The Mesoinstitutional nature of the Interbranches Organizations: a case study in the Italian Tomato Sector[1]

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Abstract

The study addressed the problem of the nature of Interbranch organization (IB-SC) in the Tomato sector in South-Center Italy. Both theoretical and empirical reasons are at the basis of the empirical analysis. The study adopt a theoretical background based on recent development of New Institutional Economics, introducing the concept of mesoinstitution (Ménard, 2014). This new model provides new lens to understand the problem of coordination among the agents. The research problem was addressed in two subsequent steps. The paper first classify the IB-SC as mesoinstitution taking into account the functions carried out by the IB-SC, especially with respect to the transaction between the producer organization (groups of farmers) and the processing company. Secondly the study makes an attempt to clarify how the setting up of the IB-SC introduced a system of contracting aimed at allowing the achievement of both individual and chain, socially relevant, objectives. In doing that the empirical data confirm the potential overlapping (Ménard *et al.*, 2021b) of some function of meso and micro-institutions.

Keywords: Italian tomato chain, coordination, contracting, meso-institutions

1. Introduction

This study adopts recent development in New Institutional theory (Mènard, 2014, 2017, 2021) in the analysis of specific entities concerning the institutional and organizational dimensions of the Italian tomato food chain. The coordination of the agents along these chains is articulated at different levels and in Italy is characterized by the role of two Interbranches organizations (IBs). IBs are specific entities established by the European law n. 1308/2013 whose functions essentially are intended to promote the efficient organization of the transaction in food chains. These organizations are based on the participation of agents of different stages of the chains, basically

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producers organizations and processors. Beyond promoting the achievement of stronger efficiency, IBs are also designed to induce the achievement of further general objectives: the promotion of innovation, environemnt protection and fair practices in labour recruitment. The theoretical framework of the study sheds lights on the nature of IBs and supports the development of empirical analysis in the field.

The study first presents the theoretical framework adopetd and then illustrates the characteristics of the IBs as established by the European law. Drawing from a previous empirical research (Martino *et al.*, 2018), the paper presents a case study concerning the South-Center Interbranch Organization in the Italian tomato sector. The analysis identifies the functions carried out by IBs in the sector and recognizes the mesoinstitutional nature of the organizations considered. Drawing from Ménard *et al.* (2021) the study then clarifies the IBs role in favouring the coordination thourgh contracting among the parties and the consequent enlargement of the domain of transactions. Secondly the study discusses the role of the interbranches organizations in promoting the achievement of socially relevant outcomes (environment protection, fair rules in agricultural labour recrutiment). The conclusions of the study underlines the effectiveness of the empirical evidence for the design of the organizations and the agricultural policy and points out some possibilities of further empirical analysis.

2. Research problem and objectives

The European Union Reg 1308/2013 states the roles of the inter-branch organizations in EU. This role concerns with different areas of activities which really aim at improving the coordination of the chain agents and achieve socially relevant objectives. Inter-branches organization are mainly considered in literature as instrument of achieving efficiency and fostering transparency in Agri-Food chains (Camanzi *et al.*, 2018; Markou *et al.*, 2020; Bodigue, 2013). Their role in promoting local development (Arfini and Mancini, 2018) and food product quality (Mancini *et al.*, 2019; Donati *et al.*, 2019; Canale *et al.*, 2021) have been also highlighted, enlarging the scope of the

possible outcomes these organizations may help to achieve. Then it seems that there are many economic and policy reasons for introducing such type of agents in the EU chains regulation. A systematic discussion of these reasons is out of the scope of this study. The focus here is rather on how the multiple roles the IBs play, or may, play can be interpreted within an integrative approach allowing to account how the multiple roles are played in different field, but in an unified organizational framework. In order to proceed the main roles of IBs according to the EU law are summarized in the Table 1.

