



Claude Ménard

(Professor of Economics, Centre d'Economie de la Sorbonne)

in cooperation with

Daniela Toccaceli

(Centre of studies on economic organization of agriculture and rural development –
Accademia dei Georgofili)

FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES



GAIA

CENTRO DI STUDI SULL'ORGANIZZAZIONE ECONOMICA
DELL'AGRICOLTURA E SULLO SVILUPPO RURALE
ACCADEMIA DEI GEORGOFILII

GIORNATA DI STUDIO SUL TEMA

22 FEBBRAIO 2019

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LOGGE UFFIZI CORTI - FIRENZE

**“COOPERAZIONE” E COORDINAMENTO DELLA FILIERA AGROALIMENTARE:
LO STRUMENTO DELLE ORGANIZZAZIONI DI PRODUTTORI**

FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (1) OUTLINE

WHAT WE WANT TO SHOW:

**INSTITUTIONAL CONSTRUCTION
OF VALUE**

FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (1) OUTLINE

... in relation to the theme of today:

INSTITUTIONAL MODALITIES TO FACE RISKS

by

SHARING RESOURCES

&

BUILDING JOINT CAPABILITIES

(if successful: rents to be shared)

FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (1) OUTLINE

OUR ASSUMPTION:

COOPERATION IS ABOUT MODALITIES FOR FACING
RISKS

OUR QUESTION:

WHAT DRIVERS CAN MAKE COOPERATION
SUSTAINABLE AND EFFICIENT?

FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

(1) OUTLINE

OUR ANSWER:

