

## FRANCE - GERS

### **“La ferme du Hourcot, Ornézan,**

*The project illustrates how farmers have taken control of the whole production chain — from the production of grain to feed their dairy cattle to the sale of the finished dairy products to local consumers. This enables farmers to get more money for their milk while producing dairy products in a sustainable way and protecting at the same time the environment. This innovative project increases both the local value-added and the income possibilities for the dairy farmers and it is also a good example of combining primary production and processing (forward-linkage).*

#### **1. Project details**

##### ***Nature of the project***

*Purpose:* To establish a cheese factory unit within the farm. Located in the Gers hills, the 85-hectare Ferme du Hourcot produces cereals, milk and raw milk cheese. The cultivation of the grasslands is primarily intended to feed the herd of 70 dairy cows and 80 heifers.

*Content:* The main goal of the project is the production of fine homemade cheese, unique in Gers, targeting local consumers, thereby satisfying the demand for “buying/eating local” and filling a void in the marketplace (the farm’s raw milk cheeses along with the “Fleuri Gascon” are the only products of their kind in the area). Furthermore, the project’s aim is to keep the value-added of the production on the farm, by avoiding selling the milk to the cooperative or industrial milk company. The finished products (bottled milk, Tomme de Gascogne cheese, and Fleuri Gascon cheese) are destined for local markets, sold at various regional fairs, events, shops, and the farm’s own store. Visits are arranged by appointment with the possibility of seeing the cheese-making process.

*Inspiration:* The inspiration came from the owners’ kids in 2001. When they were just teenagers, they had the idea of producing homemade cheese on the farm. For this purpose, the owners’ son and daughter went to specific vocational schools to become farmers. The son earned an agricultural degree (BTS ACSE) and the daughter went to a Dairy products school (BTS).

*Policy coherence:* The project is coherent with the strategic aims of regional (Region of Midi-Pyrenees) and local (Gers Department) rural development policy, especially in relation to the focus on increasing links between primary production and processing, and creating more income possibilities for farmers.

### ***Links between agriculture and the rest of the economy***

*Main agricultural sub-sectors involved:* The dairy sector is the main agricultural sub-sector involved. Other local sectors involved include local food processing, the local food industry, trade, and tourism. Gers is not well-known for its cheese and there are only a few cheese producers (only two out of 100 milk producers). Thus there is not an established dairy sector to support farmers with their economic development.

*Description of these links:* The project has forward links with the local food industry and trade. The farm sells their products to the local markets (Mirande, Seissan and Auch). A few supermarkets have also accepted to sell their cheese (Super U in Masseube, Intermarché in Condom, Carrefour in Auch, etc). By targeting new stores to carry their products, the farmer organises the whole supply chain. The two children engage in promotional activities and marketing by going to the stores for special events organised to promote their products. During summer, the farm has a partnership with the Tourism board of Val de Gers to organise farm visits.

### ***Scale of the project***

*Size:* Their annual production is over 550,000 litres of raw milk. Some 10% of the milk produced is processed into dairy products, and the remaining 90% is sold to the Lactalis group in Montauban (industrial company).

*Time scale:* 4 years

*Coverage:* local

### ***Beneficiaries and supporters***

*Beneficiary:* the farm owners (parents and their son and daughter).

*Supporters:* On May 2009, this farm was awarded "Excellence Gers" by the Audit Board "Excellence Gers". The farm now ranks as an ambassador of the Terroir Gersoises. In addition, the agriculture chamber of the nearby Lot department has provided advice to set-up a wastewater treatment plant using natural reeds.

### ***Finance***

*Funding:* In 2005, the owners financed their cheese production factory with a 280,000 EUR investment. They received a 63,000 EUR ERDF (European fund for regional development) objective 2 grant (Farm producers' support measure). Built in 6 months, the cheese factory unit started producing cheeses in May 2006. This EU funding has financed the production materials, the construction of the unit and the storage cellar.

Also, the Conseil Régional financed a wastewater treatment plant, using natural filters made with reeds. The farmers received an additional 5,000 EUR grant, to finance a third of this treatment plant project (15,000 EUR).

Always innovative and entrepreneurial, the Savary family continue to generate ideas for new products (like yogurt); the EAFRD funding is seen as a way to finance their new projects.

