

**Special session:**

**Territorial Governance, rural areas and local agro food systems**

**QUALITY LABELS AND INSTITUTIONAL DENSITY IN THE AGROFOOD  
SECTOR: THE CASE OF ANDALUSIA<sup>1</sup>**

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**ABSTRACT**

Our paper analyses the gradual increase of quality labels in rural areas of Europe and the effect of Institutional Density (ID) over them. This new producer's strategy is related to three different but related processes: changes in the global markets and consumer patterns, and within the European Rural Policy. Such scenario partly explains the increase of labelling as a strategy in rural areas, but not their success or failure. The contribution of this paper is to analyse three different kinds of labels (Protected Designation of Origin, Organic Agriculture and Parque Natural de Andalucía) in relation to the grade of Institutional Density (ID). We chose to study the case of Andalucía (Spain), a region characterized by economic centrality of agro-industry and for being one of the European areas with greater presence of institutional development agencies. The data was collected during fieldwork, and quantitative and qualitative techniques were implemented.

**Key words:** quality production, rural development, institutional development, Andalusia (Spain).

**Introduction**

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<sup>1</sup>This paper is the outcome of an on-going research project financed by the I+D programme titled "Territorio, calidad e innovación: El diseño de la nueva ruralidad europea". I+D (SEJO2007-63537/SOCI) Ministerio de Educación y Ciencia y Fondos Feder y "La producción de calidad: nuevas estrategias rurales para nuevos consumidores" Ministerio de Educación y Ciencia. I+D (CSO2010-22074-C03-01). Departamento de Antropología Social. Universidad de Sevilla. Grupo TECUDE (P.A.I. SEJ-418).

The increasing production of quality labels represents a new upward trend in European rural areas. This development is due to the over-exposure of consumers to the unpleasant consequences of the agro-industrial model - such as the mad cow disease or water pollution - in the mass media, which has increased risk perception on a global level (Beck, 1992). This alarming information has opened up public debates on production and distribution systems as well as on the control systems which presumably guarantee the safety of these products. Consequently, consumers are willing to buy food originating from specific eco-systems, produced by local know-how, embedded in history, etc. because these products are perceived as safer, more natural and better quality (Nygard and Storstad, 1998).

This increase is also part of an economy of new values, which is creating a transitional movement known as *quality turn* (Ploeg *et al.*, 2000; Goodman, 2002, 2003; Sonnino and Marsden, 2006), implying a switch from mass production agriculture to quality production, and redefining the function of rural areas in Europe. The new European rural development policies make up an appropriate framework to promote these kinds of quality initiatives, as they offer new opportunities for producers and institutions. As we shall see, the development of these certifications has coincided with a new territorial focus on Rural Development Policies, which started up in 1992. This approach redefines *territory as support* to *territory as a resource*, linking new initiatives with local culture, image and identity (Esparcia, 2000; Aguilar, 2007).

This proliferation of distinguishing signs with varied specifications (DOP, IGP, Organic Agriculture, etc.) has been the subject of a number of analyses. On the one hand, some approaches link the promotion of these food products with the new rural economy, related to the producers' economic strategies. These strategies are considered feasible for reducing farming surpluses, boosting the less competitive, poorer regions socioeconomically, and providing small farms and companies with a tool to differentiate their products and compete in global markets (Knickel y Renting, 2000; Miele y Pinducciu, 2001; Banks y Marsden, 2001; Pugliese, 2001; Tregear *et al.*, 2007).

On the other hand, the role given to regional food in rural development projects has also been analysed (Murdoch *et al.*, 2000; Lozano, 2010). These approaches highlight the capacity this production has to activate other assets in the territory and thereby boost the economic, social and cultural benefits of these actions locally. This could lead to the emergence of "nested markets" (Costanigro *et al.*, 2009). Other lines of work have revealed its importance in improving the relation between agriculture and the environment (Kaltoft, 1999), the positive impact it has on reducing contamination and its contribution to creating more sustainable farming systems (Rigby y Cáceres, 2001). On a more micro-social level there are other views focused on the relation between food and territory. These approaches empirically deal with a number of studies on cases of local production systems and their relation with these kinds of strategies. This research highlights the importance of *Know-How* (Requier-Desjardins, 2003; Muchnick *et al.*, 2007; Aguilar *et al.*, 2009; Bowen, 2010), or the horizontal and vertical coordination of local actors when confronting these kinds of strategies (Boucher, 2006; Tregear *et al.*, 2007).

There is another line of work which analyses the effects of these labels in the *Global Value Chain*. In this case, the quality labels are understood as ways of governance (Ponte, 2009), and there are three main interpretations: as *drivenness* (Gereffi and Korzeniewicz, 1994), as *coordination* (Gereffi *et al.* 2005), and as *normalisation* (Gibbon and Ponte 2008). Finally, there is the approach arising from

the discipline of consumer behaviour, which has dealt with consumers' response to these new products marked with quality labels (Bonnet and Simoni, 2001).

