A business model typology for valorizing agro-waste and by-products
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A Business Model typology for valorizing agro-waste and by-products

Mechthild Donner, Romane Gohier, Hugo de Vries
Circular Economy, Bioeconomy, Cascading

- **Circular Economy**: the value of products, materials and resources is maintained in the economy for as long as possible, and the generation of waste minimized (EC 2015)

- **Bioeconomy**: production of renewable biological resources and conversion of these resources and waste streams into value added products, such as food, feed, bio-based products and bioenergy (EC 2012)

- **Cascading**: efficient and iterative use of biological resources, winning back the biological nutrients of waste

→ **Circular bioeconomy** = develop sustainable and resource-efficient economic systems, via cascading and by using biomass residues to create bio-based products and bioenergy
Circular Business Models – frameworks and typologies

• Ellen MacArthur Foundation (2013): ReSOLVE framework based on the different strategies: regenerate, share, optimize, loop, virtualize, exchange

• Bocken et al. (2014): eight archetypes of sustainable business models which are classified in higher order groupings and describe the main type of business model innovation: technological, social or organizational

• Lüdeke-Freund et al. (2018): 26 major circular business model types and their characteristics, with 6 major CEBM patterns: repair & maintenance, reuse & redistribution, refurbishment & remanufacturing, recycling, cascading & repurposing, organic feedstock

→ How do businesses create value by following circular economy principles?
Objective and methodology

Objective: identify and characterise different types of business models that valorise agricultural waste and by-products via cascading or closing loops

Methodology:
• 33 international cases studied in the H2020 project NOAW with semi-structured interviews
• More in-depth studies with on-site visits for a number of selected cases (1/3)
• Expert interviews for the three chains studied (wine, cereals, manure)

→ Analysis according to the type of initiative, resources and transformation processes, value propositions, key partners and customers, organisational models and innovation type
Results

Typology of circular business models for valorising agro-waste and by-products

**Upcycling entrepreneurship**
Innovative way of valorisation to convert low-value by-products into high-value materials.

**Environmental biorefinery**
Integrated bio-based industry, using waste and by-products as inputs to produce chemicals, biofuels, food and feed ingredients, biomaterial and power.

**Biogas plant**
Bioenergy production from agricultural waste: biogas, heat and digestate.

**Agricultural cooperative**
Autonomous association of persons united to meet common needs through a jointly owned and democratically-controlled enterprise. The cooperative valorises by-products from its activities.

**Support structure**
Supports new ways of valorization, enables stakeholders to develop (cross-sector) activities.

**Agropark**
Spatial cluster of agrifood and related economic activities. The cycles of water and minerals are closed and the use of fossil energy minimized by processing waste and by-products.
Results: example of an agricultural cooperative - Grap’Sud

→ Union of wine cooperatives in the South of France, with 6 production sites and 210 employees

Waste valorized / year:
125 000 tons of grape marc
270 000 hl of wine lees
600 000 hl of wine most

→ A diversity of new value-added products issued from by-products (B2B and B2C)

Characteristics of cooperatives:
• Specific of a sector
• Able to reach a critical mass of waste and by-products in order to develop viable valorisation paths
• Optimize the interests of its members at a long term
Results: example of a support structure – IBBK Biogas Network

- Promote and support developments in the sector of agro-waste valorization (manure) and facilitate efficient applications (bioenergy, biofertilizers)

- National and global networking and sharing of experience

- Consulting and training courses

- Participation in international research projects

Characteristics of support structures:

- Do not valorize by-products themselves, but participate actively at the implementation of valorization paths

- Coordination, networking, promotion

- Sometimes difficult to capture the created value and to establish a viable business model
Results: other types of circular business models

<table>
<thead>
<tr>
<th>Biogas plant (ex: Agroenergie Hohenlohe)</th>
<th>Upcycling entrepreneurship (ex: INNOVEN)</th>
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<tbody>
<tr>
<td>Management and optimization of the biogas plant</td>
<td>Agro-waste is converted into high value-added materials</td>
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<td>As dependent on feed-in tariffs, innovation and diversification needed</td>
<td>Eco-design approach, innovative technology</td>
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<td>Stakeholder involvement needed</td>
<td>Securing raw material supply</td>
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<tr>
<th>Agropark (ex: Agriport A7)</th>
<th>Biorefinery (ex: Pomacle Bazancourt)</th>
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<tr>
<td>Cluster with synergies for natural resources and logistics management</td>
<td>Collaboration strategy of different actors</td>
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<td>Innovative partnerships (datacenter heat used for greenhouses)</td>
<td>Maximization of value added via cascading approach</td>
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<td>Various sectors &amp; competences</td>
<td>Economies of scale, diversification of products</td>
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</tbody>
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**Discussion & conclusion**

### Typology of Circular Business Models

- First proposition of a CBM typology in the domain of agro-waste valorization
- Dynamic typology: possibility to move from one type to another according to strategic choices
- Complementary CBM which need to be combined in order to maximize the cascades of value

### Consequences for the management

- Intrinsic characteristics of agro-waste impact the overall BM (secure raw material supply, in and out logistics, flexibility of infrastructure and human resources etc.)
- Traditional market constraints (e.g. chemistry markets)
- Partly joint strategies with other companies = coopetition

### External factors

- Sensitivity to climate change
- Low attractiveness of rural areas (investments, recruitments)
- Uncertainties regarding public policies
Thank you very much for your attention!

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