

Entrepreneurship in rural areas



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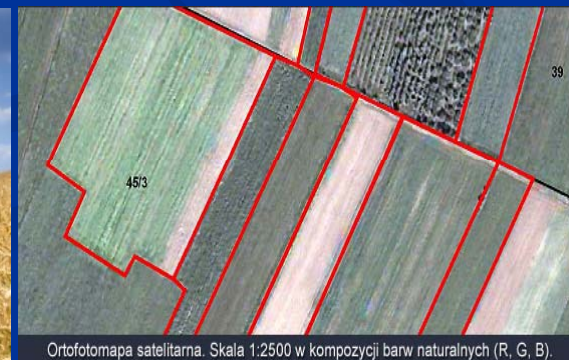
14-15 May 2012



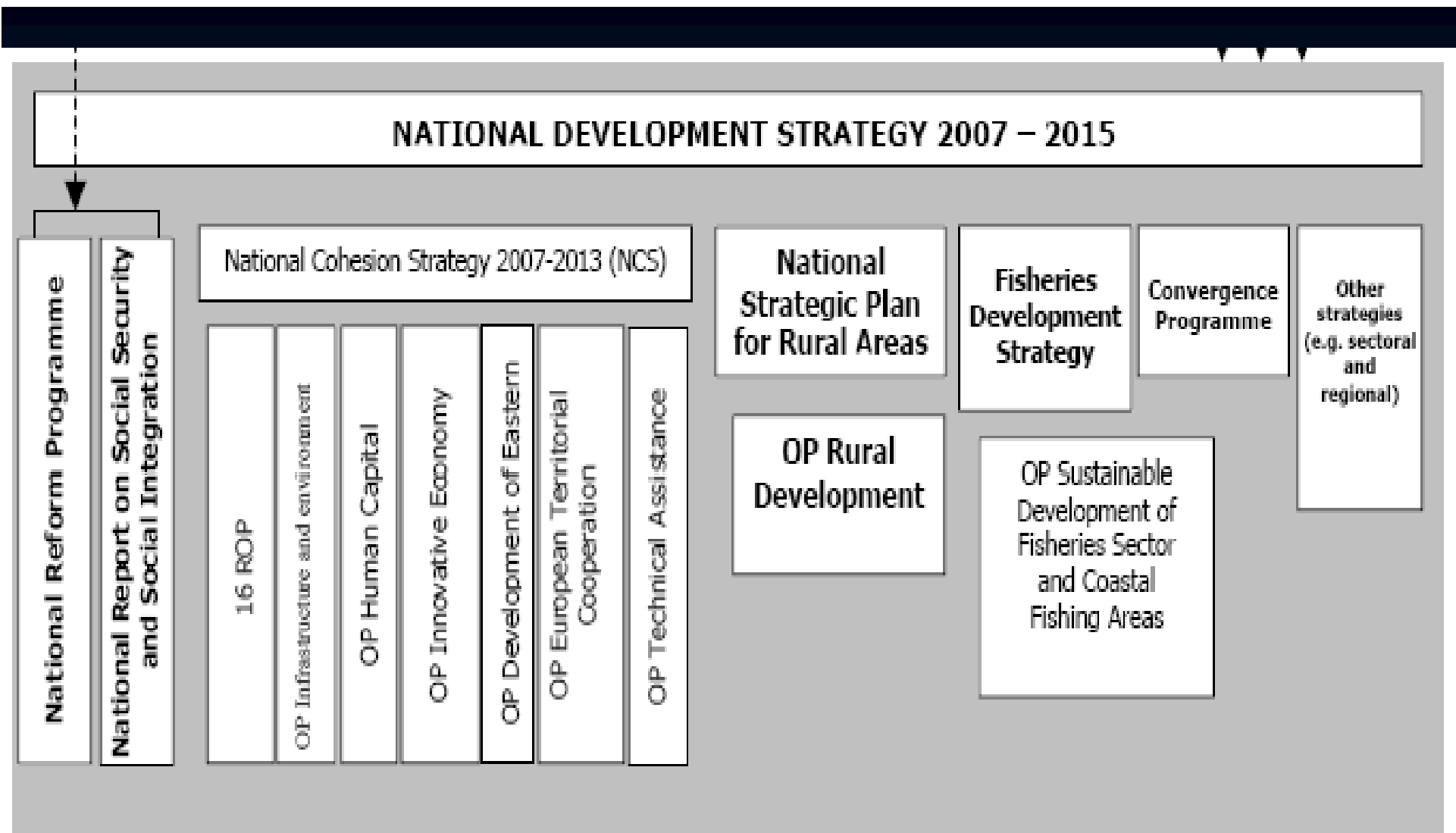
Fast quiz



- Why is entrepreneurship in rural areas so important and strongly supported by EU ?
- How many EU funds directly support entrepreneurship in rural areas ?
(national level)
(1 / 2 / 3 / 4)
- Why is the strategic management needed in the context of reforming rural areas ?
(e.g. "Young farmer" = 15 000 € but ...)



Ortofotomapa satelitarna. Skala 1:2500 w kompozycji barw naturalnych (R, G, B).



**Strategic management = National medium & long term strategies
(+ regional & local level = coherent & complementary)**

Big chance → the tools = EU funds <2007-2013> & "n+2" rule

Other national actions and policies

Why is it so complicated ?

ERDF / ESF / CF / EAFRD

Operational Programmes – national level:

- Infrastructure and Environment Programme
- Innovative Economy Programme (ERDF)
- Human Capital Programme (ESF)
- Development of Eastern Poland Programme
- European Territorial Co-operation and the European Neighbourhood and Partnership Instrument

Operational Programmes – regional level:

- **Regional Operational Programmes (ERDF) (16)**
- **Rural Development Programme (EAFRD)**
+ Direct payments to agricultural land



Województwa objęte programem Rozwój Polski Wschodniej

The possibilities of financial support for entrepreneurs in rural areas

➤ Rural Development Programme (EAFRD)

- ❖ Action 311 - Diversification into non-agricultural activities
- ❖ Action 312 - Creation and development of micro-enterprise

➤ Regional Operational Programme (ERDF)

