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RuralGrowth
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**TOGETHER WE BOOST
RURAL GROWTH AND
INNOVATIVENESS OF SME'S**

**An interregional cooperation project for
improving SME competitiveness policies**

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ACTION PLAN

Local Governement of Nagykanizsa

Part I

General information

Project: RuralGrowth – increasing competitiveness of SMEs in the rural visitor economy sector

Partner organisation: Local Government of Nagykanizsa

Other partner organisations involved (if relevant): None

Country: Hungary

NUTS2 region: West Hungary

Contact person: Mr Bence Cseke

email address: cseke.bence@nagykanizsa.hu

phone number: +3630/5816989

Part II

Policy context

The Action Plan aims to impact:

- Economic Development and Innovation Operative Program 2014-2020 (GINOP 2014-2020)
 - job creation, innovation, SME development
- Other relevant operative programmes and cross-border development programs through local development strategies (such as Mura National Plan)

Part III

Status quo situation

South-Zala – or Muraland, as we authentically call this area – is the land of cross-border potentials and unexploited development resources. Improvements can be made in terms of increasing the level of the visitor economy, strengthening local entrepreneurship and improving our artisan culture with values and services that give us a unique stance for improvement. Muraland is a Hungarian borderland area which neighbours Slovenia and Croatia - this significantly influences our development vision and tourism-related policy aspirations. Due to former and ongoing Interreg cross-border projects, strong and active links with partnering stakeholders from Croatia and Slovenia remain. This existing intention is deeply rooted in the mindset of our municipality, thus strong cross-border cooperation will remain an important factor in local touristic strategy.

Moreover, in 2016, the Hungarian government released their comprehensive development strategy, called Mura Program, that directly aims to support local rural development goals in Muraland. This policy concept has two main pillars. The first is focusing on rural agriculture production and the support of farmer and local products/values, while the second is fostering touristic developments in terms of destinations, accommodations, attractions and services. Mura Program was necessary because without a complex development strategy and dedicated joint financial support from the government, local stakeholders (farmers, municipalities, touristic service providers, etc.) wouldn't be able to launch and maintain such an integrated and elaborated development workplan. As the Mura Program is leaving the initial preparatory phase and becoming operational, the scope of stakeholder involvement is growing. Primarily agricultural stakeholders (landowners) are targeted and receive funding to raise quality, scales, volume of production, or efficiency that makes them more competent in agricultural markets. However, touristic stakeholders are also considered fundamental to the project. The establishment of new local touristic network and development framework is requiring more time than the agricultural pillar due to a more segmented stakeholder structure, and therefore the tourism-related developments are still in the preparatory phase in the most cases.

The necessity of Mura Program can be underlined by facts analyzed during stakeholder cooperation within the project. As it was elaborated during the 1st LSG meeting and in the consecutive Status Quo Analysis, Muraland suffers from considerable social and economic challenges that can be enumerated with the following points:

- relatively high unemployment rates (11%);
- An extensive middle-income trap;
- Weak productivity and production values per capita of SMEs;

- Critical reductions in population (5,1% between 2001-2011) and an ageing population;
- Constant migratory outflux;
- Low intensity of cross-border economic ties.

Although these obstacles hinder our development, Muraland still has enough power and potential to break out from the negative spiral of the middle-income trap and to reconstitute economic and social conditions on a more competitive way. This will be achieved by focusing on the visitor economy and related services and production background. With this in mind, we intend to capitalize on the following strengths:

- An exceptional number of accommodation places and volume of tourism (mainly the number of booked nights and places) at the local level;
- wine-making traditions, authentic gastronomy;
- Presence of good practice examples as role models for business e.g restaurant elevating local gastronomy into fine-dining; revival of local fruit growing tradition;
- Thermal baths and related unique spa services;
- High levels of Natural Capital (rivers, lakes, hills, forests) which support touristic activities such as walking, cycling etc etc;
- aA supportive environment for businesses through the initiation of a comprehensive areal rural development plan (Mura Program);
- cCoordinated cross-border development policy in terms of touristic infrastructure.

Vision

To manage these development aspirations our vision is to create strong tourism economy using unique local assets, confident innovative SME (mainly local producers and service providers), successful partnerships with neighbours, outstanding local services and meaningful visitor attractions. In this respect, our intentions is to create a comprehensive development concept which overarches domestic and EU development strategies and has comprehensive and interrelating elements. Due to our clear policy objectives (which were achieved through interaction with local stakeholders) our development system is preparing to provide a long-term rural development plan. The most meaningful cornerstone of this plan is the Mura Program that holistically considers the agricultural sector, local values and products, tourism, SMEs and relevant regional brand-building using EU and domestic funds. Meanwhile, in line with this, cross-border potentials can be also implemented in cross-border INTERREG projects with Slovenian, Croatian and Austrian partners. Building on this work, we

intend to develop our interregional touristic and biking infrastructure and services, while fostering cross-border stakeholder networks. "Values treasuries" (involving all relevant local values such as products, services, programs, traditions, etc.) can also play an important role in borderland development projects.

Policy objectives

A Local Stake Holder Group (LSG) was formed and they suggested we should aggregate our policy targets into three groups. All of these are essential for realising our vision. They are:

- **Supporting SMEs**: by fostering the cluster-building and cooperation of local entrepreneurs, improving their business knowledge, providing them with convenient training opportunities and enhancing their entrepreneurial skills for self-sustainability, local SME relations could be effectively revitalized on domestic and on cross-border levels too.
- **Conserving and promoting local values**: There has been a recent renaissance in local traditional values in Muraland. These values can differentiate our region from other tourist destinations as it would have its special character and charm to attract visitors, thus strengthening local visitor economy and services.
- **Efficient communication and brand-building**: Previous development projects have only achieved partial success due to a lack of meaningful communication, marketing or brand-building efforts. If Muraland is to evolve as an outstanding and well-known touristic destination, it is necessary to pursue strong and effective marketing activities, including advertising the Muraland brand.

How to reach the policy objectives

The project has been inspired by witnessing international best practice during exchange meetings and through the LSG process.

By pursuing "mind mapping" activity in LSG sessions, and absorbing excellent international experiences, we have the chance to provide higher value-added development background to help us to reach our goals more efficiently and conveniently. In this regard, SMART objectives set by our LSG are important indications in local rural development issues.

Part IV

Details of the actions envisaged

As mentioned above, during LSG and related working group meetings, we constructed a framework based around three pillars, for comprehensive elaboration. Sustainable rural development can only be achieved if all these three objectives reach their goals.

