



**Farming concepts and innovative  
funding/financing**

**CASE STUDY**

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**Alicia Fernandez**



# INTRO

Alicia is a transhumant lamb farmer from Sierra de Segura (Jaén), she decided to undertake and start a succession process in her family farm, as a form of self-employment that would provide her with stable job opportunities. To start the process, she applied for the Young Farmers Set Up (YFSU) programmes through the EU RDPs; but the activity itself, in addition to the COVID circumstances, has forced her to look for other financial tools, such as the contracts for the transfer of livestock load, which have allowed her to gain time and guarantee the income generation capacity of her farm. Her desire for the future is to grow her livestock, introduce other species and generate employment. To this end she is already planning her Modernisation project.

## 1. PERSONAL DATA OF THE FARMER



- ▶ **Name:** Alicia Fernandez.
- ▶ **Birth year:** 27 years old.
- ▶ **Gender:** Female.
- ▶ **Education:** Degree in business administration and management. Training in livestock farming through Set Up courses for young farmers.
- ▶ **Occupation:** Segureña Transhumant Sheep Farm, works as a full time self-employed in her farm.

## 2. FARM DATA

▶ **Farm location:** Alicia as a transhumant livestock farmer has 3 areas of pasture within the province of Jaén. A winter pasture in Navas de San Juan (250 ha), and 2 summer pastures, one belonging to the communal pastures managed by the SAT in Santiago Pontones and other private pastures in Puebla de Don Fadrique.

▶ **Farm Area in ha:** More than 400ha of pasture.

▶ **Farm description:** After studying her university degree, Alicia could not find the job stability she was looking for and her father offered her to take over part of his Segureña sheep farm. At that time, the grants for the set up of young farmers were published and they decided to start the process of succession and incorporation.

Alicia bought part of her father's livestock, making contracts to rent out the pasture. Her farm manages extensive Segureña sheep under the transhumant grazing modality, and is currently in the process of

organic certification. They sell through an association (Coosegur) that guarantees quality certificates for Segureño lamb and obtains the best margins for its associates.

For the management of the pastures, part of them has been leased with private contracts and another part is communal pastures (public). For this purpose, she belongs to a SAT (Sociedad Andaluza de Transformación) which brings together many cattle breeders, allowing them access to public offers for pasture concessions. This form of association is fundamental, without it they would not be able to access funds individually, SAT advises them on the implementation of contracts, the management of areas and the distribution of the CAP payment rights attached to them.

### **3. FINANCING AND ACCESS TO FUNDING**

Alicia has combined various forms of financing to set up and manage her livestock business. The opportunity to start up her business arose from her father's desire to initiate a succession process which became feasible with the publication of the RDP for the set up of young farmers.

The Set Up grants has been fundamental, but Alicia had some of her own funds to cover part of the payments. One of the biggest difficulties of the Set Up programme is the management of the payments, which are sequenced in several instalments, making it difficult in her case to pay for the purchase of the livestock. For this reason, in the purchase contracts they sequenced the purchase in 3 payments, adapting it to the collection periods of the Set Up Programme.

Alicia wants to grow her herd by increasing the number of animals and introducing other species, mainly cows. To this end, from the beginning she over-dimensioned the area to be leased, with a view to buying new cattle in the future. The COVID situation has limited the possibility of growth during 2020, which is why she had to look for solutions to her excess grazing area, which put at risk the non-recovery of CAP payment entitlements linked to this surplus.

This is how the contract for the transfer of livestock load arose, a contract in which Alicia transfers pastureland to feed another farmer's livestock. With this, Alicia receives a lease for the transfer of pastureland and allows her to justify the CAP payment rights on a surplus area, without an associated livestock load. The most complicated part of this operation was the bureaucratic process of justifying the CAP, which required technical advice given the innovative nature of this type of contract, with many requirements and validation phases.

**“Given our financing circumstances and those arising from the COVID, the transfer of livestock load has given us time and has provided benefits to both parties. In my case, given the risk of losing CAP rights, it allows us to justify rights by guaranteeing operating revenue for the excess area we had.”**

## **4. TRAINING NEEDS AND CONCLUSION**

► **Training experiences and gaps:** For Alicia, the Set Up courses are aimed at acquiring technical knowledge that will facilitate the activity that is being chosen, as well as facilitating the knowledge to apply for public grant (Setup/Modernisation). Thus, although management tools such as accounting are explored, the range of financing options that may be necessary for future phases of business growth, are not explored.

In this sense, Alicia believes it is necessary to develop these aspects through other programmes. Thus, it would be interesting to know how to evaluate the needs of their operation, identifying which investments are necessary. Learn how to evaluate which investment is more appropriate depending on each phase of the business. Knowing the financial tools, knowing which is the best option for financing, making a business plan and knowing how to defend it front other investors. These are also areas of knowledge that could generate added value.

To do this, the training should be practical and should include knowledge of accounting and tax management, income and expense flows, document registration, financial planning, investment evaluation, generation of ratios, etc.

► **Final considerations:** Alicia has combined various forms of financing, firstly her Set Up project is a public financing tool through a subsidy, secondly SAT is a private associative form that brings together the interests of many cattle breeders, allowing them access to communal pastures and finally the livestock load contract, which is a private bilateral lease.

These tools have allowed Alicia to reduce risk, since SAT guarantees pastureland through access to public offers, and helps them to formalise and manage the communal pasturelands. On the other hand, the livestock load contract offers the possibility of charging CAP rights and charging a rent for the assignment of pastures, which has allowed Alicia to generate income despite not having enough livestock. And finally, the Set Up grant has allowed the process of agricultural succession within the family unit, with the purchase of her father's livestock.

These tools have reduced uncertainty and given Alicia opportunities to adapt to the current circumstances of COVID. However, these are forms of financing with difficulties. Incorporation offers

some funds to start up a business, but the structure in phases of collection forces young farmers to have their own funds, to ask for bank financing, or to plan payments for their purchases by adapting them to the collections of the Set Up programme.

The livestock load transfer contract is not without difficulties either. In addition to having to agree on the conditions of the lease, bureaucratic requirements from the CAP point of view make it difficult to manage the contract. This makes it necessary to involve technical advisors to guide and resolve any difficulties that may arise, especially if this form of contract is not well defined in your country.

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### Project webpage

[www.farminfin.eu](http://www.farminfin.eu)



The European Council of Young Farmers  
(CEJA), Belgium  
[www.ceja.eu](http://www.ceja.eu)



Co-funded by the  
Erasmus+ Programme  
of the European Union



Financed by the European Union. The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein. Project n° 2019-1-BE01-KA202-050397