Table 1: Roles of IBs according to the European union law

AREA OF INTERVENTION	ROLES
Information	(i) improving knowledge and the transparency of production and the market, (ii) forecasting of production potential, and recording public market prices;
Market	(iii) helping to coordinate better the way the products are placed on the market; (iv) exploring potential export markets;
Contract	(v) drawing up standard forms of contract;
Products and productions	(vi) exploiting to a fuller extent the potential of the products;
	(vii) providing research necessary to innovate, rationalise, improve and adjust production and the processing and marketing;
	(ix) developing methods and instruments for improving product quality;
	(x) taking all possible actions to uphold, protect and promote organic farming and designations of origin, quality labels and geographical indications;
Sustainable development	(xi) promoting and carrying out research into integrated, sustainable production or other environmentally sound production methods
Food safety	(viii) seeking ways of restricting the use of animal-health or plant protection products;
	(xii) encouraging healthy and responsible consumption of the products;
	(xiii) promoting consumption of, and/or furnishing information concerning products on the internal market and external markets;
Circular economy	(xiv) contributing to the management of by-products and the reduction and management of waste.

Source: the Authors

As shown in the table, these roles pertains to different areas of activities and make the IBs strategic subjects in a food chain. Almost all these areas are related to the coordination of the food chains

agents. A received stream of research addresses the coordination issues in Agri-food chain in a New Institutional Economics (NIE) perspective (Frank and Henderson, 1992; Hobbs and Kerr, 1992; Ménard and Klein, 2004; Raynaud and Sauveé, 2009; Kormelinck *et al.*, 2019; Falkowski and Cheblinka, 2021). NIE provides the theoretical instrument to explore this field. Coordination requires organizational solutions – governance structures (Williamson, 1985, 1991) - which are chosen by the economic agents in the given institutional environement (North, 1990). There are however two motivation, one theoretical and one practical, to go in deep in the analysis.

The theoretical motivation for investigating the nature of IB is that a recent theory (Ménard, 2014) is innovating the NIE model based on two institutional layers (institutional environment and governance structure), providing an enlarged set of theoretical instruments also for the analysis of the institutional and organizational arrangements in Agri-Food chains. The new theory – summarized in the next paragraph –introduces a further layer (the mesoinstitutions), intermediate between the institutional environment (macroinstitutions) and the governance structures (micorinstitutions). With respect to the area of study of this paper, this theoretical innovation posits: a) a general requirement of looking with lens grounded in the new model to the Agri-Food chains with the purpose of deepening the understanding of economic and social reality of the chain; and b) a consequential and specific necessity of empirical investigation as it has been showed that, under particular conditionss there may be an *overlapping between the functions of the mesoinstitutions and those carried out by the governance structures* (Ménard *et al.*, 2021b). It seems then quite appropriate to analyze the IBs case in the light of the new model and explore separation and the potential overlapping between meso- and micro-institutions (governance structures) in the variety of the organizational forms in Agri-Food chains.

The practical reason is that the European strategies and interventions in bioeonomy (Directorate-General for Research and Innovation, 2018) are increasingly inducing change in the Agri-Food chains mobilizing the agents toward the search for achieving objectives of economic, evironmental and social sustainability. In addition, an increasing attention is being paid to ethics (Hinrich, 2014;

el Bilali, 2019) and the diffusion of fair practices in agricultural, especially those involving the migrant workers (for the Italian case see: Ministry of Labour and Social Coehesion Policies, 2019). Many of these objectives depend upon the behaviour of all the agents along the chain. Therefore the agents coordination tends to require to be finalized also toward the direction of achieving these socially relevant objectives, beyond the standard goal of exchange efficiency.

Thus, the research problem addressed here concerns with the question what is the institutional nature of the IBs and their role in coordination? Accordingly the objectives of study are to identify the institutional nature of IBs and to explore the interface between the meso- and micro-institutions.The research was carried out by a case study concerning the the Italian tomato sector. There are three motivation for the selection of the case study: a) the Italian tomato sector is a very developed one having a prominent worldwide position (Ismea, 2017; Anicav, 2020); b) the sector is characterized by a large number of farms, producers organization, private processing companies which since many years maintain complex organizational structures which however present some regularities across the country and the years; c) two inter-branch organizations have been established in recent years, one managing the North Italy production (*Distretto Nord*) and one the South-Center Italy production (*Distretto Centro Sud*, IB-SC). This paper concentrates on the latter IB.

