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## **Rural and Quality Food Districts as Governance Instruments: The Italian Experience**

*Edited by Serena Tarangioli – INEA*

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### **The concept of district**

In Italy, ever since the Middle Ages historical, economic and social factors have determined the location of economic activities. Over time, these production systems have become ever increasingly more specialised and organised, to the point that today they are identified as local production systems.

By now, these production systems are considered mainstays of Italy's manufacturing economy and decisive in supporting the competitiveness of numerous production sectors.

In the 1990s, numerous studies demonstrated the presence of districts in the agro-food sector as well and their importance in the swift and complex changes in the Italian agro-food industry (Brasili and Fanfani, 2004).

In numerous areas of Italy agro-food production – above all quality production of this kind, where the bonds between territory and product are strongest – has developed localised production *filières* that, over time and with the intensifying of inter-enterprise relations and relations between enterprises and the territory, have evolved into highly specialised production systems.

These production systems are clearly identifiable with the concept of district, which in the most classic definition entails:

- 1) close socio-economic relations between enterprises and families, which evolve jointly and dynamically through a process of continuous adaptation to changing contexts;
- 2) geographic concentration of specialised enterprises in a limited area (provinces or a few municipalities), concentration and specialisation of production are the key elements in the flexibility of the production of the local labour market;
- 3) concentration of a network of independent small and medium-sized enterprises with groups of enterprises specialised in the various steps of the production process, where often competitiveness plays a fundamental role.

The district is therefore a socio-economic entity where there is an active presence of a community of persons and enterprises in a limited area.

The network relations between enterprises and institutions that characterise identities are often based on common values shared by families and entrepreneurs, such as the value of work and savings, a propensity to take risks, and the exchange of information and technologies. An important role is also played by historical and institutional developments based on habits, co-operation, mutual assistance and community services, as well as general services involving educational and professional institutions.

The organisation of the districts witnesses the private sector in the central role. The networks and relations are regulated by the enterprises' need to ensure relations that are stable and respectful of the requirements of each member of the production community.

Empirical evidence and the need to find forms of organisation ever increasingly more responsive to the requirements of enterprises and market needs have induced the Italian legislator to legally define and recognise agricultural districts. Law by Decree 228/01 defines:

- **quality agro-food district:** a productive area characterised by a meaningful economic presence and by interrelation and productive interdependence between agricultural and agro-food enterprises, as well as by one or more productions certified and protected by EU or national regulations or by traditional or typical productions;
- **rural district:** a productive system characterised by a homogeneous historical and territorial identity and by the integration of agricultural activity and other local activities, as well as by the production of goods or services of particular specificity, coherent with the traditions and the natural and territorial vocations.

Generally speaking, the definition of agro-food district corresponds to that of the industrial districts established by Law No. 317/91 (Art. 36 as amended by Art. 6 of Law No. 114/99), which attributes the status of district to territories where the following are found:

- a high concentration of enterprises, predominantly small and medium-sized;
- a peculiar internal organisation of the production system;
- production specialisation of the system of enterprises.

The agro-food district also involves agricultural production enterprises and provides for the recognition thereof only if the production system of reference is centred on quality products recognised under EU and national regulations, deeply rooted in the territory of production, which have already given rise to a process of relation and integration of the production activities.

Instead, the definition of rural district is wholly original, the recognition of which entails the integration of primary activities and other local activities, the production of specific goods, a homogeneous territorial dimension, a common historical identity, and a highly integrated and interdependent production and institutional context, all elements difficult to measure and impossible to define in unambiguous terms. It is certain that the rural district comes into existence to give “voice and life” to the many rural realities of Italy far from competitive production circuits, which therefore can count exclusively on endogenous resources to trigger processes of development.

The elements for the identification of the rural district are multiple and multi-sector, predominantly based on an organisation quite precise in both the economic and social terms vis-à-vis the context where it would be introduced.

However, the normative provisions do not go beyond the definition of the two typologies of district, leaving up to the Regions the modalities for the identification and establishment of the rural and quality agro-food districts.

Numerous Regions have enacted a specific discipline that defines:

- the characteristics for the recognition of rural and quality agro-food districts;
- the organisational modalities;
- the role in the processes of governance of local development.

Generally, the elements indicated by the regulations for the recognition of the districts are:

- the presence of specialised enterprises,
- the availability of specialised services (transport, consulting, professional schools, etc.) and tangible and intangible infrastructures;
- the existence of networks of trust among people and enterprises, hence a formalisation of exchanges among all actors and the favouring of the specialisation of enterprises;
- the facilitation of the distribution of information for promoting the learning process and the diffusion of innovations;
- the availability of specialised human capital on all professional levels;
- the enhanced image of the product, production system and territory.

