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Farm Advisory Services for the Agro-Food Supply Chain as a Foster of Innovation: The Case of Veneto Region

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Abstract

The aim of this study is to analyze the potentiality of the extension services in agriculture, to mainstream innovation in terms of sectoral competitiveness, when integrated into the agro-food supply chain. In doing this, the case of Venetian agriculture will give empirical evidence to the assumptions of this study, serving the identification of key factors, related to the use of extension services integrated into the so-called Integrated Supply Chain Projects (ISCPs), which are emerging as influential for the performance of the agro-food chain. In principle, the extension services are integrated within the entire agricultural knowledge system, which encloses several activities such as research and experimentation, vocational training, advisory and information. In the context of the Rural Development Policy, the farm advisory services are implemented through the measures 114 “Using farm advisory services” and 124 “Cooperation for development of new products, process and technologies”, included in the Rural Development Programmes (RDPs). The present study focuses on the observed benefits that such measures deliver when integrated into the ISCPs, by adding value to the entire agro-food chain and bettering its performance. In fact, the systemic approach to the implementation of the research and of farm advisory services into the ISCPs seems to enhance their own potentiality to increase the entrepreneurial performance and contribute to create a competitive advantage for the entire agro-food chain. In Italy, within the RDP 2007-2013, the ISCPs are foreseen as an instrument for better achieve the increase of competitiveness of the agricultural and forestry sector, the improvement of the quality and the marketing of the productions; create and consolidate the value chain as a whole, by balancing the profit margins of each single segment. To this end, several Italian RDPs foresee the opportunity for a partnership involving different economic actors playing a role in the agro-food chain to define such project in view of achieving an overall common strategic objective. Each integrated supply chain project is set up through the implementation of several measures, which are supposed to contribute to the achievement of that overall objective. For the purpose of this study, a desk research has been carried out mainly on the fiche of the measures foreseen by the RDPs and by the tender documentation. The information gathered regard basically the type and the matter of the advisory services and of the research implemented by the measures, the number of beneficiaries achieved, the financial resources committed, and some result indicators (i.e: number of enterprises supported starting a new processes or realizing a new product; productive segment covered by the support; quality production; increase of the gross value added for the value chain). These information led mapping the model of an integrated supply chain project and identifying the different factors influencing the performance of the agro-food chain.

1 Background

The Rural Development Policy of the European Union for the period 2007 to 2013 adopts an innovative approach for the development of rural areas. This is based on three strategic objectives related to improving (i) agricultural and forestry competitiveness; (ii) land management and environment; (iii) the quality of life and the diversification of activities in rural areas. This objectives are achieved by each Member State, through the Rural Development Programmes (hereinafter RDPs) which are defined and implemented at national or regional level[1].

In line with what stated by the European Council Regulation n. 1698/2005, each RDP is structured upon 3 Axes which include a set of measures and pursue respectively the three strategic objectives. The forth LEADER approach Axis is supposed to serve as method for the others. The RDPs are approved by the European Commission (EC) and co-funded by the European Agricultural Fund for Rural Development. For each RDP, a Managing Authority (MA) is designated, which is in charge for programme management and implementation.

In Italy, the National Strategic Plan (NSP), which overarches the regional RDPs, it states the great importance of the objective "promotion of the modernisation and innovation of enterprises and the integration of filiéres" achieved through the combination of measures set under Axis 1 (figure 1). In particular, this "*objective can be supported mainly through measures that provide incentives to investments in agricultural, forest and agroindustrial production structures combined with measures for upgrading human capital and production quality. Co-operation among different actors of a production filiéres can be begun for the purpose of ensuring a more complete integration of the different measures*".

Thus, according to the NSP, almost all the RDPs in Italy provide the implementation of specific integrated projects aiming the increase of competitiveness of the agro-food chain.

The aim of this study is to analyze the potentiality of the extension services in agriculture, to mainstream innovation in terms of sectoral competitiveness, when integrated into the agro-food supply chain.

This study has been conducted basically through a desk research on the relevant documentation which mostly regards the programming and implementation documents (the NSP, the fiche of the measures foreseen by the RDPs, the documents on the procedures implementing the integrated projects and the tender documentation). Furthermore, in view of capturing the first findings of the implementation of the integrated projects, the desk research has been added by a more-in-depth analysis of Veneto Region. The field work has been carried out by an interview to the MA which analyses different elements and potential effects emerging from the implementation of the integrated projects. The outcomes of this analysis served the structuring of a specific case study.

