



**PROJECT H2020**

**LIVERUR**

**Living Lab Research Concept in Rural Areas**

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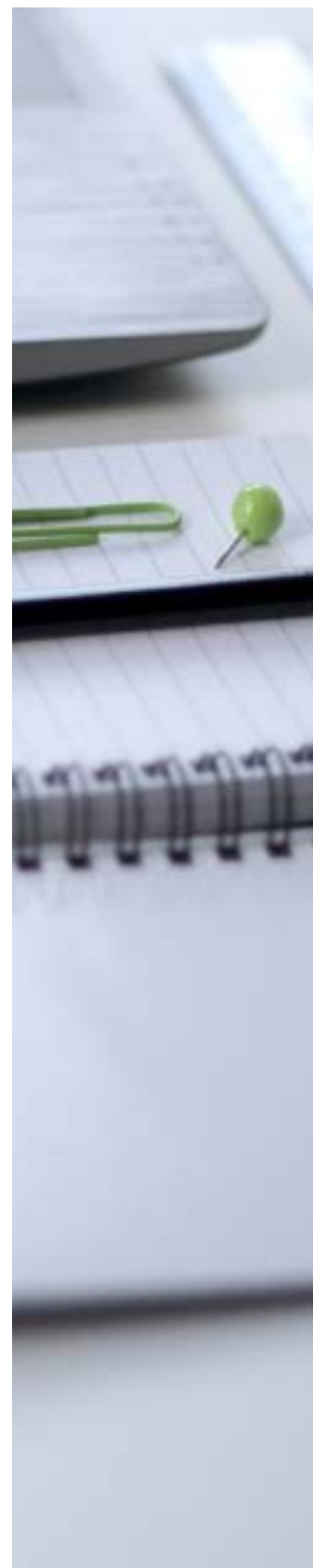
**LIVERUR Policy Brief**

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## EXECUTIVE SUMMARY

The **LIVERUR** project's short-term objective is to improve knowledge of business models that grow in rural areas, including the understanding of their potential. In the long term, the project will increase the potential for rural economic diversification.

WP7 is devoted to disseminating **LIVERUR** results, especially to capitalize on the lessons learnt by **LIVERUR** pilot actions. More specifically, task 7.10 works with pilot actors and local policy makers on the urgency of the current challenges in the rural areas and the need to adopt the preferred alternative or course of action emerged from three years of **LIVERUR** project. The outcome, under the form of a policy brief, serves as an impetus for the next European actions towards 2050.

This document is therefore a unique evidence-based collection of advice on rural development for all Europe, from those territories involved in **LIVERUR** to all the territories in the European geography. The considerable diversification of **LIVERUR** pilot actions both in terms of geographical coverage and in terms of rural business activities grant to this document a detailed structure, where key messages raised by pilots' lessons learnt are accompanied by numerous policy recommendations.

This policy brief is developed to deliver key messages in a nutshell, to reach a broad target audience among policy makers. A comprehensive policy framework of analysis, on which these policy insights are based, is instead described in the deliverable 7.11.

# How a Regional Circular Living Lab Approach can foster Rural Development

## 1 INTRODUCTION

In the rural sector and beyond, Europe faces the challenge of creating smart, inclusive, resilient and sustainable growth. The main trends identified by the European Committee of the Regions in the 2020 EU annual and regional barometer<sup>5</sup> are the depopulation of rural areas, the lack of public services, a decreasing number of farms and the lack of generational change in farming.

Among the political guidelines settled for the period 2019 – 2024, the EU's rural areas are seen as a core part of the European way of life: they are indeed home to 137 million people, representing almost 30% of the European Union population and almost 80% of its territory<sup>6</sup>. Rural areas are widely recognised and valued for food production, management of natural resources, protection of natural landscapes, as well as recreation and tourism. Many of the traditions, festivals and culture are rooted in Europe's rural areas. Yet, social, health and economic changes of the last decade, including globalisation, urbanisation, and the recent Covid-19 pandemic, are changing the role and nature of rural areas<sup>7</sup>.

The latest stakeholder consultation in the rural areas, launched by the European Commission at the beginning of this year, reported that at least 40% of those who replied to the public consultation said that they felt left behind by the society and the policymakers<sup>8</sup>. This perception and the factors driving it needs to be addressed.

