



Policy Brief

BUDGETING URBAN FOOD POLICIES

How the food policy of Milan has gone from 150K€ to 150M€ in 8 years

February, 2022



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The project has been funded by Horizon 2020 Grant Agreement N. 101000812



Project Coordinator:



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May 2023



Introduction

In the development of food policy pathways it often proves complex to attract economic resources for financing actions and initiatives defined by cities.

Based on the experience of the **City of Milan** this policy brief, developed within the framework of the *Food Trails Impact Investors Lab*, will share tools for the identification, management and reporting of resources.

The implementation of Milan's Food Policy has begun to take its first steps through a memorandum of understanding between **Milan Municipality** and **Cariplo Foundation** in 2014, mutually investing **150,000€/year** in human resources and progressively generating cascading innovation in the local food system, until reaching in 2022 a **€150 million budget** and extending the responsibility to significant pre-existing public food services.

The contents of this policy brief were developed following the meetings among stakeholders who are members of the **Impact Investors Lab** of the **European Horizon 2020 project Food Trails**, which brings together a selection of cities of the partnership, and stakeholders such as the **EAT Foundation**, **Fondazione Cariplo**, **Fondazione Politecnico of Milan**, **Wageningen Economic and Research**, **World Bank**, **World Economic Forum**.

Officers of the **Milan Food Policy Department**, reacting to the inputs coming from the Lab, have developed a conceptual framework, used to define the **3 financial tools** periodically applied in Milan to raise funds to be invested in food policy actions.

The policy brief aims to share the approach and tools, helping to initiate a discussion on how cities can attract resources to invest in achieving their local food policy goals.



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The Municipality of Milan: from 150K€ to 150M€

A research-based approach

Milan's commitment to a food policy began with a memorandum of understanding between Milan Municipality and Cariplo Foundation, through which in 2015 was carried out an extensive research on the food system of the city. In that research, the main planning tool of the municipality (DUP) was analyzed by **bringing out all actions, initiatives and projects consistent with a local food policy.**

The analysis was the first tool in the hands of the public policymaker to **visualize the policy domain** that needed to be innovated. An analysis composed of quantitative and qualitative data, mapping, and references useful to build the internal narrative on the importance of taking action for greater coordination of the resources already available in the municipality. The analysis was enriched through a benchmarking of actions that were being developed by the actors in the city, reinforcing the internal narratives of the first policy entrepreneurs (Mayor and Officers).

The research was presented and socialized among all Deputy Mayors, municipal agencies and city actors potentially interested in developing synergies. During that phase, human resources were guaranteed by Cariplo Foundation through the involvement of external temporary officers.

Thanks to the **political and institutional commitment**, the first agreements with other parties were made on the issue of food waste. This was identified as a neutral area on which to test the newly established food policy, not included among the competencies of other pre-existing municipal structures.

The technical office

Since the very beginning, the need for a management structure emerged. The municipality opened a selection for consultants, one for the coordination of projects and the other for communication activities, to work along the Office of the Vice Mayor, newly appointed for food policy.

The technical office, in close connection with the **institutional goals** of the political representative, contributed to the development of new partnerships, sometimes to improve institutional connections, other times with specific projects in which each party co-invested in the implementation.

At the same time, the work continued to **strengthen internal relationships** among: the different departments of the municipality and of Cariplo Foundation, and the municipal agencies.

This process consolidated one of the main tools of the food policy: the interlinking of information and knowledge of the local food system.



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Some internal and external tools, developed by the Food Policy Office seem to have been particularly useful:

- **policy briefs** to sum up the essential elements of project plans;
- **original infographics** to simplify the complexity of the relationships between the elements in each field;
- **interdepartmental meetings** to gather needs and co-create solutions.

The engagement of the different departments and the **joint responsibility** have been the approach of the Food Policy Office, which was also lacking the capacity to spend money and make commitments for the administration and, therefore, devoted itself to internal teamwork with the other municipal structures.

Project's oriented implementation

With the same approach, the municipality began to carry out analyses of funding opportunities, in synergy with the **European Affairs Unit**, developing project proposals for EU funds and other grantmakers.

In this phase, grantmaking was the main funding source, with the objective of engaging local and international partners, demonstrating the operational capacity of the Food Policy Office. The team won several calls, with a strong writing effort, context analysis, knowledge of calls for proposals **Horizon, Cariplo, Urbact, UIA, DEAR, ERDF**. Similarly, the following prizes were obtained at national and international level such as the **Guangzhou Awards, GreenBuyer, The Earthshot Prize**. From the projects obtained, the food policy managed to attract **23.4M€ in total**.

