



# CDFA FOOD SYSTEMS FINANCE WEBINAR SERIES

**THE BROADCAST WILL  
BEGIN AT 2PM EASTERN**

Submit your questions in  
advance using the chat box

View previous webinar  
recordings online at [cdfa.net](http://cdfa.net)

**Unlocking Local Capital:  
The Power of a Food-Focused  
Loan Guarantee Program**



# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## Fawn Zimmerman, DFCP

Managing Director, Advisory Services  
Council of Development Finance Agencies  
Columbus, OH



## Legal 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.

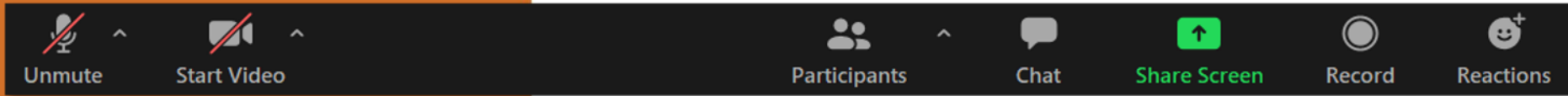
Questions concerning this publication, report, or presentation should be directed to [info@cdfa.net](mailto:info@cdfa.net).

### ARE YOU A CDFA MEMBER?

Members receive exclusive access to thousands of resources in the CDFA Online Resource Database.

Become a member today at [www.cdfa.net](http://www.cdfa.net)

# Join the Conversation



**Submit your questions by  
using the chat function!**

# Defining the Food System Asset Class



## ARE YOU A CDFA MEMBER?

Members receive exclusive access to thousands of resources in the CDFA Online Resource Database.

Become a member today at [www.cdfa.net](http://www.cdfa.net)

With support from the W.K. Kellogg Foundation, CDFA has been researching how development finance agencies can become more engaged in developing localized food systems through traditional finance approaches. The premise of this project is to suggest and then prove that, if organized and defined properly, the food system can become a defined asset class worthy of traditional investment. Through this work, CDFA aims to advance opportunities and leverage capital to scale local food systems, increase access to better food, and create new living wage jobs in communities across the country.

VISIT OUR WEBSITE AT [CDFA.NET](http://CDFA.NET)



CDFA FOOD SYSTEMS FINANCE **WEBINAR SERIES**

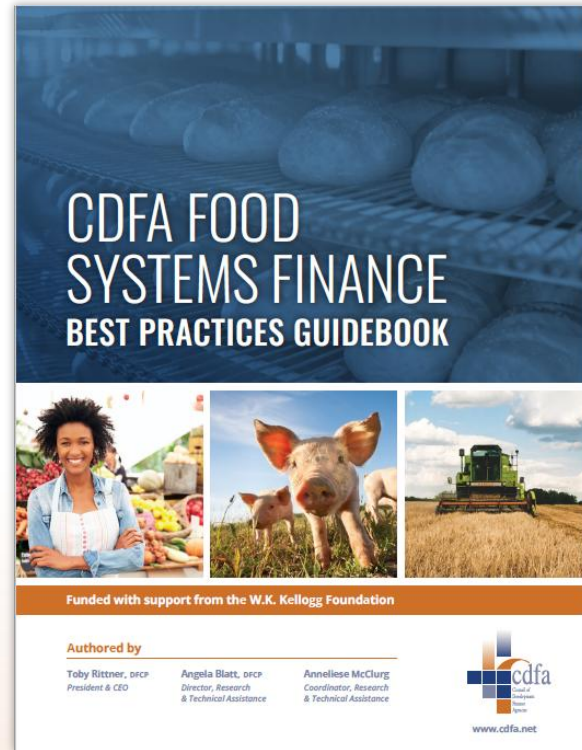
# CDFA Food Systems Finance Resources



## ARE YOU A CDFA MEMBER?

Members receive exclusive access to thousands of resources in the CDFA Online Resource Database.

Become a member today at [www.cdfa.net](http://www.cdfa.net)



VISIT OUR WEBSITE AT [CDFA.NET](http://CDFA.NET)



CDFA FOOD SYSTEMS FINANCE **WEBINAR SERIES**

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## ARE YOU A CDFA MEMBER?

Members receive exclusive access to thousands of resources in the CDFA Online Resource Database.

