

OS 3.2 Developing Transferable Models for Valorisation of Ecosystem Services from Agriculture and Forestry Using the Socio-Ecological Systems Approach

Market Approaches Towards Valorisation of ESBOs From a Social-Ecological Systems Perspective

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Content

- Introduction
 - What are market approaches and how are they implemented to enhance the provision of ESBOs?
- Approach: cascading market ‘valorisation’ chain for ESBOs
- In-depth cases from across the EU: to compare the different approaches used towards market valorization of ESBOs.
 - The diversity of arrangements and economic incentives
 - The range of motivations for private sector (value chain) initiatives
 - The benefits and/or risks related to the provision of ESBOs through private sector schemes relative to public sector schemes, and the complementarity between the two
- Summary and conclusions



Introduction



Types of action ensuring provision of environmentally and socially beneficial outcomes (ESBOs) provided by agriculture and forestry:

- Private action and market-led approaches (agri-food chain, non-food, retail, consumers) with the commercial marketing of ESBOs
- Local action/initiatives (public or private)
- Societal action is needed, e.g. public policy legislation, institutional settings, etc.

Objective of this presentation

- To examine market approaches towards the valorization of ESBOs, and targeted at maintaining or enhancing their delivery



Considerations in our approach



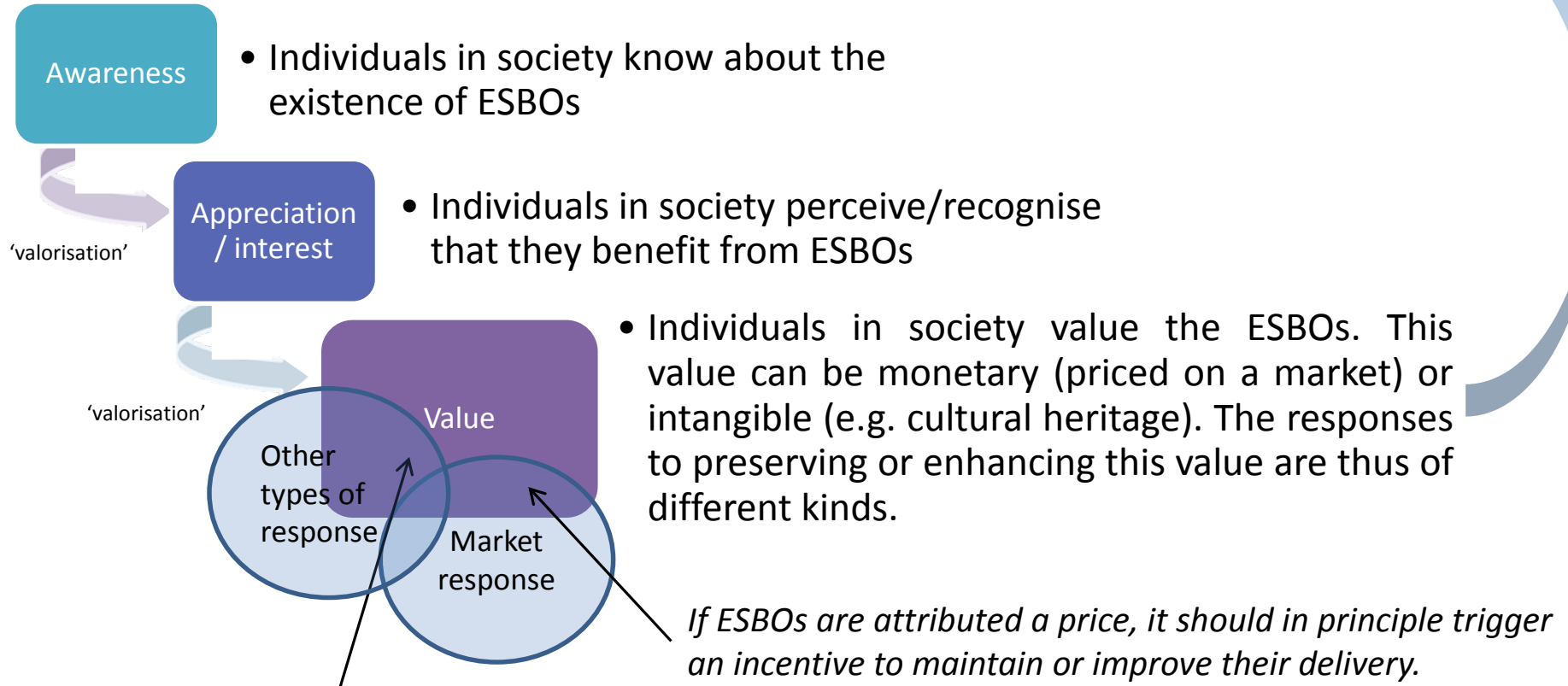
Acknowledge that the current level of provision or supply of ESBOs does not meet the level of societal demand in the EU (for example when policy targets are not being met), there is potential to address this shortfall.