Municipal Budget opportunities

With the lockdown during the pandemic the direct investment of the Municipality began, through the use of budgetary resources made available by the **Italian government** to contrast food poverty. Also in this action, synergies with other departments, partnerships with city actors, management capacity and internal reporting have been the basis of the commitment of the food policy.

On food aid, the city has invested more than **20M€** since the start of the pandemic.

The new Food Policy Department

With the new administrative term in 2022, a department was built, the Food Policy Department with a Director, management Units, Officers and staff. A Department that, alongside the activity of developing innovative actions, is directly responsible for the **delivery of public food services**, such as school canteens with a value of about **77M€/year** and the management of the agricultural property owned by the City of Milan, reinvesting in the agricultural sector **300K€/year**.

This scaling-up has taken the Milan Food Policy to another dimension, allowing it to unite both a strategic vision and the management capacity.

An experiment in policymaking, initiated with research, which will be interesting to continue monitoring, observing the capacity to raise economic resources and spending capacity.

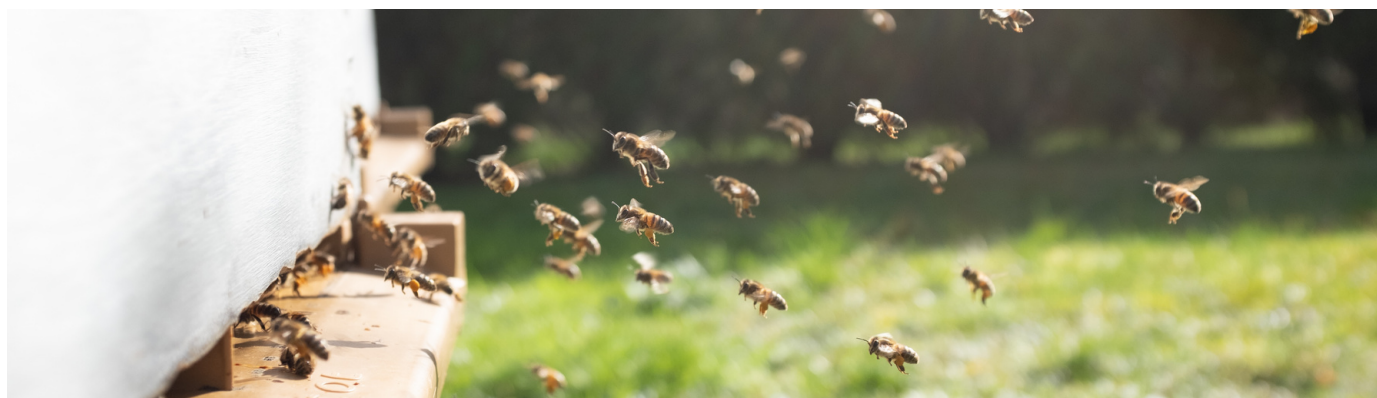


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The key role of the Venture Capitalist



Since food policy is an institutional innovative and voluntary policy, often the **presence of an external constraint** on its development can be crucial.

One of the key actors in the process of developing and initiating a food policy is the **venture capitalist**, an institutional investor, who provides resources for the initial growth in the pre-seed phase.

This can be carried out by motivating the city in the development of a food policy and in investing on it.

Also crucial is the self-authority of the venture capitalist, who can provide professional input to the municipality, by participating in strategic decisions on the initiation of the food policy, making available its knowledge, relationships and human capital and leaving the institutional operational management and the final decision on actions.

The venture capitalist is an actor interested in the social impact generated by its capital.

Cariplo Foundation in the Milan context

In the development of the Milan Food Policy, the actor that took on the role of Venture Capitalist was Cariplo Foundation. A philanthropic, banking-originated foundation that has been investing in the development of the Lombardy region for 30 years through 4 main lines of intervention, annually supporting about 1,000 projects worth 150M€.

During the Expo 2015 “Feeding the Planet. Energy for Life,” Cariplo Foundation was established as an “external constraint” for the City of Milan. Through a Memorandum of Understanding, the two actors established mutual interest in the development of a food policy and formed a joint steering committee, in which the Venture Capitalist in addition to an economic contribution brought relationships, approaches, knowledge and human capital.

