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Probioprise<sup>1</sup> project

Report of the Workshop

**Is being green a business opportunity? the case of SMEs working with wetlands products and in related sectors**

9&10 June, 2006

*In association with Nationalpark Neusiedler See – Seewinkel, Austria*

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<sup>1</sup> Probioprise: acronym for “pro-biodiversity enterprises” – the official short name for the project. The project is financed by EU DG Research under the 6<sup>th</sup> Framework Programme.

## 1. Participation

There were 25 participants from 9 countries. Eleven of those represented SMEs. The SMEs present had activities in reed management and use, fisheries, farming, tourism and recreation, consulting and eco-investment. Staff from the Neusiedler See – Seewinkel National Park and the Fertő-Hanság National Park, as well as an NGO from the Poiplie Ramsar site, provided context for some of the types of private activities discussed in the workshop. A Dutch Foundation described its support for local enterprises. One presentation discussed the use of EU instruments in an accession country for stimulating local development in an ecologically sensitive area and links were made with another 6<sup>th</sup> Framework Programme project through a presentation of that project. Ecological expertise and a wide view of wetlands issues in Europe was provided by a member of the Ramsar Convention Bureau. (See Annex A for a detailed list of participants).

## 2. Opening of the workshop

On behalf of Mr Kurt Kirchberger, the Director of the Neusiedler See – Seewinkel National Park, Harold Grabenhofer welcomed participants to the workshop noting that the park was unusual in Austria in that it is a lowland park while most are in the mountains. The park relies on private individuals to manage the ecosystem. The staff of the park were interested in the experiences the Probioprise project meeting would uncover with regard to wetlands areas in other parts of Europe, and wished the workshop participants a successful two days of meeting.

## 3. Introduction to the Probioprise project partners, the status of the project expected workshop outputs (See presentation: Introduction to Probioprise Wetlands Workshop: Annex C).

Barney Dickson, Coordinator of the Probioprise project for Fauna and Flora International (FFI) chaired the first day of the workshop and introduced the project and workshop aims. He welcomed participants from 9 countries and thanked them for taking time off from very busy lives at a busy season, to join the workshop. A representative of one of the project partners, EFMD, gave a brief introduction to her organisation adding in particular that it sees the Probioprise project as a new area, growing in importance, which offers interesting challenges to its network of business schools and academics. EFMD hopes that opening this new field to their members will also benefit small businesses working with biodiversity.

It was noted that the third Probioprise partner, EBCD, was not able to be present at the workshop. They have a particular expertise in marine and forest issues. However, they had contributed to the workshop preparation and would be fully involved in follow-up.

Fauna and Flora International (FFI) is a conservation organisation founded over 100 years ago, based in Cambridge, UK. It supports conservation initiatives throughout the world, in the form of partnerships, technical assistance, direct funding and consultancy. FFI views the private business sector as one of the keys to conservation of biodiversity and has been working closely with large corporations for some years and with SMEs for the past 3 years.

The objectives of the Probioprise project are:

1. To identify the specific business opportunities and constraints for sustainable use of terrestrial, freshwater and marine biodiversity by SMEs especially in ecologically sensitive areas.

Information from the first workshop of the project, on forests, suggests that opportunities are dependent on, *inter alia*, the demand for products, the availability of both public and private funds and the competitive situation in markets. However, funding and financing may also be constraints and regulation also has such a dual impact. Reaching customers was a fairly common constraint identified in the forest workshop, as was finding employees with the required expertise.

2. To propose a research programme on opportunities and constraints for sustainable use of biodiversity by SMEs through a platform of practitioners and researchers.

The “platform” referred to in the second objective is a group of SMEs and other practitioners as well as researchers selected to contribute to specific issues in relation to SMEs working with biodiversity. The workshops are one way of building up and activating the platform members. It was suggested that the “platform” could also be thought of as a network. Judging by the experience of the forest workshop, the workshops act as catalysts for the participants to exchange ideas, forge partnerships and continue discussions.

The workshops are organised around the four major European ecosystems: forests, wetlands, grasslands, and marine & coastal, for each of which there will be a workshop. The workshop reported here is thus the second in a series of four.

There will also be 15 case studies of companies. These will seek to gather more detail on the issues raised at workshops and, at the same time, provide questions and themes for future workshops.

As the project develops, insights and questions raised at workshops and by the case studies, backed up by a review of the literature, will be collated and analysed in order to build an idea of the research needs for the future.

Ultimately, the project hopes to be able to influence policy which will assist SMEs to be commercially successful while using biodiversity sustainably.

To some extent, participants were helping the project team in early testing of project assumptions and questions. Amongst those were how to define the small business pro-biodiversity sector, if such a sector can be said to exist, and how to describe its scope and size; what is a green business? what policy instruments are available to SMEs which aim at both commercial success and biodiversity conservation? (see also [www.efmd.org/biodiversity](http://www.efmd.org/biodiversity))

The workshop aims were:

- To understand the opportunities and constraints faced by biodiversity-friendly SMEs in wetland-related sectors.
- To enable participants (SMEs and experts both in wetlands and business issues) to start building a community of interest in which the SMEs concerned are the centre of attention.
- To inform EU policy affecting biodiversity-friendly SMEs

A summary report of the workshop and a full report would be available by mid-July and would be posted on the project website at: [www.efmd.org/biodiversity](http://www.efmd.org/biodiversity).

#### 4. Summary of presentations and discussion<sup>2</sup>

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<sup>2</sup> Discussion was generally held after two presentations with questions for clarification after each. The two are put together in this report under Discussion where it seemed appropriate.