The aspects which have received less attention are those which link the origin and evolution of these production specifications with the different institutional contexts in which they are registered. Regarding this approach, the analyses carried out from the point of view of institutional economy are especially relevant (Hodgson, 1998; Smelser and Swedberg, 1994). As a branch of economic sociology, it regards the economy as something much deeper than just a system of companies and markets based on rational and standard regulations. On the contrary, it is defined as: "*a composition of collective influences which make up the actions of individuals, and as a diversified entity which follows a dependent path due to the cultural and socio-institutional influences it has inherited*" (Amin, 1998:73). For the line of argument we are presenting here, we are especially interested in the conceptualization this current has on the institutions, which are understood as "collective forces". When they interact, they boost the economy, thereby rediscovering the classical institutional economy developed by Karl Polanyi (1944). These collective forces include both official institutions (laws, regulations and organizations) and informal institutions (habits, rules and social values).

To carry out the analysis of these institutional networks linked with quality production initiatives, we shall use the *institutional density* concept (Amin and Thrift, 1993) including organizational, sociocultural and economic criteria. The institutional density concept includes four basic aspects: the relation and inter-institutional synergy, the collective representation by a large number of entities, the configuration of a common project and, finally, a series of shared rules and values. The presence of institutional density is demonstrated in a number of different ways. By creating a stronger legitimacy, it fosters trustworthy relations, stimulates business capacity and consolidates the rooting of economic activity in the local environment. These authors emphasize that the institutional contribution is not only limited to the existence of institutions or formal rules, but also to the soft institutions that stimulate the development of a diffuse business capacity, based on a set of codes of practice, support and customary rules accepted by all. From this point of view, soft institutions (Streeck, 1991) are the key to economic growth.

Based on this complex notion, we develop an analysis comparing the quality production processes of two economic territory initiatives. The aim is to study in depth the networks and institutional interactions which have been implemented in each of them. With this perspective in mind, our contribution analyses the labelling process developed over the last few years in Spain and, particularly, in Andalusia. To do this, we have studied two particular cases: olive oil Designations of Origin and "Organic Agriculture" certification. We have also tried to discover the role the territorial development agencies have played in this growing labelling of rural economy and to assess its failure or success in relation to a larger or smaller presence of the elements which make up the *institutional density* concept.

This article is structured in six different parts. Firstly, we explain the methodology followed in our research. Later, we analyse the progression of quality labelling in a European context. In the third part, we analyse this strategy in Andalusia and divide it into two parts: olive oil PDOs and Organic Agriculture label strategies. We finish our article with a discussion about the benefits and risks of institutional support in labelling strategies in Andalusia.

## **Methodology**

Quality Labels are, on an analytical level, new *institutional agreements*. This means that there are new rules for the different actors involved in producing, processing and consuming the labelled products. The process of setting these new rules is an exercise of (1) re-thinking and (2) re-designing the reality where the product is embedded. However, we approach quality labels as local producer strategies, which seek to market local products with a better position in a globalized economy. Thus, we seek to understand complex processes from an internal point of view. Hence, we chose an actor-oriented approach (Long, 2007; Long and Ploeg, 1988) to study this new tendency.

Our research was divided into 3 different phases: documents and literature reviews, fieldwork and analysis of collected data. We implemented qualitative and quantitative techniques during long periods of fieldwork in 2 observational units in Andalusia: Sierra de Cádiz y Sierra de Segura (Jaén). These observational units were chosen for two different reasons: (1) their long experience in rural development policy implementation, and (2) the importance of labelling strategies in their agro-food industry.

One of the key aspects of our research was to choose the right categories of actors. We identified 3 groups as key actors: technical managers and politicians, local associations, and rural entrepreneurs<sup>2</sup>. Technical managers and politicians are those who manage and supervise the implementation of rural development projects and programmes, such as Leader +. Their position in the area gives them first-hand information about its resources and needs. The representatives of associations and societies are those who are involved in the implementation of these labels and work as a platform for the previous category. The Rural Entrepreneurs are the most important group for our research; they are the main actors of the processes that we have analysed. In this category we have included those who are involved in projects related to labelling strategies, those who applied for them, and those who did not participate in the project or apply for them.

A total number of 127 semi-structured interviews were carried out in the 2 selected observational units: 79 to rural entrepreneurs; 26 to technical managers/politicians and 22 to associations. Participant observation complemented the data collection phase. This technique gave us a better insight, and also generated the trust needed to obtain the information during the formal interviews. Later on, the collected data was processed and analysed using ATLAS ti©.

