Accompanying the transfer and establishment of farms in France

I . Introduction

II. Supports

III. Actors

IV. Accompaniment structures

V. Appendices

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I. Introduction

French farming: a few numbers

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French farming: a few numbers

- 1st EU farmer
- Cultivable area = 1/2 the size of France
- The agricultural domain employs 3% of the labour force
- 500,000 essentially family and small operations, but increase in:
  - ➔ Corporate forms
  - ➔ Size of operations
- 16,000 new facilities per year but a strong trend toward a decrease in the number of farmers (more than 10,000 unrecouped departures)
- 1 million hectares are released per year, 50% of which are used for establishment

II. Supports for the transfer and establishment in France

- Four support systems

- European support framework

- French application of the European framework

- The Programme pour l'Installation des jeunes en agriculture et de Développement des Initiatives Locales (*PIDIL*) [program for the establishment of youth in farming and the development of local initiatives]

- Other forms of support for establishment

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In France: 4 support systems

1-Europe-France co-funding

Subsidies through bonuses and/or better interest rates

For candidates for establishment

National Funding

2-State and community funding

Programme pour L'Installation des jeunes en agriculture et le Développement des Initiatives Locales (PIDIL)

Multiple recipients

3-State and Professional funding

-Tax advantages and fringe benefits for young farmers and transferors

-Subsidy of the accompaniment structure

4-Non-agriculture-specific state funding

Nouvelle Aide à la Création d'Entreprise (NACRE) [new assistance for business creation]
=
Advice (before, during and after establishment)
+ zero-interest loan

Aide aux Chômeurs Créateurs ou Repreneurs d'Entreprise (ACCRE) [assistance for unemployed individuals taking over or creating a business]
= exemption from social contributions

For unemployed and individuals with unstable employment

European framework for establishment support

Common Agricultural Policy
[agricultural funds]

1st pillar

EAGF[1]
€293 billion
For 2007-2013
Direct support
and
market organization

2nd pillar
EAFRD[2]
€78 billion
For 2007-2013
rural development

3 goals/3 components:

1. Competitiveness of agricultural and forest sectors

2. Environment and rural space

3. Quality of life in rural environments and rural economic development

[1]European Agricultural Guarantee Fund

[2] European Agricultural Fund for Rural Development

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- Goals:
  - ➔ Facilitate establishment
  - ➔ Facilitate structural adaptation of operations
  - ➔ Improve human potential
- Components
  - ➔ *Mesure 112* = Establishing young farmers
    => Establishment assistance in the form of bonuses and/or better interest rates (max = €70,000)
  - ➔ *Mesure 121* = Farm modernization
    =>Investment assistance for upgrading for youth located in unfavourable areas (60% of investment cost)

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- Admission criteria:
  - ➔ Be younger than 40 and establishing yourself for the first time as a farm operator
  - ➔ Possess sufficient professional skills and qualifications
  - ➔ Present an agricultural activities development plan that includes, at a minimum:
    - o Initial status of the farm + development phases and goals
    - o A detailed description of investment, training, consulting services or other actions required to develop the activities

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French application of the European framework

- Implementation
  - ➔ *Mesure 112* is a national responsibility = DJA + Prêts MTS JA = €1 billion (50% EAFRD + 50% national funding)
  - ➔ *Mesure 121* is a regional responsibility
- Goals of *Mesure 112*:
  - ➔ Facilitate establishment although establishment costs are increasing
  - ➔ Maintain an agricultural presence throughout the country by accompanying 6,000 youth each year

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Criteria and funding limits for the *Dotation Jeune Agriculteur* (DJA) [endowment for young farmers]

Establishment difficulty by geographic area

Other difficulties + innovative nature +improvement of the environment and appearance of the area

		Prairie	Unfavourable area	Mountainous
Core assets*	mini	8,000 €	10,300 €	16,500 €
	maxi	17,300 €	22,400 €	35,900 €

*providing more than 50% of the professional income from agricultural activities (if between 30-50%, the limits are divided by 2)

Opportunity to obtain €500 or more if committed to a technical-economic follow-up over a three-year period

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- *Prêts à Moyen Terme Spéciaux Installation* (Prêts MTS-JA)
  [special medium-term establishment loans] = subsidy in the form of interest relief to fund recapturing capital + investments over a maximum of 15 years

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- Conditions for access to the support (specifically EU admission criteria):
  - ➔ Skills:
    - o Baccalaureate-level agricultural diploma
    - o Follow-up from accompaniment structure (see below)
  - ➔ Completion of forecasting study (business development plan) showing income between 1 and 3 MW* over five years
- Youth commitment over five years:
  - ➔ Exploit a minimum area (defined at the departmental level)
  - ➔ Accountability through standards-based management

*minimum wage (MW) = €1,300 gross per month

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PIDIL*

- Budget 2008 = €11.8 million in national funding (slight increase)
- Goals:
  - ➔ Financial support for establishing youth, specifically outside the family structure (8.3% of the budget in 2007)
  - ➔ Encourage access to land (53.85% of the budget in 2007)
  - ➔ Encourage information (37.34% of the budget in 2007)
- A list of measures established at the national level but declined regionally
- State + community co-funding (regions, departments, etc.)
- Amounts vary depending on the case (but their national limits for most of the components)

*Programme pour l'Installation des jeunes en agriculture et le Développement des Initiatives Locales

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- Measures for youth:
  - ➔ Various possible forms:
    - o Assistance for advice (technical-economic follow-up, market research, etc.)
    - o Training assistance (assistance for replacement, mentoring, etc.)
    - o Subsidies
    - o Investment assistance (advances, subsidies, etc.)
    - o Support through guarantees (for bank loans)
  - ➔ Admission criteria are, at minimum, those of the EU (<40 years and deemed competent) and are to be determined by the funding body
  - ➔ Possible to combine assistance from both the PIDIL and the DJA

Measures for transferors

- Financial assistance for transferors to encourage them to:
  - Register with the *Répertoire Départemental à l'Installation* [departmental register of farms established] (€5,000 max)
  - Conduct an operating audit (€1,500 max)
  - Rent their home and/or buildings (€5,000 max)
  - Progressively transfer their shares (€5,000 max)
- Note: the planned EU pre-retirement assistance structure is no longer in use in France

- Subsidies can be granted to organizations in order to encourage:
  - ➔ Identification of transferors; individuals who take over [farms] (in connection with the *Répertoire Départemental à l'Installation*; see appendix)
  - ➔ Facilitation and information on the professional farmer, support for [farm] establishment, etc. (Point Info Installation [access point for information on farm establishment]); see appendix)

Other forms of establishment assistance

Young farmers have:

- Priority access to production rights (e.g. milk quotas) or rights to assistance (Single Payment Rights)
- Priority access to land (structural monitoring, SAFER, etc.)