- **Valorisation** is the **process** by which an existing good or service becomes (more) valuable in someone's perspective (i.e. individuals in society).
- **Valorisation is achieved through actions** which result in its value being (more) recognised and enhanced.
- In our case, **valorisation means raising stakeholder awareness,**
- **appreciation/interest** of the ESBOs delivered.



Cascading 'valorisation' chain for ESBOs

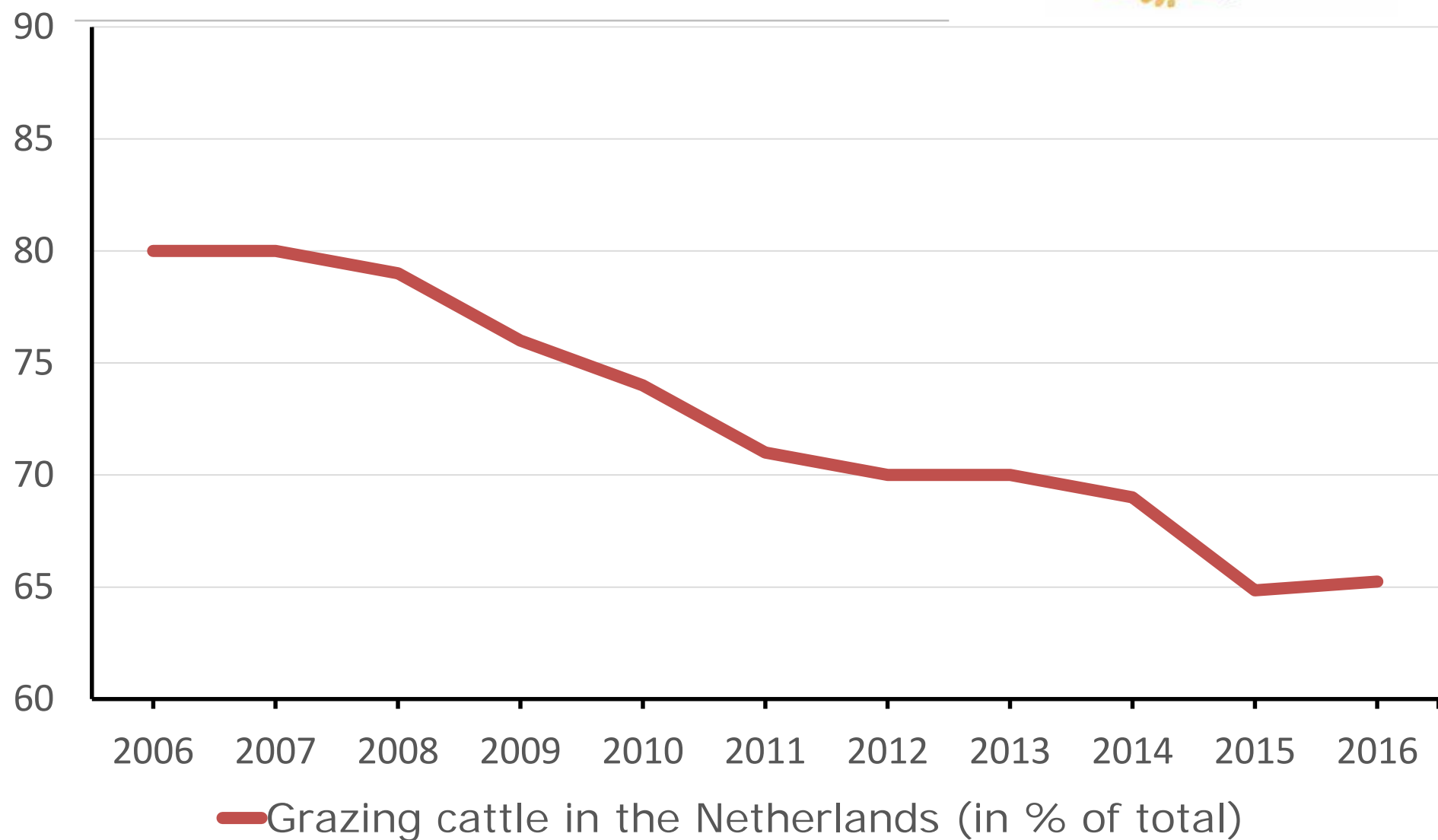
Agriculture and forestry deliver environmentally and socially beneficial outcomes (ESBOs) for society



In many cases, ESBOs do not have a monetary value and the existing markets alone are not able to provide an optimal allocation. Policy, institutional or other collective actions may then be initiated

