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EIT-Food Startup Guide Italy

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EIT Food accelerates innovation to build a future-fit food system that produces healthy and sustainable food for all.

We believe inclusive systems innovation, which enables all people and places to participate and benefit, is essential to a strong food system that is better for everyone. With teams on the ground across Europe, we bridge the gap between countries and regions with low innovation capacity and those leading the way. And we put consumers at the heart of our work, helping build trust by reconnecting them to the origins of their food, directly involving them in the innovation process, and working with the food sector to increase transparency. Collaboration is central to all our work, which spans the whole food value chain, and is vital to meet the big challenges we face. Together with our community, we will build an innovative and resilient food system that in turn creates a healthier society and planet.

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for EIT Food CLC South S.L.**

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Disclaimer: The guide is intended to help entrepreneurs and startups. However, it does not replace seeking professional advice and guidance. As such, although EIT Food has made every effort to ensure that the information in this book is useful, they do not assume any responsibility for the outcome of your business.



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Dear reader,

If you have this guide in your hands it is because you're probably a savvy and curious entrepreneur who wants to make a positive impact within the agrifood industry, so I would like to congratulate you on the work you are doing towards achieving a better world!

Over the last four years, at EIT Food South we have been working towards a more sustainable, trustworthy and healthy agrifood industry and we do so by creating connections across the agrifood system that stimulate new ideas and inventions to drive change. As one of EIT Food Co-Location Centres, EIT Food South was established in the second half of 2017 to build bridges among leading businesses, universities and research centres. One of our priorities is to ensure that new ideas and technologies - which often emerge in startups or young entrepreneurs - can be transferred to the market, that they are scalable at European level and that no great idea falls by the wayside for lack of resources or support.

The COVID-19 pandemic and the overgrowing consequences of global warming that are so evidently changing our environment have once more exposed the need for an urgent change towards sustainable economic development. This poses an opportunity for startups to help industry players addressing the markets change, moving faster than ever before.

There is no single recipe to build a successful startup ecosystem; in the case of southern Europe, several factors need to be considered including cultural and institutional diversity, geographical position, and political context of each country within this region. Every country has its own unique identity and culture, so it is crucial to understand how business is conducted in these markets.

The agrifood sector still constitutes a big proportion of Southern European countries' economies. As we shared in the [Food Foresight report](#) published in March 2021, there is still room to increase the digitalisation and automation of different agrifood processes, especially the most relevant ones to reduce the environmental impact of agrifood businesses.

The internationalisation of startups is a natural step as a response to the environmental and technological challenges that we are facing. Each country is unique, with its own culture and customs, its own regulations and bureaucracy and new customers surely can seem overwhelming for companies that land in a new country. Therefore, finding partners to expand your network is key if you want to be successful on your journey towards a new market.

With the aim of achieving this goal, we have devised this guide to make sure that the process of establishing your company in Southern Europe is as smooth as possible, starting from the legal and bureaucratic steps that have to be taken to operate in region to funding opportunities and support groups, as well as an overall look of the main stakeholders in the local Agrifood industry within each country in which we operate (Spain, Portugal, Italy, Greece, Cyprus, Malta, Turkey and Israel). This guide will show you, among other things, how to set up a legal entity in Italy, the required permits for agrifood businesses, funding opportunities and other useful information to make your arrival into the country the next step towards a successful international expansion of your business.

I really hope that this information helps you start your journey in the country and set the base for a strong and long trajectory towards creating an innovative and strong Agrifood ecosystem that trespasses frontiers and builds a better future for everyone.

Begoña Pérez-Villarreal
EIT Food CLC South Director

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EXECUTIVE SUMMARY

GDP: **USD2,099.88 billion**, Dec 2021

GDP per capita: **USD31,511.79**, Dec 2021

GDP per capita PPP: **USD45,936.00**,
Dec 2021

Full-year GDP growth: **6.60%**, Dec 2021

With an added value from agriculture of **31.4 billion** euro currently, Italy retains first place in the European ranking from 2020

Number of farms in Italy: **1,133,023**

Total agricultural area: **16.5 MLN**
hectares

Number of farm managers: **1,130,528**
(31.5% female; 68.5% male)

Number of employees: **2.8 MLN**

Olives and grapes are Italy's two most
lucrative agricultural exports

Value of Italian food exports in 2021:
13,890,507.81 (US dollars, thousands)

Farms that have made at least one innovation
in the three-year period 2018–2020:
124,904 (11% farms): 41% in cultivation;
10% in breeding; 49% in other fields

Number 10 food exporter in the world

By 2021, Italy had almost **800** co-working
spaces, roughly one co-working space for
every **76,000** inhabitants

LOCAL AGRIFOOD MARKET INSIGHTS



1



1.1. Introduction

Italian economy, the ninth largest in the world, is characterized by an affluent domestic market, proximity to emerging economies in North Africa and the Middle East, and assorted centres of excellence in scientific and information technology research, and remains attractive to many investors. The country is divided into a highly industrialized and developed northern part, where approximately 75% of the nation's wealth is produced, and a more agriculture-dependent southern part.

Manufacturing is the most important subsector within the industry. The country's manufacturing is specialized in high-quality goods and is mainly run by small and medium-sized enterprises. Most of them are family-owned enterprises. Agriculture contributes the remaining share of the total GDP and it employs around 4.0% of the total workforce.

The Italian economy recovered vigorously from the COVID-related drop in output and has avoided economic scarring. The Italian economy grew by 6.5% in 2021 and is expected to grow by 2.5% in 2022 and to have recovered most of the pandemic-incurred output losses by the end of the year. Employment and labour force participation have fully recovered, and banks' non-performing loans have continued to decline and their capital positions have strengthened. New incentives for the private sector and the National Recovery and Resilience Plan will mitigate some of the negative impact of supply disruptions and uncertainty on investment.

1.2. Overview of the Italian agrifood industry

A comparison of the **average added value** generated for each individual enterprise in the various stages of the supply chain in Italy and in the EU shows that only the agricultural component has a decidedly higher figure than the EU average (+50%), while in all the other components of the food industry (-45%), distribution (-44%) and catering (-30%) the average Italian figure is decidedly lower than the European average. As far as the composition of production is concerned, 88% of the turnover and 83% of the added value of the food and drink industry is generated by 17 sectors involving 46% of all enterprises and 67% of employees.