POLICY OBJECTIVE 1 – Supporting SMEs

1. The background

During the LSG meeting and the related working group meetings, we tried to elaborate the current socio-economic conditions of the SMEs in the region. After deliberating the challenges and disadvantages with the inclusion of joint entrepreneurs, the LSG community has decided not to focus exclusively on the visitor economy. This is because the group thought we should develop our region and SME culture holistically, with comprehensive approaches. The visitor economy is only one segment of the wider rural economy, therefore local stakeholders and policy decision-making should find solutions which improve the entire SME background and not just selected players. To support this aim, it is also possible to capitalize on cross-border potentials as several neighbourhood projects and calls target this sphere. In these projects, we can establish administrative, educational and business cooperation with Croatian and Slovenian partners, thus a common SME sectorial approach could emerge in the wider area.

During the elaboration of our smart objectives, the following best-practices learnt from interregional meetings gave us inspiration:

- **Honey Pots (Newcastle):** this is a good example of how to create tourism with local producers. By making fruitful connections between agriculture and the visitor economy, Honey Pots can be considered as inspiring best-practices also in Muraland.
- **Wooler Growth Hub (Newcastle):** this form of incubation provides an outstanding example of how to provide small offices for young entrepreneurs with cheap rental cost and shared administrative and technical infrastructure.

2. Actions

1. Improvement of foreign language training (mainly English language courses)

- a. **problem:** local SMEs are faced with the lack of a foreign language-speaking workforce which aggravates the growth potential and competitiveness of SMEs.
- b. **proposal:** it is necessary to create at least one-month-scholarships with foreign training centres or partner companies in order that young students or professionals can acquire better language skills.

2. Boosting international economic relations

- a. **problem:** the international partnership network of Nagykanizsa is established mainly on cultural ties such as shared traditions, religion, language, and cultural twin city programs, therefore it cannot adequately support the advancement of economic cooperation
- b. **proposal:** for this purpose, it is necessary to reshape our international partnership by promoting mutually beneficial economic and investment possibilities and creating new, business-oriented international partnerships

3. Better promotion of cultural programs

- a. **problem:** despite its rural location, Nagykanizsa has a vibrant cultural life. However, due to the inadequate program marketing, cultural events are poorly attended and Nagykanizsa is perceived to be a “boring” city

- b. **proposal:** by improving our web presence, social media marketing and embracing new interactive communication platforms (or local smartphone applications), it is possible to boost cultural awareness (mainly among young people) which is also useful to promote more favourable conditions for entrepreneurs looking for cultural life

3. Players

So that we can successfully implement these smart objectives, we can primarily rely on the assistance of the following stakeholders with the below specified roles:

- **SME Support Foundation of Zala County:** with its wide entrepreneurial network and strong local impact factor, our chamber of commerce and trade is able to coordinate and support SMEs towards the indicated directions. As it provides adequate cluster background, the chamber should be a flagship in best-practice promotion and economic evolution.
- **Incubation and Innovation Centre of Nagykanizsa:** this centre is the critical public institution in supporting local SMEs and improving their innovative abilities, therefore this institution can also actively aid the dissemination of best-practice n and entrepreneurial consultancy issues.
- **Green Hearth of Zala Rural Development Association:** by focusing their attention on less developed areas of Muraland, this association holds a key position in issues relating to local economic convergence and the support of disadvantaged SMEs.
- **Innovative South Zala Rural Development Association:** by overlapping the surrounding area of Nagykanizsa, Innovative South Zala could take an important role in strengthening local clusters and to disseminate outstanding best-practices.

4. Timeframe

According to our estimates, different aspects of the initiatives (for example language courses, better promotion of cultural programs, central job advertisement platform) can be achieved relatively easily, during 8-12 months approximately, without considerable direct investments. However, boosting international economic relations is causing much greater obstacles that cannot be fully handled at the local level. In this case, the involvement of state administration is partly needed, with a timeframe of approximately 2-4 years.

POLICY OBJECTIVE 2 – Conserving and promoting local values

1. The background

During the elaboration of our smart objectives, the following best-practices were learnt:

- **Jarvisdan Hotel and Spa (Savonlinna):** as we found from one of the presentations during the Finnish meeting, Jarvisdan Hotel and Spa constitutes a very good example in terms of conserving original values while providing high quality services for visitors, thus propagating local traditions of South-Savo.
- **Drentse Koe (Drenthe):** this best-practice is a good example for those success stories that are based on the innovative improvement of local values with a blossoming business model. For this reason, Drentse Koe provides adequate patterns how to develop our SMEs in this complex way.
- **Atlantide (Po Delta)+:** the success story of Atlantide shows us manners how to protect local values in strong cluster coordination. Due to this approach, the propagation and the nomination local values could be the most effective.

Our LSG partnership suggested the nomination of local values is overcomplicated. On municipal level, there is the *Commission of Local Values* responsible for the nomination and registration of officially acknowledged local values. Although this institutional background is given, the selection system is not concretized efficiently, thus the nomination of local values is a bit controversial. In this case, there is no clear vision in terms of local values and more precisely what constitutes as a local value. In order to resolve this obstacle, local stakeholders embraced the below mentioned challenges and actions.

1. Clearly structured nomination of local values

- a. **problem:** in practice, the nomination of local values is somewhat *ad hoc*, resulting in an incoherent structure which prevents the presentation of a strong and unified image of Nagykanizsa and South-Zala
- b. **proposal:** with the leader function of the Commission of Local Values it is necessary to create a coherent structure and practice of the nomination process so that South Zala could gain a unique and outstanding touristic image

2. Competitive, transparent and interactive online presence

- a. **problem:** Local websites (city website, touristic websites, etc.) are not competitive which causes a serious communication and marketing gap in the exploitation of local values and touristic attractions – in our view, this is the main reason behind the low attendance-rate of certain cultural events and touristic destinations
- b. **proposal:** by creating an innovative and coherent online presence and marketing platforms (from Facebook and applications to state media advertisements) we will be able to provide wider space for mass-promotion, therefore cultural and touristic life can be boosted

3. Fostering local producers to establish clusters

- a. **problem:** local producers in South-Zala currently work in isolation or in a segmented structure, thus there are no organic connections between production and wholesale/retail?? – in this case, the great majority of them remain uncompetitive even in local markets
- b. **proposal:** by strengthening supply chains and regional markets of local producers, and by setting general provisions for production quality, we can create better conditions for network-building and prosperity of local producers in forms of local entrepreneurial clusters

4. Protection and renovation of strategic touristic infrastructure

- a. **problem:** some parts of our strategic touristic infrastructure are in a poor state of repair and difficult to valorize as a tourist asset.
- b. **proposal:** renovation of critical sites and buildings is essential, within a framework of strategic destinations and associated infrastructure

3. Players

So that we can successfully implement these smart objectives, we can primarily rely on the assistance if the following stakeholders with the below specified roles:

- **Commission of Local Values:** this administrative public body is responsible for the nomination of local values, thus we try to cooperate with its leadership so that our ideas could influence the relevant decision-making processes.
- **Bonne Chance Restaurant:** by maintaining fine dining cuisine services with local traditional ingredients, Bonne Chance Restaurant has become one of the most important “ambassador” of Muraland. Consequently, it takes a unique role in protecting local values and traditions.
- **Green Hearth of Zala Rural Development Association** and the **Innovative South Zala Rural Development Association:** as these associations are also pursuing cultural protection activities, they should be involved in the realization of these initiatives.

