



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



# AGRO-FOOD, TOURISM AND CREATIVE INDUSTRIES

*An integrated cluster approach*

INCLUSIVE AND SUSTAINABLE INDUSTRIAL DEVELOPMENT

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# **AGRO-FOOD, TOURISM AND CREATIVE INDUSTRIES**

**AN INTEGRATED CLUSTER APPROACH**



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# Executive summary

The relationship between tourism and food as well as the relationship between tourism and the creative economy is well known and has been widely analysed in economic literature. What is less studied is the huge potential of linkages and synergies among agro-food, tourism and the creative industries and how to develop a cohesive policy approach in order to enable integration and convergence among these sectors to take place.

*The UNIDO experience in preserving and promoting origin-linked products is a valuable example of an integrated approach. The project of developing a collective brand ('Delicious Montenegro') and a web platform to promote Montenegro's typical products and improve the visibility of Montenegro as an attractive tourism destination is a concrete initiative aimed at promoting linkages between agri-food, tourism and the creative industries.*

The aim of this report is to define a theoretical framework to support an 'integrated cluster' approach involving agri-food, tourism and the creative industries, which could be replicated in different geographical contexts. In order to illustrate how to apply the suggested methodology, we present and discuss several examples of initiatives or policy measures implemented to facilitate the creation of linkages among agri-food sector, tourism and the creative industries.

The crucial element distinguishing our approach from other similar models discussed in the literature is the centrality of integration among different sectors as a key to fostering development of a region.

Our approach identifies four elements that underpin the formation and operation of an 'integrated cluster': (i) territorial assets; (ii) stakeholder collaboration; (iii) leadership; (iv) communication and information flows.

*The case of culinary tourism initiatives in Stratford (Canada), for example, shows that the creation of a cluster requires the identification of appealing place characteristics and a clearly defined branding strategy which involves product development, institutional and organizational innovation (strong leadership led by unified marketing organization and solid partnership with governments and other organizations) and new forms of communication and partnership (innovative festival and social media; marketing organization with well-established institutional and organizational structure).*

Often synergies and linkages are not spontaneously fully realized by the local actors and awareness of the potential for growth and new product/experience development can be low, especially in peripheral localities. For this reason, public authorities play a crucial role in constructing an 'integrated cluster', which should adopt a collaborative governance. This new way of understanding governance brings public and private stakeholders together in collective forums with public agencies to engage in consensus-oriented decision making. It also ensures that processes are broadly inclusive of all stakeholders, including both powerful and less powerful actors.

*Brazil's cultural policy is an interesting example of how civil society participates in the creation, implementation and monitoring of public cultural policies in cooperation with national and local authorities. The Brazilian example illustrates a large-scale consistent effort undertaken by the government to promote the development of the cultural sector throughout the country, targeting specifically artists, cultural professionals and entrepreneurs.*

Finally, given the complexity in understanding how the creative industries link with tourism and agri-food sector as well as appreciating the fundamental changes stimulated by the growth of the creative economy, our analysis highlights the necessity for policy makers to absorb a lot of new information in order to design adequate policies and to implement novel instruments.

*Vouchers are promising instruments to facilitate cross-industry collaboration and thus cross-innovation. They have proven to be an effective instrument to foster innovation and new business relationships in SMEs (see Creative Voucher in Austria and Creative Credits in United Kingdom).*

# Chapter 1.

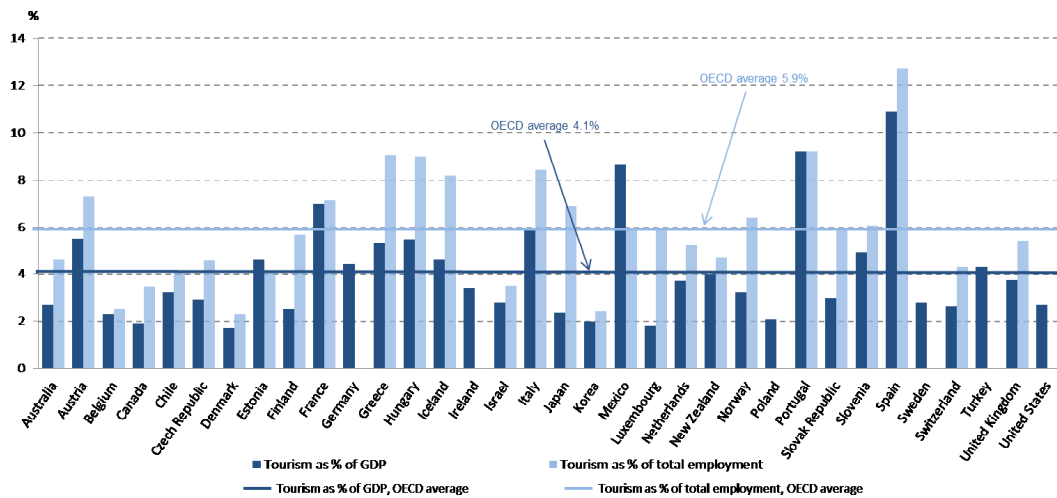
## AN OVERVIEW OF AGRO-FOOD, TOURISM AND CREATIVE INDUSTRIES TRENDS

In recent decades, tourism has become one of the most important service industries in the global economy and governments are developing active and innovative policies to build a competitive, inclusive and sustainable tourism sector.

In the OECD area tourism directly contributes on average 4.1% of GDP, 5.9% of employment and 21.3% of service exports (OECD 2016). Part of its importance lies in the wide range of services required to produce tourism products: transportation, accommodation, information, marketing, financial services, insurance, etc.; as well as in the strong linkages with other sectors such as agro-food and the creative industries.



Figure 1. The direct contribution of tourism to OECD countries (as percentage of GDP and employment, 2014, or latest year available)



Note: data for Spain includes indirect impacts; GDP data for France refers to internal tourism consumption; employment data for Luxembourg includes indirect impacts. Source: OECD Tourism Statistics (Database).

From a qualitative perspective, new important trends have emerged which are changing the tourism landscape: emerging markets, foremost China, are driving the growth and evolution of global tourism demand; peer-to-peer exchanges are offering an alternative to more traditional tourism services; multigenerational travel is becoming more common; etc. In particular, a growing trend is searching for unique, personalized experiences in alternative destinations. The focus of many tourists has changed from the classic ‘must see’ physical sights, such as museums and monuments, towards a ‘must experience’ imperative to consume intangible expressions of culture, such as atmosphere, creativity and lifestyle. Food is one of the main elements stimulating this shift. Indeed, food and gastronomy are artistic and cultural expression and one of the most noticeable examples of the tourism experience. This provides new opportunities for tourism destinations and at the same time creates new challenges, particularly in the areas of experience development, marketing and branding.

Rural areas with specific history, traditions and eno-gastronomic heritage are suitable for the development of successful food niches. Authenticity in food experiences is important because of the appeal this can make to the wider demands of tourists. People often travel in order to escape the perceived lack of authenticity in modern life at home, or in order to discover more authentic places elsewhere: food experiences can play an important role in supporting authenticity by connecting tourists to places and local culture through gastronomy.

The relationship between tourism and food experiences can play an important role in local development. Both food and tourism have a wide range of linkages to other areas of the economy that tend to increase the value of these activities to the local economy.

Another growing trend is the emergence of ‘creative tourism’. Creative industries are increasingly being used to promote destinations and enhance their competitiveness and attractiveness.<sup>1</sup> The synergy of tourism and culture has been one of the major themes in tourism development and marketing in the past three decades. Recently, destinations are beginning to replace or supplement culture-led development strategies with creative development. The inspirations for such creative development strategies can be located in the general idea that creativity could deliver wider benefits than a cultural strategy alone.<sup>2</sup> Culture, seen as relatively static and generally anchored in the past, needed creativity to inject dynamism and release the potential of people and places.

The linkages and synergies between tourism and the creative industries are numerous: the creative industries can stimulate tourism growth by providing creative content for tourism experiences, by supporting innovative approaches to tourism development and marketing and by influencing the image of destinations. The real potential for value creation from this emerging relationship lies in the integration of touristic experiences with other creative content and concepts that can reach new target groups, help to improve destination image and competitiveness, and support the growth of the creative industries and creative exports.

## Chapter 2.

### THE RATIONALE FOR AN INTEGRATED CLUSTER APPROACH

#### 2.1. THE COMPLEMENTARITY AMONG AGRI-FOOD SECTOR, TOURISM AND CREATIVE INDUSTRIES

Paradoxically, in a globalizing world even small differences are becoming increasingly significant in the development of local economies; therefore, a place-based approach, which attempts to capitalize on distinct local characteristics defining a particular place, seems the most appropriate to promote economic growth in these regions.

Territorial assets include cultural heritage and historical traditions as well as natural resource amenities. In particular, food is a major element of intangible heritage. Moreover, the presence of creative activities characterizes not only large metropolitan centres but also more peripheral areas (White, 2010; Bertacchini and Borriane, 2013). The creative economy in these areas

<sup>1</sup> According to UNCTAD (2010), the definition of creative industries we adopt is a broad definition, which includes an extremely heterogeneous spectrum of products and industries, from theatres and museums to furniture, from clothing and jewellery to specialized design services, from craft to software, to media, to eno-gastronomic products, to architecture.

<sup>2</sup> Cultural heritage, cultural and creative industries, sustainable ‘cultural and creative tourism’, and cultural infrastructure can be a powerful driver for development, with community-wide social, economic and environmental impacts. Most Middle-Income Countries are developing vibrant culture and creative sectors and initiatives.

is typically based upon the presence of arts, for example crafts and design, and culture<sup>3</sup>. Recently, a high potential in promoting a continued economic growth in local communities is attributed to creativity and talent.

The relationship between food and tourism is well known. The environment-related resources that underpin local and traditional food specialties are not only of material but also of immaterial and collective nature and, therefore, the maximum satisfaction from such specialties can only be gained in situ. There is growing evidence that tourists are consciously seeking out food experiences.<sup>4</sup> Many tourists travel for reasons of seeking culinary experience which includes the pursuit of reconnection with nature, resilience to globalization, the search for freshness, taste and authenticity, support for local producers, and environmental concerns.

Developing food experiences for tourism has several advantages. It can diversify local economies and contribute to regional attractiveness, thereby strengthening all aspects of the economy. In addition, it can sustain the local environment and cultural heritage as well as strengthen local identities and sense of community. Finally, it can create backward linkages, stimulating agriculture and local food production, industry, and ancillary services thus reducing economic leakage.

The relationship between tourism and the creative economy is well known, too. Culture has been one of the major sources of tourism growth in recent decades; more recently, we are witnessing the increasing importance of creativity, which is supplementing conventional models of heritage-based cultural tourism with new forms of tourism based on intangible culture and contemporary creativity.

Creative resources are employed to generate more distinctive identities, offering regions and cities a symbolic edge in an increasingly crowded marketplace. The emphasis in such strategies has shifted from tangible to intangible cultural resources and this has allowed places lacking a richly built heritage to compete for tourism business.

Integrating creative content with tourism experiences can add value by reaching new target groups, improving destination image and competitiveness, and supporting the growth of the creative industries and creative exports. Creative tourism also has the potential to overcome some of the challenges associated with more traditional cultural tourism products, such as the overuse of non-renewable resources and erosive effects related to blockbuster events and iconic buildings.<sup>5</sup>

One manifestation of the relationship between tourism and creativity is to be found in creative or cultural clusters. Clustering of creative activities is driven by both production and consumption functions of creative people, creative industries and a creative 'buzz'. The development of specific creative industries, most notably film, fashion and design provides the basis for new tourism products (see Box 1).