In this perspective, the EU H2020 project **LIVERUR** (2018-2021) focused on the modernisation of small and medium rural businesses and projects in the agri-food sector. It was dedicated to improving existing business structures by supporting farmers and other rural entrepreneurs in implementing innovative business model approaches following the Living Lab concept and moving towards a circular economy. By supporting the economic sustainability of rural businesses and areas, **LIVERUR** contributes to the long-term vision for the EU's rural areas.

This policy brief summarizes key evidence and policy recommendations after three years of **LIVERUR** work. Two main sessions detach what lessons learnt emerged from the policy analysis and what insights can be abstracted from these lessons; the recommendation section is divided according to four main topics, which are at the baseline of the Long-term vision for the EU's rural areas document (2021). Finally, this brief is based on the **LIVERUR** policy framework, which is publicly available and reported in the deliverable 7.11 of the project.

5 EU Annual regional and local barometer (2020) - document available here: <https://cor.europa.eu/en/our-work/EURegionalBarometerDocs/4370-Barometer%20optimized.pdf>

6 A long-term vision for the EU's rural areas (2020) - document available here: [https://ec.europa.eu/info/sites/default/files/strategy/strategy\\_documents/documents/ltvra-c2021-345\\_en.pdf](https://ec.europa.eu/info/sites/default/files/strategy/strategy_documents/documents/ltvra-c2021-345_en.pdf)

7 See Commission report on the impact of demographic change (COM (2020) 241 final) and green paper on ageing (COM (2021) 50 final)

8 For further information see the Stakeholder consultation – Synopsis report (SWD (2021) 167 final)

# 2 LIVERUR EVIDENCE IN A NUTSHELL

## The LIVERUR project:

- Analysed existing rural business models and potentials of the Living Lab Concept in rural areas;
- Developed a benchmark system to categorise existing rural business models;
- Created a new business model concept – the RAIN (Regional Circular Living Lab business model) concept;
- Promoted the integration of all relevant stakeholders of the rural sectors in the pilot regions through creation of an ICT enabled service environment;
- Tested and validated the efficiency of the Living Lab approach in 12 rural pilot regions.
- Provides support for regional development via the RAIN platform: <https://rainplatform.wtelecom.es/>

**LIVERUR** analysis and activities confirmed that rural regions are quite diverse in geographical and economical terms, in population densities and structures. Among others, there are regions with intensive or low input agriculture, peri-urban or peripheral regions, mountainous or flatland regions, regions with high potential in the first, second or tourism sector.

It follows that policymakers have to bear in mind the heterogeneity of the EU's rural framework and consider the diverse rural areas' needs, which can be addressed by rural policies at various levels, i.e., the local, regional, national, EU and international level.

Furthermore, **LIVERUR** analysis found that it is quite demanding to put the numerous ambitions and visions as stated in various EU policies into practical solutions and concrete business models that meet and integrate the manifold high expectations and requirements of rural entrepreneurs and businesses.

In this perspective, the RAIN Concept (Figure 2) and the RAIN platform<sup>5</sup> developed within the **LIVERUR** project are based on the recent EU and national strategies and programmes, with the purpose of supporting the rural development policies' actuation and helping local and regional actors to put the theoretical approaches into practice.

Subsequently, we present a set of key messages from the **LIVERUR** project followed by specific policy recommendations on how to best tackle the rural areas' heterogeneity in an inclusive and sustainable way.

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5 <https://rainplatform.wtelecom.es>

# 3 KEY MESSAGES AND RECOMMENDATIONS

## 2.1 Rural Business Model Innovation

Key messages from LIVERUR experience

An analysis of existing rural business models resulted in the categorisation of six main types of existing rural business models with specific weaknesses, threats, and trends:

1. Mainstream farm enterprises
2. Diversified agricultural enterprises
3. Food and beverages industries
4. Rural SMEs and crafts businesses
5. Rural tourism enterprises and
6. Rural services.

These categories represent well established fields of economic activity across the regions and provide a decent starting point for building on regional strengths and potentials.



Figure 1: example of rural business diversification (Cadiou, 2018)

## Policy recommendations

### Networking

- i. Strengthen and diversify partnerships, cooperative structures and networks among enterprises and communities as well as public private relations;
- ii. Invest in technical and social infrastructure to support capacity building and a pro-active networking for co-creation and open innovation.

Proposed strategy: (example) tying grant money for regional R&D projects to collaborative and open innovation-oriented work.

