

## CASE STUDY DE-3

### REGIONALWERT AG FREIBURG (GERMANY)

#### BRIEF PROFILE OF THE CASE STUDY

The 'Regionalwert AG' (RWAG) is a **citizen's shareholder corporation** that **facilitates access to shareholders' capital for organic farms and businesses**. The name translates into '**regional value**' which reflects the objective of the initiative creating regional value not only in financial terms but also in social and environmental terms. In total, 17 partner businesses are supported and organized by the RWAG. Land managers are located within the administrative district of Freiburg, though widely dispersed. Since its start in 2006, the initiative has enlarged through increasing the capital by issuing shares. Today's 460 shareholders are mainly located in the same district. RWAG addresses the provision of environmental and social benefits generally related to **organic farming** (abundance and diversity of habitats and species; healthy soils; high water quality). It also links to '**vibrant/dynamic and active rural communities**' through its regional value added approach, the **involvement of consumers as investors**, and through its **strong linkages with regional civil society initiatives**.



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#### KEY FACTORS IMPACTING THE PROVISION OF ENVIRONMENTAL AND SOCIAL BENEFITS

The initiative perceives itself as a **response to an observed non-performance of public policies regarding support of organic farming and regional marketing approaches**, as well as **providing financing mechanisms for entrepreneurs in the green business sector**. Consequently, it operates explicitly outside a public policy framework and aims to be independent from policy-induced structures and funding. The initiative results from the growing demand in ethical investment opportunities for 'consumers', the need for capital in organic businesses and the dissatisfying situation for new entrants into agriculture (and organic businesses) because of the deficient availability of capital for investment. The RWAG aims at **providing both monetary returns to shareholders and non-monetary returns to the common welfare**. Shareholders thus invest explicitly in provision of public goods. The contributions of partner businesses towards the provision is annually reported based on a set of 64 sustainability indicators.



#### EMERGING FINDINGS AND CONCLUSIONS

The success of the RWAG as such is an expression of the public appreciation of the environmental and social benefits addressed by the investments (460 shareholders and 2.9 Mio € in the Freiburg). The concept is receiving broad media coverage (newspaper, television, radio, journals). As a response to the growing interest in the model, a Regionalwert trust was founded, which supports the foundation of similar initiatives in other regions (e.g. in Munich and Hamburg) and thus has an important role in the scaling out of the initiative.

Two factors can be considered crucial for the success of the approach of RWAG: first, **demand for sustainably produced food**; and second, **demand for sustainable investment opportunities**. So far, both factors have been fuelling the development of the initiative but they also define the limit for growth.