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<sup>3</sup> Traditional agglomerations of high-quality craft production in small municipalities is a distinctive geographic characteristic of the Italian creative economy.

<sup>4</sup> For example, according to the results of a research undertaken by the Japan External Trade Organization (JETRO) on motivations for visiting Japan, the main reason is Japanese food, which indicates the important role food plays in tourism.

<sup>5</sup> The convergence of culture and tourism is evident, for example, in the emergence of a 'Nordic Model' of experience development in Denmark, Finland, Iceland, Norway and Sweden, which has seen many destinations adopt policies which combine culture, tourism and creativity into an overall system of experience production and consumption.

Creative tourism is found both in rural and urban environments. Several authors point to the emergence of the ‘creative countryside’ with places transformed into creative hubs, craft production centers and creative tourism destinations (Bell and Jayne, 2010; Cloke, 2007).

It is evident that new linkages and synergies between food, tourism and creativity emerge, offering considerable potential to grow demand and develop new products, experiences and markets. The linkages between these sectors provide a platform for local economic development and for turning comparative advantages into competitive advantages. Indeed, competitive advantage relies on creativity in managing and marketing the destination and on the ability to transform the basic inherited factors into created assets with a higher symbolic or sign value. The relationship between food and tourism provides the basis for important emerging creative and cultural industries. At the same time, tourism has become part of the cultural or symbolic economy and the food experiences can be used for branding and marketing destinations. Food is often a gateway to local culture and can bring tourists and locals together in a shared cultural experience. Food can be linked to local customs, traditions, landscapes and systems of food production to provide engaging authentic experiences for tourists. Food experiences can directly support local cultural development by providing the cultural capital necessary to create and sustain cultural production and consumption.

It is worth to recall that promoting linkages between agri-food, tourism and the creative industries is exactly the idea at the heart of ‘Delicious Montenegro’, a collective brand and web platform developed by UNIDO to promote market access of Montenegro’s typical products and improve the visibility of Montenegro as an attractive tourism destination (see Box 11).<sup>6</sup> Because of the important linkages between food, tourism and the cultural and creative industries, it is important to develop an integrated, holistic approach to policy development and implementation. This approach is discussed in the next paragraph.



<sup>6</sup> The initiative is part of a programme UNIDO is implementing in Montenegro in partnership with the Ministry of Economy and funding from the European Union and the DRT-Fund. Launched in 2014, ‘Enhancing the competitiveness of local SMEs in Montenegro through cluster development’ aims to strengthen the competitiveness and market access of selected clusters and networks in Montenegro

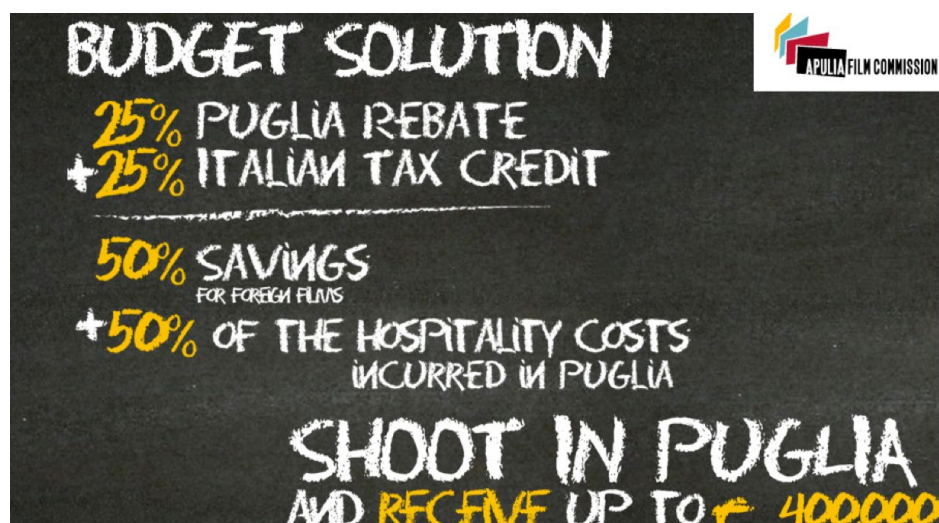
## BOX 1. APULIAN FILM COMMISSION

Nowadays cultural activities are a crucial sector for territorial development, and public institutions are increasingly aware of it. One of the main examples of this trend comes from the audio-visual sector as it is considered of strategic importance in attracting human and financial capital, creating new employment, and developing territorial marketing campaigns with positive repercussions on tourism. In many cases the public support of this sector envisages the creation of a Film Commission, that is a non-profit organization dedicated to bringing economic benefits to its jurisdiction through film, TV series, documentaries, commercials, etc..

An important channel through which Puglia, a region situated in south-east Italy, has successfully promoted its brand is exactly the institution of the Apulian Film Commission (AFC) in 2007. The aim is that of attracting audio-visual production companies to the area through the good value of its facilities, the professionalism of its skilled personnel and the lowering of costs for travel, cast, crew and location scouting in the region.

### KEY FEATURES OF THE INITIATIVES

AFC mainly operates through four funds: Apulia National and International Film Fund, Apulia Regional Film Fund, Apulia Hospitality Fund, Apulia Development Fund, for a total endowment of € 3.5 million Euros in 2014. All of these funds facilitate filming in the region and help promote Puglia through screen production.



AFC has to date financed 163 productions - 57 films including 20 international ones - and produced 14 shorts and documentaries, some of which have been awarded prizes at international festivals.

AFC is not only an entity focused on promotion and attraction for national and international cinema production chains, but also an overall cultural organization developing videos, audio-visual and cinema in the whole region. It organizes the annual Bari International Film Festival and the Festival of Real Cinema in Specchia (Lecce) and leads the D'Autore project, a Quality Cinema Network initiative promoting quality film screening through the creation of a network covering all six provinces of Puglia.

AFC also deals with training. Its workshops are 'Puglia Experience', which target screenwriters from all over the world and 'Closing the Gap: Investment for 360° Content' (in collaboration with Peacefulfish, the Western Norway Film Centre and Program MEDIA), which is dedicated to European film producers.

## LESSONS LEARNED

The notoriety of Puglia received a big boost thanks to the activities carried out by the AFC. A Film Commission can be an effective instrument for valorising and promoting a territory. For this to happen, however, it is important to enhance the relationship between film production and territory, planning a specific territorial marketing campaign.

## INSIGHTS FOR POLICY MAKERS

- Move away from a traditional vision of culture by stimulating both public and private actors towards a more innovative and evolutionary vision of cultural resources.
- Promote full integration of tourism in the wider overall development strategy, closer integration of culture with tourism, and the incorporation of tourism goals in other wider regional development strategies.

## 2.2. THE VALUE ADDED IN ADOPTING AN INTEGRATED CLUSTER APPROACH

The juxtaposition of food production and consumption, touristic activities and cultural and creative activities does not guarantee the promotion of local economic development; rather, what is needed is an original process that puts in place synergistic relationships among these economic sectors.



The approach we suggest in this report is to focus on innovative activities, such as the creation of partnerships and networks to establish an ‘integrated cluster’ built through the combination (and the synergistic linkages) of the primary sector (agriculture) and tertiary service sectors (tourism) activities with strong links to the cultural sector (creative industry)<sup>7</sup>. This implies the need of shifting from a sectoral orientation towards a territorial approach, in which the key pillar is in the ability of local actors to valorize the whole set of territorial goods and services in a complementary way.

The ‘integrated cluster’ is not exclusively touristic or exclusively specialized in one production covered by the agro-food sector, on the contrary, these features, all present, are interdependent, together with the exploitation of cultural and creative resources.

The production system in an ‘integrated cluster’ is characterized by the presence of an agglomeration of enterprises developed around the idiosyncratic resources or ‘cultural and territorial capital’. The process of valorization involves different complementary sectors, and new activities contribute to make the economic structure more complete and widen the opportunities for development.

The main territorial product can be considered a ‘total cultural experience’, which is the result of the combination of typical food products, cultural and creative services and products, and tourism services. The quality of each of these elements affects the perceived quality of the ‘total cultural experience’ and the reputation of a product depends on the quality of all its components as well as of the territory where it is produced.

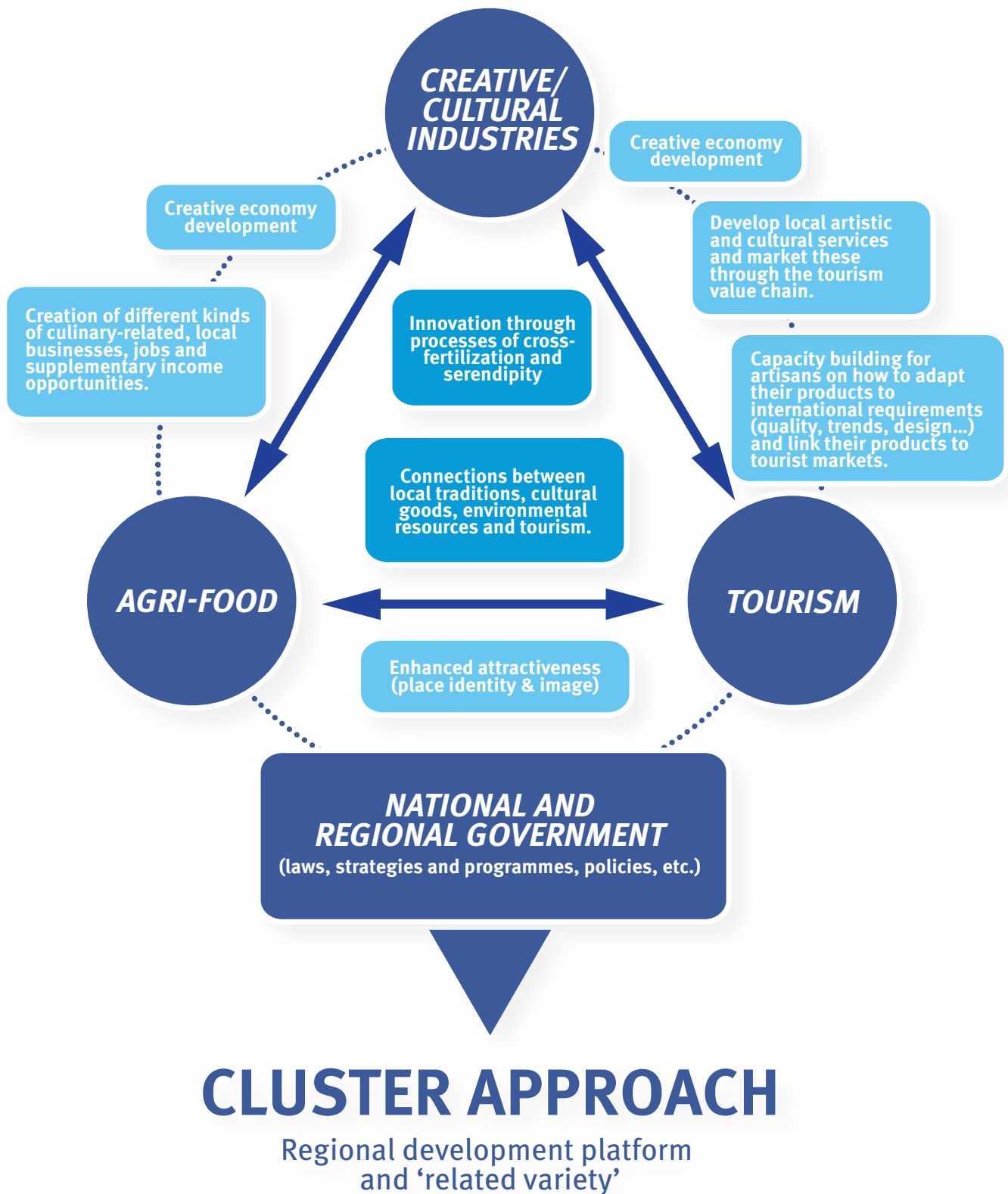
Figure 2 presents the conceptual framework. As mentioned previously, the crucial element distinguishing our approach from other similar models discussed in the literature is the centrality of integration among different sectors for the development process of a region.