The paper is organized in four sections. Section I describes the overall challenges of agro-food sector in Italy in terms of innovation and competitiveness and the role of integrated projects in facing off these challenges. Section II analyses the innovative tool of the integrated production chain planning. Section III describes the case study conducted in Veneto Region. Section for is dedicated to describe first findings and some reflections about the case study.

[1] In Italy, according to a regionalized administrative and political system, the RDPs implemented under the responsibility of the relative MAs are 21.

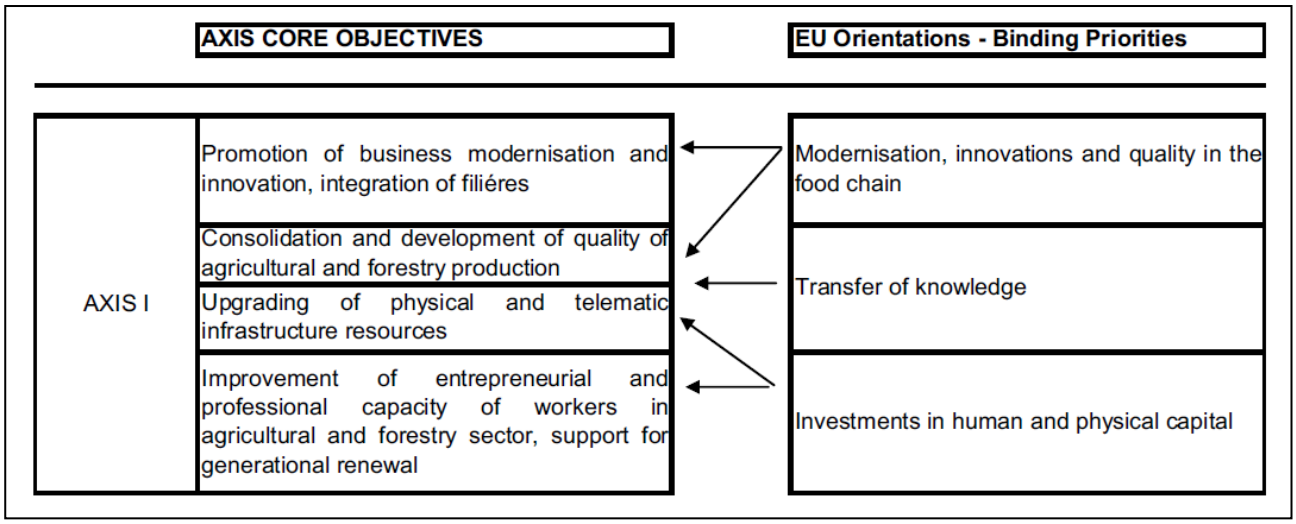

Figure 1. **Axis I objectives and EU binding priorities**

Source: National Strategic Plan

2 Innovation, competitiveness and integrated projects fostering the agro-food sector in Italy

The swot analysis on the different agroindustrial chains in Italy, provided by the NSP, let emerge a general strengthen in term of "*widespread presence in the territory of quality products, involving both designations of origin and biological agricultural products, especially vegetables*"; while weak points, among others, regard "*the restructuring and modernisation of processing facilities and the introduction of technological and managerial innovations along all the different filiéres*". Thus, the NSP foresees the opportunity for "*the rationalisation and improvement of logistics* as *tied to the greater efficiency of the distribution network and upgrading of intermodal systems, indispensable for improving the competitiveness of all Italian productions*".

In view of overcoming the sub mentioned structural weakness of the agro-food sector, the NSP states the need for intervention through a greater integration within the production chains and by the implementation of actions increasing the enterprise size and encouraging associated management and new company forms in agriculture; promoting balanced relations involving the agricultural sector, processing and the marketing phase; concentrating the supply of agricultural products, particularly quality products, whenever it proves difficult to reach a critical mass of product.

Within the European Rural Policy, the specific measure 124 "Cooperation for the development of new products, processes and technologies innovation" supports interventions basically related to the development of (1) preparatory operations, including design, product, process or technology development, (2) tests and other tangible and/or intangible investments related to the cooperation, before application of the newly developed products/processes/technologies.

