



Value of Quality and Region: The Waddengroep Foundation

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Within the context of the reigning modernisation paradigm, the Wadden Islands, which lie off the northern Dutch coastline, seemed doomed to continuous marginalisation. This trend has been countered, however, through a range of responses, developed initially by individual farmers but subsequently strengthened through new, original patterns of co-operation. Regional specificity, co-operation, and synergy are some of the key words for understanding their success, as reflected also in the progressive growth of the Waddengroep Foundation. Attention is given here to the effects of multi-functionality at farm level, to the added value of regional co-operation and to the impact of regional quality production and marketing at the level of the regional economy.

Background and origins

Dutch agriculture has been developed mainly along the lines of the so-called modernisation trajectory:

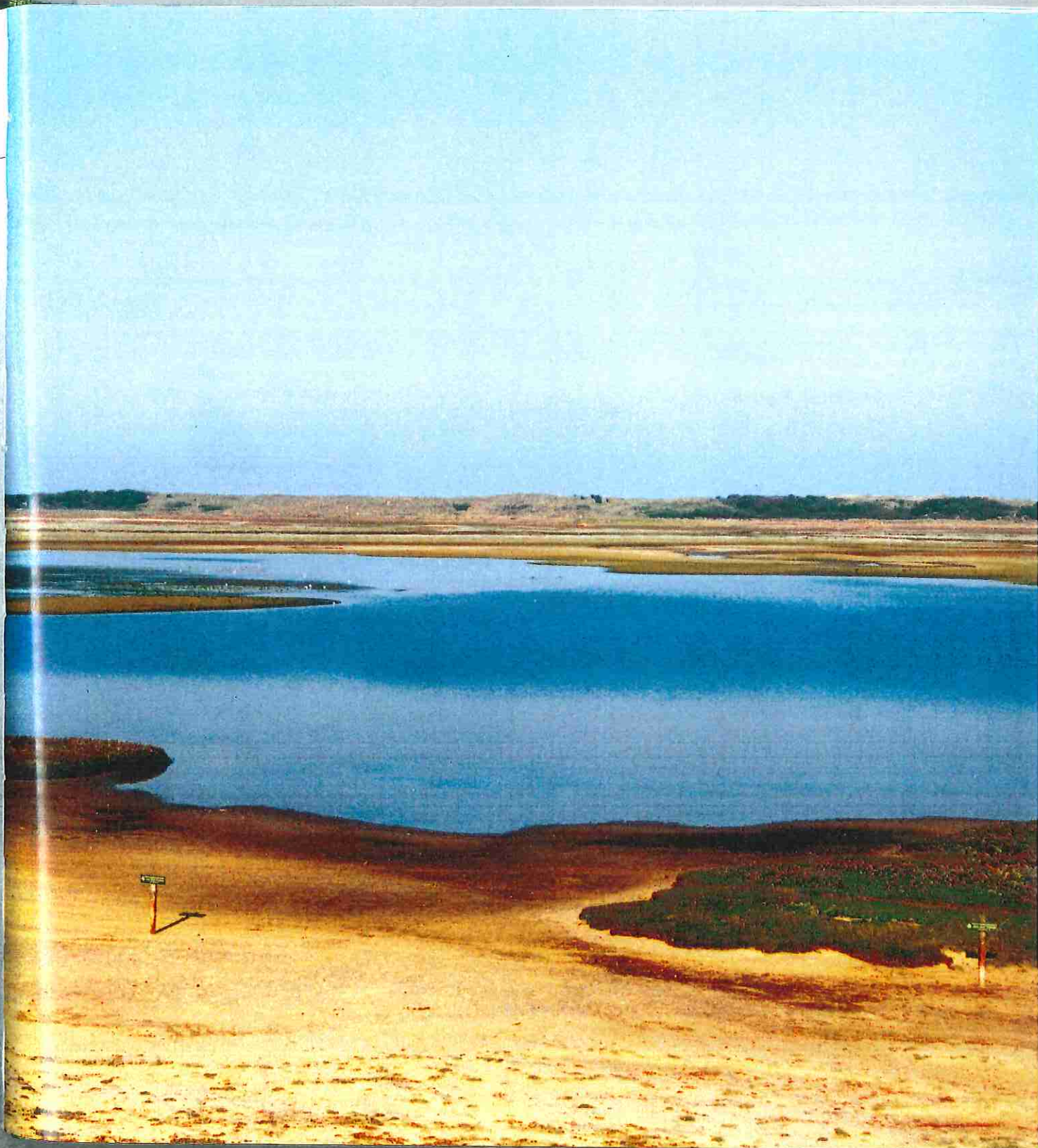
- scale-enlargement and cost price reduction in the primary sector (mainly through labour-saving technology) to counter diminishing profit margins;
- intensification of production per unit (raising the yields) through the massive use of external inputs and new technologies,
- specialisation of the primary sector and
- drastic reconstruction of the rural area to create the most favourable production conditions for maximising total agricultural production volume.

This trajectory was commonly regarded as the only rational market strategy for gaining and maintaining a strong competitive edge for the Dutch agro-(food) industry in EC and world markets for mass products, and for countering the downward pressure on family farm incomes.