Often these synergies and linkages are not spontaneously fully realized by the local actors and awareness of the potential for growth and new product/experience development can be low. A whole-of-government approach is needed to capitalize on these linkages, address market and systemic failures, raise awareness and promote synergies. Developing a cohesive policy approach is important to enable integration and convergence between agro-food, tourism and the creative industries to take place. All the three sectors are also fragmented, creating additional challenges in developing and coordinating linkages. Effective coordination is needed between government agencies and the private sector, as well as between the private sector actors. Only then can the added-value benefits of this relationship be fully realized. According to OECD (2014) “Integrated approaches can create a range of benefits, such as stimulating innovation through cross-fertilization of ideas between different sectors, generating positive image spin-off by promoting the creative industries together with tourism and agro-food, and identifying and removing barriers to creative industries development”.

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<sup>7</sup> An ‘integrated cluster’ is characterized by interconnections between multiple systems (i.e. value chains) and a large number of stakeholders, who represent diverse and sometimes conflicting interests. Given this level of intricacy, an ‘integrated cluster’ may be described as a ‘complex adaptive system’ that requires attention to spatial and temporal factors, and to decision-making dynamics.

Figure 2. Analytical framework for an 'integrated cluster' approach





# Chapter 3

## LEARNING FROM PRACTICE: EXAMPLES OF INITIATIVES COHERENT WITH AN INTEGRATED CLUSTER APPROACH

Based on the conceptual framework presented in Chapter 2, we have selected several initiatives implemented in different geographical areas from which extracting concrete suggestions to better define our approach and make it implementable in the context of regional development policies. The analysis of these initiatives has allowed us to identify four domains within which they can be classified (although overlapping is common): collaboration, leadership, communication, place branding. In the next paragraphs, we describe in detail the selected case studies: for each of them we illustrate the key features and the lessons we can draw and provide insights for policy makers.

### 3.1. STAKEHOLDER COLLABORATION

It is well known that an essential feature of the cluster approach is the collaboration between different stakeholders. According to the existing literature, stakeholder collaboration has several advantages, including the ability to avoid the cost of resolving conflicts in the long-term and the opportunity to pool resources from several actors and to increase the level of representativeness and legitimization. This is even more important when different productive sectors are involved in the creation of a cluster.

The following case studies highlight the central role that the culture and creative sector can play in favouring cross-industry collaboration and cross-innovation. Creativity can help find new, uncommon relations among apparently distant sectors.

In particular, UNIDO has recognized the important role of culture for inclusive and sustainable development; indeed, UNIDO considers creative industries a key sector for facilitating the operationalization of new perspectives and technologies through sustainable development strategies. In the context of development, trade in creative goods and products, such as designs and crafts, provides developing countries with opportunities for income generation and diversification from traditional agriculture to higher value added agribusiness (e.g. food, leather, textiles and furniture) or heritage-based eco-tourism.

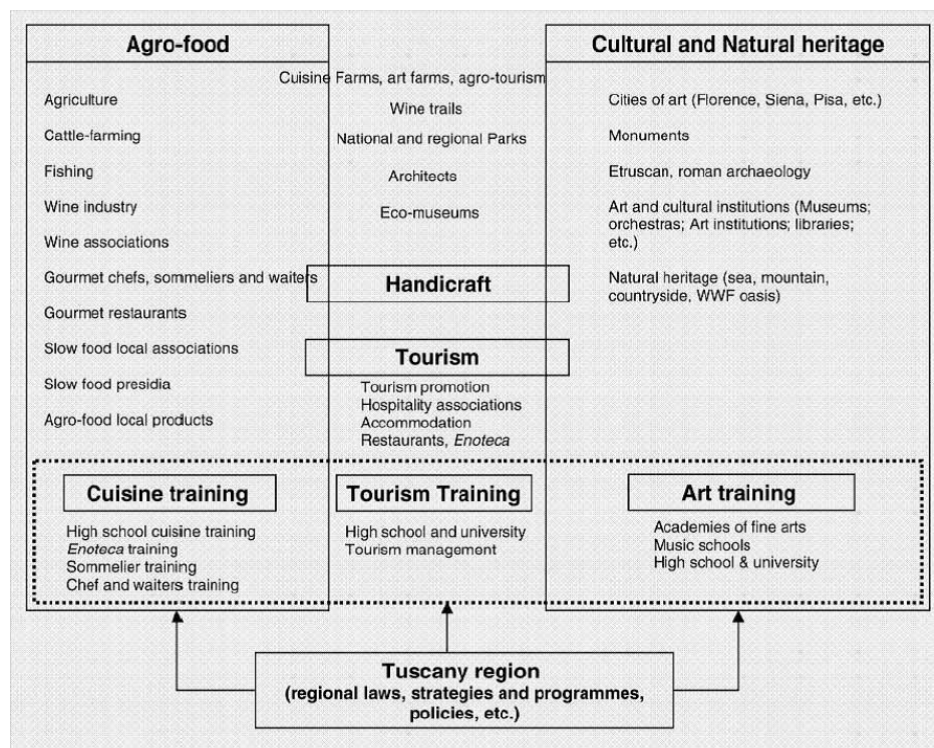
Another lesson we can learn from a cross reading of the case studies presented is the necessity to ‘innovate’ the cluster approach by attaching great importance to relational and collective types of policy arrangements and by implementing novel policy instruments as well as by nurturing creativity and fostering innovation in public support institutions.

## BOX 2. REGIONAL DEVELOPMENT PLATFORM: ART AND FOOD IN TUSCANY

The art and food platform of Maremma, a wide rural area in southern Tuscany, is a practical example of how the exchanges among institutional, economic and non-economic actors can produce a fertile and creative environment, which in turn can foster the discovery of unusual relatedness, and consequently cross-fertilization processes, among apparently distant resources or sectors.

The Figure B.1 below shows the Tuscany art-food platform. Alongside the two main components, the agro-food industry and the cultural, artistic and environmental heritage, there are two complements: the hospitality industry and the handicraft sector. A solid foundation of this system is in the activity of training. Moreover, the Tuscany region issued a law aimed at the protection of ancient rural trades and the promotion of actions for safeguarding, restoring, improving and popularizing those rural agricultural production processes and activities, which bear a particular historical, ethnographic or cultural interest.

Figure B.1. The Tuscany art-food platform



Source: Figure 3 in Lazzeretti et al. (2010)

## KEY FEATURES OF THE INITIATIVE

The first example in which the ‘related variety’ approach finds expression is constituted by the “Parks of the Val di Cornia”, a system based on the integration among territory, cultural goods and environmental resources. A joint-stock (public–private) company was created for the running of two archaeological parks, four natural parks and one museum. The System of the Val di Cornia Parks was implemented, thanks to the collaboration among universities, the Superintendence of Environmental, Architectural, Artistic and Historical Heritage, the Tuscany region, the Ministry of Cultural Heritage and Activities and the European Community. This system shows a strong integration of local historical-cultural resources with natural resources, and of typical cultural services and activities for the conservation of cultural heritage with tourist-reception services (such as catering, reception and commercial services). This experience has led to some interesting innovative results from the point of view of territorial management (as regards both conservation and the enhancement of cultural and natural resources, and the optimization of the tourist potentialities of Tuscany), and also in terms of the development of materials and technologies.

The second example concerns natural heritage and art. The south of Tuscany is in fact characterized by the presence of the so-called ‘artist gardens’, which embody the concept of environmental art. These are places, usually born from the initiative of artists, in which the opportunity is offered to artists from all over the world to create their artwork and place them along a particular route in a historical garden. In this way, they can enhance their creativity, get in touch with their colleagues, and live for a certain period in the territory where their own works will be placed. This kind of activity creates opportunities which should not be undervalued, such as the training of young artists, research in the art field, and the organization of scientific conferences and cultural events. In fact, some ad hoc foundations were especially created and are tightly linked to these gardens, which make available, among other things, scholarships for working periods and funds devoted to the organization of events or research. Figure B.2 below shows how the constitution of an art and food platform might benefit from both bottom up and top down initiatives.

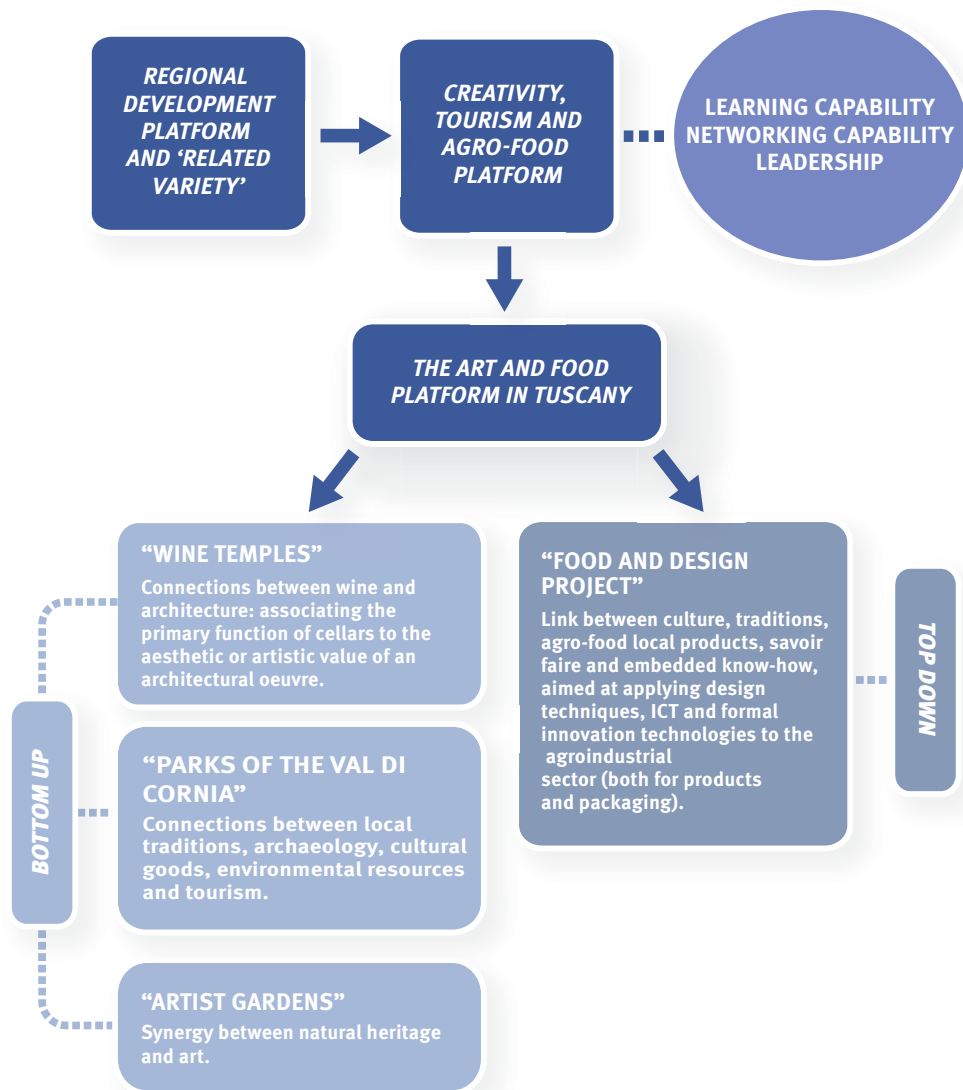
## LESSONS LEARNED

The case of Tuscany shows that the ‘policy platforms’ is a promising concept for the analysis of potential regional competitive advantages. The examples combining the art and food sector that we have illustrated, highlight how creativity can help find new, unusual relations among apparently distant sectors. Finally, the analysis of the Tuscan art-food system highlights the central role of training activities, which include: hotel management, cooking schools, professional and specialization courses alongside undergraduate studies in tourism management, courses for managers of territorial development agencies.