Italy's agrifood exports have grown steadily over the last five pre-pandemic years, marking a +30% increase in 2019 compared to 2014 and touching €44.6 billion. The figures for Q1 2020 for food also confirm a robust and steadily consolidating trend. Indeed, many outlets have shown double-digit quarterly growth: Germany (+12%), France (+12%), the United States (+12.5%), Russia (+25%), Spain (+17%), Poland (+17%), Belgium (+12%), Austria (+12%), the Czech Republic (+16%) and Turkey (+23%). These figures are extremely positive, but precisely because of this they increase the regret for the shock suffered by export flows as a result of the pandemic. The pandemic has drastically reduced the great growth prospects of our presence on world markets, interrupting a very important qualitative leap that the national food industry, despite many obstacles, was consolidating.

ISMEA estimates that the COVID-19 crisis will have an impact on the agrifood sector through a drop in non-domestic consumption of around 39%, amounting to around €34 billion. This figure does not take into account other factors of uncertainty linked to the economic recession that could affect household demand, nor the effects of the support measures adopted by the government. On the other hand, the good performance of household food consumption in 2020 may compensate, albeit only partially, for the reduction in consumption outside the home, limiting the negative impact on the food and agriculture sectors. In any case, the overall result will be differentiated for the different products and components of the agrifood chains.

The highest-quality production, i.e. that certified as DOP (Protected Origin) and IGP (Protected Geographical Indication), has done better than others in the face of the difficulties linked to the pandemic, and is confirmed as the most dynamic of the Italian agrifood, with a value that reaches 17 billion euros between the food and wine components, and is worth about 19% of the total Italian agrifood industry.

Increasingly significant is the growth of activities related to agriculture, now more than a fifth of the total value of agricultural production, in which farms stand out with +3.3% in value and +4.1% of companies in 2019 alone (sharp decline in 2020 due to restrictions resulting from the pandemic) and contracting (+1.7% in value), particularly active in terms of greater dissemination of technological innovations, use of the practices of Agriculture 4.0, facilitations in compliance with certain environmental requirements and reduction of the digital divide.

As Crea points out, public support for the agricultural sector appears to be significant, with €11.9 billion of contributions in various forms in 2019, mainly through European funds, but down on previous years: from 2015 to 2019, in fact, there was a reduction of over €1.3 billion (-10%), almost entirely due to fewer national subsidies.

Food e-commerce

Food is one of the main emergent categories of products purchased online. The data speak for themselves: in 2020, the online food and grocery market was worth €2.7 billion, an increase of 70% compared to 2019.

This growth, of around €1 billion in absolute value, is the highest ever.

Three parameters can be taken into account to assess in detail how online food and grocery developed in 2020:

- 1. Penetration rate:** in total purchases (online and offline) the rate reached 1.6%, gaining half a percentage point compared to 2019;
- 2. Average receipt:** the value was €64 (in 2019 it was around €50);
- 3. Orders:** more than 39 million orders were processed (+21% compared to 2019).

Another element to highlight for the online food market is **the growth of purchases from smartphones** (+68%), which prove to be the main purchasing channel with a weight of 59% in the sector and purchases of almost €1.5 billion.

Sustainability, innovation and performance

For the seventh edition of the [Food Industry Monitor](#), a study was conducted on the relationship between economic performance and the strategic choices made by companies regarding sustainability and innovation. For the purposes of the analysis, qualitative data were collected with the help of a questionnaire submitted to a sample of companies in the Italian food sector. The analysis shows that **81% of the companies surveyed consider themselves to be a "sustainable company" and 56% have already implemented a formalized sustainability strategy**. Some 78% of companies currently have one or more products in their range that can be defined as sustainable.

Sustainability choices do not only concern production processes: 54% of companies have modified their packaging in a sustainable way and 44% choose their suppliers by assessing their sustainability profile. Among the companies surveyed, 74% believe that implementing a communication strategy focused on sustainability issues has a positive impact on sales, although 63% also believe that implementing sustainable production processes implies an increase in company costs.

A particularly significant finding is that of investment, where 93% of companies say they have made investments in sustainability in the last five years and 80% will make further investments in the next three years. **On average, Italian companies have increased their investments in sustainability by 38.8% over the last five years, indicating the start of a trend of structural change.**

Companies that have a formulated sustainability strategy, that have increased their investments in sustainability over the last five years and that communicate their choices effectively have higher growth performance. **Companies that have invested in sustainability have a proactive approach to innovation, particularly process innovation, and this is reflected in their growth performance, both in the medium and long term.**

Agriculture 4.0

The Italian Agriculture 4.0 market is a booming market that has not yet expressed its full development potential, although it has been growing in recent years. The *Osservatorio Smart Agrifood Politecnico di Milano* shows the Agriculture 4.0 market reaching a value of 540 million euros in 2020 (around 4% of the global market) and growing by 20% compared to the previous year, in line with the pre-pandemic trend. Spending is driven by precision farming solutions, the tools supporting field activities, such as monitoring and control systems for vehicles and equipment (36% of the market), and related machinery (30%).

There are 538 Agriculture 4.0 solutions available for the **agricultural sector** in Italy (more than 100 more than in 2019), which mainly use data analytics systems, processing platforms or software and Internet of Things, and find application in the cultivation, sowing and harvesting phases of products in different sectors, among which fruit and vegetables, wine and cereals stand out. As many as 60% of farms use at least one digital solution, and 38% use two or more, but only 3–4% of agricultural land is cultivated with 4.0 tools, a sign that the market has yet to express much of its potential.

The Italian Agriculture 4.0 market is driven by manufacturers of agricultural machinery and auxiliaries, responsible for 73% of turnover, followed by providers of IT solutions and advanced technologies (in particular Internet of Things) with a share of 17%. The solutions attracting the most investment are those for monitoring and control of agricultural vehicles and equipment (36% of the market) and related machinery (30%).

Management software accounts for 13% of expenditure, systems for the remote monitoring of crops and land account for 8%, 5% is represented by decision support systems, 4% by solutions for the mapping of crops and land, and 2% by robots for field activities. The technologies on which the solutions focus are mainly data and analytics (73%), computing platforms and software (68%) and Internet of Things (54%, +4%), followed by next-generation devices (46%), mobility and geolocation (38%), connected vehicles and equipment (25%), cloud (19%, +10%), and artificial intelligence and machine learning (12%). Most of these tools are used in remote land mapping and monitoring (41%), environmental and land factor analysis (33%), machinery and equipment monitoring (23%) and water management (19%).

