

FARMINFIN



Farming concepts and innovative
funding/financing

CASE STUDY

Anna Page



INTRO

Buffalo farm Ohař is the first buffalo dairy farm in Czech Republic. Since 2015 Anna together with her husband Alex produces high-quality ecological dairy products such as milk, kefir, yoghurt and cheese. All the products are processed in their own small cheese factory. Most of the production is sold by means of community-supported agriculture. The rest goes to stable customers from surrounding, their zero-waste grocery store and collaborative cooperative shop. Beside farming, Anna is at the same time working part-time as an agriculture advisor, which helps them to cover problems with cash-flow of the farm.

1. PERSONAL DATA OF THE FARMER



- ▶ **Name:** Anna Page.
- ▶ **Birth year:** 1981.
- ▶ **Gender:** Female.
- ▶ **Education:** She holds a master's degree in general agriculture from the Czech University of Life Sciences of Prague. She attended various educational programmes for accredited consultants of the Ministry of Agriculture.
- ▶ **Occupation:** Anna is a farmer with part-time job as an agricultural advisor.

2. FARM DATA

- ▶ **Farm location:** Ohař 5, Mirovice 398 04.
- ▶ **Farm Area in ha:** 23,45 (18,64 ha own, 4,81 ha leased land).
- ▶ **Farm description:** After working in the administration for various years, Anna and her husband Alex decided to quit their jobs and buy a farm in 2015. When the reconstruction of the stables and building of small cheese factory was done, they bought the first herd of 8 buffalos and started their new lives as dairy farmers. Today their herd consists of 23 buffalos. The cows are milked, and all the milk is processed on the farm. Among their dairy product, which all have an ecolabelling, we can find milk, kefir, yoghurt and cheese. Alex works full-time at the farm, Anna dedicates about 60% of her time to farm work. She works the rest of the time as an agricultural advisor.

Their main selling channel is through the community-supported agriculture – about 80-90% of their production is delivered once every two weeks to their customers in the form of a prepaid packages. Products are also sold directly to customers on-farm, in a zero-waste grocery store and in the collaborative cooperative shop.

3. FINANCING AND ACCESS TO FUNDING

The main difficulty connected to financing is the problem with farm cash-flow which jeopardises the farm development. For example, they are currently facing the dilemma of choosing between investing in additional facilities for their cheese factory (centrifuge, churn...), technology in stables (lighting, new gates) or machinery (electric quad, cattle carrier). Those problems with cash-flow are caused mainly by high initial costs and in the case of project subsidies by the need to finance the expenses in advance. In order to cover the expenses, the farmer incurs debt i.e. the farmer has to ask for a loan to the bank or a private investor. The reimbursement of the subsidy could take up to 4 years. The situation with bank loans/ private investor was completely different in 2016/2017. Negotiations back then went well and it was not a big problem to ask for funding. Nowadays, there is a big uncertainty in the banking markets due to Covid crisis. Private investors want to return the invested funds and banks do not have much will to lend. Due to the obligations arising from project applications, they have to operate for at least 5 additional years. The success of the project depends on whether they manage debt consolidation. The latter is dependent on the will of the bank to help them with the payments to private investors. Project subsidies are therefore deepening the cash-flow problems of the starting small farms. Without the supplementary income from Anna's other job, the farm would not be operable at all.

On the other hand, the payment in the community supported agriculture is made by the shareholders in advance – the products are “sold” before they are actually produced so that there is no risk of leftovers. Farmers also sell their products through the collaborative cooperative store “Obživa”. This shop works on the principle of the so-called consumer purchasing group, ie it is financed from initial investment and monthly membership fees, does not generate any profit and intermediary is omitted. The assortment is thus sold at cost prices without a margin, which allows consumers to obtain quality fresh food at lower prices and, on the other hand, guarantee higher prices to producers.

Farmers are considering cooperating with an online grocery store and food delivery services in the future. Furthermore, they are thinking about crowdfunding. Their longer-term goal is to promote regenerative agriculture (system of farming principles and practices that seeks to rehabilitate and enhance the entire ecosystem of the farm with a particular emphasis on soil health) and become one of the first zero-carbon farms.

“Nowadays, there is a relatively wide network of non-profit organisations, which are dedicated to connecting farmers and consumers. Therefore, I recommend consulting the plans related to farm food production with these NGOs.”

4. TRAINING NEEDS AND CONCLUSION

► **Training experiences and gaps:** Apart from her university education, which helped her to increase her knowledge on agriculture issues, Anna did not receive any specific training useful for the management of the farm. Anna and Alex mostly learn as they go along. Very relevant was for both farmers however the experience from their former work as office workers, where Anna gained inside into Czech agricultural subsidies at the Ministry of Agriculture and Alex worked as a diplomat for the European Commission.

They are very worried about climate change. To get inspiration on how to farm in a sustainable way, Anne is following the examples of various farms developing abroad, particularly in the field of regenerative agriculture.

► **Final considerations:** The big challenge is the lack of time. Since Anna relies on her other part-time job to help with financing, she can not dedicate all of her time to work on the farm. The overall farm management with on-farm milk processing is almost impossible to handle with only two people available.

For starting entrepreneurs with their own production, financing and sale of products through community-supported agriculture could be very suitable and provide assurance that almost all production from the farm will be sold. From the point of view of starting farmers, there is no time at all for the right marketing of own products in the beginning, without which it is impossible to sell them. A community-supported agriculture model (CSA) could help a lot, because there is a mutual commitment between the producer and the customer. However, even this system has its imperfections.

The big asset in the case of Anna and Alex is certainly the production of good quality untraditional ecolabel products.

Furthermore, they want to show that food can be produced while taking care of the environment. Crowdfunding could be therefore a suitable tool to obtain financial support and at the same time spread awareness.



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 **Folkuniversitetet**
Kursverksamheten vid Lunds universitet

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Agricoltura E' Vita (AéV), Italy
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Asociace soukromého zemědělství ČR
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Union de agricultores y ganaderos - jóvenes agricultores de Jaén (COAG-Jaén), Spain
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Social media

Facebook: [@farminfin](https://www.facebook.com/farminfin)
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Project webpage

www.farminfin.eu

PROJECT COORDINATOR



The European Council of Young Farmers (CEJA), Belgium
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