The research problem is addressed in two step. First the South-Center Italy production functions are analyzed in the light of meso-institutional theory; then the contracting system designed by IB-SC, Producer Organization (POs) and processing companies is illustrated and analyzed. This will require to take into account both the mesoinstitutional layer and the hybrid organization which represents the most diffused mode of governance between PO and processing companies.

3. Theoretical approach

Recent theoretical development identifies a three layers institutional framework (Mènard, 2014): a) the macro-institutions (institutional environment), which regard the rules and norms definition; b)

the meso-institutions, which consist of the bodies aimed at connecting the rules and norms definition with their operational application in governance structures; c) the micro-institutions or governance structures, which allow the agents to organize their transaction. More precisely the concept of meso-institutions has been introduced and elaborated by Ménard (2014, 2017): meso-institutions are devices that are in charge of actually implementing the general rules of the game through their translation into rules specific to sectors and/or geographic areas, thus framing and delineating the domain of activities of actors (Mènard, 2014, p. 578). Meso-institutions are necessary because laws and norms are often abstract or ambiguous (Ménard, 2017) and then they need to be interpreted by devices that translate the general rules in specific guidelines and mechanisms that shape their implementation adapting the definition and allocation of decision rights and their usage to the scope, the space and time in which actors evolve (Ménard, 2017; see also: Royer *et al.*, 2016 and Rouviere and Royer, 2017).

More precisely, meso-institutions carry out three functions (Ménard, 2017; (see also Ménard *et al.*,, 2021):

a) *Translation*: which consists in providing guidelines, information about () norms, formations, and in broad terms makes the constitutional rules (North, 1990; Ostrom, 2014) context specific (at sector or geographical level) and, thus, manageable by actors operating at the micro-level;

b) *Monitoring*: monitor/control the implementation of rules translated, establishing procedures that actors have to follow and checking their actual implementation;

c) *Enforcement and feed-back*: based on the power to penalize those who do not comply with the rules and on the possibility to provide feed-back to regulatory authorities (see also Ménard *et al.*, 2021).

Literature points out that the difference between mesoinstitutions and microinstitutions is that the former do not create value (Ménard *et al.*, 2021a, 2021b). A transaction is the exchange of good or service, aimed at value creation (Coase, 2005, 1960), across an interface technologically separable (Williamson, 1985). The exchange create value for the transacting parties (Coase, 205, 1960). The

choice of the governance structure is made by the parties by negotiating seeking to econoimize on transaction costs (Williamson, 1985). The institutional environment has to determine the possibility the parties have to negotiate and design governance structures (North, 1990). Williamson (2005) showed that shift in institutional environment change these possibilities, improving the possibilities for the agents to achieve efficient organizational solutions. The meso-institutional theory deepen this analysis and show how the three meso-institutional functions mentioned are necessary to allow the agents to implement the constitutional rules and micro-institutional level. This also implies that meso-institutions functioning enlarge the domain of the possible transactions the agents could undertake. The micro-institutional arrangements define the transaction governance (internal rules, codes, conventions) remaining submitted to the specific rules set by meso-institutions and grounded in the general rules (Mènard, 2014, p. 579).

Although the two layers of micro- and meso-institutions are clearly separated, there may be cases in which the functions carried out by mesoinstitutions and some microinstitution may overlap in order to guarantee the efficient organization of the transaction. Actually, in order to efficiently organize transactions and face hazards, " (…) parties have a strong incentive to turn to interfirm agreements, typically through contracts; or, when contractual hazards or institutional obstacles are too high, to the intermediation of a third party acting as coordinator" (Ménard, 2021b, p. 3). This theoretical point puts the overlapping between meso- and micro-institutions with the uncertainty and the risks related as well as the limits raised by the institutional environment. This statement contributes to the mesoinstitutional theory and has been corroborated by empirical evidence (Ménard *et al.*, 2021).