The authority of Cariplo Foundation, well recognized and appreciated as a philanthropic actor in Milan area, guaranteed the City the involvement of the best researchers from all the local universities active on food and food system issues, enhancing the opportunity to build on a scientifically research-based starting point.

Through the Venture Capitalist, an extensive analysis of the Milanese food system was carried out, which was the decisive tool for an immediate understanding of the policy domain to all policy entrepreneurs, internal and external, of the City of Milan.

How to identify and invest the budget?



The City of Milan has used 3 tools through which policy entrepreneurs have managed to build the conditions for constant growth in terms of accountability, contents, relationships and fields of action. This is a policy domain on which it is necessary to continue to invest in relationships and skills.

The budget will need to be invested in the key resources of food policy: **human capital, experimentation and public services**, adopting an approach geared toward the evaluation of choices and impact's accountability.

Collaborative governance will thus be consolidated, on the basis of which each investment will generate incremental impacts.

Investing in the human capital of policy entrepreneurs

The policy entrepreneur is an actor with the goal of producing innovation within the policy domain, defined as a catalyst of the process. It is devoted to the development of relationships between actors, problem solving and response to emerging and unforeseen needs. Within the Food Policy of Milan, the entrepreneur consists of a **Mayor, Vice Mayor, Deputy Mayors, Director, officers** or a **combination of these actors**. Since this is an area that is often open to the outside of the municipality, a policy entrepreneur can also be a researcher, social worker, or economic operator who collaborates with the municipality in the pursuit of food policy goals. These policy entrepreneurs should be put in the position to unleash the full potential of the food policy by investing in hiring them from outside (when absent) or enhancing their presence (where already partly present).

Investing in the food system

The other relevant investment of a food policy is in the food system, through building, improving or enhancing two key elements:

- **food system infrastructure** (farms, markets, kitchen centers, hubs);
- **public food services** (school meals, social services, trade, culture).

The initial difficulty often lies in the overall representation of the food system; to this end, an **in-depth analysis** of it, together with a cartographic representation of the elements present in the city can certainly help motivate policymakers' interest and orientations toward food policy development.

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Three financial tools

Having defined the roles and mandate of the policy entrepreneur and the orientations of a food policy, it is necessary to identify the economic resources to implement the ambitions of the food policy. To this end, the main three tools adopted by the City of Milan to invest in the implementation of its actions are presented below.

Instrument	GRANTMAKING	PARTNERSHIP	BUDGET
Description	Collection of resources by applying to funding calls	Collection of resources by entering into agreements with other actors willing to co-invest	Reallocation of internal resources from the municipal budget
Enabling element for collecting resources	Ability to develop the proposal; knowledge of project life cycle	Presence of committed partners who share a common objective	Presence of consolidated public services in the institutional mission of the municipality
Barriers towards gathering of resources	Strong competition to find resources	Strong commitment by partners	Spending constraint; identification of internal resources to be reoriented
Political dimension	Low	Medium	High
Complexity in reaching the result	Medium	Medium	Low
Complexity in Management	Low	Medium	Low
Complexity in Reporting	High	Medium	Low
Type of risky investment	High	Medium	Low
Presence of an external constraint on expenditure	High	Medium	Low

Grantmaking

Attracting resources



Raising economic resources by applying to **competitive calls for funding** is a classic way to start a food policy journey.

European and philanthropic calls for proposals are the main source of funding to provide economic resources to cities willing to **develop innovative approaches** and implement food policy content.

Through this instrument, the **leadership** is provided by the coordinating entity, which becomes the executive responsible for both the development of the project proposal, (if successful) the implementation of the project, and its **reporting** to the funding entity.

Calls for proposals very often involve a **partnership** to support the coordinating actor, and this helps to **align all participating actors** toward the food policy objective that will be defined.

Participation in calls requires relational and **technical expertise** related to the chosen funding instrument, as well as skills in managing the project throughout its life cycle.

These kind of processes are characterized by a **certain degree of competition** among peers and accounts for a certain fragmentation among stakeholders from the same field of action, at least in the proposal development phase.

Actors interested to these funding opportunities that are used to considering each other peers, may experience the temporary competitiveness as a negative phase of the relationships, that lower the level of cohesion among actors.

Grantmaking calls, being characterized by attracting external resources to the municipality, can be used to make investments that are at **high risk of success**, experimental and not affecting any internal public budget.