4. Timeframe

As we consider, these initiatives don't necessitate serious financial investments and wide timeframes. Most of the actions embraced can be achieved primarily with more effective coordination among relevant local stakeholders. Moreover, some of these points have partly realized (renovation of strategic tourist infrastructure, fostering local producer) due to conscious policy background.

POLICY OBJECTIVE 3 – Efficient communication and brand-building

SMART objectives:

1. The background

The LSG partnership highlighted that the biggest obstacle for the visitor economy is that Muraland does not possess a well-functioning brand-building and PR background. Facing this huge challenge, policy coordination has decided to make conscious efforts on this field. In parallel with this initiative, LSG members have also drawn up their own ideas to influence relevant developments.

During the elaboration of our smart objectives, the following best-practices were learnt:

- **Rueda Wine Route (Medina del Campo):** the extraordinary wine route cluster of Media del Campo shows us very effective methods of how to successfully advertise winery traditions and tasting local wines, by coordinating production, services and events.
- **Saimaa Life (Savonlinna):** this online blog is an exemplary best-practices for successful online marketing solutions. Saimaa Life attests that personal story-telling, hospitality, sincerity is able to promote South-Savo as a touristic destination.

1. Own brand strategy

- a. **problem:** in parallel with the missing regional marketing message, a local brand is currently non-existent. This is critical to promote tourism and to create a touristic region
- b. **proposal:** for this necessity, it is high time to create our own local brand that must be based on two principles:
 - i. Muraland brand must be attractive enough for increasing the volume of tourism
 - ii. beside this, a separate Muraland brand must be attractive enough for local people to want to consume its products in order to create strong and sustainable market for local products and services

2. Online market of local products

- a. **problem:** as it was discussed also in the local values LSG working group, local producers and their products have weak communication and marketing background that affects negatively their ability to increase sales and market influence

- b. **proposal:** by creating better web and social media marketing and new style interactive communication platforms (or local smartphone applications), it is possible to boost the merchandizing activity of local producers – by examining relevant international best-practices and pursuing local surveys with Pannonia University, we can outline working strategies and analyses for the proper realization of such an online market

3. Players

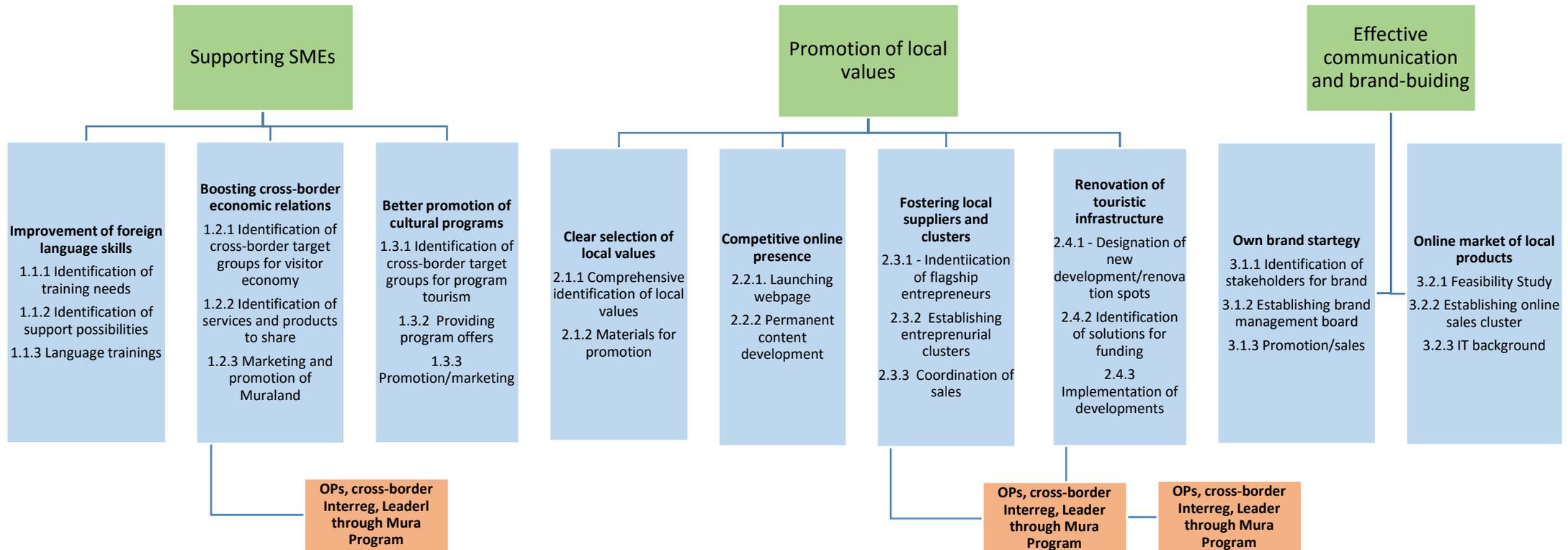
So that we can successfully implement these smart objectives, we can primarily rely on the assistance of the following stakeholders with the below specified roles:

- **Local Government of Nagykanizsa:** as the “capital city” of Muraland, Nagykanizsa has a leading role in defining related brand-building, communication and PR activities to coordinate comprehensively the whole program area of Muraland and to encourage touristic and entrepreneurial aspirations
- **Green Hearth of Zala Rural Development Association** and the **Innovative South Zala Rural Development Association:** our rural development associations are also able to develop their own communication activities, hence they can contribute to the Muraland brand-building with their institutional abilities.

4. Timeframe

Despite starting from a disadvantaged position in this field, we estimate that relevant brand-building and communication initiatives could be undertaken within a relatively short time period (approximately 1 year) as the development of communication tools doesn't require serious investments, unique know-how, or long administrative decisions.