**Neusiedlersee National Park, Viktor Reinprecht, Austria** (see Neusiedlersee NP, Annex C)

*Summary*

The National Park (NP) was created in 1993 and covers an area of 9064 ha in total, all being rented from private landowners. The park is divided into two zones: a core zone (48% - 4330 ha) where no hunting, fishing or other activity is permitted, and a conservation zone (*bewahrungszone*) covering 4734 ha (52%), where some economic activity is allowed. Pasture (2668 ha) and reed (3914 ha) management are the major activities generating income. The total budget of the park is about €4.6 million, 60% of which goes to private landowners for various services.

Livestock farmers (5 herds of cattle, 4 being private and one owned by the NP) graze the pastures. No payments are made to the NP. The NP pays each farmer €6,000 p.a. to control reed growth in the small lakes and for supplies of winter feed. Grass is cut by local farms for their own livestock. They pay 35€/ha to the NP, which generates some 24,000 Euro per year. Farmers also receive payments from the Ministry of Agriculture and from AMA (Agrar Markt Austria) which enable their operations to be economically viable.

About 70ha of the park are under arable cultivation, about half of which is grazed by wild geese and is part of the species management of the park. Payments to farmers and harvesting costs amount to some €20,000 a year for the park.

Six companies harvest the reed around the lake (see Erwin Sumalowitsch below). This activity brings 23,000 €annual income to the NP.

Agriculture is becoming a marginal activity in the park but this is not perceived to be a problem for the moment: no specific strategy has been developed to address it. However, the NP belongs to IUCN Category II, National Park (a protected area managed mainly for ecosystem protection and recreation), which means that 50% of the park should be dedicated to nature alone and 50% can support economic activities (as long as the conservation objectives of the park are not compromised). If agricultural activities were to expand (changing the ratio between natural zone and activity zone), questions may be raised about the status of the NP and, as a result, the funds it receives from regional and national bodies may be withdrawn or reduced. International recognition and policy, therefore, may hamper economic development in and around the NP.

The NP has no budget for promoting the NP as a tourist destination. All promotion is done by regional tourist companies such as "Neusiedler See Tourismus GmbH" and "Burgenland Tourismus". The NP is therefore simply one item, although an important one, within the regional tourist offer.

The NP organises between 300-400 field-trips for visitors per year. There are no revenues from this type of activity but the park's statutory objectives include educational programmes so they are included in its budget. Nevertheless, the NP attracts people to the region who spend money there, so it is involved in the region's, and companies', economic fortunes.

**Reed management and use, Neusiedlersee, Erwin Sumalowitsch, Austria**

*Summary*

The company is one of six working with reed in the region under the coordination of the NP. It is the largest (covering about 10,000ha, about 7,000 ha of which are within the National Park) and the only one which obtains its income wholly from reed. The business started with the present owner's father and has been operating under its present form for some 20 years. It employs 15 full-time people and another 15 are employed during harvest. The land is rented from a mix of landowners including the

Church and the Esterhazy family. The National Park also rents from these owners and others but the company pays rent directly to the NP for its operations within it. Up to now, Erwin Sumalowitsch has experienced very good cooperation with landowners.

Each of the companies in the region have their own commercially-available reed-cutting machines but Mr Sumalowitsch has developed his own prototype which is more closely adapted to local conditions and is therefore more efficient. The market for machines is too small to allow for a sufficiently varied commercial offer.

The National Park authority lays down the area for cutting and the timing but does not intervene on how the cutting should be done. Harvesting is carried out in the winter and processing in the summer. The company does all its own processing. About 10-15% of the reed area managed by the company are cut each year; in very cold winters this can rise to 20%. Reed beds are cut no more often than every second year. Water levels are not artificially regulated and no pesticides are applied.

Most of the reed is used for thatching. 95% of the thatch is sent to the Netherlands which, however, acts as a central distribution point for Europe and does not use all the thatch itself. Stalks must be no longer than 1.8m for this purpose. Longer stalks are used for screening mats and insulation: these products remain in the domestic market.

Local authorities are planning a plant to produce energy from bio-mass including reed. The company has invested in a new cutting machine in order to be able to supply the plant. Financing for the new machine has been provided by the local water management company who will also buy the harvest for the plant.

Competition is quite strong and growing with the entry of Poland, Hungary and Romania into the market. Low labour costs in those countries was one of the reasons why the company designed and invested in new machinery.

**Wise use of mires in the Narew River Valley, NE Poland, Dr Piotr Banaszuk**  
*Technical University of Bialystok, EURONATUR (see Narew wetlands, Annex C)*

*Summary*

The Narew wetlands are a nearly natural ecosystem but one faced by changes, the principal one being land abandonment by farmers. Maintenance of the biodiversity depends on continued agriculture. A satellite image taken in the 1950s shows former widespread pasturing and mowing compared to one taken in 1995 which shows almost complete abandonment of these activities. The main reasons are difficult access for machines, low quality hay and a move of fodder production to upland areas.

Future management of the ecosystem must also take into account highly fragmented land ownership spread over some 12,000 individual plots and c.20% of the area is in state ownership.

Research conducted by Dr Banaszuk and colleagues at the University of Bonn, has not only estimated potential volumes and types of bio-mass production from the area, but also a new product (a plant-based light-weight concrete). The BIO-Rynek company has been established to try and develop that potential which they hope will maintain agriculture and jobs and stimulate development in the region.

**BIO – RYNEK, Piotr Sokolowski, Piotr Banaszuk, Poland (see Bio-rynek Annex C)**

*Summary*

BIO-Rynek is run by 2 people (a biologist and an engineer) and employs 8-10 seasonal workers, mostly farmers. It was set up in 2004 with an initial capital of €20,000. The government makes payments to the Narew River protected area and the company is paid for cutting and mowing of the reeds and grass; 34ha were mown in 2005. However, the government payments system is not synchronised with the seasonal needs of reed harvest and funds arrive a year after the activity has been completed.