The presence of an external constraint, the funder, is a sufficient aspect that can motivate the municipality in the effective development of the planned actions. In the application phase, it is often made explicit what is the detailed plan of action, consisting of deadlines and products that guarantee the effective implementation of activities, to avoid fundings misuse.

Application in Milan

The City of Milan has largely used European funding, for the development of local and international actions, reaching in 2023 the number of 10 projects under its belt with a total budget of more than 23.4M€. Among them:

- **Horizon projects** in synergy with universities and research centers (Food Trails and SchoolFood4Change on school canteens, Cultivate on food sharing and CleverFood on partnerships).
- **ERDP projects** for investment in agricultural supply chains (Mater Alimenta Urbes on short supply chains).
- **International awards** with grants for investment in local actions (Earthshot Prize on Food Waste Hubs).
- **DEAR projects** for communication towards correct habits (Food Wave).
- **Urbact, IURC, ICP projects** on PA capacity building.

Partnership

Sharing resources



The establishment of a partnership, in addition to developing strong **relationships with other actors** in the city, defines a **co-responsibility** for implementation in the development of food policy actions by other actors, resulting in the investment (cash or in kind) of economic resources for the creation of the pre-set actions.

Within a partnership, between public and/or private actors, there is a **sharing of responsibilities** and consequent leadership. Municipalities can take on a coordinating, rather than leading role by raising awareness among other participants on the development of their own actions.

The necessary condition is the presence of a **network of engaged partners** who share the objectives defined by the municipality and want to **co-develop** a food policy action together. Partnerships tend to be formed based on previous **relationships of mutual trust** and on the basis of the relative authority of the individual participating actors.

Characterized by **medium to low management complexity**, they often do not represent a strong enough constraint to the effective pursuit and achievement of the set goals.

The presence of a collaborative partnership, by raising the relationships of trust and cohesion among participants, can also result in a project proposal for a grantmaking instrument, increasing the resources available for the implementation of defined actions.

Increasing relationships among participants can also **strengthen institutional relationships** among stakeholders, and it accounts for one of the best exploitation strategies for the value shared among different organizations, regardless of the number of participating stakeholders.

A cost component will have to be budgeted for **maintaining relationships**, cross-accountability between actors, and internal feedback during activities.

Very often, these partnerships allow participants to **acquire information and skills** owned by other members, contributing to a **process of constant mutual learning** on the core subject of the partnership.

Application in Milan

The Municipality of Milan has largely used PPPs, for the development of actions among competent actors:

- **Food Waste Hubs** are characterized by the engagement of 160 actors including Third Sector entities (for Hub management and food losses redistribution), private parties (large-scale retailers and supporters), academics and trade representatives.
- **Framework Agreement Milan Rural Metropolis** is a space for discussion and co-investment of 96M€ in peri-urban agriculture gathering 3 institutional actors, 2 reclamation consortia and 5 agricultural districts.

Budget

Investing in the resources



The presence of **public services**, contributing to food system work, typically pre-existing the development of the food policy itself, implies the investment of **ordinary budget resources** for the management of these services. The budget allocation of those resources represents an ordinary activity that can be adjusted to achieve more challenging and innovative food system goals. The barriers to raising, and maintaining these reoriented resources are the constant trends of consolidated spending review by municipalities and the **continuous revision of priorities** by public agencies.

With this in mind, the resources derived from the budget are strongly influenced by the political dimension of municipalities, since they are ultimately the entities responsible for approving the budget and its directions.

The resources meant to finance food policy actions through the ordinary budget turn out to be those **invested with the lowest risk**, in fact they often constitute the management of a service already present in the historical expenditure of that municipality.

Public finance management is characterized by a high degree of complexity, yet municipalities have **accounting officers** who, if properly hired, can manage resources. Budgetary resources can be invested directly in services targeted to users or through the **engagement of other actors**, thus through public resources partnerships can also be developed and enhanced.

These resources can increase their value if coming from European projects, aimed at the innovation of public actions.

Application in Milan

The City of Milan manages through its budget some of the most relevant public services of the food policy, among them:

- **School Canteens**, with an in-house providing model, through the public company **Milano Ristorazione** distributing 85,000 meals/day and investing more than half of the cost of the service (77M€/year) in the service with budget resources, the remainder is covered by users' contributions.
- **Logistics hub and kitchen center**, through a capital investment of 22.6M€ a new kitchen center and central warehouse will be built for the school canteens system.
- **Farmsteads and farmland** through the lease of the 16 farms and 1,200 hectares of municipal property, 300K€ from these contracts is reinvested in the routine and extraordinary maintenance of the same farmsteads.
- **Farmers' Markets**, to incentivize the opening of the 9 markets for an experimental period of 4 years, concessions on the occupation of public land are active.
- **Food Aid System**, from the beginning of the pandemic 1M€/year are distributed to Third Sector organizations thanks to national fundings distributed to local authorities for purchase and distribution of food aid.



