

# FARMINFIN



Farming concepts and innovative  
funding/financing

## CASE STUDY

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Patricia Torres Santos



# INTRO

Patricia Torres is a farmer who produces organic pistachios and olive oil. The economic and technical demands associated with a new pistachio plantation have forced her to combine this production with the production of olive oil, a combination which has helped her to sustain her farm economically until her pistachio plantation matures into full production.

Diversification has meant a combination of different form of financing. First, she accessed the Incorporation Program for Young Farmers, which facilitated her cash flow management in the first years. In the following phases, the challenge of guaranteeing the defence of her margins led herto participate in the constitution of a SAT, a private association that allows them to make joint investments for the transformation and commercialization of their products in an agro-industrial sub-sector yet to be defined.

## 1. PERSONAL DATA OF THE FARMER



- ▶ **Name:** Patricia Torres Santos.
- ▶ **Birth year:** 35 years old.
- ▶ **Gender:** Female.
- ▶ **Education:** Civil Engineer who also has done the courses of Incorporation of Young Farmers.
- ▶ **Occupation:** 80% of her time is dedicated to her agricultural activity and she spends 4 hours a week in another occupation as a rural house manager.

## 2. FARM DATA

- ▶ **Farm location:** She has two rented plots with 15 ha of olive groves in Marmolejo (La Loma de la Marquesa) and 28 ha of Pistachio in Huelma-Solera (Sierra de Huelma).
- ▶ **Farm Area in ha:** 43 ha (15 olive groves and 28 ha pistachio).
- ▶ **Farm description:** Patricia started her agricultural activity through the Incorporation programme for young farmers. The pistachio farm she manages was started by her husband who acquired the land and planted it.

Due to the difficulties of entering into production of pistachio cultivation and because it is not profitable in the first years, her husband had to start working in another sector. When the crop was starting to be

productive, Patricia decided to lead the new phase of the farm. To do this, she accessed Installation Aid as a young farmer, and signed several contracts to manage more land and diversify her production.

The farmland is rented. She is an independent entrepreneur and only worker in the family farm, she is supported by another person who helped her with the work in the first phase of her incorporation.

She is aware of the current price crisis in the agricultural sector in her region, and has made a special effort to improve the marketing process of her products. To address this challenge she has joined a SAT (Andalusian Transformation Society) for the transformation and commercialization of pistachio, and she is forming a new association of organic olive producers with whom she will defend their collective interests as producers.

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

Patricia has continued her husband's work at the head of the farm, after the purchase of the land and the plantation they made a large outlay to make both investments, half through their own funds and the rest through grants and bank financing. Since the first years of the plantation were not profitable, her husband decided to work in another sector.

After the farm went into production, Patricia, who was unemployed, decided to take the lead in the next phases. To do this, it was necessary to acquire sufficient liquidity to put the farm back into operation and ensure its sustainability as a source of income.

To do this, she decided to apply for young farmer grants, which guaranteed that the initial running costs would be covered. Additionally, she decided to diversify by leasing not only her husband's pistachio farm, but also another organic olive farm, thus supplementing an income that would have been too low if they had depended exclusively on pistachios.

The next step was to ensure the commercialisation of pistachios, a crop with many barriers to entry and a long payback period. If you have the financial muscle, however, it can become very profitable from year seven onwards. To this end, she decided to participate in the constitution of a SAT, specialized in the initial transformation (drying and peeling) and aimed at developing new marketing channels.

This form of association is an innovative element from the point of view of financing. It can be define as various producers constituting a private legal form in order to make large investments which will enable them to process and to seek alternative marketing channels.

In this sense, Patricia had to pay a fee to enter SAT, a payment she made from the money received from her young farmer grants. SAT in turn has reached several agreements to cover the investments as well as financing through the contributions of its 6 members. With all this, they have built facilities, acquired machinery and executed operations.

SAT is based on a spirit of exchange, in which the members accompany each other and learn together about the management of a very new crop in Spain. From this spirit of exchange, an agreement has been reached with the Alamedilla town council, which is very interested in this crop as a potential alternative to the olive grove, which is currently in decline. As part of council's desire to promote knowledge of this crop among local farmers, the SAT has received municipal facilities and a plot of land to carry out trials

and training for their farmers. This exchange of facilities for training and advisory services has provided a financial opportunity for SAT which has reduced its costs for renting or purchasing these facilities.

