

“Carta del Mulino” – Barilla

It is a new type of contract solution (agreement and list of requirements) proposed by Barilla to enhance the sustainable future path of its production. Farmers have to comply with ten rules to produce the raw material, in order to be a part of the “Carta del Mulino” agreement.

Summary

With the “Carta del Mulino”-program a value chain contract solution has been introduced for the farmers that supply Barilla’s bakery brand Mulino Bianco with soft wheat. Farmers have to respect ten rules, (defined together with WWF, UNITUSCIA and UNIBO) that affect their way of production and boost the sustainability of the products along the value-chain. The contracts are signed by the mills, elevators, farmers and any trader if there are, but Barilla is purchasing only such certified products for the specific production lines described above.

Objectives

- Increase in animal and plant biodiversity, quality products and support of farming communities



Problem description

Consumer preferences have reoriented toward environmentally friendly products, safety, and traceability. To deal with this change, Barilla has implemented a contract solution that links the delivery of soft wheat for the production of bread and flour confectionery (e.g. biscuits) to the provision of agri-environmental public goods.

Data and Facts - Contract

Participation: In 2019, around 500 farms and 14 mills participated. The area of implementation is mostly Italy, but also France. In 2021, the number of farms and mills involved in the project were respectively about 2600 and 16. The contracts involved 60,000 ha of wheat, and about 1800 ha allocated to flower strips.

Involved parties: Barilla designed the contract and the ten rules. The contract in itself is however an agreement between farmers, elevators and mills.

Indirect effects: The rural viability and vitality since farmers receive a price premium for the compliance with the ten rules.

The benefits for Barilla: The main advantages is the possibility to market and to communicate the sustainability of its production.

Information/Contact: www.mulinobianco.it/lacartadelmulino/



VALUE CHAIN

Farmers – elevators -
mills - Barilla



The solution has been initiated and carried out by a private company

PUBLIC GOODS



(Farmland) biodiversity

INDIRECT EFFECTS



Rural viability and vitality

LOCATION

ITALY



CONTRACT

The contract is market sector-oriented. Barilla designed the contract and the ten rules. The contract in itself is however an agreement between farmers and the mills or elevators.

Contract conclusion:
Written agreement



Payment mechanism:
product price



Funding/Payments:
Farmers receive a price premium from the mills or elevators with which they sign a contract. Barilla purchases the products from the mills or elevators.

Length of participation in scheme:
1 season



Start of the program:
2018
End: ongoing

PRODUCT

Soft wheat



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The benefits for the farmers: The main advantages are: optimisation of agronomic inputs, restoration of soil fertility, increase in biodiversity, product sales guarantee and a final premium price, increasingly environmentally friendly farming practices, support farming communities and return good and safe products to consumers.

Management requirements for farmers: Ten rules define the management requirements. First, farmers must be compliant with the **ISCC PLUS certification**. Second, farmers need to implement a crop rotation with at least 3 different crops in a 5 years time span. Third, at least 3% of the area allocated to wheat should be reserved for flower strips. Fourth, farmers must use certified seeds. Fifth, no use of neonicotinoids. Sixth, no use of sludge. Seventh, no use of glyphosate. Eighth, lots must be segregated and traceable. Ninth, conservation of wheat must be implemented through physical means, according to organic requirements. Tenth, the added value must be fairly distributed along the supply-chain.

Controls/monitoring: Annual audits by an independent third-party control body to all subscribers to the "Carta del Mulino" project. 30% of total farmers are tested.

Conditions of participation: There are food safety, quality and environmental standards. Barilla is expected to cover the entire purchase of soft wheat through farms that are in compliance with the ten rules.

Renewal of the contract: The renewal of the contract is subject to the implementation of the ten rules. For example, the constraint on crop rotation can limit the renewal for a given period.

Termination of the contract: Termination is due to the non-compliance with the ten rules.

Risk/uncertainties of participants: The main risks for Barilla is the request for greener and greener products. For the farmers the risks are the usual ones of the agricultural production. If the quality of the product is not high enough for the Barilla processing, the price premium is granted in any case to compensate the higher costs incurred by the farmers.

Context features

Farm structure: Arable farming.



SUCCESS OR FAILURE?

It represents a successful example from the implementation point of view: in 2021 more than 2600 farms have applied, allocating about 1800 ha of Utilized Agricultural Areas to flowers.



Reasons for success:

The main reasons for the success is the link between agricultural production and agri-environmental public goods. More specifically, the contract that is linked to the provision of AECPGs also stabilises the income of farmers and gives them a premium on the product price.

SWOT analysis

Main Strengths

1. It links the provision of AECPG to agricultural production
2. It stabilizes farmers income

Main Weaknesses

1. Not having the necessary volumes of wheat and flour to cover full Mulino Bianco production needs

Main Opportunities

1. The AECPG requirements are likely to be similar to the ones of the CAP, so farmers should be prepared for the new regulations

Main Threats

1. Changes in consumer preferences
2. Dependence on a single large processor

Main external factors influencing success

Political/governance, economic/market, social, technological, legal and environmental factors can all have a strong impact on the success of contract solutions. In this case study an in-depth analysis found that the following, selected factors were of specific importance.

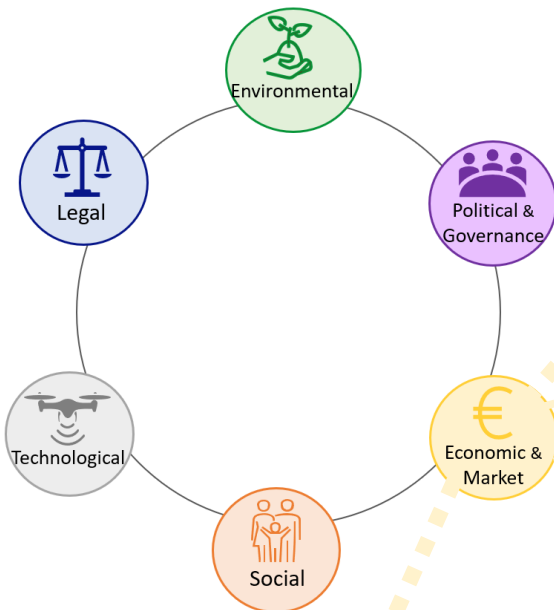


Bees

The population of bees and other apoideas are under threat.



Participation in the *Carta del mulino*, among the management practices, requires the allocation of a substantial area for flower strips that are the foraging fields for these insects.



Consumers willingness to pay:

Increasingly consumers partially base the decision consumption on the sustainability of the products.



This creates a huge opportunity to channel these preferences in funds aimed at incentivizing agri-environmental public good provision.

Producing for a company – Trust and the chance to market products:

In the Barilla initiative Carta del Mulino, partaking farms come from several areas across Europe and beyond. The high heterogeneity of the areas prevents from a common assessment of economic and market conditions.

However, up to now more than **2,600** farms signed the contract, therefore it can be assumed that the compensation payments for the strict ISCC measures are fair enough to still create additional benefits from the possibility to deliver large amounts of wheat to the partaking mills and flour to Barilla.

Price stability

From the farmers point of view, contracts reduce the potential uncertainty related to both production (from e.g. climate variability or pests) and from the market