Proposed policy actors to be involved: (example) regional funding organisations, regional authorities.

### Human Resources

- i. Provide incentives to support generational renewal, qualified workforce by provisioning of life-long education and training and reduce out-migration.

Proposed strategy: (example) by dedicating funds to qualification measures for digital technologies.

Proposed policy actors to be involved: (example) ERDF programmes' representatives.

### Infrastructure and services

- i. Provide access to financial resources and services, increase connectivity.
- ii. Strengthen the profitability of businesses;
- iii. Make use of public funds to value and compensate ecosystem services and generate social benefits.

Proposed strategy: (example) by setting up necessary infrastructure for regular regional exchange meetings.

Proposed policy actors to be involved: (example) regional authorities.

### Business innovation

- i. Support business modernisation;
- ii. Explore new niches, business opportunities and business models;
- iii. Exploit synergies in the field of environmental and climate issues;
- iv. Explore new technologies with the focus on consumer needs, expectations, and trends.

Proposed strategy: (example) by creating tighter connections between local universities and colleges with rural entrepreneurs, in order to foster the creation of rural-specific master programs in business and innovation management.

Proposed policy actors to be involved: (example) local universities, colleges and research centres, business consultancy.



## 2.2 Public-Private-People Partnerships in Rural Living Labs

### Key messages from LIVERUR experience

Research on theory of Living Labs and circular economy defines ‘Living Lab’ as a user-centred, open-innovation ecosystem or a systematic approach, co-created by users, integrating research and innovation processes. Furthermore, it summarizes the existing cases of the Rural Living Labs by the creation of a large repository and giving insight on how living labs are differentiated based on three main characteristics: user involvement, real-life contexts, and public-private-people partnership.

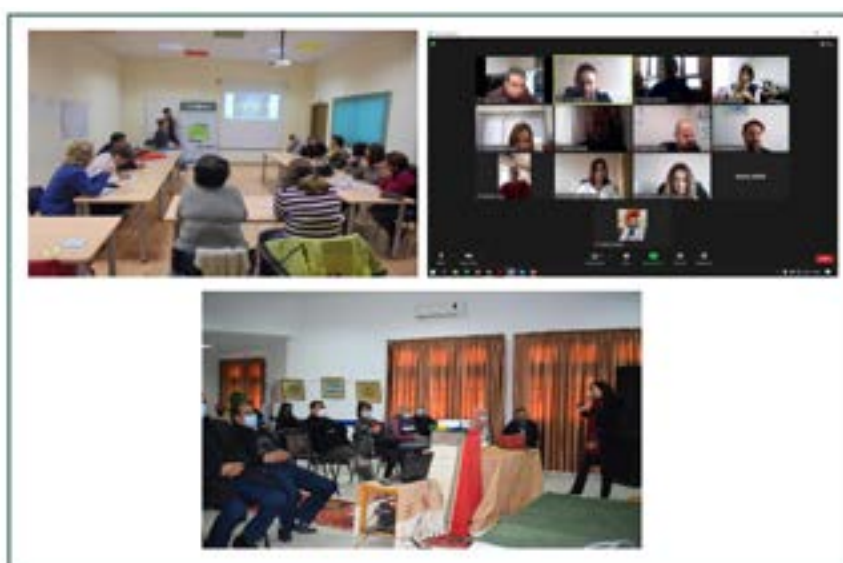


Figure 2: co-creative workshop for the development of the RAIN business model during the LIVERUR project. Up-left panel: the workshop in the pilot Val de Segura (Spain); Up-right panel: the workshop in the TR33 Munisa pilot (TK) done online due to Covid-19 restrictions; bottom-panel: the workshop in the pilot of Ouedhref (TN) done in person but following the adequate Covid-19 regulations.

### Policy recommendations

#### Networking

- i. Creating strong networks of stakeholders can increase and catalyse the benefits of living labs as regards rural innovation, ensuring the necessary critical mass for its sustainability while considering jointly the impacts of a globalizing economy and local daily life needs.

Proposed strategy: (example) by structuring funds, incentives and benefits around multi-stakeholders and multi-purpose activities.

Proposed policy actors to be involved: (example) CAP funds and regional authorities.

## **Human Resources**

- i. Fostering and enabling the creation of human and technological interactions between the main local actors in agro-industry by the utilization of rural living labs.

