



How to support Smart Villages strategies which effectively empower rural communities?

Orientations for policy-makers and implementers

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1. Introduction	1
2. What is driving Smart Villages?	2
3. What is the current policy context for Smart Villages?	3
4. The aims of Smart Villages strategies	5
5. What can be the scope and scale of Smart Villages strategies?	6
6. What to look for in a Smart Village Strategy?	7
7. Strategic frameworks and mechanisms for supporting Smart Villages strategies	9

The content of this document is based on the outcomes of the discussions of the ENRD Thematic Group on Smart Villages, and does not represent the views of the European Commission.

1. INTRODUCTION

The EU's Rural Development policy⁽¹⁾ has a long-standing record of stimulating various forms of innovation in response to the broad range of challenges and opportunities facing communities and businesses in the diverse rural contexts in EU Member States. In September 2016, the [Cork 2.0 Declaration](#) "A Better Life for Rural Areas" emphasised the "potential of rural areas and resources to deliver on a wide range of economic, social, and environmental challenges and opportunities benefitting all European citizens".

Smart Villages is a relatively new policy concept in Europe,⁽²⁾ which has the potential to both add to and build upon this existing track record and create further synergies between the funds. But even the best concepts need to be turned into concrete activities in order to deliver tangible benefits.

- (1) To help rural areas grow and raise employment and living standards, the EU's Rural Development policy has set three overarching objectives: improving the competitiveness of agriculture; achieving the sustainable management of natural resources and climate action; and a balanced territorial development of rural areas. Smart Villages strategies mainly contribute to the third objective, but can also benefit the other two. The EU's Cohesion policy shares these objectives. The European Regional Development Fund (ERDF) and the European Social Fund (ESF) can, therefore, work to complement the European Agricultural Fund for Rural Development (EAFRD) in supporting Smart Villages.
- (2) The term is used extensively in other parts of the world such as India and Africa, although it is always adapted to the local context and conditions. See Zavrtnik, V.; Kos, A.; Stojmenova Duh, E. "Smart Villages: Comprehensive Review of Initiatives and Practices", Sustainability 2018, 10, 2559. <https://www.mdpi.com/2071-1050/10/7/2559>





“ *Smart Villages are all about making different policies work together to find better, smarter ways to promote holistic rural development. It is about harnessing existing and emerging technologies and social innovations to add value to the lives of our citizens. It is about giving villages the tools to address their own challenges, while also making*

a contribution to the bigger challenges facing society as a whole. ”

EU Commissioner Phil Hogan, speech at the ENRD Seminar on Smart Villages, 22 May 2018, Brussels, Belgium

This briefing document offers some preliminary orientations on how to support Smart Villages – both in the current programming period (2014-2020) and, more significantly, in the framework of the post-2020 Common Agricultural Policy (CAP) programming period. It is targeted mainly at national and regional policy-makers and implementers to help them put in place both rural and regional policies which enable rural communities to respond to the challenges they face.

The briefing document is based on discussions within the ENRD [Thematic Group](#) (TG) on Smart Villages. It will be complemented with more specific briefing notes on how LEADER/CLLD, Cooperation, and digital strategies could be used to support Smart Villages in the framework of Rural Development policy, as well as territorial instruments such as Integrated Territorial Investments (ITI) and Community-led Local Development (CLLD) in the framework of the Cohesion policy.

2. WHAT IS DRIVING SMART VILLAGES?

Rural areas across Europe are undergoing rapid change. Whilst persistent challenges such as depopulation and poor quality public services continue to put many rural communities under pressure, there are also new and exciting opportunities for rural residents and rural businesses arising from the key drivers of rural change in the 21st century,⁽³⁾ including the impact of existing and emerging digital technologies, the low-carbon and circular economies, the bioeconomy, new value chains, new patterns of mobility, closer links with cities and so on.