**“To get out of the current situation, we have to get out of the dynamic we have. We have to try to do different things to get other results.”**

**“Before moving anything, it is necessary to get informed, informed and informed. It is necessary to handle a lot of information, the more information the better the project will be to apply for funding.”**

**“The more we know, the better we will evaluate needs, the better we will design our project and the better we will be able to defend it to others.”**

**“We need to handle reports, data, be able to analyse and justify them. Identify your strengths that make the project solvent for funding.”**

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

► **Training experiences and gaps:** Patricia recognises the need for access to training and information to be able to make a better assessment of the farm's needs. She therefore recognises the need to acquire multidisciplinary training, and among the skills required are economic and financial skills, to be able to plan income and expenditure, evaluate investments, manage cash flow, generate tax savings and develop accounting and bureaucratic obligations in the financial field.

Additionally, she realised that it may not be possible to acquire such training. In those scenarios, it is important to seek advice that will facilitate the processes in decision-making linked to financing, such as the preparation of business plans or correct planning that will help to minimise the tax impact.

Patricia is aware of the importance of knowing how to communicate her business plan. To do so, it is necessary to have in-depth knowledge of the operation, know how to handle reports and quantitative data, to the point of being able to answer any questions that may arise from potential investors. To do this, it is essential to highlight your strengths, as well as the economic or structural guarantees that offer certainty about your capacity to generate income and to face debt.

► **Final considerations:** Olive growing has become unprofitable in recent years, as falling market prices have led many farmers to seek new ways to diversify their farms with other crops. Pistachio has emerged, together with almond, as an alternative for many farmers in the province of Jaén, with pistachio being a more novel crop, less established and with more technical and management difficulties.

From this point of view, this can be an interesting case study for many who want to start a new permanent crop like pistachio. This crop has a long return on investment, so it is necessary to combine it with another income generating crop until it comes into production. It is a crop that requires a high entrepreneurial and training profile, so it can be associated with young farmers who want to join

agriculture. Additionally, it is important to access combined forms of financing such as public subsidies (installation aid, modernization, etc.), own funds, and traditional bank financing.

Crops, such as pistachio, which has high medium-term profitability, are interesting for financial institutions, as they are more inclined to finance projects with increasing profitability.

The association and cooperative format, in which multiple investors pool their funds in order to generate economic profit, are the fundamental basis of many new forms of financing. This case illustrates the successful constitution of a SAT, which tries to bring together funds to make investments that facilitate the adoption of common interests, training, processing and marketing.

In addition, their collaborative attitude has allowed them to reach agreements with other institutions, which has boosted their financial strength. Thus, they have obtained the transfer of facilities and land in exchange for the provision of services, carrying out a social work approach, dissemination and training of pistachio for farmers in the community.

The next phase, which both Patricia and SAT are considering, is to access the EU Modernisation plans, which have just been published for 2020 in the Autonomous Community of Andalusia, with which they plan to acquire equipment for their farm, as well as renew the machinery and undertake new marketing actions in SAT.

# PARTNERS

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Hof Und Leben (HuL), Germany  
[www.hofundleben.de](http://www.hofundleben.de)



On Projects Advising (OnP), Spain  
[www.onprojects.es](http://www.onprojects.es)



Folkuniversitetet (FU), Sweden  
[www.folkuniversitetet.se](http://www.folkuniversitetet.se)



Agricoltura E' Vita (AéV), Italy  
[www.agricolturavita.it](http://www.agricolturavita.it)



Asociace soukromého zemědělství ČR  
The Association of Private Farming of Czech Republic (APF CR), Czech Republic  
[www.asz.cz](http://www.asz.cz)



Union de agricultores y ganaderos - jóvenes agricultores de Jaén (COAG-Jaén), Spain  
[www.coagjaen.es](http://www.coagjaen.es)

## Social media

Facebook: [@farminfin](https://www.facebook.com/farminfin)  
Twitter: [@farminfin](https://twitter.com/farminfin)

## Project webpage

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

## PROJECT COORDINATOR

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



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