Become a member today at [www.cdfa.net](http://www.cdfa.net)

## Fawn Zimmerman, DFCP

Managing Director, CDFA

## Karen Hiniker Simons

Director of Innovative Finance, Food System 6

## Lauren Manning, Esq., LL.M.

Executive Director, Food System 6

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## Fawn Zimmerman, DFCP

Managing Director, CDFA  
Columbus, Ohio



VISIT OUR WEBSITE AT [CDFA.NET](http://CDFA.NET)



CDFA FOOD SYSTEMS FINANCE **WEBINAR SERIES**

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## Why a Loan Guarantee Model?

- Reduces Lender Risk
- Unlocks Access to Affordable Capital
- Supports Business Growth & Resilience
- Encourages Lender Participation & Market Development
- Leverages Limited Public & Philanthropic Funds
- Bridges Equity & Inclusion Gaps

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## Reduces Lender Risk

- Many food and farm businesses are seen as high-risk by traditional lenders due to thin margins, seasonality, weather exposure, or lack of collateral
- A guarantee shifts a portion of that risk onto the guarantor/guarantor pool, making banks, credit unions, and other community lenders more willing to extend credit.

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## Unlocks Access to Affordable Capital

- Guarantees allow borrowers to secure loans that they otherwise wouldn't qualify for—or only at prohibitively high interest rates
- By reducing risk, guarantees can bring down interest rates, extend repayment terms, and improve overall loan affordability.

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## Supports Business Growth & Resilience

- Food and farm businesses often need flexible financing for equipment, land, working capital, processing, or distribution infrastructure
- Guarantees enable these businesses to take on loans for growth and modernization, strengthening local supply chains and resilience in the food system

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## Encourages Lender Participation & Market Development

- Food Guarantees incentivize mainstream lenders to participate in deals they'd otherwise avoid. Over time, this builds lender familiarity and confidence in the sector
- This can expand the network of lenders actively engaged in food and farm finance, creating more consistent and scalable capital pipelines.

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## Leverages Limited Public & Philanthropic Funds

- Instead of deploying dollars directly as grants or loans, guarantees stretch scarce resources further by unlocking private capital at a multiple (e.g., a \$1M guarantee allocation might support \$5M–\$10M in loans)
- This catalytic effect is especially valuable in undercapitalized markets where direct subsidy alone can't meet demand

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## Bridges Equity & Inclusion Gaps

- Many BIPOC, beginning, or women-owned food/farm businesses lack collateral or credit history, leaving them excluded from traditional lending
- A guarantee helps de-risk these loans without requiring the borrower to bring assets they may not have, supporting greater equity in access to finance

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## Potential Guarantors for a Loan Guarantee Program

- **Public Sector / Government Agencies:** Federal agencies, state agencies, state development finance authorities, economic development departments, housing/agriculture agencies, local governments (municipalities or counties can pledge funds - general obligation or special set-asides - to catalyze local lending).
- **Why effective:** They bring credibility, scale, and can align guarantees with policy priorities (e.g., rural development, small business, food security).

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## Ideal Guarantors for a Loan Guarantee Program

- **Philanthropy & Foundations:** Program-Related Investments (PRIs) or Mission-Related Investments (MRIs) used to backstop lending (family foundations, community foundations, and national philanthropic institutions focused on food systems, equity, climate, or rural development).
- **Why effective:** Philanthropy can either take first-loss positions, allowing other guarantors to come in with less perceived risk or provide an unfunded guarantee and taking second-loss position encouraging local lenders to leverage their guarantee authority.

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## Other Potential Guarantors for a Loan Guarantee Program

- **Anchor Institutions:** Hospitals, universities, large employers, or food buyers can provide guarantees to support supply chain stability (e.g., financing local vendors, food processors, childcare for workers).
- **Impact Investors:** Can structure pooled guarantee funds across multiple sectors, including food and agriculture, and bring private capital into traditionally underfinanced sectors and often blend with philanthropy or public guarantees.

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## Hybrid Models

- **Guarantee pools backed by multiple stakeholders:** For example, philanthropy provides “first-loss” capital, impact investors/donors contribute additional capital to strengthen the pool, lenders (banks, CDFIs, credit unions) use the guarantee to extend loans they otherwise wouldn’t make, and a program administrator (as intermediary) manages the pool, sets criteria, and ensures alignment with food system transformation goals.
- **Why effective:** Risk is shared across sectors, increasing durability, credibility, and lending volume.

