

## **Annex 2**

**WP 3 Literature review  
Synthesis, September 2001**

# ***DOLPHINS***

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**Synthesis**  
**Literature review**  
**WP 3**  
**Link between OLP and rural development**

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## WP3 Literature Review - Synthesis

### 0. INTRODUCTION AND BACKGROUND

#### 0.1. Link between OLPs and rural development: WP3 presentation

Workpackage n.3 focused on the link between OLP products and rural development. This Workpackage is coordinated by Giovanni Belletti and Andrea Marescotti (UO7, DSE Florence), with the assistance of Prof. Antonio Fragata and miss Larcher Graca (UO 15, Portugal).

WP3 has 14 researchers participating, representing 8 Units of the project and six 6 countries: Portugal, Spain, Italy, France, Belgium, Switzerland. We have to notice that we are missing the "anglosaxon" view, as we have not participants coming from Great Britain or Germany, countries which show quite different positions on OLPs problems.

Partners participating to the WP3

| n. | Country     | Partner  |
|----|-------------|--|
| 2  | France      | INRA – ETIQ  |
| 3  | France      | INRA – LRDE  |
| 5  | Italy       | University of Parma – UNIPR  |
| 7  | Italy       | University of Florence – DSE – UNIFI                                 |
| 8  | Switzerland | ETHZ / SRVA  |
| 10 | Spain       | Unidad De Economia Agraria Servicio de Investigation Agroalimentaria |
| 13 | Belgium     | Fondation Universitaire Luxembourgeoise – FUL                        |
| 15 | Portugal    | IRIA   |

In addition, two experts are involved in WP3, who will participate to WP3 first meeting in Florence, and who produced papers useful to the discussion: Claudio Cecchi (Università La Sapienza, Rome) and Alessandra Pesce (Istituto Nazionale di Economia Agraria – INEA, Rome).

#### 0.2. WP3 Focus

Rural development is progressively becoming one of the major objectives of the EU policies. Both a widespread literature and the policy adopted by the EU stress the importance of supporting typical products to attain this objective. Actually typical products are strictly tied to their area of origin, as they derive their characteristics from the paedoclimatic, technical, organisational and cultural peculiarities of the "terroir" they come from. They are often considered useful "tools" to preserve local culture and traditions, and to keep economic and social activities and foster rural development, especially in disadvantaged and mountain areas (marginal rural areas).

The link between OLPs and rural development is an important aspect of the wider problem the whole Dolphins project is facing, because it pays attention on the very nature of typical products, which, by definition, originate their specificity from the characters of the territory, and may be analysed as a component of rural economy and also of rural society.

Unfortunately, Review & Discussion (RD) Reports from participants underlined the lack of scientific work - both theoretical and practical - on this subject, and very few contributions specifically deals with this subject.

# 1. SYNTHESIS OF WP3 FINDINGS

## 1.1. Two preliminary problems: what are we referring to when we say OLPs and rural?

As preliminary step, WP3 has focused its attention, as a methodological problem to solve in order to share the same concepts, on the definition of typical products (OLPs), and on the definition of rurality and rural development.

OLPs PRODUCTS: As regards the definition of typical products (OLPs products), as confirmed by the RD Reports the group has prepared, in WP3 is very important to underline that OLPs are non only the products protected on the basis of some national or european regulations, but each product which is tightly linked to a specific geographical origin. In other terms, typical products are based on some kind of specific rural resource, both material or immaterial, that cannot be reproduced outside that particular local context, due to phisic and climatic resources, but also to immaterial resources. This recalls the importance of considering the nature of "patrimonial good" (*Partner 3 – France LRDE*) of OLPs, and the role of local community, culture, identity, and contextual knowledge.