With modernisation, strongly supported by national and EC policy, Dutch agriculture and rural areas became radically remodelled. This is reflected in the specific organisational and institutional setting that grew along with it: policy, research, extension, farmers-organisations and so on, all oriented to spurring on modernisation (van der Ploeg, 1999; Roep, 2000). This

remodelling essentially resulted in a growing disconnection between agricultural production and the diverse (social and material) conditions in which it was embedded. Modern farming methods demanded optimal production conditions in order to maximise yields and the industrialisation of food processing became directed towards cheap mass products. Modernisation, in effect, triggered the elimination of local and regional specificity. This loss not only involved the exclusion of vast areas and the reduction of (spatial) diversity in terms of specific natural values and typical landscapes, but the disappearance of highly qualified, regional food products, grounded in 'tradition' for producing, processing and consuming them (van der Meulen, 1998). Over time the production and consumption of typical regional food products with specific qualities almost vanished from the Dutch scene, and with it the know-how and notion of high quality production (Roep, 2000).

The relevance and impact of initiatives such as the Stichting Waddengroep, the Waddengroep Foundation, and its effort to build from scratch a high quality and region-specific production need to be viewed against this setting. According to the Foundation's Charter, its aims are to support the development of sustainable agriculture with a high added value in the Wadden area through extending the production and marketing of regionally



specific, high quality products. Obtaining relatively high added values is seen as an important way to generate more on-farm income and employment in the region.

The initiative for the association came from groups of entrepreneurs (primary producers and small-scale processors) in the Wadden region already producing in conformity with certified organic standards (EKO licensees), who recognised the advantages and opportunities of a joint approach. Others then joined them. Their common approach is founded on two important cornerstones. The first is grounded in their collaborative efforts and experience to produce raw materials, and to process, distribute and sell them and make these experiences available to (new) allied entrepreneurs in the Wadden area by supporting them and offering to do research on new products and markets. The second is the collective presentation (by means of a registered trademark and common logo) of a wide assortment of products based on a clear marketing concept around guaranteed exclusive specifications of the quality and origin of the products. Quality here relates to the specific way of producing and processing (EKO licensed and small scale), and origin to the requirement that at least 51% of the raw materials should originate from and be processed in the Wadden area. Affiliated entrepreneurs pay 5% of net sales into a collective fund to finance collective marketing and further research and development. The strength of the group lies in this combination and co-ordination of commercial and development activities. The demand side of the market is the guiding principle for development activities (new products, new producers, new processors, new brands or hallmarks). The products are sold in the region itself (on-farm sales, supermarkets, retail shops and restaurants), and through the circuit of alternative and

organic food shops throughout the Netherlands and Belgium.

New institutional arrangements

The Waddengroup Foundation was formally constituted on the 29th of April 1996, on Texel, one of the Wadden Islands. Its charter states that the Foundation should contribute to the sustainable economic development of the Wadden region by stimulating environmentally friendly agriculture, processing the raw materials produced by the primary agricultural sector, and promoting sales of Wadden products, insofar as these products:

- a) originate from a demarcated Wadden region;
- b) are produced under an officially acknowledged and independent hallmark guaranteeing an environmentally friendly or sustainable way of primary production and processing; and
- c) fulfil high quality standards and distinctive features.

a) The Wadden region is neither a government unit nor an area with clear-cut geographic boundaries. The group thus took as its demarcation line for the Wadden region, 25-km inland from the foot of the Wadden Sea dike on the mainland. So in addition to the Wadden Islands and Wadden Sea, the Wadden region involves a substantial part of the coastal mainland. Its demarcation is thus arbitrary, but pragmatic as it follows the definition of the Wadden area used by the Waddenvereniging, an influential Dutch interest or pressure group for the protection of the particular natural values of the internationally recognised Wadden ecosystem. The ultimate ambition of the Waddengroup is to have Wadden products fully produced and processed in this demarcated Wadden region. A 100% score,

however, is impracticable, since some of the additional inputs are not yet available in the region. Thus, as a baseline, affiliated primary producers and processors should be located in the Wadden region along with at least 51% of the ingredients of its products.

b) Concerning sustainability, products must be produced on EKO or Demeter licensed farms and businesses. The founders themselves are, or represent licensed organic farmers from within the region who make no use of chemical inputs. This distinguishes them in terms of marketing from conventional farming. The EKO and Demeter marks, the two officially acknowledged hallmarks for organic farming, have achieved a relatively high degree of recognition and consumer faith. By law, the independent organisation SKAL (National Foundation for Certification of Organic Agriculture) is in charge of the licensing and control of both hallmarks. The charter of the Waddengroup leaves an opportunity open for alternative forms of environmental friendly or sustainable agriculture, provided that these have a solid base and an independent way of certifying and controlling licensees.

c) High quality standards and distinctive quality features are seen as important keys to the marketing success of Wadden products, not only in terms of sales but also in terms of a good price-quality ratio and thus of added value. The production of high and specific qualities is connected to a particular and certified organisation of the production process: organic farming methods and small-scale processing (preferably artisan). Furthermore it is connected to the specific features of the Wadden region, and thus associated by consumers with 'pure nature' composed by 'sun', 'sea and wind', 'health and sanity', 'holidays and leisure', environmental protection. These connections and specific

features of the products are communicated to consumers by labels and all kinds of promotional material.