### **Quality agri-food production and labelling strategies**

Protection of local, quality products through labelling strategies is a practice with a long tradition in Mediterranean countries. In fact, labelling systems, such as Geographical Indications, were already regulated in southern countries in the 1920s. These early strategies aimed to protect and preserve specific products from particular areas. The regulation was first designed for the wine sector and later expanded to other products. Portugal, France, Spain and Italy were, and still are, pioneers in this kind of regulation. Indeed, it was the admission to the EU of southern countries in the eighties that increased pressure for EU regulations<sup>3</sup>. In 1992, the first PGS framework came into force. In 2006 this framework was reviewed, and this label

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<sup>2</sup> These categories of local actors also answer to the new logic of rural governance (Wiskerke et al, 2003), and to the requirements of the interface analysis (Long, 2001).

<sup>3</sup> According to some scholars (see Ventura *et al.* 2006: 22), these new admissions also changed the CAP perspective, increasing support on "Mediterranean" products. Before this, the CAP used to support products which were characteristic of northern European countries, such as cereals and livestock.

system is currently governed by the *Regulation on the protection of geographical indications and designations of origin for agricultural products and foodstuffs*<sup>4</sup>. Nowadays, this tendency is still continuing in the EU, where 75% of the goods labelled under the PGS framework are from southern countries (Sonnino and Marsden, 2006).

It is important to point out that this strategy has gained great importance in Spain and is directly related to the new alimentary context and to the role of the new rural territories. While in 2001 there were only 153 geographic designations, there are now 252. Out of these, 165 are PDOs and 87 are PGIs. These quality protection labels are the most acknowledged because they are subjected to restrictive controls during the different phases in the chain, that is, in the supply, the varieties used, the production and transformation processes, etc. This control guarantees that the final product will incorporate some kind of inherent quality attributed to the territory. These qualities can be either natural (climate, ecosystem, geography, etc.) or cultural (local techniques, traditional knowledge, history, etc.). According to the EU current regulation, it is the final amount of these specific, intangible characteristics that makes a product suitable for protection.

Organic Agriculture (OA) is another certification with a long record in Europe. Spain was the third country in the EU to pass a specific law on OA in 1988. Three years later, the EU also approved a common regulation (CEE 2092/91). This European framework defines the requirements which products and foodstuff have to meet in order to be suitable for organic certification. In relation to this label, it is important to point out that quality is not defined by the link with the territory, but with the kind of agricultural techniques linked with environmental sustainability. It is a very complex regulation, because it links many different processes, in addition to agricultural techniques: labelling, transformation, inspection protocols and marketing in the EU. This legislation mainly aims to guarantee quality and traceability of organic products and foodstuff. Consequently, a European organic label was designed along with this regulation. As in the previous case, this kind of label has achieved international expansion in the last decades, with Spain being an active participant in its growth. Nowadays, Spain has the 7<sup>th</sup> largest organic farming area in the world and the 1<sup>st</sup> largest organic farming area in Europe (Willer *et al*, 2011).

To illustrate the impact of these two dynamics on rural areas, we have used different fieldwork experiences. Based on the results, we will be able to analyse the importance these labels (PDO and OA) have gained in a specific region. Likewise, we will try to evaluate how Local Action Groups (LAGs) and public institutions (the specific institutional framework) have influenced them as actors linked to the institutional network in which both initiatives are created and developed. We have dedicated the next part of this paper to this question.

### **Quality labelling strategy and territory in Andalusia**

Our research assumes that, in the case of Andalusia, these new initiatives should be understood in the context of the new RDPs. LAGs and public administrations are strongly supporting these initiatives because they understand that they are tools for the socioeconomic dynamization of rural territories. As we shall see, the support given to these labelling strategies has been beneficial for their results, both from a cost-effectiveness point of view and the assessment they have received on behalf of producers and development agents.

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<sup>4</sup> Council Regulation (EC) No 510/2006, 20<sup>th</sup> March 2006.

### **Institutionalization of PDOs. The case of olive oil PDO in Andalusia**

Olive oil PDOs are paradigmatic examples of this institutional support. The first generation of PDOs in this sector was created at the beginning of the 80s. They were limited to mountainous areas because these certifications were conceived as a strategy to make less productive olive trees profitable (Sanz and Macias, 2005). However, the same traits that limited olive grove productivity increased the quality of the oil production. This very high quality is due to the location of the olive trees in highlands where there is optimum soil draining, good product exposure and plague-reduction. A rural entrepreneur from the Sierra de Segura, the first Andalusian territory to get an olive oil DOP in 1979, told us why they opted for this strategy:

*“We couldn’t compete with other olive tree production areas where the average production is double or triple compared to ours and the costs are half, 50%. So, it was impossible to compete. Therefore, we had to compete in another sector, which was the quality sector”* (President of Cooperative, 56 years old).

