



CDFA-NASDA FOUNDATION

SOCIALLY DISADVANTAGED FARMERS & RANCHERS

ACCESS TO
CAPITAL TOOLKIT

Authored by

Toby Rittner, DFCP
President & CEO

Fawn Zimmerman
*Director, Research
& Technical Assistance*

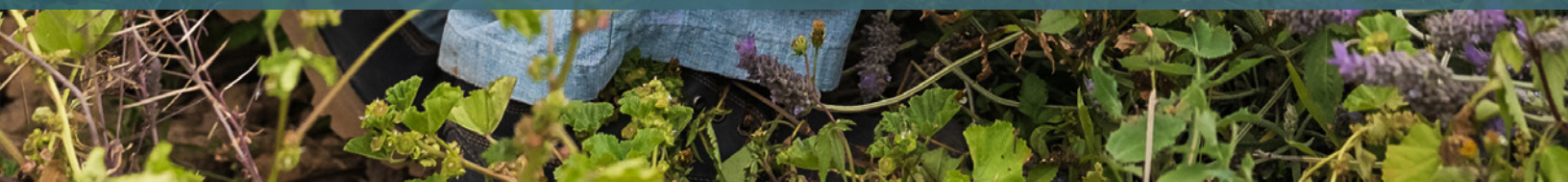
Anneliese McClurg
*Coordinator, Research
& Technical Assistance*



www.cdfa.net



**THE SOCIALLY DISADVANTAGED
FARMERS & RANCHERS ACCESS TO
CAPITAL TOOLKIT IS DESIGNED TO
SHOW PRACTITIONERS HOW TO UNLOCK
CAPITAL FOR THE FARMS AND RANCHES
MOST IN NEED OF INVESTMENT.**





| | |
|--|----|
| INTRODUCTION | 2 |
| AGRICULTURE & DEVELOPMENT FINANCE | 3 |
| What is Development Finance? | 3 |
| State of Agriculture Finance | 5 |
| Toolbox Approach | 5 |
| BARRIERS TO CAPITAL | 9 |
| CATALYZING CHANGE | 11 |
| Reframe, Build, Plan | 12 |
| FUNDING PROGRAM EXAMPLES | 14 |
| USDA Programs | 15 |
| National Programs | 16 |
| Other State Programs | 20 |
| ADDITIONAL RESOURCES | 21 |



INTRODUCTION

The *Socially Disadvantaged Farmers & Ranchers Access to Capital Toolkit* is designed to assist practitioners working in agriculture and economic development in learning more about the range of finance tools available to assist underserved farmers and ranchers with obtaining capital to start and grow their businesses. This toolkit outlines the many barriers socially disadvantaged farmers and ranchers face with finding affordable funding sources and provides detailed insight on how public-private partnerships between the USDA and community economic development organizations will best support their farm and ranch businesses.

The Council of Development Finance Agencies (CDFA) and the NASDA Foundation recognized a significant gap in available capital sources for underserved communities trying to start and grow their farm and ranch businesses. In an attempt to learn more about the specific barriers faced by socially disadvantaged farmers and ranchers, CDFA and the NASDA Foundation collaborated on a program to find ways to address these capital barriers and better assist socially disadvantaged farmers and ranchers with accessing affordable capital.

CDFA reached out to their network of development finance agencies while the NASDA Foundation reached out to state departments of agriculture to bring together a diverse group of finance and agriculture experts to combine their knowledge and experience and develop this functional and transferable Access to Capital Toolkit.

Financing the agricultural industry and supporting local farmers and ranchers is integral to the overall strength of the nation's economy. A stable agriculture sector, with a reliable food supply, provides food security and is an indicator of a country's overall health.

AGRICULTURE & DEVELOPMENT FINANCE

What is Development Finance?

Development finance encourages, supports, and catalyzes the development, redevelopment, and expansion of a business or industry within local communities. It is a proactive approach toward finance intended to assist economic development projects. It is a dedication to building partnerships and establishing collaborative approaches to solving complex development challenges.

Development finance agencies (DFAs) play an important role as the bridge between government and business, and therefore, must possess an understanding of the many programs and resources that exist in the field. DFAs are either public, quasi-public, or private agencies that provide support for economic development through various direct and indirect financing programs. DFAs can be formed at the state, county, township, borough, or municipal level, and often have the authority to provide development finance programs across multi-jurisdictional boundaries. DFAs are uniquely positioned to provide a significant amount of financial support to local economic development as DFAs may issue tax-exempt and taxable bonds, provide credit enhancement programs, and offer direct lending, equity investments, or a broad range of access to capital financing mechanisms.

