



# Innovative and Digital Training Materials to Foster Land Mobility Initiatives

## Module 1 – The Handover Process



### LAND MOBILITY TRAINING COURSE

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# The handover process – how to handle it?

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# I. Introduction

Farm handover is a relevant concern, as it is related to sustainability, rural and youth migration, and the aging of the agricultural sector. Farm succession indicates the transfer of the farm business, most often within the family. To continue farming, it is crucial for people to understand the factors behind the willingness of potential successors to take over the family business.

Succession in a family farming business is a complex juggling of the needs and wants of the “retiring” generation, the new farmer(s) and their partners, and often siblings of the new farmers who will not be farming in the future. In addition to this, there is generally a long multi-generational family history, family members at different ages and stages, a large asset with a low and variable return, and a “spoonful of emotional baggage” just to increase the complexity.

In a farm transfer there are always at least two parties included: the transferors and the successors. Each of these parties could be a single person, a couple or a group. It is known that each farm transfer is unique, yet the main steps in every process are shown as continuous process. But life is never that easy. For example, when farmers talk and work with potential successors from outside the family, unexpectedly their son comes back to the farm and wants to be handed over the farm. Or when transferors find successors, who want to do something completely different with the farm and thus the farmer is not willing to agree to this change.

# II. General information

Farm succession and inheritance are more often considered as a compound phenomenon which not only affects the basis of family life on the farm but also the agricultural sector more widely. Intergenerational farm transfer, particularly, is increasingly viewed as fundamental to the development and sustainability of global agriculture.

Farms are most often under the family ownership and they are therefore the only part of society that must ensure its own social and professional reproduction. On family farms, the ownership and supervision over the farm management is transferred within the family between generations. Therefore, succession on a farm is the basis for a farm’s existence and development. The succession on family farms is five times more frequent than in other professions and it represents the best example of the intergenerational transfer of physical and human capital.

Many studies have been conducted in Europe regarding the factors that affect farm succession. In one of the studies, it has been investigated how the characteristics of the farm, owner, and location affect the likelihood that the farm will have a successor within the family.

In the European Union only 7% of the farmers are below the age of 35. A major contributing aspect to this critical demographic situation is problematic access to land for young people in Europe, due to little agricultural land on the market, spiralling land prices, and succession-related problems. On this score, the farming population in Europe needs a more consistent succession policy across the EU and it should be based on reactions from young farmers across all Member Countries as to the objections they face when it comes to trying to take over the family farm. Farmland ownership and transfer can be a greatly delicate issue for farming families, thus they need all the support they can get to ease the financial, legal and emotional implications of farm succession.

### III. Learning objectives

We would like to provide the students with clear material through a direct choice of different activities. The overall goals that we hope to accomplish in this course are for students to:

- Know the handover process theories and business analysis
- Examine elements of the handover process
- Start early planning, so they can get a greater number of possible options
- Present the handover process hazard analysis
- Make a financial analysis of the present as well as the past of the farm business along with some financial projections
- Know the documentation needed while succession planning
- Encourage the retiree to prepare a legal will earlier, so it can provide specific guidance on who and how should take care of the estate
- Write everything down for all family members to see exactly how the plan will evolve; it can help to avoid future misunderstandings
- Know and use tools supporting the handover process
- Design a draft of a farm succession contract

All of above points should be possible to achieve as there are many theoretical as well as practical exercises planned in the curriculum. Group discussions, brainstorming session, Case studies analysis, and quizzes are only a part of this educational process. The course will also be supported by many reliable resources and additional materials.

# SESSION 2 – THE HANDOVER PROCESS

## 2.1. The handover process

Succession planning is said to be the development of an idea which will allow a smooth transition of the business and any assets with minimal disruption to the business or, importantly, family relationships.

The topic of succession planning may sometimes unleash feelings of stressful conversations, intense emotions, and family disputes. There are several reasons why a family farming business adds to the already complicated nature of succession planning:

- The emotional nature of family connections and therefore the associated difficulty in having conversations about these difficult subjects.
- Often just some of the following generations are going to be involved in the future running of the business and other children not.
- There are varying wants and needs of the “retiring” generation as compared to the new farmer(s) and their partners.
- There is usually an extensive multi-generational history of the land and business in question.
- The farm as a large tangible asset with value is independent of the operational return of the business. The business return on the asset value is mostly low and variable (relative to other investments).