According to the Smart AgriFood 2021 Observatory, in addition to agricultural companies, **food processing companies** are also open to innovation and experimentation with 4.0 solutions, even if they are still often linked to basic technologies. Of the 135 companies analysed by the Observatory, 87% are applying or experimenting with at least one digital technology, mainly in distribution and production processes, including supplier and warehouse management software (75%) and portable devices (57%).

However, there is no shortage of companies focusing on more innovative technologies: mainly data analytics (19% apply them, 9% experiment with them), cloud (18% and 10%), IoT (16% and 10%), advanced automation (13% and 3%) and blockchain (2% and 6%). Companies use digital solutions mainly to make production processes more efficient (52%), reduce the distance to the consumer (47%) and improve logistics management and traceability (45%). Some 85% of the sample intend to invest in 4.0 tools within the next three years, mainly in mobile solutions (54%), supplier and warehouse management software (43%), data analytics (33%) and blockchain (18%).

Food traceability is one of the areas where companies are making the most use of digital (89% of the sample), generating the greatest benefits for the sector and topping the list of investment preferences. There are 157 digital solutions for food traceability offered by 125 companies, equally divided between traditional tools (such as management software or vertical software highly specific for batch traceability) and innovative ones. The importance of platforms (30% of the solutions) for sharing supply chain data emerges, with an increase of over 60% compared to the previous year. Among innovative technologies, mobile technology leads the way (25% of solutions), which is also the fastest growing (+65%), followed by blockchain (+59%), data analytics (+57%) and IoT (+47%).

Agribusiness is confirmed as the third sector in terms of the number of **blockchain** projects internationally, accounting for 7% of the 1,242 initiatives mapped, although only 31% are pilot projects and just 8% are actually operational initiatives, compared to 61% announcements. Businesses experiment with blockchain for commercial and marketing reasons (in 61% of cases), to improve supply chain efficiency (45%) and for greater environmental and social sustainability (24%). Raw material producers are involved in 81% of the projects, but are initiators in only 3% of cases, while 23% are initiated by distribution companies and 20% by processors.

"According to Forward Fooding FoodTech Data Navigator and looking at the amount of capital invested, 2021 is set to become 'The year 1 of Italian FoodTech' — the 182M euros raised by Italian AgriFoodTech startups in 2021 represent 55%+ of the total amount that has been invested in the sector since 2011 — Driven by players like Everli or Cortilia who raised their Series C in 2021 (first players in Italy to ever raise above Series B), or Xfarm who recently merged with Farm Technologies to scale up their operations and raised their Series B in 2022, it is great to see that the Italian AgriFoodTech ecosystem is following the global trend. Again this year, Italy is also very well represented across the FoodTech 500 2021 finalists, being the fifth most represented country with 24 companies among the finalists. I'm Excited to look back at 2022 in a few months time."

Max Leveau, Co-Founder & COO at Forward Fooding



2



MAIN STAKEHOLDERS IN THE LOCAL AGRIFOOD INDUSTRY

2.1. Key Italian companies

Producers

Company name	Scope of activity	Website
A.I.A. AGRICOLA ITALIANA ALIMENTARE SPA	Meat producers	https://www.aiafood.com/it
AGRICOLA TRE VALLI SC	Second-degree agrifood cooperative society in the dairy sector	https://www.trevalli.cooperlat.it/
AVI.COOP SCA	Production of poultry meat and poultry slaughter products	https://www.amadori.it/
FILENI ALIMENTARE SPA	Organic meat production	https://www.fileni.it/
VOG SCA	Consortium of Alto Adige Fruit and Vegetable Cooperatives. From the initial nine cooperatives, it quickly grew into the largest apple marketing organization in Europe. It comprises 5,000 producers, who harvest between 550,000 and 600,000 tonnes of top-quality, tasty fruit on around 10,900 hectares	https://www.vog.it/it
FRUTTITAL S.R.L	Import and distribution of fresh fruit and vegetables	https://www.caab.it/it/2013/10/fruttital-distribuzione-srl/

Distribution

There is a fundamental difference between **large-scale distribution** (GDO) and **organized distribution** structures (DO). And next to them are the small niche shops up to all the short supply chain initiatives, from the GAS (Solidarity Purchasing Groups) to the "Farmers' Markets" born in many cities.

In Italy, the large-scale retail trade involves large central structures controlled by a single owner, which manage almost always direct sales outlets. The most important players on the Italian market are currently: Bennet, Carrefour, Coop, Pam Panorama and Esselunga, and also, in the field of **discount stores**: Eurospin, Lidl Italia, MD and Penny Market.

DO (also called DA – **Associated Distribution**), on the other hand, provides for the aggregation of small entities according to the logic of "union is strength": by forming consortia in purchasing groups, small and medium-sized retailers can obtain economic benefits in terms of supply, deriving from greater bargaining power with suppliers and, very often, by skipping the wholesaler's ring they can offer goods at more competitive prices. In addition, there are advantages to be gained from exploiting the brand and obtaining support in terms of know-how and strategic coordination. In our country, the most important groups are Conad, Crai, Despar, Gruppo VéGe, Selex, and Sigma. In addition to the purchasing groups, the so-called "voluntary unions" of retailers and wholesalers are also part of the DO, where, instead of skipping the wholesaler's ring, the individual traders, in a well-organized way, manage to have a greater bargaining power vis-à-vis a specific trusted wholesaler: an example is provided by the A&O supermarkets.

NaturaSI also specializes in the wholesale and retail trade and distribution of organic, biodynamic and natural products in general. It has around 300 organic shops in Italy, some in franchising, some directly managed. Present in both larger cities and smaller towns, it offers a complete range of over 4,000 certified organic and biodynamic products. It also has its own brands such as ECOR, which includes over 400 organic products, cereals, pulses, seeds and dried fruit, but also derivatives and fresh products.