RURAL AREAS, RURAL ECONOMY, RURAL DEVELOPMENT: The second preliminary step concerns the meaning of Rural. Here we have tried to answer to the following questions:

- What are the rural areas? What are the main characters of rurality? How can rurality be defined and measured (*Partner 5 – Italy UNIPR*)?
- What is rural development? Which are the differences between agricultural and rural development? Which is the difference between rural development, local development, regional development?
- What is the role of economic diversification and of agricultural multifunctionality on rural development processes? In other words, should rural development be an integrated development?
- What is the role of local factors and of local community/identity in rural development?
- How does the interaction between rural factors/forces and extra-rural (global?) forces affect rural development?
- What means "sustainable" rural development? What is the role of natural environment in rural development processes? What is the role of anthropic environment (local culture, community identity, etc.) in rural development processes?

We know that the definition of rural spaces (and, as a consequence, of rural development) changes greatly between countries of the European Union, and even between researchers of the same country, and that only more recently, starting from the middle of the Eighties, the concept of rural development has started to be inserted in the Common Agricultural Policy with a quite clear definition.

Also by reading the RD Reports prepared by WP3 (*Partners: 13 – Belgium FUL; 3 – France LRDE, 2 - France ETIQ, 7 – Italy DSE, 5 – Italy UNIPR, 15 – Portugal IRIA, 10 – Spain, 8 - Switzerland SRVA*), it is implicit a different concept of "rural": sometimes rural is very close to "agricultural", other time close to "local" (with special emphasis on local development and small-medium enterprises). There is also a concept of rural which refer to "regional", and finally the term is used to refer to the concept of rurality, and more exactly rural development, chosen by the European Union.

The EU concept of rural development refers to three main aspects, that we consider of primary importance for our analysis and may help us to identify the main issues of the link under study:

- **Endogenous:** rural development should be mainly based on local resources (goods, skills, contextual knowledge) and on actors' ability to build projects; community participation in the definition and sharing of objectives (bottom-up) is a central point;
- **Integrated:** rural development is not only agricultural development, but it considers multifunctionality of agricultural firms and more generally it considers the integration of all the economic and social activities at a local level (tourism, craft or industrial manufacturing, services, social activities, and so on);
- **Sustainable:** rural development dynamics should work in a way that the resources used in the production processes are also reproduced locally (this may be defined as a complete production process), with special reference to environmental and cultural resources. The respect of natural and social environment plays a central role in the rural development process.

WP3 participants believe that these elements should be considered in highlighting links between OLPs and rural development processes.

## 1.2. The link between OLPs and rural economy and rural development

After trying to define the two terms of the link (typical product on the one hand, and rural development on the other), a first way to look at the specific problem, that is which are the relationships between the two terms, is to identify *what is a typical product with respect to rural economy and rural development*.

### 1.2.1. Typical products and modernisation of agriculture and rural economy

Some contributions (*Partners: 13 – Belgium FUL, 2 - France ETIQ, 7 – Italy DSE, 8 - Switzerland SRVA*) stressed the effects of the process of “homologation” / modernisation of agriculture, caused by the diffusion of behaviour models that are typical of the urban and industrial sector, both at the production and consumption level. The homologated agriculture tends to lose part of its sectorial specificities, and to attain an efficient use of resources through scale economies and also through the transfer of resources to other sectors. Nevertheless the homologation process doesn't involve the whole agricultural sector in a uniform way, and in particular the most marginal and disadvantaged areas. Therefore a non-homologated agriculture persists, and its production factors – owing to their specificity – are not easily transferable to the homologated model, resulting in a growth in marginality and abandon of agriculture, with evident deep social effects (see also Prof. Claudio Cecchi contributed paper).

Endogenous and integrated rural development processes are based on mobilising local resources through the action of agents belonging to the rural areas, by means of a process of interests aggregation in a shared (and therefore collective) outlook on the development project of the rural area, then stimulating a differentiation and an integration of the components of the rural economy.