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Investing in food system infrastructures

Having identified resources with grants, partnerships, and public budgets, the **strategic choice on investment targets** is made. With this in mind, investments that are taken into consideration can preserve, enhance, value and increase food system infrastructure.

Infrastructural investments, given their managerial, administrative, design, implementation and maintenance complexity, require a substantial planning and implementation efforts along with a **longer timeframe**.

At the same time, these investments turn out to be the **biggest legacies for the future**, avoiding investing all identified resources in current spending and with limited timeframes, but ensuring that its food system increases its degree of resilience.

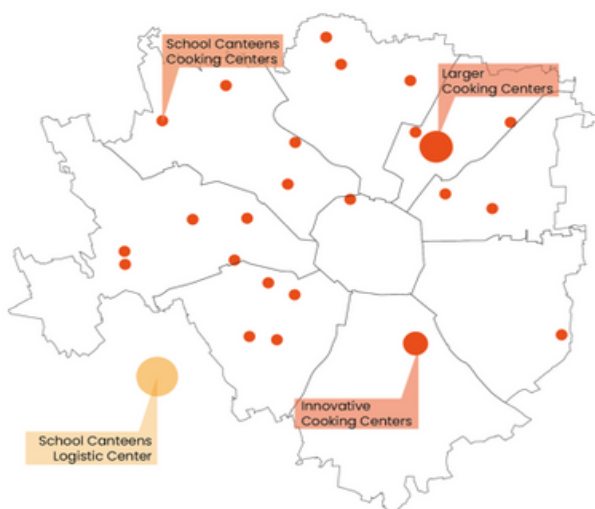
However, working on infrastructures does not substitute **intangible investments** such as training and capacity building activities among food system actors. However, this dimension is often overlooked or considered a non-priority aspect.

The following pages describe the main infrastructures under the responsibility of the City of Milan and its partners in the implementation of Milan Food Policy. The maps show the geographical distribution of these infrastructures throughout the city.

School Canteens

School canteens represent the main public service that can implement the goals of a food policy. Investing in the service means providing the widest number of children with good, healthy and sustainable meals every day. The main infrastructural interventions on school meals turn out to be:

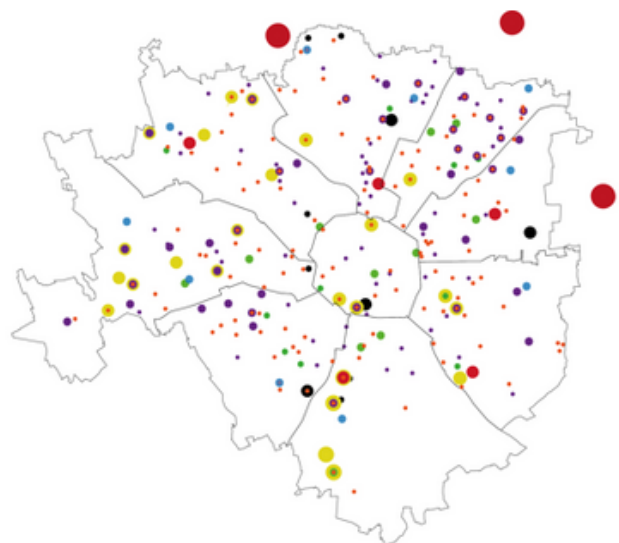
- **Canteens**, places where school meals are consumed, investment in routine and extraordinary maintenance with a view to behavioral nudging.
- **In-school kitchens** for the production of meals directly within schools.
- **Neighborhood Kitchen Centers** for the centralized production of meals destined for multiple refectories, investments for the construction of the centers and the provision of innovative equipment.
- **Centralized logistics platforms** for storage of purchased foodstuffs and development of testing of raw materials entering the system.
- **Fleet of vehicles** with reduced environmental impact and, potentially, powered by renewable energy.



