



NEW MARKETS, VALUE ADDED and LOCAL FOODS

Sustainable Agriculture Agenda for the 2007 Farm Bill

Background:

The rapidly changing market landscape of agriculture and the food system presents American farmers and ranchers and rural communities with many opportunities and challenges. Powerful new trends in consumer demand, information and farm technologies, population changes and development pressures, and innovative new business models across the supply chain have all contributed to the creation of new markets for agricultural products.

Entrepreneurial agriculture has great potential to improve farm income, but farmers will need the tools and skills that allow them to tap into the emerging and future trends in markets in an environment of increased competition and potentially decreasing traditional farm income support programs. Federal policies and programs have slowly begun to respond to these new market and value-adding opportunities, but there remains a significant lag and mismatch between current federal policy priorities and actual market trends.

Specific Reform Measures:

- **Value-Added Producer Grants Program** -- The VAPG program provides assistance to independent producers to pursue market opportunities that will add value to their agricultural operations and raise their incomes. Funding for this program should be raised to from \$40 million to at least \$60 million annually, with a priority for projects that improve the profitability of small and mid-sized farms and improve land stewardship. Ten percent of the grant funds available under the program should be set aside for socially disadvantaged farmers and another ten percent should be available for outreach and technical assistance, especially targeted to underserved states. Congress should create a new granting category for the development of food value chains that help mid-sized farms thrive through the marketing of high value, differentiated products in partnership with local processors and distributors, as well as a family farm innovation grant fund to support cooperative income enhancing innovations that do not involve value-added enterprises.
- **Farmers' Market Promotion Program** -- The FMPP provides competitive grants to develop direct farmer-to-consumer marketing ventures, including but not limited to farmers' markets, community supported agriculture networks, internet marketing initiatives, etc. FMPP should be reauthorized and allocated at least \$20 million in annual farm bill funding.
- **Community Food Project Competitive Grants** -- The Community Food grant program currently provides one-time grants to local entities seeking to embark on collaborative, community-wide projects that foster the growth of local food systems, support local farmers, and help meet the nutritional needs of low-income residents. The program should be reauthorized and expanded to \$60 million in mandatory funding in the next farm bill. This increased funding would help meet the overwhelming demand for grants under the program, provide specific support for projects addressing farm-to-institutions buying, designate new funds for seed grants for local and regional food system infrastructure and for the creation of retail food outlets in underserved areas, and assist community-based nutrition education and the development of local food systems.

Talking Points:

- The Value-Added Producer Grant Program was created by Congress in 2000 and enhanced as part of the 2002 Farm Bill. It has become an immensely popular and successful program for producers seeking to add value to their products through processing or consumer-demanded, sustainable and organic production methods. Despite being able to fund only a fraction of the proposals received by the program, Congress unfortunately has actually cut funding for it since passage of the 2002 Farm Bill. In addition to ensuring the program receives \$60 million in annual funding (a modest \$20 million increase over the amount approved in the 2002 Farm Bill), the reauthorization should better target funding to small to midsize farms and ranches, set-aside 10 percent of funding for projects that include socially disadvantaged and beginning farmers, and allow for small grants for outreach and technical assistance to help reach underserved areas.
- One of the most significant things the federal government can do to help family farms prosper is to provide seed money for the establishment of food and fiber value chains that aim to help mid-sized farms thrive through the marketing of differentiated products that adhere to sound social and environmental principles and return a more equitable share of the food dollar back to the farmer. Both the markets and the midsize producers who have the potential to supply these markets are in place. But start-up grants are needed to garner farmer and rancher participation, facilitate partnerships that involve businesses, coops, non-profits, and other and that articulate clear and transparent social, environmental, fair labor and fair trade standards. This “agriculture of the middle” activity should become a dedicated subpart of the VAPG program.
- Direct marketing of farm products gives farmers a greater share of the food dollar, and ensures communities a nutritious, safe, and locally produced source of fresh food. The Farmers Market Promotion Program was first created in the 2002 Farm Bill to provide small grants to help create and expand farmers markets, roadside stands, internet marketing ventures, and community supported agriculture ventures across the country. Farm bill funding for the program was removed during the conference between the House and the Senate in 2002, and to date, the program has only been granted \$1 million through the appropriations process. As part of the effort to improve public health and enhance returns for specialty crop and other farmers, at least \$20 million a year in mandatory funding should be provided in the new farm bill.
- The participation of communities in the support of local farmers and the creation of reliable food systems is essential. The Community Food Projects Competitive Grant Program has been in place through the last two farm bill cycles, but is unable to fill most requests for support because of budget limitations. While a sound framework exists for these programs to assist schools, hospitals and other public institutions in the purchase of nutritious local products, and help communities improve low-income residents’ access to healthy food, inadequate funding has all limited its effectiveness. The new farm bill should include a major new commitment of \$60 million for an expanded Community Food Projects program.

For more information about this and other 2007 Farm Bill policy priorities of the **Sustainable Agriculture Coalition**, please contact Aimee Witteman at (202) 547-5754 or visit the Farm Bill Action Center at: www.sustainableagriculturecoalition.org