### 2.1.1. Farm handover theories

Research results provided by Brett A. Coffman (2014: 8) show valuable insight for evolving recommendations around family business (such as farm) succession arrangement, important policy consequences, and a basis for new theory establishment. In virtue of both the theoretical framework and the literature review, descriptive and exploratory questions and hypotheses were evolved to focus on the relationship between the extensiveness of handover preparedness, access to resources, owner characteristics, business characteristics and formality, family influence, and external environmental conditions, with owner business generation acting as moderating nonpersistent.

## 2.1.2. Examining elements of the handover process

Business succession is ineluctable due to health and finite lives of business owners. Succession planning procedure is often concerned as a "forbidden topic" in families wanting to success a business as owners often struggle to affirm their own mortality and declare a reluctance to pass the power along to somebody else. The most typical elements that compose a succession process in succession planning are:

- the identification of the potential successors,
- showing commitment to succession and legitimizing the individual through the actual designation of the successor as the heir apparent
- the communication to the designated successor and other key management of the designation.

## 2.2. Farm handover preparation

Factors affecting the decision to transfer a family farm can be both social and economic, with some farmers aiming to ensure all family members are catered for when the farm is transferred, while policy effects and economic concerns of capital taxes and future income can also have a very strong influence on farmer choices.

During the socialization process, a potential successor on a farm receives a detailed insight into the work of the farm owner and the farming lifestyle, a direct experience, and an intergenerational transfer of knowledge, and at the same time, he/she develops respect for all of this, especially for the land as a primary resource for making a living on the farm.

The participants of the Erasmus+ Project 'Farm Succession in Europe' collected the tools and methods used for a smooth and successful farm transfer. Below you can see the table showing the eight phases of the farm succession process. On the top there are phases that most commonly support the handover process and the column on the left contains variety of tools which can be used during the succession process. The legend on the bottom helps to understand which tool is more useful in which phase.

### THE EIGHT PHASES OF THE FARM SUCCESSION PROCESS

FARM SUCCESSION IN PROCESS	1. Awareness	2. Wish	3. Education	4. Experience	5. Search/ Decision	6. Farm	7. Handing/ Taking over	8. Running the farm
Guides to farm transfer: for farmers and advisors								
Film Portraits and Screenings								
Coffee Talk on farm succession								
Mentoring in farm transfer								
Matching Platform on farm succession								
Farms to practice your skills: School Farm and Test Farm								
Analysis: farm potential								
Collective Training 'preparing my farm succession'								
Case Study on farm succession								
Role Play 'meeting a young farmer'								
Economic Valuation								
Land Fund: Land Co-op Terre-en-vue								

Here we give a short description of each tool.  
Additional information, like examples or the excel sheets to calculate a valuation, you can find online at [www.farmsuccession.eu](http://www.farmsuccession.eu)  
For the tool 'Research and Science' see [www.farmsuccession.eu](http://www.farmsuccession.eu)

Legend:  
 very useful tool in this phase  
 also useful tool in this phase  
 tool not used in this phase

Source: Farm Succession Tools and Methods to Promote a Successful Farm Succession; Consortium of the Erasmus+ Project "Farm Succession in Europe" (2014-2016)

- 1) **AWARENESS.** It is important that the youth – or even elderly seeking a new career in farming – are aware that farming is a viable profession, and fun to enter. Experienced farmers should remember of the necessity of transfer and be motivated to share their farm with students, workers and potential successors. Potential new entrants without a case history in farming are usually older once they become conscious of the wish to be a farmer. They can even be city kids with a better education.
- 2) **WISH.** Potential transferors want to transfer their farm, successors want to take over a farm. Potential new entrants need to express their wish to start out farming quite explicitly: they need to satisfy potential transferors.
- 3) **EDUCATION.** Farming is a serious a profession, and you should learn how to do it. In school, at work or both. Training, also at different farms, is invaluable for becoming a farmer. New farmers from a non-farming background need practical experience, which farm kids may have learned from a young age by helping. Extra-family succession can also bring new, innovative business models to the farm.
- 4) **WORK EXPERIENCE.** After school, gaining work experience is significant to become knowledgeable farmer and later to become an entrepreneur. Gaining experience also can be connected to education: school farms, school internships and experienced farmers working with new entrants connect theory and practice. Gaining work experience also lets transferors meet potential successors in a casual way. Like in education, new farmers with a non-farming background may require more practical experience.