Proposed strategy: (example) by fostering a continuous upgrade of the workforce and close the digital divide still existing among rural and urban entrepreneurs.

Proposed policy actors to be involved: (example) local universities and regional authorities.

## **Business innovation**

- i. Envisioning in each rural business a closed loop, where all waste is reused within the production process, is the most desirable outcome for sustainability and could be the business model of choice for rural economies in the next future.

Proposed strategy: (example) by incentivizing a circular economy approach, easing the tax burden on those rural businesses which foster a fully closed loop utilization of resources.

Proposed policy actors to be involved: (example) national and EU authorities.

## 2.3 Smart, Inclusive, Resilient and Sustainable Rural Development

### Key messages from LIVERUR experience

The innovative business model concept RAIN (Regional Circular Living Lab) consists of nine RAIN Core Elements, seven RAIN Principles and six RAIN Real Life Setting Topics Model Core Elements (Figure 2). The Living Lab and the Circular Economy approach are central to RAIN. The structure provides a tangible integration of a holistic view and recent findings on promising sustainable and resilient rural development strategies.

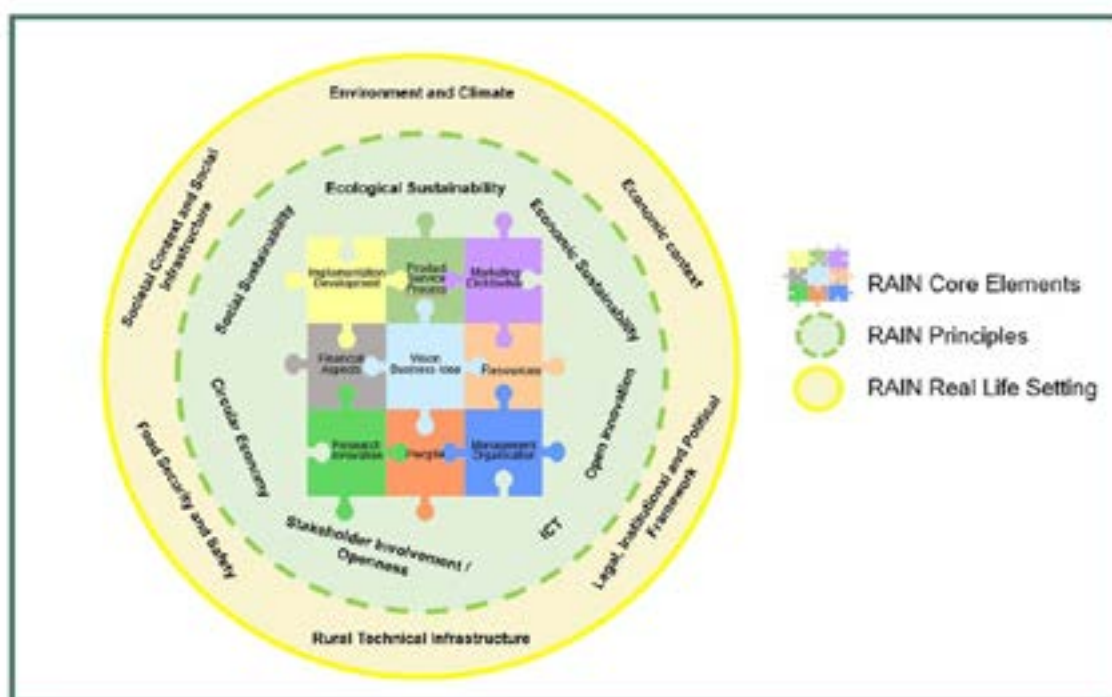


Figure 3: RAIN concept. Source: Egartner et al. 2020

### Policy recommendations

#### Policies for rural regions

- i. Support the drafting of integrative, holistic and inclusive business models (e.g., applying the RAIN Concept, making use of tools and information provided on the RAIN platform);
- ii. Set initiatives, giving incentives for integrating the RAIN Principles into the Core Elements of rural business models;
- iii. Support to create awareness that the integration of the RAIN Real Life Setting is of great importance in drafting successful rural business models.

Proposed strategy: (example) by including the use of the RAIN concept and the RAIN platform into existing formative courses offered to rural entrepreneurs by policymakers. There should be specific courses on business model development offered to local rural businesses, so as to make the rural activities and products competitive and sustainable.