Development finance is all about identifying barriers to capital, removing those barriers, and then identifying all the sources of capital that can contribute to the financing of the project. It also involves understanding and addressing unmet needs within a community to advance social, racial, and economic goals. Development finance should do good when and where it can to be a driver of change, inclusion, and equity.



DEVELOPMENT FINANCE TOOLS

● BEDROCK TOOLS

Bonds are the bedrock of public development finance. In its simplest form, a bond is a loan that is incurred by a government entity to finance governmental or private activity.

● INVESTMENT TOOLS

Investment tools provide incentives for individuals and companies to invest in new machinery, technology, construction, and more to help catalyze growth.

● TARGETED TOOLS

Targeted tools are direct financing tools with unique structures that drive investment and development in specific geographic areas or difficult to finance sectors in a community.

● ACCESS TO CAPITAL TOOLS

Access to capital programs address small business financing needs as well as large-scale projects.



DEVELOPMENT FINANCE IS ALL ABOUT
IDENTIFYING BARRIERS TO CAPITAL,
REMOVING THOSE BARRIERS, AND THEN
**IDENTIFYING ALL THE SOURCES OF
CAPITAL THAT CAN CONTRIBUTE TO
THE FINANCING OF THE PROJECT.**

State of Agriculture Finance

Agriculture finance is an important component of many state and local development finance agencies' efforts. Agriculture remains one of the country's most productive industries and is the primary economic engine for most rural communities. From beginning farmers to established agricultural production and processing, the needs of the industry are diverse. Dozens of states offer resources such as loan funds, grants, and Aggie Bonds to fill the financing gap and assist with the agriculture industry. In addition, the U.S. Department of Agriculture provides vast resources to rural communities to support agricultural development.

Toolbox Approach

CDFA's toolbox approach to development finance brings together the best financing concepts and techniques to provide a comprehensive response to capital and resource needs. The toolbox approach offers programs and resources that harness the full spectrum of financing options. Using this strategy requires a commitment to public-private partnerships and the creation of niche programs to assist different types of industries and enterprises. Whether assisting large-scale industrial development projects — such as food processors or packaging facilities — or small, micro-enterprise business development — such as food trucks or urban farms — the toolbox method is designed to provide assistance to numerous types of users and to maximize opportunities for growth in the local community.

FOOD SYSTEMS & DEVELOPMENT FINANCE

COMPONENTS OF THE FOOD SYSTEM

- SOCIAL ENTERPRISE
- AGRICULTURE
- ENTREPRENEURS
- INDUSTRY
- INSTITUTIONAL BUYERS
- INFRASTRUCTURE



→ Bedrock Tools

Bonds are the bedrock tools of public development finance and have been used to help build roads, bridges, sewers, dams, city halls, prisons, schools, hospitals, libraries, low-income housing, and thousands of other public and private projects. Having supported infrastructure, industry, and agriculture for over a century, bonds are a natural source of financing for these sectors of the food system.

TYPES OF BEDROCK TOOLS

There are two categories of tax-exempt bonds: General Obligation Bonds (GOs) and Revenue Bonds. GOs are bonds backed by dedicated revenues, generally tax revenues, and are used to finance public purposes — such as highways, schools, bridges, sewers, jails, parks, and government buildings. Revenue Bonds are issued for income-producing projects with the promise that the debt will be repaid by the revenues generated from project operations. Private Activity Bonds (PABs) are a subset of Revenue Bonds, as PABs benefit private entities. In the economic development sector, PABs are the development finance mechanisms that drive projects involving both the public and private sectors. Many agricultural related businesses have utilized PABs to construct facilities, expand their operations, and purchase equipment or real estate.

Aggie Bonds are a type of PAB that are often called Beginning Farmer Loan Programs. They are small-issue bonds that exist at the state level to support qualified farmers and ranchers with eligible purchases of farmland, equipment, buildings, and livestock. As the average age of U.S. farmers increases, these financial tools are needed to encourage beginning farmers to start or take over agricultural businesses. Aggie Bonds provide an attractive, affordable source of capital for first-time farmers looking to invest in a new business venture by allowing the lender to avoid paying income taxes on interest. These programs are typically managed by the state agriculture department or a similar authority, and while any state can establish one of these programs, currently about half of U.S. states have active Aggie Bond programs.

→ Targeted Tools

Targeted tools are unique financing structures that support improvements and drive economic development within a geographic footprint. The goal of targeted tools is to provide capital that transforms the actual or perceived real estate values of these specific areas and attracts future investment.

