



Positive Externalities

An introduction

Dr Richard Robinson

Consultant to Euromontana/FAO SARD-M

15/10/2009

Positive and negative externalities

OR – the side effects of an activity

Activity	Positive	Negative
Beekeeping	Pollination of crops	Risk of being stung
New Housing	Better CQ impacts	Traffic congestion
Industrial processing		Air pollution
Farming	Farmed Landscape	Water pollution from fertiliser

Mountain Externalities

Positive	Negative
Biodiversity	
Flood and soil protection	Flooding and erosion/sedimentation
Water quality and supply	Pollution (especially in water)
Carbon sequestration	
Avalanche protection	
Fire protection	Fire
Cultural landscapes	
Outdoor recreation	
Rural communities and cultural traditions	Out-migration to urban poverty; Cost of supporting nonviable mountain communities

Mountain characteristics

Mountains	Plains
<ul style="list-style-type: none"> • Inaccessible • Restricted economic opportunities and products • High production/distribution costs and poor competitiveness • Suffer population loss 	<ul style="list-style-type: none"> • Accessible • Diverse economy and range of opportunities • Competitive with low production/distribution costs • Increasing population
High product quality and value	Focus on quantity and low price
Economy multi-functional	Economy more sectoral
People in strong communities	More individualistic
Provide mainly positive externalities	Often dealing with past damage/avoiding future damage. Many negative externalities

Positive externalities in the mountains

Communication

Equity

	Wanted?	Provided?	Paid for?
Biodiversity	✓	✓	x
Flood alleviation	✓	✓	x
Sheep	✓	✓	✓
Recreation	✓	x	x

The people involved in positive externalities

Beneficiary
(who should pay)



Provider
(who should be paid)

How can beneficiaries pay?

Payments for Environmental Services – **PES**

- EU CAP Pillar II
 - Agri-environment
 - Less Favoured Areas

Added value products

- PDO/PDG
- Organic
- Other local brands and labels

What are we aiming for?

- Some ways of describing it....

Public goods and the private sector

National Park Service



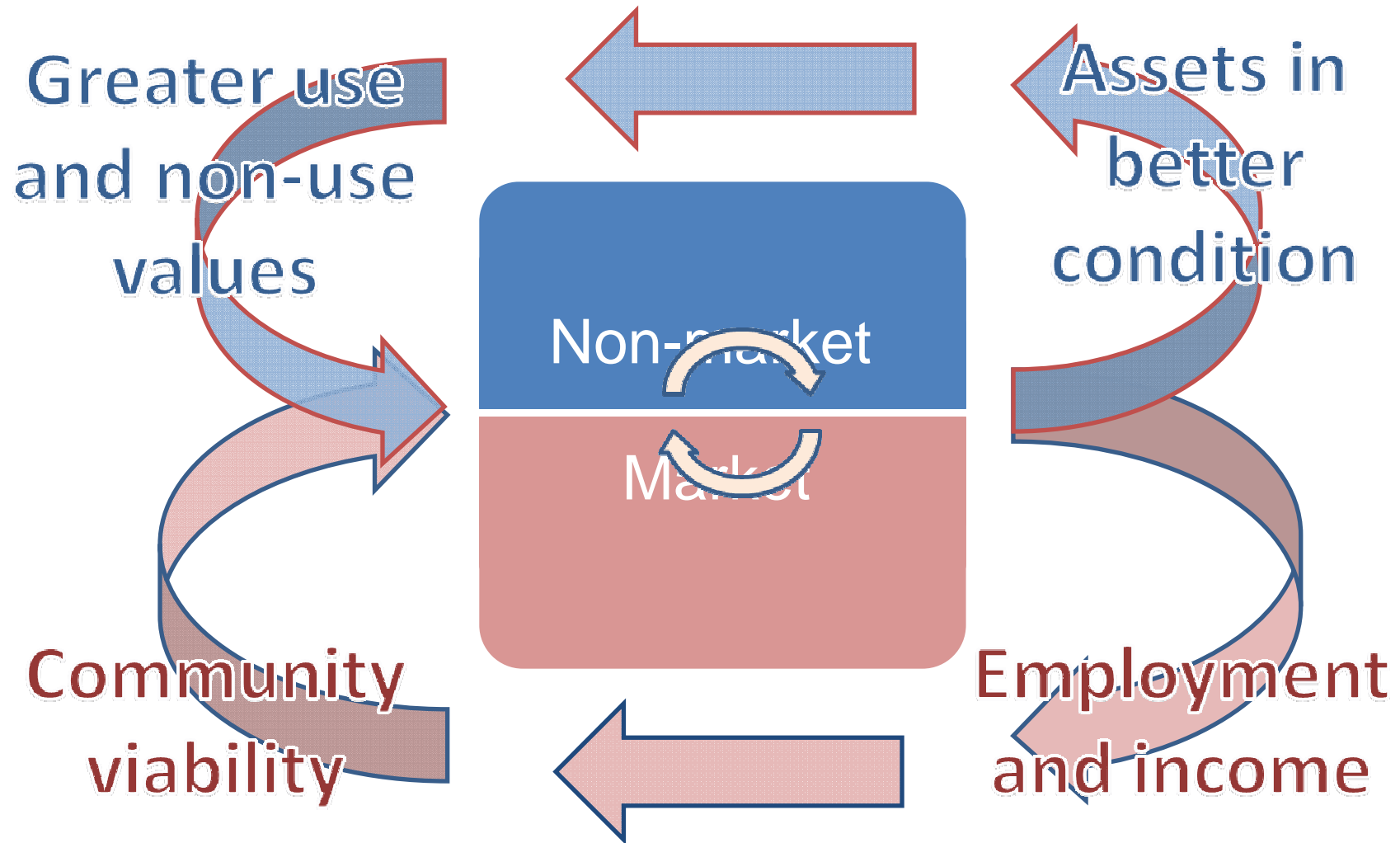
Non-market value



Farm

Market value

Public - private relationship





Positive Externalities

I hope that helped.

Thank you.