Food Aid

Food aid systems represent a service that tends to be provided by Third Sector Entities. In this sector, municipalities can support the activities of such organizations by transferring resources to them for the direct purchase of foodstuffs and the construction of infrastructure for aid distribution. The main infrastructure investments turn out to be:

- **Food waste hubs**, rooms equipped with small cold storage to activate networks in specific neighborhoods for rapid recovery and redistribution between donors and recipients.
- **Food aid distribution centers**, small neighborhood warehouses where to store and distribute products to vulnerable segments of the population.
- **Social markets** for the distribution of food aid through token cards.
- **Social canteens** for the distribution of hot meals to people in need.
- **Logistics platforms** for storing food aid aimed for distribution centers.



Farms and Soil

Investing in primary production means addressing the issues of the raw materials underlying all food policy developments, through:

- **Farmsteads** to be redeveloped and earmarked for maintaining a territorial presidium, including building connections with other infrastructures, from markets to school canteens to food aid. Farmsteads can also become multifunctional spaces where holiday farms, educational farms, and social agriculture interventions can be encouraged.
- **Farmland** to be enhanced also with cultural conversions, more oriented to soil protection and toward innovative agricultural techniques such as carbon farming.
- **Processing plants** as infrastructures capable of enhancing the opportunities offered by urban and peri-urban agriculture, increasing the added value of food and linking the short supply chains to food distribution.
- **Water network** to ensure the constant inflow of water during the irrigation seasons, both through the arrangement of fountains and wells, and through the routine and extraordinary maintenance of ditches and canals.

Farmers' Market

Farmers' markets are the first place where agricultural producers can directly intercept demand for their products. The main investments may concern:

- **Dedicated areas:** identification of new spaces for the opening of farmers' markets and improvements to those already active.

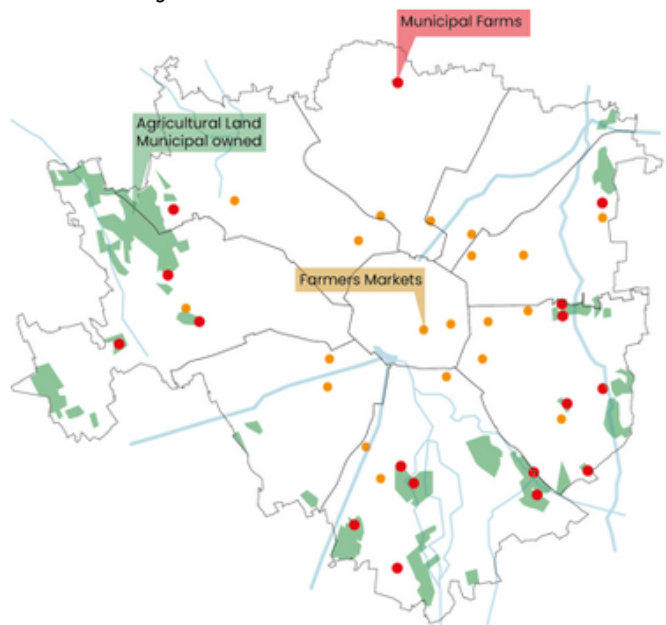


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Conclusions

In conclusion, developing project intentions for the identification of a **dedicated budget for food policy development** turns out to be an effort for forward-looking municipalities that can **generate positive cascading impacts** on the entire food system.

The tools are in place, and the policy brief has shown, also through the concrete cases tested in Milan, that it is possible to implement a food policy and endow it with a substantial budget. The ability of the policy entrepreneur will lie in aligning the **interests of internal and external stakeholders** in intercepting the resources needed to achieve the objectives.

When implementing a food policy, it is important to take a **systems approach** that is able to integrate the different components of the scope in the hands of the policy entrepreneur.

Municipalities will always be required to justify their choices, so it will be important to **measure impacts**, for constant accountability to all food system actors.

The budget, as an objective and quantitative element, **reflects the degree of ambition** that municipalities intend to adopt in investing in their food policy.

Budgeting Food Policy



Based on the experience of the City of Milan, this policy brief, developed as a contribution of the city to the Food Trails Impact Investors Living Lab, will share the ways and means by which a municipality can identify and invest economic resources for financing food policy actions.

The case study that has been investigated and modeled is the experience of the Milan Municipality in implementing the Milan Food Policy, through synergies with Fondazione Cariplo and a wide network of public, private, social and academic actors who are contributing, day after day, to invest in making the Milanese food system increasingly attractive, inclusive and sustainable.