

**FULLY FUNDED PhD in  
AGRICULTURAL/BEHAVIOURAL  
ECONOMICS at THE UNIVERSITY  
OF TRENTO**



**PhD in AGRIFOOD AND  
ENVIRONMENTAL SCIENCES**

The PhD student will be enrolled in the international Doctoral Programme in Agrifood and Environmental Sciences which is hosted by the Center Agriculture Food Environment (C3A) at the University of Trento (Italy). The C3A has strong links with the Department of Economics and Management at the University of Trento and the Edmund Mach Foundation, which is an international research center promoting research on agricultural and environmental sciences. The University of Trento has long been in top positions in national rankings, and it is well positioned in international ones. It ranked 2<sup>nd</sup> in the last “Il Sole 24 Ore” ranking of the best Italian State Universities.

The project is co-funded by Codipra, which is a consortium for the protection of farmers in the Province of Trento. The consortium consists of farmers and agri-food firms who cooperate to develop strategies for the management of agricultural risks. The consortium counts more than 12,000 members (90% of farmers in the Province).

The 3-year scholarships comes with a budget for research activity, approximately €3.250, which can be used only for educational and research purposes. There is the possibility of spending a period abroad as visiting PhD student in a hosting University.

The PhD student will work on the research topic: “Farmers’ response to risk management tools proposed by the EU Common Agricultural Policy: A behavioural economic approach”. More details are provided below (page 2). She/he will have to develop her/his own research project, with the support of the main and secondary supervisor.

More information on the PhD programme can be found at:

<https://www.unitn.it/en/ateneo/80441/phd-programme-in-agrifood-and-environmental-sciences>

<https://www.unitn.it/en/ateneo/80909/announcement-of-selection>

**Deadline for application: 22<sup>nd</sup> July 22, 2019, hrs. 04.00 PM (Italian time, GMT +2)**

**The link to apply for the Doctoral Programme in Agrifood and Environmental Sciences 35th cycle - Call 2019 is: <https://webapps.unitn.it/Apply/en/Web/Home/dott>**

Other useful links:

<https://www.centro3a.unitn.it/en>

<https://www.economia.unitn.it/en>

<https://www.fmach.it/eng/About-us>

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

## **Research topic: Farmers' response to risk management tools proposed by the EU Common Agricultural Policy: A behavioural economic approach**

### **Context**

The Common Agricultural Policy 2014–2020 introduced a major change regarding risk management tools that Member States can promote to increase farmers' resilience (EU, 2016). An innovative risk management tool was implemented, the income stabilization tool (ITS). The ITS is a mutual fund of financial reserves that are accumulated thanks to voluntary contributions of participants and are used to compensate participants for income losses due to production losses and price-related risks (i.e., price volatility) (EU, 2016). The implementation of mutual funds and the IST is very limited. Only two Member States Italy and Hungary and a region in Spain (i.e., Castilla y León) have set up funding for supporting the IST in the period 2014-2020 (EU, 2016).

### **Objective**

The implementation of the IST generates significant challenges. Research was conducted on simulating the correct pricing (i.e., the entrance price) and the costs of implementing the scheme (Finger and El Benni, 2014; Fabian et al., 2016; Trestini et al., 2017). However, there is scant research investigating how farmers' actually behave when they are given the opportunity to join such a scheme. The project will answer the following questions using a behavioral economic perspective:

1. Are farmers willing to cooperate to set a mutual fund for the IST?
2. Which are the attribute of the IST that affect the farmers' willingness to cooperate (i.e., entrance price, time-horizon, specification of the income level)?
3. What is the influence of farm characteristics on willingness to cooperate? Does adverse selection play a role?
4. Which behavioural factors affects farmers' willingness to cooperate (i.e., risk and ambiguity aversion, time preferences, subjective probabilistic beliefs, altruism, etc.)?
5. What are the welfare benefits generated by the IST for the farmer population of interest? Are farmers better-off joining the IST?

These research questions will be answered by collecting primary data using framed field experiments (Harrison and List 2004) in the Province of Trento. Representative populations of apple and dairy farmers will be sampled to participate to the study.

### **Expected results and impact**

Results from this research will help designing the IST that maximizes farmers' acceptability of the IST as well as welfare benefits generated by the tool. While these results are related to the population of interest, namely apple and dairy farmers in the province of Trento, findings will be relevant at European level. Important lessons can be learned from other region in Italy and other EU member states. While the main simplification is the main goal of the future CAP for the period 2021-2027, the IST will remain a fundamental part of the policy.

**Supervisors:** Professor Simone Cerroni, C3A and Department of Economics and Management, Professor E. Bozzini, C3A and Department of Sociology and Social Research.