- 5) **SEARCH AND DECISION.** While gaining work experience, farmers may decide they want to establish their own farming business. Then they need to look for an area to start out or to take over, and research how this transfer may happen. Farmers who are not able to take over a family farm, must actively look for land or a farm. Farmers who do not have any children wanting to succeed, must find a successor. The choice to transfer outside of the family still will to be taken together with the youth in most countries, because of tax and inheritance laws.
- 6) **FORM.** Potential transferors and successors have in mind the legal form in which they wish to run the farm. They plan the management of the farm and therefore the work arrangements over time, but also a legal form and financing of the transfer. New entrants got to familiarize themselves with living and dealing on a farm. Sometimes – but not necessarily – it's easier for new entrants to bring new ideas and adjustment.
- 7) **HANDING OVER AND TAKING OVER.** At some point while working together, the handover of the farm takes place. This may be the only moment in time when the farm is bought, the transferor leaves the farm and therefore the successor does the work. More common however may be a gradual succession, where transferor and successor work together for several years and due to this the responsibilities gradually shift. Usually there is a moment when the takeover is communicated to other heirs, a contract is signed, and the farm title is handed over.
- 8) **RUNNING THE FARM.** Transferors and successors run the farm together, with growing responsibilities for the successors. Eventually transferors quit the work on the farm. Running the farm together and living in the same place is possible, but it largely depends on a country's traditions.

### 2.2.1. Documentation needed while succession planning

The below shown elements should always be included, along with instructions, while preparing succession documentation:

- **Position:** stands for the position that is planned to be replaced someday – usually it concerns mission-critical positions, often at "C-level" (eg. CEO, CFO, COO) when speaking about big farms or a more basic positions such as agricultural machinery serviceman or sower on smaller farms.
- **Incumbent:** name of the person occupying the position for the moment. If you are the successor, you should put your name here.
- **Candidates:** places names of individuals who have the potential to take over the position. There is no rule for how many of them should be chosen, but usually it is around three. The chosen ones are usually internal (most often within the family) but could be external as well.
- **Rating for each candidate:** indicator of if and how ready the candidate is to take over the role, i.e., "immediately, within one year, within two to five years", or a grade rating "green, yellow, and red" or "high, medium, and low".

## 2.2.2. Designing a farm handover contract

According to “Specimen Succession Agreement, Succession Farm Partnership” document prepared by Teagasc, the below listed points are not legal but major and can be used as a first template for the agreement, before hiring a legal advisor.

1. It is hereby agreed for the Consideration set out herein by and between the parties hereto as follows:
  - 1.1. On the Transfer Date the Farmer shall sell/transfer and make over to the Successor and the Successor shall purchase/accept and take in accordance with the terms and conditions hereof the farm assets.
  - 1.2. The transfers hereby agreed to be made shall unless otherwise expressly agreed be made subject to the charges and other securities, the Successor shall take and accept the farm assets subject thereto and the Farmer shall not be required to procure the release of the said farm assets from the said charges and other securities. Where the succession agreement is not implemented as agreed, the amount of tax credit claimed must be repaid in full to the Revenue Commissioners. The “Farmer” commits under this clause to transfer the farm assets to the Successor. By this clause the Successor agrees to accept the transfer of farm assets from the Farmer subject to any security/charges.
  - 1.3. Unless otherwise expressly stated in this Agreement the parties agree that the farm assets shall be transferred in their “as is” condition as at the transfer date and the Successor agrees to purchase/accept them with full notice of their state and condition at the date hereof and subject to the risk of any loss or damage to them that may occur prior to the Transfer Date.
  - 1.4. The Farmer provides no warranties or representations of any kind in relation to the state or condition of the farm assets. No warranty or representation is given or shall be deemed to be given by the Farmer in relation to compliance with planning permission, building control legislation or regulation or any law relating to the environment or otherwise whether local law, European Community Law, any common or customary law or legislation and/or any order, rule, regulation, directive, statutory instrument, bye law or any legislative measure. The Successor hereby acknowledges that it is a matter for him to satisfy himself in that regard prior to the execution of this Agreement.
  - 1.5. The Successor shall be deemed to have satisfied himself prior to the execution of this Agreement that the land to be sold/transferred is adequately serviced and has the benefit of all easements, rights and privileges required for the proper use and enjoyment of same and the extent to which the roads, laneways and services to and abutting the land to be sold/transferred have been taken in charge by the Local Authority. The parties agree that the farm assets will transfer in their “as is” condition at the date of transfer. The Successor should take

independent legal advice on the condition of the lands and the services, access etc., and on any rights which may affect the lands.

