

PES by VITTEL - private-sector led incentive scheme for farmers

SUMMARY In the Vittel catchment area, as in many places in France, traditional hay cattle breeding has been replaced by a maize-based system. Free range farming was limited, while stocking density increased. This agricultural intensification caused an increase in nitrates and resulted in water pollution. To counter the risk of nitrate contamination in the aquifer from which the mineral water originated, Nestlé Waters, a mineral bottler, developed a number of incentives to encourage farmers to change their farming practices permanently.

Contract Type



Value-chain

Public Goods

SOIL

WATER

BIODIVERSITY

Location

Markets



OBJECTIVES

- Provide a high level of water quality

CONTRACT DETAILS

Participation & involved parties Nestlé Waters (majority shareholder of The Vittel Company) is the initiator of the programme. In the early days, the main partners were INRA, the National Institute for Agricultural Research, and the Rhine-Meuse Water Authority, both public bodies. The cooperation with INRA was essential for the scientific design and negotiation of the PES. Another important key player are the farmers in Vittel's catchment area, where the PES programme is implemented. Further actors (no partner) was the local Société d'Aménagement Foncier et d'Établissement Rural (SAFER), a private institution created by the public sector to intervene in the market for agricultural land. It enabled the land to be acquired and thus controlled. The National Farmers' Union (FNSEA) and the Chamber of Agriculture also had a major influence on the negotiation process. Also, the intermediary Agrivair plays an important role. Agrivair was created by Vittel and is responsible for negotiations and the implementation of the programme including advice and monitoring.

Management requirements To participate in the private-sector led PES programme, farmers must transform their intensive dairy farming system into extensive, hay-based dairy farming. There are specific requirements to follow in order to benefit:

Basis of Payment



- Action-based
- Result-based

Involved contract takers



Individual

- Give up maize cultivation for animal feed
- Adopt extensive cattle ranching including pasture management, i.e. reduction to one livestock unit per ha of grazing area
- Compost all animal waste, optimisation of nitrogen fertilisation
- Ban pesticides
- Balance animal feed rations to reach optimal milk productivity and farm profitability
- Modernise farm buildings for optimal waste management

Nature of contract & payment The farmers sign a contract for 18 to 30 years with the intermediary Agrivair. The contract includes abolition of debt due to land acquisition by Vittel. The exact arrangement and amount are negotiated for each farm. In most cases, Vittel handles the long-term loans to purchase land, acquires the land and provides farmers with long-term use rights. Farmers get additional land to compensate for the lower stocking density. They receive a grant of around € 200/ha/year for the first five years to guarantee income during the transitional period. In addition, farmers receive up to €150,000 per farm to cover the cost of new farm equipment and other costs related to the change of management.

Advice & support Free technical assistance is provided for the creation of the annual individual farm plans and to facilitate introduction into new social and professional networks. This is important, as giving up the intensive agricultural system means that farmers are no more part of traditional farming networks and support organisations such as the Farmers Federation and the Chamber of Agriculture.

Environmental monitoring & control Agrivair monitors farming practices, livestock levels, appropriate use of the new building facilities and checks all farm accounts, a specific right explicitly laid down in the PES contract. Once the farming system is changed, INRA checks the soil nitrate levels. The performance of the programme is evaluated through a strict monitoring programme. Water quality from surface and groundwater is monitored daily. An observation network monitors all activities in the catchment area to quickly identify pollution risks. Preventive measures are taken when required. Biodiversity, especially insects and bird population as well as the diversity of wild flowers, is also regularly monitored.

SUCCESS FACTORS

- Constraining legislation for natural mineral water prohibiting water treatment
- Small number of farmers to limit transaction costs
- Multidisciplinary and participatory approach, “learning by doing” research action-programme that took into account farmers’ livelihood strategies over the long run
- Long-term contracts
- Assurance of acceptable farmers’ income levels at all times
- Establishment of Agrivair as a trusted local mediator and business partner in the implementation process

Further information:

Perrot-Maître, D. (2013): The VittelCase: A public-private partnership in the mineral water industry. www.fao.org/fileadmin/user_upload/pes-project/docs/FAO_RPE-PES_Vittel-France.pdf

OECD (2013), Providing Agri-environmental Public Goods through Collective Action, OECD Publishing, Paris, <https://doi.org/10.1787/9789264197213-en>