Interlinkages between Actions and Policy Objectives



Part VI – Actions

Policy Objective Title: Supporting SMEs		Policy Objective Number: 1	
Action Title: Improvement of foreign language skills		Action Number: 1.1	
<p>Background: Due to historical conditions, in Hungary (mainly in rural areas) far fewer people speak foreign languages compared to the European average. It was very impressive for us to see in rural Finland and Netherlands that rural service providers would be able to communicate in English with customers, potentially helping them to attract more tourists from a variety of foreign countries.</p>			
a. From which partner/presenter/expert/LSG member(s) have you learnt the good practice which feeds this thematic action?	<p>Drenthe – rural restaurant Savonlinna – rural touristic service providers (especially Punkaharju) Medina del Campo – Town Historical Museum (lack of foreign language (English) subtitles, indications in the exhibition)</p>		
b. What have you learnt?	<p>For us, it is necessary to improve foreign language skills of our service providers so that they could become as able as Dutch or Finnish entrepreneurs to attract international (including cross-border) tourism.</p>		
c. How have you learnt (through a presentation, site visit, discussion, workshop etc)?	<p>We identified this necessity throughout site visits in Drenthe and Savonlinna. (And the opposite in Spain.)</p>		
Action Steps	Responsibility	Resources	Timeline
1. Identification of training needs.	SME Support Foundation of Zala County / Municipality	From existing municipal budget.	autumn 2018
2. Identification of support possibilities.	SME Support Foundation of Zala County / Municipality	From existing municipal budget.	spring 2019
3. Organisation and running of courses, foreign-language trainings	SME Support Foundation of Zala County / Municipality	Costs could be covered partly with business and public	From spring 2019

		capital and partly with project funding	
4. Establishing cross-border cooperation to provide one-month vocational scholarship.	SME Support Foundation of Zala County / Municipality	Financed by cross-border Interreg projects if possible	From summer 2019
Implications for other sectors of rural economy?	Raising scale of rural tourism would boost the turnover of associated local services (restaurants, shops, local producers, supply chain businesses) that provide spill-over effects.		

Policy Objective Title: Supporting SMEs		Policy Objective Number: 1	
Action Title: Boosting cross-border economic relations with Slovenia, Croatia and Austria		Action Number: 1.2	
Background: International partnerships of Nagykanizsa are mainly based on cultural ties rather than economic linkages, thus the cross-border economic potential doesn't play a significant role. However – as we identified in Savonlinna's case with Russian and Chinese tourists – international/cross-border touristic and business connections could provide meaningful instruments for boosting the rural economy. In this perspective, we shall strengthen our cross-border relation in terms of trade, business and mainly of tourism.			
a. From which partner/presenter/expert/LSG member(s) have you learnt the good practice which feeds this thematic action?	Savonlinna – attracting Russian and Chinese tourists		
b. What have you learnt?	For Muraland, it would be economically advantageous if we could establish stronger touristic and trade ties with cross-border areas.		
c. How have you learnt (through a presentation, site visit, discussion, workshop etc)?	We identified this necessity throughout site visits in Savonlinna.		

Action Steps	Responsibility	Resources	Timeline
1. Identification of cross-border target groups in terms of visitor economy and trade.	Municipality of Nagykanizsa, Chamber of Commerce and Trade of Nagykanizsa, and stakeholders active in Mura Program	Municipal budget (but no meaningful investment is needed)	autumn 2018 – spring 2019
2. Identification of own services and products to share.	Municipality of Nagykanizsa with stakeholders active in Mura Program	Municipal budget (but no meaningful investment is needed)	autumn 2018 – spring 2019.
3. Development of marketing materials and promotion of Muraland to target countries	Municipality of Nagykanizsa	Marketing materials are covered by municipal budget.	spring 2019
Implications for other sectors of rural economy?	Fostering cross-border touristic and trade relations would generate region-wide spill-over effects that could boost other sectors of the rural economy. Most important is that our farmers and their touristic services could obtain higher shares in cross-border trade and improve their potentials in terms of investing and growing.		
Implications for other actions or policy objectives (e.g. conflicts, synergies, overlaps, possibility of double funding)	Action/Policy objective number: 1.3	Description of implications: Promotion of cross-border touristic and trade activities could be boosted and interlinked also by and with the international promotion of cultural programs.	

Policy Objective Title: Supporting SMEs	Policy Objective Number: 1
Action Title: Better promotion of cultural programs in the cross-border area	Action Number: 1.3

Background: Currently our area does not possess a vital advertising presence that could effectively promote our cultural events at cross-border level. However, we have initial international relations with partner municipalities for advertising. The only thing left is to set our cultural “supply side” and formalize these cross-border links into a well-functioning marketing platform that would be helpful in generating cross-border tourism.			
a. From which partner/presenter/expert/LSG member(s) have you learnt the good practice which feeds this thematic action?	Savonlinna – attracting Russian and Chinese tourists (the methodology itself is interesting. This is related to demand. For tourism goods and services. Duero Douro (Medina del Campo)– developing and linking cultural attractions along the river valley, in both Portugal and Spain. This is related to supply of tourism goods and services.		
b. What have you learnt?	In parallel with touristic and trade promotion, policy decision-making should also focus on cross-border promotion of local cultural programs, so that Muraland becomes widely popular among neighbourhood countries / cross-border neighbouring areas.		
c. How have you learnt (through a presentation, site visit, discussion, workshop etc)?	Besides our local experiences and feedback from (LSG) stakeholders, we identified this necessity through site visits in Savonlinna in which gaining success in attracting tourists from Russia and China is the next step.		
Action Steps	Responsibility	Resources	Timeline
1. Identification of cross-border target groups (age, social, geographic) exclusively in terms of program tourism (volume of tourism to be assessed by stakeholders).	Mura Program stakeholders (farmers, service providers, Municipality of Nagykanizsa)	From existing municipal budget.	from autumn 2018.
2. Identification of own events to share.	Municipality of Nagykanizsa	From existing municipal budget	from autumn 2018
3. Development of marketing strategy, materials and promotion	Municipality of Nagykanizsa	Marketing materials are covered by municipal budget.	spring – summer 2019
Implications for other sectors of rural economy?	Cross-border promotion of cultural events could help us to attract higher number of tourists that would provide an extended market for local producers and entrepreneurs. In this case, increasing number of foreign tourists directly affects positively the economic gains of local stakeholders.		