Agriculture 4.0

Agricolus

Winner of numerous awards such as the 2018 ANGI National Award for the AgriTech category and included among the Rising Food Stars of the EIT Food programme. Comprehensive team: bringing together computer scientists, data analysts, cartographers, logistics experts, people involved in the analysis of remote data collected with drones, satellites and other high-precision cameras, agrometeorologists and agronomists. They have an attractive website with a dedicated blog and "About Us" section.

Futuriox

Their strength is offering turnkey solutions – from network to devices.

Cortilia

Foodtech company offering an innovative e-commerce service and recently becoming a benefit society. It promotes and spreads good production practices and respect for the seasons in the era of the on-demand economy – 300 selected producers, active in three regions with 2,500 products.

Omica

High level of technological innovation employed, offering the possibility of collecting data from different types of detection systems and converging them into a single platform based on cloud technology. Good partner network.

Food e-commerce

Foodiscovery

Foodiscovery is one of the most important national ecommerce platforms. It sells high-quality food and wine products from all regions including around 45 Sicilian products. It has two sales channels: wholesale for professionals and retail for private individuals.

Eattiamo

EatTiamo selects quality food producers throughout Italy. It helps them sell abroad, thanks to the web and a subscription box service that brings Italian food directly into American homes. After obtaining a 200,000 euro investment from two Chinese investors, EatTiamo has just launched an equity crowdfunding campaign on Mamacrowd.

Quomi

Quomi offers different ways of shopping online: boxes according to a wide selection of recipes (choose the recipe and get the ingredients for a minimum of two people), boxes of fruit and vegetables and lots of fresh, quality products.

Cortilia

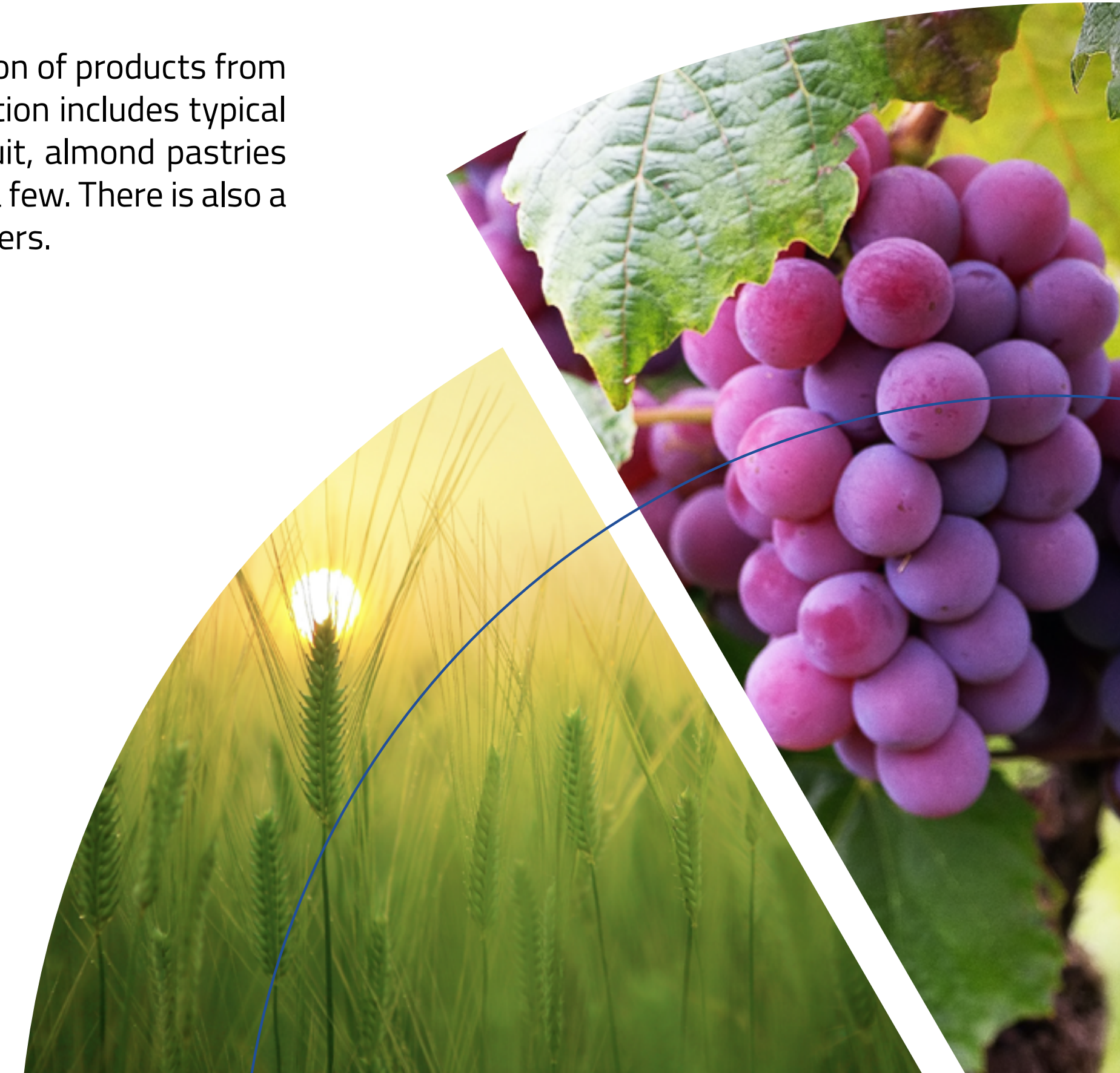
Foodtech company offering an innovative e-commerce service and recently becoming a benefit society. It promotes and spreads good production practices and respect for the seasons in the era of the on-demand economy – 300 selected producers, active in three regions with 2,500 products.

Sicilia's

Sicilia's shop is a large e-commerce of selected typical Sicilian products, with worldwide shipping. The online shop is part of a group with physical shops, a restaurant, a residence and a spa.

Prodotti e sapori di Sicilia

E-commerce site selling a rich selection of products from around 96 local producers. The selection includes typical local products such as martorana fruit, almond pastries and brioche "col tuppo", to name but a few. There is also a rich selection of wines and artisan beers.



2.2. Public institutions

The Italian government actively works in the field of supporting the agrifood sector. This is manifested not only by the activity of the Ministry, but also by the existence of specialized public agencies whose purpose is to develop the sector.