TYPES OF TARGETED TOOLS

Targeted financing tools typically fall into two categories. The first category of tools is designed to generate new taxes in a geographic area through improvements to the built environment. These improvements increase property, sales, or other taxes, which can, in turn, be used to finance some of the improvements. The second category of tools allows businesses and industries to generate funds through tax assessments, often self-imposed, which raise specific taxes to finance improvements in the geographic area.

→ Investment Tools

Investment tools offer unique financing solutions that incentivize individuals and companies to invest in new machinery, technology, and construction within industries and sectors that are difficult to finance. These types of tools are available through state and federal programs that help catalyze investments in historic rehabilitation, environmental remediation, affordable housing, renewable energy, and new industries. While each program is different, they have a shared outcome: increased private investment.

TYPES OF INVESTMENT TOOLS

Tax credits are one of the most abundant and flexible tools in the development finance toolbox. There are a vast amount of tax credit programs available at the federal, state, and local levels, and these programs can be deployed to creatively fill a financing need for many agriculture and food-related businesses.

Tax credits can be used in urban, rural, and suburban communities, and in some cases, they can be applied on a regional basis. They can also provide a targeted impact by addressing community needs in low-income neighborhoods, historic districts, and underserved markets that present opportunities for new investment. Tax credit programs bring many different stakeholders to the table, thus leveraging their impact. In addition, tax credits do not disappear during economic downturns, unlike many other financing programs. Tax credit programs tend to be both dependable and politically popular.

→ Access to Capital Tools

Access to capital tools represents the resources for supporting small businesses, entrepreneurs, and microenterprises to unlock capital for growth. Working capital allows small businesses to pay their bills while investing in future growth. Many agricultural businesses are small, making working capital critical for their businesses and projects. Access to capital is important for getting started in a new line of work, whether that entails opening a new business or successfully launching a new product or service within an existing organization.

TYPES OF ACCESS TO CAPITAL TOOLS

Examples of such tools include Revolving Loan Funds (RLFs), loan guarantees, microlending, as well as many others. One of the largest challenges faced by businesses, especially small businesses, has always been access to working capital to operate, grow, invest, and create jobs. Access to capital is also critical for investments into value-added, enterprise growth opportunities or to support efficiencies that will improve the production and productivity of a business.



MANY FARMS AND RANCHES ARE CLOSING ACROSS THE COUNTRY, GENERATIONAL WORKERS ARE LEAVING THE INDUSTRY, AND **THERE IS CONSIDERABLE CONCERN OVER WHO THE FUTURE GENERATIONS OF FARMERS AND RANCHERS WILL BE** AND HOW THEY WILL START OR SUSTAIN A FARM OR RANCH BUSINESS.

BARRIERS TO CAPITAL

From a lender perspective, there are many unique risks associated with financing agriculture. Despite the finance tools and grants available, most micro, small, and mid-sized farmers have small profit margins that restrict their ability to afford loan repayment. The time and capacity needed to navigate the application process to go after any federal funding is equally challenging. In many instances, they simply do not trust the source of funds due to cultural traditions and experiences around receiving government funds as well as generations of mistrust of the government and financial institutions.

Financial institutions investing in agriculture must have even stronger risk management practices, more diversified loan portfolios, and a very stable capital base. However, rural lenders typically have fewer, not more, resources at their disposal than urban and suburban lenders.

From finding land to begin a farm or ranch to purchasing livestock and equipment to expand their business, accessing affordable capital is a constant barrier. Historically, the lack of effective loan collateral and high transaction costs have made it difficult for farmers and ranchers to obtain financing through traditional banking institutions. Therefore, many farms and ranches are closing across the country, generational workers are leaving the industry, and there is considerable concern over who the future generations of farmers and ranchers will be and how they will start or sustain a farm or ranch business.

Most farmers and ranchers make over 80% of their household income from off-farm sources since most small farms have a negative net farm income. Also, most beginning and small to mid-sized farmers and ranchers live off what they produce and do not have the resiliency to adapt to a changing economy, natural disasters, and other disruptions such as pandemics and climate change.¹

According to a 2019 report from the Government Accountability Office,² socially disadvantaged farmers and ranchers “received proportionately fewer loans and less agricultural credit overall.” Further, they “accounted for an estimated 17% of primary producers in the survey but only 13% of farms with loans and 8% of total outstanding farm debt.” The study also points out that only 11% of USDA FSA loans are given to socially disadvantaged farmers and ranchers. Without appropriate financing tools in place and the technical assistance resources to identify viable sources of capital, rural communities will continue to struggle to invest in their socially disadvantaged farmers and ranchers.