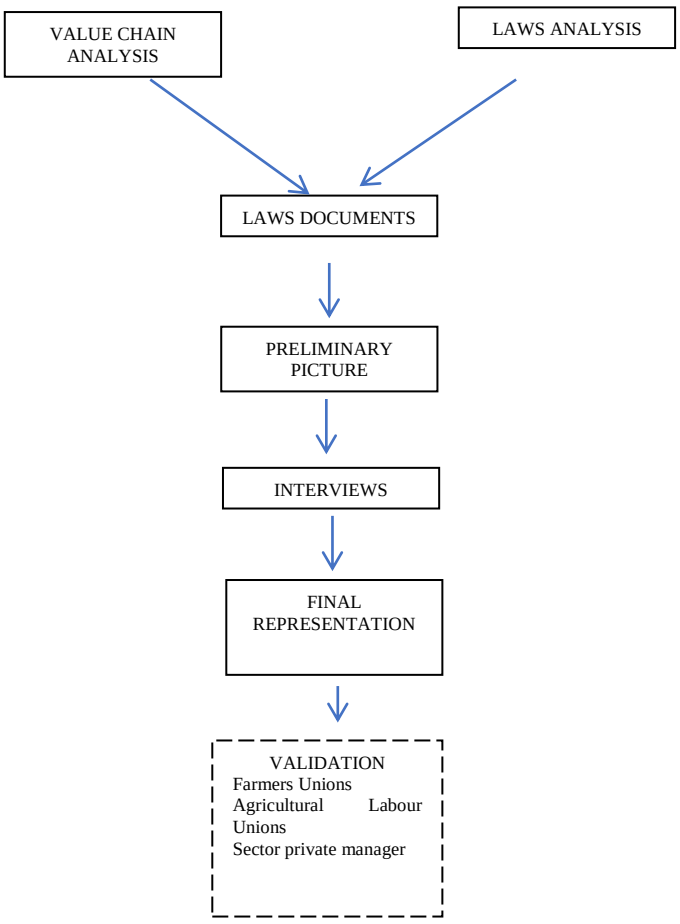
In the following the mesoinstitutional theory is used to address the research problem and to explore how the coordination of the agents in the Italian tomato chain can be articulated both at the meso- and micro-institutional level, while the layer remain effectively separated.

4. Methodology

To address the research problem introduced the research group carried out a case study concerning the South-Center Interbranches Organization (IB-SC). Provided that the focus of the study is on guidelines, procedures, protocols and characteristics of the governance structure – elements which require to use concepts rather than measures (Goetz and Mahoney, 2012, 2006) - the methodological approach chosen is qualitative in nature (Ravitch and Carl., 2019)

The study thus combined document analysis and interviews to identify the functions carried out by the Interbranches organization at stake and analyze the data gathered in the light of the mesoinstitutional theory. The Figure 1 illustrates the steps made.

Figure 1: Empirical research protocol



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The study was carried out from December 2020 to October 2021. The interviews were carried out with the following persons (duration in hours in brackets):

a) President of the South-Center Interbranches Organization of the Tomato Sector (Italy) (1 h);

b) two manager of the same organization (double interview, each 1 h);

c) Director of the processing companies association (Anicav, three interviews, each 1 h);

d) President of the Producer organization “La Meridionale” (two, each 1 h);

e) Manager of Conserve Italia (two interview, each 1h);

Data triangulation was carried out by ontrasting the data gathered by the interviews with chain experts additional interviews. For the validation the following persons were interviewed:

a) Former manager of Conserve Italia (1,5 h);

b) Manager of Confederazione Italiana Agricoltori (1 h)

c) Manager of Coltivatori diretti (local) (two interviews, each 1,5 h)

5. Results and analysis

5.1 South-Center Italy Tomato Interbranches organization: *Distretto Centro Sud*

The South-Center Italy Tomato Interbranches organization (IB-SC) is a private association established by voluntary agreement among farmers Producer Organization, processing companies and their association from several Italian regions: Abruzzo, Basilicata, Calabria, Campania, Lazio, Marche, Molise, Puglia, Toscana, Sardegna, Sicilia e Umbria.

The IB-SC has been recognized by a Ministry of agriculture Decrete on 23rd October 2018. The IB-SC engages 22 Producers organziation (about 28 000 hectares of tomato crop) and 51 processing companies (2,3 millions of tons of tomato, corresponding to the 99% of the product obained in the South-Cener Italy.