Production and valorisation processes of agro-food typical products are frequently based on specific non-transferable local assets (both of material - i.e. specific plant varieties or animal breed - and immaterial nature - i.e. knowledge of local agents, local culture); the typical product itself can be viewed as a local resource, that is expression of the peculiarities of a certain territory. The production of typical products represents a founding part of non-homologated agriculture, within which the resources, locked into rural areas, are the basis of rural development processes.

As a consequence, the valorisation of typical products may work as a rural development tool which the local community may use, to allow a remuneration and therefore a reproduction of the resources, included the social, cultural and human capital, and in particular the specific resources of the non-homologated component of agriculture. As a matter of fact empirical evidence shows how the typical product is often used as a pivot or at least a fundamental component in the collective strategies of local (rural) development.

OLPs are often considered as representative of agriculture (and rural society) resistance to modernisation and globalisation (“anti-mainstream” vision: see *Partner 8 - Switzerland SRVA*), but sometimes this vision is brought on by consumers or cultural associations rather than farmers associations (*Partners: 13 – Belgium FUL, 7 - Italy DSE*).

### 1.2.2. The two dimensions of the link between OLPs and «rural»

Many RD Reports (*Partners: 7 - Italy DSE, 15 - Portugal, 10 - Spain, 8 - Switzerland SRVA*) recall the positive effects of the presence of typical products on rural economy and society (“OLPs virtuous circle”), especially by helping to keep economic and social activities in rural areas, preserving environment and in some cases landscape, and with particular reference to marginal and disadvantaged areas (*Partners: 15 – Portugal INIA, 8 - Switzerland SRVA*). But all the RD Reports underlined a general lack of scientific works which deepen this kind of link.

Two strictly tied dimensions can be identified when analysing the relationship between OLPs and rural development:

- A. the first refers to the impact of OLPs on rural economy;
- B. the second refers to the impact of OLPs on rural development.

#### A. The impact of OLPs on rural economy

Keeping and fostering the development of OLPs in rural areas may help preserving specific resources in rural areas, both private (specific know-how and workers, etc) and collective (positive effects on landscape and on biodiversity). What comes out in fact is that a typical product is tightly linked to specific local resources of certain geographical areas. These specific local resources have been accumulated during time, and refer not only to paedoclimatic specificities, or to material localised specific production assets (such as specific plant varieties or animal breed), but also to assets of immaterial kind, such as the knowledge of local agents, and local culture and tradition. Very often these resources are “locked” in rural areas, that is to say that they cannot easily transferred to other economic activities and uses.

As a consequence, supporting typical products means also helping to keep local resources in use, helping by this way to keep agricultural and, more generally, economic and social activities in rural areas. This is particularly valuable when we consider marginal and disadvantaged areas, where economic alternatives are few.

The reproduction of resources within the rural area give the basis to the activities of supply-chain firms and to other firms and institutions not directly involved in the production process of the typical product.

- a) Give support to rural economy inside the OLPs supply chains

The first category of effects refers to the fact that OLPs can improve the competitiveness of the local firms, especially small-medium sized (*Partner 10 - Spain*), and can have positive effects on the firms belonging to the specific supply chain within the area of production, and by this way, on rural economy (*Partners 13 – Belgium FUL; 3 – France*

LRDE, 2 - France ETIQ, 7 - Italy DSE, 15 - Portugal IRIA, 10 - Spain, 8 - Switzerland SRVA). Actually, this kind of effects, and also production and marketing strategies of the firms, are mainly considered within Workpackage n.2 (coordinated by Prof. Albisu), and are not the central focus of our WorkPackage.

b) Give support to rural economy outside the OLPs supply chains

More close to WP3 interests are the effects that OLPs may have on other economic activities within the production area. As a matter of fact, as recalled in many RD Reports (*Partners: 3 - France LRDE, 2 - France ETIQ, 7 - Italy DSE, 15 - Portugal IRIA, 8 - Switzerland SRVA*), OLPs can foster other economic activities - such as hospitality (hotels, agri-tourisms, restaurants), handicraft activities, services - and a higher level of integration between economic sectors in the rural economy, and also within the same agricultural firm. The integration of economic activities within the rural area is by many authors considered as a pre-condition for rural development.