- ❖ Action 1.1 Direct support of micro, small and medium-sized enterprises

➤ Operational Programme Human Capital (ESF)

- ❖ Action 6.2 Support and promotion of entrepreneurship and selfemployment

➤ Operational Programme Innovative Economy (ERDF)

- ❖ Action 8.2 B2B

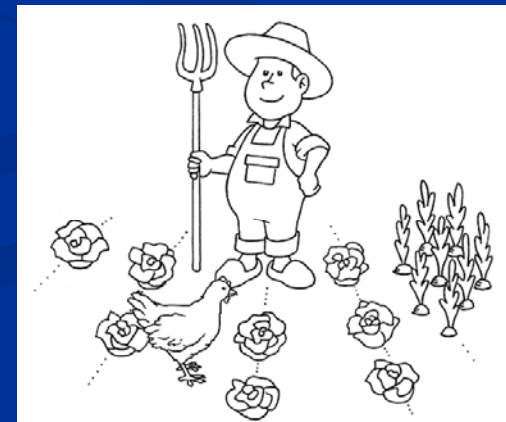
➤ National (Regional / Local) Grants

- ❖ e.g. from Regional Labour Office

Rural Development Programme (EAFRD)

311 - Diversification into non-agricultural activities

- **THE AIM** = to develop by farmers, non-agricultural activities, non-agricultural income sources & to promote of employment outside agriculture in rural areas.
- **BENEFICIARY** = Individual insured under the Polish Act on social insurance of farmers, as a farmer, farmer's wife or household member.



Form and amount of support



- The level of financial support is up to **50%** of eligible costs of the operation
- The maximum amount of support granted to a single beneficiary can not exceed **25 000 €**
- Up to **60** years + place max. **5000** inhabitants
- **The scope:** modernisation of houses (→ agro-tourism) / adaptation of buildings for business purposes / equipment / machines / installations / computers / software)
- Support takes the form of **reimbursement of eligible costs** of the operation
- Application form + businessplan plan + annexes e.g. bank statement (bank guarantee)
- **Limited list** of potential business activities - business activities codes e.g. tourism services (local trips - canoe, agro-tourism farm - equipment for kitchen, rooms and garden + solar collectors) production & promotion of local food (e.g. cottage cheese) individual services (e.g. control points for fire-extinguishers)



