

STAKEHOLDER ANNOUNCEMENT

USDA Extends Pause on Funding Projects for Biodigesters and Controlled Environment Agriculture

WASHINGTON, April 02, 2026 – The U.S. Department of Agriculture (USDA) today announced in an [Unnumbered Letter](#) that it is extending the pause on the acceptance, processing, and awarding of loan note guarantees across Rural Business & Cooperative Service (RBCS) programs for projects involving biodigesters and controlled environment agriculture (CEA), including vertical farming, hydroponics, aeroponics, and aquaponics. The administrative pause, originally for 90 days, is being extended through December 31, 2026, or until further guidance is issued.

A recent snapshot of the portfolio shows Controlled Environmental Agriculture projects have a 40 percent delinquency rate and biodigesters have a 28 percent delinquency rate. This is on top of realized losses. Continuing to guarantee high risk projects—particularly those underwritten by lenders’ lacking expertise—threatens the long-term stability of the program and its capacity to fulfill its mission.

This extension is necessary to reduce the speed at which these projects are entering the portfolio. It allows staff to complete the comprehensive portfolio performance review as projects under construction come online, assess lender underwriting capability, and strengthen program safeguards before considering future applications involving these technologies. These actions will help USDA be responsible stewards of taxpayer dollars, provide oversight by identifying common risk factors, and strengthen our approach to guaranteeing loans in the future.

Any pending applications in these categories will be withdrawn and cannot move forward until updated underwriting guidance and risk-mitigation standards are issued.

Failing to act on this issue would jeopardize the long-term stability and mission effectiveness of the RBCS loan guarantee programs. Without agency implementation of the pause and the strengthening of underwriting and oversight, the program will continue absorbing high-risk biodigester and CEA projects that have already shown high delinquency rates, deteriorating cash flow, and weak collateral performance. This would drive subsidy costs even higher and reduce the amount of capital available for other important rural projects.

For more information, please review the [Frequently Asked Questions](#) accompanying the Unnumbered Letter.

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