



INNOFORCE
EFI Project Centre

Recreational and Environmental Innovations

IP INNO-FOREST 2006, Zvolen
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New Income from New Products and Services

- ▶ Innovation and entrepreneurship is THE engine behind **economic growth** and **job opportunities**.
- ▶ Modern economic policy becomes more and more innovation policy (see „Lisbon Strategy“ of the EU)
- ▶ Societal changes mean new **challenges** (risks) for the forestry sector but also new **demands** (chances)!

A photograph of a forest scene. In the foreground, there is a large, neat stack of cut logs, piled high. The logs are light brown and show the texture of the wood. Behind the logs, the forest floor is covered with fallen leaves and branches. In the background, tall, thin trees stand against a bright sky, with sunlight filtering through the canopy, creating a dappled light effect. The overall scene is a natural, wooded area.

New Challenges -

– new demands

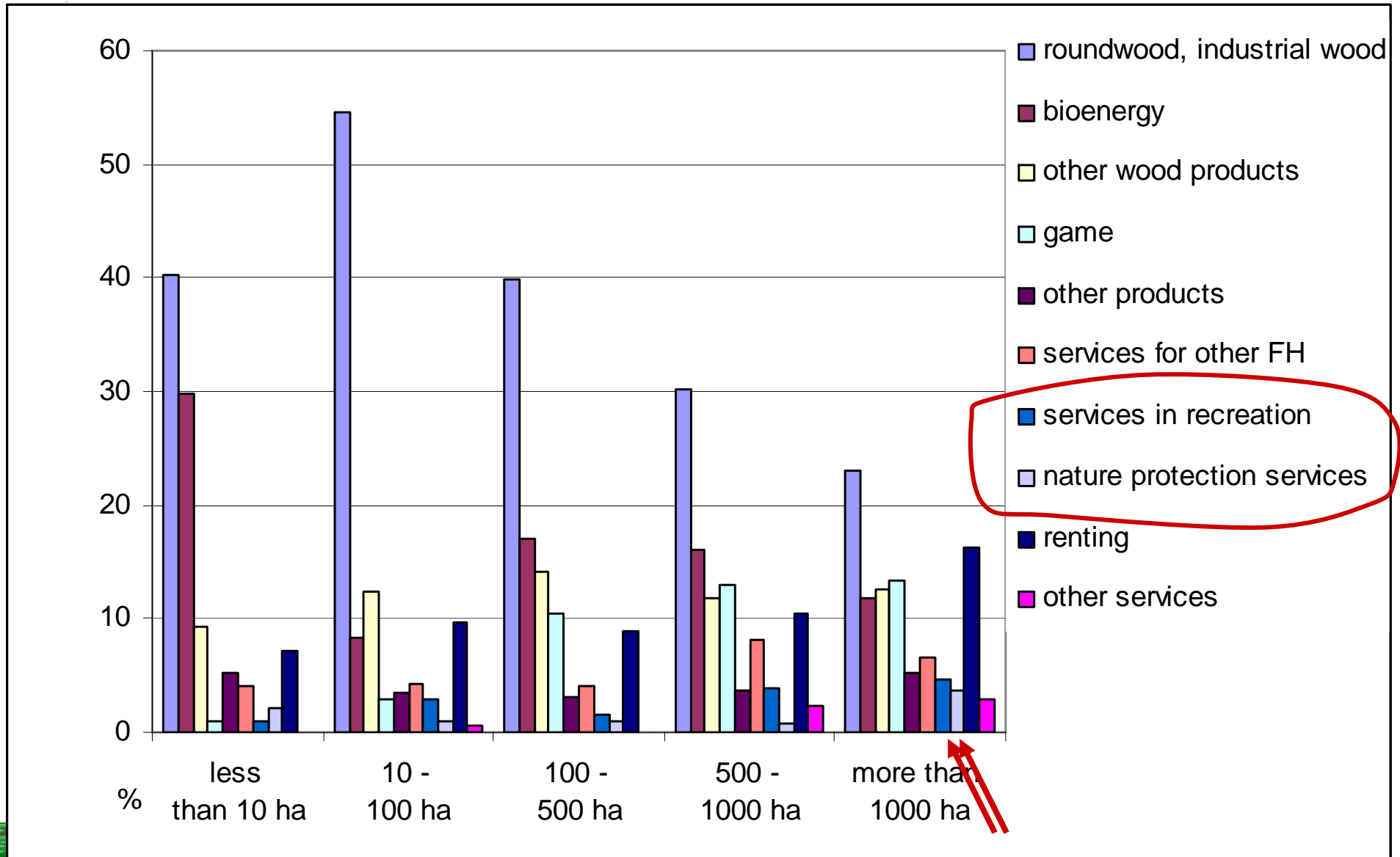




demands ...