The main elements of the IB-Sc are the Assembly of the members, the Coordinating Committee, the President. The Coordinating Committee, beyond the President, includes a minimum of 11 and a maximum of 21 members elected among the IB-SC members. The Committe hase the function of: a) set the fucntions of the President; b) to implement the decision of the Assembly; c) to propose to the Assembly the balance; d) to elaborate and propose to the Assembly the *Accordo Circocrizionale Generale*. The IB-SC Assembly has the task of defining a strategy for the marketing and the organization of the whole chain in a manner *coherent* with the national and regional policies. In particular, it assumes its decision according to the Reg CE 1308 (2013) and the D.Lgs. n. 51/2005.

The IB-SC has the following goals: planning the production, setting quality and environmental standards, designing a system of agreement favouring the coordination of the farmers' producers organization and the processing companies, also paying attention to the territorial systesm.

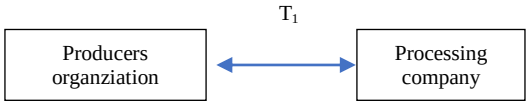
The quantity of the tomato managed by the IB-SC grew at the rate of 11,3% in the last three years (from 2.626.519 tons in 2018 to 2.876.863 tons in 2019 and 2.922.941 tons in 2020), despite the reduction of the 2% of the ration between product processed/product contracted (Anicav, 2020).

INS TABLE ON PRODUCTION

5.2 Transactions and coordination

The tomato chain entails a series of transactions, from the plant preparation to cropping, processing, transporting and distributing. The focus here is on the transaction T_1 which is organized by the Producers organization (PO, a collective agent which is established by farmers on the basis of the European Law) and the Processing company (Figure 2):

Figure 2: Tomato sector transaction at agricultural-processing stage



This transaction is characterized by *market uncertainty* (due to the fluctuation of the final demand, changing especially in terms of type of product, (e.g. *passata* vs *pelati*[2]) and *asset specificity*. On farmers site the asset specificity is basically time specificity (because once the crop has been undertaken the high investment made cannot be redeployed[3]) and human specificity (farmers competences). The processors face site specificity in nature (plants) but also time specificity: the processing companies actually need to cover a long period of activity (from August to October) to reach the necessary scale economies in managing the plant, therefore they need to purchase tomato form different crop varieties (harvested in different period). Different types of uncertainty also play a significant role. First there is a relevant market uncertainty, basically related to different evolution of the final demand for the different products (*passata, pelati, organic tomato* among others, see Anicav, 2020; Ismea, 2017). Second, the technology is also changing to allow the achievement stable quality level, coping with the effects of climate change and making able the farmers to guarantee an adequate level of environment protection. Behavioural uncertainty is also at stake in T1 as there may be Pos that do not really channel all their product by the system of contract, but may organize alternative transaction with processing partners.

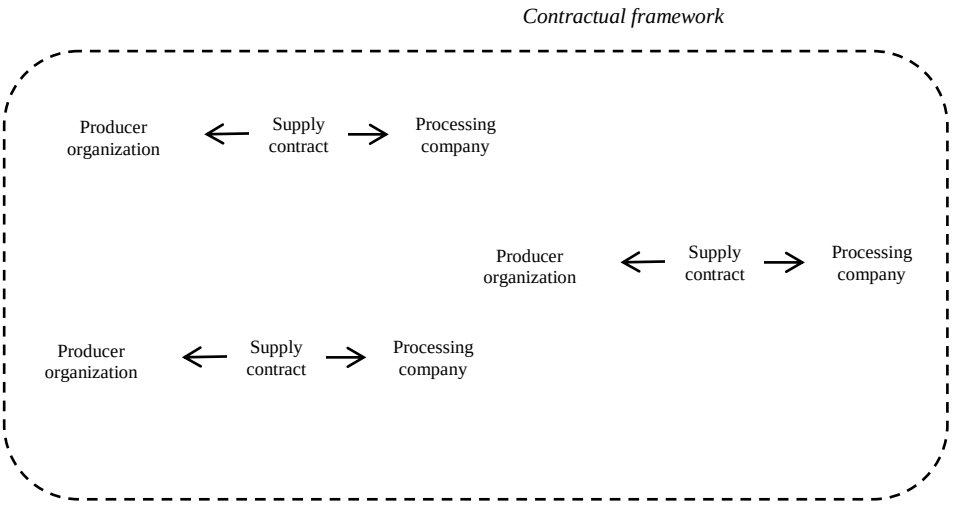
The way the farmers and the processors organize the transaction T_1 is basically a hybrid mode of governance – as defined in NIE (Williamson, 1991; Ménard, 2004, 2021) – in which the parties are the Producer Organizations (set up by the farmers) and the processing companies. The most of these agents yearly designed and subscribed a contractual framework (*Contratto Quadro d'Area*)