When the three distinctive criteria or qualifications are met, a product is a Wadden product with guarantees on sustainability and origin, and small-scale (preferably) artisan forms of processing within the Wadden region. A strong focus on tradition, specificity and quality are the ingredients of a clear marketing concept.

The marketing concept is protected by the registration of 'Waddenproducts' at the Benelux Registration Bureau as a collective trade or hallmark. According to law, a collective trademark needs a distinctive logo and a set of specifications and regulations describing the common and distinctive features of producers and plus an independent Supervisory Board as the licensor, which can issue or withdraw a licence to licensees. In return, licensees are contractually obliged to pay royalties, set at 5% of net sales, which are deposited in a Promotion and Development Fund from which the work of the Waddengroup is financed. This work covers many tasks: stimulating regional quality production; product and market development; licensing; advising of (potential) licensees; mediation between suppliers, distributors and purchasers; regulating the volume of supply and sales; storage and distribution, supervision and controlling; quality acquisition; management and execution of development projects and the acquisition of external funding for these projects. The daily work of the Waddengroup, which can be split into commercial or trade, and research and development activities, is done by the Executive Body, which operates under the supervision of an independent Supervisory Board (see Figure 1). The members of the executive body function as managing directors. They are appointed or

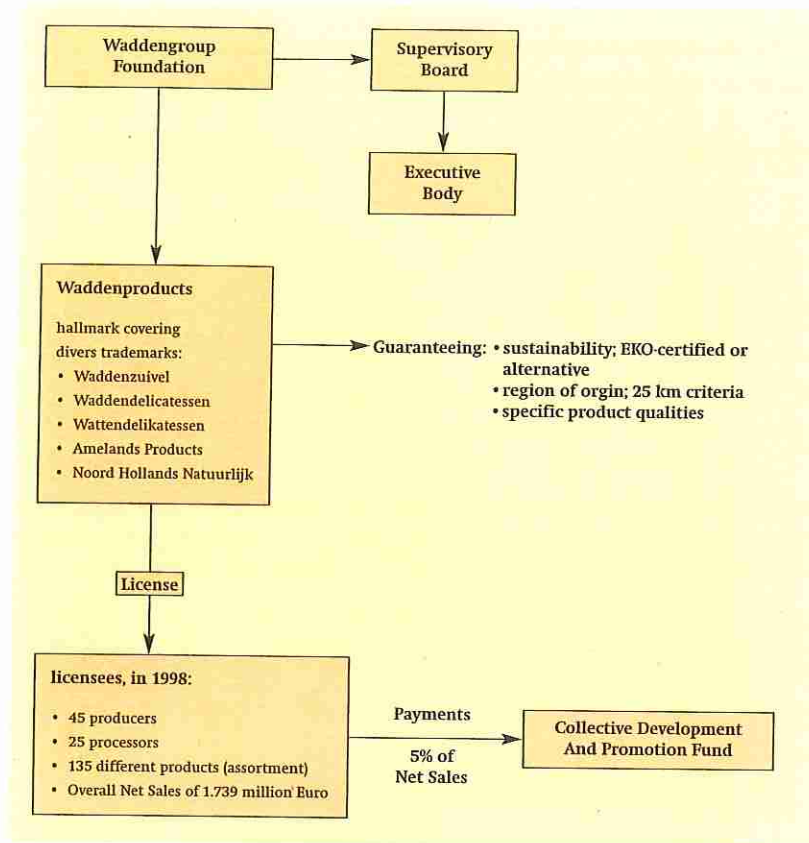


Figure 1: An Organigram of the Waddengroup

discharged by the supervisory board and operate on a mandatory basis formalised and legalised in the articles of association. In special cases the mandate of the executive board can be extended or withdrawn by the supervisory board. In practice the executive board has two members. Both were early initiators of the Waddengroup and represent regional farms and organisations with extended experience in the production and marketing of regional organic food products.

Under the collective hallmark 'Waddenproducts', a broad assortment of existing and newly developed products can be sold under license. Existing or newly registered private trade-marks of producers or processors can also be officially acknowledged and licensed to use the hallmark as long its criteria are met. Two such existing private trademarks are Waddenzuivel, under which several dairy products made from cow's or sheep's milk have been promoted and sold since 1994

(before the Waddengroup was founded), and Waddenedelicatessen (delicacies such as fruit wines, jams or honey). The market concept and its formalisation into a collective, independent hallmark are part of an overall market strategy to capture changing consumer preferences, and the shift away from the anonymous mass products of the modern food industry towards high quality products with a strong local or regional identity; a shift towards products that can be trusted, and promise a tasty adventure.

Wadden Products, as environmentally friendly, regionally typical food products, are seen as a vehicle for obtaining high added value in agriculture. More precisely, they are seen as way to maximise the returns per unit of (family) labour (or gross income), and to defend or extend local and regional employment in and around the agricultural sector. The market strategy is built on the experience of the initiators and founding partners of the Waddengroup. In fact prolonging and extending this successful strategy was one of the main reasons for founding the Waddengroup as an umbrella organisation that could facilitate strong, formalised, co-operation between licensed producers, processors and buyers (wholesalers, supermarkets and retail shops) in the region, and extend the production, marketing, promotion and sales of Wadden products within and outside the Wadden region. So essentially the founding of the Waddengroup was about building joint capacity and creating synergy.