III. Actors Accompanying the Transfer and Establishment

The position of various
actors in the close-up on the Chambres
d'Agriculture

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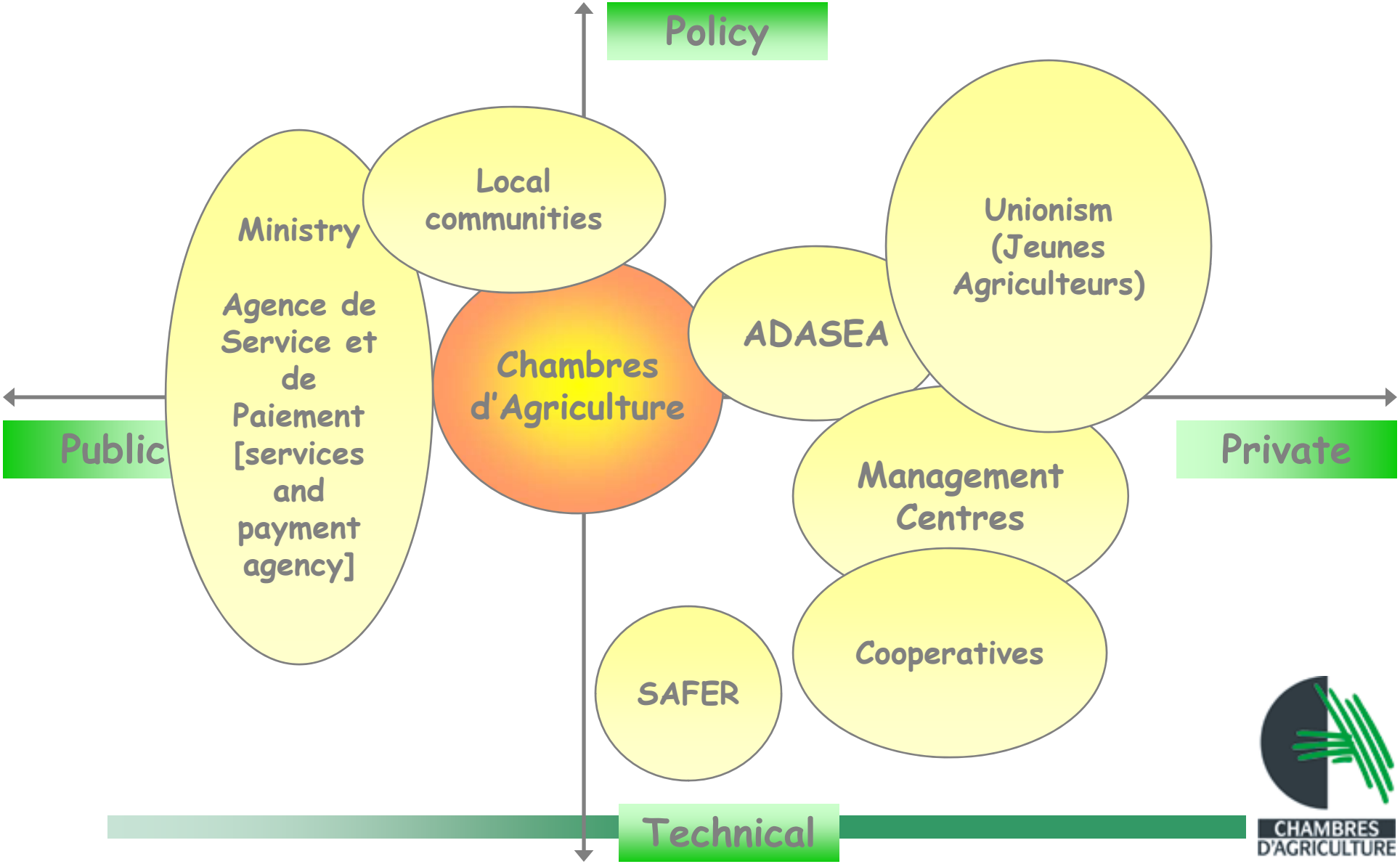
Positioning of various actors



Close-up on the Chambres d'Agriculture

- The Chambres d'Agriculture have a dual mission:
  - ➔ Consultation with the state and communities
  - ➔ Intervention among candidates for establishment, farmers and communities
- 116 public institutions (94 CDA, 21 CRA, APCA)
- 4,200 elected representatives, representing the agricultural world in all its richness and diversity (2,770,000 electors and 50,000 professional associations)
- 7,820 collaborators of whom 73% are engineers and technicians
- Overall budget of €650 million for the Groupe

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IV. Accompaniment structure

Previous

Overview

New

Beyond the regulatory structure

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Previous structure

- Reserved for young people applying for the DJA and/or an MTS-JA loan
- Content:
  - ➔ Six-month farm internship
  - ➔ Forty-hour *stage préparatoire à l'installation* (SPI) [establishment preparation internship]

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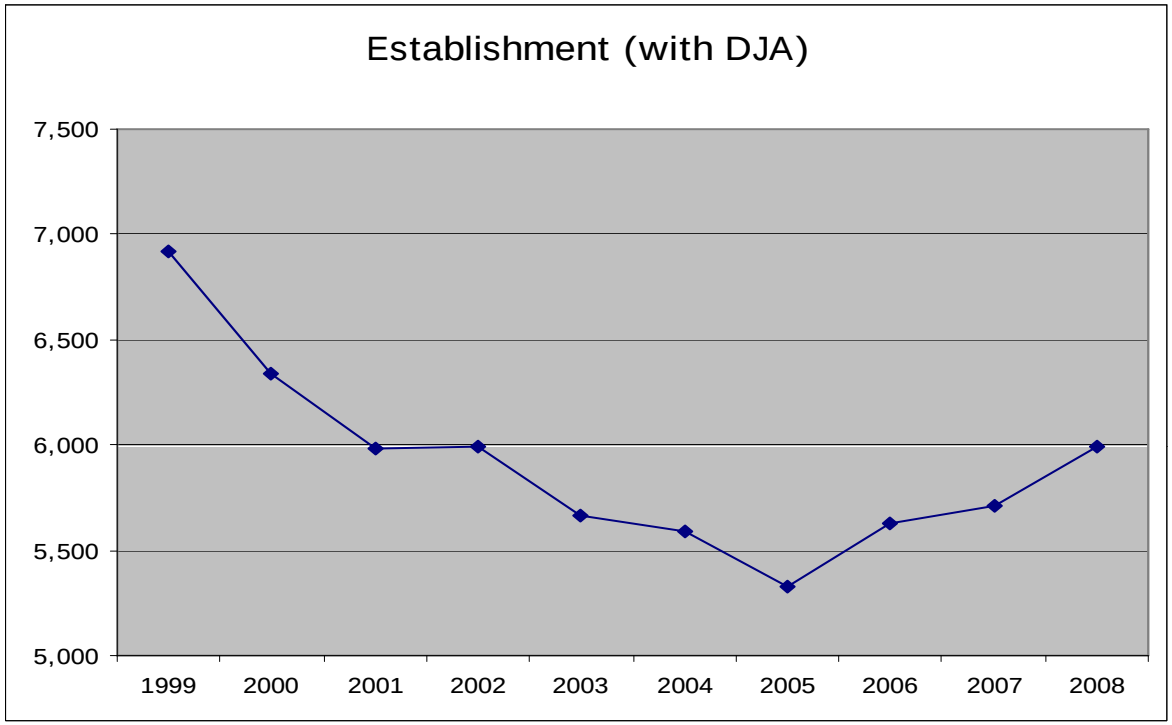
Overview