This panorama began to change substantially from the year 2000 when, as we can see in Table N° 1, the olive oil DOs began to proliferate in the Andalusian territory, and up to 14 DOs were passed by the Spanish regulations. This meant that in 10 years, the area registered under this label was to increase by five. This large development of olive oil PDOs is due to the reorientation process of the CAP towards multi-functionality and the promotion of quality production and, particularly, with the implantation of the EC Leader Initiative. Since the application of LEADER in 1991, this programme has changed the institutional map and administrative approach in rural areas. Nowadays, Andalusia is divided into 50 counties or rural development areas, where 50 LAGs coordinate and promote rural development projects and initiatives. These new institutions were conceived with the aim to plan, manage and implement different programmes at a local level. This situation has brought about the development of a high level of institutional thickness<sup>5</sup> (Amin and Thrift, 1995) in rural areas<sup>6</sup>.

The importance of the agro-food sector in Andalusia and the quality turn brought about in development policies (Ploeg *et al*, 2000) encouraged the LAGs to become interested in promoting PDOs, as this enabled them to give added value to their productions and to promote a distinctive image of their territory. The LAGs have been involved in different ways in the establishment and later development of olive oil PDOs. On the one hand, they have financially supported Regulatory Boards and have helped them with new infrastructures, marketing, advertising and coverage. On the other hand, they have led the process in most cases, and have been able to mobilize and coordinate different local actors. In this respect Sanz and Macías (2005) explain how the institutional network, created to support the establishment of “Olive Oil PDO Sierra Mágina”, goes even further than the LAG and includes the Nature Park administration and the Universidad de Jaen, among others.

“Olive Oil PDO Sierra de Cádiz” is one of the clearest examples of the close connection and commitment between LAGs and PDO Regulatory Boards. This LAG was one of the first in Andalusia, and their activities started up with the Leader I Initiative. They encouraged the creation of this PDO because they understood that

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<sup>5</sup> The concept created by these authors talks about institutional networks in areas characterized by the following: (a) high level of interaction between institutions, (b) active civil society within institutions, (c) existence of communal project, and (d) establishment of communal rules and agreements.

<sup>6</sup> LAGs have the following functions: document reception and registration; processing; application review and later, report writing; application resolution; executed project certification; subsidy payment and possible pre-payment loans; and financial control.

PDOs increase local producers' profits by adding value through exclusive territorial monopoly. They created an association to work as a platform to apply for the PDO for the area, and brought everyone together to negotiate the conditions and characteristics the olive oil would have. In fact, the headquarters of the Regulatory Board are paid by the municipality, and the LAG has approved modernisation projects for every *almazara* and family oil mill that belongs to the PDO using the LEADER programme. In addition, since the creation of the PDO in 2002, the LAG's manager is also the president of the Regulatory Board. In this sense, it can be said that LAG assumes most of the *Transaction Costs* (Harris *et al.*, 1995) of PDOs, facilitating the process for local producers. Many of the actors interviewed have made comments about this point:

*"It would have been impossible for us to get it alone. Without them (LAG) and the Consejería de Agricultura<sup>7</sup> we would never have got our PDO"*  
(PDO technical manager, 33 years old).

However, the current reality of the PDO Sierra de Cádiz is uncertain. On the one hand, the sector is facing strong competition, as there are a great number of PDOs in Andalusia with higher production and, particularly, with a well-known brand name which is more familiar to consumers. On the other hand, farmers are not compensated by the rise in costs, and particularly, the work implied in the production of quality oil. This is why there has been an increase in the number of "PDO Sierra de Cádiz" companies who have abandoned the Regulatory Board and gone back to the conventional system.

Another clear example of the link between these institutions, the PDOs and the territory development strategies are the olive oil PDOs "Sierra Sur" and "Campiñas de Jaén" (spotted areas in Figure n°1). These PDOs achieved state acknowledgement in 2006 thanks to a campaign carried out by their respective LAGs and the interest of the producers in the area to get a PDO. We should point out that, unlike other PDOs in the province of Jaén, these were not located in mountainous regions but in the countryside, which meant that the olive estates were much more productive and their level of technological advancement and intensification was much higher. However, the designation names established for both PDOs "Sierra Sur" y "Campiñas de Jaén" did not previously exist or refer to any specific, historical or geographically constituted territory and were created by their respective LAGs. These circumstances meant that the EU rejected the request of "Olive oil PDO Sur" in 2009, claiming that there was indeed dissociation between designation, territory and product. This rejection logically caused the withdrawal of the other application.

This situation has led these two territories to opt for applying for Olive Oil Protected Geographical Indication, as the links required by this certification between the product and the territory are fewer. Since then, they have decided to unify all the olive grove areas in Jaén under the same label -"PGI Aceite de Jaén"- instead of the current fragmentation under different PDOs. The name of the province has been taken as a brand label, as this territory and designation have a renowned prestige nationally and internationally, being the largest oil production area in the world and making up between 15 to 20% of the total production worldwide.

