

This series of informative fiches aim to present, in summary, examples of practices and approaches that EU Member States and Regions have put in place in order to implement their rural development programmes (RDPs) in the current period. These examples want to contribute to the understanding of what has worked well and less well in the delivery of the 2007-2013 RDPs and as far as possible, draw lessons in the view of future improvement of the programmes.

N. 03

The integrated supply-chain projects in Emilia-Romagna region, Italy



Needs addressed

The integrated supply-chain projects (*Progetti Integrati di Filiera* or *PIF* in Italian) were introduced by the National Strategic Plan to enhance the competitiveness of local agri-food system. These projects aim at reducing the risks related to fluctuations of prices, facilitating the introduction of innovations in the supply-chain and ensuring a fairer redistribution of the value added amongst the economic actors.



Key elements of the approach

The PIF is a formal agreement between the actors of the supply-chain which aims to establish permanent economic relationships, both horizontally and vertically. It is based on the joint implementation of different RDP measures; in Emilia Romagna Region it involves a set of Axis 1 measures related to investments, innovation, training and advice. The model is the main tool to support on-farm and agri-industrial investments.



Lessons learnt relevant for the future

The model provides useful insights with regards to joint actions to: achieve synergies between RDP interventions, improving competitiveness, resource efficiency, food quality, knowledge transfer and innovation in the food-chain and in local food systems. It improves medium and long-term planning and a better integration of primary producers into the supply-chain. As a management tool it has enhanced the governance of articulated programming approaches.



Context

In Italy the competences for agriculture and rural development policy are devolved to regional administration and autonomous provinces. The reference framework for 2007-2013 rural development policy is provided by the National Strategic Plan (NSP) and 21 regional Rural Development Programmes (RDPs). A strong coherence has been sought between the national and regional strategies in terms of objectives and instruments, with each region articulating the national strategy according to its specific needs. Promotion of the modernisation and innovation of enterprises and the integration of food supply-chain is one core objective of the national strategy for axis 1.

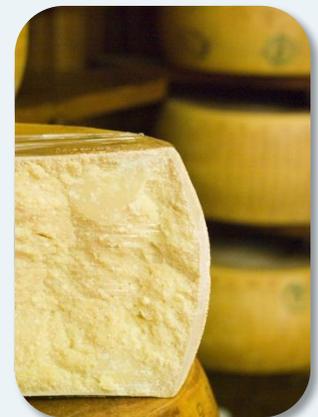
At regional level the Emilia Romagna RDP adopted an innovative integrated approach aiming to promote and implement networking and clustering at project level and, ultimately, the aggregation of producers.

The integrated supply-chain projects (PIF) are based on the joint implementation of several axis 1 measures in the view of achieving shared objectives. They are participated by a cluster of economic actors operating at different steps of the food supply-chain and promoted by a “chain leader”. The model responds to specific needs expressed -within the consultation process- by the actors of the regional agri-food system and related to the on-going restructuring and reorganisation of its sectors.

The innovative aspect in the Emilia Romagna RDP is the flexibility in the use of the measures according to the different market configurations (long food supply-chains typical of the modern distribution system and, short supply-chains) sectors and territorial needs.

At the operational level this implies for the participants to the PIF the possibility of an alternative choice to the use of individual EAFRD measures, which ensure coherency with the goals of a collective project. In such a way the PIF translate the regional strategy for axis 1 into specific sectoral and territorial objectives.

This approach is also instrumental to the enhancement of the agricultural sector, as it binds support to other actors in the chain to the condition that this leads to a concrete and measurable relapse for the farmers involved in the project (i.e. increase of profitability and fair redistribution of value added).





The integrated supply-chain projects (PIF)

From the operational point of view the establishment of a PIF requires:

- 1) an **agreement**, signed by the actors of the supply-chain (e.g. producers, processors, distributors, etc.) which identifies the promoter/leader of the project, the objectives to be achieved, obligations and mutual responsibilities;
- 2) a **project**, aimed at achieving specific and measurable goals through a set of coordinated interventions.

The agreement is the main tool to reinforce horizontal (aggregation of producers) and vertical relationships between the actors of the supply-chain around shared goals, and to promote a fair redistribution of value added among such actors.