Hand-mowing is a declining skill and machines available on the market are very expensive. The company is trying to develop its own solution.

The company wishes to use the reed to form briquettes and pellets for use as fuel. Financing for purchasing machines for processing the reed is a problem: to the extent that the presenters wondered whether their new company would be better described as a non-profit organisation!

### *Discussion*

There was considerable discussion, some of it about technical hurdles in the production of briquettes and pellets.

Questions about markets were raised. The company owners noted that the price of wood fuels had risen considerably and they felt that they could provide pellets for domestic use at a lower price. They have successfully tested its use in local domestic heating appliances. At the same time, government policy in support of bio-fuels will bring financial assistance for briquette-making in 2006. The company is investigating the possibility of developing a portable briquette-making machine to take to each farmer. One of the main problems will be in persuading local people to use a different fuel.

On a larger scale, the energy plant in Bialystock, the nearest town with a population of 300,000, will need vastly increased amounts of biomass (perhaps some 100,000 tons a year) in order to meet government targets of 20% renewable energy. This is a market for the future according to the company.

Other questions centred on the feasibility of capitalising machinery and the company itself is aware of the need to address regulation concerning approvals and certification. One participant predicted that large energy companies would not seek unpredictable supplies from small-scale producers but would probably develop their own large-scale intensive biomass production.

One discussion concerned the difference between an intrinsically viable business and a business which has biodiversity goals around which commercial objectives are, in a sense, retrofitted. One participant felt that the Bio-Rynek operation was in the second category, especially as its plans appeared to be heavily dependent on government subsidies which are likely to be unstable. In this context, discussion also touched on the question of developing markets and how to make the step between potential and a viable business in a rapidly changing economic context.

**Aranypony Fisheries Inc, Rétszilás Fishponds Nature Reserve, Ferenc Lévai, Hungary (see Aranypony Fisheries, Annex C)**

### *Summary*

Aranypony Fisheries Inc. was formerly a state-owned company which became privately-owned in 1993. The site covers 1000 ha, 800 ha of which is water. The main income is from sales of fish (mainly carp) to the central European countries. The company does not intend to increase its production capacity (with new methods) since it appears that demand currently corresponds to supply. Instead, the owners have opted to define new goals and development opportunities.

One goal is to develop a bio-fish production programme, producing higher quality carp which meet the very strict bio-production criteria. This implies higher retail prices which the main markets are not yet ready to pay, except Germany. This should however change over the next 4 or 5 years. The state has provided funding for research and development. Nowadays, bio-fish production represents 5% of the total fish production of the company. In reality, all the fishery at Aranypony respects the different bio-fish production criteria, except the feed which is extremely costly.

Another opportunity is the use of other renewable resources present on the site. Thermal water (at 30°C) is being used for the heating of new buildings, the greenhouse, warm water angling and the wellness centre. Reeds are also cut for roofing, reed mats and ornamental products.

A third development strand is ecotourism with the provision of recreational and educational activities. These include angling, education on wetlands habitats (museum, conference centre, outdoor activity for schools,...), photo tourism and bird watching, conferences and social events. Customers are mostly from the region but also come from Budapest (100 km).

### *Discussion*

Over its first five years, the company concentrated on infrastructure investments (ponds, roads), and it was only after that long period that they could start developing ecotourism. Fish production is still generating the main revenue (about 70%), while ecotourism brings in only 10%. Loans and external funds (local, Dutch, EU) are partly supporting the development of the new products.

Some 15,000 visitors are registered annually, with an additional 5,000 or so during the festival held at the site, and other big events. The carrying capacity of the site seems to be able to absorb such ecotourism development. Biodiversity status is measured and controlled by the public authorities' Natura 2000 monitoring programme.

### **Multi-functional and environment improving use of Poipie Ramsar Site, Ida and Jozseph Wollent, Ipel' Union, Slovakia (see Ipel' Union, Annex C)**

### *Summary*

The Ipel' Union was founded in 1992 to protect and revitalise the environmental and cultural values of the Ipel' watershed lying on the borders of Slovakia and Hungary. The organisation has 62 members and carries out research, cooperation with public authorities, education and awareness raising, and promotes sustainable practices. The office is run by 4 people, being paid in the past by grants for project management, but now working on a voluntary basis because of lack of funds. The area is a Natura 2000 site. It covers 408ha.

Economic activities include farming (within which bee keeping is important), fisheries, hunting and tourism. The Ipel' Union see the various international designations of the site as useful labels for the products, for example IBA (Important Bird Area under the EU Birds Directive). Local NGOs support small businesses but want the state to buy the land. When the area became protected in 2001 there was a list of prohibited activities but there is no compensation programme for farmers or a coherent management plan.

A pilot project was implemented in 2000 with the construction of artificial dams (sand bags), maintaining the water in the area during 6 additional weeks. This small-scale experiment brought very interesting results, with the fish becoming big enough to survive when arriving in the larger river. But after 2001, when the area became protected, it was no longer possible to intervene on water levels, so the development of the fish population was stopped.

Modification of regulations, a management plan and the resolution of ownership issues are some of the most pressing priorities for both conservation and the success of small enterprises.

### *Discussion*

Land ownership and its relation to biodiversity businesses was raised in terms of the challenges presented by fragmentation which require long and costly negotiations for a business, or a regulatory body such as a protected area wishing to work with producers of primary products. The Netherlands has policy on land consolidation which may mean buying land into state ownership and it is a recourse sometimes proposed by NGOs (e.g. Ipeel Union).