*Budget:* 90% of the turnover is made from the milk production. The farm is family-owned (EURL), by the two parents and their two children. Their farm activities provide enough revenue for their three households.

## **Results**

*Direct results:* On one hand, results are better than expected; the Savary family created a new product, without prior experience in the sector, and they have increased their cheese production each year. The farm is now well-known in the area, and creates a good supply chain for the local food market. On the other hand, the marketing aspect is difficult to manage, with not enough market opportunities in the larger supermarkets. While there is significant demand from individual consumers and local markets (small village shops, etc.), the larger market opportunities have not yet been realised.

The Savary family would like to transform a higher proportion of their raw milk into finished dairy products. Nowadays, they use 60,000 litres of milk to produce cheese, but to balance their budget and to be profitable they should process around 100,000 litres milk per year. The first years of cheese production have been difficult because of the financial losses, balanced by the income gained from milk production and the sale of the raw milk to the Lactalis group. Currently, the farm has a plethora of customers, each of which purchases small quantities of cheese; the main goal is to downsize the number of retailers/customers, and to sell greater quantities to each outlet.

*Main target:* community consumers

*Wider benefits:* Buying local has become a trend among consumers who want to support their local economies while also being environmentally responsible. The owners are confident about the possibility to find new market opportunities in the next few years. Also, they know that other farmers in the area are interested in following their footsteps.

## **2. Relevance of case study experiences for others**

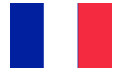
*Problems:* The infrastructure has been the most expensive part of the project. The Savary family would now like to focus their investments on other tools to produce a wider range of products to fulfil the needs of local customers. As mentioned previously, the investment in the cheese factory unit was quite high and the farmers must increase their production in order to realize a return on this investment. Besides the challenge to find new marketing channels for the products, the biggest problem the farmers are facing is the low price of milk (several milk producers across France are facing the same problems and many of whom have been forced to shut down their businesses recently). For the last year, the Savary family has produced milk without making any profits.

Moreover, selling raw milk is not a great economic opportunity. Due to the high costs of the glass bottle (27 cts per bottle vs 27 cts/ the litre of milk), there is no profit margin. Also, the logistic chain is too complicated to organise.

Lastly, to keep the quality label "produits fermiers" (which certifies the food product originates from their own farm), milk coming from other farms cannot be processed, preventing from the possibility to cooperate with other farms of the region. The rules established within the quality label are very strict and in some cases they represent an obstacle to the creation of innovative products.

*Transferability and mainstreaming potential:* This project can be replicated successfully elsewhere depending on the local context.

*Innovation:* This project is perceived as quite innovative in the Gers department, due to the fact that cheese making is not developed as a sector.



*Institutional aspects:* Aside from the EU funding, the farmers have worked independently on this project. However, it is quite interesting to notice that parents and children have successfully managed it together. The farm is located in the LAG Pays de Auch; however, no partnership has been established with the LAG.

*Social aspects:* They have hired one employee. It is quite remarkable that two young family members (the 24- and 26-year-old children) are in charge of the project development.

*Environmental aspects:* Environmental sustainability is a major focus of this farm operation. During the « Sustainable development week » (a nationwide event) in April 2009 and April 2010, the Savary family explained to their customers how they have reduced the environmental impact of their farming activities, striving to work in harmony with nature. Here are some examples:

- 280 sq meter photovoltaic panels have been installed on the farm buildings roofs, and the energy produced is used in the farm activities. The National Energy agency (ADEME) co-financed the establishment of this renewable energy project (10 000 euros).
- Homeopathy products are generally used instead of antibiotics to treat the animals.
- The no-till farming technique is utilized for the cereal crops. No-till is an emergent agricultural technique which can increase the amount of water in the soil and decrease erosion. It may also increase the amount and variety of life in and on the soil.

*Sustainability:* The project is sustainable. In fact, the Savary family could have launched their project without EU funding, but at a smaller scale, with less ambitious goals, and more difficulties in managing it.

*Lessons to pass on:* To be qualified before starting a new diversification activity seems to be a crucial element, and it is in this specific case. The dairy product sector is very time consuming and requires a lot of hard-work and an advanced technical skill set. Furthermore, it is imperative to do a market analysis to anticipate consumer demand and potential marketing channels.