<p>Implications for other actions or policy objectives (e.g. conflicts, synergies, overlaps, possibility of double funding)</p>	<p>Action/Policy objective number: 1.2</p>	<p>Description of implications: Cross-border promotion of cultural programs could be boosted and interlinked also by and with the international promotion of trade activities.</p>
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<p>Policy Objective Title: Conserving and Promoting Local Values</p>		<p>Policy Objective Number: 2</p>	
<p>Action Title: Clear nomination of local values as a foundation for developing a brand</p>		<p>Action Number: 2.1</p>	
<p>Background: According to our experiences and the feedback of LSG members, it is very clear that the nomination of our local values should be treated in a more systematic way so that Muraland could possess a plausible/unified and comprehensive inventory of values. Fortunately, initial steps have been taken in this direction and actors involved in policy decision-making are already aware of its significance. However, we still have a lot to do in this field.</p>			
<p>a. From which partner/presenter/expert/LSG member(s) have you learnt the good practice which feeds this thematic action?</p>	<p>In this field, the main impulses came from our LSG stakeholders and domestic experiences. Additionally, during site visits in Savonlinna, Drenthe, and Medina, we saw several good-practices relating to how to collectively select values to promote a touristic region.</p>		
<p>b. What have you learnt?</p>	<p>Benefits of a collective promotion of a touristic area / need for a clear set of rural values.</p>		
<p>c. How have you learnt (through a presentation, site visit, discussion, workshop etc)?</p>	<p>During LSG meeting, local stakeholders have clearly stated that Muraland needs a better nomination system for local values. Besides our own actions and developments (general reset, reconsideration, frameworking, etc.) we acquired important insights during IE meeting site visits which demonstrated good methodologies for suitable selection and collective marketing of local values.</p>		
<p>Action Steps</p>	<p>Responsibility</p>	<p>Resources</p>	<p>Timeline</p>
<p>1. Transparent and comprehensive identification of local values for promotion.</p>	<p>Commission of Local Values in Nagykanizsa with relevant Mura Program stakeholders</p>	<p>By municipal or stakeholder budget</p>	<p>autumn 2018 – spring 2019.</p>

2. Put forward to national committee for approval and formalisation			
3. Following approval, development of materials and promotion (for potential tourists and local stakeholders) in line with tourism promotion	Municipality of Nagykanizsa	Marketing materials covered by municipal or stakeholder budget	summer 2019
Implications for other sectors of rural economy?	Fostering cross-border touristic and trade relations would generate regionwide spill-over effects that helps us to generate wider benefits among primary and secondary stakeholders.		
Implications for other actions or policy objectives (e.g. conflicts, synergies, overlaps, possibility of double funding)	Action/Policy objective number: 1.2, 1.3, 3.1	Description of implications: If we establish a clear and suitable values treasury, it would be much easier to generate cross-border trade and tourism as customers and clients would face a more transparent image of Muraland's special qualities. Meanwhile, a suitable value inventory could effectively be the "strategic foundation" for establishing our local brand and what should be involved in it as product.	

Policy Objective Title: Conserving and Promoting Local Values		Policy Objective Number: 2
Action Title: Competitive, transparent and interactive online presence		Action Number: 2.2
Background: Without any effective online presence, it is almost impossible to effectively advertise a touristic region with its values and stakeholders. Subsequently, the Municipality of Nagykanizsa – as key player – must take its responsibility and develop the online background of the town and Muraland so that marketing activity can reach a wider range of clients. The municipality has already reformed the online structure of Nagykanizsa. However, we have still a lot to do to establish a transparent and accessible online presence for Muraland as a touristic region. These steps will be taken in line with the implementation of our strategy.		
a. From which partner/presenter/expert/LSG member(s) have you learnt the	In this respect, IE meeting in Savonlinna inspired us with the greatest impact as we had the chance to observe good-practices for online promotion such as Saimaa Life.	

good practice which feeds this thematic action?			
b. What have you learnt?	As elaborated in Part IV, Saimaa Life could be considered a very good-example for us that gives us ideas and patterns on how to exploit the underlining values and personal charm of our development area.		
c. How have you learnt (through a presentation, site visit, discussion, workshop etc)?	Saimaa Life was presented us in Savonlinna during a Rural Talks session. Visit Savonlinna open on-line platform is explained in a good practice document developed for the Rural Growth project.		
Action Steps	Responsibility	Resources	Timeline
1. Collecting ideas and content for Muraland webpage development	Municipality of Nagykanizsa with LSG members and Muraland stakeholders	From existing budget	autumn 2018 – spring 2019
2. Content development	Municipality of Nagykanizsa with development associations (Green Hearth of Zala, Innovative South Zala)	To be developed 'in house'. Costs of website development will be covered by own capital (mainly municipal sources)	spring 2019
Implications for other sectors of rural economy?	Comprehensive online development, as the primary tool for region-advertisement, could easily provide additional benefits in terms of attracting investors, firms, and fostering international relations.		
Implications for other actions or policy objectives (e.g. conflicts, synergies, overlaps, possibility of double funding)	Action/Policy objective number: 1.2, 1.3	Description of implications: In this way, the development of online platforms are able to indirectly support the enhancement of cross-border trade and tourism that helps the implementation of action 1.2 and 1.3.	

Policy Objective Title: Conserving and Promoting Local Values	Policy Objective Number: 2
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Action Title: Fostering local producers to establish clusters		Action Number: 2.3	
Background: Regarding the facts mentioned in Part IV, farmers and entrepreneurs in other sectors in our area are working in an uncoordinated structure that makes them – with some outstanding exemptions - mainly uncompetitive. However, in the framework of the emerging Mura Strategy, we have managed to identify core stakeholders able to assure the basis of regional production-merchandizing chains (such as Murafood brand-building). Although, we have still a lot to do in this field, there are some achievements already in our possession that should be further extended according to strategic directions, for example establishing critical mass and collective promotion.			
a. From which partner/presenter/expert/LSG member(s) have you learnt the good practice which feeds this thematic action?	During IE meetings, we identified two examples from Newcastle (Honey Pots, Wooler Growth Hub) and the Rueda Wine Route from Medina del Campo as good examples of synergy? for us in this policy field.		
b. What have you learnt?	From these examples, we have learnt how to connect entrepreneurs in thematic or sectoral clusters to release synergies and enable them to continue their economic activities on a more prosperous and effective way.		
c. How have you learnt (through a presentation, site visit, discussion, workshop etc)?	Examples of Honey Pots and Wooler Growth Hub were presented in Drenthe, while the example of Rueda was presented on site in Medina del Campo.		
Action Steps	Responsibility	Resources	Timeline
1. Identification of local flagship entrepreneurs able to cooperate in clusters.	Municipality of Nagykanizsa, Green Hearth of Zala, Innovative South Zala with Mura Program stakeholders (farmers, service providers, entrepreneurs)	As it is a consultative process, there is no need for money	ongoing process
2. Establishment of entrepreneurial cluster in Muraland	Municipality of Nagykanizsa, Green Hearth of Zala, Innovative South Zala with Mura Program stakeholders (farmers, service providers, entrepreneurs)	As it is a consultative process, there is no need for money	spring 2019
3. Coordination of merchandising by clusters (producer groups)	Municipality of Nagykanizsa in cooperation with Mura Program stakeholders.	Necessary marketing and PR costs covered by city budget, Mura Program sources (if	from summer 2019

