

H2020 VALUMICS Project

Role of the regional policies in multi-level governance of agri-food value chains: Emilia-Romagna

Research Findings Brief
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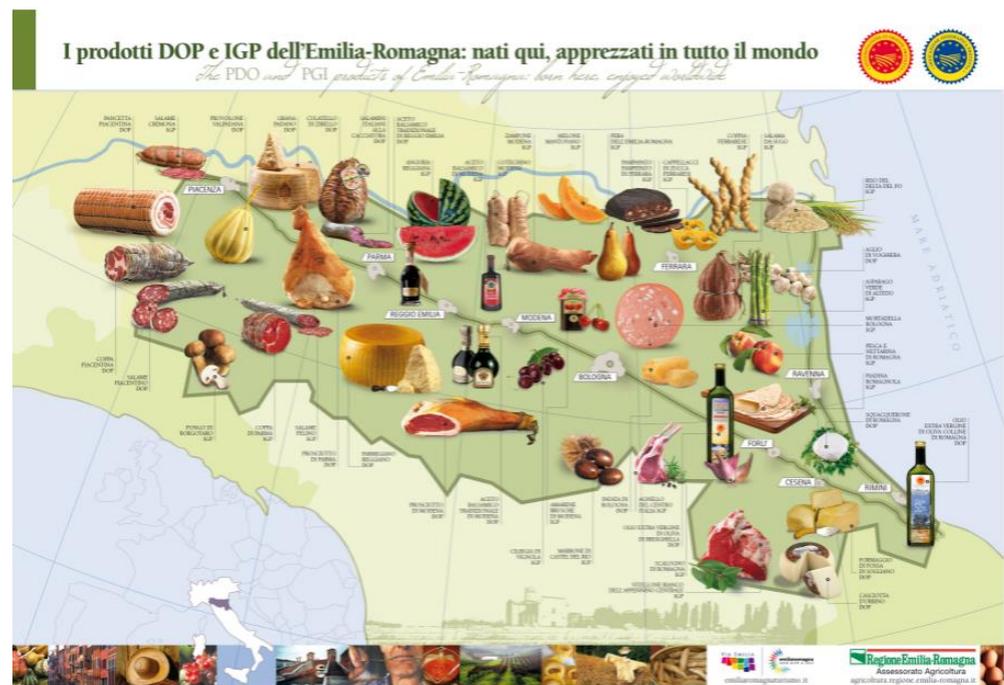
Key Findings

Analysis of multi-level governance of the tomato value chains showed a relevant role of the regional policies integrated to the national and European level with respect to key issues as fairness, integrity and collaborative sustainability initiatives

This brief summarises results of the analysis of Italian policies, regulations and initiatives that impact agri-food value chains with specific focus on the Emilia-Romagna region. The policy issues covered are fairer trading practices, integrity (food safety and authenticity) and environmental and social sustainability. Analysis of the policies and 27 stakeholder interviews were carried out at regional level involving producers, manufacturers and retailers. Results show how regional policies may effectively support the national (and European) regulations. Regional policies identified in this brief refer to Emilia-Romagna region, located in north-east Italy, with about 4.5 million residents.

Multi-level governance

Multi-level governance is a coordination process. Local capacity building is a crucial issue to improve quality and coherence of public policy



Multi-level governance: a definition

The coordination process is at the basis of the territory's governance; it is necessary for the establishment of coordinated instruments, agreements, and contracts that local developers will respect. Multilevel Governance should be understood as multidimensional, with multiple players who can have overlapping capacities within the same policy area.¹ Within this framework, multilevel governance is to be understood as the exercise of authority and various relationships transcending across levels of government. Multilevel governance leads to different forms of governance, reflected in vertical and horizontal dimensions. The "vertical" dimension refers to the linkages between higher and lower levels of government, including their institutional, financial, and informational aspects. Here, local capacity building and incentives to help increase the effectiveness of subnational levels of government are crucial issues for

¹ Samoggia, A. & Maccani, P. (2010) "Multilevel Governance and the Role of Regional Agencies in Territorial and Rural Development. A Snapshot of Three European Countries" , in *Strategic planning for local development. Case studies from small and mid-sized European cities*", UN-HABITAT SIRP-Belgrade. https://www.bib.irb.hr/476080/download/476080.Strategic_planning_LGI_UNHabitat_English_-_book.pdf

improving the quality and coherence of public policy. The “horizontal” dimension refers to cooperation arrangements between regions, municipalities, or sectors within the same territory¹.

Fairer trading practices: approaches and examples

Stakeholders’ view on fairness

Stakeholders support that a combination of voluntary codes and regulations is the most effective way to tackle UTPs. The greatest dissatisfaction with current EU position on UTPs was in the production sector.