In this context, Smart Villages can be understood simply as rural communities that refuse to wait for change to happen to them. Such communities are made up of rural people who take the initiative to mobilise themselves and explore practical solutions to the day-to-day challenges they face, as well as seize new opportunities for improving their quality of life and standard of living. And there are thousands of rural communities across the EU doing this in various ways!

For further information, see the ENRD Smart Villages online [portal](#), including:

- the ENRD Smart Villages [video](#) (available in [21 languages](#));
- dedicated issues of the [EU Rural Review 26](#) and the [EAFRD Projects Brochure](#);
- numerous case studies on Smart Villages from across Europe, illustrating a range of initiatives in fields such

as innovation in rural services, renewable energy, urban-rural linkages, bioeconomy, agriculture and food, environmental sustainability and digitisation; and

- a Smart Villages Community group on [Facebook](#).

“ *The world is changing around us, Europe is changing. We are witnessing a revolution, technological and societal. And everything is there in those two words: Smart Villages. Because technology is changing our world and we need to adapt and use it in a smart way. Because this inter-connected world of ours is becoming a village in which national and supra-national institutions are not equipped to address the most pressing issues alone. The EU Action for Smart Villages is our response to this challenge.* ”



EU Commissioner Corina Crețu, speech at the launch of the EU Action on Smart Villages, 11 April 2017, Brussels, Belgium

(3) The 11th OECD Rural Development Conference held in Edinburgh (UK), in April 2018 identified ten key drivers of change in the 21st century: i) additive and distributive manufacturing; ii) digital connectivity; iii) cloud computing and the internet of things; iv) drones; v) driverless cars; vi) the future of education; vii) the future of health; viii) shifting values and preferences; ix) decentralised energy systems; and x) the future of food – see: <http://www.oecd.org/rural/rural-development-conference/>



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3. WHAT IS THE CURRENT POLICY CONTEXT FOR SMART VILLAGES?

In recognition of the growing phenomenon of Smart Villages, the European Commission launched an [EU Action for Smart Villages](#) in the spring of 2017, co-signed by Commissioners Hogan (Agriculture and Rural Development), Cretu (Regional policy) and Bulc (Mobility and Transport). This has attracted widespread interest ranging from EU institutions, national and regional governments, to rural stakeholders on the ground. The European Parliament⁽⁴⁾, the Committee of the Regions and, the European Economic and Social Committee have also been particularly active in supporting Smart Villages (more information [here](#)). The Bled Declaration signed in April 2018 also highlighted the common views and cooperation between the European Commission and the European Parliament on this topic.

According to the EU Action, Smart Villages are “*rural areas and communities which build on their existing strengths and assets as well as on developing new opportunities*”, where “*traditional and new networks and services are enhanced by means of digital, telecommunication*

technologies, innovations and the better use of knowledge”.

There has been considerable discussion about the meaning of Smart Villages with many people calling for a more precise definition. However, the Pilot Project on ‘[Smart Eco-Social Villages](#)’ promoted by the European Parliament and managed by the European Commission has concluded that any definition should be inclusive and broad because the challenges and needs of rural areas are very diverse.

In their more detailed explanation of the definition the Pilot Project also makes it clear that “*the use of digital technologies is not a precondition for becoming a Smart Village*”. The overall consensus, therefore is that Smart Villages are rather like innovation, ‘a good idea that works in various contexts’ and ‘cannot be defined too rigidly in advance’. To deal with rapidly evolving events and the huge diversity across rural Europe, it is argued that the concept cannot narrowly be defined *ex-ante* and has to remain open, inclusive and flexible.

(4) Especially due to the work of MEPs Franc Bogovic and Tibor Szanyi.

Smart Villages were highlighted in the European Commission's [Communication on the Future of Food and Farming](#) (November 2017) as a priority for helping "local communities address issues of inadequate broadband connectivity, employment opportunities and service provision in a clear and comprehensive manner".