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## **CDFA's Pilot Food Systems Finance Loan Guarantee Model**

- **Program:** Local Food & Farm Loan Guarantee Program
- **Guarantee:** Up to 75% of the loan value
- **Loan Size:** \$10,000–\$1,000,000
- **Eligible Borrowers:** Small to mid-sized food & ag businesses
- **Term Length:** 3–7 years (up to 10 years for ag)

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## CDFA's Pilot LGP Model - Structure & Administration

- **Total Guarantee Pool:** \$15 million
- **Admin:** CDFA (with underwriter)
- **Eligible DFAs:** 10 agencies, up to \$2M each in authority
- **Guarantee Type:** Portfolio-level guarantee (not individual)

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## CDFA Pilot LGP Model - Compared to the USDA & SBA LGPs

- Guarantees a portfolio held by DFAs (not one loan at a time)
- Builds in equity targets and sector specificity for food systems
- Pairs capital with structured TA & mentorship from pre-app through servicing
- Flexible underwriting & repayment guidelines
- Allows milestone-based loan forgiveness (proposed up to 50%)
- Sets below-market target rates with grace periods and seasonal repayment baked in

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## CDFA Pilot LGP Model - Equity & Access Focus

- Targets small, emerging, BIPOC-owned, women-owned, and/or rural food and farm businesses
- Reduced borrower qualifications and cash flow requirements
- Accepts incomplete records and alternative credit histories

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## CDFA Pilot LGP Model - Loan Forgiveness Component

- Up to 50% of the loan can be forgiven
- **Criteria:** Job creation/retention; Sustainability improvements; and Adherence to business plan
- **Review Period:** Annually over the loan term

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## CDFA Pilot LGP Model - Borrower Support & TA

- Business plan development
- Recordkeeping and financial literacy
- Ongoing mentorship and peer support
- Technical workshops and coaching

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## CDFA Pilot LGP Model Repayment Flexibility

- Seasonal and ag-friendly repayment schedules
- **Grace period:** 6–12 months
- **Below-market interest:** 3–5%
- Extended amortization to support cash flow

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## CDFA Pilot LGP Model Anticipated Outcomes

- Expanded lending to high-impact food/ag businesses
- Strengthened local food systems and resilience
- Enhanced equity and inclusion in food system finance
- Scalable model for national replication

# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



## CDFA Pilot LGP Model Next Steps

- Secure public and/or philanthropic funding
- Finalize lender onboarding and guarantee criteria
- Establish program underwriting partner
- Launch outreach, education, and pilot engagement