- Growing demand for timber
- Renewables (biomass)
- New „Services“:
 - ❖ Recreation
 - ❖ Biodiversity
 - ❖ Spirituality
 - ❖

Product Mix of Forest Holdings in CE



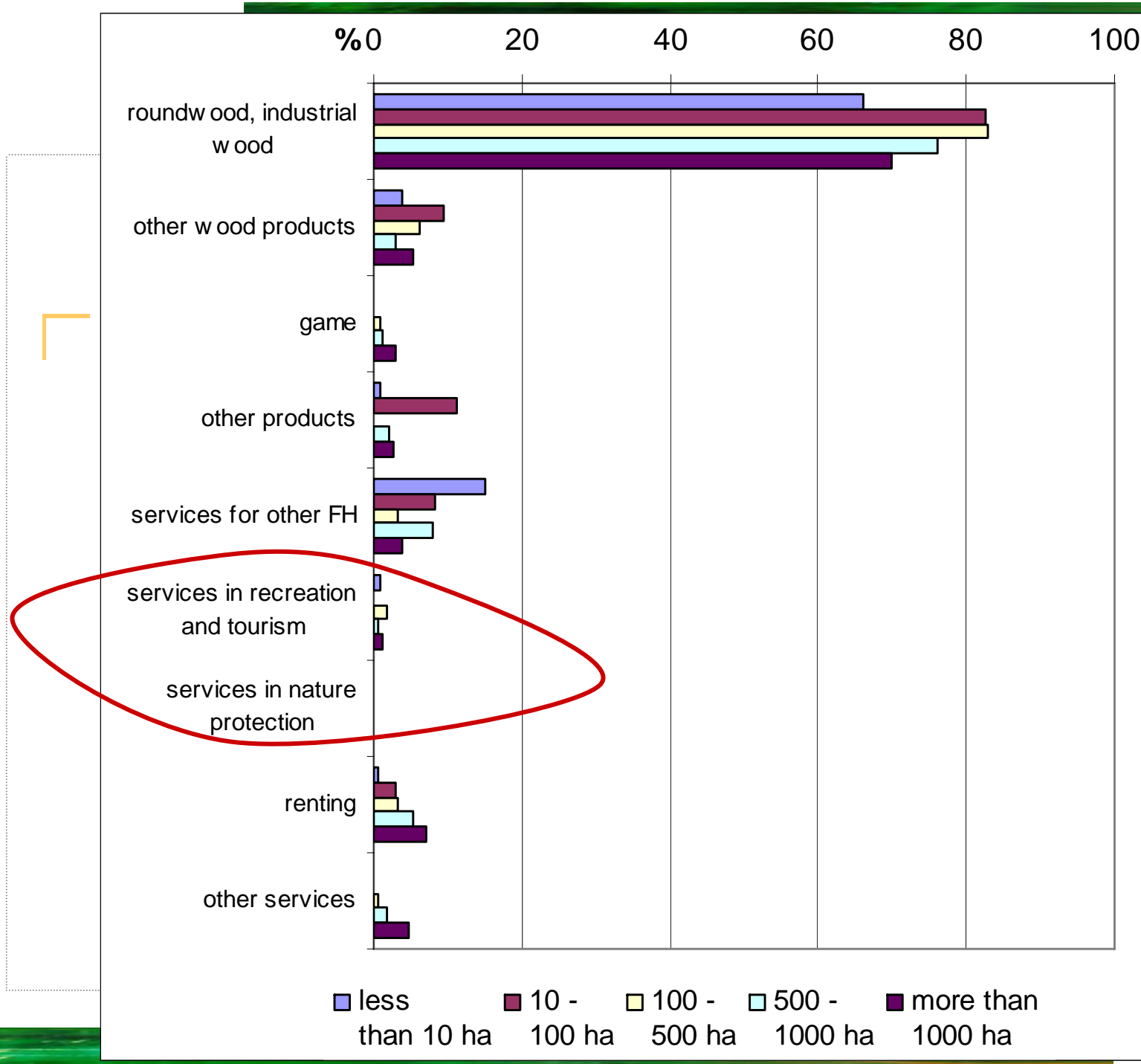
Innovations of Forest Holdings in CE

- ▶ Increased product mix with size of forest holdings:
 - ▶ „traditional“ products and services (game, renting), and
 - ▶ „new“ ones (recreational and environmental services)