From the analysis of the RDPs it emerges that this type of interventions are basically set around a number of drivers which seem to set to be basically related to the new challenges: increase the use of renewable and alternative energies; better use of water resources; sustainable use of the environment; food security. Furthermore, there's an evidence of interest for improving the quality product, the valorisation of territorial specificities which are meant to be better merchandisable.

In general, the menu of interventions foreseen by the Managing Authorities of RDPs is open to a wide range of operators afferent to different segments of the agro-food chains, which are basically the organisations/entities gathering primary producers in agriculture and forestry, the processing industry and/or third parties (namely distribution and commercialization representatives).

In Italy, the total financial resources programmed on measure 124 are 177.199.760.

The role of the ISCPs in fostering the innovation emerges in particular from the tender specifications, which pointed out the development of innovative practices within the supply chains as a *criterion* which gives priorities in the selection of the projects.

Besides, the research lets emerge the difficulties encountered by the partnerships to explain and clearly identify the type of the interventions which are meant to stream innovation throughout the supply chains by the investments in measure 124.

On this point it must be highlighted that, the involvement of the Universities/Research Institutes to the definition of the innovative interventions was varying across the different Regions and to a very low extent. The gap in the "association/cooperation in project" (acting a partnership) between the world of the Research and the farmers is still evident and needs to be plugged. Besides, there are some cases in which the recognition of the strategic role of the Universities and Research Institutes in fostering the innovation throughout the agro-food chains and setting long-term partnerships within the agro-food chains is evident. In these cases, they are in charge for the implementation of the measure but still a lack in the dialogue with the farmers seems to be at the basis of the selection of intervention not targeting their needs for investments.

The implementation of measure 114 in general across Europe had some difficulties in terms of attractiveness. This emerged from the EC study on the "Evaluation of the Implementation of the Farm Advisory System" and from the report of the Commission "On the application of the Farm Advisory System as defined in Article 12 and 13 of Council Regulation (EC) No 73/2009" – (COM(2010) 665 final). The critics are essentially two: the low contribution (max € 1.500,00 per farmer) which is not worthy, at least in the cases of small investments and the strict delimitation of the themes of the services to be financed by measure (GAEC).

2 The integrated production chain planning, innovative tool for the rural development policy

The achievement of the goals of the rural development policy linked to the sectorial competitiveness also depends on the detection of effective intervention tools. This assumption lead the set-up, within the National Strategic Plan, of a strategy of action focused on the integration of the intervention typology as regards the objectives of the rural development policy. The tool at issue is the integrated production chain planning which should assure the efficiency of the intervention through easy access procedures whose central thread is the integration of goals and action tools.

The integrated supply chain projects aim at systematically fulfill the specific needs expressed by the operators of the agro-food supply chains. Hence, the implementation of the integrated production chain planning can give an important contribution to the improvement of the competitiveness conditions of major sectors of the Italian agro-food sector. In particular it aims at:

a) promoting the integration among the actors of the agro-food production chain; b) fostering and strengthening the partnerships practices; c) improving the offer and the use of the common goods of the production process; d) strengthening networks, hence contributing in the creation of the stock at a sectorial level and in the areas in which the production is located; e) ensuring the (fair) redistribution of the added value among the actors of the production chain.

The integrated supply chain projects is envisaged by 18 RDP, but at the moment it has been activated by 12 Regions. Its goal is to increase the competitiveness of the agro-food sector, enhance the productions both qualitatively and commercially, create and consolidate the relationship networks among the operators of the production chain. To these general goals, which, by the way, fully take up the purposes envisaged by the NSP for the tool, may be added others, typically linked to regional contexts.

In operational terms, the ISCP tends to look as a project, submitted by a partnership which represents the interests and objectives of a plurality of subjects who, in order to contribute to the full success of the initial goal, make arrangements and is willing to realize investments through the use of the existing measures of the RDP. The methods in which the subjects link up, submit the project and the representative functions of the partnership, tend towards two functioning models:

- RDPs give to the partnership a strong role of coordination and management of the resources assigned to the integrated project. Due to this, it constitutes the main representative of the Management Authority of the RDP, with specific responsibilities on the success of the project and on the transparency in terms of expenditure incurred by each beneficiary.
- RDPs give to the partnership a mere organizational role, aiming at the sharing of the idea-goal and at the coordination of the different subjects who join the initiative. The relationship with each beneficiary, as regards the implementation of the project which involves them, is handled directly by the MA. Most of the Regions stick to this model.