The question of company operations in relation to public goods and services was raised. Agriculture often cannot be profitable, perhaps especially if it is biodiversity-friendly, and because of this it attracts public payments. Is a company a "proper" company if it is benefiting from public payments? Is there a justification for public payments for public goods and services (production of lapwings; protection of a watershed) in the context of a company's operations? Or should companies be viable without public payments? Can public payments obscure the true commercial viability of a company – is there a real market for its goods or services? Can added value be extracted from the market? Is the company intrinsically profitable? What models are available for the links between public payments and intrinsically profitable small businesses? In other sectors, public funds are sometimes made available, in particular for new services and products (e.g. wind energy; university research). Are biodiversity businesses any different?

One participant noted that public funds have paid for infrastructure, in a protected area for example, which is then used by private companies for private gain. Others noted that this happens in all areas of the economy, for example, in the construction of roads or utilities' infrastructure.

Other participants noted that prices for land of conservation value are often low because the land is considered "bad land". However, even low rents or loans for purchase have to be re-paid.

One of the pathways for companies is to sell specificity, and labels can help here including official designations (Ramsar; National Park; Important Bird Area, etc).

## DAY TWO

### **Biebrza Eco-Travel, Fourteen years of ecotourism in Biebrza National Park, Katarzyna Ramotowska, Poland** (see Biebrza Eco-Travel Annex C)

#### *Summary*

The company began operations in the same year as the establishment of the National Park in 1993, the largest park in Poland (60,000ha). The Biebrza river is totally wild. It is an area of very rich biodiversity, which is the main reason why people visit. About 50% of the park is under private ownership.

A range of services from guiding through accommodation and souvenirs are provided by the company which is a family-based concern employing 4 staff with up to 14 guides.

The main challenge at the beginning was to extend the tourism season from 1 month; it is now 6 months long with a greatly expanded offer of accommodation and numbers of nature guides. The current offer of Biebrza Eco-Travel includes expertly guided nature expeditions, active holidays (e.g. wild river rafting), ecological workshops, green schools for children, team-building meetings for companies, agro-tourism, study trips and several others. Part of the offer is not necessarily in keeping with the company's own wishes but is needed for survival. Some 5-7 new products are offered each year.

The company benefits from several labels such as "National Park"; "Ramsar site" and "Natura 2000". The company has to operate within a regulatory environment which includes Polish law on nature conservation and tourism and the National Park regulations.

The company goes further than observing laws and regulations by implementing its own code of good behaviour (e.g. not showing bird nesting sites). Good contact with local rangers is maintained in order to have the best information with regard to responsible guiding and use. Measures are taken to avoid sensitive areas and responsibility takes precedence over activities which may be lucrative but which are damaging.

The National Park has uncontrolled access which means that people can enter without being informed about the kind of behaviour that is needed to protect the wildlife: there are only 7 rangers in the park. They are not well paid and the park does not even have enough resources to buy petrol for their vehicles. They are vulnerable to corruption. Some of the local people may have a negative impact on tourism, for example, throwing rubbish, poaching and killing of animals, extracting peat and ill-adapted agricultural practices such as mowing fields too early in the breeding season.

Tourism in the National Park is a potentially successful business opportunity but the main condition is that all respect the regulations. There is a growing "black market" in the tourism offer in the park.

The company works closely with local NGOs (and in fact was helped to start operations by WWF) and takes part in local governance of biodiversity and tourism.

#### *Discussion*

Tourism in the Biebrza started with interest groups brought together to discuss the future of the industry. One result of the discussions was to invite WWF to come to the region. They came with "sacks of money" and set about training guides over three years. The guides have turned out to be the best ambassadors for the park and each village houses at least one: they have formed the Association for Sustainable Development.

Visitors to the park are 70% Polish and 30% foreign. A break on foreign tourists is the lack of language skills amongst the guides. However, foreigners are educated about nature tourism whereas Poles tend not to be.

Both laws and regulations offer, on balance, an opportunity for the company. However, the Polish law on nature conservation is too strict, so people do not observe it. In the end, it is left to the companies themselves to define and implement their own ethic and practices.

Many farmers offer bed and breakfast accommodation achieving some 45-60% occupancy in the top tourist season. There are about 300 of these in the park which is too many but offers the Bierbsza Eco-Tourism company a good choice.

The company has also established a foundation in order to attract grants. It has grown by about 70% p.a. since its foundation and the number of tourists it serves has grown by 75-80%.

**Ecotourism at the Kerkini wetland, *Ecoperigiitis, Dimitra Tsakiri, Greece* (see Ecotourism Wetland of Kerkini Annex C)**

#### *Summary*

The Kerkini wetland is located in Macedonia, northern Greece. The wetland is used for irrigation, tourism and scientific research. It is protected by many national and international instruments including Ramsar, it is an IBA (Important Bird Area) and a Natura 2000 site.

Major threats to the wetland include the debris brought from the Strymonas river, water pollution, irrigation, illegal exploitation of the natural resources, irresponsible visits to bird habitat and the construction of new embankments. The most immediate threat is the ever-rising water levels.

The Ecoperig iitis company started operating in 1996 with the aim of providing guided tours which respected the environment and the preservation of local culture. It employs 4 local people. Its premises are in the village of Kerkini where construction is officially permitted.

Until the winter of 2005 there was steady growth in numbers of visitors and in profit. The avian flu episode caused numbers to drop significantly. Most clients are organised tours and students. Recent new investments are a second hotel and restaurant. Literature and scientists are consulted for advice on the biodiversity of the area.

While labels are helpful to the business there are none for ecotourism itself. The company respects rules and regulations but others do not and there is little help from the authorities after new laws are passed. Government support for infrastructure at the wetland is only on paper: funds either do not exist or take a very long time to be applied.

There is basically a need for more help in all aspects of development in rural areas.