On the founders

The initiative for founding the group came from:

- a) Sint Donatus, a pioneering organic (on anthroposophical principles) dairy farm on the Wadden Island of Texel, founded in 1976;

- b) Stichting Wrâldfrucht (literally World Fruit Foundation), founded in 1992 to encourage pioneering in the organic growing, processing and marketing of unusual and typical fruit crops in the distinctive northern Frisian areas of Lauwersland and Frisian Woods;
- c) Wholesaler Kroon, a wholesaler delivering to organic food shops throughout the Netherlands and Belgium and for many years buyer of the Sint Donatus dairy products.

One of the founders and driving forces behind the group is Marc van Rijsselberghe, who together with six others runs Sint Donatus. Over the years they have built considerable experience in the production, processing, and marketing of environmentally friendly products. There was little professional support or institutionalised expertise in organic farming when they began. They had to learn the hard way, and made all the inevitable mistakes of pioneers. Besides the technical problems of organic farming and processing of raw materials, commercialisation of the products was a real bottleneck. Sint Donatus had to sell its own production and find new channels for marketing its organic produce. Thanks to the large numbers of tourists that visit Texel every year, a large part of the production could be sold direct. Welcoming and guiding visitors around the farm has become one of the main cornerstones for the promotion and sales of its products. In 1998, about 60,000 people visited the farm and bought produce worth about 98,000 Euro. About two thirds of their production is sold through the circuit of organic food shops mainly in the Netherlands and Belgium. In 1996 the products were sold in about 400 shops in and outside the Wadden region.

In 1979, Sint Donatus and other local producers on Texel founded the Vereniging

van Echte Texelse Produkten (Association of Genuine Texel Products) to stimulate and promote diverse food and non-food products produced and/or processed on the island. The Association can be seen as an early precursor of the Waddengroup. It developed various forms of collaboration and exchange between producers, which led to the joint promotion of 'Genuine Texel Products'. The Association was probably the only one of its kind in the Netherlands at that time. In 1996 it included 16 producers, or about 5% of the total number (i.e. 284). Together they achieved an estimated turnover of 11.3 million Euro. This is substantial when compared with the estimated turnover of the complete primary agrarian sector on Texel of 29 million Euro. It thus had a large impact in terms of income, employment and, of course, the promotion of Texel. One of the main problems for the Association and one that led to everlasting disputes among its members was that the term 'genuine' was from the beginning never properly defined. According to Van Rijsselberghe it became impossible to repair this initial vagueness due to the growing commercial interests and disagreements between the members, who were producers, processors and buyers. So some of the products declared as 'Genuine Texel' are in fact linked only by name to the island Texel. The lesson to be learned, as Van Rijsselberghe puts it, is that "you have only one opportunity to make a good start".

At this juncture in time, a wholesaler in organic food products, wholesaler Kroon, for years a buyer of Sint Donatus dairy products, suggested marketing them under the name Waddenzuivel. Kroon thought that the association with Wadden would be more appealing to consumers than Texel. Accordingly Sint Donatus registered Waddenzuivel as a private trademark. Due to this change of name and additional promotional efforts the sales delivered by

Kroon to organic shops increased up to 75%! The change of name appeared to be a big success in marketing terms, so Van Rijsselberghe and Kroon decided to make more of it. They sought collaboration with familiar initiatives in the Wadden region and found a willing partner in the Wrâldfrucht Foundation. From here the idea grew to found a regional organisation that could function as an umbrella for the co-operative network or group of primary producers, small-scale processors and wholesalers of the region - the Waddengroup Foundation.

The Wrâldfrucht Foundation, the third founding partner, is a relative young organisation. It was founded in 1992 around an innovative project growing, processing and marketing organic fruit that was unusual or not grown in the Netherlands (or even in Europe) and therefore highly distinctive and 'typical'. The project was located in the north-eastern area of the Province of Friesland; in the Friese Wouden or Woods (a typical hedge landscape) and Lauwersland, an area around the former Lauwer Sea. Here, a pioneering group of farmers, from mushroom growers to dairy-farmers, started organically cultivating, on small plots, an assortment of fruit that had not previously been grown on a commercial scale in the Netherlands. They saw it as a promising way to raise farm income and net added value per hectare. As this was new to the Netherlands it was indeed truly pioneering, and a risky, joint experiment. Almost everything about the organic growing of these fruits had to be built from scratch, including the breeding material. Various types of typical fruits were gathered from all over the world, expressed clearly in the name of the Foundation Wrâldfrucht, World Fruit. The Foundation was established (following an integrated chain

management approach) to assist growers with all kinds of technical know-how and breeding material. These tasks were and still are done by two experts paid by the Foundation. One is the overall project manager and specialist in marketing, the other is a biologist specialised in breeding. Their salaries had to be paid for by the growers and processors. In order to overcome the obstacles and risks of the pioneering phase, they received project grants from the provinces involved and from European funds (LEADER). The Wrâldfrucht Foundation has registered an assorted number of trademarks to protect and promote its highly distinctive products.

