

FARMINFIN



Farming concepts and innovative
funding/financing

CASE STUDY

Valerio Ruspolini



INTRO

Mr. Valerio Ruspolini worked as a manager in the cereal and oilseed storage centre owned by his spouse's family. He had long time been attracted the profession of farmer and in 2017 he heard of a 90-hectare farm that was on sale at an affordable price. He also learned from an acquaintance that funds were available for the purchase of arable land by ISMEA and was sent to CIA farmers' organization offices in Terni. The decision was taken, the project and the application for funding was submitted to ISMEA and the approval arrived about a year later. The challenge of starting a new farm and adapting his family life thus began in 2018.

1. PERSONAL DATA OF THE FARMER



- ▶ **Name:** Valerio Ruspolini.
- ▶ **Birth year:** 1980.
- ▶ **Gender:** Male.
- ▶ **Education:** High School.
- ▶ **Occupation:** Farmer.

2. FARM DATA

- ▶ **Farm location:** Farmland distributed in the municipalities of Marsciano, Monte Castello di Vibio and San Venanzo (Umbria – IT).
- ▶ **Farm Area in ha:** 90ha (70ha arable land).
- ▶ **Farm description:** There was a 90-ha farm on sale for a good price. The family of Valerio's spouse had a farm and a cereal and oilseed storage centre that could be a reference for managing and selling the farm products.

A friend of Valerio who knew about a tender for land purchase launched by ISMEA, recommended Valerio to get in touch with the agricultural advice service of the farmers' organisation CIA in Terni.

The project and the application for funds were prepared and submitted to ISMEA by the advice centre of CIA Terni and within 1 year the response was favorable, the contract signed, and the farm bought.

Cereals, oilseeds and legumes were the previous and traditional crops of the farm. Valerio decided to maintain those crops and change the farming regime to an organic one.

The new plantations were a 2-ha olive grove and a 3-ha lavender field. These new crops aim to diversify the production by producing organic extra-virgin olive oil (Bio EVOO) and lavender essential oil for cosmetics.

3. FINANCING AND ACCESS TO FUNDING

The owner and farm manager has a loan contract with ISMEA based on a 30-year payback to the lender with yearly interest rate slightly lower than 1%.

Cereals and oilseeds are currently placed in storage after harvesting in the silos of the family company and sold at the best market time.

The lands are currently being converted to organic production and the products can be certified organic starting from 2021.

The olive grove is expected to go into production within the next harvest and the production of organic EVOO will be fully operational within 7 years.

The production of lavender essential oil started in 2020 and will be increased in the coming years.

The financial situation is stable and in balance thanks to the good conditions of the ISMEA loan.

“ISMEA is a public body that carries out information, insurance and financial services. ISMEA establishes forms of credit and financial guarantees for agricultural businesses and their associated forms. The 30-year ISMEA loan is a call launched for the first instalment of young farmers with very low interest rate addressed to young people aged between 18 and 41 to buy a farm and become a farmer. The participants have to submit a financial and technical project to ISMEA and in case of approval they sign a 30-year loan contract and get the money for the farm purchase.

The ISMEA funds for first instalment as well as for farm improvement can be considered in Italy as a great opportunity for those who would like to create a farm from scratch or innovate a conventional farm.

This kind of innovative financing can be described as successful since it gives the opportunity to get funds making possible to purchase a land property within a reasonable timeframe. The interest rate is much lower than that charged by the bank system and the pay back instalments are acceptable. Furthermore, the ISMEA staff is very competent to deal with agriculture-related issue , not the same can often be said for the banks.

It is necessary to focus on your aims and objectives before starting the application process and share them with competent people for their advice to seize opportunities and existing financing measures in a timely manner.

One must not be afraid of taking decisions after having planned everything as well as possible. However, it is advised to start according to the plan and then follow it step-by-step.”

4. TRAINING NEEDS AND CONCLUSION

► **Training experiences and gaps:** Training on the organic sector marketing and financial competence would be a good opportunity to improve those two fundamental skills.

To develop your own competences, skills and attitudes it is necessary to focus on your aims and objectives before starting and share them with competent individuals for their technical advice.

In the same way, it is necessary to develop financial skills by following specific training schemes so that you can better understand existing financing sources and seize funding opportunities in a timely fashion. Farm management is another key competence as it is fundamental to take the right decisions after planning everything as well as possible.

After taking the decision, it is necessary to speed up your action plan and follow it step-by-step with the help of competent advisers.

► **Final considerations:** The information on funds available under the ISMEA 30-year loan came from a friend who suggested to get a technical advice on the funding procedure from the CIA Umbria office of Terni. The project was discussed, shared and submitted within a short time so that it was possible to complete the purchase for the property quite easily and without delay. An inspector from ISMEA visited the property before concluding the contract and approved the project. Hence, the administrative procedure did not last a long time.

Challenges related to financing were quite easily overcome since the project submitted was well prepared and the timing for approval was reasonable (less than one year).

After the purchase of the agricultural property, the main challenges for the farm activities were to launch a farm development plan adding to cereals, oilseeds and legumes new plantations i.e. olive trees and lavender field. The lavender field requires special watering and soil needs.

The works for the land cultivation and for the new plants were contracted in an outsourcing firm as planned in the approved project.

The first investment was the purchase of a stone removal machine, due to the need to make the soil more suitable for the planned crops. The next investment planned will be a harvesting machine for lavender since a full harvest is expected in 2021.

Additional short-term challenges will be: i) the commercialisation of the organic cereals, legumes and oilseeds, ii) the marketing for the lavender essential oil connected to the participation within a specialised supply chain.

When the olive trees will start producing olives, it will be important to have access to the market of organic Extra-Virgin Olive Oil within the “Protected Designation of Origin Umbria” EVOO.



PARTNERS

**HOF UND
LEBEN**

Hof Und Leben (HuL), Germany
www.hofundleben.de



On Projects Advising (OnP), Spain
www.onprojects.es



Folkuniversitetet (FU), Sweden
www.folkuniversitetet.se



Agricoltura E' Vita (AéV), Italy
www.agricolturavita.it



The Association of Private Farming of
Czech Republic (APF CR),
Czech Republic
www.asz.cz



Union de agricultores y ganaderos
- jóvenes agricultores de Jaén
(COAG-Jaén), Spain
www.coagjaen.es

Social media

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

Project webpage

www.farminfin.eu

PROJECT COORDINATOR



The European Council of Young Farmers
(CEJA), Belgium
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