These effects are reached in particular when the product is sold in the area, and when firms of the supply chain are not "single-product", and they have an interest in developing others economic activities.

On these aspect an important contribution has been given by Dr. Alessandra Pesce (INEA), who has taken in exam the role of typical products within LEADER initiative.

Actually there are some studies focusing their attention on some promotional initiatives trying to connect the typical products to other activities in the area of production, so this dimension is quite well covered by scientific work and often present in the RD Reports.

## B. The impact of OLPs on rural development

The second dimension identified refers to the impact of OLPs on rural development / dynamics. Development results from the strategies of private, collective and public actors, coupled to a structural dynamic (*Partner 2 - France ETIC*). Which are the economic and social structures able to let the specific rural resources OLPs are based on to be reproduced along time? Which are the institutional and governance structures? Which are the connections between OLPs and rural economy, society and culture? How can an OLP help activating endogenous rural development strategies?

One way to analyse the effects of OLPs on rural dynamics is to look at actors' dynamics around typical products, and in particular the *rationale* of the different valorisation strategies. The typical product represents a potential resource for the rural economy, as much as it stimulates aggregation and strategies leading to the creation of value through the product itself. Around the typical product local actors can build strategies for creating economic value on the basis of local specificities and resources. Sometimes OLP can be considered as "cultural markers" for local populations and institutions. As emerges also by some WP3 RD Report, the typical product acquires a "patrimonial status" (*Partners 13 - Belgium FUL; 3 - France LRDE, 7 - Italy DSE, 8 - Switzerland SRVA*) for the local community. This way of considering typical products helps understanding the *rationale* of many promotional activities implemented on typical products, and the different interests shown by actors within and outside the production area.

The analysis of the link between OLPs and rural development should therefore focus on the mechanisms by which the economic and social resources at the basis of the typical product are reproduced (or not...), including the institutional and governance structures which are in charge to manage this process. If development means that private strategies are sufficiently compatible as to guarantee that a collective benefit is taken by the collective resource, then the point is how different individual and/or private valorisation strategies can give a contribution or may represent a hindrance to a positive global effect on rural development.

## **2. EMERGENT ISSUES AND FUTURE RESEARCH NEEDS**

RD Reports show, more or less explicitly, a certain agreement on the dimensions above mentioned, but at the same time underline various open questions and need for further research.

### **2.1. Which are the theoretical tools to face the relationship OLPs - Rural Development?**

A first general question is: which are the theoretical tools to face the relationship between OLPs and Rural Development? As we have tried to underline, there are many aspects to be considered when analysing this particular link, from which emerges the need of using different theoretical approaches to face all these dimensions. Besides, there is a need of integration between disciplines, especially between economics, sociology, ethnology (*Partner 8 - Switzerland SRVA*), which is also a task that the participants to this WP will have for the next months.

Generally speaking, the RD Reports have underlined a lack of general models and theoretical studies aiming at describing and interpreting the link between typical products and rural development. But there are studies which refers to some theories or approaches for specific aspect. Here the institutional theoretical stream seems to be particularly fit and promising for analysing actors' dynamics within rural context.

## 2.2. How to describe and measure the relationship between OLPs and Rural Development?

A second open question is how to describe and measure the link between typical products and rural economy / development? Which are the appropriate indicators (both of quantitative and qualitative kind) that can be used when analysing the effects of OLPs?