The Foundation also helped a number of small-scale fruit processors (some on a co-operative base) to get started in the region. Examples include De Noardewyn¹ (processing fruit-wines) in 1994, De Keuken (literally The Kitchen, processing jams and fruit ingredients for dairy products) in 1997, and Frytsjam (jams, syrups and suchlike) in 1997. The successful fruit-wines under the trademark Noardewyn, are mainly sold in regionally operating supermarket chains. Apart from a promising profit margin these small regionally based supermarket chains see these typical regional products as part of a marketing strategy to distinguish themselves from the big players, the supermarket chains that operate on the (inter)national scene. They are also sold in organic food shops in the Netherlands and Belgium. In 1998, 40 growers were associated with the Wrâldfrucht Foundation, cultivating 40 hectares of 'typical' fruits. Several links have also been established (covering various forms of exchange and co-operation) with other growers in and outside the region. An example is the close co-operation with 'Cranberry Skylge', a successful processor of

cranberries on Terschelling², another of the Wadden Island.

Creating synergy in the Wadden region

Successively each of the three founding partners, pioneers in their own field, built the skills and networks needed to produce and market typical regional organic food products with high added value. These (for a large part personal) skills and networks came together and were further developed and institutionalised with the founding of the Waddengroup. Under the marketing concept of Wadden Products (Waddenproducten), new entrepreneurial initiatives and forms of co-operation between producers, processors and customers were stimulated and facilitated. This created synergy at a regional level, adding to the momentum already created. An example of the spin off is the interchange between Sint Donatus and Wrâldfrucht, whose processed fruits serve as ingredients for the fruit-curd sold under the trademark of Waddenzuivel, or elderberry and sea buck thorn from the coastal area on the mainland, processed by Wrâldfrucht into different products under the trademark Waddendelicatessen, launched in 1996. In response to the enormous growth in sales of the curds marketed under the Waddenzuivel label, Sint Donatus has specialised almost entirely in curd processing, to ensure the curds can be produced in a more time and cost efficient way. This has cut the production costs of a pot of curd from 1.93 Euro to 1.07 Euro. Their total curd production amounted to 6,000 pots per week in 1999. Their primary production, 300,000-kg of milk, has thus been up valued to about 453,780 Euro on sales. Other producers and processors in the Wadden region are now producing,

¹ This is written in the Friesian language and has the double connotation of Northwine and Northwind. As fruit-wine according to law is not wine, the name is a clever semantic device.

² The cranberry originates from America and grows in the wild on the island. As the story goes it was once introduced by cause of a shipwreck.

under license to Waddenzuivel, a variety of dairy products.

In the first years, the network of co-operating partners in the Waddengroup expanded rapidly, for example, Cranberry Skylge, which sells the fresh and processed cranberries that grow wild on the island of Terschelling, or De Terschellinger, the EKO-licensed organic dairy factory on the same island. It processes about 3 million-kg of milk (i.e. half the total milk production on the island), mainly in the form of cheese, sold in organic food shops in the Netherlands and Germany.

Another new branch under the Waddengroup umbrella is Amelandsprodukt. It is also a registered collective trademark of the Waddengroup, like the EKO- or Demeter-licensed products. It is based on more or less the same market concept with the same format. The main difference is in the content of the guarantees pertaining to origin and sustainability, which are restricted specifically to the Wadden Island of Ameland. As the products are mainly marketed to tourists on the island itself, they are even more distinctive. This is partly linked to the way sustainable development is guaranteed without the EKO licensed production or processing guarantee that holds for Wadden products. For many producers, organic farming under an EKO license still throws up too high a threshold, technically or mentally. Thus, instead of the EKO regulations, an alternative and pragmatic route towards a more sustainable agriculture has been created under the direction of the Waddengroup in the form of a practical instrument called an 'Integrated Business Plan' (IBP) with an additional 'Product Description' (PD). With the IBP a foundation is laid for integral sustainable development and certification of the business in question. An IBP in

Number of licensees:

-Primary producers (producing raw materials only)	45
-Processors	25

Number of Wadden products (assortment)

135

Number of selling locations:

500

- direct on farm sales
- organic food shops in Netherlands and Belgium
- regional supermarkets and retailers

Total Turnover on Wadden products in the region

3,256,964 Euro

Total Net Sales of Wadden products

1,739,715 Euro

Table 1: A general overview for 1998

combination with a PD covers several areas: the different domains of production in the broad sense (depending on the type of business – e.g. dairy or fish farm); environmental issues; the management of nature and landscape; care and welfare of animals; farm representation; issues related to hygiene and (in the narrow sense) the primary production of raw material; and the processing and quality of the products. That is why it is called integral. For each relevant domain, goals or standards must be formulated and documented that can be effectively controlled. In this respect it is more explicit and far reaching than an EKO licence. An IBP and PB are valid for three years and must be then upgraded. The hallmark offers legal protection against copying and the more typical or higher the quality of the product, the higher the level of protection. The system has a built-in stimulating element. The licensees pay 5% of achieved gross turnover to a special fund for the marketing and promotion of Amelandsprodukt. In contrast to Wadden products, the licensees themselves manage

this fund. In 1998, the Waddengroup licensed the first five producers and/or processors of cow's milk, sheep's milk, potatoes, honey and sheatfish. Together they started with an assortment of ten products and achieved a turnover of 113,445 Euro, mainly through direct farm sales but some through sales by local retailers. This is expected to increase considerably in the years to come. Similar initiatives have been set up on two other Wadden Islands.