Rural Development Programme (EAFRD)

312 - Creation and development of micro-enterprise

- **The aim** is to increase enterprise-development and increase employment in rural areas
- Support might be granted only for investments connected with **setting up and doing business**
- **Limited list** of potential business activities:
 - Support for e.g.: computer and office equipment, transportation, consulting, purchase and installation of machines, purchase or adaptation of buildings for business purposes or advertising and promoting the product or service.
- ❖ The grant may be up to **75 000** EUR.
- ❖ Up to **60** years + place max. **5 000** inhabitants (city max. **20 000** inhabitants)
- ❖ Support is given in the form of a refund up to **50%** of the eligible costs.
- ❖ **So, what is the difference ... ?**

Rural Development Programme 312

- Creation and development of micro-enterprise

- **Beneficiaries:** natural persons (private persons) / one-man business / legal persons (e.g. joint-stock v limited liability company) located in rural areas
- **Question:** The bakery is located in Cracow City, but they want to set up new bakery in small village near to Cracow (4 000 inhabitants) ... ?
- Micro-enterprise means maximum
- **The example** – Developing cobblestones manufacturing plant.
 - The total value of the project - 154 000 EUR (the grant = ... EUR)
 - Scope of operations: Buying new technological line for production
 - 3 new workplaces (6 workplaces → 9 workplaces): 25 000 euro = 1 workplace
- **Strategic criteria** (extra points): new workplaces / energy efficiency
- **System of implementing institutions** e.g. ARiMR



Regional Operational Programme

Action 1.1 Grants for start-up & develop enterprises

THE AIM...

is to increase innovation and competitiveness of
micro, small and medium enterprises.

FOR WHOM...

Micro, small and medium enterprises



What can you finance with the grant...

- ✓ Company development (tennis centre – winter season + cafe)
- ✓ Modernization of equipment associated with economic activity (machines / technological lines)
- ✓ The introduction of technological or organizational innovation (e.g. ISO certificate)
- ✓ Purchase of R & D works and/or industrial property rights, the introduction of new technologies into the business
- ✓ Introduction of innovative products.



Regional Operational Programme

– Action 1.1 Grants for start-up micro enterprises

➤ The allocation for projects of particular types of companies:

- Micro - 25%,
- Small businesses - 35%,
- Medium-sized enterprises - 40%

➤ Minimum / Maximum amount of support

- Level of support (50 – 75%)

- The minimum grant is 2 500 EUR, and the maximum:
- For micro - 375 000 EUR
- For small enterprises - 600 000 EUR
- For medium-sized enterprises - 999 999 EUR



- ✓ What is the definition of SME ?
- ✓ Who can make the decisions about the allocation and the level of support in ROP ?

Regional Operational Programme

Example of implemented project

- **Driving School** - Increase of competitiveness of the company through the:
 - Rebuilding of the training centre
 - New equipment
 - New cars & training site
 - Innovative tools (monitoring: GPS + inside cameras)

Project value: 250 000 EUR

Value of funding: 150 000 EUR = ... % (?) = 2 new workplaces

✓ **Question:** Why located in small village near to Kielce City ?



Operational Programme Human Capital (ESF)



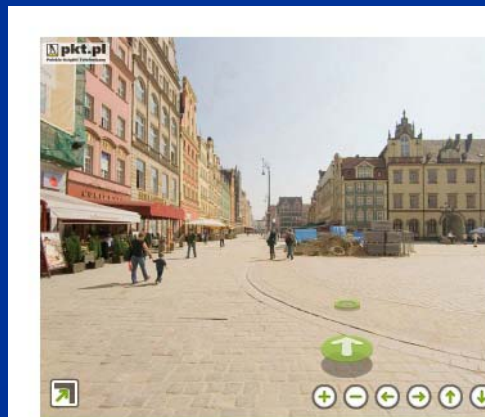
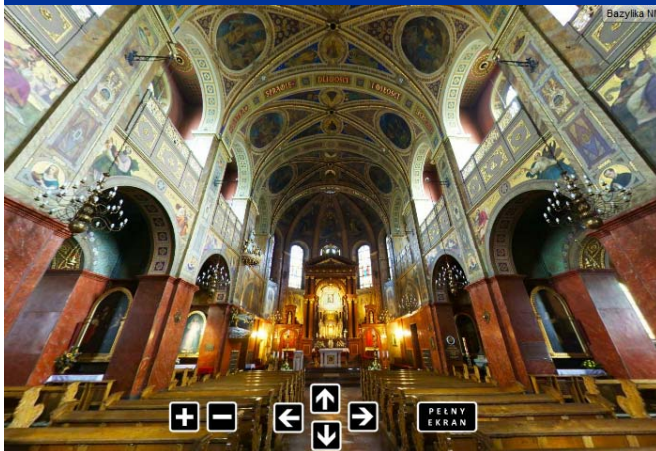
Action 6.2 Support of self-employment