¹ Off-Farm Income a Major Component of Total Income for Most Farm Households in 2019

² AGRICULTURAL LENDING Information on Credit and Outreach to Socially Disadvantaged Farmers and Ranchers Is Limited



THE AGRICULTURAL ENVIRONMENT
IS EVER CHANGING AND **GOVERNMENT
PROGRAMS AND COMMUNITY LENDERS
MUST EVOLVE** TO MEET THE NEEDS OF
SOCIALY DISADVANTAGED BORROWERS.

In a grant program to help producers weather the coronavirus pandemic, farmers of color received less than one percent of the payments even though they are five percent of all U.S. farmers. Despite efforts made by the government and local non-profit lenders, loan terms still often favor large, wealthy farms. Loan applications remain quite complex and grant programs are significantly difficult to navigate and apply for.

The farm credit system, community banks, and insurance companies carry most of the nation's agricultural debt. They rely on traditional credit checks, sufficient collateral, and an outdated risk rating system to qualify borrowers. They have a low tolerance for fluctuating agriculture cycles or shifts due to natural disasters and epidemics and typically add further restrictions on accessing capital during these challenging times for farmers and ranchers.

Simplified application processes, alternative loan structures, diverse underwriting policies, and ongoing borrower support are necessary to allow underserved farmers and ranchers to gain access to affordable capital to start and grow their operations. The agricultural environment is ever changing and government programs and community lenders must evolve to meet the needs of socially disadvantaged borrowers.

FROM FINDING LAND TO BEGIN A FARM OR RANCH TO PURCHASING LIVESTOCK AND EQUIPMENT TO EXPAND THEIR BUSINESS, **ACCESSING AFFORDABLE CAPITAL IS A CONSTANT BARRIER.**

CATALYZING CHANGE

Development finance and economic development professionals must collaborate with those working in the agriculture industry to develop customized loan and grant programs to serve the specific needs of their historically discriminated against farmers and ranchers. Special time and consideration must be dedicated to fully understanding their borrowers' unique needs and tailoring their products to ensure the sustainability and success of the farm and ranch businesses, their own organization, and the local economy itself.

Reframe, Build, Plan

Creating successful projects and programs to support socially disadvantaged farmers and ranchers requires engagement between development finance professionals and those working in the agriculture industry. Collaborating to understand the specific needs of their communities and developing customized financing, outreach, and support is critical to achieving impactful outcomes.

Reframe, Build, and Plan are three success factors that should be implemented simultaneously when developing new and innovative financing systems. Every organization, community, economic development agency, and small business working in the agriculture sector should adopt this approach to expand financing and drive capital into socially disadvantaged farm and ranch businesses.

→ Reframe

The agriculture industry is a vital component of every community and the historically discriminated against populations within them are equally important to the area's overall health and sustainability. Reframing farms and ranches that are owned and/or operated by socially disadvantaged groups as essential economic development situates their efforts in a larger strategy and allows for increased opportunities and expansion. For this to happen, there must be a shift in perspective through conversation and education with economic development professionals and state departments of agriculture about the critical role that socially disadvantaged farmers and ranchers play in their local agriculture economy.

→ Build

Bridging the gaps between the players within the finance and agriculture industries is a key factor when developing programs to assist socially disadvantaged farmers and ranchers with obtaining affordable capital. People with backgrounds in finance and agriculture must expand relationship building beyond their existing networks and partner with those who already have the trust of their underserved communities. Building strong partnerships between organizations focusing on development finance, the agriculture industry, and historically discriminated against farmers and ranchers will lead to a deeper understanding of financing gaps and barriers and plans to address them.

→ Plan

Economic development planning requires goals and objectives that are backed by sound development finance strategies. Collaborative strategic planning efforts by finance and agriculture industry professionals are necessary to create strong local and regional support for socially disadvantaged farmers & ranchers. Understanding how to fund your programmatic goals is key to accomplishing them. Developing these financing plans should happen in tandem with city, county, or state agriculture planning efforts wherever possible. They can also be conducted as an addition to existing plans that focus on agriculture, economic development, and equitable access to capital. These approaches should be deployed before resources are directed toward creating new or separate financing programs.



EVERY ORGANIZATION, COMMUNITY, ECONOMIC DEVELOPMENT AGENCY, AND SMALL BUSINESS WORKING IN THE AGRICULTURE SECTOR SHOULD ADOPT THE REFRAME, BUILD, AND PLAN APPROACH **TO EXPAND FINANCING AND DRIVE CAPITAL INTO SOCIALLY DISADVANTAGED FARM AND RANCH BUSINESSES.**



FUNDING PROGRAM EXAMPLES

Many states offer designated loan funds and grants to support underserved farmers and ranchers. In an effort to address the historic discrimination that has taken place when providing minorities affordable loans and grant funding, the USDA also offers some specialized programs.

