Terres de Sources - Public food order in Brittany, France

The farmers located in the drinking water supply area of the city of Rennes can contract for the supply of the public canteens of the urban area. Only farmers who commit themselves to improve their farm environmental practices using the IDEA method can subscribe to this public contract. In this case, the difference between practice-based and result-based is questionable since the IDEA method is mainly based on farmland use and agricultural practices indicators.

Summary

The contract solution is to create a public call for tenders that is orientated towards environmental services while also providing food supply to canteens in Rennes urban area. An association between Collectivité Eau du Bassin Rennais (EBR) and the city of Rennes initiated the first call for tenders in 2015 to supply Rennes canteens (10,000 meals per day, a budget of 50,000€ per year). There were three applicants (two pork and one dairy producers). Those three farmers had committed to improve their agricultural practices for the length of the contract (3 years) using the French IDEA method, which includes a system of 42 sustainability indicators. When applying to the call, the farmers decide their output price based on their cost of production, transport cost to canteens and an additional adjustment cost towards more environmental friendly practices. EBR also gives them an annual bonus payment according to their environmental contribution using an incentive term mentioned in Article 17 of the French public markets rules. A farmer who contracts with the city of Rennes and EBR gets a fair price of his output and a bonus payment for the environmental service he provides to enhance drinking water quality.

From this first experience, EBR and 15 municipalities in Rennes urban area launched a second public call for tenders to supply canteens in this area (20,000 meals per day) in 2017. There were 20 applicants (meat, fruits and vegetables, dairy, wheat …). The farmers who have contracted for 4 years under this call are either direct sellers or sell their output through downstream firms (the agricultural cooperative Le Gouessant, Establishment Bigard or the new dairy cooperative Lait Sprit d'Ethique).

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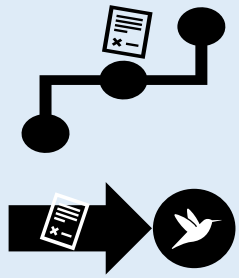
Indirect effects (provision of further public goods): The contractual solution aims to favour more sustainable farming systems using the IDEA method developed by the Research Supervision of the French Agricultural Ministry. The IDEA method assesses farm multi-performances (the overall farm performance) using 42 indicators which cover the three dimensions of sustainability (agroecology, sociology and economics). These indicators include biodiversity, autonomy and low use of inputs, natural resources preservation (soil, water and energy), economic viability, local development and circular economy, food, employment and labor quality). The use of this method allows farms to be evaluated on a broader scope than only environment impacts (here drinking water quality). Consequently, other AECPGs may be concerned in this program.

VALUE CHAIN and RESULT-BASED



The contractual solution aims to favour more sustainable farming systems using the IDEA method developed by the Research Supervision of the French Agricultural Ministry. The results are based on the improvement of agricultural practices using 21 indicators over the 42 provided in the IDEA method. The results are not directly linked to the supply of a public good (improvement of drinking water). The contractual solution is changing to focus on 9 indicators. If no improvements are made, the contract and the supply of catering can be suspended.

PUBLIC GOODS

Water quality- drinking water - and further ecological benefits

CONTRACT

The contracts are made between farmers (private) and local government (public) through a public tender. The contract covers the whole farm, since the IDEA method, used to monitor and assess environmental services, is applied on the farm overall management.

Contract conclusion: Written agreement

Payment mechanism: Combination of incentive payments and product price

Length of contract: 3 years for the first one (start in 2015) and 4 years for the second contract (start in 2018)

Length of participation in contract solution: 5 years for the first three farmers and 2 years for the other 17 farmers

PRODUCT

The products must comply with the requirements of the canteens, in addition to the requirements in terms of practices.

LOCATION

FRANCE

Rennes urban area, Brittany.

Objective

- Improve drinking water quality in Rennes urban area in Brittany, France

Data and Facts - Contract

Participation: For the first call for tenders (public market from 2015 to 2017), three farmers contracted: two pork and one dairy producers who were direct sellers. For the second call for tenders (public market from 2018 to 2021), 20 producers (pork, sheep, dairy, fruits, vegetables, wheat, beverage) contracted. 12 are direct sellers and 8 producers sell their products through downstream firms. For both calls, the area of implementation covers two drinking water catchment areas (Northeast of Rennes and West of Rennes).

For the first call for tenders (public market from 2015 to 2017), the other participants were:

- Collectivité Eau du Bassin Rennais (EBR), a local government that produces, manages and distributes drinking water supply within the Rennes urban area,
- The city of Rennes.

For the second call for tenders (public market from 2018 to 2021), the additional participants were:

- 14 other municipalities in Rennes urban area,
- The Cooperative Le Gouessant et Establishment Bigard, the new cooperative Lait Sprit d'Ethique, Manger bio 35.