In all cases, the recognition of the districts is directed toward promoting and sustaining:

- the creation of relations among enterprises;
- initiatives for the promotion and renewal of the image of the territory;
- the concentration of the supply in accordance with a *filière* logic;
- the promotion of cognitive and informative activities directed toward the study and monitoring of the problems of the territory;
- aggregation and confrontation among the local actors;
- the preservation and growth of gainful employment;
- the integrated and participatory management of territorial policies in order to improve the quality of the territory;
- the participation of district organs in regional planning.

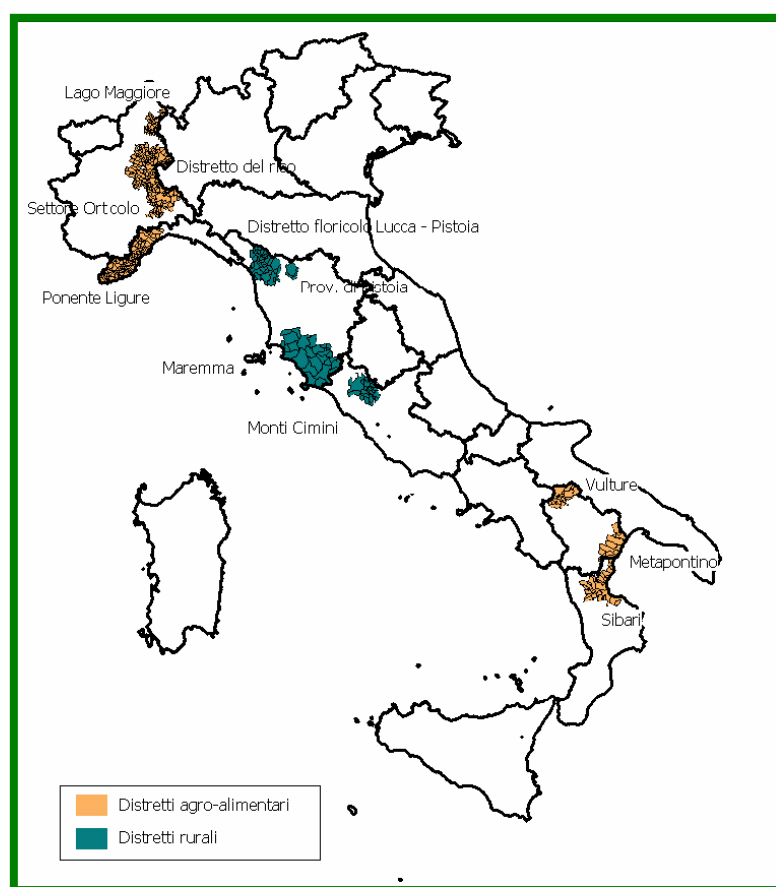
The discipline of recognition and the purposes of identification make the agricultural district an element of both territorial and production governance.

At the organisational level the regional norms provide that the district shall provide itself with a “District Committee” composed of subjects representing the entrepreneurial forces (enterprises and trade associations), workers (trade unions), the territory where the district is located (local bodies and institutions), and other economic and social actors that may be involved in the production process. It is the function of the District Committee to:

- plan the activities;
- define the acquisition and management of the production factors;
- promote the exchange of experiences and the diffusion of organisational and technological innovations;
- promote relationships and the development of networks among enterprises;
- define strategies to promote and market the products of the same;
- represent the district at tables for framing concerted policies for territorial and/or sector development.

## A map of the rural and quality agro-food districts

Up to now, nine agro-food and two rural districts have been officially recognised (see Figure and Table 1 below).



**Figure 1 – The localization of districts**

The quality agro-food districts identified have widely different characteristics at the territorial and production level (see Table 1). In fact, if the district of Ponente Ligure has markedly rural features and accounts for over half of the agricultural activities of the Region of Liguria, all the others are a small part of the respective regional production realities, where primary activity is particularly specialised. The district of Lago Maggiore, even though representing almost the totality of the floriculture division of the Region of Piedmont and being extremely important for the economy of the area, is hardly representative in terms of regional agriculture.

In the agroindustrial district of Vulture, in addition to an intense agricultural activity, a high concentration of workers is registered in the agro-food industry (amounting to 34% of the Region's employed). The three fruit and vegetable districts (Metapontino, Piana di Sibari and the Province of Alessandria) are characterised by a high number of specialised agricultural enterprises and workers, including owing to the fact that this division is labour intensive. The same impact on production factors is also present in the rice district of the Region of Piedmont. The floriculture/ornamental district of the Province of Pistoia is in a territory only slightly dependent on the agricultural sector but despite that is highly specialised, as is the inter-provincial district of Lucca and Pistoia.