		possible) and own capitals from stakeholders.	
Implications for other sectors of rural economy?	Building production and sales clusters among local stakeholders could effectively support them to harmonize also touristic service activities with cluster partners and other outsider non-economic stakeholders. In this regard, each production cluster would have a positive impact on generating more touristic gains among a wide range of stakeholders.		
Implications for other actions or policy objectives (e.g. conflicts, synergies, overlaps, possibility of double funding)	Action/Policy objective number: 3.1	Description of implications: By establishing clusters with local producers, we are focusing on establishing strong production clusters that primarily serves the creation of local brands as Murafood. In this case, this action directly supports action 3.1.	

Policy Objective Title: Conserving and Promoting Local Values		Policy Objective Number: 2	
Action Title: Renovation of historical touristic infrastructure, especially where of strategic importance		Action Number: 2.4	
Background: Even if several development projects have been realised in the near past, a significant part of our touristic infrastructure has remained unmaintained for decades necessitating renovation. Our municipality is very engaged in this field to revitalize old infrastructure in new forms and with new functions. In this aspect, we have achieved already important results in Nagykanizsa (touristic renovation of Boating Lake and its environment, establishment of cyclist infrastructure, Modern Towns Program) and Muraland (rafting, miradors, cellars, etc.). Nevertheless, we have still enough capacity to exploit opportunities where international best practices could primarily inspire us to find adequate and innovative solutions.			
a. From which partner/presenter/expert/LSG member(s) have you learnt the good practice which feeds this thematic action?	Medina del Campo – renovating ancient hospital as business loft. Also the current project which is exploring the development potential of old wine cellars. Drenthe – Colonies of Benevolence as a good-example for conserving historical heritage and working with multiple partners, including cross-border. Savonlinna – Hotel Punkaharju – as another good-example for the conservation of architectural heritage. Illustrates the huge barriers faced by private businesses when conserving architecturally significant buildings.		

b. What have you learnt?	Conserving historical touristic infrastructure provides a unique face for the development region that particularly attracts tourism due to the outstanding architectural significance. Thus, we must take this issue seriously if we want to establish attractive spots.		
c. How have you learnt (through a presentation, site visit, discussion, workshop etc)?	We have learnt relevant good practices during site visits in the aforementioned examples.		
Action Steps	Responsibility	Resources	Timeline
1. Selection of further infrastructural development sites	Municipality of Nagykanizsa in cooperation with LSG and Mura Program stakeholders	no need	spring 2019.
2. Finding solutions for funding.	Municipality of Nagykanizsa – City Development Ltd. of Nagykanizsa	no need	spring 2019 (however it is a perpetual activity at the municipality)
3. Implementation of developments	Municipality of Nagykanizsa – City Development Ltd. of Nagykanizsa – Green Hearth of Zala Association – Innovative South Zala Association – in cooperation with Mura Program stakeholders	Mainly from domestic or cross-border EU funds, however the national OPs and other state-led initiatives (such as the Modern Towns Program) plays also important role in relevant funding.	from summer 2019
Implications for other sectors of rural economy?	With infrastructure developments, there will be more attractive touristic destinations that will raise the volume of tourism to specific places and possibly to the area as a whole. This growth could possibly increase economic gains of local service providers and owners of local values.		
Implications for other actions or policy objectives (e.g. conflicts, synergies, overlaps, possibility of double funding)	Action/Policy objective number: 1.3	Description of implications: By developing touristic infrastructure, we can create better conditions for cultural events, thus indirectly cultural tourism can be also boosted this way.	

Policy Objective Title: Efficient communication and brand-building		Policy Objective Number: 3	
Action Title: Own brand strategy for Muraland tourism, agriculture and food		Action Number: 3.1	
<p>Background: In line with clearer setting of local values, it is also necessary to develop a local brand for farmers and their products that can potentially makes our region outstanding and widely-known as a rural touristic and cultivation geographic entity. Within the gradually emerging Mura Program, initial steps have been taken to set the basics of our brand: Murafood. Relevant stakeholders are selected and now policy is making huge efforts to develop production infrastructure so that we can maintain consistent quality standards. In later stages, Murafood will be integrated to the wider Muraland touristic brand as the symbol of a local product “inventory” that would strengthen our touristic image, and local identity.</p>			
a. From which partner/presenter/expert/LSG member(s) have you learnt the good practice which feeds this thematic action?	This action initiative cannot be exclusively linked to one partner. In general, the aim of creating a local brand was conceived partly by the LSG and the municipality on behalf of Mura Program. However, the Spanish best practice of Rueda Vine Route has also inspired us how to collect branch stakeholders and support their sales.		
b. What have you learnt?	If we want to develop a unique touristic region (as is our plan), it is necessary to establish not only attractive touristic destinations and services, but also outstanding and matchless products that makes Muraland economically more productive		
c. How have you learnt	Through LSG meeting and internal discussions about policy management. The example of Rueda Vine Route was learnt due to presentations and site visits. Also Saimaa Life was an inspiring experience in terms of effective communication, while Italian team also introduced interesting branding proposals from their side during discussions at IE meetings.		
Action Steps	Responsibility	Resources	Timeline
1. Identification of stakeholders for regional brand	Municipality of Nagykanizsa with relevant LSG stakeholders (Hivekovics Family Farm, rural development associations – Green Hearth, Innovative)	no need	ongoing
2. Establishment of management board for maintaining the brand	identified and involved stakeholders	no need	spring 2019
3. Promotion and sales	future management board	involvement of own capital	summer 2019
Implications for other sectors of rural economy?	By establishing a rural brand, we presumably can raise the ability of export potential of our farmers which directly Sentence is not finished!		