Source: ASP

- Approx. 6,000 establishments assisted/year
- Average DJA amount = €16,500
- Very high success rate for assisted projects (95% after 10 years) but…

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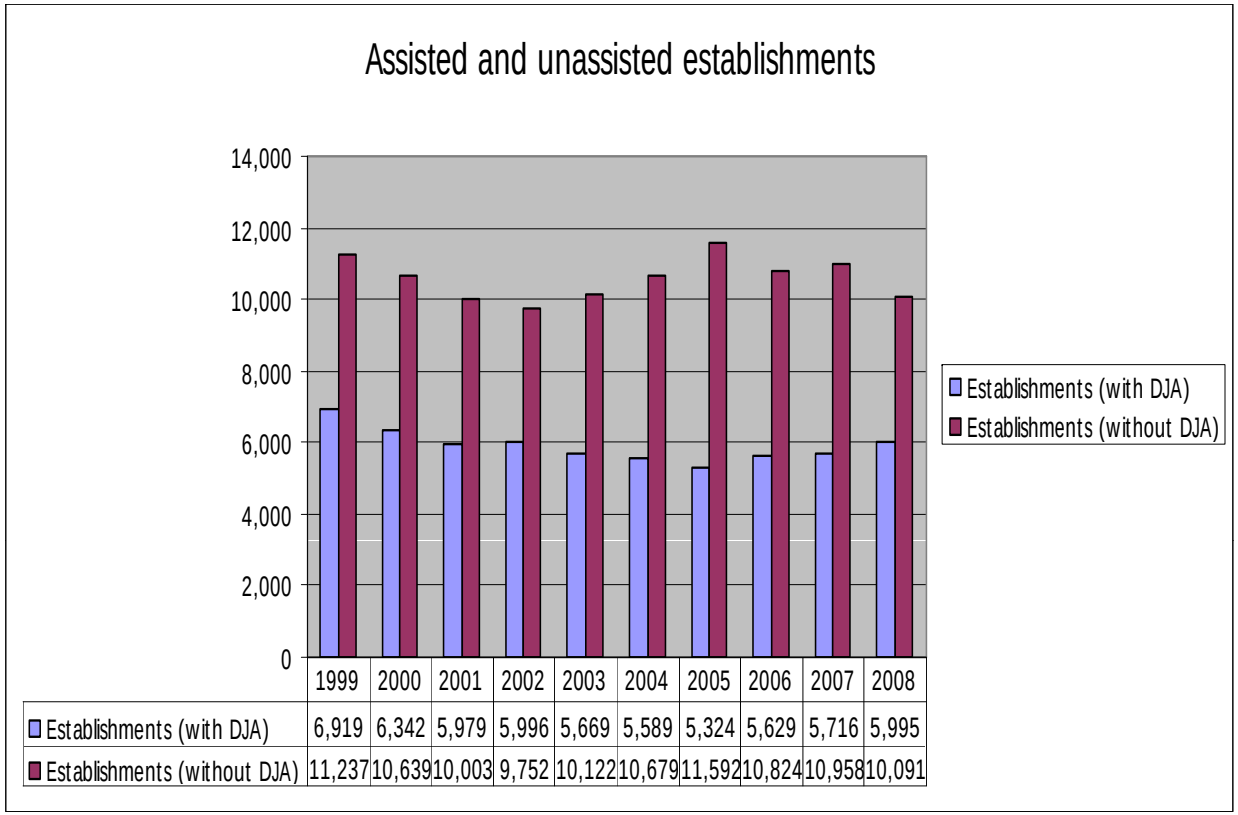

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Establishments (with DJA)	6,919	6,342	5,979	5,996	5,669	5,589	5,324	5,629	5,716	5,995
Establishments (without DJA)	11,237	10,639	10,003	9,752	10,122	10,679	11,592	10,824	10,958	10,091

Source: [ASP] and [MSA]

- ...a large number of unassisted establishments
- A restrictive process for young people with diverse profiles and plans
- Co-existence of parallel accompaniment structures for accessing other assistance

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- Schematically (rounded-off 2008 figures):

16,000 establishments per years

10,000 non-DJA recipients
Success rate = 85%

6,000 DJA recipients
Success rate = 95%

Because > 40 years of age (6,000)

Due to insufficient training (2,000)

By choice (administrative and other limitations) (1,000)

Not informed (500)

Others (500)

according to ASP

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New structure

- Objectives:
  - ➔ To be more personalized and better meet applicant needs
  - ➔ Promote harmonization of accompaniment structures (spirit of openness to young people not applying for the DJA)
- Outline:
  - ➔ A self-assessment plan
  - ➔ A plan-related skill needs assessment
  - ➔ A Personal Development Plan (PDP) focusing on the acquisition of those skills through various means (training, internships, etc., including one mandatory 21-hour training session)

