For some 10 years technical assistance providers serving a broad spectrum of business start-ups have determined that training, and coaching is more likely to achieve the outcome of successful business start-up if it is tied to a matched savings program.

Debt financing can be a very important tool for beginning farmers as they work to secure land and build their businesses. However many have a cultural aversion to taking on debt and others have been burned by its dazzling promise so that they are not longer willing or able to borrow. Equity investments have been receiving more and more attention on the national scene as of late, but the concept of having a partner with a strong cash position team up with a business owner with skills but limited capital to advance a business is a very old one. The questions that arise are what roles will each of these types of parties play and can they tolerate each other? (Currently on the national scene some large private banks are working hard to return “bailout” funds because they want to maintain maximum independence from Federal partners.)

We'll look at an existing agricultural “Individual Development Account Programs currently offered or being developed in several states. These matched savings programs help beginning farmers build equity over 1-3 years, by matching the farmer’s savings with outside funds. California FarmLink’s program will be described. Learn about Federal resources currently available for IDA’s, as well as the newly authorized Beginning Farmer and Rancher Individual Development Account Pilot Program and it's potential to fund some 4,000 accounts through 15 pilot programs.

In terms of equity financing models we'll look at the potential of attracting private capital to assist individual farms with investment. How can we address the needs of investors committed to sustainability as well as farmers who do not look at land as an asset to be “flipped”. What can we learn from what small business advocates call “micro-angel investors” and conservation professionals call “conservation buyers”? What can we learn from investments in multi-generation family farming operations that can be applied to unrelated parties while ensuring the goals of farmer clients, investors, and FarmLink are all met.

Of more than 500 IDA account programs nation-wide only a handful were designed specifically for farmers and ranchers. We'll look at these programs with an eye to the potential for expansion to other states.

An equity investment--whether from relatives or unrelated parties--can help farmers to purchase land with large down payments, while reducing mortgage payments over time. Equity investments strengthen balance sheets allowing expanded access to operating capital where necessary.

www.californiafarmlink.org; www.cfed.org; www.investorscircle.org