<p>Implications for other actions or policy objectives (e.g. conflicts, synergies, overlaps, possibility of double funding)</p>	<p>Action/Policy objective number: 1.2, 2.1</p>	<p>By establishing a rural brand, we presumably can raise the ability of export potential of our farmers which directly fosters Action 1.2. Meanwhile, the identification of stakeholders to be involved within the local brand clearly determines the future ways of nominating local values. This could improve co-ordination of the nomination process.</p>
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<p>Policy Objective Title: Efficient communication and brand-building</p>		<p>Policy Objective Number: 3</p>	
<p>Action Title: Online market of local products</p>		<p>Action Number: 3.2</p>	
<p>Background: While it is crucially important to help our entrepreneurs to find primarily cross-border export markets (or in case of a certain market niche, wider international sales could be considered) and form clusters, it is also inevitable to strengthen their domestic markets also with non-traditional means. In this respect, online shops could be considered as adequate solutions, <u>however their elaboration with relevant preparations and the development of the necessary IT background requires higher investments, thus the municipality has not yet decided how to implement this action.</u> Nevertheless, some members of the LSG have already opened online shops, therefore we have significant good practices ahead us that can possibly influence our policy goals.</p>			
<p>a. From which partner/presenter/expert/LSG member(s) have you learnt the good practice which feeds this thematic action?</p>	<p>Mr. Ákos Hivekovics, as a member of the Nagykanizsa LSG, was the proposer of this action as his farm is maintaining successful webshop activity by selling own products.</p>		
<p>b. What have you learnt?</p>	<p>Opening webshops raises the effectiveness of sales, as it diversifies the marketing methodology of entrepreneurs. In this way, entrepreneurs can sell their products more flexibly and reach the highest possible range of customers, thus economic gains could be maximized.</p>		
<p>c. How have you learnt (through a presentation, site visit, discussion, workshop etc)?</p>	<p>Presentation of Hivekovics Family Farm during an LSG meeting.</p>		
<p>Action Steps</p>	<p>Responsibility</p>	<p>Resources</p>	<p>Timeline (expected)</p>
<p>1. Market Research + Feasibility Study</p>	<p>Pannonia University</p>	<p>project funding or own capital (municipal)</p>	<p>spring 2019</p>

2. Collection of producers and products	Pannonia University in cooperation with the municipality	project funding or own capital (municipal)	summer 2019
3. Development of IT background	municipality	project funding or own capital (municipal)	summer 2019
Implications for other sectors of rural economy?	No real impact on other sectors. However, future online webshops should have to be drawn into other Muraland communication platforms. Moreover, this action is also compatible with 1.2 and 2.3.		
Implications for other actions or policy objectives (e.g. conflicts, synergies, overlaps, possibility of double funding)	Action/Policy objective number: 2.3	Description of implications: Strengthening the online sales of local stakeholders could directly help them to secure online presence that can be easily transferred into an online sales cluster of local entrepreneurs and products.	

Part VI – Policy context (Continuation of 1st Draft of Action Plan)

PRE-DEFINED IN THE APPLICATION FORM: please fill in accordingly!	
Policy addressed: Economic Development and Innovation Operative Programme (GINOP 2014-2020) Priority 1.7	Body responsible for the addressed policy: Ministry of Finances (former National Economy Ministry)
Self-defined performance indicator: Number of SMEs joining a new cooperation network within the visitor economy sector	Target value of the indicator: 30 SMEs

Please evaluate the current operation of the addressed policy in the box below by answering the following guiding questions:

1. Is the policy currently functioning well so only minor extra details are needed? Or is significant change necessary to achieve the policy objectives defined in the Action Plan?
2. Has the policy been traditionally heavily 'top-down'? Is this the first time a 'bottom-up' aspect has been included?
3. Do you currently have ownership of the policy and who are the partners involved in planning and implementing the policy?
4. What influence does your organisation have over the policy? If so, how does it influence it? (e.g. influencing content; decision-making; scheme design/administration)
5. Does the policy currently have a touristic aspect?
6. Does the policy currently have an aspect related to rural SMEs?
7. Has the policy run calls for touristic projects in the past? Is it planning another call?
8. Please describe any other barriers or opportunities which your organisation faces with respect to this policy.

Evaluation of the current operation of the policy:

Originally, we intended to influence only Priority 1.7 of the Economic Development OP (GINOP) that supports economic and export potential of SMEs. This OP would be very helpful in this field (fostering cross-border economic activities), as increasing economic potential of SMEs requires more financial resources than any other priority in our Action Plan. However, according to the latest information, there won't be further calls within this priority as the whole GINOP has been closed with the publication of last calls (only some open calls remained to which project proposals could be submitted). Thus, there is no chance to further influence this policy instrument as the Municipality of Nagykanizsa and our LSG partners don't possess enough power to make an impact on GINOP at this stage. Consequently, we must summarize relevant achievements in the previous months and look for new influencing possibilities at the same time.

In this regard, we must underline three important aspects that could be considered as achievements and possibilities for influencing policy instruments in Phase II:

- Within the Mura Program – as a strategic local rural development umbrella framework involving several financial sources and operative programmes – some of the LSG members have already tendered joint project proposals significantly inspired by Rural Growth for **GINOP** (Economic Development OP), **TOP** (Territorial Development OP) and **EFOP** (Human Resource Development OP) that aimed to implement some of the actions embraced in our Action Plan. Among these tenders, we can mention the *Local Identity and Cohesion Supporting Project* (TOP), the *Green Tourism Project* (TOP), and the *Human Capacity Development Project* (EFOP) as supported projects directly aiming to foster rural and touristic developments in Muraland. Moreover, **cross-border Interreg** programs and the **LEADER** projects funded by the **Rural Development OP** can be also significant areas for policy influencing in the forthcoming period as local stakeholders along with the Mura Program are elaborating Mura Program-related concepts (such as marketing and advertising project proposal, infrastructural development of rural tourism, etc.) for these schemes to strengthen local developments in the visitor economy. In this sphere, we can state that at least **alternative policy influencing** has already happened according to the policy objectives of our LSG members. Currently we are waiting for the evaluation of these proposals. Moreover, in the future, as Mura Program rural developments will be implemented on wider scales, the possibility of policy influencing will also provide higher chances for us. Consequently, alternative policy influencing seems to be a very reliable strategy for the future as alternative OPs can provide suitable background for visitor economy and rural SMEs.
- As there are still some open calls within GINOP priority 1.7 (SME support), we have to analyse these possibilities to establish whether there are any eligible among them which can support our aims. However, as the OP is finalized (and therefore fixed) meaning no new calls will be launched, we expect less chance in this scenario, not mentioning that it is also difficult to motivate stakeholders to jump in with proposals at the last minute.

