

USDA Reminds Producers of Climate-Smart Opportunities Using Farm Loan Programs

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Washington, DC, April 30, 2024 – The U.S. Department of Agriculture’s Farm Service Agency (FSA) reminds agricultural producers that Farm Loan Programs can be used to support a variety of climate-smart agriculture practices, which build on many practices that farmers and ranchers already use, like cover cropping, nutrient management and conservation tillage.

“Farmers and ranchers are already doing their part to be stewards of our land, but some may lack the financial resources to take their efforts to the next level,” said FSA Administrator Zach Ducheneaux. “USDA’s Farm Service Agency offers a variety of loans that can help those who would like to explore opportunities in their operations to make them more efficient and make a positive impact on our environment.”

Climate-smart agricultural practices generate significant environmental benefits by capturing and sequestering carbon, improving water management, restoring soil health and more. Farm loan funding complements other tools to help producers adopt climate-smart practices, such as FSA’s [Conservation Reserve Program](#), [crop insurance options](#) that support conservation, and conservation programs offered by USDA’s Natural Resources Conservation Service (NRCS).

FSA offers [multiple types of loans](#) to help farmers and ranchers start, expand or maintain a family agricultural operation. These loans can provide the capital needed to invest in climate-smart practices and equipment including the establishment of rotational grazing systems, precision agriculture equipment or machinery for conversion to no-till residue management. Additionally, for programs like Conservation Reserve Program and NRCS conservation programs where USDA and the producer share the implementation cost, a farm loan could be used for the producer’s share, if consistent with the authorized loan purpose.

Some additional ways farm loans can be leveraged to invest in climate-smart agriculture practices or equipment include:

- **Precision Agriculture Equipment** - Eligible producers could use a Term Operating Loan to purchase equipment like GPS globes, monitors, or strip till fertilizer equipment.
- **Cover Crops** - Eligible producers could use an Annual Operating Loan for seed costs.
- **No/Reduced Till** - Eligible producers could use a Term Operating Loan to purchase equipment.

- **Livestock Facility Air Scrubber or Waste Treatment** - Eligible producers could use a Farm Ownership Loan for capital improvements to livestock facilities.
- **Cross Fencing** - Eligible producers could use an Annual or Term Operating Loan to purchase fencing and installation equipment.

“There are a multitude of ways our portfolio of loans can be used to support climate-smart practices,” Ducheneaux said. “In some cases, this may even result in lower input costs, higher yields and a positive impact to the producers’ bottom line as well as our natural resources.”

Visit the [Climate-Smart Agriculture and Forestry webpage on farmers.gov](#) to learn more and see detailed examples of how an FSA farm loan can support climate-smart agriculture practices.

Farm Loan Improvement Efforts

USDA’s Farm Service Agency has a significant initiative underway to streamline and automate Farm Loan Program customer-facing business processes. For the over 26,000 producers who submit a Direct Loan application to FSA annually, and its 85,000 Direct Loan borrowers, FSA has made many improvements, including:

- The [Loan Assistance Tool on farmers.gov](#) that provides customers with an interactive online, step-by-step guide to identifying the Direct Loan products that may be a fit for their business needs and to understanding the application process.
- An [Online Loan Application](#) that is paperless and provides helpful features including an electronic signature option, the ability to attach supporting documents such as tax returns, complete a balance sheet and build a farm operating plan.
- An [online direct loan repayment feature](#) that relieves borrowers from the necessity of calling, mailing, or visiting a local USDA Service Center to pay a loan installment.
- A [simplified direct loan paper application](#), reduced from 29 pages to 13 pages.

More Information

Under the Biden-Harris administration, USDA is engaged in a whole-of-government effort to combat the climate crisis and conserve and protect our Nation’s lands, biodiversity and natural resources including our soil, air, and water. Through climate-smart agriculture and partnerships, USDA aims to enhance economic growth and create new streams of income for farmers, ranchers, producers, and private foresters. Successfully meeting these challenges will require USDA and our agencies to pursue a coordinated approach alongside USDA stakeholders, including State, local and Tribal governments.

USDA touches the lives of all Americans each day in so many positive ways. In the Biden-Harris administration, USDA is transforming America’s food system with a greater focus on more resilient local and regional food production, fairer markets for all producers, ensuring access to safe, healthy and nutritious food in all communities, building new markets and streams of income for farmers and producers using climate smart food and forestry practices, making historic investments in

infrastructure and clean energy capabilities in rural America, and committing to equity across the Department by removing systemic barriers and building a workforce more representative of America.

To learn more, visit www.usda.gov.

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