Table 1 gives an overview of the socio-economic status of the Waddengroup two years after its foundation. Net sales are defined as turnover minus the purchase value of turnover, that is, the mutual deliveries of raw material, half products or end products of licensees. In the first two years, sales increased by 40% annually. There are 51 jobs at stake. Figures for 2001 show an annual growth of 20% in net sales since 1998, achieved by 50 primary producers and 30 processors producing and marketing an assortment of 150 products.

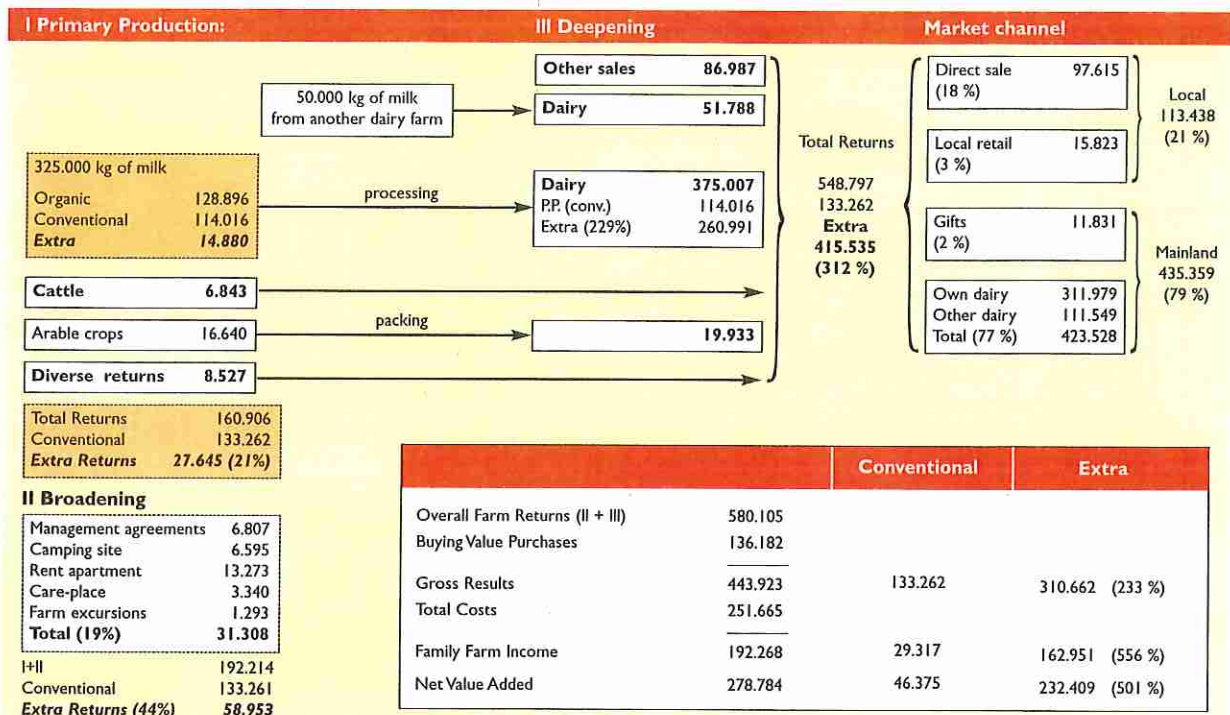


Figure 2: The extra value added of multifunctionality at the Sint Donatus farm (in Euro)

The value added of multifunctionality

Being part of the Waddengroup implies a range of new opportunities for participating farmers. The marketing channels (partly internal circuits), the protection of the hallmark, involvement in several new networks and an increased flow of clients offer considerable potential to consolidate and generate further income, thus broadening and deepening primary agricultural production. Several new on-farm activities are developed and combined into new, solid forms of multifunctionality. The (economic) effects can be considerable, partly due to the synergy created between the different activities. This is illustrated

here in Figure 2, which presents data from the Sint Donatus farm compared to the results of the average conventional specialised dairy farm delivering the same amount of milk to the dairy industry.

Sint Donatus is a mixed farm. Alongside 43.5 hectares of meadows and fodder crops, the farm has 7.5 hectares of arable crops. It produces 325,000-kg of milk from 50 milk cows. All production is officially certified as organic. This in itself already gives Sint Donatus a clear advantage over the average conventional dairy farm. The family income per 100 kg of milk delivered to the dairy industry on an organic dairy farm the size of Sint Donatus is on average 5.53 Euro

higher (14.60 versus 9.07). Hence, apart from deepening and broadening activities, Sint Donatus reaches extra returns of 21% (see Figure 2, Block I: Primary Production).

Alongside primary agricultural production several additional activities add to a broadening of the farm's income base. These are:

- Management agreements under the national management scheme of the Ministry of Agriculture for the on-farm management of nature and landscape;
- Agri-tourism by running a small-scale campsite on the farm. The Municipality of Texel limits these to eight and for a period of eight months a year, and to

- renting out one apartment;
- c) One integrated care-place, under a contract with the Sint Maartenshuis Institute for mentally disabled young people, which is to be further extended;
- d) On-farm group excursions started in 1998, mostly for tourists paying 3.40 Euro per adult and 1.13 Euro per child.