[2] The *passata* is a tomato puree, i.e. a liquid but dense compound, obtained by extracting the pulp - raw or cooked - from the whole fruit of the tomato plant. The *pelati* are the product obtained after a thorough washing, they are boiled for at least two minutes, in order to facilitate the peeling process. Once peeled, through an automation process in the food industry, they are introduced into cans and sealed. Often the final cooking takes place inside the tin itself, to ensure a longer conservation (for technical details: https://pomodoro.museidelcibo.it/il-prodotto/caratteristiche/fasi-trasformazione-industriale-pomodoro

[3] Likewise are specific investment also the greenhouses utilized in plan production by firm not engaged in tomato production

intended to set the basic rules the specific parties to a transaction were committed to adopt in their supply contract (*Contratto di fornitura*). Despite these contract were yearly signed, they correspond to a stable relationship among all the agents involved in the *Contratto Quadro d'Area* (see Figure 2) This type of hybrid organization was also adopted in North Italy.

Figure 2: Contractual framework and bilateral supply contracts



Source: the Authors

Provided the characteristics of the transaction, before the setting up of the IB this type of transaction were organized within the context of a *Contractual framework* designed and subscribed by POs, processing companies, their association and also farmers unions (as the farmers are in turn member of the POs). This agreement was in nature a *contractual framework* (Ménard, 2021, 2004) reflecting the hybrid relationship established by the subscriber in order to facilitate the transaction (type T_1) of each agent.

However, in recent years, beyond the efficient organization of the exchange of tomato between the POs and the processing companies, further objectives became important for the chain agents for different reasons. There is actually a social demand for environment protection (El Bilali, 2019) and also for labour recruitment in agri-food sector (Ministry of Labour and Social Policies, 2019). While this social demand is also fostering the consumer willingness to pay for additional, socially relevant, characteristics of the food, it is also channelling the policy intervention favouring the

achievement of objectives at chain level (e.g., an adequate environment protection or the exclusion of illegal labour recruitment practices). Therefore the transaction T1 has to be organized seeking to achieve an efficient exchange of product, but also pursuing objective which are of chain and social importance.

There is a necessity to investigate the economic nature of these objectives (for example, some of them relate to the externalities of the supply system), but this inquiry is out of the scope of this paper. Environment protection implies to adopt given technology, but the interest of the parties is the technology guaranteing quality and product yields. So to negotiate over the technology aimed at environment protection may contrast the contractual price-quality schemes. Furthermore to fight the diffusion of illegal practices of labour recruitment – as prescribed by the Italian law n.199/2016 - also requires the agents include in their contract this commitment.

In sum, this study assumes that the coordination in tomato chains has to solve a double coordination issue: one related to high level of different type of uncertainty, another one concerned with the need to achieve chain level objectives. The idea is that IB-SC contributes to the coordination of tomato agents and to the solution of these two issues.

5.3 The mesoinstitutional nature and roles of the Interbranch organization

To explore the contribution of the IB-SC to the solution of the coordination problems mentioned it is worth making clear the institutional nature of IB-Sc itself. Drawing form the existing literature on meso-institutions it is straightforward to see that the functions of IB-Sc can be seen in the light of the meso-institutional theory. The functions carried out by the IB-SC are summarized in the Table 2 were it is also proposed their classification in the light of the mesoinstitutional theory.