Ministry of agricultural, food and forestry policies

<https://www.politicheagricole.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/202>

The Ministry of agricultural, food and forestry policies (MIPAAF) is the main body responsible for conducting the government policy in agriculture, the development of rural and agricultural markets, as well as weighting up the impact of the agricultural sector on climate.

ISMEA

<https://www.ismea.it/istituto-di-servizi-per-il-mercato-agricolo-alimentare>

Ismea (Istituto di Servizi per il Mercato Agricolo Alimentare – Institute of Agricultural Food Market Services) is a public economic body that offers a wide range of services of a financial nature for agricultural enterprises, with a particular focus on young agricultural entrepreneurs who are recipients of specific aid measures approved at EU level.

Agency for Restructuring and Modernization of Agriculture

AGEA (Agency for Agricultural Disbursements)

<https://www.agea.gov.it/portal/page/portal/AGEAPageGroup/HomeAGEA/home>

The European Union supports agricultural production in the countries of the Community by granting aid, contributions and premiums to producers. These disbursements, financed by the EAGF (European Agricultural Guarantee Fund) and EAFRD (European Agricultural Fund for Rural Development), are managed by the member states through the paying agencies, established pursuant to Regulation (EC) No. 885/2006 (Art. 18). With Legislative Decree no. 165/99, the AGEA (Agency for Agricultural Disbursements) was established to perform the functions of coordinating body and paying agency.



AGRIFOOD ECOSYSTEM

3



4.1. Funding opportunities for agrifood start-ups

There are many financial opportunities for start-ups in the agrifood sector. At the **national level** the two most important ones are:

- Financial opportunities provided by **ISMEA** (Istituto di Servizi per il Mercato Agricolo Alimentare), which is a public economic body that offers a wide range of services of a financial nature for agricultural enterprises, with a particular focus on young agricultural entrepreneurs who are recipients of specific aid measures approved at EU level – in particular, the measure of the [FIRST SETTLEMENT](#), to business development projects, investment and consolidation of the business activity, through the measures [MORE BUSINESS – YOUNG ENTERPRISE](#) and FEMALE ENTERPRISE IN AGRICULTURE, and through instruments such as the [BANK OF AGRICULTURAL LANDS](#).
- Invitalia's financial opportunities. Invitalia is the National Agency for Development, owned by the Ministry of Economy. Invitalia's mission is to boost the country's economic growth by focusing on strategic sectors for development and employment and on the specialization of crisis areas. **It manages all national incentives that favour the creation of new enterprises and innovative start-ups.**

The incentives are not specifically addressed to agricultural companies (which, as we have seen, is the responsibility of ISMEA) but rather to processing companies and innovative start-ups. In particular, **the active incentives** include:

- [Resto al Sud](#): it is the incentive that supports the creation and development of new business activities in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia, Sicily and the areas of the earthquake crater in Central Italy (Lazio, Marche, Umbria). It is aimed at people aged between 18 and 55. Resto al Sud covers up to 100% of the expenses divided into:

50% non-repayable contribution

50% bank financing guaranteed by the Guarantee Fund for SMEs. Interest is paid by Invitalia.

The maximum financing is 50,000 euros for each applicant, which can go up to 200,000 euros in the case of companies with four partners.

- [Smart&Start Italia](#): incentive **for the birth and growth of innovative start-ups**. It finances projects of between EUR100,000 and EUR1.5 million to purchase capital goods, services, personnel costs and business operating costs.

It finances up to 80% of the eligible expenses through an interest-free loan, without any guarantee; this percentage can rise to 90% if the start-up is entirely made up of women and/or young people under the age of 36, or if the partners include an expert with an Italian PhD (or equivalent) who works abroad and wants to return to Italy.

Finally, start-ups based in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily can benefit from a non-repayable contribution equal to 30% of the loan and thus repay only 70% of the funding received.

- [Smart Money](#) is an incentive for innovative start-ups that want to use the specialized services of incubators, accelerators, research organizations, innovation hubs and other qualified entities to define their business plan and prepare for market launch.

In addition to these national incentives there are several **regional** ones.

In particular, the **RDP (Rural Development Plan – PSR in Italian)** comprises seven-year programmes (2014–2020 being the one that has just ended and the new RDP 2021–2027 being the next) that each region draws up and which include measures to finance and support interventions in the agricultural sector. These actions are financed by the European Union's structural funds.

For the other sectors, each region's programme is the **ROP (POR in Italian)**, which draws on the ERDF (European Regional Development Fund) structural fund. In the 2021–2027 programming period, the ERDF has two main priorities: support for innovation, the digital economy and SMEs through a Smart Specialization Strategy (SO1); and a circular, greener and low-carbon economy (SO2). The ROP is divided into OTs (thematic objectives) and within each thematic objective into actions to implement the objective. Specific calls for funding will be launched for each action over the years.

Financial opportunities are therefore many and varied, depending on the type of activity one intends to pursue, the composition of the company, the sector of activity and the time at which one intends to start the investment.

Therefore, the study and specific evaluation of the financial opportunity can only be an “on-demand and tailor-made” activity.

There are also research portals that provide an overview of the European financial opportunities available:

- <https://europa.eu/youreurope/business/finance-funding/getting-funding/access-finance/>
- <https://www.contributieuropa.com/>
- <https://www.obiettivoeuropa.com/>

"In Italy, food is much more than just “eating”. It’s a matter of tradition, culture, something permeating people’s souls. And it could not be otherwise, considering that the agrifood industry, with €575 bn value farm-to-fork, 32% of GDP, is the largest industrial sector in Italy. Until a few years ago, Italy lagged behind in food innovation for two reasons: lack of institutional support and weak VC market. Nevertheless, everything is improving now. In the upcoming months, Linfa Ventures - the first Italian foodtech fund – will be officially launched. This will certainly give a huge boost to the ecosystem, as per the new funds launched by the Cassa Depositi e Prestiti (CDP) institutional investment board.

Indeed, last year we saw the first signs of the Italian food renaissance. In 2021, FoodTech got a lion’s share in the Italian VC, with €260 m raised out of the total of € 1.243 bn. Furthermore, in the same year “Agrifood-Tech Italia” was launched with the objective to support the Italian AgriFood-Tech ecosystem. 2022 is likely to be even better for the sector, with some important financing rounds taking place. Without a doubt, we are currently at the dawn of the Italian AgriFood-Tech, with a lot of room for further development and space for new start-ups and investors."

