

Innovation: Alternative funding for values-based food chains: Crowdfunding a small-scale dairy farm

Categories	Description
Which topic does the innovation address?	<input type="checkbox"/> Innovative technologies for pest management in organic cropping systems <input type="checkbox"/> New organic food processing concepts and technologies <input checked="" type="checkbox"/> New business models of value addition at the local level
Short title of your innovation (max. 150 characters)	<p>Crowdfunding a small-scale dairy farm Alternative funding concept for biodynamic dairy farm 'Stolze Kuh'</p>
Contact person (your name, address, e-mail, telephone)	<p>Dr Susanne v. Münchhausen, University for Sustainable Development Eberswalde (HNEE) Schicklerstr. 5, 16225 Eberswalde/ Germany Phone: +49 3334-657-355 Email: susanne.vonmuenchhausen@hnee.de</p> <p>Anja and Janusz Hradetzky Stolze Kuh Kietz 3, 16248 Lunow-Stolzenhagen /Germany Phone: +49 33365-71 987 Email: anja.feierabend@posteo.de</p>
Project partners / partners who contributed to the development of the innovation (names)	<ul style="list-style-type: none"> • 'Stolze Kuh' (engl. 'Proud Cow') is a biodynamic dairy farm located in Germany 70 km north of Berlin. The farm was established by Anja and Janusz Hradetzky (both 28 years old) in 2013. Their successful alternative funding model is based on the concept of crowdfunding via profit participation certificates. • The University for Sustainable Development Eberswalde (HNEE) has been exploring innovative funding concepts used by farms and organic food businesses recently (see e.g. Charis Linda Braun 2015)

	<p>in http://www.hnee.de/de/Forschung/Projekte-aktuell/HEALTHYGROWTH/Ergebnisse/Ergebnisse-K5300.htm</p>
<p>Short summary (1500 characters) of the innovation, addressing the following: what is the innovation about, what are the main benefits, how can the innovation be used or adopted by others? What are possible drawbacks of the innovation?</p>	<p>The small-scale dairy farm 'Stolze Kuh' has financed the founding of their farm and the purchase of 28 heritage dual-purpose cows through a unique funding concept: a 'cow-share' program. Through the 'cow-share' program the financial burden of purchasing and initially raising the 28 cows and their offspring is split up in to 75 shares á 500 Euros, which are not shares in a corporate sense but are transferrable and terminable. The shareholders are rewarded in the form of farm produce or money with the return on their share at an interest rate of 2.5 percent annually.</p> <p>Access to funding is often difficult in particular for young farmers. This is partly due to the lack of equity with e.g. young farmers businesses.</p> <p>Since funding is a hot topic for many businesses in the organic sector, the topic would be highly relevant for managers of organic farms, food businesses or sales enterprises. Lessons learned from successful use of alternative funding concepts are highly relevant for organic businesses in periods of founding, growth or renewal/investment. Financial limitations are often key hampering factors for organic businesses.</p>
<p>Keyword: 5 keywords describing your innovation</p>	<p>Alternative finance, crowdfunding, young farmers, organic food, 'cow-share' program</p>
<p>Context of the innovation. Who were the main actors developing the innovation (private sector, advisory services, farmers' organization, research...)? What made them to develop the innovation? What was the concrete driver?</p>	<p>Anja und Janusz Hradetzky were looking for funding when they founded their dairy farm in 2013. They successfully launched their business using crowdfunding in the form of 'cow shares'. For the young farmers, this alternative funding replaced a bank loan.</p> <p>With the economic crisis, the reputation of banks and of conventional financial markets has changed significantly. Alternative local and grassroots finance models are highly attractive for private, often risk-averse investors. The difficult situation in (international) financial markets favours the development of alternative funding models in the organic food industry. Private investors' trust in locally based (often personally known) food producers, processors or sales businesses is an asset to be used for the further expansion of the organic values-based market.</p>

<p>How widely is the innovation already used and what is the potential use? Do you think the innovation can be easily scaled-up?</p> <p>In terms of geographical scale</p> <p>In terms of numbers of adopters</p> <p>In terms of type of farmers (e.g. small, med., big)</p>	<p>Alternative funding concepts such as profit participation certificates or cooperative shares are gaining traction in Germany. The legal and administrative framework is well-established. Some concepts such as crowdfunding are fairly new and require a strategy for the successful implementation.</p> <p>For a significant group of young farmers alternative funding could be a big chance for the development of small and medium farms or food business. The innovation can be scaled-up in terms of numbers of adopters. Small and medium scale farms can use it.</p>
<p>Funding source. How was your innovation financed?</p>	<p>The innovative idea is about the use of alternative funding sources.</p>
<p>Links to website, leaflets, audio-visual material...</p>	<p>Farm 'Stolze Kuh':</p> <ul style="list-style-type: none"> • https://stolzekuh.wordpress.com/stolzer-kuh-anteil/ • https://vimeo.com/96598283 • http://www.oya-online.de/article/read/1296-jungbauer_ohne_land.html • https://www.facebook.com/stolzekuh/photos_stream • https://www.youtube.com/watch?v=oll4_E22doY <p>The farm is partner of the 'InnoForum Berlin-Brandenburg', an organic knowledge network facilitated by the University for Applied Sciences Eberswalde: https://www.google.de/search?q=partnerfarms+hnee&ie=utf-8&oe=utf-8&gws_rd=cr&ei=1W7pVZ3iDoHRygODjYSACw#</p>