# Unlocking Local Capital: The Power of a Food-Focused Loan Guarantee



**Lauren Manning, Esq., LL.M.**

Executive Director, Food System 6

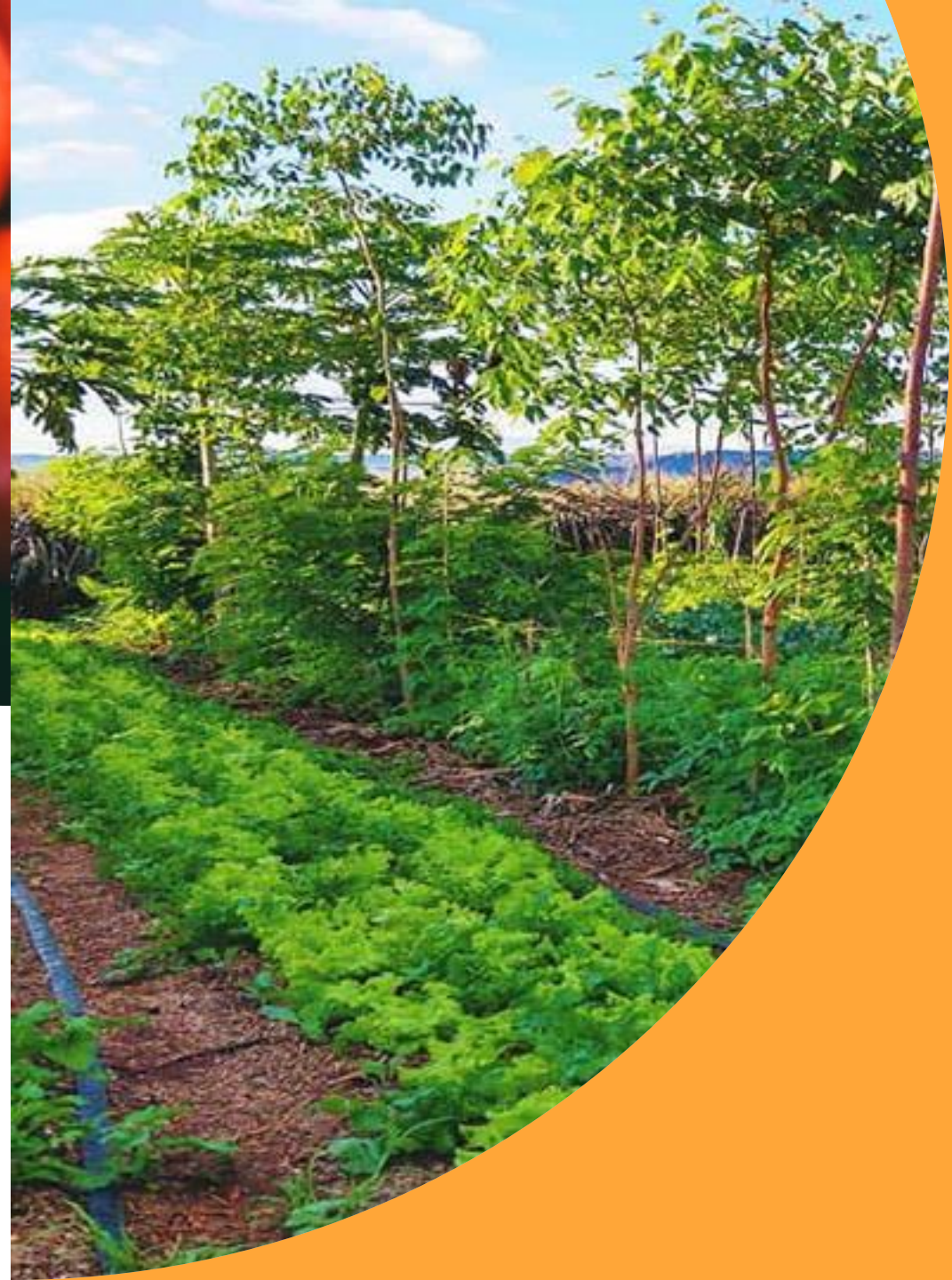
**Karen Hiniker Simons, CFA**

Director of Innovative Finance, Food System 6



# Guarantees for Regenerative Agriculture (GRA)

August 2025




## At Food System 6, we believe healthy soil starts with healthy balance sheets.

Our mission is to accelerate the shift to a just and regenerative food system by ensuring farmers and ranchers have the financial security they need to adopt practices that nourish people and the planet.

We believe regenerative producers deserve the same kind of financial safety net that conventional agriculture has enjoyed for decades—so they can take smart risks without risking it all.

Because the farmers and ranchers who we are asking to regenerate the land shouldn't have to risk losing it in the process.





**Agriculture Lending** has evolved to support and service large-scale conventional operations that are de-risked through the Federal Farm Safety Net programs

# Consolidation and narrow underwriting approaches have created a major gap in agriculture lending

Regenerative farmers, ranchers, and food businesses often struggle to meet conventional lenders' underwriting requirements

Beginning farmers & early-stage business often lack equity, sufficient collateral, established cash flows & high credit scores

Regenerative products & markets lack sufficient historical pricing and marketing data

Transitioning to regenerative agriculture is associated with increased risks such as yield declines, reduced cash flows and loss of crop insurance

Regenerative Agriculture generally lacks access to the financial support ecosystem built for conventional ag, such as crop insurance, payment subsidies, guarantees, established markets

Lending biases toward conventional agriculture may discourage loan officers from considering unconventional production methods

# The current lending system benefits from a taxpayer-funded financial safety net tailored to commodity crops

- The **federal farm safety net** programs pay out \$23 billion annually for
  - Crop subsidies favoring commodity crops
  - Risk and Price Loss coverage to stabilize revenue to farmers
  - Subsidizes for up to 60% of producers' crop insurance premiums
- USDA provides **loan guarantees** to qualified borrowers up to 95% of the loan amount
- The USDA maintains extensive data bases reflecting historical yield and pricing data for commodity crops that lenders use to assess a borrower's repayment capacity and overall risk for the loan

Each of these programs helps to reduce a lender's risk of non-repayment, but regenerative, organic, and diversified operations are often excluded from these programs.