This edition of the toolkit highlights federal and state programs dedicated to underserved communities and specific programs in Ohio, Minnesota, and New Mexico. Subsequent editions will expand on the programs available across the country dedicated to assisting socially disadvantaged farmers and ranchers.

USDA PROGRAMS

Minority and Women Farmers and Ranchers Programs include guaranteed loan funds, direct operating and farm ownership loan funds, microloan funds, and youth loans set aside for historically underserved farmers and ranchers including women, African-Americans, Alaskan Native, American Indians, Hispanics, Asians, Native Hawaiians, and Pacific Islanders.

Beginning Farmers and Ranchers Loans include guaranteed loans, farm ownership loans, operating loans, and microloans to assist the particular needs of farmers and ranchers who are in their first 10 years of operation. Each year, FSA targets a portion of its lending by setting aside a portion of all loan funds for financing beginning farmer and rancher operations.

Indian Tribal Land Acquisition Loan Program aims to assist Tribes in becoming owners of additional property within reservation lands to advance and increase current operations, provide financial prospects for Native American Communities, increase agricultural productivity, and save farmland for future generations.

Highly Fractioned Indian Land Loan Program helps Tribes, Tribal entities, and Tribal members alleviate the problems caused by fractioned interests on tribal lands. This program is financed through revolving loan funds from the Agency and serviced through the approved intermediary lender.

Outreach and Assistance for Socially Disadvantaged Farmers & Ranchers and Veteran Farmers & Ranchers Program (2501 Program). With 2501 Program funding, organizations conduct education, training, farming demonstrations, and conferences on farming and agribusiness to increase access to USDA's programs and services for veterans and underserved groups.

Discrimination Financial Assistance Program (DFAP) will provide financial assistance to farmers, ranchers, and forest landowners (producers) who experienced discrimination by USDA in USDA's farm lending prior to January 1, 2021.

WAMS (Women and Minorities in Science, Technology, Engineering and Mathematics Fields Grant Program) supports research and extension projects that will increase participation by rural women and under-represented minorities from rural areas in science, technology, engineering, and mathematics (STEM) fields.

SIMPLIFIED APPLICATION PROCESSES, ALTERNATIVE
LOAN STRUCTURES, DIVERSE UNDERWRITING POLICIES,
AND ONGOING BORROWER SUPPORT **ARE NECESSARY**
TO ALLOW UNDERSERVED FARMERS AND RANCHERS TO
**GAIN ACCESS TO AFFORDABLE CAPITAL TO START
AND GROW THEIR OPERATIONS.**



NATIONAL PROGRAMS

Black Farmer Fund is designed to nurture Black community health and wealth by investing in Black agriculture systems in the Northeast by providing low-interest community notes and grants, and building financial education and investment literacy to food-related entrepreneurs.

Annie's Project is a national non-profit educating and empowering women farmers, ranchers, growers, landowners and agriculturalists through education, networks, and resources.

American Agri-Women (AAW Foundation) receives and administers funds for promoting and developing educational and leadership programs and opportunities relevant to agriculture.

Acres: Cultivating Equity in Black Agriculture provides a comprehensive platform to help Black farmers overcome barriers, enhance their skill sets, and expand their businesses. The program plans to advance agricultural supply chain access for Black farmers through a 12-week learning program and strategic business support.

Potlikker Capital is a farm community governed charitable integrated capital fund created to holistically serve BIPOC farmers in America by increasing equitable access to healthy food, building wealth and knowledge within local BIPOC farming communities, and addressing climate change through adopting regenerative farming practices.

Rodale BIPOC Farmer Micro-grants supports projects and consulting for small-scale BIPOC farmers who are organic, transitioning to organic, or are aspiring to be an organic farmer.

Reinvestment Fund is committed to building a more equitable, sustainable and inclusive food system through a comprehensive approach to improve access to healthy food and economic opportunity in the food sector for underserved communities. Reinvestment Fund provides grants, loans, and technical assistance resources to support community-driven solutions.

Native American Agricultural Fund is a private, charitable trust serving Native farmers and ranchers by funding business assistance, agricultural education, technical support, and advocacy services to support and promote their continued engagement in agriculture.

Keepseagle Fast-Track Grant Program awards grants to organizations in Native communities with the goal of growing and/or expanding direct services to and/or programs that serve or directly collaborate with Native farmers and ranchers.

Intertribal Agriculture Council conducts a wide range of programs designed to further the goal of improving Indian agriculture. The IAC promotes the Indian use of Indian resources and contracts with federal agencies to maximize resources for tribal members.