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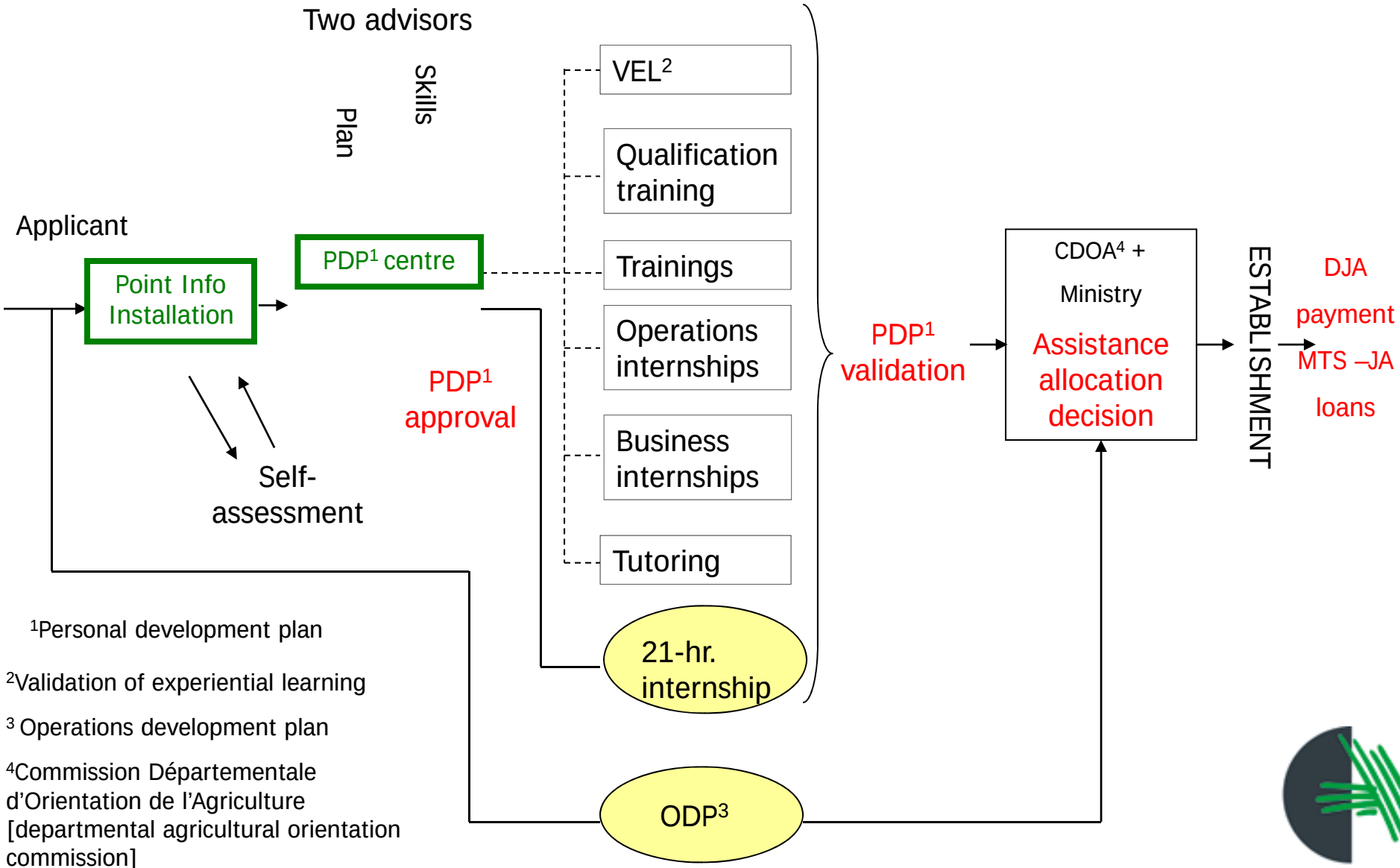
IV. Accompaniment structure



[1]Personal development plan

[2]Validation of experiential learning

[3] Operations development plan

[4]Commission Départementale d'Orientation de l'Agriculture [departmental agricultural orientation commission]

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Beyond the regulatory structure

From an idea

To...

Running the business!

- A concrete plan
- A technically and economically viable plan
- Funding, acquisition of support
- Acquisition of the necessary skills
- Reporting on the creation of a farming activity

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Les Chambres d'Agriculture

Partenaires de votre installation!

Les Chambres d'agriculture vous accompagnent à **TOUTES** les étapes de votre projet :

- Création
- Reprise
- Transmission

Conseil indépendant

Votre autonomie de décision est respectée. Vous êtes au cœur de la démarche et maître de vos choix sur la mise en place de votre nouvelle entreprise.

Approche globale de votre projet d'installation

La diversité de nos domaines d'intervention nous permet d'appréhender l'ensemble de vos préoccupations et de vous proposer des services adaptés à vos besoins.

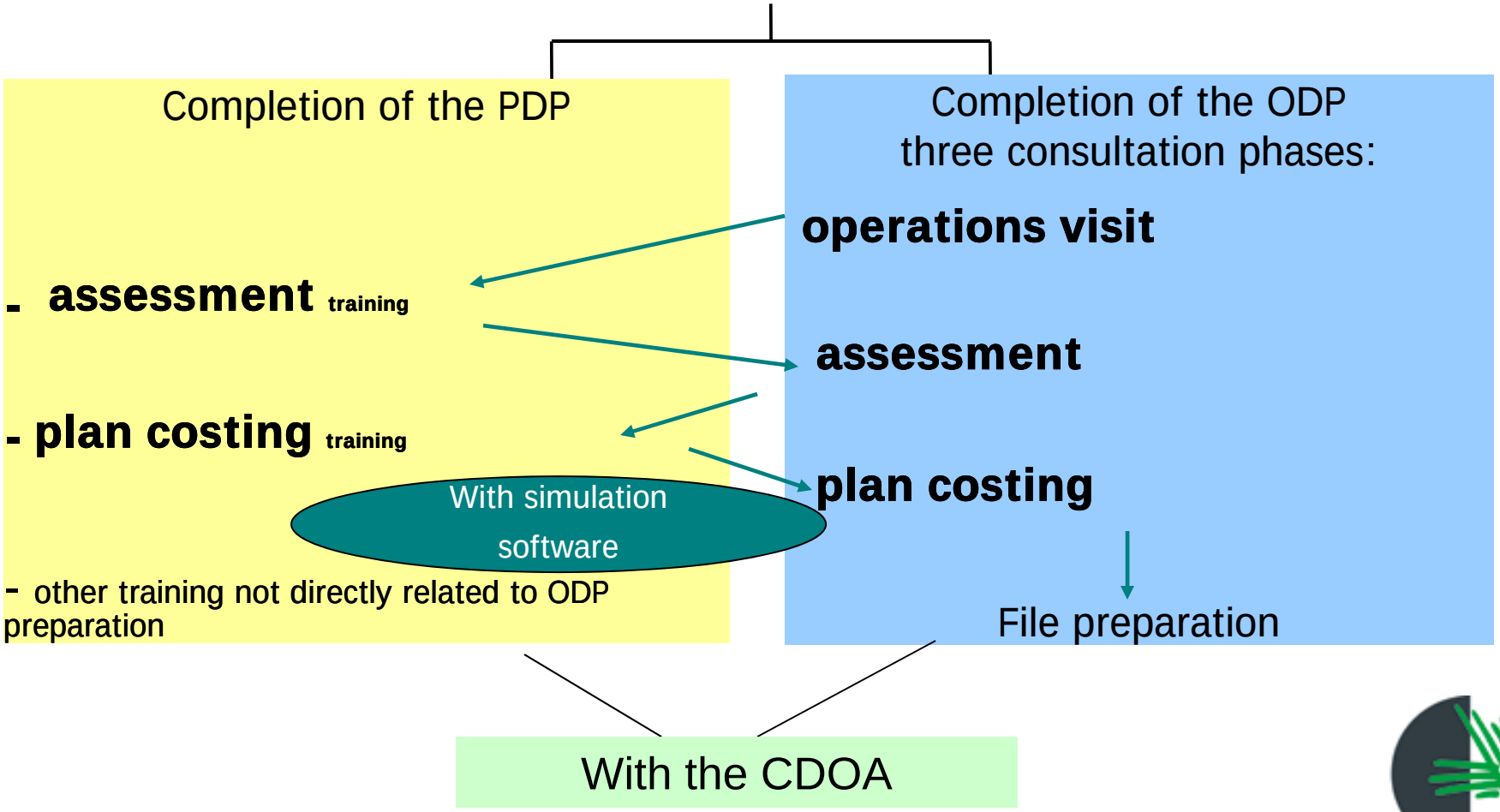
Proximité

Les Chambres d'Agriculture sont présentes sur l'ensemble du territoire aux niveaux régional, départemental et local. Cela nous permet d'être proches de vous, des réalités du métier d'agriculteur et de chef d'entreprise.