Income of Forest Holdings in CE

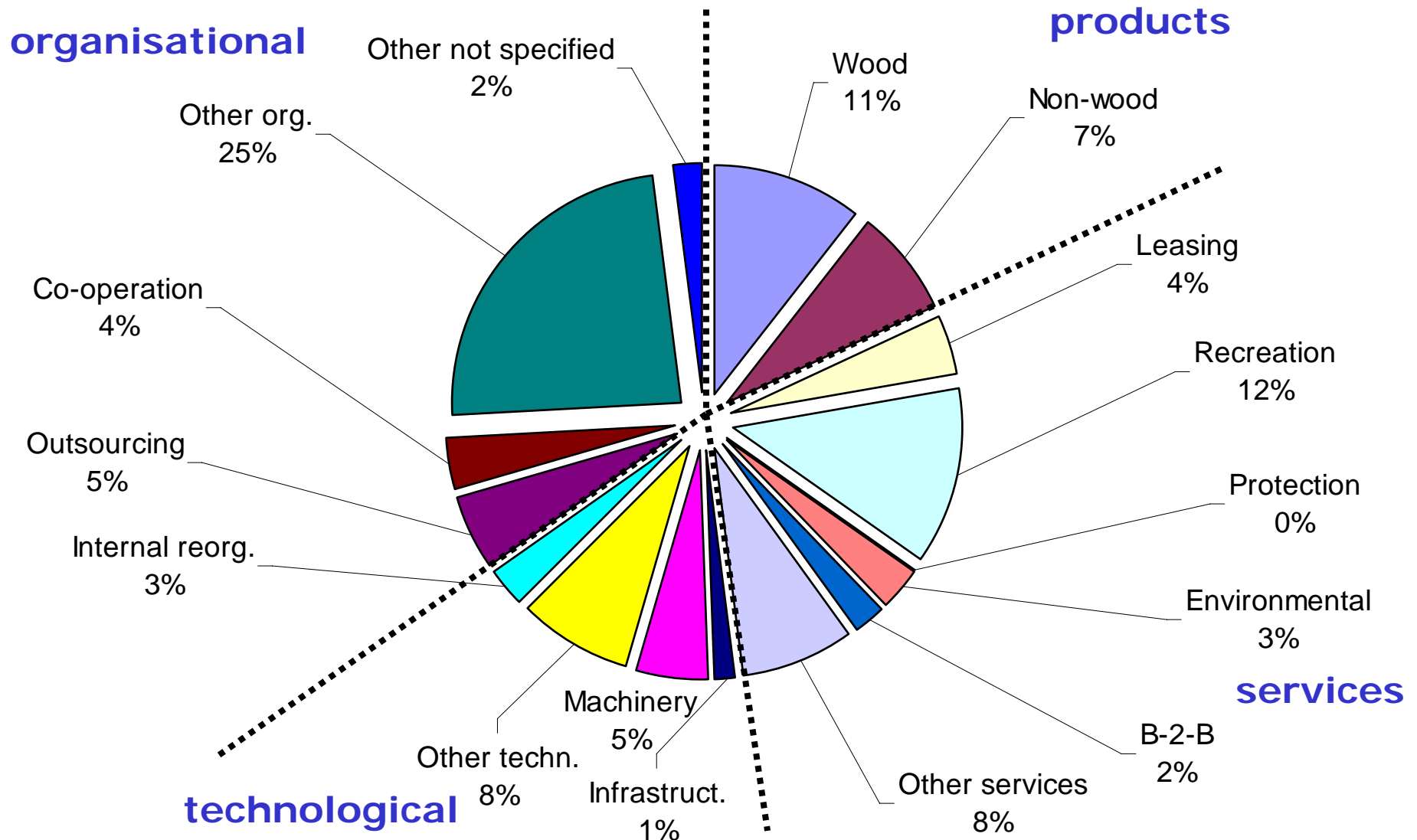




Income of Forest Holdings in CE

- ▶ Negligible shares of NWFPS to the income of forest holdings,
- ▶ even from game/hunting, and
- ▶ particularly for „new“ services like tourism or nature conservation.