#### *Discussion*

The company receives no subsidies or business advice. Local authorities provide a brochure about the area but nothing substantive. For example, initiatives to create a nature school and to make sites accessible to the public received no public support whatever. The company has created awareness about the natural attractions of the area; without the company there would be no visitors. However, if the government does not provide more assistance the wetland may disappear. Policy change is a priority for the survival of the business too.

There are about 20 wetlands in Greece, all of which have an associated management group.

**The Venen area and the annual Day of the Peat**, *Lya Reuzenaar, De Venen Foundation, Netherlands* (see de Venen Lya Reuzenaar Annex C).

#### *Summary*

The Venen is an area of approximately 32,000ha including lakes, fen meadows and polders with a population of 200,000. The area also offers a very attractive cultural landscape. It lies at some 15km to the west of Utrecht. In the past, activities included farming, peat extraction, barge operations, eel fishery, reed cutting and hemp cultivation. Nowadays, the main uses are farming, nature management and recreation.

In order to relieve damaging pressure from the intensive use of two nature reserves, the Nieuwkoopse and Vinkeveense Plassen lakes ("the nature areas have become shrinking islands in a sea of human activity"), the government initiated discussions in 1992 for a plan to link the two reserves and develop activities compatible with nature conservation and restoration. After years of negotiation the Plan was finally agreed in 1999 with a time horizon to 2020. The Plan includes some 200 projects.

The Plan includes the purchase and exchange of land. One aim of consolidation of plot structure is to allow business expansion. The key business sector expected is agro-tourism, mainly focussed on recreation. This comes at a time when farmers are finding it difficult to make a living only through agricultural activities. The Plan is financed from EU funds and national, provincial and local sources.

The Foundation is trying to raise the profile of the area and one of its main instruments is "The Day of the Peat". This event showcases the products and services offered by the area. It explicitly aims to

help local businesses. (In 2006 the Day of the Peat will be held on Saturday 26 August with the theme "Water").

#### *Discussion*

In answer to a question about the connection of the Day of the Peat to biodiversity, the speaker explained that there are a range of activities aimed at families to explain the link between the occupations of the population and nature. In the Plan there are goals for nature restoration, often involving a transition from agriculture to nature. By 2020, it is expected that there will be c. 2000ha of newly restored nature areas.

The budget for the whole Plan is €500million.

#### **The World behind the Boerinn: how to survive the water rising and the government withdrawing? Arie and Hendrik Jan Hoogendoorn, Netherlands (See De Boerinn, Hoogendoorn Annex C)**

#### *Summary*

The Boerinn is located in the Venen area (see previous presentation). The company is promoting a new social form of enterprise focussing on farming, recreational activities and nature. The activities are aimed at as broad a public as possible and are in harmony with the natural environment. The company aims at economy of scope rather than economy of scale. There are 20 employees, most of whom need re-training, and the company has a turnover of some €800,000. Over 100% or more of net income is re-invested.

The main problems in the area include rising water levels, low incomes for farmers (which is partly linked to the water levels), a decrease in the diversity of fauna and flora and pressure on space from the demand for recreational activities of the surrounding population: 6 million people live within one hour's drive of the farm.

Farming is still carried out: there are 25 cows, 36 sheep and 2 pigs. Linked to the farm there are a range of recreational activities (canoeing; wheelbarrow races ...), and nature management such as delayed mowing to protect breeding bird populations, and there are plans to put more of the area under water.

There are over 25,000 visitors a year mostly concentrated into a 6-month season (85%) and very dependent on weather conditions. Apart from the recreation product, cheese is also sold to visitors drawing on the traditional farming activity at the site.

Future opportunities include targeting the population aged over 55, and government policies which are now favouring diversity in agricultural enterprises.

Difficulties include an out-dated infrastructure in the area (the company had to finance and build a bridge for access), regulations which inhibit diversification of enterprises, and less than optimal use of European funds along with a reluctance to provide co-funding for projects. The company has had to use its political connections to obtain permission to carry out recreational activities in an agricultural area.

#### *Discussion*

Financing of the operations was built up through the recreation activities but €300,000 was awarded from the Kamerik Association (Kamerik is the municipality in which the farm is located). The agricultural turnover accounts for about €25,000 of the total.

With regard to how the company expects to move towards nature restoration; it will start a schools programme on nature in the autumn of 2006 and this is seen as one way of overcoming the seasonal nature of the operation. It is also considering using green products from the region such as pure juices.

It is felt that the farm itself has now reached its maximum level of activity and the owners are looking to the region as a "new playground". One difficulty here is the differences between regional and local regulations.

The manager of the company felt that the drive of its staff has been very important in its success.

### **Hotel Post, Illmitz, Otto Egermann, Austria**

#### *Summary*

The local population of the region were opposed to the establishment of a national park but the idea gained ground when groups formed to oppose the proposed construction of a bridge across part of the wetland.

The hotel has three targets: domestic tourists; the local opera festival and the wine festival in September each year.

Opening of the border between Hungary and Austria helped to boost the tourism business which is doing well (when Hungary joins Schengen this may give another stimulus) although now with fewer German visitors and more Austrians. This is perhaps because local attitudes to foreigners are not very welcoming. There is also a need for better infrastructure – the lack of helpful signposts was cited as an example.

The speaker was very new to the family-owned hotel business himself and felt that the opportunity to be at workshops such as this were helpful in giving ideas about where to steer the business in the future.

### **Danube Wetlands Management, Emil Kyoto, Bulgaria (See Danube Wetlands Kyoto Annex C)**

#### *Summary*

The project areas in question lie in Bulgaria to the north and south of the town of Rousse on the Danube. The overall project objective is to prepare the two sites for Natura 2000 designation and appropriate management once Bulgaria accedes to the European Union. The sites together cover a total area of around 30,000ha.

Most of the land use is agricultural. Information to inhabitants is poor and out of date. The local municipality does not have time to develop applications for even simple projects. This is perhaps partly because the bureaucracy is crushing.