- 1.6. In the event of the death of the Farmer prior to the Transfer date this Agreement shall be binding on his or her personal representatives and Successors in title (if other than the Successor) by and against whom this Agreement shall be enforceable as if they had been originally named as parties but in the event of the death, bankruptcy or Mental Incapacity of the Successor this Agreement shall no longer be enforceable against the Farmer.

### 2.2.3. Tools supporting the handover process

A rapidly aging society and a growing demand to upskill people force succession planning – and therefore the use of succession planning tools – increasingly important. As a result of recent social changes, succession planning – and the tools that go with it – become more and more important for farmers and their businesses. Here you can see top 12 succession planning tools which are in no particular order:

- SAP

One of the biggest players in the global market for succession and leadership planning applications. Some of the most interesting features are the “good fit” role recommendations to find positions that match employees’ skills and interests, and the option to inform recruiting plans and proactively identify potential open roles.

- Succession Wizard

This programme identifies potential succession gaps and assists in planning future staffing needs within your organization. A key benefit of using Succession Wizard is that you can expect to be fully operational and producing effective succession plans within hours of implementing the solution.

- Cornerstone OnDemand

This succession planning tool is designed to help you ensure you have the right people for key-role continuity and avoid talent vacancy costs by increasing bench strength. You can upskill the entire workforce as the entire user experience is set up with intuitive visualizations, eg. you can easily visualize your bench strength across the organization.

- Plum

Plum offers scalable strategic workforce planning and upskilling that prioritizes an amazing experience for every employee. Their solution intelligently matches every employee’s talents to job behavioral needs across the organization, and at the same time, provides the employees with individualized and transparent career pathing.

- UltiPro

With their succession planning tool, you can create flexible, comprehensive, and executable succession planning strategies at all levels to help your organization prepare for the future. UltiPro software has an interesting feature called Leadership Actions – a library of suggested activities to help managers coach and engage employees.

- TalentGuard

Their succession planning tool enables you to determine key roles, identify high-potential employees who can fill those roles, create dedicated talent pools, and accelerate the development of skills required to be successful. This tool helps you keep an overview of your current talent situation, and enables you to keep track of their development and progression.

- PeopleFluent

That succession planning software equips you with a complete, flexible, and functional toolset that gives you what you need to make the right decisions about your organization's future. PeopleFluent's flexible toolset caters to both large-sized and mid-sized businesses, giving each type of organization exactly what they need most to make the right decisions for the future.

- Empxtrack

Empxtrack's tool offers a systematic process to identify key leadership positions in the organization and it identifies high potential employees using a 9 or 12 grid matrix. It enables you to make not one, but several succession plans for people which means you can create a short, medium, and long-term succession plan for each key role.

- SumTotal

This tool makes it possible for organizations to understand skills and competency gaps across their workforce, develop talent pools, and align succession planning management needs to the goals and strategic objectives of the organization.

- BirdDogHR

BirdDogHR offers a cloud-based solution that allows companies to accurately review employee performance and readiness with scorecards, comparative ratings and 9-box talent matrices.

- Saba

With this succession planning software, you can build competency-based talent pools for every critical area of your business. Saba insists on the importance of helping your employees develop

themselves – hence keeping them engaged and equipped with the necessary skills – while at the same time giving the information and insights needed to build strategic succession plans.

- PageUp Succession Planning

This tool helps you get to know your people (conduct a skills gap analysis) so you can reduce vacancy risk and plan ahead. PageUp’s succession planning software allows you to regularly review talent and calibrate live using the 9-box tool. You can use this information to inform the conversation and to identify and develop people who have the potential and desire to fill roles required now and in the future.