- Beneficiaries - persons ready to start business activities by using sequence of the following instruments: "I've just found ideal boss – me !!! 😊"
- 1. Consulting (individual and group) and training to gain knowledge and skills necessary to do business;
- 2. Special exams (law / accounting / taxes / marketing / negotiations etc.)
- 3. Preparing businessplans
- 4. Grants for setting up the business (the best proposals – max. 10 000 EUR per person) = 85%
- 5. Bridge support provided for up to 12 months from the date of the contract (full insurance + basic salary)
- Promotion of self-employment & good practices by organizing promotional and information campaigns,



Target Group

- Beneficiaries = all persons, in particular (strategic criteria = extra points):
 - long-term unemployed (over 12 months during the last 2 years)
 - to 25th years of age,
 - over 45th years of age,
 - disabilities,
 - living in rural areas,
 - women, especially single mothers, women returning to the labor market.
- 2 students → modern interactive company:
 - virtual walk based on internet panoramas.
 - also designing websites, visualization of projects, making 3D objects pictures.





Operational Programme Innovative Economy (ERDF)

- ❖ In the framework of OP IE are financed projects **innovative** on the **national and international level**.
- ❖ They are associated with the use of **new technological** solutions, products or services.
- ❖ Financial support – **max 85 %**
- ❖ For instance: **rural areas & innovative B2B solution ?**

OP Innovative Economy

Example of implemented project

- **Cluster - Agricultural group of farmers** – set up and co-financed by EAFRD (200 000 €)
 - sector of fruits and vegetables (selecting, packing, sending)
 - 6 new work places on rural areas
- **Internet Platform** - set of integrated tools implementing a multi-channel, automatic positioning, which task is to enable farmers to develop a sales network and acquiring new customers, as well as promote the companies on foreign e-markets.
 - The system works as an e-service.
 - 2 new work places on rural areas





Start-up grants from the Labour Office

Can apply person who:

- is registered in the Labour Office as an unemployed person
- was not punished for economic offenses,
- ✓ Person, who gain the fund from the Labour Office has to run his business for at least **12 months**.
 - After this period, the contract with the Labour Office expires.
- ✓ **5 000 €** grant
- ✓ Simply **one-man** business (shops e.g. greengrocer / renovation of houses)
- ✓ Black economy
- ✓ Secondhand machines and equipment ?

