

The Glass Ceiling

Financial Infrastructure and the Growth of Local,
Sustainable Food

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RAFI-USA and Financial Infrastructure

- ❖ Tobacco Communities Reinvestment Fund - Over \$4M in cost-share grants to 500 farmers and communities for farm entrepreneurship and access to new markets, creating on average 2.75 jobs per grant.
- ❖ Farm Advocacy – Providing in-depth financial counseling to 100 farmers per year, finding ways to keep farmers on the land.
- ❖ Farmer / Lender Project – 2-year conversation between entrepreneurial farmers and lenders on access to credit.
- ❖ Education for 100's of farm advisors on disaster assistance programs for farmers.

Three Farms, Two Conversation



The Vollmer Farm

“The one great undoing
of our plan”



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of our plan”

Even our most established
specialty market farms have
significant concerns about
their vulnerability to natural
disasters.



The McAdams Farm

“We never could have financed it if we did not own the farm.”



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The lack of crop insurance pushes specialty market farmers to use real assets rather than the crop as collateral for financing.

“Jones” Farm



“Jones” Farm



Even when it will save the farm, increasing the chance of the bank being paid, banks perceive local enterprises as too risky for credit.

Two Conversations

“For the first time,
last year our
farmers market
had a reduction in
overall sales”



Two Conversations

“For the first time, last year our farmers market had a reduction in overall sales”

“We can no longer survive supplying just pork chops. We now need to supply local, grass feed, specialty pork chops”



Two Conversations

While small-scale direct markets still have potential for growth, if local food is to live up to its potential as a rural economic development driver, we must make the jump to production for wholesale price.



Growth is happening within price points rather than across price points. Mid-scale growth is coming more from transitioning rather than growing farms.

Crop Insurance is Key

- ❖ Provides the most effective disaster assistance - the next disaster is not if but when.
- ❖ In 2008, crop insurance covered 15% of NC Farm Receipts
- ❖ Mid-scale farmers are far more likely to require operating capital than their small-scale counterparts.
- ❖ Allows the farmer to use the crop as collateral for operating capital, reducing the risk exposure of the farm.
- ❖ Provides assured income that allows ownership financing and growth in investment.
- ❖ Because crop insurance is widely available, it is expected.

Crop Insurance Research and Development Institute

- ❖ Funding by the Golden LEAF Foundation and the Z. Smith Reynolds Foundation.
- ❖ Partnership with NC State, NCDA&CS, AgWin
- ❖ Developing the ongoing capacity for the development of crop insurance policies and research on risk mitigation for specialty crop and market agriculture.
- ❖ Strawberry crop insurance is currently under development allowing us to address direct markets and multiple marketing streams.





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