The RD Reports all underline that at present there are few studies which attempt to quantify the effects of typical products on employment and added value in rural areas, and on how benefits are distributed within the supply chain phases (agriculture, distribution, processing - within and outside the local level) and outside the supply chain (indirect effects on services, handicraft, etc.). Besides, these few studies do not offer a comprehensive analytical framework for the analysis, but they are specific referred to single aspects or specific case studies (*Partner 15 - Portugal*). Some RD Reports argue that the aim of measuring the impact of OLPs on rural economy is a "promethean task", and propose alternative approaches more oriented to measuring the impact of OLPs on rural *development*, through the setting of a framework of analysis combining ideas, interests and institutions, concentrated on what can be considered the «engine» of rural development: the value created through an «emphasizing process of amenities» (*Partner 8 - Switzerland SRVA*). Amongst all territorial amenities, not every amenity is relevant, but only those which meet general social needs, thereby being socially recognized and creating available value for rural development (concept of «availability»). Much research has still to be done on this subject.

## 2.3. Typical products and rural actors

Another important dimension refers to the role of rural actors and institutions on typical products. Actually almost each RD Report stresses the importance of "local community" in the activities aimed at enhancing typical products across Europe, especially in certain countries / areas. Interests involved in the promotion of typical products are the expression of diverse categories of local actors. The actors that are involved in the valorisation of the typical product can be highly heterogeneous and not all of them have to belong to the traditional area of production of the typical product. Every actor has his own outlook on the typical product, which depends on his own interests (economic, social, political, scientific, etc.). The diversity of the actors leads to a diversity of objectives that are locally pursued through the valorisation of the product (*Partners: 3 - France ETIC, 7 - Italy DSE*).

As a matter of fact typical products are capable to generate positive externalities in the rural areas (landscape, environment, image and reputation of the area, cultural identity, and so on), in line with the recent attention on *multifunctionality* of agriculture. These externalities are interesting for various actors' groups, which try to implement strategies for capturing them.

- ✍ Who are they? Which their goals when supporting (or contrasting) typical products? Which their strategies?
- ✍ Is it possible to underline regularities in the process of promotion of a typical products? Which are the key-variables?
- ✍ How can these different interests find a compromise, and which the costs of the compromise (product identity, resources value, quality levels of the product, and so on)?
- ✍ What are the interactions between local factors/forces which start a transformation process of rural local systems, and external factors/forces which deeply affect social and production structures at local level?

## 2.4. The role of public institutions

Another important aspect is related to the role of the public institutions in supporting typical products within rural development policies.

- ✍ Which are the aims that public institutions want to reach when supporting typical products?
- ✍ The interest is devoted to agriculture or to other phases of supply chain process, or also outside supply chain (for example: touristic support, landscape, cultural identity)?

Some RD Reports highlighted how the public research institutes may play an important role in decision-making and negotiation processes, and in the effectiveness of OLPs valorisation strategies (*Partners: 3 - France LRDE, 15 - Portugal*), but in some cases the interests of public institutions may diverge from farmers' (*Partners: 13 - Belgium FUL, 15 - Portugal*). More generally, it has been argued that "the policy dimension does matter" (*Partner 13 - Belgium FUL*): this means that for the analysis of the link between OLPs and rural development attention should be paid also on the general structure and organisation of policy levels (UE, national, federal, regional, etc.: see *Partners 5 - Italy UNIPR, and 8 - Switzerland SRVA* "governance capacities approach") and by this way to the role of (origin) labels within public bodies strategies ("politisation of the labelling": see *Partner13 - Belgium FUL*).

## 2.5. Are typical products a solution for the development of marginal rural areas?

As recalled by many participants, typical products are mainly based on "locked" (specific and local) resources: in this context, the only solution to keep producers on the territory, especially in marginal rural areas, is to support and promote typical product, in order to front the spreading dominance of the "modern" and industrial model (*Partners: 15 - Portugal, 8 Switzerland SRVA*).

- ✍ May typical products represent a possible solution to the problems of marginal and disadvantaged rural areas?
- ✍ Which are the tools to be used in order to revitalise the social and economic context?
- ✍ In which measure the success of the typical product is based on the pre-existence of a strong economic and social tissue in the rural area?

