

**Remarks of  
Ralph Paige, Executive Director  
Federation of Southern Cooperatives Land Assistance Fund  
Farm Credit Administration Symposium on  
Consolidation in the Farm Credit System  
McLean, Virginia  
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I am Ralph Paige, Executive Director of the Federation of Southern Cooperatives Land Assistance Fund. I would like to thank The Honorable Jill Long Thompson for inviting me to participate in the Symposium of Consolidation in the Farm Credit System.

I hope my views will be useful going forward as you examine the safety and soundness of the System. I believe that any decision made by the board not only be based on safety and soundness of the System, but a decision that considers diversity and inclusion of small and minority owned cooperatives as well as small and limited resource farmers who have historically been left out of the Farm Credit System as a whole when trying to access capital and credit.

The Federation of Southern Cooperative/Land Assistance Fund is a non-profit, service, resource and advocacy association, involving 30,000 low income rural families, organized into more than 85 cooperatives, credit unions and community-based economic development groups across the South.

Organized in 1967, the Federation/LAF has over 46 years of direct, first-hand and cutting edge experience working with rural poor people and their families.

The Federation/LAF is governed by a 13-person Board of Directors democratically elected by our membership. Chartered to operate in the District of Columbia and 17 Southern and border states, our work is concentrated in Mississippi, Alabama, Georgia and South Carolina. The organization has offices in: Epes, Alabama; Atlanta and Albany, GA; Tallahassee, FL; New Orleans, LA; Jackson, MS; and Ravenel, SC.

The Federation's work includes:

- the development of cooperatives and credit unions as a means for people to enhance the quality of their lives and improve their communities;
- saving, protecting and expanding the landholdings of African American landowners and farmers;
- the development of a unique and effective Rural Training and Research Center to provide information, skills and awareness, in a cultural context to help our members and constituents build strong rural communities;

- promoting and developing safe, sanitary and affordable housing opportunities for our members in rural communities; and
- developing, advocating and supporting public policies to benefit our membership and the rural communities where they live.

As an organization that has over 46 years of first-hand experience working with low-income cooperatives and limited income farmers, we know of the struggles and problems both have experienced in accessing resources necessary to meet their needs.

Of the 85 cooperatives within the Federation's network, no loans were made directly to minority owned cooperatives and very few made to minority farmers. There is a tremendous need for capital and other resources to be made available to the minority community.

There are many barriers that have made it difficult for minority farmers and minority owned cooperatives to acquire loans through Farm Credit System and includes:

- the historical perception of the Farm Credit System;
- lack of farmers acceptable credit history;
- the historical perspective that Farm Credit System does not make loans to minority enterprises;
- lack of diversity of staff at Farm Credit System service offices;
- lack of awareness of Farm Credit System's programs by minorities;
- lack of a strong outreach program by Farm Credit System to increase diverse participation; and
- minority farmers and cooperatives are not able to meet stringent lending criteria and conditions set forth by lending institutions.

We believe that Farm Credit System's Board should strongly consider diverse participation as part of any proposed merger. This will serve to strengthen the Farm Credit System and the community it serves. A strong cooperative and farm community will help grow and improve the economy as a whole.

Some suggestions to consider as a part of any merger and future growth of the System should include:

- To continue to work on a strong diverse workforce throughout the Farm Credit System. This can be accomplished with a strong outreach program to include recruitment, mentorship and internship programs. This can be accomplished through a partnership with the Federation of Southern Cooperatives and 1890 Land Grant Colleges and Universities.

- As the Farm Credit System continues to grow and consider mergers, a strong minority lending program should be in place to make loans to beginning, small and underserved farmers and the start-up/emerging cooperatives. \$10-20 million dollars annually should be set aside in a special fund for growth and risk. This should include loans targeted to assisting these farmers in purchasing land and assisting families in resolving heir property problems. Such a fund should be made up of risk capital and backed up with technical support from both the Farm Credit System and the cooperative community.
- CoBank's CoopStart program should serve as a model to provide technical assistance and capital to underserved and struggling coops that are unable to meet the criteria and conditions placed on them by traditional lending sources. It is impossible for emerging cooperatives to meet these conditions without technical support, business plans, marketing, training and access to capital. Through the CoopStart program, CoBank, with its partners like the Federation, offer a chance of survival and success for minority and underserved cooperatives. CoBank specifically targets small start-up cooperatives in need of more flexible and equity like financing (i.e., subordinated debt.) At year-end 2013, CoBank had seven loans outstanding under the CoopStart program with a total of commitments of \$1.3 million.
- We believe that a strong outreach and technical assistance program for limited resource farmers and developing coops will increase diverse participation. Hands on assistance to farmers and their cooperatives will lead to more substantial and successful lending in the future.