Proposed policy actors to be involved: (example) local and regional authorities.

### Infrastructure for networking

- i. Supporting widely the creation of an infrastructure for networking, closing the long-lasting digital divide among different stakeholders in the rural value chains.

Proposed strategy: (example) by enabling and force affordable personal networking and by incentivizing the construction of stable and fast infrastructures which can close the digital divide currently present in rural areas. As the digital divide is also a skill divide, the incentive should be directed also to provide ICT-based courses and formative meetings.

Proposed policy actors to be involved: (example) ERDF programs, CAP funds and regional authorities.

## 2.4 Building Up Innovative Rural Governance Models

### Key messages from LIVERUR experience

The implementation of Regional Circular Living Labs in the **LIVERUR** pilot regions with support of the RAIN platform showed that the platform can help with covering the need for ensuring the long-term business viability and sustainability by enriching the core business activities with the RAIN principles (Figure 2). The experience showed good success e.g., with:

- Well-founded training of the trainers to communicate the idea of the RAIN concept
- Open ecosystem network, bringing together and enabling input of all stakeholders, regional confidant persons and facilitators
- A mix of quick win solutions and mid/long-term strategic points of view, tangible benefits to keep motivation
- Innovative digital tools and one common platform for all regional initiatives
- Personal contacts and trust building measures, personification of services
- Tools for mutual understanding and recognition
- Sharing project outcomes, exchange of experience, continuous communication
- Get clear and make use of regional resources, close loops
- Keep the rural authenticity and context, create a common identity



*Figure 4: A stakeholder plenary meeting in the pilot of Bretagne (FR) where policy-makers contributed to establish a new governance model for rural areas.*

## **Policy recommendations**

### **Networking:**

- i. Promote cooperation schemes between the rural / agriculture enterprises and relevant and useful stakeholders within the RAIN Entrepreneurial Tool. The tool is designed in a way that enables the cooperation between rural / agriculture enterprises and other stakeholders, embodying open innovation procedures.

Proposed strategy: (example) by presenting extensively the RAIN entrepreneurial tool to local policymakers and advisors and by incentivizing the inclusion of this tool in rural entrepreneurial courses.

Proposed policy actors to be involved: (example) local universities and rural advisors.

### **Human Resources**

- i. Support and provide guidance on the topic of work-life balance through the presence of relevant experts and through the possibility that rural entrepreneurs can directly communicate with them through the online community, within the context of the RAIN Entrepreneurial tool.

Proposed strategy: (example) by including the RAIN Entrepreneurial tool among existing platforms and frameworks aiming at linking rural businesses with legal, commercial and production experts.

Proposed policy actors to be involved: (example) local chambers of agriculture and existing rural associations on the ground.

### **Business innovation**

- i. Provide a context of innovative channels within the RAIN Entrepreneurial tool, that can be used to reach customers, conduct a business state-of-the-art analysis, improve enterprises' technological readiness level and ensure the long-term business viability and sustainability.

Proposed strategy: (example) by fostering the use of the tool in every-day business activities through the provision of incentives and trainings.

Proposed policy actors to be involved: (example) local authorities.

## CONCLUSION

The diverse and complex nature of rural areas and agricultural businesses in Europe calls for Communitarian policies which are able to include and target all relevant stakeholders, while providing adequate training and incentives for the utilization of public-private-people partnership tools. After three years of experience, LIVERUR project proposes here a set of key messages and policy recommendations based on the lessons learnt collected during the development of the initiative. Unique methods, such as the RAIN concept and the RAIN Entrepreneurial tool, are reported as ready-to-use supports for future and present rural policies.

## ANNEX: GLOSSARY OF THE POLICY BRIEF

As a **Business Concept** is defined the baseline for the creation of a business model (EUROPEAN COMMISSION, 2018).

A **Business Model** describes the rationale of how an organisation creates, delivers and captures values, in economic, social, cultural and other contexts (Geissdoerfer, Martin; Savaget, Paulo; Evans, Steve, 2017).

**Living Labs**, as understood in LIVERUR, are user-centred, open-innovation ICT enabled ecosystems often operating in a territorial context integrating concurrent research and innovation process within a Quadruple Helix (EUROPEAN COMMISSION, 2018).

The **RAIN concept** is the acronym for the business model concept developed in the LIVERUR project: Regional circular living lab business concept.