DRIVERS ARE EMBEDDED IN DIFFERENT

INSTITUTIONAL LAYERS

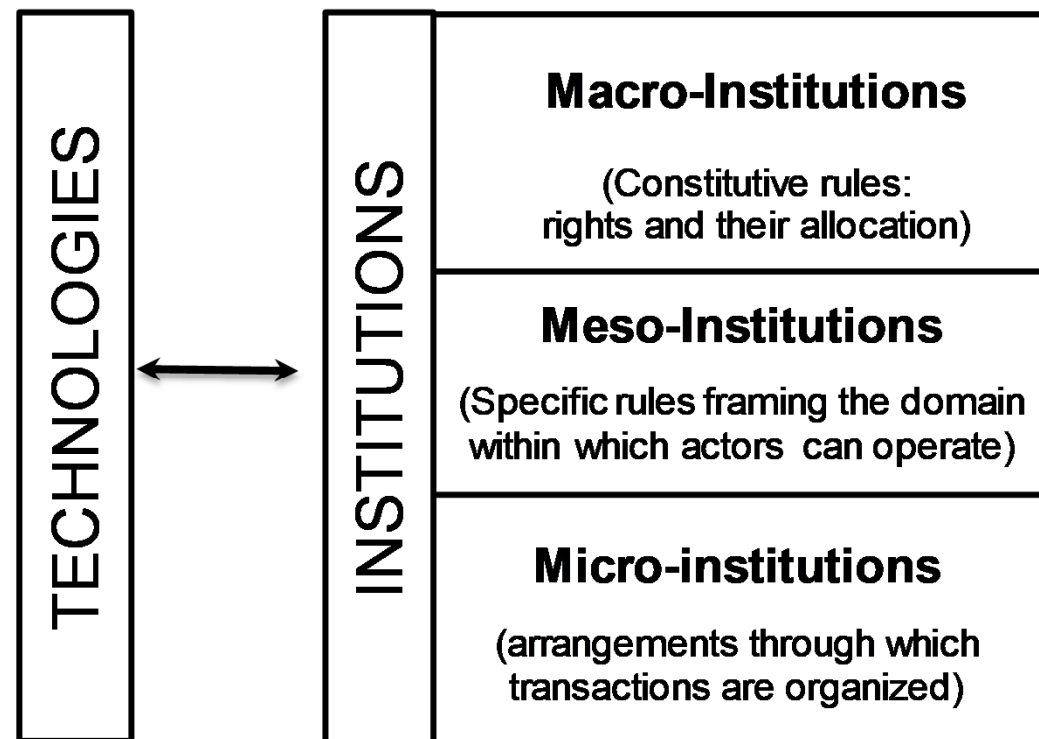
THROUGH WHICH TO DEAL WITH DIFFERENT

TYPES OF RISK

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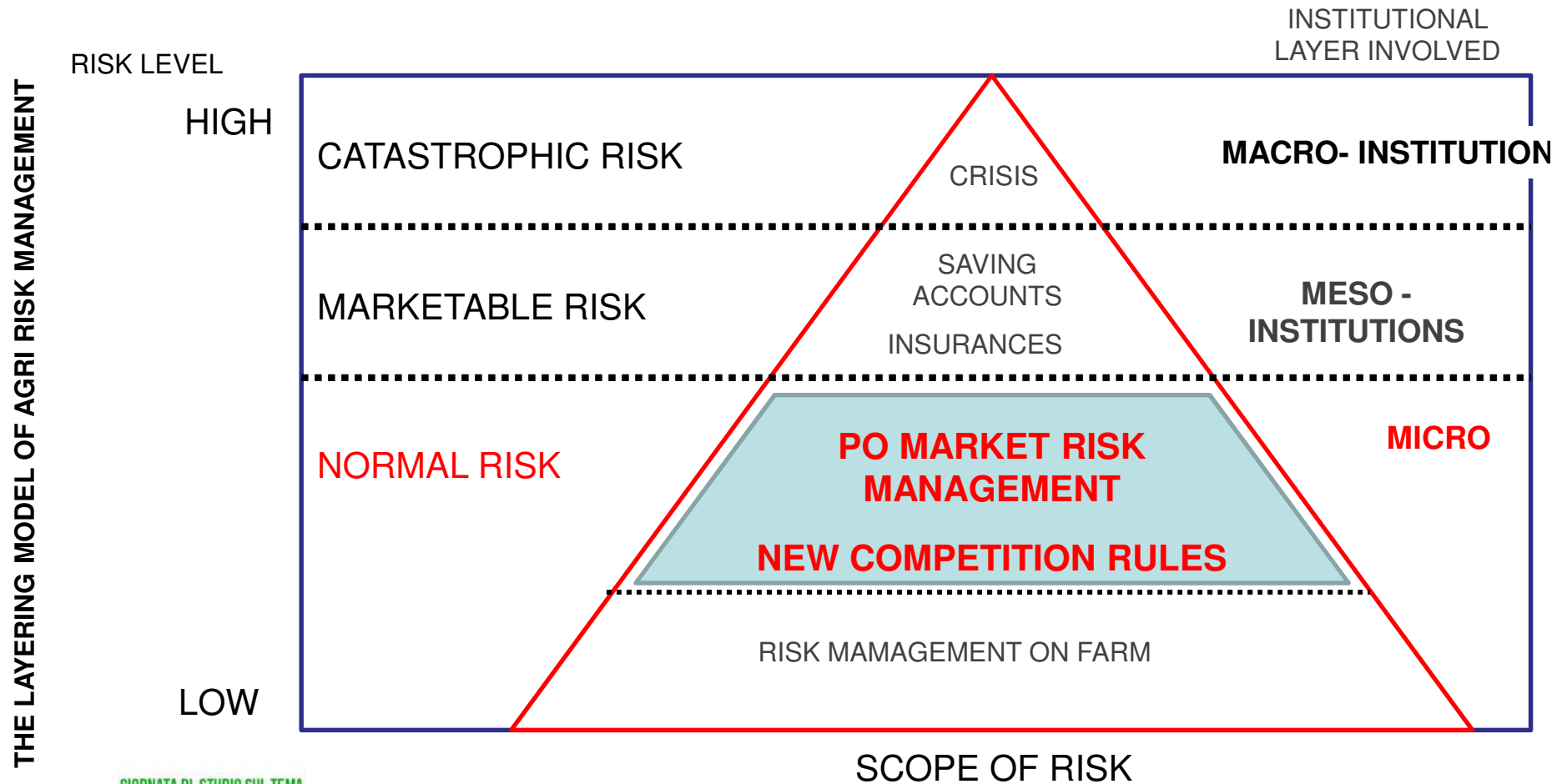
(1) OUTLINE

INSTITUTIONAL LAYERS (WITH RELATION TO TECHNOLOGY)



FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (1) OUTLINE - DANIELA TOCCACELI

WHAT KIND OF RISK?