So, this increasing number of accepted olive oil PDO processes in Andalusia highlights the unequal influence these institutional frameworks, represented in these cases by the LAGs, are having in these processes. In a first phase, these projects were led by the producers, although they had the support of public institutions and territorial management entities, as was the case with the "PDO Sierra de Segura".

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<sup>7</sup>Regional Ministry of Agriculture, Fishery and Food.

They were also initiatives which responded to a genuine economic strategy of distinction which would allow them to compete with other territories. Furthermore, they came from areas with a distinct historical character and a strong link between the territory and the product.

However, in a second phase, it was the LAGs that led these actions and were in charge of coordinating and encouraging the farmers. The interest in having a distinctive label of territorial production led to a proliferation of these initiatives and an automatic reproduction of a model which would have needed a previous analysis of the potential of each and every case. The problems of the “PDO Sierra de Cádiz” can be explained in this context. It has been the result of an up-down initiative and a political development decision made and based on the existence of the public financing available at the time. This process shows to what extent the origin of these initiatives can be a burden to the objective of territorial advancement when dissociated from local action. It has been more dominated by the LAGs’ interest to get a quality distinction than the farmers in the area having a real interest in assuming the challenges involved in readapting towards quality on a production, packaging, marketing and oil sales level. Therefore, this process shows us how the links between these institutional frameworks and the motivations of the local actors are decisive for guaranteeing the success or failure of these kinds of initiatives. This concept should be taken into account by the technical managers in charge of these territorial development proposals, since the profitability of these kinds of projects should not only be measured in political terms, but also in economic terms.

The last phase of this process is represented by the creation of a PGI in Jaén, a project promoted by the Regional Government of Andalusia. In this case there was a second shift in the responsibility of the initiative, and the decision-making regarding the certification was not carried out by the LAGs, but by the public administration itself, meaning that the producers were even more side-lined in the process.

### **Labelling Strategies and Organic Agriculture**

Andalusia has played an essential role in organic agriculture in Spain for two reasons. Firstly, because the region accounts for 60% of the total Spanish certified area and more than 30% of the total producers. It can be observed (Figure 2) that far from being a stationary phenomenon, there has been a continuous increase during this decade in the number of hectares and producers, which has now risen to 866,799 has and 7,794 producers. Secondly, the regional public administration showed an early interest in sector regulation and institutional support. Andalusia was the first Spanish region to be provided with its own instrument for the control of organic production, through the creation in 1991 of the Comité Territorial Andaluz de Agricultura Ecológica, and to make Regulations in 1996<sup>8</sup> to regulate this activity in the territory. From 2001, this institutional support reached its highest peak with the application of two instruments: the publication in 2002 of the “Plan Andaluz de la Agricultura Ecológica 2002-2006” (PAAE) and the creation in 2004 of the Dirección General de Agricultura Ecológica (DGAE), registered in the Regional Ministry of Agriculture and Fishery.

In this way, Andalusia became the first Autonomous Community to be provided with a specific plan and its own independent entity to direct and promote organic agriculture in its territory. Under an agro-organic perspective, the DGAE promoted a series of initiatives to encourage a coordinated organic sector, which would establish

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<sup>8</sup> Order of 5th June 1996, in which Regulations are passed on organic farm production and its indication in farm and food products in the Andalusian Committee of Organic Agriculture.



links with the territory, promote producer-consumer relations through the development of short marketing channels and social consumption promotion, and encourage organic agriculture in the Nature Parks.

To illustrate the impact these measures have had on the development and organization of the organic sector in Andalusia, we are going to analyse how they have been implemented in a specific territory: the Sierra de Segura. This area was chosen for being one of the first territories in Spain to produce organic olive oil and because of its location in the largest Nature Park in Spain: the “*Sierra de Cazorla Segura y Las Villas Nature Park*”. As in other territories in Andalusia, the DGAE designed a specific plan to discover the problems and potential of the sector. The first action carried out was the coordination of the different policy areas (agriculture, environment, employment, health, etc.), and the various administrative levels working in the area. For the first time, a forum was established to encourage dialogue between the local population and representatives of the Nature Park, two traditionally antagonistic groups. They agreed on a common strategy for the development of organic production in the protected area (Lozano y Aguilar, 2008). This forum also led the environmental management to certify public forest pastures as organic land, which was one of the main obstacles for the development of organic livestock in the Nature Park.