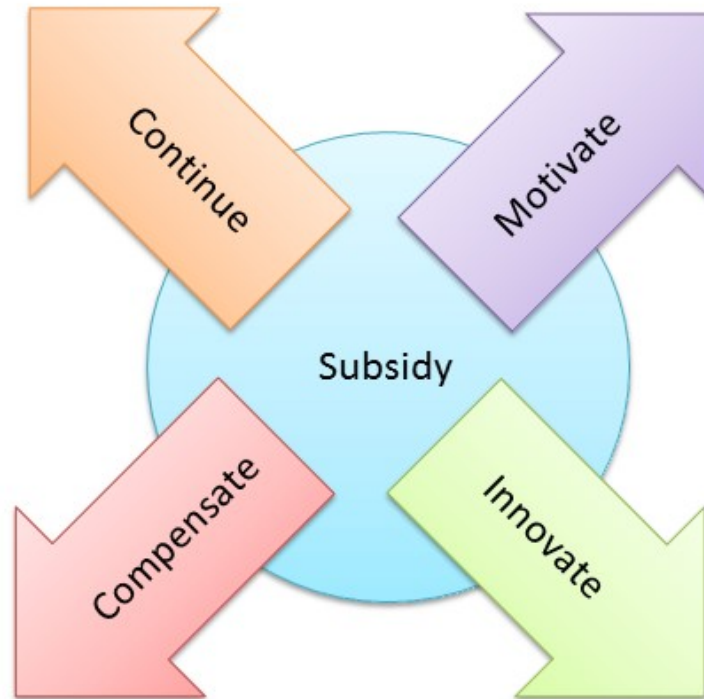


Current level of provision that might not meet societal demand



Existing markets

Within the market



External from market

Create new markets



Outdoor grazing is an important farm management practice in dairy farming

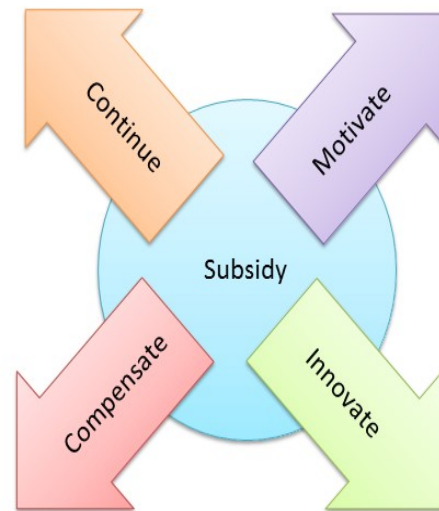
Outdoor grazing often is a condition for delivery to retailers in the Netherlands and upcoming in Germany as well.



Arrangements supporting ESBO provision – outdoor grazing in the Netherlands

Branding by grazing premium to reward farmers for practices they voluntarily implement