Antonio Iannone, AgriFoodTech Professional, Entrepreneur and Mentor



3.2. Local incubators and accelerators that support agrifood start-ups

The existence of incubators and accelerators that support the development of start-ups by providing knowledge, contacts, financial resources and broad support in other areas of business development is crucial to support entrepreneurship.

Name	Address	Email	Phone
<u>Hub Brindisi — Accelerator @ Palazzo Guerrieri</u>	Via Guerrieri, 7 – Brindisi	info@palazzoguerrieri.org	
<u>Incubator Napoli Est</u>	Via Bernardino Martirano, 17, 80146 Napoli NA	INCUBATOREDIFFUSO@INCUBATORENAPOLIEST.IT	081/7957763 081/19847190
<u>Rural Hub</u>	Via Santa Lucia, 107, 80132 Napoli NA	info@ruralhub.it	
<u>Mediterranean Sustainable Lab</u>	LOCALITÀ MARINI, CAVA DE' TIRRENI (SA)	INFO@MEDAARCH.COM	392 5149075
<u>FabLab c/o Kotuko S.r.l.</u>	Regione Borgnalle, 12- 11100 Aosta (AO) Italia	info@fablabaosta.it	+39 0165 765597
<u>Clhub</u>	Via Cagliari 215, Capoterra, 09012, Italia	info@clhub.biz; startup@clhub.biz	+39 070 72 94 47
<u>Agrifoodnet</u>	Comparto 15 Area Industriale 88046 Lamezia Terme (Cz) Italia	info@agrifoodnet.it	095-888888
<u>CRISEA</u>	Località Condoleo di Belcastro (Catanzaro), Italia	amministrazione@crisea.it direttore@crisea.it	39 366 3280446
<u>Living Lab</u>	–	info@calabriainnova.it	–
<u>Innovhub Stazioni sperimentali per l'industria</u>	Via Giuseppe Colombo 83, 20133 Milano	innovhub_ssi@legalmail.it	–
<u>Venture Lab</u>	Via Giuseppe Pagano 2bis, 80078 – Pozzuoli (NA)	info@venturelab.it	+39 02 94751843
<u>Impact Hub Srl SB</u>	Via Aosta 4, 20155, Milano	milan.info@impacthub.net	+39 02 40709253
<u>Impact Hub Bari</u>	Via Volga c/o Fiera del levante pad.129, 70132 Bari	info@hubbari.net	+39 08 09904680
<u>Future Food Institute</u>	Piazza Giuseppe Verdi, 2, 40126 Bologna BO	info@futurefoodinstitute.org	+39 05 16569619

HOW TO SET UP A COMPANY IN ITALY



4



4.1. Setting up a legal entity in Italy

There are several types of legal entities available for those interested in company formation in Italy:

- a limited liability company, which can be traditional or simplified;
- a joint-stock company, also known as a public limited liability company;
- a general partnership, which must have at least two members called “partners”;
- a limited partnership, which must be formed by a general and a limited partner;
- a cooperative, which is a not-for-profit type of company, aimed at creating shared value among partners
- a sole proprietorship, which is the simplest form of doing business in Italy.

The sole proprietorship is the most basic form of company in our legal system and the most widespread in agriculture because it does not require complex incorporation procedures and also gives various tax advantages to the partners.

It can also be established orally, except in cases where registered movable or immovable property, credits or work assets are contributed by the partners. All that is required is the mutual commitment of the partners to carry out the activity together and the registration of the company in the commercial register, which has no legal effect as it only serves the purpose of certifying registration and public notice.

In this type of company, income is calculated on the basis of the revalued cadastral rents of the land held, both rented and cultivated. Since parameters and sector studies do not apply, this type of company has a simplified accounting system.

However, the partners setting up this type of company are all liable with their own assets for the debts of the company in addition to the company itself, to different degrees depending on whether or not the partners have acted in the name, and on behalf, of the company.

ATECO codes (ATtività ECONomiche – economic activities) are alphanumeric codes that identify the main activities of the company concerned. In particular, for agricultural companies the reference ATECO codes are the following:

A - AGRICULTURE, FORESTRY AND FISHING

01 AGRICULTURAL CROPS AND PRODUCTION OF ANIMAL PRODUCTS, HUNTING AND RELATED SERVICES

02 FORESTRY AND LOGGING

03 FISHING AND AQUACULTURE

As per farms, the distribution of legal entities in Italy is:

- sole proprietorships or family businesses 93.5%
- partnerships 4.8%
- limited liability companies 1.0%
- cooperative societies 0.3%
- other legal forms 0.4%

A limited liability company (SRL or SRLS) is a business type preferred by investors who want to start a small or medium-scale business. This is the most popular business form in Italy. A new company registered in Italy will be managed by a director or a board of directors who will follow the company's articles of association. The financial issues will be managed by statutory auditors and the representatives in charge of financial business will keep a list of financial statements and balances.

A joint-stock company is chosen by those investors who want to run a large business. The minimum share capital for this legal entity is EUR50,000 and at least a quarter of this amount must be paid upon incorporation. A joint-stock company is managed by a director or a board of directors. The shareholders' liability is limited to the number of contributions made to the share capital.

The company incorporation procedure in Italy is not very difficult and is similar to that in other countries. An application for registering the company must be made to the Italian Trade Register and, after the application is processed, a registration certificate is issued for the new company.

Another obligation for the foreign investor in company formation in Italy is to execute a public deed of incorporation at the notary office, buy the corporate and accounting books, and pay a government grant tax.

The investor must also submit an application to the Register of Enterprises in order to obtain a tax identification number and a VAT number. The company must also be registered with the Social Security Administration. In order to hire employees in Italy, an entrepreneur will need to observe the provisions of the Labour Law and announce the employment to the Labour Office.

Both local and foreign investors need to consider the preparation of the following documents for company formation in Italy:

- their personal information is required – their ID or passport are the main documents needed;
- in the case of foreign companies, the Certificate of Registration and the incorporation documents are also required;
- the Italian company's establishment documents are needed – these will be drafted by an Italian public notary;
- depending on the type of company, other documents could be required.