Lakota Funds promote economic sustainability on the Pine Ridge Reservation and geographic service area through business loans, technical assistance, and wealth building education for families and businesses.

Farmer Veteran Fellowship Fund is a small grant program that provides direct assistance to veterans who are in their beginning years of farming or ranching. The Fellowship Fund does not give money directly to the veteran, but rather to third-party vendors for items the veteran has identified will make a crucial difference in the launch of their farm business.



→ Ohio Farmer and Rancher Programs

Ohio Ecological Food and Farm Association is designed to provide education, direct technical assistance, and network building for socially disadvantaged farmers to improve their ability to own and operate viable farms, utilize climate-smart, sustainable agricultural practices, access land, and utilize USDA programs. The program also identifies barriers that prevent underserved farmers from utilizing USDA programs and shares this information with USDA agency representatives.

Ohio Department of Agriculture's Beginning Farmer Tax Credit Program was created through House Bill 95. It offers two income tax credits beginning in tax year 2023 in two categories: Beginning farmers who attend a financial management program and individuals/businesses that sell or rent farmland, livestock, buildings, or equipment to beginning farmers.

Farm On is a self-paced, on-demand farm financial management course that was created by The Ohio State University (OSU) Extension professionals and is offered through OSU Extension's new Farm Financial Management and Policy Institute.

Specialty Crop Block Grant is a USDA grant dedicated to enhance the competitiveness of Ohio specialty crops by leveraging efforts to market and promote specialty crops, assisting producers with research and development relevant to specialty crops, expanding availability and access to specialty crops, and addressing local, regional, and national challenges confronting specialty crop producers.

Youth Pathways Program Growth Grant is designed to help young people discover their purpose and passion in agricultural careers through programming that introduces them to the educational and employment possibilities related to farming and other ag-related careers.

→ Minnesota Farmer and Rancher Programs

Beginning Farmer Loan Program offers affordable financing, a reasonable down payment, and built-in safeguards, such as farm business management training and financial planning to help minimize the risk for new farmers. This is a partnership approach backed by the State's financial participation used to finance a purchase or possibly refinance an existing farm debt.

Beginning Farmer Tax Credit provides annual state tax credits to landlords and sellers (asset owners) who rent or sell farmland, equipment, livestock, and other agricultural assets to beginning farmers. Tax credits are funded in a first-come, first-served manner.

Aggie Bond Loan Program is a federal bonding program administered by the State through its Rural Finance Authority. The program offers affordable financing for a qualified beginning farmer. This is accomplished by securing for the applicant a reduced interest rate on the loan they are submitting for approval under the program.

The Farm Opportunity Loan Program is designed to finance the purchase of equipment to add value to crops or livestock, adopt best management practices, reduce agricultural inputs to improve the environment, and increase on-farm energy production. Eligible loan uses do not include expenses related to seed, fertilizer, fuel, or other operating expenses.

Hmong American Partnership (HAP) is a nonprofit social service and community development organization that addresses the needs of more than 25,000 immigrants and refugees across the Twin Cities as an initiative to improve participation and build relationships among Hmong and Southeast immigrants and refugee farmers and ranchers in accessing the services of USDA.

Latino Economic Development Center offers technical assistance, business development, access to capital and markets, as well as specialize in Organic and Good Agricultural Practices (GAP) certification for Latino farmers.

Local Food Purchase Assistance (LFPA) Program Grant provides funding for projects that buy local food primarily from socially disadvantaged and emerging farmers and distribute that food to underserved communities. Individuals (including farmers), non-profit organizations, for-profit businesses, tribal nations, government entities, agricultural cooperatives, economic development organizations, and educational institutions are eligible to apply

Local Food for Schools Grant (LFS) will provide food assistance purchases of domestic local foods for distribution to schools. This program will strengthen the food system for schools by helping to build a fair, competitive, and resilient local food chain, and expand local and regional markets with an emphasis on purchasing from historically underserved producers and processors.

Down Payment Assistance Grant offers up to \$15,000 for qualified farmers purchasing their first farm. Awards are chosen using a random lottery process with preference given to emerging farmers. Emerging farmers include: women, veterans, persons with disabilities, American Indians or Alaskan Natives, members of a community of Color, young (35 and younger), LGBTQIA+, urban (resides in a city with a population over 5,000), and any other emerging farmers as determined by the commissioner.

Minnesota Initiative Foundation's Farmland Retention Programs. Donating farmland through one of the four Minnesota Initiative Foundation's Farmland Retention programs ensures that land will be in production for years to come and income generated will be used to benefit the landowner's community, while also giving a tax benefit to landowners.