Amongst the stakeholders contributing to the management of the area will be what the project calls "Ecologically Sustainable Enterprises". Guidelines have been prepared for these. The companies should provide net environmental benefits, generate socio-economic benefits and be technically and economically viable. Tools for assessing and planning to reach those goals include a Company Assessment Toolkit; Business Plan Guidelines; Business Plan Pro-formas and information about Funding opportunities. The last of those draws on EU pre- and post-Accession funding programmes and commercial financing.

A list of possible business activities includes the production of Aronia<sup>3</sup>; fish; eco-briquettes; herbs; Amorpha<sup>4</sup> products; and eco-tourism services. Some of the hurdles that are encountered are lack of experience and expertise in drawing up business plans, difficult access to micro-credit and equity, and the lack of collateral for loans amongst the farming population. The latter is often because, under national legislation, farmers do not have to file tax returns whereas the banks require these as

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<sup>3</sup> Chokeberry: high Vitamin C content and other nutrients. Drinks and other possible uses.

<sup>4</sup> False indigo.

indicators of business health while assessing loan applications. Where real estate is acceptable as collateral, banks are only interested in urban properties.

EU Pre-Accession programmes are also ill-adapted to the situation on the ground: for example, SAPPARD offers only a 50% contribution to investment and only reimburses after transactions have already been concluded.

The approach to development in the region has been based on the LEADER programme which provides maximum grants of up to €5,000.

**Biodiversity and Business ~An illustration from the Lower Danube, Paul Goriup, Fieldfare, UK**  
(See Fieldfare, Goriup Annex C)

#### *Summary*

Fieldfare was established to promote ecologically sustainable development and wise use of land and natural resources, especially in the Lower Danube region; to foster local employment and develop business activities that monetise nature and have a “net ecological benefit and to provide a positive platform for utilising the resources of the ethical investment movement, with the eventual aim of a stock market listing”.

The company places itself in the private sector (the two other key social actors being governments and the voluntary sector). Grants and donations characterise financing in the voluntary sector whereas shareholders and ethical investment trusts operate in the private biodiversity business sector. It is estimated that €6 billion are invested in ethical funds. The company sees little difference between sustainable development companies and others.

The main statutory objectives of the company refer to ecologically sustainable development and an ethic of environmental care.

The company was first established in 1996 as a private limited company and became a public limited company in 1999. Key preference shareholders are WWF and the DOEN Foundation; the rest of the c. £150,000 of share capital comes from individuals. Fieldfare has a subsidiary (Salix) in Odessa, Ukraine and a JV (Salvinia) in Bulgaria.

Investment studies have been carried out in key sectors relating to biodiversity (e.g. ecologically sensitive tourism; bio-fuel from reeds). The company works to create markets for local partners who, in return, help to raise awareness about biodiversity, protect local habitats and maintain local culture. Projects include eco-tourism, angling for native fish species and organic agriculture. Such ecologically friendly initiatives often require linking investment to multiple activities: tourism may require hotels, restaurants, acceptable food and so on.

Fieldfare spends a lot of time gaining the trust of local partners; rapidly applying small investment and obtaining the assistance of NGOs are often helpful in this. Showing quick results once a decision to invest has been taken is another useful strategy. The company also seeks to work with a range of partners to avoid *inter alia* capture of investment by one entity, corruption, and stability if one partner proves unsatisfactory. Finding and then training management staff is also a time-consuming but necessary activity in the area in which Fieldfare works.

Due diligence and legal back-up are necessary preparations for investment as well as expert accounting and tax planning advice preferably from several different sources. Government officials change posts frequently in transition economies so they are often not reliable allies.

#### *Discussion*

The private sector has been treated with suspicion by NGOs and governments but keeping the private sector at arms' length also means renouncing very large sums of money. NGOs should act as

mediators between government and the private sector. If companies' statutory objectives include ethical considerations including sustainable use of biodiversity, they can be legally challenged if they depart from them.

In the experience of Fieldfare, grants can kill a business. In fact, the company model was born as a result of a failure to fulfil a promise to provide grants in the Danube Delta. WWF and the DOEN Foundation switched to providing investment for companies rather than grants in the Lower Danube Corridor.

The Netherlands is in the lead on biodiversity and business (at least compared to the UK). They understand that a successful company cannot be driven by biodiversity conservation. An example cited from elsewhere was a hotel owner who bought the lease to a local nature reserve because it was an asset to the hotel, the conservation objective being secondary.

**Organising ecotourism and fisheries in Fertö-Hansag National Park, Fersch Attila, Head of Department of Public Awareness, Hungary** (See Fertö Hansag NP Annex C)

**Summary**

The former 'Iron Curtain' had one positive impact: it helped to preserve nature along a corridor either side of the border. This was the case in the Fertö and Hansag areas of Hungary until 1990. In 1977 Fertö was a landscape protected area, it became a Ramsar site in 1989 and the Fertö-Hansag National Park in 1994 and an "international" park in the same year. Part of the site achieved World Heritage status in 2001. Of the 23,600ha of park, one-third is state-owned and about 1200 families own the rest of the land.

There are some 1000 larger and smaller inner lakes. These are associated with extensive reed beds up to 6km wide in some places. Saline puzsta and saline lake habitats occur, with low hills on the western side of the Fertö lake. In Hansag there are marshes, bogs, moors, grassland and forests.

Amongst the tasks of the park are planning the land use of semi-natural areas including pasture and fishery, and organising ecotourism. Relations with the local population are coloured by experience under socialism: people felt that the limits on their activities imposed by the park had echoes of the former regime, that the national park hinders bigger businesses such as golf courses and plans for an airport.