As regards the rural districts, the situation is highly diversified among Regions and areas where they are located, with innumerable differences in fact present both in terms of human settlement and socio-economic development.

In the case of the Region of Lazio, the territory near the Municipality of Rome is very densely settled and economically dependent on the capital city. Agriculture is slightly specialised but rooted in the local economy; furthermore, there is a strong bond with the landscape and the traditions of the local populations.

The district of Maremma, which embraces all the municipalities of the Province of Grosseto, is also an area with a strong rural vocation; it is distinguished from the others above all by its markedly multifunctional, diversified agriculture integrated with the tourist sector. However, the population density is very low.

**Table 1 – Characteristics of recognised districts**

District	Population	Area (ha.)	No. of Enterprises	UAA	Workers in agriculture	Agro-food WU	Agro-food workers	Farm holiday enterprises
Vulture Agroindustrial District	82,501	1,137	11,124	73,724	2,634	159	1,565	2
<i>% of Regional total</i>	<i>14%</i>	<i>11%</i>	<i>14%</i>	<i>14%</i>	<i>12%</i>	<i>15%</i>	<i>34%</i>	<i>1%</i>
Metapontino Agro-food District	89,691	1,225	12,977	74,281	5,994	161	483	91
<i>% of Regional total</i>	<i>15%</i>	<i>12%</i>	<i>16%</i>	<i>14%</i>	<i>28%</i>	<i>15%</i>	<i>10%</i>	<i>53%</i>
Sibari Quality Agro-food District	209,309	1,823	27,199	87,131	12,557	397	1,093	34
<i>% of Regional total</i>	<i>10%</i>	<i>12%</i>	<i>14%</i>	<i>16%</i>	<i>17%</i>	<i>12%</i>	<i>12%</i>	<i>26%</i>
Monti Cimini Rural District	175,493	1,404	19,516	77,823	3,984	268	1,060	11
<i>% of Regional total</i>	<i>3%</i>	<i>8%</i>	<i>9%</i>	<i>11%</i>	<i>6%</i>	<i>7%</i>	<i>5%</i>	<i>6%</i>
Ponente Ligure Agriculture, Floriculture and Nursery District	477,766	2,702	25,224	39,120	13,291	943	3,574	53
<i>% of Regional Total</i>	<i>30%</i>	<i>50%</i>	<i>57%</i>	<i>60%</i>	<i>68%</i>	<i>39%</i>	<i>36%</i>	<i>47%</i>
Lago Maggiore Floriculture District	163,953	683	1,190	6,837	1,443	175	752	11
<i>% of Regional total</i>	<i>4%</i>	<i>3%</i>	<i>1%</i>	<i>1%</i>	<i>2%</i>	<i>3%</i>	<i>2%</i>	<i>3%</i>
Vegetable Sector Quality Agro-food District	339,393	2,101	14,295	136,156	7,095	482	3,347	25

	<i>% of Regional total</i>	8%	8%	12%	13%	9%	9%	8%	8%
Rice District		399,258	2,349	5,789	164,214	7,291	503	4,236	9
	<i>% of Regional total</i>	9%	9%	5%	15%	9%	9%	11%	3%
Maremma Rural District		211,086	4,506	18,015	206,580	9,583	423	2,051	425
	<i>% of Regional total</i>	6%	20%	13%	24%	16%	10%	9%	19%
Province of Pistoia									
Nursery/Ornamental Rural District		141,878	369	7,310	11,828	3,456	163	766	24
	<i>% of Regional total</i>	4%	2%	5%	1%	6%	4%	3%	1%
Lucca-Pistoia Inter-provincial									
Floriculture District		389,672	1,852	18,197	30,878	6,191	495	2,573	95
	<i>% of Regional total</i>	11%	8%	13%	4%	11%	12%	11%	4%

*Source: Elaboration of ISTAT data for various years*

National and Regional regulations have mainly led to the recognition of quality agro-food districts; in addition, as previously mentioned, the rural districts are extremely heterogeneous. This seems to indicate a certain difficulty in identifying criteria for the definition of “rural district” and, once they have been established, in identifying territorial production realities corresponding to the characteristics provided for. Indeed, despite the fact that a number of territories have put forward proposals for the setting up of rural districts (Polesine and Pollino, to cite just two examples), a difficulty on the part of the Regions and Provinces has been observed in identifying criteria for recognition. By its very nature the district model is principally characterised by economic dynamics (among producers of the predominant production system with sectors higher and lower in the chain, of the production system with civil society) that are certainly present in the agro-food ambit.