The supply chain integrations, on the whole, are open to all production sectors to which may also be added multisector production chains as the ones of bioenergy, quality, organic or niche products. Almost all the programs detect the feasible measures in a supply chain project (table 1). The ISCP is essentially linked to the axis 1 measures and generally involves the interventions designed for the physical capital (most of all measures 121, 122, 123 and 124), for the quality (132, 133), for the training (measure 111) and for the advisory system (measure 114 and 115). Numerous Regions provide for the possibility to also activate axis 2 measures if these are functional for the project goals, allowing de facto the development of complete production chains and particularly aimed at strengthening the performance of sectors such as the forestal one and the quality agriculture. In a logic of development of a short production chain for niche sectors or particularly localized productions, in some Regions, the integrated production chain planning can make use of the measure for the company diversification (311) or of other measures envisaged by the axis 3 of the RDP.

Table 1. Feasible measures in the ISCPs for Region

	111	112	114	115	121	122	123	124	125	126	131	132	133	Axis 2	Axis 3
Abruzzo	x		x		x	x	x	x				x	x		
Basilicata	x				x	x	x	x					x		X
Calabria	x			x			x	x					x		
Campania	x		x	x	x	x	x	x	x		x	x	x		
Emilia Romagna	x		x		x	x	x	x				x	x		
Friuli Venezia Giulia					x	x	x	x	x				x	x	
Lazio	x		x	x	x	x	x	x	x			x	x		
Liguria	x		x			x	x	x	x	x			x	x	
Lombardia	x	x			x	x	x	x	x					x	311
Marche	x				x		x	x				x	x		311
Piemonte	Axis 1 and 2 Measures														
Puglia					x		x	x				x	x	x	
Sardegna	x	x	x		x	x	x	x				x	x		
Sicilia	x				x	x	x	x	x				x		
Toscana	n.a.														
Umbria	x		x		x		x	x	x			x	x	214	311
Valle d'Aosta	n.a.														
Veneto	x		x		x	x	x	x	x			x	x		

Source: RDP and Regional Notices for the implementation of production chain projects

Regions assign a considerable amount of resources for the implementation of the ISCP (table 2), this to stress the strategic importance of the implementation tool at issue within the achievement of the RDP objectives. The twelve Regions which activated the ISCPs, assigned around 9% of the RDP total resources to the tool. The Regions that invested more on the tool in terms of financial resources assigned are Emilia Romagna, Basilicata and Puglia, also because, the only exception being Basilicata, the other Regions represent the settlement territory of the main agro-food production chains of the Country.

Table 2. Financial resources assigned to the ISCP for Region and percentage impact on RDP resources

Region	ISCP Resources (A)	RDP Resources (B)	% (A)/(B)
Basilicata	90.000.000	671.763.816	13,4
Calabria	40.700.000	1.089.901.666	6,7
Campania	168.000.000	1.813.586.205	9,5
Emilia Romagna	142.000.000	1.057.362.015	13,4
Friuli Venezia Giulia	23.626.000	266.779.454	8,9
Lazio	62.000.000	703.933.071	8,8
Liguria*	7.500.000	292.024.136	2,6
Lombardia*	83.403.718	1.025.193.491	8,1
Marche	33.500.000	486.415.566	6,9
Puglia	191.308.000	1.617.660.220	11,8
Umbria	22.473.185	792.389.362	2,8
Veneto	95.500.000	1.050.817.666	9,1
Total	**937.537.718**	**10.867.826.668**	**8,6**

* Figures refer to the approved projects amount
Source: Notices and ISCP rankings

2.1 ISCP implementation state

The ISCPs financed to this day are 254 whom more than 4.000 partners end up to (figure 2). Predictably, the bovine sector and the fruit and vegetable one, which in Italy boast about an ancient tradition of aggregation and cooperation, result to be those with more ISCPs approved (respectively 61 and 51 projects). In any case, the allowed ISCPs represent the main sectors of the Italian agricultural system.