For ecotourism, the National Park acts as a catalyst for a range of activities such as accomodation, restaurants, transport and guides. The park organises vists and guided tours to the park as well as building and maintaining infrastructure such as observation towers and paths, providing visitor centres and information. It also maintains relations with the local population and stages special events (e.g. day of observation of migrating geese).

The fishery is declining because of the extensive reed beds and the presence of introduced species such as silver carp and eel which destroy the native species. It was only in 2005 that the National Park became responsible for the fishery. There are 8 fishermen trying to make a living from the fish resource but stocks are not enough to supply even local restaurants and the supply is unstable. The park is currently trying to reduce the numbers of non-native fish and increase stocks of native species by clearing accumulated mud from the reed beds and seeding with fish larvae.

*Discussion*

Questions raised included one on whether the park was in competition with local businesses in the tourism sector: whether it was doing too much itself. The park has agreements with some local enterprises who provide guides and there are discussions within the park management about whether or not they are over-expanding their own tourism activities. Opinions are divided. One argument says

that taxpayers have in effect paid for the park infrastructure so should they be asked to pay again to private enterprises when they visit the park?

**Applied research for marsh birds: Combining marsh bird protection with commercial reed cutting and farming**, *J. van der Winden, Bureau Waardenburg bv, Netherlands* (See Bureau Waardenburg, van der Winden).

*Summary*

The company was established in 1979 and has 50 employees. It is the second-largest company of its type in the Netherlands. The aim of the company is to provide independent research and consultancy in order to integrate scientific knowledge on nature conservation into policy and landscape planning. Clients include government, NGOs and private companies.

Services include impact assessment, inventories, management plans and support to European initiatives such as Natura 2000. The company has secured a competitive advantage by, for example, developing specialised equipment which allows it to observe birds at night and in difficult environments (e.g. at sea).

Bureau Waardenburg's work with private companies includes planning wind farms, natural dyke and bank construction for erosion defence, integrated management plans for Natura 2000 sites which include economic activities, and advice on legislation for companies embarking on new initiatives or expanding their operations.

Examples were given of company research for reed-bed management in order to stop the decline of certain bird species (e.g. Black Tern). Commercial exploitation of reedbeds in the Netherlands is widespread with a mix of practices: the company was able to advise on optimum quality and timing of cuts on the basis of its research without compromising profitability.

*Discussion*

The reason why private companies call on the Bureau's services is, in particular for energy companies, a wish to be more environmentally friendly than in the past. However, SMEs tend not to request assistance on biodiversity management as part of an overall business strategy and this is an area which could be further explored.

There are many smaller competitors in the Netherlands but the Bureau is very competitive, including with state institutes, on the basis of price and its equipment development. But it is moving into work in Africa in order to diversify its offer.

The company does not have an ethical code (as Fieldfare does). The workshop provided an opportunity to hear about new initiatives, to promote the company and to network.

**GEM-CON-BIO Project presentation at the Probioprise workshop**, *Stratos Arampatzis, Tero Ltd. Greece* (See GEMCONBIO Arampatzis Annex C)

*Summary*

The project acronym stands for Governance and Ecosystem Management for the Conservation of Biodiversity. The project is financed by the 6<sup>th</sup> Framework Research Programme of the EU (as is the Probioprise project). The objective of the project is to explore the interactions between governance modes and sustainable development objectives to identify what governance processes and institutions can best contribute to the conservation of biodiversity. The aim is to foster sustainable economic and social development through the conservation of biodiversity

Apart from the more obvious links with the Probioprise project, the GEM-CON-BIO methodology includes case studies which may provide a complement to those being carried out with SMEs in the Probioprise project. The complement could consist of providing governance context to the more business-oriented field focus of the Probioprise studies.

Mr Arampatzis took the opportunity to share some of the thinking behind the GEM-CON-BIO project with participants. He also noted that he had learned a lot from the workshop and thought that the selection of participants was good.

He said that the use of biodiversity is the sum of millions of local actions which are hardly influenced by national regulations; that users tend to adopt short-term perspectives while national level planning tends to be long term. He asked what the value of ecosystems services are (and gave some estimates) and noted that people should pay for their use. However, recreation and tourism may not pay enough. How can the value of ecological services be transferred to the private sector?

#### 5. Key points emerging from the workshop

The chair noted that the Probioprise team has been trying to identify patterns in what they have heard from the previous workshop and the present one. The team will be drawing these together at a meeting in July. He sensed that some workshop participants had comments on what they had heard and opened the floor.

One participant noted that in setting up a company to work with biodiversity in a responsible way, awareness is raised and that this helps to stop decline.

Companies do not always appear to fix biodiversity targets: how do they know what their impact is? Is it the responsibility of companies to monitor their impact on biodiversity? How to do it? One company had monitoring carried out for them by the protected area near which they operate and this is probably the case for many companies operating in a protected area or drawing their resources from one; an earlier project decided to settle on prescribing specific management measures for a resource as part of a company business plan with minimum monitoring required.

The role of national parks and protected areas businesses was raised. What is the balance between providing infrastructure and services with park (i.e. public) resources and the role that private enterprises could play? Each needs the other (as seen in the Biebrza). With regard to public-private links, the scale of the contribution of each may depend on the type of habitat concerned. Do regulations sometimes undermine biodiversity business? Are management plans developed with the needs of small businesses in mind?

Labels or certification for services such as ecotourism may not exist at national level but codes of practice can be found through international organisations such as the World Tourism Organisation and others.

There are no structures for small green businesses. No sections of a stock market, no networks, few business models. Ethical funds provide an opportunity for securing investment but they themselves are not properly geared to small green businesses and the businesses themselves are not exploiting the opportunity.

Too many small businesses are working in a single sector and as a discrete entity; to be successful there is a need for covering several sectors and for working with several partners.