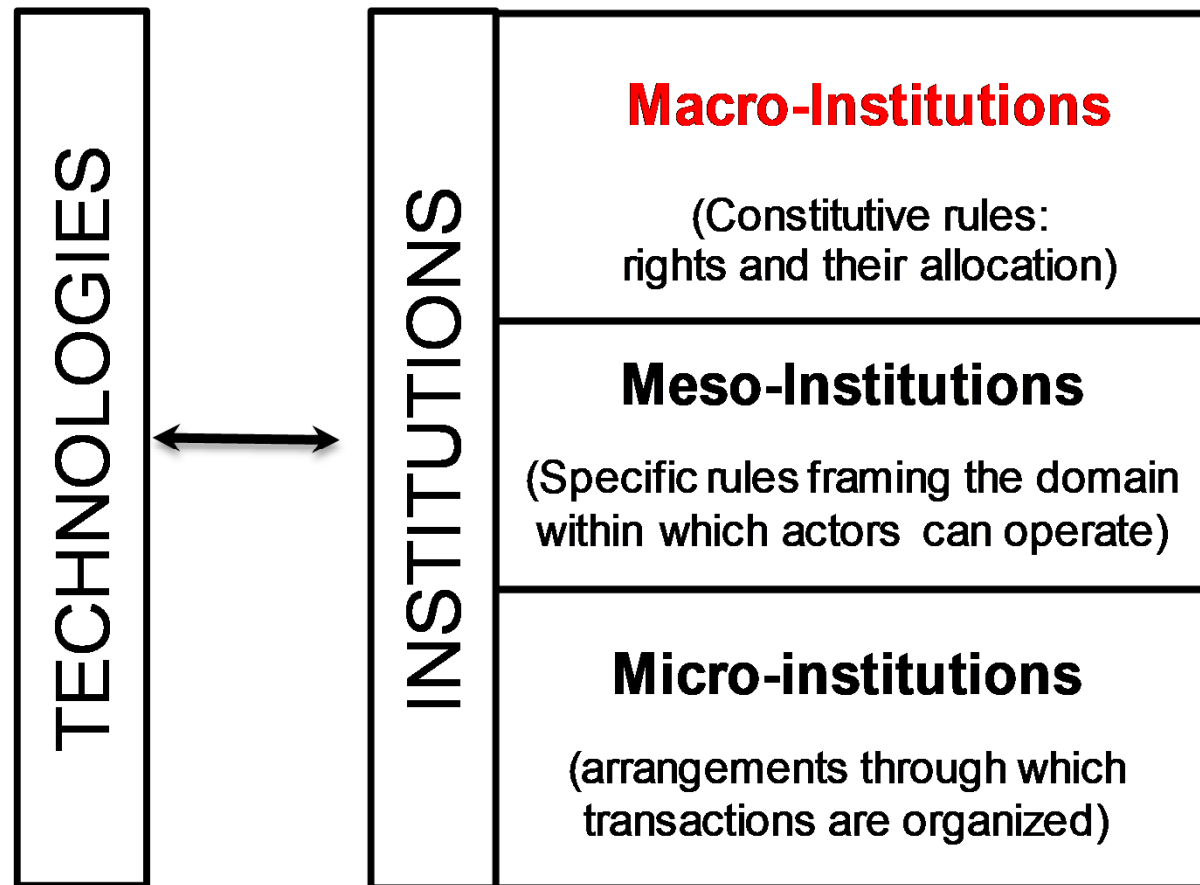
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FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

(2) MACRO-INSTITUTIONS



FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (2) MACRO-INSTITUTIONS

Ex.: European Parliament



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FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

(2) MACRO-INSTITUTIONS

2) WHAT ARE 'MACRO-INSTITUTIONS'?

Entities through which rules and rights are defined/delineated

Ex. of entities: European Parliament, European Commission, Courts ...

Ex. of rules and rights: Agricultural Policy

(See presentation of [Bruno Buffaria](#))

FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (2) MACRO-INSTITUTIONS

2a) WHAT FUNCTIONS WITH RESPECT TO RISK?

Institutional insurance

- * **Securing rights** (Property & Decision)
- * **Compensation mechanisms** (prices, quotas)

Main consequence:

INNOVATION IS AND MUST BE LIMITED

Stability & predictability of rules is key issue

FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

(2) MACRO-INSTITUTIONS

DANIELA TOCCACELI

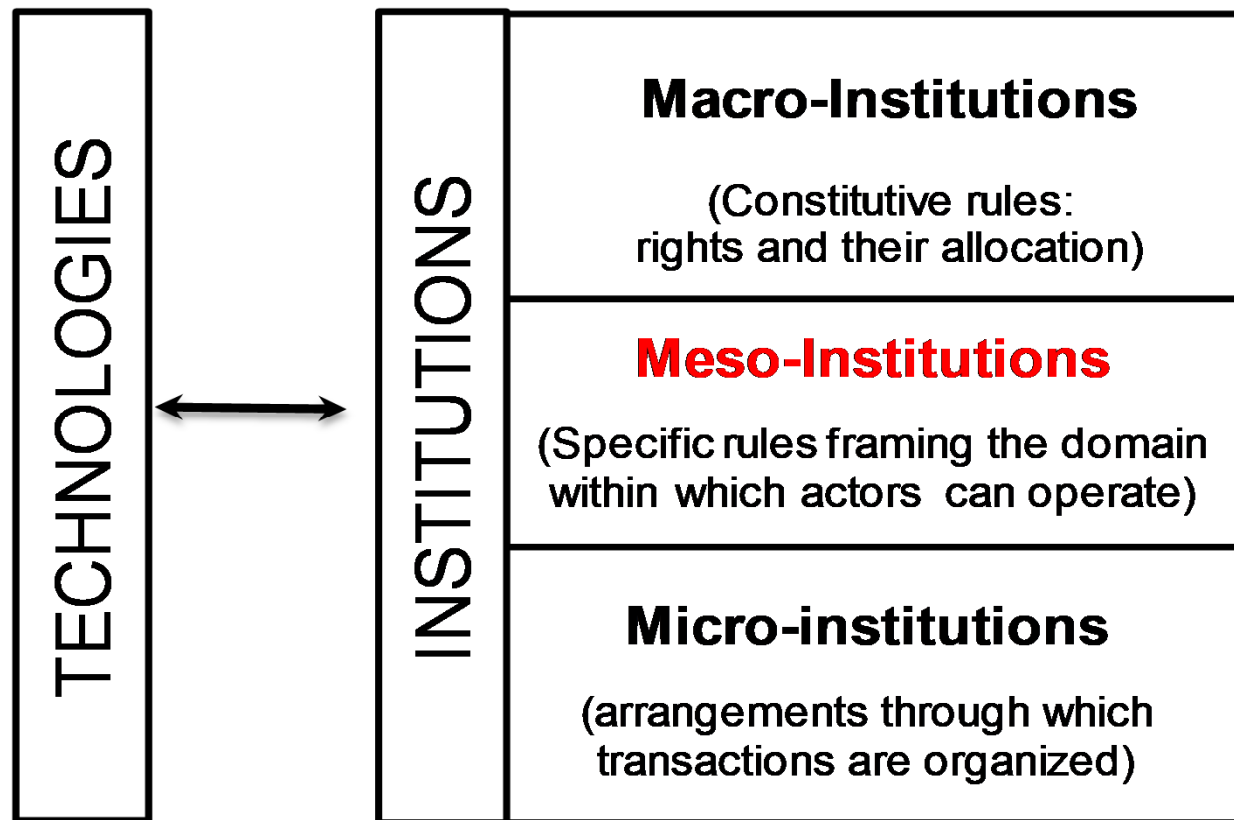
2b) EXAMPLE OF REG. OMNIBUS



FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

(3) MESO-INSTITUTIONS

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FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

(3) MESO-INSTITUTIONS

AGCM:



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FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

(3) MESO-INSTITUTIONS

3) WHAT ARE 'MESO-INSTITUTIONS'?

Entities through which norms and rules are actually implemented and controlled

Ex. of entities: Certifying organizations (e.g., VALO ITALIA), regulatory agencies (competition...)

Ex. of norms and rules: Protocols, agreements, “disciplinare di produzione”

See presentation by [Andrea Comacchio](#)

FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (3) MESO-INSTITUTIONS

3a) WHAT FUNCTIONS WITH RESPECT TO RISKS?

Allocating, monitoring and smoothening risks

- * **Building cooperation** (Incentives AND trust)
- * **Harmonizing practices** (through procedures, protocols)