The rural district instead has a different nature, where not only the production system is involved but also the context (natural, landscape, social, cultural, etc.) wherein this system acts. Therefore, more than an instrument of local development, the rural district is an organisational model, an instrument of governance of an economy that has succeeded in “monetising” its context and that organises itself in order to increase its competitiveness. While the normative provisions are clear in defining the model, perhaps Italy’s rural context is less so, which between problems of development and problems of organisation requires other instruments, e.g. those promoted under the Leader approach, more oriented toward triggering dynamics of development that, over time, could turn into more complex instruments and – why not? – district areas, such as is happening in the Colli Esini area in the Region of Marche.

## **The district as an instrument of governance**

Unlike a whole series of models and instruments aimed at organising and accompanying local development processes designed to deal with specific problems and needs of the territory or required by intervention policy, the agricultural district model has followed an opposite course. Generally speaking, the districts come into being spontaneously as part of the evolution of a normal production *filière* that needs to organise itself internally and to confront the outside world in a forceful and compact manner.

The district is first of all an instrument of governance of the production process, which, thanks to its own characteristics and, above all, its pronounced local nature and bond with the territory, can

become – and in some cases already is – an instrument of governance of the processes of rural development.

Compared with the other integrated instruments used, rural and quality agro-food districts have some original features that account for their strength (in Box 1 below the quality agro-food district is compared with the Integrated *Filière* Project, while in Box 2 the rural district is compared with the Local Action Groups under the Leader approach). When a set of conditions exists, the districts arise spontaneously; they are managed directly by the enterprises in accordance with the interests of the same. Their aim is the management of the production/territorial process of which they are a part; they assume a role in the definition of sector policies.

**Box 1 – Comparison of Agro-food Districts and Integrated *Filière* Projects**

	<b>Quality Agro-food districts</b>	<b>Integrated <i>Filière</i> Project</b>
<b>Origin</b>	Arise spontaneously under certain conditions	Promoted by public institutions to develop the local production system
<b>Management system</b>	Cluster Committee, where the central actors are the enterprises	Management Committee, whose composition may vary
<b>Objectives</b>	To manage the economic system	To develop an economic system
<b>Role</b>	To participate in the definition of sector policy	To apply sector policy

**Box 2 – Comparison of rural districts and Local Action Groups under the Leader approach**

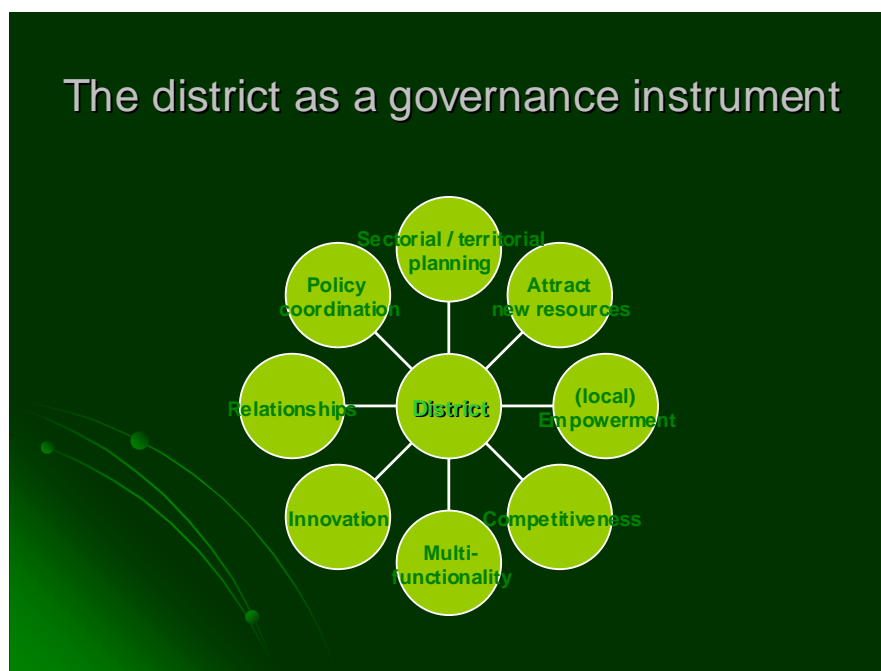
	<b>Rural districts</b>	<b>Leader approach</b>
<b>Origin</b>	Arise spontaneously under certain conditions	Promoted by public institutions to develop the local production system
<b>Management system</b>	Cluster Committee, where the central actors are the enterprises	Local Action Group, where the representation of public actors is important
<b>Objectives</b>	To manage the territorial system	To develop a territorial system
<b>Role</b>	To participate in the definition of territorial policy.	To apply territorial policy

Owing to their characteristics, the districts offer the territories an opportunity to provide themselves with mechanisms for a local concerted approach and to share development projects able to orient

local socio-economic dynamics in relation to both production processes and the territory through the strengthening of endogenous factors of competitiveness with particular reference to actions for the consolidation of relations among enterprises and activities in the territory, and between the business world and the institutional world, which in various capacities contribute to the course and support of the local production system (CNEL, 2007).

