

VALUE-ADDED PRODUCER GRANT

General Program Information

Program Objective

- To help agricultural producers create new marketing opportunities by transforming their agricultural commodities into value-added agricultural products.
- To expand markets and increase financial returns to agricultural producers.

Nationally Competitive Grants Available

- **Planning Grant** (max \$75,000): To facilitate economic planning activities to determine the viability of a value-added venture, and may include costs for an independent feasibility study and development of a marketing and business plan.
- **Working Capital Grant** (max \$250,000): For operational costs directly related to the processing and/or marketing of the value-added product. Requires a third party feasibility study and business plan to implement the project, with two exceptions: (1) Feasibility study and business plan requirement waived for any applicant requesting less than \$50,000; or (2) Feasibility study requirement waived for Independent Producer applicants requesting any amount who propose to expand the market for an existing value-added product they have produced and marketed successfully for two years or more.
- **Example Ineligible Costs:** Land, buildings, equipment, vehicles, research and development, engineering design, agricultural production (including labor), crop harvesting, delivery of raw commodity to a processing facility, conflict of interest transactions, and industry-wide feasibility studies.
- **Matching Funds Required:** Must be cash or fairly-valued in-kind contributions equal to the grant amount, without conflicts of interest, and must contribute to eligible value-added project purposes.

Eligible applicants are agricultural producers who qualify as:

- Independent Producers
- Farmer or Rancher Cooperatives
- Agricultural Producer Groups
- Majority-Controlled Producer Businesses
- Must produce and own more than 50 percent of the subject agricultural commodity
- May not produce under contract for another entity that owns the commodity
- May not contract out production of the agricultural commodity
- Must maintain ownership of the commodity from its raw state through sale of the value-added product (Mid-Tier Value Chain projects exempt)
- Projects must demonstrate entry into an “emerging market” for applicants (does not apply to Independent Producer applicants)

Priority given to:

Beginning Farmers or Ranchers / Veteran Farmers or Ranchers / Mid-Tier Value Chain Proposals / Small or Medium-Sized Family Farms / Farmer or Rancher Cooperatives / Socially-Disadvantaged Farmer or Ranchers/Projects located in Persistent Poverty counties. In addition, Group applicants that contribute to creation or expansion of marketing opportunities for Beginning or Socially-Disadvantaged Farmers or Ranchers, and/or Small- or Medium-Sized Farmers or Ranchers may be eligible for additional points.

Value-Added Methods

Change in physical state / Physical segregation / Produced in a manner that enhances the value of the end-product / Locally produced and marketed food products / Farm- or ranch-based renewable energy.

Value-Added Producer Grant Program

This document is for informational purposes only. Applicants must follow the instructions contained in the program regulation and annual Notice of Funding Availability

USDA is an equal opportunity provider, employer and lender

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You *must* review the program regulation 7 CFR part 4284 subpart J and the Notice of Funding Availability for complete eligibility and documentation requirements.

Resources: Applications must meet ALL program requirements

- VAPG website: <http://www.rd.usda.gov/programs-services/value-added-producer-grants>
- Application Toolkits
- Program Regulation 7 CFR 4284-J published May 8, 2015
- Program Information Sheets
- Rural Development State Offices: 1-800-670-6553, then press “1” or <http://www.rd.usda.gov/contact-us/state-offices>.
- Agricultural Marketing Resource Center website: <http://www.agmrc.org>