## INSIGHTS FOR POLICY MAKERS

- The regional development platform is not only a tool of political planning, but also a mechanism to develop and build a dialogue around new ideas, a ‘public space’ open to creative dialogue so as to agree upon and arrange the possible trajectories of regional development.
- A shared public-private project can produce the consciousness and consensus necessary to start co-participated development trajectories for a region.
- The regional development platform approach envisages both bottom-up and top-down initiatives.

Figure B.2. The Art and Food Platform in Tuscany: the theoretical background and few important experiences

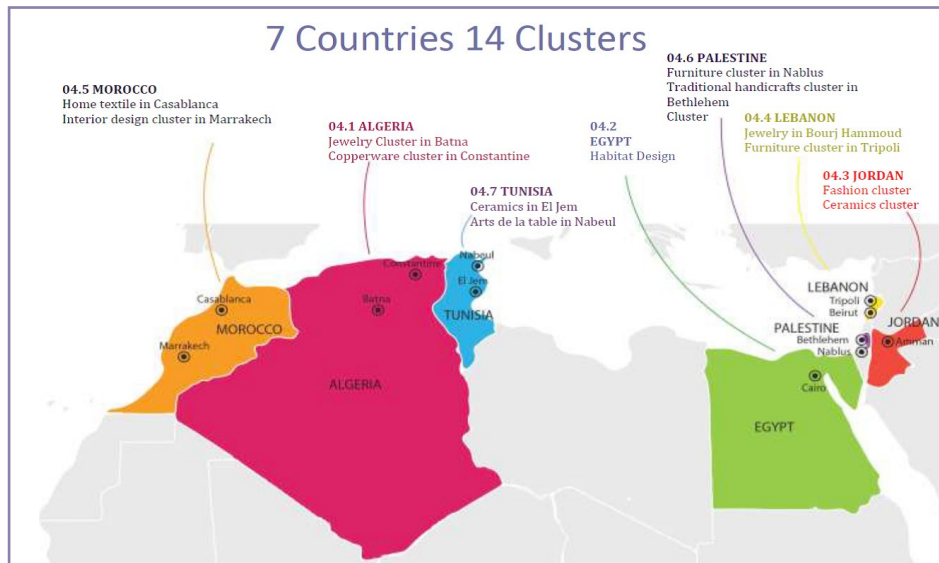


### **BOX 3. CLUSTER APPROACH: CULTURE AND CREATIVE INDUSTRIES IN THE SOUTHERN MEDITERRANEAN COUNTRIES**

UNIDO recognizes the potential for growth of creative industries in developing countries, both for skilled and less qualified workers, and notably for the youth and women (UNIDO, 2013). In particular, in the Southern Mediterranean countries there is a strong interest to create new opportunities for inclusive economic development through culture and creative industries and clusters in fields such as information technology, craft, tourism, textile, fashion and cosmetics. In order to foster the development of cultural and creative industries in this region, UNIDO has implemented the project “Development of Cultural and Creative Industries and Clusters in the South Mediterranean Region” (<http://www.medcreative.org/>). The overall objective of the project is to foster entrepreneurial co-operation in cultural and creative industries, in particular by promoting pilot initiatives that can prove a positive contribution to inclusive growth.

#### **KEY FEATURES OF THE INITIATIVE**

- The UNIDO modular approach to guide the formulation and implementation of cluster development initiatives was applied.
- 144 clusters were mapped in 7 countries: Algeria (17), Egypt (47), Jordan (11), Lebanon (14), Morocco (21), Palestine (9), and Tunisia (25).
- A competitive call for proposals, addressed to clusters/groups of enterprises and supporting institutions interested in receiving support and assistance from the project to support or develop a cluster initiative in the cultural and creative industries sector, was launched to ensure a fair and transparent selection process. Indeed, the regional project is a pilot initiative and, therefore, only a limited number of clusters will receive direct technical assistance from the project.
- 136 clusters responded to the call for proposals; 14 clusters in 7 countries were selected and benefitted from the project’s technical assistance.
- Analysis and diagnostic of the clusters, elaboration of a strategic vision and redaction of a plan of action.
- Recommendations for product development and improving design.
- Identification of commercial partners and potential new markets.



## LESSONS LEARNED

- There is a huge potential for the national and regional development of cultural and creative industries in the Southern Mediterranean region.
- The presence of preserved traditions of arts and crafts that constitute a unique intangible cultural heritage can be an important source of revenues for a large part of the population.
- Along with assisting micro, small and medium enterprises (MSMEs), it is important also to target business support and advisory institutions, national and regional government institutions that need to be strengthened in their capacity of supporting and promoting the MSMEs.
- The cluster development approach is an optimal solution to foster cultural and creative industries.

## INSIGHTS FOR POLICY MAKERS

- Promoting and supporting cluster development and creativity through a conducive business environment.
- Promoting the co-location of the creative business.
- Developing collaboration between sectors and the conditions conducive to the establishment of creative ecosystem.
- Strengthening and promoting creativity and skills in education and technical training.
- Nurturing creativity and fostering innovation in support institutions.
- Ensuring flexibility in order to adapt intervention logic to the different contexts.

## **BOX 4. STAKEHOLDER COLLABORATION: ORIGIN CONSORTIA AND COLLECTIVE MARKS IN EIGHT OF THE POOREST REGIONS OF PERU, UNIDO**

Between 2011 and 2014, UNIDO implemented a project for the promotion and development of origin consortia and collective marks in eight of the poorest regions of Peru. Working in partnership with the Peruvian government, represented by Agro Rural (a national rural development programme) and the National Institute for the Defence of Competition and Intellectual Property (INDECOP), UNIDO fostered rural development through the valorization of Peru's typical products.

Several networks representing a number of typical products received support, including native cotton handicrafts, honey from Lambayeque, Huancavelica potatoes and a unique spaghetti from Apurimac.

### **KEY FEATURES**

UNIDO provided technical assistance in defining product specifications, quality improvement, packaging rules, logo and brand designs as well as legal assistance for the registration of collective marks.

Training was also given to more than 350 local professionals from the public and private sectors to improve their ability to promote and register collective marks and to enhance their capacity to provide assistance to producers.

### **LESSONS LEARNED**

- Cooperation among enterprises within origin consortia can help firms to effectively enter new markets at reduced cost and risk.
- Thanks to the network and linkages established through consortia, the collective competitiveness of the firms can be enhanced.
- Members of consortia can improve their profitability, achieve efficiency gains and accumulate knowledge.

### **INSIGHTS FOR POLICY MAKERS**

- Strengthen networks (e.g. cooperatives, consortia) and favour formal alliances between the different actors in the value chain (e.g. supply contracts).
- Ensure risks and profits are equally shared throughout the value chain.
- Increase of bargaining power for the weaker links in the value chain.



## BOX 5. DEVELOPING LINKAGES AND SYNERGIES WITH CREATIVE INDUSTRIES: CREATIVE VOUCHER, AUSTRIA AND CREATIVE CREDITS, UNITED KINGDOM

Innovation vouchers are promising instruments to facilitate cross-industry collaboration and thus cross-innovation. The idea of innovation vouchers is to address barriers to innovation in SMEs, which result in inadequate collaboration, and to encourage businesses to look outside their network for new knowledge. Such innovation voucher schemes create results in terms of cross-innovation only if one is looking beyond the networks of his very own industry. In addition, cross-innovation through innovation vouchers would only work if the two that should collaborate know of each other. Therefore, information campaigns of local or regional authorities are an important instrument to inform relevant stakeholders about the benefit of ‘looking beyond the boundaries of the industry’.

### KEY FEATURES OF CREATIVE VOUCHER

An example of a new funding mechanism in Austria is the Creative Voucher, which aims to generate awareness at SME level of the innovation potential from co-operating with the creative industries. It facilitates the crossregional visibility of creative service providers and anchors the creative sector as a key factor to improve the competitiveness of the Austrian economy. The Creative Voucher further develops the understanding of innovation as a creative process beyond pure technical innovation, at regional and national policy-making levels. Such initiatives can also help to bring together the sectors for the first time and remove barriers.

Support is in the form of a grant. This funding instrument addresses existing small and medium enterprises of all sectors that implement innovation projects in cooperation with the creative industries. Funding is up to 100% of eligible project costs, with an upper limit of euro 5,000.

### KEY FEATURES OF CREATIVE CREDITS

The Creative Credits scheme in Manchester was the first one to address the innovation needs of traditional SMEs through the provision of services by creative supplier firms.

The mechanism was that creative service providers registered to an online ‘Creative Gallery’ where they could be chosen by beneficiaries, therefore, there was equal



access to all potential providers. The cost of administration and brokerage was negligible because vouchers were assigned randomly to the applicants. “This random allocation was used to avoid any systematic bias in the characteristics of firms winning credits and to help provide a more robust indication of the extent of additionality of the credits” (Nesta, 2011).

Applicants who did not receive credits are also tracked over time, to provide a control group to be compared to the voucher “lottery” winners, the “treatment” group.

Each Creative Credit had a face value of £4,000 with recipient firms also required to contribute a minimum of £1,000 to the cost of the project. Subsequent to the award, SMEs were encouraged to identify a new creative partner and develop a collaborative project proposal. Once a partnership was formed, all projects were required to be completed within five months.

The Creative Credits scheme was promoted and marketed through a number of media channels, business networks and tele-marketing.

## **LESSONS LEARNED**

Vouchers are an effective instrument to foster innovation and new business relationships in SMEs. In particular, creative and cultural industries can provide very useful knowledge inputs to firms in a wide range of sectors. Indeed, working with creative businesses can lead firms to be more innovative. Voucher schemes have a significant potential in stimulating spillovers between beneficiaries but also between suppliers and cross-innovation effects between suppliers and beneficiaries. Key factors for the schemes success and participant satisfaction are simplicity of procedures, a sufficient number of qualified suppliers, process speed, and a number of applications high enough to increase quality of proposals.

## **INSIGHTS FOR POLICY MAKERS**

- Using vouchers to strengthen both beneficiaries and creative suppliers and foster relationships between them in order to support the economy.
- Innovation voucher schemes should be part of integrated sets of policies to improve competitiveness of SMEs.
- Keep voucher processes simple and fast to attract a large number of potential recipients and knowledge providers.
- Make communication and promotion investments to raise awareness of economic and political stakeholders on the transformative potential of cultural and creative industries.
- Search for the knowledge wherever it is located and make sure that foreign creative providers collaborate not only with beneficiaries but also with local creative business to maximize spillover and cross-innovation.