## 2.6. The role of PDO/PGI

Finally, but only to recall the main open questions, there is the problem of PDO/PGI. Here we have three levels of analysis:

1. the first is related to the question if a legal system of protection of product denomination is always a condition to improve effects of OLP on rural development. Actually the review of the literature on this topic shows that in many cases no protected typical products have a positive effect on rural economy and rural development, and at the same time local actors are not interested in applying for any legal protection: this is mainly the case of those products which have short marketing channels and rely on local consumers and tourists (*Partners: 3 – France LRDE, 2 - France ETIQ, 7 – Italy DSE, 15 – Portugal IRIA, 8 - Switzerland SRVA*).
2. the second level refers to the difficulties in implementation of PDO-PGI as stated by Council Regulation 2081/92, in particular in marginal areas and when the quantities produced are small, and this in opposition to the expressed goals in OLPs policy (*Partners: 3 – France LRDE, 15 – Portugal IRIA, 10 – Spain*).
3. the third level refers to the effects of PDO-PGI on link between OLP and rural development. The way by which the Code of Rules (PDO-PGI products) is written may have different effects on typical products and on the value of local resources. How do the definition of production areas, techniques, and characteristic of the final product affect the value of local resources in the supply chain and outside it (externalities)? (*Partners: 3 – France LRDE, 7 – Italy DSE, 15 – Portugal IRIA, 8 - Switzerland SRVA*).

On these points Literature Reviews presented by WP3 participants express different positions, but generally speaking it is not the institutionalisation of the resource "origin" (the collective elaboration and the public recognition of a platform which specifies the condition of exploitation of this resource - the name of the place) in itself to set the conditions of development, but how this process is constructed and the effectiveness of the valorisation strategies built upon it (*Partners: 2 - France ETIC, 7 - Italy DSE*).

## 2.7. Connecting OLPs to rural development: methods and tools

PDO/PGI are not the only instrument which can be used by rural actors to activate the link between OLPs and rural economy/development. As a matter of fact, some Literature Reviews underlined the existence of many different tools and methods actors use in promoting OLPs in the frame of rural development strategies. Direct sales to consumers inside the area or by electronic commerce, "product routes" that link the product with other rural services and products, rural tourism and agrotourism, are but some examples of tools that rural actors are using to improve economic diversification and integration in rural areas. No much empirical evidence seems to be present on these issues.

## 3. PROPOSAL FOR FURTHER WORKS

RD Reports raised a high number of questions and highlighted many other points to be further developed and discussed. For example:

- ?? On a practical field: which kind of initiatives for supporting the link between typical products and rural development (wine routes, collective marks, ecommerce, advertising, modern distribution channels, agro-tourism, rural tourism, etc.)?
- ?? Or the opposite direction of the link: how rural development can affect and foster typical products?
- ?? Which are the public policies, with particular reference to the Common Agricultural and Rural Policies, that mainly affect typical products and rural development? Is there a "governance" problem to solve - as mentioned in some RD Report - in order to make these tools have positive effects on rural development by means of the support of typical products?
- ?? Analysis of LEADER initiative.

Generally speaking WP3 participants think that the link between OLPs and Rural development has up to now been substantially ignored by academics and scientists, while attention has been paid mainly on supply chain analysis, and institutionalisation problems (EU Council Regulation 2081/92).



We believe that effects of OLPs on rural economy and development should be considered a subject of increasing importance, also considering the attention paid to multifunctionality of agriculture and rural development by the European Union, also within WTO Negotiations.

These issues should be considered in planning the second phase of WP3, considering also that the Technical Annex states that "development of selected issues will be based on bibliographical research, discussions and interviews with firms, public institutions and other relevant operators, information and experience exchanges within WP3 participants".

The themes identified in WP3 Florence Meeting are:

- ✍ typical products and multifunctionality of agriculture
- ✍ typical products and economic diversification-integration in rural areas
- ✍ the role of PDO/PGI in rural development processes