Innovations of Forest Holdings in CE





Innovations of Forest Holdings in CE

- ▶ **Focus on organisational and service innovations.**
- ▶ **Recreation services might gain in importance in the future.**

Case Study Analyses

1. Recreational Services: Forest Cottages - Almliesl

- ▶ **Enthusiasm alone doesn't make an innovation**

2. Environmental Services

Forest Cottages „Almliesl“





Forest Cottages „Almliesl“

Content of the innovation:

- Rents 12 forest cottages for tourists in co-operation with a tourist agency
- 1998: “Hüttenerlebnis Tirol”
- 2001: Re-organisation - “Almliesl”

Carrier:

- Österreichische Bundesforste AG
Austrian Federal Forest Company
- Regional Forest Enterprise „Hopfgarten“



Forest Cottages „Almliesl“

Company characterisation:

- Österreichische Bundesforste AG (ÖBf AG)
Austrian Federal Forest Company

area: 850 000 ha yields: 2 Mio m³/year
staff: 1350 employees sales: 150 Mio Euro/year

- Regional Forest Enterprise „Hopfgarten“

area: 35 000 ha yields: 80 000 m³/year
staff: 46 employees sales: 7 Mio Euro/year

150 000 euro returns from tourism = 2%



Forest Cottages „Almliesl“

Chronology:

- 1998: Idea of a staff member [“Hüttenerlebnis Tirol”](#)
Enthusiastic realisation by regional enterprise manager
Renovation and improvement of 12 cottages
Advertising activities (Adv. Agency/HMS)
- 1999/2000: crisis
legal and financial problems
- 2001: Re-organisation
- Re-evaluation by head office
 - New regional enterprise manager
 - Cooperation with tourist agency/brand [„Almliesl“](#)



Forest Cottages „Almliesl“

Actors:

Regional forest enterprise: Project carrier

Company head office: Re-organisation

Staff: Idea, partly in favour/partly critical

Authorities: Mayor; land use authority

Neighbours: Watch/may complain

Advertising agency: Concept I “Hüttenerlebnis”

Cottage rent service (HMS): “Hüttenerlebnis”

Tourist agency (MTS): Brand “Almliesl”



Forest Cottages „Almliesl“

Innovation:

Idea: Rent complete house for tourists in rural landscape.

New to forest sector, not to rural area/agricultural sector; moderately developed market (e.g. “farm holidays”); well developed e.g. in Toskana/Italy

- No support by institutional system (not asked for)
- No co-operation between regional/head office at start
- No co-operation with tourist agency at start, later yes
- Communication failures with staff
- Decentral: idea and project management/
Central: re-organisation (calculation and concept)



Forest Cottages „Almliesl“

Potential:

Demand:

- ✓ growing demand for holiday apartments;
- ✓ enduring trend for nature/wellness holidays

Supply:

- ✓ cottages exist in forest companies
 - ! need for renovation/improvements
- 🔔 potential conflicts with hunting business
 - find consensus/locate at borders of hunting districts
- 🔔 limited acceptance by foresters/forest owners
 - ✓ preference for families (supply meets demand)



Forest Cottages „Almliesl“

Conclusions: Foresee the 4 C's!

Concept:

PM, business plan, financial calculation, legal assessment

Communication:

internal: * head office * staff

external: * authorities * neighbours

Consultation:

use of in-house resources or
professional consultants or
extension services of the institutional system

Cooperation:

with professional partners (know-how and network)