- Finally, it would be also helpful to formulate recommendations about the assessment of GINOP (or other relevant OPs) to help the elaboration of the next EU budget (after 2020) and the forthcoming national OP structure. This way, we can project our experiences and rural development needs to influence the allocation of financial sources on a preferential manner by setting a more flexible and reflective assessment criteria framework for upcoming OP calls. Consequently, we will have more chance to acquire funding from future calls as evaluation aspects will be harmonized with our aspirations.

Please describe in the box below what kind of change you want to achieve in the addressed policy, and why change is necessary by answering the following guiding questions.

1. Do you propose having new initiatives (e.g. new calls, projects) for the policy?
2. Do you propose modification (e.g. modified priorities/objectives, calls, procedures)?
3. Justify why this change is necessary to implement your Actions

Kind of change and why it is needed:

1. We are willing to submit new proposals for existing calls that target directly the competitiveness of SMEs in visitor economy and related services or rural production. Even though it is very difficult to influence the already approved OPs as the implementation of the programmes are conducted heavily top-down by the Ministries. But on the other hand, it is possible to influence the OPs by establishing local development strategies and strategic umbrella frameworks (like *Mura Program* in our case) whose projects can receive preferential scores in certain OP calls thus supporting the implementation of particular territorial development concepts in the designated areas. Therefore, we are intended to influence the OPs (especially GINOP) through our Mura Program which is a governmentally approved local development concept able to absorb funding from several OPs. In this regard, we are seeking for new calls especially focusing on brand-building, territorial marketing, cluster building and the development of touristic infrastructure in Muraland.
2. As it was mentioned, to make modifications on already approved OPs is quite difficult in Hungary, even more in the case of a municipality. Therefore, we are not planning to influence the responsible bodies to modify the OP structure, but to convince them to assure preferential assessment scoring in case of certain relevant calls (as it is described above).

3. The use of preferential assessment scoring framework within OPs and other (cross-border) programmes is essential from the perspective of Mura Program. As it is described above, the main strategy of Mura Program to provide advantages for local initiatives by assuring preferential treatment (extra points) during final evaluation. Otherwise, these projects would have less chance to receive funding. In this perspective, it is essential to widen the scope of preferential treatment so that Mura Program initiatives can reach their goals. This is the reason why we are willing to influence the policy instruments in this way.

Please explain the linkage between the required policy change and your Actions!

List your Actions and the policy change that is needed (For example, to widen the season/attract more German tourists (=Action Title), we plan a new call for tourism SMEs to support the quality upgrade of accommodation (=Policy change linked to the action).)

NOTE: Do NOT list all Actions here. Include only those that are relevant in terms of policy influencing

Action Number	Action Title	What policy change is linked to the Action
1.2	Boosting cross-border economic relations	Our development concept is encouraging local enterprises and service providers to widen their activities to cross-border level by finding partners and establishing cooperation and clusters with stakeholders on the other side of the border. In this way, volume of tourism and services can be extended thus generating higher turnover on local level for entrepreneurs. For this aim, cross-border Interreg programmes (Slovenian-Hungarian, Croatian-Hungarian, Austrian-Hungarian) can provide the best possibilities for funding and for finding foreign partners. To assure the best chances, we need to <i>influence the structure and the targets of the new calls</i> and to try to enforce <i>preferential treatment (extra point in the final assessment) through Mura Program</i> to receive more funding. Due to the preferential governmental support of Mura Program, we can gain extra point in the assessment of the relevant submitted application, thus it is possible to influence policy instruments without any complex influencing strategy.
2.3	Fostering local supplier cluster	This initiative is very important to provide sustainability in local rural developments. We believe that the establishment of production, sales and service provider clusters

		is the key precondition to sustain the achievements of rural development policy evolved through the efforts of the Municipality and local stakeholders. For this aim, it is necessary to influence at first local level programs such as <i>LEADER</i> because its framework favours the most for bottom-up development initiatives (preferential assessment or the publication of more relevant calls). Due to the local level engagement of our LEADER organisations, it's quite simple to influence the calls, as LEADER organisations decide on their own consideration what type of projects they want to support and foster. In this case, it's quite simple to generate relevant calls and projects, thus in this track we don't need any comprehensive influencing strategy. Beside LEADER sources, any other relevant OP or cross-border development program can be considered relevant even if their structure is heavily top-down.
2.4	Renovation of touristic infrastructure	This is the most cost-demanding part of our action plan. The renovation and the further extension of the existing local (somewhere obsolete) touristic infrastructure costs meaningful amount of money, thus Municipality has the greatest need for external support and policy influencing in this aspect. Infrastructural development can be directly financed from cross-border programs and from some of the OPs. To achieve results, we need to have an impact on the conditions of forthcoming calls and to receive preferential evaluation within the relevant calls. In this regard, preferential treatment would focus on the type of infrastructural investments and the topic of the financed infrastructure (cyclist, eco-tracks, roads, playground, etc.).

Please describe how you will make the necessary changes to the policy described above and how Rural Growth has contributed to identifying and possibly achieving the proposed change

Policy Influencing Activities (What will be done)	Responsibility (Who will do it)	Resources (Information, money, materials, workshops, meetings)	Timeline Start and end dates*
1. Identifying the local initiatives and needs how to influence the	Municipality and Rural Growth LSG community	Information, workshops, meetings	2018 autumn – 2019 spring

calls and what kind of preferential criteria should be elaborated			
2. Reconsidering and modifying Mura Program according to the latest rural development demands	Local Stakeholders and Mura Program Board	Information, workshops, meetings	2019 spring – 2019 summer
3. Influencing OPs and development programs through the Mura Program as an umbrella strategy – preferential evaluation of calls, extra scores, reconsidering the structure and themes of new calls	Mura Program Board, Municipality, Széchenyi Program Office (as implementation authority of OPs)	Information, workshops, meetings, high-level negotiations – to convince the managing authority about preferential treatment and better conditions of funding	From 2019 summer

Rural Growth as an engine for change:

How has the Rural Growth project contributed to identifying and possibly achieving the proposed change(s) to the policy?

Rural Growth is serving as an intermediary channel of Mura Program. At first, the project helped us to discover outstanding international best practices in the field of visitor economy. After study visits, our participating LSG members were motivated to follow the good examples by implementing them in their practices thus enriching the policy inventory of Mura Program. On the other hand, Rural Growth also supported the implementation and the elaboration of the Mura Program by establishing the LSG community with service providers, entrepreneurs and experts serving as a professional background of local rural development initiatives. Due to the motivation and engagement, LSG members are working on actively with their ideas and vision on achieving the development targets, thus Mura Program can rely on a suitable human basis.