→ New Mexico Farmer and Rancher Programs

Indian Tribal Land Acquisition Program is available to Indian tribes for purchasing privately held lands within their respective reservation boundaries.

Farm to School – New Mexico Grown works to strengthen K-12 public, private, Bureau of Indian Education, and tribally-controlled schools and school districts' connection to fresh, healthy food and the local food producers by changing purchasing and education practices across New Mexico.

Regional Farm to Food Bank (RFFB) Program uses USDA funds to purchase locally and regionally produced foods to nourish New Mexicans in need. By offering fair prices to farmers, ranchers, and other food producers, the RFFB program strengthens local food systems while ensuring that the one in eight New Mexicans who experience food insecurity gain critical access to healthy, fresh local foods.

Agriculture Mediation Program helps agricultural producers, their lenders, and other persons directly affected by the actions of USDA resolve disputes. Through mediation, a trained, impartial person helps participants review their conflicts, identify options, and agree on solutions. Mediation is a valuable tool for settling disputes in many different USDA program areas. These include farm loans, farm and conservation programs, wetland determinations, rural water loan programs, grazing on national forest system lands, and pesticides usage.

Beginning Farmer Downpayment Loan is a type of farm ownership loan made to eligible applicants to finance a portion of a real estate purchase.

Four Corners Slow Money supports the robust local food economy by giving local farmers, growers, and local food enterprises a leg up in the Four Corners region by providing a peer to peer lending system offering zero interest micro-loans.

Healthy Soil Program offers grants to improve soil health through on the ground projects involving one or more of the five soil health principles, including, keeping soil covered, minimizing soil disturbance on cropland and minimizing external inputs, maximizing biodiversity maintaining a living root, and integrating animals into land management, including grazing animals, birds, beneficial insects or keystone species, such as earthworms.

The La Montañita (LaM) FUND is a member funded micro-lending program designed to grow the local food system and strengthen the local economy. It provides an opportunity for members of La Montañita Food Co-op to support farms, ranches, value-added producers, and other food system endeavors and related businesses in the La Montañita foodshed region, as well as non-food businesses in New Mexico that utilize the cooperative economic business model.

Microloan Program for New Mexico Farmers through the New Mexico Farmers Marketing Association. NMFMA maintains an account at the Sandia Area Federal Credit Union (SAFCU) with funds to be used as collateral for small loans to New Mexico farmers. This enables the loans to be offered at a low interest rate, and as the loans are repaid, the funds can be reused to secure new loans.

Sante Fe Farmers Market Institute Microloan Program awards low-interest, flexible loans to Market vendors for a wide range of projects for farm infrastructure. Along with loans, the microloan program also provides farmers with financial consultation from lending and business experts.



OTHER STATE PROGRAMS*

Seeds to Grow, AZ is an annual funding opportunity through Pinnacle Prevention to support Arizona's next generation of farmers. Infrastructure and equipment grants of up to \$12,000 are available to Arizona based farmers who identify as new and beginning, limited resource, and Black, Hispanic/Latin, Indigenous and Native American persons, Asian Americans, and Pacific Islanders, and other Producers of Color.

Alabama Socially Disadvantaged Loans, AL provides farm loan funds for Socially Disadvantaged applicants: women, African-Americans, Alaskan Natives, American Indians, Hispanics, Asians, and Native Hawaiians and Pacific Islanders.

Alaska Venture Fund, AK is a philanthropic partner and social-change incubator which embraces Indigenous principles, chooses sustainable strategies, and invests in new economies to build a more sustainable future for Alaska and beyond.

University of Arkansas at Pine Bluff Cooperative Extension Small Farm Program, AR targets assistance to socially disadvantaged producers, limited-resource producers and small producers (those with an income of \$250,000 or less).

CUSP (California Underserved and Small Producers Program), CA is designed to facilitate direct assistance to individual small and mid-scale and socially disadvantaged farmers and ranchers who need support applying for economic relief grant programs and assistance with business planning and marketing strategies.

Black Oregon Land Trust, OR is dedicated to ensuring that Black communities in Oregon have secure and affordable land access, sustainable agricultural skills, and the protected ecosystems needed to grow economically, environmentally, and culturally thriving communities.

South Carolina Black Farmers Coalition, SC provides support and community through coalition meetings and conferences, farm business resources and training, needs assessments, social media support, and sustainability strategies.

Oklahoma Minority Agricultural Assistance Program, OK provides financial and technical assistance to socially disadvantaged farmers and ranchers, including funding for land acquisition, equipment and infrastructure improvements.