Case Study Analyses

1. Recreational Services

2. Environmental Services: „Still Waters“

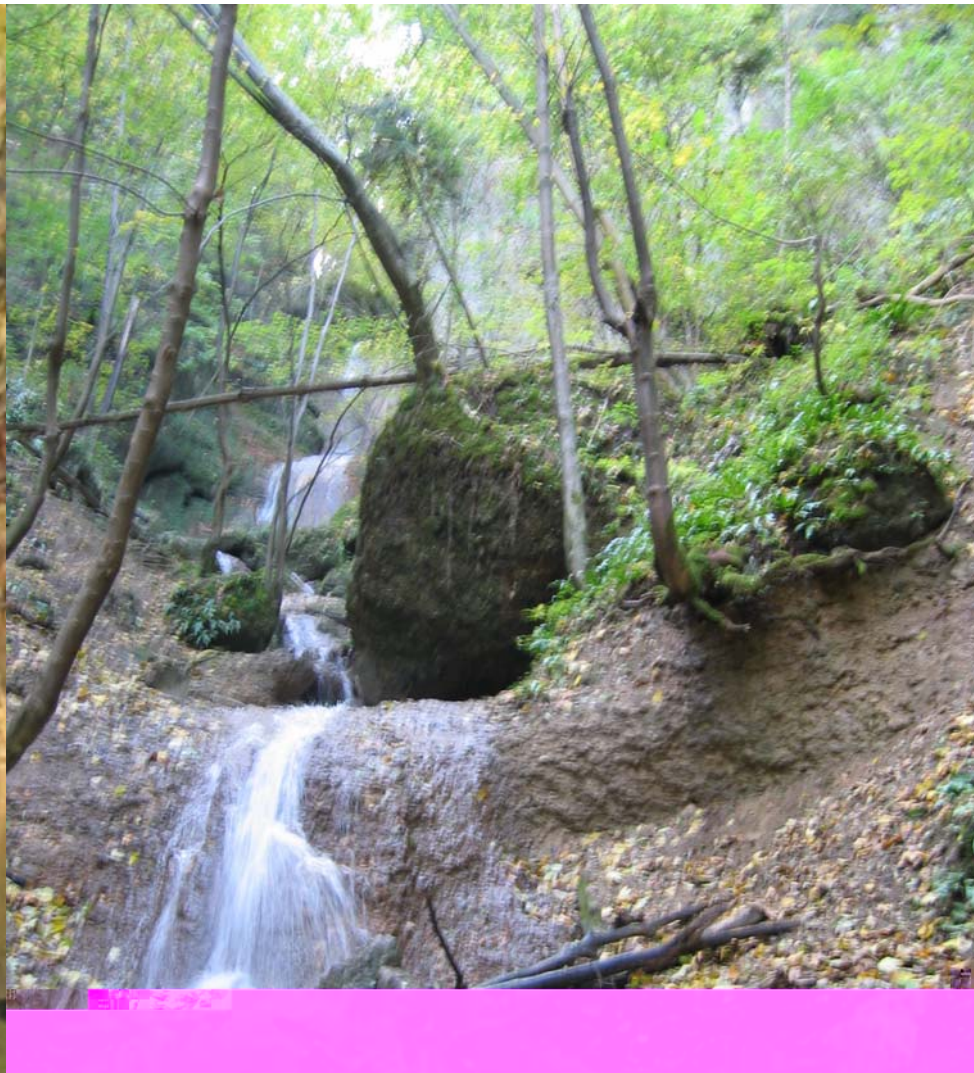
▶ Biodiversity through economic diversity!

Eco-sponsoring „Still Waters“



Stille Wasser

BIOSA/F. Bleier



Subject of the innovation

- ▶ **Carrier:** Forest owners' association HVLF & BIOSA Biosphere Austria
- ▶ **In co-operation with:** FJ. Bleier PME&R Ltd.
- ▶ **Innovation:** A network of 16 forest/water sites are offered through an internet page for sponsoring; the sites are situated in different Austrian provinces and from the sources to big river areas.

Chronology

- ▶ **Problem situation: BIOSA goal (1995) to offer nature conservation to private sponsors not fulfilled.**
- ▶ **Cooperation with consultant: F. Bleier takes over the task to develop sponsoring project at his own risk on the basis of shared profit (2003).**
- ▶ **The product is finalised by end of 2004 (internet).**
- ▶ **Marketing will start in spring 2005.**
- ▶ **A number of other eco-sponsoring projects are implemented successfully with Fielmann AG.**

Actors network

- ▶ **HVLF:** Founder of BIOSA and finder of F. Bleier.
- ▶ **BIOSA:** Offers land for sponsoring – success with contractual nature conservation so far (esp. Styria); 2,500 ha from a pool of 3,000 ha contracted.
- ▶ **Land owners:** Offer pieces of land to BIOSA; small fee.
- ▶ **FJ. Bleier PME&R Ltd.:** Forest owner F. Bleier (240 ha) finished studies in marketing and business consulting in 2002; Start-up of consulting business in 2003.
- ▶ **Science/education:** business college/BOKU/Innoforce.
- ▶ **Sponsors:** Shall be (exclusively) private.
- ▶ **Nature conservation groups:** Not explicit; (Birdlife).