Table 3: The IB-SC functions according to the EU law and to the constitutional setting

Interbranches organization functions (based on the organization statute)	**Type of Mesoinstitutional function**
i) to enhance the knowledge and the transparency of the production and of the market, also by the pubblication of statistical data on production costs and prices and contracted quanties; to provide scenario analysis of local, national and international market.	*Translation* (provide information on the exchange)
ii) to forecast the production potential and collect market prices;	*Monitoring* (monitoring the potential agricultural supply and collecting data on the prices: these functions support the search of the objective of aligning the agricultural supply and the industrial supply in order to achieve the market equilibrium as expected by the European law)
iii) to contribute to improve the coordination of agents in marketing the product, in particular by market studies	*Translation* (provide information on the exchange)
iv) To explore the potential of the export market	*Translation* (provide information on the exchange)
v) to design contract scheme compatible with the EU legislation, especially with respect to fair competition and exchange practices	*Translation* (provide guidelines for contracting)
vi) to valorize the market potential of the product and to develop initiave for enhancing the competition and the innovation	*Translation* (provide information on the exchange)
vii) to provide information and to carry out market studies to innovate, to rationalize, to enhance and to channel the production, the processing and the marketing in order to allow firms to meet the consumers need, especially with respect to th quality and environment protection	*Translation* (provide information on innovation scenario)
viii) to search method aimed at reducing the use of chemical products to control plant disease and parasites, to guaranteee the quality of the water and of the soil, to strenghten the food safey, especially by traceability systems	*Monitoring* (monitoring the technology in use) *Translating* (providing technology guidelines aimed at: enhancing the product quality; reducing the environmental impact of the production processes in the agricultural and processing stages)
ix) to develop method to enhance the quality of the products;	*Translating* (providing technology guidelines; aligning technology and microinstitutions)
x) to promote organic agriculture as well as protected designation of origin;	*Translating/Monitoring/Enforcing*
xi) to promote the adoption of sustainable productiono method;	*Translating* (providing technology guidelines; aligning technology and microinstitutions)
xii) to promote the diffusion of good consumption styles, especially with respect to the human health effects;	*Translating* (providing information to the final consumers)
xiii) to promote consumption and to diffuse information about the market	*Translating* (providing information to the final consumers)
xiv) to contribute to the byproduct management	*Monitoring* (monitoring the production processes in agricultural and processing stage)

It is to point out that the mechanism of enforcement are quite poorly designed and, especially for the environment and labour chain objective, not so constraining. This is mainly due to the novelty of IB-SC as organization and to the fact the efficient exchange still attract the main attention of the agents. Both in contractual framework and supply contract, actually, mechanism of enforcement exist which are aimed at guaranteeing the exchange within the contractual systems.

Table 3 shows that functions of the IB-SC do not concern with the exchange – then they do not contribute to value creation – and at the same time contribute to the coordination of the agents.

At the very core of the IB-SC strategy there is the aim of coordinating the chain agents according to the EU Reg. 1308/2013 and the related Italian law (Dgls. 102/2005). The coordination of the agents is essentially carried out by a *system of contracts* which can be thought of as able to reduce the transaction costs the agents would bear in absence of the IB activity. However, as it will be illustrated in more detail belwo, the IB-SC also operate to favour the possibilities for private agents to reach general objectives like enhancing the quality of the product, protect the environment and diffuse the legal recruitment of the labour. Figure 3 synthetizes the system of agreements.

The general logic of the system is to allow the parties (each Producer organization and each processing firm) to negotiate the basic terms of the supply contract while channeling the contracting process toward effective coordination and general aims corresponding to the European goals and socially relevant.

The IB-SC appears to be a supply system promoting the coordination among the parties facilitating the adoption of the governance structures by the parties and, at the same time, setting the conditions for the sustainability.

In the supply contract, the parties actually esplicitly subscribe to the *Territorial General Agreement.*

The aims of the different agreement can be better understood focusing on the specific goals of each type of agreement. In the Table 3 it is posited a difference between the *transacting parties objectives* and the *chain objectives*.