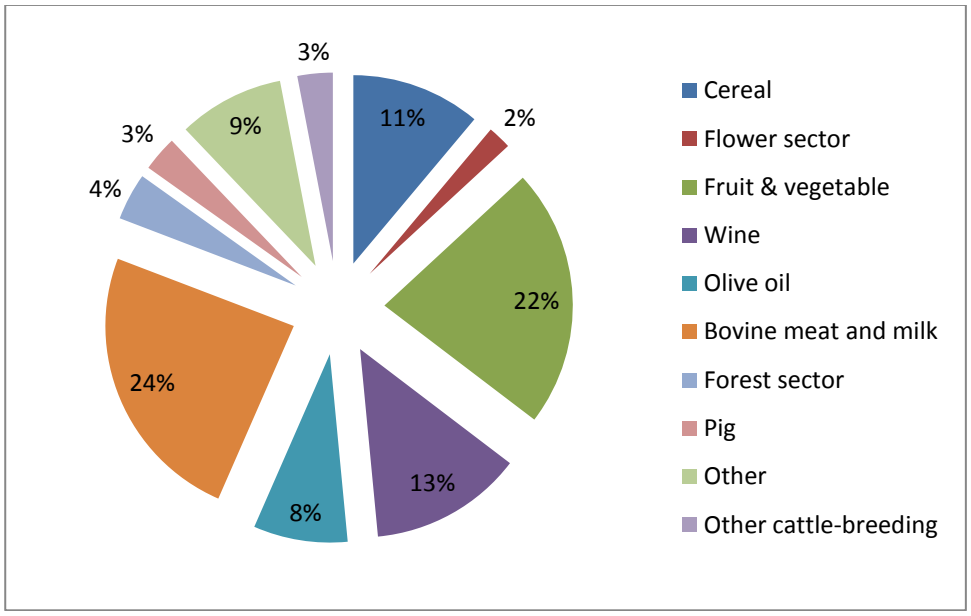

Figure 2. Funded ISCPs per production sector
Source: National Rural Network

According to the production sector to which the ISCP refers, the composition of the measures used changes, hence of the overall strategy of the project. Despite the figure 3 are still partial, some trends clearly emerge:

- The integrated projects in fruit and vegetable sector, unlike other sectors which focus on a few measures, have a fragmented strategy which requires several interventions;
- The bovine meat and milk sector privilege the measure of investment in farms (121);
- Forestal ISCPs integrate a strategy aimed at the sector competitiveness with axis 2 measures aimed at environmental protection and improvement;
- Olive oil and wine sector projects seem to privilege investments linked to the quality of the productions.

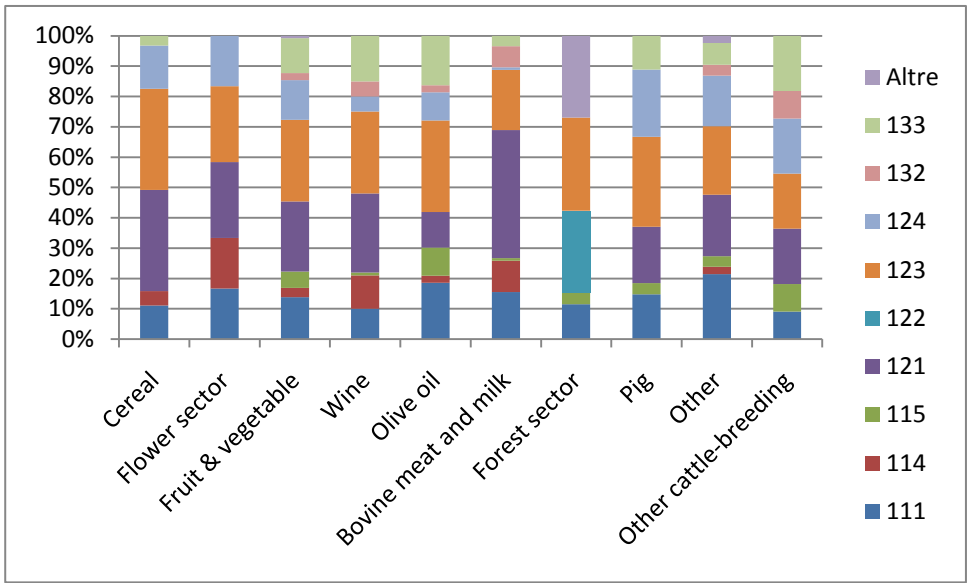

Figure 3. The measures activated by the IPCPs, classified per production sector
Source: National Rural Network

2.2 The ISCPs in the Veneto Region

The Veneto Region has strongly bet on the use of the integrated approach within the Rural Development Policy 2007-2013 activating:

- territorial integrated projects, a tool that is very similar to the LEADER one, aiming at stimulating new public and private partnerships with the goal of improving the life conditions in the rural areas;
- area integrated projects with environmental importance, which look as tools to foster territorial agro-environmental agreements with the objective of the assumption of collective responsibility by the territorial sales representatives who sign a commitment with the local community to which they belong to, in change of economic advantages and facilities in services provision by the Local Bodies. The promoting subject is the Local Authority, the beneficiary of the measures are farmers;
- integrated production supply projects and forestal production chain projects, in this case the integration occurs among several companies with different characters which share a common goal of development and individually benefit from the public cofunding.