In practice, the agreement is, a formal contract signed by all the partners of the supply-chain. It must involve at least farmers and SMEs working in processing and / or marketing of products (listed in Annex 1 of the EU Treaty) and /or in the field of forestry production.

It defines:

- a) the direct and indirect beneficiaries of the project;
- b) the purpose, the object and the actions to be carried out through the project;
- c) the promoter / leader;
- d) the amount of raw products involved, and the share provided by farmers participating in the agreement;
- e) the expected amount of finished product;
- f) relationships, commitments and responsibilities amongst the partners;
- g) the procedures for procurement of raw products (transfer / purchase) and the following steps from processing to distribution;
- h) the duration of the agreement, which in any case must be in place for three years after the completion of the project.

Both direct and indirect beneficiaries can participate to the agreement. Direct beneficiaries are those engaged in the implementation of specific actions such farmers and agri-food enterprises, (but also research and training centres, extension and farm advisory services). Indirect beneficiaries are those entities (not eligible for support) that can receive a benefit from the initiative such large enterprises, input suppliers, distributors or that can demonstrate to complete the supply-chain.

The agreement requires that at least 75% of the total annual volume of agricultural production involved comes from farmers participating in the project. At the same time farmers are committed to transfer / sell to the partner enterprises, at least 20% of their annual production which forms the object of the agreement.

The **project** identifies the strategy and the means (interventions) that will allow the direct beneficiaries to achieve the objectives agreed by the partners in the contract.

In particular the project must:

- a) be sector-specific, with the only exception for organic products (i.e. it is possible to have a cross-sectoral project).
- b) address one or more targets and needs as identified in the RDP strategy for each sector;
- c) involve a range of actors of the supply-chain and foster integration;
- d) quantify the economic return for farmers involved;
- e) provide a minimum amount of direct economic benefits for manufacturing enterprises;
- f) mobilise investments above a minimum threshold set for each sector in the RDP.

Also, to be eligible for support the project must prove to:

- promote / strengthen the integration of the various parties involved in the supply chain;
- improve the aggregation between agricultural producers;
- enhance market relations (in terms of actual flows of products).

A total budget of €142 million has been reserved for the PIF (1/3 of Axis 1 envelop). This was allocated to different sectors on the basis of certain parameters (impact on the regional gross agricultural production; choice and weight of measures chosen).

The **promoter** (or leader) of a PIF is an economic entity that represents a single operator or a group of several operators of the supply-chain (e.g. legal representative of a producer organization, agricultural cooperative/consortium or of a temporary association of enterprises especially established for the PIF). It promotes the implementation of the project involving a number of actors with the purpose of a strategic common achievement.

Within each sector, only one economic actor can play the role of promoter / leader for a single PIF.

RDP measures that can take part to a PIF

Measures	Denomination
111	Vocational training and information actions - action 1 Vocational training
114	Use of advisory services
121	Modernisation of agricultural holdings
122	Improvement of the economic value of forests
123	Adding value to agricultural and forestry products
124	Cooperation for development of new products
132	Participation of farmers in food quality schemes
133	Information and promotion activities

The main tasks of the promoter are:

- prepare a plan for the organization of the supply-chain, collect subscriptions from interested actors;
- prepare and submit the application for the project on behalf of the partners;
- handle contacts with the MA in all phases of the administrative procedure and the implementation.

partner of the project (direct beneficiary) acts autonomously, bears responsibilities in relation to the implementation of individual measures and the implementation of its own part of the project. The promoter is not liable for defaults and related penalties attributable solely to direct beneficiaries. It stays nevertheless responsible for those actions of the PIF for which it is a beneficiary itself.

From the implementation point of view, each

The PIF administrative procedure

The Emilia Romagna region opened only one call for PIF (May 2009) due to the high number of expected participants and consequently the wide amount of investment. Five-month time was given to the promoters in order to gather partners, individuate a shared strategy and individual investments and to present the project. The administrative procedure adopted by the MA for the assessment of the project allowed closing the selection and approval of these complex projects in a relatively short time.