One participant thought that as the workshop was aiming to exchange information about commercial business there was too much discussion about public-funding to companies and entities such as protected areas. This is certainly an issue for the project but the public side of financing has some

justification in the fact that public, non-monetarised, goods are produced by some of the companies and other sectors are also subsidised in various ways. This issue will certainly enter into a typology of pro-biodiversity companies which is complex.

The project team presented a summary list of what they thought were the main points of the workshop:

### **Issues for further research arising from the workshop**

#### *The role of public money*

- Need to distinguish between companies that are viable independently of public payments, and those that depend on significant funding from the public sector. But:
  - Some biodiversity companies may rely on grants or soft loans in the 'start-up' phase, but may be successful thereafter.
  - There is a distinction between the role of the public sector as a source of grants and the public sector as the main customer.
  - Many businesses (not just those that are biodiversity friendly) rely on subsidies for their continued survival (e.g. farmers) or at start-up (e.g. renewable energy).
- Difficulty of access to public funding (process too slow, complicated)
- Public support may also be through, for example, cooperation with local public agencies, use of protected area knowledge and infrastructure etc.
- Competition or cooperation with private eco-tourism companies (Ferto-Hansag NP)?

#### *Legislation and regulation*

- Some laws are very restrictive: e.g. the Polish state law on nature conservation.
- Local regulations may be too inflexible (e.g. recreation activities areas seen as "agricultural"; water management at Ipoly Ramsar site)
- Laws are often complex and contradictory.
- Positive role of designations (National Park, Ramsar Site, Natural 2000) for ecotourism

#### *Infrastructure and supporting services*

- Poor infrastructure (e.g. transport) can be an obstacle to small business.
- Lack of supporting services (accommodation, restaurants, etc) restricts activities.
- Inadequate surveillance of visitors and local practice occurs and is a disadvantage for responsible companies (playing field not level).

#### *Role of land ownership*

- Fragmented land ownership can make management for conservation difficult.
- Most protected areas in Europe have large proportions of private owners so there are many ways to address the issue although they are costly in terms of negotiation. A pattern seems to be initial resistance to protection but then later acceptance where incomes rise, often where private owners profit from tourism and recreation.

#### *Different degrees of dependency on biodiversity for business*

- Some companies are completely based on biodiversity, for others it is just one element in a broader range of activities.

#### *Diversification*

- Most companies (at least in this workshop) offer a diversity of activities related to their business. These may be at different places in the sectors of the economy: e.g. production and harvesting, linked to non-consumptive use such as recreation and ecotourism and education or upstream products such as bio-fuel. Several have designed their own machinery to deal with their specific needs: it is not clear if this is seen as, or indeed is, a business opportunity.

- In some cases, businesses which have used biodiversity as farmers or as a fishery are diversifying *into* explicitly nature conservation activities.
- The importance of diversification in dealing with unexpected developments.

#### *Motivation*

- “Do what you like and that way you make money”
- Doing education work because you believe it is important – even if it not the best option for profits. Some restrictions are self-imposed (staying in car, not going to nests, don’t take children to sensitive areas)
- Ethical codes can be integrated into company statutes.

#### *Local or international markets*

- Europe tends to be seen as the market but barriers include language skills. But several companies have designed their own machinery (e.g. for reed cutting) because the offer is not diverse enough .. is the offer examined domestic or European? Or are habitats truly too diverse?
- Internationalising the market may bring higher standards for local management of the biodiversity resource as well as improve business performance.
- Some sectors (e.g. reed) are having to deal with new lower-priced competitors from new member states; sometimes by making operations more efficient (e.g. machinery).

#### *Technical issues*

- Lack of staff with appropriate expertise
- Need for appropriate machinery/equipment for work in ecologically sensitive areas and/or for developing new products and markets

#### *Role of International and local NGOs*

- To raise awareness
- To gain trust from local population
- As intermediaries between government and enterprise
- As applicants for grant funding to directly or indirectly assist the business

#### *Biodiversity performance – targets and monitoring*

- Monitoring is sometimes carried out by a protected area authority
- Certification schemes and protected area status may itself be a label of quality
- There may be a whole area plan which provides targets and specifies monitoring
- Consulting companies

#### *Other projects*

- Other EU projects (and perhaps those from other regions) may provide additional insights and knowledge to the Probioprise project

## 6. Next steps

The report of the workshop and an executive summary is placed on the project website [www.efmd.org/biodiversity](http://www.efmd.org/biodiversity) along with the presentations. Information from the workshop will be incorporated into the planned project report "The working partnership: small business and biodiversity" (Spring 2007) and into the research programme proposal (Summer 2007).

Comments, further thoughts and contacts are very welcome.

## Acknowledgements

The Probioprise project team would like to thank the Nationalpark Neusiedler See – Seewinkel authority for their hospitality and warm welcome. In particular, thanks to Harald Grabenhofer for his hard work in helping to organise the workshop and in providing information about the park including guiding participants on an enjoyable field trip.

Many thanks also to those who helped in suggesting SMEs to invite including:

Stratos Arampatzis, Tero Ltd, Greece  
Giacomo Benelli, Parco Delta del Po Emilia-Romagna, Italy  
Gerard van Dijk and colleagues, LNV, Ministry of Agriculture, Netherlands  
Jean Jalbert, Tour de Valat, France  
Zbigniew Karpowicz, RSPB, UK  
Nicole Nowicki, Eurosite  
Lya Reuzenaar, Programmteam de Venen, Netherlands  
Tobias Salathé, Ramsar Bureau, Switzerland  
Zenon Tederko, Pro-Biodiversity Service, Poland  
Francois Tron, A Rocha, France  
Marju Unt, Estonia Euromanagement Institute, Estonia  
Edith Wenger, WWF Germany