Existing markets Within the market



External from market Create new markets

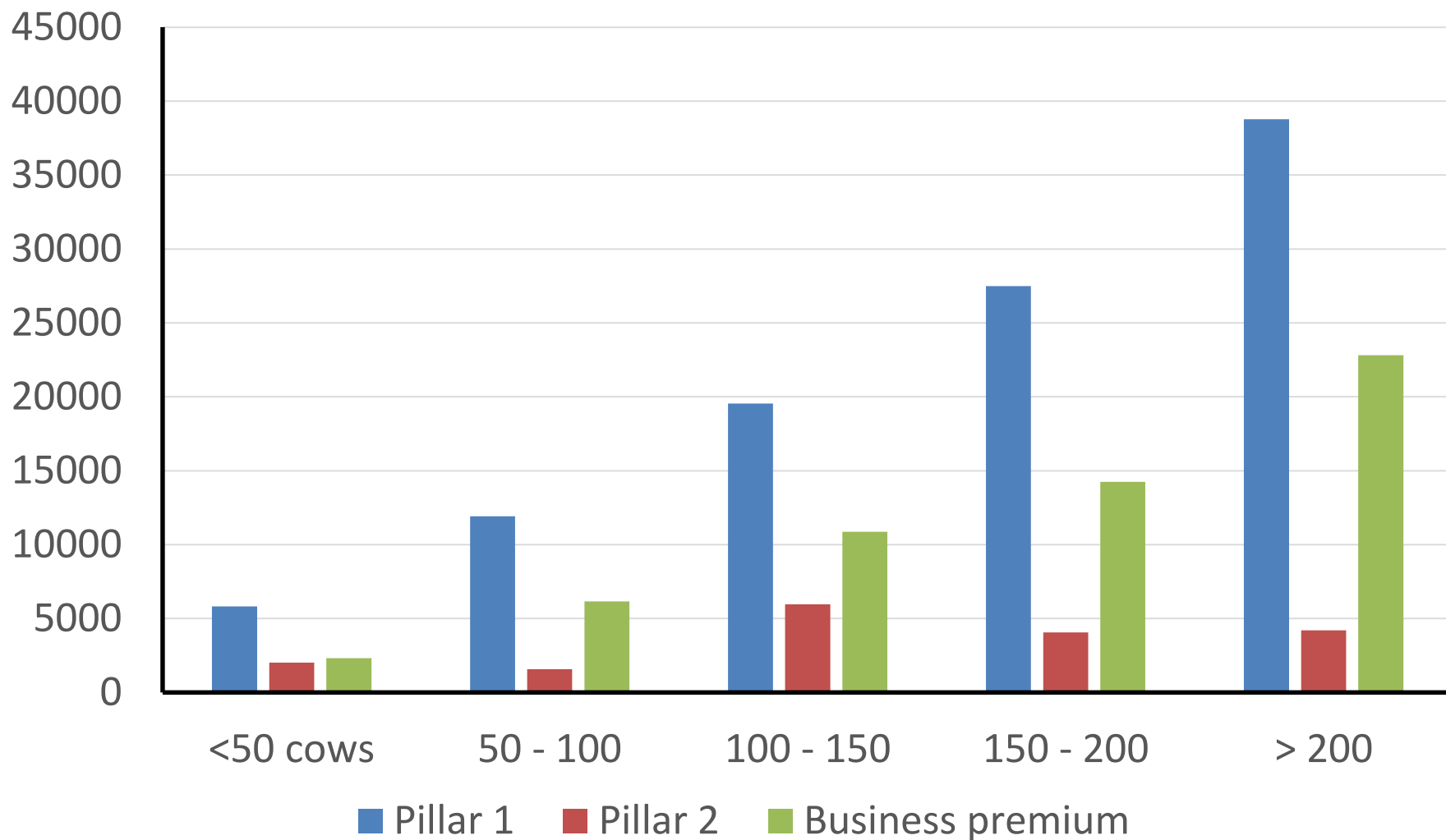
Support farmers who transform from indoor-production towards grazing systems

Compensatory payments in the CAP (e.g. nature management)

ICT technology (e.g. GPS system) to secure monitoring and create synergies with open-landscape



CAP payments versus business payments received by outdoor grazing farms in the Netherlands (in €, in 2015)



Water catchment strategy of Danone involves farmers to protect water catchment area

The strategy improves the brand reputation of Danone, and inducing significant changes in the local governance of land use. Farmers appreciate to be rewarded for their actions securing quality of groundwater resources.

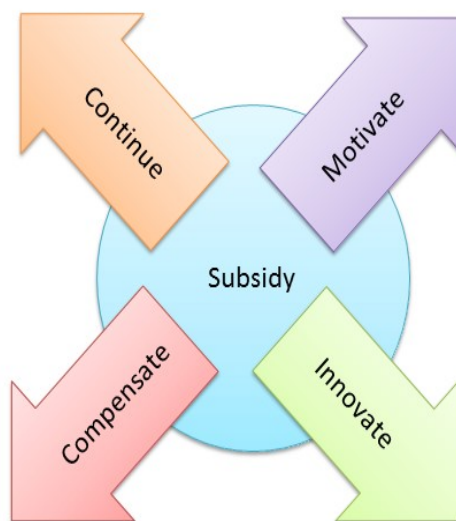


Arrangements supporting ESBO provision – water catchment strategy in France

Improve public image as a business case by Danone, to secure groundwater quality

Existing markets

Within the market



External from market

Create new markets

Tax payment by Danone on mineral water. Danone is main employer with 1,000 employees in the region.

Compensation in the CAP (mainly less favoured areas payments)

Improvements of groundwater quality and rural vitality through awareness-raising and economic incentives



Concluding remarks

- The involvement of the private sector in valorizing differs between the case studies:
 - ‘Whole value-chain’ including retail sounds as the first-best approach in valorization. Policy incentives should go hand-in-hand with market valorization.
 - Governance arrangements to focus on innovation in the value-chain: facilitate ICT technology in the provision of ESBOs or enhance awareness on specific ESBOs (e.g. rural vitality).
- Appreciation is covered through indirect measures like the number of visitors in a region, the compensatory payments provided to the land managers, or an increased market values from niche products compared to mainstream products.
- There is evidence of shifting societal ‘norms’ in relation to expected environmental or social behaviour. Farmers pay attention as ‘caretakers’ of natural resources and therefore as service providers. Examples: groundwater quality in the case of Danone and outdoor grazing in the case of CONO Kaasmakers.



Thank you for listening!

For more information, contact us!

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