Information flows

(sources of information)

- ▶ Idea: **HVLF/BIOSA (for: eco-sponsoring)**
Consulter F. Bleier (for: Still Waters)
- ▶ Know-how: **all: Consulter F. Bleier**
 - ▶ Technical know-how
 - ▶ Market information/marketing know-how
 - ▶ Financing information
 - ▶ Business skills



Coordination & cooperation

- ▶ **Business cooperation**
 - ▶ **Horizontal: landowners (HVLF, BIOSA)**
 - ▶ **Vertical: BIOSA + consultant**
- ▶ **Coordination**
 - ▶ **HVLF secretary (interest group)**



Financial flows

- ▶ Share of innovation costs in total costs:
 - ▶ Low (BIOISA) – high (Bleier)
- ▶ Sources of financing:
 - ▶ Mainly own costs of Bleier
 - ▶ Some contributions from HVLF/BIOISA
- ▶ Relevance of public funding:
 - ▶ Not requested.

Positive and negative results

- ▶ **Development of the product including internet presentation.**
- ▶ **Successful implementation of a number of eco-sponsoring projects (Fielmann AG).**
- ▶ **New contract with Fielmann AG.**

Main challenges

- ▶ For BIOSA:
 - ▶ Professional development of eco-sponsoring projects.
- ▶ For F. Bleier:
 - ▶ Get new start-up running, and
 - ▶ develop of new business field (eco-sponsoring).

Fostering and impeding factors

▶ Fostering factors:

- ▶ Existing horizontal cooperation (HVLF and BIOSA)
- ▶ Existing experience of BIOSA in nature cons.
- ▶ Consulter combining forestry + business/marketing
- ▶ Consulter start-up (engagement - reference project)

▶ Impeding factors:

- ▶ Restricted financial means at HVLF/BIOSA
- ▶ „Introvertedness“ of forestry sector; opposition
- ▶ Lacking interest of the institutional system (SIS)
- ▶ Competition with (public) National Parks

Recommendations

▶ Enterprise level:

- ▶ Be open towards new societal demands
- ▶ Get in contact with potential clients
- ▶ Seek cooperation with other sector actors

▶ Policy level:

- ▶ Provide information on potential new markets
- ▶ Support contacts with other sectors (clients)
- ▶ Support innovation projects (inno. principles)

Financing mechanisms for environmental services





Financing mechanisms for environmental services

▶ **Public:**

- ▶ Taxes
- ▶ Subsidies
- ▶ Dept swaps

▶ **Mixed public/privat:**

- ▶ Contractual nature conservation (private, communal, regional, national, supranational)
- ▶ Funds or trusts
- ▶ Tradable rights (e.g. CO₂ sequestration)

▶ **Private:**

- ▶ Purchase and leasehold
- ▶ Entry fees and royalties
- ▶ Sponsorship and donations
- ▶ Trade with certified products



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Taxes – e.g. Conservation Banks





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Subsidies – e.g. for dead-wood in Bavaria





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Dept-for-nature-swaps

Beni Biosphere Reserve, Bolivia





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Contractual nature conservation

National Park, AT





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Funds and trusts



Verde Ventures -

Belize Lodge and Excursions



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Tradable rights – CO₂-sequestration