Involved parties: Among the involved parties, there is the EBR. EBR has 12 drinking water catchment extraction points, mainly surface water resources (rivers, water storages) whereas most French urban areas get one main water resource. 85% of drinking water is extracted outside Rennes urban areas. Water basins covers a large surface of 1,500 km^2.

For the first call for tenders, 3 farmers who sell directly to canteens of the city of Rennes were involved. The city of Rennes provides 10,000 meals per day in its canteens. The city initiated the first call for tenders to provide food in its canteens from farmers who are committed to use a code of environment-friendly practices. The objective of the code of practices is to improve drinking water quality through the improvement of the farm production system.

For the second call for tenders, in addition to the EBR, 15 municipalities in Rennes urban area were involved as well as 20 producers (pork, sheep, dairy, fruits, vegetables, wheat, beverage). 12 are direct sellers and 8 producers sell their products through processing firms (two agricultural cooperatives and a processing firm).

Financing party: Local governments (the city of Rennes and other municipalities from Rennes urban area) for food purchase to supply canteens and EBR for the bonus payment associated with environmental services.

Funding/Payments: There are two stages. First, local governments initiate a call for tenders. Farms who are located in the water catchment areas can apply to it. Local governments select applicants based on the code of practices. Then, the selected farmers can provide agricultural products to canteens for the contract length. Each local government, depending on its needs, chooses to purchase or not food products from those selected farms.

- Food price: Farmers are paid for their output. Each farm, when applying to the call for tenders, sets its fair price. The output price includes the cost of production, the transport cost and the additional cost to adopt the code of practices. Local government pays them for the quantity provided.
- Environmental bonus: The selected farms have an annual bonus payment for the environmental services targeted. This payment depends on how the selected farms have set their agricultural practices target in percentage. The improvement is determined using the initial IDEA farm score, the maximum IDEA score (182 points), and the target defined by each farm. A selected farm can get 150€ per percentage. The annual bonus is limited to 3,000€ per year and per farm.

The advantages of participation: For EBR, these contracts help to improve drinking water quality and to reduce water treatment costs. Similarly, it allows the city of Rennes to provide drinking water with high quality, local food products for public canteens, and to help to get a sustainable territory. For farmers it is a way to get a payment for an environmental service and to increase their market outlets for some of their outputs.

Management requirements for farmers: Farmers who applied to the call for tenders must produce under a stringent code of practices :

- Use of feed that is GMO-free and palm oil-free
- No use of preventive antibiotics
- No use of some pesticides

A farm diagnosis is realised using the IDEA method.

Problem description

Collectivité Eau du Bassin Rennais (EBR), the local government which produces, manages and distributes drinking water supply within the Rennes urban area, has committed to provide solutions to improve water quality (e.g. reduction in nitrogen and pesticide use) in Rennes urban area in Brittany (10th urban area with 710,000 inhabitants). Rennes urban area is composed of 56 municipalities and provides drinking water for 480,000 inhabitants. Drinking water catchment areas are located in an intensive agricultural area (2,000 farms). Two water basins are concerned. The first one is located in Northeastern Rennes, where agricultural production is mainly dairy production. The second one is located in Western Rennes with animal production (dairy, pig and poultry productions).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Controls/monitoring: An initial and a final diagnosis are done by one of the three following organisations (Chamber of agriculture, Agro bio or Adage) to give a farm score using IDEA method. Once a year, EBR checks the planned improvements made by each farm, pending the implementation of the labelling process.
The following points are checked:

- Feeding: GMO-free and palm oil-free,
- Animal health: no use of preventive antibiotics,
- No use of some pesticides (neonicotinoids, metaldehyde, Dimethenamid, metolachlor),
- An improvement in the IDEA score.

Conditions of participation: Farmers must be located in the catchment area (2,000 farms). They must produce agricultural products that can be used in canteens. The consequences of non-compliance with the contractual conditions can be the suspension or the termination of the contract.

Risk/uncertainties of participants: Some agricultural products are excluded from the call for tenders because canteens cannot use them. However, when EBR finds that a farmer commits to a high enough environmental target, local governments can collaborate with the farmer to help them change his output so it could meet canteens' requirements. Since 2016, the public procurement code requires buyers to analyse the supply (sourcing) before launching their public call for tenders. It allows local governments to ensure that the call for tenders will be successful. Otherwise, the risk would be that the call for tenders has no applicant when the code of practices is too stringent. For the first and second calls for tenders, local governments are not committed to buy a minimum quantity of products. In the next call of tenders, this will be considered, in order to guarantee farmers a minimum added value so that they are encouraged to adopt more ecological practices.