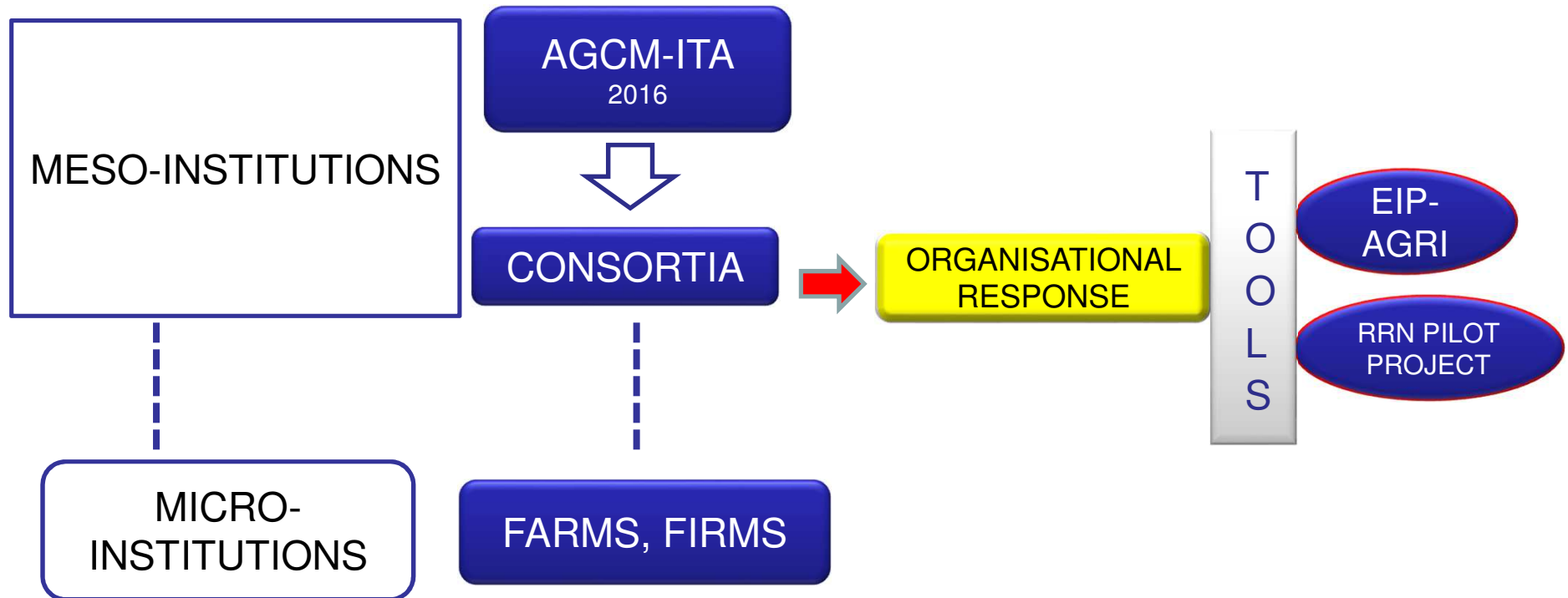
Main consequence

COORDINATION & ENFORCEMENT = KEY ISSUES

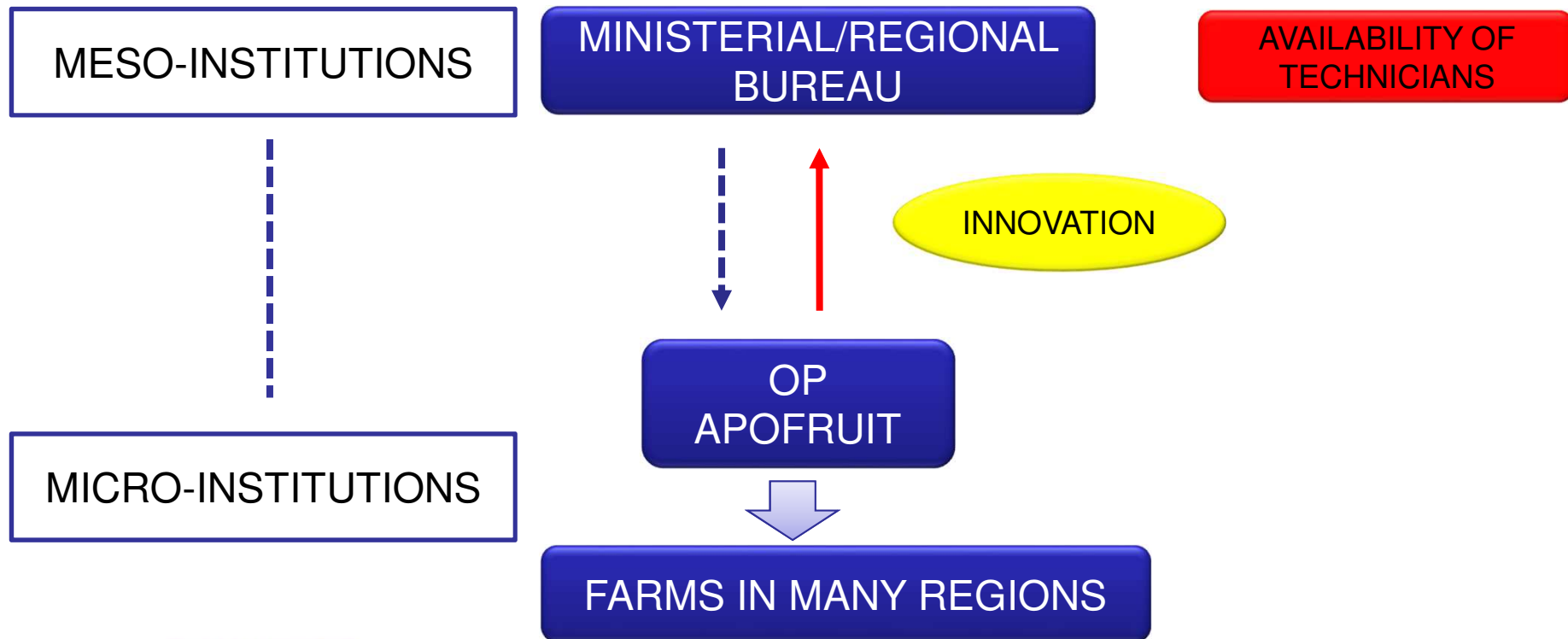
➔ Defining tools to discipline parties: Rewards and Penalties