### 3.2. LEADERSHIP

The leadership is a part of an integrated approach to development and wellbeing of places (Sotarauta 2016; Sotarauta et al., 2017). Recent work by Rodríguez-Pose (2013) suggests that leadership is, perhaps, the ‘missing variable’ in understanding why some places grow and others languish.

From the following case studies, we have learnt that an effective leadership tends to be collaborative rather than hierarchical (as suggested by the economic literature, too); indeed, it involves co-operation across a number institutions, individuals and firms, and it has a distinctive long-term time horizon. Moreover, an effective leadership requires that leaders focus on empowering followers and fostering trust and respect among them.

In summary, the key features of effective leadership in economic development include collaboration, trust, the sharing of power, flexibility, entrepreneurialism and a willingness to be proactive. The impact of governance and institutional arrangements in both creating conditions which allow leadership to emerge and in providing a platform for economic success has to be acknowledged.



Handicrafts produced by one of the clusters from UNIDO's 'Development of Cultural and Creative Industries and Clusters in the South Mediterranean Region' project.

## **BOX 6. TRANSFORMATIONAL LEADERSHIP: ADVENTA, MONMOUTHSHIRE'S LEADER+ PROGRAMME**

The case study of Monmouthshire's LEADER+ programme is identified as a best practice example of leadership for rural tourism development since projects attempt to encourage and support business opportunities, and strengthen the local rural economy through cross-sector activities that encourage co-operation and collaboration. Adventa, the Monmouthshire's LEADER+ rural development team, took a partnership approach with a range of other bodies in the public, private, voluntary and informal community sectors. This approach is reflective of transformational leadership, in that, transformational leaders work effectively with people and businesses developing trust and collaboration for the greater good of local tourism businesses and Monmouthshire as a rural tourism destination.

### **KEY FEATURES OF THE INITIATIVE**

Adventa plays an important role as a transformational leader, as they can develop a more holistic view of Monmouthshire as a coherent destination and are able to identify new ways of developing and promoting Monmouthshire's natural and cultural assets through a range of specific projects which have wider social, cultural and/or environmental benefits for local businesses (Mabis, 2008):

- Food Forum, a network through which local producers can discuss their products and their business identifying consumer needs and barriers to food production;
- Food Links, a project which encourages direct linkages between food producers and tourism providers to raise awareness of healthy, locally-sourced food and drink through promotional events and exhibitions;
- Back to Basics, a scheme that encourages skills development and the promotion of healthy eating and local produce;
- Made in Monmouthshire, an integrated project which encourages the joint promotion of Monmouthshire-produced food, drink and arts and crafts;
- Festivals and events, important to the overall development of rural tourism destinations from a sociocultural and economic perspective.

The support provided by Adventa led to an increase in the number of organizations who have developed links with local suppliers, thereby embedding the local supply chain and increasing profitability and viability.

## **LESSONS LEARNED**

- Consensus on the destination proposition and a coherent rural tourism destination.
- Credibility in terms of providing a transformational leadership role.
- Innovative rural tourism projects to create linkages between tourism and other sectors in the rural economy which are not directly involved with the tourism industry.
- Increasing the number of organizations who develop links with local suppliers, thereby embedding the local supply chain and increasing profitability and viability.

## **INSIGHTS FOR POLICY MAKERS**

- Emphasize ‘how’ to proceed rather than on ‘what’ needs to be done.
- Develop synergies between top-down and bottom-up rural tourism development initiatives.
- Favour local public-private partnerships.

## **BOX 7. WOMEN LEADERSHIP: TRAINING FOR WOMEN CULTURAL ENTREPRENEURS**

A project undertaken in Malawi in 2012 as part of the EU-UNESCO Technical Assistance Project, 'Expert Facility to Strengthen the System of Governance for Artists in Developing Countries', providing training for women cultural entrepreneurs, was based on the recognition that women in cultural fields often have to deal with particular obstacles related to gender.

The project involved women leaders of national associations of cultural operators in the areas of film, theatre, music, photography, the arts and design, as well as female events managers, promoters, broadcasters and cultural officers. The training session helped build awareness and appreciation of the fact that, despite the prevalence of prejudice against women active in cultural fields, especially those involved in the performing arts sector, women were among the most talented, successful and committed artistic creators, cultural entrepreneurs, cultural industrialists and custodians of cultural heritage in the country.

The project led women from diverse areas of cultural activity to create a network that could serve as a common platform. They adopted a six-point strategy to enhance the professional development of female cultural entrepreneurs and decided to establish two creative hubs for women. A website showcasing the cultural enterprises of women in Malawi and a collaborative venture aiming to produce a feature film involving women in all the key areas of film making were among the planned outcomes of the project.

### **LESSONS LEARNED**

The case of the project undertaken in Malawi acknowledges the central role of gatekeepers and gate openers in the cultural arena and the extent to which they influence women's participation and progression in cultural professions.

### **INSIGHTS FOR POLICY MAKERS**

- Address gender-related concerns about diversity of cultural expressions.
- Increase the availability of information about women's contributions to cultural life, their access to and participation in cultural activities, in order to promote real gender equality in the cultural field and to bring about necessary changes.

### 3.3. COMMUNICATION

In the previous case studies, the importance of a continuous stream of communication and information flows between participants in the cluster has already been mentioned.<sup>8</sup> Indeed, stakeholder collaboration depends on effective communication, which is influenced by the quality of leadership, coordination and information flows.

As the selected case studies clearly illustrate, it is important to adopt new forms of communication both internally and externally. Promoting knowledge exchange between different stakeholders is a prerequisite in order to foster innovation and new business relationships as well as to improve and diversify the production (place-based product innovation). At the same time, a strategy aiming at bridging the gap between supply and demand is needed. Communication and information flows among stakeholders can take many forms: information technology is of great importance in this regard (websites, blogs, Facebook, Twitter, e-newsletters, forums, workshops, meetings, and training sessions).

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8 See the case study of Monmouthshire's LEADER+ programme described in Box 6.

## BOX 8. DEVELOPING LINKAGES AND SYNERGIES WITH CREATIVE INDUSTRIES: CREATIVE AUSTRIA COMMUNICATION PLATFORM

Creative Austria ([www.creativeaustria.at](http://www.creativeaustria.at)) is a communication platform, which covers any relevant content in the field of contemporary culture and the sectors of the creative industries. It does not focus on a specific creative industry sector, rather it aims to highlight any relevant content to generate general interest from target groups, in particular, cultural opinion leaders from subcultures related to contemporary culture and creative industries, cultural journalists, cultural and creative industries professionals, and cultural tourists from younger target groups.

### KEY FEATURES OF THE INITIATIVES

The activities of Creative Austria comprise a wide range of content, media and promotion tools:

- a webpage, which provides culturally interested people access to the services of the partner destinations, and social media platforms on Facebook and YouTube;
- television rubric; Creative Austria produces its own television features for the most regarded cultural TV programmes of two public broadcasting stations, ORF and 3sat;
- a monthly newsletter;
- a magazine, which provides insight into the subcultural scenes in the partner destinations, with a focus on contemporary culture and initiatives in the field of the creative industries.

### LESSONS LEARNED

The critical success factors of this initiatives are: clear rules and concentrated communication goals; the complementarity with the established marketing programmes of the tourism organizations; the independent editorial team, coming from the creative scene itself, which gives Creative Austria high credibility in the target communities.

### 3.4. PLACE BRANDING

The fourth domain we have identified is place branding. As our case studies clearly show, this has become an integral part of regional economic development initiatives. The development of a brand consists of three mutually strengthening processes: (i) increasing ‘visibility’ (referring to the awareness and identification of cultural values and markers), (ii) the development of new products and services (that is, place-based product innovation) and (iii) the reorganization of activities (including, institutional and organizational innovation and new forms of communication and partnership). These three processes are not consecutive steps but are intertwined and run parallel.

The amount and heterogeneity of the public and private actors involved in place branding create a complex context: place branding requires connection of the worlds of private, public sector and knowledge institutions which makes it difficult to apply effective interventions and align different stakeholders with various interests around a joint agenda. Our case studies show that balancing different aspects of sustainability, the development of products and services rooted in territorial capital and organization and alignment of stakeholders under a joint umbrella vision are key ingredients of a successful branding process.

In developing a successful regional brand, people and communities have to cooperate and communicate the most promising culturally embedded values both internally (reproduce local knowledge and the territory) and externally.



## **BOX 9. PLACE BRANDING: CULINARY TOURISM INITIATIVES IN STRATFORD, ONTARIO, CANADA**

Stratford has converted its ‘comparative advantage’ of being a small compact rural area in close proximity to the Greater Toronto Area into a ‘competitive advantage’ through place branding.

Place branding in Stratford is centred on the leveraging of a combination of soft (e.g., cultural heritage) and hard factors (e.g., natural environment). In particular, to complement their culinary tourism-focused branding strategies, the municipality is marketing local arts and cultural assets as well as creative activities that are tied to the local agricultural base. Rather than relying on a catchy slogan, place branding has involved product development, institutional and organizational innovation, and new forms of communication and partnership. Some of these things require financial support, but others are more about capitalizing on novel ways of thinking, which is the essence of the creative process in place branding.

### **KEY FEATURES OF THE INITIATIVES**

The Stratford’s culinary tourism initiative is every articulated. Below we present a schematic description of the initiative.

Promotional tools and use of marketing media:

- annual Savour Stratford Culinary Festival (this event encompasses a food trail program);
- mapping of local culinary-related resources and cultural assets;
- direct mail marketing, website, advertisement;
- social media (Facebook, YouTube, Blogs and Twitter).

Organizational approach in place branding:

- strong leadership led by unified marketing organization: well developed place marketing/branding plan and separate branding budget;
- private and public funding sources;
- strong partnership with governments and other organizations;
- ability to do market research and write marketing proposals.

Stakeholder collaboration process:

- marketing organization with well-established institutional and organizational structure;
- great capacity to lead a large and diverse group of stakeholders (253 members);

- Board of Directors (City of Stratford's deputy mayor, a representative of the Ministry of Tourism, the GM of Stratford Summer Music Festival, the GM of the Shakespeare Festival, the GM of the City Centre Committee (Business Development Association), representatives of restaurants, a representative of producers, a representative of BandB, Chamber of Commerce, two business consultants, representative of retail sector, and representatives of each of the hotel and motel associations.

## LESSONS LEARNED

The findings of this case study suggest that the creation of a food cluster requires a clearly defined branding strategy to help create synergistic relationships between agriculture and tourism, and to harness supporting assets based upon the economic, cultural and environmental strengths of a place. In this way, local stakeholders may be attracted to the initiative and thus, contributing to a more sustainable economic future.

Moreover, the creation and maintenance of an appealing place brand requires that the food cluster be well managed; in particular, effective leadership is vital for facilitating collaboration, communication, and the sharing of information between stakeholders. Alongside effective leadership, another crucial element in food cluster development is the quality of stakeholder collaboration since highly fragmented productive sectors, such as tourism, are involved.

## INSIGHTS FOR POLICY MAKERS

- The formation of food clusters as a branding strategy in place-based rural development can provide an important foundation for creative activities (innovation) and increase opportunities to improve the economic, cultural and environmental well-being of rural communities.
- The identification of appealing place characteristics as well as potential experiential tourism activities are central to any place-based branding strategy that is intended to promote the formation of creative food clusters and the development of rural tourism places.
- In terms of cluster organizational structure, the formation of a formal organization allied with local government, reflecting broader governmental policy directions, should be promoted.
- Strong partnerships between the public and private sectors are fundamental for the effectiveness of the initiatives.