## THE PROBLEM

Data scarcity, rigid scoring systems, inflexible loan terms and lack of federal farm safety net inclusion are major barriers preventing regenerative producers from accessing credit.

Regenerative agriculture **will continue to struggle** without a safety net that unlocks access to credit.



## THE SOLUTION

### **Guarantees for Regenerative Agriculture**

A national, privately funded loan guarantee pool that expands credit access for regenerative borrowers while leveling the playing field for mission-driven lenders.

GRA is managed by Food System Finance, LLC, a single-member limited liability company wholly owned by Food System 6.





## What is a guarantee?

**A formal pledge to pay another entity's debt or to perform another entity's obligation in case of default**

## Why are guarantees for borrowers important?

- Levels the playing field for borrowers who do not have access to the de-risking federal farm safety net programs
- Guarantees enable borrowers to secure more favorable loan terms, e.g., lower interest rates or larger loan amounts
- Guarantees can be used to unlock capital for critically needed “missing middle” infrastructure
- Can reduce risk for lenders when information gaps exist such as lack of historical yield information or market data
- Guarantees create the opportunity for borrowers to develop a credit history



The **Guarantees for Regenerative Agriculture (GRA)** program will provide loan guarantees to innovative lenders to help increase access to credit for regenerative farms, ranches, and food businesses across the supply chain.

**GRA's Three Main Goals:**

- 1. Expand access to mission-aligned and non-extractive capital** seekers across the supply chain that are transitioning to or scaling regenerative agriculture
- 2. Collect, analyze, and disseminate data** to bring more clarity and understanding to the regenerative agriculture finance sector for investors and other stakeholders
- 3. Replication and Scale:** Demonstrate a pathway for lenders and investors and the public sector to adopt the mission driven and values based underwriting practices of innovative lenders

# GRA Guarantee Types

## Individual Guarantees

- Individual Guarantee applies to a specific loan issued by a lender
- Credit Committee reviews and approves each loan
- Size: \$100,000 minimum up to 10% of total guarantor commitments

## Portfolio Facility Guarantees

- Portfolio Guarantees extend to multiple loans originated by a lender
- Underwriting agreement between GRA and Lender defines credit profile of borrowers
- Size: From \$300,000 up to 15% of total guarantor commitments





# Guarantee Terms for Lenders

- **Guarantee Duration:** Maximum 10 years
- **% Guarantee Amount:** Custom for each Guarantee, not exceeding 80% of loan amount
- **Guarantee Use:** Liquidity, equity substitution, collateral substitution, credit enhancement
- **Guarantee Structure:** Bespoke for each transaction. Offering pro rata and second loss agreements
- **Guarantee Fee:** Up to 2% of the Guarantee Agreement and charged at the discretion of GRA
- **Risk Tolerance:** Target average annual loss rate of 1.5%\*
- **Social Justice Lens:** Priority given to historically underserved borrowers, e.g., BIPOC, first generation, women, and LGBTQ

\* Historical loss rates for agriculture production loans are 0.55%

# GRA Program Structure

Guarantors (foundations, DAFs, family offices, HNWI) make unfunded guarantor pledges to GRA allowing guarantors to keep assets invested in-house generating income. Guarantee calls are made as tax deductible grants to GRA.