## 2.3. The handover process hazard analysis

Today’s organizations need a quality bench of leaders to drive business outcomes and satisfy employees, customers and investors who now demand more transparency and accountability. Sari Wilde says that gaining a quality bench of leaders and a solid succession management process prepared, is critical for organizations as they face a number of emerging challenges, including increasing robotization and digitalization, evolving skills and competencies, and new generations entering and leaving the workforce.

## 2.4. Farm handover problems

In the EU only 7% of all farmers are under the age of 35. This figure is mainly due to difficult access to land for young people throughout Europe as a result of little agricultural land on the market, increasing land prices, and most importantly, succession process-related problems. Consequently, there is a need for increased support in this area to help ease the succession process for young people, and therefore more easily allow them to become farmers.

### 2.4.1. Aging population

The aging farming population has a great influence on production agriculture, succession planning, successors, and farmland usage. Recent trends in urban migration and increased opportunities for off-farm work show that aging farmers increasingly face problems with farmland succession and usage.

Just over half of the farmers had identified a successor for their farm business. These successors were most likely to be a son. Most daughters are excluded from the inheritance of land. Daughters are provided with a good education as compensation. Successors were better educated than their parents.

Farmers tend not to consider succession before the age of 50 and if they owned smaller farms, they were less likely to have nominated a successor. Properties greater than 50,000 hectares were also less likely to have a successor. This is, possibly, because many large outback properties tend to be run as companies rather than family farms.

## 2.4.2. Youth migration

Migration is as old as human existence. It involves the movement of people between geographical locations within and between countries. It is part of the dynamic process of change in every society, with youth migration at the peak, and it has always been an important component of rural or structural transformation. Young people are mostly not interested in this field of work, in large part due to their perception of farming being antiquated and unprofitable. A large share of migrants originates from rural areas. Around 40% of international bank transfers are sent to rural areas, reflecting the rural origins of a large share of migrants.

Family farm sizes vary greatly across the Union. However, almost everywhere, more than half of family farms smaller than 5 ha are run by farmers older than 55. Older farmers are living longer and there are a few reasons for them to leave, making it increasingly difficult for young new entrants. Scaling-up the support to smallholder family farmers and creating alternative and sustainable livelihood options in rural areas, with a special focus on women and youth, is fundamental to addressing the root causes of rural distress migration.

Generally, young farmers returning from agricultural education are more aware of new technologies or wish to implement change on their farms resulting in increased efficiency and output. Rural migration is intricately linked not only with agriculture and rural development but also with the overall development of societies. When youth cannot find viable jobs in their communities, they begin to migrate from rural areas in search of opportunities in bigger cities or different countries where they face an uncertain future.

Modernizing agriculture in poor areas could cause substantial benefits, such as raising productivity and keeping youth on the land rather than migrating to large cities. Migration is part of the process of development. As economies undergo a structural transformation, the movement of people in search of better employment opportunities within and across countries is inevitable.

Although migration is often being seen in a negative light in recent times, it can potentially create expanded opportunities for development for both the migration origin and migration destination

(host), in terms of availability of new options, knowledge, and expanded market opportunities. Youth have many innovative ideas but they are often excluded from planning and policy processes relating to the future of rural areas.

## 2.5. Farm succession do’s and don’ts

The succession effect implies that farmers with successors are more likely to invest or expand in anticipation of a takeover of the farm by a son or daughter than those who do not have a successor. In contrast to this, farmers with more children between the ages of 5 and 19 are more risk-averse. While risk and expansion are not the same phenomena they may be correlated; indicating further research may explain the variance of these results.

The retirement effect, which generally has a negative impact on farms i.e. the process of semi-retirement tends to be characterized by de-intensification and liquidation of assets if there is no successor present. It refers to the period in which a farmer is coming near the end of his or her farming career, where the impacts for the farm are most serious when a successor has not been identified.

Farm succession as a socially-constructed phenomenon necessitates a sustained engagement and process of socialization of the successor with the farm from early childhood to form the kind of ‘successor identity’ needed to effect farm takeover.