Phase	Subject	Administrative actions	Schedule	N. of PIFs
<i>Public notice</i>	Regional administration	Resolution of Regional Committee	18 May 2009	
<i>Application</i>	Promoters	Formally delegated by single participants	16 October 2009	70
<i>Eligibility of individual actions/investments</i>	Regional and provincial administration	Verified by regional and provincial Services responsible for each RDP Measure	1 February 2010	
<i>Eligibility of PIFs' formal agreements and whole project</i>	Regional administration	Verified by the regional Service for "Aid for enterprises"	15 April 2010	
<i>PIFs ranking and selection</i>	Regional administration	Dedicate evaluation Committee	16 July 2010	67
<i>Financing act</i>	Regional administration	Resolution of regional Committee	26 July 2010	



Conclusions and relevant lessons

The implementation of the PIF brings along a number of key benefits both for beneficiaries and the administration. One of the major strengths of the model is its **collective** and **integrated nature**: it allows to aggregate individuals investments around shared objectives and to implement them in a coordinated and synergic way. On the other hand the collective application and the formal contract between partners improve shared responsibility along the chain. The joint implementation of different measures contributes to improve their efficiency and effectiveness: for example it contributes to a faster and easier matching of interests and needs among adjacent steps of the supply-chain. This is strategic to consolidate relations between farmers and other actors and to increase the competitiveness of the primary sector; the latter being one of the long-term strategic objectives identified by the European Commission for the next programming period¹.

The integrated approach brings further practical advantages. One of these is the integrated use of advisory services and training and enhanced cooperation for innovation among firms and research sector. In this light, the PIF approach already embeds some of the strategic features of rural development policy after 2013 as anticipated by the EC's proposal such as: the transfer of knowledge and innovation in the agricultural and forestry sector and; the more flexible approach to programme design and delivery through an

integrated a synergic use of measures to address specific priorities.

Facts and figures on PIFs

Total volume of investments generated: over €278 million.

Farm holdings participating to PIFs applying for Measure 121: 1 233

Total volume of investments generated: over and €170 million (61.3% of the total volume of investments triggered by PIF)

Enterprises participating to PIFs applying to Measure 123: 98 (33% of total volume of investments).

Another area where the PIF approach offers useful lessons is **strategic planning** at both the programme level and that of individual beneficiaries. First of all, in the light of the needs and priorities identified for each productive sector, the possibility to jointly implement measures -according to the specific sectoral needs- have ensured a high consistency between regional strategy and project goals. Secondly, there is a territorial component embedded in the approach since an 'area-specific strategy' has to be attached to the PIF, which ultimately supports the strategic **territorial approach** of Emilia Romagna RDP.

Also, the PIF model contributes to the enhancement / development of social capital due to the joint responsibility that different actors hold for the success of the project.

¹ [ENRD \(2011\), A short guide to the European Commission's proposals for EU rural development after 2013](#)

Finally the model is introducing and facilitating the integrated use of different Funds due to the possible participation to the PIF agreement of 'non-beneficiary' actors, i.e. large enterprises operating in the logistic and capital market and local and regional administration responsible for infrastructures and services. Their participation to the definition of the supply-chain strategy and the identification of sectoral needs made it possible for these entities to make use of other funds or public support in

order to converge towards the objectives of the project.

At the beneficiary-level, the PIF encouraged the participation to RDP measures, promoted strategic planning of investments, facilitated access to information and to the market, and the improvement of new skills required to respond to market's and consumers' needs.

Key benefits of the PIF model

A) Key benefits for beneficiaries and the sector in general

- Enhancing stable commercial relationships within the supply-chain.
- Very good partners integration due to formal project contract.
- Increasing competitiveness of the whole sector through individual applications.
- Strengthening of supply-chains (including bio-energy) due to the certainty of supply of raw material.
- Improvement of farmers' knowledge and skills and higher responsiveness to market's needs.
- Integrated use of measure with reduced administrative burdens (one application for several measures).

B) Key benefits for the administration

- Converging of individual actions toward regional strategic objectives.
- High participations of farmers to relevant RDP measures
- Possibility to adapt administrative procedures already in place for individual applications.
- Improved framework for support, guidance and visibility of calls.
- Higher efficiency and effectiveness compared with single implementation of measures.
- Strengthening the regional food system as a whole.

Information included in this fiche is primarily coming from the case studies carried out within the ENRD Thematic Working Group 4 "Delivery of EU rural development policy". The fiche is compiled by the Contact Point on the basis of the information collected in the EU Member States and Regions and takes into account views expressed at the European, national and regional level. This notwithstanding, the content does not necessarily reflect the official position of the EU institutions and national authorities.