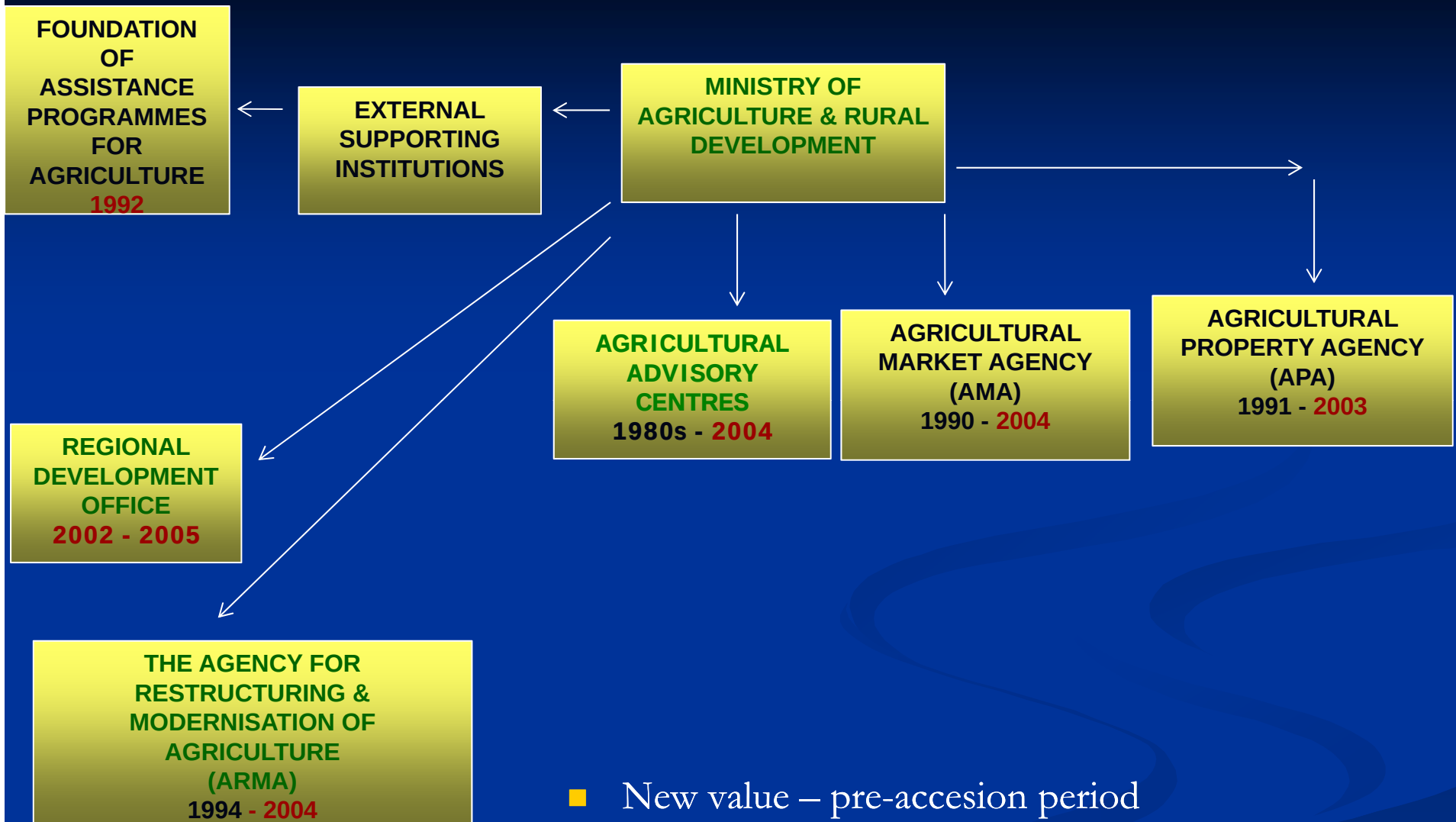


Fast Case Study

- Idea for new business = local transportation of tourists
 - network of innovative electric commuter trains
 - Which programme should be used for financial support ?



Organizational changes in the system of institutions - Poland

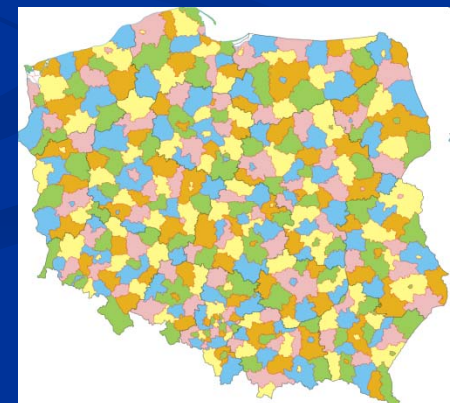


- New value – pre-accession period
- Efficient structure after 2004 → NSP for RD

Agency for Restructuring and Modernisation of Agriculture 1994 → 2004



- Implementing Authority and Paying Agency – EU funds for agriculture & rural areas
- The main actions - based on EU funds:
 - direct payments / young farmers / modernisation of farms / micro-enterprises
 - info & promotion campaigns
 - huge electronic databases (farms, animals, projects) / complex system of controls
- The three levels:
 - Central Agency (1 – Warsaw)
 - Regional Offices (16)
 - Local Offices (314 – second level of local government administration in Poland)
- New institution → additional value:
 - new staff → young & dynamic team
 - new offices / equipment / software
 - intensive trainings / e-learning / high culture of work

