	CRAPDL & CEA	France	Pays de la Loire
Living Lab in boosting exportation of high quality products; social inclusion framework	E35	Italy	Reggio-Emilia
Azores Living Lab: Quality and Sustainable production	FRCT	Portugal	Azores
Living Lab in traditional craft sector: circular handmade Berber carpet production	DAR	Tunisia	ND

Figure 3. Pilot zones list (cf. Grant Agreement) and regional reference for the benchmark.

Thus, this study shows the specificities of each region, but also the benefits that each region may take from the **LIVERUR** global territory to identify, exchange best practices in other countries and implement changes to improve the weaknesses.

We may observe from the benchmark study a large disparity of the level of economic, social, environmental, technological criteria:

- On the global **LIVERUR** territory, the lowest average evaluation criteria are social (gender gap), environmental (water consumption, use of renewable energy), infrastructures (usable roads) and employment in high-tech sector. The highest average evaluation are for life expectancy, internet use and access.

- At the regional levels, some territories have a significant positive gap regarding the average. For example :

  o Manisa (TR) and Malta on the gender gap (employment rate)
  o Jihozapad (CZ) on the level of inclusive and equitable education
  o Malta on water consumption
  o Umbria (IT), Brittany and PdL (Fr) on the green jobs
  o Burgenland (AT) on the use of renewable energy
  o Murcia (ES) in road infrastructures
  o Western Slovenia (SI) in R&D investment

CONCLUSIONS

T2.4 is the final step of WP2 "Conceptualization of existing rural business models in EU and regional areas".

Thanks to the great involvement of the partners, it gives a relevant diagnostic of the rural territories situation, enlighten the diversity, specificities of each region, in term of traditional business models, strengths and weaknesses, which may be dynamic levers for change to a suitable business model connected to the living lab concept.

It also provides a reliable and consistent database:

- 256 projects/initiatives,
- 30 cases representative of the 6 traditional business models
- 13 swots coming from representative external stakeholders for each region,
- 20 benchmark criteria with completed data for each region (using mostly Eurostat source at NUTS 2 level)
- 13 region profiling, giving in a visual way their position regarding the benchmark criteria

The final deliverable is meant to be used by entrepreneurs and entrepreneurs to-be to improve and renovate their business activities. Therefore, this benchmark study, is closely linked to the following steps and WP of **LIVERUR**:

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