The Commission's proposal for a Regulation on [CAP Strategic Plans](#) and [Cohesion](#) policy leave much more freedom for EU Member States to design their own national and regional strategies and initiatives within broad categories of intervention. Although there is no specific intervention or fund for supporting Smart Villages included in the Commission's proposals, Member States are encouraged to support Smart Villages and adapt the available types of intervention to the specific needs of their territory. The importance of the concept is emphasised in the introduction of a Smart Villages result indicator for the CAP Strategic Plans.

Member States may therefore design their own packages of support within their post-2020 CAP Strategic Plans in the framework of rural development and in their Partnership Agreements⁽⁵⁾ and programmes in the framework of Cohesion Policy. Within the CAP Strategic Plans, they could for example provide for a toolkit of targeted interventions for LEADER/CLLD and other forms of cooperation, knowledge exchange or investments in basic services and businesses, depending on the context and needs in that Member State. The legislative proposals for the CAP Strategic Plans also require Member States to describe their strategies for the digitisation of agriculture and rural areas and these can also be designed in a way that enables Smart Villages. Within the framework of their Partnership Agreements, Member States and regions can also consider using the European Regional Development and Social Funds to channel funding that can support Smart Villages (i.e. broadband investments, support to SMEs outside the farming sector, IT training, etc.).

Finally, the Smart Village concept also concerns a wide range of EU and national policies for sustainable mobility, renewable energy, the bio and circular economy, social innovation and others.

The ENRD TG developed individual briefs with orientations on ways of ensuring LEADER/CLLD, other forms of cooperation and digital strategies can help to create the conditions for Smart Villages. Some existing national frameworks for supporting Smart Villages (see chapter 2 of [EU Rural Review 26](#)) already provide inspiration for this.

(5) It is proposed that Partnership Agreements will be drawn for all Cohesion Funds.

In addition to these higher-level interventions, individual regions (or even provinces/local authorities) could develop Smart Villages schemes that are tailored to meet the specific challenges faced by their rural areas.

It is also important to remember that there still remains potential for national/regional authorities to provide an immediate boost to Smart Villages by targeting of existing rural development Measures during the remaining period of the 2014-2020 Rural Development Programmes (RDPs) and Cohesion Policy Operational Programmes. In fact, the [scoping exercise](#) of the ENRD TG revealed that many Member States are already doing so.



DEFINITION OF SMART VILLAGES.
[EUROPEAN PILOT PROJECT ON SMART ECO-SOCIAL VILLAGES](#)

"Smart Villages are communities in rural areas that use innovative solutions to improve their resilience, building on local strengths and opportunities. They rely on a participatory approach to develop and implement their strategy to improve their economic, social and/or environmental conditions, in particular by mobilizing solutions offered by digital technologies. Smart Villages benefit from cooperation and alliances with other communities and actors in rural and urban areas. The initiation and the implementation of Smart Villages strategies may build on existing initiatives and can be funded by a variety of public and private sources."

4. THE AIMS OF SMART VILLAGES STRATEGIES

Smart Villages are about channelling the energy, vision and commitment of local people towards local action. The already identified [project examples](#) and [initiatives](#) clearly indicate that Smart Villages primarily begin with local people coming together around a common problem or a common vision to implement some form of 'plan of actions' in order to achieve a specific goal.

Smart Villages strategies should not be perceived, interpreted or promoted as yet another layer of formal, comprehensive territorial strategic documents. They are not about repeating yet another broad participatory planning process of the kind that is already often covered within LEADER/CLLD Local Development Strategies (LDS), other forms of community or municipal plans, Agenda 21⁽⁶⁾ and so on. So rather than taking a comprehensive approach, they tend to start small and focus on key opportunities or problems that motivate local people.

The ENRD TG members have insisted that it is essential to avoid any kind of multiplication of policy instruments which can create confusion among rural communities. Smart Village strategies are vehicles for nurturing and responding to local initiatives. They can be supported by strengthening existing local instruments such as LEADER/CLLD and linking them to better-targeted rural development Measures for investment, innovative public procurement, knowledge transfer, financial instruments and so on.