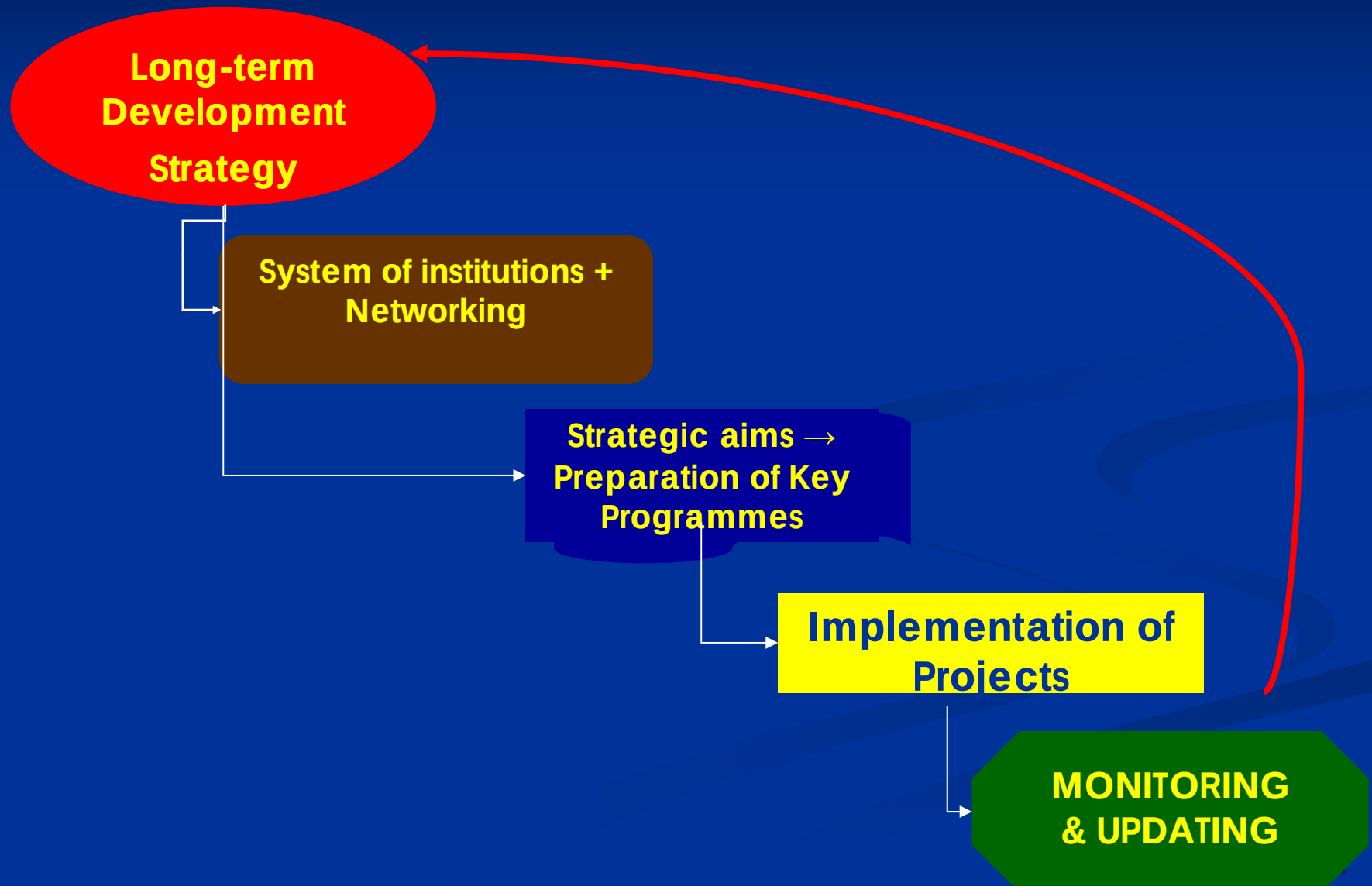


Special agricultural data base





Strategic management in the context of entrepreneurship in rural areas



”Men build too many walls and not
enough bridges”

Isaac Newton

Thank you for your attention

Grzegorz Orawiec