## **BOX 10. PLACE BRANDING: “PROJET D’ACCÈS AUX MARCHÉS DES PRODUITS AGROALIMENTAIRES ET DE TERROIR” (PAMPAT), UNIDO**

UNIDO is implementing a project in Morocco called the “Projet d’accès aux marchés des produits agroalimentaires et de terroir” (PAMPAT). Launched in 2013, it aims at improving the performance, market access and socio-economic conditions of argan oil and the prickly pear value chains, which are both typical products of the Souss-Massa-Drâa region. UNIDO is strengthening the organization and governance of the selected value chains, improving the productivity, quality compliance and product development of small-scale rural producers, and enhancing their position in both domestic and export markets. PAMPAT will also improve the environmental sustainability of the value chains.

### **KEY FEATURES OF THE INITIATIVE**

Project activities focus principally on:

- elaborating the standards and developing of a manual in order to standardize processes and responsibilities within the argan oil value chain; key staff are being trained in quality management, to ensure compliance and that argan oil producers understand the importance of the quality standards for improving their competitiveness in international markets;
- ensuring that the products comply with the requirements of Geographical Indication (GI), in order to position them in higher niche markets and allow the producers to obtain a premium price and higher revenues; indeed, GI signals to consumers that the products come from specific region, has unique properties and meets stringent standards;
- a south-south cooperation component, which envisages: exchanges of experiences between Morocco Tunisia and Egypt and the participation of UNIDO in three regional trainings on Geographical Indications as a tool for rural development targeting sub-Saharan countries;
- organising the first Moroccan Contest for Typical Food Products; the Moroccan Contest is based on five categories of origin-linked products: honey; edible oils (argan, olive); animal products (cheeses, dried meat, etc.); products derived from fruits and vegetables (jams, preserves, dried fruits, dates, etc.); cereal-based products (couscous, zemitta, etc) (<http://www.concours-terroir.ma>).

## LESSONS LEARNED

Several lessons emerge from this project. Firstly, ensuring compliance with quality, safety and origin labels are prerequisite for successful market access and increasing revenues of value chain actors.

Secondly, promoting labels among different actors in the value chain reduce the exposure of the value chain to price changes in mass markets. Thirdly, national contests are a powerful tool to foster market access of typical food products by creating linkages between producers and consumers.

## INSIGHTS FOR POLICY MAKERS

- Reduce the size of the informal market.
- Improve traceability and food safety.
- Add value along the entire value chain.
- Sustain the adoption of Geographical Indication.



Medal winners from the first Moroccan Contest for Typical Food Products, organized with UNIDO support in 2014.

## **BOX 11. PLACE BRANDING: DELICIOUS MONTENEGRO, UNIDO**

UNIDO recognizes that linkages between agriculture and the tourism industry can help producers access new markets and generate new income and employment opportunities. At the same time, UNIDO recognizes that food and gastronomy are an essential component of the tourism industry and one means of expressing authentic local culture or heritage. In addition, both sectors can greatly benefit from synergies with the creative industries.

In order to help disadvantaged regions of Montenegro to capitalize on their gastronomic wealth, UNIDO assisted in developing the 'Delicious Montenegro' brand. The idea is to unite different agri-food producers under one umbrella brand and to foster linkages and local networks with gastronomy and the tourism sector ensuring social inclusion and reducing tourism leakage. The 'Delicious Montenegro' brand can help promote market access for wine, fish and olive oil clusters and raise the profile of Montenegro as a travel and tourist destination.

### **KEY FEATURES OF THE INITIATIVE**

UNIDO has adopted an integrated approach. The project is articulated into several interlinked activities:

- definition of brand elements and communication channels and promotional materials: brochure, roll-ups, posters, tags, flyers, website etc.;
- tourist trail development (olive oil trails to link to tourism in the regions of Bar and Ulcinj, and help the cluster tap into the significant competitive advantage of Montenegro's rich olive oil cultural heritage);
- national and international trade fair participation (the 'Delicious Montenegro' concept has been presented at the Slow Food Network's 'Terra Madre Salone Del Gusto' in Turin - one of the most important events dedicated to food and gastronomy);
- targeted technical and vocational trainings in business management and marketing;
- training on the UNIDO cluster development approach for local government staff and business support associations;
- adding value to quality products through certification;
- engaging producers to co-develop a new brand of Montenegrin ancient olive oil;
- creation of wine routes to promote Montenegro's autochthonous wine varieties;
- establishment of public-private partnership platforms.

## LESSONS LEARNED

- Umbrella branding encourages cooperation between enterprises and institutions.
- The cross-sector, inter-regional branding approach encourages information exchange, knowledge creation and innovative solutions to challenges faced by MSMEs and opens up new opportunities.
- Brokering linkages between agri-food producers, tourism and related industries mutually re-enforces demand for local produce and enhances the tourism offer.
- Agri-food focus ensures rural and remote areas benefit from income generating and employment benefits of tourism.

## INSIGHTS FOR POLICY MAKERS

- Develop agri-tourism policies at national and regional level in order to promote cross-sectoral linkages and build resilience.
- Adopt an integrated approach in order to ensure inclusiveness, efficiency, innovativeness and sustainability.
- Scale up the place branding initiative at the national and regional level by integrating additional products and services (e.g. brand for Western Balkans).



Ancient olive oil brand co-developed with producers through UNIDO's cluster development project in Montenegro.

# Chapter 4

## **A METHODOLOGY FOR APPLYING THE INTEGRATED CLUSTER APPROACH IN DIFFERENT GEOGRAPHICAL CONTEXTS**

The analysis carried out in the previous chapters leads us to identify four elements that underpin the formation and operation of an ‘integrated cluster’: (i) territorial assets; (ii) stakeholder collaboration; (iii) leadership; (iv) communication and information flows.

Together, they drive the development of relationships and initiatives that can stimulate the generation of new linkages, ideas, innovations and, ultimately, new chains of supply and production.

It is well known from the literature of regional studies that a process of cluster formation is based on specific resources of the tangible and intangible kind. It often begins as the result of a spontaneous agglomeration, but the initiative of one or more local leaders is crucial to elaborate a strategy and win the consensus of other stakeholders. The development process is sustainable when based on community involvement, investment attraction and start-ups, innovation, integration among sectors and quality. Public authorities, agencies and super-local bodies can influence the path of development of their territories with their policies and intervention.

In the following paragraphs, we describe in detail each element of our approach in order to define a methodological framework applicable to different geographical contexts.

### **4.1 EXPLOITING TERRITORIAL ASSETS BY DEVELOPING LINKAGES AND SYNERGIES WITH CREATIVE INDUSTRIES**

While tourism, agri-food sector and the creative industries are viewed as closely related and mutually supporting areas of economic activity, specific challenges arise from the nature of three sectors. For policy makers, the challenge is to understand how the creative industries link with tourism and the agri-food sector as well as to appreciate the fundamental changes stimulated by the growth of the creative economy.

The emerging relationship between tourism, the agri-food sector and the creative industries requires a broader and deeper range of policy tools to ensure countries, regions and cities can effectively capture the added value offered by the growth of all three sectors. The creative industries are relatively complex and policy makers will need to absorb a lot of new information in order to design adequate policies. The potential benefits of dealing with this complex area lie primarily in the significant economic value of the creative industries and their extensive scope, which provides potential linkages to many other industries.



In order to deal with this challenge, we propose the application of a new tool of regional policy: the ‘regional development platform’, according to the ‘related variety’ approach.

‘Related variety’ is an evolutionary concept, derived from evolutionary economic geography, which refers to industrial sectors that are related in terms of shared or complementary competences (cognitive-based definition). In other words, there is a certain degree of cognitive proximity, which allows for effective communication and interactive learning among different industries (Frenken et al., 2007; Boschma et al., 2012). In fact, where such cognitive proximity between industrial sectors is too wide there is difficulty of relationships with other subjects, whereas if it is too tight there may be a cognitive ‘lock-in’ (Nooteboom, 2000). ‘Related variety’, therefore, means that a relationship exists among industrial sectors and economic activities in terms of (effective and potential) competences, innovation and transfer of knowledge.

The ‘related variety’ approach highlights how local production systems (clusters and districts), more diversified from a technological point of view, will yield better results thanks to the transmission of innovation and knowledge between firms belonging to different sectors. What matters is the process of cross-fertilization and cross-cutting processes that results from the interplay of ideas belonging to different technological trajectories (Lazzeretti, 2009). In a cluster, knowledge spillovers from neighbouring industries or business activities can enable a novel process or product innovation to diffuse rapidly among one or more firms or industries (Boschma, 2005).

The ‘related variety’ approach has potential policy applications: policies based on related variety should capture the importance of making connections between related sectors, fostering collaboration, knowledge spillovers and diversification into new industries over time. This notion can be incorporated into a regional policy framework that embraces a platform approach.

The establishment of a technology platform as the foundation of a policy of regional development is thought of in terms of productive sectors with ‘related variety’, and defined according to basic local know-how and competences. The platform aims at supplying a path of development for regional-like, dynamic competences which should be incessantly renewing themselves and self-fuelling so as to create the ‘regional dynamic competences’ and thus renovate completely the configuration of resources over time (Harmaakorpi, 2006).

The platform may be identified starting from the cross-fertilization of resources and sectors which takes place according to the related-variety approach; after that, it can be discussed and defined combining a bottom-up point of view (arising from local resources and spontaneous entrepreneurial initiatives) and a top-down point of view (descending from regionally directed policies): the policy interventions carried out by local administrations have to be connected with the local context and combined with the community initiatives so as to open a non-stop dialogue and exchange of ideas about territorial development.

Therefore, a regional competitive advantage is founded on the potential businesses developed by actors in the technology platform and on the vision they express at a systemic level. The technology platform has been adopted not only in high-tech industries, but also in traditional sectors such as the rural agro-food-culinary platform in Norway (Cooke, 2009); art, food, ceramics and textile design for the Pembrokeshire region of Wales (Cooke, 2006); or the ‘art



and food platform’ designed to analyse the potential of a regional policy for these two sectors in Tuscany (see Box 2).

The concept of ‘policy platforms’ seems coherent with the approach we propose in this report since it is primarily focused on bringing together different but related activities and it attaches great importance to relational and collective types of policy arrangements.

#### **4.1.1. PLACE BRANDING**

Place branding has become an integral part of economic development initiatives designed by regional authorities and can easily be included among the initiatives within a regional development platform. The aim of place branding is to promote a distinctive local identity and marketable place image to outsiders. Accordingly, the identification of appealing place characteristics is central to any place-based branding strategy that is intended to promote the formation of integrated clusters.

The development of a brand consists of three processes: (i) increasing ‘visibility’; (ii) the development of new products and services (that is, place-based product innovation) and (iii) the reorganization of activities (including regional governance and cooperation). These three processes are not consecutive steps but are intertwined and run parallel. The first aspect of developing a brand is creating awareness and the identification of endogenous development potential and a common understanding of this potential in terms of the most important attribute. The second aspect is related to the development of products and practices that are territorially rooted. Place branding implies the process of identification of these resources (food, crafts, folklore, visual arts, drama, literary references, historical sites, landscapes and associated flora and fauna including the physical and social spheres of production) combined with new types of marketing strategies that result in externally derived added value to these regionally produced resources. A third aspect is organising the brand by involving people and communities in a multi-stakeholder process supported by facilitating policy frames and strategies. Branding strategies result from the mix of mutually influencing structuring mechanisms with, on the one hand institutional and formal support, and on the other hand practitioners that operate in more informal networks.