In the Veneto Region 34 partnerships activated the ISCPs. Those mainly belong to the wine sector and to the bovine one. The funded companies are slightly less than 2.000 for a public cofunding of around 28 million of euro.
The individual partnership strategy focuses on the increase of the agro-food regional production chain competitiveness. The activated interventions mainly concern adaptation and innovation of the farms, the processing innovation and the improvement of marketing competitiveness for agricultural products.

3 The case of Veneto Region

3.1 The framework of agricultural extension services system in Veneto

The system of agricultural extension services in Veneto Region is characterized by the presence of many public and private subjects (figure 4), where the role of associations (farmers organizations, associations of producers, cooperatives) is quite significant. These associations collect the needs of farms and territory, in order to direct them to regional agricultural innovation system, in accordance with the activity of the Regional Agency for agriculture, agro-food and forestry “Veneto Agriculture”. The agency is established by Regional Law (RL) n. 35/1997 and plays an important role of public support for the implementation of agricultural extension services.

It is with the RL 35/1997 which begins a process of reflection on the services system and their contribution to growth and development of agriculture. This process leads into next RL 32/1999. This law emphasized the concept of integrated services system in terms of the knowledge system in which the farm advisory services are integrated with other sub-components, such as training and research, but also the support services (for example meteorological services) and actions promoting quality of agro-food chain. The law defines also an important tool for the implementation of innovative advisory service through the "integrated projects" (article 6), in order to increase the effects of extension service on farm competitiveness and territorial development. There are many themes of "integrated projects for farm advice”, in relation to the different needs that can characterize farms, such as: farm management, technical and production aspects, product and process quality systems, training and information.

It is also recognized the activity of monitoring and evaluation of results, both through the Regional Committee for consultation in agriculture (it is a "green table" for farms and a "agro-food table" for the total supply chain, representative of production system and it is also responsible to evaluate the impact of regional policy choices), and through information on the results and application of research and experimentation activities.

Advisory services	Training and Information	Research and Experimentation
Farmers organizations	Training bodies	Regional Agency Veneto Agriculture
Advisory bodies	Regional Agency Veneto Agriculture	Agricultural technical schools
Region, Provinces, Chambers of Commerce	Agricultural technical schools	Faculty of Agriculture
Cooperatives, Associations of producers	Faculty of Agriculture	Research Institutes
Private professionals		

Figure 4. The main actors in agricultural extension services system in Veneto
Source: Barbieri S., report submitted to the Laboratory of reflection in Interregional Programs for agricultural extensions services, 27 april 2005, Inea, Rome.

3.2 The enhancement of advisory service and research into integrated supply chin projects

A regional good practice for improving the competitiveness of agricultural farms is given jointly by the activation of some RDP measures for the development of human capital (measures 114 and 124), as part of integrated supply chain projects of the agro-food and forestry sector (ISCP). This approach stresses the cross-sectional content of advisory services and development of innovations. In particular, it can enhance the application of the measure 114 in a more flexible and functional way to the real needs of agricultural and agro-food sector.

The Veneto model for implementing the measure 114 provides themes and contents even over the minimum requirement of cross-compliance, in order to achieve the goals settled by "the new challenges" of the Health Check reform. In particular they are: implementation of techniques to mitigate the negative effects of climate change (soil management practices, efficient use of nitrogen fertilizers, sustainable land use, protection of biodiversity); or product quality and environmental certification; or improvement of energy efficiency (energy saving and energy production from renewable sources); or sustainable farm management (direct sales, marketing and logistics); or innovation and technology transfer. Besides, the measure provides separate lists between applications submitted or not within the ISCPs.