3b) HOW MESO AND MICRO INTERACT: THE EXAMPLE OF D.O. WINE CONSORTIA

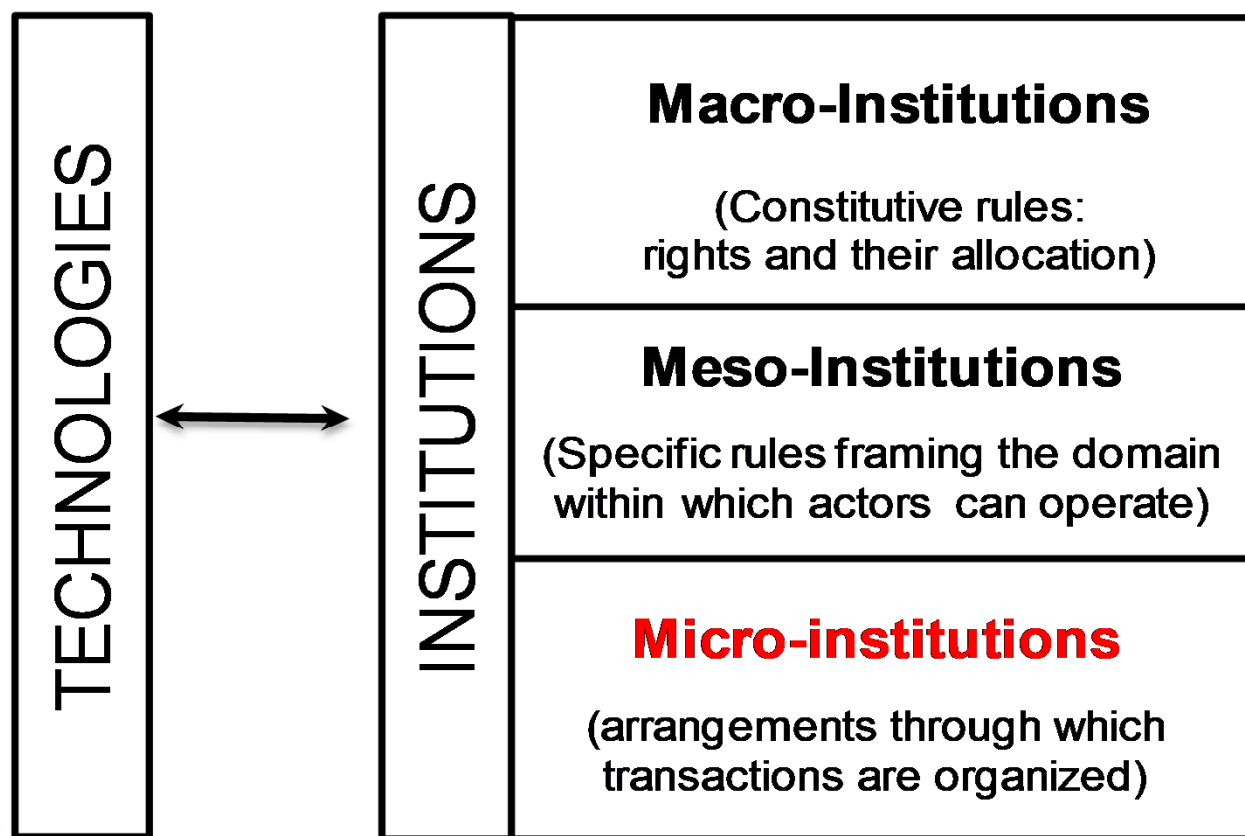


3c) HOW MESO AND MICRO INTERACT: THE EXAMPLE OF MONITORING CMO OPERATIONAL PROGRAM



FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

(4) MICRO-INSTITUTIONS



FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (4) MICRO-INSTITUTIONS

Tuscan Olive Oil



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(4) MICRO-INSTITUTIONS

4) WHAT ARE 'MICRO-INSTITUTIONS'?

Entities through which transactions are actually organized in order to create value.

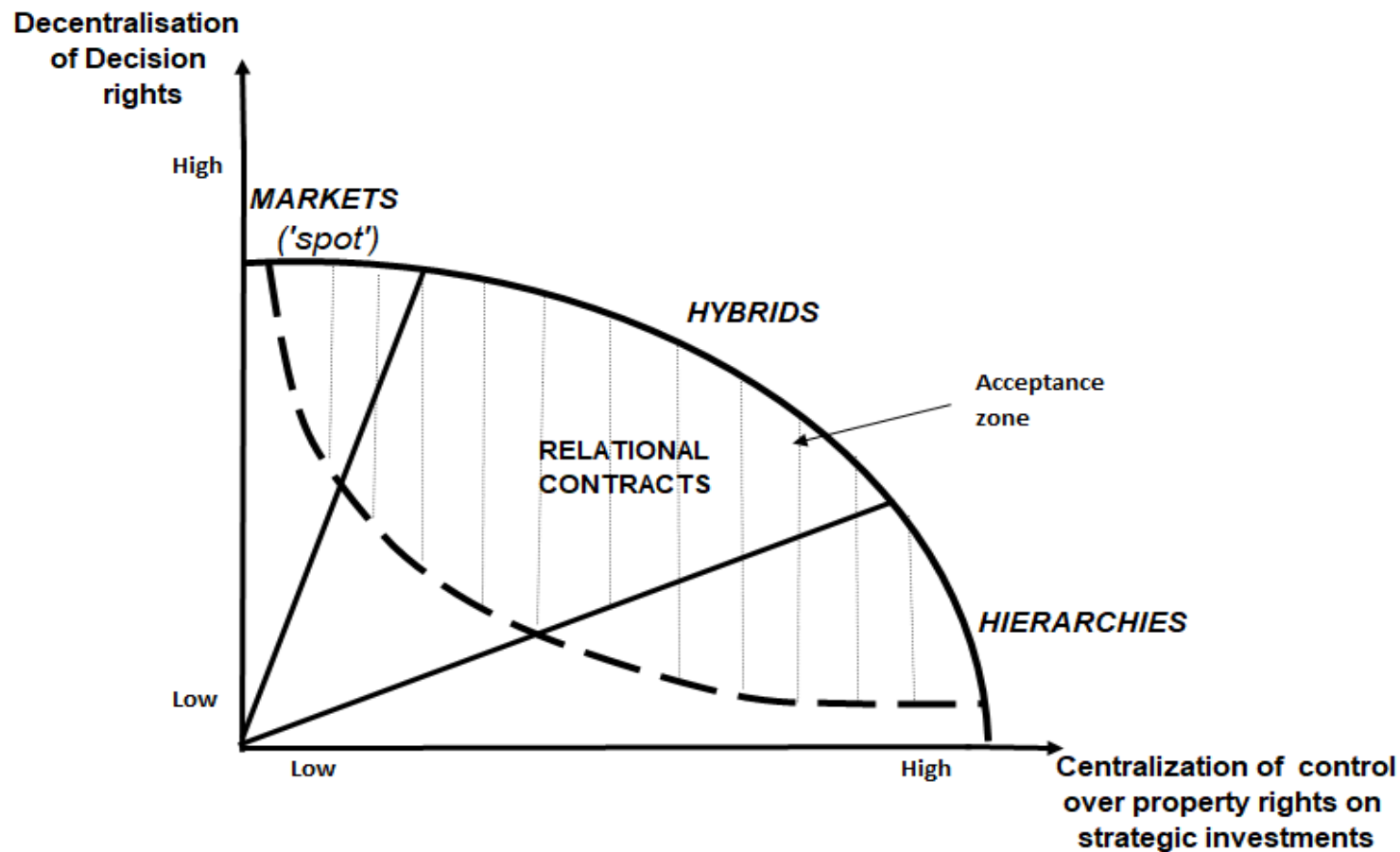
Ex. of entities: **producers organizations**, coops, farm, firm, ...