CO₂-afforestation

Romania





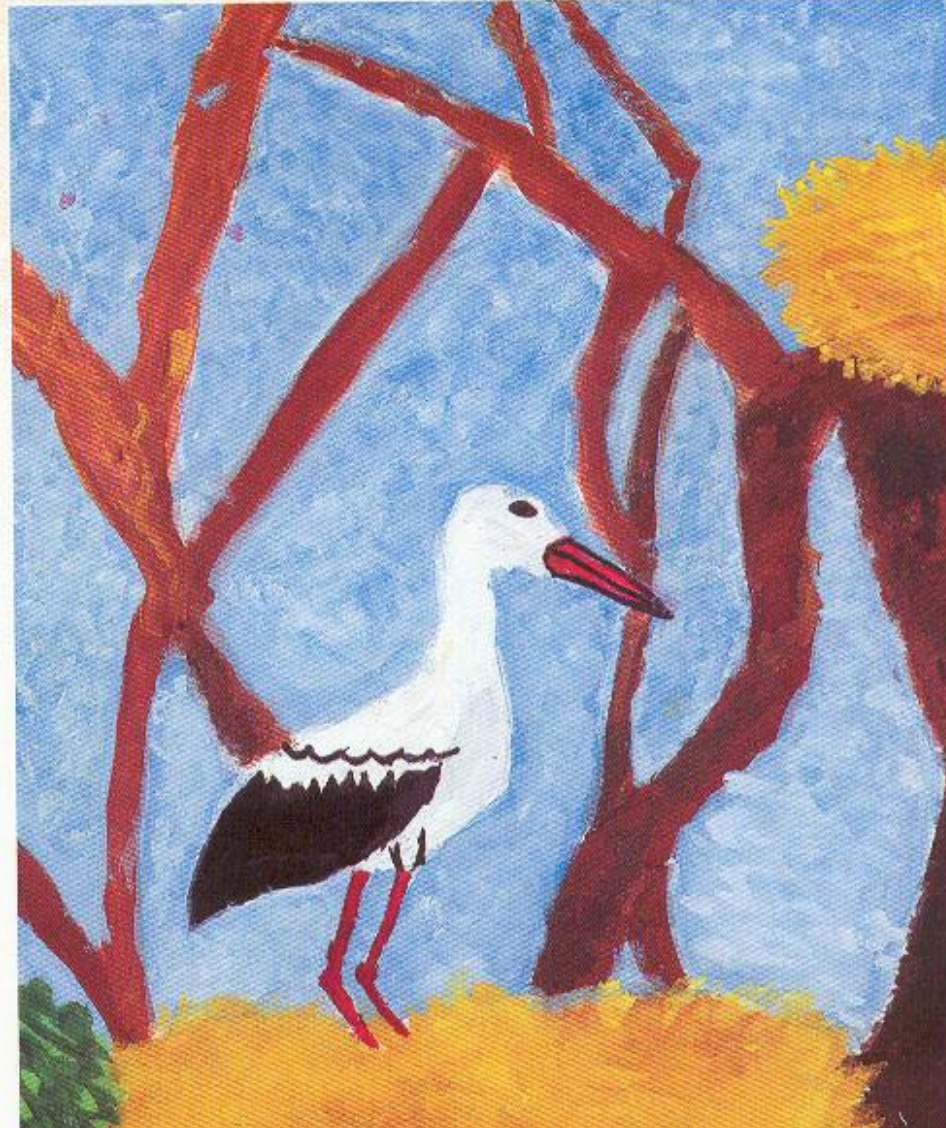
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Purchase and leasehold

**March riparian
forest AT**
WWF and
commune Marchegg





Financing mechanisms for environmental services

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Entry fees and royalties





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Sponsorship and donations

Oak barrel
Forest holding Maienfeld
CH





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Trade with certified products



Organic
christmas trees
Naturland GE



FSC-
Certification
WWG Weilhart AT



Potential of forest-related services

- ▶ Even without changes of property rights (everybody's right of access to forests) there are **many marketing possibilities**.
- ▶ However, in forestry very often there is a **lack of will and information** to develop new recreational or environmental services.

The role of IS for forest-related services

- ▶ Innovation depend on various actors and their interactions.
- ▶ The development of innovations often takes place not in established innovation systems but in new networks or „ad-hoc innovation systems“ – born „between“ sectors (between SIS).
- ▶ Particularly forest-related services are developed in **cross-sectoral networks**.

The role of IS for forest-related services

- ▶ There is innovation activity in services, however, often driven by **necessity** (public demand).
- ▶ The **forestry SIS** – made up of „traditional coalitions“ – are mainly active in traditional forestry areas (wood products and related process innovations), not in services which do not belong to these traditional areas.
- ▶ The forestry SIS are rather active in **diffusing** selected innovations (forest pedagogics, contractual nature conservation, biomass-based district heating plants e.g. in AT, etc.).

Conclusions

- ▶ **Weaknesses of forestry SIS with regard to services development:**
 - ▶ **Lack of comprehensive innovation policies in the forest sector.**
 - ▶ **Lack of interactions of the forestry actors with national innovation system actors.**
 - ▶ **Lack of interactions with actors from sectors where relevant innovations are occurring, - very often being non-timber demands (e.g. tourism, nature conservation).**

Recommendations

- ▶ **For strengthening innovations in forest-related services:**
 - ▶ **Provide information on new market opportunities to forest owners/managers, including sources for financing innovations.**
 - ▶ **Stimulate cross-sectoral interactions with services sectors that express interest on forest resources, e.g. sports and tourism, nature conservation, etc. which are potential costumers.**

What are people looking for in the forest?
What are the new demands?





Thank you for your attention!

www.efi-innoforce.org