## 4.2. COLLABORATIVE GOVERNANCE

The participation and involvement of a myriad of stakeholders in the planning system of both national and local governance is becoming common and governments regard participation as a powerful driving force to effective planning and development. Nevertheless, it is easier to advocate participation than to achieve it (Table 1). Although the diversity of actors has obvious advantages such as pooling together varied resources and circulation of more diverse information, it can create problems at the practical level. When diversity increases the complexity of collaborative governance grows as the different needs, expectations, and individual goals increase as well. Increased actor diversity may also result in less trust or more time required to build trust.

Collaborative governance generally refers to a group of interdependent stakeholders, usually from multiple sectors, who work together to develop and implement policies to address a complex, multi-faceted problem or situation. Defining stakeholder collaborations deals with three general aspects: (i) the initial identification and involvement of key stakeholders, (ii) the maintenance of collaboration, and (iii) the long-term implementation of collaborative outcomes.

The identification and involvement of key stakeholders during the early stages of collaboration is fundamental and it is closely bound up with two other important aspects of collaborative processes: legitimacy and power. Legitimacy is the right and capacity of a given stakeholder to be involved in a collaboration. The power aspect focuses on the weaker voices, clearly recognising the difficulties which less powerful stakeholders face as a result of unbalanced power distributions. Ignoring or marginalising less powerful stakeholders may threaten the success of collaboration.

In the maintenance of the collaboration process, the first element is consensus-based decision making. A collaboration process lacking consensus may strongly impede attainment of both short and long-term objectives. A second element related to consensus is the role of information sharing. In this connection scholars have outlined the importance of widespread and shared access to information (Gray, 1989) and mutual consultation and information dissemination (Bramwell and Sharman, 1999). A further element which emerges as important in exploring the maintenance of large collaborations is heterogeneity in terms of different value systems brought to the collaboration process by each stakeholder. Finally, the evolution of roles is an important element for maintenance of collaboration.

Table 1. Critical issues in stakeholder collaboration

ISSUES	SPECIFICITIES
Representation, in terms of legitimacy and power of stakeholders	Specific attention to the enrolment of both powerful and less powerful actors
Capacity to participate	Involving different actors to cover all the competencies required and promote dissemination of know-how
Need for consensus based decision making	Involvement of all stakeholders who may oppose the implementation
	Presentation of alternative design options and different potential achievements
Heterogeneity of governance structures and value systems	Involvement of actors with different goals and time horizons to foster sustained value creation
	Showing, through facts, the potential benefits for each stakeholder
Long term outcomes and structuring of the collaboration process	Power distribution to enable meaningful local participation
	Capacity building
Unrealistic expectations	Enrolment with an incremental approach
	Showing threats and weaknesses through facts and numbers
Stakeholder involvement in the collaboration	Capturing the initial interest of stakeholders through previous experiences
	Plenary presentation of the conceptualization's evolution
	Individual meetings on specific issues
Power distribution among the convened stakeholders	Stimulating interactions through both the strategic and technical committees
Need for information sharing and dissemination	Establishment of a formal continuous stream of communication

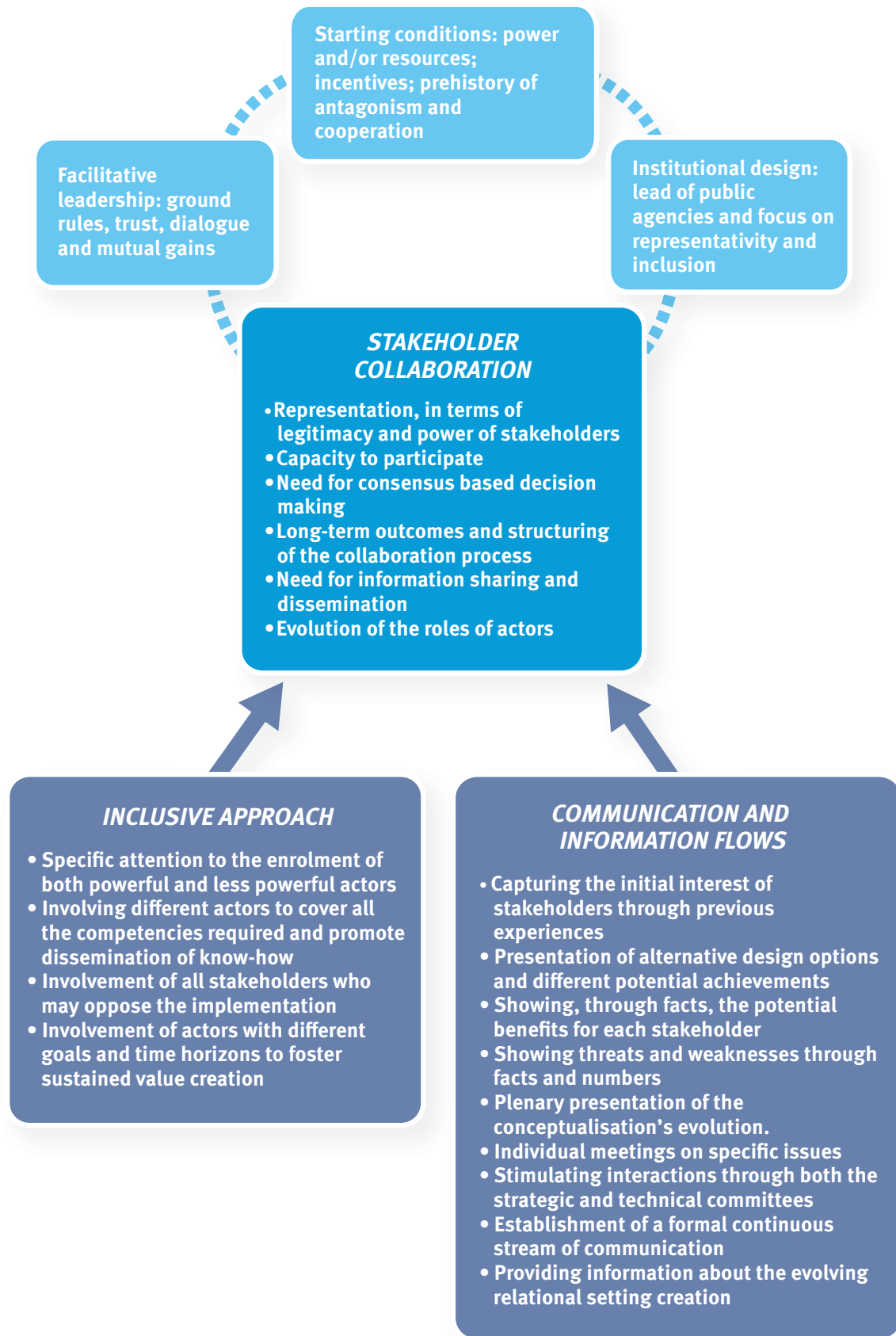
Two aspects relating to the challenges of long-term implementation of collaborative outcomes are long-term structuring and outcomes of collaboration involving local communities and residents.

The presence of a coordination body is crucial for a collaborative governance structure as well as the involvement of the local community (Figure 3). Some district strategies are the product of top-down local authorities' intervention in the local environment. Some experiences start as spontaneous forms of local development; while others are a combination of the spontaneous district and the top-down structure. Whichever origin districts have, institutional leadership is crucial for addressing a development path based on quality, integration and sustainability.

A participatory approach is coordinated top down by public authorities, especially in peripheral localities with low socio-economic conditions and where voluntary action is uncommon. In many peripheral areas, trends towards more decentralized and territorial modes of governance are registered. Intermediate institutions such as local development agencies, consortiums and other public-private entities, play a decisive role in sustaining and supporting the governance of the territorial systems, fostering sustainable development and innovation. This new way of understanding governance pushes territorial stakeholders to cooperate and to contribute with their own capabilities and resources to the socio-economic development.

The participatory governance is facilitated by the presence of social capital (Putnam, 1993), a territorially rooted immobile relational asset that underwrites the existence of networks, collaborative relations and institutional capacities which are of increasing importance in providing competitive advantage. Social capital favours local development by stimulating the exchange and diffusion of knowledge and trust inside the firm and among firms, through the creation of networks between local public governments and intermediate institutions, and acting as a source of attraction for firms in search of localization advantages (Bagnasco et al., 2001).

Figure 3. Collaborative governance



As highlighted in Figure 3 a specific feature of a form of collaborative governance is to be inclusive, in that it involves a wide range of public and private actors, from different backgrounds and different interests, with the objective of promoting consensus-oriented decision-making. As such it should not be limited to a small number of private actors that are considered as representatives of other similar individuals or collectives. It implies that a wide range of private actors are effectively able to influence decision- and policy-making processes either by integrating their projects, objectives and needs into broader strategies and policies, or by being considered as catalysts for further strategy development.

In this respect there is a strong onus put on public agencies to set an appropriate institutional design so these processes are broadly inclusive of all stakeholders as well as ensure facilitative leadership for setting and maintaining clear ground rules, building trust, facilitating dialogue and exploring mutual gains.

Another important factor in the success of collaborative processes relates to starting conditions in which new policy initiatives are implemented; this involved looking at any power and/or resources imbalance between stakeholders, their incentives to participate in such initiative and any prehistory of antagonism or cooperation between them.

#### **4.2.1. INCLUSIVE APPROACH**

To foster the development of ‘integrated clusters’ it is crucial to give specific attention to the enrolment of both powerful and less powerful actors (including stakeholders who may oppose the implementation); to involve different actors to cover all the competencies required and to promote dissemination of know-how.

A common concern about collaborative governance is that despite inclusion of a broad range of stakeholders the decision process may still be dominated by the most powerful actors and interests pertinent to the situation being addressed. Thus, it is important to identify approaches that can be used to promote egalitarian decision processes in which all stakeholders’ concerns and interests are given serious consideration in deliberations regarding how best to address the problem.

## BOX 12. INCLUSIVE APPROACH: BRAZIL'S CULTURAL POLICY

Civil society participation in public decision-making is one of the pillars of Brazil's cultural policy. This is translated into the organization of the National Conference on Culture (CNC), the creation of a National Council on Cultural Policy (CNPQ), the elaboration of a National Plan on Culture (PNC) and regular consultations with civil society as regards the preparation of legislation in the cultural field.

### KEY FEATURES

The National Council on Cultural Policy involves representatives of public authorities (several federal ministries – including those of Culture and Foreign Affairs, among others – as well as state and local authority representatives), civil society organizations, academia and individual experts. Its aim is to support the design of public policies contributing to the development of cultural practices. In addition to plenary meetings, members meet on a working group basis.

Among the other relevant initiatives regarding civil society in Brazil is the government's support for the Cultural Diversity Observatory, an NGO that carries out research on cultural diversity in Brazil and organizes regular international seminars, and support for the Brazilian Coalition on Cultural Diversity, which has also been active in international debates.

During the development of the National Plan for Culture 2011-2020, the Ministry of Culture organized a series of workshops on cultural policies in all states of the country. These workshops targeted artists, students, researchers and cultural entrepreneurs. Managers and specialists of the Ministry of Culture participated as speakers and as trainers in these workshops.

### LESSONS LEARNED

In Brazil, civil society participates in the creation, implementation and monitoring of public cultural policies in cooperation with national and local authorities. The Brazilian example illustrates a large-scale consistent effort undertaken by the government to promote the development of the cultural sector throughout the country, targeting specifically artists, cultural professionals and entrepreneurs.

## INSIGHTS FOR POLICY MAKERS

- Enhance the engagement of civil society in in the design, implementation and monitoring of cultural policies.
- Establish a simple yet meaningful framework with standard indicators for civil society involvement.