In order to develop the organic production sector in this territory, it was considered necessary to adopt a holistic perspective, trying to act simultaneously on all aspects of the process. On the production side, different measures were designed, not only to increase its productive capacity, but also to promote the diversification of activities and crops. The aim was to broaden the range of products in the area so that an internal market could be created. This meant that local consumers would have access to a wide variety of foods<sup>9</sup> throughout the year, without having to bring them in from other parts of Andalusia. Secondly, in order to strengthen the sector, coordination was encouraged between the different sectors: livestock, grain and oil production, horticulture, etc.

With regard to the marketing and sale of organic products, a campaign was launched to promote domestic consumption through different ways. The first experience was the location of a *Biopunto*, a sales centre in the weekly main street markets in the different municipalities of the territory. Similarly, it has encouraged coordination regarding the choice of crops, in order to offer local consumers a wider range of products and a steady supply throughout the year. The second experience focused on the promotion of social consumption. In 2007, this experience began to be implemented in the area and led to the launching of menus prepared with organic food in some schools and kindergartens in the area and in the local hospital.

All these measures have achieved an important double-purpose: to make the products visible, and to distribute them among the local population to overcome the resistance and negative stereotypes towards this production system. This double-objective is important because encouraging consumption and increasing demand for this kind of food would solve one of the main problems of the organic sector which is marketing and selling, and could also lead conventional farmers towards conversion. From the convergence of all these projects, an association of producers and consumers has emerged in the area called *Segura-Ecológica*.

Despite its short history, the results of this Plan have been quite positive. Since its

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<sup>9</sup> The main factors that block the commercial development of organic production are: the limited offer of organic products, limited distribution, and problems found by consumers in markets.

application, the internal consumption of these products has increased and the certified area has grown considerably from 2,455.31 has. in 2004 to 7,316.6 has. in 2008. There has also been a strong development in organic cattle with the incorporation of 15 stockbreeders, bringing the current number of producers to around 174. Likewise, and through this plan, a type of social fabric has been formed around this activity and coordinated actions have been established among different actors in the territory. Moreover, measures have been implemented for the first time to actively integrate the farmers in the management of the natural resources of the Nature Park (Lozano 2010).

Therefore, it could be said that the institutional framework is adequate in this case, given that the regional administration institutions have played a leading role in starting up the process. The project has been developed and a situation of institutional density has been reached, guaranteeing the future of the initiative. In this case, a large variety of actors and territorial representatives have been involved from the beginning, forming plural institutional networks (administration, regional institutions, LAG, the Nature Park, producer and consumer associations etc.). In order to do this, the former existence of an important social capital in the territory has been essential and has activated the development of the initiative. In fact, the choice of this area by the administration for the process start-up was not a coincidence. It was chosen precisely because its critical mass and social capital were also capable of creating the necessary synergies between the different sectors of the institutional network (Wiskerke and Ploeg, 2004). This is, therefore, the first factor linked to institutional density.

The fact that the relations between the different actors were developed through coordinated actions, making the nucleus share the decision-making, and especially including the producers in the processes of territorial management in the Nature Park, indicates a clear participatory strategy. The process therefore acquires legitimacy, and this, in turn, strengthens trust between the actors. This line of actions enables the development of coordinated actions and synergies between actors of the network, meaning that the second requirement, necessary for the existence of the institutional density mentioned above, is met. On the other hand, it must be pointed out that the guidelines and lines of action promoted by this initiative towards the economic sector have been clear and accepted by all the network actors from the beginning. In this sense, they have set up a single development strategic Plan, a common plan in which both local actors and the regional administration have been able to coordinate their interests, expectations and motivations. This is therefore the third element sustaining institutional density.

Finally, we must point out that these actions have retrieved a tradition which already existed in the area, fostering the local know-how and thereby promoting environmentally-friendly economic activities. These matters reflect the existence of a series of shared rules and values, such as farm production and traditional stockbreeding, respect for the environment, the creation of feasible economic initiatives to encourage the rooting of the population in the area, the territorial identity of the inhabitants who support the conservation of these lands and life-styles to, in turn, conserve specific cultural features, etc. This makes up a "corpus" of shared rules and values (soft institutions according to DI rhetoric) within this initiative which has increased its positive results. The fourth factor is therefore achieved, enabling institutional density.

The explanation for the success and ambition of this territorial development proposal, based on the organic agriculture label, can be found precisely in the

combination of all the factors we have mentioned: the diversity of representative actors, the creation of networks of actors and synergies between them, the existence of a common project and the fact that they have certain shared rules and values. All these circumstances certainly make this case a paradigmatic case of institutional density, in the sense that we have mentioned at the beginning of this text. (Amin y Thrift, 1993).