Table 4 Coordinating among transacting parties and chain objectives

TYPE OF AGREEMENT	**TRANSACTING PARTIES OBJECTIVES**	**CHAIN OBJECTIVES**
General territorial contract	Setting the border of the arena of interaction between the agricultural and processing stages (with reduction of cost of decision, negotiation, monitoring and enforcement for the parties) Setting the degree of freedom of the transacting parties	Definition of the conditions the transacting parties have to meet with respect to environmental and social sustainability, behaviour ethics, legality and protection of the legal employment
Area contract	Deepening of the interaction between the parties, in particular with respect to sustainability. In broad terms, these contractual contents concerns the use of services produced at large scale (quality systems control, traceability) or require a large amount of product (marketing strategies) or collective agreements with third parties (like standard adoption)	Specification of the outcomes in terms o food safety, human health, environment protection
Supply contract	- Exclusivity of supply - Information: technical rules adoption/traceability (Reg CE 178/2002/ No GMO - Inspection power to the processor - Timing of supplying - Technology: sustainability/technical rules/guidelines for avoid chemical pollution (Caserta and Naples) - Compliance with the *Territorial General Agreement* (*Accordo Circoscrizionale Generale*)	Contribution to the sustainability objectives, as the supply contract is framed within the contract system

The case study suggests that:

a) the IB-SC carry out meso-institutional functions, does not create value and then can be classified as a private meso-institution;

b) their function partially overlap with those of the hybrid arrangements between Producers organization and processing companies, essentially as for the definition of the system of contracts which frame the supply contract between the transaction parties; while the *Contratto d'area* and the connected to the *supply contract* allow the parties to organize their transaction, the *General Territorial Agreement* signed with the political action of the IB-SC basically delimitates the arena of the interplay of the parties;

c) the intervention of the IB-SC also reduce the large transaction costs the parties would bear for the chain objectives and allows the agents to direct their activities also in order to achieve these objectives; this seems also requires to consider the IB-SC as able to coordinate the transaction between the chain agents and the society. The Table 5 illustrates a tentative identification of the transaction costs which may reduced by the specific functions of the IB-SC.

Table 5: Potential effects of the IB-SC functions on transaction costs in T_1

Interbranches organization functions (based on the organization statute)	**EFFETTI SUI COSTI DI TRANSAZIONE**		
	Search and informatioon costs	**Negotiation and decision costs**	***Monitoring and enforcement costs***
i) to enhance the knowledge and the transparency of the production and of the market, also by the pubblication of statistical data on production costs and prices and contracted quanties; to provide scenario analysis of local, national and international market.	x	x	
ii) to forecast the production potential and collect market prices;	x	x	
iii) to contribute to improve the coordination of agents in marketing the product, in particular by market studies		x	
iv) To explore the potential of the export market	x		
v) to design contract scheme compatible with the EU legislation, especially with respect to fair competition and exchange practices		x	
vi) to valorize the market potential of the product and to develop initiave for enhancing the competition and the innovation			
vii) to provide information and to carry out market studies to innovate, to rationalize, to enhance and to channel the production, the processing and the marketing in order to allow firms to meet the consumers need, especially with respect to th quality and environment protection	x		x
viii) to search method aimed at reducing the use of chemical products to control plant disease and parasites, to guaranteee the quality of the water and of the soil, to strenghten the food safey, especially by traceability systems		x	
ix) to develop method to enhance the quality of the products;		x	
x) to promote organic agriculture as well as protected designation of origin;		x	
xi) to promote the adoption of sustainable productiono method;		x	
xii) to promote the diffusion of good consumption styles, especially with respect to the human health effects;	x		
xiii) to promote consumption and to diffuse information about the market	x		
xiv) to contribute to the byproduct management		x	x

Source: the authors

6. Conclusion

The study explored the case of South Italian tomato chain and focused on its organization and institutional dimensions. The recent model of Ménard (2014) clarified the nature of the IB-SC as being meso-institutional in nature allowing the distinction between the organization of the transaction between the POs and processing companies and the general system of rules which shape

the system of contracting which mobilize the resources and make the exchange possible in the chain. The study also points out that this system of contracting tend to allow the agents to achieve objectives of different importance; for the transacting parties and for the chain as a whole. This field deserves a deeper investigation, basically starting from the identification of the economic nature of these objective. Finally, the paper aimed at providing empirical data of the overlapping of some meso- and micro-institutional functions.

The evidence gathered seem to support the classification proposed for IB-SC and to highlight the possibilities of the model in exploring the variety of the organization in Agrifoon chain.s

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