The important point is that a Smart Village strategy should simply be a vehicle for guiding and effectively supporting local initiatives and is not the end in itself.

On the other hand, Smart Villages strategies go beyond isolated activities of individual local actors and aim instead to enable the community to jointly implement integrated packages of future-orientated actions which respond to their long-term challenges and opportunities. This requires going beyond isolated grants and Measures for local development to create a toolkit of support which enables local people to test out and implement new solutions to the problems they face. For example, in Finland, Local Action Groups (LAGs) can support 'theme projects' which enable communities to carry out a series of different actions to achieve a specific locally defined goal. These generally small-scale projects supported under LEADER can then create the conditions for larger-scale investments either under the EAFRD, ERDF or national public or private sources.

The success of such bottom-up initiatives involves building platforms and partnerships among relevant stakeholders and, particularly, the active involvement and support of the appropriate local and regional authorities. While the initial idea for Smart Villages strategies may start at the level of a small village or hamlet, their success often depends upon cooperation with other nearby villages, towns and cities.



(6) Agenda 21 is a non-binding action plan of the United Nations with regard to sustainable development.



5. WHAT CAN BE THE SCOPE AND SCALE OF SMART VILLAGES STRATEGIES?

The scope of Smart Villages strategies can be very broad. Existing Smart Villages initiatives are commonly observed to focus on one or more of the broader aspects and conditions for rural development where cooperative rather than individual action is required to achieve real change. Depending on local circumstances and motivation, these initiatives may prioritise economic, social or environmental issues - or a combination of them. There is no need to deal with everything at once.

On the one hand, these community actions may be linked to the big 21st century societal challenges, such as climate adaptation and mitigation, including renewable energy or new opportunities for rural areas that are rapidly emerging, for example, the bioeconomy sector, smart tourist destinations etc. These are what the OECD⁽⁷⁾ refers to as the ‘mega-trends’ that are bringing new challenges and opportunities for rural areas.

On the other hand, issues that have persisted for many years, such as quality of rural services (e.g. health, education and mobility) and the management of natural resources (e.g. local water quality), continue to encourage local people to mobilise and take action to improve their quality of life. New solutions and approaches can bring fresh ideas to addressing these ‘traditional’ rural issues.

In both cases, ‘social innovation’ commonly sits at the core of the Smart Villages concept. Social innovation has numerous definitions, but in the context of Smart Villages, it can be thought of as “the re-configuring of social practices,

in response to societal challenges, which seeks to enhance outcomes on societal well-being and necessarily includes the engagement of civil society actors”⁽⁸⁾. Or more simply, putting local people and their needs first, with creative solutions to complex societal challenges.

In many countries, digital innovation is also at the heart of strategies on Smart Villages and/or ‘intelligent’ territories, as they are often called. These approaches see the main goals of Smart Villages strategies as seizing opportunities of a rural digital transformation and overcoming the critical gaps in infrastructure, digital skills and the application of digital innovations to rural services. However, there are also many examples of social innovation in rural areas which are not digital and even when the Smart Village Strategy does revolve around digital innovation, people are always firmly at the centre.

Regarding scale, Smart Villages strategies can be formulated at the level of village settlements, municipalities, groups of municipalities or other small-scale discrete territorial units (e.g. islands or groups of islands) – whatever is most appropriate and relevant to the local understanding of the term ‘village’. However, as a general rule, the spatial scale of a Smart Village Strategy will start small and grow through cooperation with other areas. It will also often be significantly smaller than the territory covered by a LEADER/CLLD LDS, ITI, etc. It is quite possible that one or more Smart Villages will establish themselves in the supportive environment created by the broader LEADER/CLLD LDS (see section 6).