Fairness: a survey was carried out in Emilia-Romagna in the VALUMICS project to probe stakeholders’ view on Unfair Trading Practices (UTP). Stakeholders support that a combination of voluntary codes and regulations is the most effective way to tackle UTPs. The greatest dissatisfaction with current EU position on UTPs was in the production sector

The Italian legal framework includes specific regulations to support fair trading practices in the agrifood chain going further than the voluntary European Supply Chain Initiative and integrated by regional regulation in Emilia-Romagna. These laws pre date the EU’s UTP Directive that in Italy and other member states has not been transposed into law yet.

The policy instruments supporting fairer trading that have been analysed can be summarised in two categories:

1. **Regulations dealing with unfair practices**
2. **Policy instruments supporting integration among the actors in the supply chain**

The first group of policies mainly deals with issues that have to be avoided (e.g.: Abuse of economic dependence/bargaining power, Lack of written contract, Lack of clarity in contract offer, Terms unreasonably imposing or shifting risks, Unfair breaking off of negotiation, Unfair contract termination). The second group has a more proactive approach trying to increase the territorial cohesion among the actors of the chain through joint collaboration and specific instruments. **While policies identified related to the first group are mainly national, in the second group there is stronger integration between regional and national level.**

Focus on Emilia-Romagna

Box 1

At national level, among the rules dealing with unfair practices we find:

- ✓ ‘Rules applicable to commercial transactions concerning the sale of farming and food products’ (Italian law decree n. 1/2012, art. 62)
- ✓ General rules (not specific for agri-food chain) concerning subcontracting relationships in productive activities (Art. 9, Law 18.6.1998, nr.192)

As concerns policy instruments supporting integration among the actors in the supply chain we find a wide set of regulation, including:

- ✓ Supply chain agreements and framework contracts for agro-food chains’ (Art. 9 and Art. 10. of Italian Law Decree 102/2005),
- ✓ “Supply chain contract” and “District Contract” (Art. 66 - Law n.289/ of December 27, 2002)

At regional level:

- ✓ Financial incentives for agri-food chain projects and to support investments of agro-industrial companies” (Regional Rural Development Programme 2014-20)
- ✓ “Criteria to recognize the regional agro-food producer groups and the Interprofessional Organizations (IO)” (Regional Law 24/2000)

Policies on unfair practices

While policies dealing with unfair practices are mainly national or European, in the policy instruments supporting integration among the actors in the supply chain we find higher integration between regional and national level.

Emilia-Romagna has established criteria to acknowledge ‘Interbranch Organizations’ (IBO) for agro-food sectors, pursuant to a Regional Law (24/2000) and also the EU law on Common Market Organisations. One of the objectives of this regional law is ‘to increase valorisation of products in order to have an equal distribution of the value among the subjects of the food chain, considering the production costs’. **This is a further way of tackling the perceived unfair transmission of prices in agro-food chains that has troubled the EU.** The IBOs must include member companies from at least two of the three stages of the chain (production, processing and distribution). Among other activities, **the IBOs can devise model contracts** to be used among members.

Emilia-Romagna’s Regional Rural Development Plan (RRDP 2014-2020) includes measures aimed at supporting food producers and other food businesses in ways, which, although not explicitly targeting UTPs, may help **strengthen the enterprises’ bargaining power or shield them from unfair contractual practices.** For example, a measure on ‘Agro-Food Chain Projects’ allows the regional government to direct financial resources to ‘projects’

linking enterprises along a value chain, where the participants enter into agreements covering their mutual obligations and responsibilities. An example is the Parmigiano Reggiano Chain Project, involving about 30 agricultural companies and 10 dairy companies in a cooperative consortium.

Integrity: food safety and authenticity

Stakeholders' view on integrity

- ✓ *agreement that current traceability requirements promoted food safety in value chains.*
- ✓ *support for the role of private standards in promoting food safety.*
- ✓ *less clear whether government endorsement of such standards would improve their effectiveness*
- ✓ *public funding for tackling food fraud was not sufficient*
- ✓ *national labelling schemes for locally produced food help to promote authenticity*

Food safety and authenticity: according to the VALUMICS survey the majority of regional stakeholders were in agreement that current traceability requirements promoted food safety in value chains. There was also support for the role of private standards in promoting food safety. It was less clear from the results whether government endorsement of such standards was felt to improve their effectiveness. There was strong agreement that public funding for tackling food fraud was not sufficient. There was general agreement that national labelling schemes for locally produced food were helping to promote authenticity.

