

USDA to offer 'microloans' to small farmers

The U.S. Department of Agriculture is offering a new loan program to help operators of small farms, including those who want to take advantage of growing consumer interest in locally produced food.

Agriculture Department Secretary Tom Vilsack announced recently that new "microloans" of up to \$35,000 are designed to help bolster family-run farms and help disadvantaged farmers and military veterans seeking to start a farm who might otherwise have trouble qualifying for small loans from banks or other USDA loan programs.

The loans can help farmers seeking to grow niche or organic crops to sell directly to ethnic and farmers markets, or contribute to community-supported agriculture programs. Vilsack notes that direct-to-consumer sales is a fast-growing sector of the farming industry, with a 60 percent increase in farmer's markets in the past three years.

The loan also can cover the costs of seed, equipment, land rents and other expenses. The goal is to create more opportunities for entrepreneurship and boost employment in the farming industry, Vilsack said. "This smaller microloan program really is designed to help a producer that wants to get into the direct-to-consumer sales business or wants to help provide produce to, for example, a farmer's market," Vilsack said. "It will help bolster the local and regional food system movement that is taking place."

Vilsack said the new loan program also helps organic producers and small farmers who had been benefiting from grants and programs under the 2008 farm bill, which has not been extended by Congress.

The microloan program also provides a more simplified application process in comparison with traditional farm loans.

A \$35,000 loan can help beginning farmers cover startup expenses such as essential tools, irrigation, and delivery vehicles. The money also may help cover annual expenses such as seed, fertilizer, utilities, land rents, marketing and distribution costs.

Vilsack says the loans represent an effort to expand credit to minority, socially disadvantaged and young and beginning farmers and ranchers. The interest rate will be around 4.9 percent, and the loan does not have to be repaid for seven years, he said.