Together these broadening activities total 31,308 Euro (Figure 2: Block II Broadening) or an additional 19% on returns from primary production alone. Compared to the average dairy farm, the extra returns add up to 58,953 Euro or a significant 44%.

However, it is the deepening strategy - extending the food supply chain beyond primary production - which contributes most significantly to extra returns. Currently all milk is processed, mainly into smooth curds, but with some ice cream. This produce is marketed through different channels: 18% through the farm shop, 3% locally on Texel (both mainly to tourists), and 79% to wholesalers supplying the organic food shops in the Netherlands and Belgium (see Figure 2; Block III Deepening). The selling value of the processed milk is 375,007 Euro. This amounts to an extra value added of 260,991 Euro to the milk, an increase of 229% - an average selling price of 115,39 per 100 kg of milk, compared to the mere 35.08 Euro received by the average conventional dairy farm.

As the 325,000-kg of milk produced by Sint Donatus no longer sufficed to supply the growing market for its smooth curds, it obtained and processed a further 50,000 kg of milk from Harmanna Hoeve, another organic farm and licensee of Waddenzuivel on the mainland in the Province of Friesland. Thus with the sales of Wadden products (mainly Waddendelicacies),

	Overall	Extra	On-Farm (n=45)	Extra
NVA	1,043,829	964,283	649,356	569,948
AWU	51	49	28.8	26.5

Table 2: The extra Net Value Added and Employment linked with Wadden products

obtained from other Waddengroup licensees, and the packing of potatoes, total returns amounted to 548,797 Euro.

The picture of the overall returns, that is the returns from broadening (II) and deepening (III) activities at Sint Donatus, is now complete (see summarising rectangle in Figure 2). They amount to 580.105 Euro. Compared to the average dairy farm in the northern Netherlands the extra overall returns, being the sum from broadening (31,308) and from deepening (415,353 Euro), is 446,843 Euro. This is an increase of 335%.

The increase in family farm income and net value added, 556% and 501%, respectively, are even more striking³.

Sint Donatus and its affiliated marketing business offers full time employment to 10 people, compared to 1 to 1.5 on the average dairy farm of the same size (i.e. the same milk quota). The difference underpins once again the importance of multifunctionality at farm enterprise level as sustained by the networks and mechanisms entailed in the Waddengroup.

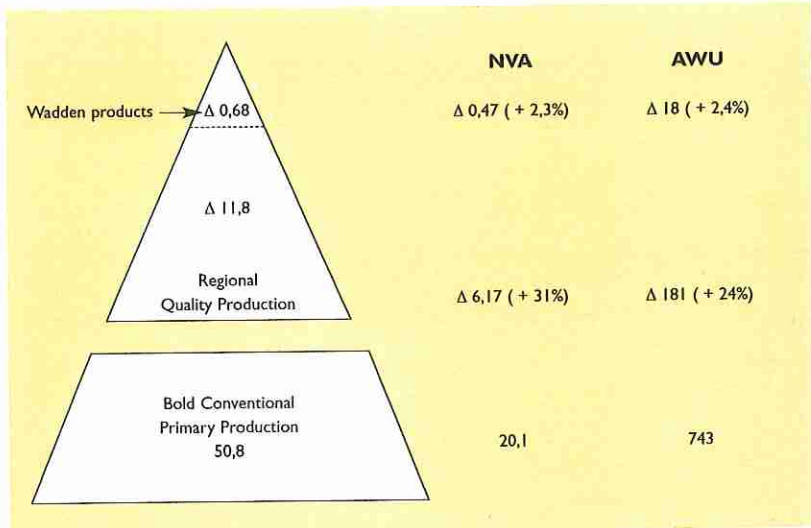


Figure 3: The extra gains of Wadden products and all regional quality production on the Wadden Islands (in millions of Euro)

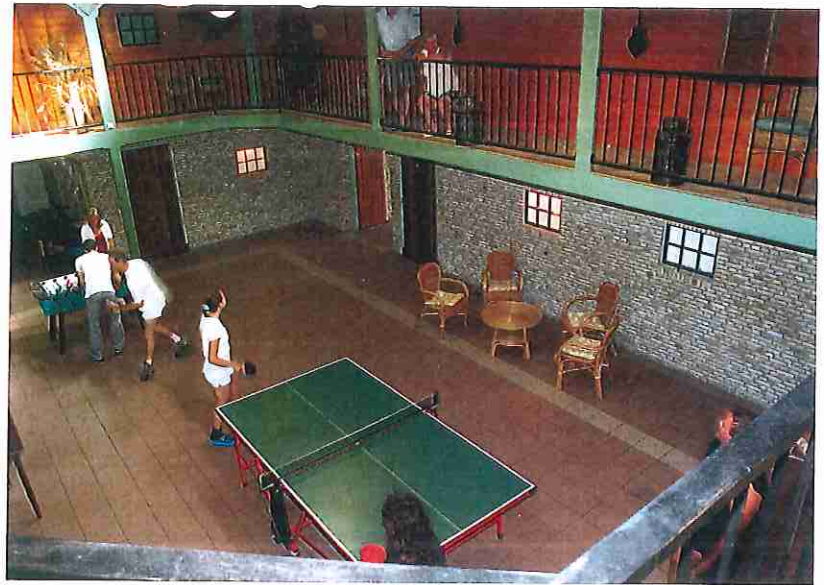
³ Detailed calculations are presented in the extended case study report (Roep, 2001).