- 501(c)3 nonprofit organization
- Pools guarantor commitments to create GRA Guarantee Capacity
- Manages and services guarantee portfolio on behalf of guarantors
- Synthesizes data and issues regular reports

GRA extends mission-driven loan guarantees to qualifying lenders servicing regenerative farmers, ranchers & food businesses

CDFI

Innovative Lender

Innovative Lender

CDFI

Innovative Lender

Innovative Lender

Access to mission-driven loan guarantees allows innovative lenders to expand the pool of eligible borrowers by mitigating their most common credit issues such as lack of access to crop insurance & subsidies, lack of historical pricing and market data, limited collateral, and lack of long-term production history



# Guarantees unlock more capital for borrowers

## Example Transactions

### Portfolio Facility Guarantee Equity Substitution

**Guarantee:** \$300,000 Portfolio Facility for inventory financing, accounts receivable, and operating loans.

**Terms:** Guarantee is for 20% of each loan amount, loans are originated over 3 years. Any loan losses are shared pro-rata between lender and Program up to \$300,000.

**Impact:** Guarantee unlocks capital to generate **five times** the amount of lending to BIPOC businesses, i.e. guarantee allows innovative lender to make \$1.5 million in additional loans.

### Individual Loan Guarantee Collateral Substitution

**Guarantee:** \$500,000 of an Individual Loan for processing infrastructure.

**Terms:** Guarantee is for 10% of cost of \$5 million processing plant. Guarantee provides equity substitution where 20% down payment (\$1 million) is required. Enables Lender to extend a \$4.5 million loan to finance plant.

**Impact:** Enabled transaction to move forward (“but for”) and guarantee unlocks **ten times** the amount of investment.

### Individual Loan Guarantee Liquidity & Credit Enhancement

**Guarantee:** \$600,000 in cash flow support for a construction project funded through USDA Organic Market Development program.

**Terms:** Guarantee is for 20% of a \$3 million bridge loan. Guarantee provides credit enhancement where borrower does not meet underwriting standards and/or provides cashflow until federal government pays on grant.

**Impact:** Allows lender to lower rate to borrower and extend bridge loan. Guarantee unlocks lending **five times** the amount of investment.

# GRA's Impact Reporting Program & Data Platform

GRA will collect data on the credit underwriting approaches innovative lenders use to finance borrowers as well as market data to inform the investment sector.

## SECTOR FOCUSED

- Insight into farm viability for regenerative operations and businesses
- In-depth analysis of loan performance to better understand risk when lending to regenerative businesses
- Information about other credit enhancement tools that can further support the sector

## FINANCE FOCUSED

- Best practices for issuing guarantees to support program scaling and replication
- Analysis and comparisons of novel underwriting approaches that innovative lenders use
- Capital stack architecture and loan performance data for "missing middle" infrastructure projects

# GRA Credit Advisory Committee



**Zach Ducheneaux:** Zach served as the USDA Farm Service Agency administrator from 2021 to 2025 where he led innovative reforms to the agency's lending and guarantee programs. He is a third-generation rancher on his family's ranch on the Cheyenne River Sioux Reservation.



**Jim Baek:** Executive Director, CIGP, Jim manages CIGP's loan guarantee fund that catalyzes greater investment in structurally underserved or excluded communities with a focus on climate change, small business and affordable housing.



**Benneth Phelps:** Executive Director, The Carrot Project, supports agricultural businesses capital needs through business advising, education, advocacy, and research. It also provides loan guarantees to food and farm businesses.



**Darrell Tennie:** CEO Tennie Group, a tax, accounting and crop insurance firm specializing in agribusiness development. He strongly emphasizes sustainability while ensuring scalability and assisting socially disadvantaged farmers and ranchers including veterans.



**Pierre Berard:** Former Chief Investment Officer of MCE Social Capital, a nonprofit impact investing firm providing flexible capital to enterprises generating sustainable livelihoods in emerging markets. At MCE, Pierre extensively employed the use of guarantees to support investments.



**Janie Simms Hipp:** CEO and founder of Native American Financial Services, former USDA General Counsel, and longtime advocate for Native agriculture, is a nationally recognized leader in agricultural law and finance with decades of experience advancing equity and resilience in the farm economy.

# GRA Credit Advisory Committee



**Chris Larson:** Co-founder and Chief Investment Officer, Alder Point Capital, a US-based farmland and timber focused impact fund.



**Denise Dukette:** Consultant Denise has 30+ years in loan review and risk management, with an extensive background in commercial lending, credit administration and specialized lending.



**Skya Ducheneaux:** Executive Director, Akiptan, a Native American CDFI that provides loans and technical assistance to those in Native Agriculture.