Some national policies

Regulation on Food Safety at national level mainly refers to the European regulation. In Italy some specific regulation concerns particular aspects, such as: use of pesticides, food supplements, dyes, residues of veterinary drugs and contaminants, addition of vitamins, minerals and similar substances, materials and articles intended to come into contact with food. As concerns **Authenticity**, the ICQRF (Department of Central Inspectorate for Quality Safeguarding and Anti-Fraud Of Foodstuff And Agricultural Products) has been designated by the European Commission as Food fraud contact point for Italy and “ex officio” Italian Authority for PDO / PGI products. Another measure (D.L. 15/09/2017 n° 145, G.U. 07/10/201) establishes the reintroduction of the obligation to indicate production factories on the label of packaged agro-food products. The measure concerns products of the following categories: tomato pulp, milk and cheese products, pasta, rice.

A unique logo for made in Italy products “The Extraordinary Italian Taste” has been developed as an institutional marketing instrument for promotion activities of Italian agro-food products through information and communication campaigns. Owner of the logo are the Minister of agriculture, food and forestry policies and the Italian Trade Agency (ITA). The logo can be used by public bodies, associations, professional organizations, consortiums, etc.



Focus on Emilia-Romagna

At Regional level, Emilia-Romagna is the first region in Europe for number of **PDO and PGI products** (44), thanks also to the support of the Regional Rural Development Programme. The measure 3.1.01 of RRDP 2014-20 targets the agricultural and food processing actors of the production chains. The aim is to stimulate the subscription of new operators to the regimes of quality certification of the agricultural and food products, through financial contributions for the coverage of costs of certifications and analysis necessary for the subscription.

There is also a **brand registered by the Emilia-Romagna Region (Controlled Quality (Qualità Controllata - QC) - Regional Law 28 October 1999, n. 28**. Valorization of agricultural and food products with techniques respectful for environment and consumers' health). This brand can be used by companies working in the agri-food production, processing and distribution stages of the chain and that commit to respect a set of rules concerning quality from farming to the end consumer.



Stakeholders' view on sustainability

- ✓ *Non-committal about effectiveness of corporate responsibility/sustainability programmes*
- ✓ *Collaboration among firms, a key to manage water stewardship and preventing food waste.*
- ✓ *Competition law should be reformed to make collaboration easier public funding for tackling food fraud was not sufficient*

Environmental and social sustainability

Environmental and social sustainability: respondents were non-committal on the effectiveness of corporate responsibility/sustainability programmes managed at firm or trade association level, whereas there was clear agreement that collaboration among firms was key to managing water stewardship and preventing food waste. Correspondingly, there was strong agreement that EU competition law should be reformed to make collaboration easier along food chains.

There was concern from stakeholders that waste and losses were not being adequately addressed at the national level, and ambivalence about whether policies like public procurement helped to improve sustainability impacts. Linked to this, most respondents agreed that actors were not

taking sufficient action to measure environmental performance in their chains. Most respondents were keen to improve levels of collaboration, which they saw as important for the successful implementation of sustainability practices.

National and regional policies

Environmental and social responsibility represent a very wide thematic area and is not possible to summarize the related policies. Anyway, in some interviews of the Valumics survey, some actions and policy instruments emerged as relevant and strategic.

At **national level**, National Minimum Wages were seen to be an effective way to improve the living standards of low-paid food workers, and temporary and seasonal food workers were seen to be in need of specific legal protection.

At regional level, **Emilia-Romagna** has a Regulation (443/2011) aimed at promoting good commercial practices by means of **a voluntary code of conduct for retailers**. The code focuses on four principles, including **rights of the workers and the need for written contracts**. The initiative is strongly focused on **certified products of local origin** and makes the health of the agricultural work force more transparent along the value chain to the final consumer.

Promotion of PDO and PGI products

Promotion of PDO and PGI products shows synergy among national and regional policies with respect to food safety, authenticity and sustainability.

Key sources for further information

To discuss the research presented in this brief, please e-mail following VALUMICS partners' contacts:

- ART:ER - Attractiveness Research Territory), *Contact: gianandrea.esposito@art-er.it*
- Universita di Bologna, *Contact: antonella.samoggia@unibo.it*

Deliverable:

Barling, D., Sharpe, R., Gresham, J., Mylona, K. (2018). Characterisation framework of key policy, regulatory and governance dynamics and impacts upon European food value chains: Fairer trading practices, food integrity, and sustainability collaborations. The VALUMICS project "Understanding Food Value Chains and Network Dynamics" funded by EU Horizon 2020 G.A. No 727243. Deliverable D3.3, University of Hertfordshire, UK, 416 pages. <https://doi.org/10.5281/zenodo.3458159>

Disclaimer:

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