"Though the bureaucratic processes are not so easy, Italy has much to offer to startups, especially in core areas such as the agri-food sector. Italy, though small, is one of the most bio

diverse countries in Europe, possibly the world. This gives ample opportunity to test innovation on the ground and in a very practical way.

Furthermore, the Italian sovereign fund has created several funding opportunities for young startups, new funds are emerging, and corporates are looking more and more towards innovation daily.

Another positive is that because it's a relatively small country it's easier I believe to emerge and get to know the player in the ecosystem rather quickly. I strongly believe that we need a more international setting still to create a healthier competitive environment and create more tools, less bureaucracy and more opportunities to help startups overall."

Sharon Cittone, Founder & CEO of Edible Planet Ventures

4.2. Opening a limited liability company (Srl or Srls)

The **SRL** and the **simplified SRL** share many characteristics; however, there are a few key differences investors should be aware of: the simplified form cannot have a share capital of more than 10,000 euros and cannot be incorporated by another legal entity, only by an individual (for the SRL, the shareholders can be either other corporations or individuals). As far as the shared characteristics are concerned, both the SRL and the simplified SRL are the same in the following respects: they both need only one shareholder and one director who can be the same individual and doesn't need to be a resident; they must have a registered address in Italy and incorporated in front of a public notary.

The simplified company was introduced in Italy for the purpose of encouraging entrepreneurs, as the requirements for the share capital are lower: it can have a capital of at least one euro and a maximum of 9,999 euros. When the value of the capital is included in this limit, the contributions can only be made in kind. When the capital is higher than 10,000 euros, at least 25% of this amount must be paid when the articles of association are signed by the directors. All in-kind contributions need to be paid in full.

The features of the SRL in Italy

Those who want to open an SRL in Italy must keep in mind the following requirements imposed by the Company Law:

- the company is incorporated by at least one shareholder and one director;
- the company's name must contain the abbreviation SRL or SRLs in the case of the simplified LLC;
- the minimum share capital required to open an SRL is 10,000 euros; however, there is also the possibility of setting up an SRL without a minimum share capital requirement provided other requisites are met;
- the limited liability company must have a registered office in Italy;
- in the case of single-shareholder SRLs, the share capital is to be paid in full before the registration.

A limited liability company can be incorporated following a few steps:

- 1 The first step is preparing and drafting the necessary company documents, including:
 - the articles of association,
 - specimen signatures of the company directors,
 - affidavits,
 - others.
- 2 Registration with Italian tax authorities – this is necessary to obtain a Tax Identification Number (codice fiscale);
- 3 Execution of the articles of association with a public notary – this is an obligation for the shareholders and it can be done personally or through a power of attorney;
- 4 Obtaining a VAT number – this is issued by the Agenzia delle Entrate after an online request;
- 5 Obtaining the certificate of incorporation – after filing all the documentation required, there are 20 days to get registered at the Business Register, under the management of the Chamber of Commerce;
- 6 Opening a bank account for the company, where the minimum required share capital will be deposited. One of the most important aspects of opening a company in Italy is related to the establishment of a corporate bank account. This account is needed for depositing the share capital and for conducting commercial activities.

Opening a corporate bank account in Italy implies:

- submitting the company's incorporation documents with the chosen bank;
- completing the necessary paperwork issued by the Italian bank;
- appointing a company representative who will keep in touch with the bank;
- choosing the services, which are best suited to the needs of the Italian company.

Apart from the company bank account, a business can also create merchant accounts for accepting online payments. These types of accounts are mostly used by e-commerce companies, such as online stores, in Italy. Your company will also need an accountant that will make sure you comply with the requirements for accountancy in Italy.

The main costs related to incorporating a company in Italy are:

1. Trade Register fee (this fee will be paid for registering a company with the local Trade Register);
2. Virtual office (this is necessary if you don't have an office for your business);
3. Incorporation fee;
4. Notary act;
5. Accounting fee;
6. Minimum share capital.

SRL taxation in Italy

Corporate income tax, value added tax and regional tax on productive activities are the main types of taxes imposed in Italy. Corporate tax, or IRES, has a value of 24% to which the regional tax on productive activities, the IRAP, applies. In general, this tax has a value of 3.9% and it is collected by the Italian region in which the company engages in business activities. The IRAP applies to companies that produce goods or offer services, both in the case of resident and non-resident commercial companies. However, in the case of non-resident companies, the IRAP will apply only if the permanent establishment has been conducting business activities for at least three months in a certain region.

Value added tax applies to the provision of goods and services, with some operations being tax exempt. The standard VAT rate is 22%, with reduced rates of 10%, 5%, 4% and 0% (for the export of goods, the provision of international services related to international trade, the transfer of goods to other EU states and the provision of certain services related to the transfer of goods within the EU). The current value added tax rate can be subject to a modification included in the 2018 Budget Law.

Apart from the main taxes mentioned above, Italy also imposes a set of municipal taxes:

- property tax: applied on a municipal level for the ownership of buildings, buildable areas or agricultural lands;
- stamp duty: levied on certain types of legal and banking transactions, with varying rates;
- social security: mandatory for the employer, the value varies according to the type of job.

SRL advantages in Italy

Among the benefits of the SRL, we mention the following:

1. the shareholders and the directors need not be citizens or residents of Italy;
2. the shareholder can occupy the position of the company director;
3. the SRL offers protection to the personal assets of the shareholders;
4. the shares in the company can be transferred between the shareholders without any restrictions.

Accounting for companies in Italy

An SRL in Italy needs to observe the Italian accounting principles and the requirements for preparing and submitting annual accounting and financial records. A general ledger, an inventory book and other documents are the accounting books that must be kept by an Italian company.

The annual financial statements required by law for an Italian company include the balance sheet, the profit and loss account, and notes to the financial statements. The company's assets and liabilities must be accounted for in these documents and they must reflect the true financial status of the company. Directors' reports might also be needed, although SRLs in Italy are allowed to draw up abridged financial statements.

In some cases, a limited liability company in Italy needs to appoint a board of statutory auditors. A company in Italy must submit the annual corporate income tax returns within nine months after the end of the financial year. This can also be done electronically. The corporate income tax in Italy is paid in two instalments and different rules apply for companies whose financial year does not correspond with the calendar year. In general, the first instalment consists of 40% of the total amount of corporate income tax due for the previous year, with the second instalment paying the remaining 60%. The first part is due by the end of the sixth month the following year and the second part is due by the end of the 11th month the following year.