(7) Rural 3.0: A Framework for Rural Development – an OECD policy note (2018). See: <https://www.oecd.org/cfe/regional-policy/Rural-3.0-Policy-Note.pdf>

(8) H2020 SIMRA project

6. WHAT TO LOOK FOR IN A SMART VILLAGE STRATEGY?

Some simple criteria need to be developed at the national, regional and even provincial level to help identify an appropriate Smart Village Strategy. The key components could include:



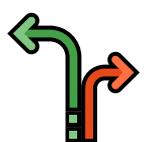
Evidence of an **active group of local citizens** who are driving the overall Smart Villages process. This could be 'letters of commitment' from local residents, businesses and local institutions and the responsible municipal authorities. It could also be some form of legal entity (e.g. a village association or civil society organisation, farmers' organisation) that the community has nominated/delegated/engaged to take the lead. Such initiatives can come from civil society, local authorities or even private sectors but should always be checked to ensure that they are legitimate, open and inclusive.



Clear expression of a **community 'vision' for change** related to one or more of the key problems/opportunities identified by the community, together with evidence of a good level of community engagement with this vision. In some cases, it may be possible to link the Smart Village vision to an existing territorial strategy. At the local level, this could be a CLLD strategy, a municipal or community plan, or an Agenda 21.



Evidence that the Smart Village Strategy is designed to find **new or alternative solutions** to the underlying challenges and opportunities in the specific context of the local people. This could involve the application of digital technologies, new forms of renewable energy, social innovations in provision of rural services, enhancing urban-rural linkages, support for emerging value chains like the bioeconomy, or other issues that are relevant in the local context.



A simple, tailor-made **road-map** with: i) a clear explanation of the sequence of cooperation actions/interventions that have been proposed by the community for pursuing their vision; ii) an overview of how

(and by whom) these actions/interventions will be managed; iii) an explanation of how members of the wider community have and will be effectively engaged in this process; iv) an estimation of related costs; and v) an explanation of how results will be measured and monitored.



Eligible actions/interventions for funding in the road-map might include: a) **'soft' investments** such as animation, advice, training, research, feasibility and technical studies; and b) small-scale, tangible investments. The engagement of external actors/experts from outside of the community (e.g. specialist advisors, academics or community facilitators) could be considered an eligible expense in view of ensuring that the community has the necessary capacity to implement the proposed actions.



Where appropriate, a business model for the **long-term financial sustainability** of the Smart Village Strategy should be taken into account from the start. This might include, for example, income generation for the long-term maintenance of a community-owned asset (i.e. a wind turbine) or proposals for launching, growing and maintaining community investment funds – after the initial injection of public funds.





Any **linkages** between the Smart Village Strategy and other existing broader strategies (e.g. regional or provincial digital strategies, regional smart specialisation strategies, etc.) should also be highlighted.

Communities may construct their Smart Village strategy around a 'lighthouse' or 'motor' project that stimulates more community engagement in addressing the challenge/opportunity identified (for example, creating a source of renewable energy or providing a sustainable care service for the elderly).

In reality, Smart Villages strategies can – and will – vary greatly. There is no single model or 'one-size-fits-all' solution. One of the most important reasons for these differences is the starting point. Some communities are inevitably more advanced than others and it is important to ensure that criteria are adapted to local realities and needs. Any community-led strategy should be seen as a process rather than an end-state. Every village or rural community can be a Smart Village, but how it achieves this will depend

upon local context, including factors such as the levels of local knowledge, human capital, local drivers, the strength of the social ties that hold the community together, and the favourable attitude – or otherwise – of local institutions.

In many cases, it will be necessary to build capacity at the local level to ensure that the communities which are most in need do not lose out. Smart Villages must be an inclusive – not an exclusive – concept! Digital technologies can be an important part of building this capacity, but they should remain enabling tools and be used when they are appropriate to the specific challenges/opportunities being addressed by the local community. This represents an important distinction between Smart Villages and Smart Cities. The concept of Smart Cities focuses very much upon big data and the opportunities for transforming the way in which cities function through inter-related digital technologies. Smart Villages are not simply an extension of this approach, but focus instead upon empowering local communities to engage with their own future, including the use (where appropriate) of digital technologies.