### 4.3. TRANSFORMATIONAL LEADERSHIP

There is growing recognition that local or regional leadership is an important contributor to the growth of places, with institutions such as the OECD paying explicit attention to the contribution of leadership to growth (OECD, 2012).

The issue of leadership is particularly important in a peripheral context since the small-scale and disparate nature of businesses often makes it difficult to achieve cooperation and networking because of a lack of time, resources, knowledge or place attachment.

Research and writing on local leadership is often explicitly concerned with transformational leadership, which emphasizes the processes that transcend organizational, environmental and human limitations in order to guide a process of change. Transformational leaders are charged with identifying the need for change, creating a vision to guide the change through inspiration, and executing the change in tandem with committed members of the group.

Research examining the role of leaders has suggested that effective local leadership builds community resilience and can help secure an economic future for a region or community. Leaders have a pivotal role in providing ideas and a vision for the future, and thus provide a focus around which community identity and belonging could be fostered.

‘Leadership’, evolved from a top-down hierarchal and directive approach to a dynamic, site-specific form, which uses communication as a tool for social progress, is among the most critical factors for the successful development of an ‘integrated cluster’<sup>9</sup>. It is important in facilitating stakeholder collaboration, strengthening links between different sectors in the local economy and ensuring that communication and information flows occur between participants in the cluster (Figure 4).

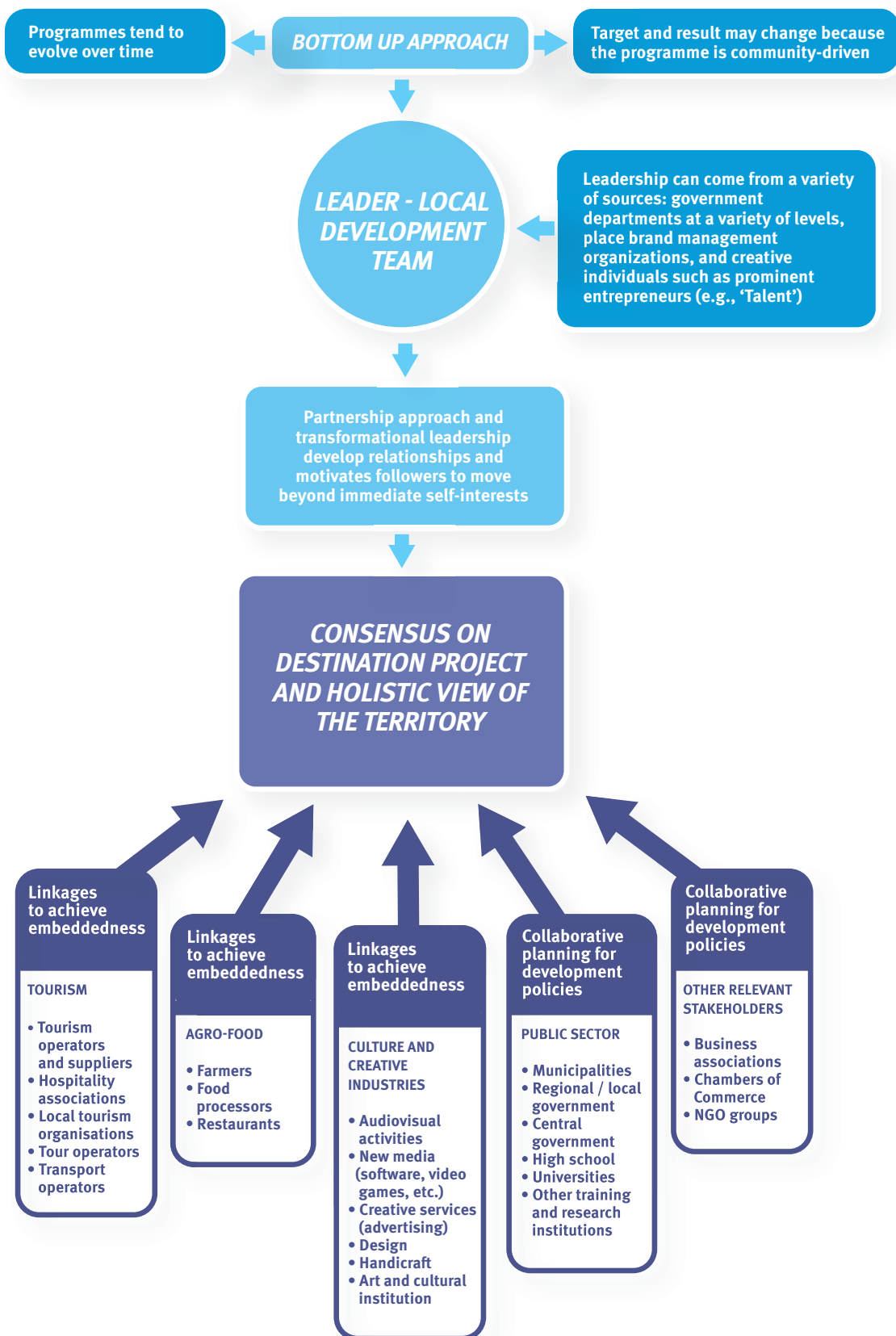
Leadership can come from a variety of sources: government departments at a variety of levels, place brand management organizations, and creative individuals.

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<sup>9</sup> In addition, in the longer-term, leadership needs to encourage the concept of followership so to have a proactive, rather than passive, role by followers.



Figure 4. Leadership and relevant stakeholders



## 4.4 COMMUNICATION AND INFORMATION FLOWS

Communication and information flows among stakeholders is the fourth element of our framework. The volume and quality of communication and information flows are strongly influenced by the nature of leadership and coordination mechanisms which shape stakeholder collaboration in the formation of an ‘integrated cluster’.<sup>10</sup>

As shown in Figure 3, information sharing is an essential element of a collaborative governance since it favours a consensus-based decision making. In addition, effective communication and mutual consultation are required to bring in new ideas and to share accumulated knowledge and know-how. Through this channel it is possible to spread innovation also in peripheral contexts and in traditional productive sectors.

In summary, the successful development of an ‘integrated cluster’ is fostered by communication, which in turn is facilitated by innovation in information technology.

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<sup>10</sup> One of the main features of effective leadership is ensuring that communication and information flows occur between participants in the cluster.

# Chapter 5

## RECOMMENDATIONS FOR POLICY MAKERS AND LOCAL SUPPORT INSTITUTIONS

In this final section, we provide a concise list of policy recommendations, which can represent a starting point for a comprehensive regional development strategy based on the ‘integrated cluster’ approach suggested in this report.

1. Exploit the huge potential of linkages and synergies among food production and consumption, tourism and the creative industries, which provides a basis for a strategy of local economic development and for turning ‘comparative advantages’ into ‘competitive advantages’.
2. Favour the creation of an ‘integrated cluster’, characterized by the existence of an agglomeration of enterprises around the presence of ‘cultural and territorial capital’, in order to capitalize on the synergistic relationships among food, tourism and the creative industries; this implies a shift from a sectoral orientation towards a territorial perspective.
3. Implement a holistic approach to policy development and implementation by combining the cluster approach with the concept of ‘policy platforms’ which is focused on bringing together different but related activities and attaches great importance to relational and collective types of policy arrangements.
4. Adopt a whole-of-government approach and a collaborative governance structure taking into account the following critical aspects: (i) the initial identification and involvement of key stakeholders (giving specific attention to the enrolment of both powerful and less powerful actors), (ii) the maintenance of collaboration, (iii) the long-term implementation of collaborative outcomes.
5. Address the following issues that are fundamental for a well-functioning ‘integrated cluster’ and for generating the consciousness and consensus necessary to start co-participated development trajectories for a region:
  - the promotion of place branding, that is a distinctive local identity and marketable place image to outsiders;
  - the emergence of a credible ‘transformational leadership’ (which can come from a variety of sources: government departments, place brand management organizations, creative individuals, etc.);
  - the development of synergy between top-down and bottom-up initiatives as well as strong partnerships between the public and private sectors;
  - the engagement of civil society in the design, implementation and monitoring of policies and the consideration of gender aspects.

6. Use novel and innovative policy instruments; the complexity of the regional development process requires an evidence-based policymaking and an innovative trial-and-error process in which the evaluation has a central role.

These policy recommendations are expected to have a far-reaching positive impact on enabling integration and convergence among food production and consumption, tourism and the creative industries to take place. In particular, they can be targeted to the four elements our approach has identified as underpinning the formation and operation of an ‘integrated cluster’ (territorial assets; stakeholder collaboration; leadership; communication and information flows). In order to make the policy recommendations more concrete, we suggest the following activities.<sup>11</sup>

The identification of distinctive territorial assets, which can be turned into ‘competitive advantages’ of destinations, is the first step of a regional development strategy involving agri-food, tourism and the creative industries. The identification process can follow a top-down approach based on predefined selection criteria. This ‘mapping’ activity of regional potentials should also identify which of the three sectors can play the driving role in developing linkages with the other sectors. The choice will be guided by the relative size and level of development of each sector and by the geographic context.

In order to favour the creation of an ‘integrated cluster’ and to exploit the huge potential of linkages and synergies, specific technical assistance programmes should be provided to relevant stakeholders, with the aim of promoting concrete initiatives, strategic alliances and partnerships. In addition, targeted activities to improve the visibility of the most competitive enterprises and to facilitate cooperation and business opportunities between enterprises operating in food, tourism or the creative industries should be promoted.

The novelty of our approach requires activities focused on institution building and capacity building, too. Indeed, implementing a holistic approach, moving from a sectoral orientation towards a territorial perspective, implies the adoption of a collaborative governance, which, in turn, requires new structures and mechanisms in order to enable individuals to come together across governmental, sectoral, and organizational boundaries - i.e., from multiple branches and levels of government, the private sector, and the non-profit sector, along with private citizens. Collaborative governance is necessary to get a stable and effective stakeholder collaboration. Required institutional mechanism are, for example, coordination facility for inter-ministerial action and collective forums with public and private stakeholders to engage in consensus-oriented decision-making.<sup>12</sup> These forums should be initiated by public agencies or public institutions and formally organized. It is fundamental that all the participants engage directly in decision-making and are not merely ‘consulted’ by public agencies (this means that private sector stakeholders have real responsibility for policy outcomes).

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<sup>11</sup> Of course, this list is not exhaustive; it only provides few examples of activities necessary to effectively implement the proposed ‘integrated cluster’ approach.

<sup>12</sup> The formulation and implementation of national regional policy programmes and/or spatial planning can provide the framework for greater central co-ordination. In many countries, spatial planning provides strategic documents, focusing on the co-ordination of diverse issues and interests across sectors as well as between levels of government. It often incorporates monitoring, feedback and revision mechanisms.

Leadership development initiatives can support the learning and development of new strategic leadership capabilities: attention has to be given to developing the skills needed by transformational leaders (being proactive, enhancing followers' identification with the project and their sense of ownership of the project, promoting creativity and innovation in problem solving).

Finally, along with organizational innovation an 'integrated cluster' needs new forms of communication and information flows. An interesting initiative could be the creation of a web platform, as well as the use of social media (Facebook, YouTube, Blogs and Twitter), which provides interested people access to all the initiatives and business opportunities and which improves the external visibility of the region. In addition, annual event can encourage networking between participants and promote knowledge exchange.

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**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**

Department of Trade, Investment and Innovation (TII)

Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria

E-mail: [tii@unido.org](mailto:tii@unido.org), Internet: [www.unido.org](http://www.unido.org)