The value added of regional co-operation

Sint Donatus is clearly an outstanding example of a multifunctional farm. The relevance and impact of the Waddengroup can also be assessed at the level of the whole group of co-operating farms and processors. The overall net value added (NVA) realised from the production and marketing of Wadden products under the umbrella of the Waddengroup was 1,043,829 Euro in 1998 (see Table 2, first column). The overall employment equals about 51 full time jobs. The average NVA per full time worker is thus 20,467 Euro. This is relatively low due to that fact many businesses are just starting and still have to gear up production and marketing.

If we exclude off-farm business, the NVA of primary production, on-farm processing and direct on farm sales amounts to 649,356 Euro (Table 2, third column). As there are 45 primary producers involved (farmers and growers) the NVA per primary producer is 14,430 Euro. The associated employment is estimated at 28.8 average working units, or 0.64 AWU per producer. The NVA realised per AWU is then 22,547 Euro.

But what must be considered as extra? The reference used here is what would be there without the production and marketing of high quality products under the Waddengroup umbrella. Or in other words the NVA of conventional primary production, delivering raw materials to agro-industry, that would be left in this hypothetical situation. In this case this would be milk production (about 475,000 kg) and some conventional arable farming (potatoes and wheat) on 4 to 5 farms. Organic farming, typical fruits, milk sheep and goats, on-farm processing and direct sales would not be there. The NVA of the conventional primary production that



would remain in this hypothetical situation is roughly estimated at 79,412 Euro with an associated employment of about 2.3 AWU. The extra NVA realised according to the forgoing with/without-analysis is then 569,948 Euro, with an associated extra employment of 26.5 AWU.

If we also take into account the small scale processing off-farm, and the regional sales, neither of which would be there, we get an idea of the overall extra or overall impact of Wadden products in the Wadden region. The extra overall net value added would then be $1,043,829 - 79,412 = 964,417$ Euro with generated extra employment close to 49 AWU.

In synthesis: the Waddengroup as a whole is delivering a strong impetus to the regional economy, even when associated broadening activities, which are substantial, are not taken into account. It is generating new

employment and interesting work, whereas conventional agriculture results only in a continuous decrease in employment levels, in a certain degrading of work and in decreasing income levels.

The Waddengroup in its wider context: the regional impact

Next to the Wadden products there are all kinds of more or less mature initiatives in the Wadden region oriented towards an up valuing of primary production in order to create higher value added and more on-farm or rural employment, and all trying somehow to counter the income squeeze. They include organic farming and cultivation, on-farm processing, regional small-scale (organic) food processing, producing and marketing of typical (food) products with a (guaranteed) local or regional identity, on-farm sales, shortening

of the food supply chains and so on. These categories, distinguished mainly for analytical purposes, in practice are actively interlinked by producers, processors and marketers into an extensive range of empirical combinations. These efforts can be viewed as different search paths for higher added value or different strategies to mobilise social and natural resources: images, markets, policy schemes, grants, natural values, animal or plant breeds and so on. The case of the Waddengroup has demonstrated this. Figure 3 summarises the impact for 1998 of all up valued or regional quality production on the Wadden Islands⁴.

Conventional agriculture on the Islands alone would result in a total Gross Value of Production (GVP) of 50.8 million Euro. The GVP of all regional quality production is estimated at 13.6 million Euro, including the Waddengroup, which can be regarded here as the 'top of the iceberg'. If there were no regional quality production, the GVP of the remaining conventional agriculture would be only 1.8 million Euro. One might thus conclude that the production and marketing of quality production with a regional image adds an extra 25% to the GVP of conventional agriculture.

If one looks at the extra NVA of quality production, the impact is seen as even more significant. Quality production realises a higher NVA/GVP ratio than conventional agriculture. Whilst the total NVA of conventional production comes down to 20.1 million Euro, the production of regional quality products (without taking into account the associated broadening activities) results in an extra NVA of 6.17 million Euro or an extra 31%. In terms of extra employment this equals some 181 AWU (presuming an average of 34,000 Euro per AWU) or an extra 24%.

⁴ See Roep (2001) for the methodological complications and extended calculations.

It must of course be stressed that regional quality production and conventional agriculture are not two separate worlds. On a growing number of farms, particularly on multifunctional farms, the two are combined into new configurations. Especially on the latter, it is the extra value added resulting from regional quality production that allows conventional production to be maintained and/or even revitalised. This is especially relevant for the Wadden Islands, where tourism has offered major opportunities, but where – due to the particularities of the island economy – conventional agriculture is under even more stress than on the mainland. Without multifunctionality through new patterns of co-operation, as symbolised by the Waddengroup, agriculture probably would have disappeared altogether from the islands – an event that would have had dramatic consequences for the natural environment, landscapes and regional economy of the Wadden Islands.

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