7. STRATEGIC FRAMEWORKS AND MECHANISMS FOR SUPPORTING SMART VILLAGES STRATEGIES

The overall challenge for national/regional policy-makers and implementers is to ensure that the right policy tools are made available in the right place at the right time in order to facilitate the development and implementation of Smart Villages strategies. These tools should be made available to local communities in a form that is easy to use, flexible and modular so that they can be adapted to different and evolving circumstances, including permitting a Smart Village Strategy to start small and then grow (e.g. through increasing community engagement and cooperation and creating the conditions for further investment).

Currently, no new policy or funding instrument is envisaged for supporting Smart Villages. However, EU Member States are encouraged and given the flexibility to adapt a wide range of existing tool in ways that create the enabling framework for Smart Villages to emerge at the local level. These policy tools and instruments should not be seen as alternatives, but as parts of an integrated toolkit in which each instrument can play different but complementary roles in diverse circumstances.

The ENRD TG has chosen to focus on three main policy instruments which exist today within the RDPs and are expected to continue in the post-2020 CAP Strategic

Plans: LEADER/CLLD; other types of cooperation intervention; and digital strategies. Ideally, these tools should reinforce one another.

For example, LEADER/CLLD can provide a one-stop-shop at the local level and prepare the ground by getting people together, animation, training, feasibility studies, pilot projects and small-scale investments. Various forms of cooperation can be used to scale up initiatives by building links with other rural and urban areas and with research centres on common areas of concern. The digital strategies can ensure that additional investments in both infrastructure and skills reach rural areas.

Finally, policies supported under the EAFRD should complement and open the door for further investments under the other ESIF⁽⁹⁾ and national public and private sources⁽¹⁰⁾. At the local level, municipalities and groups of municipalities will often play a key role. The final policy mix for supporting Smart Villages in any country and/or region depends upon: a) the specific needs and opportunities facing its rural areas (as identified in the SWOT analyses); and b) its existing landscape of policy support for rural areas.

Some of the possibilities identified by the ENRD TG include:

- **Smart Villages strategies are integrated into LEADER/CLLD local development strategy (LDS).**

LAGs can provide integrated packages of Smart Villages support through their LDS to communities in the LAG territory. They may provide some of the support directly themselves or grant aid to other local organisations to carry it out.

This approach is being developed in the administrative region of Tyrol, Austria, with the specific objectives of having one commonly agreed concept of '[SMART REGION Tyrol](#)' at local and regional levels and avoiding any double structures between the multi-funded CLLD⁽¹¹⁾ LAGs and Smart Villages in the region.

In [Ireland](#), the local development companies which manage LEADER also act as a one-stop-shop for implementing and coordinating a range of local policies which are central to supporting Smart Villages.

However, as the [ENRD LAG survey](#) revealed, it is necessary to overcome many barriers, such as excessive bureaucracy and administration that limit the potential for using LEADER to support Smart Villages in many parts of Europe. Additional orientations are provided in a separate ENRD briefing document on 'How can LEADER support Smart Villages?'

(9) European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD), European Maritime and Fisheries Fund (EMFF).

(10) These are based on examples identified by the ENRD TG on Smart Villages and may evolve as more information is collected.

(11) In post-2020 period, the European Commission's legislative proposals for the European Structural and Investment Funds (ESIF) foresee the lead Fund as a way to accommodate easier multi-funded CLLD.