www.apca.chambagri.fr

* www.cfenet.chambagri.fr

Example of accompaniment in Aveyron department



Source: CA 12

V. Appendices

Continuing decrease in number of farms

Increase in average farm size

Progress of corporate farms

Increasingly qualified farmers

Aging farmers

Point Info Installation

RDI

European establishment assistance

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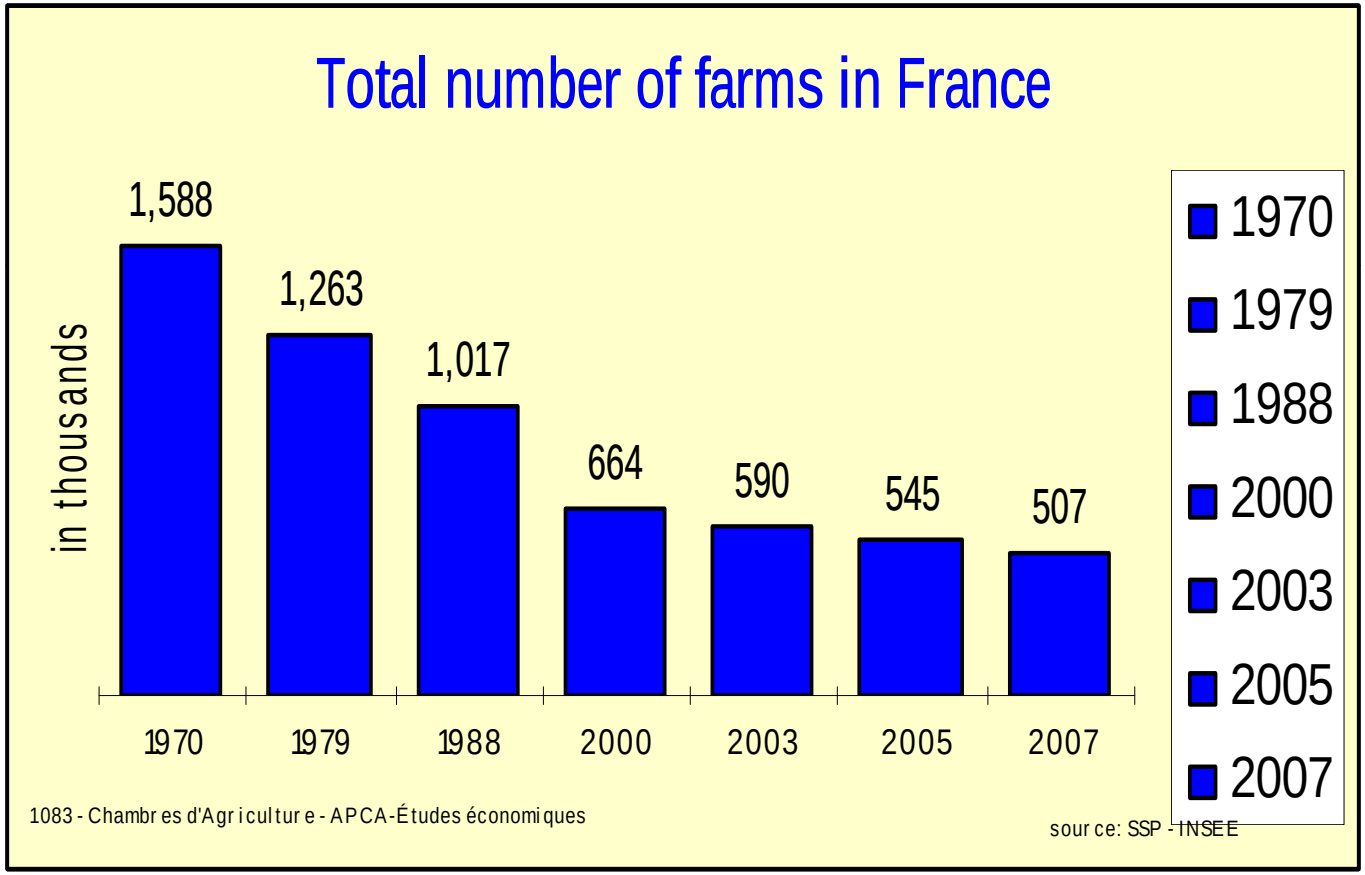
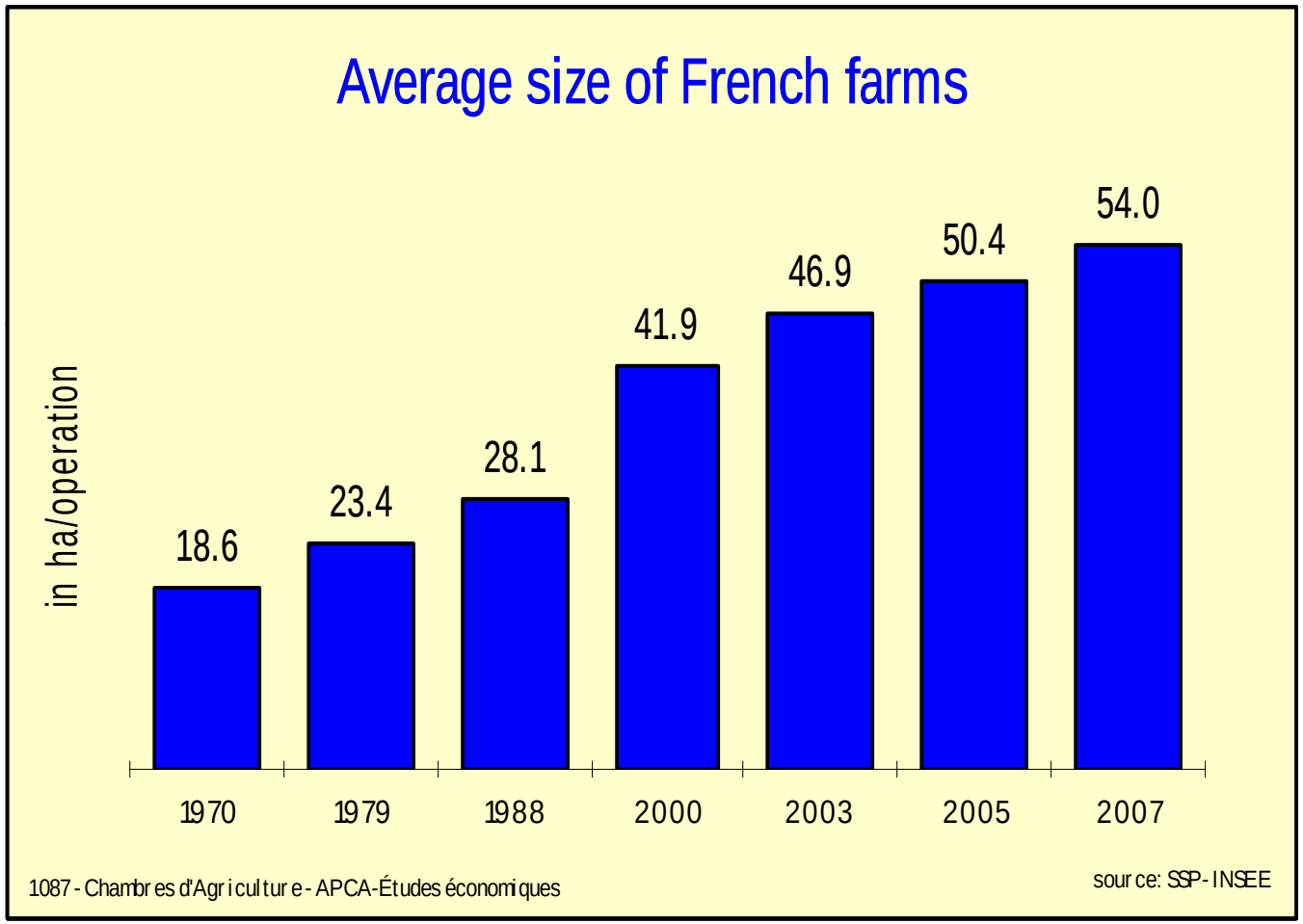
Continuing decrease in number of farms