**Robert Wigmore:** Massachusetts Farm Service Agency, Farm Loan Specialist. Previously Loan Officer, at Farm Credit East for over 35 years.

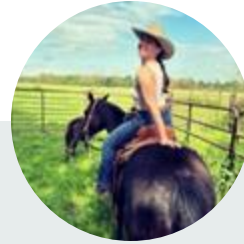
# GRA Team



**Renske Lynde**

**Board Chair, FS6**

Renske has been actively developing the entrepreneurial ecosystem in food and agriculture since 2012. Renske is general partner of 1st Course Capital, an early-stage food and agriculture venture capital fund investing in pre-seed to seed-stage companies that are transforming how we grow, produce, and distribute food.



**Lauren Manning, Esq., LL.M.**

**Executive Director, FS6**

Lauren is an attorney and food law professor with nearly a decade of experience as a regenerative grass-fed beef producer in NW Arkansas. She serves as an adjunct professor of law at the University of Arkansas School of Law and spent seven years working in agrifood tech venture capital before her current role.

[lauren@foodsystem6.org](mailto:lauren@foodsystem6.org)



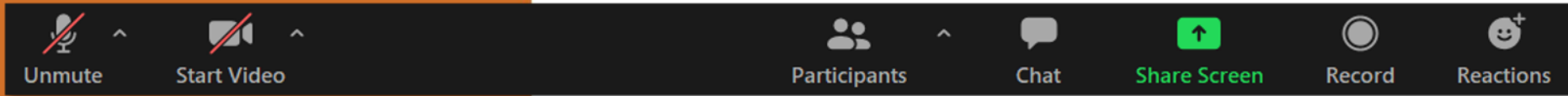
**Karen Hiniker Simons, CFA**

**Director of Innovative Finance, FS6**

Karen is a food systems and regenerative agriculture specialist with more than 20 years of experience in food system research, finance, grantmaking and impact investing. She holds a Master in Business Administration and a Master in Public Policy, is a Certified Financial Analyst and a Master Gardener.

[karen@foodsystem6.org](mailto:karen@foodsystem6.org)

# Audience Questions



**Submit your questions by  
using the chat function!**



# Food Systems Finance



REGISTER  
TODAY >>

WEBINAR SERIES

## CDFA TRAINING INSTITUTE

We offer 20+ courses in development finance designed for all skill levels. Learn more and register today at [www.cdfa.net](http://www.cdfa.net)

### **CDFA // BNY Development Finance Webcast Series: Avoiding the Potential Pitfalls in Bond Deals**

Tuesday, October 21, 2025 / 2:00 PM - 3:00 PM Eastern

### **Intro Tax Increment Finance Course**

November 18 & 19, 2025 / 12:00 PM – 5:00 PM Eastern (both days)

### **Evaluating Success: Exploring Key Partnerships and Frameworks for Food Systems Financing**

Tuesday, November 25, 2025 / 2:00 PM - 3:30 PM Eastern

VISIT OUR WEBSITE AT [CDFA.NET](http://CDFA.NET)



W.K.  
KELLOGG  
FOUNDATION®

CDFA FOOD SYSTEMS FINANCE **WEBINAR SERIES**



# Upcoming Events at CDFA

## CDFA TRAINING INSTITUTE

We offer 20+ courses in development finance designed for all skill levels. Learn more and register today at [www.cdfa.net](http://www.cdfa.net)

### **CDFA // BNY Development Finance Webcast Series: Avoiding the Potential Pitfalls in Bond Deals**

Tuesday, October 21, 2025 / 2:00 PM - 3:00 PM Eastern

### **Intro Tax Increment Finance Course**

November 18 & 19, 2025 / 12:00 PM – 5:00 PM Eastern (both days)

### **CDFA-Bricker Graydon Webinar Series: Unlocking the Power of Public-Private Partnerships**

Tuesday, December 2, 2025 / 2:00 PM - 3:30 PM Eastern

VISIT OUR WEBSITE AT [CDFA.NET](http://CDFA.NET)



CDFA FOOD SYSTEMS FINANCE **WEBINAR SERIES**

# Contact Us



**Fawn Zimmerman**

**Council of Development Finance Agencies**

Managing Director, Advisory Services

614-705-1305

fzimmerman@cdfa.net