Ex. of transactions: 'individual' **contracts**
(most of the time incomplete; consequences)

FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

(4) MICRO-INSTITUTIONS

4a) WHAT ARE 'MICRO-INSTITUTIONS'?



FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

(4) MICRO-INSTITUTIONS

4b) WHAT FUNCTIONS WITH RESPECT TO RISKS?

Safeguarding // Creating value through

→ Organizational innovation:

- * Securing transactions (ex.: UTP) through risk sharing
- * Organizing allocation of rents among parties
(contractual agreements, market transparency)

→ Technological innovation

- * Cross-sector technologies (ex. ICT)

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(4) MICRO-INSTITUTIONS

Main consequence

INNOVATION IS CENTRAL

Adaptability of internal rules on organizational side

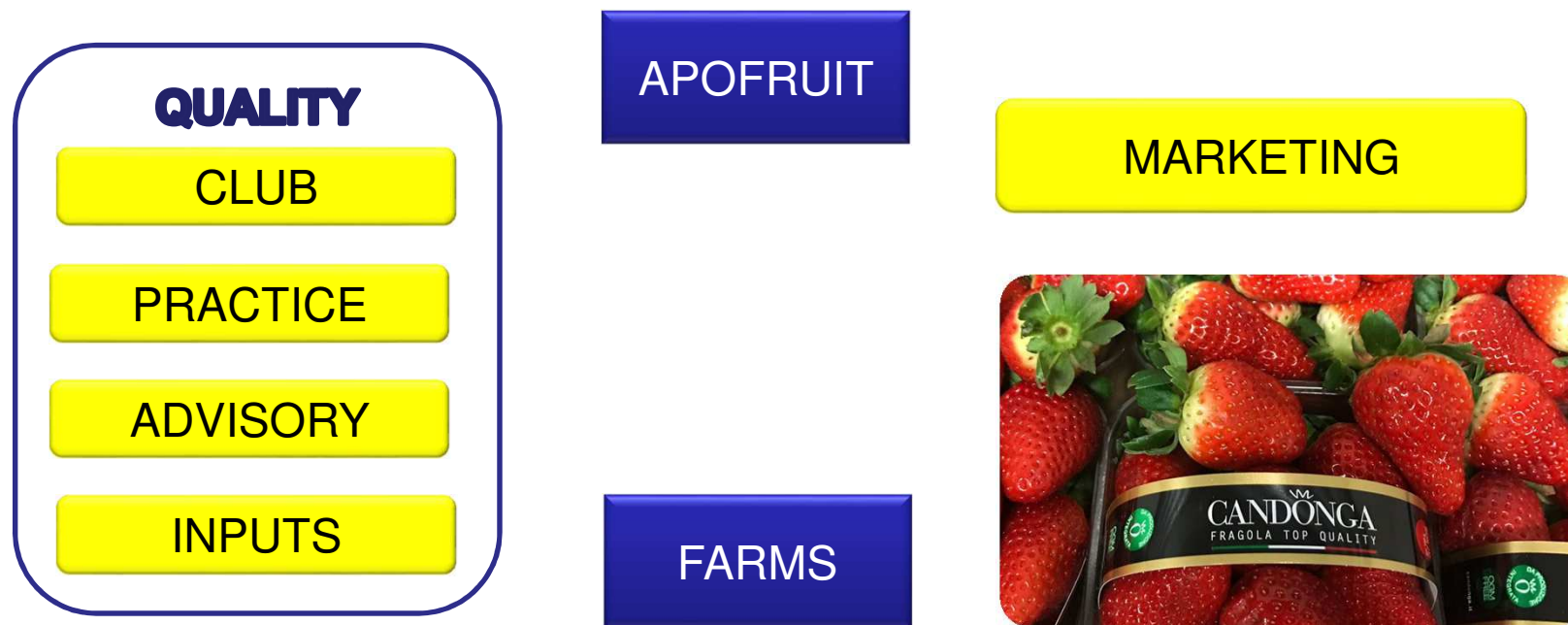
Gains and Risks of First mover on technological side