### 2.5.1. Advice from experienced farmers

“We didn’t want to invest too much capital into the system, because this would make it difficult to transfer.” Michel Saunier, farmer on a jointly owned farm in France.
“I made my own commission of advisors. With people who know what they are doing, like a dairy farmer I worked with as an intern. He comes to my farm, walks around and tells me: ‘feed more hay to your cows’. People who tell me how to improve my farm, they are useful to me.” Annette Harberink, started a dairy/nature farm from scratch in the Netherlands.
Did you ever doubt your transfer to an employee? Gildas Guiavarch is not impressed. “I totally trusted Gwénaëlle. Here, everybody has always been doing everything. I always wanted employees who were able to complete all the tasks, it made it possible to have skilled workers and it improved their skills as well. In case of a problem, they are more able to take the relevant decisions. It takes more time to explain, but once it is learned, it works.” Gildas Guiavarch, retiring farmer in France.
Yoann is planning to work together with Claire, who took over her father’s vegetable farm a year and a half ago. While getting the farm ready to start a new activity – he plans to install a baking

oven– he wanted to be able to start baking bread and test recipes, improve his knowledge about grain production, start finding customers and working together with Claire in the everyday management. While being a CIAP trainee, Yoann bakes bread on the farm of his local mentor, adjusts his financial plan and gets ready to see the banks and has found a market and a farmer’s shop to sell his bread; all this is possible without taking any big financial risks as his activity is still hosted by the CIAP. “I find it much easier to start this way,” he says happily.

“We established an agreement between our community owned farm and a candidate for succession. We always look for candidates in the same way. We commit ourselves to finding our successor three years before our own retirement and actively welcome young people for internships. So we meet potential candidates.” Michel Saunier, farmer on a jointly owned farm.

“I could have sold it at a very good price, but I am in a good financial position and I wanted to set up a young farmer first and foremost. Moreover, it is also fun that I am now able to support the start-up of four farmers.” Phillipe Colleu is happy with his four successors.

All above citation can be found in a brochure “FARM SUCCESSION Tools and methods to promote a successful farm succession” prepared by organizations from France, Belgium, Austria and the Netherlands as an Intellectual Output of the Erasmus+ Project “Farm Succession in Europe” (2014-2016).



## IV. Case studies

### 1. One farmer, four successors

As a farmer in conventional pig breeding at Chavagne, France, Philippe Colleu could have transferred his farm to neighbours who wanted to expand their farms. Instead he decided to encourage the successive start of organic farmers with different systems, before getting retired in december 2014. President of his local CUMA – a cooperative for the collective use of farm equipment – for 20 years, he opposes a farmer owning too much machinery of his own. “It’s better to have an over-equipped cooperative, because an over-equipped farm is impossible to transfer”.

How did his farm transfer happen? Philippe Colleu talks enthusiastically: “In 2007-2008, I provided two hectares to a vegetable farmer, Jean-Martial Morel, who was responsible for training at the farmers school CFPPA in Rheu. He wanted to set up a farm and I knew him well. It gave him the possibility to start farming while he kept working part-time off-farm. In 2011, he was joined by a second vegetable farmer, Julien Rondouin. JeanMartial also made room for his son working with them in vegetable farming by starting in Community Supported Agriculture, CSA. So I already had three successors.”

However, it did not stop there. “A young neighbour, Guillaume Aveline established himself on the main part of the farm in 2010: he took over 46 hectares for arable crops. Guillaume’s father worked the neighbouring farm organically since the 50’s, and sadly died several years ago. Guillaume studied to be a dentist, but instead of actually becoming a dentist, he decided to take over the family farm of 34 hectares. For arable crops this is a bit small, so I suggested to him to start working on the remainder of my farmlands. I myself will stop my farming activities completely between now and 2014. But I want to keep making it possible for new farmers to start. Specifically by accompanying a new organic farming project with 300 to 400 goats to start on our farm. I used to farm pigs and worked with a straw-based stable system of a 1000 m<sup>2</sup> on farm, a covered manure storage of 600 m<sup>2</sup> and a corn silo. We asked for permission to change these buildings to use it as a dairy to produce 300.000 to 400.000 litres of goat’s milk per year.”

Phillipe Colleu is happy with his successors. “I could have sold it at a very good price, but I am in a good financial position and I wanted to set up a young farmer first and foremost. Moreover, it is also fun that I am now able to support the start-up of four farmers.”

## 2. Transfer to an employee

Gildas Guiavarch used to grow vegetables in the French town of Concarneau. At 48, he wanted to quit this physically demanding business. He transferred his farm to a long time employee, Gwénaëlle Le Sant. Soon afterwards Gildas Guiavarch happily started a job at a new garden in Quimper. “It is more relaxed.”