Increase in average farm size



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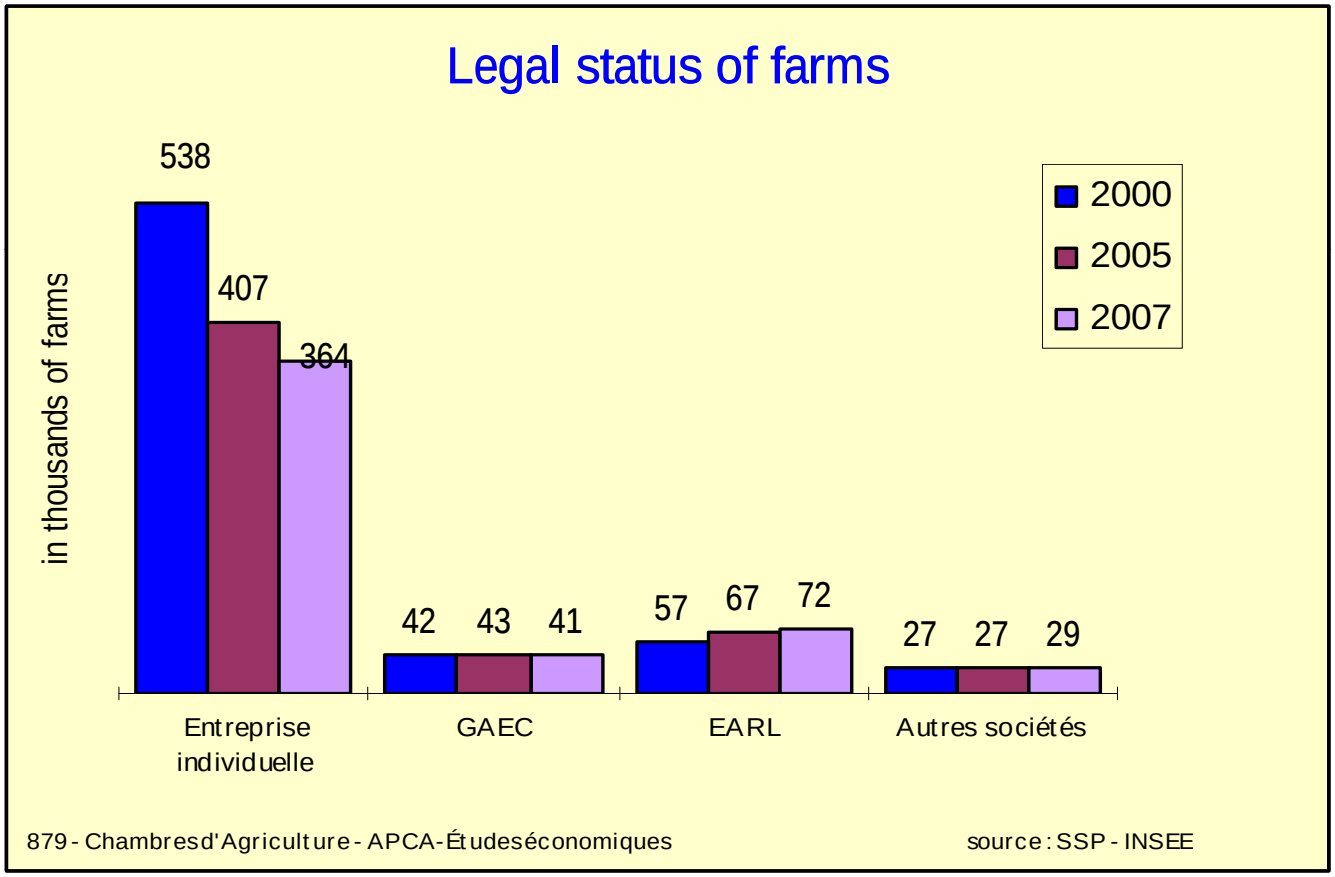
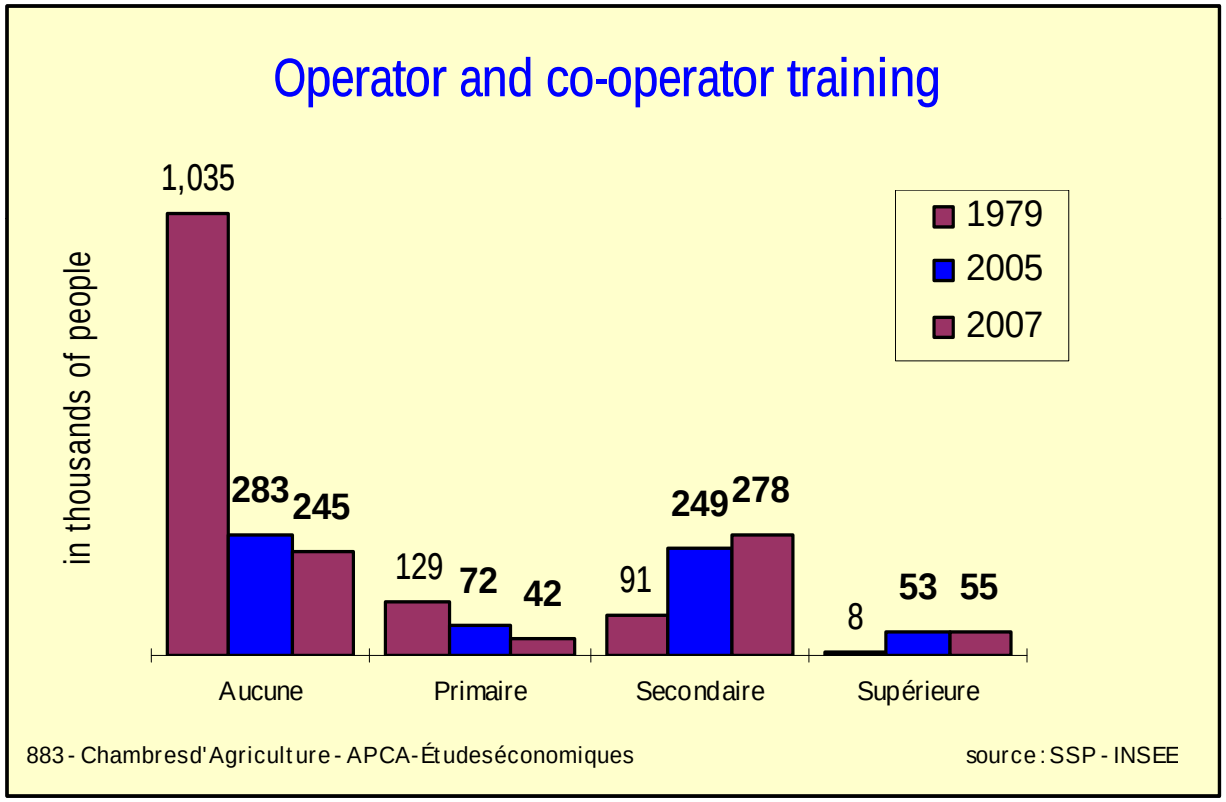
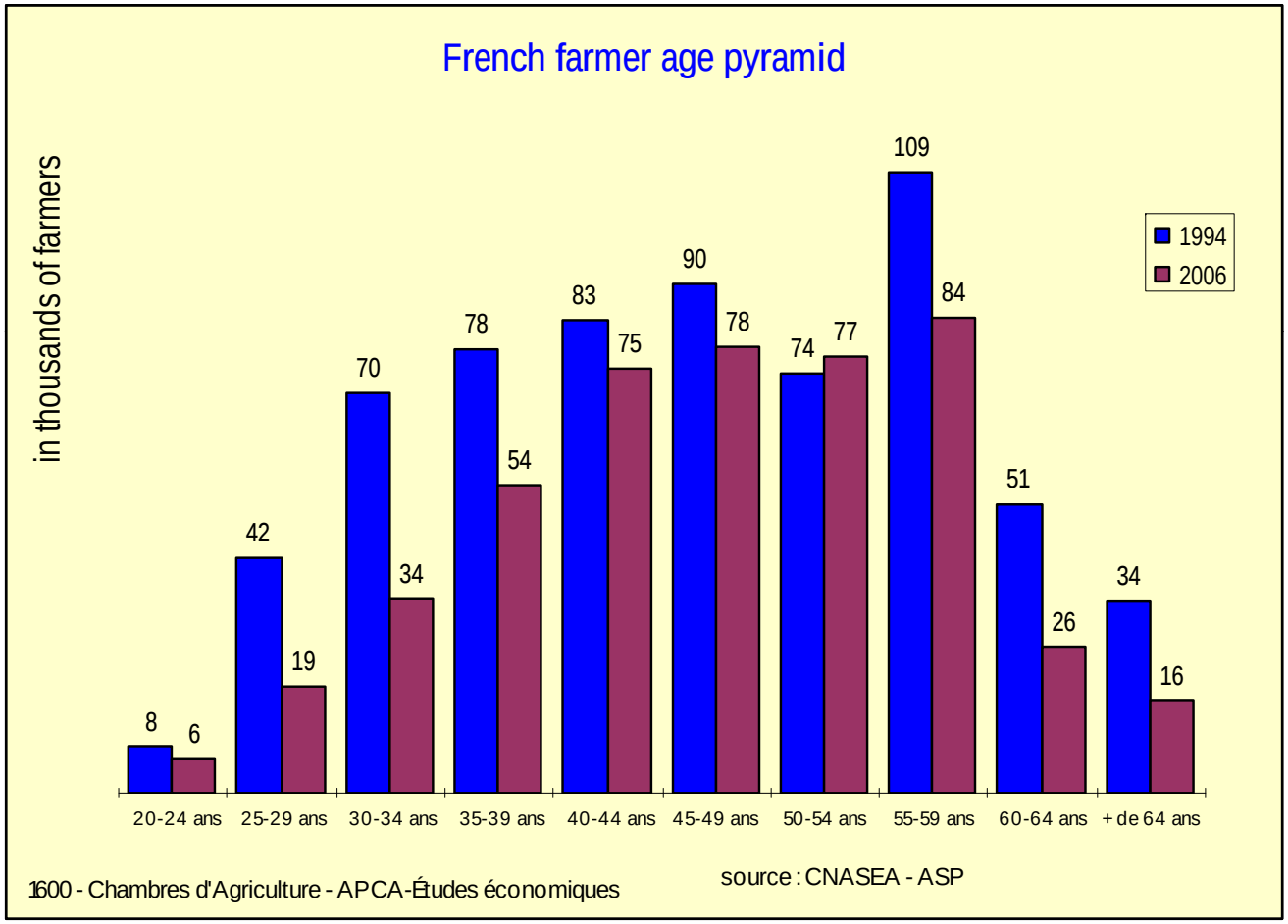
Increase in corporations



Increasingly qualified farmers



Aging farmers



Point Info Installation

- One per department
- Mission:
  - ➔ Informing candidates for establishment about:
    - o Support and assistance eligibility conditions
    - o Agricultural training
    - o Various agencies that could accompany them
  - ➔ Assisting with plan self-assessment
  - ➔ Collecting candidate information
- Managed by Jeunes Agriculteurs (union) and/or the Chambre d'Agriculture and/or the (Association Départementale pour l'Aménagement des Structures des Exploitations Agricoles) ADASEA [departmental association for farm structure development]

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Répertoire Départemental à l'Installation [departmental register of farms established]

- Objective: matching offers and candidates
- Managed by ADASEAs on the department level
- More than 6,500 new candidates per year
- More than 2,000 new offers per year
- More than 1,000 establishments/year as a result of this directory
- Website: http://www.repertoireinstallation.com/