**ADVANTAGE OF COOPERATION:
SHARING EXPERIENCES AND RISKS**

FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (4) MICRO-INSTITUTIONS

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INNOVATION WITH ORGANIZATIONAL DIMENSION: the role of OP in the example of Basilicata Strawberry



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(5) CONCLUSION

INNOVATION is everywhere already!!!

INSTITUTIONAL INNOVATION:

Ex.: New laws; new agencies; new modes of cooperation.

→ Pace is very different along different layers

TECHNOLOGICAL INNOVATION

Ex.: ICT, biotech, method of irrigation

FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

(5) CONCLUSION

IN ALL CASES, TRANSACTION COSTS INVOLVED

Transaction costs: costs of reorganizing, of switching to a different technology, of bureaucracy ...

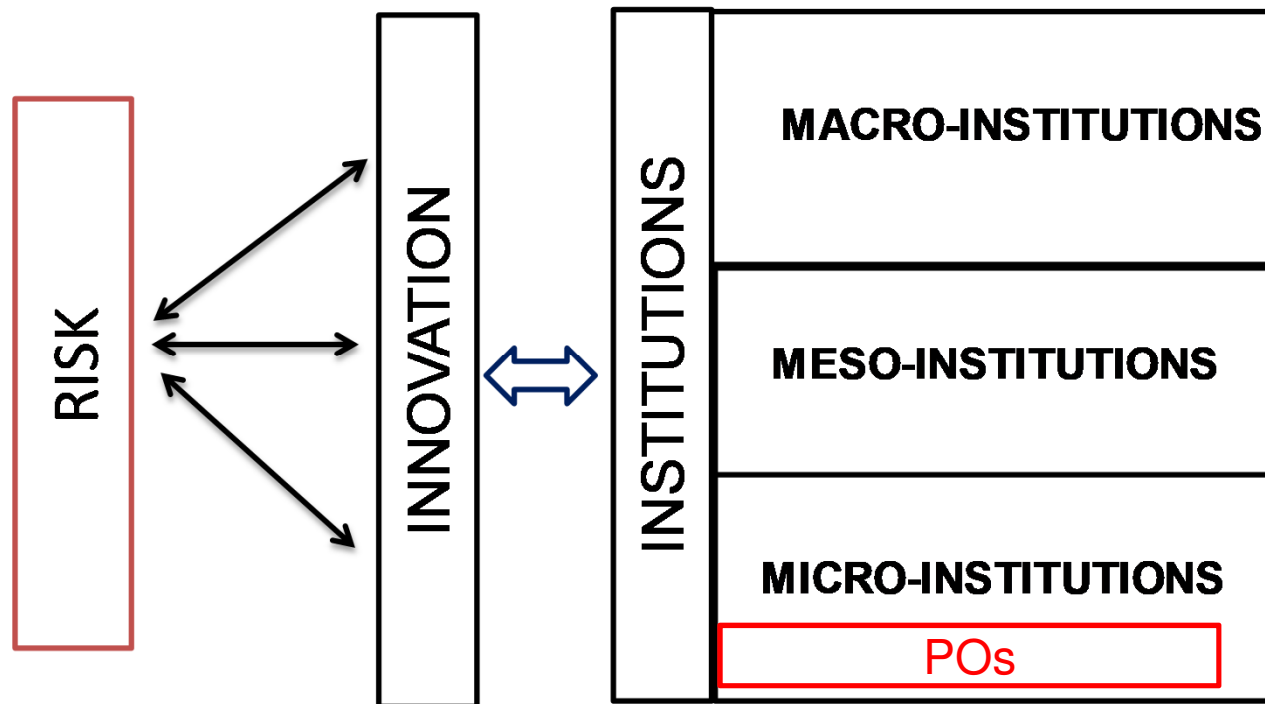
- (1) costs vary according to alignment (+/-) between a transaction and its organization
- (2) choosing the appropriate organization is central

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(5) CONCLUSION

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IS PO THE APPROPRIATE ORGANIZATION?



**IN THE INSTITUTIONAL CONSTRUCTION OF VALUE TO
FACE RISK ALL P-LAYERS PLAY A CRUCIAL ROLE**

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