An audit is required in the case of an SRL when two of the following thresholds are exceeded for two consecutive years:

- total assets of 4,400,000 euros;
- revenue from sales and services of 8,800,000 euros;
- average yearly number of employees: 50
- the SRL in question controls another company that is subject to statutory audit.

Companies that fail to pay or fail to file the annual tax returns are subject to penalties. It is recommended that investors choose to work with a team of tax and accounting experts in order to avoid any unwanted penalties.



4.3. Required permits for agrifood businesses

The activities following the production of agricultural products can be internalized or they can be outsourced in whole or in part (for example, the products can be processed internally and the distribution and marketing can be outsourced). In the case of companies that will carry out one or more of the activities following the production phase, we fall into the field of the "classic" company structure, with the civil, economic and fiscal provisions common to all companies. They can therefore be formed as partnerships, corporations or cooperatives and will comply with the economic and fiscal rules of the chosen structure. The farmer or agricultural company may therefore also decide to start processing agricultural products and thus initiate a "vertical" process of production diversification. A necessary condition in this case is that there is a close link between the main agricultural activity and the processing of products, aimed at supplementing or completing the economic benefit derived from the former in accordance with the natural course of the production cycle. In order to be considered related, the handling or processing activity must concern products obtained mainly from the main agricultural activity (breeding or farming).

The products of the processing activity can be classified for tax purposes in three ways:

- products that are mentioned in the list contained in the Ministerial Decree of 13 February 2015 are included in agrarian income;
- agricultural products that have undergone a single transformation process but are not included in the list contained in the Ministerial Decree of 13 February 2015 can be taxed at a flat rate (15% of the amounts recorded for VAT purposes);
- agricultural products that have undergone more than one transformation process or industrial transformation processes are taxed at cost and revenue.

A farm that decides to include processing activities will need a new business organization with dedicated facilities and qualified staff. It will also need to pay attention to all the legislative aspects and procedures to be followed to ensure the legal conformity of the product and the process. Product rules are those that cover the composition and processing method, defining the permitted ingredients and the processes used. This is, for instance, the case for products such as tomato puree, jams, milk, etc.

The process rules are of a more general nature and set out as follows:

- the environmental characteristics of the production sites
- production methods such as minimum temperature limits or the nature of the manufacturing process (e.g. mechanical)

Finally, the organization rules concern the company system and consist mainly in the rules concerning hygiene and health aspects, managed and implemented through the HACCP system (EC Reg. 852/2004 and 853/2004 and implemented in Italy with Legislative Decree 193/2007) and consumer safety through a traceability system.

In particular, HACCP ("Hazard Analysis and Critical Control Points") is a set of procedures aimed at protecting the consumer by guaranteeing the wholesomeness of food, focusing on critical control points. This means periodically monitoring and controlling every stage of food handling in order to eliminate or at least reduce the risk of contamination, whether biological, chemical or physical. Each food business must have a self-control plan and an HACCP manual that highlights the specific needs of the business and contains self-control sheets for monitoring and preventing food risks. Workers in the food sector, regardless of their job description, are required to obtain a training certificate attesting to their training in food safety and hygiene.

Finally, it is important to know that the HACCP regulations in Italy are of a regional nature; therefore each region has a competent office that regulates the matter.

The labelling phase is also extremely important and has both general and product-specific rules.

The storage of products also requires suitable premises that comply with the regulations; a company can therefore decide whether to internalize this activity or contract it out.

The marketing of agricultural and agrifood products must take place in premises with suitable hygienic characteristics.

If this activity is internalized, it is necessary to proceed with the Denuncia di inizio attività (DIA – Starting of the activity) at the competent ASL (local health authority) in order to comply with the hygiene and health regulations; the communication of the start of the activity at the municipality for the direct sale of the products (if carried out in closed premises).

4.4. Organisations providing support in setting up a company in the hub country

If you would like to obtain more information about running a business, you can seek professional advice from the following institutions:

CHAMBERS OF COMMERCE

Italian Chambers of Commerce are public bodies that perform functions of general interest for the business system, taking care of its development in the context of local economies (the definition is taken from the law reorganizing the Chamber System – L. 580/93, amended by Legislative Decree 15 February 2010, no. 23 and Legislative Decree 25 November 2016, no. 219). They are bodies endowed with functional autonomy and therefore each Chamber of Commerce has its own statute, defines its own programme of actions and implements it with its own resources.

<https://www.camcom.gov.it/>

CONFCOOPERATIVE

The Confederazione Cooperative Italiane, Confcooperative, is the main organization representing, assisting and protecting the Italian cooperative movement and social enterprises in terms of number of enterprises (17,400), people employed (527,000) and turnover achieved (81 billion euro turnover). More than 3.1 million members are represented. Consulting services can be found on the website:

<https://www.confcooperative.it/>

MINISTERO PER LO SVILUPPO ECONOMICO (MISE)

The Italian Ministry for Economic Development (MISE) is the agency in charge of supporting the economic system to grow, develop and innovate. On its website it is possible to find a lot of useful information about the market, fiscal issues, innovative start-ups and SMEs, public incentives and many other topics.

<https://www.mise.gov.it/index.php/it/>

EBAN

The Ente Bilaterale Agricolo Nazionale (EBAN) is made up of the national organizations of agricultural employers (Confagricoltura, Coldiretti and Cia) and those of agricultural workers (Flai-Cgil, Fai-Cisl and Uila-Uil) that are signatories to the National Collective Labour Agreement for agricultural and floricultural workers. It performs important functions in support of enterprises and workers in the primary sector and represents a permanent forum for dialogue between the agricultural social partners on employment, labour relations and collective bargaining issues.

<https://www.enteeban.it/l-ente/>



4.5. Contact details for the hub organization

EIT Food Hub Italy

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SOURCES

[Agriculture in Italy – last census »](#)

[TRENDS IN THE AGRICULTURAL ECONOMY | YEAR 2020 »](#)

<https://www.osservatori.net/en/products/formats/report/smart-agrifood-information-sharing-ingredients-innovation-report>

<https://www.osservatori.net/en/products/formats/report/b2c-ecommerce-innovation-engine-retail-report>

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