Links to other contractual relationships: The contract involves several stakeholders. First, EBR and the municipalities create a group order to initiate a call for tenders and select applicants. Second, this group order and each farmer sign a contract to define the agricultural products that can be provided to the canteens and the target for the environmental service.

Context features

Landscape and climate: The 12 water catchment areas are water surface areas and 85% of the area is located outside Rennes urban area. This region has an intensive agricultural sector. 2,000 farms are located there. They mainly produce animal products (dairy, pork and poultry productions).

Farm structure: The contractual solution does not target any farming system. The objective is to improve the ecological practices of all farms located in the water catchment areas.

SUCCESS OR FAILURE?

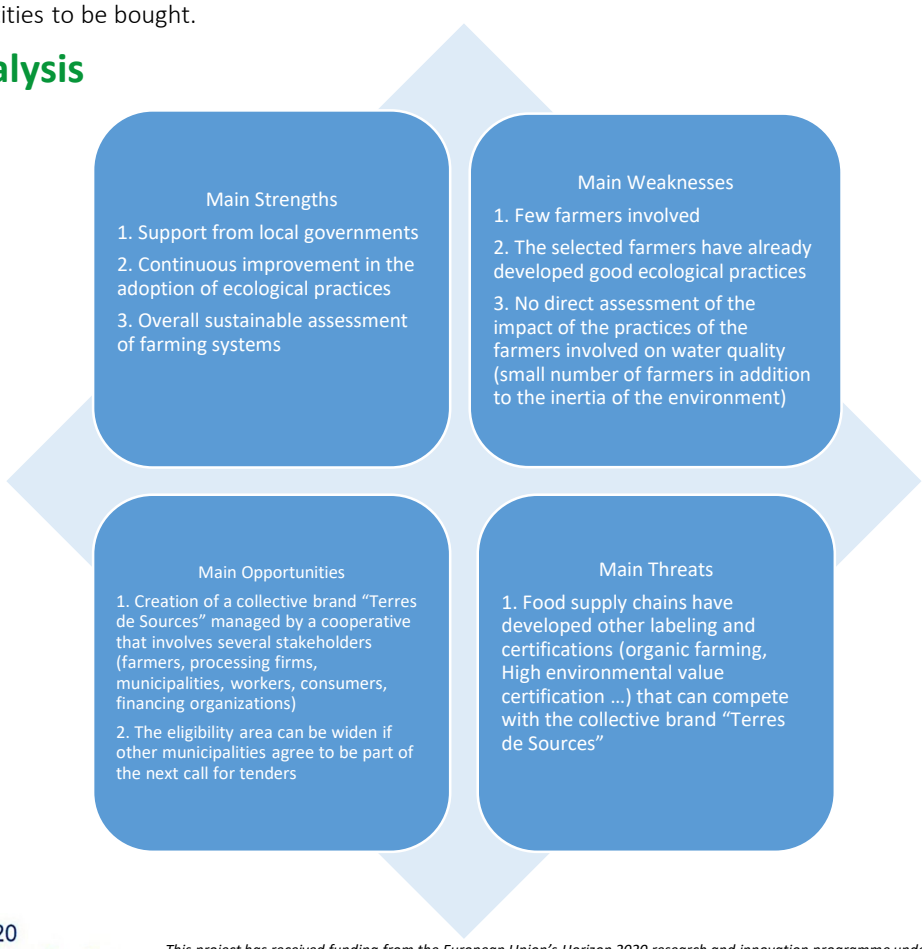
We can say that the Terres de Sources program is successful because the number of participants has increased from 3 in 2015 to 20 in 2017. However, the results on water quality improvement are not measurable because the participant rate is still too low.

We can mention, as a success criterion, that Terres de Sources has just received a financial aid of 20.6 million euros to strengthen water resource preservation and to develop new food supply chain with a collective trademark "Terres de Sources". A cooperative will be created to manage this trademark and will be governed by several stakeholders (producers, processing firms, consumers, local governments, workers, banks). The cooperative will promote the collective label, provide technical services to farmers, processing firms and administer sales.

Reasons for success:

- The project has started with few participants, which has allowed to grow trust between them. The project was built with all the parties concerned, taking into account everyone's needs.
- No strong commitments for local municipalities regarding the amount of food to buy from farmers, which facilitates their participation (but this does not guarantee the payment of environmental services and efforts made by farmers).
- Experimental process that aims at involving more farmers, more municipalities and commitments in terms of food quantities to be bought.

SWOT analysis



Horizon 2020
European Union Funding
for Research & Innovation

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No. 817949. The results presented reflect only the authors' view, the Agency is not responsible for any use that may be made of the information it contains.