Even for the implementation of the measure 124 the regional model provides priorities in the selection about the applications submitted within the ISCPs. In general, the cooperation projects are addressed to specific and main regional productive sectors, such as: field crops, dairy, meat, wine, olive, tobacco, floriculture, forestry. Moreover, like the themes of measure 114, the projects have to enhance the competitiveness of farms in order to achieve the new challenges relating to climate change, production and use of renewable energy, environmental protection and conservation of biodiversity.

The regional public funds programmed into the period 2007-2013 for the measure 114 are equal to € 13.636.364, while for the measure 124 they are equal to € 12.363.636, both corresponding to 3% and 1% respectively of public funds allocated to Axis 1 and overall RDP.

3.3 An analysis of implementation of measures 114 and 124 within the integrated supply chain projects

The measures included in the ISCPs belong to Axis 1 in order to improve the competitiveness of agriculture and forestry, both through the growth of human capital, either through the improvement of physical capital, that it to be achieved also through the promotion of innovation. The logic for the choice of measures within ISCPs it is that the measures of Axis 1, implemented with a supply chain approach, they could contribute positively, in synergy with all actors of agro-food chain, in order to improve the competitiveness of regional agriculture. Also, the socio-economic partnership requested to include all appropriate measures to different types of subjects belonging to the agro-food supply chains.

"*Institutional communication has played a key role about the correct information and knowledge on ISCPs, particularly through the regional website and the organization of meetings and seminars carried out by the Region on the territory. Farmers associations have also played an important role*".

Table 3. The measures of RDP involved into IPCP in Veneto

Region	Integrated projects	Measures involved
Veneto	ISCPs for agro-food sector	111, 114, 121, 123, 124, 132, 133
	ISCPs for forestry sector	111, 114, 122, 123, 124, 125

Source: Our elaboration on RDP 2009

In the 2007-2013 and until now it has been issued a single call (year 2008) for applications in order to create the ISCPs, with contribution of measures 114 and 124, probably because of the complex organizational and procedural tool. In particular, the contribution of the extension services in terms of advisory services and development of innovation at the performance of the agro-food supply chain, it can come out from the results of following analysis. This survey is based on information from regional tenders for implementing the ISCPs and from an interview with regional officials.

The integrated approach to supply chain had a large participation of farms (nearly 90% of total participants into ISCPs). The farms participated in various measures, especially in the way large at measure 114 with a percentage of 55,8% of total farms involved into ISCPs.

Until December 2010, the public financial resources, allocated by Veneto Region for the measure 114, they amounted to € 5.750.000. The number of participants is large, making it equal to 5.179 farmers. The beneficiaries are 3.727 for a total of 5.224.280 € admitted.

In particular, the use of advisory services within the ISCPs had a great demand, in the face of a significant financial resources accepted by the Region. Indeed, in the year 2008 the applications accepted for the ISCPs (agro-food and forestry) are 43% of total (the percentage for single implementation of measure - other areas and mountain - is equal to 48%) for the 40% of amount admitted (the same percentage for single implementation is equal to 50%). However, from the data it seems that the inclusion of the contribute for advice within the ISCPs it is not caused by a

specific strategic choice in order to achieve a better performance of agro-food supply chain. In fact, the ISCPs created are not addressed to some specific and strategic productive sectors for the regional agriculture and they require advise mainly in order to comply with minimum requirement of cross-compliance and job security. Particularly, in order to implementation of statutory management requirements (SMR) for environmental and animal welfare.

Table 4. Participants, beneficiaries and financial amount allowed for the measure 114 in Veneto

Call (DGR)	Procedure	N. requests	N. applications accepted	Total amount accepted (€)
	Other areas	1.398	933	1.348.052
	Mountain	123	108	152.700
	YP	240	201	294.132
	ISCP	918	905	1.179.600
199/08	IFSCP	12	11	16.480
2904/09	YP	88	71	105.840
	Other areas	1.395	1.327	1.880.276
	Mountain	87	82	119.700
4083/09	YP	164	89	127.500
	Other areas	703	-	-
2603/10	Mountain	51	-	-
	Total	**5.179**	**3.727**	**5.224.280**

Source: Our elaboration on regional tenders for implementing the measure 114

LEGEND

YP – Young Package[2]

ISCP –Integrated Supply Chain Project

IFSCP - Integrated Forestry Supply Chain Project

About the implementation of measure 124, until December 2010 the public financial resources allocated by the Region they are € 5.700.000 totally. In the year 2008, when it was issued the call for the inclusion of the measure in ISCPs, the public funds allocated were equal to two millions of euro (the corresponding amount for the implementation of single measure is equal to half). The number of innovation projects within the ISCPs accepted and funded is equal to 12[3].