### **The economic strategy of the distinction and the institutional support**

The institutional support on quality label strategies has led to the proliferation of these certifications in many European regions. This process has been especially present in the Objective 1 regions in the PAC, which have been supported preferably by programmes and specific financing on behalf of European development policies. This has meant that the competitive advantages of the first DOPs have become more widespread and there is an increase in the competition between the DOPs of the same product in the same region, as is the case of olive oil in Andalusia. The “distinction” therefore becomes a trivialization, because the creation model of a DOP is exported and “copied”, without carrying out a clear analysis of the potential and specific features of the territories where it is applied. This also creates false expectations among the groups involved and ends up producing mistrust towards the administration and their interference in local development strategies. The spread of these olive oil DOPs has especially affected the DOPs located in mountain areas, facing socioeconomic and structural demographic problems. They are doomed to compete on equal terms with other DOPs in areas which are far more productive and have higher profitability, which is what was happening to the DOPs “Sierra Sur” and “Campiñas de Jaén”.

In addition, these kinds of actions have been unable to change the lack of control this region has on the marketing and sales of its olive oil. This structural deficiency is rather paradoxical if we take into account that it is the first production area worldwide, and it has historically left world marketing in the hands of the Italians. The DOP quality commitment has hardly had any influence in this field, because, as Langreo points out (2004), the amount of protected olive oil in any of the existing DOPs in Spain is around 48,000 tons. Out of these, only 18,000 tons are marketed under this label, which means a mere 37% of the total amount. That is to say, the proliferation of these labels has focused on the differentiation of each territory with its own label and on reaching an advantageous position with regard to the neighbouring areas and products, neglecting a basic aspect for the sector which is the need to correct the structural dissociation between production and marketing. What has prevailed has been a microeconomic policy, clearly linked to the institutional framework which the different LAGs have created in the Andalusian region, as these are the entities which have led the production distinction process. The failure of the DOP “Sierra de Cádiz” is paradigmatic of this situation as it has lacked a collective vision which would have allowed it to deal with the macroeconomic situation regionally and challenge the competition from the traditional olive oil sector and the other existing DOPs in Spain.

The example of the Sierra de Segura Organic Agriculture highlights that, unlike in the previous cases, the *institutional frameworks* have brought about trust and collective actions, and have known how to give legitimacy to the process by playing a positive mediation role among the actors (Ploeg y Marsden, 2008). This case also makes it clear that this public administration initiative is not a replica of other successful models in other territories, but is a specifically designed project, based on dialogue with the local actors to define the potential and performance strategies for

this territory in particular, taking into account its resources and social and cultural elements, as propounded by the perspective of institutional economy (Amin, 1998). The territorial context serves as a framework for a local production tradition, which has ended up creating a specific production method in an area with less farming potential but with unquestionable environmental values. These same values are now incorporated as an added quality element in this project. This proposal has undoubtedly managed to stimulate the business and enterprising capacity of the local actors, as key factors for sustainable economic growth.

### **Conclusions**

This article has applied the concept of institutional frameworks to the analysis of quality product labelling in Andalusia. Two labels have been studied in order to do this: the olive oil and organic agriculture DOPs, and the configuration that both have adopted in two mountain territories, the Sierra de Cádiz and the Sierra de Segura, with structural problems both on economic and demographic levels (ageing, masculinization, depopulation, difficulties to intensify farming activity, etc.).

First we have shown how one of the factors which affects the success of these labelling projects is whether there are specific institutional frameworks supporting these initiatives. This element is basic for understanding other factors, such as the coherence of these projects and the synergies created between producers, sectors and the administration, since the presence or lack of these institutional frameworks can either help or hinder these actions. The case of the DOP "Sierra de Cádiz" is a good indicator of how institutional frameworks are an obstacle for the coherence of production differentiation projects led from their LAGs. On the other hand, the case of the specialization of Organic Agriculture in Sierra de Segura is a clear exponent of how institutional frameworks, synergies between actors, sectors and administration have achieved the institutional density necessary to generate positive expectations of the project with an eye towards the future, despite the recent disappearance of some of these institutional networks, which is slowing down the project as a whole.

Secondly, what both cases show us is that the link between institutional intervention in the planning of territory development strategies and the expectations of local actors is essential for achieving success in a labelling strategy. As we have pointed out, when the development institutions are not the vehicle but rather lead the actions, regardless of the production sustainability and profitability, as is the case of the Sierra de Cádiz, these kinds of initiatives end up being marginalized by the markets themselves. Similarly, as the local actors were not included in the design of these initiatives, they did not know the impact being in a DOP would have on their way of approaching olive oil production. Neither did they know the challenges this would mean when dealing with the marketing of the quality product. Both factors make them abandon the project as soon as it fails to come up to their short-term economic expectations.