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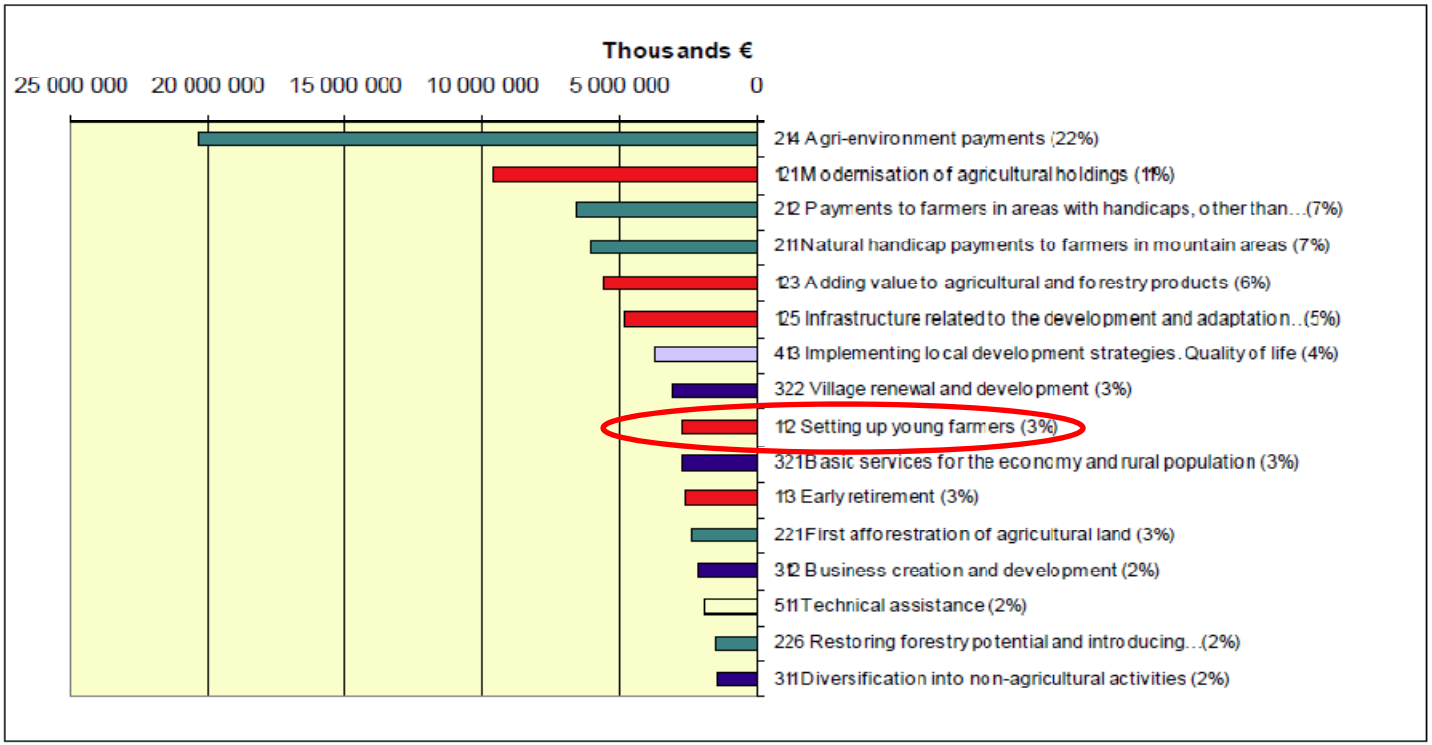
Europe establishment assistance

Main RD measures of the 2007-2013 programming period - EU-27



- Environmental and farm modernization measures account for the most EAFRD European funding
- *Mesure 112* (establishing young farmers) represents only 3% of the EAFRD budget

Source: *Rural Development in the European Union*, 2008 report

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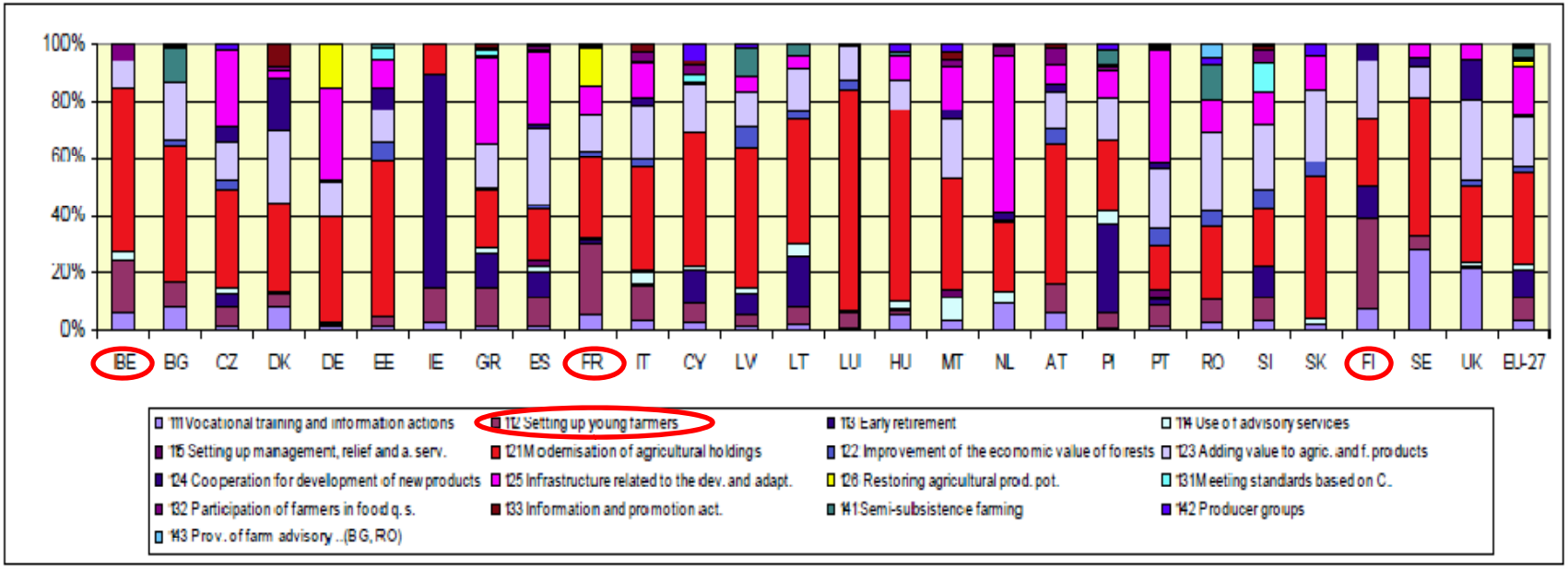
Relative importance of Axis 1 measures per Member States in % within the total EAFRD contribution allocated to this axis, programming period 2007-2013



- For Axis 1, *Mesure 112* (establishing young farmers) represents a significant portion of expenditures in Finland, France and Belgium

- Malta, the Netherlands and Slovakia do not mobilize EAFRD funds for establishment

Source : *Rural Development in the European Union*, 2008 report