How did the transfer work, we ask Gildas Guiavarch. “Gwénaëlle was my employee since 2008. She already lived and worked as a trainee to take over a farm. She is my little sister at heart. She really worked hard, and I think it is normal that I should ask her first. I do not think that I could have sold to anybody else. With the succession, everything goes very fast. There is a lot of money at stake. But it is very complicated, because my farm, it is my little baby.” Still, Gildas Guiavarch was able to transfer.

The day you transferred your farm, was it special? “No, there was a real continuity. I took my job at Quimper in September 2012, that is to say 4 months before the final day of the succession. I grew all our crops with the aim of having a successful harvest for fall and the beginning of winter for Gwénaëlle. It freed her mind and it made it possible for her to prepare her start in an easier way. In these last few months she worked completely autonomous, whilst still having the comfort of a salaried worker.”

## 3. Martin and Maria, take over with “Leibrente”

Martin and Maria Brauchart are organic farmers since 1992, and stresses Martin, “we have a full-time business.” For the agricultural side of the farm may be small, with processing and direct sales a good living remains. Martin grew up on a conventional pig farm in the neighbourhood of the farm he took over. His parents were full-time farmers, and at age 15 he started talking with his parents about his wish to run a farm in the future. Because the visions of the two generations were different and he had four brothers, the prospects for him to get the family farm were small. He nevertheless got an education in agriculture and worked for agriculture-related firms. Still on the lookout for a farm.

And Martin got a farm through his parents. Because: his mother got in touch with an old woman to buy pigs, and they talked about the difficulty of getting young people into agriculture. When Martin’s mother told her that she has five sons, all willing to take over a farm, the old woman told her that her brother has been searching for a successor for a long time. Following this, the older couple looking for a successor got in touch with Martin and invited him to come to their farm. To his surprise, just after one visit the older couple offered Martin the farm. He took the plunge and said yes. So they fixed an appointment with a notary a few days before Christmas and Martin was a farmer.

For the transferors it was important to know how the successor wanted to run the cattle farm with cattle breeding and other activities. Martin didn’t know about cattle breeding and organic agriculture

at first, but he knew he wanted to manage the farm without pesticides and chemical fertilisers. For a start, they therefore agreed to work together for one year, for the transferor also to see how Martin would be running the farm. Martin happily agreed, also because he didn't know anything about cattle farming. They ran the farm two years like the transferor used to work before. Thus Martin found a farm without a successor where he could succeed. The takeover was financed with a 'Leibrente' contract, a special Austrian 'annuity of life' contract.

How does this 'Leibrente' work? With a contract between two parties. The successor will operate the farm, pay a monthly fee to pay off the farm value and – here comes! – can reduce this monthly amount by the duty of care for the transferor. Care in kind, in this case the older couple still lives on the farm. By signing the 'Leibrente' contract the farm changes ownership from the transferor to successor. Based on the value and life expectancy a monthly fee is agreed. Legally it is an aleatory contract, a difficult word for a 'surprise' clause in the contract. You do not know in advance what will happen. After two years Martin met Maria, whom he later married. They are running the farm full-time. He is responsible for the arable farming and she for the direct selling and processing of the primary products. The livestock husbandry is their collective responsibility. They are trying to run the farm properly, while making sure that the work is not getting too excessive.

Two years after the succession, the transferor sadly died. There were some discussions with the children of the transferor, as they were not fully informed and wanted to use the farm as a vacation home. The children had advised their parents to rent out all the agricultural and forestry land. However, it was all legal and Martin and Maria are continuing the farm like the transferring couple intended. The transferors didn't want to rent the fields to a pig farmer, who ploughs all the grasslands to grow maize. They also didn't want to live in a retirement home. These motivations guided them in realizing an extra-familial succession to make sure that the farm would be continued. Would Martin have had to buy the farm, or had there been less engagement from himself and help from his father and brothers, it wouldn't have been possible for him to succeed. The most important thing to Martin was the passion of the older farmer, which he tried to do justice. For him it was to try organic farming, to prove to himself that it's possible to make a living as a farmer without pesticides and industrial products. He is quite happy and insists that succession is not a question of ownership, it should be a question of use of the land. With the 'Leibrente' system Martin and the transferor realized their own small scale 'social land reform'.

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