Thirdly, we would like to point out that the situation of institutional dependence which many of these projects are subjected to, means a risk for the feasibility of these initiatives. This is because their continuity is subject to political changes and the public financing available for these programmes. This situation creates a high degree of uncertainty in many projects which are not given enough time or financing to become established. Likewise, sustained institutional dependence ends up choking the proposed enterprising spirit that the European policies are trying to promote in these territories. This is why the producers only consider new economic policies when there are programmes with specific financing. In this paper, we have

presented two cases which shared a high level of institutional dependence. In the case of the DOP Sierra de Cádiz olive oil, as well as other DOPs which have been analysed, this situation is very clear because the initiative to get the quality label was promoted from the local development agencies themselves. In the Sierra de Segura, there has also been strong institutional support from the regional government, although the design of the organic farming actions has mostly been made by actors from the territory, according to their needs.

This situation is connected with the last idea we have put forward. Public policies are trying to achieve complex objectives for rural areas, but it is also true that institutional *overprotectiveness* is not the right path. Paradoxically, the use of financial support may also transform their entrepreneurial spirit, creating institutional dependency. In order to make this new model of production and consumption more widespread, we think that the institutions have to work on taking the whole network into consideration.

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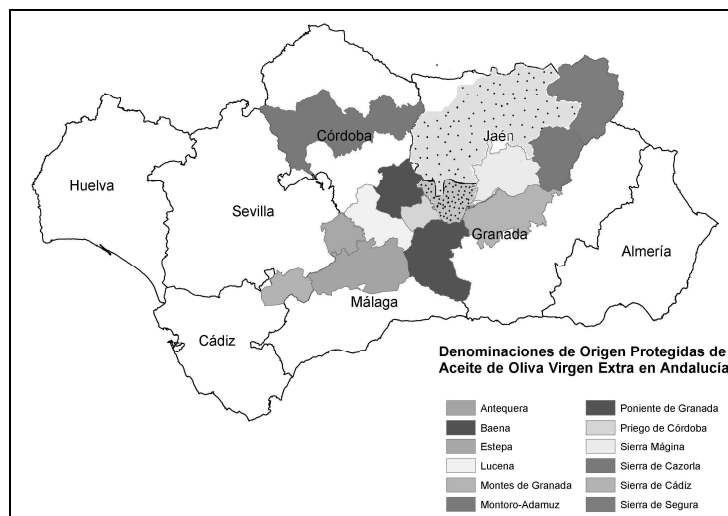
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**Table1. Evolution and Characteristics of Olive Oil PDOs in Andalusia**

PDO	Date of creation	Situation of the PDO	Area (Hectares.)	Average oil prod.
Sierra de Segura	23 April 1993	EU Registration	33.900	18.500
Priego de Córdoba	29 November 1995	EU Registration	29.628	18.000
Baena	28 December 1995	EU Registration	60.000	38.000
Sierra de Cazorla	9 November 2000	EU Registration	31.500	24.000
Montes de Granada	5 April 2001	EU Registration	29.358	5.699
Sierra de Cádiz	12 June 2002	EU Registration	20.854	6.153
Poniente de Granada	25 September 2003	EU Registration	23.293	6.500
Estepa	4 November 2004	EU Registration	38.000	25.000
Sierra Mágina	28 December 2004	EU Registration	50.000	22.000
Antequera	1 April 2005	EU Registration	8.387	1.900
Campiñas de Jaén	22 March 2006	EU registration Rejected	373.577	100.000
Jaén Sierra Sur	25 October 2006	EU registration Rejected	44.355	30.000
Montoro-Adamuz	26 December 2007	EU Registration	53.126	--
Lucena	16 November 2009	National Protection	72.438	--

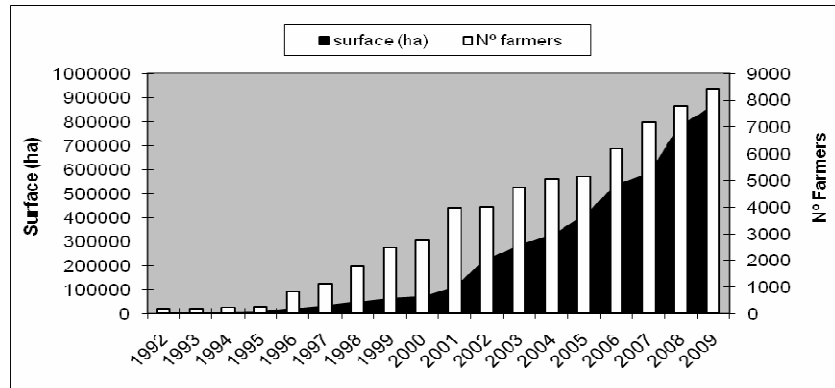
Source: Ministry of Environment, Agriculture and Fishery; Ruiz *et al*, 2007.



Source: Regional Government of Agriculture and Fishery, Junta de Andalucía

**Figure 1. Distribution of Olive oil PDOs in Andalusia in 2011**





Source: Regional Government of Agriculture and Fishery

**Figure 2. Organic agriculture: area and producers in Andalusia (1992-2009)**