Across the interview with regional officials, we know that most of the projects presented into ISCPs does not plan the introduction of new products or processes. "*That shows the difficulty in order to activate innovative mechanisms directly aimed at the introduction of new processes or products and it shows a tendency to seek the improvement of existing products and processes. These innovations are often incremental aimed to introduce techniques and technologies improving product and service's quality, in order to correspond to the standards expected from the next stages of the agro-food supply chain*".

Therefore, in this case, the decision to implement innovation projects within the ISCPs it seems a specific strategic choice in order to improve the concentration of supply of agricultural products

[2] Like the integrated projects, also the young farmers package is a tool implementing rural development policies. It provides access to measures encouraging the creation of new farms.

[3] Veneto Region (2010), *Annual report on the implementation of RDP 2007-2013*, year 2009.

and the reorganization of retailing chain. Indeed, the data show that the main productive sectors of ISCPs accepted are dairy and breeding cattle for meat, in addition to wine and field crops. They are the very important sectors for the regional agricultural and rural policy, mainly in order to a better implementation of the "nitrates directive". In particular, with regard to the characteristic of production processes, "*there are especially process innovations for the introduction of new methods of logistics management, storage and distribution of products, followed by investments in new methods for the production or processing products. As for products, innovation concerns mainly the improvement of product quality and, secondly, the introduction of new products for existing markets*"

4 First findings and some reflections

Given the state of the play of the RDPs 2007-2013 and of the integrated supply chain projects, at this stage, this study could only lead to some first findings and reflections on their implementation and capacity to foster innovation throughout the primary sector.

Surely, a first finding regards the huge amount of applications presented by the agro-food chains' operators, which put in evidence their **satisfaction for the integrated supply chain projects** as instrument for the increase of competitiveness of the primary sector and the large extent to which **the integrated approach met their expectations for investments**.

On **measure 114**, the study let emerge that, while it is applied as part of the investments proposed within an integrate project, its attractiveness increases. The reason seems to be mainly related to the sense of commitment developed by the framers once participating to a partnership.

On the use of the **measures improving the social capital** (measures 114 and 124) within the integrated supply chain projects, the case of Veneto Region put in evidence two relevant aspects.

The first regards the role of those measures as perceived by the partnerships and the farmers: the large number of applications for the measures 114 and 124 let emerge that **the extension services are really perceived as drivers for the innovation and the reinforcement of the food-chains**. And this is a clear signal of the emerging common understanding of the operators on the field that the structural investments for competitiveness need to be complemented by interventions in social capital.

Secondly, the partnership seems to be strategic in facilitating the collaboration and the dialogue between the farmers and the **Universities and the Research Institutes**. On this regard, there's a clear need, which found an empirical evidence in the case of Veneto Region, for acting this collaboration since the very beginning of the programming phase: the discussion between the world of the Research and the farmers let to a better and common understanding of the needs for interventions and the clear identification of innovative actions to be carried out by the different measures.

Eventually, a relevant aspect to be highlighted for the purpose of this study is the role given to the partnerships in the **use of measures improving the social capital** (114 and 124) in agriculture in the case of Veneto Region: the implementation within the integrated projects is in charge of the partnerships, instead of the single farmers. This allows tracking across the agro-food supply chains a common pathway for the development of social capital.

Looking forward, this study surely needs to be continued in view of follow the development of the investments throughout the supply chains and their results. Some aspects, among others, need to be focused under the research: the dynamics of the relations between the agro-food chains (farmers) and the Universities/Research Institutes and the results in terms of innovation and increased competitiveness of the primary sector; the effects in terms of competitive advantage gained by the agro-food chains involved into integrated projects; the improvements gained by the different segments of the agro-food chains as results of the integrated projects.

Thus, the authors intend to carry out a more-in-depth analysis. This will be done mainly by interviews or participatory methods involving the partnerships, the farmers and the Universities/Research Institutes by which gathering information on the dynamics, the expectations and the perceptions of the different operators.
All this given it has to be highlighted that, on the matter of the integrated approach to the rural development and the specific case of the integrated supply chain projects, Italy is likely a pioneer. Thus, the scale of the research needs to be enlarged to other Regions, in view of gathering sets experience for benchmarking and facilitate the diffusion of practices.

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