Illinois Young Farmer Guarantee Program, IL is designed to enhance credit availability for younger farmers who are purchasing capital assets such as land, buildings, machinery, equipment, breeding livestock, and soil and water conservation projects.

Florida Black Farmers and Agriculturalists Association, FL aims to educate and train ranchers and farmers on the latest techniques of farming for economic improvement and self-independence while promoting and marketing their products and providing cultural fellowship.

** This list is not inclusive of the programs available across the country dedicated to assisting socially disadvantaged farmers and ranchers.*



ADDITIONAL RESOURCES

Partner Organizations

- › Council of Development Finance Agencies
- › National Association of State Departments of Agriculture (NASDA) Foundation
- › United States Department of Agriculture (USDA)
- › Minnesota Department of Agriculture
- › New Mexico Department of Agriculture
- › New Mexico Economic Development Department
- › Minnesota Department of Employment and Economic Development

Development Finance Resources

- › What is Development Finance
- › CDFA Online Resource Database
- › CDFA Development Finance Review Weekly Newsletter
- › CDFA Rural Development Finance Resource Center

Federal Support Resources

- › CDFA Federal Financing Clearinghouse

Agriculture Finance Resources

- › CDFA Agriculture Finance Resource Center

Food Systems Finance Resources

- › CDFA Food System Finance Resource Center

CDFA Food Finance White Paper Series

- › Advancing Local Food Systems Through Development Finance
- › Food Systems & Development Finance
- › Food Systems & Access to Capital
- › Food Systems & Bonds
- › Food Systems & Targeted Tools
- › Food Systems & Investment Tools



CDFA is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing thousands of public, private and non-profit development entities.

Members are state, county and municipal development finance agencies and authorities that provide or otherwise support economic development financing programs as well as a variety of non-governmental and private organizations ranging from regional and large investment banks to commercial finance companies to bond counsel, bond insurers, trustees, venture capital companies, rating agencies, and other organizations interested in development finance.

The Council was formed in 1982 with the mission to strengthen the efforts of state and local development finance agencies fostering job creation and economic growth through the use of tax-exempt and other public-private partnership finance programs. Today, CDFA has one of the strongest voices in the development finance industry and regularly communicates with Capitol Hill, state and local government leaders and the Federal Administration. The Council provides a number of avenues for assisting the development finance industry including education, advocacy, research, resources and networking. Learn more and join at www.cdfa.net.



The National Association of State Departments of Agriculture (NASDA) Foundation works collaboratively with NASDA who speaks on behalf of a unified voice for the Commissioners, Secretaries and Directors of the state departments of agriculture from all 50 states and four territories. NASDA is a nonpartisan association working to influence policy that is beneficial for all regions, people and environments. The NASDA Foundation is the only educational and research organization that directly serves the nation's state departments of agriculture. It is a 501(c)(3) nonprofit organization. NASDA and the NASDA Foundation have a shared vision and purpose. However, the NASDA Foundation has adopted a unique mission.

Vision – Agriculture leads the way toward a healthy and resilient world.

Purpose – To nourish people and communities while serving as the stewards of the environment and public trust.

Mission – To advance agriculture to shape a changing world.

The Foundation works with states to connect farmers to new markets, inspire change across the supply chain, and preserve the environment, while maintaining agricultural viability. Because agriculture leads the way for a healthy and resilient world, NASDA members are committed to representing the interests of everyone in the food supply chain who work every day to provide life's necessities at affordable prices and in a healthy, sustainable manner.

Notice: The CDFA - NASDA Foundation Socially Disadvantaged Farmers & Ranchers Access to Capital Toolkit was prepared by the Council of Development Finance Agencies using grant funds under the USDA Office of Partnerships and Public Engagement 2501 Grant Program. The statements, findings, conclusions, and recommendations are those of the author(s) and do not necessarily reflect the views of USDA Office of Partnerships and Public Engagement 2501 Grant Program.

CDFA Legal & Financial Disclaimer: CDFA is not herein engaged in rendering legal, accounting, financial or other advisory services, nor does CDFA intend that the material included herein be relied upon to the exclusion of outside counsel or a municipal advisor. This publication, report or presentation is intended to provide accurate and authoritative general information and does not constitute advising on any municipal security or municipal financial product. CDFA is not a registered municipal advisor and does not provide advice, guidance or recommendations on the issuance of municipal securities or municipal financial products. Those seeking to conduct complex financial transactions using the best practices mentioned in this publication, report or presentation are encouraged to seek the advice of a skilled legal, financial and/or registered municipal advisor. Questions concerning this publication, report or presentation should be directed to info@cdfa.net.