The district is an instrument that can:

- promote and sustain the establishment of relationships among enterprises;
- enhance the territory's image through promotional and innovative initiatives;
- establish an optimum environment to favour an efficient and profitable production chain;
- promote cognitive and informative activity directed toward studying and monitoring a territorial or sector problem;
- promote dialogue and participation among local actors;
- promote the preservation and growth of employment;
- promote integration and participation within the management system to improve the quality of the territory and the development of the economic system;
- promote the participation of stakeholders in the development of regional policy.



**Figure 2 – The district as a governance instrument**

The strong points of the district are:

- a capacity to strengthen the role of enterprises in the processes of local development;
- the bottom-to-top approach that mainly involves the economic actors (enterprises) by giving them an active role in a concerted territorial approach;
- the relations that are established at the inter-enterprise level and between enterprises and the territory;



- the indispensable “social atmosphere” that witnesses the birth of districts only where the production system is an integral part of the socio-cultural context.

However, it must be observed that, in comparison with other instruments of sector and territorial governance, the district has some weaknesses, especially in connection with:

- the presence of all the characteristics that lead to the recognition of the district, especially in the case of the rural district;
- the role of the institutions in the ambit of the district;
- overcoming legislation for the identification of the function of districts in the local development process.

A final weakness is associated with the rural district, which, as stated, provides for the integration of the agricultural production system and other sectors, as well as of the economic and socio-institutional processes present in the territory, namely integration that goes beyond the production factor proper to the concept of district, which, most likely, other integration instruments could better organise and valorise.

## **The role of the districts in national and regional agricultural planning**

Under national and regional regulations the agricultural districts are intended as an instrument for the development and management of a production system of particular quality in the case of agro-food districts or with peculiar production and cultural characteristics in the case of rural districts. Generally, the identification of the district takes place with a bottom-up type approach, directed toward further consolidating and developing the local production reality with respect to the context where it develops.

The Regions that have adopted a law on agricultural districts seem to have wanted to assign them a leading role in the ambit of regional economic planning. Therefore, the districts are considered privileged interlocutors in the socio-economic partnership called on to express itself on regional economic development plans and programmes.

The agricultural districts also play a primary role with respect to the planning and implementation of rural development policies for 2007-2013. The interrelations and co-operative atmosphere provided for under regional regulations for obtaining district status could favour processes of sector development at the local level, directing regional planning toward the real needs of the production sector.

In addition, the new regulations on support to rural development (Reg. (CE) 1698/2005) could greatly facilitate the recognition of agricultural district status, encouraging the co-operation and integration of the production subjects and local actors. Indeed, provision is made in the Competitiveness Axis for the promotion of co-operation among the primary sector, processing industry and other subjects (above all in the world of research) with the aim of developing new products and technologies in the agricultural, food and forestry sectors. Although without making explicit reference to production clusters, the regulation seems to give voice to the *filière* production realities, which, under Italian legislation, can also take shape as a territorial dimension of the local production system. Through a specific measure for RDP funding, the Regions that have recognised agricultural production systems will be able to guarantee resources for the consolidation of territorial partnerships directed toward the innovation of agro-food and forestry processes and products.

The role of the rural districts instead emerges from the EU guidelines in the matter of cohesion policies, which provide for concentrating intervention in favour of rural areas *in rural area development poles* in order to give life to *economic groups that pool local resources* (...). In this case, too, the districts could constitute a point of reference for the introduction of innovations and local development, making use of projects structured in accordance with the Leader approach or integrated local development strategies and, in the spirit of the definition of Law by Decree 228/01, directed toward the improvement of the quality of life and the diversification of the economy of rural areas.

The integration of enterprises is also a key theme of the National Strategy Plan for Rural Development 2007-2013, which stresses instruments able to integrate enterprises and territory (*filières*, production districts) and to create development strategies through the co-ordinated use of the measures made available under Rural Development policy.

With respect to these strategic prerogatives of rural development policy, the rural and quality agro-food districts can play an important role in the development of Italy's agricultural sector and rural territories. They are an innovative and strategic instrument for promoting the development of the agricultural sector and rural areas.

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