

Value-Added Producer Grants

Description: The VAPG program was funded in 2001 for the first time and was made available to individual producers and groups of producers who add value to their agricultural product through further processing.

The 2002 Farm Bill contained legislation to fund the program for six years with an annual allocation of \$40 million. From this fund, approximately \$33 million will be available for producers with the balance going to the development of value-added marketing centers.



Grant Purposes: The new Value-Added Agricultural Producer Grants program is designed to encourage independent producers of agricultural commodities to process their raw products into marketable goods, thereby increasing farm income. A Value-Added Product Must: Expand the customer base for the product or commodity, and result in a greater portion of the revenues derived from the value-added activity that is available to the producer.

Who May Apply? There are four eligible entities that can apply for the funds. Those are: independent producer; farmer or rancher cooperative; agricultural producer groups; and majority-controlled producer based business ventures.

How Do You Apply? An original and two copies of the proposal, with all required forms and documentation, must be submitted in one package to: Craig Scroggs, USDA, Rural Development, 333 Phillips Dr., McDonough, GA 30253 (678-583-0866). More information is available at: <http://www.rurdev.usda.gov/ga/vadg.htm>.

Application Time Frame: The application deadline for FY '03 funding is October 20, 2003. Upcoming deadlines will be published in the Federal Register.

What Can Grant Funds Be Used For? Funds are divided into two areas, planning and working capital. Planning is a defined program of economic activities to determine the viability of a potential value-added venture including feasibility studies, marketing plans, business plans and legal evaluations. Working capital funds are used to operate the venture and pay the normal expenses associated with the operation of the venture.

Examples of projects funded: Georgia had 4 projects funded in 2002 under this new program totaling \$315,350. Descriptions of two of them are below.

Jacob W. Paulk Farms, Inc., Wray, Ga. - \$126,350 - To establish a working capital account to fund the development of processes to enhance the value of muscadines into anti-oxidant powders and a healthy, good-tasting juice.

Farmers Oilseed Cooperative, Tifton - \$149,000 - To develop business and marketing plans for value-added oilseed processing. Grant funds are provided through section 6401 of the Farm Bill, which helps agricultural producers develop value-added projects to increase profits and marketability.



Rural Development
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