- **Using cooperation to achieve a critical mass and improve links with other areas and research on common challenges.**

This could be done by extending the approach of the EIP-AGRI Operational Groups and other types of cooperation currently supported under RDP Measure 16 to other rural stakeholders and issues. Actions supported under the Cooperation and LEADER Measures could create the conditions for accelerated and/or preferential access to existing 2014-2020 RDP Measures or future interventions in the post-2020 CAP Strategic Plans, such as investments in basic services, rural business start-ups and so on. It could also prepare the ground

for investments supported under other EU and national funds and/or the use of financial instruments. Additional orientations on this approach are provided in a separate ENRD briefing document on 'Using cooperation to support Smart Villages'.

In the case of using LEADER or any other RDP Measure to support Smart Villages, it is necessary to ensure that the delivery mechanisms are flexible and simple for the end users in order to enable their involvement.

- **Multi-level strategies for the digitisation of rural areas with a people-centred approach.**

This is another interesting approach that aims to integrate digitisation within local community development in rural areas more concretely. In this respect, the ERDF and ESF Operational Programmes for post-2020 period can be instrumental.

In France, the concept of 'Smart Territories' (*Territoires Intelligents*) is increasingly

well-established with many local initiatives working to blend both social and digital innovations in a range of different fields such as energy saving, rural mobility, broadband access, SME start-ups and other forms of business incubation.

Additional information is presented in the specific ENRD [case studies](#) on multi-level digital strategies.



Other potential avenues for supporting Smart Villages include:

- A full national or regional strategy **bringing together different EU and national funds** to support a number of integrated local Smart Villages strategies. The most prominent example is the '[Strategy for Inner Areas](#)' in Italy. This is one of the most comprehensive and integrated strategies for tackling the problems of depopulation and low access to services in Europe and involves four ESIF, combined with national finance to support integrated territorial strategies (ITI and other) for both local development and service innovation in 72 pilot areas.
- Ensuring that national and regional strategies and programmes for energy transition, the bioeconomy⁽¹²⁾, and many others are **adapted to the specific needs of rural settlements** and can support the Smart Villages concept.
- **Regional Operational Programmes** financed under other ESI Funds (for example ERDF or ESF) can also provide support for Smart Villages, particularly under the Cohesion policy's fifth overarching objective of a 'Europe Closer to Citizens'⁽¹³⁾, if EU Member States and regions decide. In this case, territorial tools such as ITI and CLLD can play an important role. The European Commission has proposed that social innovation be a compulsory component of ESF programmes and Member States can ensure that this also benefits rural areas through supporting Smart Villages.
- Including Smart Villages within **Smart Specialisation Strategies** in the framework of the EU's Cohesion Policy. One impressive example is the '[Arctic Smart Community Cluster](#)' which illustrates that even in one of the most remote rural areas of Europe, it is possible to put in place a bottom-up, community-based 'smart specialisation' strategy. By working closely with entrepreneurs from the villages, a 'cluster' of businesses, funders, researchers and mediators have developed an integrated strategy to support local economic growth and sustainable prosperity.

To provide rural communities with faster and more flexible support, two basic funding mechanisms for Smart Villages strategies could be considered:

- Some form of Project Grant based on the real costs of a package of 'soft' and 'hard' actions selected by the community for achieving the goals specified in the Smart Village Strategy within a defined period of time (such as the Theme Projects financed under LEADER in Finland); and/or
- An appropriate set of Simplified Cost Options (SCOs) calculated in advance according to a predefined method and based on specified outputs or results. This would significantly alleviate the administrative burden upon the community and allow greater focus on pursuing the purpose of the Smart Village Strategy instead of being concentrated on collecting financial documents.

(12) See the ENRD [Rural Bioeconomy Portal](#).

(13) [Proposal](#) for EU Regulation of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund, accessed on January 2019.

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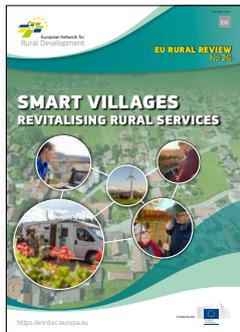
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